Business Ethics Decision Making for Personal Integrity and Social Responsibility 4th edition Hartman Solutions Manual

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IM Chapter 2:

Ethical Decision-Making: Personal and Professional Contexts

Chapter Objectives

After reading this chapter, students will be able to:

1. Describe a process for ethically responsible decision making.
2. Apply this model to ethical decision points.
3. Explain the reasons why "good" people might engage in unethical behavior.
4. Explore the impact of managerial roles on the nature of our decision making.

Opening Decision Point
What Would You Do?

Students are given the following three scenarios and asked what they would do in these situations.

Scenario 1: You are the first person to arrive in your classroom and as you sit down you notice an iPod on the floor underneath the adjacent seat. You pick it up and turn it on. It works fine and even has some of your favorite music listed. You realize that you are the only one in the room and no one will know if you keep it. You see other students entering the room so you place the iPod on the floor next to your belonging. You will have the whole class period to decide what to do.

Scenario 2: Instead of finding the iPod, you are a friend who sits next to the person who finds it. As class begins, your friend leans over and asks your advice about what to do.

Scenario 3: You are now a student representative on the judicial board at school. The student who kept the iPod is accused of stealing. How would you make the decision about the situation?

Students are asked to consider the following questions related to the above scenarios.

- What are the key facts that you should consider before making a decision, as either the person who discovered the iPod, the friend, or the judicial board member?
- Is this an ethical issue? What exactly are the ethical aspects involved in your decision?
- Who else is involved, or should be involved, in this decision? Who has a stake in the outcome?
- What alternatives are available to you? What are the consequences of each alternative?
- How would each of your alternatives affect the other people you have identified as having a stake in the outcome?
- Where might you look for additional guidance to assist you in resolving this particular dilemma?

I. Introduction

a. Putting Ethics into Practice: Ethics requires not simply decision-making, but *accountable* decision-making.

i. Even if a person does not consciously think about a decision, her or his own actions will involve making a choice and taking a stand.

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1. **Example:** If you find a lost iPod, you cannot avoid making an ethical decision, whether by act or omission, about what to do with it. Whatever you do with the iPod, you will have made a choice that will be evaluated in ethical terms and have ethical implications.

b. Ethical Decision Making in Everyday Life: This chapter examines various elements involved in individual decision making and applies those concepts to the decisions individuals make every day in business. The chapter also explores:

i. Ways ethical decision making can go wrong.

ii. Ways effective business leaders can model the most effective ethical decision-making**.**

II. A Decision Making Process for Ethics

a. What is the **Ethical Decision-Making Process?**

i. We explore the application to the opening Decision Point - How would you decide what to do in the iPod case at the beginning of the chapter? First, you might wonder how the iPod ended up under the desk. Was it lost? Perhaps someone intentionally discarded the iPod. Wouldn't that fact make a significant difference in the ethical judgment that you would make? Or, suppose the person who discovered the iPod actually saw it fall from another student's backpack. Would that make a difference in your judgment about that person?

**** Teaching Note**: This discussion should be tied back to Chapter One and students should be reminded that an ethics course strives to help them think for themselves, and to arrive at richer ways of thinking about ethical issues. Always in the background are the dual pitfalls of dogmatism, which imposes one correct ethical view on all, and relativism, which denies that there is any correct ethical view. This decision-making process provides the middle ground between dogmatism and relativism.

Chapter Objective 1 Discussed Below

b. Step 1: *Determine the Facts* of the Situation.

i. It is essential to make an honest effort to understand the situation, and to distinguish facts from mere opinion.

ii. **Perceptual differences** surrounding how individuals experience and understand situations can explain many ethical disagreements. **Knowing the fact**s and carefully **reviewing the circumstances** can go a long way towards resolving disagreements at an early stage.

iii. **Example:** Let us turn to the iPod case. What facts would be useful to know before making a decision? Suppose you already owned an iPod. Would that make a difference? Suppose you knew who sat at the desk in the previous class. Imagine that, in fact, the iPod had been in a place not easily seen and you had observed it there over the course of several days. Suppose the iPod did not work and, instead of

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being discovered underneath a seat, you found it in a wastebasket. How would your decision change as any of these facts changed? Can you imagine a situation in which what looks like an ethical disagreement turns out to be a disagreement over the facts?

iv. Role of Science (and Critical Thinking) in Ethics:

1. **An ethical judgment made in light of a diligent determination of the facts** is a more reasonable ethical judgment that one made without regard for the facts. A person who acts in a way that is based upon a careful consideration of the facts has acted in a more responsible way—ethically and rationally more responsible—than a person who acts without deliberation.

2. **The sciences, and perhaps especially the social sciences,** can help us determine the facts surrounding our decisions. As a business example, consider what facts might be relevant for making a decision regarding child labor. Consider how the social sciences of anthropology and economics, for example, might help us understand the facts surrounding employing children in the workplace within a foreign country.

3. **Applying this strategy to a business operation** would encourage business decision-makers to seek out perhaps alternative or somewhat less traditional methods of fact gathering to ensure that she or he has compiled all of the necessary data in processing the most ethical decision.

c. Step 2: Identifying the Ethical Issues Involved.

i. It is crucial to recognize a decision or issue as an ethical decision or ethical issue. It is easy to be led astray by a failure to recognize that there is an ethical component to some decision.

ii. It is important to ask questions about the ethical implications of a decision or issue: **How does one determine that a question raises an ethical issue at all? When does a business decision become an ethical decision?**

iii. "**Business" or "economic" decisions and ethical decisions are not mutually exclusive.** The fact that a decision is made on economic grounds does not mean that it does not involve ethical considerations as well.

iv. Being sensitive to ethical issues is a vital characteristic that needs to be cultivated in ethically responsible people.

1. How will our decisions impact the **well-being** of the people involved?

2. To the degree that a decision affects the well-being—the happiness, health, dignity, integrity, freedom, respect—of the stakeholders, it is a decision with ethical implications.

3. Shall we also consider then the environment, animals, future generations? There are often ethical implications for these entities, as well. In the end, it

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is almost impossible to conceive of a decision we might make that does not have at least some impact on the well-being of another.

v. **Normative myopia,** or **shortsightedness about values,** can occur in business contexts when one is unable to recognize ethical issues. Normative myopia does not occur only in businesses, as the Reality Check below displays.

