

TOOLS FOR MAKING ETHICAL DECISIONS

Twelve Questions for Examining the Ethics of a Business Decision

1. Have you defined the problem accurately?
2. How would you define the problem if you stood on the other side of the fence?
3. How did this situation occur in the first place?
4. To whom and to what do you give your loyalty as a person and as a member of the corporation?
5. What is your intention in making this decision?
6. How does this intention compare with the probable results?
7. Whom could your decision or action injure?
8. Can you discuss the problem with the affected parties before you make your decision?
9. Are you confident your position will be as valid over a long period of time as it seems now?
10. Could you disclose without qualm your decision or action to your boss, your CEO, the board of directors, your family, society as a whole?
11. What is the symbolic potential of your action if understood? If misunderstood?
12. Under what conditions would you allow exceptions to your stand?

Source: Nash, Laura L. "Ethics Without the Sermon," *Harvard Business Review*, November 1981/December 1981: 79.

The Six-Question Guidelines for Ethical Decision Making

1. Why is this bothering me? (Is it really an issue? Am I genuinely perplexed or am I afraid to do what I know is right?)
2. Who else matters? (Who are the stakeholders who may be affected by my decisions?)
3. Is it *my* responsibility? (What is my role? How far should I go in resolving the issue?)
4. What is the *ethical* concern? (Legal obligation, fairness, promise keeping, honesty, doing good, avoiding harm?)
5. What do others think? (Who can I ask for advice? Can I learn from those who disagree with my judgment?)
6. Am I being true to myself? (What kind of person or company would do what I am contemplating? Could I share my decision "in good conscience" with my family? With my colleagues and public officials?)

Source: Rion, Michael. *The Responsible Manager* (Hartford: Resources for Ethics and Management, 1996).

A Framework for Ethical Decision-Making

Recognize an Ethical Issue

1. Is there something wrong personally, interpersonally, or socially? Could the conflict, the situation or the decision be damaging to people or to the community?
2. Does the issue go deeper than legal or institutional concerns? What does it do to people as persons who have dignity, rights, and hopes for a better life together?

Get the Facts

3. What are the relevant facts of the case?
4. What individual and groups have an important stake in the outcome? Do some have a great stake because they have a special need or because we have special obligations to them?
5. What are the options for acting? Have all the relevant persons and groups been consulted? If you showed your list of options to someone you respect, what would that person say?

Evaluate Alternative Actions from Various Ethical Perspectives

6. Which option will produce the most good and do the least harm?
7. Which option is fair to all the stakeholders? Even if not everyone gets all they want, will everyone's rights and dignity still be respected?
8. Which option would help all participate more fully in the life we share as a family, community, society?
9. Would you want to become the sort of person who acts this way (e.g., a person of courage or compassion)?

Make A Decision

10. Considering these perspectives, which of the options is the right or best thing to do?
11. If you told someone you respect why you chose this option, what would that person say?

Act, Then Reflect on the Decision Later

12. How did it turn out for all concerned? If you have to do it over again, what would you do differently?

Source: Markkula Center for Applied Ethics, Santa Clara University, www.scu.edu/ethics, 2001.

Norman Augustine's Four Questions to Determine a Course of Action

1. Is it legal?
2. If someone else did it to you, would you think it was fair?
3. Would you be content if it appeared on the front page of your hometown newspaper?
4. Would you like your mother to see you do it?

Source: Augustine, Norman R., "Reaping the Returns of Ethical Acts: An American Imperative," *Vital Speeches of the Day*, August 15, 1997: Vol. 63, No. 21: 658-660. Address given to the School of Business Administration, Georgetown University, Washington, D.C., May 24, 1997.

Peter Drucker's "Mirror Test"

Ethics, says Peter Drucker, requires us to ask ourselves:

"What kind of person do I want to see when I shave myself in the morning, or put on my lipstick in the morning?"

