What is Ethics?

A few years ago, sociologist Raymond Baumhart asked business people, "What does ethics mean to you?" Among their replies were the following:

"Ethics has to do with what my feelings tell me is right or wrong."
"Ethics has to do with my religious beliefs."
"Being ethical is doing what the law requires."
"Ethics consists of the standards of behavior our society accepts."
"I don't know what the word means."

These replies might be typical of our own. The meaning of "ethics" is hard to pin down, and the views many people have about ethics are shaky.

Like Baumhart's first respondent, many people tend to equate ethics with their feelings. But being ethical is clearly not a matter of following one's feelings. A person following his or her feelings may recoil from doing what is right. In fact, feelings frequently deviate from what is ethical.

Nor should one identify ethics with religion. Most religions, of course, advocate high ethical standards. Yet if ethics were confined to religion, then ethics would apply only to religious people. But ethics applies as much to the behavior of the atheist as to that of the saint. Religion can set high ethical standards and can provide intense motivations for ethical behavior. Ethics, however, cannot be confined to religion nor is it the same as religion.

Being ethical is also not the same as following the law. The law often incorporates ethical standards to which most citizens subscribe. But laws, like feelings, can deviate from what is ethical. Our own pre-Civil War slavery laws and the apartheid laws of present-day South Africa are grotesquely obvious examples of laws that deviate from what is ethical.

Finally, being ethical is not the same as doing "whatever society accepts." In any society, most people accept standards that are, in fact, ethical. But standards of behavior in society can deviate from what is ethical. An entire society can become ethically corrupt. Nazi Germany is a good example of a morally corrupt society.

Moreover, if being ethical were doing "whatever society accepts," then to find out what is ethical, one would have to find out what society accepts. To decide what I should think about abortion, for example, I would have to take a survey of American society and then conform my beliefs to whatever society accepts. But no one ever tries to decide an ethical issue by doing a survey. Further, the lack of social consensus on many issues makes it impossible to equate ethics with whatever society accepts. Some people accept abortion but many others do not. If being ethical were doing whatever society accepts, one would have to find an agreement on issues which does not, in fact, exist.

What, then, is ethics? Ethics is two things. First, ethics refers to well based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethics, for example, refers to those standards that impose the reasonable obligations to refrain from rape, stealing, murder, assault, slander, and fraud. Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty. And, ethical standards include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy.
Such standards are adequate standards of ethics because they are supported by consistent and well founded reasons.

Secondly, ethics refers to the study and development of one's ethical standards. As mentioned above, feelings, laws, and social norms can deviate from what is ethical. So it is necessary to constantly examine one's standards to ensure that they are reasonable and well-founded. Ethics also means, then, the continuous effort of studying our own moral beliefs and our moral conduct, and striving to ensure that we, and the institutions we help to shape, live up to standards that are reasonable and solidly-based.

HOW TO IDENTIFY AN ETHICAL ISSUE

Ethical judgments are made about actions or situations that are right or wrong, good or bad. One clue that an action or situation needs an ethical rather than simply a business judgment is that the action or situation involves actual or potential harm to someone or some thing. Another clue would be that there seems to be a possibility of a violation of what we generally consider right or good.

HOW TO USE THE SMELL TEST

Another good way to identify when an ethical issue that needs to be addressed is to use the “Smell Test: “What would the action or situation we are considering smell like if we read about in a front-page news article or in a popular blog? Would we be comfortable reading a Wall Street Journal story that our company was doing this or letting the current situation continue for long? Would I be comfortable explaining it to my spouse, or my grandmother?”

The strengths of the smell test:
- It focuses us on what other ethical people in the society would think. It prevents us from taking special advantages for ourselves.
- It recognizes that morality is about what others think as much as it is about what I think.
- It enlists the emotion of shame, a powerful motivator to be sure we are getting this right.

The weaknesses:
- The smell test is only as good as the society we live in. The society may be blind to the ethical dimensions of an action or situation, may accept unethical actions as ethical, or be divided on whether the action is right or wrong.
- As the olfactory image reminds us, living with bad smells or unethical conduct for a long time may dull a person’s ability to notice them.
- It tells us that an action is an ethical issue but not why it is right or wrong. Knowing why an action is right or wrong can help explain it to others. Knowing why it is wrong can help to modify the action to make it right. To determine why, we will have to move beyond the smell test.
The Smell Test is familiar ground in most businesses and is a good place to begin. It is a “quick and dirty” test for deciding if something is an ethical issue and useful because brand name and a person’s reputation are important in business.

Calculating Consequences:
The Utilitarian Approach to Ethics

When Oliver North was asked during the 1980s to explain why he lied to congressional committees about his role in the Iran-Contra affair, he replied, "Lying does not come easily to me. But we all had to weigh in the balance the difference between lies and lives." Elsewhere in his testimony, North was asked about the false chronology of events he fabricated when preparing a summary of the government's involvement in arms sales to Iran:

Questioner:....You have indicated that...in your own mind...it was a good idea to put forth this false version...[But] there were reasons on the other side, were there not?
North:....Reasons on the other side?
Questioner:....First of all, you put some value, don't you, in the truth?
North: I've put great value in the truth. I came here to tell it.
Questioner: So...that would be a reason not to put forward this [false] version of the facts?
North: The truth would be reason not to put forward this [false] version of the facts, but as I indicated to you a moment ago, I put great value on the lives of the American hostages...and I put great value on that second channel [an intermediary used by the U.S. to deal with the Iranians], who was at risk.
Questioner: By putting out this false version of the facts, you were committing, were you not, the entire Administration to telling a false story?
North: Well, let, let--I'm not trying to pass the buck here. OK? I did a lot of things, and I want to stand up and say that I'm proud of them.

Greatest Balance of Benefits Over Harms
North’s method of justifying his acts of deception is a form of moral reasoning that is called "utilitarianism." Stripped down to its essentials, utilitarianism is a moral principle that holds that the morally right course of action in any situation is the one that produces the greatest balance of benefits over harms for everyone affected. So long as a course of action produces maximum benefits for everyone, utilitarianism does not care whether the benefits are produced by lies, manipulation, or coercion.

Many of us use this type of moral reasoning frequently in our daily decisions. When asked to explain why we feel we have a moral duty to perform some action, we often point to the good that will come from the action or the harm it will prevent. Business analysts, legislators, and scientists weigh daily the resulting benefits and harms of policies when deciding, for example, whether to invest resources in a certain public project, whether to approve a new drug, or whether to ban a certain pesticide.

Utilitarianism offers a relatively straightforward method for deciding the morally right course of action for any particular situation we may find ourselves in. To discover what we ought to
do in any situation, we first identify the various courses of action that we could perform. Second, we determine all of the foreseeable benefits and harms that would result from each course of action for everyone affected by the action. And third, we choose the course of action that provides the greatest benefits after the costs have been taken into account.

The principle of utilitarianism can be traced to the writings of Jeremy Bentham, who lived in England during the eighteenth and nineteenth centuries. Bentham, a legal reformer, sought an objective basis that would provide a publicly acceptable norm for determining what kinds of laws England should enact. He believed that the most promising way of reaching such an agreement was to choose that policy that would bring about the greatest net benefits to society once the harms had been taken into account. His motto, a familiar one now, was "the greatest good for the greatest number."

