

Ethical Dilemma: Immoral Morals

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ABSTRACT The objective of the current paper was to explore how ethical issues can and should be incorporated into decision-making, both in academia and non-academia. This is achieved through literature review. The term 'ethics' refers to accepted principles of right or wrong that govern the conduct of a person, the members of a profession, or the actions of an organisation. In our society and others, many ethical principles are codified into law – prohibitions against murder, stealing, and incest, for example – many others are not, such as the principle that an author should not plagiarize another's work. As long as it does not involve word-for-word copying, plagiarism does not technically violate copyright law, but it surely is unethical. In view of these contestations, the design of the paper was based on conceptual and empirical literature, which is used to explain and to propose an institutional ethical approach. The discussion was then used to generate strategy that provides insight on how institutional ethical approach evolves.

I. INTRODUCTION

The current paper addresses ethical issues that arise when institutions do business. Many of these ethical issues arise precisely because of differences in economic development, politics, legal systems, and culture (Mainka et al. 2006; Macdonald and Carroll 2006; De Jager and Brown 2010). The term ethics refers to accepted principles of right or wrong that govern the conduct of a person, the members of a profession, or the actions of an organization.

The ethical obligations of a multinational corporation toward employment conditions, human rights, environmental pollution, and the use of power are not always clear cut. There may be no agreement about accepted ethical principles, furthermore, by whose definition, is an act ethical. From institution perspective, some argue that what is ethical depends upon one's cultural perspective (Tennant and Duggan 2008).

In the United States for instance, it is considered acceptable to execute murderers, but in many cultures including South Africa, this is not acceptable – execution is viewed as an affront to human dignity and the death penalty is outlawed, people kill like no one else's institution. Some countries find this attitude very strange, but many others too find the American approach barbaric.

For a more institution-oriented example, consider the practice of "gift giving" between parties to an institution negotiation. While, this is considered right and proper behaviour in many Asian cultures, some Westerners view the prac-

tice as a form of bribery, and therefore unethical, particularly if the gifts are substantial. Thus, managers must confront very real ethical dilemmas. Case in point, imagine that a visiting American executive finds that a foreign subsidiary in a South Africa has hired a 12 year old girl to work on a factory floor. Appalled to find that the subsidiary is using child labour in direct violation of the company's own ethical code, the American instructs the local manager to replace the child with an adult. The local manager dutifully complies. The girl, an orphan, who is the only breadwinner for herself and her 6 year old brother, is unable to find another job, so in desperation she turns to prostitution. Two years later she dies of AIDS. Meanwhile, her brother takes up begging. He encounters the American, while begging outside the local Kentucky Fried Chicken's (KFC). Oblivious that this was the man responsible for his fate, the boy begs him for money. The American quickens his pace and walks rapidly past the outstretched hand into the KFC's, where he orders a quarter cheeseburger with cold milk shake. A year later the boy contracts tuberculosis and dies.

Now, had the visiting American understood the gravity of the girl's situation, would he still have requested her replacement? Perhaps not! Would it have been better, therefore, to stick with the status quo and allow the girl to continue working? Probably not, because that would have violated the reasonable prohibition against child labour found in the company's own ethical code. What then would have been the right thing to do

and by whose definition? What was the obligation of the executive given this ethical dilemma? There is no easy answer to these questions.

That is the nature of ethical dilemma – they are situations in which none of the available alternatives seems ethically acceptable. In this case, employing child labour was not acceptable, but given that she was employed, neither was denying the child her only source of income. What the American executive needed, what all managers need, was a moral compass, or perhaps an ethical algorithm, that would guide him through such an ethical dilemma to find an acceptable solution- this is what the current paper calls ethical dilemma or chaos. It is enough to note that ethical chaos exist because many real-world decisions are complex, difficult to frame, and involve first, second, and third-order consequences that are hard to quantify. Doing the right thing, or even knowing what the right thing might be, is often far from easy.

This paper looks at how ethical issues can and should be incorporated into decision- making. The paper addresses the source and nature of ethical issues and dilemmas in institution. Next, it reviews the reasons for poor ethical decision making. Then it looks at the different philosophical approaches to institution ethics. The paper ends by reviewing the different processes that managers can adopt to make sure that ethical considerations are incorporated into decision making.

II. SOURCE AND NATURE OF ETHICAL ISSUES AND DILEMMAS IN INSTITUTIONS

Many of the ethical issues and dilemmas are rooted in the fact that political systems, law, economic development, and culture vary significantly from nation to nation. Consequently, what is considered normal practice in one organisation may be considered unethical in others. Because they work for an institution that transcends national borders and cultures, managers in multinational firms need to be particularly sensitive to these differences and should be able to choose the ethical action in those circumstances where variation across societies create the potential for ethical problems (Tennant and Duggan 2008).

