

Chapter 2

Deciding What's Right: A Prescriptive Approach

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Chapter Outline

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Managing Business Ethics, by L. Treviño & K. Nelson, 6th Edition

Teaching Notes – Discussion Questions

1. If you had to choose just one of the philosophical approaches discussed in this chapter to guide your decision making, which would you choose? Why? Or, if you had to rank them from most to least helpful, how would you rank them?

Probes to Stimulate Discussion

- "Think about your own ethical decision making. Do you already use any or all of these approaches? Separately or in combination?"
- "Consider looking into your religious background for guidance. For example, most religions teach some form of the golden rule."

2. Some of the steps in the 8-step model might suggest very different courses of action for resolving your dilemma. How would you choose among these distinct courses of action? Why?

Instructor: This question asks the student to think about situations where different approaches lead to different decisions and to begin to consider how to make these tough choices.

Probes to Stimulate Discussion

- "Is there one principle or obligation that is most important to you personally – that would overwhelm other principles or obligations?"

3. Think about a situation where your values have been in conflict. How have you resolved those conflicts? Now that you have studied the ethical decision-making frameworks in this chapter, what should you have done?

Instructor: You may have to help students to identify ethical dilemmas they've faced. An ethical dilemma is defined here as a situation where two or more values are in conflict - for example, truth and loyalty as exemplified in the layoff vignette at the beginning of the chapter.

Students can probably identify a similar truth vs. loyalty vignette from their own experience. For example, should I turn in a coworker who is stealing from our employer? How about lying to a policeman to protect a friend who was speeding?

4. Think about an ethical dilemma situation that you've faced. Apply the eight steps recommended in this chapter. Does it change your thinking about the situation? Would it change your action?

Instructor: You may want to select one case from those offered up by students during class. Examine the facts of the case and then ask the students to use the 8-step model to evaluate the case. What should they do? Are there any indications?

5. Some corporations and other organizations have designed ethical decision-making tests that incorporate some of the principles and systems described in this chapter.

For example, Carl Skooglund, former Vice President and Ethics Director at Texas Instruments (retired), outlined the Ethics Quick Test recommended for use by Texas Instrument employees:

- **Is the action legal?**
- **Does it comply with your best understanding of our values and principles?**
- **If you do it, will you feel bad?**
- **How will it look in the newspaper?**
- **If you know it's wrong, don't do it, Period!**
- **If you're not sure, ask.**
- **Keep asking until you get an answer.**

Think about this list in terms of the decision-making guides discussed in the chapter.

Which ones are being used here? Which are not?

What recommendations, if any, would you make to alter this list?

If you had to make up a list for your company, what would be on it? Why?

- Is the action legal? (deontological - duty to obey the law)
- Does it comply with your best understanding of our values and principles? (virtue ethics - the TI community has created values and principles it expects community members to follow)
- If you do it, will you feel bad? (the check your gut approach)
- How will it look in the newspaper? (disclosure rule - the *New York Times* test)
- (Does it matter which media outlet you choose?) Should we think about social media outlets now? Which ones?
- If you know it's wrong, don't do it, Period!
- If you're not sure, ask. (community standards)
- Keep asking until you get an answer. (community standards, again)

Do the same with the Rotary International Four-Way Test.

- Is it the truth? (deontological)
- Is it fair to all concerned? (deontological)
- Will it build good will and better relationships? (consequentialist)
- Will it be beneficial to all concerned? (consequentialist)

The Seneca (one of the tribes of the Iroquois Nation) people's guidelines for self-discipline also include these questions:

- Am I happy in what I'm doing? (consequentialist, but limited focus only on consequences for me - consequentialism requires one to think about consequences for society)
- Is what I'm doing adding to the confusion? (consequentialist)
- What am I doing to bring about peace and contentment? (consequentialist)
- How will I be remembered when I am gone? (virtue ethics)

Could they serve as guides for ethical decision making in business? Why or why not?

6. The last question leads us to a useful exercise. If you had to write your own epitaph, what would it say? How would you like to be remembered? What kind of life do you hope to lead?

Instructor: Discussion of this question usually leads to comments about the importance of people, relationships, reputation, etc. rather than how much money or how many material possessions one has acquired. People who are given a short time to live often rethink how they are going to spend their time because they want to do some good in the world before they leave it.

7. Albert Schweitzer (philosopher and mission doctor) said “Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful.” What do you think? How does this relate to the prescriptive approaches discussed in the chapter?

Instructor: This question seems most related to virtue ethics and the motivation to develop personal character as the basis for a good and happy life.