Over the years, the principle of utilitarianism has been expanded and refined so that today there are many variations of the principle. For example, Bentham defined benefits and harms in terms of pleasure and pain. John Stuart Mill, a great 19th century utilitarian figure, spoke of benefits and harms not in terms of pleasure and pain alone but in terms of the quality or intensity of such pleasure and pain. Today utilitarians often describe benefits and harms in terms of the satisfaction of personal preferences or in purely economic terms of monetary benefits over monetary costs.

Utilitarians also differ in their views about the kind of question we ought to ask ourselves when making an ethical decision. Some utilitarians maintain that in making an ethical decision, we must ask ourselves: "What effect will my doing this act in this situation have on the general balance of good over evil?" If lying would produce the best consequences in a particular situation, we ought to lie. Others, known as rule utilitarians, claim that we must choose that act that conforms to the general rule that would have the best consequences. In other words, we must ask ourselves: "What effect would everyone's doing this kind of action have on the general balance of good over evil?" So, for example, the rule "to always tell the truth" in general promotes the good of everyone and therefore should always be followed, even if in a certain situation lying would produce the best consequences. Despite such differences among utilitarians, however, most hold to the general principle that morality must depend on balancing the beneficial and harmful consequences of our conduct.

Problems With Utilitarianism

While utilitarianism is currently a very popular ethical theory, there are some difficulties in relying on it as a sole method for moral decision-making. First, the utilitarian calculation requires that we assign values to the benefits and harms resulting from our actions and compare them with the benefits and harms that might result from other actions. But it's often difficult, if not impossible, to measure and compare the values of certain benefits and costs. How do we go about assigning a value to life or to art? And how do we go about comparing the value of money with, for example, the value of life, the value of time, or the value of human dignity? Moreover, can we ever be really certain about all of the consequences of our actions? Our ability to measure and to predict the benefits and harms resulting from a course of action or a moral rule is dubious, to say the least.

Perhaps the greatest difficulty with utilitarianism is that it fails to take into account considerations of justice. We can imagine instances where a certain course of action would produce great benefits for society, but they would be clearly unjust. During the apartheid regime in South Africa in the last century, South African whites, for example, sometimes claimed that all South Africans—including blacks—were better off under white rule. These
whites claimed that in those African nations that have traded a whites-only government for a black or mixed one, social conditions have rapidly deteriorated. Civil wars, economic decline, famine, and unrest, they predicted, will be the result of allowing the black majority of South Africa to run the government. If such a prediction were true—and the end of apartheid has shown that the prediction was false—then the white government of South Africa would have been morally justified by utilitarianism, in spite of its injustice.

If our moral decisions are to take into account considerations of justice, then apparently utilitarianism cannot be the sole principle guiding our decisions. It can, however, play a role in these decisions. The principle of utilitarianism invites us to consider the immediate and the less immediate consequences of our actions. Given its insistence on summing the benefits and harms of all people, utilitarianism asks us to look beyond self-interest to consider impartially the interests of all persons affected by our actions. As John Stuart Mill once wrote:

The happiness which forms the utilitarian standard of what is right in conduct, is not... (one’s) own happiness, but that of all concerned. As between his own happiness and that of others, utilitarianism requires him to be as strictly impartial as a disinterested and benevolent spectator.

In an era today that some have characterized as "the age of self-interest," utilitarianism is a powerful reminder that morality calls us to look beyond the self to the good of all.

Rights

In 1978, American Cyanamid, a paint company located in West Virginia, announced that in order "to protect the unborn children of working employees from any possible harm," women capable of bearing children could no longer work in company jobs that might expose them to lead and other chemicals potentially harmful to fetal life. One year later, four women interviewed by a newspaper, claimed that they had to be sterilized to keep their high-paying jobs at American Cyanamid. While the company asserted it was trying to protect the rights of the unborn, the women declared that the company forced them to sacrifice their own reproductive rights. Supporters of the company agreed that an employer has a right to set working conditions for its employees, while supporters for the women claimed that workers have a right to be protected from workplace hazards without having to choose between having themselves sterilized and losing their jobs.

What is a Right?

Many moral controversies today are couched in the language of rights. Indeed, we seem to have witnessed an explosion of appeals to rights—gay rights, prisoners' rights, animal rights, smokers' rights, fetal rights, and employee rights. The appeal to rights has a long tradition. The American Declaration of Independence asserted that "all men...are endowed by their Creator with certain unalienable rights...among these are life, liberty, and the pursuit of happiness." In 1948, the United Nations published the Universal Declaration of Human Rights, stating that all human beings have "the right to own property,...the right to work,...the right to just and favorable remuneration,...[and] the right to rest and leisure."

What is a right? A right is a justified claim on others. For example, if I have a right to freedom, then I have a justified claim to be left alone by others. Turned around, I can say that others have a duty or responsibility to leave me alone. If I have a right to an education, then I have a justified claim to be provided with an education by society.
The "justification" of a claim is dependent on some standard acknowledged and accepted not just by the claimant, but also by society in general. The standard can be as concrete as the Constitution, which guarantees the right of free speech and assures that every American accused of a crime "shall enjoy the right to a speedy trial by an impartial jury," or a local law that spells out the legal rights of landlords and tenants.

Moral rights are justified by moral standards that most people acknowledge, but which are not necessarily codified in law; these standards have also, however, been interpreted differently by different people.

**Negative and Positive Rights**

One of the most important and influential interpretations of moral rights is based on the work of Immanuel Kant, an eighteenth century philosopher. Kant maintained that each of us has a worth or a dignity that must be respected. This dignity makes it wrong for others to abuse us or to use us against our will. Kant expressed this idea in a moral principle: humanity must always be treated as an end, not merely as a means. To treat a person as a mere means is to use a person to advance one's own interest. But to treat a person as an end is to respect that person's dignity by allowing each the freedom to choose for himself or herself.

Kant's principle is often used to justify both a fundamental moral right, the right to freely choose for oneself, and also rights related to this fundamental right. These related rights can be grouped into two broad categories—negative and positive rights. Negative rights, such as the right to privacy, the right not to be killed, or the right to do what one wants with one's property, are rights that protect some form of human freedom or liberty. These rights are called negative rights because such rights are a claim by one person that imposes a "negative" duty on all others—the duty not to interfere with a person's activities in a certain area. The right to privacy, for example, imposes on us the duty not to intrude into the private activities of a person.

Kant's principle is also often used to justify positive or, as they are often called, welfare rights. Where negative rights are "negative" in the sense that they claim for each person a zone of non-interference from others, positive rights are "positive" in the sense that they claim for each person the positive assistance of others in fulfilling basic constituents of human well-being like health and education. In moral and political philosophy, these basic human needs are often referred to as "welfare" concerns (thus this use of the term "welfare" is similar to but not identical with the common American usage of "welfare" to refer to government payments to the poor). Many people argue that a fundamental right to freedom is worthless if people aren't able to exercise that freedom. A right to freedom, then, implies that every human being also has a fundamental right to what is necessary to secure a minimum level of well being. Positive rights, therefore, are rights that provide something that people need to secure their well being, such as a right to an education, the right to food, the right to medical care, the right to housing, or the right to a job. Positive rights impose a positive duty on us—the duty actively to help a person to have or to do something. A young person's right to an education, for example, imposes on us a duty to provide that young person with an education. Respecting a positive right, then requires more than merely not acting; positive rights impose on us the duty to help sustain the welfare of those who are in need of help.

**Conflict of Rights**

Whenever we are confronted with a moral dilemma, we need to consider whether the action would respect the basic rights of each of the individuals involved. How would the
action affect the basic well-being of those individuals? How would the action affect the negative or positive freedom of those individuals? Would it involve manipulation or deception—either of which would undermine the right to truth that is a crucial personal right? Actions are wrong to the extent that they violate the rights of individuals.

