GHILLYER
Business Ethics Now
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CHAPTER 1
HOW TO RESOLVE
ETHICAL DILEMMAS
CHAPTER 4
PURSUING A TRIPLE BOTTOM LINE
CHAPTER 8
DO YOU KNOW
WHERE YOUR PERSONAL INFORMATION IS?
CHAPTER 10
BECOMING A
TRANSPARENT ORGANIZATION
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Andrew W. Ghillyer, PhD

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Dedication

To Princess Megan

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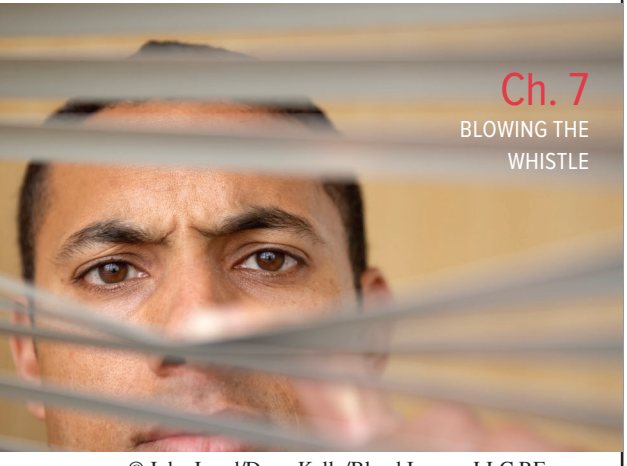

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BusinessEthicsNow

BRIEF TABLE OF CONTENTS

PART 1 Defining Business Ethics

1 Understanding Ethics

2 Defining Business Ethics

PART 2 The Practice of Business Ethics

3 Organizational Ethics

4 Corporate Social Responsibility

5 Corporate Governance

6 The Role of Government

7 Blowing the Whistle

8 Ethics and Technology

PART 3 The Future of Business Ethics

9 Ethics and Globalization

10 Making It Stick: Doing What's Right in a Competitive Market

Table of Contents

PART 1 Defining Business Ethics

1 > Understanding Ethics

Learning Outcomes 3

FRONTLINE FOCUS Doing the Right Thing 3

WHAT IS ETHICS? 4

UNDERSTANDING RIGHT AND WRONG 4

How Should I Live? 4

The Value of a Value 4

Value Conflicts 5

Doing the Right Thing 5

The Golden Rule 6

ETHICAL THEORIES 6

Virtue Ethics 6

Ethics for the Greater Good 6

Universal Ethics 6

LIFE SKILLS What do you stand for, or what will you stand against? 7

ETHICAL RELATIVISM 7

ETHICAL DILEMMAS 8

ETHICAL DILEMMA Peer Pressure 8

RESOLVING ETHICAL DILEMMAS 9

Ethical Reasoning 10

ETHICAL DILEMMA The Overcrowded Lifeboat 11

REAL WORLD APPLICATIONS Living with a Tough Decision 12

CONCLUSION 13

FRONTLINE FOCUS Doing the Right Thing—Megan Makes a Decision 13

For Review 14

Key Terms 14

Review Questions 15

Review Exercises 15

Internet Exercises 15

Team Exercises 16

Thinking Critically 1.1: THREE CUPS OF TEA: MISMANAGEMENT OR FRAUD? 17

Thinking Critically 1.2: THE MAN WHO SHOCKED THE WORLD 18

Thinking Critically 1.3: LIFE AND DEATH 20

References 21

2 > Defining Business Ethics

Learning Outcomes 23

FRONTLINE FOCUS The Customer Is Always Right 23

DEFINING BUSINESS ETHICS 24

WHO ARE THE STAKEHOLDERS? 24

AN ETHICAL CRISIS: IS *BUSINESS ETHICS* AN OXYMORON? 25

ETHICAL DILEMMA The Ford Pinto 27

THE HISTORY OF BUSINESS ETHICS 28

RESOLVING ETHICAL DILEMMAS 28

Resolution 30

LIFE SKILLS Making tough choices 31

JUSTIFYING UNETHICAL BEHAVIOR 32

ETHICAL DILEMMA Three-Card Monte 32

REAL WORLD APPLICATIONS Everybody's Doing It 33

CONCLUSION 34

FRONTLINE FOCUS The Customer Is Always Right—Carol Makes a Decision 34

For Review 35

Key Terms 36

Review Questions 36

Review Exercises 36

Internet Exercises 37

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Team Exercises 37
Thinking Critically 2.1: MARRIOTT: WI-FI AS A SERVICE OR REVENUE STREAM? 39
Thinking Critically 2.2: UNEQUIVOCAL DEDICATION TO BUSINESS ETHICS? 40
Thinking Critically 2.3: TEACHING OR SELLING? 42
References 43

PART 2 The Practice of Business Ethics

3 > Organizational Ethics

Learning Outcomes 47
FRONTLINE FOCUS Just Sign the Forms 47
DEFINING ORGANIZATIONAL ETHICS 48
ETHICAL CHALLENGES BY ORGANIZATIONAL FUNCTION 49
Ethics in Research and Development 49
ETHICAL DILEMMA A Firm Production Date 49
Ethics in Manufacturing 50
Ethics in Marketing 50
REAL WORLD APPLICATIONS "Talking At" or "Talking To"? 52
ETHICS IN HUMAN RESOURCES 53
ETHICS IN FINANCE 54
All in A Day's Work: Internal Auditors' Roles 55
ETHICAL DILEMMA A Different Perspective 55
ETHICAL CHALLENGES 56
GAAP 56
Creative Bookkeeping Techniques 56
LIFE SKILLS Being Ethically Responsible 57
CONFLICTS OF INTEREST 58
CONCLUSION 59
FRONTLINE FOCUS Just Sign the Forms—Matt Makes a Decision 60
For Review 60
Key Terms 61
Review Questions 61
Review Exercises 62
Internet Exercises 62
Team Exercises 63
Thinking Critically 3.1: BOOSTING YOUR RÉSUMÉ 64
Thinking Critically 3.2: A LOSS OF PRIVACY 65
Thinking Critically 3.3: JOHNSON & JOHNSON AND THE TYLENOL POISONINGS 66
References 67

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4 > Corporate Social Responsibility

