

ETHICAL ISSUES IN BUSINESS

M I C H A E L B O Y L A N



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HARCOURT BRACE COLLEGE PUBLISHERS

FORT WORTH PHILADELPHIA SAN DIEGO NEW YORK ORLANDO AUSTIN SAN ANTONIO
TORONTO MONTREAL LONDON SYDNEY TOKYO

Publisher	TED BUCHHOLZ
Senior Acquisitions Editor	DAVID TATOM
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Address for Editorial Correspondence
Harcourt Brace College Publishers
301 Commerce Street, Suite 3700
Fort Worth, Texas 76102

Address for Orders
Harcourt Brace and Company
6277 Sea Harbor Drive
Orlando, FL 32887
1-800-782-4479, or
1-800-433-0001 (in Florida)

ISBN: 0-15-501442-0

Library of Congress Catalogue Number: 94-76727

Printed in the United States of America

4 5 6 7 8 9 0 1 2 3 016 9 8 7 6 5 4 3 2 1



Business ethics is a relatively new area of academic analysis. It links two rather disparate subjects—philosophy and business. They are odd partners because philosophy emphasizes theoretical speculation about principles and business tends to focus on the most efficient way to bring about some action. The tension between theory and practice is older than Aristotle, and the study of business ethics must avoid leaning toward either extreme. *Ethical Issues in Business* stays within the developing business ethics tradition but suggests new directions for its further growth. The book's five parts, divided into sixteen chapters, address the major concerns in a useful format for the college classroom.

Ethical Issues in Business has several goals. First, it offers a sample of outstanding contemporary readings on business ethics. It aims to combine readings that are particularly strong in either business or philosophy with readings that successfully address both concerns. The choice of selections is meant to stimulate the reader to think about some of the important problems of business in a balanced way, recognizing the demands of both theory and practice. This book includes articles from academic journals, both ethics and business, as well as from the popular press. This mix is intended to provide a perspective that balances scholarly approaches and the general population's attitudes toward the crucial issues in business ethics.

Second, *Ethical Issues in Business* presents a new approach to “case studies” and a pedagogical apparatus for integrating the theoretical and practical issues that concern typical corporate employees. Case studies in business schools typically work through business management decisions. To this end, there is an emphasis on simulating all of the economic and market factors present when a crucial decision was made.

Ethical case studies are different: Mastery of the prescriptive scenario is of more importance than mastery of the descriptive. This important difference requires that the ethical case study be targeted at a single individual in the given situation, allowing the reader to see the problem from a single perspective. This book also offers a series of essays directing students to respond to the case studies. These essays assist students step-by-step in (a) analyzing the problem into the practical and ethical components, (b) weighing the competing factors, (c) finding an ethical position, (d) applying the position, (e) coming up with a solution, and (f) expressing that solution in the form of a written report.

Third, this book offers two levels of case studies; half are written for analysis at the macro level of the CEO and half at the micro level of a mid-level manager or line employee. Traditionally, case studies have focused on heads of corporations. These important perspectives are represented in the macro case studies. However, most students will find themselves in the position of the

ordinary employee one day. And, because important ethical dilemmas occur at this level as well, these issues are addressed in the micro level cases.

Ethical Issues in Business also offers a real-world dimension to business ethics through original interviews with prominent figures who offer insights into the interplay between business and ethics. These interviews demonstrate that the theoretical concerns of scholars are important to the real, corporate world.

Fourth, the theoretical section of this textbook goes beyond the great thinkers to provide a feedback mechanism to aid students in applying the salient features of the important ethical theories. Part 1 of *Ethical Issues in Business* presents readings from both the business world and the world of philosophy on the traditional ethical systems: Virtue Ethics, Intuitionism, Utilitarianism, and Deontology. Other business ethics books do not generally supply help to students who lack a background in the analysis of difficult theoretical material. Students often have problems translating the theories into action.

This book provides ethical checklists to answer this problem. The checklists help students make the transition from an abstract set of problems to a plan for action to use in the case studies and in their daily lives.

Finally, *Ethical Issues in Business* places a greater emphasis on perspectives from outside the Western tradition and perspectives from women. All segments of our society are potentially affected by problems in the workplace. One could write an entire book addressing business problems related to gender and race. *Ethical Issues in Business* takes a modest step in the direction of highlighting some of these issues within the larger context. Multicultural perspectives are increasingly important as the corporate world becomes a global marketplace; this book emphasizes topics that will stimulate discussion in this direction.

