**Chapter 1 -- Discussion Questions**

**Suggested Discussion and Solutions**

1. **A common ethical dilemma used to distinguish between philosophical reasoning methods is the following. Imagine that you are standing on a footbridge spanning some trolley tracks. You see that a runaway trolley is threatening to kill five people. Standing next to you, in between the oncoming trolley and the five people, is a railway worker wearing a large backpack. You quickly realize that the only way to save the people is to push the man off the bridge and onto the tracks below. The man will die, but the bulk of his body and the pack will stop the trolley from reaching the others. (You quickly understand that you can’t jump yourself because you aren’t large enough to stop the trolley, and there’s no time to put on the man’s backpack.) Legal concerns aside, would it be ethical for you to save the five people by pushing this stranger to his death? Use the deontological and teleological methods to reason out what you would do and why.**

Is it Ethical to Save Five People at the Expense of One?

**Lessons from the Talmud**

The Trolley Problem is a thought experiment in ethics, first introduced by Philippa Foot in 1967. Others have also extensively analyzed the problem including Judith Jarvis Thomason, Peter Unger, and Frances Kamm as recently as 1996. The authors used these problems in ethics class to challenge students’ moral intuition.

The choice is between saving five lives at the cost of taking one life. Before we get to the “answers,” we want to explain how one researcher is using MRI technology to map brain response while analyzing the dilemma. Joshua Greene at Harvard University was more concerned to understand why we have the intuitions, so he used functional Magnetic Resonance Imaging, or fMRI, to examine what happens in people’s brains when they make these moral judgments.

Greene found that people asked to make a moral judgment about “personal” violations, like pushing the stranger off the footbridge, showed increased activity in areas of the brain associated with the emotions. This was not the case with people asked to make judgments about relatively “impersonal” violations like throwing a switch. Moreover, the minority of subjects who did consider that it would be right to push the stranger off the footbridge took longer to reach this judgment than those who said that doing so would be wrong. Interesting results to say the least.

Many do not believe it to be ethical to intentionally end someone else's life whether it is to save others or not. Most do not believe it is a moral responsibility to sacrifice one life in order that others may go on. If you push someone in the way to save others, you may as well say you killed a man. How could you forgive yourself? The man has a family and people who love him, so how could you explain your actions to his family?

We have no right to sacrifice the life of one person to save others. There is a saying from the Talmud, an authoritative record of rabbinic discussions on Jewish law, Jewish ethics, customs, legends and stories: “Whoever destroys a soul, it is considered as if he destroyed an entire world. And whoever saves a life, it is considered as if he saved an entire world.”

We have no right to decide who lives and who dies. Yes, if we can save one person without harming others we have a moral obligation to do so. However, to save one life while sacrificing others is an arbitrary act in many ways. What if the one sacrificed is a humanitarian, well-respected and well-known person who works tirelessly for the poor and others who can’t help themselves? What if those saved are criminals who committed murder and escaped from prison. You see the dilemma? Who are we to judge who is a good person, and be saved, and who is a bad person? We should focus on leading the best possible life we can; to serve others whether through medicine, the clergy, the law, a teacher, nurse, or first-responder.

Utilitarianism might be used to rationalize saving the life of five people by sacrificing one person’s life. We could say that more people benefit than are harmed by taking that action. This is consistent with act utilitarianism. On the other hand, a rule utilitarianism approach would posit that certain rules should never be violated in the name of maximizing net benefits. One rule is that it is wrong to take a life of another. Thus, rule utilitarianism is a modifying force on the literal application of act utilitarianism.

1. **Another ethical dilemma deals with a runaway trolley heading for five railway workers who will be killed if it proceeds on its present course. The only way to save these people is to hit a switch that will turn the trolley onto a side track, where it will run over and kill one worker instead of five. Ignoring legal concerns, would it be ethically acceptable for you to turn the trolley by hitting the switch in order to save five people at the expense of one person? Use the deontological and teleological methods to reason out what you would do and why.**

Again, like above in number 1 you should not intentionally take a life, but if your intentions were to save four people at the sacrifice of one life, and if you were unaware of the damage it would do to the sole man, then you acted out of goodwill and that is more admirable. We can envision a cost-benefit analysis of the ethical dilemma that supports saving four lives at the expense of a fifth person. On the other hand, all those people have a right to live and no one has the right to decide who lives and who dies.

1. **MacIntyre, in his account of Aristotelian virtue, states that integrity is the one trait of character that encompasses all the others. How does integrity relate to, as MacIntrye said, “the wholeness of a human life”?**

Integers are whole numbers. This is the base word for integrity. Things with integrity are the same all the way through, or whole throughout. Thus, integrity equates with the consistency of one's actions. We must be consistently ethical to become an ethical person. If we can assume that everyone knows good treatment of their own interests and everyone knows good choices for their own short run, integrity might mean applying those same best choices to situations which affect others or affect the long run of all concerned.

A person of integrity acts with courage, sincerity, and honesty. Integrity encompasses all the other traits or values of character because it also implies action. Integrity requires a person to be honest, but to also act on that honesty. Integrity requires that a person have courage but also to act on that courage. Integrity requires that people not only have principles and values, they also have to stand by those principles and values and not bow to pressure thereby foregoing those principles.

Students often think that integrity is synonymous to honesty. Many dictionaries even state that honesty is the synonym for integrity and vice versus. Yet, just because a thief is being honest in one circumstance does not mean that he has integrity. A thief may admit to stealing only after being caught. We might say it is an honest act, but it lacks integrity because the thief failed to consider the consequences of his actions on those he stole from or their rights not to be robbed. Moreover, the thief failed to admit the mistake after being caught; promise not to do it again; and then act consistently with the integrity standard thereafter. A way to consider integrity is how consistently honest a person is, not just whether that person was honest in one circumstance.

