**CASE 2**

**TEACHING NOTES**

**THE CASE OF JIM BAKKER AND PTL**

**1. What service properties inherent in religious groups contribute to consumer vulnerability?**

Opportunity for ethical misconduct may arise due to few search attributes, as a religious group’s services are not tangible, a definite time lapse exists between what a religious leader says is true and when followers ultimately learn the truth, and the follower’s participation in the process provides an environment where the leader can manipulate followers and directly influence contribution decisions.

**2. Which types of moral philosophies could be argued to be the basis for Bakker’s actions?**

Bakker’s actions could largely be attributed to his prosperity theology.

**3. What are the ethical issues involved?**

In general, issues that create ethical conflict include conflicts of interest, organizational relationships, honesty, fairness, and communication. Conflicts of interest came into play when money pouring in for one goal caused contributions for other needs to diminish. Honesty and fairness came into play when funds were used for a materialistic lifestyle rather than the cause for which the funds were intended. However, Bakker was honest and upfront about the way funds were handled. Bakker’s followers were aware of where their contributions were being channeled.

**4. What factors, other than moral philosophies, may have influenced the ethical behavior of Jim Bakker?**

Answers and opinions will vary and may include human propensities toward greed and lust and the fact that Bakker found himself in an out-of-control financial situation.

**5. What have been the consequences of Bakker’s actions?**

The federal government charged Jim Bakker with 24 counts of fraud and conspiracy, alleging that Bakker had bilked his supporters. Bakker was sentenced to 45 years in a federal prison and ordered to pay a $500,000 fine. In 1992, Bakker’s sentence was reduced to eight years and the $500,000 fine was voided. In that same year, Bakker’s wife divorced him. In 1993, Bakker was transferred to a minimum security prison where he was paroled in 1994.

**6. What strategies would you suggest to help control future abuses by other religious leaders?**

Answers and opinions will vary. Strategies for controlling ethical decision making in business include employee socialization, establishing standards of conduct, enforcing corrective control when necessary, leadership training, superior service/product knowledge, monitoring performance, and developing a culture that values long-term relationships. Students could adapt these to religious institutions. However, the difficulty lies in the fact that religious freedom discourages or prohibits intervention in many cases. For example, in-depth ministerial/pastoral training was available through Bakker's church denomination, but he chose to drop out after three semesters. Bakker’s church could have tried to intervene, but Bakker would have been free to continue his ministry independent of the church. As a televangelist, Bakker was free to preach what he pleased, and people were free to listen or not. No one coerced monetary contributions from Bakker’s supporters—they willingly sent in funds and did not hold Bakker accountable for the disbursement of those funds.