

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?*

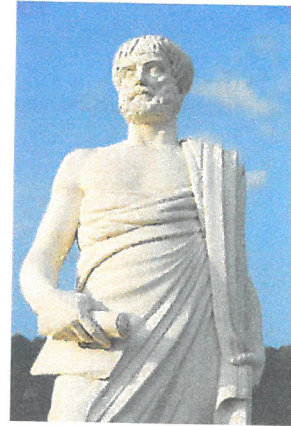
Utilitarianism Ethical choices that offer the greatest good for the greatest number of people.

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?

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*

>> Ethical Theories

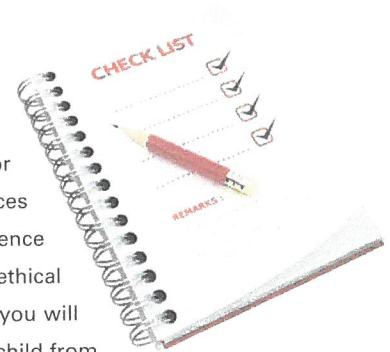
The subject of ethics has been a matter of philosophical debate for over 2,500 years—as far back as the Greek philosopher Socrates. Over time and with considerable

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**.

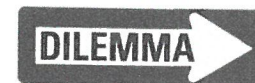
As we saw earlier in our review of value systems and value conflicts, any idealized set of principles or standards inevitably faces some form of challenge. For ethical theories, that challenge takes the form

PEER PRESSURE

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.

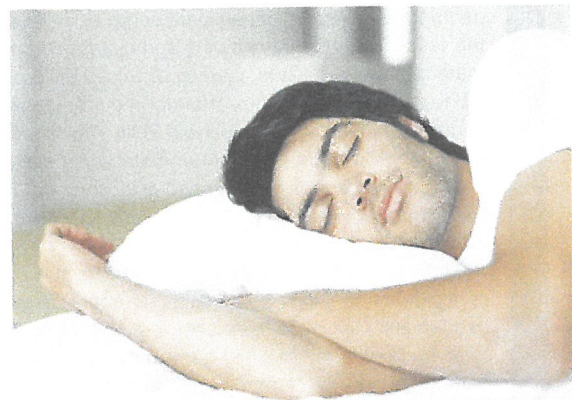
When we review the ethical theories covered in this chapter, we can identify two distinct approaches

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



DISCUSS PAGE

or between the rights of different people involved, is there a way to see one principle as more important than the others? Which option offers actions that are least problematic?

Step 3. Make a decision. Take both parts of your analysis into account, and make a decision. This strategy at least gives you some basic steps you can follow.

PROGRESS QUESTIONS

9. Define *ethical relativism*.
10. Define *applied ethics*.
11. What is an ethical dilemma?
12. Explain the three-step process for resolving an ethical dilemma.

Ethical Reasoning Looking at the information available to us in resolving an ethical dilemma, and drawing conclusions based on that information in relation to our own ethical standards.

If a three-step model seems too simple, Arthur Dobrin identified eight questions you should consider when resolving an ethical dilemma.³

1. *What are the facts?* Know the facts as best you can. If your facts are wrong, you're liable to make a bad choice.
2. *What can you guess about the facts you don't know?* Since it is impossible to know all the facts, make reasonable assumptions about the missing pieces of information.
3. *What do the facts mean?* Facts by themselves have no meaning. You need to interpret the information in light of the values that are important to you.
4. *What does the problem look like through the eyes of the people involved?* The ability to walk

in another's shoes is essential. Understanding the problem through a variety of perspectives increases the possibility that you will choose wisely.

5. *What will happen if you choose one thing rather than another?* All actions have consequences. Make a reasonable guess as to

what will happen if you follow a particular course of action. Decide whether you think more good or harm will come of your action.

6. *What do your feelings tell you?* Feelings are facts too. Your feelings about ethical issues may give you a clue as to parts of your decision that your rational mind may overlook.
7. *What will you think of yourself if you decide one thing or another?* Some call this your conscience. It is a form of self-appraisal. It helps you decide whether you are the kind of person you would like to be. It helps you live with yourself.
8. *Can you explain and justify your decision to others?* Your behavior shouldn't be based on a whim. Neither should it be self-centered. Ethics involves you in the life of the world around you. For this reason you must be able to justify your moral decisions in ways that seem reasonable to reasonable people. Ethical reasons can't be private reasons.