III. ACADEMIC DILEMMA

Institution (governmental or non-governmental) ethics are accepted principles of right or

wrong governing the conduct of institution people, demanding ethical strategy- which of course are actions that do not violate these accepted principles . In our society, many ethical principles are codified into in law – prohibitions against murder, stealing, and incest. But many others are not, such as the principle that an author should not plagiarize another’s work. For instance “plagiarism is traditionally regarded as an aspect of academic dishonesty or misconduct, and penalties for being found guilty are usually severe” (De Jager and Brown 2010: 2). As long as it does not involve word-for-word copying, plagiarism does not technically violate copyright law, but it surely is unethical. In fact, the authors caution that “ this legalistic and punitive approach to plagiarism is, however, also increasingly questioned by some academics who wish to emphasise that not all instances of plagiarism are equivalent, and that treating every incident as academic misconduct is too simplistic” (De Jager and Brown 2010: 3). Similarly, the history of science can be source of example, in fact, some researchers claim their idea was “stolen” by an unscrupulous¹ colleague for their own personal gain before the originator had the chance to file for a patent or publish the idea himself. Such behaviour is not illegal, but it is obviously unethical. Other authors share similar view by suggesting that “... many instances of what is commonly deemed plagiarism might not be deliberately dishonest, but could be the result of incompetence or ignorance” (De Jager and Brown 2010: 3). The authors add that “...to treat all instances of plagiarism as offences, therefore, may be detrimental to the academic endeavour” (De Jager and Brown 2010: 3). They maintain that “one of the consequences of stating or implying that all plagiarism is unacceptable is that the default solution is necessarily a disciplinary rather than an educational one (De Jager and Brown 2010).

IV. EMPLOYMENT PRACTICES

Ethical issues may be associated with employment practices in other nations. When work conditions in a host nation are clearly inferior to those in a multinational’s home nation, what standards should be applied? Those of the home nation or those of the host nation, or something in between? While, few would suggest pay and work conditions should be the same across nations, how much divergence is acceptable? For example, while 12-hour workdays, extremely low pay, and

a failure to protect workers against toxic chemicals may be common in some developing² nations, does this mean that it is ALL ELSE IS WELL for a multinational to tolerate such working conditions in its subsidiaries there, or to condone it by using local subcontractor?

While the ecosystem view requires a global perspective and while institution operates in settings where environmental conditions, movements and laws vary, it is not easy to get international agreements on laws or treaties to deal with problems of the environment. A good example of this is the US (known as the world's greatest polluter) refusal to sign the Kyoto Protocol.

The challenge to reverse current global trends towards sustainable alternatives requires massive re-education of the world's citizens and mobilization of all sources of social power that can be mustered. Leaders in all walks of life must take into account the long-term accumulative effects of policies, plans and actions. The current world communities cannot absolve themselves from the responsibility of doing something about the state in which the world finds itself today – a state that admittedly could be ascribed to policy-makers, planners and institution communities of the past.

V. HUMAN RIGHTS

Beyond employment issues, questions of human rights can arise in institution (Aiken 2004). Basic human rights still are not respected in many nations. Rights that are taken for granted in developed nations, such as freedom of association, freedom of speech, freedom of assembly, freedom of movement, freedom of political repression, and so on, are by no means universally accepted. One of the most obvious examples was South Africa during the days of white rule and apartheid era, which did not end until 1994. Among other things, the apartheid system denied basic political right to the majority Black population of South Africa, mandated segregation between non-Blacks and Blacks reserved certain occupations exclusively for non-Blacks. Despite the odious nature of this system, Western institutions operated in South Africa. By the 1980's, however, may questioned the ethics of doing so. They argued that inward investment by foreign multinationals, by boosting the South African economy, supported the repressive apartheid regime. Although change has come in South Af-

rica, many repressive regimes still exist. The questions is, is it ethical for multinationals to do business in them? It is often argued that inward investment by a multinational can be a force for economic, political, and social progress that ultimately improves the rights of people in repressive regimes.

