

IT Ethics and Entrepreneurship

MIS 6171

Introduction

- The growth of the internet, the ability to capture and store vast amount of personal data and greater reliance in IS in all aspects of our life have increased the risk that IT will be used unethically

We Live in Communities

(London, England at night from space)

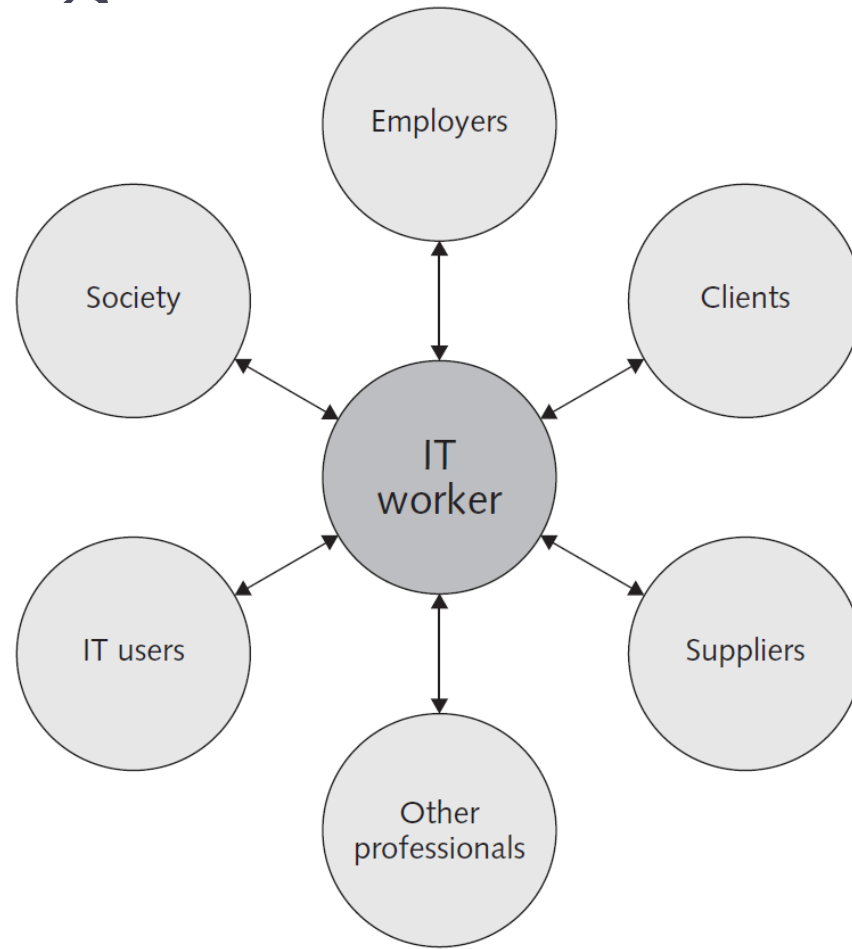


Courtesy of NASA

Why Study Ethics?

- Ethics: a way to decide the best thing to do
- New problems accompany new technologies
- “Common wisdom” may not exist for novel situations brought about by new technologies

Professional Relationships IT Workers Must Manage



Credit: Course Technology/Cengage Learning.

The Ethical Point of View

- Most everyone shares “core values”, desiring:
 - Life
 - Happiness
 - Ability to accomplish goals
- Two ways to view world
 - Selfish point of view: consider only your own self and your core values
 - Ethical point of view: respect other people and their core values

Ethics

Set of beliefs about right and wrong behavior within a society

- **Moral code:** Statements about how people should behave within a society

Morality: Shared social conventions about right and wrong that become the basis for an established consensus

- Vary by age, culture, ethnicity, religion, life-experiences, education, and gender

Virtues and vices define an individual's moral values

- **Virtue:** Habit that inclines people to do what is acceptable
- **Vice:** Habit of unacceptable behavior

Integrity

- Acting in accordance with a personal code of principles
- Extending same respect and consideration to all that one expects to receive from others
- Applying the same moral standards in all situations
- Inconsistency emerges:
 - In a situation that conflicts with one's moral standards
 - If one applies moral standards differently according to the situation or people involved

Difference Between Morals, Ethics, and Laws

Morals

- Personal beliefs about right and wrong
- Moral acts conform to what an individual believes to be the right thing to do