8. What do you think of the proposed Hippocratic Oath for managers?

Probes to Stimulate Discussion:

- Do you think managers would comply with such an oath? Is it realistic?
- What would you add to this, if anything?
- Compare this to the MBA Oath in Chapter 1. Are they aligned? Are students thinking about this differently than managers?

Note: We're not generally inclined to recommend Wikipedia as a source, but in this case, one of the authors of the oath, recommends the article. It includes additional reading and resources.

http://en.wikipedia.org/wiki/Mba_oath

9. What limitations, if any, can you think of to the prescriptions provided in this chapter? Can you think of reasons why they might not work?

Instructor: This question is a set-up for the next chapter. Ask students to think about the list of eight steps very carefully. Try to actually follow through on the steps. How difficult or easy is it? Students should begin to see that there are many practical obstacles (see chapter 5 for more details). Don't get into the details here, but help students to recognize that the normative approaches do have practical limitations that they will be learning more about later.

10. If you were to design an ethical fitness program for yourself, what would you include?

Probes to Stimulate Discussion:

- How would your personal values fit into an ethical fitness program?
- Who would you talk to for advice?
- Would you do research when designing such a program? What kind? Where?
- What elements would be important to such an effort?
- What is the appropriate reaction when you fail to live up to your own standards?

Note: The idea here is that we are all works in progress, and that includes our ethics. So, although it's important to set high standards and do everything we can to live up to them, making mistakes is part of life and should be accepted as such. One should resolve to learn from the mistakes of oneself and others and to keep on working at improving. Practice makes perfect.

In-Class Exercises

Exercise #1: Pinto Fires Case by Dennis A. Gioia

Note to Instructor:

The Pinto Fires case should be discussed in two parts. The first discussion, associated with this chapter, will be a more or less "rational" discussion based upon the approaches and steps presented in this chapter. The next chapter provides an opportunity to question further the recall coordinator's actions in light of what we know about human information processing.

Case-based Questions

Put yourself in the role of the recall coordinator for Ford Motor Co. It's 1973 and a relatively small number of field reports have been coming in about rear-end collisions, fires, and fatalities. The decision you must make is whether to act immediately to recall the automobile or not.

1. Identify the relevant facts.

- fires and deaths occurring (in 1973, it wasn't yet clear that fires were occurring because of the fuel tank design)
- costs and benefits of making gas tank improvements (costs outweigh benefits by almost three times)
- public's attitude toward safety at the time D "safety doesn't sell"
- price consciousness of American public at the time
- potential for lawsuits
- Pinto met required safety standards set by federal government at the time
- stiff competition over trunk space
- cost to society of one individual's death = \$200,725
- people implicitly accept risks when buying cars
- competition with foreign small auto makers (especially Japan)
- a decision culture that gives priority to high frequency, dangerous problems.

2. Identify the pertinent ethical issues/points of ethical conflict.

- obligation to people who might be harmed
- obligation/loyalty to the company
- putting a financial value on human life
- using cost-benefit analysis as a basis for decision to recall

3. Identify the relevant affected parties.

- the company

- people who have been or might be hurt in crashes
- families of people in accidents
- yourself? What will happen to you?
- stockholders
- government regulatory agencies
- insurance companies (really important and often forgotten)

4. Identify the possible consequences of alternative courses of action.

Recall

- huge costs, including lost business (probably short-term)
- lives saved
- reputation (could be positive or negative)
- professional credibility of recall coordinator (e.g., if this turns out to be a minor problem)
- opportunity cost for recalling other problem vehicles

Don't Recall

- potential lawsuits, especially in the long term
- additional lives lost
- damage to corporate reputation (again, probably long-term)
- substantial money saved (in the short term)

5. Identify relevant obligations.

- to save lives, if possible
- (But, where does that obligation end? To some extent, all automobiles can be considered to be lethal machines).
- to provide families with cars at a price they can afford
- to obey safety regulations
- to produce a vehicle that conforms to standards of its class and the industry

6. Identify your relevant community standards that should guide you as a person of integrity.

This is a tough one. What would the relevant community be here? Do you look within Ford for that relevant community? Within the auto industry? Can you look to your "profession?"

It would be best to look to the broader community - the public - for guidance. You might suggest to students that they think about which community would be the toughest moral critic in this situation. Using the broader community gets the decision maker out of the insular world of Ford and is more likely to represent customers' concerns. This also helps students to understand the importance of choosing the "right" moral community. Otherwise, one could easily rationalize an unethical decision by saying (well, everyone I know does this or would say it's okay - see Chapter 7).

7. Check your gut.

This question begins to move us into issues to be discussed in the next chapter. Think about the recall coordinator's job. Information about accidents comes in all day every day. Unless there was something very unusual about the Pinto fire reports, the recall coordinator's gut would probably be silent.

