

business. In reality, of course, most people seem to be social and so are also motivated by a concern for the welfare of others. To the extent that people are motivated by a concern for others, they will probably behave ethically. However, it is not clear how far concern for others extends nor is it clear that everyone is motivated by a concern for the welfare of others. What the prisoner's dilemma argument shows is that even those who have no concern for the welfare of others—even self-interested individualists—still have a good reason to bring ethics into their business dealings.

Finally, we should note that there is also a good deal of evidence that most people so value ethical behavior that they will punish those whom they perceive to be behaving unethically and reward those who are perceived to be ethical.⁵⁷ In particular, a large body of research in social psychology has concluded that people in all kinds of social situations respond to perceived injustices with distress and will attempt to eliminate their distress by restoring justice, whereas they will be attracted to just organizations and will reward the just organization with loyalty and commitment. Customers will turn against a company if they perceive a gross injustice in the way it conducts its business and will lower their willingness to buy its products.⁵⁸ Employees who feel their company's decision-making processes are unjust will exhibit higher absenteeism, higher turnover, lower productivity, and demand higher wages.⁵⁹ In contrast, when employees feel that an organization's decision-making processes are just, they exhibit lower levels of turnover and absenteeism, show higher levels of trust and commitment to the organization and its management, and demand lower wages.⁶⁰ When employees believe an organization is just, they are more willing to follow the organization's managers, do what managers say, and see managers' leadership as legitimate.⁶¹ In short, ethics is a key component of effective management.

There are, then, a number of strong arguments supporting the view that ethics should be brought into business. Taken together, the arguments—some philosophical and some more empirical—suggest that businesses are shortsighted when they fail to take the ethical aspects of their activities into consideration.

1.4 Moral Responsibility and Blame

So far our discussion has focused on judgments of right and wrong and of good and evil. Moral reasoning, however, is sometimes directed at a different kind of judgment: determining whether a person is morally responsible for an injury or for a wrong.⁶² A judgment about a person's moral responsibility for wrongdoing is a judgment that the person acted intentionally and so should be blamed, punished, or forced to pay restitution.

The kind of moral responsibility we are discussing here should not be confused with a second but distinct form of moral responsibility. The term *moral responsibility* is sometimes used to mean "moral duty" or "moral obligation." For example, when we say, "Vandiver had a moral responsibility not to lie," "moral responsibility" means "moral obligation." This is *not* the kind of moral responsibility that we are talking about here. The kind of moral responsibility we are discussing here is the kind of moral responsibility a person has when we say a person is *to blame* for something. For example, if we say, "Vandiver was morally responsible for the deaths of five pilots who crashed when trying to land the A7D airplane," then "morally responsible" is used to mean "to blame." It is this second meaning of moral responsibility that is at issue here.

People are not always morally responsible for the injuries they inflict on others. A person, for example, who injures someone by accident is "excused" from any blame. So when is a person morally responsible—or to blame—for an injury? The traditional view can be summarized like this: A person is morally responsible for an injury when the person *caused* the injury and did so *knowingly* and *freely*. But this characterization

Quick Review 1.7

Arguments Supporting Ethics in Business

- Ethics applies to all human activities
- Business cannot survive without ethics
- Ethics is consistent with profit seeking
- Prisoner's dilemma argument
- Customers and employees care about ethics

ignores the fact that people are sometimes responsible for injuries which they did not cause but which they could and should have prevented, that is, they are morally responsible for their omissions when they had a duty to act. So a more accurate—but more complicated—way of characterizing moral responsibility is this:

A person is morally responsible for an injury or a wrong if:

- (1) the person caused or helped cause it, or failed to prevent it when he could and should have; and
- (2) the person did so knowing what he or she was doing; and
- (3) the person did so of his own free will.

