

PROFESSIONAL ETHICS

Lectures Based on
Business Ethics Concepts & Cases
Manuel G. Velasquez
Engineering Ethics Concepts and Cases
Charles E. Harris

Lecture Notes Prepared

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PART ONE **Basic Principles**

BUSINESS (OR PROFESSIONAL) ETHICS IS APPLIED ETHICS. IT IS THE APPLICATION OF OUR UNDERSTANDING OF WHAT IS GOOD AND RIGHT TO THAT ASSORTMENT OF INSTITUTIONS, TECHNOLOGIES, TRANSACTIONS, ACTIVITIES AND PURSUITS THAT WE CALL *BUSINESS* (OR *PROFESSION*). A DISCUSSION OF BUSINESS ETHICS MUST BEGIN BY PROVIDING A FRAMEWORK OF BASIC PRINCIPLES FOR UNDERSTANDING WHAT IS MEANT BY THE TERMS *GOOD* AND *RIGHT*, ONLY THEN CAN ONE PROCEED TO PROFITABLY DISCUSS THE IMPLICATIONS THESE HAVE FOR OUR BUSINESS WORLD. THESE FIRST TWO CHAPTERS PROVIDE SUCH A FRAMEWORK.

CHAPTER 1 DESCRIBES WHAT BUSINESS (OR PROFESSIONAL) ETHICS IS IN GENERAL AND EXPLAINS THE GENERAL ORIENTATION OF THE BOOK.

CHAPTER 2 DESCRIBES SEVERAL SPECIFIC APPROACHES TO BUSINESS (AND PROFESSIONAL) ETHICS, WHICH TOGETHER FURNISH A BASIS FOR ANALYZING ETHICAL ISSUES IN BUSINESS (AND PROFESSIONS).

Chapter One

Basic Principles: Ethics and Business (Profession)

Questions to be Answered:

- What is meant by Ethics and Morality?
- Why should I study ethics?
- What is professional and business ethics?
- What is Corporate Social Responsibility (CSR)?
- Is ethical relativism right? (Are moral norms not universal?)
- How does moral development happen? (Kohlberg's Theory)
- What role do emotions have in ethical reasoning?
- What are the impediments to moral behavior?
- What is a person morally responsible for doing wrong?

Ethics and Morality:

• إِنَّ اللَّهَ يَأْمُرُ بِالْعَدْلِ وَالإِحْسَانِ وَإِيتَاءِ ذِي الْقُرْبَىٰ وَيَنْهَا عَنِ الْفَحْشَاءِ وَالْمُنْكَرِ وَالْبُغْيِ يَعِظُكُمْ لَعَلَّكُمْ تَذَكَّرُونَ {16/90} وَأَوْفُوا بِعَهْدِ اللَّهِ إِذَا عَاهَدْتُمْ وَلَا تَنْقُضُوا الْأَيْمَانَ بَعْدَ تَوْكِيدِهَا وَقَدْ جَعَلْتُمُ اللَّهَ عَلَيْكُمْ كَفِيلًا إِنَّ اللَّهَ يَعْلَمُ مَا تَفْعَلُونَ {16/91}

((Certainly Allah enjoins justice and kindness and giving to kinsfolk (**Three Principles of Morality**), and forbids lewdness and abomination and wickedness (**Three forms of Immorality**). He exhorts you in order that you may take heed. Fulfill the covenant of God when you have covenanted, and break not your oaths after the asseveration of them, and after you have made God surety over you. Lo! God knows what you do.))

- **Ethics** is the **Philosophical**, **Descriptive** or **Normative** study of morality.
 - **Morality:** The standards that an individual or a group has about what is right and wrong, or good and evil.
 - Example-1: Merck and River Blindness. (Positive approach)
 - Example-2: B.F. Goodrich A7-D Fraud. (Negative approach)
 - **Moral Standards: Norms** about the kinds of actions that are morally right or wrong, as well as the **values** placed on what is morally good or bad.
 - **Non-Moral Standards:** The conventional standards by which we judge what is good or bad and right or wrong in a non-moral way. (i.e. rules and laws declaring action as permissible or prohibited or things as Halaal (allowed to be used and utilized) or Haraam (prohibiting the use and utilization of them.))

One third (1/3) of the verses of the Qur'an (around 2000+ out of 6236 verses) are related to the topic of ethics in one way or the other.

- In Surah Bani Israel, Surah al-Noor, Surah Luqman and Surah al-Hujurat there are many verses focused on the topic of ethics and morality, whether related to a person's behavior with his/her self or with others, whether related to individual's behavior to individuals or national and community behavior to other nations and communities.
- Verses related to rules and laws are only around 500.

Moral & Non-Moral Standards

Moral Standards

(Instrumental & Non-Instrumental)

The **NORMS** about the kinds of actions believed to be morally right or wrong and **VALUES** placed on what we believe to be morally good or bad

Moral Norms

General Principles about **actions** to judge them as right or wrong
(e.g. acting honestly is right and taking bribes is wrong.)

Moral Values

Material or immaterial **WORTH** of **objects** or **features of objects** considered to be good or bad
(e.g. Honesty is good and bribery is bad)

Non-Moral Standards

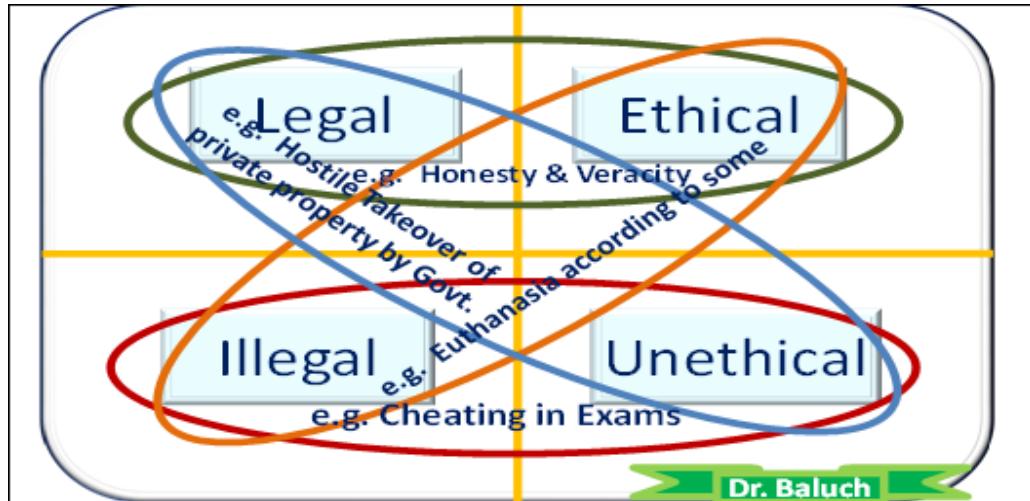
(Conventional & Instrumental)

The Rules and Laws by which we declare, in a non-moral way, what is allowed or not allowed and what is permissible or prohibited (Legal or Illegal)

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Relationship Between Law and Moral Standards (Moral Standards → Ethical Principles → Legal Rules)

1. Laws and moral standards overlap to a certain extent
 2. Law represents a minimum set of standards for producing a desired human behavior (**Violations are Crimes**)
 3. Morality often represents a standard that exceeds the legal minimum (**Violations are Sins**)
 4. Law has well defined boundaries while Morality has gray areas as well
 5. Violation of law has prescribed punishment while violation of moral standards has no specific punishment.
- Frequent Overlap**



Examples of Legal and Ethical Actions

Legal & Ethical	Illegal but Ethical	Legal but Un-ethical	Illegal & Un-ethical
All human actions that are completely useful and beneficial for individuals and the society as a whole are usually considered ethical and are declared legal, such as honesty, altruism, generosity,.	Human actions that are dominantly useful and beneficial but due to government policies they are declared illegal , such as trade and business activities BUT without a license from government.	Human actions that are dominantly harmful but due to cultural trends some governments declare them legal, such as same-sex marriages in some US states has been legalized . Sale of cigarettes	All human actions that are extremely harmful and injurious , such as killing innocent people, taking others property illegally, hoarding essential commodities, adulteration and sale of spurious medicines.

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Some Mind Teasing Ethical Dilemmas:

- **The ‘Lifeboat’ Dilemma:** The ship is sinking and the seas are rough. All but one lifeboat have been destroyed. The lifeboat holds a maximum of six people. There are ten people that want to board the lifeboat. The four individuals who do not board the boat will certainly die.
 - Woman who is six weeks pregnant
 - Lifeguard
 - Two young adults who recently married
 - Senior citizen who has fifteen grandchildren
 - Prominent professor of University
 - Thirteen year old twins
 - Veteran surgeon
 - Captain of the ship
 - Who should board the boat? And why?
 - If you are the captain, who should you allow to board the boat? And why?
- **The ‘Heinz’ Dilemma:** Mr. Heinz is ordinarily a law-abiding man. One day, his wife becomes gravely ill. Heinz takes her to the doctor, who prescribes a medication for her. She does quite well on this medication and begins to recover. However, Heinz has no insurance and runs out of money quickly paying for this expensive medication. After a few months, he can no longer purchase the medication and his wife begins to take a turn for the worse. One day, he is in the pharmacy and notices that no one is behind the counter. The medication is in plain view. Should he steal the medication to help his sick wife?

The ‘Trolley’ Dilemma:

- **Trolley Scenario 1**

A trolley is running out of control down a track. In its path are 5 people who have been tied to the track by a mad philosopher. Fortunately, you can flip a switch which will lead the trolley down a different track. Unfortunately, there is a single person tied to that track. Should you flip the switch? Why?

- **Trolley Scenario 2**

As before, a trolley is hurtling down a track towards five people. You are on a bridge under which it will pass, and you can stop it by dropping a heavy weight in front of it. As it happens, there is a fat man next to you - your only way to stop the trolley is to push him over the bridge and onto the track, killing him to save five. Should you proceed? Why? How is this case different from the first?

The Old Woman in the Airport: You are in the airport, trying to catch a flight that is about to leave. As you run down the crowded corridor, an elderly woman suddenly slips in front of you and falls to the ground with a cry. Do you stop to help, if you know you will miss your flight because of it? What if she is your mother? How they are different?

Tips for Resolving an Ethical Dilemma

Suggested Tests for Evaluating Actions

1-Harms & Utility Test: Do the benefits outweigh the harms, both short-term and long-term? Harming by commission is more serious than harming by omission. Avoiding harms should be preferred over gains and benefits.

2-Reversibility Test: Would I think this was a good choice if I changed places? How will I feel if this decision was taken by someone else about me?

3-Colleague Test: What would my professional colleagues say? The opinion of closely related people to us plays an important role in making and shaping our decisions.

4-Legality Test: Would my choice violate a law, or a policy of my employer? Ethics and morality requires to strict follow the rules and laws if they are in harmony with moral standards.

5-Publicity Test: How would my choice looks on the front page of tomorrow's newspapers? Public opinion should never be ignored, as **collective opinion of the public** is one of the important forms of check & balance for preventing vices and evils.

6-Common Practice Test (Universalizability): What if everyone behaved this way? An action is good for me only and only if it is good for everyone in such a situation. (Kantianism)

7-Wise Relative Test: What would my grandmother say? Would I want her to know what I'm doing? Wisdom of the experienced people is to be considered more precious than diamonds and pearls. Opinion and advice of wise people should never be ignored in critical situations.

8-Hiding Test: Do I want people to know what I'm doing? "Meritorious acts provide us deep satisfaction of the conscience and we want the people to know about them and evil act make us guilty-conscious and we don't want others to know about them." Prophet Muhammad (PBUH).

9-Self-respect Test: How will I feel about myself after I make this choice? Compromising with one's self-respect is more disturbing for a man of integrity than losing the respect of the others.

10- Bias Test: Is your action or decision biased towards or prejudiced against anyone or anything? Biases and prejudices work sub-consciously and need more careful analysis.

Six Characteristics of Moral Standards:

How to distinguish Moral Standards from Non-Moral or Conventional Standards?

There are certain characteristics that make moral standards distinct from non-moral standards and their knowledge is important to be able to recognize and differentiate them from conventional ones (i.e. laws and rules)

1. Involve significant and serious injuries, harms and damages (e.g. theft, rape, child abuse, assault, slander, fraud, etc.) or vital benefits (e.g. affection, attention & care, charity, benevolence, altruism, etc.)
2. Should be preferred to other values including self-interest.
3. Not established or changed by authority figures or authoritative bodies, (i.e. not Rules/Regulations and Laws)
4. Moral standards are felt to be universal. (Everyone should follow them and we get upset when we see someone violating them)
5. Based on impartial considerations with certain exceptions, (such as taking care of one's family needs partiality.)
6. Associated with special emotions and vocabulary. (Guilty, Ashamed, Remorseful, Loss of self-esteem, Dignity, Obligations, Moral Responsibility, etc.)

What is Ethics?

- Broadly, ethics is the discipline that examines one's moral standards or the moral standards of a society to evaluate their reasonableness and their implications for one's life.
- As a subject it is the field of **moral philosophy** which **rationally inquiries into the truth about moral norms and values, about what is right and wrong, good and bad**, with an aim to be rigorous and systematic about our moral thinking.
- **Applied Ethics:** The study of **ethics** in specific situations, professions, or institutions, e.g. business ethics, engineering ethics, medical ethics, research ethics, etc. (Note) For Basic Features of Values study Intro of Appendix-I, Page 41)
- There are two methods of studying morality (**Moral Norms and Values**):

Descriptive Study which is carried by anthropologists, sociologists and psychologists who just describe and explain **what the world morally is**. An investigation that attempts to describe or explain the world without reaching any conclusions whether the world is as it should be. (e.g. **How many Americans think giving & taking bribes is wrong?; what percentage of black Americans are involved in unethical practices? and, what types of moral standards are observed and which ones are ignored by Western people?**)

Normative Study of morality which is the method adopted by the Ethicists, philosophers and religious scholars who investigate the application and implications of the norms and values and tell us **what the world morally ought to be**. An

investigation that attempts to reach conclusions about what things are good or bad, or about what actions are right or wrong. (e.g. **Bribery is bad and altruism is good; taking bribes is wrong and helping the poor and needy is right; or Bribery is a kind of corruption and is one of the causes of backwardness of our country; we must get rid of it.**)

Why should I Study Ethics?

- I am an ethical person, why then should I study the ethics? This is a question raise by many students and the answer is simple.
- You are studying a discipline for the sake of being a professional and every profession has to necessarily follow certain codes of conduct, whose violations may land you in troubled waters.
- So it is not just highly recommended to study Professional Ethics, rather it is mandatory to be aware of the pros and cons of this discipline.

What is a Profession?

The word “**profess**” means to make an open declaration, to affirm a claim.

- The word **profession** as a term means: “a vocation or occupation requiring advanced education and training, and involving intellectual skills”, like medicine, engineering, law, theology, teaching etc.
- It must be distinguished from **occupation** which simply means **a way to make a living**.
- A profession has following **characteristics** that make it distinct from an occupation:
 1. Vital knowledge and skills (general and profession specific)
 2. Extensive training (specialization in the relevant field)
 3. Control of services (not serving as an aid to another person)
 4. Autonomy in workplace (can make decisions independently)
 5. Adherence to ethical regulations (Codes of Professional Conduct)
 6. Voluntarily adopted and professed (not a forced or a punitive work)
 7. With a certain noble aim (e.g. along with earning livelihood lawfully, serving the people/a cause etc.)

What is Professional Ethics?

- Professional Ethics is the set of standards adopted by professionals insofar as they view themselves acting as a professional. It has following important characteristics:
 - Unlike common morality and personal morality professional ethics are usually stated in a formal code, like “Code of Professional Conduct” or “Code of Professional Responsibility.”
 - It focuses on issues that are relevant to that specific profession, e.g. perjury, privacy, confidentiality, intellectual property rights, copyrights and patents.
 - Professional ethics are supposed to take precedence over personal morality (in case of conflict between one's Conscience and Professional Ethics).

- It has negative dimension (Preventive Ethics) to stop evil and mal-practices and Positive dimension (Aspirational Ethics) to promote virtuous practices.

Professional Character Portrait:

There are three character traits that might be part of a professional character portrait:

1. The first professional character trait is **professional pride** especially in technical excellence and skill by keeping ones professional expertise at its highest possible level. (**Individual: the basic building block of a society**)
2. The second professional character trait is **social awareness. (Society: the basic unit of humanity)** موج بے دریا میں اور بیرون دریا کچھ نہیں
3. The third professional character trait is **environmental consciousness. (The Humanity as the Vicegerent on The Planet Earth)**

Professional Ethics Related Questions:

Medicine:

1. Should a surgeon refer a pregnant woman to another surgeon for abortion if she considers abortion unethical?
2. Should a physician tell a man/woman about his/her fiancé who is his patient that he/she is suffering from a fatal/contagious disease?
3. Is it ethically right or wrong for a doctor to prescribe medicines/products of a pharmaceutical company that had financially helped him/her in his/her pursuit of professional degree?
4. Is it ethically justified for a doctor to resort to **euthanasia** (mercy killing) for a terminally ill patient?

Legal Profession:

1. Should a lawyer refer to another lawyer a case that he/she considers unethical?
2. Is it ethically right to be a solicitor of a client, in a legal case, who you personally know is the oppressor/transgressor?
3. What are your views about hiding of facts/figures that are brought to your knowledge by your client and that might be used against your client in a criminal case or civil law suit? (Doesn't it violate confidentiality if disclosed and concealment of the evidence if kept secret?)

Engineering Profession:

1. Should an engineer refuse to design a war machine when he/she is of the views that war as unethical?
2. Is it ethically right for an executive engineer to approve a project that does not address environmental concerns?
3. What are your views about computer viruses developed by software engineers for anti-virus software companies?

4. Have you ever thought about using any hacking software? And what are your views about the use of pirated copies of any software?

Business Ethics:

- What are your ethical views regarding following business practices:
 - **Out-bidding** (making a better offer while two parties are busy in negotiating the deal)
 - **Adulteration** (mixing inferior quality items with superior quality goods and selling them at the price of superior ones)
 - Price-fixing (in violation of the market force “demand and supply” principle)
 - **Hoarding/ monopoly/ cartelization** (creating artificial scarcity to dictate the market prices)
 - **Trickery & fraud** (e.g. misrepresentation; misleading and deceptive advertisements)

What is Business Ethics?

- Business ethics is a specialized study of moral right and wrong that concentrates on moral standards as they apply to business institutions, organizations, and behavior.
- Business ethics is study of
 - Our moral standards insofar as these apply to business
 - How reasonable or unreasonable these moral standards, we have absorbed from society, are?
 - The implications our moral standards have for business activities.

Types of Ethical Issues:

- **Systemic:** Ethical questions about the social, political, legal, or economic systems within which companies operate.
- **Corporate:** Ethical questions about a particular corporation and its policies, culture, climate, impact, or actions.
- **Individual:** Ethical questions about a particular individual that are related to his/her decisions, behavior, or character.

Can ethical qualities be attributed to corporations?

- **View #1:** corporations, like people, act intentionally and have moral rights, and obligations, and are morally responsible. Like human beings corporations do have good reputation or bad reputation due to their performance, so they should be treated like human beings.
- **View #2:** it makes no sense to attribute ethical qualities to corporations since they are not like people but more like machines; only humans can have ethical qualities.
- **View #3:** humans carry out the corporation's actions so they are morally responsible for what they do and ethical qualities apply in a primary sense to them; corporations have ethical qualities only in a derivative sense, so they are too held responsible.

Arguments against Business Ethics:

- In a free market economy, the pursuit of profit will ensure maximum social benefit so business ethics is not needed.
- A manager's most important obligation is loyalty to the company regardless of ethics.
- So long as companies obey the law they will do all that ethics requires.

Arguments Supporting Business Ethics:

- Ethics applies to all human activities including business.
- Business cannot survive without ethics. (For most human beings are naturally greedy, jealous and adapt to serving self-interests.)

Example of a greedy + jealous person who was told by the angel that his supplications will be fulfilled with the condition that his neighbor will get double of what he asks for himself??? Likewise the fate of the three friends who found a piece of BONANZA???

- Ethics is consistent with profit seeking, as ethical behavior breeds cooperation while unethical behavior breeds reprisals.
- Customers, employees, and people in general care about ethics.
- Studies suggest ethics does not detract from profits and seems to contribute to profits. (**Honesty, Truthfulness and Equity** (fairness) are necessary to establish credibility of a person among the fellow beings.)

Example of \$100 given to two men. First man is given the authority to divide it as he wishes and second man has the authority to decide to accept or reject the division and return \$100 to the experimenter. Each time first man divided the amount equally (fairly) the money was NOT returned to the experimenter BUT whenever it was divided by him unequally (unjustly) second man rejected the division and returned the money back to the experimenter.

Example of Caliph Ali ibn Abi Talib dividing 8 Dinars between 2 persons giving one who shared 5 loaves 7 Dinars and, only 1 Dinar to him who shared 3 loaves with the one who gave them these Dinars. After it was explained to them, both happily accepted the decision)

Corporate Social Responsibility (CSR):

- Corporate social responsibility refers to a corporation's responsibilities or obligations toward society. (In exchange for:
 - the services like roads, water system, legal system, security system provided by the community,
 - labor and expertise provided by employees and
 - capital provided by investors).
- Business ethics is both a part of corporate social responsibility and part of the justification for corporate social responsibility.

- **Capitalist's mentality** (of feudal lords, landlords) forces a person to keep others poor and needy so that he can keep exploiting their poverty in exchange for meeting demands of their daily needs. **Industrialist's mentality**, (of the investors, business men) on the other hand, forces a person to help the poor and needy in their efforts to increase their purchasing power so that they can buy his products.

Shareholders vs. Stakeholders Theory of CSR:

((Stockholders (owners of the stocks), Shareholders (partners through share certificates), Stakeholders (everyone who has any stake involved in the activity including stockholders, shareholders and affected members of the society))



- The **shareholders view** of **Milton Friedman** says a manager's only responsibility is to legally and ethically make as much money as possible for shareholders.
- The **stakeholders' theory** of **Edward Freeman** and **David Reed** says managers should give all stakeholders a fair share of the benefits a business produces. (Stockholders + Shareholders + Community+ Environment i.e. the natural resources).
- It is best for the business if not for shareholders (**Instrumental Argument**), and it is according to the requirements of moral norms (**Normative argument** based on Robert Philips "**Principle of Fairness**" which requires fairness for all stakeholders who played their part fairly for the promotion of the business.)

Technology and Ethical Issues in Business:

- Advances in technology often create new issues for business ethics.
- Technology consists of all those methods, processes and tools that humans invent to manipulate and control their environment.
- Invention of the tools and discovery of methods for tilling the land brought **Agricultural Revolution** which helped to produce surplus crops and invention of industrial tools and knowhow brought **Industrial Revolution** with surplus industrial products for trade and business.
- Currently, advances in **Information Technology** are creating new issues in business ethics, e.g. Risks to privacy and intellectual property rights.
- **Cyberspace**: a term used to denote the existence of information on an electronic network of linked computers, and it carries the risk of personal information leaked to others who may adversely use it (e.g. WikiLeaks, Panama Papers etc.)

- **Nanotechnology** (i.e. development of tiny artificial structures only in nanometers (billionth of a meter) raises the risk of spreading dangerous products.
- **Biotechnology** or Genetic Engineering (technology that allows mutilating or modifying genes of humans, animals and plants) has destroyed and replaced many natural varieties of crops, fruit and vegetables with **GMOs**.
- Increasing connections between the economic and social systems of different nations, known as “**globalization**”, by **Multinational Corporations** has also created new issues in business ethics (destruction and annihilation of small and medium size business enterprises, manipulation and violation of host countries laws, exploitation of workers etc.).

Resolving Cross-Cultural Ethical Differences:

- In response to violation of ethical norms by Multinationals in host countries some ethicists introduced a new theory of **Relativism of the Morality**.
- **Moral Relativism** = the theory that there are no ethical standards that are absolutely true and that apply or should be applied to the companies and people of all societies.
- **Some examples of practices societies disagree about them**
 - Polygamy (e.g. in Islam) or monogamy (in Catholicism or Hinduism), polyandry (i.e. marrying with more than one husband, e.g. in Tibet, China), abortion, infanticide (e.g. in Arabia before Islam), slavery, racial discrimination (e.g. Apartheid of South Africa and untouchables in India) and gender inequality, female circumcision, torture of animals.
 - So they say, “**When in Rome do as the Romans do**”
- **Objections to Moral Relativism:**
 - Some moral standards are found in all societies and are absolute or universal (e.g. honesty, truthfulness, being polite and courteous, altruism);
 - Moral differences do not logically imply relativism;
 - Relativism has incoherent consequences (**allows lame excuses for Double Standards**);
 - Relativism privileges whatever moral standards are widely accepted in a society.

Resolving Cross-Cultural Ethical Differences:

- To reconcile between Absolute or Universal Moral Standards and Relativism of Morality some scholars introduced “**Integrative Social Contracts Theory**”.
- According to the **Integrative Social Contracts Theory** (ISCT), there are two kinds of moral standards:
 - **Hyper-norms**: those moral standards that should be applied to people in all societies. (Absolute and Universal Norms and Values)

- **Micro-social norms:** those norms that differ from one community to another and that should be applied to people only if their community accepts those particular norms.

Lawrence Kohlberg's Three Levels of Moral Development:

First Level: Pre-conventional Stages:

At these first two stages the child can apply the labels good, bad, right, and wrong. But good and bad, and right and wrong are seen in the terms of pleasant or painful consequences of actions or what authority figures demand. The child at this level can see situations mainly from his own point of view, so his primary motivations are self-centered.

- **Stage One:** punishment and obedience orientation. At this stage, the demands of authority figures or the pleasant or painful consequences of an act define right and wrong. The child's reason for doing the right thing is to avoid punishment or defer to the power of authorities. There is little awareness that others have needs and desires like one's own.
- **Stage Two:** instrumental and relative orientation. At this stage, right actions become those through which the child satisfies his own needs. The child is now aware that others have need and desires like he does and uses his knowledge to get what he wants. The child behaves in the right ways towards others, so others later will do the same towards him.

Second Level: Conventional Stages:

At these two stages, the older child or younger adolescent sees moral right or wrong in terms of living up to the conventional norms of his or her family, peer group, or society. The young person at these stages is loyal to these groups and their norms. He sees right or wrong in terms of "What my friends think," "What my family taught me," "what we Americans believe," or even "what the law says." The person has the ability to take the point of view of other similar people in his group.

- **Stage Three:** interpersonal concordance orientation. Good behavior at this early conventional stage is living up to the expectations of those for whom the person feels loyalty, affection, and trust such as family and friends. Right action is conforming to what is expected in one's role as good son, good daughter, good friend etc. At this stage, the young person wants to be liked and thought well of.
- **Stage Four:** law and order orientation. Right and wrong at this more mature conventional stage are based on loyalty to one's nation or society. The law and norms of society should be followed so society continues to function well. The person can see other people as part of a larger social system that defines individual roles and obligations, and he can distinguish these obligations from what his personal relationships require.

Third Level: Post-conventional Stages:

At these next two stages, the person no longer simply accepts the values and norms of her group. Instead, the person tries to see right and wrong from an impartial point of view

that takes everyone's interests into accounts. The person can question the laws and values of her society and judge them in terms of moral principles that she believes can be justified to any reasonable person. When an adult at this stage is asked why something is right or wrong, the person can respond in terms of what is "fair for everyone" or in terms of "justice," or "human rights," or "society's wellbeing."

- **Stage Five:** social contract orientation. At this first post-conventional stage, the person becomes aware that people have conflicting moral views, but believes there are fair ways of reaching consensus about them. The person believes that all moral values and moral norms are relative and that, apart from a democratic consensus, all moral views should be tolerated.
- **Stage Six:** universal principles orientation. At this second post-conventional stage, right action comes to be defined in terms of moral principles chosen because of their reasonableness, universality, and consistency. These are general moral principles that deal, for example, with justice, human rights, respect for human dignity, or treating as ends in themselves. The person sees these principles as the criteria for evaluating all socially accepted norms and values.

Quick Review: Research on Morality suggests

- **Morality is not an important part of Identity of the self until middle adolescence.**
- **The more morality becomes part of the self, the stronger the motivation to be moral.**
- **Judgments of right and wrong depend in part on the kind of person we think the self is, i.e. on the virtues that we think are part of our self.**

Not everyone progresses through all the stages. Many people remain stuck at one of the early stages throughout their lives.

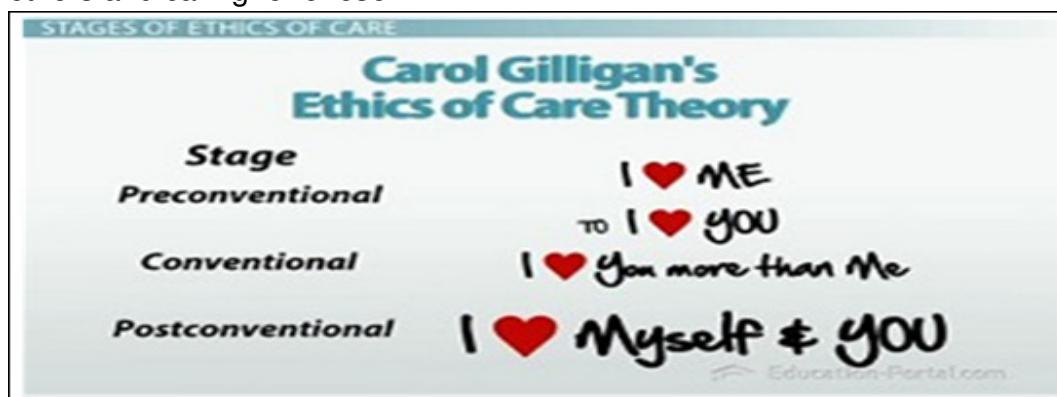
Kolberg's Theory

Level/Stage	Age Range	Description
I: Obedience/Punishment	Infancy	No difference between doing the right thing and avoiding punishment
I: Self-Interest	Pre-school	Interest shifts to rewards rather than punishment – effort is made to secure greatest benefit for oneself
II: Conformity and Interpersonal Accord	School-age	The "good boy/girl" level. Effort is made to secure approval and maintain friendly relations with others
II: Authority and Social Order	School-age	Orientation toward fixed rules. The purpose of morality is maintaining the social order. Interpersonal accord is expanded to include the entire society
III: Social Contract	Teens	Mutual benefit, reciprocity. Morally right and legally right are not always the same. Utilitarian rules that make life better for everyone
III: Universal Principles	Adulthood	Morality is based on principles that transcend mutual benefit.