The application of these steps is based on some key assumptions: First, that there is sufficient time for the degree of contemplation that such questions require; second, that there is enough information available for you to answer the questions; and third, that the dilemma presents alternative resolutions for you to select from. Without alternatives, your analysis becomes a question of finding a palatable resolution that you can live with—much like Badaracco's sleep test—rather than the most appropriate solution.

ETHICAL REASONING

When we are attempting to resolve an ethical dilemma, we follow a process of **ethical reasoning**. We look at the information available to us and draw conclusions based on that information in relation to our own ethical standards. Lawrence Kohlberg developed a framework (see Figure 1.1) that presents the

Key Point

Apply Dobrin's eight questions to an ethical dilemma you have faced in the past. Would applying this process have changed your decision? Why or why not?

Level	Stage	Social Orientation
Preconventional	1	Obedience and punishment
	2	Individualism, instrumentalism, and exchange
Conventional	3	"Good boy/nice girl"
	4	Law and order
Postconventional	5	Social contract
	6	Principled conscience

Figure 1.1 • Lawrence Kohlberg's Stages of Ethical Reasoning

THE OVERCROWDED LIFEBOAT

In 1842, a ship struck an iceberg, and more than 30 survivors were crowded into a lifeboat intended to hold 7. As a storm threatened, it became obvious that the lifeboat would have to be lightened if anyone were to survive. The captain reasoned that the right thing to do in this situation was to force some individuals to go over the side and drown. Such an action, he reasoned, was not unjust to those thrown overboard, for they would have drowned anyway. If he did nothing, however, he would be responsible for the deaths of those whom he could have saved. Some people opposed the captain's decision. They claimed that if nothing were done and everyone died as a result, no one would be responsible for these deaths. On the other hand, if the captain attempted to save some, he could do so only by killing others and their deaths would be his responsibility; this would be worse than doing nothing and letting all die. The captain rejected this reasoning. Since the only possibility for rescue required great efforts of rowing, the captain decided that the weakest would have to be sacrificed. In this situation it would be absurd, he thought, to decide by drawing lots who should be thrown overboard. As it turned out, after days of hard rowing, the survivors were rescued and the captain was tried for his action.

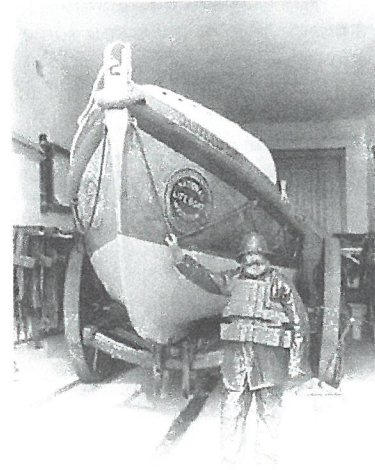
QUESTIONS

1. Did the captain make the right decision? Why or why not?
2. What other choices could the captain have made?
3. If you had been on the jury, how would you have decided? Why?

argument that we develop a reasoning process over time, moving through six distinct stages (classified into three levels of moral development) as we are exposed to major influences in our lives.⁴

Level 1: Preconventional. At this lowest level of moral development, a person's response to a perception of right and wrong is initially directly linked to the expectation of punishment or reward.

- *Stage 1: Obedience and punishment orientation.* A person is focused on avoidance of punishment and deference to power and authority—that is, something is right or wrong because a recognized authority figure says it is.
- *Stage 2: Individualism, instrumentalism, and exchange.* As a more organized and advanced form of stage 1, a person is focused on satisfying his or her own needs—that is, something is right or wrong because it helps the person get what he or she wants or needs.



4. Which ethical theory or theories could be applied here?

Source: Adapted from www.friesian.com/valley/dilemmas.htm.

Level 2: Conventional. At this level, a person continues to become aware of broader influences outside of the family.

- *Stage 3: "Good boy/nice girl" orientation.* At this stage, a person is focused on meeting the expectations of family members—that is, something is right or wrong because it pleases those family members. Stereotypical behavior is recognized, and conformity to that behavior develops.
- *Stage 4: Law-and-order orientation.* At this stage, a person is increasingly aware of his or her membership in a society and the existence of codes of behavior—that is, something is right or wrong because codes of legal, religious, or social behavior dictate it.