1. **David Starr Jordan (1851–1931), an educator and writer, said, “Wisdom is knowing what to do next; virtue is doing it.” Explain the meaning of this phrase as you see it.**

This quote addresses the fact that it is not enough to know what is right or wrong; one must also act on that knowledge. Knowledge without action would be hollow. The well-known author Maya Angelou (1928 - 2014) has said that “Courage is the most important of all the virtues, because without courage you can't practice any other virtue consistently. You can practice any virtue erratically, but nothing consistently without courage.”

Ethical dilemmas are situations where deciding what is best requires weighing ethical arguments between alternatives. Deciding what the best thing to do is almost always easier than doing it. Josephson Institute refers to moral temptations as a choice which is clear but still unattractive. The ratio of moral temptation to ethical dilemma might be four to one. Even those of us with the worst eating and exercise habits seem to know a lot about healthy alternatives. However, making yourself eat vegetables when you are hungry for chocolate is difficult and making yourself consistently prefer vegetables to cheeseburgers might require something beyond our abilities. Wisdom is mostly knowledge, but virtue is mostly desire, and habit.

* + 1. **Do you think it is the same to act in your own self-interest as it is to act in a selfish way? Why or why not?**

Acting selfishly and in your own self-interest are not the same thing. Normally, acting selfishly is only being concerned with self, not others, and being very short sighted; it is being concerned with immediate gratification of some sort. Acting in one’s best interest may also mean acting in the best interest of all involved. For instance, I can turn up the television loud while I study because that is what I like, who cares if it is bothering my roommate or anyone else. Or, I have the television at a moderate volume so as not to disturb my roommate or anyone else. Or, I could use earphones so my roommate is not disturbed at all. I do this in hopes that I am not disturbed by loud volumes at 3 am while I’m trying to sleep and my roommate is coming in from a job. In the former case I am acting selfishly and in the other I am acting in my self-interest while considering others. In short, acting in my self-interest may be to act selfishly but only after I have considered how my actions affect others and weigh it in my decision.

* + 1. **Do you think “enlightened self-interest” is a contradiction in terms, or is it a valid basis for all actions? Evaluate whether our laissez-faire, free-market economic system does (or should) operate under this philosophy.**

“Enlightened self-interest” may seem like a contradiction in terms. Nevertheless, an individual must be “enlightened” to consider the long-term effects of a choice upon self, others, and the whole of humanity. For example, an individual may want the road near his house to be free of litter out of self-interest (resale value, dislike of clutter and untidiness, etc.), but can extend that desire to wanting all the roads of a neighborhood or city to be free of litter for the good of the community. In fact, long term self-interest requires that an individual consider others, since an individual does not live in a vacuum without interaction with others. A person who uses enlightened self-interest as a basis for ethical actions hopes others will consider her interests when making a decision that affects that person. A totally selfish person will probably face negative consequences from others.

The doctrine of laissez-faire, a free market system is based upon the belief that economies should not be encumbered by regulation; an economy works best with enlightened self-interest, competition, and the laws of supply and demand. Adam Smith used the term “invisible hand” to describe how enlightened self-interest, competition, and supply and demand worked to self-regulate markets without needing government intrusion. The 2007-2008 financial crisis has raised questions as to whether the invisible hand works. There were many cases during the crisis where enlightened self-interest gave way to greed and egoism. Such cases have raised cries for new/stricter regulations of the free markets. Although competition and, sometimes, supply and demand can be regulated, can self-interest, egoism or greed really be regulated? If those could be regulated, then regulations alone could create and protect a moral economy.

1. **Is it ever appropriate to lie to someone? Explain why or why not using ethical reasoning. Give one example of when you believe lying might be justified.**

Lying involves two things: (1) An outright, purposeful false statement to another (lie by commission) and (2) The failure to disclose all the information a person has a right to know (lie by omission).

Recall the 2017 Las Vegas shooting that occurred on the night of Sunday, October 1 when a gunman opened fire on a crowd of concertgoers at the [Route 91 Harvest music festival](https://en.wikipedia.org/wiki/Route_91_Harvest_festival) on the [Las Vegas Strip](https://en.wikipedia.org/wiki/Las_Vegas_Strip) in [Nevada](https://en.wikipedia.org/wiki/Nevada), leaving 58 people dead and 851 injured. Between 10:05 and 10:15 p.m. [PDT](https://en.wikipedia.org/wiki/Pacific_Time_Zone), 64-year-old Stephen Paddock of [Mesquite, Nevada](https://en.wikipedia.org/wiki/Mesquite%2C_Nevada), fired more than 1,100 rounds from his suite on the 32nd floor of the nearby [Mandalay Bay](https://en.wikipedia.org/wiki/Mandalay_Bay) hotel. About an hour after he fired his last shot into the crowd, he was found dead in his room from a self-inflicted gunshot wound. His motive remains unknown. Now, imagine you are a friend of Paddock and he confides in you about the pending shooting. You decide to inform the authorities. The authorities tell you they will have agents swarming over the hotel. In Paddock’s last act before the shooting, he tells you he’s quite certain the authorities have no idea what he is about to do. Should you be honest and tell him you went to the authorities and they will be prepared to cut off his action?

One could argue you are a dishonest person because you outright lied to Paddock about the police’s knowledge of your actions. You also failed to tell him the police would be ready to intercede. We could argue the issue of trustworthiness and loyalty as well. These pillars of character are at risk in your action. So, what justifies doing what you have done in informing the police? Simply put, an ethical person avoids harming others and Paddock has the opportunity to live up to those values. While Rights Theory holds that the ends do not justify the means, sometimes the means should dictate what action should be taken to avoid harm. You considered the consequences of your actions, realized lying to Paddock was justified to save the lives of others, and calculated that the benefits of telling the police far outweighed any costs to your friendship.

1. **Is there a difference between cheating on a math test, pocketing an extra $10 from the change given to you at a restaurant, and using someone else’s ID to get a drink at a bar?**

All are examples of lying and affect one’s character through honesty and integrity. Many will use many rationalizations to justify the lying. Some may try to split hairs between what is wrong and what is more wrong – an ethical relativistic approach that should not be used. Just imagine a business that decides one improper financial reporting act is not as bad as another, so the former is allowed.