Learning Outcomes 69
FRONTLINE FOCUS An Improved Reputation 69
CORPORATE SOCIAL RESPONSIBILITY 70
MANAGEMENT WITHOUT CONSCIENCE 71
MANAGEMENT BY INCLUSION 72
REAL WORLD APPLICATIONS Unless They Ask 73
THE DRIVING FORCES BEHIND CORPORATE SOCIAL RESPONSIBILITY 73
ETHICAL DILEMMA Global Resources 74
ETHICAL DILEMMA Banning the Real Thing 76
THE TRIPLE BOTTOM LINE 77
Jumping on the CSR Bandwagon 78
LIFE SKILLS Being socially responsible 80
BUYING YOUR WAY TO CSR 80
CONCLUSION 81
FRONTLINE FOCUS An Improved Reputation—Claire Makes a Decision 82
For Review 82
Key Terms 83
Review Questions 84
Review Exercises 84
Internet Exercises 84
Team Exercises 85
Thinking Critically 4.1: SUSTAINABLE CAPITALISM 86
Thinking Critically 4.2: CORPORATE SOCIAL IRRESPONSIBILITY 87
Thinking Critically 4.3: MONSANTO'S MYSTERY WHEAT 89
References 91

5 > Corporate Governance

Learning Outcomes 93
FRONTLINE FOCUS "Incriminating Evidence" 93
CORPORATE GOVERNANCE 94
WHAT DOES CORPORATE GOVERNANCE LOOK LIKE? 94
IN PURSUIT OF CORPORATE GOVERNANCE 96

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TWO GOVERNANCE METHODOLOGIES: "COMPLY OR EXPLAIN" OR "COMPLY OR ELSE"? 97

"In the Know" or "In the Dark"? 97

The Chairman and the CEO 97

ETHICAL DILEMMA 20/20 Hindsight 98

EFFECTIVE CORPORATE GOVERNANCE 100

REAL WORLD APPLICATIONS One and the Same 100

22 Questions for Diagnosing Your Board 101

ETHICAL DILEMMA A Spectacular Downfall 101

LIFE SKILLS Governing your career 103

The Dangers of a Corporate Governance Checklist 103

A Fiduciary Responsibility 103

CONCLUSION 104

FRONTLINE FOCUS "Incriminating Evidence"—Marco Makes a Decision 105

For Review 105

Key Terms 106

Review Questions 106

Review Exercises 106

Internet Exercises 107

Team Exercises 107

Thinking Critically 5.1: TESCO'S VANISHING PROFITS 108

Thinking Critically 5.2: SOCGEN 109

Thinking Critically 5.3: VALEANT: THE PHARMACEUTICAL ENRON 111

References 114

6 > The Role of Government

Learning Outcomes 117

FRONTLINE FOCUS Too Much Trouble 117

KEY LEGISLATION 118

THE FOREIGN CORRUPT PRACTICES ACT (1977) 118

A Bark Worse Than Its Bite 118

FCPA in Action 119

REAL WORLD APPLICATIONS Additional Compensation 119

Making Sense of FCPA 119

THE U.S. FEDERAL SENTENCING GUIDELINES FOR ORGANIZATIONS (1991) 120

Monetary Fines Under the FSGO 121

Organizational Probation 121

Compliance Program 121

ETHICAL DILEMMA The Bribery Gap 122

Revised Federal Sentencing Guidelines for Organizations (2004) 123

THE SARBANES-OXLEY ACT (2002) 124

Title I: Public Company Accounting Oversight Board 124

Title II: Auditor Independence 124

Titles III Through Xi 124

ETHICAL DILEMMA An Unethical Way to Fix Corporate Ethics? 126

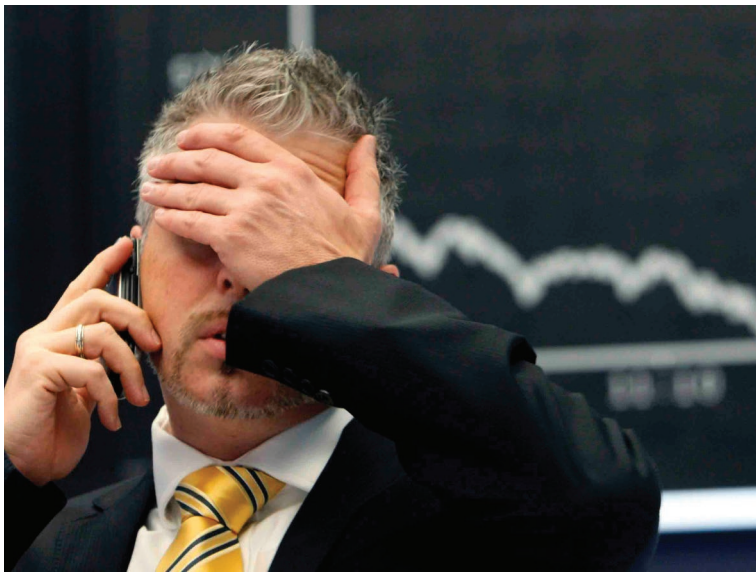
WALL STREET REFORM 127

LIFE SKILLS Governing your own ethical behavior 128

The Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) 128
CONCLUSION 130
FRONTLINE FOCUS Too Much Trouble—Susan Makes a Decision 130
For Review 130
Key Terms 132
Review Questions 132
Review Exercises 132
Internet Exercises 133
Team Exercises 133
Thinking Critically 6.1: PONZI SCHEMES 134
Thinking Critically 6.2: INDIA'S ENRON 136
Thinking Critically 6.3: "OFF-LABEL" MARKETING 138
References 140

7 > Blowing the Whistle
Learning Outcomes 143
FRONTLINE FOCUS Good Money 143
WHAT IS WHISTLE-BLOWING? 144
THE ETHICS OF WHISTLE-BLOWING 144
When is Whistle-Blowing Ethical? 144
When is Whistle-Blowing Unethical? 145
The Year of the Whistle-Blower 146
THE DUTY TO RESPOND 146
ETHICAL DILEMMA The Insider 147
ADDRESSING THE NEEDS OF WHISTLE-BLOWERS 149
REAL WORLD APPLICATIONS A Hotline Call 149
CONCLUSION: WHISTLE-BLOWING AS A LAST RESORT 149
ETHICAL DILEMMA The Cold, Hard Reality 150
LIFE SKILLS Making difficult decisions 151
FRONTLINE FOCUS Good Money—Ben Makes a Decision 152
For Review 152
Key Terms 153
Review Questions 153
Review Exercises 153
Internet Exercises 154
Team Exercises 154
Thinking Critically 7.1: QUESTIONABLE MOTIVES 155
Thinking Critically 7.2: OLYMPUS: PAYING A PRICE FOR DOING WHAT'S RIGHT? 156
Thinking Critically 7.3: THE OLIVIERI CASE 158
References 160