For example, Stefan Golab, a 59-year-old Polish immigrant who spoke little English, died from cyanide poisoning after working for 2 months over open vats of fuming cyanide for Film Recovery Systems, a company that recovered silver from old film. In a landmark case, Steven O'Neil, president of the company, together with Charles Kirschbaum, the plant supervisor, and Daniel Rodriguez, the plant foreman, were judged responsible by a court for Golab's death on charges of murder.⁶³ The judgment was based on testimony that these managers maintained the hazardous working conditions knowing the life-threatening dangers of breathing the cyanide fumes, that they failed to warn or protect workers like Golab who could not read English, and that they deliberated enough to have the skull-and-crossbones warning symbols scraped off the cyanide drums Stefan used. Thus, they were morally responsible for Stefan Golab's death because (1) they created the dangerous conditions that caused his death or at the very least they failed to prevent his death when they could and should have done so; (2) as witnesses testified, they "knew there was a strong probability . . . bodily harm" would result from their actions; and (3) they acted deliberately and carried out their actions of their own free will.

Moral responsibility for an injury or a wrong, then, requires three things: (1) the person must cause or fail to prevent the injury or wrong when he could and should have done so, (2) the person must know what he is doing, and (3) the person must act of his own free will. This means the absence of any of these three elements will completely eliminate a person's responsibility for an injury and so will fully "excuse" a person from any blame for the injury.⁶⁴ Several manufacturers of asbestos, for example, were recently judged responsible for the lung diseases suffered by some of their workers.⁶⁵ The judgment was based in part on the finding that the manufacturers had a special duty (a duty they were assigned by their position) to warn their workers of the known dangers of working with asbestos but that they knowingly failed to perform this duty, and the lung diseases were a foreseen injury that they could have prevented had they acted as they had a duty to act. In their defense, the asbestos manufacturers argued that the lung injuries suffered by their workers were not caused by working with asbestos, but by smoking. Other manufacturers claimed that they did not know that conditions in their plants would cause lung cancer in their workers. And yet others said they were not free to prevent the injuries because they had tried to get their workers to wear protective masks, but the workers refused and so they were injured because of circumstances the manufacturers could not control. If any of these claims were true, then the manufacturers could not be morally responsible for the lung diseases of their workers.

It is important to understand these three conditions well enough to judge whether a party was morally responsible for something. Let us begin by examining the first requirement for moral responsibility: The person must either cause the injury or wrong or else must fail to prevent it when she could and should have done so. In many cases, it is easy to determine whether a person's actions "caused" an injury or a wrong (such

actions are "commissions"). But this is not so easy when a party does not cause an injury but merely fails to prevent it (such failures are "omissions"). Nike, the athletic shoe company, for example, has been at the center of a controversy over its responsibility for the mistreatment of the workers who make its shoes. Nike does not actually manufacture any of the athletic shoes it sells. Instead, Nike designs its shoes in Seattle, Washington, and then pays companies in developing countries to make the shoes according to these designs. It is these foreign supplier companies (in China, Indonesia, India, etc.) that have directly mistreated and exploited their workers. Nike has claimed that it is not morally responsible for this mistreatment because the injuries were inflicted by the supplier companies they hired, so Nike itself did not cause the injuries. Critics have responded that although it is true that Nike did not directly cause the injuries, Nike could have prevented those injuries by forcing its suppliers to treat their workers humanely. If it is true that Nike had the power to prevent the injuries, and should have done so, then Nike met the first condition for moral responsibility. But if Nike was truly powerless to prevent these injuries—if Nike had no control over the actions of its suppliers—then it did not meet the first condition.

Notice that the first condition says that people are morally responsible for an injury when they failed to prevent it, *only if* they "should have" prevented it. This qualification is necessary because people cannot be held morally responsible for all the injuries they know about and fail to prevent. Each of us is not morally responsible, for example, for failing to save all the members of all the starving groups in the world that we learn about by reading the newspapers, even if we could have saved some of them. If we were morally responsible for all these deaths, then we would all be murderers many times over and this seems wrong. Instead, we must say that a person is responsible for failing to prevent an injury only when, for some reason, the person had an obligation to prevent that particular injury. Such an obligation generally requires some sort of special relationship to the injury or the injured party. For example, if I know I am the only person near enough to save a drowning child, and I can do so easily, then my special physical relationship to the child creates in me an obligation to save the child and so I am morally responsible for the child's death if I fail to prevent it. Or if I am a police officer on duty and see a crime that I can easily prevent, then, because it is my job to prevent such crimes, I have a specific obligation to prevent this crime and am morally responsible if I fail to do so. Employers likewise have a special obligation to prevent work injuries from being inflicted on their employees and so are morally responsible for any foreseen work injuries they could have prevented.