Sometimes the rights of individuals will come into conflict and one has to decide which right has priority. We may all agree, for example, that everyone has a right to freedom of association as well as a right not to be discriminated against. But suppose a private club has a policy that excludes women from joining. How do we balance the right to freedom of association—which would permit the club to decide for itself whom to admit—against the right not to be discriminated against—which requires equal treatment of women? In cases such as this, we need to examine the freedoms or interests at stake and decide which of the two is the more crucial for securing human dignity. For example, is free association or equality more essential to maintaining our dignity as persons?

Rights, then, play a central role in ethics. Attention to rights ensures that the freedom and well-being of each individual will be protected when others threaten that freedom or well-being. If an individual has a moral right, then it is morally wrong to interfere with that right even if large numbers of people would benefit from such interference.

But rights should not be the sole consideration in ethical decision-making. In some instances, the social costs or the injustice that would result from respecting a right are too great, and accordingly, that right may need to be limited. Moreover, an emphasis on rights tends to limit our vision of what the "moral life" entails. Morality, it's often argued, is not just a matter of not interfering with the rights of others. Relying exclusively on a rights approach to ethics tends to emphasize the individual at the expense of the community. And, while morality does call on us to respect the uniqueness, dignity, and autonomy of each individual, it also invites us to recognize our relatedness—that sense of community, shared values, and the common good which lends itself to an ethics of care, compassion, and concern for others.

**Justice and Fairness**

When Beatrice Norton was fourteen, she followed in her mother's footsteps and began working in the cotton mill. In 1968, after a career in the mill, she had to stop working because of her health. Years of exposure to cotton dust had resulted in a case of "brown lung," a chronic and sometimes fatal disease with symptoms similar to asthma and emphysema. In 1977, she testified at a congressional hearing, asking that the government require companies to provide disability compensation for victims of the disease similar to the compensation companies provided for other similar diseases.

I worked in the dust year after year ... I got sicker and sicker. In 1968 I suddenly had no job, no money, and I was too sick to ever work in my life again. State legislators have proven in two successive sessions that they are not going to do anything to help the brown lung victims, so now we come to you in Washington and ask for help. We've waited a long time, and many of us have died waiting. I don't want to die of injustice.

Another woman, Mrs. Vinnie Ellison, spoke bitterly about the way her husband had been treated when the illness caught up with him after twenty one years at a cotton mill:

In the early sixties he started having trouble keeping up his job because of his breathing. In 1963 his bossman told him that he had been a good worker, but wasn't worth a damn
anymore and fired him. He had no pension and nothing to live on. My husband worked long and hard and lost his health because of the dust. It isn't fair that the mill threw him away like so much human garbage after he couldn't keep up his job because he was sick from the dust.

To Mrs. Norton and Mrs. Ellison, receiving compensation for the debilitating effects of brown lung similar to that given to other diseases was a simple matter of justice. In making their case, their arguments reflected a very long tradition in Western civilization. In fact, no idea in Western civilization has been more consistently linked to ethics and morality than the idea of justice. From the Republic, written by the ancient Greek philosopher Plato, to A Theory of Justice, written by the late Harvard philosopher John Rawls, every major work on ethics has held that justice is part of the central core of morality.

Justice means giving each person what he or she deserves or, in more traditional terms, giving each person his or her due. Justice and fairness are closely related terms that are often today used interchangeably. There have, however, also been more distinct understandings of the two terms. While justice usually has been used with reference to a standard of rightness, fairness often has been used with regard to an ability to judge without reference to one's feelings or interests; fairness has also been used to refer to the ability to make judgments that are not overly general but that are concrete and specific to a particular case. In any case, a notion of desert is crucial to both justice and fairness. The Nortons and Ellisons of this world, for example, are asking for what they think they deserve when they are demanding that they be treated with justice and fairness. When people differ over what they believe should be given, or when decisions have to be made about how benefits and burdens should be distributed among a group of people, questions of justice or fairness inevitably arise. In fact, most ethicists today hold the view that there would be no point of talking about justice or fairness if it were not for the conflicts of interest that are created when goods and services are scarce and people differ over who should get what. When such conflicts arise in our society, we need principles of justice that we can all accept as reasonable and fair standards for determining what people deserve.

But saying that justice is giving each person what he or she deserves does not take us very far. How do we determine what people deserve? What criteria and what principles should we use to determine what is due to this or that person?

**Principles of Justice**

The most fundamental principle of justice—one that has been widely accepted since it was first defined by Aristotle more than two thousand years ago—is the principle that "equals should be treated equally and unequals unequally." In its contemporary form, this principle is sometimes expressed as follows: "Individuals should be treated the same, unless they differ in ways that are relevant to the situation in which they are involved." For example, if Jack and Jill both do the same work, and there are no relevant differences between them or the work they are doing, then in justice they should be paid the same wages. And if Jack is paid more than Jill simply because he is a man, or because he is white, then we have an injustice—a form of discrimination—because race and sex are not relevant to normal work situations.

There are, however, many differences that we deem as justifiable criteria for treating people differently. For example, we think it is fair and just when a parent gives his own children more attention and care in his private affairs than he gives the children of others; we think it is fair when the person who is first in a line at a theater is given first choice of theater tickets; we think it is just when the government gives benefits to the needy that it
does not provide to more affluent citizens; we think it is just when some who have done wrong are given punishments that are not meted out to others who have done nothing wrong; and we think it is fair when those who exert more efforts or who make a greater contribution to a project receive more benefits from the project than others. These criteria—need, desert, contribution, and effort—we acknowledge as justifying differential treatment, then, are numerous.

On the other hand, there are also criteria that we believe are not justifiable grounds for giving people different treatment. In the world of work, for example, we generally hold that it is unjust to give individuals special treatment on the basis of age, sex, race, or their religious preferences. If the judge's nephew receives a suspended sentence for armed robbery when another offender unrelated to the judge goes to jail for the same crime, or the brother of the Director of Public Works gets the million dollar contract to install sprinklers on the municipal golf course despite lower bids from other contractors, we say that it's unfair. We also believe it isn't fair when a person is punished for something over which he or she had no control, or isn't compensated for a harm he or she suffered. And the people involved in the "brown lung hearings" felt that it wasn't fair that some diseases were provided with disability compensation, while other similar diseases weren't.

Different Kinds of Justice
There are different kinds of justice. Distributive justice refers to the extent to which society's institutions ensure that benefits and burdens are distributed among society's members in ways that are fair and just. When the institutions of a society distribute benefits or burdens in unjust ways, there is a strong presumption that those institutions should be changed. For example, the American institution of slavery in the pre-civil war South was condemned as unjust because it was a glaring case of treating people differently on the basis of race.

A second important kind of justice is retributive or corrective justice. Retributive justice refers to the extent to which punishments are fair and just. In general, punishments are held to be just to the extent that they take into account relevant criteria such as the seriousness of the crime and the intent of the criminal, and discount irrelevant criteria such as race. It would be barbarously unjust, for example, to chop off a person's hand for stealing a dime, or to impose the death penalty on a person who by accident and without negligence injured another party. Studies have frequently shown that when blacks murder whites, they are much more likely to receive death sentences than when whites murder whites or blacks murder blacks. These studies suggest that injustice still exists in the criminal justice system in the United States.