Moral Development:	Where are you?
⑥ I have a personal code of behavior and I follow it.	"I do the right thing because I believe it to be the right thing to do."
⑤ I am considerate of others.	"I genuinely want to help." Consideration for others, random acts of kindness.
④ I follow the rules	"I know the rules, and I follow them." ...because, I don't want to get in trouble.
③ I want to please somebody	"Is this good?" I do good things for your approval.
② I want a reward	"What do I get if I do it?" Competition, comparing yourself to others.
① I don't want to get in trouble	"...the teacher's is coming" I do my homework to stay out of trouble.

Gilligan's Theory of "Female" Moral Development:

- According to Carol Gilligan:
 - For women morality is primarily a matter of caring and responsibility.
 - Moral development for women is progress towards better ways of caring and being responsible
 - Women move from a conventional stage of caring for others to the neglect of oneself, to a post conventional stage of achieving a balance between caring for others and caring for oneself.



- Gilligan's theory has been criticized by most of the scholars on the basis of her theory being under the influence of
 - the effects of bias (**Rosenthal's Effect**) on the one hand (as her all subjects were women and she must have developed a kind of bias in their favor like that of Pygmalion, the Cypriot sculptor who hated women but when he made an ivory statue of a girl, he fell in love with her, like all workers and artisans who develop bias towards their workmanship and pieces of arts) and
 - under the pressure of the effects of attention (**Hawthorne Effect**) on the other hand (as people under attention work differently showing different results, as it has been

proved through experiments at Hawthorne plant of Western Electricity company officials in 1924.)

Moral Reasoning:

((Don't Believe Everything You Hear. There are Always Three Sides to a Story: Yours, Theirs And The TRUTH.))

- The reasoning process by which human behaviors, institutions, or policies are judged to be in accordance with or in violation of moral standards.
- Moral reasoning involves:
 - Knowledge of the moral standards by which we evaluate things
 - Information about what is being evaluated (policy, institution, behavior)
 - A moral judgment about what is being evaluated. (right, wrong, just, unjust)
- **Psychological Research on Moral Reasoning suggests** that **emotions** are necessary for moral reasoning; however emotions must be kept within the bounds of reason. Because unbridled emotions may land you in troubled waters.

Take following example as a test case and analyze the behavior of the characters of this fictitious story:

"Don't Believe Everything You Hear and Believe only Half of What You See."

Scene 1: A husband was ruthlessly beating his wife on a lonely street. A stranger saw him and came to rescue the woman and started beating her husband, the woman ran away but the stranger kept beating the husband.

Scene 2: A boxer saw the stranger beating a man mercilessly, so he stepped forward to rescue the man (husband) and started beating the stranger with his powerful punches.

Scene 3: The man (husband) ran away and entered a wrestler in the street and saw the boxer beating a man (stranger) so he couldn't stop himself from rescuing the "victim" (stranger) and attacked the boxer and grabbed him from his neck and tossed him to the wall and started kicking him.

Scene 4: At this point you enter the scene and see a wrestler beating a man (boxer). You are a black belt holder martial art master, what would you do???

- Were these people justified to interfere and react and do what they did???

- **Analyzing Moral Reasoning:** Moral Reasoning Should be:

- **Logically conclusive** {i.e. in accordance with **Deductive Logic's** TRUE premises based on complete observation, experience and experiments. For example: "1. cars don't run without gasoline, 2. my car has no gasoline, 3. my car will not run."}. Example of WRONG premises: "1. cars don't run without gasoline, 2. my car doesn't run 3. my car must be without gasoline." Example of TRUE premises: "1. grass gets wet when it rains, 2. it is raining, 3. grass must be wet". Example of WRONG premises: "1. grass gets wet when it rains, 2. grass is wet, 3. it must be raining."}.
- **But NOT just with Inductive Logic** {based on complete specific observations (e.g. 1. cars in Asia run on gasoline, 2. cars in Europe run on gasoline, 3. cars in Africa run

- on gasoline, 4. cars in America run on gasoline, 5. CONCLUSION: all cars run on gasoline (un-cogent conclusion, for some cars might run on electricity))
- Nor merely with Abductive Logic (based on partial incomplete observation, (e.g. 1. I met some Africans in Lahore who speak Urdu fluently, 2. I met some other Africans in Karachi who speak Urdu fluently, 3. I also met some Africans in Islamabad who speak Urdu fluently, 4. CONCLUSION: All Africans in Pakistan speak Urdu fluently.)
Both of the latter two forms of logic only give probable conclusions}
 - Based on **evidence** or information that is **accurate**, **relevant** and **complete**
 - **Consistent**. (Applicable to everybody, all the times everywhere)

Four Steps of Moral Reasoning Leading to Ethical Behavior:

- **Step One: Recognizing a situation**, is it an ethical situation (e.g. a family situation), legal situation, business situation. Most situations may fall within several frames)
 - Requires framing it as one that requires ethical reasoning
 - Situation is likely to be seen as ethical when:
 - involves serious harm that is concentrated, likely or already has occurred, victim(s) is/are proximate (i.e. accessible), imminent (unavoidable), and potentially violates our moral standards
- **Obstacles to recognizing a situation:**
 - Euphemistic labeling, (rightsizing, downsizing, out-sourcing, load management, collateral damage)
 - Justifying our actions, (terrorists justify their actions as being courageous fighters against brutal oppressors)
 - Diminishing comparisons, (comparing the situation with another larger and greater evil)
 - Displacement of responsibility, (statements like “it is not my fault”, “my boss has ordered me”, “I wasn’t really involved in it”)
 - Diffusion of responsibility, (statements like “I was just one person out of a lot of people”, “it was unavoidable”)
 - Distorting the harm, (there is no evidence anyone has been harmed”, “you can’t believe the victim”, “it is too much exaggerated”)
 - Dehumanization, (Hitler called Jews whom he killed “parasites”); calling homeless people “squatters” or “vagrants” to occupy their land.
 - Redirecting the blame to the victim(s). (Phrases like “he started it”, “they deserved it”)
- **Step Two: Making a Judgment** about the ethical course of action.
 - Requires moral reasoning that applies our moral standards to the information we have about a situation. (information must be accurate, relevant and complete)

- Requires realizing that information about a situation may be distorted by biased theories about the world ("it has caused little damage to the environment"), about others ("Mexicans are lazy People", "all Muslims are terrorists"), and about oneself (being overly optimistic, overestimating or underestimating one's abilities and potentials, being overconfident).
- **Step Three: Deciding to do the ethical course of action.**
 - Deciding to do what is ethical can be influenced by:
 - The culture of an organization—people's decisions to do what is ethical are greatly influenced by their surroundings.
 - Moral seduction—organizations can also generate a form of "moral seduction" by exerting subtle pressures that can gradually lead an ethical person into decisions to do what he or she knows is wrong.
- **Step Four: Carrying out the ethical decision.**
 - Factors that influence whether a person carries out his/her ethical decision include:
 - One's strength or weakness of will (just good intention is not enough, it requires "strong will power" or "ego strength" to implement an ethical decision)
 - One's belief about the locus of control of one's actions (not dependent on others, luck or circumstances)
 - Willingness to obey authority figures (Stanley Milgram's experiment (1961) of "**Electric Shock Machine**". "you have no choice, you must go on", "it is absolutely essential you continue", "the responsibility is mine, please go on")

Some other views about "Ethical Decision-Making" steps:

Ethical Decision Making
Remember these key steps when you have an ethical dilemma.

I D E A

Information gathering and Describe situation

- a) gather information/facts on the case
- b) describe the different emotions
- c) identify ethical issues

Explore options and analyze

- d) explore options and consider their strengths and weaknesses

Act on your decisions and evaluate

- e) develop an action plan
- f) evaluate the plan
- g) self-evaluate your decision

Remember

- document the actual plan in the chart
- seek help if necessary and consult with the person you report to

The Golden Compass
FOR CHARACTER-BASED DECISION MAKING

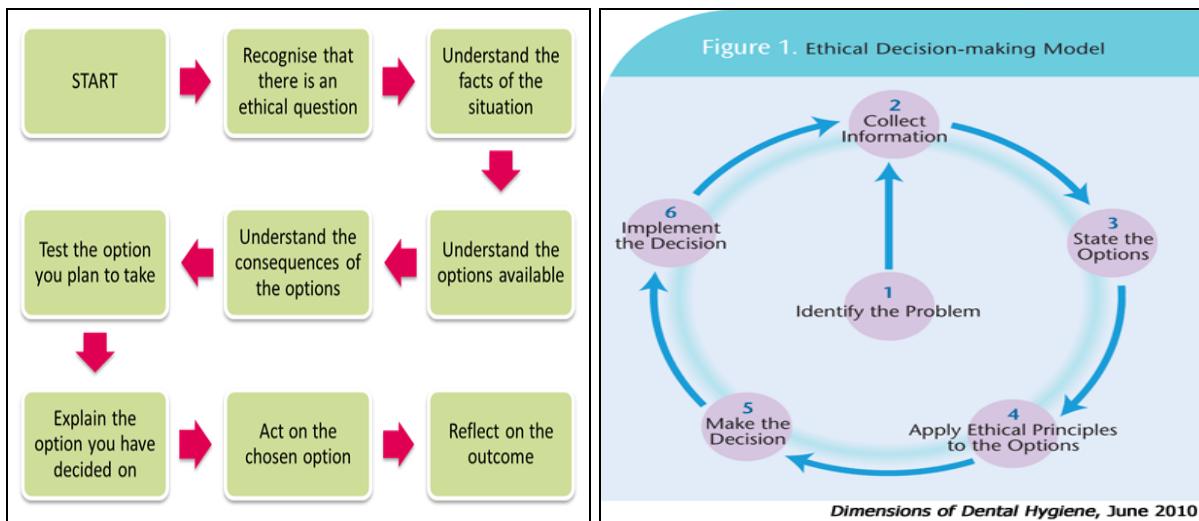


1. Stop!
Calm my emotions and recognize the dilemma.

2. Think!
What are my choices? What character trait would be demonstrated in each choice? How does the Golden Rule apply?

3. Act!
Choose the character trait I want to demonstrate and act on it.

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ETHICS IN ACTION CREATES CHARACTER®



Moral Responsibility:

(Not to be confused with Moral Duty/Moral Obligation)

Moral Responsibility for the Consequences of the Acts of (Commission/Causality/Omission)/ or Decisions Made by a Person

- **Fixing the Blame and Moral Responsibility**

A judgment about a person's moral responsibility for wrong doing that the person acted intentionally and so should be blamed or punished, or should pay restitution.

1. Identifying who is to blame for a wrong
2. Making sure the accused is really blameworthy based on **solid evidence**.
3. Direct involvement for the injury (it wasn't an accident beyond his control)
4. Determining the level and extent of the responsibility (punishment must be **proportional** to the injury. (علي! اقطع عني لسانه)

- **Three Components of Moral Responsibility**

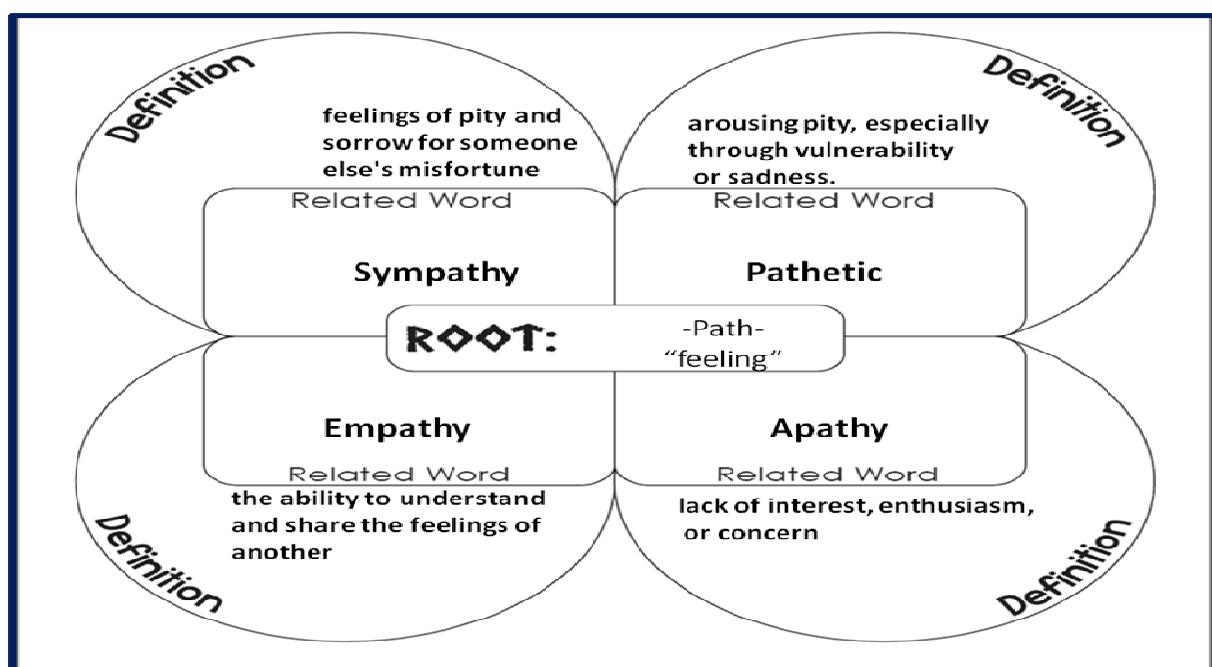
1. Person caused (**Commission**) or helped cause the injury (**Causality**); or failed to prevent it when he or she could and should have (**Omission**).
2. Person did so knowing what he or she was doing (**knowledge**). Ignorance of facts, except deliberate and based on negligence, absolves a person of moral responsibility. Ignorance of law and rules, however, does not provide an excuse.
3. Person did so of his or her own free will (i.e. **free from duress/emotion**).

The Prophet said: "رفع القلم عن ثلاثة: المجنون حتى يفيق الصبي حتى يحتمل النائم حتى يستيقظ" Three kinds of people have no responsibility: insane person until recovery from madness, children until adulthood, sleeping one until wakeup. (These three types of people lack proper knowledge due to lack of complete reasoning abilities)

The Prophet also said: "رفع عن امتی الخطأ والنسيان وما استكرهوا عليه" My Ummah has been absolved of mistakes, forgetfulness and what they do under duress. (In these three types of situations a person commits or omits something without freedom of choice.)

Factors that Mitigate Moral Responsibility:

- **Minimal contribution:**
 - In general, the less one's actual actions contribute to the outcome of an act, the less one is morally responsible for that outcome.
- **Uncertainty:**
 - 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.
- **Difficulty to Avoid:**
 - 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.
- **How serious was the Injury?**
 - The more serious the wrong, the less the above factors mitigate.
- **(Note) Moral Responsibility is not Removed nor Mitigated by:**
 1. The cooperation of others
(وَتَعَاوَنُوا عَلَى الْبَرِّ وَالتَّقْوَى وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْغُدْوَانِ (5/2))
 - (And cooperate in the matters of piety and prudence but DO NOT cooperate in the matters of sin and transgression)
 2. Following orders
(فَلْ لَا تُقْسِمُوا طَاعَةً مَعْرُوفَةً إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ (24/53))
 - (Say (to them) "Don't swear! Obedience is required ONLY in reasonable matters." Allah is well aware of what you do.)



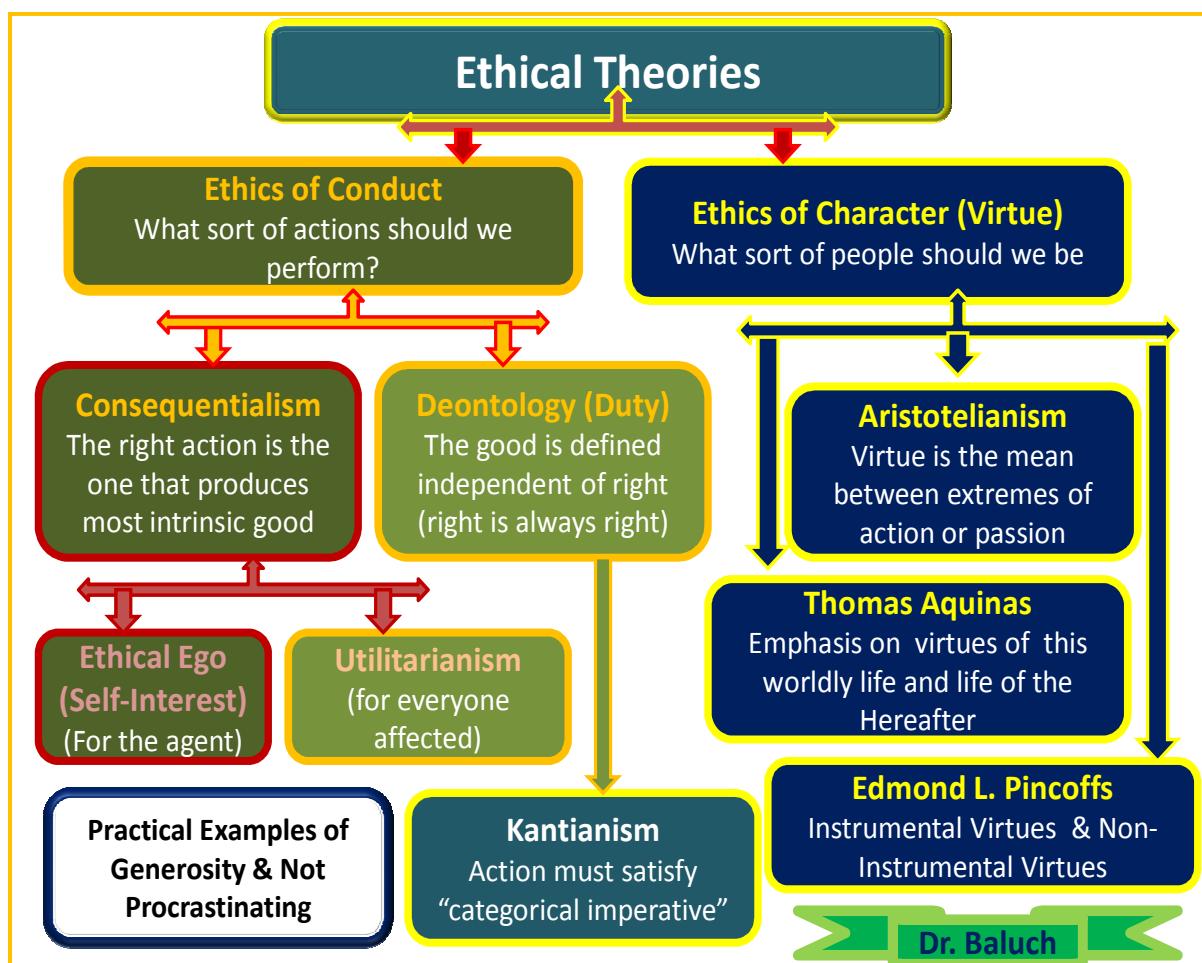
Chapter Two

Ethical Principles in Business (Profession)

Questions to be Answered:

- What is Utilitarian approach to moral decision-making?
- How do human rights apply to business situations?
- What is “Justice”?
- Why are personal relationships essential to an “ethics of Care”?
- How can we integrate the various approaches to moral evaluation?
- What role does character play in morality?
- Why do many of our moral decisions seem to be automatic and unconscious?

Here is a bird's eye view of ethical theories and their relationship with each other. It will give us an overall concept of ethical theories which we will discuss in detail in the following sections.



Some important Terms Explained

Ethics of Care: An ethics that emphasizes caring for the concrete well-being of those near to us

Ethics of Virtue: An ethics based on evaluations of the moral character of persons or group.

Utilitarianism: A general term for any view that holds that actions and policies should be evaluated on the basis of the benefits and costs they will impose on the society.

Utility: The inclusive term used to refer to any net benefits produced by an action.

Cost-benefit analysis: A type of analysis used to determine the desirability of investing in a project by calculating whether its present and future economic benefits outweigh its present and future economic costs.

Efficiency: Operating in such a way that one produces a desired output with the lowest resource input.

Some important Terms Explained

Non-economic goods: Things , such as life, love, freedom, equality, health, beauty, whose value is such that it cannot be measured in economic terms.

Instrumental goods: Things that are considered valuable because they lead to other good things , such as money (currency).

Intrinsic goods: Things that are desirable independent of any other benefits they may produce. They are divided in three categories: 1- Necessities or basic needs; 2- Needs or wants; 3- Luxuries

Necessities

Needs

Luxuries

Justice: Distribution of benefits and burdens fairly among the people

Rights: Individual entitlements to freedom of choice and well-being

Rule-utilitarianism: A form of utilitarianism that limits utilitarian analysis within parameters of moral rules.

1-Utilitarianism: Weighing Social Costs and Benefits:

- Actions and policies should be evaluated on the basis of the benefits and costs they will impose on society.
- The only morally right action in any situation is that whose utility is greatest by comparison to the utility of all the other alternatives.
- Leading utilitarian theorists:
 - Jeremy Bentham (1748-1832)
 - John Stuart Mill (1806-1873)

- Bentham based his arguments on “**Quantitative Scale**” of the utility of an action, ignoring, however the “**Qualitative Aspects**” of it. John Stewart Mill, however gave due importance to **Qualitative aspects** of the utility of the actions as well.

How to Apply Utilitarian Principles?

- **First**, determine what alternative actions or policies are available to me in that situation.
- **Second**, for each alternative action, estimate the direct and indirect benefits and costs that the action will probably produce for all persons affected.
- **Third**, for each action, subtract the costs from the benefits to determine the net utility of each action.
- **Fourth**, the action that produces the greatest sum total of utility must be chosen as the ethically appropriate course of action.

Criticisms of Utilitarianism:

- Critics say not all values can be measured. (Like: life, love, freedom, equality, health, beauty, pain and pleasure)
 - Utilitarians respond that monetary or other commonsense measures can measure everything. (**Measurement Criteria based on quantification of the Necessities (things necessary for survival); Needs or wants (things that make life easy and comfortable); Luxuries (things just for pomp and show)**)
- Critics say utilitarianism fails with **rights** (individual's entitlements to freedom of choice and well-being), **justice** (distribution of benefits and burdens fairly among people) and **ethics of care** (caring for those who are in a concrete relationship.)
((Example of rich and cruel uncle killed by his nephew to provide relief to hundreds of the employees of the company owned and run by his uncle.))
 - Utilitarians respond that **rule-utilitarianism** (a form of utilitarianism that limits utilitarian analysis of the valuation of costs and benefits to moral rules) can deal with rights and justice.

2-The Concept of Rights:

RIGHT= an individual's entitlement to something he/she is interested in. Right is the one side of the coin, the other side of which is duty.

- **Legal right** = an entitlement that derives from a legal system that permits or empowers a person to act in a specified way or that requires others to act in certain ways toward that person.
- **Moral (or human) rights** = rights that all human beings everywhere possess to an equal extent simply by virtue of being human beings.
 - Legal rights confer entitlements only where the particular legal system is in force.
 - Moral rights confer entitlements to all persons regardless of their legal system.

MORAL RIGHTS

- Can they be violated even when “no one is hurt”?
 - Example-1 of a ‘Precious Diamond’ “stolen” from the vault of a friend...,and returned without his knowledge (No financial losses incurred to the friend BUT without his knowledge, permission or consent) Diamond is Non-fungible Item
 - Example-2 of \$100 currency bill of a traveler to → hotel manager, to → food supplier, to → dentist, back to → hotel manager, back to → the traveler. (Debts of three persons paid without any loss to the traveler, BUT his money used without his knowledge, permission or consent.) Money is Fungible Item
- Are correlated with duties others have toward the person with the right.
- Provide individuals with autonomy and equality in the free pursuit of their interests.
- Provide a basis for justifying one’s actions and for invoking the protection or aid of others.
- Focus on securing the interests of the individual, unlike utilitarian standards which focus on securing the aggregate utility of everyone in society.

Three Kinds of Moral Rights:

- **Negative rights** require others leave us alone.
 - No interference by others in certain activities of the individual,
 - No violation of his/her privacy,
 - No restrictions on use and utility of one’s belongings,
 - No restrictions on free movement of the individual
 - No nuisance
- **Positive rights** require others help us. (Duties of others to provide necessary help to the holder of the right)
 - Parents’ duty towards their children
 - Societies duties towards individuals
 - Government’s responsibilities for its citizens
- **Contractual or special rights** require others keep their agreements.
 - Marital contract provides specific rights to the spouses
 - Sales contract confers proprietary rights of a property to buyer
 - Employment contracts establish duties and rights of both the employer and the employee.

Contractual Rights and Duties: (5/1)

- Created by specific agreements and conferred only on the parties involved.
- Require publicly accepted rules on what constitutes agreements and what obligations agreements impose.
- Underlie the special rights and duties imposed by accepting a position or role in an institution or organization.

- Require that:
 - (1) The parties know what they are agreeing to,
 - (2) No misrepresentation from any side,
 - (3) No duress or coercion, (with free consent of both the parties)
 - (4) No agreement to an immoral act.

Kant and Moral Rights:

((A Basis for Moral Rights Advocated by Immanuel Kant (1724-1804): Theory of Categorical Imperative; A moral principle that obligates everyone regardless of their desires and is based on the idea that everyone should be treated as a free person equal to everyone else))

- Individuals generally must be left equally free (or helped) to pursue their interests.
- Moral rights identify the specific interests individuals should be entitled to freely pursue (or helped to pursue).
- An interest is important enough to become a right if:
 - 1- We would not be willing to have everyone deprived of the freedom to pursue that interest
 - 2- The freedom to pursue that interest is needed to live as free and rational beings.

Kant's Categorical Imperative (First Version):

- An action is morally right for a person in a certain situation if, and only if, the person's reason for carrying out that action is a reason that he or she would be willing to have every person act on, in any similar situation even if it is against him/her.
- Requires “**Golden Rule**” of **Universalizability** (“What if everyone did that?”) and **Reversibility** (“How would you like it if someone did that to you?”)
- A Moral Maxim: “Do unto others as you would have them do unto you.”
 - لا يؤمن أحدكم حتى يحب لأخيه ما يحب لنفسه (الحديث)

((No one among you is a true believer unless he likes for his brother what he likes for himself.))

The Prophet was approached by a woman to advise her son who used to eat much sweet. The Prophet asked her to bring him the next day. Next day the Prophet just said to the boy, “My son! Don't eat much sweet.” The woman exclaimed and said, “O messenger of Allah, why didn't you say these words yesterday?” The prophet replied, “Because yesterday I myself ate sweet.”

The Prophet Jesus was brought a woman by people who told him that she had committed adultery, so he should tell them what punishment was to be given to her. Jesus told them “to pelt her with stones, BUT the first stone MUST be thrown at her only by a person who didn't commit any sin.” Hearing this, the mob dispersed without punishing her.

Kant's Categorical Imperative (Second Version):

- Never use people only **as a means to your ends**, but always treat them as they freely and rationally consent to be treated and help them pursue their freely and rationally chosen ends.
- Based on the idea that humans have a dignity that makes them different from mere objects. No one (**Universalizability**), including me (**Reversibility**) should be treated but with due respect and human dignity,

Umar bin Khattab has said: مَتى أَسْتَعْبِدُ النَّاسَ وَقَدْ ولَدْتُهُمْ أَمْهَاتُهُمْ أَحْرَارًا (عمر بن الخطاب) ((When did you enslave the people whereas they were born as free persons?))

- Second Version, according to Kant, is too equivalent to the formulation of the First Version. (**Universalizability** i.e. no one should be treated as a means to any end, and **Reversibility** i.e. others shouldn't use me as a means to their ends.)

Criticisms of Kant:

- Both versions of the categorical imperative are unclear and are ambiguous.
- Rights can conflict (**negative rights vs. positive rights**) and Kant's theory cannot resolve such conflicts.
- Kant's theory implies moral judgments that are mistaken. (**As they are left to the individual's reasoning instead of collective wisdom of humanity**)

For example:

- A thief would be willing that thieves should be punished but he wouldn't like himself to be punished for it.
- A murderer will be willing to accept the principle of punishing murderers but not him
- A hoarder may criticize and condemn hoarding but will not feel guilty of creating problems for others by hoarding essential commodities for personal gains
- A retailer will condemn wholesalers for raising the prices but he himself is not willing to reduce his profit margin.

Libertarian Philosophy:

- Freedom from human constraint is necessarily good and that all constraints imposed by others are necessarily evil except when needed to prevent the imposition of greater human constraints.

Robert Nozick's Libertarian Philosophy:

- The only moral right is the negative right to freedom which implies that restrictions on freedom are unjustified except to prevent greater restrictions of freedom.
- The right to freedom requires private ownership of property, freedom of contract, free markets, and the elimination of taxes that are taken to pay for social welfare programs

- **It is obvious that this theory is self-destructive.** Since the freedom of one person always restricts the freedom of others, Nozick's claim that "restrictions on freedom are unjustified" implies that freedom itself is unjustified.

