

Business Ethics Now

GHILLYER

CHAPTER 2

IS BUSINESS
ETHICS

AN **OXYMORON?**

CHAPTER 4
"DOING WELL
BY DOING
GOOD."

**WHY ISN'T
EVERYONE
DOING IT?**

CHAPTER 8

WHEN ARE YOU
"AT WORK"?

CHAPTER 10

**DOING
WHAT'S
RIGHT** IN A
COMPETITIVE
MARKET.

ISSN 978-0-67-902220-0
MWD 0-07-902220-3



EAN

9 780078 023200

www.infeducation.com

Life Skills

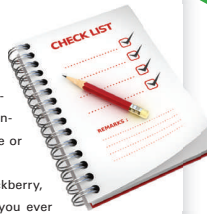
>> The mixed blessing of technology

Take a moment and think about how many benefits we are able to derive from the Internet, personal computers, and smartphones. Without them, you could still call someone on a landline, but for a long-distance friend you would probably write a letter and send it by snail-mail. To do research for a homework assignment, you would go to the library to use an encyclopedia rather than Google or Wikipedia and then type your paper on a typewriter!

The world of instant access—e-mails, IM, texting on your Sidekick, Blackberry, or iPhone—has certainly made communication faster and easier, but have you ever stopped to consider the downside of that instantaneous access? You may pride yourself on your ability to multitask and do homework, e-mails, texts, shop online, and check out some YouTube videos, all at the same time, but how often do you turn everything off and really focus on the subject you are working on?

In the work environment, instant access goes both ways. To your boss, you are just an e-mail, phone call, or text message away—so what if you are at home eating dinner? She needs that information now or needs that report on her desk by 9 A.M., so why shouldn't she call you?

Recent technological advances have blurred the lines between work and home life, and while being a team player can help your long-term career prospects, you're no good to your company if you are a burned-out shell who never finds downtime to rest and recharge your batteries. So find the time to switch off, unplug and, as the saying goes, just chill!



<< **Life Skills** apply ethical concepts to scenarios that might affect students in their professional, personal, and academic lives.

PROGRESS ✓ QUESTIONS

1. Explain the term *business ethics*.
2. Explain the difference between a descriptive and prescriptive approach to business ethics.
3. Identify six stakeholders of an organization.
4. Give four examples of how stakeholders could be negatively impacted by unethical corporate behavior.

^ **Progress Check Questions** provide assessments of comprehension throughout each chapter.

TELECOMMUTING 24/7

Real World Applications

When Sue's husband Jeff got a promotion, his new job required an 800-mile move. Sue really liked her job and didn't want to leave the company, so she negotiated a change in her position that allowed her to work from her new home and visit the office twice a month. The technology in her home office means she can telecommute with no problems. However, her boss seems to think that not having to commute to work every day means that Sue is available on call, and Sue is starting to get concerned about the number of early morning and late evening calls and e-mails for work that needs to be done ASAP. What should she do?

<< **Real World Applications** prompt students to reflect further on workplace dilemmas.

>> **Thinking Critically** exercises appear at the end of every chapter. These detailed case studies, featuring well-known companies, present ethical situations that encourage students to focus on the impact of decisions they may face someday.

Thinking Critically

8.1

>> INSTAGRAM: THE DANGERS IN CHANGING YOUR TERMS OF SERVICE

In April 2012, social media giant Facebook purchased the popular photo-sharing service Instagram for \$1 billion. Wall Street analysts applauded the deal as a "match made in heaven." Instagram (with a customer-base in the tens of millions) was getting access to Facebook's billion-plus users. Facebook was adding a new service in the hope of attracting even more users. However, within a few short months of the deal, the real agenda behind the transaction was made apparent. At the time of the purchase, Instagram, while developing a very passionate and loyal user base, had yet to figure out how to generate revenue from its business model. The solution appeared in a brief block of text added to the Instagram "terms of service" (TOS) agreement—the same boring, legalese that most users agree to without even reading it. The language of the change read as follows:

To help us deliver interesting paid or sponsored content or promotions, you agree that a business or other entity may pay us to display your username, likeness, photos (along with any associated meta-data), and/or actions you take, in connection with paid or sponsored content or promotions without any compensation to you.