Yet a third important kind of justice is compensatory justice. Compensatory justice refers to the extent to which people are fairly compensated for their injuries by those who have injured them; just compensation is proportional to the loss inflicted on a person. This is precisely the kind of justice that was at stake in the brown lung hearings. Those who testified at the hearings claimed that the owners of the cotton mills where workers had been injured should compensate the workers whose health had been ruined by conditions at the mills.

The foundations of justice can be traced to the notions of social stability, interdependence, and equal dignity. As the ethicist John Rawls has pointed out, the stability of a society—or any group, for that matter—depends upon the extent to which the members of that society feel that they are being treated justly. When some of society's members come to feel that they are subject to unequal treatment, the foundations have been laid for social unrest, disturbances, and strife. The members of a community, Rawls holds, depend on each
other, and they will retain their social unity only to the extent that their institutions are just. Moreover, as the philosopher Immanuel Kant and others have pointed out, human beings are all equal in this respect: they all have the same dignity, and in virtue of this dignity they deserve to be treated as equals. Whenever individuals are treated unequally on the basis of characteristics that are arbitrary and irrelevant, their fundamental human dignity is violated.

Justice, then, is a central part of ethics and should be given due consideration in our moral lives. In evaluating any moral decision, we must ask whether our actions treat all persons equally. If not, we must determine whether the difference in treatment is justified: are the criteria we are using relevant to the situation at hand? But justice is not the only principle to consider in making ethical decisions. Sometimes principles of justice may need to be overridden in favor of other kinds of moral claims such as rights or society’s welfare. Nevertheless, justice is an expression of our mutual recognition of each other's basic dignity, and an acknowledgement that if we are to live together in an interdependent community we must treat each other as equals.

The Common Good

Commenting on the many economic and social problems that American society now confronts, Newsweek columnist Robert J. Samuelson recently wrote: "We face a choice between a society where people accept modest sacrifices for a common good or a more contentious society where group selfishly protect their own benefits." Newsweek is not the only voice calling for a recognition of and commitment to the "common good." Daniel Callahan, an expert on bioethics, argues that solving the current crisis in our health care system--rapidly rising costs and dwindling access--requires replacing the current "ethic of individual rights" with an "ethic of the common good".

Appeals to the common good have also surfaced in discussions of business' social responsibilities, discussions of environmental pollution, discussions of our lack of investment in education, and discussions of the problems of crime and poverty. Everywhere, it seems, social commentators are claiming that our most fundamental social problems grow out of a widespread pursuit of individual interests.

What exactly is "the common good", and why has it come to have such a critical place in current discussions of problems in our society? The common good is a notion that originated over two thousand years ago in the writings of Plato, Aristotle, and Cicero. More recently, the contemporary ethicist, John Rawls, defined the common good as "certain general conditions that are...equally to everyone's advantage". The Catholic religious tradition, which has a long history of struggling to define and promote the common good, defines it as "the sum of those conditions of social life which allow social groups and their individual members relatively thorough and ready access to their own fulfillment." The common good, then, consists primarily of having the social systems, institutions, and environments on which we all depend work in a manner that benefits all people. Examples of particular common goods or parts of the common good include an accessible and affordable public health care system, and effective system of public safety and security, peace among the nations of the world, a just legal and political system, and unpolluted natural environment, and a flourishing economic system. Because such systems, institutions, and environments have such a powerful impact on the well-being of members of a society, it is no surprise that virtually every social problem in one way or another is linked to how well these systems and institutions are functioning.
As these examples suggest, the common good does not just happen. Establishing and maintaining the common good require the cooperative efforts of some, often of many, people. Just as keeping a park free of litter depends on each user picking up after himself, so also maintaining the social conditions from which we all benefit requires the cooperative efforts of citizens. But these efforts pay off, for the common good is a good to which all members of society have access, and from whose enjoyment no one can be easily excluded. All persons, for example, enjoy the benefits of clean air or an unpolluted environment, or any of our society's other common goods. In fact, something counts as a common good only to the extent that it is a good to which all have access.

It might seem that since all citizens benefit from the common good, we would all willingly respond to urgings that we each cooperate to establish and maintain the common good. But numerous observers have identified a number of obstacles that hinder us, as a society, from successfully doing so.

First, according to some philosophers, the very idea of a common good is inconsistent with a pluralistic society like ours. Different people have different ideas about what is worthwhile or what constitutes "the good life for human beings", differences that have increased during the last few decades as the voices of more and more previously silenced groups, such as women and minorities, have been heard. Given these differences, some people urge, it will be impossible for us to agree on what particular kind of social systems, institutions, and environments we will all pitch in to support.

And even if we agreed upon what we all valued, we would certainly disagree about the relative values things have for us. While all may agree, for example, that an affordable health system, a healthy educational system, and a clean environment are all parts of the common good, some will say that more should be invested in health than in education, while others will favor directing resources to the environment over both health and education. Such disagreements are bound to undercut our ability to evoke a sustained and widespread commitment to the common good. In the face of such pluralism, efforts to bring about the common good can only lead to adopting or promoting the views of some, while excluding others, violating the principle of treating people equally. Moreover, such efforts would force everyone to support some specific notion of the common good, violating the freedom of those who do not share in that goal, and inevitably leading to paternalism (imposing one group's preference on others), tyranny, and oppression.

A second problem encountered by proponents of the common good is what is sometimes called the "free-rider problem". The benefits that a common good provides are, as we noted, available to everyone, including those who choose not to do their part to maintain the common good. Individuals can become "free riders" by taking the benefits the common good provides while refusing to do their part to support the common good. An adequate water supply, for example, is a common good from which all people benefit. But to maintain an adequate supply of water during a drought, people must conserve water, which entails sacrifices. Some individuals may be reluctant to do their share, however, since they know that so long as enough other people conserve, they can enjoy the benefits without reducing their own consumption. If enough people become free riders in this way, the common good which depends on their support will be destroyed. Many observers believe that this is exactly what has happened to many of our common goods, such as the environment or education, where the reluctance of all person to support efforts to maintain the health of these systems has led to their virtual collapse.
The third problem encountered by attempts to promote the common good is that of individualism. Our historical traditions place a high value on individual freedom, on personal rights, and on allowing each person to "do her own thing". Our culture views society as comprised of separate independent individuals who are free to pursue their own individual goals and interests without interference from others. In this individualistic culture it is difficult, perhaps impossible, to convince people that they should sacrifice some of their freedom, some of their personal goals, and some of their self-interest, for the sake of the "common good". Our cultural traditions, in fact, reinforce the individual who thinks that she should not have to contribute to the community's common good, but should be left free to pursue her own personal ends.

Finally, appeals to the common good are confronted by the problem of an unequal sharing of burdens. Maintaining a common good often requires that particular individuals or particular groups bear costs that are much greater than those borne by others. Maintaining an unpolluted environment, for example, may require that particular firms that pollute install costly pollution control devices, undercutting profits. Making employment opportunities more equal may require that some groups, such as white males, sacrifice their own employment chances. Making the health system affordable and accessible to all may require that insurers accept lower premiums, that physicians accept lower salaries, or that those with particularly costly diseases or conditions forego the medical treatment on which their live depend. Forcing particular groups or individuals to carry such unequal burdens "for the sake of the common good", is, at least arguably, unjust. Moreover, the prospect of having to carry such heavy and unequal burdens leads such groups and individuals to resist any attempts to secure common goods.