3- Justice and Fairness: (Equality vs. Equity)

• يَا أَيُّهَا الَّذِينَ آمَنُوا كُوئُنُوا قَوَامِينَ لِلَّهِ شُهَدَاءِ بِالْقِسْطِ وَلَا يَجْرِمَنَّكُمْ شَنَآنُ قَوْمٍ عَلَى أَلَا تَعْدِلُوا إِغْدِلُوا هُوَ أَقْرَبُ لِلتَّقْوَىٰ
وَأَتَقْوُا اللَّهُ إِنَّ اللَّهَ حَبِيرٌ بِمَا تَعْمَلُونَ {8/5}

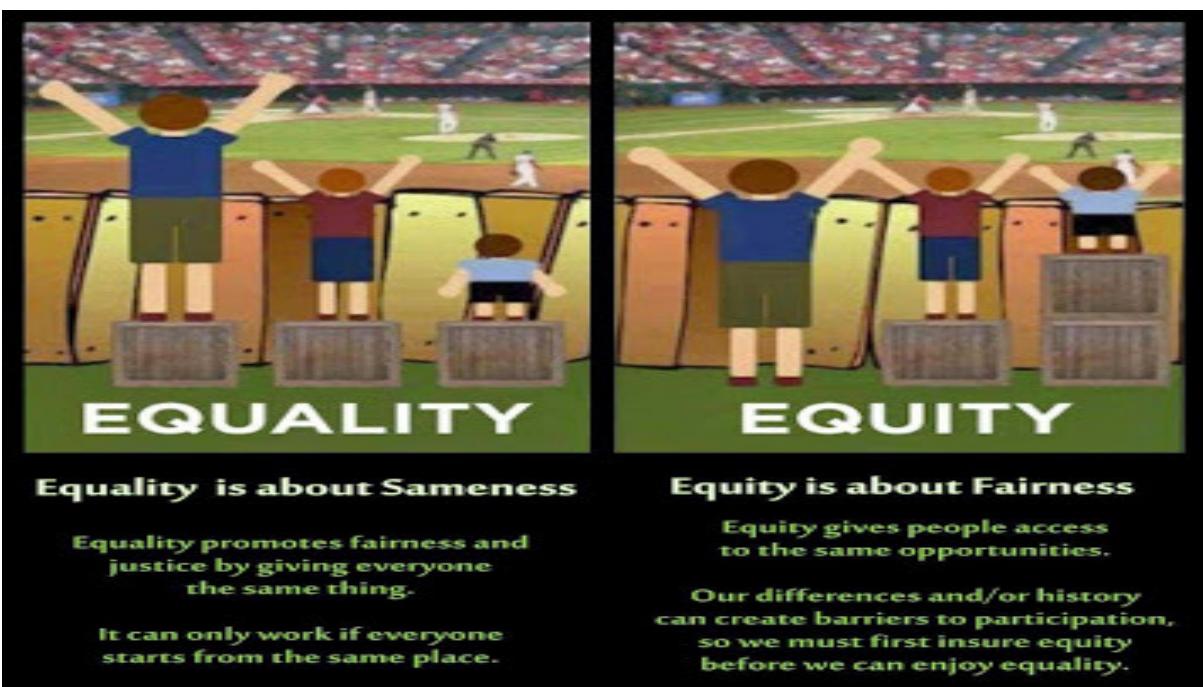
O you who believe! Be steadfast witnesses for God in equity, and let not hatred of any people seduce you that you deal not justly. Be just: that is next to piety, and fear God. Lo! God is informed of what you do.

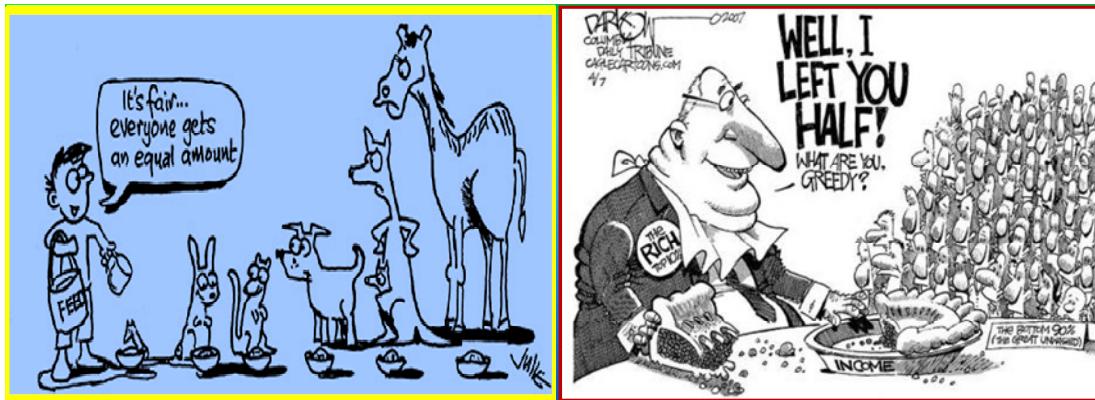
- Justice means sound reason, impartiality; to do justice means to treat fitly or fairly. It doesn't mean equality in all respects which is, to be fair, not possible.

For example 1kg of rice is equal to 1kg of wheat only in weight, otherwise both have different characteristics. 1kg of Gold is only equal to 1kg of silver in weight; otherwise both are poles apart with respect to their value.

- Every individual is special and unique in his/her own way and no one can be equal to him/her in any sense except as a human being. Each one of us is different from others in many respects whether physical qualities, mental capabilities or moral attitude and behavior. Thus everyone needs different kind and levels of physical, mental and psychological satisfactions.

In Arabic justice is called 'Adl (العدل) and equity is called Ihsaan (الإحسان) which means that justice could be done sometimes through equality (Musawaat = مساوات) and sometimes through equity (Ihsaan) (إحسان) depending on the situation and circumstances.





Types of Social Justice:

- **Distributive Justice**
 - Requires distributing society's benefits and burdens fairly, or just distribution of benefits or burdens.
- **Retributive Justice**
 - Requires fairness when blaming or punishing persons for doing wrong or just imposition of punishments and penalties on those who do wrong.
- **Compensatory Justice (Restorative or Corrective Justice)**
 - Requires restoring to a person what the person lost when he or she was wronged by someone, or just and proportional compensation for wrongs or injuries.

Principles of Distributive Justice:

- **1- Fundamental Principle of distributive justice:**
 - Equals should be treated equally and unequals treated unequally or benefits and burdens of a society should be distributed equally to equals and unequally to unequals.
- **2- Egalitarian approach to distributive justice:**
 - Distribute equally to everyone. Every person should be given exactly equal share of society's or group's benefits and burdens.
 - All humans are created equal by God.
 - Egalitarians ignored basic and fundamental difference between equality and equity. It is an undeniable fact that all humans are not created with equal physical, mental and intellectual abilities and all humans are not equal in their needs and work-efforts.
 - Some Egalitarians suggested exact equality in two spheres of life. 1- Political equality: equal participation in, and treatment by, the political system. 2- Economic equality: equality in income, wealth i.e. access to resources and opportunities.

• 3- Capitalist view of distributive justice:

- Benefits should be distributed according to the proportional contribution of an individual to the society by rendering services, investing capital, producing commodities, or any type of literary, scientific or aesthetic work produced.
- Capitalists view ignored people's needs and welfare of the handicapped members of society

• 4- Socialist view of distributive justice:

- Work burdens should be distributed according to people's abilities and benefits should be distributed according to people's needs.
- Socialist view ignored two aspects of human effort and needs. 1- Remuneration would depend on needs, not efforts. Thus the workers have no incentives for working hard. 2- It deprives individuals of their basic right of freedom of choice for both work and needs.

• 5- Libertarian view of distributive justice:

- Distribution of benefits and burdens is just only if it is the result of individuals freely choosing to exchange with each other the goods each person already owns. In Robert Nozick's words "From each according to what he chooses to do, to each according to what he makes for himself."
- We have already exposed Nozick's libertarian views' weakness.

• 6- John Rawls' views on distributive justice:

Distribution of society's benefits and burdens on the basis of equal liberty, equal opportunity, and needs of disadvantaged:

1- Principle of Equal Liberty: Each citizen's liberties must be protected from invasion by others and must be equal to those of others

2a- Difference Principle: A productive society will incorporate inequalities, but takes steps to improve the position of the neediest members of society.

2b- Principle of Fair Equality of Opportunity: Everyone should be given an equal opportunity to qualify for more privileged positions in society's institutions on the basis of merit, not on hereditary position or wealth.

• 7- Islamic views about distributive justice:

○ 1- Principle of Entitlement: (No entitlement to benefits without effort)

﴿ وَأَن لَّيْسَ لِلإِنْسَانِ إِلَّا مَا سَعَى ﴾ {39/53} •

And that man can have nothing but what he strives for (or for which he makes efforts.)

○ 2- Principle of capacity: (No burdens more than capability)

﴿ لَا تُكَفِّرُ نَفْسٌ إِلَّا عُسْرَهَا ﴾ {233/2} •

No soul shall have a burden laid on it greater than it can bear.

○ 3- Principle of Care & Social Responsibility:

﴿ وَفِي أَمْوَالِهِمْ حَقٌّ لِلْسَّائِلِ وَالْمُحْرُومُ ﴾ {19/51} •

And in their wealth the beggar and the outcast have due share.

• **وَالَّذِينَ فِي أُمَّةِ الْهُنْدِ حَقٌّ مَعْلُومٌ {24 / 70} لِلسَّائِلِ وَالْمُحْرُومِ {70 / 25}**

And in whose wealth there is a determined right, for the beggar and the destitute.

Retributive and Compensatory Justice:

- **Retributive Justice** = fairness when blaming or punishing persons for doing wrong.
Retributive justice requires fulfillment of three conditions:
 - 1- Commission of an offence or omission must be done with full knowledge of the facts and with intention free from duress and coercion,
 - 2- Punishment and penalty must be established through due process of evidence,
 - 3- Punishment and penalty must be consistent and proportional to injury and wrong.
- **Compensatory Justice** = fairness when restoring to a person what the person lost when he or she was wronged by someone else. Amount of compensation should be equal to the losses, though some losses are very hard to measure, like loss of life, loss of sight and damage to one's reputation. There are Three conditions for the compensatory justice:
 - 1- The action that inflicted the injury was wrong or negligent
 - 2- The person's action was real cause of injury
 - 3- The person inflicted injury voluntarily.

4- Ethics of Care:

(An ethics that requires caring for the concrete well being of those particular persons with whom we have valuable close relationships, particularly those dependent on us, (like infants and children, patients, physically handicapped and mentally retarded persons, as well as employees, friends and relatives)

• عن عبد الله بن عمر رضي الله عنهما أن رسول الله صلى الله عليه وسلم قال لا كُلُّكُمْ رَاعٍ وَكُلُّكُمْ مَسْئُولٌ عَنْ رَعِيَّتِهِ فَإِلَامَ الَّذِي عَلَى النَّاسِ رَاعٍ وَهُوَ مَسْئُولٌ عَنْ رَعِيَّتِهِ وَالرَّجُلُ رَاعٍ عَلَى أَهْلِ بَيْتِهِ وَهُوَ مَسْئُولٌ عَنْ رَعِيَّتِهِ وَالمرأة راعية على أهل بيته زوجها و ولده و هي مسئولة عنهم و عبد الرجل راع على مال سيده و هو مسئول عنهم إلا فَكُلُّكُمْ رَاعٍ وَكُلُّكُمْ مَسْئُولٌ عَنْ رَعِيَّتِهِ (صحيف البخاري)

((The Prophet (peace be upon him) said: "Every one of you is a **patron** and is responsible for his/her subjects. A ruler of the people is a **patron** of his people and is responsible for their welfare. A man is a **patron** of his family/dependents and is responsible for their well being. A woman is a **guardian** of her husband's household and his children and is responsible for them. A servant is a **custodian** of his master's property and is responsible for it. Lo! Every one of you is a **patron/ guardian/ custodian** and is responsible for his/her subjects.))

- Unlike traditional ethical theories which assume ethics has to be impartial, Ethics of Care needs not be impartial.
- Emphasizes preserving and nurturing concrete valuable relationships.
- We should care for those dependent on and related to us.
- Because the self requires caring relationships with others, those relationships are valuable and should be nurtured.

- Identity of self –“who I am?”–is based on the relationships the self has with other selves. The individual cannot exist, cannot even be who he or she is, in isolation from caring relationships with others. I need others to feed and care for me when I am born; educate me and care for me as I grow etc.; the community to which I belong, its language, traditions and culture also help define my identity. Thus the ethics of caring emphasizes two moral demands:
 - 1- We each exist in a web of relationships and should preserve and nurture those concrete and valuable relationships.
 - 2- We should exercise special care for those to whom we are concretely related by attending to their particular needs, values and desires.

Objections to Care Approach in Ethics:

- An ethic of care can degenerate into favoritism.
 - Response: conflicting moral demands are an inherent characteristic of all moral choices. So it is not the case with only ethics of care.
- An ethic of care can lead to “burnout”.
 - Response: adequate understanding of ethic of care will acknowledge the need of the caregiver to care for him or herself.
 - In my opinion “Burnout” or “Self-Sacrifice” is the beauty of the Ethics of Care. It is the essence of “Altruism”, a highly commendable moral value.

Integrating Utility, Rights, Justice, and Caring:

Four main kinds of moral standards could be integrated by making moral judgments on the basis of:

- 1- Maximizing the net **utility** of our actions. 2- Respecting the **moral rights** of individuals
- 3- Ensuring a **just distribution** of benefits and burdens, 4- **Caring** for those in concrete relationship

Questions to be asked:

- 1- Does the action, as far as possible, maximize benefits and minimize harms?
- 2- Is the action consistent with moral rights of those whom it will affect?
- 3- Will the action lead to a just distribution of benefits and burdens?
- 4- Does the action exhibit appropriate care for the well being of those who are closely related to or dependent on us?

5-Moral Virtue Theory:

- Unlike the afore-mentioned **four main kinds of moral standards** that are **“action-based”** ethics, (i.e. a person is judged by his actions), Moral Virtue is an **“actor-based”** ethics (i.e. a person is judged by his character). In other words its primary focus is on the character of the actor, while morality of actions is judged on basis of the integrity of the character or otherwise of the concerned person.

A solitary act of theft or begging due to compelling situations by a person of high character vs. theft and begging by a habitual thief and a professional beggar are not same.

- **Moral Virtue:** An acquired disposition that is valued as part of the character of a morally good human being and that is exhibited in the person's habitual behavior. Virtues make such a person feel good and vices make him/her feel uncomfortable.
- Unlike natural characteristics like intelligence, beauty, natural strength, virtue is acquired and needs efforts to develop it.

The meaning of virtue:

"Virtue" as a simple concept could be defined as: "A virtue is a habitual and firm disposition to do the good". As vice is a bad habit, so virtue is a good habit. Virtues and vices form a person's "character" and make him/her a virtuous person or a vicious one.

The importance of virtue:

- a) Without personal virtue, we will do good deeds only occasionally. The main source of a good and happy life – for the human race, for each nation and community, and for each family – is the personal virtue of each individual. No system or set of laws, however perfect, can work for good without virtuous individuals. A Chinese parable says: "When the wrong man uses the right means, the right means work in the wrong way." Bad bricks, however well arranged, don't make a good building.
- b) Virtues – unless we lose them! – last forever. They are cultivated by each external good action, and underlie the habitual quality of virtuous actions.
- c) Virtues improve not just what you do but what you are.

The goal of virtue:

"Why should I be good?" The question is simple and profound, and requires a simple and profound answer. Personal virtue is the key to improving the world, finding happiness, and helping other people to be good and happy too; yet the ultimate end of virtue is even greater than these great goals: "the goal of a virtuous life is to become a God-conscious person."

(It is like Sunnah in Arabic such as the **Sunnah of the Prophet** which turned ordinary actions into a highly recommended ones). (The prophet became known as Al-Sadiq i.e. the Truthful & Al-Ameen i.e. the Trustworthy, long before his prophet-hood which became his character portrait.)

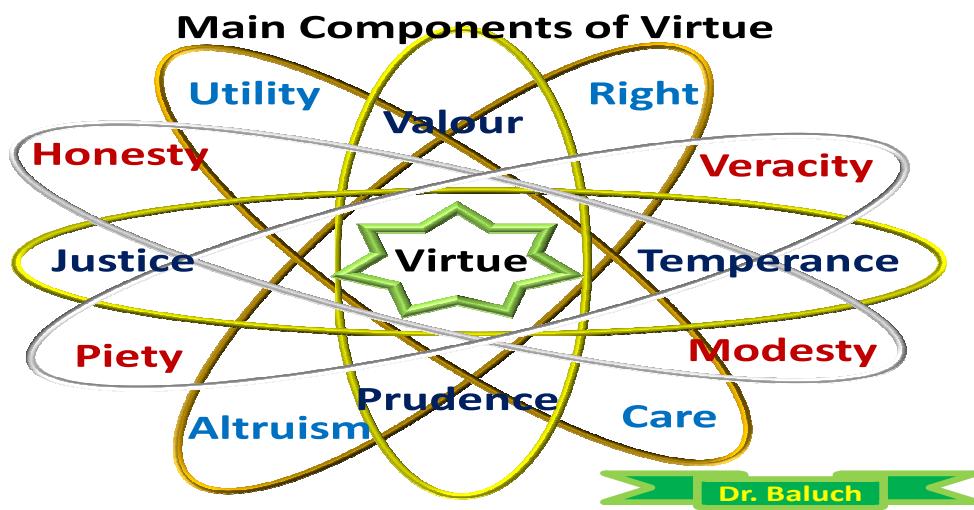
• وَلَا تُشْتَوِي الْحَسَنَةُ وَلَا السَّيِّئَةُ اذْفَعْ بِالَّتِي هِيَ أَحْسَنُ فَإِذَا الَّذِي بَيْنَكَ وَبَيْنَهُ عَدَاوَةٌ كَانَ اللَّهُ وَلِيٌ حَمِيمٌ {41/34} وَمَا يُلْقَاهَا إِلَّا الَّذِينَ صَبَرُوا وَمَا يُلْقَاهَا إِلَّا ذُو حَظٍ عَظِيمٌ {41/35}

The good deed and the evil deed are not alike. Repel the evil deed with one, which is better, then lo! He, between whom and you there was enmity (will become) as though he was a bosom friend. But none is granted it except those who are patient, and none is granted it except the one endowed with great character.

البر: حسن الخلق ' والإثم: ما حاك في صدرك وكرهت أن يطلع عليه الناس (الحديث)

- Righteousness is none other than good character, and sin is what pricks your conscience and you don't like the people to know about it.

- إن خياركم أحسنكم أخلاقاً (الحديث)
- Certainly the best among you are those endowed with best character
- الناس كالمعادن خياركم في الجاهلية خياركم في الإسلام (ال الحديث)
- The likeness of the people is that of the mines; the best of you in the ignorance are the best of you in Islam.
- إنه من أعطي حظه من الرفق فقد أعطي حظه من خير الدنيا والآخرة. وصلة الرحم ' وحسن الخلق ' وحسن الجوار يعمران الديار، ويزيدان في الأعمار. (ال الحديث)
- Those who have been bestowed with leniency of character have been bestowed with the best of this world and the Hereafter. Respect of kinship, good character and good neighborliness guarantee a prosperous living and increase in life.



TEMPERANCE: Tolerance, Embracing Diversity & Social Pluralism

1. **Tolerance (it is good to be tolerant but not the best)**, e.g. you don't like a person but still you show tolerance to his/her presence amongst you.
2. **Embracing Diversity (it is better but not the best)**, e.g. you neither like a person nor dislike him/her so you accept his/her presence amongst you.
3. **Believing in Social Pluralism (it is the best)**. (Not to be confused with Philosophical or Religious Pluralisms) It is the belief that for the sake of peace and progress, social harmony among different segments of the society is must for which we should respect Cultural, Ethnic and Religious differences, e.g. you like others irrespective of their ethnicity, culture and religion so you respect others presence amongst you.

Allah is not just Rabb-al-Arabs or Rabb-al-Muslimeen, He is Rabb-al-Aalameen and the prophet Muhammad is not just Rahmat-ul-Lil-Arabs or Rahmat-ul-lil-Muslimeen/Mu'mineen, he is Rahmat-ul-Lil-Aalameen.

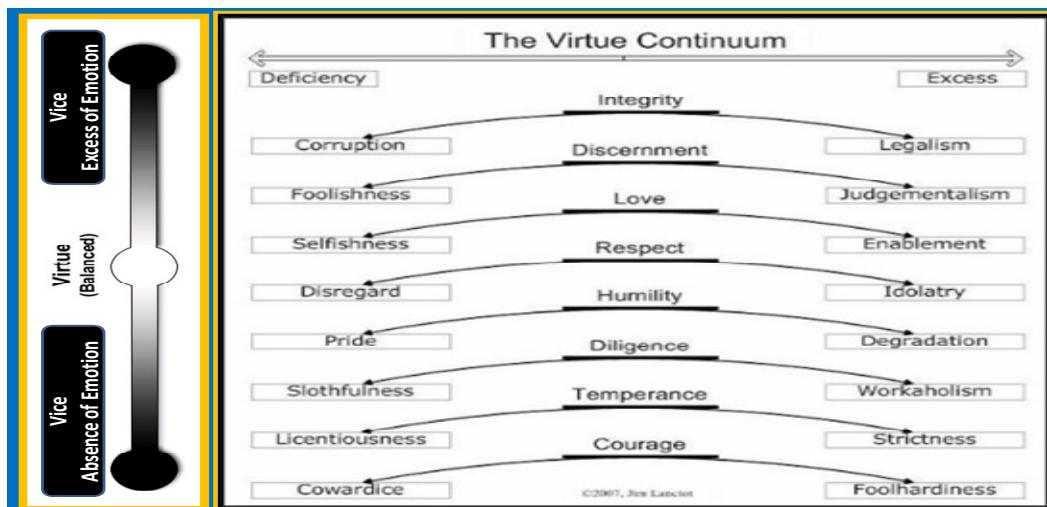
فَذَكَرَ إِنَّمَا أَنْتَ مُذَكَّرٌ لَسْتَ عَلَيْهِ بِمُصِيطِرٍ ﴿٤﴾ إِنَّ عَلَيْكَ الْأَبْلَاغَ ﴿٥﴾ مَا عَلَى الرَّسُولِ إِلَّا الْبَلَاغُ.
وَلَوْ شَاءَ رَبُّكَ لَجَعَلَ النَّاسَ أُمَّةً وَاحِدَةً وَلَا يَزَالُونَ مُخْتَلِفِينَ . إِلَّا مَنْ رَحْمَ رَبُّكَ، وَلَذِكْرُ خَلْقِهِمْ
وَلَوْ شَاءَ رَبُّكَ لَأَمِنَّ مَنْ فِي الْأَرْضِ كُلَّهُمْ جَمِيعًا . أَفَلَمْ تَرَهُ النَّاسُ حَتَّىٰ يَكُونُوا مُؤْمِنِينَ .

Dr. Baluch

Aristotle on Virtue: virtues are habits that enable a person to live according to reason by habitually choosing the mean between extremes in actions and emotions. These habits are acquired through repetition. Four pivotal and cardinal virtues are: Courage, Temperance, Justice and Prudence

The emotion or action involved	The vice of excess in emotion or action	The virtue of the mean in emotion or action	The vice of deficiency in emotion or action
Fear	Recklessness	Courage	Cowardliness
Pleasure	Self-indulgence	Temperance	Self-deprivation
Charity	Prodigality	Generosity	Stinginess
Spending	Ostentatiousness	Refinement	Cheapness
Shame	Self-consciousness	Self-esteem	Self-abasement

Dr. Baluch



- **St. Thomas Aquinas:** Virtues are habits that enable a person to live reasonably in this world and be united with God in the next. He added following three theological virtues to the four classical virtues of Aristotle: **Faith, Hope and Charity**. **Humbleness is a virtue, and pride a vice to Aquinas, while pride is a virtue, and humbleness is vice according to Aristotle.**
- Quad-e-Azam also has emphasized on the virtue of **Faith**, and added two virtues of **Unity and Discipline**.
- **Alasdair MacIntyre:** Virtues are dispositions that enable a person to achieve the good at which human “practices” aim. It is a practice-oriented theory.
- **Edmond L. Pincoffs:** Virtues are dispositions we use when choosing between persons or potential future selves. It is self-oriented theory. Pincoffs divides virtues into **Instrumental Virtues** (e.g. persistence, determination, cooperation) and **Non-Instrumental Virtues** (e.g. nobility, tolerance, gentleness, modesty)

The four cardinal virtues:

From ancient times (Plato, Aristotle) and in various cultures four virtues have traditionally been recognized as the indispensable foundation of all the others, as the “hinges” or the “pivot” (*cardines* in Latin, thus “cardinal”) on which all others turn. “Four virtues play a pivotal role and accordingly are called ‘cardinal’; all the others are grouped around them. They are: prudence [or wisdom], justice [or fairness], fortitude [or courage], and temperance [or self-control].”

1. Prudence:

Prudence shouldn’t be confused with timidity or fear. Perhaps “practical moral wisdom” is a clearer term for this virtue today. Prudence is the virtue that disposes practical reason [the mind thinking about what should be done] to discover our true good in every circumstance and to choose the right means of achieving it. With the help of this virtue we apply moral principles to particular cases.

2. Justice:

Justice is the moral virtue that consists in the constant and firm will to give their due to God and people. Justice toward God is called the ‘virtue of religion’ [or ‘piety’]. Justice toward men disposes one to respect the rights of each and to establish harmony in human relationships. Justice gives to each “what is due,” or “what is right,” This logical and almost mathematical aspect of justice, focusing on *equality and rights for individuals*, is balanced and complemented by a more intuitive and holistic aspect which aims at Equity i.e. *harmony and right relationships*. Typically, men are especially sensitive to the first aspect, and women to the second. Complete justice requires both.

3. Fortitude (Courage, Perseverance, Steadfastness, patience, Tolerance)

Fortitude is the moral virtue that ensures firmness in difficulties and constancy in the pursuit of the good. It strengthens the resolve to resist temptations and to overcome obstacles in the moral life. The virtue of fortitude enables one to conquer fear, even fear of death, and to face trials and persecutions. It disposes one even to renounce and sacrifice his life in defense of a just cause. Of all the virtues this is perhaps the one most conspicuously lacking in the lives of most people today in technologically developed and relatively pain-free modern societies. Fortitude is a necessary ingredient in all virtues, for no virtue “just happens,” but must be fought for.

4. Temperance:

Temperance is the moral virtue that moderates the attraction of pleasures, as fortitude moderates the fear of pains. (Thus it is also called “moderation.”) Without it we do not rise above the level of animals that live by their instincts, desires, and fears, especially the instinct to seek pleasure and flee pain.)

Temperance “ensures the will’s mastery over instincts” [thus it is also called “self-control”] and keeps desires within the limits of what is honorable...and provides balance [i.e. moderation: not too little and not too much rather, in Aristotle’s words, choosing the mean between the two opposite extremes] in the use of things.”

Our instinctive desire for pleasure and fear of pain is the matter, or raw material, to be formed and controlled by all four cardinal virtues. Prudence provides the map, fortitude tames the fears, temperance tames the appetites, and justice regulates the resulting

activities. All four cardinal virtues have deeper and wider meanings than their names suggest in current usage. Prudence is not just “playing it safe,” justice is not just punishment, fortitude is not bullheadedness, and temperance is not just sobriety.

The three theological virtues:

The four cardinal virtues are *natural*. That is, 1) they are *known* by natural human reason, 2) their *origin* is human nature, and 3) their *goal* is the perfecting of human character and life.

The three “theological virtues,” on the other hand, are *supernatural*, for they are 1) revealed by God and known by faith, 2) “infused by God into the souls of the faithful” and 3) their purpose is our perfection through divine guidance.

They are called “theological” because they have God as their object. “Faith, hope, and love” mean faith *in God*, hope *in God*, and love *of God*, and of people for God’s sake.

5. Faith (Fide, Fidelity):

Faith is the theological virtue by which we believe in God and believe all that He has said and revealed to us and taught us through His book and His Prophet. Faith gives meaning to our lives and a purpose for living.

Faith, hope, and charity are three parts of the same living organism; the root, stem, and flower of the same living plant.

6. Hope:

Hope is the theological virtue by which we repose our confidence on God, placing our trust in His promises and relying not on our own strength, but on His help and grace.

Hope is not merely our natural desire for happiness; everyone has that. Like faith, hope is our freely chosen affirmative response to a divine revelation: in the case of hope, our response to divinely revealed promises. Hope is faith directed to the future.

Hope is the strongest source of fortitude. If you trust God’s promises of the incomparable happiness of Heaven, you can give up any earthly good or endure any earthly deprivation for that. “Man can endure almost any how if only he has a why,” wrote Viktor Frankl, the Austrian neurologist and psychiatrist, from the Auschwitz death camp (*Man’s Search for Meaning*). A “why” is a hope, a goal, a meaning and purpose to your life.

7. Love (Charity):

“Love” is too broad a word, for it usually connotes the natural loves – of sex, food, beauty, comfort, friends, etc. “Charity,” is now too narrow, for it usually connotes only giving money to good causes. We should use both words, to compensate for the defects in the way each word is used.

Charity is the theological virtue by which we love God above all things for His own sake [because he is worthy of such love], and love the people as ourselves for the love of God. Charity is *not a feeling* or emotion, but a choosing by the will and an obeying and practicing.

Some Dangerous Vices:

The four cardinal virtues (prudence, justice, fortitude, and temperance) have opposite vices: folly, injustice, cowardice, and intemperance.

The three theological virtues have even more serious opposite vices – more serious because they directly imperil our eternal life.

- 1) The knowing and deliberate repudiation of faith is *infidelity*.
- 2) The deliberate refusal of hope is *despair*. This is not to be confused with feelings like pessimism or depression, for two reasons:

First, no mere feeling in itself is virtuous or vicious; only the will's free consent to a feeling makes it morally good or evil.

Second, unlike depression, despair is not psychological but theological. That is, just as the theological virtues have God as their object – they are three ways of saying Yes to God – so their opposites are three ways of saying No to God.

- 3) The deliberate refusal of charity includes indifference, ingratitude, lukewarmness, spiritual sloth, and hate. Hate wills evil and harm to others, and refuses to forgive.

Sins vs. Vices:

Sin is any deliberate thought, word, or deed contrary to God's law. Sin is disobedience to God's law, thus God's will, thus God himself. It is "a revolt against God." "Sin" means more than "evil" or "vice." It is a specifically religious term. It means evil *in its relation to God*. It means damaging or breaking the spiritual relationship with God.

The three conditions for mortal sin:

There are three conditions necessary for mortal sin. All three must be present for the sin to be mortal; if any one of them is missing, the sin is venial.

They are: "grave matter," with "full knowledge," and "full consent."

First, the sin must be a "grave matter," an act in itself seriously sinful, like adultery, grand larceny, blasphemy, or murder

Second, there must be full knowledge of the act while being committed.

