Boeing Ethics Essay, Research Paper

Introduction

The purpose of this paper is show the reader the how important it is for companies to have some sort ethics program. This topic has much relevance in today’s economy, especially with the growing rate of businesses. Along with this increase in business growth, there is also a rise of unethical behavior by managers, employees, and even shareholders. With all this rise and growth ethics programs are going to be needed much more.

Ethics is a key part of all businesses in the professional world today. For many companies, a quality ethics program lays the foundation of what that particular company is all about. Where would a company be without an adequate ethics program? Without an adequate ethics program the company could be subject to any type of lawsuit, illegal procedure, or even mal practices within the company itself. Boeing, who is a leader in aerospace engineering, is a company that deals with many types of business transactions. Boeing has business to business transactions with various suppliers, the government, and major corporations among others. An above average ethics program is required for a company like Boeing. Traditionally, Boeing is encompassed with many leadership businesses. Boeing, the business, has connections with McDonnel Douglas and Rockwell, so ethics has to be deeply intertwined within their business practices. Boeing claims to have strong commitments to integrity, fairness, and excellence as guiding principals.

Boeing has an “Ethics and Business Conduct Program” that is one of the best ethical programs in the business world. This program covers what exact procedures or precautions to take when any ethical situation arises. The purpose Ethics and Business Conduct Program is to:

+ Communicate the Boeing Values and standards of ethical business conduct to employees.

+ Inform employees of company policies and procedures regarding ethical business conduct.

+ Establish company wide processes to assist employees in obtaining guidance and resolving questions regarding compliance with the company’s standards of conduct and the Boeing Values.

+ Establish company wide criteria for ethics education and awareness programs and to coordinate compliance oversight activities.

An important part of Boeing’s Ethical Business Conduct Program is its eight values that Boeing tries to demonstrate and communicate in each of their business transactions:

+ Leadership

Boeing will be a world-class leader in every aspect of their business and in developing their team skills at every level; in their management performance; in the way they design, build and support their products; and in their financial results

+ Integrity

Boeing will always take the high road by practicing the highest ethical standards, and by honoring commitments.

+ Quality

Boeing will strive for continuous quality improvement in all that they do, so they rank among the world’s premier industrial firms in customer, employee and community satisfaction.

+ Customer Satisfaction

Satisfied customers are essential to success. Boeing will achieve total customer satisfaction by understanding what the customer wants delivering it flawlessly.

+ People Working Together

Boeing recognizes their strengths and their competitive advantage is — and always will be — people. They will continually learn, and share ideas and knowledge. They will encourage cooperative efforts at every level and across activities in the company.

+ A Diverse and Involved Team

Boeing values the skills, strengths, and perspectives of the diverse team. They will foster a participatory workplace that enables people to get involved in making decisions about their work that advance their common business objectives.

+ Good Corporate Citizenship

Boeing will provide a safe workplace and protect the environment. Promoting the health and well-being of Boeing people and their families. They will work with the communities by volunteering and financially supporting education and other worthy causes.

+ Enhancing Shareholder Value

The Boeing business must produce a profit, and they must generate superior returns on the assets entrusted to Boeing by shareholders. Ensuring success by satisfying customers and increasing shareholder value.

The Boeing Values are what Boeing basis their business practices on. With every transaction, every design, every plane, and every supplier met these values shape the way Boeing handles business. As a result of constant research the Boeing ethics policies have been revised. The policies and procedures have been made available in the “Ethical Business Conduct Guidelines.”

Analysis

The following is a list and summary of the Ethics Business Conduct Guidelines:

Ethical Business Conduct

Boeing’s most important value is integrity based on the company’s own opinion. In all business situations the firm follows an Ethical Business Conduct Policy with several procedures within it. First and foremost Boeing will conduct business affairs fairly, impartially, and ethically in full compliance with all laws and regulations. In doing this, integrity must underlie all of the company’s relationship with stakeholders such as customers, suppliers, their communities, and employees. This makes stakeholders one of their primary concerns. Boeing’s ethical business conduct’s highest standards are required of its employee’s performance of company responsibilities. They may not engage in any activity that compromises Boeing’s impartiality, honesty, reputation, or otherwise embarrasses the firm. In addition, every employee has the responsibly to seek guidance when questionable situations arise. They must express concern about how policies and procedures are being followed. To be certain that this type of behavior persists, the company maintains communication to employees of its commitment to integrity and uncompromising values. This program is set in place to inform employees of Boeing policies and procedures regarding business ethics so they can resolve problems and report violations. The responsibility of ethical business conduct implementation rests with The Ethics and Business Conduct Committee who is appointed by The Boeing Company Board of Directors. Managers are responsible for supporting the committee’s implementations and ensuring compliance with their policies.