"As the story goes, the most highly respected diplomatist of all the Great Powers in the early years of this century was the German Ambassador in London. He was clearly destined for higher things, at least to become his country's Foreign Minister, if not German Federal Chancellor. Yet, in 1906, he abruptly resigned. King Edward VII had then been on the British throne for five years, and the diplomatic corps was going to give him a big dinner. The German ambassador, being the dean of the diplomatic corps—he had been in London for close to fifteen years—was to be the chairman of that dinner. King Edward VII was a notorious womanizer and made it clear what kind of dinner he wanted—at the end, after the desert had been served, a huge cake was going to appear, and out of it would jump a dozen or more naked prostitutes as the lights were dimmed. And the German ambassador resigned rather than preside over this dinner. "I refuse to see a pimp in the mirror in the morning, when I shave."

Source: Drucker, Peter F. *Management Challenges for the 21st Century* (New York: HarperBusiness, 1999), p. 175.

Seglin's Money, People, and The Common Good

To take a fuller reading of how ethical your impending action might be, you need to measure its external effects. You can think of these effects as falling into three spheres:

1. *money*, meaning decisions involving capital and finance;
2. *people*—anybody the company works with, employs, or sells to; and
3. the *community at large, the environment, or other bystanders*.

The goal is to assess how your potential actions will affect each of these spheres and to reach a decision that most closely addresses each of their needs.

Source: Seglin, Jeffrey L. "How to Make Tough Ethical Calls," *Harvard Management Update*, April 2005, p. 9.

CASES

1

TROUBLED EMPLOYEES

You own a software consulting firm. You install expensive customized software. The day an installation is to take place, your lead consultant fails to show up. His absence ends up costing your company \$200,000. You track down the employee a few days later and find out that he's a recovering alcoholic who started drinking again. Do you fire him?

Say you give him a second chance. Six months pass. Again he doesn't show up? It costs your company significantly less this time around, but what do you do now? Do you give him another chance?

Source: Seglin, Jeffrey L. "The Savior Complex," *Inc.* magazine, February 1999. Found online at: <http://www.inc.com/magazine/19990201/725.html>.

2

WOULD YOU LIE?

You own a company that refurbishes engines for jets used by the airlines. You're going through the last stages of your annual audit. On the papers you must sign off on is the statement that you know of no other information that will cause financial harm to the company. As that paper sits on your desk, you get a fax telling you that 11 planes have been grounded because of faulty engines. The problem may be linked to parts you supplied, but no investigation has taken place and you're not certain what the problem is. The papers must be signed by end of day to comply with the auditing process. Do you sign them?

If you do, do you later disclose the problem to the public? Your board? Your key executives? Lawyers? Who?

Source: Seglin, Jeffrey L. "Would You Lie to Save Your Company?" *Inc.* magazine, July 1998. Found online at: <http://www.inc.com/magazine/19980701/961.html>.

3

GOING GREEN

You're the owner of a company that makes inexpensive cotton shirts and garments for a major discount retailer. You also consider yourself an ardent environmentalist, having worked to save forest area and natural waterways in your community. After finding out how many pesticides are used in the growing of cotton, you decide to explore the use of organic cotton in your garments. You're sold on the idea but your large customers don't want you to indicate that your cotton is pesticide free on the label for fear of drawing attention to all the clothes it sells that aren't pesticide free. So you can't charge more for the garment. Do you start using the organic cotton anyway and eat the cost? If not, what do you do?

I'm your partner and I don't share your environmental concerns. I insist we find the cheapest provider of cotton and continue to do business the way we've always done it.

I'm the representative of your large retail customer and I find out that you've become a vocal advocate in favor of only using organic cotton. We don't use organic cotton in our stores and I find your involvement in this effort to be a problem. I ask you to stop. Do you?

Source: Seglin, Jeffrey L. "It's No That Easy Going Green," *Inc.* magazine, May 1999. Found online at: <http://www.inc.com/magazine/19990501/791.html>