8 > Ethics and Technology
Learning Outcomes 163
FRONTLINE FOCUS Problems at ComputerWorld 163
INTRODUCTION: ETHICS AND TECHNOLOGY 164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DO YOU KNOW WHERE YOUR PERSONAL INFORMATION IS? 164
THE PROMISE OF INCREASED WORKER PRODUCTIVITY 165
The Employer Position 165
The Employee Position 165
WHEN ARE YOU "AT WORK"? 166
ETHICAL DILEMMA A Failure to Disclose 166
Thin Consent 167
Thick Consent 167
THE DANGERS OF LEAVING A PAPER TRAIL 169
LIFE SKILLS The Mixed Blessing of Technology 170
Vicarious Liability 170
REAL WORLD APPLICATIONS Telecommuting 24/7 171
ETHICAL DILEMMA Top 20 Blonde Jokes 171
The Right to Privacy—Big Brother Is in the House 172
CONCLUSION 173
FRONTLINE FOCUS Problems at ComputerWorld—Steve Makes a Decision 174
For Review 174
Key Terms 175
Review Questions 176
Review Exercises 176
Internet Exercises 176
Team Exercises 177
Thinking Critically 8.1: INSTAGRAM: THE DANGERS IN CHANGING YOUR TERMS OF SERVICE 178
Thinking Critically 8.2: VOLKSWAGEN 179
Thinking Critically 8.3: THE HIPAA PRIVACY RULE 181
References 182

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PART 3 The Future of Business Ethics

9 > Ethics and Globalization

Learning Outcomes 187

FRONTLINE FOCUS A Matter of Definition 187

ETHICS AND GLOBALIZATION 188

Ethics in Less-Developed Nations 188

ETHICAL RELATIVISM 189

ETHICAL DILEMMA For Services Rendered 190

THE PURSUIT OF GLOBAL ETHICS 190

ETHICAL DILEMMA Corporate Inversion: A Questionable Practice? 192

ENFORCING GLOBAL ETHICS 193

The UN Global Compact 193

THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES 194

REAL WORLD APPLICATIONS Globally Ethical 194

LIFE SKILLS A subtle influence 195

CONCLUSION 196

FRONTLINE FOCUS A Matter of Definition—Tom Makes a Decision 197

For Review 197

Key Terms 198

Review Questions 198

Review Exercises 198

Internet Exercises 199

Team Exercises 199

Thinking Critically 9.1: TOMS SHOES: ETHICALLY GLOBAL? 201

Thinking Critically 9.2: SUICIDES AT FOXCONN 202

Thinking Critically 9.3: THE ETHICS OF OFFSHORING CLINICAL TRIALS 204

References 205

10 > Making It Stick: Doing What's Right in a Competitive Market

Learning Outcomes 207

FRONTLINE FOCUS You Scratch My Back 207

MAKING IT STICK—KEY COMPONENTS OF AN ETHICS POLICY 208

Establish a Code of Ethics 208

Support the Code of Ethics with Extensive Training for Every Member of the Organization 209
LIFE SKILLS A lone voice 210
Hire an Ethics Officer 210
Celebrate and Reward the Ethical Behavior Demonstrated by Your Employees 211
Promote Your Organization's Commitment to Ethical Behavior 211
ETHICAL DILEMMA The Price of Profit Maximization 211
ETHICAL DILEMMA Nestlé Water: A Crisis Profiteer 213
REAL WORLD APPLICATIONS A Sacrificial Lamb 214
Continue to Monitor the Behavior as You Grow 214
BECOMING A TRANSPARENT ORGANIZATION 214
CONCLUSION: ORGANIZATIONAL INTEGRITY 215
FRONTLINE FOCUS You Scratch My Back—Adam Makes a Decision 216
For Review 216
Key Terms 217
Review Questions 217
Review Exercise 217
Internet Exercises 218
Team Exercises 218
Thinking Critically 10.1: MOTT'S: SOUR APPLES 219
Thinking Critically 10.2: THE FAILED TRANSFORMATION OF BP 220
Thinking Critically 10.3: UNPROFESSIONAL CONDUCT 222
References 223
Glossary 224
Index 227

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Throughout the book:

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1 Understanding Ethics

UPDATED *THINKING CRITICALLY* Three Cups of Tea

UPDATED *THINKING CRITICALLY* The Man Who Shocked the World

2 Defining Business Ethics

UPDATED *ETHICAL DILEMMA* Three-Card Monte

NEW *INTERNET EXERCISE* Compliance Initiative

UPDATED *INTERNET EXERCISE* Ethics Resource Center

NEW *THINKING CRITICALLY* Marriott

UPDATED *THINKING CRITICALLY* BELA

3 Organizational Ethics

UPDATED *THINKING CRITICALLY* Boosting Your Resume

UPDATED *THINKING CRITICALLY* A Loss of Privacy

4 Corporate Social Responsibility

NEW *FRONTLINE FOCUS* An Improved Reputation

UPDATED *THINKING CRITICALLY* Sustainable Capitalism

NEW *THINKING CRITICALLY* Monsanto

5 Corporate Governance

UPDATED *ETHICAL DILEMMA* 20/20 Hindsight

NEW *ETHICAL DILEMMA* A Spectacular Downfall

NEW *THINKING CRITICALLY* Tesco

UPDATED *THINKING CRITICALLY* SocGen

NEW *THINKING CRITICALLY* Valeant Pharmaceuticals

6 The Role of Government

UPDATED *ETHICAL DILEMMA* The Bribery Gap

UPDATED *INTERNET EXERCISE* Transparency International

UPDATED *THINKING CRITICALLY* Ponzi Schemes

UPDATED *THINKING CRITICALLY* India's Enron

UPDATED *THINKING CRITICALLY* "Off-Label" Marketing

7 Blowing the Whistle

UPDATED *THINKING CRITICALLY* Questionable Motives
UPDATED *THINKING CRITICALLY* Olympus

8 Ethics and Technology

UPDATED *INTERNET EXERCISE* Center for Corporate Ethics Governance (CCEG)
UPDATED *THINKING CRITICALLY* Instagram
NEW *THINKING CRITICALLY* Volkswagen

9 Ethics and Globalization

NEW *ETHICAL DILEMMA* Pfizer: Corporate Inversion
UPDATED *INTERNET EXERCISE* Institute for Global Ethics
UPDATED *INTERNET EXERCISE* Walmart's Global Ethics
UPDATED *THINKING CRITICALLY* TOMS Shoes
UPDATED *THINKING CRITICALLY* Suicides at Foxconn

10 Making It Stick: Doing What's Right in a Competitive Market

NEW *ETHICAL DILEMMA* Massey Energy
NEW *ETHICAL DILEMMA* Nestlé
UPDATED *INTERNET EXERCISE* Charity Commission
NEW *INTERNET EXERCISE* Department of Justice
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UPDATED *THINKING CRITICALLY* Unprofessional Conduct

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PART 1

DEFINING BUSINESS ETHICS

1 Understanding Ethics

2 Defining Business Ethics

In Chapter 1, we begin by exploring how people live their lives according to a standard of "right" or "wrong" behavior. Where do people look for guidance in deciding what is right or wrong or good or bad? Once they have developed a personal set of moral standards or ethical principles, how do people then interact with other members of their community or society as a whole who may or may not share the same ethical principles?