Reference: "Reality Check - *Is There an Ethics of Writing Papers?*"

Reference: "Reality Check – *Fooling Ourselves*"

vi. **Inattentional blindness** can result from focusing failures when we happen to focus - or we are told specifically to pay attention to a particular element of a decision or event – and we miss all of the surrounding details, no matter how obvious.

vii. **Change blindness** occurs when decision-makers fail to notice gradual changes over time, such as when Arthur Andersen auditors did not notice how low Enron had fallen in terms of its unethical decisions. One of the means by which to protect against these decision risks is to ensure that decision-makers seek input from others in their decision processes.

d. Step 3: Identify and Consider All of the "Stakeholders" Affected by the Decision.

i. "**Stakeholders**" in this general sense include all of the groups and/or individuals affected by a decision, policy, or operation of a firm or individual.

ii. **Considering issues from a variety of perspectives** other than one's own, and other than what local conventions suggest, helps make one's decisions more reasonable and responsible.

Reference "Figure 2.1 – *Stakeholder Map*"

iii. **Shifting one's role** is helpful in considering the affects of a decision on others.

1. Rather than being in the position of the person who discovers the iPod, what would you think of this case if you were the person who lost it? How does that impact your thinking? What would your judgment be if you were the friend who was asked for advice?

iv. **Key Test of Ethical Legitimacy:** Whether or not a decision would be acceptable from the point of view of all parties involved.

1. If you could accept a decision as legitimate no matter whose point of view you take, that decision would be fair, impartial, and ethical.

2. **Example:** If you acknowledge that you would not accept the legitimacy of keeping the iPod were you the person who lost it rather than the person who found it, then that is a strong indication that the decision to keep it is not a fair or ethical one.

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3. **Example:** Consider Enbridge's decisions after the oil spill in Wrigley, as described in Chapter 1. Considering only its obligation to its shareholders might lead to a decision to satisfy only the minimum legal requirements for cleaning up the site, to avoid additional costs that would negatively impact profits. However, a decision that considers only the shareholders' point of view would not be a responsible decision. The spill also affected the residents of Wrigley, who are heavily dependent on the forests and waterways in the area for their livelihood and ways of life.

Decision Point: Zika and the Olympics: *Who Matters?*

Students are asked to think back to the Decision Point in the first chapter, "Zika Virus and Olympic Sponsors." One of the key challenges Olympic sponsors faced involved determining the identity of relevant stakeholders. To whom does an Olympic sponsor owe obligations? And once the company has identified its stakeholders, then what?

Challenge students consider the relatively easy example of a group that is directly affected: the athletes competing in the Olympics, and to determine what the company owes to this group. Then, have them consider a less-directly involved stakeholder. The following questions are included in this Decision Point to facilitate student reflection or discussion of Olympic sponsors' obligations to this range of stakeholder groups:

- Should the Olympic sponsors have sought to protect these athletes by advocating moving or postponing the Olympics? L SEP
- Should the Olympic sponsors have given priority to stakeholders they can name (such as Olympic athletes) over stakeholders they cannot name (such as the peo- ple who might, hypothetically, contract Zika if the Olympics help spread the virus)? L SEP
- Should Olympic sponsors have asked any of the relevant stakeholders their opinion? Who should have been included in this discussion? L SEP
- If, in the wake of the Rio Olympics, new and unexpected cases of Zika virus turned up in countries that previously had no cases, should Olympic sponsors feel obligated to compensate the victims in some way? L SEP

v. **A major challenge to ethical decision-making** is that decisions involve the interests of multiple stakeholders and each alternative will impose costs on some stakeholders and offer benefits to others.

Reference: "Reality Check – *Stakeholder Engagement at Johnson Matthey*"

e. Step 4: Consider the Available Alternatives.

i. **Creativity in identifying options** – also called "**moral imagination"** – is one element that distinguishes good people who make ethically responsible decisions

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from good people who do not.

ii. **Consider both the obvious and subtle options** with regard to a particular dilemma.

1. **When reviewing the Enbridge circumstances**, ask yourself how Enbridge might utilize moral imagination in its response to various stakeholders affected by the oil spill, particularly the townspeople of Wrigley.

2. **Or consider the case of discovering a lost iPod**. One person might decide to keep it because she judges that the chances of discovering the true owner are slim and that if she does not keep it, the next person to discover it will make that decision.

3. **Moral imagination might be something simple** like checking in a lost and found department.

f. **Step 5: Compare and Weigh the Alternatives.**

i. **Create a mental spreadsheet** that evaluates the impact of each alternative you have devised on each stakeholder you defined.

ii. **Place oneself in the other person's position**. Understanding a situation from another's point of view, making an effort to "walk a mile in their shoes," contributes significantly to responsible ethical decision making.

iii. **Predict the likely, the foreseeable, and the possible** consequences to all the relevant stakeholders.

iv. **Consider ways to mitigate, minimize, or compensate** for any possible harmful consequences or to increase and promote beneficial consequences.

v. **Consider how the decision will be perceived by others:**

1. Would you feel proud or ashamed if *The Wall Street Journal* printed this decision as a front page article? Could you explain the decision to a ten-year-old child so the child thinks it is the right decision? Will the decision stand the test of time?

2. Would your behavior change if other people knew about it? Typically, it is the irresponsible decisions that we wish to keep hidden.

Reference: "Reality Check – *Recognizing the Value of Stakeholders' Trust*"

vi. Some alternatives might concern matters of **principles, rights, or duties that override alternatives.**

Reference: "Reality Check – *Seeking Guidance?*"

vii. **One additional factor** in comparing and weighing alternatives requires consideration of the effects of a decision on one's own **integrity, virtue, and character.**

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1. Understanding one's own character and values should play a role in decision-making.

2. A responsible person will ask: "What type of person would make this decision?" What kind of habits would I be developing by deciding in one way rather than another? What type of corporate culture am I creating and encouraging? How would I, or my family, describe a person who decides in this way? Is this a decision that I am willing to defend in public?"

3. An honest person might not even thing about retaining the iPod; keeping it for oneself is simply not an option for such a person.

g. Step 6: Make a Decision.

i. Our ability to learn from our experiences creates a responsibility to then:

1. **Evaluate** the implications of our decisions.

2. ***Monitor and learn from the outcomes*.**

3. **Modify our actions** accordingly when faced with similar challenges in the future.

ii. The reading by Bowen McCoy, "Parable of the Sadhu," demonstrates this deliberative process.

1. McCoy reviews his decision-making after the fact and evaluates the implications of his decision, recognizing the responsibility that each participant had for the outcome that results.

