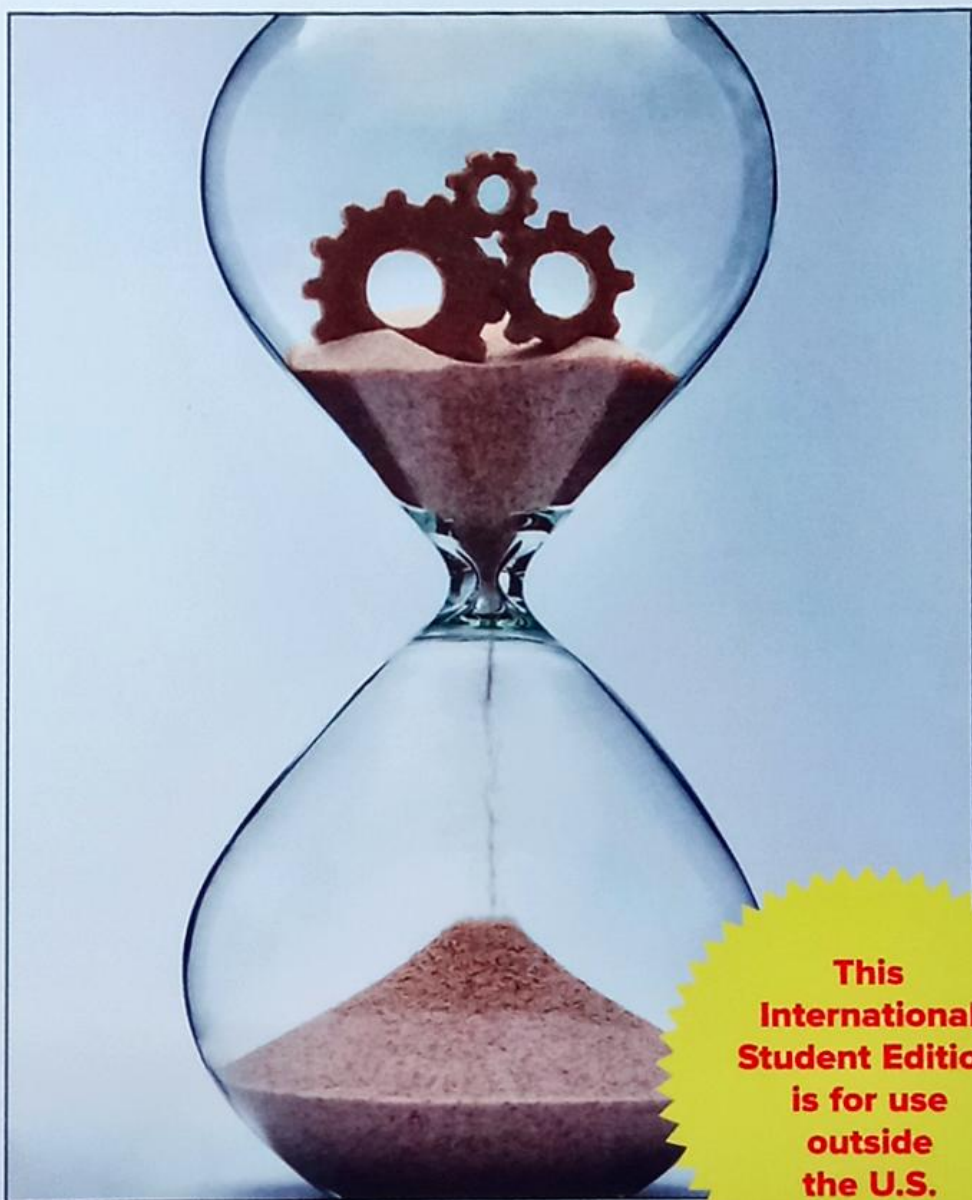


Laura P. Hartman / Joseph DesJardins / Chris MacDonald

Business Ethics

Decision Making for Personal Integrity & Social Responsibility

Fourth Edition



**This
International
Student Edition
is for use
outside
the U.S.**

McGraw-Hill Education International Edition



FOR SALE IN THE PHILIPPINES ONLY



Business Ethics

Decision Making for Personal Integrity and Social Responsibility

Fourth Edition

Laura P. Hartman

Boston University

Joe DesJardins

*College of St. Benedict/ St. John's
University*

Chris MacDonald

Ryerson University

**Mc
Graw
Hill**



BUSINESS ETHICS

Published by McGraw-Hill Education, 2 Penn Plaza, New York, NY 10121. Copyright © 2018 by McGraw-Hill Education. All rights reserved. No part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written consent of McGraw-Hill Education, including, but not limited to, in any network or other electronic storage or transmission, or broadcast for distance learning.

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

1 2 3 4 5 6 7 8 9 PAB 21 20 19

ISBN 978-981-3158-77-1

MHID 981-3158-77-8

Printed in the Philippines. Not for sale outside of the Philippines.

All credits appearing on page or at the end of the book are considered to be an extension of the copyright page.

The Internet addresses listed in the text were accurate at the time of publication. The inclusion of a website does not indicate an endorsement by the authors or McGraw-Hill Education, and McGraw-Hill Education does not guarantee the accuracy of the information presented at these sites.

mheducation.com/highered

Brief Contents

Preface viii

1. Ethics and Business 1
2. Ethical Decision Making: Personal and Professional Contexts 37
3. Philosophical Ethics and Business 63
4. The Corporate Culture—Impact and Implications 107
5. Corporate Social Responsibility 173
6. Ethical Decision Making: Employer Responsibilities and Employee Rights 223

7. Ethical Decision Making: Technology and Privacy in the Workplace 301
8. Ethics and Marketing 375
9. Business and Environmental Sustainability 435
