



The Practice of

HEALTH PROGRAM EVALUATION

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The Foundation of Ethical Thought

The biggest corporation, like the humblest citizen, must be held to strict compliance with the will of the people.

—Theodore Roosevelt

We demand that big business give people a square deal; in return we must insist when anyone engaged in big business honestly endeavors to do right, he shall himself be given a square deal.

—Theodore Roosevelt

Chapter Objectives

After reading and studying Chapter 1, students should be able to

1. Define the terms *ethics* and *business ethics*.
2. Describe the different types of ethical examinations and frameworks.
3. Explain the seven deadly sins and their relationship to ethical behavior.
4. Discuss the Global Business Standards Codex with respect to a company's responsibility.

Panera Cares Community Cafés: A Loaf in Every Arm

The foundation arm of Panera Bread has established the “Panera Cares community café” program. A Panera Cares café is a café in which the customers decide how much to pay for their meal. The menu is consistent with a regular Panera Bread café, and for those customers with limited financial resources, the café will exchange one hour of volunteer work for a meal. Panera Bread’s philosophy is that “at the end of the day, this café isn’t about offering a handout. It’s about offering a hand up to those who need it.”¹ Located in Portland, Oregon; Clayton, Missouri; Chicago, Illinois; Boston, Massachusetts; and Dearborn, Michigan, the Panera Cares locations are strategically selected based on the needs of the local community and infrastructure variables such as easy access via public transportation. There are no prices or cash registers; there are only suggested donation levels and donation bins. Panera Cares café is run by the Panera Bread Foundation, a registered charitable organization. With the identification of a broad customer target market, Panera Cares states that its mission is to “make a difference by offering the Panera Bread experience with dignity to all—those who can afford it, those who need a hand up, and everyone in between.”² Customers who have the means to pay for the meal like the option of deciding how much to contribute. For example, one day the customer may be generous and pay above what the price of the meal would cost in a traditional Panera Bread, but other times the customer may only have a few dollars on hand to pay for the food. In fact, the majority of the customers pay the retail value of the food or more. Panera Bread has calculated that approximately 60% of the customers pay the retail value, 20% pay more than the retail value, and 20% pay less than the retail value. Panera Bread has found that the communities surrounding the Panera Cares cafés have embraced the concept that this café will ultimately survive because of shared responsibility. The average Panera Cares café will generate revenue of \$100,000 monthly and yield a “profit” of \$3,000 to \$4,000 a month. The profits are used to fund job training programs for high-risk young people. The graduates of the job training programs are offered work at other traditional Panera Bread cafés. Panera Bread founder Ronald Shaich stated that there are a few people that abuse the system but that “More people are fundamentally good. . . . People step up and they do the right thing.”³

Introduction

As human beings, we are accountable for our actions. Our day-to-day interactions in every activity we participate in affect both the human and the nonhuman elements of our world. As a result, as employees of a business organization, we take on the additional burden of also being responsible for the actions of the business organization. An underlying component in guiding our behavior both inside and outside a business setting is the role of ethics.

Ethics can be defined as the values that an individual uses to interpret whether any particular action or behavior is considered acceptable and appropriate. Some questions that could be asked to help identify the values needed to interpret the particular action or behavior could be the following:

1. Is the behavior or action consistent with the overall basic duties of the individual in question?
2. Does the behavior or action acknowledge and respect the underlying rights of all the individuals who will be affected by the action?
3. Would the behavior or action be considered the best practice in that specific set of circumstances?
4. Does the behavior or action match the overall entrenched beliefs of the individual?⁴

Business ethics can be defined as the collective values of a business organization that can be used to evaluate whether the behaviors of the organization's collective members are considered acceptable and appropriate. To understand what is acceptable and appropriate for individuals, their moral values must be identified and supported.

The Role of Morals

The moral values of an individual comprise three components, which are the individual's principles, the individual's character, and the consequences of a particular action. Although each of these components is distinctive, there are also numerous interactions among the components.⁵ Individuals rely on their own principles and standards of conduct to determine what course of action to take. Through various sources, such as religious affiliations, individuals are "taught" to determine "right" from "wrong." In addition, being a member of society "teaches" individuals what are acceptable principles or moral standards based on the moral values of the society. The moral values of the individual are based on his or her character. This component includes the strength of character, virtue, and integrity. Strength of character is based on adhering to one's moral beliefs even if it will result in a great cost for the individual. *Virtue* embodies characteristics such as prudence, fairness, trustworthiness, and courage. *Integrity* can be described as the ability to have a clear conscience and be at peace with your actions. The consequences of the individual's actions focus on the moral importance to the "ends" as well as the "means." You have to strive for a morally positive outcome and not just have positive moral actions. The result is as important as the avenue taken to reach that result.⁶ The ends and the means are critical issues related to business ethics as they are incorporated into a free enterprise society.

Is Greed Good?