2. However, McCoy points out that it is more effective to have the time and space in which to consider these questions before we are faced with them than it is to consider them when they become urgent.

h. The value of this approach: Other approaches to ethically responsible decision-making are possible, and this approach will not guarantee one single absolute answer to every decision. But it is a helpful beginning in the development of responsible and ethical decision-making.

Chapter Objective 2 Addressed Below

Reference: "Figure 2.2 – *An Ethical Decision-Making Process*"

Decision Point
Applying the Decision-Making Model

This Decision Point presents students with the dilemma faced by Burger King (and many other companies) as to whether the company should *voluntarily* pay its workers the $15/hr that advocates suggest should be the legal minimum wage.

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Students are asked to consider how they would use the ethical decision making model presented in this chapter to determine what Burger King should do. ***Students would follow the steps of the decision making model process to make this determination.***

III. When Ethical Decision-Making Goes Wrong: Why Do "Good" People Engage in "Bad" Acts?

a. Individuals do not always make the responsible, autonomous decisions of which they are capable.

i. There are many ways in which responsible **decision making can go wrong** and many ways in which people fail to act in accordance with the ethical judgments they make.

ii. Sometimes people can **simply choose to do something unethical**. We should not underestimate the real possibility of immoral choices and unethical behavior.

iii. Sometimes well-intentioned people fail to choose ethically.

b. Why do people we consider to be "good" do "bad" things? What factors determine which companies or individuals engage in ethical behavior and which do not?

Chapter Objective 3 Addressed Below

c. Stumbling Blocks: There are many stumbling blocks to responsible decision making and behavior**,** which are either **cognitive or intellectual.**

i. A certain type of **ignorance** can account for bad ethical choices. Sometimes that ignorance can be almost willful and intentional.

1. After you discover a lost iPod, you might **rationalize to yourself** that no one will ever know, that no one is really going to be hurt, that an owner who is so careless deserves to lose the iPod.

2. You might try to **justify** the decision by telling yourself that you are only doing what anyone else would do in this circumstance.

3. You might even **choose not to think about it** and try to put any guilty feelings out of your mind.

ii. Sometimes we only **consider limited alternatives**.

1. When faced with a situation that suggests two clear alternative resolutions, we often consider only those two clear paths, missing the fact that other alternatives might be possible.

2. Responsible decision making would require that we discipline ourselves to explore additional methods of resolution.

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d. Having a **simple rule to follow** can be reassuring and comfortable to many decision makers.

i. **Example:** Assume you are a business manager who needs to terminate a worker in order to cut costs. Of course, your first thought may be to uncover alternative means by which to cut costs instead of firing someone, but assume for the moment that cutting the workforce is the only viable possibility. It may be easiest and most comfortable to terminate the last person you hired, explaining, "I can't help it; it must be done, last in/first out, I have no choice . . ."

ii. **Using a simple decision rule** might appear to relieve us of accountability for the decision, even if it may not be the best possible decision.

1. i.e. You did not "make" the decision; the rule required the decision to be made.

e. We also often select the alternative that satisfies minimum decision criteria, otherwise known as "**satisficing**," even if it might not be the best.

f. Other stumbling blocks are a question of **motivation and will-power**.

i. As author John Grisham explained in his book, *Rainmaker*, "Every (lawyer), at least once in every case, feels himself crossing a line he doesn't really mean to cross. It just happens."

ii. Sometimes it is simply **easier to do the wrong thing**.

Reference: "Reality Check - *The Ethics of Cheating*"

g. Unfortunately, we **do not always draw the lines for appropriate behavior** in advance, and even when we do, they are not always crystal clear.

i. As Grisham suggests, it is often easy to do a little thing that crosses the line, and the next time it is easier, and the next easier still.

ii. People also sometimes make decisions they later regret because they lack the courage to do otherwise.

iii. It is not always easy to make the right decision; you might lose income, your job, or other valuable components of your life.

iv. Courage is also necessary when responding to significant *peer pressure.*

v. We tend to give in to peer pressure in our professional environments, both because we want to "fit in" and to achieve success in our organizations, and also because our *actual* thinking is influenced by our peers.

h. Why Make Unethical Decisions?

i. **Environment**: Sometimes the corporate or social environment is rife with ethical challenges and unethical decisions.

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1. **Example**: The enormous amounts of corporate executive compensation, lack of oversight of corporate executive decisions, significant distance between decision-makers and those they impact, financial challenges, and a set of ethical values that has not yet caught up to technological advances.

ii. **We can benefit from unethical acts**, from gaining something as simple as an iPod, to something as significant as a salary package of $180 million.

Decision Point

Ethical Oil: Choose Your Poison

In the fall of 2011, a Canadian organization called EthicalOil.org started a public-relations campaign aimed at countering criticism of commercial development of Canada's oil sands. Extracting oil from these sands does immense environmental damage. EthicalOil.org seeks to counter such criticism by pointing out the alternative: choosing not to buy oil harvested from Canada is effectively choosing oil produced by non-democratic Middle-Eastern countries with very bad records of human rights abuses. This decision point asks students to discuss the ethical trade-offs between different choices, neither of which is perfect. Students are given the following questions to ask themselves:

- Imagine you have the choice, as a consumer, between buying gas for your car that comes from a country where oil extraction does vast environmental damage, and buying gas from a country where the profits from that oil help support a dictatorship with a history of human rights abuses. Which gas will you buy? Why? Are you willing to pay a bit extra to get oil that is more ethical, whatever that means to you?
- Imagine that you are responsible for securing a contract to provide gas for your company's fleet of vehicles. If the choice is available to you, will you choose the most environmentally-friendly gas? Or the gas least associated with human rights abuses? Or will you just go with the cheapest gas available? Consider whether the choice between buying gas that harms the environment and gas that contributes to human rights abuses exhausts the alternatives in these scenarios. Are there other courses of action available to the individual car-owning consumer? To the manager responsible for procuring gas for the company fleet?

Stress the importance of considering the answers to these questions before you are actually faced with a decision.

i. **Making Ethically Responsible Decisions:** is a serious challenge we all face throughout life.

i. The easiest thing to do would be to remain passive and simply conform to social and cultural expectations, to "go with the flow."

ii. To live a meaningful human life, we must step back and reflect on our decisions, assuming the responsibility of autonomous beings.

j. **Ethical Individuals:** Some individuals do not succumb to temptations and may not even deliberate in the face of an ethical dilemma.