Under the Ethical Business Conduct Program, Boeing employees have the responsibility to constantly be aware of and follow all standards of ethical business conduct. Indeed they should be sensitive to all situations that could lead to illegal, unethical, or improper actions. These situations should be avoided at all times under all circumstances. Also the manager should be advised if any employee is aware of any unethical, illegal, or improper behavior. Otherwise it would be necessary to contact a business ethics advisor or the Boeing Ethics Line.

Every member of Boeing’s management team is held responsible for personally committing to operating in harmony with the company’s values, and in turn communicating these commitments to all employees beneath them. Familiarity with these standards and values is keen for all managers enabling them to assist in the resolution of any employee concerns or questions regarding business ethics. In addition, managers are required to periodically discuss ethical business conduct issues with their employees ensuring that their workers are aware of the standards of conduct and legal requirements relevant to their jobs. This should make it easier for managers to maintain a work environment that encourages open communication within the subject of business ethics concerns and issues.

Proper Marketing Practices and Supplier Relations

Marketing efforts should be focused on providing the customer with accurate information. They should emphasize the benefit of the company’s products and services. Any activities with regards to marketing that embarrass Boeing, its customers, agencies of the United States, or foreign governments are strictly prohibited. Those employees who deal either customers or U.S. or foreign government agencies must always be familiar with any regulations, laws, or customer-imposed rules that apply to the marketing of any of Boeing’s products. Employees at Boeing also must not ask any other party to do something that they themselves are not permitted to do under Boeing policy.

Any employees that market Boeing material to the U.S. Government must follow an extra set of rules. These specific employees must keep in line with regulations that the government establishes for itself and its suppliers. Four purposes embody these regulations. They are to obtain the best possible products and service at the best possible value, encourage competition based on specific criteria allowing interested suppliers to respond, eliminate waste, abuse, and fraud, and promote full and open competition.

All Boeing employees must also keep proper relationships with suppliers. These relationships must be based on mutual trust, integrity, and commitment to the highest ethical principles. Any decisions to purchase a supplies goods must be made based on their quality, service, delivery, price, and the overall best value. Appearance of partiality must be avoided at all costs as well as any other types of conflict. Needless to say kickbacks are strictly prohibited, and suppliers should be made aware of appropriate laws and regulations if governmental or international contracts are involved. It also must be noted that employees are expected to protect any Boeing proprietary, limited, or otherwise sensitive information. They must also comply with supplier imposed limitations that govern the use of a supplier’s availability to give their own information.

The Offering and Accepting of Business Courtesies

Boeing feels that business should be won or lost on the merits of the company’s products and services. This is primarily because Boeing has made it a point to treat suppliers and customer, two of its most important stakeholders, in a fair and impartial manner. Employees that feel as though their job is placing them in a position to offer business courtesies should familiarize themselves with the procedures and rules that should govern whether or not the intended receiver of these courtesies can accept them. Specifically, Boeing has named business courtesies as any present, gratuity, gift, hospitality, or favor for which the receiver of the courtesy does not pay the market value. Examples of a courtesy can range from a meal or ticket for entertainment purposes, to transportation, discounts, or the use of time. As is made evident by these examples, a business courtesy can be either tangible or intangible. All employees who offer a business courtesy must be certain that this offering cannot reasonably be interpreted as an attempt to gain an unfair advantage or in any way reflect a negative reputation towards Boeing or the recipient. An employee also must not use personal resources to do anything that cannot be done with Boeing resources. In addition to these rules, specific restrictions and requirements apply to the offering of courtesies to those employed by the federal executive or legislative branches. Different restrictions are present when dealing with local and state governments as well as foreign government officials, employees, and representatives. Guidance regarding these institutions in regards to business courtesies should be taken up with the Law Department. Otherwise Boeing business ethics advisors, the director of Ethics and Business Conduct, or the Boeing Ethics Line should be beneficial to providing any assistance regarding business courtesies to employees.