The point is, ladies and gentleman, that greed—for lack of a better word—is good. Greed is right. Greed works. Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms—greed for life, for money, for love, knowledge—has marked the upward surge of mankind. And greed—you mark my words—will not only save Teldar Paper, but that other malfunctioning corporation called the USA.⁷

—Gordon Gekko, *Wall Street*, 1987

In the movie *Wall Street*, Michael Douglas plays the role of Gordon Gekko, who is a corporate raider. A corporate raider such as Gekko buys a majority of stock in

underperforming companies in which the total market capitalization of the company is below the value of the assets. This means that the asset value of the company is higher than the total value of outstanding stock of the company. Gekko, like other corporate raiders of the time, would buy a controlling interest in the company and then break up the company by selling the assets separately and would capture the arbitrage difference between the higher asset price and the total market capitalization. While attending the annual meeting of a company in which he had just become the majority shareholder, Teldar Paper, Gekko presented this speech to the stockholders about the virtues of greed. This section of the speech, which lasts less than 45 seconds on screen, identifies the true underlying conflict that is inherent in a capitalistic economy and is the basis of any discussion related to the value of business ethics. The free enterprise system is based on motivating individuals to be productive. The more productive they are, the more resources they are able to accumulate. Thus, according to Gekko, individual self-interests and greed are integral for the success of a capitalistic society. Individuals must understand and agree to the rewards of their actions to meet the expectations of their jobs. As Gekko states, people are rewarded for their efforts through this competition of being better than others. As with any competition, however, there are both winners and losers. The ideals of business ethics attempt to address this distinction of “winners” and the rest of society. Although everyone has the right and freedom to accumulated resources based on their efforts, there is a line at which the self-interests of the individual do not supersede the interests of society. The establishment of laws and regulations control this type of behavior. Furthermore, as free will can be used to accumulate resources, it can also be used to determine what is perceived to be ethical or not. For example, it may be legal to have young girls sew shirts together for the equivalent of one dollar a day in developing countries such as Bangladesh and India; however, the question each company that considers this option must also ask is whether this action is ethical.

The study of business ethics is not always a black-and-white or a yes-or-no decision. The complexity of the issue must be considered by each decision maker as he or she makes decisions that affect the company and other stakeholders in society. For example, the opening vignette on the Panera Cares community cafés highlights how one company has addressed hunger in the community by allowing the customers to determine how much they would pay for the meal or provide one hour of volunteer work in exchange for the meal. Therefore, Panera Bread determined that the “cost” of offering these meals at below the traditional retail cost is more than offset by the company’s outreach commitment to local communities. This is an example of the complexity surrounding the concept of business ethics and underlies why studying ethics is important.

Why Is Studying Ethics Important?

Business ethics can be described as having many shades of gray rather than being black and white. Within a corporate environment, individuals are always being tested to determine the direction of their moral compasses. In a highly competitive global environment, there are many Gordon Gekkos who will do whatever it takes to win, even if it includes unethical actions. For many individuals, the ends rather than the means are important. As long as they “win” the competition, they do not care what means they use to obtain the “victory.”

As a result, each individual decision maker is vulnerable to pressures, both from peers and superiors, that may not coincide with his or her ethical beliefs. A 2012 study by Ernst & Young (E&Y)⁸ demonstrates how entrenched unethical behavior can be within corporations. More than 1,700 executives from 43 countries were surveyed by E&Y. Fifteen percent of the respondents stated that they would be willing to make cash payments in the form of a bribe to obtain business from a customer. In addition, 39% of the executives responded that bribery and corruption are common in doing business in their countries. Furthermore, 24% of the executives stated that bribery and corruption had increased due to the global economic downturn. Five percent of the executives admitted that they would be willing to misstate financial performance to achieve the company's objectives, which was an increase from 3% in the previous study. The results of the study also show that executives from numerous companies have little if any control systems in place to stop unethical behavior. Of the respondents, 13% stated their firms did not perform regular internal audits, 23% of the respondents stated their company does not have a regular audit from an external auditor, and 44% of the respondents worked for companies that did not have a whistle-blower hotline. Furthermore, 81% of the executives stated that their companies had corporate policies addressing corruption issues, yet only 42% of the executives had received training on the anticorruption policies. Each individual must know his or her own ethical beliefs, as well as those of his or her employer. To understand how ethics play a role in an individual decision-making process, it is important to understand that there are different types of ethical examinations. Information pertaining to ethical issues can be classified as descriptive, analytical, and normative.

The Foundation of Ethical Theory

Types of Ethical Examinations

Descriptive ethics is the presentation of facts related to the specific ethical actions of an individual or organization. Descriptive ethics is used when an observer wants to understand the course of events that generated the ethical issue. Within the descriptive ethics context, there is no interpretation of the facts or assumptions concerning why certain courses of action took place.

The second way in which ethics can be examined is through an analytical lens. *Analytical ethics* can be described as understanding the reasons a course of action that may have an ethical impact took place. Analytical ethics, or metaethics, moves from the how and when inquiry, which is the basis of the descriptive ethics viewpoint, to inquiring why something is happening. Hypotheses can be developed from analytical ethics to help us understand the relationship between different variables affecting ethical behavior. From a legal standpoint, analytical ethics would address the "motive" behind the actions instead of just being satisfied with a description of the actions.