Every new book requires the work of not only the author but a great many others, and I would like to acknowledge their help. I would like to thank my students at Loyola, Marquette, Georgetown, and Marymount. Their reactions to my classes in ethical theory and applied ethics (including business ethics) have shaped my ideas on what works in the classroom. I would also like to thank those who contributed original material to this book: Roderick DeArment, Richard Grant, Linda Chavez, and S. Janakiram appear as subjects of the interview sections; Jane Ubelhoer and Thomas Donaldson prepared readings especially for *Ethical Issues in Business*.

A word of thanks is also due to the reviewers: John B. Dilworth, Western Michigan University; Harold Greenstein, State University of New York at Brockport; Joan Whitman Hoff, Lock Haven University; Lisa Newton, Fairfield University; Thomas Oberdan, Clemson University; and Robert M. Stewart, California State University at Chico.

I also appreciate the assistance I received from Harcourt Brace College Publishers—David Tatom, Claire Brantley, Karen Anderson, Burl Sloan, and Tad Gaither have all made this a better textbook.

Finally, I thank my family: my wife Rebecca and my children Arianne, Seán, and Éamon. Their patience, love, and support nourishes everything I do.

*To my mother and father—
my first teachers in ethics*

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Part 1

Ethical Theory

- ▶ **Virtue Ethics**
- ▶ **Intuitionism**
- ▶ **Utilitarianism**
- ▶ **Deontology**

ETHICAL THEORY: AN OVERVIEW

This first section of the reader deals with Ethical Theory. The reason why ethical theory needs to be studied in an applied ethics text is because it is the tool that allows you, the student, to make a reasoned judgment about ethical situations.* An ethical theory is an account of *what* is right and wrong in human action and *why*.†

The *what* requires a decision making process whereby the adherent can: 1. Analyze a situation into its elements; 2. Assess which elements are most important; 3. Calculate the moral dimensions of the important elements so that a determinate outcome is reached; 4. Re-apply the conclusions of #3 back into the case so that a judgment is reached and the resultant action carried out.

The mechanics of 1–4 above are dealt with in the “Writing the Report” essays found near the end of each section. What concerns us here is obtaining facility with each of the ethical theories presented: virtue ethics, intuitionism, utilitarianism, and deontology. This facility will allow you to understand how each theory can be applied to actual cases.

Each theory is different in the way that it categorizes the right and wrong in human action. Some of this distinctive character can be seen in the *why* or justification of each. Justification refers to those principles to which we appeal for acceptance of the theory. When we study an ethical theory, part of our understanding is the rationale for accepting it in the first place. You must decide which justification is most plausible. It is important to reason in this way because you must make choices among competing theories. Different theories will often suggest different actions or at least different reasons for why one outcome was chosen over another.

When writing a case assessment report you must take the point of view of a single ethical theory (or some combination that remains internally consistent) and use the tenets of this theory to support your outcomes recommendation.

Some students ask whether the fact that there are several varieties of ethical theory means that there are no universally correct theories. Such a

*This text, while generally concerned with *practice* is also concerned with the rules which underlie the “action-oriented”—i.e., practical, prescriptions. As Aristotle says in the *Posterior Analytics* I.1 there must be a stopping place for demonstration. The discussion of the “stopping place” is the subject matter of this section of text.

†It should be noted that there are many ways to parse the realm of *ta ethica*. Some readers may wish to adhere to the traditional distinction of *normative* vs. *meta* ethics. This has been an important distinction throughout this century [and, by extension, a distinction that has always existed—whether recognized or not]. In brief, since this is an introductory text, this distinction is not highlighted in all the detail that a text on ethical theory would demand. However, let it suffice to students of this text, that “normative ethics” or that which is proximately concerned with the “ought” should stand separate from “meta-ethics” which is concerned with the procedure by which one determines the correctness of various methodological procedures of discussing ethical questions. This is similar to the distinction between philosophy of science and the actual practice of science.

relativistic view suggests either: (a) all theories are flawed, ergo; no theory is correct; or (b) since there are many theories, each is equally correct and the choice among them is merely random or accidental.

Most proponents of a particular ethical theory would reject both (a) and (b). Their argument against (a) is often an apology for their own theory. They believe the attackers to be wrong. By creating a counterattack, it is thought that no damage is done. It is sometimes pointed out that any process which “grows” through the critical process of philosophical examination is stronger and probably closer to Truth than it would have been without the searching criticism. Thus, the existence of arguments against any particular theory portends nothing more than that the theory has garnered critical attention. This attention, in and of itself, does not make the theory any more or less true. A judgment of this sort must be made by students of the debates who decide for themselves which is the better theory.