In regards to the acceptance of business courtesies, any gifts accepted by Boeing employees belong to the company. Employees cannot assume personal claim to a courtesy unless it promotes successful working relationships and goodwill for Boeing interests. It must be both reasonable and ethical and must not create a conflict of interest or divide loyalty. In addition it cannot create the appearance of an improper attempt to influence a particular business decision. Employees are expected to refrain from asking for a business courtesy and may not accept them if the donor may be expecting something in return or otherwise attempting to gain any unfair advantage by trying to influence any employee to do something that may violate Boeing policy or the law. Employees are required to use sound judgement regarding receiving courtesies and if questions or concerns do arise they are expected to contact their manager, business ethics advisor, or contact the Boeing Ethics Line.

Conflict of Interest

A conflict of interests exists when an employee has a personal interest that interferes with that employees objectivity in performing company duties. Outside work for certain important stakeholders may create a conflict of interest. Some of these stakeholders would be customers, suppliers, and competitors. Significant financial concern with any of these could be a certain conflict of interest. Another stakeholder that could cause a conflict of interest within an employee is the government. Current and former U.S. Government employees are subject to federal conflict of interest laws and regulations. These laws may limit the ability of Boeing to hire these individuals or limit the activities they can perform for the company while on the job. Questions regarding government laws and regulations should be brought up with the Law Department.

As for other forms of interest conflicts, the actual presence of conflict need not occur to ensure that a violation of this procedure has been performed. Any activity that creates the appearance of a conflict of interest must equally be avoid as to not reflect negatively on the reputation of Boeing and all of the company’s employees. Concerns regarding conflict of interest should be taken up with a Boeing business ethics advisor.

Proper Use of Company Resources and Insider Trading

Anything that can be looked at as belonging to Boeing including time, equipment, material, and information are the company’s resources. Employees are permitted to occasionally use company resources for their own personal reasons as long as the use is not resulting in significant added costs, disruption of business processes, or otherwise disadvantage to the company. Using Boeing’s resources for purposes other than those necessary for company operations is only appropriate when specifically authorized by company policy or procedure. If not the employee must receive express consent from the employee’s manager. Overall, employees are trusted to behave responsibly and use sound judgment to conserve Boeing resources.

Insider Trading is strictly prohibited. Employees who have material nonpublic information about Boeing are not allowed to trade in those securities or communicate this information to family or friends. Material is any information that an investor would consider important in deciding whether or not to purchase or sell a security. This activity could then affect the price of the security. Nonpublic information is any information that is not readily available to the general public. (All preceding information was obtained from Boeing’s company Website)

Boeing has undoubtedly received nothing but praise for the ethical position they have taken regarding all of their business affairs. This is primarily because of the great deal of emphasis that the company has placed on ethical values when presenting and implementing their business ethics policies and procedures. Furthermore, Boeing’s primary and secondary stakeholders tend to be considered within every policy and procedure offered within the topic of business ethics. Stakeholders that are both expressly and implicitly included within the company’s ethics program are employees, customers, related agencies, domestic and international governments, customers, financial institutions, competitors, society, employee’s families, friends, community and suppliers and buyers of Boeing products. Boeing is definitely a leader in the area of business ethics programs and implementation.

Recommendations

After analyzing every aspect of Boeing’s Ethics and Business Conduct Program it is now necessary for our investigative group to make some recommendations for the program. Even though Boeing has one of the best ethics programs around there is always room for improvement; so hopefully after reading our paper Boeing will try a few of our recommendations. In order for our group to make valid and constructive recommendations, we found it important to interview Boeing employees. By interviewing, we could see if the ethics program actually had an effect in the workplace. The Boeing employees that we interviewed were Steven Barclay (ethics manager), Chris (marketing manager), and Josie Jae (executive assistant). Each of these individuals had different views towards the ethics program of Boeing, which really helped the recommendation process.