Ethics

- Standards or codes of behavior expected of an individual by a group to which the individual belongs

Law

- System of rules, enforced by a set of institutions, that tells us what we can and cannot do
- Legal acts are acts that conform to the law

A Good Ethical Theory Supports Persuasive, Logical Arguments



CASE: Borrowing a Password Scenario 1

Alice and Josh, two first-year undergraduate students, are good friends. Josh tells Alice that his account on the university's network has been disabled and he needs to complete a paper for his English class. He asks Alice to give him her password so that he can log onto her account and write the paper. Because Alice considers Josh to be a close friend, she provides him with her password. Josh logs onto Alice's account and completes his paper for English. He did not look at the content of any of Alice's files, nor did he delete or modify anything. He simply wrote his paper and logged off the system.

Reflection Questions

- Did anyone in scenario 1 do anything wrong? Use your intuition to define “wrong” as you deem appropriate for the context of the case. Explain your reasoning [position]
- How, if at all, would various university policies affect your answer above? i.e. would it make a difference if the university policy forbade revealing your password to another party? [context]
- The case did not specify why Josh’s account was disabled. Did that hinder your ability to answer Q1? [context]

CASE: Borrowing a Password Scenario 2

This scenario is like the previous one with one potentially significant difference. In this case, Josh and Alice are software engineering majors. Josh is a senior and Alice already graduated. She is working for a software development firm, Alpha Software as a software engineer. Josh asks to use Alice's account at Alpha Software rather than a university account. As before, Josh completed his paper without looking at anything he was not authorized to see and he didn't do anything other than create a word processing file for his paper.

Reflection Questions

- Did anyone in scenario 2 do anything wrong? Use your intuition to define “wrong” as you deem appropriate for the context of the case. Explain your reasoning [position]
- Suppose the terms of Alice’s employment required her to protect the confidentiality of corporate information and that she was well aware of that requirement. Would that affect your previous answer? [context]
- Suppose the terms of Alice’s employment required her to protect the confidentiality of corporate information, but she didn't read this information and paid little attention to the orientation lectures. Would this affect your previous analysis of the case? [context]

CASE: Borrowing a Password Scenario 3

This scenario is like scenario 2 except for the following significant addition. When Josh completed his paper, he e-mailed the paper to his professor. He then logged off Alice's account. Alpha Software monitors the email of its employees and it was observed that an e-mail with an attachment of a file in Alice's directory had been sent to a server outside of Alpha Software's network. Alice's boss, Carol, confronted Alice, who readily admitted her transgression of the company policy. Carol viewed Alice's action as a cavalier disregard for company security and fired Alice. Alice was given two weeks' pay and escorted off the premises.

Reflection Questions

- Did anyone in scenario 2 do anything wrong? Use your intuition to define “wrong” as you deem appropriate for the context of the case. Explain your reasoning [position]
- Suppose Alpha Software never told Alice that her e-mail would be monitored. Would that affect your previous answer? [context]
- Suppose Carol had once been guilty of doing something similar. She also was caught, but simply received a reprimand. Would that affect your answer to Q1? [context]
- Suppose we agree with Carol’s decision. We know something that Carol cannot know, namely that Josh did not view any Alpha Software files and did not alter anything. If Carol knew what we know, would still she be justified in firing Alice? [context?]

Ethics in the Business World

- Following increases likelihood of unethical behavior
 - Highly complex work environments make it difficult to apply principles and codes of ethics consistently
 - Pressure to maintain revenue and profits
- Risk of financial loss and criminal or civil lawsuits is more prevalent for businesses that act unethically

Corporate Social Responsibility (CSR)

- Organization taking responsibility for the impact of its actions on the:
 - Environment
 - Community
 - Welfare of its employees
- **Supply chain sustainability:** Developing and maintaining a supply chain that meets the needs of the present without compromising the ability of future generations to meet their needs