Level 3: Postconventional. At this highest level of ethical reasoning, a person makes a clear effort to define principles and moral values that reflect an individual value system rather than simply reflecting the group position.

- *Stage 5: Social contract legalistic orientation.* At this stage, a person is focused on individual rights and the development of standards based on critical examination—that is, something is right or wrong because it has withstood scrutiny by the society in which the principle is accepted.
- *Stage 6: Universal ethical principle orientation.* At this stage, a person is focused on self-chosen ethical principles that are found to be comprehensive and consistent—that is, something is right or wrong because it reflects that person's individual value system and the conscious choices he or she makes in life. While Kohlberg always believed in the existence of stage 6, he was never able to find enough research subjects to prove the long-term stability of this stage.

Kohlberg's framework offers us a clearer view into the process of ethical reasoning—that is, that someone can arrive at a decision, in this case the resolution of an ethical dilemma—on the basis of a moral rationale that is built on the cumulative experience of his or her life.

Kohlberg also believed that a person could not move or jump beyond the next stage of his or her six stages. It would be impossible, he argued, for a person to comprehend the moral issues and dilemmas at a level so far beyond his or her life experience and education.

Real World Applications

Michelle takes her managerial role very seriously. Sometimes managers are called on to make tough decisions—firing nonperformers and letting people go when cost cuts have to be made. She has always found a way to come to terms with the tough decisions: "As long as I can sleep at night, then I know I have made the best decision I can under the circumstances." Lately, however, the material in her business ethics class has made her reconsider some of her previous decisions. "Am I really making the best decision or just the decision I can live with?" How do you think most managers would answer that question?

PROGRESS ✓ QUESTIONS

13. What are the eight questions you should consider in resolving an ethical dilemma?
14. What assumptions are we making in the resolution of a dilemma? What should you do if you can't answer these eight questions for the dilemma you are looking to resolve?
15. What are Kohlberg's three levels of moral development?
16. What are the six stages of development in those three levels?

>> Conclusion

Now that we have reviewed the processes by which we arrive at our personal ethical principles, let's consider what happens when we take the study of ethics into the business world. What happens when the decision that is expected of you by your supervisor or manager goes against your personal value system? Consider these situations:

- As a salesperson, you work on a monthly quota. Your sales training outlines several techniques to “up sell” each customer—that is, to add additional features, benefits, or warranties to your product that the average customer doesn't really need. Your sales manager draws a very clear picture for you: If you don't make your quota, you don't have a job. So if your personal value system requires that you sell customers only what they really need, are you willing to make more smaller sales to hit your quota, or

do you do what the top performers do and “up sell like crazy” and make every sale count?

- You are a tech-support specialist for a small computer software manufacturer. Your supervisor informs you that a bug has been found in the software that will take several weeks to fix. You are instructed to handle all calls without admitting the existence of the bug. Specific examples are provided to divert customers' concerns with suggestions of user error, hardware issues, and conflicts with other software packages. The bug, you are told, will be fixed in a scheduled version upgrade without any admission of its existence. Could you do that?

How organizations reach a point in their growth where such behavior can become the norm, and how employees of those organizations find a way to work in such environments, is what the field of business ethics is all about.

FRONTLINE FOCUS

Doing the Right Thing—Megan Makes a Decision

Kate was right; they did receive several more applications at the open house, but each one was less attractive as a potential tenant than the Wilsons. Some had credit problems, others couldn't provide references because they had been “living with a family member,” and others had short work histories or were brand new to the area.

This left Megan with a tough choice. The Wilsons were the best applicants, but Kate had made her feelings about them very clear, so Megan's options were fairly obvious—she could follow Kate's instructions and bury the Wilsons' application in favor of another couple, or she could give the apartment to the best tenants and run the risk of making an enemy of her new boss.

The more Megan thought about the situation, the angrier she became. Not giving the apartment to the Wilsons was discriminatory and would

expose all of them to legal action if the Wilsons ever found out—plus it was just plain wrong. There was nothing in their application that suggested that they would be anything other than model tenants, and just because Kate had experienced bad tenants like “those people” in the past, there was no reason to group the Wilsons with that class.