Notice in the first two instances the action harms others. For example, cheating on a math test affects the level playing field so that each student has an equal opportunity to excel on a test. Keeping the change means the waiter/waitress may have to cover the shortfall out of her pocket. Using someone else’s ID to get drunk puts the person whose ID you used at risk if, for example, you drive home in a drunken state and cause a serious accident that harms others.

1. **Sir Walter Scott (1771–1832), the Scottish novelist and poet, wrote: “Oh what a tangled web we weave, when first we practice to deceive.” Comment on what you think Scott meant by this phrase.**

Lies often require stories which seem simple, but if examined, may call for further lies. In some cases, merely remembering a lie is more difficult than remembering the truth. Fiction is filled with stories of one lie leading to others. You might collect a list of those famous stories. This question provides an opportunity to remind students of the ethical slippery slope and once a lie is told, the person who tells it begins the slide and it is much more difficult to climb back up and regain the moral high ground. The concept of an 'ethical slippery slope' is one that defines behavior when a decision-maker first decides to deceive others by consciously covering up or lying about past behavior. This begins the slide down the proverbial ethical slippery slope where it becomes more difficult to reverse course because the decision maker is committed to the deceitful action; then since most people don't want others (i.e., superiors) to know about the initial, wrongful action

over time cover up or lying slowly become untangled and the truth emerges.

Betty Vinson was a victim of the ethical slippery slope. Once she agreed to go along with financial wrongdoing and enter false data into WorldCom’s accounting system, it became very difficult for her to change direction as future requests were made for her to do the same.

An interesting angle to this discussion is what appears to be the failure of the media to spend the time to corroborate truthful information. In other words, what steps should journalists take to avoid “fake news.” The following link may be of interest if you choose to extend the boundaries of this question: <http://mediashift.org/2015/02/how-lies-spread-faster-than-truth-a-study-of-viral-content/>.

1. **One explanation about rights is that “there is a difference between what we have the right to do and what is the right thing to do.” Explain what you think is meant by this statement. Do you believe that if someone attacks your credibility on social media that gives you the right to attack them?**

Having a right to do something allows one to be concerned with one’s self interest only (egoism). Doing the right thing often requires one to consider others besides and before one’s self (at a minimum enlightened egoism, but also utilitarianism, deontology, justice, and virtues). An example is shouting there is a fire in a crowded movie theater. We have the right to do so but it is not the right thing to do.

In virtue ethics, the decision-maker would want to do the right thing and have it become a habit. Deontology would emphasize the duty of doing the right thing and telling the truth, not just when it is convenient or does not intervene with personal desires of making a better grade without studying, paying more for a movie ticket or a minor obtaining an alcoholic beverage. Ethical behavior requires consistency of action and not a relativistic or situational perspective.

One example students can relate to with respect to having their credibility attacked is trolling. We all spend many hours each day on the Internet so our social media footprint says a lot about who we are. Disturbing behaviors such as hate-speech, cyberbullying, and trolling have made the online experience troubling for many of us.

Trolling defines a highly dysfunctional online user who targets others using cyber harassment, internet defamation, online deception, and the like. Trolls can hide behind their electronic devices, screen names and avatars when they go out trolling for trouble, and after their all done the target of their offensive behavior is left to pick up the pieces.

A troll might insert him/herself into a conversation on social media and post comments designed to upset or disrupt the conversation. Their sole purpose may be to offend others. It can be a losing battle to attack these folks back to get even or silence the troll. It’s likely to only inflame the rhetoric.

1. **Do you think it is ethical for a prospective employer to investigate your social media footprint in making a hiring decision? What about monitoring social networking activities of employees while on the job. Use ethical reasoning in answering these questions.**

Social media is one of the most popular forms of communication, particularly with Millennials. Anyone can connect with anyone else or find information about others that may not otherwise be available. Thus, it should not be surprising if firms use social media to research potential job candidates. Firms may argue that social media is a public platform, unless the candidate makes it otherwise, and that it’s their own choice to share the content that is available to anyone who searches for it.

CareerBuilder found in a 2014 survey that 43% of hiring managers who research candidates said they had found information on social media that caused the firm not to hire the candidate. What qualifies as a valid reason to do so?

A platform like LinkedIn allows a firm to fact-check a candidates’ resume or CV. The firm may find out that a candidate lied on their application about qualifications, experiences or other information. This information may cause the firm not to hire the candidate. However, other social media platforms may include pictures, statuses, and likes about illegal activity, bullying, a criminal past, or posts that include racism, sexism, homophobia, or an unpopular political position. Much of the former may be considered speech. However, lying about qualifications and engaging in illegal activity are acceptable factors that might influence a firm’s hiring decision. Personal opinions and free speech would be unethical to use in hiring decisions and may send the wrong message that a future employee should not feel free to speak out if she identifies wrongdoing.

On the other hand, if the employee is seeking a job with a government entity, the standards may be stricter because of the need to take care not to express one’s opinion on controversial matters that may pertain to the work of the agency, albeit not directly related to a specific matter before the agency. In this case it is important for the employee’s statements not to appear to reflect the agency’s position on the matter.

## The firm would be using rights and utilitarianism theories in using social media to research candidates. The firm may think that it has a right to know if a job candidate is lying or engaging in illegal activities. From a utilitarian point of view, the firm wants the result to be the hiring of an honest job candidate who is not engaging in illegal activities. For example, what if the candidate was a child predator like Jared Fogle, the Subway spokesperson? [On November 19, 2015, Fogle was sentenced to more than 15 years in federal prison after pleading guilty to charges of child pornography and crossing state lines to pay for sex with minors.]