All of these problems pose considerable obstacles to those who call for an ethic of the common good. Still, appeals to the common good ought not to be dismissed. For they urge us to reflect on broad questions concerning the kind of society we want to become and how we are to achieve that society. They also challenge us to view ourselves as members of the same community and, while respecting and valuing the freedom of individuals to pursue their own goals, to recognize and further those goals we share in common.

**Ethics and Virtue**

For many of us, the fundamental question of ethics is, "What should I do?" or "How should I act?" Ethics is supposed to provide us with "moral principles" or universal rules that tell us what to do. Many people, for example, read passionate adherents of the moral principle of utilitarianism: "Everyone is obligated to do whatever will achieve the greatest good for the greatest number." Others are just as devoted to the basic principle of Immanuel Kant: "Everyone is obligated to act only in ways that respect the human dignity and moral rights of all persons."

Moral principles like these focus primarily on people's actions and doings. We "apply" them by asking what these principles require of us in particular circumstances, e.g., when considering whether to lie or to commit suicide. We also apply them when we ask what they require of us as professionals, e.g., lawyers, doctors, or business people, or what they require of our social policies and institutions. In the last decade, dozens of ethics centers and programs devoted to "business ethics", "legal ethics", "medical ethics", and "ethics in public policy" have sprung up. These centers are designed to examine the implications moral principles have for our lives.
But are moral principles all that ethics consists of? Critics have rightly claimed that this emphasis on moral principles smacks of a thoughtless and slavish worship of rules, as if the moral life was a matter of scrupulously checking our every action against a table of do's and don'ts. Fortunately, this obsession with principles and rules has been recently challenged by several ethicists who argue that the emphasis on principles ignores a fundamental component of ethics—virtue. These ethicists point out that by focusing on what people should do or how people should act, the "moral principles approach" neglects the more important issue—what people should be. In other words, the fundamental question of ethics is not "What should I do?" but "What kind of person should I be?"

According to "virtue ethics", there are certain ideals, such as excellence or dedication to the common good, toward which we should strive and which allow the full development of our humanity. These ideals are discovered through thoughtful reflection on what we as human beings have the potential to become.

"Virtues" are attitudes, dispositions, or character traits that enable us to be and to act in ways that develop this potential. They enable us to pursue the ideals we have adopted. Honesty, courage, compassion, generosity, fidelity, integrity, fairness, self-control, and prudence are all examples of virtues.

How does a person develop virtues? Virtues are developed through learning and through practice. As the ancient philosopher Aristotle suggested, a person can improve his or her character by practicing self-discipline, while a good character can be corrupted by repeated self-indulgence. Just as the ability to run a marathon develops through much training and practice, so too does our capacity to be fair, to be courageous, or to be compassionate.

Virtues are habits. That is, once they are acquired, they become characteristic of a person. For example, a person who has developed the virtue of generosity is often referred to as a generous person because he or she tends to be generous in all circumstances. Moreover, a person who has developed virtues will be naturally disposed to act in ways that are consistent with moral principles. The virtuous person is the ethical person.

At the heart of the virtue approach to ethics is the idea of "community". A person's character traits are not developed in isolation, but within and by the communities to which he or she belongs, including family, church, school, and other private and public associations. As people grow and mature, their personalities are deeply affected by the values that their communities prize, by the personality traits that their communities encourage, and by the role models that their communities put forth for imitation through traditional stories, fiction, movies, television, and so on. The virtue approach urges us to pay attention to the contours of our communities and the habits of character they encourage and instill.

The moral life, then, is not simply a matter of following moral rules and of learning to apply them to specific situations. The moral life is also a matter of trying to determine the kind of people we should be and of attending to the development of character within our communities and ourselves.
HOW TO COMPARE CONCLUSIONS FROM THE DIFFERENT TESTS

In many business and professional situations, **one ethics test will provide all the guidance needed** in the time available for making a decision.

It is helpful, however, to **use more than one ethical principle to increase the level of confidence** in the rightness of the decision when:

- the situation is complicated
- the decision will make a significant difference to a person or organization
- there are contrary points of view supported by what seem to be good reasons.

In ethics as in politics, it is important to be confident but never certain.

**Using several principles will increase the chances of generating new insights** into why an action is right or wrong.

Having different perspectives on why something is wrong can be very **helpful in designing alternative actions** that will produce the good that made the action attractive in the first place but without the qualities that made it wrong.

Using several principles also **gives an opportunity for the strengths and weaknesses of the principles to balance each other out:**

- The choices and rights approaches focus attention on the importance of respect for the individual whereas exceptions and utility focus more on outcomes.
- Exceptions and choices focus on how the decision is made whereas utility is concerned with results rather than the conditions or rules the action can meet.
- The character/virtue approach focuses on what kind of person or organization we aspire to be and secondarily on judging individual actions.
- Utility focuses on total net happiness for all affected individuals whereas the common good test reminds us that we should consider more than just the goods of individual.

My experience suggests that for most ethical situations **multiple ethical tests will yield the same judgment of right or wrong.** The only difference will be their reasons why the action is right or wrong.

In some situations, however, the principles will give different answers. **When the principles conflict, what is a person to do?**

- If action being considered is ethical according to some of the principles and not ethical according to others, a person can **appeal to reflection and judgment to indicate which principle(s) capture the most important features of the situation.** Reflection can either be an internal conversation with yourself, or better a conversation with other people in the firm whose judgments you trust.
• Ethical people can and do sometimes disagree as to which principle(s) should govern in
a particular situation and therefore disagree about what was the ethical thing to do. At least
these disagreements are among people who are using ethical tests to determine how they
should act.

• The trading of insights among the various ethics tests is part of the practical wisdom that
we should all cultivate. Maximizing happiness in the utility test or maintaining the common
good may require tempering or even forgoing the exceptions, choices, rights, justice and/or
character principles. Strong considerations raised by the exceptions, choices, rights,
justice, and/or character principles may override the claims of the greater or the common
good. We should be conscious, however, that we do this at the apex of a steep and
slippery slope. When making those kinds of decisions, a person should remember

  o that the strong emotional charge carried by his/her intuitive individual judgment does
    not guarantee that the judgment is right;

  o that when reflecting on the judgment with myself, I will often give myself special
    considerations that I would not give to others;

  o and that to overcome the limitations of my intuitions and self-reflection he/she should
    engage wise and experienced people in a discussion about the best balance among the
    ethics tests for this situation.

Case Example 1: “Less Sugar” Marketing

The marketing team presents a children's cereal brand manager with “Less Sugar” ad
campaign for three of her brands. Large print and dynamic type on the package exclaiming
“75% LESS SUGAR” will catch the parent’s eye and increase sales. Concerned about their
children’s weight gain, parents will purchase the cereal. The carbohydrate content of the
less sugar product, however, is the same as high sugar version, at best only 10 fewer
calories per bowl, so it offers no weight loss advantage. The brand manager’s immediate
reaction is “This marketing campaign is unethical.”

• How can she be sure of her judgment?
• How can she convince the marketers?
• How should she act in this situation?

I. IS THERE AN ETHICAL ISSUE HERE? THE SMELL TEST

Introduce the test: To alert the marketers to the ethical issues in their proposal, the brand
manager can ask them: Would we be comfortable reading a WSJ story that our company
had persuaded mothers to buy high calorie cereal when they were trying to protect their
children from weight gain?

Validity: This principle is a valid way to start because it focuses the discussion on what
other ethical people in the society would think. It enlists feelings – powerful motivators to
be sure we are getting this right.