In Chapter 2, with a basic understanding of ethics, we can then examine the concept of business ethics, where employees face the dilemma of balancing their own moral standards with those of the company they work for and the supervisor or manager to whom they report on a daily basis. We examine the question of whether the business world should be viewed as an artificial environment where the rules by which you choose to live your own life don't necessarily apply.

CHAPTER 1

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UNDERSTANDING ETHICS

LEARNING OUTCOMES

After studying this chapter, you should be able to:

1-1 Define *ethics*.

1-2 Explain the role of values in ethical decision making.

1-3 Understand opposing ethical theories and their limitations.

1-4 Discuss ethical relativism.

1-5 Explain an ethical dilemma, and apply a process to resolve it.

FRONTLINE FOCUS

Doing the Right Thing

Megan is a rental agent for the Oxford Lake apartment complex. The work is fairly boring, but she's going to school in the evening, so the quiet periods give her time to catch up on her studies, plus the discounted rent is a great help to her budget. Business has been slow since two other apartment complexes opened, and Oxford Lake's vacancies are starting to run a little high.

The company recently appointed a new regional director to "inject some energy and creativity" into its local campaigns and generate new rental leases. Her name is Kate Jones, and based on first impressions, Megan thinks Kate would rent her grandmother an apartment as long as she could raise the rent first.

Kate's first event is an open house, complete with free hot dogs and colas and a clown making balloon animals for the kids. Ads run in the paper and on the radio attract a good crowd.

The first applicants are Michael and Tania Wilson, an African-American couple with one young son, Tyler. Megan takes their application. They're a nice couple with a stable work history, more than enough income to cover the rent, and good references from their previous landlord. Megan advises them that they will do a background check as a standard procedure and that things "look very good" for their application.

After they leave, Kate stops by the rental office and asks, "How did that couple look? Any issues with their application?"

"None at all," answers Megan. "I think they'll be a perfect addition to our community."

"Don't rush their application through too quickly," replies Kate. "We have time to find some more applicants, and, in my experience, those people usually end up breaking their lease or skipping town with unpaid rent."

QUESTIONS

1. What would be "the right thing" to do here? How would the Golden Rule relate to Megan's decision?
2. How would you resolve this ethical dilemma? Review the three-step process in 'Resolving Ethical Dilemmas' for more details.
3. What should Megan do now?

> Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay.
>
> **The Josephson Institute of Ethics**

>> What Is Ethics?

The field of **ethics** is the study of how we try to live our lives according to a standard of "right" or "wrong" behavior—in both how we think and behave toward others and how we would like them to think and behave toward us. For some, it is a conscious choice to follow a set of moral standards or ethical principles that provide guidance on how they should conduct themselves in their daily lives. For others, where the choice is not so clear, they look to the behavior of others to determine what is an acceptable standard of right and wrong or good and bad behavior. How they arrive at the definition of what's right or wrong is a result of many factors, including how they were raised, their religion, and the traditions and beliefs of their **society**.

Ethics The manner by which we try to live our lives according to a standard of "right" or "wrong" behavior—in both how we think and behave toward others and how we would like them to think and behave toward us.

Society A structured community of people bound together by similar traditions and customs.

Culture A particular set of attitudes, beliefs, and practices that characterize a group of individuals.

Value System A set of personal principles formalized into a code of behavior.

Intrinsic Value The quality by which a value is a good thing in itself and is pursued for its own sake, whether anything comes from that pursuit or not.

>> Understanding Right and Wrong

Moral standards are principles based on religious, **cultural**, or philosophical beliefs by which judgments are made about good or bad behavior. These beliefs can come from many different sources:

- Friends.
- Family.
- Ethnic background.
- Religion.
- School.
- The media—television, radio, newspapers, magazines, the Internet.
- Personal role models and mentors.

Your personal set of morals—your *morality*—represents a collection of all these influences as they are built up over your lifetime. A strict family upbringing or religious education would obviously have a direct impact on your personal moral standards. These standards would then provide a moral compass (a sense of personal direction) to guide you in the choices you make in your life.

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HOW SHOULD I LIVE?

You do not acquire your personal moral standards in the same way that you learn the alphabet. Standards of ethical behavior are absorbed by osmosis as you observe the examples (both positive and negative) set by everyone around you—parents, family members, friends, peers, and neighbors. Your adoption of those standards is ultimately unique to you as an individual. For example, you may be influenced by the teachings of your family's religious beliefs and grow to believe that behaving ethically toward others represents a demonstration of religious devotion. However, that devotion may just as easily be motivated by either fear of a divine punishment in the afterlife or anticipation of a reward for living a virtuous life.

Alternatively, you may choose to reject religious morality and instead base your ethical behavior on your experience of human existence rather than any abstract concepts of right and wrong as determined by a religious doctrine.

When individuals share similar standards in a community, we can use the terms *values* and *value system*. The terms *morals* and *values* are often used to mean the same thing—a set of personal principles by which you aim to live your life. When you try to formalize those principles into a code of behavior, then you are seen to be adopting a **value system**.

THE VALUE OF A VALUE

Just as the word *value* is used to denote the worth of an item, a person's values can be said to have a specific "worth" for them. That worth can be expressed in two ways:

1. An **intrinsic value**—by which a value is a good thing in itself and is pursued for its own sake, whether anything good comes from that pursuit or not. For example, happiness, health, and self-respect can all be said to have intrinsic value.

2. An **instrumental value**—by which the pursuit of one value is a good way to reach another value. For example, money is valued for what it can buy rather than for itself.

