The Ethics of Corporate Downsizing

“...Downsizing is arguably the major business trend of our era.”

“Workers are far less likely to go the extra mile for firms who treat them as disposable cogs in the corporate machine.”

“Added to this is the fact that since the loss of jobs is concentrated in a relatively small geographic area, these closings affect the entire community.”

My Response

Two years ago when this book was written and previous to that, yes, layoffs were very popular. Thankfully this trend has turned around.

Agreed – When an employee feels un or underappreciated they are more likely to be careless with the company’s time and property. Moral is a very important part of running a successful business. Low moral can lead to layoffs.

It makes sense that layoffs impact small geographic areas. If a factory lays off employees in turn those employees now have no money to pay their bills or buy new things they may want. The entire local economy will suffer after a major layoff.
Respecting the Humanity in a Person

“Human beings ought to be respected because human beings have dignity.”

“Act so that you treat humanity whether, in your own person or in that of another, always as an end and never as a means only.”

“Anyone who recognizes that he or she is autonomous would recognize that he or she is responsible.”

My Response

Humans deserve to be, not only respected, but also treated fairly and with a sense of worth. To be successful in business you must have humans working for you. Their happiness and dignity is essential to your success as a business.

Do not use people! Make sure there is a reward for all parties involved in whatever it is you are doing.

The next few generations coming up lack autonomy. Many possess a victim mentality. Being self-responsible and autonomous is also a key to the success of a business and our country.
“Our constitution guarantees the freedom to pursue happiness and our capitalist ethos simplistically equates freedom with lack of restraint and happiness with wealth. The premise is that unrestrained pursuit of wealth will eventually make us happier, because the more money we accrue the happier we will be.”

“As Epicurus put it, wealth consists not in having great possessions but in having few wants.”

“For the most part, though, society encourages greed, although euphemisms are usually used when doing so, such as “financial success”, “economic security”, “the good life”, or “having it all.” This avoidance of the work greed reflects our ambivalence about greed because we know that it is essentially selfish and that when practiced to an extreme it can be very dangerous, leading to even death.”

All of the times I have heard the phrase “Freedom to pursuit happiness” and I never equated that with greed. An interesting translation on the words in the constitution but I do not believe that every American reads it as saying that wealth equals happiness.

I really like this saying! These are wise words that I need to teach my children and remember myself.

Reading this makes me realize how perhaps naïve I have been to the world around me. I do not read into things like I should. I never would have equated financial success with greed. Is that naïve? I like to think that there are people out there that are “financially successful” but not greedy. Perhaps that is also naïve.
“There is a sense, of course, in which the good life cannot be planned.”

I disagree – a good life can be planned. Of course there are going to be things in life that do not go your way but that doesn’t mean that you no longer have the good life. You just have to figure out how to keep going when things are not all sunshine and rainbows.

“As we become ever more efficient and productive, how is it that we seem to have less time rather than more, and have fewer ideas about what to do?”

I often wonder this myself. Was there ever a time when business and personal life were balanced? When there was just enough technology to make our life simple but we did not have to work day and night to keep up with everything.

“Ethics and the good life get sacrificed not because of immorality or stupidity but simply because they are not part of the only plan in town.”

This quote is implying that ethics is often time put on the back burner. Unfortunately often times this is true. With that being said I think that we have and will continue to see a change in the importance of ethics in our world today.
On Bullshit

“... not only that there is an important difference between lying and bullshitting, but that the latter is preferable to the former.”

“My Response

Agreed: If you don’t study for a test or quiz you bullshit your way through it and hope that you get most of the questions right. This does not make you a liar just unprepared.

Lying is having the intention of deceiving the person you are lying too. More harm comes from lying when you get caught because your lies always catch up with you.

Bullshit has no intention of deceit. It is more like a distraction from the topic at hand. It is still a way of avoiding the truth.

“Telling a lie is ... designed to insert a particular falsehood at a specific point in a set or system of beliefs, in order to avoid the consequences of having that point occupied by the truth.”

