STRATEGIES FOR ETHICAL REASONING
CAPSIM ETHICS PLUG-IN: IDENTIFYING THE OPTIONS

In hindsight, it is always easier to see how we might have done things differently.

How can ethical reasoning help us identify what our options might be before we act and evaluate which of those options might be the most appropriate course of action?

Like most academic disciplines, the study of ethics is charged with energetic debate. The ethical principles traditionally applied in business and professional settings are acknowledged on numerous websites such as those belonging to the Association to Advance Collegiate Schools of Business (AACSB), the Markkula Center for Applied Ethics and others. A synopsis of five of them appears below.¹

Ultimately, it falls on the individual not only to determine which ethical decision-making principle(s) best apply to the situation, but also to resolve conflicts that the iterative process may reveal.

Here are some ideas to consider:

• Applying a number of principles, or approaches, helps to view the situation from different vantage points, and reveals facets of the problem perhaps not previously considered.
• A multi-faceted process encourages discussion with others and may elicit additional viewpoints as well as reveal how these positions may converge or differ.
• It fosters a fair evaluation of conflicting perspectives, each of which may be held for what appear to be “good” or “right” reasons.
• Frequently, applying each of these principles separately can reach similar conclusions regarding a proposed action, although the reasons why it is seen as a wise or unwise choice may differ.
• Considering multiple approaches can strengthen the confidence among all concerned in a decision to decline a proposed course of action as inappropriate, when it might have once held wide support.
• Understanding the different reasons why an action might not be a good idea may also enable those concerned to conceive of better alternative actions that can achieve the same goal without inflicting the same harm.
• A multi-faceted evaluation can highlight which option of all the alternatives may be the best course to take, and can serve to build a consensus regarding that decision, particularly as key decision-makers reflect upon how their choice will be regarded in the public eye.
• Using numerous principles may also suggest the best way to carry out the decision.
• Finally, a multi-faceted process provides a structure with which to assess an action in the aftermath, and enables us to ask what practical wisdom we gained from the situation.
FIVE WAYS TO SHAPE AN ETHICAL DECISION

The Utilitarian Approach assesses an action in terms of its consequences or outcomes, i.e., the net benefits and costs to all stakeholders on an individual level. It strives to achieve the greatest good for the greatest number while creating the least amount of harm or preventing the greatest amount of suffering. It holds that every entity’s interests should be considered equally when making the decision, and this includes those of other species since they also are capable of suffering. So for any set of options it would view the most ethical option as the one that produces the best balance of benefits over harm for the most stakeholders. Outcomes may be quantified in such terms as contentment and suffering, the relative value of individual preferences, monetary gain or loss, or the short-term and long-term effects of an action.

In a business context, this approach might rely on a statistical analysis of probable outcomes, a classic costs/benefits assessment, and/or consider the marginal utility of a consequence for various stakeholders in the group.

WHO ARE THE STAKEHOLDERS?
Family?  
Friends?  
Company?  
Community?  
Society?

BENEFITS VS. HARMs
How can stakeholders benefit and how can they be harmed by my action?

THE GOAL
Create the most benefit over harm for the most stakeholders.

The Rights Approach focuses on respect for human dignity. It holds that our dignity is based on our ability to choose freely how we live our lives, and that we have a moral right to respect our choices as free, equal, and rational people, and a moral duty to respect others in the same way. Some of these rights are articulated in the U.S. Constitution and the Bill of Rights: life, liberty, and the pursuit of happiness; free speech and assembly; freedom of religion; property ownership; and to freely enter into contractual agreements and the right to receive whatever was contractually agreed. Other rights might include the right to privacy, to be informed truthfully on matters that affect our choices and to be safe from harm and injury. A deeper understanding of human rights can be gained from the United Nation’s Universal Declaration of Human Rights.²

This approach asks us to identify the legitimate rights of ourselves and others, in a given situation, as well as our duties and obligations. Consider how well the moral, legal and contractual rights of everyone are respected and/or protected by the action, and assess how well those affected are treated as fully informed, sentient beings with the right to free consent instead of just as a
means to an end. As such, the ethical action would be the one we have a moral obligation to perform that does not infringe on the rights of others, and may even enhance the moral rights of all concerned.

When confronted with conflicting or competing interests or rights, we need to decide which interest has greater merit and give priority to the right that best protects or ensures that interest. For example, in the United States, the right to freedom of speech is generally protected, but citizens do not have the right to needlessly scream “Fire!” in a crowded theater or to engage in hate crimes. We may also want to ask whether we would want to be on the receiving end of an action if the situation was reversed, or what the impact would be if everyone performed an action.

The Fairness Approach focuses on the fair and equitable distribution of good and harm, and/or the social benefits and social costs, across the spectrum of society. It starts with the premise that all equals should be treated equally, and that those who are unequal, or differ in some relevant way, should be treated differently in a manner that is fair and proportionate to, or commensurate with, their difference. A classic example would be the payment of a group of employees at different salary levels based on the contribution their work effort makes to the corporation’s profitability.

