

Moral Analysis and Ethical Duties

We are concerned in this book with moral problems: the decisions and actions faced by managers in which their firm's financial performance (measured by the revenues, costs, and profits generated by the firm) and the social performance (difficult to measure, but represented by the overall well-being and general satisfaction level of the 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 ways outside their own control, while others are going to be benefited or helped. These are also the situations in which some of those same individuals or groups are going to see their rights ignored or perhaps diminished, while others will see their rights recognized and even expanded. The question is how to find an equitable balance between financial performance and social performance when faced with these conditions, *and how to logically convince others to accept or approve that balance.*

One of the basic premises of this book is that this logical conviction of others is key for managers at all levels of an organization that has encountered such a moral problem. It is key for the future of their organizations, the future of their societies, and the future of their careers. Moral problems of this “important for all” nature are becoming far more prevalent, due to the highly competitive nature of the stressed global economy. Consequently, graduates of our business schools are going to have to know how to effectively deal with the moral problems caused by that competition and that stress. The process for effectively dealing with these problems under those conditions has been graphically portrayed in each of the previous chapters, and is repeated in Figure 4.1 one last time for emphasis.

Within the diagram, there are three evaluative methods proposed to select the most equitable mix of benefits distributed, harms allocated, rights recognized, and rights denied. We can't avoid all of those harms brought to other people, or all of those rights ignored for other people, but we can evaluate them and find what we believe to be an equitable balance and then attempt to convince others that it is indeed more equitable than the alternatives. These evaluative methods consist of economic outcomes, legal requirements, and ethical duties. All have an element of impartiality to counter the usual assumptions of self-interest in management. Before moving on to the ethical