We believe candidates should know that in today world one’s prospective employer may be searching the Internet for character-based information on candidates for positions. It is the candidate’s personal responsibility to act appropriately and be cautious about what they say on the Internet. From a rights and virtue perspective, the firm should notify candidates that it will be researching their backgrounds on social media.

A firm may set policies for appropriate social media activities during the work day and on using company equipment for personal reasons. The firm wants a full day’s work for its pay and may consider using company time for personal social networking and posting as a form of theft. Setting a company policy on proper use of company computers, email accounts may include usage of the Internet and appropriate surfing of the net, online shopping and other personal activities. A bigger challenge for firms is regulating employees’ usage of a personal smart phone during the work day.

An individual using company time or equipment to access social media for personal activities is acting out of egoism, or self-interest only. You wouldn’t want a personal assistant texting or updating her Facebook status while working for you, so why should you do it when working for others? A firm setting clear guidelines expectations on personal activities on company time, if any, is employing utilitarian, deontological and virtues ethics reasoning. The policy might allow for exceptions such as monitoring the health of a sick child being watched by another.

1. **According to the 2011 National Business Ethics Survey conducted by the Ethics Resource Center, *Generational Differences in Workplace Ethics[[1]](#footnote-1),* a relatively high percentage of Millennials consider certain behaviors in the workplace ethical when compared with their earlier counterparts. These include:**
	1. **Use social networking to find out about the company’s competitors (37%),**
	2. **“Friend” a client or customer on a social network (36%),**
	3. **Upload personal photos on a company network (26%),**
	4. **Keep copies of confidential documents (22%),**
	5. **Work less to compensate for cuts in benefits or pay (18%),**
	6. **Buy personal items using a company credit card (15%),**
	7. **Blog or tweet negatively about a company (14%), and**
	8. **Take a copy of work software home for personal use (13%).**

**a.       Choose one or more behaviors and explain why Millennials might view the behavior as ethical.**

Many of the behaviors are done out of egoism or the rationalization that “everyone is doing it” or “I’m doing this so I can do my job better.” For example, “friending” a client or customer on a social network may seem innocent enough and a way to learn valuable information about these parties; however, it could be perceived as a way to gain such information prior to striking out on one’s own and starting a new business. The problem with many of the enumerated behaviors is the perception that one’s motives may not be in the best interests of the employer.

**b.      Choose one or more behaviors and explain why you think it is unethical.**

Have the students discusswhich of the above behaviors can be defended by virtue, deontology and utilitarian (both rule and act) theories. The students might pick to “friend” a client or customer on a social network as being a good end to help the company. This could lead to a discussion of professional versus personal social media; i.e., LinkedIn versus Facebook. As more companies are using social media to reach and stay connected with clients and customers, this behavior would be ethical if it was part of an employee’s job duties.

1. **The 2016 Deloitte Millennial Survey of 7,500 college educated, full-time employees from 29 countries found that the most significant factor influencing respondents' decision-making at work was their personal values and morals. Seventy-percent believe their personal values are shared by the organization they work for, and they rank a solid ethical foundation built on trust, integrity, and honesty as one of the three most important values to the long-term success of a business. Given the numerous examples of fraud so far in the 2000s, including Enron et al. and the financial recession, how can we reconcile the survey results with reality?**

Seventy-five percent is a very large number yet instances of financial fraud persist. It is those in an organization that commit the fraud. It’s unlikely all 75 percent commit fraud, yet the results make us stop and think whether individuals act in a way that may not conform to their values to be a team player, or go along to get along, or they rationalize accepting questionable behavior because of pressures imposed on them to do so.

[Chris Cancialosi, Ph.D.](https://www.linkedin.com/in/chriscancialosi), a managing partner and founder at [gothamCulture](http://www.gothamculture.com/), asks in an article in *Forbes:*When you think of your company’s values, what comes to mind?Do they serve as a compass for your organization? Do they hold any weight at all or are they meaningless words on a wall in the lobby of your building? He notes the importance of a solid set of core values, fundamental beliefs about what “right” looks like, in a company cannot be overstated. Unfortunately, many companies today still struggle to create meaningful values in their organizations despite their best efforts.[[2]](#footnote-2)

Ideally, an organization’s core values explicitly define how people will behave with each other and with customers. When values succeed, the daily behaviors of your employees will embody the core values established. When your culture and values don’t align, employees, customers and bottom-line business performance may suffer. In Chapter 3 we address this issues in greater detail.

1. **For years, the Baseball Hall of Fame has officially steered clear of the question as to how voters should handle the candidacies of players connected to performance-enhancing drugs. On November 21, 2017, Hall of Famer Joe Morgan pleaded with voters to reject players who failed drug tests, admitted using steroids, or were identified as users in Major League Baseball's investigation (Mitchell Report). Initially, two of the game's best players -- Roger Clemens and Barry Bonds -- could only muster about one-half of the 75 percent approval needed to be voted in. However, in 2017 both players received more than 50 percent, a significant threshold that has historically indicated future election, although their support only increased to 57.3 percent and 56.4 percent, respectively, in 2018. Do you believe Clemens and Bonds should be voted into the Hall of Fame?**

Using steroids is cheating. What theories would support cheating? Virtue ethics emphasizes that doing the right thing should become a habit. Deontology would emphasize the duty of doing the right thing. Fairness would emphasize equals competing against one another on a level playing field. When athletes compete against one other, each one should have the same advantages and disadvantages. Another concern with steroids is safety. If competition is pressuring some individuals to do dangerous things, agreeing about what *everyone* will not do protects all from that pressure.

Steroids might increase speed and strength if well administered and athletes could make a case that if every baseball player had access to them competition would be equalized; it’s similar to giving everyone access to good shoes or the weight room. There are two dangerous issues to consider. A steroid-using batter facing an equally enhanced pitcher might seem fair, and steroid-using Yankees against steroid-using Red Sox might seem fair, but faster pitching hit by stronger hitters might create a danger to spectators and players.