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i. Many people have developed a certain type of character, a set of ethical habits that will encourage them, without deliberation, to act ethically.

ii. Developing such habits, inclinations, and character is an important aspect of living an ethical life.

**** Teaching Note**: (See Reality Check earlier in the chapter, "Bounded Ethicality.")

IV. Ethical Decision-making in Managerial Roles

a. **Social Context:** Decision-making can be greatly influenced by the social context in which it occurs. Social circumstances can make it easier or more difficult to act in accordance with one's own judgment.

i. Within business, an organization's context sometimes make it difficult for even the best-intentioned person to act ethically, or it can make it difficult for a dishonest person to act unethically.

ii. Responsibility for the circumstances that can encourage ethical behavior and can discourage unethical behavior falls predominantly to the business management and executive team.

b. **Integrity's Role:** The decision-making model introduced in this chapter develops from the point of view of an individual who finds herself in a particular situation. Personal integrity lies at the heart of such individual decision-making: What kind of person am I, or do I aspire to be? What are my values? What do I stand for? Compare Aaron Feuerstein and one of the Enron executives: what type of person are they? What are their wants, interests, beliefs, values?

c. **Personal and Professional Decision Making:** The ethical implications of both must be considered within the business setting.

d. **Social Roles:** Every individual fills a variety of social roles, and these roles carry with them a range of expectations, responsibilities and duties.

i. Social roles include: friend, son or daughter, spouse, citizen, neighbor, and others.

ii. Institutional roles include: manager, teacher, student body president, and others.

iii. Decision making in these contexts raises broader questions of social responsibilities and social justice.

Chapter Objective 4 Addressed Below

e. **Consider:** How different roles might impact your judgment about an ethical dilemma.

i. Your judgment about the iPod might differ greatly if you knew that your friend had lost it, or if you were a teacher in the class, or if you were a member of the campus judicial board.

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ii. Our judgment about a commercial dispute might change when we learn that the dispute is between a lawyer and a client, and that the dispute involves a claim that the lawyer breached her fiduciary duty (a duty rooted in the client's need to be able to trust her lawyer).

f. Organizational Roles: In a business context, individuals fill roles such as managers, executives, and board members, who have the ability to create and shape the organizational context in which all employees make decisions.

i. Individuals, therefore, have a responsibility to promote organizational arrangements that encourage ethical behavior and discourage unethical behavior.

g. The following three chapters develop these topics:

i. **Chapter 3** will provide an overview of **how some major ethical traditions might offer guidance** both to individual decision-makers and to those who create and shape social organizations.

ii. **Chapter 4** will examine topics of **corporate culture**, ethical organizations, and ethical leadership.

iii. **Chapter 5** examines **corporate social responsibility**, the ends towards which ethical organizations and ethical leaders should aim.

Opening Decision Point Revisited

What Would You Do?

This case could be discussed in a different way than presented. Ask students to discuss situations in which it would be ethically permissible to *keep* an iPod that one found in a classroom. What circumstances would make this decisions ethically permitted? Rather than approaching the question from the perspective of what makes a decisions ethically wrong, approach it from the opposite direction: what makes a decisions ethically right? Distinguish the case in which keeping it could be excused or forgiven, from cases in which it is the right thing to do.

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Questions, Projects, and Exercises

1. Think about a situation in which you have witnessed someone engaging in unethical behavior, but in which you failed to do anything about it. (If you can't think of an example from your own experience, imagine yourself in the position of someone you know about who has witnessed such a situation.) Do you wish you had done something? What would it have taken for you to speak up, either to stop the bad behavior or to report it? How could a person in a position of authority have made it easier for you to take action?

   Encourage students to consider both a) personal factors and b) contextual factors that would tend to enable them (or someone else) to speak up when they see unethical behaviour.

   Another useful point of discussion is the extent to which managers (which most of your students will aspire to become) can shape workplaces in order to make it easier for employees to speak up. What specific mechanisms can be suggested?

2. Consider your own personal values and explain where they originated. Can you pinpoint their origins? To what degree have you chosen your own values? To what degree are your own values products of your family, your religious or cultural background, or your generation? Does it matter where values come from?.

   The Life Goals assignment (which was passed down from other colleagues to one of the authors) works well in place of this particular question. It is included at the end of this chapter in this IM as Appendix A.

   Students might also be asked to distinguish from among their own values, those that are easily changed from those that would be unlikely ever to change. While much of this discussion may involve topics in psychology, it can easily be directed to questions of moral psychology, learning theory, and through that to the development of moral character and virtues

3. What one small *change* do you think would have the biggest impact on the world today? Share it in a brief essay, then convince your reader why it is so important that she or he should also care about that issue to the same extent. It may be effective to use the theories discussed in prior chapters to persuade your reader of the value of your argument..

   Encourage students to focus on smaller, plausible changes – changes for which they can describe a reasonably feasible path. No magic wands here!

4. Your CEO recognizes you as having extraordinary skills in decision making and communications so she asks for guidance on how to best communicate her plans for an imminent reduction in force. What are some of the key strategies you will suggest she employ in reaching such a decision and making the announcement?

   Students will need to use the ethical decision making process, including sensitivity to stakeholders and careful consideration of theories.

5. Describe the qualities you believe are necessary in an "ethical leader." Provide support for your contentions and explain why a leader should evidence these qualities in order to be considered "ethical" from your perspective. Then identify someone you believe embodies these qualities in her or his

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leadership and provide examples. Finally, provide an example of someone who you believe does not possess these qualities and describe that person's leadership.

With the students, walk through the qualities of an "ethical leader," and use these as a basis for discussion of who we currently recognize as leaders in our world. Compare the ethical leaders to those listed as unethical. One might begin with the question of a "good" leader and play on the ambiguity between "good-as-effective," and "good-as-ethical."

6. How can your global firm best ensure that it is taking into account the perceptual differences that may exist as a result of diverse cultures, religions, ethnicities, and other factors when creating a worldwide marketing plan?

   Refer students to the seminal case in this area, the Nestle infant formula case (Found at http://multinationalmonitor.org/hyper/issues/1987/04/formula.html in the Multinational Monitor, April 1987, Volume 8, Number 4).