Steven Barclay is one of five managers over Boeing’s Ethics and Business Conduct Program. He was interviewed by one of our top investigative reporters Milton Pittman. The first question that Milton asked Mr. Barclay was how he felt Boeing employees view the program. He said that employees loved the program and that they were really glad that the program existed. The second question that Milton asked Mr. Barclay was if employees ever felt like they were being policed. Mr. Barclay said that he had never received any complaints from employees that they were being policed, rather he had only heard from employees that the program made them feel more comfortable at work. He went on to say that the program made employees feel comfortable because it gave them a clear cut understanding of what was ethical and unethical in the workplace. He stated that this was important because if employees did not have any guidelines to follow they would always do things on their own judgement, which would lead to unethical conduct the majority of the time. The third question given to Mr. Barclay was what were the most frequently encountered problems that violated company polices. Mr. Barclay said that the personal use of company office resources was the number one violation. He said that the personal use of phones, copy machines, and computers during work hours for was very high and in a sense getting out of hand. In regards to computers, Mr. Barclay noted that many employees were using their computers to view pornographic material. He said that this viewing of pornography was on the rise and was going to be monitored more often. He also said that many employees overcharge on their timecards, which really bothered him because it has an effect on company cost. In the area of sales and marketing, he said that the company was starting to see rise in the accepting of business courtesies. This was a problem he stated because many of Boeing’s sales force get offered business courtesies on a daily basis because so many people want Boeing products. Mr. Barclay noted that the number one business courtesy offered to Boeing’s sales force was sporting event tickets, which is something that employees enjoy but are not supposed to accept. Mr. Barclay ended the subject of this question by saying that the accepting of business courtesies has been happening so often that the ethics committee has been placing a list of business courtesies that employees can and cannot accept every week on the front page of Boeing’s weekly newspaper. The final question given to Mr. Barclay was if he could make any recommendations for Boeing’s Ethics and Business Conduct Program would they be. Mr. Barclay response to this question was that he would not make any changes to the program. Mr. Barclay said that he and the other managers have worked so hard on the program that it does not need any real changes. This response was very unexpected because if the program was so perfect why did Mr. Barclay have such a long list of frequently encountered problems.

Based on the interview with Steven Barclay, our group strongly recommends that the managers of the Ethics and Business Conduct Program really need to change their mindset. These managers need to realize that even thought they work hard to make the program work, there is always room for improvement. If these managers continue to feel this way then the problems that they do have will persist. How management feels carries down to how employees feel, therefore since these managers see no need for change the employees will continue to violate company polices. Since Mr. Barclay does not have any recommendations for the program, our group has a couple suggestions for Boeing’s ethics program. In regards of employees’ overuse of company resources for personal use, our group feels that Boeing needs to state to employees how much is too much. Using the phone, copy machine, and computer for personal use all right at times, however it becomes a problem when it keeps employees’ from being inefficient. What Boeing needs to do is have the managers in each department keep track of efficiency. By keeping track of efficiency, managers will be able to tell who is getting work done and who is not. The employees that are significantly overusing company resources for personal use will be caught because they will be inefficient with their workload. What Boeing could also do is allow employees time besides break and lunch to use office equipment for personal use. They can designate times within every hour, such as fifteen minutes, in which an employee can use the computer, phone, or copy machine. By doing this, the employees may not feel like they are always doing work. This may also increase efficiency within departments because employees are given the opportunity every hour to have personal time, which in turn will make employees work harder. In regards to the viewing of pornographic material, Boeing could implement an anti-pornography monitoring system within the computer network. There are various types of monitoring systems that prevent employees from viewing pornographic sites and at the same time send messages to managers when an employee tries to access one. If Boeing were to implement a system of this kind, it would greatly reduce the viewing of this type of material. In regards to the overcharging of time cards, Boeing should implement a computer time card system. This system would keep track of employees electronically. Employees would have to clock in and out of work by computer, which would prevent employees from writing extra hours on their time cards. In regards to the accepting of business courtesies, Boeing should provide its sales people with courtesies every now and then. The employees in the sales and marketing department deal with individuals who really want Boeing products. The individuals that they interact will do whatever it takes to get Boeing products. If Boeing were to give its sales people a courtesies such as sporting or concert tickets once a month, then these employees might not be as tempted to accept courtesies from others.