10. Ethical Decision Making: Corporate Governance, Accounting, and Finance 491

Glossary 539

Index 547

Table of Contents

About the Authors vi

Preface viii

Chapter 1

Ethics and Business 1

Opening Decision Point: Zika Virus and Olympic Sponsors 2

Introduction: Making the Case for Business Ethics 3

Business Ethics as Ethical Decision Making 10

Business Ethics as Personal Integrity and Social Responsibility 12

Ethics and the Law 17

Ethics as Practical Reason 22

Readings 27

1-1 Value Shift 27

1-2 The MBA Oath 32

1-3 The Oath Demands a Commitment to Bad Corporate Governance 33

1-4 The MBA Oath Helps Remind Graduates of Their Ethical Obligations 34

Chapter 2

Ethical Decision Making: Personal and Professional Contexts 37

Opening Decision Point: Found iPod: What Would You Do? 38

Introduction 39

A Decision-Making Process for Ethics 39

When Ethical Decision Making Goes Wrong: Why Do "Good" People Engage in "Bad" Acts? 49

Ethical Decision Making in Managerial Roles 53

Readings 57

2-1 When Good People Do Bad Things at Work: Rote Behavior, Distractions, and Moral Exclusion Stymie Ethical Behavior on the Job 57

2-2 How Bad Management Leads to Bad Ethics: When Scandal Breaks, We Prefer Our Corporate Villains Evil, but the Truth Is Usually More Complicated 60

Chapter 3

Philosophical Ethics and Business 63

Opening Decision Point: Are CEOs Paid Too Much, Compared to Their Employees? 64

Introduction: Ethical Frameworks—

Consequences, Principles, Character 65

Utilitarianism: Making Decisions Based on Ethical Consequences 68

Utilitarianism and Business 70

Challenges to Utilitarian Ethics 74

An Ethics of Principles and Rights 75

Human Rights and Duties 79

Human Rights and Social Justice 80

Human Rights and Legal Rights 82

Challenges to an Ethics of Rights and Duties 83

Virtue Ethics: Making Decisions Based on Integrity and Character 85

A Decision-Making Model for Business Ethics Revisited 89

Readings 93

3-1 The U.N. Guiding Principles on Business and Human Rights: Analysis and Implementation 93