Underneath an almost cult like reverence for athletes is the celebration of sporting, unearned luck of birth talent, healthy respect for the virtues of diligence, courage, dedication, discipline, and sometimes teamwork. Baseball is different from some other sports in that until very recently, it looked like a sport anyone could play. Baseball looks like a fair game in that short guys, fat guys, skinny guys, and athletic looking guys all got to play. In ordinary life, we are not all born with talent and not all born with inherited resources but we all can be diligent, brave, honest, and fair.

Students may argue that cheating has become part of our culture so why should sports be any different. They may argue this point using ethical relativism. A useful response is that if everyone could use steroids, where would it stop? What about 'corked bats.' What about 'juiced up' baseball balls to allow for more home runs? What about pitchers throwing 'spit balls'? All these things have happened over time and steroid use is just the choice method of cheating in today's sports society, or so the student argument may go. The problem is ethical relativism allows each person to decide for herself what is right or wrong, a clear violation of the universality perspective in Rights Theory.

In our society violations of ethical standards seem to wane over time. We tend to forget over time and a new generation becomes influential and that may change the dynamic about Clemens and Bonds being elected to the Hall of Fame.

Why is this any different than Lance Armstrong? Armstrong is the [1993 professional world champion](https://en.wikipedia.org/wiki/1993_UCI_Road_World_Championships), and won the [Tour de France](https://en.wikipedia.org/wiki/Tour_de_France) a record seven consecutive times from 1999 to 2005. However, in 2012, he was banned from sanctioned Olympic sports for life as a result of [long-term doping offenses](https://en.wikipedia.org/wiki/Lance_Armstrong_doping_case). As part of those sanctions, all results going back to August 1998, including his seven Tour wins, were voided. He repeatedly lied about not using performance enhancing drugs. His good reputation was tarnished by this act and a lifetime of being a role model and doing good works through his Live Strong organization went down the tubes.

In examining student responses to this question, look for sound ethical reasoning linked to the six pillars of character. Is it honest to use a performance-enhancing drug when others don’t have (or want) the same opportunity? Does this make for a trustworthy person; a reliable person? Did these athletes accept responsibility for their actions or explain them away?

1. **Your best friend is from another country. One day after a particularly stimulating lecture on the meaning of ethics by your instructor, you and your friend disagree about whether culture plays a role in ethical behavior. You state that good ethics are good ethics, and it doesn’t matter where you live and work. Your friend tells you that in her country it is common to pay bribes to gain favor with important people. Comment on both positions from a relativistic ethics point of view. What do you believe and why?**

The basic moral principles of respect, fairness and kindness are timeless and worldwide; although different circumstances can affect how they are implemented. There must be certain ways of treating people that almost always hurt and are almost always wrong; you might mention a few obvious ones, like robbery, rape, and murder. Likewise, there are cultural practices of great importance without moral significance. An example is which side of the road you drive on. Left and right sides might be morally equal, but once everyone promises to drive on the left side, the wrong side becomes promise-breaking and deadly. Playing “football” in any country besides the United States implies a promise not to use one’s hands and doing so would be considered cheating. Touching the ball and thereby breaking the rules might ruin the game but is not often a life and death betrayal. In many countries, restaurant staffs are not tipped, in other countries, nearly everyone tips the same percent, and in some places how much you tip is influenced by how well you are treated. A lot, but not all cultural morality differences are unwritten rules and expectations that seem fair if applied to and by everyone. Arbitrary choices become moral obligations when other peoples’ well-being depends on keeping promises to follow those choices. Some cultural differences in morality have to do with beliefs more than differences in ethical reasoning. In some places, people are accorded better treatment according to their sex, age, race, wealth, or status. This mixes personal traits which are earned with traits that unearned or due to birth. If you believe wealth and power are earned, then their privileges seem fair, but if you believe children do not choose or earn their parents, then those very same privileges are unfair and discriminatory.

Paying bribes is a way of conducting business in some countries. In others it is considered unethical. In the U.S., small amounts of bribes that are made to induce a person to do what they should be doing anyway as a result of their position is known as a facilitating (“grease” payment) and legal. On the other hand, bribing someone to do something they are under no obligation to do is wrong and unethical. It does not mean one country is good while the other is bad. The key question is should a U.S. company do business in a country with a culture where grease payments are a way of life and bribery is tolerated. Is it the old adage that “When in Rome, do as the Romans do?” Or, should U.S. companies apply an American ethical perspective to doing business in other countries with differing cultures?

1. **Socrates said that the best way to solve a problem is by thinking. Do you agree? Is thinking enough to solve most problems that arise in accounting? Explain.**

According to Wikipedia, the Socratic method is a method of hypothesis elimination, in that better hypotheses are found by steadily identifying and eliminating those that lead to contradictions. The Socratic method searches for general, commonly held truths that shape beliefs and scrutinizes them to determine their consistency with other beliefs. The basic form is a series of [questions](https://en.wikipedia.org/wiki/Question) formulated as tests of [logic](https://en.wikipedia.org/wiki/Logic) and fact intended to help a person or group discover their [beliefs](https://en.wikipedia.org/wiki/Beliefs) about some topic, exploring definitions and seeking to characterize general characteristics shared by various particular instances.[[3]](#footnote-3) This happens through a process of thinking, responding to arguments, reflecting on the discussions and coming up with new thoughts.

Thinking is not enough to solve most problems in accounting. Thinking must be followed by doing. I may think my supervisor is falsifying the financial reports but not have the courage to act on my beliefs.

1. **Do you agree with our decision to omit Rand’s Rational Egoism as a basis for making ethical judgments in accounting? Explain.**

Expect a heated debate with students on this issue because of the prevailing thought by many that rational egoism is the best way to think about ethics in today’s society. The following is a rather extensive discussion of Rand’s philosophy.

Rational egoism is a particular brand of ethical egoism that claims the promotion of one’s own interest is always in accordance with reason. Rational egoism, also called rational selfishness, is the principle that an action is rational if and only if it maximizes one’s self-interest. One of the most well-known proponents of rational egoism is the contemporary philosopher Ayn Rand (1905-1982).