“... Bullshit ... is panoramic rather than particular. He does not limit himself to inserting a certain falsehood at a specific point, and thus he is not constrained ...”
Is Business Bluffing Ethical?

“... Most bluffing in business might be regarded simply as game strategy – much like bluffing in poker.”

My Response

First of all, I love that Carr compared business to a game of poker. This analogy makes the concept of bluffing in the business world and business ethics so much easier to understand.

I want to say that it is not ethical for businesses to bluff but if no harm is done from their bluff then it is hard to call it unethical. After reading this I find it hard to say yes or no to the question at hand. I find this area to be very gray.

For example, I work for a property maintenance company. We send small businesses, like landscapers, out to bid on projects we need completed and give the job to the one that comes back with the most “competitive” price. When the others sent out to bids do not get the work we are not supposed to tell them that we awarded the work to someone else. This would cause resentment towards us and we may possibly lose their services. The dispatch team simply tells them that we were not awarded the work. The bluff does no one any harm but if you get caught in the bluff it may damage the relationship you were trying to spare. I find this bluffing is business essential to the survival of a company.

“To be a winner, a man must play to win. This does not mean that he must be ruthless, cruel, harsh or treacherous”

A business man can play a good “game” without harming those around him. They have to be smart and competitive to survive.

“By conscious misstatements, concealment of pertinent facts, of exaggeration – in short, by bluffing – they seek to persuade others to agree with them.”

Misstatements and concealment of facts is an everyday thing. The advertising world would not survive a day if they were not allowed to exaggerate the truth about a product. I never thought of bluffing an important part to a companies’ survival but it really is.
<table>
<thead>
<tr>
<th>What is Good Leadership? by Joanne B. Ciulla</th>
<th>What is Transforming Leadership? by James MacGregor Burns</th>
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<tr>
<td>“Virtues needed for success in business and in life: temperance, silence, order, resolution, sincerity, justice, moderation, cleanliness, tranquility, chastity, and humility.”</td>
<td>“Leaders take the initiative in mobilizing people for participation in the process of change, encouraging a sense of collective identity and collective efficacy, which in turn brings stronger feelings of self-worth and self-efficacy…”</td>
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<td>“When leaders’ actions do not match their espoused values, they lose the trust they need to be effective with various stakeholders.”</td>
<td>“Instead of exercising power over people, transforming leaders champion and inspire followers.”</td>
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<td>“Good leadership calls for people who are confident enough to ask for help, admit they are wrong, and invite debate and discussion.”</td>
<td>“… Envisioning, energizing and enabling. These are even more the functions of transforming leadership, which it achieves not by enslaving followers but by liberating and empowering them.”</td>
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<td>When did our society move away from having leaders that embrace these virtues? I wanted to pick a favorite virtue on this list but they all make sense to make for success.</td>
<td>I believe any time people are passionate about something it becomes part of them, which in turn makes them want to make the change happen even more. This passion is then used to identify them.</td>
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<td>Stakeholders are watching the leaders of their investment. Losing the trust of your stakeholders can cost you everything. I love this! I was made an assistant manager of a grocery store when I was 20 years old. I had none of these qualities at that time. I wonder what I would have been capable of if I did.</td>
<td>Interesting. I think a transforming leader still exercises power over followers. While they may champion and inspire they are still leaders and should remind themselves of that always.</td>
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<td>Reading this text made me think of a cult or a dictatorship. It sounds a little creepy all this talk of transforming and empowering, enabling. How about instead of the words empowering and enabling we use the word educating. I want to be a leader that educates my followers, with that will come empowerment but only with education!</td>
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<td>Loyalty, Corporations, and Communities by George D. Randels</td>
<td>So true! We do let what we are passionate about and loyal to define us. I do not think that is necessarily a bad thing as long as we are passionate about positive things in the world and loyal to positive companies.</td>
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<td>“As loyalty develops, this object becomes no longer strictly external, but is linked to one’s self-identity and helps to provide meaning for one’s life.”</td>
<td>It is just as important to a company to be worthy of having loyal employees as it is to have loyal employees. This is a great way to keep turn over down. At Winger’s, where I work, having loyal employees ensure product quality. Some of our cooks have been with Winger’s for 10+ years. They care about the quality of food they are serving and this is what brings people back. Loyalty = business is so many ways.</td>
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<td>“Membership defined in this way is a good vehicle for characterizing loyalty to an organization like a corporation.”</td>
<td>No one wants to be put in a position where they have to choose between their integrity and their employer. But if your employer is doing things that make you question your own personal integrity then they are not worthy of loyalty anyways.</td>
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<td>“Integrity, a personal sense of wholeness, is important to the task of balancing one’s loyalties.”</td>
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Why We Cheat by Kim Zetter

