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Business Ethics

Tulsa Employee Benefits Group

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Presented by: Randall J. Snapp



Randall J. Snapp



- Litigator and trial attorney in the firm's Tulsa office.
- Co-Chair of the Labor & Employment Practice Group; Member of Alternative Dispute Resolution and Litigation & Trial Practice Groups.
- *Subsequent information should not be understood as, or considered a substitute for, specific legal advice. For inquiries, please contact Randall J. Snapp, or another licensed attorney.



What Are Ethics?

- Moral principles that govern a person's behavior or the conducting of an activity
- The branch of knowledge that deals with moral principles
- The discipline dealing with what is good and bad and with moral duty and obligation



What Are Ethics?

Easier to say what they're NOT:

- 1) Feelings
- 2) Religion
- 3) Only obeying the law
- 4) Only following socially accepted norms
- 5) A science



Components of Ethics

- 1) Leadership – **Not necessarily the first to do something**
- 2) Credibility – **Trust and reputation; can't unring a bell**
- 3) Participation – **Not a passive pursuit**
- 4) Courage – **Clear cut v. difficult decisions**
- 5) Integrity – **The basis of it all**
- 6) Opportunity – **Recognition is key**



“Life is not a spectator sport. If you're going to spend your whole life in the grandstand just watching what goes on, in my opinion you're wasting your life.”

- Jackie Robinson



Areas and Factors to Consider

- Corporate culture
- Existence and application of written code of ethics
- Formal and informal policies and rules
- Norms for acceptable behavior
- Financial reward system
- System for recognizing accomplishment
- Company attitude toward employees
- How employees are selected for promotions
- Hiring practices
- Applications of legal behavior
- Degree to which professionalism is emphasized
- The company's decision making process
- Behaviors and attitudes of the organization's leaders
- Response to threatened litigation



Business Ethics Policy

- Key components:
- Anti-discrimination/harassment policy
 - Reporting/grievance policy:
 - Allow for reporting outside of management (third party hotline)
 - Board of directors
 - Non-retaliation policy/statement
 - Social media behavior
 - Financial contracts/management
 - Vendors
 - Contractors
 - Bidding
 - Business expenses
 - Gift Policy
 - Conflicts of interest
 - Outside board positions
 - Outside ownership interests



Protections for Reporting/Whistle Blowing

- Federal and state laws protect good faith reporting of violations of the law:
 - Discrimination
 - Some securities/financial issues
 - Safety issues
- Oklahoma Law protects "whistle blowers" who suffer an adverse employment action for:
 - Reporting conduct that is in violation of public policy as stated by law
 - Refusing to perform an act that is in violation of public policy



“A good leader takes a little more than his share of the blame, a little less than his share of the credit.”

- Arnold H. Glasow



UNITED STATES OFFICE OF
GOVERNMENT ETHICS

OCT - 5 2017

MEMORANDUM

TO: Agency Heads

FROM: David J. Apol, *DAVID J. APOL*
Acting Director and General Counsel

SUBJECT: The Role of Agency Leaders in Promoting an Ethical Culture

As a leader in the United States Government, the choices that you make and the work that you do will have profound effects upon our nation and its citizens. It is essential to the success of our republic that citizens can trust that your decisions and the decisions made by your agency are motivated by the public good and not by personal interests.

You are ultimately responsible for the ethical culture within your organization. The priorities that you set, the messages that you deliver, and the actions that you take demonstrate your level of commitment to ethics in Government. Your personal conduct sets a powerful example for the employees in your organization.

I am grateful to agency leaders who have demonstrated their commitment to ethical service. At the same time, I am deeply concerned that the actions of some in Government leadership have harmed perceptions about the importance of ethics and what conduct is, and is not, permissible. I encourage you to consider taking action to re-double your commitment to ethics in Government. Attached is a sample of actions that OGE has observed in Government agencies, which you can take to strengthen the ethical culture in your agency.

The citizens we serve deserve to have confidence in the integrity of their Government. The public's trust is not guaranteed. We must earn that trust every day, because the loss of that trust is catastrophic. I want to personally thank you for your service and your work to earn and secure the public's trust.

Memorandum sent on
Oct. 5, 2017, from
David J. Apol,
Office of Government Ethics



Three Types of Management Ethics

- **Moral**
 - Concerned with the principles of right and wrong behavior
 - Holding or manifesting high principles for proper conduct
- **Amoral**
 - Lacking a moral sense
 - Unconcerned with the rightness or wrongness of something
 - May be **intentional** (decides not to consider ethical questions) or **unintentional** (casual/careless about ethical considerations)
- **Immoral**
 - Not conforming to accepted standards of morality



Why People Make Ethical Decisions

- Most people
 - To avoid punishment
 - To receive some reward
- Many people
 - To be responsive to family, friends or superiors
 - To be a good citizen
- Few people
 - To do what is right, pursue some ideal, such as justice



Savage Chickens

by Doug Savage



Goals

- Ultimately, the goal is to have a profitable business and to conduct that business in an ethical manner
- Issues may arise when short-term profits are placed ahead of long-term ethical decisions
- Long-term sustainability and growth depend on ethical business practices



Business Judgment Rule

- The business judgment rule is a judicial presumption that company leadership acts:
 - On an informed basis
 - In good faith
 - With the honest belief that the action taken is in the best interests of the corporation and its stockholders
- In the absence of a showing of self-dealing or improper motive, the business judgment rule protects the decisions of company leadership, even if they are wrong



Business Judgment Rule

- If the business judgment rule applies, a court should not examine the substance or reasonableness of a business decision that can be attributed to a rational business purpose
 - The court will not substitute its judgment for that of company leadership



When the Business Judgment Rule Does Not Apply

- The business judgment rule may not apply if:
 - The plaintiff demonstrates that company leadership was uninformed or acted in bad faith
 - Special circumstances result in enhanced judicial scrutiny
- A court may substitute its judgment for that of company leadership if the plaintiff shows the decision involved a breach of a fiduciary duty



Final Thoughts

Two simple questions to ask when faced with an ethical dilemma:

- 1) Would you be proud to tell your mother and/or father about your decision?
- 2) Would you care if your decision and the repercussions ended up on Facebook, Instagram or Twitter?



 **Contact**
Randall J. Snapp
918.592.9855
randall.snapp@crowedunlevy.com
crowedunlevy.com

 Oklahoma City Braniff Building 324 North Robinson Avenue Oklahoma City, OK 73102 405.235.7700	 Tulsa 500 Kennedy Building 321 South Boston Avenue Tulsa, OK 74103 918.592.9800	 Dallas 2525 McKinnon St., Ste. 425 Dallas, TX 75201 214.420.2163
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