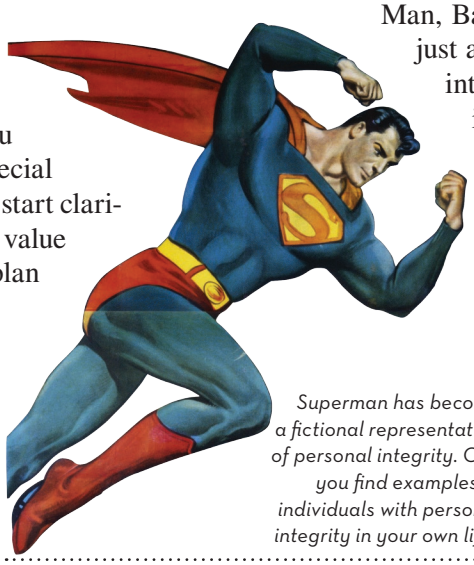
VALUE CONFLICTS

The impact of a person's or a group's value system can be seen in the extent to which their daily lives are influenced by those values. However, the greatest test of any personal value system comes when you are presented with a situation that places those values in direct conflict with an action. For example:

1. *Lying is wrong*—but what if you were lying to protect the life of a loved one?
2. *Stealing is wrong*—but what if you were stealing food for a starving child?
3. *Killing is wrong*—but what if you had to kill someone in self-defense to protect your own life?

How do you resolve such conflicts? Are there exceptions to these rules? Can you justify those actions based on special circumstances? Should you then start clarifying the exceptions to your value system? If so, can you really plan for every possible exception?

It is this gray area that makes the study of ethics so complex. We would like to believe that there are clearly defined rules of right and wrong and that you can live your life in direct observance of those rules. However, it is more likely that situations will arise that will require exceptions to those rules. It is how you choose to respond to those situations and the specific choices you make that really define your personal value system.



Superman has become a fictional representation of personal integrity. Can you find examples of individuals with personal integrity in your own life?

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DOING THE RIGHT THING

If you asked your friends and family what ethics means to them, you would probably arrive at a list of four basic categories:

1. Simple truth—right and wrong or good and bad.
2. A question of someone's personal character—his or her integrity.
3. Rules of appropriate individual behavior.
4. Rules of appropriate behavior for a community or society.

Instrumental Value The quality by which the pursuit of one value is a good way to reach another value. For example, money is valued for what it can buy rather than for itself.

The first category—*a simple truth*—also may be expressed as simply *doing the right thing.* It is something that most people can understand and support. It is this basic simplicity that can lead you to take ethical behavior for granted—you assume that everyone is committed to doing the right thing, and it's not until you are exposed to unethical behavior that you are reminded that, unfortunately, not all people share your interpretation of what "the right thing" is, and even if they did, they may not share your commitment to doing it.

The second category—*personal integrity,* demonstrated by someone's behavior—looks at ethics from an external rather than an internal viewpoint. All our classic comic-book heroes—Superman, Spider-Man, Batman, and Wonder Woman, to name just a few—represent the ideal of personal integrity where a person lives a life that is true to his or her moral standards, often at the cost of considerable personal sacrifice.

Rules of appropriate individual behavior represent the idea that the moral standards we develop for ourselves impact our lives on a daily basis in our behavior and the other types of decisions we make.

Rules of appropriate behavior for a community or society remind us that we must eventually bring our personal value system into a world that is shared with people who will probably have both similar and very different value systems. Establishing an ethical ideal for a community or society allows that group of people to live with the confidence that comes from knowing they share a common standard.

Each category represents a different feature of ethics. On one level, the study of ethics seeks to understand how people make the choices they make—how they develop their own set of moral standards, how they live their lives on the basis of those standards, and how they judge the behavior of others in relation to those standards. On a second level, we then try to use that understanding to develop a set of ideals or principles by which a group of ethical individuals can combine as a community with a common understanding of how they "ought" to behave.

PROGRESS ✓ QUESTIONS

1. What is the definition of *ethics*?
2. What is a moral compass, and how would you apply it?
3. Explain the difference between intrinsic and instrumental values.
4. List the four basic categories of ethics.

THE GOLDEN RULE

For some, the goal of living an ethical life is expressed by the **Golden Rule**: *Do unto others as you would have them do unto you,* or *treat others as you would like to be treated.* This simple and very clear rule is shared by many different religions in the world:

- Buddhism: "Hurt not others in ways that you yourself would find hurtful."—Udana-Varga 5:18
- Christianity: "Therefore all things whatsoever ye would that men should do to you, do ye even so to them."—Matthew 7:12
- Hinduism: "This is the sum of duty: do naught unto others which would cause you pain if done to you."—Mahabharata 5:1517

The Golden Rule Do unto others as you would have them do unto you.

Virtue Ethics A concept of living your life according to a commitment to the achievement of a clear ideal—*what sort of person would I like to become, and how do I go about becoming that person?*

Utilitarianism Ethical choices that offer the greatest good for the greatest number of people.

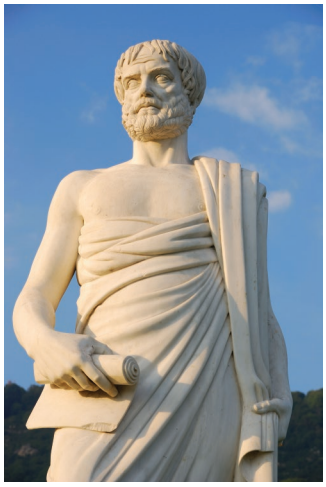
Universal Ethics Actions that are taken out of *duty* and *obligation* to a purely moral ideal, rather than based on the needs of the situation, since the universal principles are seen to apply to everyone, everywhere, all the time.

Of course, the danger with the Golden Rule is that not everyone thinks like you, acts like you, or believes in the same principles that you do, so to live your life on the assumption that your pursuit of an ethical ideal will match others' ethical ideals could get you into trouble. For example, if you were the type of person who values honesty in your personal value system, and you found a wallet on the sidewalk, you would try to return it to its rightful owner. However, if you lost your wallet, could you automatically expect that the person who found it would make the same effort to return it to you?

>> Ethical Theories

The subject of ethics has been a matter of philosophical debate for over 2,500 years—as far back as the Greek philosopher Socrates. Over time and with considerable debate, different schools of thought have developed as to how we should go about living an ethical life.

Ethical theories can be divided into three categories: virtue ethics, ethics for the greater good, and universal ethics.



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VIRTUE ETHICS

The Greek philosopher Aristotle's belief in individual character and integrity established a concept of living your life according to a commitment to the achievement of a clear ideal—*what sort of person would I like to become, and how do I go about becoming that person?*

The problem with **virtue ethics** is that societies can place different emphasis on different virtues. For example, Greek society at the time of Aristotle valued wisdom, courage, and justice. By contrast, Christian societies value faith, hope, and charity. So if the virtues you hope to achieve aren't a direct reflection of the values of the society in which you live, there is a real danger of value conflict.

ETHICS FOR THE GREATER GOOD

As the name implies, *ethics for the greater good* is more focused on the outcome of your actions rather than the apparent virtue of the actions themselves—that is, a focus on the greatest good for the greatest number of people. Originally proposed by a Scottish philosopher named David Hume, this approach to ethics is also referred to as **utilitarianism**.