“People have two goals: We have a goal to look at ourselves in the mirror and feel good about ourselves, and we have a goal to cheat and benefit from cheating. And we find that there’s a balance between these two goals.”

“The second thing that happened at Enron is that it wasn’t clear what was the right social norm to apply to this particular emerging energy market. And, finally, they were dealing with stuff that was really very removed from money, which allowed them to [cheat].”

“They wanted to see the world in a certain way and wanted to get these incredible bonuses. So the moment you’re surrounded by all these people who think the same way it’s very hard to think differently.”

I find this interesting. I like to think that I do not have the goal to cheat and benefit from cheating. I feel confident in saying that I would not cheat in a situation even if I knew I could get away with it. However I have cheated in the past so I guess I can’t say I have never had that goal to balance the two.

Very interesting point, Enron was a whole new thing in our society. There was no social norm. It would be interesting to contemplate what would have been for Enron had they had different leaders who were most concerned with being able to look themselves in the mirror than benefit from cheating.

The people involved in the Enron scandal convinced themselves that what they were doing was ok. Everyone around them was doing the same thing so it was the normal. What an interesting situation to be in. I wonder if their spouses, children, friends knew what was going on. How do those people feel about them now? How do you redeem yourself after something like that?
The Dependence Effect by John Kenneth Galbraith

“One cannot defend production as satisfying wants if that production creates the wants.”

“Outlays for the manufacturing of a product are not more important in the strategy of modern business enterprise than outlays for the manufacturing of demand for the product.”

“The final problem of the productive society is what it produces.”

This statement is so true. It is somewhat scary to think about all of the things we use/consume as a society that we would not use/consume if they were not advertised heavily or even made in the first place. What did my Grandmother do without a computer? She hand wrote letters, called people on the phone and visited with family and friends in their home. Now a days we email, text and Facebook everything. Even phone calls are rare. Are these are things that production has created a need for? YES! Does it make all of these things bad? No, not when used/consumed responsibly.

Businesses have entire departments dedicated to “manufacturing” the demand, it’s called marketing. Marketing is the key to any companies’ success.

I like this! We produce so many things as a productive society that we would could survive or be so much better without. For example, soda. People get addicted to soda and there are studies that show that it leads to weight gain. We really could survive without.
<table>
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<tr>
<th>The Justification of Advertising in a Market Economy by Alan Goldman</th>
<th>I have never thought of competition this way but this is a really good point.</th>
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<td>“When shoppers can identify products and their manufacturers, the latter are pressured to maintain quality.”</td>
<td>Agreed. Television and now electronics all together have and continue to corrupt our society. All though we cannot blame television for everything. We still have to take responsibility for making the choice to watch the crap.</td>
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<td>“Commercial television can be held responsible for debasing American taste, certainly for failing to elevate it and contribute culturally and aesthetically as it could.”</td>
<td>This is a funny way to look at marketing. I guess what this is implying is that people need to know their options and the world of advertising is going to make sure they do.</td>
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<td>“Maximal value can be obtained by consumers only if they know all the alternative ways of satisfying their desires and the costs of doing so.”</td>
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Exploitation of Need by Joanne B. Ciulla

A common myth is that all people really have a wide range of choices when it comes to making a living. The most important part of the American dream was that anyone could become anything. This was a land not only of opportunity but of options.