Third, there must be full consent of the will.

The first of the three conditions for mortal sin is public, objective, and the same for everyone; it is easy to tell whether a sin is a serious sin, or grave matter, but the other two conditions are subjective, psychological, personal conditions. They are much harder to discern, even in oneself, much less in others.

The seven deadly sins and their remedies:

Tradition highlights seven sins as especially dangerous, or "deadly." They are the soul-deadening opposites of the soul-enlivening virtues:

1-*Pride* is self-assertion and selfishness; *purity of spirit* is humbleness and selflessness.

2-*Avarice* is greed, the selfish reach to grab and keep for oneself; *generosity* is the reach to give, to share with others, even the undeserving.

3-*Envy* resents another's happiness; *Altruism* alleviates another's unhappiness.

4-*Wrath* wills harm and destruction; *forgiveness* refuses to harm and *peacemaking* prevents destruction.

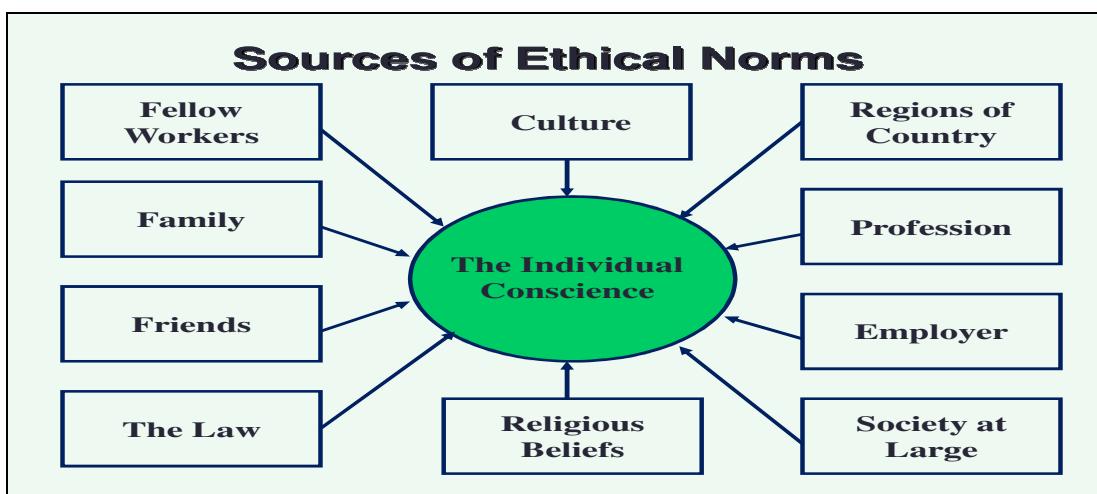
5-*Hypocrisy* refuses to exert the will toward the good, even when it is present; *righteousness* is the passionate desire for good even when it is absent.

6-*Lust* dissipates and divides the soul, desiring every attractive body; *purity of heart* (*Chastity*) centers and unifies the soul, desiring the one God alone.

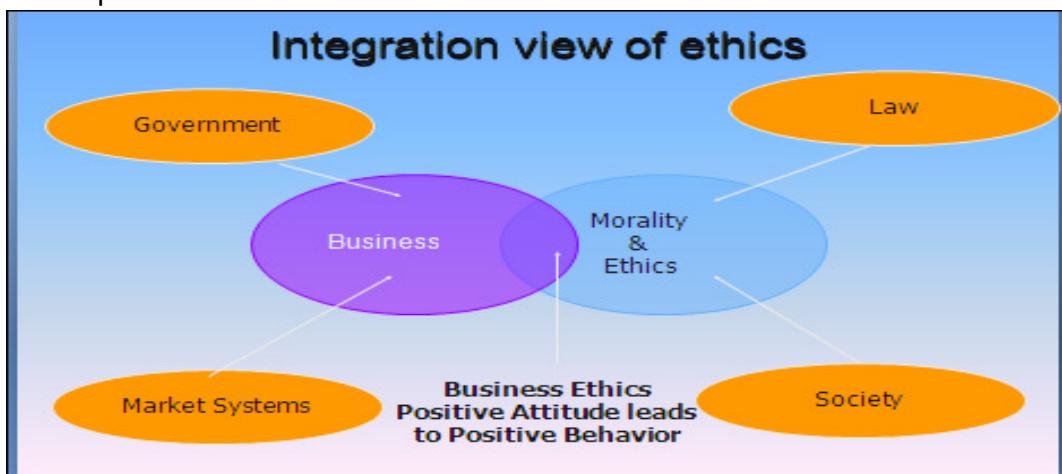
7-*Gluttony* wants to consume an inordinate amount of worldly goods; *sacrifice* is being deprived of even ordinate necessities.

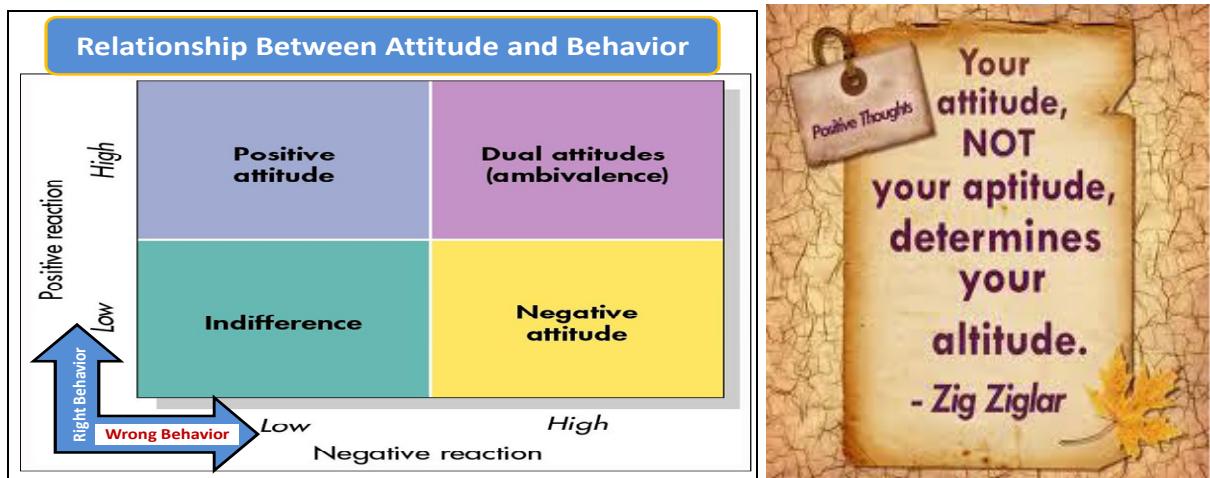
Virtues, Actions and Institutions:

- **Virtue theory:** The theory that the aim of the moral life is to develop those general dispositions called **Moral Virtues** and to exercise and exhibit them in the many situations that human life sets before us. It means that:
- We should exercise, exhibit, and develop the virtues
- We should avoid exercising, exhibiting, and developing vices
- Institutions (like family, schools, and media) should instill and promote virtues not vices.



- To integrate actions with Virtue Theory one can claim that an action is morally right if it ultimately develops a virtuous character and an actions is morally wrong if it develops a vicious character





Objections to Virtue Theories:

1- Princeton University Divine School Experiment: Bible quote of a Good Samaritan who helped a wounded man lying on the roadside, read to the students of theology and who then were asked to rush to another building for an extremely important appointment, they were almost late for it. They passed by a lying man and 90% of them stepping over him or going around him did not stop to help him.

2- Stanford University Experiment: 21 male students were selected out of 75 volunteers on the basis of being rationally most stable, most mature, least anti social, normal and psychologically healthy young men. They were randomly assigned to perform the duty of a "guard" or a "prisoner" in a "prison". Their highly irrational behavior forced the experimenters to stop it after six days though it was scheduled for two weeks.

3- Psychological experiments (like that of Milgram's "Electric shock Machine" and Princeton and Stanford Universities' above mentioned ones) show that Virtue Theory is inconsistent with psychology which showed that behavior is determined by the external situation, not moral character.

- Response-1: Moral character determines behavior of a person's in familiar environment, but not necessarily in adverse situations.
 - Response-2: Recent psychology shows behavior is determined by one's moral identity which includes one's virtues and vices. Failing to live up to one's moral identity creates emotional discomfort and a feeling of having betrayed oneself. Strange and unusual environmental factors can reduce the influence of virtue on behavior. Ordinarily people's decisions will be consistent with their sense of the kind of person they are.

Unconscious vs. Conscious Moral Decisions:

Moral reasoning is the process of applying our moral principles to the knowledge or understanding we have about a situation, and making a judgment about what ought to be done in that situation. Most of the time, however, we make decisions automatically without any conscious and deliberate process of moral reasoning. Scott Reynolds calls the

unconscious process “X System” and the conscious process “C System”. “X System” is based on the use of “Schemas” or “Prototypes” stored in the memory of our brain. Mostly our brain uses these “prototypes” to match them with a situation and make a decision automatically. This saves us from lots of complications of conscious and deliberate reasoning process.

- **Unconscious Moral Decisions**

- Comprise most of our moral decisions.
- Made by the brain’s “X-system” using stored **prototypes** to automatically and unconsciously identify what it perceives and what it should do.

- **Conscious Moral Decisions**

- Is used in new, strange, or unusual situations for which the brain has no matching prototypes.
- Consists of the conscious, logical but slow processes of the brain’s “C-system”.
- Conscious Moral Reasoning evaluate how reasonable or unreasonable our intuitions, our cultural beliefs, and the norms stored in our prototypes.

Legitimacy or Rationality of “Prototypes”

- The brain’s use of prototypes is similar to using paradigms in casuistry, Qiyas (analogy) in legislation and precedents in legal judgments in common law which are established legitimate and rational processes.
- This similarity implies the use of prototypes is also a rational process.
- Conscious reasoning can also correct and shape our prototypes.

Cultural influences and intuition:

• كل مولود يولد على الفطرة، فأبواه يهودانه أو ينصرانه أو يمجسانه (الحديث)
((Every child is born with natural instincts (Intuition), it is then his/her parents who make him/her a Jew or Christian or a fire-worshipper (Cultural Influence))).

- **Cultural influences** from family, peer groups, stories, songs, magazines, novels, news papers, television, radio and church or mosque play important role in shaping our “prototypes” and thereby shape our actions or mould our character.
- **Moral Intuitions:** Prototypes can be shaped by “hardwired” moral intuitions, as well as conscious moral reasoning and cultural influences. Hardwired intuitions seem to include: incest is wrong; harming by action is worse than harming by omission; harming as a means to a goal is worse than harming foreseen side effect; harming by physical contact is worse than harming without physical contact.



APPENDIX-I



What are Values?

Values are those inner standards from which you receive the motivation to act as you do and by which you judge behavior (both yours and others). Values signify what is important and worthwhile. They serve as the basis for moral codes and ethical reflection. Individuals have their own Values based on many aspects including family, religion, peers, culture, race, social background, gender, etc. Values guide individuals, professions, communities, and institutions.

1. A Value must be chosen freely. If you don't cheat because someone tells you not to, or because you know you will get into trouble with some authority figure, say, you are not freely acting on your Values of honesty and integrity.
2. A value is always chosen from among alternatives. If you don't cheat because you are taking a test in an empty room without any resources, you cannot say you chose not to cheat. There must always be an alternative in choosing your value.
3. A Value results from a choice made after thoughtful consideration of choices. If you don't cheat because it never occurred to you to do otherwise, there is no value at play. If you cheat thoughtlessly or carelessly, it does not reflect a value. Only when you carefully consider alternatives and consequences and then make a choice is value reflected in that decision.
4. When you value something, it has a positive quality for you. If your decision not to cheat is something you feel good about, then it is based on a value. You like yourself for your honesty and integrity. You prize them and cherish these qualities in yourself.
5. You are willing to publicly stand by your Values. Not only you are proud of your choice not to cheat, you will speak about your position and even try to convince others not to cheat. You declare in your actions and your words that you value honesty and integrity.
6. When you have a Value, it shows up in every aspect of your life. You don't just talk about having honesty and integrity – you live it. You will spend time and energy on developing your honesty and integrity. You will associate with people who also value honesty and integrity. You will make sacrifices (money or otherwise) to live by your Values.
7. Values show up again and again in your actions. Not cheating on one thing does not mean you hold a Value. Only when you make the same kind of choices over and over again in similar circumstances the Value is at play. Because of your honesty and integrity, you don't cheat on anything. From small quizzes to big tests, from board games to big contests, your Value is in effect in every circumstance, and thus it has become a VIRTUE.

Values Definition Table

Value	Definition
Acceptance	Having people receive you well
Accomplishment	Doing or finishing something well
Accountability	Feeling obligated to or being willing to accept responsibility
Adaptability	Ability to change behavior to fit new situations
Adventurousness	Tendency to do new and daring things
Allegiance	Loyalty or feeling obligated to be loyal
Altruism	Caring for others without regard to yourself
Ambition	Eagerness or strong desire to achieve something
Appreciation	Ability to see the quality and the importance of people and things
Aspiration	Strong and persistent desire for high achievement
Assiduousness	Quality of never quitting, being persistent, and working hard
Authenticity	Quality of being trustworthy or genuine
Autonomy	Quality of being independent, able to freely exercise right of freedom
Benevolence	Tendency to be kind and giving things
Caring	Feeling and showing concern for others
Changeability	Ability to adapt to different circumstances
Charity	Generosity toward others
Chastity	Innocence and purity of character
Cheerfulness	Quality of being lighthearted; lessening gloom
Citizenship	Exercising the duties, rights, and privileges of being a citizen
Clear Thinking	Acting intelligently without mental confusion
Collaboration	Working cooperatively with others
Commitment	Feeling bound in mind or heart to someone or doing something
Community	Sharing, participation, and fellowship with others
Compassion	Being deeply aware of and wanting to lessen the suffering of others
Competence	Being qualified to do something
Competitiveness	Doing something better than others
Composure	Maintaining a peaceful or calm state of mind
Concern	Taking an interest in someone or something
Conscientiousness	Doing things very carefully and thoroughly
Consideration	Thinking through things carefully, being thoughtful
Consistency	Doing things reliably and in the same way
Constancy	Remaining faithful to a person or an action in the face of change
Cooperation	Working willingly with others to accomplish something
Courage	Ability to face danger, fear, and obstacles with confidence
Courtesy	Consideration for others by being polite and respectful
Credibility	Having people believe you and trust you without questioning
Decency	Conforming to the standards of proper or modest behavior
Dedication	Devoting energy and time without concern for yourself
Democracy	Believing that everyone deserves the same rights and respect

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Dependability	Being reliable to the level others trust you
Determination	Having strong will, purpose, or character
Diversity	Respecting and wanting difference and variety
Easiness	Being relaxed and informal in attitude or standards
Education	Gathering and growing knowledge or skill through learning
Efficiency	Ability to make things happen with a reasonable amount of effort
Empathy	Ability to identify with other people's situations and feelings
Encouragement	Ability to get others to take action
Equality	Believing that everyone deserves the same treatment
Equity	Wanting things to be just, impartial, and fair for everyone
Excellence	Having qualities to an unusual degree
Fairness	Doing things consistently with rules, logic, and ethics
Faith	Confident and complete belief in someone or something
Faithfulness	Sticking firmly and devotedly to someone or something
Fidelity	Faithfulness, loyalty, or devotion
Flexibility	Ability to respond to change
Forgiveness	Willingness to stop blaming or being angry with someone
Fortitude	Ability to face danger, pain, or obstacle with calm resolve
Friendship	Having a relationship based on mutual respect and good will
Generosity	Willingness and desire to give, spend on others
Gentleness	Being mild, calm, and docile
Genuine	Being true and not fake
Giving	Offering knowledge or things without expecting anything in return
Goodness	Being kind, thoughtful, or honest
Goodwill	Friendly attitude and wishing good things to happen to others
Gratitude	Feeling thankful for or appreciating things, people, or their actions
Hardworking	Working hard, well, and tirelessly
Helpfulness	Giving useful help or advice in a friendly way
Honesty	Acting straightforwardly and fairly
Honor	Being upright in character and having personal integrity
Hope	Feeling that something you want can be yours or will happen
Humbleness	Feeling that you are not superior than others
Industriousness	Working hard and regularly
Ingenuity	Having inventive skill or imagination
Initiative	Ability to energetically start and follow through with a plan or task
Integrity	Strictly following what you believe is right and good
Justice	Strictly following what you believe is fair and just
Kindness	Wanting to be good, kind, and giving to others
Law-Abiding	Following all the rules and laws of society
Liberty	Choosing freely to act, believe, or express yourself in your own way
Love	Feeling strong desire or attraction toward a person or idea
Loyalty	Feeling devotion, attachment, & affection toward a person or idea

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Mercy	Forgiving someone even though you have the power to punish
Moderation	Having neither too little nor too much of anything
Morals	Your own belief about what is right or wrong that guides your actions
Obedience	Following the rules of what is required in a given situation
Optimism	Expecting the best possible outcome with bright hope
Patience	Waiting and withstanding without complaining or getting angry
Peace	Being free of conflict and violence
Perseverance	Sticking firmly and consistently to a course of action or belief
Promise-Keeping	Keeping your words that you will certainly do something
Prudence	Doing something right with diligence because it is the right thing to do
Punctuality	Adherence to the exact time of a commitment or event
Purity	Having done nothing wrong (Purity of mind and thoughts)
Reason	Ability to think through and make good decisions
Recognition	Having people see and give you credit for all you have done
Reliability	Doing things consistently so that others can depend and trust you
Repentance	Feeling sorry and wanting to right past wrongs
Resilience	Ability to bounce back quickly from change or bad circumstances
Resourcefulness	Ability to act effectively and creatively, especially in tough situations
Respect	Showing polite attitude toward people or things that are important
Responsibility	Being accountable and answerable for something
Righteousness	Being on the right path with purity of heart and mind without guilt or sin
Sacrifice	Willingness to give up a thing for something else more important
Self-Control	Being able to control your emotions, desires, or actions
Self-Discipline	Ability to make yourself do something even if you don't want to
Sensitivity	Being aware of the needs and emotions of others
Serenity	Being calm in mind and even in temper
Sharing	Wanting others to take part, enjoy, or use together or in turns
Sincerity	Genuineness and honesty; not fake
Sobriety	Being calm, cool, and serious; freedom from extreme passions
Stamina	Physical or mental strength to do something for an extended period
Stewardship	Carefully conducting, supervising, or managing something
Thoughtfulness	Tendency to anticipate people's needs or wishes
Tolerance	Recognizing and respecting the beliefs and practices of others
Tranquility	Being calm and peaceful
Trustworthiness	Having people believe you and have confidence in you
Understanding	Having a positive, truthful relationship with others
Veneration	A feeling of deep respect and reverence for someone
Veracity	Habitual truthfulness, honesty and accordance with truth and accuracy
Virtue	A specific moral quality regarded as good or meritorious
Wisdom	Ability to make good decisions based on experience and learning



PART TWO

The Market and Business

BUSINESS HAPPENS IN MARKETS. A BUSINESS BUYS SUPPLIES, RAW MATERIALS, AND MACHINERY IN INDUSTRIAL MARKETS; IT FINDS WORKERS IN LABOR MARKETS; IT SELLS ITS FINISHED PRODUCTS TO RETAILERS IN WHOLESALE MARKETS; AND THE FINAL SALE TO CONSUMERS HAPPEN IN RETAIL MARKETS. THE NEXT TWO CHAPTERS LOOK AT THE ETHICS OF MARKETS.

CHAPTER 3 DISCUSSES THE ETHICS OF THE MARKET SYSTEM AS A WHOLE: ITS MORAL JUSTIFICATIONS, STRENGTHS AND WEAKNESSES.

CHAPTER 4 LOOKS AT THE ETHICS OF PARTICULAR PRACTICES WITHIN THE MARKET SYSTEM, LIKE PRICE-FIXING, PREDATORY PRICING, BRIBERY, AND MARKET CONCENTRATION.

Chapter Three

The Business System: Government, Markets, and International Trade

Questions to be Answered:

- Why did John Locke say government has no right to take anyone's private property?
- Why did Adam Smith claim that government should not interfere with the free market?
- What benefits did David Ricardo attribute to free trade?
- What injustices did Karl Marx say were inherent in free market capitalism?

Economic System and Types of Economy:

The system a society uses to provide the goods and services it needs to survive and flourish.

Economic System has four factors: Means of Production (material things, labor, skills & services); Production; Distribution and Consumption.

- **Tradition-Based Societies:** Societies rely on traditional communal roles and customs to carry out basic economic tasks.
- **Command Economy:** economic system based primarily on a government authority making the economic decisions about what is to be produced, who is to produce it and who is to get it.
- **Market Economy:** economic system based primarily on private individuals making the main economic decisions about what is to be produced and who is to get it.

“Free Markets” and “Free Trade”:

(Reaction to Imperialism, Monarchism, Feudalism and Landlordism)

- **Free Markets** = each individual is able to voluntarily exchange goods with others and to decide what will be done with what he or she owns without interference from government.
- **Free Trade** = citizens may freely trade goods with the citizens of other nations without the interference of tariffs, quotas, or other government limits on the goods citizens may buy from or sell to foreign citizens.

Locke’s State of Nature:

According to John Locke (1632-1740), **the champion of freedom and liberties**, all human beings have a natural right to liberty to live with and he calls it “state of nature.” In this state of nature:

- All persons are naturally born free and equal.
- Each person owns his body and labor, and whatever he mixes his own labor into.
- People’s enjoyment of their life, liberty, and property are unsafe and insecure. So
- People agree to form a government **“only”** to protect and preserve their right to life, liberty, and property. (Locke’s views paved the way to the concept of “Free Markets” of Adam Smith and “Free Trade.” of David Ricardo.)

Criticisms of Locke’s View on Rights:

- Locke does not demonstrate how and to what extent individuals have “natural” rights to life, liberty, and property.
- Locke’s natural rights are “negative rights” and he does not show that these rights override conflicting “positive rights”.
- Locke’s rights imply that markets should be free, but free markets can be unjust and can lead to inequalities, and he did not touch this issue.
- Locke wrongly assumes that human beings are **atomistic** individuals. He ignored the fact that every individual is locked in a web of relationships.

1- Free Markets and Utility:

- **Adam Smith** (1723-1790) in his work (*The Wealth of Nations*)
 - Market competition (**Invisible Hand**) ensures the pursuit of self-interest in markets, and as a “driving force” for individuals, advances the public’s welfare. (A Utilitarian approach)
 - Government interference in markets lowers the public’s welfare by creating shortages or surpluses, which ultimately harms consumers.
 - Private ownership leads to better care and use of resources than common ownership.
 - In a free economy all available resources are used and demand always expends to absorb the supply of commodities made from them

- J. B. Say's law of market: "Aggregate production necessarily creates an equal quantity of aggregate demand." or "Supply always creates its own demand," i.e. producer gets paid for his product which raises his purchasing power to buy more raw materials and produce more to increase the supply and again get paid for it.
- Friedrich A. Hayek and Ludwig von Mises said (in Support of Adam Smith)
 - Governments should not interfere in markets because they cannot have enough information to allocate resources as efficiently as free markets do.

Criticisms of Smith's Argument:

- It rests on unrealistic assumption that there are no monopoly companies.
- Falsely assumes that all costs of manufacturing are paid by manufacturer, which ignores the costs of (e.g.) pollution and depletion of resources.
- Falsely assumes human beings are motivated only by a self-interested desire for profit, ignoring altogether altruism, benevolence and caring concerns for others.
- Unlike what Hayek and von Mises said in support of Smith, some government planning and regulation of markets is possible and desirable.

Keynes' Criticism of Smith: (Great Economic Depression of 1929-33)

John Maynard Keynes (1883-1946) has strongly criticized Smiths Views saying:

- Smith wrongly assumes demand is always enough to absorb the supply of goods.
- If **households** forego spending, demand can be less than supply, leading to cutbacks, unemployment, and economic depression.
- Government spending can make up for such shortfalls in household spending, so government should intervene in markets.

Keynesian Economics:

- The theory of John Maynard Keynes: **Free markets alone** are not necessarily the most efficient means for coordinating the use of society's resources.
- **Aggregate Demand:** According to Keynes, the sum of the demand of **three sectors of the economy**:
 - 1- households, (Consumers and end users)
 - 2- business and industry
 - 3- government and public sector
- The government must meet **aggregate demand** of the three sectors of economy i.e. household, business and public sector by regulating **aggregate supply** of the goods and services to avoid unemployment and inflation, which will ultimately lead to economic depression.
- Keynes' views, however, were challenged when government spending did not cure high unemployment but created inflation instead.

Social Darwinism:

- Belief that unbridled economic competition produces human progress. Based on the theory of Charles Darwin (1809-1882), the “survival of the fittest” Social Darwinism is against any intervention from any quarter.

Social Darwinism and Views of Herbert Spencer (1820-1903):

- Evolution operates in society when economic competition ensures the fittest survive and the unfit do not, which improves the human race.
- If government intervenes in the economy to shield people from competition, the unfit survive and the human race declines, so government should not do so.
- Assumes those who survive in business are “better” people than those who do not.
- Weakness of these views is obvious as it is based on a natural fallacy that “**survival of the fittest**” always means “**survival of the best**”, i.e. it is logically wrong to assume that whatever happens naturally is always good.

2- Free Trade and Utility:

Advocated by **David Ricardo** (1772-1823) in his major work (*On the Principles of Political Economy and Taxation*)

- Everyone prospers if nations specialize in making and exporting goods whose **opportunity costs** to them are lower than the opportunity costs other nations incur to make the same goods.
- Absolute Advantage: A situation where the **production costs** (costs in terms of the resources consumed in producing the goods) of making a commodity are lower for one country than for another.
- Comparative Advantage: A situation where the **opportunity cost** (costs in terms of other goods given up) of making a commodity are lower for one country than for another.
- The arguments of Smith for “Free Markets” and Ricardo for “Free Trade” provide support for “Globalization”.

Criticisms of “Free Trade” and Utility:

- Ignores the easy movement of the resources used to produce goods (labor, equipment, machinery and even factories) by companies from one country to another one.
- Falsely assumes that a country’s production costs are always constant. Production costs depend on availability of raw materials on any stable price
- Falsely assumes that workers can easily and without cost move from one industry to another, by learning different skills and gaining expertise
- Ignores the influence of international rule setters (like WTO, IMF, World Bank), who not just influence but also dictate their one sided terms and exploitative conditions on third world countries.

3- Karl Marx (1818-1883): Criticizing Markets and Free Trade: (Reaction to exploitative practices of Capitalists and miserable conditions of workers in 19th Century)

- Capitalist systems offer only two sources of income.
 - Sale of one's own labor.
 - Ownership of the **means of production** (i.e. farms, mines, land, natural resources, buildings, machinery, raw materials, energy and technology used in the production of goods).
- Capitalism and its private property system create alienation among workers.

Marx on Alienation:

Alienation: In Marx's view, the condition of being separated or estranged from one's true nature or true human self.

- In capitalism, workers become alienated when they lose control of their own life activities and the ability to fulfill their true human needs.
- Capitalism alienates workers from:
 1. their own productive work,
 2. the products of their work,
 3. their relationships with each other, and
 4. from themselves.
- Alienation also occurs when the value of everything is seen in terms of its market price.

Marx and Private Property:

(Marx considered private ownership of the means of production mother of all evils)

- Private ownership of the means of production is the source of the worker's loss of control over work, products, relationships, and self.
- Productive property should serve the needs of all and should not be privately owned, but owned by everyone.

The Basic Structure of the Society: (The real purpose of government)

Two main components of a society, according to Marx are:

1) Economic Structure and, 2) Social Structure.

- Economic Structure: The materials (land, labor, natural resources, machinery, technology etc. that are used as *forces of production*) and social controls (the *relations of production* i.e. the social control by which the society organizes and controls its workers) a society uses to produce its economic good.
- Social Structure: A society's government and its popular ideologies.

Marx's Historical Materialism:

The Marxist view of history as determined by changes in the economic methods by which humanity produces the materials on which it must live and survive.

- The methods a society uses to produce its goods determine how that society organizes its workers.
- The way a society organizes its workers determines its social classes. (**Bourgeoisie** i.e. the Ruling Elite and **proletariat** i.e. the serf class).
- A society's ruling social class controls society's government and ideologies and uses these to advance its own interests and control the working classes.

Immiseration of Workers:

- According to Marx, combined effects of increased concentration of global industrial powers, cyclic crises of economic down turns, rising unemployment, and declining relative compensation make the workers' conditions all the more miserable.
- In capitalism
 - Industrial power is concentrated in the hands of a few who organize workers for mass production.
 - Mass production in the hands of a few leads to surplus which causes economic depression.
 - Factory owners replace workers with machines which create unemployment; they keep wages low to increase profits.
- The only solution is a revolution that establishes a classless society where everyone owns the means of production.

Criticism of Marx:

Marx's critics claim that:

- Marx's claims that capitalism is unjust are unprovable. Marx wrongly assumes that justice means either equality or distribution according to need.
- Justice requires free markets, where distributive justice is determined in the terms of effort and ability or on the principle of "distribution according to contribution".
- The benefits of private property and free markets are more important than equality.
- Free markets can encourage community instead of causing alienation as claimed by Marx.
- Immiseration of workers has not occurred; instead their condition has improved.

4- Mixed Economy:

- An economy that retains a free market and private property system, but relies heavily on government policies to remedy their deficiencies.
- By ensuring minimum wages, social services, welfare payments for workers and needy, introducing safety laws and union laws, imposition of income taxes on rich, elimination of monopolies, regulating oligopolies, through the government's effective and high level performance, countries like Sweden, Norway, France, Ireland and Switzerland have achieved the status of a welfare state and their citizens are reaping the benefits of the MIXED ECONOMY.

Private property and Intellectual Property Rights:

Intellectual property is defined as: "Nonphysical property that consists of knowledge or information, such as formulas, plans, music, stories, texts, software etc."