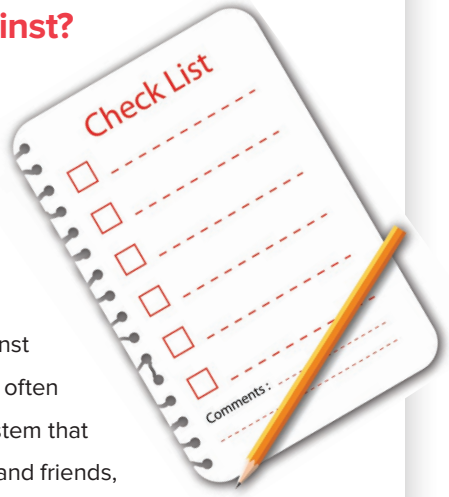
The problem with this approach to ethics is the idea that the ends justify the means. If all you focus on is doing the greatest good for the greatest number of people, no one is accountable for the actions that are taken to achieve that outcome. The 20th century witnessed one of the most extreme examples of this when Adolf Hitler and his Nazi party launched a national genocide against Jews and "defective" people on the utilitarian grounds of restoring the Aryan race.

UNIVERSAL ETHICS

Originally attributed to a German philosopher named Immanuel Kant, **universal ethics** argues that there are certain and universal principles that should apply

Life Skills

>> What do you stand for, or what will you stand against?



Your personal value system will guide you throughout your life, both in personal and professional matters. How often you will decide to stand by those values or deviate from them will be a matter of personal choice, but each one of those choices will contribute to the ongoing development of your values. As Lawrence Kohlberg's work on Ethical Reasoning points out, your understanding of moral complexities and ethical dilemmas grows as your life experience and education grow. For that reason, you will measure every choice you make against the value system you developed as a child from your parents, friends, society, and often your religious upbringing. The cumulative effect of all those choices is a value system that is unique to you. Of course, you will share many of the same values as your family and friends, but some of your choices will differ from theirs because your values differ.

The great benefit of having such a guide to turn to when faced with a difficult decision is that you can both step away from the emotion and pressure of a situation and, at the same time, turn to a system that truly represents who you are as a person—someone with integrity who can be counted on to make a reasoned and thoughtful choice.

to all ethical judgments. Actions are taken out of *duty* and *obligation* to a purely moral ideal rather than based on the needs of the situation, since the universal principles are seen to apply to everyone, everywhere, all the time.

The problem with this approach is the reverse of the weakness in ethics for the greater good. If all you focus on is abiding by a universal principle, no one is accountable for the consequences of the actions taken to abide by those principles. Consider, for example, the current debate over the use of stem cells in researching a cure for Parkinson's disease. If you recognize the value of human life above all else as a universal ethical principle, how do you justify the use of a human embryo in the harvesting of stem cells? Does the potential for curing many major illnesses—Parkinson's, cancer, heart disease, and kidney disease—make stem cell research ethically justifiable? If not, how do you explain that to the families who lose loved ones waiting unsuccessfully for organ transplants?

Ethical Relativism Gray area in which your ethical principles are defined by the traditions of your society, your personal opinions, and the circumstances of the present moment.

PROGRESS ✓ QUESTIONS

5. What is the Golden Rule?
6. List the three basic ethical theories.
7. Identify the limitations of each theory.
8. Provide an example of each theory in practice.

>> Ethical Relativism

When the limitations of each of these theories are reviewed, it becomes clear that there is no truly comprehensive theory of ethics, only a choice that is made based on your personal value system. In this context, it is easier to understand why, when faced with the requirement to select a model of how we ought to live our lives, many people choose the idea of **ethical relativism**, whereby the traditions of their society, their personal opinions, and the circumstances of the present moment define their ethical principles.

The idea of relativism implies some degree of flexibility as opposed to strict black-and-white rules.

Key Point

Why is the issue of accountability relevant in considering alternate ethical theories?

Applied Ethics The study of how ethical theories are put into practice.

Ethical Dilemma A situation in which there is no obvious right or wrong decision, but rather a right or right answer.

It also offers the comfort of being a part of the ethical majority in your community or society instead of standing by your individual beliefs as an outsider from the group. In our current society, when we talk about peer pressure among groups, we are acknowledging that the expectations of this majority can sometimes have negative consequences.

>> Ethical Dilemmas

Up to now we have been concerned with the notion of ethical theory—how we conduct ourselves as individuals and as a community in order to live a good and moral life. However, this ethical theory represents only half of the school of philosophy we recognize as ethics. At some point, these theories have to be put into practice, and we then move into the area of **applied ethics**.

The basic assumption of ethical theory is that you as an individual or community are in control of all the factors that influence the choices that you make. In reality, your ethical principles are most likely to be tested when you face a situation in which there is no obvious right or wrong decision but rather a right or right answer. Such situations are referred to as **ethical dilemmas**.

As we saw earlier in our review of value systems and value conflicts, any idealized set of principles or standards inevitably faces some form of challenge. For ethical theories, that challenge takes the form

PEER PRESSURE

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In the days before the dominance of technology in the lives of teenagers and young adults, concerns over *peer pressure* (stress exerted by friends and classmates) focused on bullying, criminal behavior, drug use, and sexual activity. The arrival of smartphones and the ability to send text messages to a wide audience and post short videos on the Internet have brought a new element to concerns over peer pressure at school. A 2008 survey by the National Campaign to Prevent Teen and Unplanned Pregnancy found that 20 percent of teens ages 13 to 19 said they have electronically sent or posted online nude or seminude pictures or videos of themselves. Nearly 50 percent of the teen girls surveyed said "pressure from guys" was the reason they shared sexually explicit photos or messages, and boys cited "pressure from friends."

Incidents of "sexting" have increased so quickly that local communities and law enforcement agencies have been caught unprepared. While many consider the incidents to be examples of negligent behavior on the part of the teens involved, the viewing and distribution of such materials could result in charges of felony child pornography and a listing on a sex offender registry for decades to come. In one case, 18-year-old Philip Alpert was convicted of child pornography after distributing a revealing photo of his 16-year-old girlfriend after they got into an argument. He will be labeled a "sex offender" until he is 43 years old.

Unfortunately, the dramatic increase in the number of incidents of sexting has brought about tragic consequences. Cincinnati teen Jessie Logan killed herself after nude pictures she had sent to her boyfriend were sent to hundreds of students. Even though only five teens were involved in sending the pictures, their unlimited access to technology allowed them to reach several hundred students in four school districts before the incident was stopped. At the time of writing this case, 20 states now have legislation in place to deter teens from sexting without charging them as adult sex offenders.