Case in point is foreign oil producer -Royal Dutch/Shell. Most notably, the largest foreign oil producer in Nigeria, Royal Dutch/Shell, has been repeatedly criticized. In the early 1990's, several ethnic groups in Nigeria, which was ruled by a military dictatorship, protested against foreign oil companies for causing widespread pollution and failing to invest in the communities from which they extracted oil. Shell reportedly requested the assistance of Nigeria's Mobile Police Force (MPF) to quell the demonstrations. According to the human rights group, Amnesty International, the results were bloody. In 1990, the MPF put down protests against Shell in the village of Umuechem, killing 80 people and destroying 495 homes. In 1993, following protests in the Ogoni region of Nigeria that were designed to stop contractors from laying a new pipeline for Shell, the MPF raided the area to quell the unrest. In the chaos that followed, it has been alleged that 27 villages were razed, 80 000 Ogoni people displaced, and, 2 000 people killed-*what an inhuman art*. Critics argued that Shell shouldered some of the blame for the massacres. Shell never acknowledged this, and the MPF probably used the demonstrations as a pretext for punishing an ethnic group that had been agitating against the central government for some time-*what a poor and helpless nation*.

Nevertheless, those events did prompt Shell to look at its own ethics and to set up internal mechanisms to ensure that its subsidiaries acted in a manner that was consistent with basic human rights. More generally, the question remains, what is the responsibility of a foreign multinational, when operating in a country where basic human rights are trampled on? Should the company be there at all, and if it is there, what actions should it take to avoid the situation Shell found itself in?

VI. ENVIRONMENTAL POLLUTION

Ethical issues arise when environmental regulations in host nations are far inferior to those in the home nation. Many developed nations have

substantial regulations governing the emission of pollutants, the dumping of toxic chemicals, the use of toxic materials in the workplace, and so on. Developing nations often lack those regulations, and according to critics, the result can be higher levels of pollution from the operations of multinationals than would be allowed at home. For example, consider again the case of foreign oil companies in Nigeria. According to a 1992 report prepared by environmental activists in Nigeria, in the Niger Delta region, apart from air pollution from the oil industry's emissions and flares day and night, producing poisonous gases that are silently and systematically wiping vulnerable airborne and endangering the life of plants, game, and man himself, there is widespread water pollution and soil/land pollution that results in the death of most aquatic eggs and juvenile stages of the life of fin fish and shell fish on the one hand. On the other hand, agricultural land contaminated with oil spills becomes dangerous for farming even where they continue to produce significant yields. The implication inherent in this description is that pollution controls applied by foreign companies are much lesser than those in developed nations. The question is, should a multinational feel free to pollute in developing nation? Is there a danger that amoral management might move production to a developing nation precisely because costly pollution controls are not required, and the company is therefore free to despoil the environment and perhaps endanger local people in its quest to lower production costs and gain a competitive advantage as seen in the case study? What is the right and moral thing to do in such circumstances? Pollute to gain an economic advantage, or make sure that foreign subsidiaries adhere to common standards regarding pollution controls. These questions take on added importance because some parts of the environment are public goods that no one owns but anyone can despoil. No one owns the atmosphere or the oceans, but polluting both, no matter where the pollution originates, harms all. The atmosphere and oceans can be viewed as global commons from which everyone benefits but for, which no one is specifically responsible. In such cases, a phenomenon known as the *tragedy of the commons* becomes applicable. The tragedy of the commons occurs when a resource held in common by all, but owned by no one, is overused by individuals, resulting in its degradation.

VII. THE ROOTS OF UNETHICAL BEHAVIOUR

So far the review of literature and cases of institutions local and international suggest that examples abound of managers whether in academia or not behaving in a manner that might be judged unethical in an organisation setting evolve as in Figure 1.



Fig. 1. Factors influencing ethical behaviour

Why do managers behave in a manner that is unethical? There is no simple answer to this question, for the causes are complex, but a few generalisations can be made as seen in various cases cited in local and international institutions both in academia and non-academia (cf. Fig. 1 for summary ethical code). First, institution ethics are not divorced from personal ethics, decision-making, leadership, performance goals and culture, which are the generally accepted principles of right and wrong governing the conduct of individuals. As individuals, we are typically taught that it is wrong to lie and cheat – it is unethical. Also, it is right to behave with integrity and honour, and to stand up for what we believe to be right and true. This is generally true across societies. The ethical code that guides our behaviour comes from a number of sources, including our parents, our schools, our religion, and the media. Our ethical code exerts a profound influence on the way we behave as institution or people. An individual with a strong sense of say personal ethics is less likely to behave in an unethical manner in an institution setting. It follows that the first step to establishing in a strong sense of institution ethics is for a society

to emphasize strong personal ethics, followed by the decision they make, showing some leadership traits which are governed by performance goals and culture of the institution of people.