3-2 The Caux Principles for Responsible Business 100

3-3 It Seems Right in Theory but Does It Work in Practice? 102

3-4 Business Decisions Should Not Violate the Humanity of a Person 104

Chapter 4

The Corporate Culture—Impact and Implications 107

Opening Decision Point: Creating an Ethics Program 108

What Is Corporate Culture?	109
Culture and Ethics	115
Compliance and Value-Based Cultures	119
Ethical Leadership and Corporate Culture	121
Effective Leadership and Ethical, Effective Leadership	126
Building a Values-Based Corporate Culture	127
Mission Statements, Credos, Codes of Conduct, and Statements of Values	127
Developing the Mission and Code	129
Culture Integration: Ethics Hotlines, Ombudspersons, and Reporting	131
Assessing and Monitoring the Corporate Culture: Audits	135
Mandating and Enforcing Culture:	
The Federal Sentencing Guidelines for Organizations	136
Readings	150
4-1 When Ethical Issues Derive from Cultural Thinking	150
4-2 Assessment and Plan for Organizational Culture Change at NASA	153
4-3 Does the Company Get It?—20 Questions to Ask Regarding Compliance, Ethics, and Risk Management	155
4-4 Whistleblower Policies in United States Corporate Codes of Ethics	164
4-5 Greg Smith, Goldman Sachs, and the Importance of Corporate Culture	169

Chapter 5 Corporate Social Responsibility 173

Opening Decision Point: Benefit Corporations 174

Introduction	176
Ethics and Social Responsibility	177
Economic Model of CSR	180
Stakeholder Model of CSR	185
Integrative Model of CSR	188
The Implications of Sustainability in the Integrative Model of CSR	188
Exploring Enlightened Self-Interest: Does "Good Ethics" Mean "Good Business"?	190

Readings 201

5-1 BP and Corporate Social Responsibility	201
5-2 Managing for Stakeholders	203
5-3 What's Wrong—and What's Right—with Stakeholder Management	216

Chapter 6

Ethical Decision Making: Employer Responsibilities and Employee Rights 223

Opening Decision Point: American Apparel: Image Consciousness? 224

Introduction	227
Ethical Issues in the Workplace: The Current Environment	228
Defining the Parameters of the Employment Relationship	229
Due Process and Just Cause	230
Downsizing	235
Health and Safety	239
Health and Safety as Acceptable Risk	239
Health and Safety as Market Controlled	242
Health and Safety as Government-Regulated Ethics	245
Global Applications: The Global Workforce and Global Challenges	247
The Case of Child Labor	252
Rights and Responsibilities in Conflict:	
Discrimination, Diversity, and Affirmative Action	254
Discrimination	254
Diversity	258
Affirmative Action	262

Readings 278

6-1 Confessions of a Sweatshop Inspector	278
6-2 Polishing Apple: Fair Labor Association Gives Foxconn and Apple Undue Credit for Labor Rights Progress	283
6-3 What's So Bad about Apple's Factories?	293
6-4 A Tale of Two Agreements	294
6-5 Sexual Harassment: An Asian Perspective	297

Chapter 7**Ethical Decision Making: Technology and Privacy in the Workplace 301****Opening Decision Point: Being Smart about Smartphones 302**

Introduction 303

The Right to Privacy 305

Defining Privacy 305*Ethical Sources of a Right to Privacy* 306*Legal Sources of a Right to Privacy* 309*Global Applications* 311

Linking the Value of Privacy to the Ethical Implications of Technology 315

Information and Privacy 316

Managing Employees through Monitoring 319

Monitoring Employees through Drug Testing 323

Other Forms of Monitoring 327

Business Reasons to Limit Monitoring 328*Balancing Interests* 329

Regulation of Off-Work Acts 331

Privacy Rights since September 11, 2001 335

Readings 380*7-1 Drug Testing and the Right to Privacy: Arguing the Ethics of Workplace Drug Testing* 350*7-2 The Ethical Use of Technology in Business* 356*7-3 Hiring in a Social Media Age* 361*7-4 Genetic Testing in the Workplace* 364*7-5 Letter from Lewis Maltby to Senator Chris Rothfuss (July 26, 2014)* 371**Chapter 8****Ethics and Marketing 375****Opening Decision Point: Digital Marketing and Ethics 376**