- An idea cannot become a private property and remains a common property unless it is expressed. After an idea has been expressed through any tangible and physical means it can become a private property, either through "**copyright**" or a "**patent**".
- **Copyright:** A grant indicating that a particular expression of an idea is the private property of an individual or a company. Copyrights need not to be registered and are held for a certain period (90-120 years) after which the property becomes a common property.
- **Patent:** The exclusive right to make, use, or sell an invention for a specific period (14-20 years) granted by the federal government to the inventor if the device is novel, useful, and non-obvious. Patents need registration by the inventor; otherwise they will not constitute any proprietary right.

Words of Wisdom

- ✓ “The most perfect faithful are those who possess the best character; who are humble and lenient; who love others and are loved by others, and there is no good in a person who doesn't love and is not loved.” - Prophet Muhammad (Peace be Upon Him)
- ✓ “The best of the people are those who are the most beneficial for the people.” - Prophet Muhammad (Peace be Upon Him).
- ✓ “Moral decay never becomes rampant among the people but Allah punishes them with such diseases that were not known to their forefathers. Prophet Muhammad (peace be upon Him)
- ✓ “Trade and business activities usually involve malpractices so you should atone them with acts of charity.” Prophet Muhammad (Peace be upon him)



GEMS FROM THE TURKISH POET
RUMI

OCTOBER 2017

1.What Is Poison?
Anything Which Is More Than Our Necessity Is Poison.
It May Be Power, Wealth, Hunger, Ego, Greed, Laziness,
Love, Ambition, Hate Or Anything.

2.What Is Fear?
Non Acceptance Of Uncertainty.
If We Accept That Uncertainty, It Becomes Adventure.

3.What Is Envy ?
Non Acceptance Of Good In Others,
If We Accept That Good, It Becomes Inspiration.

4.What Is Anger?
Non Acceptance Of Things Which Are Beyond Our Control.
If We Accept, It Becomes Tolerance.

5.What Is Hatred?
Non Acceptance Of Person As He Is.
If We Accept Person Unconditionally,
It Becomes Love.

SHIVOHAM

Chapter Four

Ethics in the Marketplace

Questions to be Answered:

- Why is a perfectly competitive free market said to be so desirable from an ethical point of view?
- What is monopoly market and why are such markets seen as ethically questionable?
- How do oligopoly markets provide opportunities for anticompetitive behaviors that are ethically questionable?
- Can we do anything to remedy the ethical shortcomings of monopolies and oligopolies?

Definition of Market:

- A forum in which people come together to exchange ownership of goods; a place where goods or services are bought and sold.

⊗ التاجر الصادق الأمين مع النبئين والصديقين والشهداء. (الحديث)

((A truthful and honest businessman will be with the prophets, the righteous ones and the martyrs.))

Three Models of Market Competition:

- **Pure Monopoly:** A market in which a single firm is the only seller in the market and which new sellers are barred from entering.
- **Oligopoly:** A market shared by a relatively small number of large firms that together can exercise some influence on prices.
- **Perfect Competition Market:** A free market in which no buyer or seller has the power to significantly affect the prices at which goods are being exchanged.

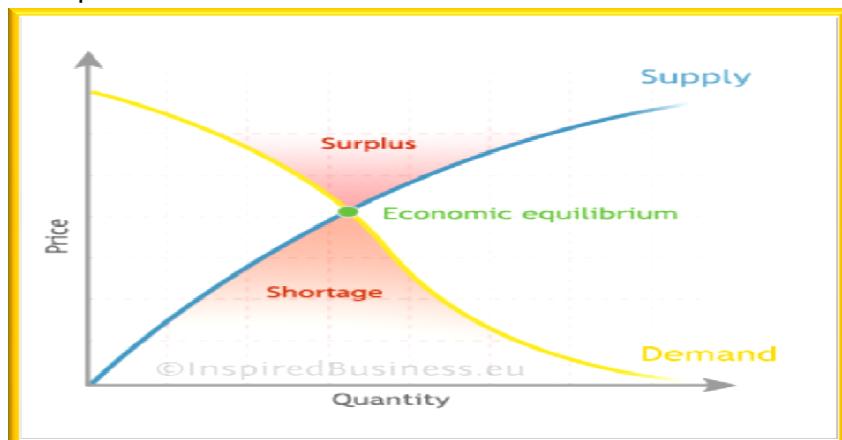
1- Perfect Competition:

- A perfectly competitive free market is one in which no buyer or seller has the power to significantly affect the prices at which goods are being exchanged.
- Perfectly competitive free markets are characterized by **seven defining features:**
 - 1. There are numerous buyers and sellers, and none of them has a substantial share of the market.
 - 2. All buyers and sellers can freely and immediately enter or leave the market.
 - 3. Every buyer and seller has full and perfect knowledge of what every other buyer and seller is doing, including knowledge of the prices, quantities, and quality of all goods being bought and sold
 - 4. The goods being sold in the market are so similar to each other that no one cares from whom each buys or sells. (Applicable only to **Fungibles**)

- 5. The costs and benefits of producing or using the goods being exchanged are borne entirely by those buying or selling the goods and not by any other external parties. **(No Subsidies)**
- 6. All buyers and sellers are **utility maximizers**. Each tries to get as much as possible for as little as possible. **(No Discounts)**
- 7. No external parties (such as the government) regulate the price, quantity, or quality of any of the goods being bought and sold in the market.

Equilibrium in Perfectly Competitive Markets:

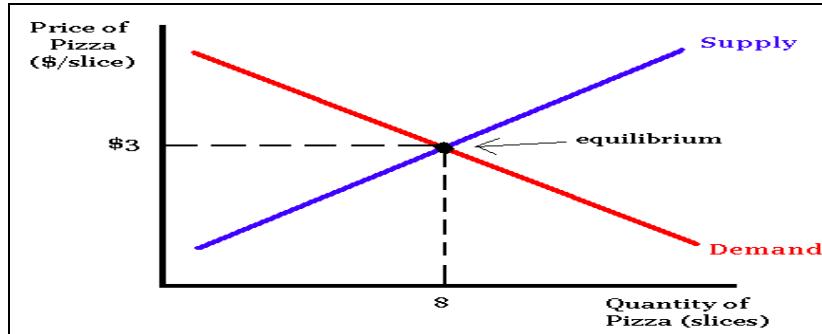
- Equilibrium point: In a market, the point at which the quantity buyers want to buy equals the quantity sellers want to sell, and at which the highest price buyers are willing to pay equals the lowest price sellers are willing to take.
- Price and quantity move to equilibrium in a perfectly competitive market because:
 - If price rises above equilibrium, surplus appears and drives price down to equilibrium
 - If price falls below equilibrium, shortage appears and drives price up to equilibrium
 - If quantity is less than equilibrium, profits rise, attracting sellers who increase quantity to equilibrium
 - If quantity is more than equilibrium, prices fall, driving sellers out which lowers quantity to equilibrium.



Principle of diminishing marginal utility:

- Generally each additional unit of a good a person consumes is less satisfying than each of the earlier units the person consumed. The more we consume the less utility or satisfaction we get from consuming more.
- For a thirsty fellow the first glass of water is more satisfying than the second one and second glass of water is less satisfying than the first one but more satisfying than the third glass of water, until there is no more demand for quenching his thirst.

- First piece of pizza might seem more delicious to a hungry man than the second one he eats, and the third one might be substantially less satisfying but the fourth one might even be disgusting.

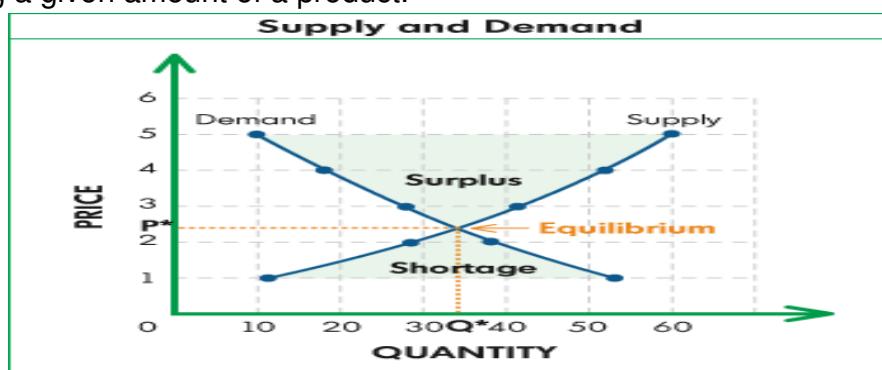


Principle of increasing marginal costs:

- After a certain point, each additional unit a seller produces costs more to produce than earlier units.
- Due to limited resources of production a seller might be forced to buy material at a higher price to meet the demand, thus raising the production cost.
- The cost of production also includes the profits sellers must make; to motivate them to invest in producing this product and forgo the profits they could have made by investing in other products.
- This phenomenon is called "**Opportunity Cost**" which is defined as "**the best alternate forgone**".

Demand and Supply Curves:

- Demand Curve:** A line on a graph indicating the quantity of a product, buyers would purchase at each price at which it might be selling; the demand curve also can be understood as showing the highest price buyers on average would be willing to pay for a given amount of a product.
- Supply curve:** A line on a graph indicating the quantity of a product, sellers would provide for each price at which it might be selling; the supply curve also can be understood as showing the price sellers must charge to cover the average costs of supplying a given amount of a product.



Ethics and Perfectly Competitive Markets:

Perfectly Competitive Free markets:

- Achieve capitalist justice, but not other kinds of justice like justice based on need.
- Satisfies a certain version of utilitarianism (by maximizing utility of market participants but not of all society)
- Respects some moral rights (negative rights but often not positive rights)
- Can lead to ignoring the demands of caring and value of human relationships.
- Can encourage vices of greed and self-seeking and discourage virtues of kindness and caring
- Can be said to embody justice, utility, and rights only if seven defining features are present.

Justice in Perfectly Competitive Markets:

- Perfectly competitive markets move price to equilibrium point which is on both supply and demand curves and so is just for both buyer and sellers.
 - For sellers prices are just (capitalist justice) only on the supply curve.
 - For buyers prices are just (capitalist justice) only on the demand curve.

Utility in Perfectly Competitive Markets:

- Prices in the system of perfectly competitive markets attract resources when demand is high and drives them away when demand is low, so resources are allocated efficiently.
- Perfectly competitive markets encourage firms to use resources efficiently to keep costs low and profits high
- Perfectly competitive markets let consumers buy the most satisfying bundle of goods, so they distribute goods in way that maximizes utility.

Rights in Perfectly Competitive Markets:

- Perfectly competitive markets respect the right to freely choose the business one enters.
- In perfectly competitive markets, exchanges are voluntary, and respect the right of free choice.
- In perfectly competitive markets, no seller exerts coercion by dictating prices, quantities, or kinds of goods consumers must buy.

2- Monopoly Competition: (الاحتكار)

• لا يحتكر الا الخاطئ (الحديث) • الجالب مزدوج والمحتكر محروم (ال الحديث)

- ((No one hoards but a sinner. The one who brings his commodities to the market is blessed (by Allah) with profits and the one who withholds them from people is deprived of the blessings.))

Monopoly is a market situation in which a single dominant firm controls all or virtually the entire product in the market and where new sellers cannot enter, or have great difficulty entering because of “barriers to enter”.

- In monopoly two of the seven conditions of a perfectly competitive free market are missing, i.e.
 1. Instead of “numerous sellers none of whom has a substantial share of the market”, in a monopoly market there is only one dominant seller, and who has a substantial share of the market
 2. Instead of sellers (or companies) being able “to freely enter or leave the market”, sellers (companies) cannot enter or it is very difficult for them to enter due to “barriers to entry”.

• **Types of Barriers:**

- There are many legal barriers such as copyrights, patents, licenses, tariffs, quotas, and grants.
- There are many other barriers such as high start up costs of production, high fixed cost, high costs of “brand name” advertising and high research and development costs, long-term contracts and enduring loyalties.
- Seller has the power to set quantity and price of its product on the market.
- Seller can extract monopoly profit by producing less than equilibrium quantity and setting price below demand curve but high above supply curve.
- High entry barriers keep other competitors from bringing more products to the market.

Monopoly Competition: Justice, Utility, and Rights

Ethical Weaknesses of Monopoly as it:

- Violates capitalist justice, by charging more for products than producer knows they are worth.
- Violates utilitarianism by keeping resources out of monopoly market where shortages show more are needed, and diverting them to markets without such shortages; and by removing incentives to use resources efficiently.
- Violates negative rights by forcing other companies to stay out of the market; by letting monopolist force buyers to purchase goods they do not want, and by letting monopolist make price and quantity decisions that consumer is forced to accept.
- A monopoly market, then, is one that
 - Can, and generally will, deviate from the ideals of capitalist justice, economic utility and negative rights;
 - Instead of establishing a just equilibrium, a monopoly seller can impose high prices on the buyers;
 - Instead of increasing efficiency monopoly market provide sellers incentives for wastage and misallocation of resources;

- Instead of protecting the negative right of freedom, monopoly markets create an inequality of power that allows the monopoly firm to dictate terms to the consumers.

3- Oligopolistic Competition:

Oligopoly Markets • Definition:

- Oligopolistic markets are “imperfectly competitive markets” because they lie between the two extremes of the perfectly competitive market with numerous sellers and monopoly market with one dominant seller.
- Highly concentrated markets: Oligopoly markets that are dominated by a few (e.g. three to eight large firms. Major industrial markets are dominated by only a few firms.
- Horizontal Merger: A merger occurring between companies in the same industry. Horizontal merger is a business consolidation that occurs between firms who operate in the same space, often as competitors offering the same good or service.

Unethical Practices in Oligopolistic Markets:

- **Price Fixing:** An agreement between firms to set their prices at artificially high levels. (The Prophet refused to fix the prices as it ultimately harms either sellers or the consumers: التسعير)
- **Manipulation of Supply:** When firms in an oligopoly agree to limit their production so that prices rise to levels higher than those that would result from free competition.
- **Market Allocation:** When companies in an oligopoly divide up the market among themselves and agree to sell only to customer in their part of the market.
- **Bid Rigging:** A prior agreement that a specific party will get a contract even though all parties will submit bids for the contract.
- **Exclusive Dealing:** When a firm sells to a retailer on condition that the retailer will not purchase any products from other companies and/or will not sell outside of a certain geographical area.
- **Tying Arrangements:** When a firm sells a buyer a certain good only on condition that the buyer agrees to purchase certain other goods from the firm.
- **Retail Price Maintenance Agreement:** Occurs when a manufacturer sells to a retailer only on condition that the retailer agree to charge the same set retail prices for its goods
- **Price Discrimination:** To charge different prices to different buyers for identical goods or services.
- **Predatory Price Discrimination:** Price discrimination aimed at running a competitor out of business.
- **Tacit Agreement:** Implicit agreement between the firms of an industry for price setting. • All firms define a price leader which will have to set the prices.

Fraud Triangle: Incentives, Opportunities, Rationalizations

Why Instead of competing honestly by working to lower their costs or improve the quality of their products and services, the managers and employees of oligopolistic markets engage in wrongful behaviors?

According to **Donald Cressey**, they tend to engage in “white collar” crimes when fraud triangle of “incentives & Pressures; Opportunities; Rationalizations, is present.

- **Incentives & Pressures:** The pressure or strong incentives to do wrong, such as organizational pressure, peer pressure, company needs, personal incentives.
- **Opportunities:** The opportunity to wrong, which includes the ability to carry out the wrongdoing, being presented with circumstances that allow it, low risk of detection.
- **Rationalizations:** The ability to rationalize one’s action by framing it as morally justified, e.g. “everyone is doing that”; “I badly needed it”; “it is the culture.”

Oligopoly and Public policy:

- **Antitrust:** • Section 1 (of US Law): every contract combination for the purpose to force competitors is illegal. • Section 2 (of US Law): Every person who shall monopolize or attempts to monopolize shall be deemed guilty of felony.
- **Big companies are beneficial but need to be restrained by government regulation.** Large monopoly and oligopoly firms are anticompetitive and should be broken up into small companies •

Main Views on Oligopoly Power:

Do-nothing view: Do nothing since power of oligopolies is limited by competition between industries and by countervailing power of large groups; also oligopolies are good competitive in nature

Antitrust view: Large monopoly and oligopoly firms are anticompetitive and should be broken into small companies.

Regulation view: Big companies are beneficial but need to be restrained by government regulations.

**A man without ethics
is a wild beast loosed
upon this world.**

Albert Camus

APPENDIX-II

NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS CODE OF ETHICS FOR ENGINEERS

Preamble: Engineering is an important and learned profession. As members of this profession, engineers are expected to exhibit the highest standards of honesty and integrity. Engineering has a direct and vital impact on the quality of life for all people. Accordingly, the services provided by engineers require honesty, impartiality, fairness, and equity, and must be dedicated to the protection of the public health, safety, and welfare. Engineers must perform under a standard of professional behavior that requires adherence to the highest principles of ethical conduct.

I. Fundamental Canons: Engineers, in the fulfillment of their professional duties, shall:

1. Hold paramount the safety, health, and welfare of the public.
 2. Perform services only in areas of their competence.
 3. Issue public statements only in an objective and truthful manner.
 4. Act for each employer or client as faithful agents or trustees.
 5. Avoid deceptive acts.
 6. Conduct themselves honorably, responsibly, ethically, and lawfully so as to enhance the honor, reputation, and usefulness of the profession.
-

II. Rules of Practice:

1. Engineers shall hold paramount the safety, health, and welfare of the public.
2. If engineers' judgment is overruled under circumstances that endanger life or property, they shall notify their employer or client and such other authority as may be appropriate.
3. Engineers shall approve only those engineering documents that are in conformity with applicable standards.
4. Engineers shall not reveal facts, data, or information without the prior consent of the client or employer except as authorized or required by law or this Code.
5. Engineers shall not permit the use of their name or associate in business ventures with any person or firm that they believe is engaged in fraudulent or dishonest enterprise.
6. Engineers shall not aid or abet the unlawful practice of engineering by a person or firm.
7. Engineers having knowledge of any alleged violation of this Code shall report thereon to appropriate professional bodies and, when relevant, also to public authorities, and cooperate with the proper authorities in furnishing such information or assistance as may be required.
8. Engineers shall perform services only in the areas of their competence.
9. Engineers shall undertake assignments only when qualified by education or experience in the specific technical fields involved.

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10. Engineers shall not affix their signatures to any plans or documents dealing with subject matter in which they lack competence, nor to any plan or document not prepared under their direction and control.
11. Engineers may accept assignments and assume responsibility for coordination of an entire project and sign and seal the engineering documents for the entire project, provided that each technical segment is signed and sealed only by the qualified engineers who prepared the segment.
12. Engineers shall issue public statements only in an objective and truthful manner.
13. Engineers shall be objective and truthful in professional reports, statements, or testimony. They shall include all relevant and pertinent information in such reports, statements, or testimony, which should bear the date indicating when it was current.
14. Engineers may express publicly technical opinions that are founded upon knowledge of the facts and competence in the subject matter.
15. Engineers shall issue no statements, criticisms, or arguments on technical matters that are inspired or paid for by interested parties, unless they have prefaced their comments by explicitly identifying the interested parties on whose behalf they are speaking, and by revealing the existence of any interest the engineers may have in the matters.
16. Engineers shall act for each employer or client as faithful agents or trustees.
17. Engineers shall disclose all known or potential conflicts of interest that could influence or appear to influence their judgment or the quality of their services.
18. Engineers shall not accept compensation, financial or otherwise, from more than one party for services on the same project, or for services pertaining to the same project, unless the circumstances are fully disclosed and agreed to by all interested parties.
19. Engineers shall not solicit or accept financial or other valuable consideration, directly or indirectly, from outside agents in connection with the work for which they are responsible.
20. Engineers in public service as members, advisors, or employees of a governmental or quasi-governmental body or department shall not participate in decisions with respect to services solicited or provided by them or their organizations in private or public engineering practice.
21. Engineers shall not solicit or accept a contract from a governmental body on which a principal or officer of their organization serves as a member.
22. Engineers shall avoid deceptive acts.
23. Engineers shall not falsify their qualifications or permit misrepresentation of their or their associates' qualifications. They shall not misrepresent or exaggerate their responsibility in or for the subject matter of prior assignments. Brochures or other presentations incident to the solicitation of employment shall not misrepresent

pertinent facts concerning employers, employees, associates, joint venturers, or past accomplishments.

- 24. Engineers shall not offer, give, solicit, or receive, either directly or indirectly, any contribution to influence the award of a contract by public authority, or which may be reasonably construed by the public as having the effect or intent of influencing the awarding of a contract. They shall not offer any gift or other valuable consideration in order to secure work. They shall not pay a commission, percentage, or brokerage fee in order to secure work, except to a bona fide employee or bona fide established commercial or marketing agencies retained by them.**

III. Professional Obligations

1. Engineers shall be guided in all their relations by the highest standards of honesty and integrity.
2. Engineers shall acknowledge their errors and shall not distort or alter the facts.
3. Engineers shall advise their clients or employers when they believe a project will not be successful.
4. Engineers shall not accept outside employment to the detriment of their regular work or interest. Before accepting any outside engineering employment, they will notify their employers.
5. Engineers shall not attempt to attract an engineer from another employer by false or misleading pretenses.
6. Engineers shall not promote their own interest at the expense of the dignity and integrity of the profession.
7. Engineers shall at all times strive to serve the public interest.
8. Engineers are encouraged to participate in civic affairs; career guidance for youths; and work for the advancement of the safety, health, and well-being of their community.
9. Engineers shall not complete, sign, or seal plans and/or specifications that are not in conformity with applicable engineering standards. If the client or employer insists on such unprofessional conduct, they shall notify the proper authorities and withdraw from further service on the project.
10. Engineers are encouraged to extend public knowledge and appreciation of engineering and its achievements.
11. Engineers are encouraged to adhere to the principles of **sustainable development**¹ in order to protect the environment for future generations.
12. Engineers shall avoid all conduct or practice that deceives the public.
13. Engineers shall avoid the use of statements containing a material misrepresentation of fact or omitting a material fact.

¹ "Sustainable development" is the challenge of meeting human needs for natural resources, industrial products, energy, food, transportation, shelter, and effective waste management while conserving and protecting environmental quality and the natural resource base essential for future development.

14. Consistent with the foregoing, engineers may advertise for recruitment of personnel.
15. Consistent with the foregoing, engineers may prepare articles for the lay or technical press, but such articles shall not imply credit to the author for work performed by others.
16. Engineers shall not disclose, without consent, confidential information concerning the business affairs or technical processes of any present or former client or employer, or public body on which they serve.
17. Engineers shall not, without the consent of all interested parties, promote or arrange for new employment or practice in connection with a specific project for which the engineer has gained particular and specialized knowledge.
18. Engineers shall not, without the consent of all interested parties, participate in or represent an adversary interest in connection with a specific project or proceeding in which the engineer has gained particular specialized knowledge on behalf of a former client or employer.
19. Engineers shall not be influenced in their professional duties by conflicting interests.
20. Engineers shall not accept financial or other considerations, including free engineering designs, from material or equipment suppliers for specifying their product.
21. Engineers shall not accept commissions or allowances, directly or indirectly, from contractors or other parties dealing with clients or employers of the engineer in connection with work for which the engineer is responsible.
22. Engineers shall not attempt to obtain employment or advancement or professional engagements by untruthfully criticizing other engineers, or by other improper or questionable methods.
23. Engineers shall not request, propose, or accept a commission on a contingent basis under circumstances in which their judgment may be compromised.
24. Engineers in salaried positions shall accept part-time engineering work only to the extent consistent with policies of the employer and in accordance with ethical considerations.
25. Engineers shall not, without consent, use equipment, supplies, laboratory, or office facilities of an employer to carry on outside private practice.
26. Engineers shall not attempt to injure, maliciously or falsely, directly or indirectly, the professional reputation, prospects, practice, or employment of other engineers. Engineers who believe others are guilty of unethical or illegal practice shall present such information to the proper authority for action.
27. Engineers in private practice shall not review the work of another engineer for the same client, except with the knowledge of such engineer, or unless the connection of such engineer with the work has been terminated.

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28. Engineers in governmental, industrial, or educational employ are entitled to review and evaluate the work of other engineers when so required by their employment duties.
29. Engineers in sales or industrial employ are entitled to make engineering comparisons of represented products with products of other suppliers.
30. Engineers shall accept personal responsibility for their professional activities, provided, however, that engineers may seek indemnification for services arising out of their practice for other than gross negligence, where the engineer's interests cannot otherwise be protected.
31. Engineers shall conform with state registration laws in the practice of engineering.
32. Engineers shall not use association with a non-engineer, a corporation, or partnership as a "cloak" for unethical acts.
33. Engineers shall give credit for engineering work to those to whom credit is due, and will recognize the proprietary interests of others.
34. Engineers shall, whenever possible, name the person or persons who may be individually responsible for designs, inventions, writings, or other accomplishments.
35. Engineers using designs supplied by a client recognize that the designs remain the property of the client and may not be duplicated by the engineer for others without express permission.
36. Engineers, before undertaking work for others in connection with which the engineer may make improvements, plans, designs, inventions, or other records that may justify copyrights or patents, should enter into a positive agreement regarding ownership.
37. Engineers' designs, data, records, and notes referring exclusively to an employer's work are the employer's property. The employer should indemnify the engineer for use of the information for any purpose other than the original purpose.
38. Engineers shall continue their professional development throughout their careers and should keep current in their specialty fields by engaging in professional practice, participating in continuing education courses, reading in the technical literature, and attending professional meetings and seminars.



PART THREE

Business and Its External Exchanges: Ecology and Consumers

THE PROCESS OF PRODUCING GOODS FORCES BUSINESSES TO ENGAGE IN EXCHANGE WITH TWO MAIN EXTERNAL ENVIRONMENTS: THE NATURAL ENVIRONMENT AND A CONSUMER ENVIRONMENT. IT IS FROM THE NATURAL ENVIRONMENT THAT BUSINESS ULTIMATELY DRAWS THE RAW MATERIALS THAT IT TRANSFORMS INTO ITS FINISHED PRODUCTS. THESE FINISHED PRODUCTS ARE THEN EXTERNALLY PROMOTED AND SOLD TO CONSUMERS. THUS, THE NATURAL ENVIRONMENT PROVIDES THE RAW MATERIAL INPUT OF BUSINESS, WHEREAS THE CONSUMER ENVIRONMENT ABSORBS ITS FINISHED OUTPUT.

THE NEXT TWO CHAPTERS EXPLORE THE ETHICAL ISSUES RAISED BY THESE EXCHANGES AND INTERACTIONS.

CHAPTER 5 DISCUSSES THE TWO BASIC ISSUES RELATED TO THE NATURAL ENVIRONMENT: POLLUTION AND RESOURCE DEPLETION.

CHAPTER 6 DISCUSSES SEVERAL CONSUMER ISSUES, INCLUDING PRODUCT SAFETY AND ADVERTISING.

Chapter Five

Ethics and the Environment

Questions to be Answered:

- What are the two main threats to the environment and how serious are they?
- What ethical issues are raised by pollution from commercial and industrial enterprises?
- What obligations, if any, do we have to conserve our resources?

Pollution and Resource Depletion:

- ظهر الفساد في البر والبحر بما كسبت أيدي الناس (30/41)
((Corruption has appeared on land and sea because of what the hands of men have earned))

Threats to the environment come from two sources:

- **Pollution:** The undesirable and unintended contamination of the environment (Air, water, land) by human activity such as manufacturing; waste disposal (e.g. sewage); burning fossil fuels; deforestation; eutrophication (enrichment of lakes and ponds with nutrients that cause abnormal growth of plants and algae which in turn

absorb large amounts of oxygen and cause mass killing of fish and other aquatic life) through use of the fertilizers; pesticides and agro-chemicals, etc.

- **Resource Depletion:** The consumption of finite or scarce resources. (In a certain sense pollutions is really a type of resource depletion, because contamination of air, water and land diminishes their beneficial qualities.)

Major Types of Air Pollution:

- **Global Warming:** The increase in temperatures around the globe due to rising levels of greenhouse gases, causing climate changes; melting glaciers and Arctic and Antarctic ice sheets; rising sea levels; increased frequency and severity of hurricanes etc.
 - **Greenhouse Gases (GHG):** Carbon dioxide, methane, nitrous oxide and chlorofluorocarbons—gases that absorb and hold heat from the Sun, preventing it from escaping back into space; much like a greenhouse absorbs and holds the sun's heat.
- **Ozone Depletion:** The gradual breakdown of ozone gas in the stratosphere above us caused by the release of chlorofluorocarbons (CFCs) into the air.
 - Ozone gas prevents Sun's harmful ultra violet radiation, which causes skin cancer; injury to major crops and plankton, reaching to the Earth.
 - Chlorofluorocarbons (CFCs) are used in refrigerators and air-conditioning systems.
- **Acid rain:** Occurs when sulfur oxides and nitrogen oxides are combined with water vapor in clouds to form sulfuric acid and nitric acid. These acids are then carried down in rainfall. Acid rain causes damage to metals, contaminates drinking water killing fish and destroys many plants and crops.
- **Airborne toxics:** Benzene, formaldehyde, toluene, trichloroethylene, and 329 others. These gases are major cause of cancer.
- **Common air pollutants:** The most prevalent forms of air pollution are the six kinds of gases and particulates spewed out by autos and industrial processes causing health problems for people. The six “common pollutants” are: carbon monoxide, sulfur oxides, nitrogen oxides, airborne lead, ozone (or “smog”), particulates (airborne mixture of extremely small particles and liquid droplets).

These pollutants are cause of breathing problems, skin diseases and overall health deterioration.

Major Types of Water Pollution:

- **Organic wastes:** Largely untreated human waste, sewage, and industrial waste from processing various food products, from the pulp and paper industry and from animal feedlots; animal wastes; bacteria; oil.
- **Inorganic pollutants:** salt brines, acids, phosphates, heavy metals, asbestos, PCBs (polychlorinated biphenyls), radioactive chemicals.

- Both types of water pollutants are major cause of harm to crops, animal and human diseases and overall deterioration of living condition.