In other words, the company appeared to be staking claim to the right to sell the photos and username information of all the content uploaded to the site, without any permission or compensation to the user. With over 1 billion photos already uploaded to the site, the likelihood of finding material worthy of financial remuneration seemed highly likely, but the company seriously underestimated the degree of personal attachment between its users and their respective photographs and personal information. They responded with a fervor that appeared to catch the company completely by surprise. Individual users closed their accounts in droves with accompanying angry tweets and Facebook posts condemning the company's actions. Several celebrity and commercial users, such as the National Geographic organization and Mark Zuckerberg's wedding photographer, deleted photographs and suspended their accounts shortly afterward.

Cofounder Kevin Systrom responded quickly via the company's blog on its website and tried to downplay the issue as a misunderstanding, and declared the possibility of Instagram selling users' photos and personal information as an "interpretation" that was inconsistent with the company's intent: "To be clear: it is not our intention to sell your photos. We are working on updated language in the terms to make sure this is clear."

While Systrom may be given credit for the promptness of his response, the question remained that if Instagram had no intention of selling users' photographs or personal information, what was the plan that required the company to make such an explicit change in its TOS agreement?

For that, we must look to Instagram's new parent company, Facebook, whose recent initial public offering (IPO) had garnered mixed reviews for a list price that seemed to promise highly inflated revenue performance. The change in the TOS, critics argued, was designed to give Facebook access to user metadata that would allow it to offer detailed profile information on their users to prospective advertisers.



BusinessEthicsNow

Senior Vice President, Products & Markets **Kurt L. Strand**
Vice President, Content Production & Technology Services **Kimberly Meriwether David**
Managing Director **Paul Ducham**
Executive Director of Development **Ann Torbert**
Development Editor **Andrea Heirendt**
Editorial Coordinator **Claire Wood**
Marketing Manager **Elizabeth Trepkowski**
Project Manager **Kathryn D. Wright**
Senior Buyer **Michael R. McCormick**
Design **Debra Kubiak**
Cover Image **narvikk/Getty Images**
Lead Content Licensing Specialist **Keri Johnson**
Typeface **11/13 Minion Pro**
Compositor **Laserwords Private Limited**
Printer **R. R. Donnelley**

CREDITS: All credits appearing on page or at the end of the book are considered to be an extension of the copyright page.

BUSINESS ETHICS NOW, FOURTH EDITION

Published by McGraw-Hill Education, 2 Penn Plaza, New York, NY 10121. Copyright © 2014 by McGraw-Hill Education. All rights reserved. Printed in the United States of America. Previous editions © 2012, 2010, and 2008. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of McGraw-Hill Education, including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

This book is printed on acid-free paper.

1 2 3 4 5 6 7 8 9 0 DOW/DOW 1 0 9 8 7 6 5 4 3

ISBN 978-0-07-802320-0
MHID 0-07-802320-3

Library of Congress Cataloging in Publication Data

Library of Congress Control Number: 2013940889

The Internet addresses listed in the text were accurate at the time of publication. The inclusion of a website does not indicate an endorsement by the authors or McGraw-Hill Education, and McGraw-Hill Education does not guarantee the accuracy of the information presented at these sites.

www.mhhe.com



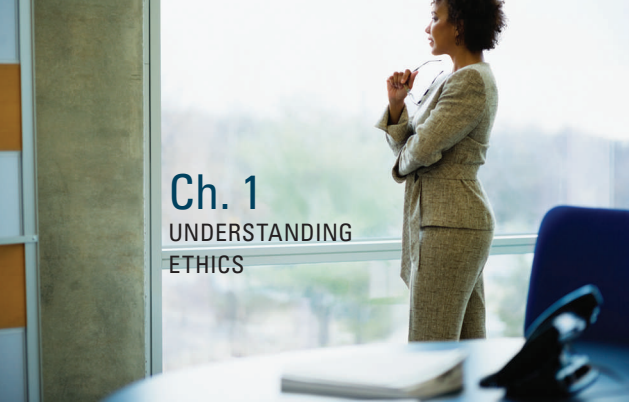
Dedication

To my father, Norman Ghillyer

About the [AUTHOR]