The second requirement for moral responsibility is this: The person must know what she is doing. This means that if a person is ignorant of the fact that her actions will injure someone else, then she cannot be morally responsible for that injury. Ignorance, however, does not always excuse a person. One exception is when a person deliberately stays ignorant of a certain matter to escape responsibility. For example, if Nike managers told their suppliers that they did not want to know what was going on in their factories, they would still be morally responsible for whatever mistreatment went on that they could have prevented. A second exception is when a person negligently fails to take adequate steps to become informed about a matter that is of known importance. A manager in an asbestos company, for example, who has reason to suspect that asbestos may be dangerous but who fails to become informed on the matter out of laziness, cannot later plead ignorance as an excuse.

A person may be ignorant of either the relevant facts or the relevant moral standards. For example, I may be sure that bribery is wrong (a moral standard) but may not have realized that in tipping a customs official I was actually bribing him into canceling certain import fees (a fact). In contrast, I may be genuinely ignorant that bribing government officials is wrong (a moral standard), although I know that in tipping the customs official

I am bribing him into reducing the fees I owe (a fact). If I genuinely did not know that what I was doing was wrong, then I am not morally responsible for that wrong.

Ignorance of fact eliminates moral responsibility for the simple reason that a person cannot be held responsible for something over which he or she has no control.⁶⁶ Because people cannot control matters of which they are ignorant, their moral responsibility for such matters is eliminated. Negligently or deliberately created ignorance is an exception to this principle because such ignorance can be controlled. Insofar as we can control the extent of our ignorance, we become morally responsible for it and, therefore, also for its injurious consequences. Ignorance of the relevant moral standards generally also removes responsibility because a person is not responsible for failing to meet obligations of whose existence he or she is genuinely ignorant. However, to the extent that our ignorance of moral standards is the result of freely choosing not to ascertain what these standards are, we are responsible for our ignorance and for its wrongful or injurious consequences.

The third requirement for moral responsibility is that the person must act of his own free will. A person acts of his own free will when the person acts deliberately or purposefully and his actions are not the result of some uncontrollable mental impulse or external force. In other words, a person acts of his own free will when he chooses to do something for a reason or a purpose and is not forced to do it by some internal or external force over which he has no control. A person is not morally responsible, for example, if he causes an injury because he lacked the power, skill, opportunity, or resources to prevent his actions from resulting in the injury. Nor is a person morally responsible when he is physically forced to inflict an injury on someone else or physically restrained from doing something to prevent the injury, nor when a person's mind is psychologically impaired in a way that prevents her from controlling her actions. An employee, for example, may injure a fellow worker when a machine he thought he knew how to operate, suddenly veers out of his control. A manager working under extremely stressful circumstances may be so tense that one day he is overcome by rage at a subordinate and genuinely is unable to control his actions toward that subordinate. An engineer who is part of a larger operating committee may be unable to prevent the other committee members from making a decision that the engineer feels will result in injury to other parties. An assembly-line worker with an undiagnosed malady may suffer muscle spasms that cause the assembly line to malfunction in a way that inflicts physical injuries on other workers. In all of these cases, the person is not morally responsible for the wrong or the injury because the person did not choose the action deliberately or purposefully but was forced to inflict the injury by a mental impairment or some uncontrollable external force. These kinds of mental impairments or external forces eliminate a person's responsibility because, again, a person cannot have any moral responsibility for something over which the person had no control. Insofar as circumstances render a person unable to control his or her actions or to prevent a certain injury, the person is not to blame for the injury.