The third approach to view ethics is from a normative perspective. *Normative ethics* can be defined as a prescribed course of action that attempts to ensure that ethical behavior will be followed in the future. Normative ethics moves the evaluation of the ethical behavior from a past to a future tense. Normative ethics presents information on what should be done in the future rather than what was done in the past, which

are both part of descriptive and analytical ethics. This prescriptive approach allows employees and managers to address potential ethical issues before they occur.⁹

An Example of Ethical Examinations Using Enron Executives

The use of descriptive, analytical, and normative ethical examinations can be used to describe the actions of the two former CEOs of Enron Corporation, Kenneth Lay and Jeffrey Skilling.

Descriptive The descriptive examination is the presentation of the facts of the unethical behavior at Enron. These facts include having Enron manipulate the financial statements of the company using complex off-balance sheet transactions. Lay and Skilling sold Enron stock after they knew the company was going to collapse, yet they told its stockholders that the stock would continue to go up in price. The harassment by Enron executives of the whistle-blower, Sherron Watkins, who was trying to help the company and the employees, is another example of the facts of the case.

Analytical The analytical ethical examination of the Enron collapse includes, in part, trying to understand why Lay and Skilling acted unethically. Through their individual cognitive lenses, Lay and Skilling stated (and did even after their convictions) that they had done nothing wrong. They were the CEOs; they received agreement from their external auditor, Arthur Andersen, about their off-balance sheet accounting; and were allowed to sell stock when they wanted to but still stated that the stock price was going to go up. Alternatively, it could be argued that Lay and Skilling knew their actions were unethical, yet they thought they were too smart or too clever to be caught. One of the many creeds at Enron was that the employees were always the best and brightest and can out-negotiate and outthink anyone—whether it was a company, the state of California, or the U.S. Department of Justice.

Normative There has been a direct normative response to the Enron collapse. The design of the Sarbanes-Oxley (SOX) Act was, in part, a direct response to the unethical activities at Enron. Government regulations from SOX now impose limits on how long external auditors can work for the same client, barred having the external auditor also provide consulting advice (which occurred between Arthur Andersen and Enron), forced top executives including the CEO to disclose stock transactions within 2 days of the event, and strengthened the power of the board of directors to challenge the actions of the CEO. SOX reinforces the belief that every cloud has a silver lining. Even though many companies initially complained about the cost and red tape associated with SOX, more than 12 years after its passage, SOX has fortified the image and belief that the United States has the strongest due diligence and protection of investor rights in the world.

Teleological Frameworks

Although types of ethical examinations focus on information and how decision makers use information, teleological ethical frameworks focus on explaining the conduct of the individual from a philosophical perspective. Teleological frameworks focus on the results of the conduct of the individual. Derived from the Greek word for fulfillment,

telos, these frameworks focus on the ramifications, positive and negative, resulting from the actions and conduct of individuals. The three teleological frameworks are ethical egoism, utilitarianism, and Sidgwick's dualism.¹⁰

Ethical Egoism

Although Thomas Hobbes has been credited with the development of ethical egoism, it can be said that Plato may have actually been the father of the ideas that have evolved into this framework. Contemporary writers such as Ayn Rand have embraced the concept of focusing on each individual's self-interest. Ethical egoism is based on the belief that every individual should act in a way to promote himself or herself if the net result will generate, on balance, positive rather than negative results.

Derived from the Latin word *ego*, which is defined as one's self, ethical egoism allows self-interests to play a role in the actions of the individual as long as there are also positive benefits for others. Of course, individuals who abide by the philosophy of ethical egoism may have different interpretations about what would be considered, on balance, an action that is good for others as well as themselves. Some ethical egoists may argue that based on their own perceptions, all of their actions, on balance, generate more positive than negative benefits. This level of rationalization may evolve into the justification that pursuing a person's self-interest is necessary to generate a positive outcome for others.

The supporters of ethical egoism argue that this framework is the only ethical model that captures the essence of motivation within individuals. Without self-interest, ethical egoists argue, why would someone do anything? As a result, ethical egoists argue that their philosophy supports a "win-win" proposition. An individual will reward his or her self-interest while yielding benefits for the rest of society. Those who argue against ethical egoism state that part of the connection of the actions that motivate an individual also require certain obligations of an individual.¹¹

Utilitarianism

The utilitarianism movement started in England in the 18th century. Originally developed by Jeremy Bentham in his *Introduction to the Principles of Morals and Legislation* in 1789 and John Stuart Mill's *Utilitarianism* in 1863, utilitarianism holds the belief that any action of an individual will be based on providing the greatest good for the greatest number of people. Derived from the word *utility*, utilitarianism is based on the principle of utility: Each person's actions add to the overall utility of the community affected by his or her actions. As a result, utilitarians focus on the net result of their actions instead of the means or motives that generated the reason for their actions.