8. What will you decide?

Instructor: Get the students to justify their decisions based upon the approaches discussed in the chapter. It may well boil down to a conflict between consequentialist and deontological approaches. The consequentialist may be more willing to accept the cost-benefit analysis that puts a value on human life. The deontologist is more likely to ask whether that's appropriate, fair, in line with placing value on all life. If not, the decision must be to recall.

But, push students to think about how much the company should be willing to spend to save a life - a life that is at risk at some level in any vehicle. As a society, we make these decisions all the time. It's better to make them consciously than unconsciously.

In-Class Exercises

Exercise #1: Chapter 1 Vignette – Revisited

Divide the class into teams of 4 – 5 students per team and have them consider the following case that they saw earlier in Chapter 1:

“When your colleague, Bill, is out of town, you receive a call from his wife. She's having a crisis with one of their children and needs to reach Bill immediately. You offer to track him down for her and when you do, you inadvertently discover that he's vacationing with Marie, the chief investment officer of a prestigious college endowment fund that Bill manages. He tells you to keep his hotel location a secret and that he will call his wife immediately. Two hours later, his wife calls back and screams that his cell phone is off and she hasn't heard from you or him. What do you do?”

Ask them one or more team(s) to look at this case from a consequentialist perspective; another team(s) from a deontological perspective, and yet another team(s) from a virtue ethics perspective. After they have discussed this for a few minutes within their teams, conduct a group discussion:

- What did they decide and why?
- What were the most important considerations given their framework?
- What has changed, if anything, from their earlier discussion of the case?
- What would they do if given the opportunity to add a fifth option (an “E” option) to this case?

Many (if not most) groups will change their earlier answer. In our experience, most will now choose “the manager’s manager” because they will focus less on their personal risk (of losing their job or a good relationship with the boss) and more on concern for the child, the husband’s responsibility to his family and to the firm, etc. We have found that this exercise really helps students to understand that these frameworks do lead to different ways of thinking, and that they can be extremely useful when combined.

Exercise #2: A Values Exercise (that can be tied to the deontological framework)

CLARIFYING YOUR VALUES

If you wish to be better prepared to make tough ethical decisions at work or elsewhere in your life, it can be extremely helpful to clarify your personal ethical values *before* they're seriously challenged. Following is a selected list of values (in alphabetical order). Feel free to add one or more if you have a deeply held value that is not represented on this list (it is not meant to be an exhaustive list). In priority order (with 1 being the most important value), list between 3 and 6 values that are most important to you personally in making decisions.

That's the easy part. Next, think seriously about what happens when two or more of these values conflict. For example, what happens if you value both honesty and financial success and they come into conflict? Are you willing to forego financial success in order to be completely honest with customers or suppliers? Next, if you're working, think about the values of your organization and how those are prioritized. Are there serious conflicts between your personal values and the organization's values? Finally, list those values that you would choose to serve as the basis for business dealings in an ideal society. Be prepared to discuss.

Action orientation	Humility
Altruism	Initiative
Authority	Innovation
Compassion	Moderation
Competence	Novelty
Conformity	Obedience
Creativity	Order
Customer Satisfaction	Power
Diversity	Promise-keeping
Equality	Respect
Excitement	Risk-taking
Experimentation	Security
Fairness/Justice	Self-discipline
Flexibility/adaptability	Success
Freedom	Status
Harmony	Teamwork
Helpfulness	Tradition
Honesty/Integrity	Wealth (personal or shareholder?)
Honor	Winning

This exercise can be used with students at various levels. First, ask students to identify the values that are most important to them personally. Next, ask students to identify the values that are most important to the organizations where they have worked. Then have students compare the two lists.

- Are the lists different?
- Does it matter that they are different?
- What might happen if someone works for an organization with values that are very different from the individual's personal values?
- What might happen if the individual's values and the organization's values are aligned?

Exercise #3: Another Short Case for Class Discussion

Whenever you see a short case in the text, you can use it as an opportunity to launch a class discussion. Divide the students into teams of 3 – 5 students per team. Give them 3 – 5 minutes to discuss this in their teams and then have them report out. Who are the stakeholders? What is the ethical issue? What would we inclined to do if we looked at this through a consequentialist lens? A deontological lens? A virtue ethics lens?