We can conclude from this discussion of the three requirements for moral responsibility that a person is not morally responsible for an injury or a wrong if any one of these three requirements is absent. That is, a person is NOT morally responsible for an injury or a wrong if:

1. the person did not cause and could not prevent the injury or wrong, or
2. the person did not know he was inflicting the injury or the wrong, or
3. the person did not inflict the injury or the wrong of his own free will.

Although the absence of any of the three requirements will completely remove a person's moral responsibility for a wrong, there are also several "mitigating factors"

Quick Review 1.8

Elements of Moral Responsibility

- Individual must cause or fail to prevent an avoidable injury or wrong
- Individual must know what he is doing
- Individual must act of his own free will

that can lessen a person's moral responsibility depending on the severity of the wrong. Mitigating factors include (a) circumstances that minimize but do not completely remove a person's involvement in an act (these affect the degree to which the person actually caused or helped to cause the wrongful injury), (b) circumstances that leave a person uncertain but not altogether unsure about what he or she is doing (these affect the person's knowledge), and (c) circumstances that make it difficult but not impossible for the person to avoid doing it (these affect the person's free will). These can lessen a person's responsibility for wrongdoing depending on a fourth factor: the seriousness of the wrong. To clarify these, we can discuss each of them in turn.

First, a person's responsibility can be mitigated by circumstances that diminish the person's active involvement in the act that caused or brought about an injury. An engineer may contribute to an unsafe product, for example, by knowingly drawing up the unsafe design and thus being actively involved in causing the future injuries. In contrast, the engineer may be aware of the unsafe features in somebody else's design but passively stand by without doing anything about it because "that's not my job." In

Was National Semiconductor Morally Responsible?

A few years ago, the U.S. Department of Defense charged that National Semiconductor had sold the department computer parts without testing them properly and then had falsified its records in order to hide the fraud. The computer parts were installed in ships, planes, weapons, and nuclear bombs around the world and so could no longer be tracked down. An official of the Department of Defense was quoted as saying that if a component was defective and malfunctioned, "We're talking about lives. You could have a missile that would end up in Cleveland instead of the intended target."

Although National Semiconductor was indicted and fined for the crime as a corporation, no individuals within the company were ever charged with any crimes in the case. The Department of Defense objected that since "a corporation acts only through its employees and officers," the employees and managers who make up the company and who participated in the crime should have been held

responsible for it. National Semiconductor's chairman felt differently: "We totally disagree with the Defense Department's proposal. We have repeatedly stated that we accept responsibility as a company [only] and we steadfastly continue to stand by that statement." According to the chairman, the corporation and not its members was responsible for these criminal acts.

1. Who is right in this dispute, National Semiconductor or the Department of Defense? Explain your answer.
2. What are the practical consequences of accepting the position of the Department of Defense? Of accepting the position of National Semiconductor? In light of these practical consequences, which position do you think society should adopt?

such a case, the engineer is not actively involved in causing any future injuries. In general, the less one's actual actions contribute to the outcome of an act, the less one is morally responsible for that outcome (depending, however, on the seriousness of the act). However, if a person has a special (an officially assigned) duty to report or try to prevent certain wrongdoings, then that person is morally responsible for acts he or she refrains from reporting or trying to prevent even if the person is not otherwise involved in the act. An accountant, for example, who was hired to report any fraudulent activity observed cannot plead diminished responsibility for a fraud the accountant knowingly failed to report by pleading that she did not actively carry out the fraudulent act. In such cases where a person has a special (specifically assigned) duty to prevent an injury, freely and knowingly failing to prevent it is wrong. One is responsible for it (along with the other guilty party or parties) if one should and could have prevented it but did not.

Second, circumstances can produce uncertainty about a variety of matters. A person may be fairly convinced that doing something is wrong yet may still be doubtful about some important facts, or may have doubts about the moral standards involved, or doubts about how seriously wrong the action is. For example, an office worker who is asked to carry proprietary information to a competitor might feel fairly sure that doing so is wrong yet may also have some genuine uncertainty about how serious the matter is. Such uncertainties can lessen a person's moral responsibility for a wrongful act.