Rand’s philosophy has been called “Objectivism.” It is based on the following.[[4]](#footnote-4)

1. Reality exists as an objective absolute – facts are independent of man’s feelings, wishes, hopes or fears.
2. Reason is man’s only means of perceiving reality, his only source of knowledge, his only guide to action, and his basic means of survival.
3. Man – every man – is an end in himself, the ultimate value in life, not the means to the ends of others. He must exist for his own sake, neither sacrificing himself to others nor sacrificing others to himself. The pursuit of self-interest and his own happiness is the highest moral purpose of his life.

Rand’s ethics of rational self-interest is an ethics of choice, guided by reason, with human survival as its goal. This is diametrically opposed to altruism. Altruism, according to Rand, is a morality of the past. It is irrational to expect people to act purely in the interests of others; instead, it is to discover a rational ethics and chose to adopt and live by it. According to Rand, humans must choose their own values, goals, and actions to maintain their lives. Without the ability to choose, there could be no morality because morality deals only with issues open to man’s choice (i.e., to his free will).

In Rand’s *The Virtue of Selfishness: A New Concept of Egoism,* rationality is conceived of as man’s basic virtue, the source of all other virtues. The virtue of rationality means the recognition and acceptance of reason as one’s only source of knowledge, one’s only judge of values and one’s only guide to action. It means a commitment to the reality of one’s existence, i.e., to the principles that all of one’s goals, values, and actions take place in reality and, therefore, that one must never place any value or consideration whatsoever above one’s “perception of reality.”[[5]](#footnote-5) The problem here as we see it is, each of us may have a different perception of reality and those perceptions may change with each new situation. Actions become more relativistic and this makes it difficult to have a consistent set of ethical standards such as the Categorical Imperative.

Rand’s philosophy is to pursue happiness by making decisions that are in one’s “rational self-interest,” meaning it produces benefits for all. However, it’s not that simple because one’s rational self-interest may conflict with the interests of others or one’s duties to others, which makes Rand brand of “Virtue of Selfishness” the target for philosophers and other intellectuals.

Rand’s philosophy has been linked to the basic tenets of capitalism. She describes the capitalist system as the essence of individualism with a laissez-faire attitude in which the function of government is solely to protect individual rights, including property rights. The idea is for government to have a hands-off approach and let each individual act in their rational self-interest and somehow this will lead to the ultimate best interests of society. Thus, Rand had a vision of capitalism as a moral ideal. Of course, this is a controversial issue today as many critics talk about the evils of capitalism and the unequal distribution of resources born out of a pursuit of self-interest mentality of corporations and well-heeled individuals.

Critics of Rand’s philosophy include University of Colorado Professor of Philosophy, Michael Huemer. Huemer points out that ethical egoism does not support the philosophy of individual rights. He states that under ethical egoism, the only thing that should matter intrinsically is for each individual to pursue their own welfare as an end in itself and that everyone else is a means to the individual’s own happiness. He supports the individualist premise that each individual must recognize other individuals as ends in themselves. He explains that when one violates another person’s individualistic rights without their consent, that person is being used as a means to self-interested needs.[[6]](#footnote-6)

Huemer also questions the Objectivists claim that it is impossible for rational people’s interests to conflict and that there has never (or almost never) been a case in which anyone would have benefited by violating another person’s rights (for instance, by initiating the use of force against another). Huemer concludes that actual arguments to support the claim are particularly scarce and wonders why anyone would accept the claim, apart from a drive to reconcile Rand’s ethics with her politics – i.e., capitalism.

By all accounts, many of today’s young adults and college students are believers in Rand’s philosophy of unfettered self-interest. When questioned about their beliefs, some have said it taught them to rely on no one but themselves. Others believe it to be an idealized version of core American ideals: freedom from tyranny, hard work and individualism. On this view, “It promises a better world if people are simply allowed to pursue their own self-interest without regard to the impact of their actions on others. After all, others are simply pursuing their own self-interest as well.”

As further evidence of support for Rand’s positions, back in 2012, more than 29,000 students submitted entries to an essay contest on Rand’s novels including *The Fountainhead* and *Atlas Shrugged*. During a five-year period, high school teachers had requested over 1.5 million copies of Rand’s books.

Rand’s theory seems to be quite popular as a teaching tool on college campuses. Indeed, a research paper authored by Douglas Beets found that BB&T Bank, a large financial service holding company, has funded grants to more than 60 colleges and universities in the U.S. to address what it refers to as “moral foundations of capitalism.” These grants vary in size but average $1.1 million and typically require design of a new course that includes the discussion of *Atlas Shrugged*.

Rand’s defense of “selfishness” and rejection of altruism are part of the reason for her popularity with the general reader. After all, if we are egoistic individuals guided by serving our own best interests then it makes sense to pursue these interests as the end goal in life. On her view, the aim of action is our own (egoistic) good, which could be understood in terms of happiness.

Now that we understand Rand’s philosophy, we have to conclude it’s not appropriate for accounting decision-making in part because accounting professionals must act in the best interest of the public – not their own self-interest. Accounting is an altruistic profession at its core. An accounting professional cannot meet the principles in the AICPA Code of Professional Conduct by putting his/her self-interest ahead of others’ interests.

1. **How should an accounting professional go about determining whether a proposed action is in the public interest?**

The concept of “The Public Interest” is defined in Article II of the AICPA Code:[[7]](#footnote-7)

“Members should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism. The public interest is defined as the “collective well-being of the community and institutions the profession serves” including “clients, credit grantors, governments, employers, investors, the business and financial community, and others who rely on the objectivity and integrity of [CPAs] to maintain the orderly functioning of commerce. In discharging their professional responsibilities, members may encounter conflicting pressures from among each of these groups. In resolving those conflicts, members should act with integrity, guided by the precept that when members fulfill their responsibility to the public, clients’ and employers’ interests are best served.”