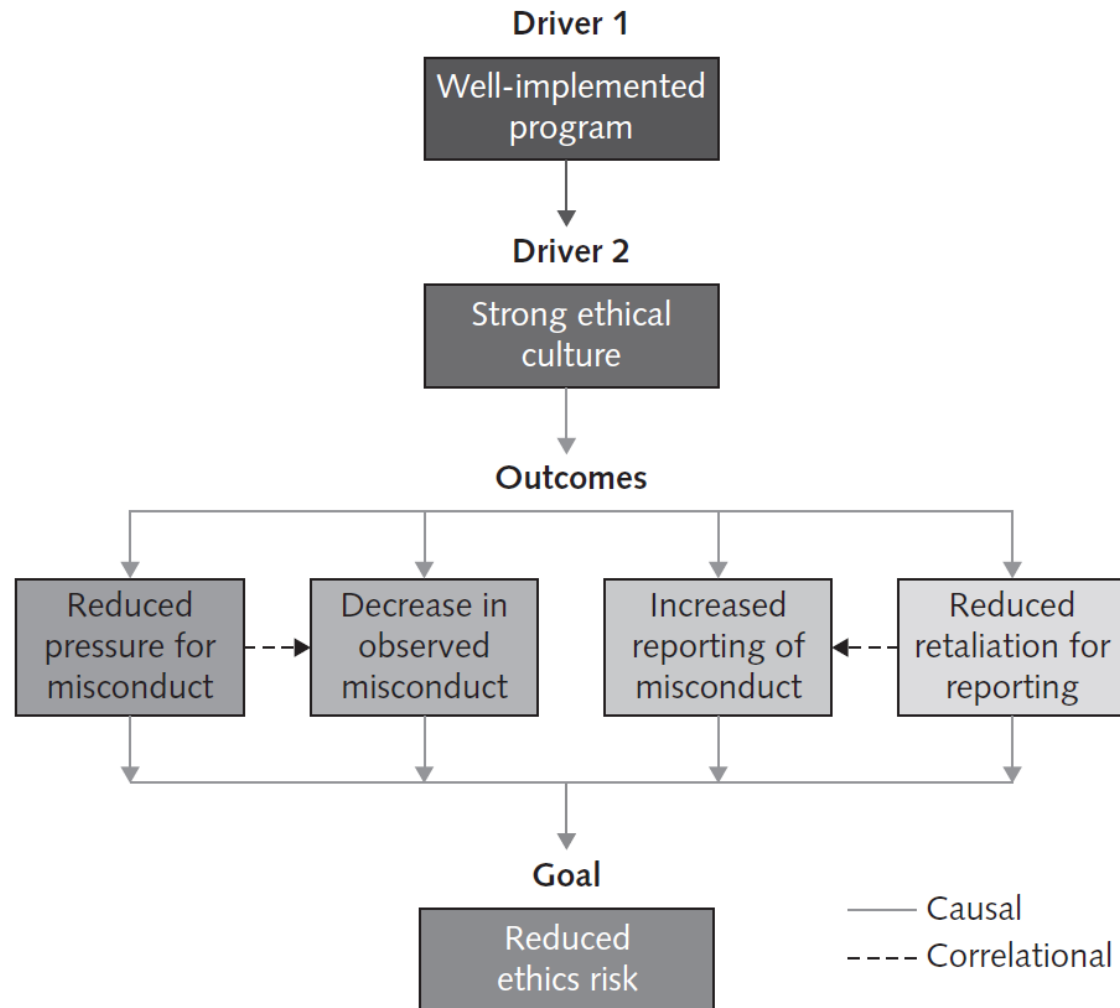
CSR: Discussion Question

- Identify three CSR goals that would be appropriate for a large, multinational IT consulting firm.
Create three such goals for a small, local IT consulting firm
- Do you believe an organization should be able to escape criminal liability for the acts of its employees if it has acted as a responsible corporate citizen, making strong efforts to prevent and detect misconduct in the workplace? Why or why not?

Why Fostering Corporate Social Responsibility and Good Business Ethics Is Important

- 
- 1 To gain the good will of the community
 - 2 To create an organization that operates consistently
 - 3 To foster good business practices
 - 4 To protect organization/employees from legal action
 - 5 To avoid unfavorable publicity

Reducing Ethics Risk



Characteristics of a Successful Ethics Program

- Employees are willing to seek advice about ethics issues
- Employees feel prepared to handle situations that could lead to misconduct
- Employees are rewarded for ethical behavior
- Organization does not reward success obtained through questionable means
- Employees feel positively about their company

Corporate Ethics Officer

- Provides an organization with vision and leadership in the area of business conduct
- Ideally a senior-level manager who reports directly to the CEO
- Known as **corporate compliance officer**
- Responsibilities
 - Ensuring compliance of ethical procedures
 - Creating and maintaining the ethics culture that the highest level of corporate authority wishes to have
 - Being the key contact person for ethics issues