When it comes to work, everyone has freedom of choice, but not everyone has viable options.

Is any kind of work or any set of working conditions okay as long as a person freely chooses it?

How much freedom and human dignity can an employer morally justify buying because someone is willing to sell it?

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<tr>
<th>I do not like that the author uses the words “anyone could become” and “was a land of”, I firmly believe that this still is the land of opportunity and options!! With determination and education you can better your life and attain the American dream.</th>
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<td>True, options are limited in certain parts of the nation. I think there should be more emphasis on education than preaching the victim mentality.</td>
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<td>I do not believe that just because someone chooses a certain job they should be subject to poor working conditions. Employers should be responsible for ensuring a clean a safe work environment for all employees. Working in a butcher shop is going to be dangerous but employers should provide the proper training and equipment to keep their employees as safe as possible.</td>
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<td>When someone’s life is in danger, like the book’s example of the 14 year old who sells himself for drugs, and the employer does not take the precautions necessary to avoid harm done to the employees, I think that is when it crosses the line.</td>
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Rich and Poor by Peter Singer

These, therefore are the countries – and individuals – who have wealth that they could, without threatening their own basic welfare, transfer to the absolutely poor.

The total comes to about 2 pounds per month per person, and compares with 5.5% of GNP spent on alcohol, and 3% on tobacco. Other, even wealthier nations, give little more: Germany gives 0.41% and Japan 0.32% The United States gives a mere 0.15% of its GNP ...

Helping is not, as conventionally thought, a charitable act that it is praise-worthy to do, but not wrong to omit; it is something that everyone ought to do.

I struggle with this; I totally agree that many individuals could donate to the absolute poor without threatening their own basic needs. I think that is someone works hard for what they have then there is nothing wrong with that and they should be able to enjoy what is they have worked for. I do not think they should be made to feel guilty for being successful. I do not think they should be made out to be a bad guy for not donating to the absolute poor. I like to think that the people that work hard for what they have will donate to a good cause. But I am sure that I am naive to the way it really is.

I find it interesting that the author chooses to disclose the dollar amount donated on one of the countries they have used as an example. What is .015% of the United States GNP?

Yes everyone ought to help out the absolute poor but I disagree with you; I do not think humans as a whole see helping as something that you can easily omit. Helping is charitable and it is praise-worthy. I also believe it is wrong to omit.
**Critical Readings for Chapter Four**

<table>
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<tr>
<th>Arthur Andersen Refugees Reflect on What Went Wrong by Ed Cohen</th>
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<td>“Two Notre Dame alumni ... say mind-boggling corporate structures, pressure to keep earnings looking good to Wall Street, and negligent board directors all contributed to the wave of scandals that rocked the business world and toppled their long-venerated accounting firm at the turn of the 21st century.”</td>
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<td>“Joe J. Tapajna, former worldwide managing tax practice director for Arthur Anderson ... says that when he entered the profession in the 1970’s, accounting emphasized professionalism and caution. Accountants were outspoken about following procedures and adhering to the spirit rather than merely the letter of the law ...”</td>
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<td>“It isn't really ethics, it's 'do your job.'”</td>
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<th>It is too bad that the two Notre Dame alumni didn’t take a stand at the first sign of something unethical. This statement really goes to show that a business ethics starts with an ethical person. Had they been ethical people Enron and World-Com would not have been able to do what they did.</th>
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<tr>
<td>Accountants have to be ethical. They have to be professional. Without an ethical, professional and cautious accountant a business will fail. Enron and World-Com are proof of this. I believe that accountants either still have or have earned back their reputation of being outspoken folks that follow the procedures a company has in place.</td>
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<td>Thomas Fischer a managing partner for Arthur Anderson said this in regards to the lack of attention the board directors paid to what management was doing. It seems like as long as there was money coming in and they were getting paid, nobody cared what was going on behind the scene. To think all of this could have been avoided had there been some ethical human being behind the accounting firms’ desks.</td>
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<tr>
<td>The Individual Investor in Securities Markets: An Ethical Analysis by Robert E. Frederick and W. Michael Hoffman</td>
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<td>“And since we feel justified in prohibiting consumers from buying what we take to be highly dangerous drugs or other consumer products, shouldn’t we, by analogy, be justified in prohibiting certain investors from buying highly risky financial instruments? …”</td>
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<td>Since we are not experts in the regulation of securities markets, the best we can do here is make a few suggestions that seem to us worthy of additional investigation.”</td>
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| I am all about consumer responsibility. I think that someone needs to make sure they know what they are purchasing so they know what they are getting themselves into. With that being said, I think prohibiting certain people from purchasing stocks, bonds or commodities would be wrong. It is their responsibility to know what they are doing and therefore must pay the consequences of their actions. |
| Educating potential investors is the best way to prevent harm to them. Perhaps a class or a series of classes could be offered or required before any investing takes place. While this would be a time consuming and expensive process it may pay off and protect in the end. |
Critical Thinking Journal