   Students may also want to read:

   "Ethnic Consumers Require Sensitive Marketing." July 7, 2005. Destination CRM.com:

   http://www.destinationcrm.com/Articles/CRM-News/CRM-Featured-News/Ethnic-Consumers-Require-Sensitive-Marketing-43028.aspx

   You may also wish to encourage students to take a look at which encourages evaluation of marketing campaigns and the messages contained in them. Exploring the impact of and responsibility for messages communicated is a critical element of judgment and accountability.

7. Many people have blamed the global financial crisis of 2008-2009 on a single value or motive, namely greed. How would you define greed? How common do you think true greed is in the general population? Do you think it is more common on, say, Wall Street, than in the general population?

   Review different ways people define greed. Ask students to provide real-world examples of decisions motivated by greed. How do the students think that the decision-maker justified the decision to him- or herself? Do they have a different perception of greed on Wall Street? Why or why not? Challenge students to imagine themselves in the position of a Wall Street actor who made decisions that contributed to the financial crisis, and to articulate a rationale for their decision-making.

8. As a class exercise, write a brief account of any unethical or ethically questionable experience you have witnessed in a work context. Read and discuss the examples in class, keeping the authors anonymous. Consider how the organization allowed or encouraged such behavior and what might have been done to prevent it.

   Review different ways people perceive and behave in situations. Anonymity is important here, but it is common to discover that many students have experienced unethical behaviors at work. Once again, asking students to role-play can encourage them to understand the situation from various points of view and therefore understand complexity.

9. Lisa is trying to raise funds to support the creation of a free clinic in a poor neighbourhood in her hometown. She has been trying very hard; but she has not been able to raise enough money to get the clinic up and running. One day, she gets a huge check from a high profile business executive whom she met at a fundraiser. She is ecstatic and finally sees her dream take shape. However, after a few days, the person who gave Lisa the money is arrested for fraud, money laundering and tax evasion. What should Lisa do? Should she still keep the money and look the other way? Does the source of the

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money matter or does the end justify the means?

Consider how different roles might impact judgment about an ethical dilemma. Students could refer back to the example of how judgment about the iPod might differ greatly if you knew that your friend had lost it, or if you were a teacher in the class, or if you were a member of the campus judicial board.

10. What values do you think motivated the engineers at Volkswagen who devised the method for falsifying emissions tests? How do you think their motivation may have evolved over the years that the scheme was in play? What do you think they would have said if asked, five years prior to being caught, to reflect on the values that inspired then in theirwork?

Ask students to consider the VW engineers' initial motivations in carrying out this bit of engineering. Students should consider if the engineers' "can do" attitude or dedication to their employer may have contributed to the development of normative myopia that enabled the scheme's continuation. Challenge students to place themselves in the engineers' shoes at various points in the timeline of their activities, and to reflect on whether the same motivations and values could explain their behavior in the earlier and later stages of the many years that they maintained their scheme. This discussion might stress the "slippery slope" character of unethical decision-making.

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Chapter 2 Readings
Summaries and Main Points

Reading 2-1

"When Good People Do Bad Things at Work: Rote Behavior, Distractions, and Moral Exclusion Stymie Ethical Behavior on the Job," by Dennis J. Moberg

Main Points

- The news is full of the exploits of corporate villains, but not all corporate misdeeds are committed by bad people.
- Three main problems that might cause unethical behavior are: 1) following mental scripts, 2) mindless treatment of distractions, 3) morally excluding people who are unfamiliar to us.
- People in repetitive jobs are likely to follow scripts because over time they have learned to always do the same thing in similar situations. The Ford Pinto case in the 1970's provides an example of an error in judgment based on a script.
- Mindlessness about distractions can cause ethical lapses because employees are not paying close attention to what is going on around them. This typically happens in workplaces where employees do not have a work-life balance.
- Moral exclusion is a problem when employees treat others as if they are outside the boundary in which moral values and considerations of fairness apply. This can be seen when employees have a "we" versus "them" mentality or when they operate based on stereotypical views of others.
- Moberg concludes that we owe it to ourselves and to our work communities to resist these three influences so that we can make the most ethical decisions possible in the workplace.

Summary:

The news is full of the exploits of corporate villains and the acts of such people are hard to forgive. However, all corporate misdeeds are committed by bad people. In fact, a significant number of unethical acts in business are the result of situational factors keeping people from doing their best. The three main problems that Moberg suggests might cause unethical behavior are 1) following mental scripts, 2) mindless treatment of distractions, and 3) morally excluding people who are unfamiliar to us.

People in repetitive jobs are likely to follow certain scripts because over time they have learned to always do the same thing in similar situations. One example was the Ford Pinto case in the 1970's, where the recall coordinator at the time admits that he had gotten used to dealing with (and dismissing) very similar reports of technical problems with other cars and he was making the same decisions automatically every day. He had trained himself to respond to prototypical cues and did not catch that the Pinto case did not fit that prototype. Mindlessness about distractions at work is another problem that can result in ethical lapses because employees are not paying close attention to what is going on around them. This type of behavior is most pronounced in situations where employees are encouraged to be focused and driven. Allowing for more work-life balance for employees can combat this. Moral exclusion occurs when people are perceived as outside the boundary in which moral values and considerations of fairness apply. This type of exclusion is often apparent in a "we" versus "they" mentality, or when stereotypes are used and enforced. One way to combat this problem is to activate human relationships between individuals and break down the stereotypes of boundaries so that no one is excluded. Moberg concludes that we owe it to ourselves and to our work communities to resist these three influences so that we can make the most ethical decisions possible in the workplace.

Reading 2-1

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Main Points

- The key question is what connection there might be between ethics and competence in business.
- Unethical behaviour and incompetent management seem often to go hand in hand.
- Whether there is a causal connection between incompetency and lack of ethics, and which direction it runs, is unclear.

Summary:

The author explores a proposed connection between incompetence and unethical behaviour in corporations, and hypothesizes that cheating is often a way of covering up lack of talent. An example is given, in which a company later found to have engaged in bribery had such loose accounting standards that hundreds of thousands of dollars often went unaccounted for. A further example is given, in which manufacturing troubles at a factory of drug maker GlaxoSmithKline seemed to go hand in hand with ethical difficulties. The piece ends by asking about just what the connection between incompetence and unethical behavior consists in: is it causal? And if so, which direction does it run?

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APPENDIX A

MISSION & LIFE GOALS ASSIGNMENT

The purpose of this assignment is to encourage you to manage your life and to become aware of the foundations of that management.