Ethical Standards Set by Board of Directors

- Conducting themselves according to the highest standards of personal and professional integrity
- Setting the standard for company-wide ethical conduct
- Ensuring compliance with laws and regulations
- Creating an environment in which employees can:
 - Seek advice about business conduct
 - Raise issues
 - Report misconduct

Establishing a Corporate Code of Ethics

- **Code of ethics:** Statement that:
 - Highlights an organization's key ethical issues
 - Identifies the overarching values and principles important to the organization and its decision making
- **Organizational code of ethics should:**
 - Apply to its directors, officers, and employees
 - Focus on employees in work-roles susceptible to ethical risk
 - Provide mechanisms for reporting unethical conduct
 - Fostering a culture of honesty and accountability

Manager's Checklist for Establishing an Ethical Work Environment

Question	Yes	No
Does your organization have a code of ethics?		
Do employees know how and to whom to report any infractions of the code of ethics?		
Do employees feel that they can report violations of the code of ethics safely and without fear of retaliation?		
Do employees feel that action will be taken against those who violate the code of ethics?		
Do senior managers set an example by communicating the code of ethics and using it in their own decision making?		
Do managers evaluate and provide feedback to employees on how they operate with respect to the values and principles in the code of ethics?		
Are employees aware of sanctions for breaching the code of ethics?		
Do employees use the code of ethics in their decision making?		

Steps in a Decision-Making Process

Problem statement

- Clear and concise description of the issue

Identify, evaluate, and choose an alternative

- Brainstorming with others will help identify a broad range of alternatives and determine the best solution

Implement the decision in an efficient, effective, and timely manner

- Requires developing a transition plan to explain to people how the change will be carried out

Evaluate the results

- Observe impact on the organization and stakeholders

Developing a problem statement

- **Good problem statement:** Our product supply organization is continually running out of stock of finished products, creating an out-of-stock situation on over 15% of our customers orders, resulting in over \$300,000 in lost sales per month
- **Poor problem statement:** We need to implement a new inventory control system. (This is a possible solution, not a problem statement)
- **Poor problem statement:** We have a problem with finished product inventory. (This is not specific enough)

Problem scenario

- You are currently being considered for a major promotion within your company to vice president of marketing. In your current position as a manager of advertising, you supervise 15 managers and 10 hourly workers. As part of the annual salary review process, you have been given flexibility to grant your employees an average 3% annual salary increase; however, you are strongly considering a lower amount. This would ensure that your department's expenses stay under budget and would send the message that you are able to control costs. How would you proceed?

Summary of Four Common Approaches to Ethical Decision Making

Approach to dealing with ethical issues	Principle
Virtue ethics approach	The ethical choice best reflects moral virtues in yourself and your community.
Utilitarian approach	The ethical choice produces the greatest excess of benefits over harm.
Fairness approach	The ethical choice treats everyone the same and shows no favoritism or discrimination.
Common good approach	The ethical choice advances the common good.

Limitations of Various Approaches to Ethical Decision Making

Value ethics approach

- Does not provide a guide for action
- Virtue cannot be worked out objectively, it depends on the circumstances

Utilitarian approach

- Measuring and comparing the values of certain benefits and costs is difficult
- Predict the full benefits and harm that result from a decision is difficult

Fairness approach

- Decisions can be influenced by personal bias
- Affected parties may consider the decision unfair

Common good approach

- Arriving at a consensus becomes difficult
- Some groups are required to bear greater costs than others

Ethics in Information Technology

- Concerns about the ethical use of information technology
 - E-mail and Internet access monitoring at work
 - Downloading in violation of copyright laws
 - Unsolicited e-mail
 - Identify theft by hackers
 - Plagiarism by students
 - Cookies and spyware to track a site's visitors' hard drives

Ethics in Information Technology

- Requires managers to assume greater responsibility for ethical decisions by:
 - Making broad-minded, objective decisions based on technical savvy, business know-how, and a sense of ethics
 - Creating a working environment in which ethical dilemmas can be discussed openly, objectively, and constructively

Ethical Theories

Subjective Relativism

What Is Relativism?

