Chapter 3

Moral Analysis and Legal Requirements

We are concerned in this book with moral problems. These are the decisions and actions faced by managers in which their firm's financial performance (measured by revenues, costs, and profits) and social performance (difficult to measure, but represented by the overall well-being and satisfaction level of the general population) are in conflict. These are the situations in which some individuals and groups to whom the organization has some form of obligation—employees, customers, suppliers, distributors, creditors, stockholders, local residents, national citizens, and global inhabitants—are going to be hurt or harmed in some way outside their own control, while others will be benefited and helped. These are also the situations in which some of those individuals or groups are going to see their rights ignored or perhaps diminished, while others will see their rights endorsed and even expanded. The question is how to find an equitable, fair-to-all balance between financial performance and social performance when faced with those conditions, and then *how to logically convince others to both understand and accept that balance.* Let me again emphasize my view that this understanding and approval of a fair-to-all balance is key not only to the future of your firm, but also to the future of your society and of your career. The three do go together.

In Chapter 1 it was suggested that you attempt to gain this understanding and approval by first recognizing that the moral standards of the individuals and groups who are associated with the firm, and who may well be affected by the decision or action proposed by the firm, are bound to differ. People's moral standards differ because of differences in their religious and cultural traditions and in their economic and social situations. You probably can't understand the exact nature of those differences without considerable study, but you certainly need to recognize that they do exist.

Then, you list the expected moral impacts—the mixture of benefits and harms, the contrast between rights exercised and rights denied—of the proposed decision or action, and compare those impacts to the probable moral standards of the individuals and groups who are associated with the firm. All of those people will not view the same situation in the same way. But, to get understanding and agreement, you have to be certain to address the moral concerns of the large majority of those involved.

Next, you clearly state the moral problem in a way that explicitly recognizes the probable moral concerns of that large majority. It is recommended that you state this moral problem in the form of a question: "Is it right that . . .?" As suggested in Chapter 1,