Conclusion: Would the public approve of this campaign? Not likely! We have an ethics
II. THE UTILITY TEST

*Introduce the test*: “Are we maximizing good and minimizing harm for all those affected?”

*Validity*: Everyone (including the parents and children) counts the same; and everyone wants to be happy; therefore the right thing to do will be to produce the most happiness and the least unhappiness for all who are affected.

*Apply the test*: (1) **Identify alternative actions and those affected.** The alternatives are to use the “Less Sugar” campaign or not. Those affected include the cereal company and its employees, stockholders and suppliers, the customers, both parents and children, and the society that will bear health care costs for the children as they grow older.

(2) **Determine benefits and costs for each alternative.** *Alternative I*: If they use the campaign, there is a high probability that the company will benefit in the short run from higher sales and profits and the marketing team will be rewarded. The parents will be happy because they think their children are eating a healthy product and the children will continue to enjoy their favorite brands. In the longer run, however, the children will continue to gain weight, their parents or the press may well discover the truth about the calorie count which will damage the firm’s reputation, and the society will incur higher health care costs from the long term effects of childhood obesity. *Alternative II*: If they don’t do the campaign, in the short run the company will have the costs of developing a new marketing approach and the marketers will be disappointed. The parents may continue to look for healthier breakfast options and the children will be disappointed. In the longer run, the children will be healthier, society’s costs will be lower, and the brand reputation will be un tarnished.

(3) **Select the action with the greatest net benefit for all affected.** Not doing the campaign has more net good than doing the campaign.

(4) **What if this action became a policy for similar situations?** Allowing deceptive marketing claims would threaten the sustainability of the company and harm customers with very few benefits.

*Conclusion*: The brand manager could argue that the marketing plan is unethical both as an action and as a policy because for alternative 1, doing the campaign, the short term good for the firm of increased revenues and the parents’ and children’s happiness is outweighed by long term harm to children, families, and society and the harm to the firm’s brand image. The firm should choose alternative 2 because it has less harm and more long term good.

III. THE RIGHTS APPROACH—THREE TESTS

A. THE RIGHTS TEST

*Introduce the test*: The brand manager can ask: “Are we respecting the consumers’ rights?”

*Validity*: Since you marketers would want your rights respected, shouldn’t we respect their rights as well?

*Apply the test*: (1) **Identify the right in question.** The brand manager could argue that the weight gain caused by this one item threatens the children’s right to health, a factual claim
that if true to a serious degree would indicate a violation of their right to health.

(2) **Explain why it is a right.** Health is a right because without health it is difficult to maintain dignity and well-being.

(1) **Identify another right:** The brand manager could also argue that the “less sugar” campaign deprives parents of their right to self-determination—the right to choose what they value.

(2) **Explain why it is a right:** This right is essential to the dignity and self-worth of individuals since if they cannot choose they are worth less than others.

(3) **Are there conflicts with other rights or the rights of others?** None are apparent in this case.

**Conclusion:** The Rights principle is not helpful in this case. It would be difficult to attribute the weight gain to this one product choice alone. The appeal to the right to self-determination can be covered under the Choices Test applied below. The brand manager should save this principle for more serious violations of rights such as shipping salmonella contaminated peanut products. Save the rights hammer for the really big nuts.

**B. THE EXCEPTIONS TEST**

*Introduce the test:* “Are we making an exception for ourselves? What if everyone did it? What if they did it to us?”

*Validity:* We are all equal as humans, so whatever is ethical for me must be ethical for others in the same circumstances.

*Apply the test:*

(1) **Specify the action.** Describing the questionable action as “not telling customers the truth” is not accurate because the claim is true. The description “misleading customers” already contains an evaluation in that most people think misleading someone is wrong. Try the description “motivating the customer to buy something she clearly does not want.”

(2a) **If everyone did this would it become impossible?** If all marketing induced unwanted choices, customers would not believe the claims and marketing would become impossible or be regulated out of existence. Since it is impossible for everyone to market this way, it is not ethical for us to do so because we would be making an exception for ourselves.

(2b) **If everyone did this would it be unacceptable?** Moreover, we would not want to work in a world in which marketing aims to deceive since the real aim of marketing is fulfill the customers’ needs. Nor would our firm and/or society want us to create a world in which marketing aims to deceive.

(3) **Conclusion based on everyone doing it.** This marketing approach is unethical because it is impossible for everyone to do it and because neither my company nor I would want to work in a world in which this approach is generalized.

(4) **What if they did it to us?** If we reverse the action, we would not want our suppliers to market that way to us.

**Conclusion:** We should not carry out this marketing program since we would be claiming an exception for ourselves: we can’t all do it and the practice would create a world we and our company would find unacceptable. In addition, since we would not like companies motivating us to buy what we do not want, then it is unethical for us to do the same.
C. THE CHOICES TEST

*Introduce the test:* If we market in this way, are our customers able to make their own choices?

*Validity:* Since we are all equal as persons, we should let others make their own choices based on what they value.

*Apply the test:* (1) **Are we giving others freedom to choose?** The “less sugar” marketing campaign does not deprive the customer of the freedom to choose what she values because she is not forced or coerced to buy the product. The attractive packaging may help persuade her to buy but it does not take away her freedom to choose.

(2) **Are we giving others the information to know what they value** in the situation? The “less sugar” banner does not give the customer the information to choose what she values. If she knew that the calorie count is the same as the sugary cereals, it is reasonable to assume (and we could use surveys and focus groups to determine) that she would not choose the low sugar product, unless she felt that sugar was more harmful than the replacement carbohydrates, a less common concern. The marketers could respond that the information about the calories is on the back of the box. Research shows, however, that purchasers are under time pressure, accompanied by small children, and mostly unaware of the information on the ingredient label. The brand manager can argue that the “less sugar” claim is true but misleading – the customer would choose differently if she knew the calories were the same.

*Conclusion:* The marketing plan is unethical because it does not give the customer the information to choose what she values.

IV. THE JUSTICE TEST

*Introduce the test:* “Ask if there is a fair distribution of benefits and burdens.

*Validity:* If everyone has equal value as a person, then everyone has an equal claim to a share. If there is a reason they are unequal, then they should get an unequal share.

*Apply the test:* (1) **How are the benefits and burdens distributed?** The firm gets profits from sales of cereal. Marketers get bonuses for increasing revenues. Customers give money and trust and get nutrition but with unwanted calories and health costs over their lifetime. Thus the company and marketers get benefits and customers get the burdens.

(2) **Is this distribution fair?** This does not seem fair on the face of it – the distribution seems very unequal. Can the company claim any basis on which this unequal distribution is fair? Has the company: worked harder, accomplished more, contributed more, have greater needs, seniority, a contractual agreement, or a special relationship or in-group status? The marketers could claim that everyone has agreed to a social contract that specifies a free and competitive market so the customer must sort out marketing claims and make choices. The brand manager could reply that the customer gives the company her money and loyalty and should be repaid with the desired product.

*Conclusion:* The marketing plan is unjust because, even though they are equal parties in the exchange, the company gets the benefits and the customers take the burdens.
V. HOW TO USE THE COMMON GOOD TEST

*Introduce the test:* Ask: “Are we doing our part to look out for the common good in this situation?”

*Validity:* Since we all have access to the common good and benefit from it, we all have obligations to establish and maintain it.

*Apply the test:* (1) **What parts of the common good are involved?** One part of the common good at risk here is the trust that customers have in business as a whole to provide safe and healthy products and services and not subjecting them to unknown risks. Without this trust, transaction costs rise steeply and economic and psychological wellbeing are damaged. The specific trust in marketing and advertising is also at risk. Neither of these parts of the common good will be destroyed by this one marketing campaign but they could be damaged if the public becomes aware of what is being done.