Megan picked up the phone and started dialing. “Mrs. Wilson? Hi, this is Megan with Oxford Lake Apartments. I have some wonderful news.”

QUESTIONS

1. Did Megan make the right choice here?
2. What do you think Kate's reaction will be?
3. What would have been the risks for Oxford Lake if Megan had decided not to rent the apartment to the Wilsons?

[For Review]

1. Define ethics.

Ethics is the study of how 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. 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.

2. Explain the role of values in ethical decision making.

Values represent a set of personal principles by which you aim to live your life. Those principles are most often based on religious, cultural, or philosophical beliefs that you have developed over time as a collection of influences from family, friends, school, religion, ethnic background, the media, and your personal mentors and role models. When you try to formalize these principles into a code of behavior, then you are seen to be adopting a value system which becomes your benchmark in deciding which choices and behaviors meet the standard of "doing the right thing."

3. Understand opposing ethical theories and their limitations.

Ethical theories can be divided into three categories: virtue ethics (focusing on individual character and integrity); ethics for the greater good, also referred to as utilitarianism (focusing on the choices that offer the greatest good for the greatest number of people); and universal ethics (focusing on universal principles that should apply to all ethical judgments, irrespective of the outcome). Each category is limited by the absence of a clear sense of accountability for the choices being made. As we have seen in this chapter, individual character and integrity can depend on many influences and are therefore unlikely to be a consistent standard.

Utilitarianism only focuses on the outcome of the choice without any real concern for the virtue of the actions themselves, and human history has produced many atrocities that have been committed in the name of the "end justifying the means." At the other end of the scale, staying true to morally pure ethical principles without considering the outcome of that choice is equally problematic.

4. Discuss "ethical relativism."

In the absence of a truly comprehensive theory of ethics and a corresponding model or checklist to guide them, many people choose to approach ethical decisions by pursuing the comfort of an ethical majority that reflects a combination of the traditions of their society, their personal opinions, and the circumstances of the present moment. This relativist approach offers more flexibility than the pursuit of definitive black-and-white rules. However, the pursuit of an ethical majority in a peer pressure situation can sometimes have negative consequences.

5. Explain an ethical dilemma, and apply a process to resolve it.

An ethical dilemma is a situation in which there is no obvious right or wrong decision, but rather a right or right answer. In such cases you are required to make a choice even though you are probably leaving an equally valid choice unmade and contradicting a personal or societal ethical value in making that choice. There is no definitive checklist for ethical dilemmas because the issues are often situational in nature. Therefore the best hope for a "right" choice can often fall to the "lesser of two evils" and an outcome you can live with. Arthur Dobrin offers eight questions that should be asked to ensure that you have as much relevant information available as possible (in addition to a clear sense of what you don't know) as to the available choices, the actions needed for each choice, and the anticipated consequences of each choice.

[Key Terms]

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Ethics 4

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Intrinsic Value 4

Society 4

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[Review Questions]

1. Why do we study ethics?
2. Why should we be concerned about doing “the right thing”?
3. If each of us has a unique set of influences and values that contribute to our personal value system, how can that be applied to a community as a whole?
4. Is it unrealistic to expect others to live by the Golden Rule?
5. Consider how you have resolved ethical dilemmas in the past. What would you do differently now?
6. What would you do if your resolution of an ethical dilemma turned out to be the wrong approach and it actually made things worse?

[Review Exercises]

How would you act in the following situations? Why? How is your personal value system reflected in your choice?

1. You buy a candy bar at the store and pay the cashier with a \$5 bill. You are mistakenly given change for a \$20 bill. What do you do?
2. You are riding in a taxicab and notice a \$20 bill that has obviously fallen from someone’s wallet or pocket-book. What do you do?
3. You live in a small midwestern town and have just lost your job at the local bookstore. The best-paying job you can find is at the local meatpacking plant, but you are a vegetarian and feel strongly that killing animals for food is unjust. What do you do?
4. You are having a romantic dinner with your spouse to celebrate your wedding anniversary. Suddenly, at a nearby table, a man starts yelling at the young woman he is dining with and becomes so verbally abusive that she starts to cry. What do you do?
5. You are shopping in a department store and observe a young man taking a watch from a display stand on the jewelry counter and slipping it into his pocket. What do you do?
6. You are the manager of a nonprofit orphanage. At the end of the year, a local car dealer approaches you with a proposition. He will give you a two-year-old van worth \$10,000 that he has just taken as a trade-in on a new vehicle if you will provide him with a tax-deductible donation receipt for a new van worth \$30,000. Your current transportation is in very bad shape, and the children really enjoy the field trips they take. Do you accept his proposition?