Utilitarianism can be based on single acts of individuals (act utilitarianism) or on guiding behavior indirectly through an evaluation of ethical conduct via rules and procedures (rule utilitarianism).¹² Those who support utilitarianism state that this theory is the only one that captures the essence of benevolent behavior. Without utilitarianism as a framework, supporters argue, people will not act to help others if the actions don't benefit the self-interests of the individuals. Those who oppose the utilitarian viewpoint state that it is difficult to ever properly evaluate the effectiveness of utilitarianism because it is practically impossible to determine what would be the greatest good for the greatest number. These people also argue that there will be some

inherent contradictions with this theory. Stating that the actions support the greatest good for the greatest number begs the question whether the minority that does not receive the greatest good would be treated unfairly.¹³

Sidgwick's Dualism

First published in 1874, *The Methods of Ethics* by Henry Sidgwick attempted to bridge the gap between the two competing ethical frameworks of ethical egoism and utilitarianism. Sidgwick argued that a common ground could be found between the two theories. Hence, Sidgwick's dualism was developed. At the core of the argument is that both previous theories had elements of using cost-benefit analysis to help analyze the actions of individuals. Sidgwick's dualism attempted to resolve the fundamental difference of whether the actions for one's self-benefit affect just the individual or others. Sidgwick argued that utilitarianism is a foundation component of any ethical framework, which he called *rational benevolence*. However, he also argued that the self-interest of ethical egoism must be included in the ethical framework he called *prudence*. He argued that rational benevolence is necessary in an individual's actions, but he also stated that prudence is necessary because the happiness of the individual is the common goal of the action and it would not be logical for an individual to sacrifice his or her own happiness to help others. Therefore, he argued that a harmony can exist among rational benevolence and prudence viewpoints to have a rational ethical model. He concluded by stating that there had to be some reconciliation between the two theories to explain how individuals act in their self-interest as well as in the interests of others.¹⁴

These frameworks can be used to present different arguments from a business perspective. The supporters of the ethical egoism theory argue that businesses should focus solely on their self-interests and maximize their level of profitability by developing a strong competitive advantage. Those who support the utilitarianism theory accept government intervention as a way to protect the interests of the majority against the decisions of the minority within any given business. In his book *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), Adam Smith presented an argument that could support Sidgwick's dualism. Smith argues that the greatest good for the greatest number is achieved by individuals pursuing their self-interests in the marketplace.¹⁵

An Example of Teleological Frameworks Using Panera Cares

The opening vignette describes how Panera Bread is making a commitment to the local community by offering meals through its Panera Cares programs for those individuals that cannot afford to pay the full price for a meal. The actions by Panera Bread would be different based on the teleological frameworks.

Ethical Egoism The simple response to Panera Bread based on ethical egoism is that it would not have established Panera Cares programs if the company followed an ethical egoism approach. By solely focusing on the self-interests of the individuals, the self-interests would not support "giving away" food and profit without maximizing the potential financial return of the meal. Therefore, Panera Cares would not be considered a viable use of the resources of Panera Bread because they are not maximizing their financial investment.

Utilitarianism It could be argued that Panera Cares is a utilitarian-focused program. Many more members of the local community are being fed because of the availability of the Panera Cares program. In addition, the ability to trade one hour of volunteer work for a meal allows underproductive people in the community to be used to the benefit of Panera Bread and the individual. However, it could also be argued that Panera Cares is not a “pure” utilitarian project because Panera Bread expects people to pay for their food and expects that the payments will be close to the actual cost of the food.

Sidgwick’s Dualism Therefore, it could be argued that Panera Cares most resembles a project that matches the middle ground between ethical egoism and utilitarianism, Sidgwick’s dualism. Under Sidgwick’s dualism, there are benefits of both serving self-interests and providing the greatest good to the greatest number. Panera Cares seems to be a better fit with Sidgwick’s dualism. It is utilitarian in that it is serving the needs of many who would otherwise not be served, yet Panera Bread still collects money from the customers with the subtle peer pressure to give close to the actual food amount if the customer is able. Therefore, projects such as Panera Cares serve as a reminder that firms can use various methods to serve others as well as themselves. Although the teleological frameworks focus on how the decisions made by the individual achieve the desired results, an alternative philosophical framework focuses on the duty of the individual.

Deontological Frameworks

As opposed to teleological frameworks, which focus on whether the results are favorable or not, deontological frameworks focus on the duty or obligation in determining whether the actions are right or wrong. The term *deontological* is derived from the Greek word *deon*, which means *duty*. There are three deontological frameworks: existentialism, contractarianism, and Kant’s ethics.¹⁶

Existentialism

Existentialism is based on the underlying belief that the only person who can determine right and wrong is based on the free will of the person making the decisions. Each individual determines his or her actions and is ultimately responsible for the consequences of those actions. Philosophers such as Søren Kierkegaard, Friedrich Nietzsche, and Jean-Paul Sartre have all embraced existentialism as the most viable way to connect duty with actions. Through authenticity of their actions, individuals are able to develop their own sense of personal virtue. Existentialism does not use universal principles because each individual determines acceptance of his or her actions.¹⁷ As Polonius advises his son, Laertes, in William Shakespeare’s *Hamlet*, “This above all: to thine own self be true, and it must follow, as the night the day, Thou canst not be false to any man.”¹⁸

Contractarianism

Contractarianism, or social contract theory, is based on the belief that all individuals agree to social contracts to be a member within a society. This theory is based on the

work of John Locke's 1690 book, *Two Treatises on Government*; Jean-Jacques Rousseau's *The Social Contract, or Principles of Political Right*, published in 1762; and, more recently Garrett Hardin's 1968 book, *The Tragedy of the Commons*, and John Rawls's 1971 book, *A Theory of Justice*.