A. Mission Statement: Your assignment is to draft a mission statement for your personal interactions. This mission statement should articulate how you plan to treat others in any situation where you are in contact with another individual. The statement should identify who is your primary stakeholder, what values will dictate your actions and responses, and what are your primary objectives in your life. In drafting the statement, you may choose to look at some corporate mission statements. An example of a personal mission statement:

> My personal objective is to enjoy each of my days to their fullest. In order to achieve this objective, I will place the needs of my family above those of my work. However, I will place my personal needs above those of my family since I must be happy in order to make others happy. The values that I will use in negotiating personal interactions are honesty and integrity, courage, trust and consideration.

You do not have to answer all of the following questions but, in drafting your mission statement, it might help to consider your responses to the following questions:

- Self-image: If you could be exactly the kind of person you wanted what would your qualities be?
- Tangibles: What material things would you like to own?
- Home: What is your ideal living environment?
- Health: What is your desire for health, fitness, athletics, and anything to do with your body?
- Relationships: What types of relationships would you like to have with friends, family, and others?
- Work: What is your ideal professional or vocational situation? What impact would you like your efforts to have?
- Personal pursuits: What would you like to create in the arena of individual learning, travel, reading, or other activities?
- Community: What is your vision for the community or society you live in?
- Other: What else, in any other arena of your life, would you like to create?
- Life purpose: Imagine that your life has a unique purpose--fulfilled through what you do, your interrelationships, and the way you live. Describe that purpose, as another reflection of your aspirations.

B. Goals. List five goals that you would like to achieve before you retire. It is helpful to think of where you would like to be at that time. Think both about material and near-material possessions (the amount of money that you would like to have, the level of position you would like to hold, the sort of vacations you would like to take) as well as non-material aims (your family life, community service, political actions).

C. Next, list three personal traits that should be helpful in reaching your goal along with **three personal traits that may tend to hinder** your reaching that goal

D. Norms. List five actions that you believe to be "right". Think about actions that you would ALWAYS approve if others did them, and that you would certainly be willing to do yourself. Yes, this is difficult but the effort is towards finding those particular things that you would always judge as acceptable. Then, list five actions that you believe to be "wrong." Here, think about actions that you

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would ALWAYS condemn in others, and that you would not be willing to do yourself. Yes, difficult, as well.

E. Beliefs. Think about why the actions listed above are "right" or "wrong" in your opinion; what is the basis for your conclusion that it is right or wrong?

F. Values. The following is a list of twelve statements, each of which implies given goals (ends desired by the person), norms (acts approved by a person), and beliefs (ideas accepted by a person). Rank the statements in your order of preference or agreement (1 is the highest in your preference or agreement among them, 12 is the least preferred).

___ 1. Increases in my wealth and the power, possessions and life style that go with money, are important to me.

___ 2. Advancement in my company, and the authority and privileges that go with promotion, are important to me.

___ 3. Performance in my job, and the security and respect that go with achievement, are important to me.

___ 4. Reputation within my community, and the political offices and social activities that go with reputation, are important to me.

___ 5. Attention to my family, and the affection and companionship that go with family life, are important to me.

___ 6. Devotion to my faith or spiritual community, and the sense of community and sharing that are a part of a spiritual life, are important to me.

___ 7. Independence in my personal life, and the ability to achieve my own goals and follow my own rules (as long as I do not directly harm others) are important to me.

___ 8. Interdependence with my fellow citizens, and the opportunity to set social goals and adopt mutual rules (through representative government) are important to me.

___ 9. Protection of the poor, and the need to help others within our society who are less fortunate than I have been, are important to me.

___ 10. Equality among races, sexes, and ethnic groups, and the need to achieve courtesy/respect between peoples, are important to me.

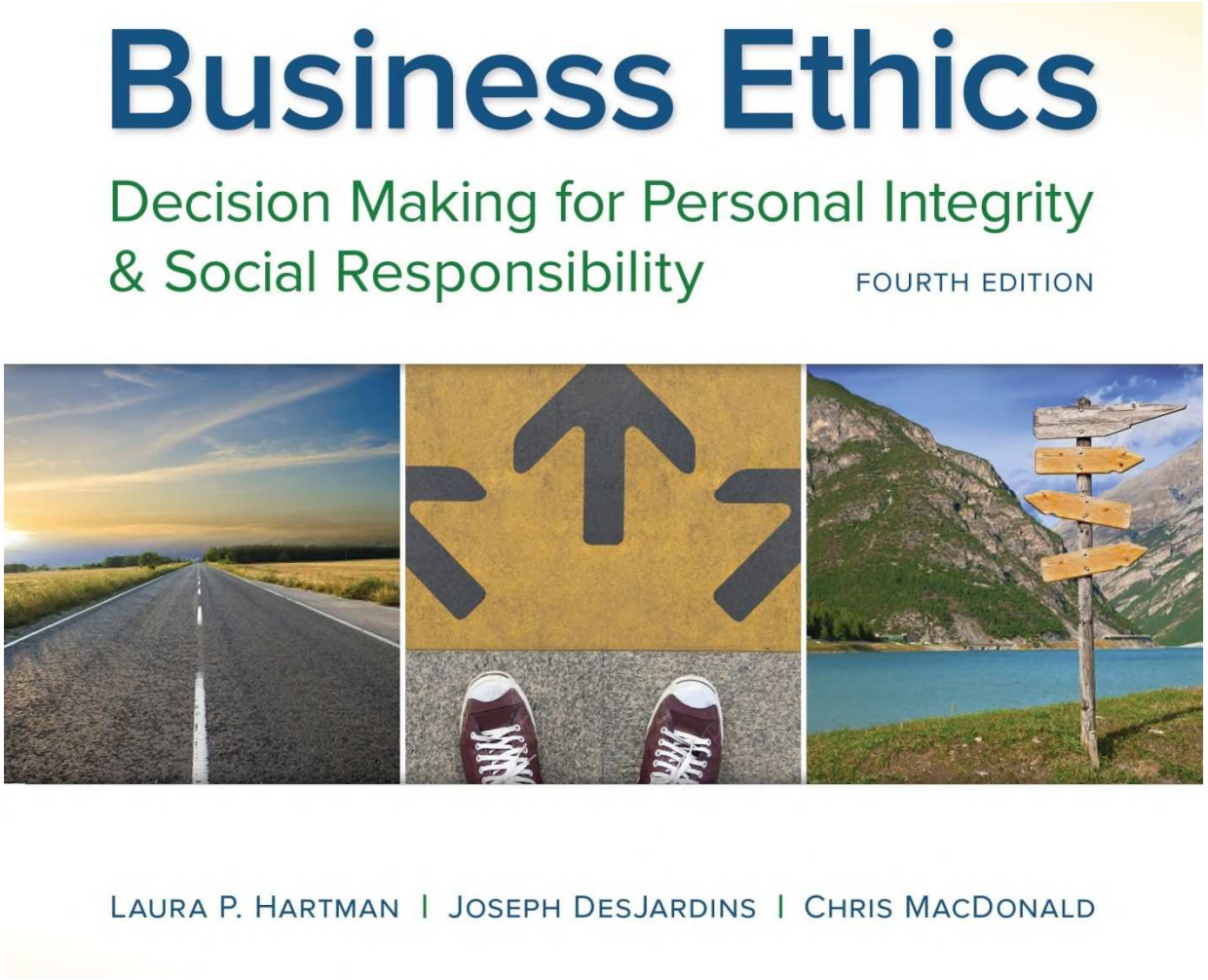
___ 11. Preservation of the environment, and lack of exploitation of the earth's resources, are important to me.