What does it mean to be an ethical business person? When are you willing to lie?

To be an ethical business person you must first be an ethical human being. Someone who is not ethical in their own personal life will have no regard for being an ethical in the business world.

I am willing to lie, or bluff, when no harm comes from the lie. I am a waitress on the weekends. I am not willing to pick up food that has fallen on the floor to serve my table. However, I am willing to tell that the kitchen is a little backed up and I will have their food out as soon as possible.
If something is legal, is it necessarily ethical? Why or why not? Support claims with evidence.

No, just because something is legal does not automatically make it ethical.

One of our class discussions was about Nike Shoes and the fact that they pay a very small amount of money to people in third world countries to make their shoes. They pay celebrities large amounts of money to advertise their inexpensive shoes. The shoes are sold for a large dollar amount.

All of these business practices are legal. Nike can take their manufacturing outside of the country to keep costs down. They can pay anyone they want to advertise for them and they can charge whatever price they see fit for the shoes.

It is up to us as the individual American consumers to decide if Nike is worthy of our hard earned money when they choose to implement these types of business practices.
What is essential to the good life for you? What are your top 5 values?

1. Love
2. Integrity
3. Education
4. Harmony
5. Humor

As a student, I feel that I am still in the process of attaining the good life. I like my life right now for the most part. The one major thing I do not like is the lack of “free time” I have. I guess that is why I put harmony on my top five values. I need to find a harmony between all of the things I do in my life. I know that is still a few years out I have accepted that am ok with it. So what I hope to attain one day is the good life which I imagine to be as many things.

The essentials for a good life for me … First and foremost would be raising my sons to be polite, honest, educated and hardworking young men that value their family and friends. I will grow old with my husband who makes me laugh every day and live close to my sisters and their wonderful families. I will have a Master’s Degree. I will have time to read, ponder, exercise, eat healthy, be an active member of my community, and have weekends off. I will have a house with a backyard, where I can have a garden. In my good life I will also have a car that I don’t have to worry about it breaking down but if it does have enough money to fix it without having to break the bank. I will be debt free and teach my children to do the same.

*Just on a side note … when I signed up to take Ethics at Work I did not think I would be asked such thought provoking questions or be encouraged to think so deeply about my life and my future. I don’t know if that has been your intention but I am so thankful to you for making me do so. -Darcie
Is Silence Assent?

Yes! Assent is the expression of agreement or approval. If nothing is said in opposition of a topic then silence is assent. I can think of so many different situations in which silence is assent. If your boss sexually harasses you and you do not stand up for yourself then you are approving of his behavior. If you do not report your neighbors barking dogs to animal control you are approving their behavior. Your silence may even allow these things to continue. If we do not approve of something that is going on in our workplace, home, school, city, state, or country it is our responsibility to let our voices be heard. You may even find that you are not the only one feeling that way. While we are responsible for letting our voice be heard it is important that we do it in a manner that is professional and respectful.