Likewise, in (b) it could be argued that the fact that there is variation among competing theories does not in and of itself imply that any one of the theories is right or wrong. There may be a single “correct” ethical theory. Whether there is or isn’t, is determined via the theory’s justification. If a theory is logically sound, and if we seek to be ruled by reason, then we are compelled to follow the action guiding conclusions of our chosen theory.

In the readings within this section of the book you will see three sorts of input that may help you with your decision. The first is a group of philosophical reflections by authors who have made significant contributions to that type of ethical theory. Second, is input from the perspective of business ethics. This second level is not as theoretical as the first, but does address some problems in the application of theories consistent with those presented in the section to business problems. Third, is a checklist that can make it easier to see just how one might apply the given theory to actual problems. This checklist can be used in conjunction with the “Writing the Report” essays as a guide for your own essays that you will have to write during the term.

One final note—though the various ethical theories are separated very distinctly in their presentation within this text, it still should be noted that some mixing of theories can and does go on. For example, though Ross employs an intuitionistic justification for his theory, he also emphasizes the role of duty in ethics. This makes him a deontologist as well. This overlap does not create internal inconsistency so that it is permitted. What would not be permitted would be mixing inconsistent tenets. For example, if one were a utilitarian who believed that the right action was the one which produced the highest aggregate happiness, then one could not mix this with a theory which disregards consequences or “aggregation of happiness.”

CHAPTER 1

Virtue Ethics

The Philosophical Perspective

Nicomachean Ethics

Aristotle

Book I

Every art and every inquiry, and similarly every action and pursuit, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim. But a certain difference is found among ends; some are activities, others are products apart from the activities that produce them. Where there are ends apart from the actions, it is the nature of the products to be better than the activities. Now, as there are many actions, arts, and sciences, their ends also are many; the end of the medical art is health, that of shipbuilding a vessel, that of strategy victory, that of economics wealth. But where such arts fall under a single capacity—as bridle-making and the other arts concerned with the equipment of horses fall under the art of riding, and this and every military action under strategy, in the same way other arts fall under yet others—in all of these the ends of the master arts are to be preferred to all the subordinate ends; for it is for the sake of the former that the latter are pursued. It makes no difference whether the

Aristotle, *Ethica Nicomachea* tr. W.D. Ross. (Oxford: Ox University Press). 1094^a1–16; 1097^a15–1098^b, 1106^a15–1108^b10.

activities themselves are the ends of the actions, or something else apart from the activities, as in the case of the sciences just mentioned.

* * *

Let us again return to the good we are seeking, and ask what it can be. It seems different in different actions and arts; it is different in medicine, in strategy, and in the other arts likewise. What then is the good of each? Surely that for whose sake everything else is done. In medicine this is health, in strategy victory, in architecture a house, in any other sphere something else, and in every action and pursuit the end; for it is for the sake of this that all men do whatever else they do. Therefore, if there is an end for all that we do, this will be the good achievable by action, and if there are more than one, these will be the goods achievable by action.

So the argument has by a different course reached the same point; but we must try to state this even more clearly. Since there are evidently more than one end, and we choose some of these (e.g. wealth, flutes, and in general instruments) for the sake of something else, clearly not all ends are final ends; but the chief good is evidently something final. Therefore, if there is only one final end, this will be what we are seeking, and if there are more than one, the most final of these will be what we are seeking. Now we call that which is in itself worthy of pursuit more final than that which is worthy of pursuit for the sake of something else, and that which is never desirable for the sake of something else more final than the things that are desirable both in themselves and for the sake of that other thing, and therefore we call final without qualification that which is always desirable in itself and never for the sake of something else.

Now such a thing happiness, above all else, is held to be; for this we choose always for itself and never for the sake of something else, but honour, pleasure, reason, and every virtue we choose indeed for themselves (for if nothing resulted from them we should still choose each of them), but we choose them also for the sake of happiness, judging that by means of them we shall be happy. Happiness, on the other hand, no one chooses for the sake of these, nor, in general, for anything other than itself.

From the point of view of self-sufficiency the same result seems to follow; for the final good is thought to be self-sufficient. Now by self-sufficient we do not mean that which is sufficient for a man by himself, for one who lives a solitary life, but also for parents, children, wife, and in general for his friends and fellow citizens, since man is born for citizenship. But some limit must be set to this; for if we extend our requirement to ancestors and descendants and friends' friends we are in for an infinite series. Let us examine this question, however, on another occasion,¹ the self-sufficient we now define as that which when isolated makes life desirable and lacking in nothing; and such we think happiness to be; and further we think it most desirable of all things, without being counted as one good thing among others—if it were so counted it would clearly be made more desirable by the addition of even the least of