Contractarianists hold the view that membership in society comes with certain duties and responsibilities. Individuals agree to the norms of society by establishing a social contract with the other members of the society. The underlying principle of contractarianism is to have guided principles that are fair to everyone. If the principles are fair, everyone in the society should agree to abide by the principles. Rawls proposed that individuals in a society contract freely to have economic and political components that help guide our day-to-day living. Rawls argued that everyone should have equal rights and duties. Furthermore, he stated that if there are social and economic inequalities, it would be acceptable to the society only if these inequalities were able to generate benefits for everyone in society. Rawls challenged the utilitarianism philosophy by stating that it would not be acceptable to focus on actions for the greater good if the minorities do not also benefit from the decision.¹⁹

Kant's Ethics

In his book *Foundations of the Metaphysics of Morals* (1785), Immanuel Kant discusses ethical decisions based on the free will of the individual. Kant argues that the free will to make decisions that were considered rational needed to be converted into a universal will. Kant's ethical view is considered a dualism because it attempts to bridge the gap between the existentialist and contractarian points of view. The linkage Kant made was to consider his principle pertaining to free will based on the philosophy that an individual should act in a way in which one would expect everyone to act if it were a universal will and to treat other individuals as the end, not the means to an end. As a result, Kant rejects the view of using heuristics of "gut feelings" as a justification for a decision because these findings are not always predictable nor are they acceptable. In addition, the rationale for not committing an illegal act such as dumping dangerous chemicals into a water source should not be based on the legal requirements or the potential negative image that would be created for the company. Kant would argue that the manager should consider only whether his free will action to dump the toxic waste would be acceptable as a universal will in which any company or individual could dump any chemical he or she wanted into any water supply. Kant argues that this should be the only way in which managers should consider their decisions.²⁰

Using WorldCom as an Example of Deontological Frameworks

Existentialism Former WorldCom CEO Bernie Ebbers claimed that he did nothing wrong. Even after his conviction, he stated that he did not know what type of fraudulent activities were occurring at WorldCom. From an existentialist perspective, Ebbers is justifying his actions based on his individual interpretation of the value of his actions. Ebbers's interpretation was that he did not do anything wrong; therefore, he did nothing wrong.

Contractarianism By becoming a publicly traded company, WorldCom agreed to certain social norms. Those norms included being truthful when disclosing the

financial performance and identifying any actual or potential problems to the owners and employees of WorldCom. This norm of transparency assures society that the information that was presented by WorldCom is accurate and timely. Of course, WorldCom broke that trust by violating this norm by not being transparent.

Kant's Ethics Cynthia Cooper is a good example of someone who used Kant's ethics. By ignoring the requests of her superiors, Ms. Cooper began an investigation into financial transactions occurring at WorldCom. She uncovered the massive fraud that was occurring at WorldCom. This is a Kant's ethics approach because she believed that her actions to discover the fraud would be done by others as part of a universal will under the same set of circumstances.

Seven Guiding Principles to Support Ethical Actions

As with anyone trying to do what is right and ethical, it helps if there are guiding principles to help direct our actions. In his book *The Right and the Good* (1930), W. D. Ross argued that individuals should follow certain principles that are considered part of the prima facie obligation an individual has to society. Ross identified in his book that there could be a conflict between the duties and obligations of specific circumstances and that actions may override an individual's actual duty. For example, Ross explained that telling a lie or breaking a promise to an individual may be acceptable in certain circumstances. The circumstances help develop the distinction between a prima facie duty based on that specific set of circumstances and an actual or absolute duty.

Ross presented seven basic principles to support his ethical philosophy. By following these principles, individuals develop a level of intuition that becomes incorporated in their decision-making process. The seven guiding principles are as follows:

1. **Fidelity:** An individual needs to keep explicit and implicit promises.
2. **Reparation:** An individual must act on repairing the consequences for previous wrongful acts.
3. **Gratitude:** An individual must be able to show gratitude for the kindnesses that others have given him or her.
4. **Justice:** An individual should try to see that any goods are fairly distributed.
5. **Beneficence:** An individual should focus on trying to improve the lives of others.
6. **Self-improvement:** An individual should improve oneself by focusing on virtue and intelligence.
7. **Noninjury:** An individual should not cause any harm to others.