Dr. Andrew W. Ghillyer is the former Vice President of Academic Affairs for Argosy University in Tampa, Florida, and currently teaches business ethics for Southern New Hampshire University. His operational management experience spans over 30 years across a wide range of industries, including chief operating officer of a civil engineering software company and director of international business relations for a global training organization. Dr. Ghillyer also served on the Board of Examiners for the Malcolm Baldrige National Quality Award for the 2007 award year. He received his doctorate in management studies from the University of Surrey in the United Kingdom. His first McGraw-Hill textbook, *Business Ethics: A Real World Approach*, was published in January 2007.





Ch. 1
UNDERSTANDING
ETHICS



Ch. 2
DEFINING BUSINESS
ETHICS



Ch. 5
CORPORATE
GOVERNANCE



Ch. 7
BLOWING THE
WHISTLE

Business Ethics Now

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

PART 1 Defining Business Ethics

1 > Understanding Ethics

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 19

2 > Defining Business Ethics

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

Table of Contents





- Review Exercises 36
- Internet Exercises 37
- Team Exercises 37
- Thinking Critically 2.1: HOSTESS BRANDS: IMPOSSIBLE TO SAVE? 39
- Thinking Critically 2.2: UNEQUIVOCAL DEDICATION TO BUSINESS ETHICS? 40
- Thinking Critically 2.3: TEACHING OR SELLING? 42

PART 2 The Practice of Business Ethics

3 > Organizational Ethics

FRONTLINE FOCUS Just Sign the Forms 47

DEFINING ORGANIZATIONAL ETHICS 48

ETHICAL CHALLENGES BY ORGANIZATIONAL FUNCTION 49

The Ethics of 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

4 > Corporate Social Responsibility

FRONTLINE FOCUS A Stocking Error 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 A Stocking Error—Claire Makes a Decision 82

For Review 82

Key Terms 83

Review Questions 84

Review Exercise 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: THE PESTICIDE DDT 89



5 > Corporate Governance

FRONTLINE FOCUS “Incriminating Evidence” 93

CORPORATE GOVERNANCE 94

WHAT DOES CORPORATE GOVERNANCE LOOK LIKE? 94

IN PURSUIT OF CORPORATE GOVERNANCE 96



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 99

REAL WORLD APPLICATIONS One and the Same 100

22 Questions for Diagnosing Your Board 100

ETHICAL DILEMMA A Spectacular Downfall 101

The Dangers of a Corporate Governance Checklist 102

LIFE SKILLS Governing your career 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: HEWLETT-PACKARD: PRETEXTING 108

Thinking Critically 5.2: SOCGEN 109

Thinking Critically 5.3: “OFF-LABEL” MARKETING 111

6 > The Role of Government

FRONTLINE FOCUS Too Much Trouble 115

KEY LEGISLATION 116

THE FOREIGN CORRUPT PRACTICES ACT 116

A Bark Worse Than Its Bite 116

FCPA in Action 117

REAL WORLD APPLICATIONS Additional Compensation 117

Making Sense of FCPA 117

THE U.S. FEDERAL SENTENCING GUIDELINES FOR ORGANIZATIONS (1991) 118

Monetary Fines Under the FGSO 119

Organizational Probation 119

Compliance Program 119

ETHICAL DILEMMA The Bribery Gap 120

Revised Federal Sentencing Guidelines for Organizations (2004) 121

THE SARBANES-OXLEY ACT (2002) 122

Title I: Public Company Accounting Oversight Board 122

Title II: Auditor Independence 122

Titles III Through XI 122

ETHICAL DILEMMA An Unethical Way to Fix Corporate Ethics? 124

WALL STREET REFORM 125

- LIFE SKILLS** Governing your own ethical behavior 126
- The Dodd-Frank Wall Street Reform and Consumer Protection Act 126
- CONCLUSION** 128
- FRONTLINE FOCUS** Too Much Trouble—Susan Makes a Decision 128