(2) **Explain why we have obligation to promote or protect the common good.** People buy the food industry’s products based on trust. The industry benefits by its profits and individuals benefit by having safe and healthy food that takes less time to prepare. Since our company benefits from this trust we should do what we can to contribute to it.

(3) **Does the proposed action conflict with this obligation?** Marketing the cereal in a misleading way will harm the public trust if it becomes known. It is highly probable that the actions of a major cereal producer will be scrutinized and the campaign discovered. So the proposed action does conflict with our obligation to contribute to the common good.

*Conclusion:* Because it conflicts with our obligation to contribute to the public’s trust in business and in the marketing claims of the food industry, it is unethical for the company to proceed with the campaign.

VII. CHARACTER OR VIRTUE TEST

*Introduce the test:* The brand manager can ask, “Does this action represent the kind of persons we are or want to be? Does it represent our company’s reputation or vision of what it wants to be?”

*Validity:* The kind of persons we are, and the kind of company this is, are as important to living a good life as what specific actions we do. To focus only on how to judge individual actions to be right or wrong would be to miss an important aspect of ethics. Knowing who we aspire to be allows me to ask whether an action is something that would be done by the kind of person or organization.

*Apply the test:* (1) **Will this action help to make you the kind of person you want to be?** The marketers could answer that this campaign represents the fact that they are very creative and clever marketers. The brand manager could respond that really clever and creative marketers understand that the purpose of marketing is to discover what the customer needs and to provide the information and motivation for the customer to fulfill that need. They have designed a campaign that is clever but misleading. Honesty is important for people to live well and for companies to flourish. A wise marketer would not undertake this campaign.

(2) **Will the action fit the company’s reputation or vision** of what it would like to be? The company’s mission statement says that our products should be marketed responsibly and that our employees aim at ethical behavior and sustainable results. The “Less Sugar”
campaign does not fit these commitments.  

(3) **Will the action maintain the right balance between excellence and success** for the firm? The mission statement also states that our company’s success depends on earning the trust of our customers. Focusing only on how creative this campaign is and how much revenue it will generate in the short run does not strike the proper balance with our long term success.

**Conclusion:** Because it does not represent the character the marketers or the company aspires to be, the campaign should not be undertaken.

**VIII. COMPARE CONCLUSIONS OF TESTS TO DRAW FINAL CONCLUSION**

In the case of the “less sugar” marketing campaign, the brand manager could argue that: since all the ethical principles that she applied show the marketing campaign to be unethical, the company should not proceed with it. Using the insights gained from the various principles as to why the campaign was unethical, the marketers could design a new campaign or perhaps in this case a new product.

**Case Example 2: Phantom Expenses**

After completing her sales and ethics training with her new employer, a major appliance manufacturer, Jane Adams was assigned to work as a trainee under Ann Green, one of the firms most productive sales reps. At the end of the first week, Jane and Ann were sitting in a motel room filling out their expense vouchers for the week.

When Jane remarked to Ann that her training had stressed the importance of accurately reporting expenses, Ann launched into a long explanation of how the company’s expense reporting procedures resulted in underpayment of the actual costs the reps incurred. She informed Jane that all the East Coast sales people made up the difference by padding their under $25 expenses, which did not require receipts. Their rule of thumb was to inflate total expenses by 25 percent. When Jane questioned whether that was honest, Ann said that even if the reported expenses exceeded actual expenses, the company owed them the extra money, given the long hours and hard work they put in.

Jane said she did not believe that reporting fictitious expenses was the correct thing to do and that she would simply report her actual expenses. Ann responded in an angry tone that to do so would expose all the sales reps. As long as everyone cooperated, the company would not question the expense vouchers. However, if one person reported only actual expenses, the company would be likely to investigate the discrepancy between her expense level and those of the others, and the other sales reps could lose their jobs. She appealed to Jane to follow the agreed-upon practice. They would all be better off. No one would lose his or her job. And besides, Ann told her, the company does not really need the money. They are very profitable already.

Should Jane pad her expense report like the other sales reps do?

**I. IS THERE AN ETHICAL ISSUE HERE? THE SMELL TEST**

*Introduce the test:* What would it smell like if we read about it in a newspaper or a blog?
Validity: Why is this principle a valid guide to identifying ethical issues? If they are living in an ethical society, then they should not be embarrassed if others knew what they are doing. Ethical actions should withstand the glare of publicity.

Application: Anne and the other reps do not want their actions publicized because they are concerned that others will think they are lying or stealing, both of which the society would condemn.

Conclusion: Padding is not ethical because the reps would not want it publicized. They would be willing to have accurate reporting of expenses publicized.

II. THE UTILITY TEST

Introduce the test: “Are we maximizing good and minimizing harm for all those affected?”

Validity: Why is this principle a valid guide to conduct? Since everyone is equal and everyone wants to be happy, we should try to maximize happiness for all affected.

Application: The stakeholders affected by this decision will be Jane, other sales reps, other employees, managers, and owners. Short term (ST) padding will give Jane and the sales reps extra money while taking it away from the other stakeholders but the reps can’t claim higher marginal utility for this money than the other stakeholders would get. Long term (LT) they may be caught and punished and Jane may feel guilt for violating her ethical principles. Not padding will keep Jane safe and guilt free, will give more money to the other stakeholders, and will encourage respect honesty among employees, but may get the other workers fired which would harm them and may harm the company ST until it can rebuild the sales force. Since utility seeks to maximize happiness, Jane may want to consider a third alternative of agreeing to follow the padding practice once but putting the other reps on notice that she will file accurately after that. The loss to the other stakeholders will be small but will give the other reps time to change their practices to avoid being fired and allows Jane to follow her principles and LT will strengthen respect for honesty in the company. If the cost to Jane’s self-esteem for violating her principles even once was high and if the other stakeholders suffered greatly (say the sales reps were taking hundreds of thousands in extra expenses each month) then the third alternative would not maximize happiness.

Conclusion: Compared to Alternatives (1) and (2), Alternative (3) maximizes the happiness of Jane and the other stakeholders while minimizing harm to the other sales reps.

III. THE RIGHTS APPROACH--THREE TESTS (RIGHTS, EXCEPTIONS, & CHOICES)

A. THE RIGHTS TEST

Introduce the test: Are we respecting the rights of those affected?

Validity: Why is this principle a valid guide to conduct? Persons deserve respect because they have value in themselves. Rights are what they need to have an existence that expresses that value. If I recognize value in myself and I claim to have rights that recognize or protect that value, then unless I can show that others are different, they should have the same rights that I have.
Application: Those whose rights may be violated are Jane, other sales reps, other employees, managers, and owners. The company has a legal right under its employment contract to have honest reporting of expenses. The owners of that company also have a fundamental human right to the property the reps are taking from them. The owners have a right to their property because they (or their ancestors) created that property by their labor and it would damage their dignity and self worth to have it taken. (Note that the amount taken in this case may be small enough not to be a serious threat to their freedom and well being, nor is it a serious violation of the owners’ dignity and self-worth, but it is a violation.)

Conclusion: There is a violation of the owners’ right to their property but not a serious violation if the amounts are small. Rights would not be a strong indicator in this case.

B. THE EXCEPTIONS TEST

Introduce the test: “Are we making an exception for ourselves? What if everyone did it? What if they did it to us?”