- Relativism
 - No universal norms of right and wrong
 - One person can say “X is right,” another can say “X is wrong,” and both can be right
- Subjective relativism
 - Each person decides right and wrong for himself or herself
 - “What’s right for you may not be right for me”

Case for Subjective Relativism

- Well-meaning and intelligent people disagree on moral issues
- Ethical debates are disagreeable

Case Against Subjective Relativism

- Blurs line between doing what you think is right and doing what you want to do
- Makes no moral distinction between the actions of different people
- Decisions may not be based on reason
- Not a workable ethical theory

Cultural Relativism

Cultural Relativism in a Nutshell

- What is “right” and “wrong” depends upon a society’s actual moral guidelines
- These guidelines vary from place to place and from time to time
- A particular action may be right in one society at one time and wrong in other society or at another time

Case for Cultural Relativism

- Different social contexts demand different moral guidelines
- It is arrogant for one society to judge another

Case Against Cultural Relativism

- Because two societies **do** have different moral views doesn't mean they **ought to** have different views
- It doesn't explain how moral guidelines are determined
- What if there are no cultural norms?
- It doesn't account for evolution of moral guidelines.
- It provides no way out for cultures in conflict
- Existence of many acceptable practices does not imply all practices are acceptable
- Societies do, in fact, share certain core values
- Only indirectly based on reason
- Not a workable ethical theory

Divine Command Theory

Overview of Divine Command Theory

- Good actions: those aligned with God's will
- Bad actions: those contrary to God's will
- Holy books reveal God's will
- We should use holy books as moral decision-making guides

Divine Command Theory in Action



Case for Divine Command Theory

- We owe obedience to our Creator
- God is all-good and all-knowing
- God is the ultimate authority

Case Against Divine Command Theory

- Different holy books disagree on certain teachings
- Society is multicultural, secular
- Some modern moral problems not directly addressed in scripture
- “The good” \neq “God” (equivalence fallacy)
- Based on obedience, not reason
- Not a workable ethical theory

Ethical Egoism

Definition of Ethical Egoism

- Each person should focus exclusively on his or her self-interest
- Morally right action: that action that provides self with maximum long-term benefit

Case for Ethical Egoism

- It is practical since we are already inclined to do what's best for ourselves
- It is better to let other people take care of themselves
- The community can benefit when individuals put their well-being first
- Other moral principles are rooted in the principle of self-interest

Case Against Ethical Egoism

- An easy moral philosophy may not be the best moral philosophy
- We know a lot about what is good for someone else
- Self-interest can lead to blatantly immoral behavior
- Other moral principles are superior to principle of self-interest
- People who take the good of others into account lead happier lives
- By definition, does not respect the ethical point of view
- Not a workable ethical theory

Kantianism

Critical Importance of Good Will

- Good will: the desire to do the right thing
- Immanuel Kant: Only thing in the world that is good without qualification is a good will
- Reason should cultivate desire to do right thing

Kant: Wrong to Use Another Person Solely as a Means to an End



Plagiarism Scenario

- Carla
 - Single mother
 - Works full time
 - Takes two evening courses/semester
- History class
 - Requires more work than normal
 - Carla earning an “A” on all work so far
 - Carla doesn’t have time to write final report
- Carla purchases report; submits it as her own work

Case for Kantianism

- Aligns with common moral concern: “What if everyone acted that way?”
- Produces universal moral guidelines
- Treats all persons as moral equals

Case Against Kantianism

- Sometimes no rule adequately characterizes an action
- Sometimes there is no way to resolve a conflict between rules
 - In a conflict between a perfect duty and an imperfect duty, perfect duty prevails
 - In a conflict between two perfect duties, no solution
- Despite weaknesses, a workable ethical theory