For Review 128

Key Terms 129

Review Questions 130

Review Exercise 130

Internet Exercises 130

Team Exercises 131

Thinking Critically 6.1: PONZI SCHEMES 132

Thinking Critically 6.2: INDIA'S ENRON 134

Thinking Critically 6.3: "WALMART DE MEXICO" 136

7 > Blowing the Whistle

FRONTLINE FOCUS Good Money 139

WHAT IS WHISTLE-BLOWING? 140

THE ETHICS OF WHISTLE-BLOWING 140

When Is Whistle-Blowing Ethical? 140

When Is Whistle-Blowing Unethical? 141

The Year of the Whistle-Blower 142

THE DUTY TO RESPOND 142

ETHICAL DILEMMA The Insider 143

ETHICAL DILEMMA The Cold, Hard Reality 144

ADDRESSING THE NEEDS OF WHISTLE-BLOWERS 146

REAL WORLD APPLICATIONS A Hotline Call 146

WHISTLE-BLOWING AS A LAST RESORT 146

LIFE SKILLS Making difficult decisions 147

FRONTLINE FOCUS Good Money—Ben Makes a Decision 148

For Review 148

Key Terms 149

Review Questions 149

Review Exercises 149

Internet Exercises 150



Team Exercises 150

Thinking Critically 7.1: QUESTIONABLE MOTIVES 151

Thinking Critically 7.2: OLYMPUS: PAYING A PRICE FOR DOING WHAT'S RIGHT? 152

Thinking Critically 7.3: THE OLIVIERI CASE 154

8 > Ethics and Technology

FRONTLINE FOCUS Problems at ComputerWorld 157

INTRODUCTION: ETHICS AND TECHNOLOGY 158

DO YOU KNOW WHERE YOUR PERSONAL INFORMATION IS? 158

THE PROMISE OF INCREASED WORKER PRODUCTIVITY 159

The Employer Position 159

The Employee Position 159

WHEN ARE YOU "AT WORK"? 160

ETHICAL DILEMMA A Failure To Disclose 160

Thin Consent 161

Thick Consent 161

THE DANGERS OF LEAVING A PAPER TRAIL 163

LIFE SKILLS The mixed blessing of technology 164

Vicarious Liability 164

REAL WORLD APPLICATIONS Telecommuting 24/7 165

ETHICAL DILEMMA Top 20 Blonde Jokes 165

The Right to Privacy—Big Brother Is in the House 166

CONCLUSION 167

FRONTLINE FOCUS Problems at ComputerWorld—Steve Makes a Decision 168

For Review 168

Key Terms 169

Review Questions 170

Review Exercise 170

Internet Exercises 170

Team Exercises 171

Thinking Critically 8.1: INSTAGRAM: THE DANGERS IN CHANGING YOUR TERMS OF SERVICE 172





Thinking Critically 8.2: REVERB COMMUNICATIONS 173
 Thinking Critically 8.3: THE HIPAA PRIVACY RULE 175

PART 3 The Future of Business Ethics

9 > Ethics and Globalization

FRONTLINE FOCUS A Matter of Definition 179

ETHICS AND GLOBALIZATION 180

Ethics in Less-Developed Nations 180

ETHICAL RELATIVISM 181

ETHICAL DILEMMA For Services Rendered 182

THE PURSUIT OF GLOBAL ETHICS 182

ETHICAL DILEMMA Lenovo: A Global Business? 184

ENFORCING GLOBAL ETHICS 185

The UN Global Compact 185

REAL WORLD APPLICATIONS Globally Ethical 186

THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES 186

LIFE SKILLS A subtle influence 187

CONCLUSION 188

FRONTLINE FOCUS A Matter of Definition—Tom Makes a Decision 189

For Review 189

Key Terms 190

Review Questions 190

Review Exercise 190

Internet Exercises 191

Team Exercises 191

Thinking Critically 9.1: TOMS SHOES: ETHICALLY GLOBAL? 193

Thinking Critically 9.2: SUICIDES AT FOXCONN 194

Thinking Critically 9.3: THE ETHICS OF OFFSHORING CLINICAL TRIALS 195

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

FRONTLINE FOCUS You Scratch My Back 199

MAKING IT STICK—KEY COMPONENTS OF AN ETHICS POLICY 200

Establish a Code of Ethics 200

Support the Code of Ethics with Extensive Training for Every Member of the Organization 201

