Ethical Dilemma: Its Examination Using Virtue Ethics, Deontology, And Consequentialism

Ethical Dilemma

I worked for a multinational organization who recently signed a joint venture (JV) contract with another significant multinational. The purpose of the JV was to leverage technical expertise within the region and also to offset/distribute the product development and manufacturing costs associated with launching products globally.

As I have signed a confidentiality agreement, I will be referring to the organisation I worked for as company A and the other organisation as company B going forward. The JV contract stipulated a dollar value (assumed as $10 for the purpose of this essay) as payment for company A's services to company B.

Following the JV announcement, I was assigned to generate the financial reports outlining the engineering costs associated with engineering the product as per company B's specifications. I used the standard financial models that I usually use to generate financial reports. The modelled results were sanity checked multiple times and also uplifted by a factor to account for engineering complexities. Having completed the study it was evident that the final report was below the contract amount ($7 vs. $10). I was then asked by the Program Management team to artificially uplift the model results to equal the contract value. Comment by hp: I said 'asked' here because 'requested' gives the idea that you're allowed to say no whereas 'asked' leaves less wiggle room. Comment by hp: Think if you need to capitaize this. If you do, do it everywhere.

Below are some of the alternatives I considered in this situation:

1. Escalate the issue to Senior Management. Comment by hp: If this needs to be capitalized do it everywhere.
2. Refuse to publish the report and potentially lose my chances of progression within the organisation, as the initial direction to update the financials came from a Senior Manager.
3. Do nothing i.e. ignore the model results and follow the Program Manager's direction.

This essay aims to examine this dilemma using the ethical frameworks of Virtue Ethics, Deontology, and Consequentialism.

Virtue Ethics

Virtue ethics focuses on the individual and looks at how our actions define who we are (Wicks et al 2010). Under virtue ethics, it is not enough to act kindly by accident, unthinkingly, or because everyone else is doing so; an individual must act kindly because he/she recognizes that it is the right way to behave. Although habituation is a tool for character development it is not equivalent to virtue; virtue requires conscious choice and affirmation (Athanassoulis, N, Internet

Encyclopedia of Philosophy)

When evaluating my professional life, I would describe myself as a performance-oriented, and hardworking individual with a strong focus on doing what I feel is right. Similarly, I carry forward the same attitude and characteristics into my personal life. I believe these intrinsic characteristics play a vital role in the way I operate as an individual. Over the years, company A recognised my efforts by promoting me into a senior analyst level within a short period of time. My career goal at the time was to continuously improve my performance and work towards getting into a management position within the company. As a professional, I believe that there were no ethical issues with my actions and goals leading up to that point. Comment by hp: Isn't it the same now?

As virtue ethics focuses on the individual, the correct course of action in this instance is, to be honest, and transparent on the modeled results. Theoretically, the individual must make a conscious decision to act with integrity and prudence and not let their judgment/ actions be influenced by other individuals.

However, in reality, this was not the outcome that was followed through. In this instance, I initially escalated the issue to my manager. Nevertheless, the direction to uplift the financials came from a very senior level, and therefore it was dismissed. At the time, I did not want to undermine my manager and escalate further. Consequently, the choices I had left in this instance were to a) Refuse to publish the report or b) Do nothing and follow management direction.

Being an analyst, I felt as if I was expected to be a follower of direction, and for that reason, to act or not to act in this situation was a hard choice to make. Ultimately, I chose to ‘Do nothing’ (and follow management’s direction) and I let my achievement-oriented characteristics overrule doing what was right from a moral point of view. I hid behind the notion that I was just an analyst with no influence and was bound to deliver on the direction I received from Senior Management.

Deontology

“The deontological approach to ethics regards morality as a duty or a moral rule that ought to be followed. It is about following universal norms that prescribe what people ought to do, how they should behave, and what is right or wrong. It is a morality of principles, not of consequences” (Irene Van Staveren,2007)

When analysing this dilemma through the lens of deontology, deceiving and manipulation are deemed as morally wrong. Therefore, artificially uplifting the finance results to equal the contract amount will be going against the universally accepted moral codes.

In this instance, escalating the issue to Senior Management could be considered as the morally right thing to do. Nevertheless, if the issue is ignored, it would still lead to the same outcome, i.e. misrepresentation of financial results. Consequently, though my decision of ‘Doing nothing’ by turning a blind eye is not an ethically accepted norm as it goes against doing what is right, taking the moral route and escalating the issue would not result in a different outcome either.

Nevertheless, in this situation, the correct course of action is, to be honest, and transparent with the model results as deceiving is against the rules of morality.

Consequentialism

Consequentialism “focuses on the moral importance of the goals we set and the need to try to achieve them through our actions. The moral worth of our actions is determined by the consequences they are likely to generate” (Wicks, et al 2010).

As mentioned before, my goal in company A was to work hard and progress into a management position by gaining the support and recognition of my management team. Whilst working towards achieving this goal I have acted with integrity and I strongly believe that my actions during this period can be morally justified.

When analysing the actions through the consequentialism ethical framework, one must consider the stakeholders and the impact of acting (Disclose model results) versus not acting (Doing nothing) on the goal in question. With reference to appendix table 1, when reviewing the impact of my professional goals on each stakeholder, the decision to ‘Do nothing’ in this situation was not detrimental to all the stakeholders involved. Meaning that following Senior Management instructions did not seem to cause any harm to the majority of the individuals in this instance.

However, whilst there were negative outcomes to ‘Doing nothing’ when taking my personal integrity into consideration, following management’s instructions would actually improve my chances of progression within the organisation, whereas escalating the issue could have a detrimental effect. Additionally, regardless of my course of action, the end result of financial misrepresentation would not have changed. As a result, it was more beneficial for me to follow orders from Senior Management as opposed to going against their instructions and dealing with the negative consequences. Comment by hp: Is this what you mean?

When taking all the possible outcomes into consideration, ‘Doing nothing’ was not detrimental to the majority of the stakeholders involved, and also did not have a negative impact on my own career progression. Therefore, I believe my actions can be justified through this framework.

Conclusion and Reflection

In conclusion, even though all three frameworks provide valuable insight on the actions which should have been portrayed, in reality, none of the recommendations were followed. My personal rationalisation was that I did not want to open a can of worms that could potentially impact my chances of progression within the organisation. My rationale for this was that I did not have the autonomy or the influence within the organisation to reject the request to uplift the financials. Therefore, I seemingly had three moral options; refuse to publish the report, transfer it to another team, or quit. By not doing any of these things and choosing the fourth and not entirely ethical choice of doing nothing and following instructions, I put my performance and career goals ahead of those of the stakeholder's needs.

I believe that my choice in this instance was rational because this was the only option that resulted in the least amount of harm to both parties. The end result would not have changed regardless of what I did, the stakeholders would not have benefitted in any way, and the only

person who could have potentially suffered if acted ethically was me. Therefore, in this instance, following management instructions and looking after my own interests can be justified as discussed above in the consequentialism framework.

However, my reflections from this analysis is to be more autonomous and responsible in the projects that I undertake and be mindful of external influences and their impact on my moral judgements going forward.

References

1. Wicks, A.C, Freeman, R.E, Wehane, P.H, & Martin, K.E. (2010) Business Ethics; A Managerial Approach, Prentice-Hall, Chapter 1, Pages 1-21
2. Irene Van Staveren (2007) Beyond Utilitarianism and Deontology: Ethics in Economics, Review of Political Economy, 19:1, 21-35, DOI: 10.1080/09538250601080776
3. Nafsika Athanassoulis, Internet Encyclopedia of Philosophy https://www.iep.utm.edu/virtue/