Acting in accordance with the public interest in accounting means to develop a trusting relationship with the general public, especially users of financial reports. Users rely on the objectivity and integrity of accounting professionals to protect their interests. A useful perspective for a CPA is to ask before deciding a contentious issue: “How would I feel if my decision made the front pages of the newspaper. Would I be proud to defend it? Were my actions consistent with the public interest ideal?

1. **Distinguish between ethical rights and obligations from the perspective of accountants and auditors.**

Ethical rights describe how a person is entitled to be treated by another person. Ethical obligations are the duties to treat others in an ethical manner. Ask students what they think are their rights. Now which of those rights have an ethical basis? Have the students make a list of their ethical rights. If a student’s ethical right conflicts with the student’s ethical obligation, what should a student do?

From the perspective of accountants and auditors, obligations to the public are to act with integrity, be independent of clients both in fact and appearance, make objective decisions, and act in a responsible and trustworthy manner. The public has a right to receive accurate and reliable financial information to make informed decisions. Thus, the rights of stakeholders and the obligations of accountants and auditors to those stakeholders are the flip sides of the same issue.

1. **Using the concept of justice that holds equals should be treated equally, unequals unequally, discuss how an auditor would assess the equality of interests in the financial reporting process.**

Justice as fairness is the basis of the objectivity principle in the AICPA Code that establishes a standard of providing unbiased financial information. In our discussion of ethical behavior in this and the following chapters, questions of fairness will be tied to making objective judgments. Auditors should render objective judgments about the fair presentation of financial results. In this regard, auditors should act as impartial arbiters of the truth, just as judges who make decisions in court cases should. The ethical principle of objectivity requires that such judgments be made impartially, unaffected by pressures that may exist to do otherwise. An objective auditor with knowledge about the failure to allow for the uncollectible receivables would not stand idly by and allow the financial statements to be materially misleading.

When we look at the traditional notion of justice as treating equals, equally, we can say that investors and creditors have a greater demand and need for accurate and reliable information than other users because they represent the public interest. Thus, the conceptual framework for financial reporting is geared toward the decision-making needs of investors and creditors as the providers of financing while the needs of other users are of secondary concern.

1. **CPAs who make false statements in advertisements violate the AICPA rules of conduct. Do you think it would be ethical for a CPA to hire a person to advertise in this manner for them? Why or why not?**

It would be unethical for a CPA to employ (whether paid or not) someone to perform an act that the CPA is prohibited from doing? It is using a proxy to do something that she knows is wrong. Having someone else do the wrong act does not change the wrongness of the act. The AICPA Code of Professional Conduct clearly holds CPAs to the standard of care that she should not permit others to do for her what she is prohibited from doing under the Code. To do so is an unprofessional act in violation of the Code.

In advertising professional services, a CPA must be honest and non-misleading. In using testimonials and endorsements, how does a potential client know if these are honest and non-misleading? Were the testimonials and endorsements paid or exaggerated? Would that affect one’s opinion? What if the testimonials and endorsements are from paid actors, and not actual clients? As a profession that values objectivity and skepticism, objectivity and skepticism should be employed in determining how potential customers will react to advertising.

1. **Do you think a CPA can justify allowing the unethical behavior of a supervisor by claiming, “It’s not my job to police the behavior of others?”**

Accountants and auditors are not policemen or policewomen yet they play an important role in ensuring behavior conforms to professional norms of behavior. Accounting professionals represent the public interest and as such they “police” the behavior of corporate officials. There are requirements to bring matters of concern all the way up to the highest levels of an organization, including the board of directors.

An interesting perspective comes from the Public Company Accounting Oversight Board (PCAOB). The PCAOB was created to ensure that auditors of public companies are faithfully carrying out their duties on behalf of investors. The covenant between auditors and the public was established in 1933 when Congress required public companies to file financial statements that would be reviewed by independent auditors. This covenant places a special public obligation on auditors. In 1984, the Supreme Court, in United States v. Arthur Young, described the auditor's role as a "public watchdog function" that demands "total independence from the client at all times and requires complete fidelity to the public trust. Unfortunately, in the late 1990s and early 2000s auditors lost sight of their responsibilities to the public, which led Congress to act to police auditors’ work by ending self-regulation when public company audits are involved and giving the oversight role to the PCAOB.

In October 2013, the SEC announced the launch of “Operation Broken Gate”—an initiative to identify auditors who neglect their duties and the required auditing standards. Operation Broken Gate is the SEC’s effort to hold gatekeepers accountable.

1. **In the discussion of loyalty in this chapter, a statement is made that “your ethical obligation is to report what you have observed to your supervisor and let her take the appropriate action.” We point out that you may want to take your concerns to others. The IMA Statement of Ethical Professional Practice includes a confidentiality standard that requires members to “keep information confidential except when disclosure is authorized or legally required.” How do you believe this confidentiality standard might affect the next step taken by a CFO who failed to gain the support of the board directors to force a change in improper financial reporting?**

Whistle blowing has had a bad name since before Rolf chose his duty to Nazi youth over his affection for the Von Trapp family in the “Sound of Music.” Telling on someone to prevent serious harm to someone else is usually called tattling. Tattling often has the bad reputation due to its mean-spirited motivation. Telling to get someone out of trouble is usually the right thing to do. The difference in the two situations noted turns on motives for action. Whistle-blowing could stop something harmful which is about to happen or will continue happening. It does matter whether whistle-blowing can change the future and it does matter how important those changes are in the lives of those in peril. What matters is if the person tells to right a wrong and protect others; if so, it is an ethical action and warranted.

Whistle-blowing is different for accountants because it violates client trust and break promises the profession has made on behalf of each of its members. Accountants, as professionals, have access to truth and knowledge *because* we as a profession promise that clients can absolutely count on the accountants not to violate that trust by sharing secrets. If the profession did not promise confidentiality and our promise was in doubt, clients might purposefully keep secrets from their accountants because of fear of disclosure.