Introduction 378

Marketing: An Ethical Framework 380

Responsibility for Products: Safety and Liability 384

Contractual Standards for Product Safety 385*Tort Standards for Product Safety* 386*Strict Product Liability* 389*Ethical Debates on Product Liability* 389

Responsibility for Products: Advertising and Sales 390

Ethical Issues in Advertising 391

Marketing Ethics and Consumer

Autonomy 395

Marketing to Vulnerable Populations 398

Supply Chain Responsibility 402

Readings 407*8-1 The Friendship of Buzz, Blog and Swag* 407*8-2 First Analysis of Online Food Advertising Targeting Children* 415*8-3 Fortune at the Bottom of the Pyramid* 418*8-4 POM Wonderful* 432**Chapter 9****Business and Environmental Sustainability 435****Opening Decision Point: The Business of Food 436**

Introduction 438

Business Ethics and Environmental Values 441

Business's Environmental Responsibility: The Market Approach 444

Business's Environmental Responsibility: The Regulatory Approach 447

Business's Environmental Responsibilities: The Sustainability Approach 449

The "Business Case" for a Sustainable Economy 453

Principles for a Sustainable Business 455

Sustainable Marketing 457

Product 457*Price* 458*Promotion* 461*Placement* 461**Readings 467***9-1 The Next Industrial Revolution* 467*9-2 Getting to the Bottom of "Triple Bottom Line"* 475*9-3 Beyond Corporate Responsibility: Social Innovation and Sustainable Development as Drivers of Business Growth* 482

Chapter 10

Ethical Decision Making: Corporate Governance, Accounting, and Finance 491

Opening Decision Point: Volkswagen's Diesel Fraud 492

Introduction 496

Professional Duties and Conflicts of Interest 497

The Sarbanes-Oxley Act of 2002 505

The Internal Control Environment 507

Going beyond the Law: Being an Ethical Board Member 508

Legal Duties of Board Members 508

Beyond the Law, There Is Ethics 509

Conflicts of Interest in Accounting and the Financial Markets 512

Executive Compensation 514

Insider Trading 518

Readings 526

10-1 The Cultural Dependence of Corporate Governance 526

10-2 Libor and Capitalist Moral "Decay" 529

10-3 How Much Compensation Can CEOs Permissibly Accept? 531

Glossary 539

Index 547



Additional McGraw-Hill Education International Editions
are available in the following subjects:

Accounting	Geology and Mineralogy
Agriculture	Industrial Arts and Vocational Education
Biological Sciences	Management
Business and Industrial Management	Management Information Systems
Chemistry	Marketing
Chemistry and Chemical Engineering	Mathematics
Civil Engineering	Mechanical Engineering
Computer Information Technology (CIT)	Medicine
Decision Science	Meteorology
Economics	Physics
Education	Political Science
Electrical Engineering	Psychology
Electrical Engineering Technology	Sociology
Electronics and Computer Science	Statistics
Finance	Tech and Trade
Geography	

Some ancillaries, including electronic and print components, may not be available to customers outside the United States.

Cover Image: © Shutterstock / pogonici



C&E Publishing, Inc.
Towards Academic and Professional Excellence

839 EDSA South Triangle, Quezon City, Philippines
Tel No. (632) 929-5088 E-mail: info@cebookshop.com

www.cebookshop.com



ISBN 978-981-3158-77-1
MHID 981-3158-77-8



9 789813 158771

mheducation.com/highered

This book cannot be re-exported from the country to which it is sold by McGraw-Hill Education.
The International Edition is not available in North America.