Third, a person may find it difficult to avoid a certain course of action because he or she is subjected to threats or duress of some sort or because avoiding that course of action will impose heavy costs on the person. Middle managers, for example, are sometimes intensely pressured or threatened by their superiors to reach unrealistic production targets or to keep certain health information secret from workers or the public, although it is clearly unethical to do so.⁶⁷ If the pressures on managers are great enough, then their responsibility is correspondingly diminished. Although they are to blame for the wrong, their blame is mitigated (those who knowingly and freely impose pressures on subordinates that can be expected to issue in wrongful acts are also responsible for those wrongful acts).

Fourth, the extent to which these three mitigating circumstances can diminish a person's responsibility for a wrongful injury depends on the seriousness of the wrong. For example, if doing something is very seriously wrong, then even heavy pressures and minimal involvement may not substantially reduce a person's responsibility for the act. If my employer, for example, threatens to fire me unless I sell a used product that I know will kill someone, it would be wrong for me to obey him even though loss of a job will impose some heavy costs on me. However, if only a relatively minor matter is involved, then the threat of a job loss might substantially mitigate my responsibility. In determining one's moral responsibility for a wrongful act, therefore, one must judge one's uncertainties, the pressures to which one is subjected, and the extent of one's involvement and then weigh these against the seriousness of the wrong. Obviously, such judgments are often extremely difficult and tragically painful to make.

It may be helpful to summarize here the essential points of this somewhat lengthy and complicated discussion of an individual's moral responsibility for a wrong or an injury. First, an individual is morally responsible for an injury when (1) the person caused the injury or failed to prevent it when she could and should have done so, (2) the person knew what she was doing, and (3) the person acted of her own free will. Second, moral responsibility is completely eliminated (excused) by the absence of any of these three elements. Third, moral responsibility for a wrong or an injury is mitigated by (a) minimal involvement (although failure to act does not mitigate if one has a specific duty to prevent the wrong), (b) uncertainty, and (c) difficulty; but the extent

to which these three factors lessen one's responsibility depends on (d) the seriousness of the wrong or the injury: The greater the seriousness, the less the first three factors mitigate.

Before leaving this topic, we should note that critics have contested whether all of the mitigating factors really affect a person's responsibility. Some have claimed that evil may never be done no matter what personal pressures are exerted on a person.⁶⁸ Other critics have claimed that I am as responsible when I refrain from stopping a wrong as I am when I perform the wrong myself because passively allowing something to happen is morally no different from actively causing it to happen.⁶⁹ If these critics are correct, then mere passive involvement in something does not mitigate moral responsibility. Although neither of these criticisms seems to be correct, readers should make up their own minds on the matter. Discussing all the issues the criticisms raise would take us too far afield.

Corporate Responsibility

Within the modern corporation, responsibility for a corporate act is often distributed among a number of cooperating parties. Corporate acts normally are brought about by several actions or omissions of many different people all cooperating together so that their linked actions and omissions jointly produce the corporate act. For example, one team of managers designs a car, another team tests it, and a third team builds it; one person orders, advises, or encourages something and others act on these orders, advice, or encouragement; one group knowingly defrauds buyers and another group knowingly but silently enjoys the resulting profits; one person contributes the means and another person accomplishes the act; one group does the wrong and another group conceals it. The variations on cooperation are endless.