[Internet Exercises]

1. Visit the Center for the Study of Ethics in the Professions (CSEP) at the Illinois Institute of Technology: <http://ethics.iit.edu>.
 - a. What is the stated mission of CSEP?
 - b. Identify and briefly summarize a current CSEP research project.
 - c. Explain the purpose of the “NanoEthicsBank.”
 - d. Do you think that an “Ethics Bowl” competition at your institution would be useful in discussing the issues of professional ethics? Why or why not?
2. In these days of increasing evidence of questionable ethical practices, many organizations, communities, and business schools are committing to ethics pledges as a means of underscoring the importance of ethical standards of behavior in today’s society. Using Internet research, find two examples of such pledges and answer the following questions:
 - a. Why did you select these two examples specifically?
 - b. Why did each entity choose to make an ethical pledge?
 - c. In what ways are the pledges similar and different?
 - d. If you proposed the idea of an ethics pledge at your school or job, what do you think the reaction would be?

[Team Exercises]

1. Take me out to the cheap seats.

Divide into two groups, and prepare arguments *for* and *against* the following behavior: *My dad takes me to a lot of baseball games and always buys the cheapest tickets in the park. When the game starts, he moves to better, unoccupied seats, dragging me along. It embarrasses me. Is it OK for us to sit in seats we didn't pay for?*

2. Umbrella exchange.

Divide into two groups, and prepare arguments *for* and *against* the following behavior: *One rainy evening I wandered into a shop, where I left my name-brand umbrella in a basket near the door. When I was ready to leave, my umbrella was gone. There were several others in the basket, and I decided to take another name-brand umbrella. Should I have taken it, or taken a lesser-quality model, or just gotten wet?*

3. A gift out of the blue.

Divide into two groups, and prepare arguments *for* and *against* the following behavior: *I'm a regular customer of a men's clothing mail-order company, and it sends me new catalogs about six times a year. I usually order something because the clothes are good quality with a money-back guarantee, and if the item doesn't fit or doesn't look as good on me as it did in the catalog, the return process is very easy. Last month I ordered a couple of new shirts. When the package arrived, there were three shirts in the box, all in my size, in the three colors available for that shirt. There was no note or card, and the receipt showed that my credit card had been charged for two shirts. I just assumed that someone in the shipping department was recognizing me as a valuable customer—what a nice gesture, don't you think?*

4. Renting a dress?

Divide into two groups, and prepare arguments *for* and *against* the following behavior: *My friend works for a company that manages fund-raising events for nonprofit organizations—mostly gala benefits and auctions. Since these events all take place in the same city, she often crosses paths with the same people from one event to the other. The job doesn't pay a lot, but the dress code is usually very formal. To stretch her budget and ensure that she's not wearing the same dress at every event, she buys dresses, wears them once, has them professionally dry-cleaned, reattaches the label using her own label gun, and returns them to the store, claiming that they were the wrong color or not a good fit. She argues that the dry-cleaning bill is just like a rental charge, and she always returns them for store credit, not cash. The dress shop may have made a sale, but is this fair?*

Source: Exercises 1 and 2 adapted from Randy Cohen, *The Good, the Bad, and the Difference: How to Tell Right from Wrong in Everyday Situations* (New York: Doubleday, 2002), pp. 194–201.

Thinking Critically

1.1

>> THREE CUPS OF TEA: MISMANAGEMENT OR FRAUD?

In April 2011, exposés by journalist Jon Krakauer and *60 Minutes* correspondent Steve Kroft cast a dark shadow over the work of Greg Mortenson, a medic, mountaineer, and education advocate whose charity work in Pakistan and Afghanistan had been documented in two best-selling books, *Three Cups of Tea* and *Stones into Schools*. The success of *Three Cups of Tea* (over 5 million copies of the book have been sold) had led to large donations to Mortenson's charity, the ambitiously named Central Asia Institute (CAI), which was originally founded with a \$1 million donation by Swiss physician and fellow mountaineer Dr. Jean Hoerni in 1996.