Ross draws on the work from previous theories. Ethical egoism is represented in self-improvement, and utilitarianism is represented in beneficence and noninjury. Furthermore, existentialism is represented in fidelity, and self-improvement and contractarianism are represented in fidelity and justice.²¹ One of the founding areas of guidance for those unsure about their ethical standing is referred to in the seven deadly sins.

The Seven Deadly Sins

For centuries, human behavior has been evaluated based on seven deadly sins. The seven deadly sins are lust, gluttony, greed, sloth, wrath, envy, and pride.

Lust

Lust can be defined as the trait of an individual who has obsessive and compulsive continuous thoughts of sexual desire. The thoughts of sexual drive overtake all other functions of the individual in the attempt to satisfy the individual's sexual appetite. Dante referred to lust as the "excessive love of others."²² This excessive love is considered a sin because it supersedes the love and devotion the individual should have with God.²³ In Dante's *Inferno*, lust is included within the second circle of Hell, and the individuals are sinful because "they subordinate reason to desire."²⁴

Gluttony

Gluttony is overindulgence and overconsumption of anything good to the point that the good is wasted when it is consumed. The sin related to gluttony is the rationale that someone who is not as well off would have received a much larger positive benefit had the good not been wasted. For example, a person who drinks 10 glasses of wine could have generated a benefit for nine other people if he or she had drunk just one glass. In addition, gluttony allows animal instincts such as appetite to control the behavior of the individual. The net result is that the individual who is gluttonous is one who puts himself before others with his or her actions, which is considered sinful and a distraction from a spiritual life.²⁵

Greed

Greed, or avarice, is also considered a sin of excess like lust and gluttony. *Greed* is an excessive desire by the individual to obtain wealth, status, and power. In addition, greed can be considered the continuous accumulation of material wealth without regard for the methods used to obtain such wealth. Furthermore, miserliness and unethical business practices are considered part of the sin of greed. Greed drives the individual to "worship" material goods instead of spiritual goods. The worshiping of "false idols" allows the individual to focus only his or her self-interests with no consideration of alternative paths that would help others in society.²⁶ Dante, who identifies greed in the fourth circle of hell, criticizes individuals who are driven by greed, or other misers who spend their material wealth too freely. Dante explains that both are excessive behaviors, and the individual ignores the value of moderation.²⁷

Sloth

By far the least familiar of the seven deadly sins, the definition of *sloth* as a sin has evolved over time. Initially, the term *sloth* was described as an individual's apathy, sadness, and lack of joy in his or her everyday life. The definition was refined to include when individuals fail to use their full potential of talents and gifts they were given as humans. However, a more modern definition of *sloth* includes being lazy and indifferent about one's actions.²⁸

Wrath

Wrath can be defined as an uncontrollable level of anger or rage. Anger can lead to actions such as impatience, revenge, and vigilantism. Without forgiveness, wrath can dominate the actions of the individuals for the rest of their lives. To focus on revenge means that the individual is not satisfied with the current set of circumstances and will not rest until those circumstances have changed. Dante referred to wrath as “love of justice perverted to revenge and spite.”²⁹

Envy

The sin of envy or jealousy relates to focusing on one’s self-interests in the desire to obtain qualities or possessions of another person. Dante describes envy as the “love of one’s own good perverted to a desire to deprive other men of theirs.”³⁰

Pride

Pride, *vanity*, and *hubris* refer to competitively measuring one person’s characteristics or actions based on the characteristics or actions of another person. The sin of pride relates to being considered above or “superior” to another person. It is considered the most serious of the seven deadly sins because it is the source of the other six sins. By having a desire to be superior and more important than others, the individual focuses solely on his or her self-interests and fails to acknowledge the good work of other people.

Although the seven deadly sins have been a traditional measure of the virtue of human beings based on their actions, the moral values of an individual can be identified in numerous ways. Philippe Foot believed that virtues could be measured and compared objectively from one person to another. The measurement of the virtue of the individual decision maker is the basis of the “trolley problem.”

The Trolley Problem

A runaway trolley is speeding out of control down a hill. The brakes do not work, so it cannot be slowed down. At the end of the track are five people who will be killed if the trolley hits them. The only choices the driver of the trolley has are (1) do nothing and kill the five people or (2) pull a lever that would result in the trolley shifting to another set of tracks in which one person who is unaware of the runaway trolley would be killed. As the driver, what would you do?

If you decided that killing one was better than killing five people, then Judith Jarvis Thomson has an alternative scenario that may yield alternative results. A surgeon has been attempting to help five people who all need a different organ transplant. A patient comes in for a routine checkup, and the surgeon realizes that the patient’s organs would be compatible with all five of the patients who need the organ transplants. In this scenario, would it be morally correct to save five people by killing one person? Of course, the distinction is that in the trolley example, the driver has to decide between two negative duties, while the surgeon has to decide between a negative and positive duty.

