

Business Ethics Mini-Case Analysis

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Abstract. Using the analytic framework of normative logic presented in Fisher, Lovell, and Valero-Silva (2013: 140-141), provided here are five original business ethics mini-cases that may be used to teach and practice case analysis. We have taken the six questions that are used in the analytic framework of normative logic to solve ethical problems and have adapted them to seven steps that can be applied to conflict resolution of mini-cases in class. Then the adapted normative logic model has seven steps: Describe the “fundamental needs of humankind” as they relate to the case, e.g. caring, supporting, reciprocity, fairness, trust; Explain the established norms, values, and laws that can be seen to apply in this case; State in brief the facts of the situation; Examine the network of circumstances that preceded the situation (come to an understanding of how the actor came to this point); Generate at least three alternative positions and actions open to the actor in the case; Speculate on the hypothesized consequences of the different positions or actions the actor in the case may take; and Choose among the alternative positions the actor in the case might take and give your informed and judged reason for making that choice. A suggested answer is provided for one case, which could be reproduced as a class handout for students to examine after having done their own analysis and having discussed the case as a class.

Keywords: normative logic, ethical problems, conflict resolution.

1. Introduction

It is well known that there are many ethical theories, within business most of the studies cover virtue ethics, utilitarianism, and deontological ethics. But when it comes to apply ethical theories it could be tricky if managers decided to select one specific theory and ignore the rest of them. For instance, ethics of justice may be necessary to resolve some ethical questions in management, but insufficient if we do not take into account the context and apply virtue ethics and what prudence and self-control have to say to the specific situation. Hence, in this kind of situation, debate and discussion are essential: in groups, this means teams of an organization debate about what to do, or in a person’s own head, as when a manager needs to think consciously before making a decision (Fisher *et al.* 2011). In this scenario appears discourse ethics as the way to solve this kind of situation.

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According to Fisher *et al.* (2011: 139), “discourse ethics is a normative approach that deals with the proper processes of rational debate that are necessary to arrive at a resolution of ethical questions. It does not lay down what is right and wrong, but it does distinguish right and wrong ways of arguing about right and wrong. It is an ancient idea that the process of argument, or rhetoric, is key to discovering the truth.” This definition aligns with the idea of Habermas (1981) that it is social interaction and discourse that develops knowledge, and that debate (when it is free of compulsion) can resolve disagreement. Hence, through discourse, one can find consensus on ethical problems in business.

Fischer (1983) proposes a method called normative logic, based on the way people discuss and decide normative issues every day in common places, even if they do not share the same point of view of ethical theories or values. The conclusion of Fischer’s study was that people resolve ethical problems in their everyday life by drawing upon their understanding of the following six things:

“The consequences of the different positions or actions they may take; the alternative positions and actions open to them; established norms, values and laws; the facts of the situation; the network of circumstances that preceded the situation; and the ‘fundamental needs of humankind’.” (Fisher *et al.* 2011: 140-141.)

Fisher, *et al.* (2011), brought this analytic framework of normative logic proposed from Fischer (1983), and they stated that with it people can construct ethics cases and choose a particular action. This means that answering these six questions through social discourse, groups or individuals could find a way to solve ethical problems and make a decision in a dilemma. We took this framework and adapted it for use in a business class by adding one more step (this leads to seven steps that correspond to the six questions). To use the analytical framework, ethical actors may undertake the next seven steps:

- **Describe** the ‘fundamental needs of humankind’ as they relate to the case? E.g., caring, supporting, reciprocity, fairness, trust, responsibility, honesty, empathy.
- **Explain** the established norms, values, and laws that can be seen to apply in this case (assume the local context for your business school).
- **State** in brief the facts of the situation (separate beliefs and opinions in the case from the facts – the facts are beyond dispute).
- **Examine** the network of circumstances that preceded the situation (come to an understanding of how the actor came to this point).