LIFE SKILLS A lone voice 202

Hire an Ethics Officer 202

Celebrate and Reward the Ethical Behavior Demonstrated by Your Employees 203
Promote Your Organization's Commitment to Ethical Behavior 203
ETHICAL DILEMMA The Price of Past Transgressions 203
ETHICAL DILEMMA Yahoo!: Return to the Office 205
REAL WORLD APPLICATIONS A Sacrificial Lamb 206
Continue to Monitor the Behavior as You Grow 206

BECOMING A TRANSPARENT ORGANIZATION 206

ORGANIZATIONAL INTEGRITY 207

FRONTLINE FOCUS You Scratch My Back—Adam Makes a Decision 208

For Review 209

Key Terms 209

Review Questions 210



Review Exercise 210

Internet Exercises 210

Team Exercises 211

Thinking Critically 10.1: MOTT'S: SOUR APPLES 212

Thinking Critically 10.2: THE FAILED TRANSFORMATION OF BP 213

Thinking Critically 10.3: UNPROFESSIONAL CONDUCT 215

Glossary 217

References 220

Index 223

Welcome to **BusinessEthicsNow**

WHAT'S NEW

Throughout the book:

1 Understanding Ethics

NEW THINKING CRITICALLY Three Cups of Tea

2 Defining Business Ethics

NEW ETHICAL DILEMMA Three-Card Monte

NEW INTERNET EXERCISE Ethics Resource Center

NEW THINKING CRITICALLY Hostess Brands

3 Organizational Ethics

NEW THINKING CRITICALLY A Loss of Privacy

4 Corporate Social Responsibility

NEW ETHICAL DILEMMA Global Resources

NEW THINKING CRITICALLY Sustainable Capitalism

5 Corporate Governance

NEW ETHICAL DILEMMA 20/20 Hindsight*

NEW INTERNET EXERCISE International Corporate Governance Network (ICGN)

NEW THINKING CRITICALLY SocGen*

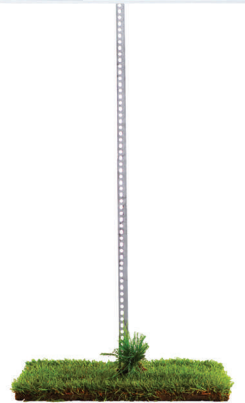
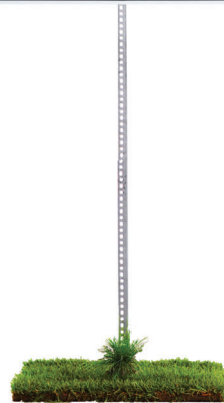
NEW THINKING CRITICALLY "Off-Label" Marketing

6 The Role of Government

NEW ETHICAL DILEMMA Bribery Gap*

NEW THINKING CRITICALLY India's Enron*

NEW THINKING CRITICALLY "Walmart de Mexico"



*These features have been updated.

7 Blowing the Whistle

NEW ETHICAL DILEMMA The Cold, Hard Reality*

NEW THINKING CRITICALLY Questionable Motives*

NEW THINKING CRITICALLY Olympus

8 Ethics and Technology

NEW INTERNET EXERCISE Center for Corporate Ethics Governance (CCEG)

NEW THINKING CRITICALLY Instagram

9 Ethics and Globalization

NEW ETHICAL DILEMMA Lenovo: A Global Business?

NEW INTERNET EXERCISE Walmart's Global Ethics*

NEW THINKING CRITICALLY TOMS Shoes*

NEW THINKING CRITICALLY Suicides at Foxconn*

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

NEW ETHICAL DILEMMA The Price of Past Transgressions*

NEW ETHICAL DILEMMA Yahoo!

NEW REVIEW EXERCISE Superstorm Sandy

NEW INTERNET EXERCISE Charity Commission

NEW INTERNET EXERCISE Transparency International (TI)*

NEW THINKING CRITICALLY Mott's*

NEW THINKING CRITICALLY The Failed Transformation of BP*

NEW THINKING CRITICALLY Unprofessional Conduct*

*These features have been updated.



