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FOR ENGINEERING AND SCIENCE

Inventory Transactions

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Description

A scenario in which a manager orders a packaging supervisor to complete transactions outside of the Standard of Business Conduct.

Body

It is the end of the month and the Information Technology Department needs to do some maintenance activities. To facilitate this, they requested that the Packaging Department stop doing transactions that Friday (the 29 day of the month) at midnight instead of the customary stopping date, midnight Sunday (the 31st day of the month). When the Logistic Department found this out they warned that stopping transactions two days early would prevent them from carrying out their shipping plans. They estimated that they would need two more days to complete packaging and shipping to fill all the standing customer orders. Since they had failed to fill all their orders for two months in a row, they were adamant on doing so this month.

One manager suggested to the packaging supervisor that he complete all the transactions on Friday and do the packaging and shipping during the weekend. But the packaging supervisor replied that he was afraid to do the transactions without packing the products because the machines have a severe downtime problem, and

he may not be able to complete the quantities needed. If that were to occur, he argued, then the corporation would receive automatic reports indicating 100% compliance when, in fact, that was not the case. As a result, the inventory integrity would be affected, and it would be difficult to reconcile the system after the end of the month. Furthermore he argued, the Standard of Business Conduct says that all inventory and financial transactions must be done only after the product packaging is completed. In spite of these arguments, the packaging supervisor's manager ordered him to do the transactions; he argued that if, for some reason, the plan was not completed, they could fix the system the following week.

Questions:

1. What are the ethical issues here?
2. What should the packaging supervisor do?

Notes

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