

your company is doing something illegal and have to decide what you are going to do about it, or maybe your boss will ask you to do something you think is wrong. Ethical choices confront everyone in business, and this text hopes to give you some ways of thinking through these choices.

We begin in this chapter by discussing three preliminary topics: (1) the nature of business ethics and some of the issues it raises, (2) moral reasoning and moral decision-making, and (3) moral responsibility.

1 The Nature of Business Ethics

According to the dictionary, the term *ethics* has several meanings. One of the meanings given to it is: "the principles of conduct governing an individual or a group."⁸ We sometimes use the term *personal ethics*, for example, when referring to the rules by which an individual lives his or her personal life. We use the term *accounting ethics* when referring to the code that guides the professional conduct of accountants.

A second—and for us more important—meaning of *ethics* according to the dictionary is this: Ethics is "the study of morality." Just as chemists use the term *chemistry* to refer to a study of the properties of chemical substances, ethicists use the term *ethics* to refer primarily to the study of morality. Although ethics deals with morality, it is not quite the same as morality. Ethics is a kind of investigation—and includes both the activity of investigating as well as the results of that investigation—whereas morality is the subject matter that ethics investigates.

Morality

morality The standards that an individual or a group has about what is right and wrong or good and evil.

So what, then, is morality? We can define **morality** as the standards that an individual or a group has about what is right and wrong, or good and evil. To clarify what this means, let's consider another case, one that is a bit different from the Merck case.

→ Several years ago, B. F. Goodrich, a manufacturer of vehicle parts, won a military contract to design, test, and manufacture aircraft brakes for the A7-D, a new light airplane the U.S. Air Force was designing. To conserve weight, Goodrich managers guaranteed that their compact brake would weigh no more than 106 pounds, contain no more than four small braking disks or "rotors," and be able to repeatedly stop the aircraft within a specified distance. The contract was potentially very lucrative for the company and so its managers were anxious to deliver a brake that "qualified," that is, that passed all the tests the U.S. Air Force required for the A7-D.

An older Goodrich engineer, John Warren, designed the brake. A young engineer named Searle Lawson was given the job of determining the best material to use as the brake lining and testing the brake to make sure it "qualified." Searle Lawson was in his twenties. He had just graduated from school with an engineering degree and Goodrich had only recently hired him.

Lawson built a "prototype"—a working model—of the small brake to test lining materials. He found that when the brake was applied, the linings on the four rotors heated up to 1500 degrees and began disintegrating. When he tried other linings and

got the same results, Lawson went over Warren's design and decided it was based on a mistake. By his own calculations, there was not enough surface area on the rotors to stop an airplane in the required distance without generating so much heat the linings failed. Lawson went to Warren, showed him his calculations and suggested Warren's design should be replaced with a new design for a larger brake with five rotors. Warren rejected the suggestion that his design was based on a mistake that a "green kid" just out of engineering school had discovered. He told Lawson to keep trying different materials for brake linings until he found one that worked.

But Lawson was not ready to give up. He went to talk with the manager in charge of the project and showed him his calculations. The project manager had repeatedly promised his own superiors that development of the brake was on schedule and knew he would probably be blamed if the brake was not delivered as he had promised. Moreover, he probably felt he should trust Warren who was one of his best engineers, rather than someone just out of engineering school. The project manager told Lawson that if Warren said the brake would work, then it would work. He should just keep trying different materials like Warren told him to do. Lawson left the project manager feeling frustrated. If he did not have the support of his superiors, he thought, he would just keep working with the brake Warren designed.

Several weeks later Lawson still had not found a lining that would not disintegrate on the brake. He spoke with his project manager again. This time his project manager told him to just put the brake through the tests required to "qualify" it for use on the A7-D airplane. Then, the manager told him in no uncertain terms that no matter what, he was to make the brake pass all its qualifying tests. His manager's orders shook Lawson and he later shared his thoughts with Kermit Vandivier, a technical writer who had been assigned to write a report on the brake:

I just can't believe this is really happening. This isn't engineering, at least not what I thought it would be. Back in school I thought that when you were an engineer you tried to do your best, no matter what it cost. But this is something else. I've already had the word that we're going to make one more attempt to qualify the brake and that's it. Win or lose, we're going to issue a qualification report. I was told that regardless of what the brake does on tests, it's going to be qualified.⁹

I just can't believe this is really happening.
Adapted from Kermit Vandivier "Why should my conscience bother me?" In Robert Heilbroner IN THE NAME OF PROFIT. Copyright 1972 Doubleday, a division of Random House Inc. Used with permission.