Home country managers working abroad in multinational firms (say expatriates) may experience more than the usual degree of pressure to violate their personal ethics. They are away from their ordinary social context and supporting culture, and they are psychologically and geographically distant from the parent company. They may be based in a culture that does not place the same value on ethical norms important in the manager's home country, and they may be surrounded by local employees who have less rigorous ethical standards. The parent company may pressure expatriate managers to meet unrealistic goals that can be fulfilled only by cutting corners or acting unethically. For example, to meet centrally mandated performance goals, expatriate managers might give bribes to win contracts or might implement working conditions and environmental controls that are below minimal acceptable standards.

VIII. ETHICAL PRINCIPLES AND PHILOSOPHY

Following the foregoing sections, it is clear that ethics involves concepts of right and wrong, fair and unfair, moral and immoral. Beliefs about what is ethical serve as a moral compass in guiding the actions and behaviors of individuals and organizations (Aiken 2004; Broodryk 2005; Mariaye 2006). What is also clear is that ethical principles in institution are not materially different from ethical principles in general. What is abundantly clear is that there are three schools of thought about ethical standards.

According to the *School of Ethics Universalism*, the same standards of what's ethical and what's unethical resonate with peoples of most societies regardless of local traditions and cultural norms. Hence, common ethical standards can be used to judge the conduct of personnel at companies operating in a variety of country markets and cultural circumstances.

Also, according to the *School of Ethical Relativism*, different societal cultures and customs have divergent values and standards of right and wrong – thus, what is ethical or unethical must be judged in the light of local customs and social norms and can vary from culture or nation to another.

To sum it, the *Integrated Social Contracts Theory* make a valid argument that universal ethical principles or norms based on the collective views of multiple cultures and societies combine to form a "social contract" that all individuals in all situations have a duty to observe. Within the boundaries of this social contract, local cultures can specify other impermissible actions; however, universal ethical norms always take precedence over local ethical norms. Thus, it is clear that three categories of managers stand out as concerns their prevailing beliefs in commitments to ethical and moral principles in institution affairs: (1) moral manager (2) the immoral manager and (3) the amoral manager.

By some unexplained accounts, the population of managers is said to be distributed among all three types in a bell-shaped curve with immoral managers and moral managers occupying the two tails of the curve, and the amoral managers, especially the intentionally amoral managers, occupying the broad middle ground. The apparently large numbers of immoral and amoral institution or people are one obvious reason why some companies resort to unethical strategic behavior. Three other main drivers of unethical institution behavior also stand out from the literature and cases cited; (1) overzealous or obsessive pursuit of personal gain, wealth, and other selfish interests (2) heavy pressures on institution managers to meet or beat earnings targets (3) an institutional culture that puts the profitability and good institution performance ahead of ethical behavior.

All of the accounts suggest one thing that is corporate social responsibility.

Corporate Social Responsibility: Managing Ethical Strategy

The term *corporate social responsibility* concerns a company's *duty* to operate in an honorable manner, provide good working conditions for employees, be a good steward of the environment, and actively work to better the quality of life in the local communities where it operates and in society at large.

Following the foregoing accounts, the author suggests that the stance an institution takes in dealing with or managing ethical conduct at any given time can take any of four basic forms; (1) the damage control approach (2) the compliance

approach and (3) the ethical culture approach. There are two reasons why the authors suggest the three strategies. This is because, a strategy that is unethical in whole or in part is morally wrong and reflects badly on the character of the company personnel involved. Secondly, because an ethical strategy is good institution and in the self-interest of shareholders incorporates some corporate social responsibility.

IX. CONCLUSION

The obvious question that arises is: who has the authority to regulate global institution activity? Judging from the aforementioned, the moral case for ethics boils down to a simple concept: It's the right thing to do. Therefore, institution or people's case for social responsibility holds that it is in the enlightened self-interest of to be good citizens and devote some energies and resources to the betterment of such stakeholders as employees, the communities in which it operates, and society in general.

X. RECOMMENDATIONS

The authors of this current paper recommend that the ways of achieving sustainable social and economic developments are:

- To have in place a democratic market-oriented economy

- To be accompanied by state investment in health, housing and education
- To measure sustainability of development in human terms, that is, taking cognizance of: cultural patterns of households and community-based structures, and the extent to which individuals demonstrate a significant improvement in feelings of self-respect, self-reliance and cultural tolerance.

NOTES

¹ Interested readers should read on the advent of calculus between Isaac Newton and Leibniz

² These are countries which do not conform to the standards of the so-called first world.

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