As a counselor in an outplacement firm, you've been working with Irwin for six months to find him a new position. During that time, he has completed extensive assessment work to determine if he's in an appropriate profession or if he might benefit from a career change. The results of the assessment indicate that Irwin has low self esteem, probably could benefit from psychotherapy, and is most likely ill-suited for his current profession. Irwin has been actively interviewing for a position that's very similar to two others he has held and lost. He desperately wants and needs this job. The company where he is interviewing happens to be one of your most important clients. You receive a call from the head of human resources at the company, who tells you that Irwin suggested she call you for information about his abilities, interests, and personality style as measured by the assessment process. She also asks you for a reference for Irwin. Since he has, in effect asked that you share information with this woman, is it okay for you to give her an honest assessment of Irwin? What are your obligations to Irwin, who is your client in this case? Is there a way for you to be honest, yet not hurt Irwin's chances to obtain this job? Or is that important? What will you do?

You have obligations to the firms that are your clients as well as to the individuals who are searching for work. If you provide an assessment of Irwin, you have an obligation to be honest with your client about Irwin's abilities, interests, and personality style. You also have an obligation to be honest with Irwin about your assessment. Irwin doesn't seem to know that you are likely to provide a negative assessment. If he did, he wouldn't have provided your name as a reference.

This is one of those cases where you probably know what to do (be honest with all parties), but it's hard to actually do it. You need to have a frank discussion with Irwin about his situation and counsel him about the types of jobs for which you could provide him with a positive reference. This would be a good case for role playing. Have students role play the roles of the counselor and Irwin. What would the counselor say? How would Irwin likely react?

Exercise #4

Here is a decision that demonstrates the conflict between consequentialist and deontological thinking. At Penn State University, the newly appointed President (after the child sexual abuse scandal in 2011 involving a former football defensive coach) had to make a really tough decision. He contends (and we believe him) that the NCAA threatened to levy the “Death Penalty” against Penn State football. You can read about the last time that was done. (Southern Methodist University in the 1980s). To avoid this fate, the President agreed to accept a series of sanctions that included a \$60 million fine, limits on football scholarships for several years, and no post-season play for the football team for several years. Alumni, students, and other observers were angry and incredulous. The NCAA had conducted no investigation of its own. Penn State had violated no NCAA rules and had one of the best reputations in the country for graduating athletes. The school also had NEVER had an NCAA violation. So, these observers were angry – why? Because they saw the sanctions as completely unfair (a deontological perspective). There had been no due process. And, they were angry with the President for “caving” to the NCAA. They wanted him to fight, a process that would likely have taken years.

But, our analysis suggests that the President made the right decision from a consequentialist perspective. The list of stakeholders is huge. Penn State is in a college town that depends heavily on football weekends to generate business for restaurants, hotels, and Penn State paraphernalia shops. All would have been at risk. Perhaps more importantly, every other sport is financially supported by the football program. Hundreds of student athletes would have been affected – their programs likely decimated or ended. The list goes on. So, our assessment is that accepting the sanctions allowed the football team to play (and they have actually had decent seasons doing so). And, because Penn State has been so cooperative, some of the sanctions have been reduced and others may be soon (this was written in December 2013). So, this is a great example of how the deontological and consequentialist approaches will lead to very different decisions, an example you may want to use in class.

Homework Assignments:

Assignment #1 – More on the Ford Pinto Fires Case

1. Research Assignment

Regarding the case, students could be assigned to conduct library research on the Pinto case, in part to develop sensitivity regarding how the issue was perceived at the time. The same or different students could be assigned to conduct research on other recent product safety issues and they could compare them. (Toyota’s sudden acceleration problem would be perfect for this purpose.)

2. An Ethical Decision-Making Guide Assignment

We have used an expanded written assignment based upon the first discussion question. Ask students to come up with an ethical decision-making guide for themselves - standards of conduct that they can live by; a guide that will help them recognize and eliminate unethical options and select the best ethical response. It can be based upon approaches learned in the chapter (consequentialist, deontological, virtue) or others they identify based on role models (parents, teachers, coaches, religious leaders, supervisors, etc.). Most of all, it should be personally meaningful to them and something they think they can actually use in the future. Ask them to apply the guide to one or more real decisions which they have faced.

It's a good idea to do this assignment in two stages. Let students take an initial crack at it. Then have them revise it based on your feedback.

3. A Values Exercise

A useful exercise, based upon work by Michael Josephson, is to have students think about setting up an ideal society that is guided by a set of core values. Ask students to each come up with a list of these values on their own. Then, ask them to share their list with the class as you write them on the board. You should have a pretty long list. Then, ask the students to think about overlaps (honesty, truthfulness; fairness, justice) and ask them to try to trim the list to between five and ten values. Most groups, no matter the age or culture, will end up with a list that looks similar to the one below. Students will be surprised to know that. It means that there is a pretty strong basis for ethical understanding across organizations and cultures. It also means that we intuitively have an understanding of the deontological principles discussed in the chapter.