Act Utilitarianism

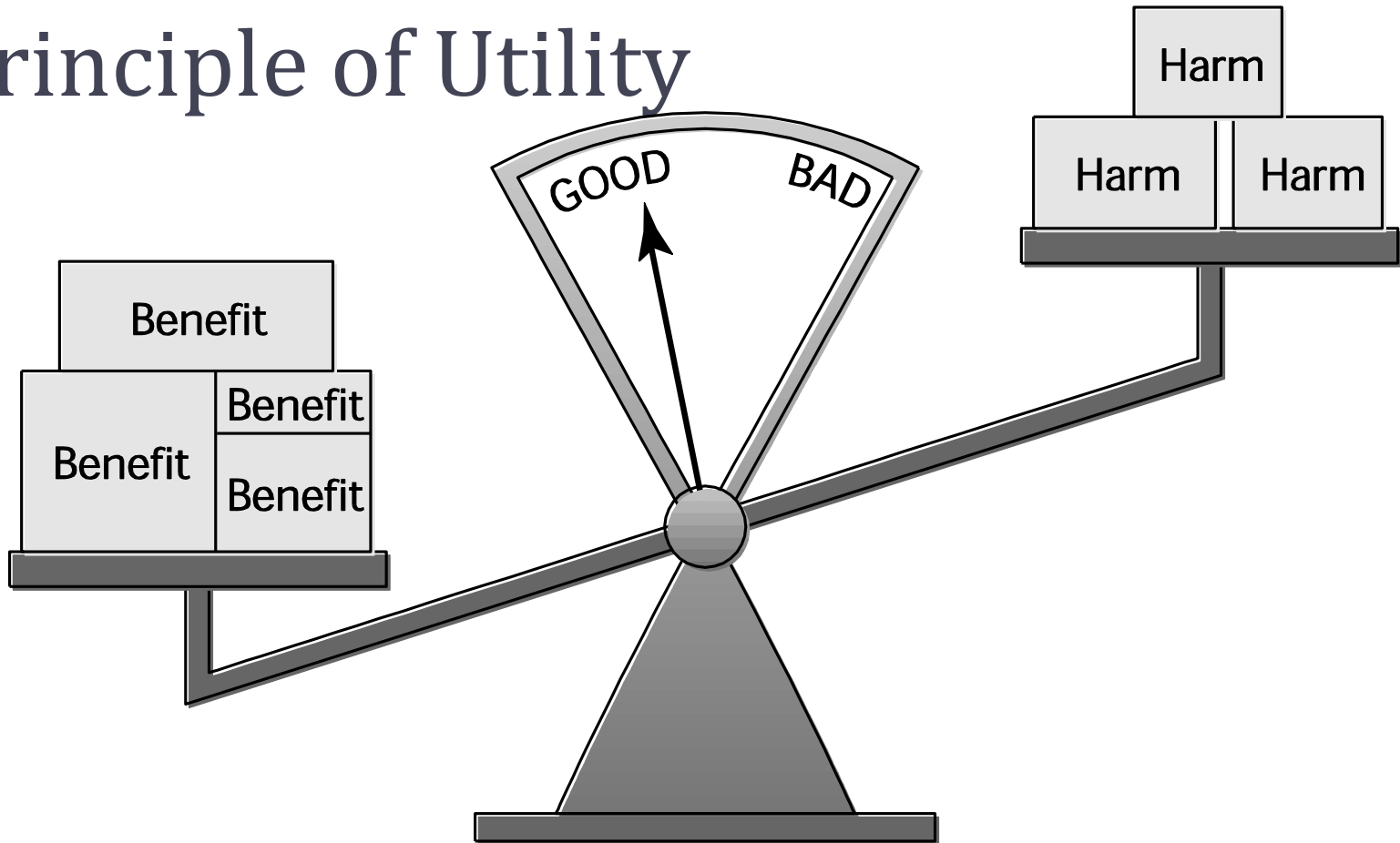
Principle of Utility

- Jeremy Bentham and John Stuart Mill
- An action is good if its benefits exceeds its harms
- An action is bad if its harms exceed its benefits
- Utility: tendency of an object to produce happiness or prevent unhappiness for an individual or a community
- Happiness = advantage = benefit = good = pleasure
- Unhappiness = disadvantage = cost = evil = pain

Principle of Utility (Greatest Happiness Principle)

An action is right (or wrong) to the extent that it increases (or decreases) the total happiness of the affected parties.

Principle of Utility



Act Utilitarianism

- Utilitarianism
 - Morality of an action has nothing to do with intent
 - Focuses on the consequences
 - A consequentialist theory
- Act utilitarianism
 - Add up change in happiness of all affected beings
 - $\text{Sum} > 0$, action is good
 - $\text{Sum} < 0$, action is bad
 - Right action to take: one that maximizes the sum

Highway Routing Scenario

- State may replace a curvy stretch of highway
- New highway segment 1 mile shorter
- 150 houses would have to be removed
- Some wildlife habitat would be destroyed

Evaluation

- Costs
 - \$20 million to compensate homeowners
 - \$10 million to construct new highway
 - Lost wildlife habitat worth \$1 million
- Benefits
 - \$39 million savings in automobile driving costs
- Conclusion
 - Benefits exceed costs
 - Building highway a good action

