

Thomas J. Masterson Ethics Essay Competition Case (Spring 2010): The Internship Dilemma

Just prior to her senior year, Katie Johnson accepted a summer internship working for a large multinational accounting firm. The internship provides an opportunity for both the firm and the student to check each other out for a potential future full-time employment arrangement. During this two-month period, interns typically work a forty-hour week and are paid according to the number of hours worked on client-related matters. Katie couldn't believe her good fortune at obtaining such a relevant and paid career development experience.

Katie's first client assignment was to be part of a team that had recently started the process of consulting with a large technology firm. The accounting firm had a contract with this client based on a six-person team working full-time (eight hours per day Monday through Friday) for exactly five weeks. However, by the second week of her internship and, coincidentally, second week of the contract, it became quite apparent that the team was ahead of schedule and, most days, team members were leaving after just seven hours – yet each was billing for a full eight hours.

After several days of being the only team member to stay for the full eight hours, Katie finally approached the team leader, Frank. When Katie told Frank that she continued to stay for the full eight hours though everyone else had left after seven, he laughed. But quickly his demeanor became serious. Frank told her that billing the client for a full eight hours per day was standard operating procedure at the firm, particularly since clients agree in advance to an approximate number of billable hours per project. Moreover, his firm counted on revenue based on eight billable hours per day. He said that since the team was ahead of schedule, it wasn't important for team members to stay the full eight hours, nor did clients expect it as long as the work was getting done in the expected time-frame.

Furthermore, Frank said that several team members have special circumstances outside of work that helps keep all team members focused and on task each work day. "Ralph's wife just had their first child, and he's been real focused on his work so that he can rush home as soon as we call it quits each afternoon. Also, Jane's mother is quite ill, so Jane has made a habit of stopping by to visit her right after work. And you know how much Bill values attending each of his sons' sporting events."

Frank then surprised Katie by telling her that successful completion of this project – on time, on budget, and with a satisfied client – is very important to him personally since the previous two projects did not fare well. He said, "My neck's on the line here, Katie. I need everyone to stay on task each day, but I don't want anyone to burn out. This team has been great so far. We're doing the equivalent of eight hours work in about seven hours each day. My team is happy and the client seems happy with our work thus far. I don't want to make any changes that would jeopardize anyone's job or our status with this valued client."

He told Katie simply to do what all team members do, which is to bill on her time card the full eight hours per day and to depart at the same time that the other team members left each day. Frank said that he was in charge of approving the time cards and no one would know the difference. And he said one more thing, "Katie, don't go discussing this with anyone, especially our client. This project is going well so far and we don't need anyone distracted by an hour missed here and there."

At first she thought to herself, "This is great! I get paid for eight hours, only work seven, and go home early each day." But upon a bit more reflection, she began thinking about how the client might regard being billed for up to six extra person-hours each day (i.e., one extra charged but non-worked hour multiplied times the six team members) though none of the six team members actually worked the full eight hours on those days. She was nagged by the thought that she would feel a lot better about this if the client knew about this practice and was OK with it. Even though the client expected to pay for a full 40 hours per week for this team's audit, Katie wondered to herself if they were over-billing the client since the team typically worked less than a full 8-hour day. Moreover, was Frank in some way trying to test Katie's ethics? Now she truly was concerned.

=====

To respond to this case and to enter the T.J. Masterson Ethics Essay Competition, go to the following:
<http://www.jmu.edu/cob/ethics/MastersonGuidelines.shtml>