6 Pillars of Character (developed out of summit conference on character education, 1992, Aspen Colorado, by the Josephson Institute).

1. Trustworthiness
2. Respect
3. Responsibility
4. Fairness
5. Caring
6. Citizenship

For more information on Josephson's Institute, check the website: www.josephsoninstitute.org

Additional Resources

1. More on Philosophy:

For those instructors who would like a good, basic book on ethical theory, we recommend, Rachels, J. 1986. *The elements of moral philosophy*. Philadelphia: Temple U. Press. It could even be used as a supplementary text for those who wish to spend additional time on a more traditional approach to normative ethical theory.

2. More on Virtue Ethics

To stimulate discussion about virtue ethics, and the role of professional codes, we use the powerful 60 Minutes video about the Alton Logan case which is discussed in the chapter. Somehow reading about it just doesn't have the impact of hearing from the man who has spent more than two decades of his life in prison and from the lawyers who knew he was innocent. You can show it in class or have students watch it online for subsequent discussion in class. They are inevitably moved by it. The video is called *The 26 Year Secret*.

<http://www.cbsnews.com/news/26-year-secret-kept-innocent-man-in-prison/>

3. More on the Pinto Fires Case

Additional references for background on the Pinto Fires case include:

- Schwartz, G.T. 1991. The Myth of the Ford Pinto Case, Rutgers Law Review, 43: 1013.
- Dowie, M. 1977. Pinto Madness. Mother Jones, Sept-October.

It is useful to bring the Pinto Fires issue up to date with current events such as the story of the GM truck with side-mounted gasoline tanks. These trucks, built between 1973 and 1987 were vulnerable to rupture in a collision. Like the Pinto, GM's trucks did meet federal safety standards; the overall safety of GM trucks equaled that of other large pickups and exceeded that of most automobiles. Also, recall that in 1993, GM disputed an NBC TV investigative report on the trucks, calling into question NBC's journalistic ethics. NBC apologized publicly.

Another recent example of product safety and an auto manufacturer involves Toyota. The case is featured in Chapter 10. There are also good videos that describe the problem and the recall: do a Google search for "Toyota recall."

Another recent product safety recall issue is Guidant's failure to recall potentially fatal heart devices with electrical defects that have led to seven deaths. The company made a decision to not publicize problems, not to recall, and not to offer replacement devices. The company said it was concerned that replacement presented greater risk than leaving current devices implanted (cost-benefit analysis?) After Guidant learned of the problem, it even sold flawed units out of inventory! Over 100 cases have been filed since last year when 100,000 devices were recalled and the company's market share has plummeted. Current marketshare in heart device market 24 percent down from 35 percent. Source: NY Times February 28, 2006

Yet another example is the off-market sale of Norian for use as bone cement in spinal surgeries. Norian's manufacturer, Synthese, was specifically warned about this, sold it anyway, and three patients died as a result. This example is featured in a case at the end of Chapter 5. Reference: John Roth, FDA Voice

And perhaps the most outrageous product safety case involves New England Compounding Center, which produced steroid injections in a non-sterile environment. This resulted in mold being introduced into the steroid shots, which were injected into hundreds of patients. Fifty patients died and more than 400 have been stricken with debilitating fungus infections including spinal meningitis. References: ABC News Nov 8, 2012 and March 14, 2013

References:

- Lavin, D. & Pearl, D. 1994. GM may face pickup recall of \$1.2 billion. Wall Street Journal, October 18, p. A3, column 1.
- Samuelson, R. 1994. The regulatory juggernaut. Newsweek. November 7, p. 43. (Samuelson criticizes the government for its finding and for the proliferation of costly regulations).
- Roth, J., 2013, When Conduct Becomes a Crime, FDA Voice, <http://blogs.fda.gov/fdavoices/index.php/2013/06/when-conduct-becomes-a-crime/>
- Lupkin, S. 2013, Compounding Pharmacists Await Changes After Spinal Meningitis Scandal, <http://abcnews.go.com/Health/compounding-pharmacists-face-fungal-meningitis-outbreak/story?id=18718941>
- Lupkin, S. 2012, Fungal Meningitis: Anatomy of an Outbreak, <http://abcnews.go.com/Health/fungal-meningitis-anatomy-outbreak/story?id=17667058>
- Even more recent events include the Ford/Firestone controversy, current discussions about SUV rollovers, etc.

- You can also have an interesting discussion about valuing a human life and how decisions are being paid to compensate Sept. 11 victims' families. See the following Fortune magazine article: Varchaver, N. 2002. What's a life worth? Fortune, Sept. 16, 120-128.