Here we assess our action in terms of its fairness to those affected. Are those who are similar in some relevant aspect treated in the same way? Are those who are different in some relevant way treated differently based on a legitimate distinction and a standard of fairness? Are some favored in the case where they may receive certain benefits for no justifiable reason? Is there a discriminatory practice where some, who are no different than others, bear a burden that is not imposed on the rest? What are the relevant factors that determine similarities and differences of those in a group? What is the fair course of action for all the stakeholders or all entities that may be affected by the outcome?
The Common Good Approach regards all individuals as part of a larger community; as such, we share certain common conditions and institutions upon which our welfare depends. For society to thrive, we need to safeguard the sustainability of our community for the good of all, including our weakest and most vulnerable members. Some things that nurture a healthy, functioning community: stable family life, good schools, affordable nourishment and health care, effective public safety, a just legal system, fair trade and commerce, a safe, well-managed ecosystem, an accessible technological environment, a well-maintained infrastructure and a peaceful society.

The utilitarian principle weighs the net balance of goodness and harm produced by a certain action on a group of individuals, while this approach tests whether an action benefits or erodes a specific element of the common good. It weighs the effect on the fabric of the community. It encourages us to recognize how the freedoms and support we enjoy as individuals in pursuit of our own happiness are made possible by the sustained welfare of our community life. It invites us to ask what kind of society we are and want to become, and what actions we need to take to achieve that end.
The Virtue Approach turns our attention to the elements of our individual character and disposition, which deepens our humanity and engender our relationships with others. These are the qualities that enable us to act in accordance with our “higher selves.” Different cultures may value certain virtues more than others, but in general, virtues refer to such traits as honesty, kindness, patience, civility, compassion, diligence, self-reliance, loyalty, fairness, courage, tolerance, conscientiousness, generosity, temperance, self-control, and prudence. The Virtue Approach causes us to ask whether a given action is reflective of the kind of person we are or want to be. Will it promote the kind of character we value within ourselves and for our community? Does it represent the kind of enterprise my business aspires to be? If the situation does not proceed as we expect, will this be something we can personally “live with” in the aftermath?

### PUTTING IT TO THE TEST

Let’s return to our example of the assistant account executive at the advertising agency, and examine how we can use these different approaches through the lens of that situation.

- **What exactly is the assistant account executive being asked to do?** He is being asked to falsify a financial report and misrepresent his agency’s spending of client funds.

- **What are the obvious consequences of this action?** In the short term, the account supervisor will not have to account for some misappropriation of client funds that occurred before the assistant account executive joined the agency, and that may give her time to remedy the situation. The assistant account executive will prove he is a “team player” and will initially secure his job. The brand manager will be unaware that he may have a budget shortfall because he has not been apprised of the prior spending that has occurred for either his product or some other reason. Based on its client contract, the agency has a fiduciary responsibility to accurately report use of client funds in the long run. Not doing so invites a law suit as well as considerable harm to its reputation, which could result in the loss of other client relationships, which will erode profitability. Should this occur, the fate of those on the account team will not fare well.
• Who are all the stakeholders in this situation? These would include not just the immediate members of his account team and senior management, but also the agency’s partners or shareholders and all of the agency’s employees. Also included would be the brand management team, its senior management and potentially its customers and shareholders, if the packaged-goods company has to change agencies.

• Does the assistant account executive know all the facts he needs to know to make an informed decision? Yes and no. He should not need any additional information to know that falsifying a financial report is not a wise choice. However, understanding why the shortfall has occurred might enable him to see what other options are available to him besides the one his account supervisor is suggesting. Did the agency go over budget on a location shoot because it rained or because necessary production costs were simply underestimated—circumstances which could be addressed with the brand manager? Did the financial discrepancy occur at a higher accounting level and the account supervisor has not yet resolved it? Were the funds embezzled?

• Have the facts been reviewed with those who could offer good consul? No, the assistant account executive still has the opportunity to ask more questions of his account supervisor, her boss, the managing account supervisor, the account director or the director of human resources, as well as those on the creative side who could potentially explain production spending issues.

• From a utility perspective, is there a net benefit to falsifying the report? Possibly in the short term, the account supervisor’s happiness will be maximized but not that of any of the other stakeholders. In the long run, even her marginal utility would not be greater than for the others unless she can quickly resolve the discrepancy because her job would be at risk. The likelihood that the budget shortfall would go unnoticed for long is not high, and the costs of discovery far outweigh the benefits.

• Would the action respect the rights of others? No, the assistant account executive is being asked to do something against his better judgment, which undermines his sense of free choice and self-esteem. The brand manager and his company have the right to expect that their agency will honor their contractual agreement by adequately fulfilling their fiduciary responsibilities. Is there a good reason to make an exception and falsify the report on just one occasion? The risks and costs of discovery are too high. Would the account supervisor be pleased if the production team on the creative side falsified their financial report submitted to her? No, probably not.

• Does the action represent a fair distribution of benefits and harms? No, the action could potentially put the profitability of the entire agency at risk, and there is no justification for spending client funds unaccountably.

• Would the action ultimately safeguard the common good? No, it would undermine the expectation that business partners operate with trust and in good faith, which is at the very core of fair trade and commerce.

• Would a virtuous person falsify a financial report? Would doing so in this instance be in accordance with the kind of person the assistant account executive aspires to be? Is it representative of the kind of conduct the agency condones in its managers as a way of building its reputation and public trust? No, the assistant account executive would be falsifying the report against his better judgment and it would be an embarrassment to his agency should it come to light.
NOTES