___ 12. Peace between nations, and a lack of oppression of the earth's peoples, are both important to me.

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Chapter Two: Ethical Decision Making: Personal and Professional Contexts



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Chapter Objectives

- After reading this chapter, you will be able to:
  - Describe a process for ethically responsible decision making.
  - Apply this model to ethical decision points.
  - Explain the reasons why “good” people might engage in unethical behavior.
  - Explore the impact of managerial roles on the nature of our decision making.

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Ethical Decision Making

It is very important to know who you are. To make decisions. To show who you are.

Malala Yousafzai

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A Decision-Making Process for Ethics

- An initial sketch of an ethical decision-making process.
  - The first step is to *determine the facts* of the situation.
    - Perceptual differences can explain many ethical disagreements.
  - A second step requires the ability to recognize an ethical decision or issue – then identify the ethical issues involved.
    - The first and second steps may be reversed in some circumstances.
    - Some call the inability to recognize ethical issues as normative myopia, or shortsightedness about values.
    - Others warn of inattentional blindness, suggesting a failure to focus.
    - Change blindness occurs when gradual change goes unnoticed.

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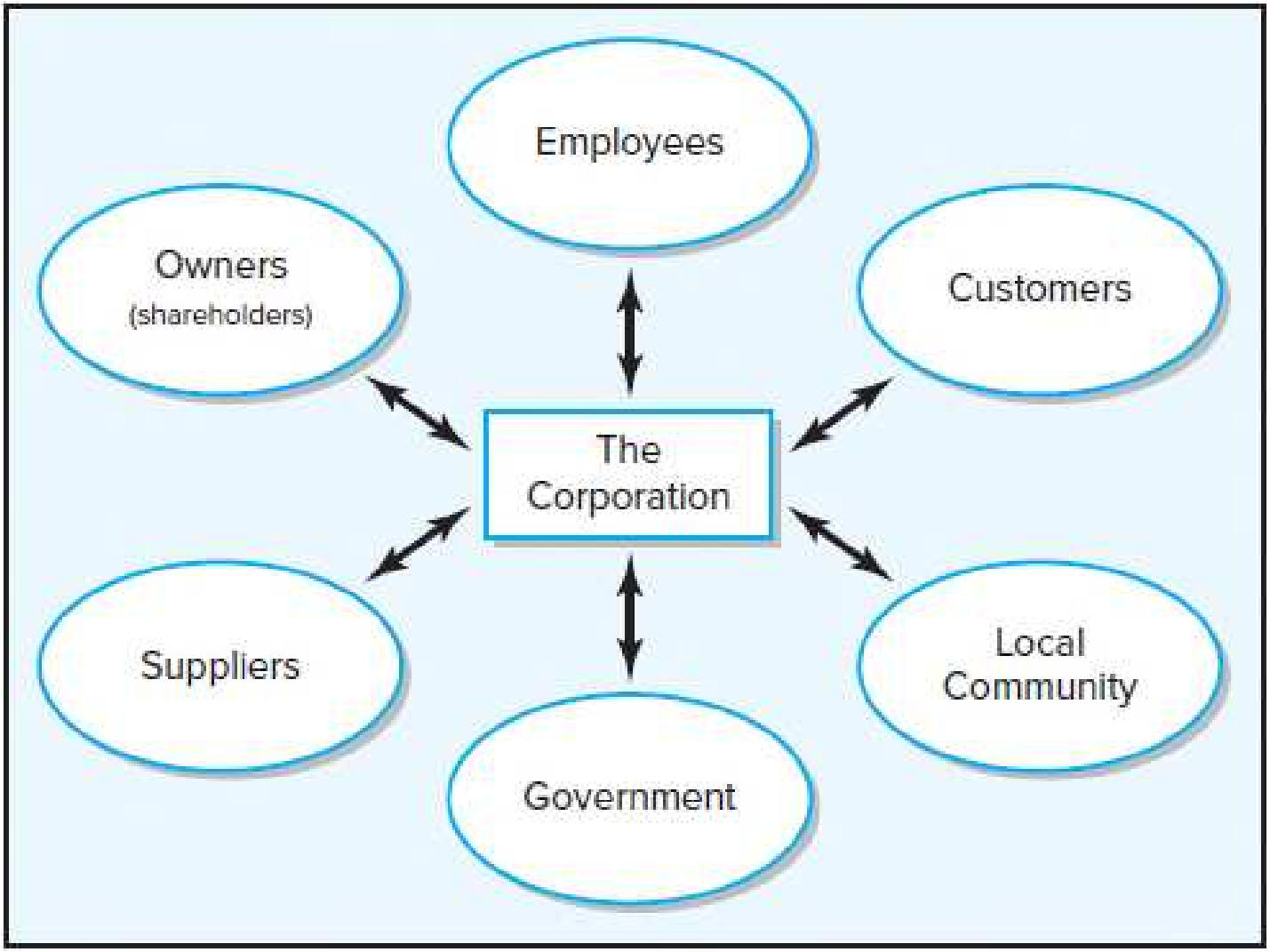


Figure 2.1 – Stakeholder Map

The third step involved in ethical decision making requires decision makes to *identify and to consider all of the people affected by a decision, the people often called stakeholders*.

