

Name

# Making Ethical Decisions

## Getting Started Right Away

What's the Big Deal About Decisions?

We make choices every day. Some of our choices are practical decisions about what will work best, look prettier, feel softer, taste sweeter, sound clearer or last longer. Those decisions don't necessarily involve right or wrong; they involve efficiency, availability, practicality or preference. For those choices list your options, gather information about your choices, list the pros and cons for each one, select the best option and there you have it - a real decision.

On the other hand many of our choices are about doing the right thing.

Each of these choices involves thousands of messages whirling inside the brain. In a split second our minds review the facts, explore our feelings, study consequences, compare the options against our beliefs and priorities, consider what others may think, and give the cue for action. Decisions happen so quickly but the consequences can last a lifetime. That's why careful consideration is important. A code of ethics can help. It determines direction in our lives.

## What Is Ethics?

Ethics is a set of standards that tells us how we should behave. No person with strong character lives without a code of ethics.

Ethics is more than doing what you must do. It's doing what you should do. Because acting honorably sometimes means not doing what we want to do, ethics requires self-control.

Ethics involves seeing the difference between right and wrong. It's a commitment to do what is right, good and honorable. Ask yourself if you are willing to pay the price for making an unethical choice. Are you willing to sacrifice pride, integrity, reputation and honor by making an unethical choice? Are you willing to suffer the consequences of a bad choice?

Because doing the right thing can cost us more in friendship, money, prestige or pleasure than we may want to pay, practicing ethics takes courage. The right thing to do isn't usually the easiest thing to do, but learning to say no when you feel like saying yes builds character.

## **How To Make Ethical Decisions**

Important decisions take time and careful thought. Here is a plan that works.

1. Think about the impact of your actions on all the stakeholders! Stakeholders are those people affected by a decision. That is, they hold a stake in it. Before you do anything, determine who is likely to be helped or harmed. Avoid or reduce the harm.
2. Ethical principles (trustworthiness, respect, responsibility, fairness, caring and citizenship) are ground rules for life. Ask yourself whether your options are trustworthy, respectful, responsible, fair, caring and examples of good citizenship.
3. Ethical values (trustworthiness, respect, responsibility, fairness, caring and citizenship) outrank and override unethical ones (money, popularity and prizes)!
4. The long run outranks the short run. After all these steps, if you are still unsure of what to do, go with the choice that will produce the most good for the most people. To make tough decisions, eliminate choices that have nothing to do with ethics (like power, popularity and prizes). Then pick the most ethical option left.

## **Bad Choice Detectors**

We have smoke detectors to alert us of potential danger. We have alarms to warn us of dangerous choices too.

Use these personal warning systems:

- Golden Rule - Treat others the way you want to be treated.
- Publicity - How would your choice look on the front page of the school newspaper, or on "20/20" or "60 Minutes"?
- Mom-on-your-shoulder - What if your mom or grandmother was watching you? Would you want her to know what you were saying or doing?
- Universality - If everyone did it, would it be a good thing?

## **Ethical issues and examples**

You'll find lots of examples of business ethical decisions and dilemmas in areas such as:  
Advertising, Personal Selling, Suppliers, Contracts and Pricing

A business cannot claim to be ethical firm if it ignores unethical practices by its suppliers  
– e.g.

- Use of child labour and forced labour
- Production in sweatshops
- Violation of the basic rights of workers
- Ignoring health, safety and environmental standards

An ethical business has to be concerned with the behavior of all businesses that operate in the supply chain – i.e.

- Suppliers
- Contractors
- Distributors
- Sales agents

The two articles below provide a good example of the ethical issues that arise in the supply chain:

Primark fires child worker firms at <http://news.bbc.co.uk/2/hi/business/7456897.stm>

and

The hidden face of Primark fashion at <http://www.guardian.co.uk/world/2008/jun/22/india.humanrights>

What are the ethical issues on the article about Primark fires child worker firms

What are the ethical issues on the article about The hidden face of Primark fashion.

## **Is ethical behavior good or bad for business?**

You might think the above question is an easy one for businesses to answer? Surely acting ethically makes good business sense? As with all issues in business studies, there are two sides to every argument:

### **The advantages of ethical behavior include:**

- Higher revenues – demand from positive consumer support
- Improved brand and business awareness and recognition
- Better employee motivation and recruitment
- New sources of finance – e.g. from ethical investors

### **The disadvantages claimed for ethical business include:**

- Higher costs – e.g. sourcing from Fairtrade suppliers rather than lowest price
- Higher overheads – e.g. training & communication of ethical policy
- A danger of building up false expectations

What are the ethical issues on about the scenario below. Example each.

Your supervisor enters your office and asks you for a check for \$150.00 for expenses he tells you he incurred entertaining a client last night. He submits receipts from a restaurant and lounge. At lunch your supervisor's girlfriend stops by to pick him up for lunch and you overhear her telling the receptionist what a great time she had at dinner and dancing with your supervisor the night before. What do you do?

You have worked as a bank teller for several months when one of the other tellers who has become a good friend tells you that her daughter is extremely ill and that she must have an operation to survive. She also tells you that she has no insurance and the operation will cost \$10,000. Sometime later you ask her about her daughter and she tells you she is just fine now. She then confides in you that she took \$10,000.00 from a dormant account at the bank to pay for the operation. She assures you that she has already started paying it back and will continue to do so until it is all returned. What do you do?

In your spare time at work, you have developed a new spreadsheet program on the personal computer in your office. It is even more powerful, yet easier to sue than anything on the market. You share your new program with a friend who encourages you to market it on your own because you could probably make an incredible profit in a very short time. This is a very attractive option, yet you developed it using company equipment and during time that you were at work. What do you do?

Your newspaper has published a report on a national study, which concluded that bottled water has virtually no health advantages over the tap water in more cities, including yours. The study included comments from local health storeowners and water distributors challenging the study. The AquaPure Bottled Water Company, advertising account worth over \$75,000. a year, has threatened to pull its account with your newspaper unless you run another story of equal prominence, focusing on the benefits of bottled water. What do you do?

You are a rookie officer assigned to a training officer for the first six months of your employment. The training officer is a 20-year veteran and is a close friend of the Assistant Chief of Police and the brother-in-law of the Watch Commander. The third day that you are working with him you respond to a burglary call at a local convenience store. It is 2:30 am and the manager has been notified. You are directed to wait 30-35 minutes for his arrival. A short time later you observe your partner take a soda, candy and a bag of chips. He consumes the soda and chips. When the manager arrives, the two of you depart. What, if anything, should you do?

Your company has a firm policy regarding cases of theft of company property. Used company equipment is on a table to be sold by bid each month. You see a valued employee who is 2 months from retirement slip an electric drill from the table and put it in his car before the day of the sale. What so you do?

You are real estate agent. A lady from out of town calls you to list her deceased parent's home in Liberty. She is not sure what it is worth, but says she will be happy to get \$50,000.00 for the home. You look at the home and feel it is worth at least \$75,000, and feel it would be perfect for your brother. What do you do?

## **Save as Ethical Decisions**