Three Cups of Tea, written in the third person as an account of Mortenson's life by coauthor David Oliver Relin, begins with Mortenson failing to climb K2, the second-highest mountain on earth, in honor of his little sister Christa, who died in 1992. Exhausted and disoriented in unfamiliar surroundings, Mortenson stumbles into a village that he believes to be Askole. The village is actually Korphe, but the villagers welcome him and take care of him (with multiple cups of tea) while he recuperates from his extreme exhaustion. Mortenson is inspired by their generosity and promises to return and to build them a school.

Fast forward to 2011. Mortenson's charity, CAI, has received over \$72 million in donations since 2003 (including \$100,000 donated by President Barack Obama from his Nobel Peace Prize in 2009—an award for which, ironically, Mortenson was also nominated) and has \$23 million in reserves. Mortenson has given over five hundred speaking engagements in the last four years, and the CAI has, it claims, built over 170 schools in Central Asia and is actively supporting dozens more. *Three Cups of Tea* has become required reading for all western military personnel assigned to Central Asia.

Subsequent investigative reporting by Krakauer and CBS correspondent Steve Kroft alleged that much of Mortenson's story was either significantly embellished or fabricated—he didn't lose his way descending from K2; he wasn't rescued by the villagers of Korphe; and he was never captured by the Taliban in 1996 as he claimed in *Three Cups of Tea*. It was further alleged that he was mismanaging the CAI and using it as his "personal ATM." Specific details were later made public in court records that appeared to support these allegations:

- In 2009–2010 Mortenson and his family charged personal items to CAI in the amount of \$75,276 that included "LL Bean clothing, iTunes, luggage, luxurious accommodations, and even vacations."
- CAI spent more than \$2 million on private charter flights for Mortenson's speaking engagements, even when he was reimbursed for travel fees by event organizers.
- Standard speaking fees started at \$15,000 in 2008, with 25 percent of that going to the Penguin Speakers Bureau (Penguin was Mortenson's publisher). In subsequent years, that rate increased to \$35,000, with Penguin Speakers Bureau getting the same 25 percent. Mortenson kept the balance of all fees.
- On average, only 41 percent of donations went to CAI's work in Central Asia—much of the rest went to bulk purchases (\$3 million) of his books at full retail price to keep them on the best-seller lists (with Mortenson keeping the royalties), to travel expenses, and to advertising costs for the books (\$5 million).

Mortenson's defenders argue that he is "more of a founding visionary than the disciplined CEO necessary to run a \$20 million-a-year charity." However, investigations by the attorney general of the State of Montana in response to a civil lawsuit have verified most of the allegations made against Mortenson. CAI has responded

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by agreeing to a repayment amount by Mortenson of \$1 million, by removing him from day-to-day operations (though he remains in a "visionary" capacity with the organization), and by appointing a new, larger, board of directors. Other civil litigation is ongoing.

Mortenson, by contrast, blamed his coauthor's "artistic license" and "time compression" in telling his story as being at the root of much of the confusion and misinformation surrounding CAI. Penguin Publishing, the publisher, has admitted that minimal fact checking was performed in reviewing the first draft of the book.

QUESTIONS

1. Based on the evidence presented in this case study, was Mortenson's work at the CAI an example of deliberate fraud or mismanagement? Defend your position. *VALUE CONFLICTS pg. 14*
2. How does the conduct of the CAI board relate to this case? *pg. 15*
3. From a business ethics perspective, which was worse, the conduct of the CAI board or the conduct of Mortenson himself? Why? *pg. 21*
4. Why would CAI want to keep Mortenson in a "visionary" capacity?
5. If Mortenson's claims have misled donors, should the CAI return the money? Why or why not?
6. What should be done to restore the reputation of the CAI?

Sources: Matt Volz, "Greg Mortenson, 'Three Cups of Tea' Author, Must Repay Charity \$1 Million: Report," Associated Press, April 5, 2012; Alex Heard, "The Trials of Greg Mortenson," *Outside Online*, February 12, 2012; Katha Pollitt, "The Bitter Tea of Greg Mortenson," *The Nation*, April 27, 2011; Nicholas D. Kristoff, "Three Cups of Tea, Spilled," *The New York Times*, April 20, 2011; Peter Hessler, "What Mortenson Got Wrong," *The New Yorker*, April 21, 2011; and Jon Krakauer, "Three Cups of Deceit," *Byliner*, April 2011.