Who is morally responsible for such jointly produced acts? The traditional view is that those who knowingly and freely did what was necessary to produce the corporate act are each morally responsible.⁷⁰ In this view, situations in which a person needs the actions of others to bring about a wrongful corporate act are no different in principle from situations in which a person needs certain external circumstances to commit a wrong. For example, if I want to shoot an innocent person, I must rely on my gun going off (an external circumstance). If I want to defraud the stockholders of a corporation, I must rely on others to do their part in the fraud. In both cases, I can bring about the wrongful injury only by relying on something or someone other than myself. In both cases, if I knowingly and freely bring about the fraud, then I am morally responsible for the wrongful injury. Bringing about a wrongful act with the help of others, then, does not differ in a morally significant way from deliberately bringing about a wrongful act with the help of inanimate instruments: The person is fully responsible for the wrong or the injury even if this responsibility is shared with others. If, for example, as a member of the board of directors of a corporation, with full knowledge and complete freedom, I act on insider information to vote for some stock options that will benefit me but unfairly injure the other stockholders, then I am morally responsible for the wrongful corporate act of the board even if I share this responsibility with other members of the board. By my vote, I was trying to bring about the illegal corporate act and I did so knowingly and freely.

Critics of this traditional view of the individual's responsibility for corporate acts have claimed that when an organized group such as a corporation acts together, their corporate act may be described as the act of the group and, consequently, the corporate group and not the individuals who make up the group must be held responsible for the act.⁷¹ For example, we normally credit the manufacture of a defective car to the corporation that made it and not to the individual engineers involved in its manufacture.

The law typically attributes the acts of a corporation's managers to the corporation (so long as the managers act within their authority) and not to the managers as individuals. Traditionalists, however, can reply that, although we sometimes attribute acts to corporate groups, this linguistic and legal fact does not change the moral reality behind all such corporate acts: Individuals had to carry out the particular actions that brought about the corporate act. Because individuals are morally responsible for the known and intended consequences of their free actions, any individual who knowingly and freely joins his actions together with those of others, intending thereby to bring about a certain corporate act, will be morally responsible for that act.⁷²

More often than not, however, employees of large corporations cannot be said to have "knowingly and freely joined their actions together" to bring about a corporate act or to pursue a corporate objective. Employees of large-scale organizations follow bureaucratic rules that link their activities together to achieve corporate outcomes of which the employee may not even be aware. The engineers in one department may build a component with certain weaknesses, for example, not knowing that another department plans to use that component in a product that these weaknesses will render dangerous. Or company managers at one point in time may unknowingly prepare the way for wrongdoing by managers at a later point in time. For example, the managers of Merck who in 1980 courageously developed and gave away a cure for river blindness helped Merck prosper and so unknowingly enabled another group of Merck managers in 2004 to wrongly conceal data that suggested the drug Vioxx increased the risk of heart failure. Obviously, then, a person working within the ongoing bureaucratic structure of a large organization is not necessarily morally responsible for every corporate act he or she helps to bring about. If I am working as a secretary, clerk, or janitor in a corporation, or if I become a stockholder in a corporation, then my actions may help the officers of the corporation commit a fraud. If I know nothing about the fraud or if I am in no way able to prevent it (e.g., by reporting it), then I am not morally responsible for the fraud. Here, as elsewhere, the excusing factors of ignorance and inability, which are endemic to large-scale bureaucratic corporate organizations, can completely eliminate a person's moral responsibility.

Moreover, depending on the seriousness of the act, the mitigating factors of uncertainty, difficulty, and minimal involvement can also diminish a person's moral responsibility for a corporate act. Sometimes employees in a corporation go along with a wrongful corporate act although they know (to some extent) that it is wrong and they have the ability (to some extent) to withdraw their cooperation: They unwillingly go along because of pressures placed on them. Traditional moralists have argued that a person's responsibility for unwillingly cooperating with others in a wrongful act should be determined by weighing the various factors that *mitigate* individual responsibility. That is, one must weigh the seriousness of the wrongful act against the uncertainty, difficulty, and degree of involvement that were present (but again, those who have a moral duty to prevent a wrong cannot plead that their omission constitutes "minimal involvement"). The more seriously wrong a corporate act is, the less my responsibility is mitigated by uncertainty, pressures, and minimal involvement.

Subordinates' Responsibility

In a corporation, employees often act on the basis of their superiors' orders. Corporations usually have a hierarchical structure of authority in which orders and directives pass from those higher in the structure to a variety of agents at lower