Major Types of Land Pollution:

- Toxic substances:** Like acids, heavy metals, solvents, pesticides, herbicides, phenols and explosives, that cause irreversible incapacitating illnesses and increase in mortality rate.
- Solid wastes:** Residential garbage including recyclable and non-recyclables, industrial wastes, agricultural wastes, and mining wastes, rendering the soil useless and even hazardous for health and well being of the people.
- Nuclear wastes:** From nuclear reactors producing electricity or weapons. Nuclear Disasters like Three Mile Island in US, Chernobyl in Ukraine and Fukushima in Japan.
 - High-level wastes like cesium137, strontium 90, and plutonium that emit gamma rays which can penetrate all but thickest shield.
 - Trans-uranic wastes (diluted high-level wastes) found in spent radio-active fuel and in military weapons processes.
 - Low-level wastes like contaminated clothing and reactor equipments, uranium mine tailings.

Depletion of Non-Renewable Resources:

• والسماء رفعها ووضع الميزان ﴿ ان لا تطغوا في الميزان واقيموا الوزن بالقسط ولا تخسرو الميزان ﴾ (55/7-9)
((And the Firmament has He raised high, and He has set up the balance, In order that ye may not transgress (due) balance. So establish weight with justice and fall not short in the balance.))

• والذين اذا انفقوا لم يسرفوا ولم يقتروا وكان بين ذلك قواما (25/67)
((Those who, when they spend, are not extravagant and not niggardly, but hold a just (balance) between those (extremes))

• قل لئن أنتم تملكون خزائن رحمة ربكم إِذَا لَأْمَسْكُتُمْ خُشْيَةَ الْإِنْفَاقِ وَكَانَ الْإِنْسَانُ فَقُورًا {17/100}
((Say (to them): If you possessed the treasures of the mercy of my Lord, you would surely hold them back for fear of disbursement, for man was ever grudging.))

• قل إِنَّ رَبَّيْ يَبْسُطُ الرِّزْقَ لِمَن يَشَاءُ مِنْ عِبَادِهِ وَيَقْدِرُ لَهُ وَمَا أَنفَقُتُمْ مِنْ شَيْءٍ فَهُوَ يُخْلِفُهُ وَهُوَ خَيْرُ الرَّازِقِينَ {34/39}
((Say: Verily my Lord enlarges the provision for whom He wills of His bondmen, and restricts (it) for him. And whatsoever you spend, He replaces it. And He is the Best of providers.))

- Extinction of several animal species through destruction of their natural habitats. (Out of 47,978 known life forms (in 2010) including birds, animals, plants, insects, fungi, mollusks, etc., 17,315 were threatened with extinction and 840 are now extinct)
- Natural resources are depleted at peaked rate, if not at exponential rate.
- Fossil fuel depletion:

- Coal likely peaks in 150 years
- Natural gas in 30–40 years
- Oil between 2010 and 2040
- Mineral depletion:
 - Copper and mercury peak in about 2100
 - Aluminum during 21st century
 - Indium and antimony in 10 years
 - Tantalum in 20–116 years

The Ethics of Pollution Control:

- **Ecological System:** An interrelated and interdependent set of living organisms and their environment.
• **وَمَا مِنْ دَبَّةٍ فِي الارضِ وَلَا طَائِرٌ يُطِيرُ بِجناحِيهِ إِلَّا أَمِّ امْثَالُكُمْ (6/38)**
((There is not an animal (that lives) on the earth, or a being that flies on its wings, but are communities like you.))
- **Ecological Ethics:** The ethical view that nonhuman parts of the environment (animal, plants, rivers, lakes, forests, pastures, etc,) deserve to be preserved for their own sake, regardless of whether this benefits human beings.
 - Arabic thinkers discussed air and water pollution and how these were linked with human health.
 - Islam laid great emphasis not only on cleanliness; rather it went one step ahead of cleanliness and clean environment, and declared Taharah (طهارة i.e. purification) in certain conditions and situations as mandatory.

Environmental Rights:

- According to William T. Blackstone every human being has a moral right to a decent living and a livable environment to fulfill his/her capacities as a rational and free being, and this moral right takes the shape of legal right to override people's legal property rights. Increasing ability to manipulate the environment requires limiting people's freedom to engage in practices that destroy the environment.
- Such environmental rights can lead to absolute bans on pollution even when the costs far outweigh the benefits, (i.e. **Rights take precedence over Utility.**)

Private and Social Costs:

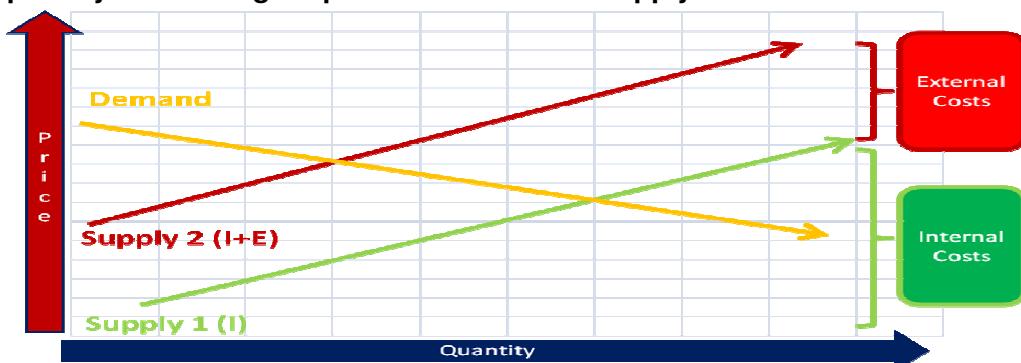
- **Private (Internal) cost:** The cost an individual or company must pay out of its own pocket to engage in a particular economic activity, such as the costs of raw materials, labor, equipments, energy etc. for the production of goods and marketing them.
- **Social (External) cost:** The private internal costs plus the external costs of engaging in a particular economic activity. Internal costs are paid by the buyers as

the price of the product and external costs such as the costs of health problems and medical bills paid by the society due to the environmental degradation.

Markets and Pollution:

- **Three ethical deficiencies can clearly be noted:**
 1. Allocation of Resources: Uncontrolled use of the resources that belong to the community, by the manufacturers for production of commodities.
 2. Manufacturers ignore their responsibilities towards pollution control and avoid paying for external costs.
 3. Imposition of external costs on third parties who are not able to buy the products.
- **Remedies:** It is the duty of the firms to internalize the external costs by taking pollution-reducing measures through installation of filtration plants and thus paying for polluting air, water and land with toxic substances.
- **Total costs** of making a product include a seller's internal private costs and the external costs of pollution that were paid by society in the form of cleaning bills, bills of painting their houses and medical bill etc. now paid by the firms.

A supply curve based on all costs of making a product lies higher than the one based only on sellers' internal private costs, and the higher supply curve crosses the demand curve at a lower quantity and at a higher price than the lower supply curve.



- When sellers' costs include only private costs (i.e. costs of raw materials, machinery and its maintenance, energy bills, salaries, transportation charges), too much is produced and price is too low (compared to when all costs (i.e. both private and social or external costs) are included), which lowers utility and violates rights and justice.
- As external costs violate utility, rights, and justice; therefore, they should be internalized.

Internalization of the Costs of Pollution and Justice:

- **Internalization of External Costs:** Absorption of external costs by the producer, who then takes them into account when determining the price of goods. Internalization of external costs seems consistent with retributive justice which requires that those who are responsible for and benefit from an injury should bear

the burdens of rectifying the injury, and with compensatory justice which requires that those who have been injured should be compensated by those who injure them.

This is consistent with Islamic Golden Rule of: ((الغرم بالقلم و الخراج بالضمان))

((Entitlement to profits and liability for losses must go hand-in-hand))

⊗ الخراج بالضمان (The produce/benefit/profit belongs to him/her who is responsible for the losses/damages.)

⊗ الغرم بالقلم (The responsibility for the losses/damages lies on the shoulders of him/her who is getting the benefit, earning the profit or taking the advantage.)

- **Environmental Injustice:** But this process may lead to environmental injustice, if the external costs of pollution are borne largely by those who do not enjoy a net benefit from the activity that produces the pollution, i.e. the poor who cannot afford to buy the costly products, but keep suffering from the effects of pollution to their health and life which are not quantifiable in the form of material benefits.

Optimal Level of Pollution Removal in Utilitarian Approach:

- Optimal level of removal of pollutants is the point where its costs equal its benefits.
- Costs of removing pollutants after their optimal level (removing traces of pollutants) rise as benefits of removal fall.
- But the utilitarian approach fails when costs and benefits are not measurable, such as costs and benefits of saving people's health and life, or costs and benefits of safeguarding the rights of the future generations.
- When costs and benefits are not measurable some use the **precautionary principle**, others the **maximin** rule of probability.

Precautionary Principle:

The principle that if a practice carries an unknown risk of catastrophic and irreversible consequences, but it is uncertain how large that risk is, then the practice should be rejected until it is certain that the risk is nonexistent or insignificant.

“Maximin Rule” of Probability Theory:

When risks cannot be measured, the most rational procedure is to first assume that the worst will happen and then choose the option that leaves us best off when the worst happens.

In the case of uncertainty and probability of harm the following formula is the best if to be applied:

(Maximin: Maximize minimum losses/harms/injuries; Minimax: Minimize maximum gains/benefits/advantages/profits)

❖ درء المفاسد اولى من جلب المنافع .

To ward off the evils (losses) is better than the acquisition of the advantages (benefits)

Alternative Approaches to Pollution:

Social Ecology: The environmental crises we face are rooted in the social systems of hierarchy and domination that characterize our society. So get rid of social systems of hierarchy and domination to change this mind set and stop dominating the nature.

Ecofeminism: Belief that the root cause of our ecological crisis lies in a pattern of domination of nature that is tightly linked to the social practices and institutions through which women have been subordinated to men. Changing destructive, objective and active male pattern of dominating women and nature with caring, subjective and passive nature of women will solve this problem.

Demands of Caring: According to other feminists like **Karen Warren** it is important to extend the ethic of care toward nature, as utilitarianism, rights and justice have limited role to play in environmental ethics. So an adequate environmental ethics must also take into account in a central manner the perspectives of the ethics of care.

Conservation Based on Ethics:

- **Conservation:** The saving or rationing of natural resources for later use. Limit consumption now to have resources available for tomorrow. Reducing pollution is a form of conservation. Pollution “**Consumes**” pure air and water and reducing pollution “**Conerves**” these “**renewable**” resources for future.
- **Resource depletion**, however, is concerned with finite nonrenewable resources that need conservation for future generations.

Rights of Future Generations:

﴿ إِنَّمَا تَجْعَلُ الْأَرْضَ كَفِتَأً ﴾ أَحْيَاءٌ وَأَمْوَاتٌ (77/25-26)

((Haven't We made the Earth sufficient enough, for both the living and the dead alike?))

﴿ وَالْأَرْضَ مَدَّنَاهَا وَأَنْقَبَاهَا فِيهَا رَوَاسِيَ وَأَنْبَتَاهَا فِيهَا مِنْ كُلِّ شَيْءٍ مَوْرُونٌ ﴾ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ وَمَنْ لَسْنَتْ لَهُ بِرَازِقَنَ ﴾ وَإِنْ مَنْ شَيْءٌ إِلَّا عِنْدَنَا خَرَائِثُ وَمَا تَنْزَلَ لَهُ إِلَّا بِقَدِيرٍ مَعْلُومٍ ﴾ وَأَرْسَلْنَا الرِّيَاحَ لَوَاقِحَ فَلَذَّلَنَا مِنَ السَّمَاءِ مَاءً فَأَسْقَيْنَاكُمُوهُ وَمَا أَنْتُمْ لَهُ بِخَارِبِينَ { 15/19-22 }

((And the earth We have spread out (like a carpet); set thereon mountains firm and immovable; and produced therein all kinds of things in due balance. And We have provided therein means of subsistence -- for you and for those for whose sustenance ye are not responsible. And there is not a thing but its (sources and) treasures (inexhaustible) are with Us; but We only send down thereof in due and ascertainable measures. And We send the fecundating winds, then cause the rain to descend from the sky, therewith providing you with water (in abundance), though ye are not the guardians of its stores.))

The Prophet Said: "if anyone of you was about to plant a sapling of date-palm tree and the Trumpet for the Doomsday is blown, if he has enough time to plant it, he should plant it."

(Example of an old man getting his reward three times from the Caliph for planting a sapling of date-palm tree).

- We have an obligation to conserve resources for future generations because they have an equal right to the limited resources of this planet. And by depleting these resources we are taking what actually belongs to them and thus we are violating their right to these resources.

- Some writers, however, have objected to the idea of attributing rights to future generations saying that:
 - Future generations do not now exist and may never exist. They exist only in imagination and imaginary entities have no rights.
 - If future generations have rights then the entire present civilization must be sacrificed for the future. For example if an infinite number of future generations have a right in the world's supply of oil, then we should divide the oil equally among all and our share would be a few quarts at the most.
 - Because we don't know what interests future generations will have, we cannot say what rights they have.
 - Future generation might develop cheap and plentiful substitutes for present resources:
 - **(Who would have guessed 80 years ago that uranium rocks would one day be considered a "source" in which people would have interest?)**
 - **Fossil fuel (petrol and natural gas) was discovered after methods of its use (engines and machines) were invented, though they were created millions of years ago)**
 - We may have obligations that are based not on rights, but on other kinds of moral considerations, such as **SUSTAINABILITY**

Sustainability:

- Sustainability is defined as “the capacity something has to continue to function into the future”. There are three pillars on which sustainability depends, and they are: our economic activities, our social activities and our environmental activities.
- We must deal with the environment, society, and economy so that they have the capacity to continue to meet the needs of present generations without compromising the ability of future generations to meet their own needs.
- **Environmental sustainability, economic sustainability, and social sustainability are interdependent.**

Environmental Sustainability:

- Not depleting renewable resources faster than their replacement.
- Not creating more pollution than environment can absorb.
- Not depleting non-renewable resources faster than we find replacements.
- Technology pessimists say science will not find substitutes for all renewable resources so we must conserve resources and reduce consumption to achieve sustainability
- Technology optimists say science will find such substitutes, so sustainability requires neither conservation nor reducing consumption.

Economic Growth and Sustainability:

- E. F. Schumacher: We must abandon the goal of economic growth if we are to allow future generations to live as we do.
- Others: We must achieve a “steady state” where births equal deaths and production equals consumption and these remain constant at their lowest feasible level.
- **Club of Rome Projections:** Based on a computer model suggest that continued economic growth will deplete resources and increase pollution until industrial output, food production, and services decline, causing catastrophic population loss sometime during the twenty-first century.
- **Moral Questions Related to Economic Growth:** It is troubling that, current economic growth policies have led to high rates of energy and resource consumption in developed nations while developing nations are left to consume at very low rates. It is against all four ethical principles of utility, right, justice and care ethics.

Justice to Future Generations:

- **John Rawls:** It is unjust to impose disproportionately heavy burdens on present generations for the sake of future generations; it is also unjust for present generations to leave nothing for the future generations. So it is just only if we leave the world no worse than we found it.
- **Ethics of Care:** Leave our children a world no worse than we received from our ancestors.
- **Robin Attfield:** Leave the world as productive as we found it.



Chapter Six

The Ethics of Consumer, Production and Marketing

Questions to be Answered:

- How far must manufacturers go to make their products safe?
- Is the relationship between a business and its customers merely a contract, or is there more to it than that?
- Does the fact that companies know more about their products than customers impose on them a duty to protect customers from injury and harm?
- What responsibility do businesses have for customer injuries no one could reasonably have foreseen or prevented?
- On the whole, does advertising help or harm consumers?
- Do companies have a duty to protect their customers' privacy?

Problems Consumers Face:

- Dangerous and risky products (hazardous toys, cosmetics and drugs etc.)
- Deceptive selling practices (hiding defects, not sharing product info etc.)
- Poorly constructed products (use of substandard material and faulty designs)
- Failure to honor warranties (lame excuses, shifting the blame on consumers)
- Deceptive and unpleasant advertising (repetitive, strident and misleading ads.)

Market Approach to Consumer Protection:

- Product Safety (i.e. making the product more safe or providing safety related info to the customers) is a commodity that should not be mandated by government.
- Safety should instead be provided through the market against a price
- In a market, sellers will provide safety if consumers demand it.
- In a market, the price of safety and the amount sellers provide will be determined by the costs of providing it and the value consumers place on it.
- Government intervention in consumer markets makes them unfair, inefficient, and coercive. (Laissez faire Ideology: No restrictions or minimal interference from government in economic activities)

Problems with the Market Approach:

- Assumes markets are perfectly competitive, but they are not because:
 - Buyers do not have adequate information when products are complex and information is costly and hard to find.
 - Buyers are often not rational about product risk or probabilities and are often inconsistent.
 - Many consumer markets are monopolies or oligopolies.

Ethical Duties of Manufacturers:

- Three different theories on ethical duties of manufacturers have been developed, each of which strikes a difference balance between consumers' duty to protect themselves and the manufacturers duty to protect consumers:
 1. The contract view
 2. The "due care" view
 3. The social cost view

1-Contract View of Business Firm's Duties to Customer:

- The view that the relationship between a business firm and its customers is essentially a contractual relationship, and the firm's moral duties to the customer are those created by this contractual relationship.
- A contract is essentially a free agreement struck between two parties wherein:
 - Both the parties must have full knowledge of the nature of agreement
 - Neither party must intentionally misrepresent the facts to the other party.
 - Neither party must be forced to enter into the contract under duress or undue influence.

Moral Duties to Consumers under Contractual Theory:

- لا تأكلوا أموالكم بينكم بالباطل إلا أن تكون تجارة عن تراضٍ منكم (4/29) ((O ye who believe! consume not your property among yourselves in vanities: but let there be amongst you traffic and trade by mutual consent.))
- المسلمين على شروطهم إلا شرطاً أحل حراماً أو حرم حلالاً (الحديث) ((Muslims are bound to fulfill their contractual obligations, except any condition that has made some illegal thing permissible or a permissible thing illegal.))

- **The duty to comply with express and implied claims of:**
 - **Reliability:** The probability that a product will function as the consumer is led to expect that it will function
 - **Service life:** The period of time during which the product will function as effective as the consumer is led to expect it to function
 - **Maintainability:** The ease with which the product can be repaired and kept in operating condition
 - **Product Safety:** The degree of risk associated with using a product. A manufacturer is responsible in case the risk is not "reasonable" or "acceptable" i.e. when it is not made known to the buyer in clear and explicit terms
- **The duty of disclosure:** The agreement cannot bind unless both parties to the agreement know what they are doing and freely choose to do it. Free choice depends on knowledge. It implies that seller must disclose to the buyer any characteristic of the product that can affect customers' decision.
- **The duty not to misrepresent:** (لا خلابة) Misrepresentation renders freedom of choice impossible. Deception whether it is created by a verbal lie or any gesture is equally wrong. (ليس منا من غشنا. الحديث) (He who deceive us is not one of us)

- **The duty not to coerce:** A decision made under the influence of fear or emotional stress is against basic principle of “free rational choice”. Similarly undue influence, such as gullibility, immaturity and ignorance, etc. render “free rational choice” invalid.

(رفع عن امتی الخطأ والنسيان وما استكرهوا عليه. (الحديث) •

((My Ummah has been absolved of anything done by mistake, due to forgetfulness or under duress))

(رفع القلم عن ثلث: الصبي حتى يحتم المجنون حتى يفيق النائم حتى يستيقظ (الجديد) •

((Three categories of people have no obligations: 1- a child until he/she becomes adult; 2- a lunatic until he/she recovers from lunacy; 3- a sleeping person until he/she wakes up.))

Problems with Contractual Theory:

- Assumes makers of products deal directly with consumers but they do not; however, manufacturer's advertisements do form a kind of direct promise to consumers. (Manufacturer → Wholesaler → Retailer → Consumer)
- Sellers can remove all their duties to buyers by getting them to agree to disclaimers of responsibility. (Caveat Emptor = بيع البراءة = مشترى بوشيار باش).
- Assumes consumer and seller meet as equals, but seller has more knowledge so consumer must rely on the seller.

2-Due Care Theory of Manufacturer's Duties to Customer:

- The view that because manufacturers are in a more advantaged position and consumers must rely on them, they have a duty to take special care to ensure that consumers' interests are not harmed by the products that they offer them.
- As consumers and sellers do not meet as equals and the consumers' interests are vulnerable to harms by manufacturers, “due care” theory requires that the strong version of “**Caveat Emptor**” be replaced with its weak version of “**Caveat Vendor**”, which means that it is the duty of the seller to be aware of his responsibilities towards buyer and “let the seller beware”.
- According to Edgar Schein “it is the vulnerability of the client that has necessitated the development of moral and ethical codes surrounding the relationship” between a professional and his client. A professional—like a lawyer, a doctor, a real estate agent or an engineer—enjoys the trust of his clients only because he has more knowledge and expertise than the client.

Manufacturer's Duties in Due Care Theory:

- A producer's responsibilities would extend to the following three areas:
 - **When designing product:** research its risks in conditions of use; design it so that risks are minimized; take capacities of users into account.
 - **In production:** use strict quality control to eliminate defects; ensure materials and manufacturing do not add defects or risk.
 - **In marketing:** provide users with information about using product safely; warn of all dangers; do not market to those unable to avoid risk.

Problems with Due Care Theory:

- Every product involves at least some small risk of injury. Due care theory does not determine the level of risk and does not limit what producer must spend to eliminate risk.
- Does not indicate who should pay for product injuries that cannot be foreseen.
- Puts manufacturer in paternalistic position of deciding how much risk is best for consumers, (as it the consumer who ultimate will pay for eliminating the risk).

3-Social Costs View of the Manufacturer's Duties to Consumers:

- The view that a manufacturer should pay the costs of any injuries caused by defects in the product, even if the manufacturer exercised all due care in designing, making, and marketing it, and the injury could not have been foreseen.
- This theory of social costs is the basis of the legal doctrine of "***strict liability***" (a legal doctrine that holds that manufacturers must bear the costs of injuries resulting from product defects, regardless of fault), and is founded on utilitarian arguments.
- Product injuries are external costs that should be **internalized** as a cost of bringing the product to market; this maximizes utility and distributes costs more fairly.

Criticisms of the Social Costs View:

- Unjust to manufacturers since compensatory justice says one should compensate injured parties only if the injury was foreseeable and preventable.
- Falsely assumes that the social cost view prevents accidents; Instead, it encourages consumer carelessness by relieving them of responsibility for their injuries.
- Has increased the number of successful consumer lawsuits, which imposes heavy losses on insurance companies and makes insurance too expensive for small firms.
- Response: studies show only small increase in lawsuits and insurance firms remain profitable.

Advertising Ethics: (ولا تناجشو)

- **What is an advertisement?** A public communication aimed at a large social group intended to **inform** the members of this group about the product and **attract** them to get it.
- **Commercial advertisements:** Communication between a seller and potential buyers that is publicly addressed to a mass audience and is intended to induce members of this audience to buy the sellers product.
- Advertising has become a massive industry due to print and electronic media. But who pays for the billions and billions spent on advertising by the manufacturers? It is obvious that advertising costs are covered by prices consumers pay for the goods they buy, but in return they get very little.

Characteristics of Advertising:

- Advertisements insult intelligence of consumers as they do not present the truth; instead, they mislead and misguide them through misrepresentation.
- Advertisement succeeds by creating:
 - First a desire for the seller's product
 - And second a belief that a product will satisfy that preexisting desire.
- For the ethical aspect of advertisement its following features are to be discussed:
 1. Its social effects
 2. Its creation of consumer desires
 3. Its effects on consumer belief

1- Social Effects of Advertisement:

- Critics of advertising claim that it has several adverse effects on society:
 1. It degrades and debases the tastes of the public. Most of the ads are irritating, aesthetically unpleasant. They are intrusive, strident and boring. Some of the ads are even vulgar, offensive and disgusting.
 2. It gradually and subtly inculcates materialistic values and ideas that are in conflict with ethical and moral values.
 3. Its costs are selling costs that, unlike production costs, do not add to the utility of products and so waste resources. Ads do not improve the quality of the products but merely persuade the people to buy them.
 4. It is used by big firms to create brand loyalties which let them become monopolies or oligopolies.

2- Advertising and the Creation of Consumer Desires:

- **Nicholas Kaldor** was of the opinion that massive advertisements lead to higher consumer prices on the one hand and reduce competition on the other hand raising barriers to entry into markets. Thus ads have given **manipulative market power** to manufacturers in the creation of monopolies and oligopolies.
- **John K. Galbraith** argued that advertising is highly manipulative as advertising creates psychic desires which, unlike physical desires, are pliable and unlimited.
- Psychic desires are created so that firms can use us to absorb their output.
- Using us this way treats us as means and not as ends and so is unethical.

3- Advertising and its Deceptive Effects on Beliefs:

- Deceptive advertisements misrepresent the nature of the product by using deceptive mock-ups, untrue paid testimonials, inserting the word "guarantee" where nothing is guaranteed and announcements about the "sale of goods" that later prove not to be available or to be defective.
- Deception involves three necessary conditions:

- An **author** who (unethically) intends to make the audience believe what he or she knows is false, by means of an intentional act or utterance. Here the “author” includes the “head” of an advertising agency, the person who “create” it and those who “endorse” it
- **Media** or intermediaries who communicate the false message of the advertisement, and so are also responsible for its deceptive effects.
- An **audience** who is vulnerable to the deception and who lacks the capacity to recognize the deceptive nature of the advertisement, such as children who are still learning to distinguish between fantasy and reality.

Consumer Privacy:

⊗ يَا أَيُّهَا الَّذِينَ آمَنُوا اجْتَنِبُوا كَثِيرًا مِّنَ الظُّنُنِ إِنَّ بَعْضَ الظُّنُنِ إِثْمٌ وَلَا تَجَسِّسُوا وَلَا يَغْتَبْ بَعْضُكُمْ بَعْضًا أَيُّحُبُّ أَحَدُكُمْ أَنْ يَأْكُلَ لَحْمَ أَخِيهِ مَيْتًا فَكِرْ هُنُوكُهُ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ تَوَابُ رَحِيمٌ (49/12)

((...Avoid much of the suspicion, for some of the suspicion is sin, and spy not on each other, nor speak ill of each other behind their backs...))

- Advances in computer processing power, database software and communication technology has enabled us to collect, manipulate disseminate personal information about consumers on an unprecedented scale. While filling-up a form we are required to provide such information that might be used adversely against us by others creating lots of problems.
- Right to privacy means the right of persons to determine what, to whom, and how much information about themselves will be disclosed to other parties. This right is of two types:
 - **Psychological privacy:** Privacy with respect to a person's inner life (**views, ideas, thoughts, aptitudes, desires, ambitions**)
 - **Physical privacy:** Privacy with respect to a person's **physical appearance (covering private body parts) and activities (eating, drinking, smoking and private life-style)**

Importance of Privacy: (Three times of your privacy :)(24/58)

• لا تدخلوا بيوتاً غير بيتكم حتى تستأنسو وتسلموا على اهلها... (24/27)

((O ye who believe! enter not houses other than your own, until ye have asked permission and saluted those in them.))

It protects individuals from disclosures that can shame; can encourage interference in one's private life; hurt loved ones; and lead to self-incrimination.

- Enables the intimacy that develops personal relationships, the trust and confidentiality that underlies client-professional relationships, the ability to maintain distinct social roles, and the ability to determine how others will see us.

Balancing Right to Privacy and Business Needs:

The right to privacy needs to be balanced against the rights and legitimate needs of others.

- Here are some suggested keys to balancing legitimate business needs with the right to privacy:
 1. Is the **purpose** of collecting information a legitimate business need that benefits the consumer?
 2. Is the information that is collected **relevant** to the business need?
 3. Is the consumer **informed** that the information is being collected and what is the purpose?
 4. Did the consumer **consent** to the information disclosure?
 5. Is the information **accurate**?
 6. Is the information **secure** and not disclosed to **recipients** or **used** in ways to which the consumer did not consent?

Words of Wisdom

- ✓ “Without civic morality communities perish; without personal morality their survival has no value.” Bertrand Russell
- ✓ “The most dangerous criminal may be the man gifted with reason but with no morals.” Martin Luther King, Jr.
- ✓ “We have grasped the mystery of the atom and rejected the Sermon on the Mount. The world has achieved brilliance without wisdom, power without conscience. Ours is a world of nuclear giants and ethical infants.” General of the US Army, Omar Nelson Bradley



APPENDIX-III

**SOFTWARE ENGINEERING CODE OF ETHICS AND PROFESSIONAL PRACTICE (Version 5.2)
(ADOPTED BY THE ACM/IEEE-CS JOINT TASK FORCE ON SOFTWARE ENGINEERING ETHICS AND
PROFESSIONAL PRACTICES)**

PREAMBLE

Computers have a central and growing role in commerce, industry, government, medicine, education, entertainment and society at large. Software engineers are those who contribute by direct participation or by teaching, to the analysis, specification, design, development, certification, maintenance and testing of software systems. Because of their roles in developing software systems, software engineers have significant opportunities to do good or cause harm, to enable others to do good or cause harm, or to influence others to do good or cause harm. To ensure, as much as possible, that their efforts will be used for good, software engineers must commit themselves to making software engineering a beneficial and respected profession. In accordance with that commitment, software engineers shall adhere to the following Code of Ethics and Professional Practice.

The Code contains eight Principles related to the behavior of and decisions made by professional software engineers, including practitioners, educators, managers, supervisors and policy makers, as well as trainees and students of the profession. The Principles identify the ethically responsible relationships in which individuals, groups, and organizations participate and the primary obligations within these relationships. The Clauses of each Principle are illustrations of some of the obligations included in these relationships. These obligations are founded in the software engineer's humanity, in special care owed to people affected by the work of software engineers, and the unique elements of the practice of software engineering. The Code prescribes these as obligations of anyone claiming to be or aspiring to be a software engineer.

It is not intended that the individual parts of the Code be used in isolation to justify errors of omission or commission. The list of Principles and Clauses is not exhaustive.

The Clauses should not be read as separating the acceptable from the unacceptable in professional conduct in all practical situations. The Code is not a simple ethical algorithm that generates ethical decisions. In some situations standards may be in tension with each other or with standards from other sources. These situations require the software engineer to use ethical judgment to act in a manner, which is most consistent with the spirit of the Code of Ethics and Professional Practice, given the circumstances.