Thomson added two additional scenarios pertaining to the trolley problem. Another scenario is based on having a bystander observe the trolley going down the tracks and having to make the decision to either doing nothing and five people end up dead or

diverting the trolley and assume that he or she would be responsible for the death of the one person. The other scenario is based on the circumstance in which a bystander from a bridge observes the trolley going down the track and realizes that only a large heavy object could stop the trolley if it is thrown in front of the trolley. The bystander looks around the bridge and the only object big enough to stop the trolley is an overweight man also standing on the bridge near him. Would the bystander try to throw the overweight man over the bridge to stop the trolley?³¹ These are the types of ethical dilemmas that individuals must address throughout their lives. As a result, individuals can benefit by having different ethical principles to help guide them during their lifetimes.

Global Business Standards Codex

In a study to develop a framework to evaluate the conduct of companies around the world, the Global Business Standards Codex was established.³² This codex captures the eight major underlying principles in which ethical behavior can be interpreted and evaluated. The eight ethical principles are fiduciary, property, reliability, transparency, dignity, fairness, citizenship, and responsiveness.

Fiduciary Principle

As part of the legal structure of a business organization, each officer and director of a company has a legal fiduciary duty to act in the best interests of the stakeholders and other employees within the firm. Furthermore, there is also an implied fiduciary duty for every employee within the organization to act in a way that generates positive benefits for the firm. The traditional components of fiduciary duty include ensuring that there are no actual or potential conflicts of interest given the actions of the employee. It also is implied that each employee will not put his or her self-interests above the overall interests of the firm. Additionally, it is assumed that employees will perform good-faith efforts in carrying out each of their responsibilities, will be prudent with the company's resources, and will exercise due diligence regarding the quality of their work. Specifically, *due diligence* includes ensuring that the employee actively promotes the interests of the company in a diligent and professional manner. The employee is also expected to develop a sense of loyalty to the firm. From a loyalty perspective, the employee is expected to use his or her job title and the company resources available to him or her for company purposes only. A loyal employee is expected to report any ethical violations and conflicts between the employee's own interests and the company's interests. A loyal employee is expected to refuse any type of gift that could be considered excessive within a business relationship context.³³

Property Principle

The property principle is based on the belief that every employee should respect property and the rights of the owners of the property. Traditional examples of violations of this principle include theft, misappropriation of funds, and wasting resources. This principle has been expanded to intangible property and now includes the misappropriation of intellectual property or other types of information. An employee is expected to protect the tangible and intangible assets of the firm. In addition, the employee is

expected to be a good steward to the resources the employee has access to. As a result, it is the duty of the employee not to damage or steal any assets or allow a third party to take any of the company's tangible or intangible assets or steal the assets of another firm. Therefore, it is the employee's responsibility to prohibit any misappropriation of company funds, to not allow the firm's proprietary information to become available to a competitor, or to obtain access to a competitor's proprietary information.³⁴

Reliability Principle

The reliability principle is based on the belief that it is the employee's responsibility to honor the commitments he or she has made to the firm. Employees are expected to follow through with the promises and commitments that have been made between the employees and the firm. Traditional violations of the reliability principle include breaching a promise or contract or not fulfilling a promised action. Employees are expected to do their best to make a good-faith effort to fulfill all the commitments that the employee has promised. The reliability principle also includes ensuring that suppliers and other business partners are paid in a timely manner.³⁵

Transparency Principle

The transparency principle is based on the belief that every employee should conduct business in a truthful and open manner. It is expected that the employees will not make decisions based on personal agendas. As a result, employees are expected not to act in deceptive manners and to keep accurate and current records of all the business obligations that are currently the responsibility of the employee. Employees should allow any other interested party to understand how the pattern of behavior was justified based on his or her actions. Traditional violations of this principle include fraudulent and deceptive actions of the employee.

Transparency also incorporates how the employee deals with information. Transparent actions include accurate and up-to-date records of the information related to the actions and the decision-making process. This also guarantees that the financial information presented to investors is truthful and accurate and that the information is developed within the guidelines of auditing and financial reporting standards. Furthermore, transparency guides the employees in ensuring that the relationship between the company and its suppliers and partners is done in an honest manner. Transparency also ensures that the firm's marketing focus does not mislead or misinform its current and potential customers. Transparency ensures that firms present accurate and truthful customer warnings for any health and safety issues that could affect the customer's use of a product.

Transparency makes it clear to the employees that the acquisition of proprietary information from competitors is not acceptable. The benefits of following the transparency principle include the ability to make better-informed decisions, the ability to ensure that the truth is always presented to others in the organization, and an allowance for improved cooperation within the firm through the development of trust among the employees.³⁶

Dignity Principle

The dignity principle is based on the belief that each employee needs to respect the dignity of all individuals. Protecting the dignity of people in society includes ensuring

the human rights of health, safety, and privacy. Furthermore, the dignity principle encourages the enhancement of human development within the company, in the marketplace, and in society at large. Therefore, any type of humiliation, coercion, or other type of human offenses directly violates the dignity principle. The dignity principle involves making affirmative efforts for those individuals who need help in their personal pursuits, and it helps protect those individuals who are vulnerable to unethical actions. Those vulnerable could be employees who potentially face harassment or other factors that could create a hostile work environment. Under the dignity principle, the company is responsible for ensuring that employees do not face unnecessary physical risks as they perform their work responsibilities.