While there are situations where professional accountants have to go outside their chain of command, the profession’s reputation for reliability is damaged whenever that promise of confidentiality is broken. Whistleblowing for a professional accountant is promise breaking. The best justification for breaking promises is what we call an emergency: time sensitive, future changing, no one else can do it and it has to be done in some situations. It is easier to imagine corporations in its personnel, operations and marketing departments doing dangerous and harmful things that must be stopped in a hurry than in the finance or accounting departments.

There are circumstances in accounting where future harm to people who deserve our protection (i.e., shareholders or the public) is so great that professional duty is superseded by duty to protect the public interest. In some of these circumstances, individual accountants are the only one person who can prevent or reduce that harm by acting. Accountants can’t always trust their supervisors to do the right thing and follow up on what needs to be investigated.

There are times that accountants are expected to report wrongdoing to the authorities as part of their ethical obligation, such as under the Dodd-Frank Financial Reform Act that will be discussed in Chapter 3. This would be the case if every effort has been made using internal means to correct for fraudulent financial statements to no avail. It may also be the case to prevent serious harm to others. Finally, it may be required by state law as well.

1. **Assume that a corporate officer or other executive asks you, as the accountant for the company, to omit certain financial figures from the balance sheet that may paint the business in a bad light to the public and investors. Because the request does not involve a direct manipulation of numbers or records, would you agree to go along with the request? What ethical considerations exist for you in deciding on a course of action?**

Would the omission of the information be misleading to investors and the public? If so, then the SEC would consider that information material and then should be disclosed. Many may consider the omission of information as a form of a lie. One may mislead by stating a lie or by keeping quiet about some information. Many religions consider one a sin of commission and one a sin of omission; since both are sins, they are both wrong. Omitting information goes to honesty, integrity and trustworthiness under the Six Pillars of Characters. Those values are also important using virtue or deontology reasoning.

What if a client asks you to leave out information about a multi-billion-dollar lawsuit for product tampering because it won’t be resolved for at least years? Would you omit it because its effects are not in the short-term – i.e., within one year? The omission of the information (in the accounts or notes as required) – is misleading to investors and creditors who have a right to know that the company may have a very significant legal liability in two or more years. How will the company meet this obligation? Should it set aside the funds in a reserve account? These are all legitimate questions for users to ask, but they can’t if the information is omitted.

1. **Assume you are preparing for an interview with the director of personnel. Given the following questions, craft a response that you would feel comfortable giving for each one.**
* **Describe an experience in the workplace when your attitudes and beliefs were ethically challenged? Use a personal example if you have not experienced a workplace dilemma.**
* **What are the most important values that would drive your behavior as a new staff accountant in a CPA firm?**
* **What would you do if your position on an accounting issue differs from that of firm management?**

Selected points:

* I, as many students and recent grads, have been challenged ethically in being asked by a friend to share homework, tell what was on a test, or covering up who did what on a group project to get the best grade. These are conflicts of loyalty to a friend versus having integrity, and a short-term payoff versus long-term habits. I have tried to choose having the long-term habit of integrity and honesty.
* While some compromises are required in a workplace setting, an employee should understand that compromising ethics is not one allowed. As a new employee, I would not go against my ethical values. I would need to make sure that I knew all the facts so that I am judging or acting based on partial information.
* Most Americans tell white lies, often in the rationalization of being tactful. I cannot promise to never lie for you, but I prefer to tell the truth as much as possible. For instance, if I answer a call from a client wishing to speak to you, and you tell me to say that you are gone for the day, I would probably tell the client that you unavailable to take the call at present and ask to take a message.
* A corporation may be considered a legal person, but it is collectively made up of individual employees. Many of those individuals may act ethically or unethically in any given situation. As an individual I am responsible to act ethically. An ethical corporation may not be able to guarantee that all its employees will act ethically all the time, but it is required to have ethical policies and procedures in place so the actions of the corporation are ethical. I expect the CPA firm to have a culture of respect, honesty, integrity, and responsibility and realize it will demand the same of me.
* When differences on ethical issues with a supervisor arise at work, it’s best to consult with a mentor or trusted advisor. It’s always best to voice your values to others first to anticipate the reasons and rationalizations of others/superiors who are trying to get you to compromise your values.
1. **Mark Twain once said, “If you tell the truth, you don’t have to remember anything.” Explain what you think Twain meant by this statement and how it addresses one’s character.**

Mark Twain is said to have said, “If you tell the truth you don’t have to remember anything,” meaning if you tell a lie you have to remember what lie you told and to whom. This truism can also be expressed as, “it takes more effort to lie than it does to tell the truth.”

The quote implies that it takes less energy to be honest than it does to construct lies and keep your story straight. Of course, this is only true as a rule of thumb, and not as an absolute. Still, the problem with lying is getting your story straight when pressed on the details. This is a tactic police use in trying to get the truth out of a witness or suspect. When it is unclear whether that person is telling the truth, police ask probing questions to see if they can catch them in a lie.

Truthfulness is a pillar of character that underlies ethical behavior. Truthfulness and trustworthiness go hand in hand. To be a truthful person means to be open and honest with the facts, which enhances reliability.

We’ve discussed the ethical slippery slope many times in this chapter. Students should know that taking the first step down the slope can be disastrous to one’s reputation and ultimately lead to violations of the AICPA Code, SEC regulations, and other laws.

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2. https://www.forbes.com/sites/chriscancialosi/2015/07/20/2-ways-to-ensure-your-corporate-culture-and-values-align/#23caedf36e31. [↑](#footnote-ref-2)
3. https://en.wikipedia.org/wiki/Socratic\_method. [↑](#footnote-ref-3)
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6. Huemer, M. “Why Ayn Rand? Some Alternative Answers,” January 22, 2010, https://www.cato-unbound.org/2010/01/22/michael-huemer/why-ayn-rand-some-alternate-answers. [↑](#footnote-ref-6)
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