Ethical tensions can best be addressed by thoughtful consideration of fundamental principles, rather than blind reliance on detailed regulations. These Principles should influence software engineers to consider broadly who is affected by their work; to examine if they and their colleagues are treating other human beings with due respect; to consider how the public, if reasonably well informed, would view their decisions; to analyze how the least empowered will be affected by their decisions; and to consider whether their acts would be judged worthy of the ideal professional working as a software engineer. In all these judgments concern for the health, safety and welfare of the public is primary; that is, the "Public Interest" is central to this Code.

The dynamic and demanding context of software engineering requires a code that is adaptable and relevant to new situations as they occur. However, even in this generality, the Code provides support for software engineers and managers of software engineers who need to take positive action in a specific case by documenting the ethical stance of the profession. The Code provides an ethical foundation to which individuals within teams and the team as a whole can appeal. The Code helps to define those actions that are ethically improper to request of a software engineer or teams of software engineers.

The Code is not simply for adjudicating the nature of questionable acts; it also has an important educational function. As this Code expresses the consensus of the profession on ethical issues, it is a means to educate both the public and aspiring professionals about the ethical obligations of all software engineers.

PRINCIPLES:

Principle 1: PUBLIC

Software engineers shall act consistently with the public interest. In particular, software engineers shall, as appropriate:

- 1.01. Accept full responsibility for their own work.
 - 1.02. Moderate the interests of the software engineer, the employer, the client and the users with the public good.
 - 1.03. Approve software only if they have a well-founded belief that it is safe, meets specifications, passes appropriate tests, and does not diminish quality of life, diminish privacy or harm the environment. The ultimate effect of the work should be to the public good.
 - 1.04. Disclose to appropriate persons or authorities any actual or potential danger to the user, the public, or the environment, that they reasonably believe to be associated with software or related documents.
 - 1.05. Cooperate in efforts to address matters of grave public concern caused by software, its installation, maintenance, support or documentation.
 - 1.06. Be fair and avoid deception in all statements, particularly public ones, concerning software or related documents, methods and tools.
 - 1.07. Consider issues of physical disabilities, allocation of resources, economic disadvantage and other factors that can diminish access to the benefits of software.
 - 1.08. Be encouraged to volunteer professional skills to good causes and contribute to public education concerning the discipline.
-

Principle 2: CLIENT AND EMPLOYER

Software engineers shall act in a manner that is in the best interests of their client and employer, consistent with the public interest. In particular, software engineers shall, as appropriate:

- 2.01. Provide service in their areas of competence, being honest and forthright about any limitations of their experience and education.
- 2.02. Not knowingly use software that is obtained or retained either illegally or unethically.

- 2.03. Use the property of a client or employer only in ways properly authorized, and with the client's or employer's knowledge and consent.
- 2.04. Ensure that any document upon which they rely has been approved, when required, by someone authorized to approve it.
- 2.05. Keep private any confidential information gained in their professional work, where such confidentiality is consistent with the public interest and consistent with the law.
- 2.06. Identify, document, collect evidence and report to the client or the employer promptly if, in their opinion, a project is likely to fail, to prove too expensive, to violate intellectual property law, or otherwise to be problematic.
- 2.07. Identify, document, and report significant issues of social concern, of which they are aware, in software or related documents, to the employer or the client.
- 2.08. Accept no outside work detrimental to the work they perform for their primary employer.
- 2.09. Promote no interest adverse to their employer or client, unless a higher ethical concern is being compromised; in that case, inform the employer or another appropriate authority of the ethical concern.

Principle 3: PRODUCT

Software engineers shall ensure that their products and related modifications meet the highest professional standards possible. In particular, software engineers shall, as appropriate:

- 3.01. Strive for high quality, acceptable cost and a reasonable schedule, ensuring significant tradeoffs are clear to and accepted by the employer and the client, and are available for consideration by the user and the public.
- 3.02. Ensure proper and achievable goals and objectives for any project on which they work or propose.
- 3.03. Identify, define and address ethical, economic, cultural, legal and environmental issues related to work projects.
- 3.04. Ensure that they are qualified for any project on which they work or propose to work by an appropriate combination of education and training, and experience.
- 3.05. Ensure an appropriate method is used for any project on which they work or propose to work.
- 3.06. Work to follow professional standards, when available, that are most appropriate for the task at hand, departing from these only when ethically or technically justified.
- 3.07. Strive to fully understand the specifications for software on which they work.
- 3.08. Ensure that specifications for software on which they work have been well documented, satisfy the users' requirements and have the appropriate approvals.
- 3.09. Ensure realistic quantitative estimates of cost, scheduling, personnel, quality and outcomes on any project on which they work or propose to work and provide an uncertainty assessment of these estimates.

- 3.10. Ensure adequate testing, debugging, and review of software and related documents on which they work.
- 3.11. Ensure adequate documentation, including significant problems discovered and solutions adopted, for any project on which they work.
- 3.12. Work to develop software and related documents that respect the privacy of those who will be affected by that software.
- 3.13. Be careful to use only accurate data derived by ethical and lawful means, and use it only in ways properly authorized.
- 3.14. Maintain the integrity of data, being sensitive to outdated or flawed occurrences.
- 3.15 Treat all forms of software maintenance with the same professionalism as new development.

Principle 4: JUDGMENT

Software engineers shall maintain integrity and independence in their professional judgment. In particular, software engineers shall, as appropriate:

- 4.01. Temper all technical judgments by the need to support and maintain human values.
- 4.02 Only endorse documents either prepared under their supervision or within their areas of competence and with which they are in agreement.
- 4.03. Maintain professional objectivity with respect to any software or related documents they are asked to evaluate.
- 4.04. Not engage in deceptive financial practices such as bribery, double billing, or other improper financial practices.
- 4.05. Disclose to all concerned parties those conflicts of interest that cannot reasonably be avoided or escaped.
- 4.06. Refuse to participate, as members or advisors, in a private, governmental or professional body concerned with software related issues, in which they, their employers or their clients have undisclosed potential conflicts of interest.

Principle 5: MANAGEMENT

Software engineering managers and leaders shall subscribe to and promote an ethical approach to the management of software development and maintenance. In particular, those managing or leading software engineers shall, as appropriate:

- 5.01 Ensure good management for any project on which they work, including effective procedures for promotion of quality and reduction of risk.
- 5.02. Ensure that software engineers are informed of standards before being held to them.
- 5.03. Ensure that software engineers know the employer's policies and procedures for protecting passwords, files and information that is confidential to the employer or confidential to others.
- 5.04. Assign work only after taking into account appropriate contributions of education and experience tempered with a desire to further that education and experience.

- 5.05. Ensure realistic quantitative estimates of cost, scheduling, personnel, quality and outcomes on any project on which they work or propose to work, and provide an uncertainty assessment of these estimates.
- 5.06. Attract potential software engineers only by full and accurate description of the conditions of employment.
- 5.07. Offer fair and just remuneration.
- 5.08. Not unjustly prevent someone from taking a position for which that person is suitably qualified.
- 5.09. Ensure that there is a fair agreement concerning ownership of any software, processes, research, writing, or other intellectual property to which a software engineer has contributed.
- 5.10. Provide for due process in hearing charges of violation of an employer's policy or of this Code.
- 5.11. Not ask a software engineer to do anything inconsistent with this Code.
- 5.12. Not punish anyone for expressing ethical concerns about a project.

Principle 6: PROFESSION

Software engineers shall advance the integrity and reputation of the profession consistent with the public interest. In particular, software engineers shall, as appropriate:

- 6.01. Help develop an organizational environment favorable to acting ethically.
- 6.02. Promote public knowledge of software engineering.
- 6.03. Extend software engineering knowledge by appropriate participation in professional organizations, meetings and publications.
- 6.04. Support, as members of a profession, other software engineers striving to follow this Code.
- 6.05. Not promote their own interest at the expense of the profession, client or employer.
- 6.06. Obey all laws governing their work, unless, in exceptional circumstances, such compliance is inconsistent with the public interest.
- 6.07. Be accurate in stating the characteristics of software on which they work, avoiding not only false claims but also claims that might reasonably be supposed to be speculative, vacuous, deceptive, misleading, or doubtful.
- 6.08. Take responsibility for detecting, correcting, and reporting errors in software and associated documents on which they work.
- 6.09. Ensure that clients, employers, and supervisors know of the software engineer's commitment to this Code of ethics, and the subsequent ramifications of such commitment.
- 6.10. Avoid associations with businesses and organizations which are in conflict with this code.
- 6.11. Recognize that violations of this Code are inconsistent with being a professional software engineer.
- 6.12. Express concerns to the people involved when significant violations of this Code are detected unless this is impossible, counter-productive, or dangerous.

6.13. Report significant violations of this Code to appropriate authorities when it is clear that consultation with people involved in these significant violations is impossible, counter-productive or dangerous.

Principle 7: COLLEAGUES

Software engineers shall be fair to and supportive of their colleagues. In particular, software engineers shall, as appropriate:

- 7.01. Encourage colleagues to adhere to this Code.
- 7.02. Assist colleagues in professional development.
- 7.03. Credit fully the work of others and refrain from taking undue credit.
- 7.04. Review the work of others in an objective, candid, and properly-documented way.
- 7.05. Give a fair hearing to the opinions, concerns, or complaints of a colleague.
- 7.06. Assist colleagues in being fully aware of current standard work practices including policies and procedures for protecting passwords, files and other confidential information, and security measures in general.
- 7.07. Not unfairly intervene in the career of any colleague; however, concern for the employer, the client or public interest may compel software engineers, in good faith, to question the competence of a colleague.
- 7.08. In situations outside of their own areas of competence, call upon the opinions of other professionals who have competence in that area.

Principle 8: SELF

Software engineers shall participate in lifelong learning regarding the practice of their profession and shall promote an ethical approach to the practice of the profession. In particular, software engineers shall continually endeavor to:

- 8.01. Further their knowledge of developments in the analysis, specification, design, development, maintenance and testing of software and related documents, together with the management of the development process.
- 8.02. Improve their ability to create safe, reliable, and useful quality software at reasonable cost and within a reasonable time.
- 8.03. Improve their ability to produce accurate, informative, and well-written documentation.
- 8.04. Improve their understanding of the software and related documents on which they work and of the environment in which they will be used.
- 8.05. Improve their knowledge of relevant standards and the law governing the software and related documents on which they work.
- 8.06. Improve their knowledge of this Code, its interpretation, and its application to their work.
- 8.07. Not give unfair treatment to anyone because of any irrelevant prejudices.
- 8.08. Not influence others to undertake any action that involves a breach of this Code.
- 8.09. Recognize that personal violations of this Code are inconsistent with being a professional software engineer.

Business & Professional Ethics: Concepts and Cases. Lecture Notes by Dr. A. R. Ashraf Baluch

This Code was developed by the ACM/IEEE-CS joint task force on Software Engineering Ethics and Professional Practices (SEEPP):

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What and how many ethical questions can you formulate from the different responses of the addressees of the main question in this picture?



- 1- Poor Africans face starvation due to corruption by their rulers and exploitation by foreigners.
- 2- Europeans are reaping the benefits of welfare states due to mixed economy and good governance.
- 3- Americans (US) consider themselves the sole rulers of the world and their hegemonic and haughty attitude doesn't allow them to accept the concept of cultural, economic and political diversity and plurality.
- 4- The pitiable state of the Arabs under despotic and dictatorial rule of their leaders, are deprived of the freedom of expression.

PART FOUR

Ethics and Employees

THE PROCESS OF PRODUCING GOODS FORCES BUSINESS NOT ONLY TO ENGAGE IN EXTERNAL EXCHANGES, BUT ALSO TO COORDINATE THE ACTIVITIES OF THE VARIOUS INTERNAL CONSTITUENCIES THAT MUST BE BROUGHT TOGETHER INTO THE PROCESSES OF PRODUCTION. EMPLOYEES MUST BE HIRED AND ORGANIZED, STOCKHOLDERS AND CREDITORS MUST BE SOLICITED, AND MANAGERIAL TALENT MUST BE TAPPED. INEVITABLY, CONFLICTS ARISE WITHIN AND BETWEEN THESE INTERNAL CONSTITUENCIES AS THEY INTERACT WITH EACH OTHER AND AS THEY SEEK TO DISTRIBUTE BENEFITS AMONG THEMSELVES. THE NEXT TWO CHAPTERS EXPLORE SOME OF THE ETHICAL ISSUES RAISED BY THESE INTERNAL CONFLICTS.

CHAPTER 7 DISCUSSES ISSUE JOB DISCRIMINATION.

CHAPTER 8 DISCUSSES THE ISSUE OF CONFLICT BETWEEN THE INDIVIDUAL AND THE ORGANIZATION.

Chapter Seven

The Ethics of Job Discrimination

Questions to be Answered:

- What distinctions can companies reasonably make between job applicants without engaging in discrimination?
- How widespread is job discrimination?
- Why it is wrong to discriminate?
- What is affirmative action and why is it so controversial?

Human Beings and Discrimination:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا يَسْخِرْ قَوْمٌ مِّنْ قَوْمٍ عَسَى أَنْ يَكُنَّ خَيْرًا مِّنْهُمْ وَلَا تَنْمِزُوا أَنفُسَكُمْ وَلَا تَنَابِزُوا بِالْأَقَابِ بِئْسَ الْإِيمَانُ بَعْدَ الْإِيمَانِ وَمَنْ لَمْ يَثْبِتْ فَأُولَئِكَ هُمُ الظَّالِمُونَ {49/11} يَا أَيُّهَا الَّذِينَ آمَنُوا اجْتَنِبُوا كَثِيرًا مِّنَ الظُّنُنِ إِنَّ بَعْضَ الظُّنُنِ لَمُحْكَمٌ وَلَا يَغْتَبُ بَعْضُكُمْ بَعْضًا أَيُحِبُّ أَحَدُكُمْ أَنْ يَأْكُلْ لَحْمَ أَخِيهِ مِنْتَهِيَ فَكُرْهُتُمُوهُ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ تَوَابُ رَحِيمٌ {49/12} يَا أَيُّهَا النَّاسُ إِنَّا خَلَقْنَاكُمْ مِّنْ ذَكَرٍ وَأُنْثَى وَجَعَلْنَاكُمْ شُعُوبًا وَقَبَائِلَ لِتَعَارِفُوا إِنَّ أَكْرَمَكُمْ عِنْدَ اللَّهِ أَنْفَاقُكُمْ إِنَّ اللَّهَ عَلِيمٌ خَيْرٌ {49/13}

((49:11 O you who believe! Let not a folk deride a folk who may be better than they (are), or let women (deride) women who may be better than they are; neither defame one another, nor insult one another by nicknames. Bad is the name of lewdness after faith. And whoever turns not in repentance, such are evildoers. 49:12 O you who believe! Shun much suspicion; for lo! Suspicion in some cases is a sin. And spy not, neither backbite one another. Would one of you love to eat the flesh of his dead brother? You abhor that (so abhor the other)! And keep your duty (to God). Lo! God is Forgiving; Merciful. 49:13 O

people! Lo! We have created you male and female, and have made you nations and tribes that you may know one another. Lo! The noblest of you, in the sight of God, is the best in conduct. Lo! God is Knower, Aware.)

يأيها الناس! ألا إن ربكم واحد وإن أباكم واحد. ألا لا فضل لعربي على عجمي ولا لعجمي على عربي ولا لأحمر على أسود ولا لأسود على أحمر(ولا لأبيض على أسود ولا لأسود على أبيض) إلا بالتفوى. (ألا كلام من آدم و آدم من تراب.) ألا قد بلغت؟ (الحديث)
((O mankind! Remember that your Lord is one and your father is one. Keep in the mind that no Arab has any superiority over non-Arab and no non-Arab has any superiority over any Arab; no colored has any superiority over a black and no black has any superiority over colored; (no white has any superiority over black and no black has any superiority over white) except on the basis of piety. (Remember that all of you are from Adam and Adam was made from mud.)

Definition of Discrimination:

- The root meaning of the term “**discriminate**” is “to distinguish one object from another,” a morally neutral and not necessarily wrongful activity. However, in modern usage, the term is not morally neutral. It is defined as:
 - “The wrongful act of distinguishing illicitly among people not on the basis of individual merit, but on the basis of prejudice or some other invidious or morally reprehensible attitude.”
- Discrimination can be based on an overt and conscious bias against anyone belonging to a racial (e.g. Blacks, Asians and Hispanics), ethnic (e.g. Italians, Poles, and Irish), religious (e.g. Jews, Catholics and Muslims) or sexual (e.g. Women or She-Males) group or it can arise from unconscious stereotypes about such groups (e.g. all Muslims are terrorists, all Mexicans are lazy and all Blacks are work-shirkers).

Forms of Discrimination:

- Intentional discrimination: conscious and deliberate discrimination.
- Unintentional discrimination: discrimination that is not consciously or deliberately sought, but is brought about by stereotypes or as an unintended outcome.
- Individual discrimination: discrimination of one or a few individuals acting on their own.
- Institutional discrimination: discrimination that is the result of the actions of all or many of the people in an institution and outcome of their routine processes and policies.
- “Reverse discrimination”: discrimination that is the result of “preferential treatment” to achieve “diversity” through “**Affirmative Action Program**”, against members of majority group such as males and whites, (e.g. Barbara **Grutter vs. Bollinger** case against the University of Michigan Law School.)

What is Affirmative Action Program? (Quota System in Pakistan):

- Any program designed to ensure that minorities, women, or members of some other group, are adequately represented within an organization and at its various levels by taking positive steps to increase their number when underrepresented.

- What counts as “adequate representation” depends on the objectives of the program: some aim at having the same proportion of women or minorities as exists in the pool from which new members are drawn, others aim at achieving the diversity needed to meet organizational objectives

Controversy over Forms of Discrimination:

- In the 1960s, discrimination is seen as individual and intentional.
- In the 1970s, it is seen to have institutional and unintentional forms, as indicated by underrepresentation of minorities or women, and to be remedied with affirmative action program.
- In the 1980s, some insist discrimination is only individual and intentional.
- In the 1990s, the view that prevails, it can also be institutional and unintentional.

Discrimination and the Law:

- Civil Rights Act of 1964 (US), made it illegal to base hiring, firing, or compensation decisions on race, color, religion, sex, or national origin; created the Equal Employment Opportunity Commission (EEOC) to administer the Act.
- Executive Order 11246 (US) required companies doing business with the federal government to take steps to redress racial imbalance in workforce
- Equal Employment Opportunity Act of 1972 (US) gave EEOC increased power to combat “under representation” and to require affirmative action programs.

Prima Facie Indicators of Discrimination:

- A prima facie indication of discrimination exists when a disproportionate number of the members of a certain group hold the less desirable position within the institution despite their preferences and abilities. Looking at three kinds of comparison can show whether such disproportionate distribution affects minorities and women today:
 - Average benefits minorities and women receive compared to others show a considerable gap.
 - High proportions of minorities and women at lowest economic levels.
 - Low proportions of minorities and women at highest economic levels.

Discrimination in the United States:

- Gap between average family incomes of whites and minorities has not decreased.
- Gaps between average incomes and median earnings of men and women have decreased but are still large; women earn less than less-educated men; women earn less in every occupational group.
- Gaps between the average earnings of minorities and of whites have hardly narrowed; minorities earn less than less educated whites; percent of minorities in poverty is 2 to 3 times the white percentage.
- Poverty rate of families headed by women is twice that of male-headed families.

- Salaries of “women’s jobs” are significantly lower than “men’s jobs.”
- Top-paying executive positions are filled by men; an invisible, but impenetrable, barrier to further promotion, called “**glass ceiling**”, stops women.
- The earnings gaps, however, are not explained by education, career choices, preferences, work history, training, or absenteeism.

Increasing Problems for Women and Minorities:

- Women and minorities make up most new workers, but face significant disadvantages.
 - Women are steered into low-paying jobs and face a “glass ceiling” for high-ranking jobs, and are victims of verbal or physical forms of sexual harassment.
 - Minorities need skills and education but lack them.

Arguments against Discrimination:

- Women and minorities have long been treated as inferiors and were deprived of even basic human rights. Minorities were considered as chattel and were treated worse than animals. In US males and Whites remained dominant through much of the nineteenth century.
- Why are these forms of inequalities wrong? Why it is wrong to discriminate? The arguments mustered against discrimination generally fall into three groups:
 - **Utilitarian argument:** Discrimination leads to inefficient use of human resources.
 - **Rights-based argument:** Discrimination violates basic human rights by holding minorities and women as “inferior”, assigning them lower social and economic positions; discrimination cannot be universalized.
 - **Justice-based argument:** Discrimination results in unjust distributions of benefits and burdens, according to John Rawls. Discrimination violates the formal **principle of equality** by differentiating between people on the basis of characteristics that are not relevant to job performance, while the **principle of equality** requires that individuals who are equal in all respects relevant to the kind of treatment in question should be treated equally even if they are dissimilar in other, non-relevant respects.

Sexual Harassment:

- Under certain conditions unwelcome sexual advances, requests for sexual favors and other verbal or physical contact of a sexual nature constitute sexual harassment when:
 - (1) Submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment
 - (2) Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual

(3) Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.

Moral Objections to Sexual Harassment Guidelines:

- Guidelines prohibit "intimidating, hostile, or offensive working environment."
 - But it is sometimes hard to distinguish this from male rudeness not intended to degrade women.
- Guidelines prohibit "verbal or physical contact of a sexual nature" when it has the "effect of unreasonably interfering with an individual's work performance."
 - But this seems to require use of purely subjective judgments.
- Guidelines hold employer guilty of employee's sexual harassment even if employer did not know nor could have prevented it.
 - But some respond that eradicating sexual harassment justifies forcing employer to be responsible for preventing it, and it is an "external cost" employers should internalize.

Legal Status of Affirmative Action:

- Affirmative action program is legal when used to correct a racial or sexual imbalance that is the result of previous discrimination.
- It is also legal when used to correct an "**egregious**", "**persistent**", and "**manifest racial imbalance**" not caused by previous discrimination.
- It can be used in hiring but not in layoffs
- Cannot use "**inflexible**" quotas
- Must be "**narrowly tailored**" to achieve their objectives
- Can be used to achieve "**diversity**" in educational institutions and the distribution of broadcast licenses by the government.
- Cannot overrule seniority; Cannot be used in government set-aside programs except as a "**last resort**" in an "**extreme case**" involving previous racial bias by the government

Objections to Affirmative Action Programs:

- Affirmative action programs have been attacked mainly on the ground that, in attempting to correct the effects of past discrimination, these programs have become racially and sexually discriminatory.
- By showing preference to minorities and women the programs institute a form of "**reverse discrimination**" against males and majority.
- These programs violate justice by violating the principles of equality and equal opportunity.

Response to the Objections against Affirmative Action:

- The arguments used to justify affirmative action programs in the face of above objections tend to fall into two main groups:

- One group of the arguments interprets the preferential treatment accorded to women and minorities as a form of **compensation** for past injuries they have suffered. These are backward looking arguments.
- A second set of arguments interprets preferential treatment as an instrument for achieving certain social goals. These are forward looking arguments.

Compensation Argument for Affirmative Action:

- Based on compensatory justice they claim that affirmative action compensates groups for past discrimination.
 - Criticized as unfair because those who benefit were not harmed and those who pay did not injure, which are requirements of compensatory justice.
- Some argue in response to this criticism that discrimination has harmed all minorities and women by keeping them backward and deprived, and all whites and males have benefited from it in the form of advantages they have.

Utilitarian Argument for Affirmative Action:

- Claims affirmative action reduces need by benefiting minorities and women in need, and so increases utility. Need, off course, is a just criterion for distribution.
 - Criticized on grounds that its damaging costs to male and majority outweigh its benefits for women and minorities, and that other ways of reducing need will produce greater utility.

Equal Justice Argument for Affirmative Action:

- Affirmative action will secure equal opportunity by a fairer distribution of jobs, by neutralizing the effects of unconscious bias that affects judgments about minorities and women, and by placing women and minorities in less disadvantaged and more competitive positions in competitions with males and whites.
- Affirmative action is a morally legitimate means for securing equal opportunity, since it is not a form of "**reverse discrimination**" because it is not based on invidious judgments of male inferiority nor aims at destroying equal opportunity.
- It does not use a non-relevant characteristic since race and sex are relevant in this limited context.
- It does not harm minorities and women psychologically and any psychological harm would be less than the harms inflicted by current unconscious stereotype discrimination.

Conclusions:

- Valuing and managing a diverse work force is more than ethically and morally correct.
- It's also a business necessity. Companies that fail to do an excellent job of recruiting, retaining, developing and promoting women and minorities simply will be unable to meet their staffing needs.

Excellent Tips by Warren Buffet

On Earning: “Never depend on single income.
Make investment to create a second source”.

On Spending: “If you buy things you do not
need, soon you will have to sell things you
need”.

On Savings: “Do not save what is left after
spending, but spend what is left after saving”.

On Taking risk: “Never test the depth of
river with both feet”.

On Investment: “Do not put all eggs
in one basket

On Expectations: “Honesty is very
expensive gift. Do not expect it from
cheap people”.



25 Important Guiding Principles:

1. Human life is precious and every life matters.
2. Public interest is supreme and inviolable.
3. Professional ethics is to be given preference over personal ethics (No personal interest to be involved)
4. Collective wisdom seldom fails to find a solution to a problem (Importance of Mutual Consultation)
5. Be honest even the heavens may fall, come what may but never compromise your integrity.
6. Treat others as you want them to treat you. Step in the shoes of other before making a judgment.
7. Evil likes darkness of ignorance and it is always afraid of the light of the knowledge.
8. Morally good is what gives you satisfaction of the conscience.
9. Morally bad is what pricks your conscience and you don't want others to know what you have done.
10. Your conscience is the best judge for your actions. Guilty-consciousness is an unbearable disease.
11. Law ensures bare minimum standards of morality. Ethics demands more than what law requires
12. It is the Ethical Principles that help make you a true professional.
13. A wrong by commission is more serious than a wrong through causality.
14. A wrong through causality is more serious than a wrong by omission.
15. A wrong by omission is more serious than a wrong by negligence of foreseen harms
16. A wrong by negligence of foreseen harms is more serious than a wrong by unforeseen harm
17. Prudence saves from future regrets and Temperance from present stupidities.
18. Wealth is lost, nothing is lost; health is lost, something is lost; character is lost, everything is lost.
19. Ignorance of facts provides an excuse for a wrong but ignorance of law doesn't provide any excuse.
20. Remember that dirt cannot be cleaned with filth and a wrong cannot be rectified by another wrong.
21. Punishments and penalties MUST be proportional to the injuries and wrongs.
22. Avoiding harm should be given preference over acquisition of gains and benefits
23. A person is born free of sins and is to be considered innocent until proved guilty.
24. Forgiveness is far better than taking revenge unless revenge becomes the only alternative.
25. Uncertainty is like a quagmire; try to find the rope of certainty to get out of it.

Chapter Eight

Ethics and the Employment

Questions to be Answered:

- How does the rational model define a business organization?
- What is the conflict of interest and how can it be avoided?
- What factors should be considered when determining a “fair wage”?
- How does the political model of the organization differ from the rational model?
- In what ways is a modern corporation like a government?
- What kind of political tactics are most often encountered in business organizations?
- What are the key ethical issues from the perspective of the caring organization?

Every morning millions of workers hurry off to work. Psychologists tell us we define ourselves by the work we do, and our health, both physical and emotional, depends on whether our work is fulfilling or a source of meaningless stress.

أعطوا الأجير أجيره قبل أن يجف عرقه (الحديث)

((Pay the employee his/her wages before drying up of his/her sweat.))

9 Fundamental Principles of Professional Ethics

1-Integrity of Character

Integrity means to be straightforward and honest in all professional and business relationships. Being honest even if the heavens may fall should be the integral part of a professional's character.

2-Objectivity

To not allow bias, conflict of interest or undue influence of others to override professional or business judgments, and having the resolve to ensure those judgments are ethical.

3-Professional Competence and Due Care

To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques, and act diligently and in accordance with applicable professional standards.

4-Confidentiality

To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal, professional, or ethical right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.

5-Professional Behavior

To take personal responsibility for demonstrating, and leadership by adopting, the highest standards of professionalism, by complying with relevant laws and regulations and accepting the moral obligation to act in a professional manner in the public interest, avoiding any conduct that discredits the profession.

6-Moral Courage is the Hall mark of Professionalism

Moral Courage means to exhibit fortitude and determination to exert professional skepticism, to challenge others who are behaving inappropriately, and to resist the exploitation of professional opportunity for

private benefit rather than the public interest.

7-Personal Responsibility and Ethical Leadership

Unethical behavior has often been the root cause of the scandals involving both individuals and corporations. The importance of individual responsibility cannot be understated. The significance of personal responsibility could be properly understood by the striking lack of the sense of personal responsibility and accountability of the leaders for the widespread failures and abuses over which they preside.

A clear principle is that leadership and good habits are about taking individual responsibility. Each and every professional must take individual responsibility for the maintenance of the highest standards of ethical principles throughout their career.

Professionals not only need to behave ethically themselves but they should also adopt a leadership role in influencing the behavior of others. Ethical leadership is not just for those at the top of organizations; individuals at all levels within organizations should have the confidence to challenge if they feel that something is not "right".

8-Public Interest is Supreme

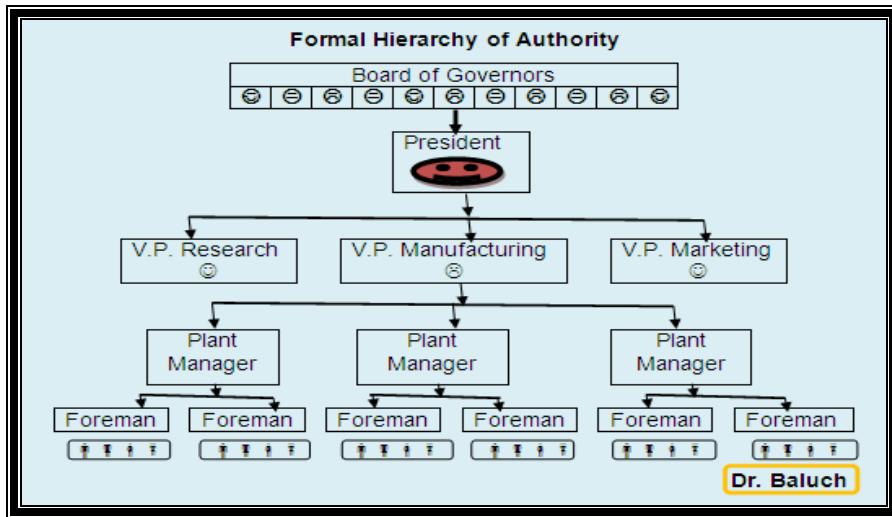
To act in the public interest is the over-arching fundamental requirement of a profession. Indeed, acting in the public interest is a defining mark of all professions – it is what distinguishes professions from other occupations. Society puts its trust in professions "to do the right thing" on their behalf. Thus professionals have a duty to act in a professional manner, with self-interest being secondary to the interests of those who rely upon their work.