Furthermore, the company is responsible for respecting employees' and customers' privacy and for protecting confidential information. The company should not accept any labor opportunities in which child labor would be directly or indirectly involved in the manufacturing of the firm's products. The firm should allow the employees to form a union and permit collective bargaining to take place pertaining to labor issues. Moreover, the dignity principle highlights the sensitivity employees should have as they interact with people from other cultures and other countries.³⁷

Fairness Principle

The fairness principle is based on the belief that stakeholders who have a vested interest in the firm should be treated fairly. There are four types of fairness: reciprocal fairness, distributive fairness, fair competition, and procedural fairness. *Reciprocal fairness* addresses the issues of treating another party fairly and having the other party treat the firm fairly. *Distributive fairness* is based on the assumption that the allocation of finite resources within the firm will be distributed fairly based on maximizing the benefits of those allocations. *Fair competition* focuses on the fair treatment given by the firm as it interacts with its existing and potential competitors. This includes ensuring that collusion does not occur between the firm and its competitors pertaining to factors such as price, number of products produced in geographical locations, and market share. It also includes ensuring that bribes or any other illegal financial incentives are not given to interested parties in exchange for a favorable relationship with those parties. *Procedural fairness* deals with ensuring that parties that interact with the firm are treated fairly from a due process perspective. This also includes ensuring that employees would not experience retaliation if they notify government officials of any illegal violations.³⁸

Citizenship Principle

The citizenship principle is based on the belief that every employee should act as a responsible citizen in the community. Employees should respect the laws of the community. This includes criminal laws, as well as competition, environmental, and corporate social responsibility laws. Employees are expected to protect and preserve public goods available to the community. This includes sustainability and other environmental issues, public space issues, and legitimate government. Employees should also be cooperative with community officials. This includes notifying the proper authorities if there are health and safety issues that relate to the goods and services provided by the firm. Employees should be cognizant of unacceptable involvement in political or government issues, including illegal financial involvement or other illegal

use of resources to support a political official. The employees should contribute to the general well-being of the community by volunteering to help the community through charitable organizations or other community-based programs.³⁹

Responsiveness Principle

The responsiveness principle is based on the belief that employees have a responsibility to respond to requests for information about the operations from the various stakeholders. As a result, employees must reply to stakeholders' requests for information and must be responsive to ideas presented by the stakeholders to help improve the operations of the firm. From a customer perspective, a responsive firm is one in which the goods and services offered at least meet, if not exceed, the expectations of the customers. A timely response to any complaints from the customers concerning the firm's products should also occur. Responsiveness is expected with the firm's interaction with its employees. A responsive firm is expected to react in a timely manner to resolve any outstanding issues that have been raised by the employees, interest groups, suppliers, the local community, and any other stakeholder that has a vested interest in the company.⁴⁰

In summary, this chapter exposed the complex nature of business ethics. From frameworks to guiding principles, business ethics is a multifaceted concept that has many dimensions.

Questions for Thought

1. Which of the teleological frameworks most closely match your ethical beliefs? Under what circumstances would you shift toward another of the frameworks? For example, if you were trapped in downtown New Orleans during Hurricane Katrina, what would you do to stay alive and provide for your family?
2. Do you think "Greed Is Good"? Can a free market economic system survive without human greed?
3. Which of the seven deadly sins do you believe is the most serious to commit? Which of the seven deadly sins do you believe is the least serious to commit? Do you think certain sins have gained or been reduced in importance over time?
4. Using the principles set forth in the Global Business Standards Codex, find an example of a company that does or did not follow one of the principles. Discuss the implications of the company's actions.

Real-Life Ethical Dilemma Exercise

Sir Nicholas Winton: A True Humanitarian

In 1938, a 29-year-old English stockholder was invited by a friend to visit Prague when their planned skiing trip to Switzerland was cancelled. Instead, Sir Winton visited refugee camps in Sudetenland, which was a German-speaking part of Czechoslovakia. Sir Winton realized that it would be very

difficult for the refugees to be able to leave Czechoslovakia, and therefore, he focused on trying to transfer some the children, mostly Jewish, from Czechoslovakia to England. He took the letterhead from an existing organization called the British Committee for Refugees from Czechoslovakia and added “Children’s Section” to the heading. He became the “chairman” of this new division and sought English families to adopt the orphans from the refugee camps. Sir Winton would forge travel documents for the orphans when the proper documents did not come quickly enough from the British government. He would reserve a train and the orphans would travel from Prague through Holland and then eventually reach London. A total of eight trains carrying 669 orphans reached London. A ninth train was scheduled to depart carrying 250 children on September 1, 1939, but it was stopped at the train depot when war was declared.^{41,42,43}

Questions for the Real-Life Ethical Dilemma Exercise

1. Discuss how this issue would be addressed using each of the teleological frameworks.
2. Explain why Sir Winton is considered a humanitarian.
3. Winton saved many children on his orphan trains. Discuss the ethical implications of what Winton accomplished.

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