Case for Act Utilitarianism

- Focuses on happiness
- Down-to-earth (practical)
- Comprehensive

Case Against Act Utilitarianism

- Unclear whom to include in calculations and how far out into the future to consider
- Too much work
- Ignores our innate sense of duty
- We cannot predict consequences with certainty
- Susceptible to the problem of moral luck
- Overall, a workable ethical theory

Social Contract Theory

Basis of Social Contract Theory

- Thomas Hobbes

- In a “state of nature” our lives would be “solitary, poorer, nasty, brutish, and short”
- We ***implicitly*** accept a social contract
 - Establishment of moral rules to govern relations among citizens
 - Government capable of enforcing these rules

- Jean-Jacques Rousseau

- In ideal society, no one above rules
- That prevents society from enacting bad rules

Kinds of Rights

- Negative right: A right that another can guarantee by leaving you alone
- Positive right: A right obligating others to do something on your behalf
- Absolute right: A right guaranteed without exception
- Limited right: A right that may be restricted based on the circumstances

Correlation between Types of Rights

- Positive rights tend to be more limited
- Negative rights tends to be more absolute

DVD Rental Scenario

- Bill owns chain of DVD rental stores
- Collects information about rentals from customers
- Constructs profiles of customers
- Sells profiles to direct marketing firms
- Some customers happy to receive more mail order catalogs; others unhappy at increase in “junk mail”

Evaluation (Social Contract Theory)

- Consider rights of Bill, customers, and mail order companies.
- Does customer have right to expect name, address to be kept confidential?
- If customer rents DVD from bill, who owns information about transaction?
- If Bill and customer have equal rights to information, Bill did nothing wrong to sell information.
- If customers have right to expect name and address or transaction to be confidential without giving permission, then Bill was wrong to sell information without asking for permission.

Case for Social Contract Theory

- Framed in language of rights
- Explains why people act in self-interest in absence of common agreement
- Provides clear analysis of certain citizen/government problems
 - Why okay for government to deprive criminals of certain rights
 - Why civil obedience can be morally right action
- Workable ethical theory

Case Against Social Contract Theory

- No one signed social contract
- Some actions have multiple characterizations
- Conflicting rights problem
- May unjustly treat people incapable of upholding contract
- Despite weaknesses, a workable theory

Virtue Ethics

Critique of Enlightenment Theories

- Kantianism, utilitarianism, social contract theory ignore important moral considerations
 - moral education
 - moral wisdom
 - family and social relationships
 - role of emotions
- Virtue ethics
 - virtue, excellence: reaching highest potential

Virtues and Vices

- Two types of virtue
 - intellectual virtues: virtues associated with reasoning and truth
 - moral virtues: virtues of character (e.g., honesty)
- Moral virtues
 - developed by habitually performing right action
 - deep-seated character traits
 - disposition to act in a certain way *and* feel in a certain way

Aristotle: Happiness derives from living a life of virtue.



Summary of Virtue Ethics

A right action is an action that a virtuous person, acting in character, would do in the same circumstances.

A virtuous person is a person who possesses and lives out the virtues.

The virtues are those character traits human beings need in order to flourish and be truly happy.

Vices

- Vices are opposite of virtues
- Vice: a character trait that prevents a human being from flourishing or being truly happy
- Often, a virtue situated between two vices
 - Courage between cowardliness and rashness
 - Generosity between stinginess and prodigality

Case for Virtue Ethics

- It often makes more sense to focus on virtues than obligations, rights, or consequences
- Personal relationships can be morally relevant to decision making
- Our moral decision-making skills develop over time
- With this theory there are no irresolvable moral dilemmas
- Emotions play an important role in living a moral life