QUESTIONS

1. In what ways does giving in to peer pressure constitute ethical relativism?
2. How could you use your personal value system to fight back against peer pressure?

PEER PRESSURE

3. How would you communicate the risks of sexting to students who are struggling to deal with peer pressure?
4. Is a change in the law the best option for addressing this problem? Why or why not?

Sources: Satta Sarmah, "'Sexting' on the Rise among Teens," http://rye.patch.com, May 21, 2010; "Sexting Bill Introduced at Statehouse," www.onntv.com, May 13, 2010; "Sex and Tech: Results from a Survey of Teens and Young Adults," www.thenationalcampaign.org, October 20, 2010; and http://cyberbullying.org/state-sexting-laws.pdf.

of a dilemma in which the decision you must make requires you to make a right choice knowing full well that you are:

- Leaving an equally right choice undone.
- Likely to suffer something bad as a result of that choice.
- Contradicting a personal ethical principle in making that choice.
- Abandoning an ethical value of your community or society in making that choice.

>> RESOLVING ETHICAL DILEMMAS

By its very definition, an ethical dilemma cannot really be resolved in the sense that a resolution of the problem implies a satisfactory answer to the problem. Since, in reality, the "answer" to an ethical dilemma is often the lesser of two evils, it is questionable to assume that there will always be an acceptable answer—it's more a question of whether or not you can arrive at an outcome you can live with.

Joseph L. Badaracco Jr.'s book *Defining Moments* captures this notion of living with an outcome in a discussion of "sleep-test ethics":[1]

> The sleep test . . . is supposed to tell people whether or not they have made a morally sound decision. In its literal version, a person who has made the right choice can sleep soundly afterward; someone who has made the wrong choice cannot. . . . Defined less literally and more broadly, sleep-test ethics rests on a single, fundamental belief: that we should rely on our personal insights, feelings, and instincts when we face a difficult problem. Defined this way, sleep-test ethics is the ethics of intuition. It advises us to follow our hearts, particularly when our minds are confused. It says that, if something continues to gnaw at us, it probably should.

When we review the ethical theories covered in this chapter, we can identify two distinct approaches to handling ethical dilemmas. One is to focus on the practical consequences of what we choose to do, and the other focuses on the actions themselves and the degree to which they were the right actions to take. The first school of thought argues that the ends justify the means and that if there is no harm, there is no foul. The second claims that some actions are simply wrong in and of themselves.

So what should you do? Consider this three-step process for solving an ethical problem:[2]

Step 1. *Analyze the consequences.* Who will be helped by what you do? Who will be harmed? What kind of benefits and harm are we talking about? (Some are more valuable or more harmful than others: Good health, someone's trust, and a clean environment are very valuable benefits, more so than a faster remote control device.) How does all of this look over the long run as well as the short run?

Step 2. *Analyze the actions.* Consider all the options from a different perspective, without thinking

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about the consequences. How do the actions measure up against moral principles such as honesty, fairness, equality, respecting the dignity of others, and people's rights? (Consider the common good.) Are any of the actions at odds with those standards? If there's a conflict between principles or between the rights of different people involved, is there a way to see one principle as more important than the others? Which option offers actions that are least problematic?

Step 3. *Make a decision*. Take both parts of your analysis into account, and make a decision. This strategy at least gives you some basic steps you can follow.

PROGRESS ✓ QUESTIONS

9. Define *ethical relativism*.
10. Define *applied ethics*.
11. What is an ethical dilemma?
12. Explain the three-step process for resolving an ethical dilemma.

Ethical Reasoning Looking at the information available to us in resolving an ethical dilemma, and drawing conclusions based on that information in relation to our own ethical standards.

If a three-step model seems too simple, Arthur Dobrin identified eight questions you should consider when resolving an ethical dilemma:[3]

1. *What are the facts?* Know the facts as best you can. If your facts are wrong, you're liable to make a bad choice.
2. *What can you guess about the facts you don't know?* Since it is impossible to know all the facts, make reasonable assumptions about the missing pieces of information.
3. *What do the facts mean?* Facts by themselves have no meaning. You need to interpret the information in light of the values that are important to you.
4. *What does the problem look like through the eyes of the people involved?* The ability to walk in another's shoes is essential. Understanding the problem through a variety of perspectives increases the possibility that you will choose wisely.
5. *What will happen if you choose one thing rather than another?* All actions have consequences. Make a reasonable guess as to what will happen if you follow a particular course of action. Decide whether you think more good or harm will come of your action.
6. *What do your feelings tell you?* Feelings are facts too. Your feelings about ethical issues may give you a clue as to parts of your decision that your rational mind may overlook.
7. *What will you think of yourself if you decide one thing or another?* Some call this your conscience. It is a form of self-appraisal. It helps you decide whether you are the kind of person you would like to be. It helps you live with yourself.
8. *Can you explain and justify your decision to others?* Your behavior shouldn't be based on a whim. Neither should it be self-centered. Ethics involves you in the life of the world around you. For this reason you must be able to justify your moral decisions in ways that seem reasonable to reasonable people. Ethical reasons can't be private reasons.

Key Point

Apply Dobrin's eight questions to an ethical dilemma you have faced in the past. Would applying this process have changed your decision? Why or why not?

The application of these steps is based on some key assumptions: First, that there is sufficient time for the degree of contemplation that such questions require; second, that there is enough information available for you to answer the questions; and third, that the dilemma presents alternative resolutions for you to select from. Without alternatives, your analysis becomes a question of finding a palatable resolution that you can live with—much like Badaracco's sleep test—rather than the most appropriate solution.

ETHICAL REASONING

When we are attempting to resolve an ethical dilemma, we follow a process of **ethical reasoning**. We look at the information available to us and draw conclusions based on that information in relation to our own ethical standards. Lawrence Kohlberg developed a framework (see Figure 1.1) that presents the argument that we develop a reasoning process over time, moving through six distinct stages (classified into three levels of moral development) as we are exposed to major influences in our lives.[4]

Level 1: Preconventional. At this lowest level of moral development, a person's response to a perception of right and wrong is initially directly linked to the expectation of punishment or reward.

- *Stage 1: Obedience and punishment orientation.* A person is focused on avoidance of punishment

Level	Stage	Social Orientation
Preconventional	1	Obedience and punishment
	2	Individualism, instrumentalism, and exchange
Conventional	3	"Good boy/nice girl"
	4	Law and order
Postconventional	5	Social contract
	6	Principled conscience

Figure 1.1 • Lawrence Kohlberg's Stages of Ethical Reasoning

and deference to power and authority—that is, something is right or wrong because a recognized authority figure says it is.