9-Ethical Judgments and Social Responsibility

With regards the "Objectivity" and "Confidentiality" principles, it would be helpful to highlight that judgments do not necessarily have only legal and professional aspects. There may also be, for example, **social responsibility** factors to take into consideration in the decision-making process. It is important to ensure that all ethical aspects are taken into account when making professional or business judgments.

1-The Rational Model of a Business Organization:

- A “**rational model**” of **business organization** is defined as:
 - An organization in the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through a division of labor and function and through a hierarchy of authority and responsibility.
- **Formal hierarchies of authority:** The positions and relationships identified in the organizational chart that represent the various official positions and lines of authority in the organization.
- Organizations seek to coordinate the activities of members so as to achieve their goals with maximum efficiency.
- Information rises from the bottom of the organization to the top.
- Contracts obligate the employee to loyally pursue the organization's goals and the employer to provide a just wage and just working conditions.



- **Operating Layer:** Those employees and their immediate supervisors who directly produce the goods and services that constitute the essential outputs of the organization.
- **Middle Managers:** Managers who direct the units below them and are in turn directed by those above them in ascending formal lines of authority.
- **Top Management:** The board of directors, the chief executive officer and the CEO's staff.

(a) The Employees Obligations to the Employer:

- In the rational view of the firm, the employee's main ethical duty is to work toward the goals of the firm and avoid any activities that might harm those goals. To be unethical, basically, is to deviate from these goals to serve one's own interests in ways that, if illegal, can be a form of "**white-collar crime**."
- The **law of agency** requires that "an agent (employee) is subject to a duty to his principal (employer) to act solely for the benefit of the principal in all matters connected with his agency." An agent is prohibited by law from acting "for persons whose interests conflict with those of the principal in matters in which the agent is employed."

Conflict of Interest:

- Conflict of interest occurs when employee has an interest that provides an incentive to do his or her job in a way that serves that interest and not necessarily the interests of the employer he or she is obligated to serve.

Necessary Conditions for a Conflict of Interest to Arise:

- Employee or officer is engaged in carrying out a certain task for his or her employer.
- Employee has an interest that provides him or her with an incentive or motive to do the task in a way that serves that interest.

- The employee has an obligation to do the task in a way that serves the interests of his or her employer, free of any incentive to serve another interest.

Types of the Conflict of Interest:

- **Objective Conflict of Interest:** Conflicts of interest that are based on financial relationship.
- **Subjective Conflicts of Interest:** Conflicts of interest that are based on emotional ties or on relationship.
- **Potential Conflict of Interest:** It occurs when an employee has an interest that could influence what the employee does for the employer if the employee were to perform a certain task for the employer, ***but he or she has not yet been given that task to perform.***
- **Actual Conflict of Interest:** It occurs when an employee has an interest that could influence the judgment s the employee makes for the employer if the employee were to perform a certain task for the employer and ***he or she has actually been given that task to perform.***
- **Apparent Conflict of Interest:** A situation in which an employee has no actual conflict of interest, but in which other people looking at the situation may come to believe (wrongly though) that there is an actual conflict of interest.
- **The Prophet is also reported to have advised about such a situation saying:**
• اتفوا مواضع التهمة (الحديث)

((Avoid involvement in situations of even false accusation or where there is mere suspicion of any accusation or blame.))

★ Examples of Imam Bukhari and the case of 1000 Dinars to save his reputation, and the case of his refusal to accept the Hadih narrated by a horse-cheater.

Conflict of Interest and the case of “Prisoners’ Dilemma”:

- The prisoner’s dilemma, one of the most famous game theories, was conceptualized by Merrill Flood and Melvin Dresher at the Rand Corporation in 1950, and formalized and named by Princeton mathematician Albert William Tucker. Prisoner’s dilemma basically provides a framework for understanding how to strike a balance between cooperation and competition, and is a very useful tool for strategic decision-making.

As a result, it finds application in diverse areas ranging from business, finance, economics and political science to philosophy, psychology, biology and sociology.

Prisoner’s Dilemma Basics:

The prisoner’s dilemma scenario works as follows: Two suspects have been apprehended for a crime and are now in separate rooms in a police station, with no means of communicating with each other. The prosecutor has separately told them the following:

- If you confess and agree to testify against the other suspect, who does not confess, the charges against you will be dropped and you will go **scot-free**.

- If you do not confess but the other suspect does, you will be convicted and the prosecution will seek the maximum sentence of **three years**.
- If both of you confess, you will both be sentenced to **two years** in prison.
- If neither of you confess, you will both be charged with misdemeanors and will be sentenced to **one year** in prison.

What should the suspects do? This is the essence of the prisoner's dilemma.

The prisoner's dilemma elegantly shows that when each individual pursues his or her self-interest, the outcome is worse than if they had both cooperated. In the above example, cooperation – wherein A and B stay silent and do not confess – would get the two suspects a total prison sentence of two years. All other outcomes would result in a combined sentence for the two of either three years or four years.

		THE PRISONER'S DILEMMA	
		B stays silent (cooperates)	B betrays A (defects)
A stays silent (cooperates)	B stays silent (cooperates)	Both serve 1 year	A serves 3 years, B goes free
	B betrays A (defects)	A goes free, B serves 3 years	Both serve 2 years
A betrays B (defects)			

Avoiding or Eliminating a Conflict of Interest:

- “Recusing” (removing) oneself from the task in which the conflict of interest arises.
- Eliminating the interest that creates the conflict of interest.
- Eliminating or changing the obligation of serving the employer’s interests and remaining free of any incentive to serve another interest while serving the employer.

Commercial Bribes and Commercial Extortions:

- **Commercial Bribe:** A consideration given or offered to an employee by a person outside the firm with the understanding that, when the employee transacts business for the firm, the employee will deal favorably with that person or that person's firm.
- **Commercial Extortion:** occurs when an employee demands a consideration from persons outside the firm as a condition for dealing favorably with those persons when the employee transacts business for the firm.

Ethics of Accepting Gifts:

❖ كانت الهدية هدية فقد صارت اليوم رشوة (عمر بن عبد العزيز)

(Gifts were considered gifts but today they have become bribes)

- The ethics of accepting gifts depends on:
 - The value of the gift: Is it substantial enough that it could influence one's decision?
 - The purpose of the gift: Is the gift intended or accepted as a bribe?

- The circumstances of the gift: Was the gift given openly? Was it given to a friend on the occasion of celebrating an event, e.g. opening a store?
- The position of the recipient: Is the recipient in a position to influence his own firm's dealings with the giver of the gift, and is the giver in a position to benefit from the actions of the recipient?
- Accepted and public local practices: Is the gift part of an open and well known industry practice?
- Company policies on gifts: Does the company forbid acceptance of such gifts?
- Legal prohibitions on gifts: Is the gift forbidden by law, such as a law prohibiting gifts in sports recruiting?

Theft of Information:

- Includes the theft of digitized programs, music, movies, e-books, etc., as well as trade secrets, company plans, and proprietary formulas or other data.
- Is theft even if the original is not taken nor changed but only copied, examined, or used without the consent of the owner
- Violates the owner's right to have his or her property used as he or she chooses, even if the theft does not injure the owner
 - The skills one acquires from a company are not information and so it is not theft to take them when leaving the company, although skills are often hard to distinguish from information.

The Ethics of Insider Trading:

- **Insider trading:** The act of buying and selling a company's stock on the basis of "inside" information about the company
- Insider trading is said to be unethical because it is theft of information that gives the insider an unfair advantage.
 - **It has been defended because:**
 - (a) It ensures stock prices reflect the true value of the stock
 - (b) It harms no one
 - (c) Having an advantage over others in the stock market is not wrong in itself, and is a common practice among experts of the stock exchanges.
 - These defenses have been criticized because:
 - (a) The information the insider uses is not his or hers and so is stolen
 - (b) Trading on inside information has harmful effects on the stock market and increases the costs of buying and selling stocks
 - (c) The advantage of the inside trader is not like the advantage of an expert, because it is based on theft.

(b) The Employer's Obligations to the Employee:

- The basic moral obligation that the employer has toward employees, according to the rational view of the firm, is to provide them with the compensation they have

freely and knowingly agreed to receive in exchange for their services. There are two main ethical issues related to this obligation:

- The fairness of the wages, a special problem in developing countries, and
- The fairness of employees working conditions, a major problem both in developed and developing nations.
- Both wages and working conditions are the two aspects of compensation employees receive for their services.

Fairness of the Wages:

- From worker's point of view, wages are the principal (perhaps the only) means for satisfying the basic economic needs of the worker and worker's family.
- From employer's point of view, wages are a cost of production that must be kept low lest the product be priced out of the market.
- There are a number of factors that determine the wages for the workers:
 1. Wages in the industry and local area, if the labor markets there are competitive.
 2. The firm's ability to pay. The higher the firm's profits the more it can and should pay its workers
 3. The job's nature including its risks, skill requirements, and demands.
 4. Minimum wage laws. Wages that fall beneath this floor are unfair.
 5. Fairness in comparison to other salaries in the firm. Workers who do roughly similar work should receive roughly similar salaries.
 6. Fairness of wage negotiations. Salaries and wages that result from "un-free" negotiations in which one side uses fraud, power, deceit and the other side uses union "blackmails" and threats of strikes, have little likelihood of being fair.
 7. Local living costs (e.g. of a family of four). The goods and services that a family needs to meet their basic needs (food, housing, transportation, child care, medical care and education) may differ from one geographical region to another.

Argument that Wages in Developing Nations are too Low:

- Relative to wages of workers in developed nations, even taking productivity differences into account.
- Relative to what companies in developed nations can afford given their overall profits, or relative to the profits they make from products assembled in developing nations.
- Relative to what workers in developing nations need to live on.

Argument that Wages in Developing Nations are Adequate:

- Wages should be set by markets, not by comparisons to other countries.
- Local factors are more important when setting wages, than a company's profits.

- Costs of living are important, but wages should also consider the local average number of workers per household, where more than one person share the family expenses by working.

Working Conditions: Health and safety

- Workplace hazards include not only the more obvious categories of mechanical injuries, electrocution and burns but also extreme heat and cold, noisy machinery, rock dust, textile fiber dust, chemical fumes, heavy metals, poisons and radiations. Risk is, of course, an unavoidable part of many occupations, but job risks are not justified:
 - When labor markets are uncompetitive and risks are unknown and uncompensated.
 - When companies fail to collect information on risks and fail to inform workers of risk.
 - When less-risky jobs are unavailable, or when workers lack information about less-risky alternatives.

Establishing Fair Working Conditions:

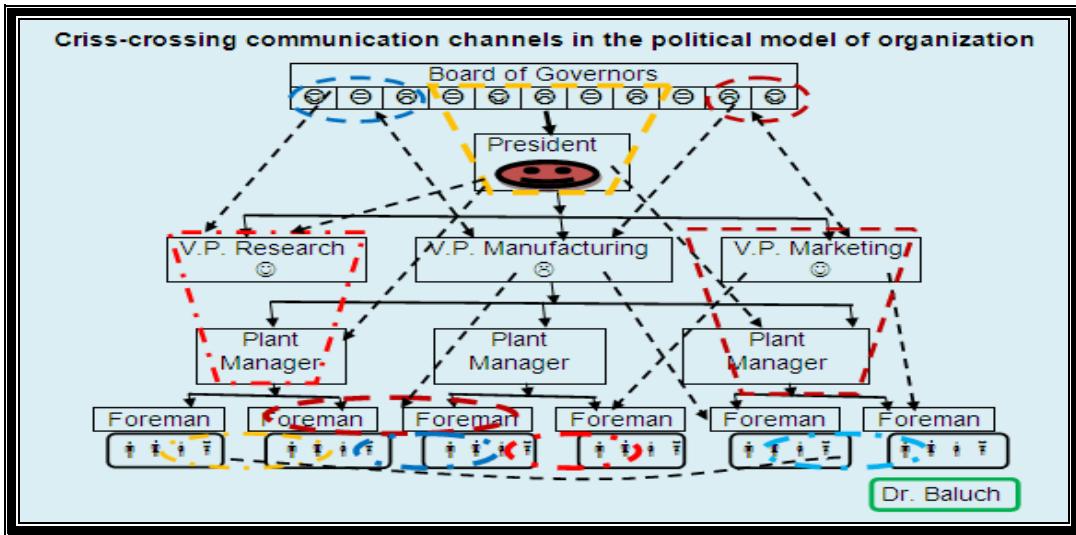
- It is clear that “**sweetshop**” conditions, (sweetshop: a workplace that has numerous health and safety hazards and poor working conditions, as well as low wages), are unethical and elimination of risk is imperative.
- Eliminating risks when cost is reasonable, studying potential risks of a job, informing workers of known risks, compensating workers for injuries.
- Providing compensation for job risks similar to risk premiums paid in other jobs.
- Providing adequate medical and disability benefits.
- Working with other firms to collect information about job risks.

Moral Responsibility for Working Conditions:

- Employer is morally responsible for bad working conditions if the employer:
 - Can and should improve conditions
 - Knows about the hazardous conditions
 - Is not prevented from changing conditions

2- The Political Organization:

- Unlike the rational model of organization, in political model of organization, organizational behavior is neither goal-oriented nor efficient, and not even rational.
- **Political model of organization:** A view of the organization as a system of competing power coalition and formal and informal lines of influence and communication that radiate from these coalitions; main ethical issues are related to the moral constraints on the use of power in the organization.



Employees Rights: The Similarity Argument:

- The power of modern corporate management is similar to that of a government.
- Similarities between the power of management and government imply that employees should have rights similar to citizens' rights.
- A company's management is a **centralized decision-making body** that exercises power, like that of a government.
- Managements wield power and authority over employees, like governments wield over citizens.
- Management has the power to distribute income, status, and freedom among the corporation's constituencies, like government does with respect to citizens.
- Management has similar monopoly on power that political government possesses.
- Since management's power over employees is so similar to government's power over citizens, employees should have rights that protect them from managers' power, just as citizens' rights protect them from government power.

Replies and Counter-Replies to Similarity Argument:

- Power of government is based on consent of the governed, unlike the power of managers which is based on ownership of the company.
 - The supporters of similarity argument respond that today power of managers does not come from owners.
- Unlike government, the power of management is limited by unions,
 - The supporters of similarity argument respond that most workers today are not unionized.
- While it is hard for citizens to escape the power of a government, it is easy for employees to escape the power of managers by changing jobs.
 - The supporters of similarity argument respond that changing jobs is not always so easy.

Employee's Right to Privacy:

- Privacy is threatened by today's technologies. Advanced technologies, especially computer technologies have enabled monitoring telephone talks and different ways of computer communications. Polygraphs, lie detectors, psychological tests, honesty test and medical and genetic tests have exposed inner self of employees, enabling managers to uncover personal characteristics and tendencies that most persons would rather want to keep private.
- Privacy is truly justified because of the interest we have in the protective and enabling functions of privacy. Privacy protects us from embarrassment and it enables us to develop personal relations with our doctors, lawyers and psychiatrists etc.
- In the cases and situations where it becomes necessary to violate the right to privacy and collect information about employees, managers are required to consider:
 - **Relevance:** The employer must limit the enquiry into the employee's affairs to those areas that are directly relevant to the issue in hand.
 - **Consent:** Employees must be given the opportunity to give or withhold their consent before the private aspects of their lives are investigated.
 - **Methods:** The employer must distinguish between **ordinary methods**, like supervisory activities to oversee employees work and **extraordinary methods**, like hidden microphones, secret cameras, wiretaps etc. Use of the extraordinary methods could only be justified in extraordinary circumstances with extraordinary care.

The right to Freedom of Conscience:

- Employees sometimes discover that the corporation they work for is doing something that the employee believes is seriously and morally wrong. Responsible employees will normally feel they have a moral obligation to get the company to stop its harmful activities and consequently, will bring the matter to the attention of their superiors.
- If the management pays no attention, the employee has few other legal options. He could take the matter to a government agency, or, worse, to disclose the company's activities to the public through media, but the company has the legal right to punish the employee by firing.
- Disclosure of morally wrong activities of a company to the government or public is called **Whistleblowing**.

Freedom of Conscience and Whistleblowing:

- Whistleblowing is an attempt by a member or former member of an organization to disclose wrongdoing in or by the organization including violation of the law, fraud, health or safety violations, bribery, or a potential or actual injury to the public.

Whistleblowing is often a brave act of conscience that can carry heavy personal costs.

- Whistleblowing is justified by the interest we have in remaining true to our religious and moral convictions.
- Must be balanced against the legitimate rights of the firm, its stockholders, and fellow employees.
- Whistleblowing to prevent a wrong that violates our moral convictions is ***morally justified*** when:
 - (a) The wrong is clear
 - (b) Other methods to prevent have failed
 - (c) It will definitely prevent the wrong
 - (d) The wrong is serious enough to justify the personal and other costs of Whistleblowing
- Whistleblowing is a ***moral obligation*** for a person when (a)–(d) hold, and, in addition:
 - The person has a special duty to prevent the wrong or is the only person who will or can prevent the wrong
 - The wrong involves an extremely serious harm to society's welfare, or extremely serious injustice, or extremely serious violation of rights.

Worker's Right to Participate in Decisions that Affect Them:

- Is based on the right to freely decide how I will lead my life and to participate in decisions that affect my life
- Can mean open discussion, or consultation, or full participation in policy decisions.
- Supports the kind of participative management advocated by Douglas McGregor's "Theory Y" according to which managers allow workers to participate in decision making for better management, unlike "Theory X" in which managers become authoritative.
- Supports Raymond Miles' two models out of "three mental models" theory: The traditional model, like that of McGregor's "Theory X"; "human relations model" like McGregor's "Theory Y" and "human resources model."
- Supports Rensis Likert's "System-3 Consultative Management" and "System-4 Participative management", as opposed to "System-1 Exploitive Authoritative Management" and "System-2 Benevolent Authoritative Management."
- McGregor, Miles and Likert supported their views with the utilitarian argument that adopting their theories made organizations more productive.

The Right to Due Process vs. Employment at Will:

- **Employment at Will:** The doctrine that, unless the employees are protected by an explicit contract (such as union employees), employers "may dismiss their employees at will...for good causes, for no causes, or even for causes morally

wrong, without being thereby guilty of legal wrong." This doctrine of "**employment at will**" has been defended on several grounds:

- The employer owns the company and ownership gives him or her, the right to decide whether and how long an employee will work in his or her company.
- Everyone has the right to do what they choose (provided they do not violate the rights of others) and so has the right to make whatever agreements they choose, including the agreement with employees to hire and fire them at will.
- Businesses will operate most efficiently if employers have the freedom to hire or fire employees as they see fit.
- **Right to Due Process:** The right to a fair decision-making process when decision makers impose sanctions on employees. For many people, the right to due process is the most critical right employees have. The right to due process:
 - Is justified because without it other employee rights are at risk.
 - Requires that individuals be notified of the rules they must follow; that they be given a fair and impartial hearing when accused of violating the rule; that rules be applied consistently; that processes through which sanctions are decided be designed to determine the truth objectively and that people not to be held responsible for what they could not avoid.
 - Is institutionalized through fair grievances procedures.

The Right to Work:

- The right to earn one's living by work as work is the basic economic contribution that each person makes to his or her society. Without work persons feel ashamed, become depressed, they consider themselves "worthless" and "useless."
- It is justified to be declared as a right because of the interest we have in the instrumental and intrinsic values of work.
- Work has a critical instrumental value because it is a means to our survival.
- Work has an intrinsic value because:
 - a) it is our basic economic contribution to society and helps us feel worthwhile and useful
 - b) it lets us develop our potential and identity as a particular human being
 - c) it lets us develop our character and virtues
 - d) it is a source of self-esteem and self-respect.

Threats to the Right to Work:

- The right to work is threatened by unemployment which in the United States has many causes including:
 - Recessions (decreased purchasing power)
 - use of new technologies, (need fewer workers)
 - outsourcing of jobs to low-wage countries

- free trade agreements (WTO)
- our shift from a manufacturing (of goods) to a service economy
- Company layoffs also threaten the right to work and have many causes including:
 - decline in demand (saturation of supplies)
 - changes in consumer demand (Small cars due to Fuel prices)
 - product obsolescence (like Kerosene lamps)
 - relocation of factories in the pursuit of cheaper workers
 - the need to consolidate operations (merger of small firms)

Protecting the Rights to Work:

- The United States and other countries protect the right to work with “palliative” policies that help workers find new jobs; other countries in addition use “preventative” policies that try to ensure workers do not lose their job to begin with.
- Companies that have to lay off workers can respect their employees’ right to work by providing:
 - Advance Notices (12 to 18 months advance notices)
 - Severance Pay (extra pay given to employees who are dismissed through no fault of their own, usually based on length of time employed)
 - Health benefits (at least for an additional period of one year from the date of dismissal)
 - Early retirement with full pension
 - Job transfers to other factories
 - Job retraining (for those who cannot be adjusted in same skills)
 - The possibility of employee purchase
 - Phasing out of local taxes, avoiding a sudden reduction of their local tax contributions.

The Right to Organize:

- This right derives from the same right that the owners have to join together to form a company i.e. from the right to freely associate with others to establish and run an organization, as well as the right to be treated as an equal in negotiations with organizations.
- Unions have a right to strike that derives from every worker’s right to quit working so long as doing so does not violate other’s rights.
- Union membership declined from 35 percent of workers in 1947 to 14 percent in 2010.
- Many developing countries do not protect the right to organize, but U.S. companies can often allow their workers there to unionize anyway.

Approaches to the Ethics of Political Tactics:

- Organizational politics in which individual or groups within an organization use informally sanctioned powers tactics to advance their own aims, raise many ethical questions. These questions are based on four principles:

- The utilitarian question: Are the tactics used, intended to advance socially beneficial or harmful goals?
- The rights question: Do the tactics employed treat others in a way that is consistent with their moral rights?
- The justice question: Will the tactics lead to an equitable distribution of benefits and burdens?
- The caring question: What impact will the tactics have on the relationships within the organization?

3- Characteristics of the Caring Model of Organization:

- This is the third model of organization after the rational model and political models of organization. In caring model:
 - Caring is focused entirely on persons, not on “quality.” or “profits”
 - Caring is undertaken as an end in itself, and not as a means to productivity.
 - Caring is essentially personal, in that it ultimately involves particular individuals caring for other particular individuals
 - Caring is growth-enhancing for the cared-for so as to move them toward using their full capacities according to their needs and aspirations.

Problems for the Caring Organization:

- There are certain moral problems with both “caring too much” and “caring not enough” situations:
 - Caring too much for others which can lead to “burnout” when the needs of others are given too much weight compared to the needs of the self.
 - Not caring enough for others because fatigue, self-interest, or disinterest leads us to ignore their needs; or the organization systematically drives out caring with layoffs, bureaucracy; managerial style that see employees as disposable; or rewards that encourage competitiveness and discourage caring.

**INTEGRITY
IS DOING THE
RIGHT THING.

EVEN WHEN
NO ONE IS
WATCHING.**

C.S. LEWIS

APPENDIX-IV

How to Distinguish Technical/Scientific; Religious/Cultural; Legal and Ethical Situations/Questions?

Awareness: Ethical Questions

What Constitutes an Ethical Question?

Ethical questions involve or imply the words 'ought' or 'should'. They involve consideration of conflicting moral choices and dilemmas, with several alternative solutions, none of which is without some challenging or problematic aspect. They arise because of our social responsibilities to others in our community and because our behavior is capable of influencing the welfare of others. Conflicts among principles and values held by different individuals or groups generate such questions.

Student Handouts: Ethical Question Practice Sheets.

1. Overview - Questions: Background Characteristics
2. Ethical Questions #1: Distinguishing Ethical Questions from Other Kinds of Questions
3. Ethical Questions #2: Distinguishing Ethical Questions within a Scenario
4. Ethical Questions #3: Asking Ethical Questions

Question	Characteristics
Scientific / Technical	<ul style="list-style-type: none">○ Asks testable questions about the natural world.○ Can be explored through scientific inquiry and observation.○ Relies on empirical and measurable evidence.○ Example: How does a kidney function in the body?
Religious / Cultural	<ul style="list-style-type: none">○ Asks us what would be in line with a particular religious belief or practice, or the common practices of a particular culture.○ Example: What does my religion or culture say about whether it is acceptable to donate a kidney?
Legal	<ul style="list-style-type: none">○ Asks us what the law says about a particular issue.○ Ethics may inform the law, but sometimes laws are unethical and sometimes the ethically right thing to do may be illegal.○ Example: Is it legal to sell kidneys in the United States?
Ethical	<ul style="list-style-type: none">○ Ask us what the 'right' thing to do is – what we 'should' or 'ought' to do – in the face of a moral dilemma.○ Often arises out of a conflict in values among individuals or groups.○ Requires moral reflection (making evaluations and judgments about responsibilities, rights, duties, values, and principles).○ Example: Should individuals who donate kidneys be allowed to choose who their organs should go to?

Student Handout: NAME _____ Date _____

Practice Sheet #1:

Distinguishing an Ethical Question from Other Kinds of Questions

Question	Ethical, Legal, Religious, other	Reason
Under what conditions should people be kept artificially alive?	Ethical, Religious,	Can be answered by moral reflection related to what it means to be a 'person' and who should have responsibility for someone else's life. Can also be influenced by religious beliefs.
What type of diet allows for the best athletic performance?		
Is killing someone always illegal?		
Is killing a murderer justified?		
What is the most appropriate way to worship?		
Should people be able to select the sex of their child in advance?		
How can a child's sex be determined in advance of their birth?		
How should we decide who receives organ transplants?		
At what age should people marry?		
Are same-sex marriages constitutional?		

Business & Professional Ethics: Concepts and Cases. Lecture Notes by Dr. A. R. Ashraf Baluch

Student Handout: NAME _____ Date _____

Practice Sheet #2:

Raise Questions that Arise from the Scenario and Identify their Types

Scenario	Questions that arise from the scenario	Type (Legal, Ethical , Other)
Example: You are driving over the speed limit because you need to take someone to the hospital who is in need of urgent care.	1. How fast over the speed limit can you legally go? 2. How fast do people usually drive over the speed limit? 3. Is it acceptable to risk harming others in order to benefit one who is clearly in need?	1. Legal 2. Cultural 3. Ethical
Your brother/sister is very ill and needs medication you cannot afford, so you steal it.	1. 2. 3. 4.	1. 2. 3. 4.
Your friend wants you to try performance-enhancing drugs.	1. 2. 3.	1. 2. 3.
You apply for a job and the employer requests access to your health records, including genetic tests you may have had.	1. 2. 3.	1. 2. 3.

Student Handout: NAME _____ Date _____

Practice Sheet #3:

Identify Ethical Questions that Arise from the Scenarios

For each scenario, identify one or more ethical questions.

Scenario	Ethical Questions that Arise from the Scenario
Your classmate asks to see your assignment to copy your ideas and follow your methodology.	1. Should you or should you not let them? 2. Is it fair to the others in the class? 3. What harm can it cause to you or others?
Your classmate asks to see your assignment to copy your ideas and follow your methodology. Because he/she was in the hospital all night with their sick mother and has no other alternative but to get help from you due to time constraint.	
Your classmate asks to see your assignment to copy your ideas and follow your methodology. Because you have previously asked him/her for their work and you two are friends.	
You need to decide whether to kill one person to save the lives of many people.	
You have just paid for your groceries and have left the shop when you discover you were given £1 too much in change. A person just outside the shop is in need of some money.	

Best of Luck



- | |
|---|
| ✓ "The purest treasure mortal times can afford is a spotless reputation." William Shakespeare |
| ✓ R.I.C.E. : Respect, Integrity, Communication, Excellence are the major characteristics of a professional. |
| ✓ R.E.S.P.E.C.T. : Responsibility, Enthusiasm, Self-Esteem, Professional Integrity, Equity, Compassion, Teamwork (A Brief Code of Professional Conduct) |
| ✓ So fearful were the ancient Chinese of their enemies on the north that they built the Great Wall of China , one of the 7 wonders of the ancient world. It was so high they knew no one could climb over it, & so thick that nothing could break it down. Then they settled back to enjoy their security. But during the first 100 years of the wall's existence, China was invaded 3 times. Not once did the enemy break down the wall or climb over its top. Each time they bribed a gatekeeper & marched right through the gates. According to the historians, the Chinese were so busy relying upon the walls of stone that they forgot to teach integrity to their children. |
| ✓ "The first step in the evolution of ethics is a sense of solidarity with other human beings." — Albert Schweitzer, early 20th-century German Nobel Peace Prize-winning mission doctor and theologian |
| ✓ The " Golden Rule ", i.e. to " do unto others as you would have them do unto you " is an example of a universal value common to many cultures/religions. (Mahabharata 5:1517, Hinduism; Talmud, Shabbat 31a & Leviticus 19:18, Judaism; Matthew 7:12, Christianity; Udana-Varga 5:18, Buddhism; Analects 15:23, Confucianism; Number 13 of Imam "Al-Nawawi's Forty Hadiths.", Islam) |
| ✓ "Wrong is wrong even if everyone is doing it, Right is Right even if no one is doing it." Anonymous. |
| ✓ "Integrity is doing the right thing even when no one is watching." C. S. Lewis |

The price of greatness is “**ETHICAL**” responsibility.

Dr. Baluch
Rawalpindi, (Updated & Revised: January 12, 2019)