- **Generate** at least three alternative positions and actions open to the actor in the case (these are viable alternatives that reasonable people in the class might choose – avoid the “straw man” alternatives that are easily dismissed).
- **Speculate** on the hypothesized consequences of the different positions or actions the actor in the case may take – be reasonable yet go beyond “Who knows?” to find what might have a good chance of happening.
- **Choose** among the alternative positions the actor in the case might take and give your informed and judged reason for making that choice (not “all the other choices are bad”).

In the final step students should be aware that they will end up in an ethical framework or perspective. Here they should know that there are three pillars that commonly differentiate ethical theories: “Deontology – the pillar of probity; Teleology – the pillar of consequences; Virtue ethics – the pillar of ethical character and culture,” (Fisher *et al.* 2011: 104).

In the course professor’s teaching of Business Ethics to MBA students he has developed five mini-cases to work through using this framework. In practice the class is divided into small groups and each student is given a page with the mini-case of just a paragraph in length and the prompts of the normative logic analytic framework. They then as a group work through the mini-case, step by step, following the prompts. When they are mostly done, he asks each group to write their alternatives on the whiteboard along with an indication of their choice. Then the class as a whole examines all the alternatives and notes which are most common and which are uncommon. A set of all unique alternatives may be generated to give the total set of possibilities seen by the class as a whole. Choices are examined across the groups, with variance in choice normally being present. This can lead to a useful discussion about the different choices made and the pros and cons of each. When many or all groups generate exactly three alternatives, the point may be made that more alternatives explored often lead to a more creative or indeed a better answer.

The five mini-cases are best done one per class, with time in-between for the lessons of the analytic method to sink in. Provided here are the mini-cases and a sample analysis of one. A separate teaching note provides sample analyses of the other four. After a class discussion of the alternatives and choices the course professor may hand out the sample answers for the students’ consideration. It is also possible for each professor of business ethics to generate their own set of mini-cases. Ask your class as an assignment to write a paragraph describing an actual situation that takes place in a business context and that ends with a dilemma. Collect these, select the best five, edit for clarity and completeness, and ask for the students’ permissions to use these in future classes.

2. Case Analysis: Teaching in South Korea

When John was approaching the end of his six months of teaching in South Korea, he received a phone call from the HR department of his employer. They had discovered that John had received a \$1,000 reimbursement for his flight to South Korea, but because he would only be staying six months, this error would be corrected by deducting the amount from his last paycheque. John was upset because he had told the company that he could only stay six months. He didn't know the reimbursement applied only to those who stayed a full year. Upon returning home from South Korea, John was at his bank and discovered that his last paycheque was all there! The \$1,000 had not been deducted. What should John do?

- **Describe** the “fundamental needs of humankind” as they relate to the case? E.g., caring, supporting, reciprocity, fairness, trust – here duty, honour, and integrity are central. You are a professional teacher who noticed the error. To not pay it back risks losing your own integrity, which presumably has a higher value than \$1,000. It is your duty to take action once you have noticed the error. To wait until contacted by the South Korean company misses your responsibility to act.
- **Explain** the established norms, values, and laws that can be seen to apply in this case (this analysis assumes the Canadian/Alberta context) – if you have received funds you are not entitled to, you should make the other person aware of the mistake and reimburse them. It is wrong to cause the other party to suffer from their mistake once you notice it. It is not illegal to keep the funds as it is not beyond dispute that you have noticed the error. At a grocery store you receive too much change from the cashier. If you do not notice, the error goes undetected and the cashier is short at the end of the day and may have to make up the missing money. If you do notice, you are expected to return the money given to you in error. That the case involves a large South Korean corporation does not change how the issue is seen in a Canadian/Albertan context.

From a South Korean point of view, relationship and reputation are very important. If they feel they have lost face with you, they will be embarrassed, and it may affect any future dealings you have with them. You need to understand the cross-cultural aspects of this case.

The amount of the deduction not made is relevant. If it was very small, say \$20, it is not worth the time to pursue. If the amount was very large, say \$2,500, then action becomes even more imperative as it becomes too large an amount to ignore. The amount in this case of \$1,000 is material, it is significant enough to require action.