Validity: Why is this principle a valid guide to conduct? If everyone is equal, why should some be able to do what others can’t do?

Apply the test: (1) Specify the action: Padding is the questionable practice being considered.

(2a) What if everyone did it? Would it become impossible for anyone to do it? If everyone padded, the companies would discover the practice and outlaw it by requiring receipts for all expenses or doing away with expense accounts, so padding would become impossible if everyone did it. Raising the level of generality in describing the questionable practice, padding is a form of lying, which is impossible if everyone does it because if everyone lied, no one would believe what anyone said, so no one could lie successfully. The action could also be described as taking what does not belong to them or stealing which is also impossible if everyone did it. Not padding can be done by everyone, and padding but giving notice can be done by everyone if described more specifically as “padding only once to save the harm done to others who need time to correct their past mistakes.”

(2b) Would it be unacceptable to us or to the company if everyone did it? The sales people would not want to live in a world in which financial reporting was not accurate. No one could trust anyone else’s figures and everyone would live in fear that they were not getting treated the way they deserved. The sales people and the company would find it unacceptable for a person to act unethically once (by padding) if the harm is not great and doing so would prevent a much greater harm such as the whole sales force being fired.

(3) Conclusion based on everyone doing it: padding once seems to be the most ethical action in the situation.

(4) What if they did it to us? The sales reps would think it was unethical for the company to withhold pay from them without their knowledge. So padding is unethical.

Conclusion: Padding would be impossible and unacceptable if everyone did it and the sales people would not want it done to them so it is not ethical for Jane to pad her account on an ongoing basis. It would be ethical for her to do it once and put the other sales people on notice.

C. THE CHOICES TEST
*Introduce the test:* Are we letting others make their own choices?

*Validity:* Why is this principle a valid guide to conduct? If everyone is equal and everyone knows what they value, why should some be able to choose for others?

*Application:* Those affected who may need information and freedom to choose what they value are Jane, other sales reps, other employees, managers, owners.

(1) **Are we giving others the freedom to choose?** All the other stakeholders are free to act—the sales reps are not coercing or forcing them to pay the extra. However, padding is not respecting prior choices by the company to pay only actual expenses and by the reps to accept employment for the pay offered.

(2) **Are we giving others the information to know what they value** in this situation? By padding their expenses the reps are hiding information the company needs to know to decide whether they want to pay them the extra money or not in order to keep their services as sales reps. By padding, the reps are renegotiating the terms of their employment without the company knowing it. So padding is unethical.

*Conclusion:* So padding is unethical because it denies information and violates prior choices made by the reps whereas not padding and padding only once provide the needed information for the company to choose according to its values and respect the prior choices.

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**IV. THE JUSTICE TEST**

*Introduce the test:* “Are we insuring a fair distribution of benefits and burdens?”

*Validity:* If everyone is worth the same, then everyone should receive a fair share. Treat equals equally and unequals unequally. The default fair distribution is to distribute equally since all are worth the same but in some circumstances the fair distribution could be based on effort, accomplishment, contribution, need, seniority, contract, or relationship. What would be most fair? We need to explain to which distribution scheme is fair in each situation.

*Application:* (1) **How are the benefits and burdens distributed?** Those who may have benefits and burdens that should be allocated fairly are Jane, other sales reps, other employees, managers, and owners. The reps seem to be getting the benefit of extra pay while the others have the burden of fewer resources.

(2) **Is this distribution fair?** The sales reps claim that the extra pay is fair because they work very hard (extra pay for extra effort) and because their actual expenses are higher than the reimbursement systems allows them to report (equality). These arguments might persuade the company to pay them more but they have no way of knowing how hard other workers work. By taking the extra pay without the company’s knowledge, the sales reps are exercising an unequal share of power in wage negotiations and are taking an unequal share in relation to other workers who do not have expense accounts that they can pad for extra pay.

*Conclusion:* Padding their expense accounts gives the sales reps an unequal advantage in wage negotiations. They may claim they deserve the extra pay but cannot prove that they do unless they actually negotiate openly with the company and allow other workers to do so also. They are maintaining an unfair advantage over the company and their fellow workers...
who do not have expense accounts. All workers should have an equal chance to negotiate.

V. THE COMMON GOOD TEST

*Introduce the test:* “Are we looking out for the common good in this situation?”

*Validity:* Since our individual good depends on the common good, we all have an obligation to maintain it.

*Apply the test:* (1) **What parts of the common good are involved?** Increasing my pay by padding my expenses impacts two important aspects of the common good: the trust that everyone will be honest that lowers transaction costs, and the system of negotiating contracts for wages that is part of the way our economic system functions.

(2) **Why do we have an obligation to promote or protect the common good?** We all depend on the trust that everyone is honest and will honor their contractual obligations.

(3) **Does the proposed action conflict with this obligation?** Padding their expenses, especially if it discovered, will harm the trust in honesty and raise transaction costs within the company and corrode the spirit of unity that binds employees together in a common enterprise since the sales people are getting special treatment for themselves. The action also harms trust in the fairness of compensation.

*Conclusion:* Since the sales people benefit as individuals by working in a company and within an economic system that operates on trust, they should not directly harm that trust.

VII. THE CHARACTER OR VIRTUE TEST

*Introduce the test:* “Does this action represent the kind of person I am or want to be? Does it represent my organization’s reputation or vision?”

*Validity:* The kind of person I am, and the kind of organization I work in are both important to living a good life and are influenced by the specific actions we do. If we know who we are and aspire to be, we can decide how to act by considering whether an action is something that would be done by the kind of person or organization we want to be.

*Apply the test:* (1) **Would this action help make you the kind of person you want to be?** If Jane thinks of herself as a person who is honest and trustworthy in her business life, then padding her expense account on a regular basis will weaken her habit of acting according to the pattern set out by these virtues or good ways of acting. Departing from her ideals in small increments makes it easier to take larger steps later. Giving the other reps time to change their reporting practices would strengthen her habit of being compassionate toward others. If she thinks that taking even one action against her ethical principles will damage her character by changing her expectations for herself, she should tell the other reps that she will file an accurate report and that they should change their practices as soon as possible to avoid being discovered by the company.

(2) **Will the action fit the company’s reputation or vision of what it would like to be?** The company has indicated in its training that it aspires to honesty in its employee’s actions. Padding goes directly against those aspirations.

*Conclusion:* Since padding will weaken Jane’s habits of honesty and trustworthiness and goes against the aspirations of the company, it is unethical for her to pad her expense
account. Her habit of compassion may lead her to file one false report in order to give the others an opportunity to reform.

**VII. COMPARE CONCLUSIONS OF TESTS TO DRAW A FINAL CONCLUSION**

All of the principles show padding to be unethical. Utility shows that padding once with notice maximizes happiness since it gives the other reps the opportunity to change their behavior in the light of ethical insights provided by Jane and padding once does not do great harm to the company or to Jane’s character. If the anticipated harm to the other reps is great and the harm to the company from her one false report is negligible, Jane may use this utility consideration to soften the conclusions of the Expectations, Choices, and Justice principles to allow for only one instance of padding. This trading of insights among the various ethics tests is part of the practical wisdom that we should all cultivate. We should be conscious, however, that we do this at the apex of a steep and slippery slope. Discussing the tradeoff with wise and experienced others is the best way to overcome the limits of immediate intuition and self-reflection. On this analysis, my own considered judgment is the best action would be to file a padded report but give notice to other sales reps that she will not do it again.