- *Stage 2: Individualism, instrumentalism, and exchange.* As a more organized and advanced form of Stage 1, a person is focused on satisfying his or her own needs—that is, something is right or wrong because it helps the person get what he or she wants or needs.

Level 2: Conventional. At this level, a person continues to become aware of broader influences outside of the family.

- *Stage 3: "Good boy/nice girl" orientation.* At this stage, a person is focused on meeting the expectations of family members—that is, something is right or wrong because it pleases those family members. Stereotypical behavior is recognized, and conformity to that behavior develops.
- *Stage 4: Law-and-order orientation.* At this stage, a person is increasingly aware of his or her membership in a society and the existence of codes of behavior—that is, something is right or wrong because codes of legal, religious, or social behavior dictate it.

THE OVERCROWDED LIFEBOAT

In 1842, a ship struck an iceberg, and more than 30 survivors were crowded into a lifeboat intended to hold seven. As a storm threatened, it became obvious that the lifeboat would have to be lightened if anyone were to survive. The captain reasoned that the right thing to do in this situation was to force some individuals to go over the side and drown. Such an action, he reasoned, was not unjust to those thrown overboard, for they would have drowned anyway. If he did nothing, however, he would be responsible for the deaths of those whom he could have saved. Some people opposed the captain's decision. They claimed that if nothing were done and everyone died as a result, no one would be responsible for these deaths. On the other hand, if the captain attempted to save some, he could do so only by killing others and their deaths would be his responsibility; this would be worse than doing nothing and letting all die. The captain rejected this reasoning. Since the only possibility for rescue required great efforts of rowing, the captain decided that the weakest would have to be sacrificed. In this situation it would be absurd, he thought, to decide by drawing lots who should be thrown overboard. As it turned out, after days of hard rowing, the survivors were rescued and the captain was tried for his action.

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QUESTIONS

1. Did the captain make the right decision? Why or why not?
2. What other choices could the captain have made?
3. If you had been on the jury, how would you have decided? Why?
4. Which ethical theory or theories could be applied here?

Source: Adapted from www.friesian.com/valley/dilemmas.htm.

Level 3: Postconventional. At this highest level of ethical reasoning, a person makes a clear effort to define principles and moral values that reflect an individual value system rather than simply reflecting the group position.

- *Stage 5: Social contract legalistic orientation.* At this stage, a person is focused on individual rights and the development of standards based on critical examination—that is, something is right or wrong because it has withstood scrutiny by the society in which the principle is accepted.
- *Stage 6: Universal ethical principle orientation.* At this stage, a person is focused on self-chosen ethical principles that are found to be comprehensive and consistent—that is, something is right or wrong because it reflects that person's individual value system and the conscious choices he or she makes in life. While Kohlberg always believed in the existence of Stage 6, he was never able to find enough research subjects to prove the long-term stability of this stage.

Kohlberg's framework offers us a clearer view into the process of ethical reasoning—that is, that someone can arrive at a decision, in this case the resolution of an ethical dilemma—on the basis of a moral rationale that is built on the cumulative experience of his or her life.

Kohlberg also believed that a person could not move or jump beyond the next stage of his or her six stages. It would be impossible, he argued, for a person to comprehend the moral issues and dilemmas at a level so far beyond his or her life experience and education.

LIVING WITH A TOUGH DECISION

Real World Applications

Michelle takes her managerial role very seriously. Sometimes managers are called on to make tough decisions–firing nonperformers and letting people go when cost cuts have to be made. She has always found a way to come to terms with the tough decisions: "As long as I can sleep at night, then I know I have made the best decision I can under the circumstances." Lately, however, the material in her business ethics class has made her reconsider some of her previous decisions. "Am I really making the best decision or just the decision I can live with?" How do you think most managers would answer that question?

PROGRESS ✓ QUESTIONS

13. What are the eight questions you should consider in resolving an ethical dilemma?
14. What assumptions are we making in the resolution of a dilemma? What should you do if you can't answer these eight questions for the dilemma you are looking to resolve?
15. What are Kohlberg's three levels of moral development?
16. What are the six stages of development in those three levels?

>> Conclusion

Now that we have reviewed the processes by which we arrive at our personal ethical principles, let's consider what happens when we take the study of ethics into the business world. What happens when the decision that is expected of you by your supervisor or manager goes against your personal value system? Consider these situations:

- As a salesperson, you work on a monthly quota. Your sales training outlines several techniques to "up sell" each customer—that is, to add additional features, benefits, or warranties to your product that the average customer doesn't really need. Your sales manager draws a very clear picture for you: If you don't make your quota, you don't have a job. So if your personal value system requires that you sell customers only what they really need, are you willing to make more smaller sales to hit your quota, or do you do what the top performers do and "up sell like crazy" and make every sale count?
- You are a tech-support specialist for a small computer software manufacturer. Your supervisor informs you that a bug has been found in the software that will take several weeks to fix. You are instructed to handle all calls without admitting the existence of the bug. Specific examples are provided to divert customers' concerns with suggestions of user error, hardware issues, and conflicts with other software packages. The bug, you are told, will be fixed in a scheduled version upgrade without any admission of its existence. Could you do that?

How organizations reach a point in their growth where such behavior can become the norm, and how employees of those organizations find a way to work in such environments, is what the field of business ethics is all about.

FRONTLINE FOCUS

Doing the Right Thing—Megan Makes a Decision

Kate was right; they did receive several more applications at the open house, but each one was less attractive as a potential tenant than the Wilsons. Some had credit problems, others couldn't provide references because they had been "living with a family member," and others had short work histories or were new to the area.

This left Megan with a tough choice. The Wilsons were the best applicants, but Kate had made her feelings about them very clear, so Megan's options were fairly obvious—she could follow Kate's instructions and bury the Wilsons' application in favor of another couple, or she could give the apartment to the best tenants and run the risk of making an enemy of her new boss.

The more Megan thought about the situation, the angrier she became. Not giving the apartment to the Wilsons was discriminatory and would expose all of them to legal action if the Wilsons ever found out—plus it was just plain wrong. There was nothing in their application that suggested that they would be anything other than model tenants, and just because Kate had experienced bad tenants like "those people" in the past, there was no reason to group the Wilsons with that class.

Megan picked up the phone and started dialing. "Mrs. Wilson? Hi, this is Megan with Oxford Lake Apartments. I have some wonderful news."

QUESTIONS

1. Did Megan make the right choice here?
2. What do you think Kate's reaction will be?
3. What would have been the risks for Oxford Lake if Megan had decided not to rent the apartment to the Wilsons?