Case Against Virtue Ethics

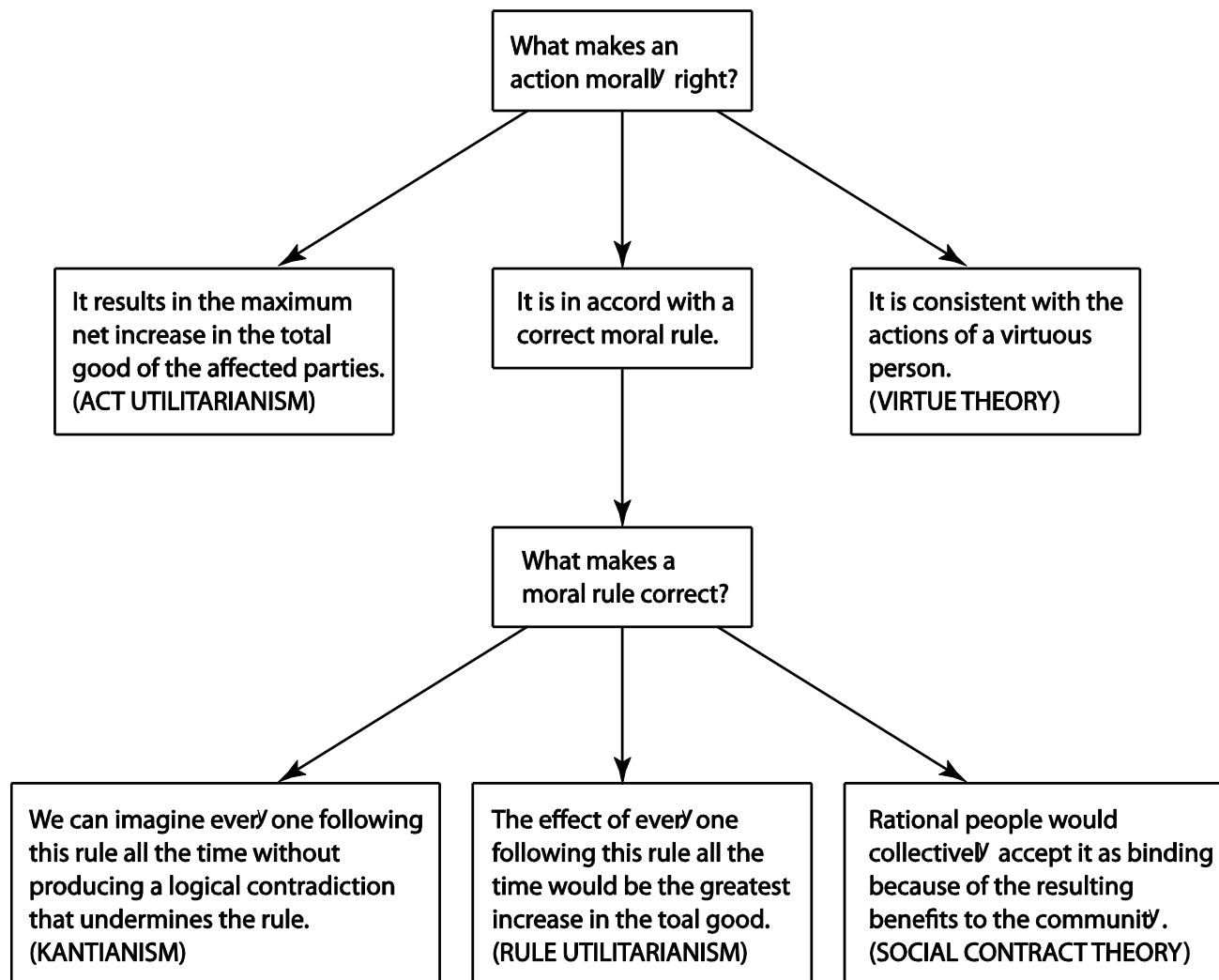
- Reasonable people may disagree on character traits needed for human flourishing
- Cannot use virtue ethics to guide government policy
- Virtue ethics undermines attempts to hold people responsible for their bad actions
- Despite weaknesses, virtue ethics a workable theory

Comparing Workable Ethical Theories

Objectivism vs. Relativism

- Objectivism: Morality has an existence outside the human mind
- Relativism: Morality is a human invention
- Divine command theory, ethical egoism, Kantianism, utilitarianism, social contract theory, and virtue ethics examples of objectivism

Comparing Workable Ethical Theories



Insights Offered by Various Theories

- Kantianism: Every person is equally valuable, and when you interact with other people you should always respect them as rational beings.
- Utilitarianism: You should consider the consequences of an action before deciding whether it's right or wrong.
- Social contract theory: We should collectively promote human rights, such as the rights to life, liberty, and property.
- Virtue ethics: You can count on a good person to do the right thing at the right time in the right way.

It's Up to You

- You *can* consider duties *and* rights *and* consequences *and* virtues when making moral decisions
- Ultimately, you have to decide:
 - What kind of person do I want to be?
 - What kind of world do I want to live in?