The Boeing Ethics Program is very intricate in its detail and outlines rules and regulations on anything and everything related to the welfare of the company. Unfortunately, the requirements for ethical behavior among employees are not given much attention at all. The Boeing Ethics Code fails to outline standards for ethical behavior with regards to subjects such as: sexual harassment, discrimination, cultural awareness training, gambling in the workplace, abuse of telephone resources, etc. Basically, the code of ethics does not bother to mention how employees are expected to act amongst each other in the workplace in order to facilitate a smooth-functioning atmosphere. Despite what the code fails to accomplish, it does very nicely to touch on necessary ethical concerns related to the aerospace industry.

From the research that was conducted on this firm’s code of ethics, along with the interviews that I conducted, it seems as though there are several aspects of the ethical code that seem to be working. First, conducting the interviews was a challenge because the employees who were interviewed were very reluctant to give up too much information about their employer. This gives the impression that Boeing provides its employees with enough satisfaction enabling them to develop devotion and commitment to Boeing. The two people I interviewed seemed to be very proud of their ethics program and were confident that the program has accomplished its goal of informing every single employee of the rules and regulations outlined in the code.

All employees are given extensive training once they are hired and are thereafter expected to conduct themselves accordingly to what is prescribed in the code. Once hired, each individual must attend ethics training courses that include widely used business ethics learning techniques such as videos, seminars, etc.

Boeing’s ethics program is continuously reviewed to make sure all aspects of the program are pertinent to its current business relations. Just as a marketer must make sure that he is performing competitively and constantly developing new ideas as well as keeping up with the trends, an ethics program also has to make sure that it addresses issues that are prevalent in society during every time period. For example, an employee who has worked for a company for ten years and only received ethics training one time during his tenure, will most likely perform unethically if he participates in a football bet with an employee as a result of him being unaware that bets are no longer permitted by the company even though they were when he was first hired.

Considering the two interviews that I conducted and my findings from reviewing Boeing’s code of ethics, there a few recommendations that this company should consider in order to facilitate communication and outline conduct among employee relations inside the company as well as outside. First, Boeing should provide more program awareness training to the employees which should involve more person-to-person training instead of using mainly seminars, videos, etc. When given by a person to another person, the ethics training can seem more realistic and allow the trainee to actually react to another person in a given situation and have a more realistic training experience.

Unfortunately, the code mainly deals with business related issues such a insider trading and aerospace-specific issues, while deviating away from every day employee issues that employees face as humans, not just as employees. Employees need to understand how they should conduct themselves when a co-worker wants to gamble in the restroom at lunch or tell his girlfriend that he cant have any personal telephone calls. The employees are one of the most vital groups of stakeholders in a company and if those employees don’t have a universal understanding of their corporate culture, that culture itself cannot function fluidly.

Boeing should also have training in sexual harassment, discrimination, and other issues relating to the conduct of employees. There were no aspects of the code that focused on the rights of employees and how they should treat each other fairly and with equality. It would be advantageous for Boeing to include this in their program due to the fact that employees may be more likely to fall susceptible to actions such as sexual harassment, if the harasser doesn’t think that his love notes to a fellow employee are considered harassment. Boeing should also communicate the expectations for ethical conduct of employees daily. Communication is very important amongst managers and their employees. It is difficult for an employee to remember whether something he is doing is unethical, unless requirements for ethical conduct are communicated to all employees on a daily basis. This may involve office memos being distributed weekly throughout the office regarding a different ethical issue each week. Techniques like this can facilitate communication form managers to every employee every day in order to ensure that the work environment is fulfilling all of its functions by providing an ethical wok environment.

Reference:

1. Julie Jae

Boeing Ethics Hotline in Seal Beach

(562) 797-5918

2. “Chris” (didn’t want to give me his real name)

Boeing Marketing Department

(310) 67-747

3. Steven Barclay

Reference:

www.Boeing.com

Barclay, Steven. Ethics Manager. 310-

Boeing Ethics

Ebony Bailey

Devin Clark

Milton Pittman

Rodney Scates