Lawson put together a production model of the brake and ran it through the tests a dozen times. It failed every time. On the thirteenth attempt, Lawson "nursed" the brake through the tests by using special fans to cool the brake and by taking it apart at each step, cleaning it carefully, and fixing any distortions caused by the high heat. At one point, a measuring instrument was apparently deliberately miscalibrated so it indicated that the pressure applied on the brake was 1000 pounds per square inch (the maximum available to the pilot in the A7-D aircraft) when the pressure was actually 1100 pounds per square inch.

Kermit Vandivier, who was to write the final report on the tests, was also troubled. He talked the testing over with Lawson who said that he was just doing what the project manager had ordered him to do. Vandivier decided to talk with the senior executive in charge of his section. The executive listened, but then said, "It's none of my business and it's none of yours." Vandivier asked him whether his conscience would bother him if during flight tests on the brake something should happen resulting in death or injury to the test pilot. The Goodrich executive answered, "Why should my conscience bother me? ... I just do as I'm told, and I'd advise you to do the same."¹⁰

When Kermit Vandivier was told to write up a report that concluded the brake had passed all qualifying tests, he refused. Such a report, he felt, would amount to

“deliberate falsifications and misrepresentations” of the truth.¹¹ But a short time later, he changed his mind. He later said:

My job paid well, it was pleasant and challenging. Adapted from Kermut Vandivier “Why should my conscience bother me?” In Robert Heilbroner IN THE NAME OF PROFIT. Copyright 1972 Doubleday, a division of Random House Inc. Used with permission.

My job paid well, it was pleasant and challenging, and the future looked reasonably bright. My wife and I had bought a home . . . If I refused to take part in the A7-D fraud, I would have to either resign or be fired. The report would be written by someone anyway, but I would have the satisfaction of knowing I had had no part in the matter. But bills aren’t paid with personal satisfaction, nor house payments with ethical principles. I made my decision. The next morning I telephoned [my superior] and told him I was ready to begin the qualification report.¹²

Lawson and Vandivier wrote the final report together. “Brake pressure, torque values, distances, times—everything of consequence was tailored to fit” the conclusion that the brake passed the qualifying tests.¹³ A few weeks after Goodrich published their report, the U.S. Air Force put the brakes on A7-D test planes and pilots began flying them.

Below, we will talk about what happened when test pilots flew the planes equipped with the Goodrich brakes. At this point, note that Lawson believed that as an engineer he had an obligation “to do your best, no matter what it cost,” and that Vandivier believed it was wrong to lie and to endanger the lives of others, and believed also that integrity is good and dishonesty is bad. These beliefs are all examples of moral standards. **Moral standards** include the *norms* we have about the kinds of actions we believe are morally right and wrong, as well as the *values* we place on what we believe is morally good or morally bad. Moral norms can usually be expressed as general rules about our actions, such as “Always tell the truth,” “It’s wrong to kill innocent people,” or “Actions are right to the extent that they produce happiness.” Moral values can usually be expressed with statements about objects or features of objects that have worth, such as “Honesty is good,” and “Injustice is bad.”

moral standards The norms about the kinds of actions believed to be morally right and wrong as well as the values placed on what we believe to be morally good and morally bad.

Where do moral standards come from? Typically, moral standards are first learned as a child from family, friends, and various societal influences such as church, school, television, magazines, music, and associations. Later, as we mature, our experience, learning, and intellectual development will lead us to think about, evaluate, and revise these standards according to whether we judge them to be reasonable or unreasonable. You may discard some standards that you decide are unreasonable, and may adopt new standards because you come to believe they are more reasonable than the ones you previously accepted. Through this maturing process, you develop standards that are more rational and so more suited for dealing with the moral issues of adult life. As Lawson and Vandivier’s example shows, however, we do not always live up to the moral standards we hold; that is, we do not always do what we believe is morally right nor do we always pursue what we believe is morally good. Later in the chapter, we will look at how our actions can become disconnected from our moral beliefs.

nonmoral standards The standards by which we judge what is good or bad and right or wrong in a nonmoral way.

Moral standards can be contrasted with norms or standards we hold about things that are not moral. Examples of **nonmoral standards and norms** (sometimes also called “conventional” standards and norms) include the standards of etiquette by which we judge people’s manners as good or bad, the rules of behavior set by parents, teachers, or other authorities, the norms we call *the law* by which we determine what is legally right and wrong, the standards of language by which we judge what is grammatically right and wrong, the standards of art by which we judge whether a painting or a song is good or bad, and the sports standards by which we judge how well a game of football or basketball is being played. In fact, whenever we make judgments about