DEFINING BUSINESS ETHICS

- 1 Understanding Ethics
- 2 Defining Business Ethics

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?

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.

A photograph of a person's hand holding a pen, positioned near a large window. The window looks out onto a blurred cityscape with green trees and buildings. The scene is brightly lit, suggesting daytime.

UNDERSTANDING ETHICS



LEARNING OUTCOMES

After studying this chapter, you should be able to:

- 1 Define *ethics*.
- 2 Explain the role of values in ethical decision making.
- 3 Understand opposing ethical theories and their limitations.
- 4 Discuss ethical relativism.
- 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 up, 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 some 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 cokes and a clown making balloon animals for the kids. They run ads in the paper and on the radio and manage to attract a good crowd of people.

Their 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. "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" on page 6 relate to Megan's decision?
2. How would you resolve this ethical dilemma? Review the three-step process on page 9 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

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.

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**.

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.

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**.

>> 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



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.

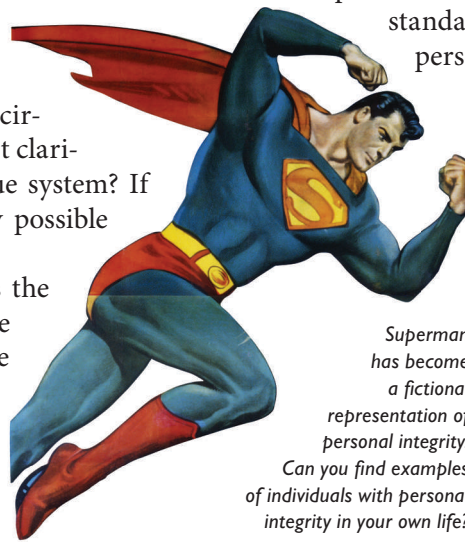
VALUE CONFLICTS

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?

4. Rules of appropriate behavior for a community or society.

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.

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.

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.

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.

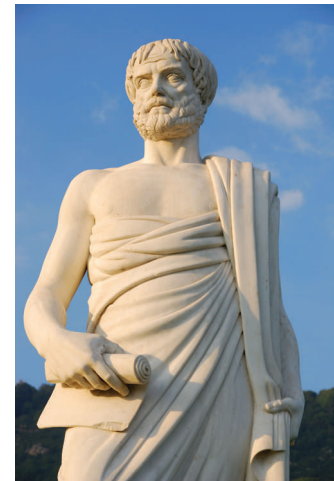
Of course, the danger with the Golden Rule is that not everyone thinks like you, acts like you, or believes in the same principles that you do, so to live your life on the assumption that your pursuit of an ethical ideal will match others’ ethical ideals could get you into trouble. For example, if you 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.



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

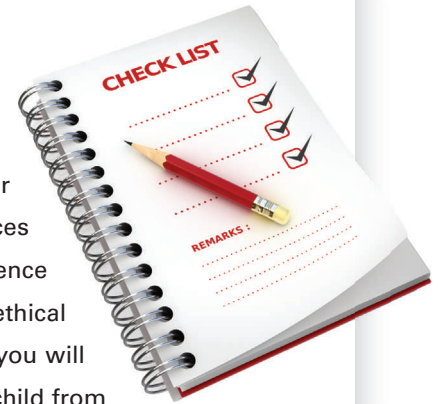
Originally attributed to a German philosopher named Immanuel Kant, **universal ethics** argues that there are certain and universal principles that should apply to all ethical judgments. Actions are taken out of *duty*

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 the work of Lawrence Kohlberg (page 10) 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.



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 Concept that the traditions of your society, your personal opinions, and the circumstances of the present moment define your ethical principles.

>> 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

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.

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.

black-and-white rules. 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

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, 15 states are now considering laws 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?

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; and "Sex and Tech: Results from a Survey of Teens and Young Adults," www.thenationalcampaign.org/sextech/PDF/SexTech_Summary.pdf, October 20, 2010.

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 about the consequences. How do the actions measure up against moral principles like 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