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A Decision-Making Process for Ethics

- Once the facts are examined, and the ethical issues and stakeholders identified, the decision maker should *consider the available alternatives*.
  - When facing an ethical decision, moral imagination is the ability to envision various alternative choices, consequences, resolutions, benefits, and harms.
- The next step in the decision-making process is to *compare and weigh the alternatives*.
  - The point of this exercise is to recognize when a decision is explainable, defensible, and justifiable to all stakeholders involved.
  - Some alternatives might concern principles, rights, or duties that override consequences.
  - Decision makes must also compare and weigh the effects of a decision on their own integrity, virtue, and character.

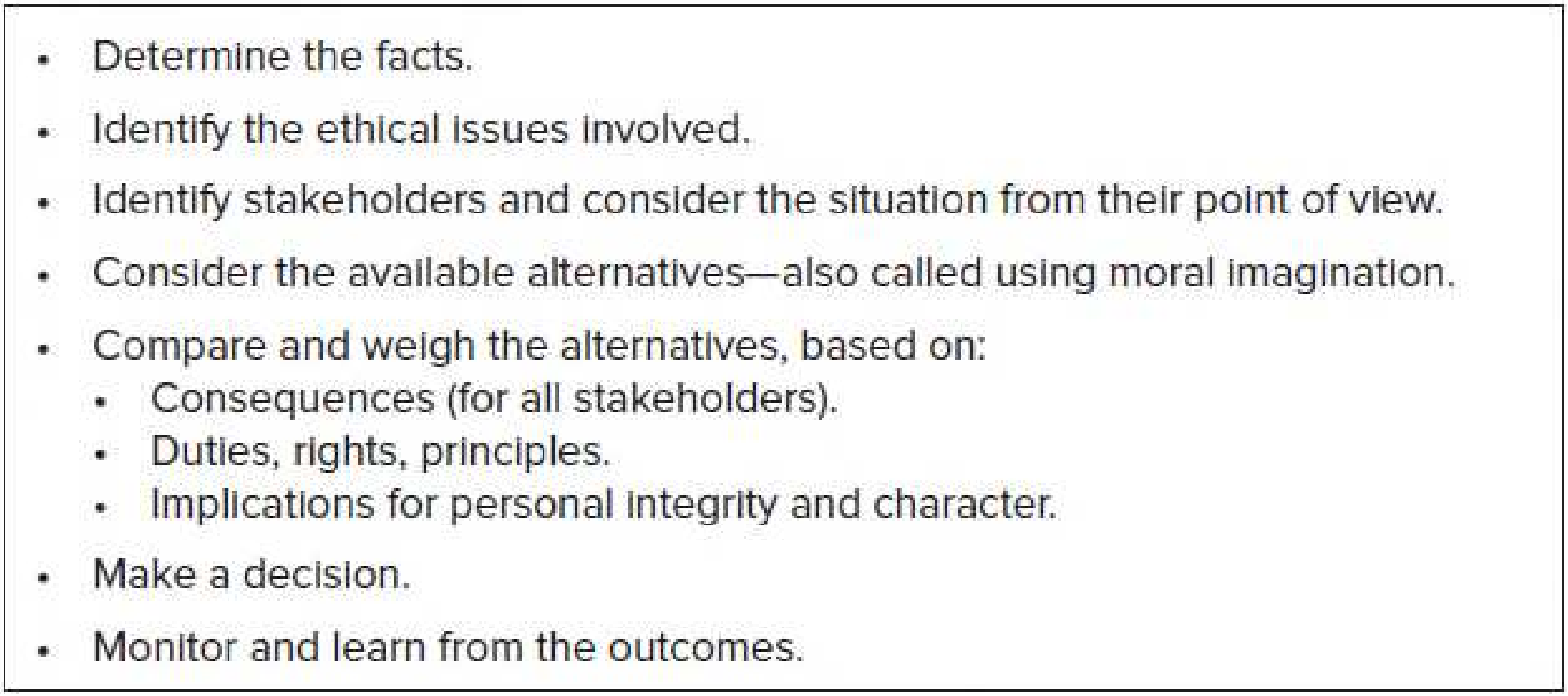
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A Decision-Making Process for Ethics

- Once the variables are explored, the next step is to *make a decision*.
  - Business decisions usually mean formulating a plan and carrying it out.
- The final step is to evaluate the implications of the decisions, to *monitor and learn from the outcomes*, and to modify actions accordingly when faced with future similar challenges.
  - With a normative discipline, ethics seeks an account of how and why people *should* act a certain way, rather than how they *do* act.

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Figure 2.2 – An Ethical Decision-Making Process



The ethical traditions and theories described in the following chapter will flesh out and elaborate on this decision process.

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Ethical Decision-Making

The time is always right to do what's right.

Martin Luther King Jr.

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When Ethical Decision Making Goes Wrong

- Some stumbling blocks to responsible decision making are intellectual or cognitive.
  - Ignorance.
  - Considering only limited alternatives.
  - Finding comfort in simplified decision rules.
  - Selecting the alternative that satisfies the minimum decision criteria,
    - also known as satisficing.
- Other stumbling blocks are more a question of motivation and willpower.
  - Sometimes it is easier to do the wrong thing.
  - Sometimes they lack the courage to do otherwise.
  - Courage is also needed when responding to peer pressure.

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Ethical Decision Making

Nearly all men can stand adversity, but if you want to test a man's character, give him power.

Abraham Lincoln

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Ethical Decision Making in Managerial Roles

- Within a business setting, individuals must consider the ethical implications of both personal and professional decision making.
- Some of our roles are social and some roles are institutional.
    - In a business context, individuals fill roles of employees, managers, senior executives, and board members.
- Managers, executives, and board members create and shape the organizational context where employees make decisions.
  - They have a responsibility to encourage ethical behavior and discourage unethical behavior.

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Ethical Decision Making

There are two kinds of people, those who do the work and those who take the credit. Try to be in the first group; there is less competition there.

Indira Gandhi

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Appendix – Figure 2.2 – Ethical Decision-Making

Determining the facts is the first step in the ethical decision-making process and identifying the ethical issues involved is the second step in the process. Sometimes the first and second step can be reversed.

The third step is to identify stakeholders and consider the situation from their point of view.

The fourth step is to consider the available alternatives, also called using mental imagination.

The fifth step is to compare and weigh the alternatives, based on consequences for all stakeholders, duties, rights, principles, and implications for personal integrity and character.

The sixth step is making the decision.

The seventh step is monitoring and learning from the outcomes.

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