Thinking Critically

1.2

>> THE MAN WHO SHOCKED THE WORLD

In July 1961, a psychologist at Yale University, Dr. Stanley Milgram, a 28-year-old Harvard graduate with a PhD in social psychology, began a series of experiments that were destined to shock the psychological community and reveal some disturbing insights into the capacity of the human race to inflict harm on one another. Participants in the experiments were members of the general public who had responded to a newspaper advertisement for volunteers in an experiment on punishment and learning.



The "teacher" in the experiment (one of Milgram's team of researchers) instructed the participants to inflict increasingly powerful electric shocks on a test "learner" every time the learner gave an incorrect answer to a word-matching task. The shocks started, in theory, at the low level of 15 volts and increased in 15-volt increments up to a potentially fatal shock of 450 volts. In reality, the voltage machine was an elaborate stage prop, and the learner was an actor screaming and imitating physical suffering as the voltage level of each shock appeared to increase. The participants were told about the deception at the end of the experience, but during the experiment they were led to believe that the voltage and the pain being inflicted were real. The teacher used no force or intimidation in the experiment other than maintaining an air of academic seriousness.

The experiment was repeated more than 20 times using hundreds of research subjects. In every case the majority of the subjects failed to stop shocking the learners, even when they believed they were inflicting a potentially fatal voltage and the learner had apparently stopped screaming with pain. Some did plead to stop

the test, and others argued with the teacher that the experiment was going wrong, but in the end, the majority of them obeyed the instructions of the teacher to the letter.

It's important to remind ourselves that these research participants were not criminals or psychopaths with a documented history of sadistic behavior. They were average Americans who responded to an ad and came in off the street to take part. What Milgram's research appears to tell us is that people are capable of suspending their own individual morality to someone in authority—even killing someone just because they were instructed to do it.

Milgram's research shocked the academic world and generated heated debate about the ethical conduct of the study and the value of the results in comparison to the harm inflicted on the research participants who were led to believe that it was all really happening. That debate continues to this day, even though subsequent repetitions of the study in various formats have validated Milgram's original findings. Almost 50 years later, we are faced with research data that suggest ordinary human beings are capable of performing destructive and inhumane acts without any physical threat of harm to themselves. As Thomas Bass commented, "While we would like to believe that when confronted with a moral dilemma we will act as our conscience dictates, Milgram's obedience experiments teach us that in a concrete situation with powerful social constraints, our moral senses can easily be trampled."

QUESTIONS

1. Critics of Milgram's research have argued that the physical separation between the participant and the teacher in one room and the learner in the other made it easier for the participant to inflict the shocks. Do you think that made a difference? Why or why not?
2. The treatment of the participants in the study raised as much criticism as the results the study generated. Was it ethical to mislead them into believing that they were really inflicting pain on the learners? Why?
3. The participants were introduced to the learners as equal participants in the study—that is, volunteers just like them. Do you think that made a difference in the decision to keep increasing the voltage? Why?
4. What do you think Milgram's research tells us about our individual ethical standards?
5. Would you have agreed to participate in this study? Why or why not?
6. Do you think if the study were repeated today we would get the same kind of results? Why?

Sources: A. Cohen, "Four Decades after Milgram, We're Still Willing to Inflict Pain," *The New York Times*, December 29, 2008; and A. Altman, "Why We're OK with Hurting Strangers," *www.time.com*, December 19, 2008.

Thinking Critically

1.3

>> LIFE AND DEATH • Elder Suicide or Dignified Exit?

A Letter from Ohio

I'm 80. I've had a good life—mostly pretty happy, though certainly with its ups and downs. My wife died seven years ago. My children are healthy and happy, busy with their kids, careers, friends. But I know they worry about me; they feel increasingly burdened with thoughts about how to care for me when I can no longer care for myself, which—let's not kid ourselves—is coming all too soon. I live four states away from them so either they will have to uproot me and move me close to them or I'll have to go live in a nursing home. I don't relish either option. This town has been my home for nearly my whole adult life, and I don't fancy leaving. On the other hand, I do not want to live among strangers and be cared for by those who are paid minimum wage to wash urine-soaked sheets and force-feed pudding to old people.

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