Fourth Edition

Business Ethics and Values

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■ The first concerns the interpretations of the values. Their very simplicity makes them banal. This in turn means that they have to be interpreted before they can be of use in making decisions. An example can be taken from health-care management. Everyone in the field would agree that patients come first. But different health-care professionals may make sense of this value in different ways. For some it would mean improving the patients' clinical condition. Others might say it is empowering the patients to take control of their treatment and their condition. Yet others might claim it means making the patient physically comfortable and at psychological ease.

■ The second source of argument and conflict over values is the multiplicity of conflicting values in any given society. Ambition, for example, may clash with honesty. Ethical issues are often difficult because it may not be certain which value, from a variety of contradictory values, should be applied in any given situation.

The problem for someone faced with an ethical matter is to choose which of many values to apply to the situation. This brings us back to a feature of fast and frugal heuristics as described by Gigerenzer et al. (1999: 30). They proposed that people are equipped with a psychological adaptive toolbox that is filled with a jumbled collection of one-function tools. Just as a mechanic manages to choose the right tool to repair a car, so people choose the best heuristic to hand to help them make their mind up or take a decision.

Video clip 4.2	**Nepotism**
	The clip deals with nepotism – taking family connections into account when recruiting staff. Is this a good and appropriate value to apply or not?
	To view the video clip from the interview please visit this book's companion website at www.pearsoned.co.uk/fisherlovellvalerosilva.

In the next two sections we explore the ways in which particular values might be used.

Value heuristics and priority setting

Resource allocation is a particular form of priority setting. It involves deciding which things are more important and which less. In this section, it is argued that right answers to problems of priority setting cannot be found by technical means. Priority setting is a matter of values. The person setting the priorities has to decide which values they will use to determine relative importance. Whether a particular set of priorities is right or wrong depends upon the values used to judge it. This makes that priority setting an ethical matter.

This section explores the use of values as heuristics for making decisions in ethical matters, using a simulation exercise called *Monksbane and feverfew*. The exercise is based on a problem in health-care management. A limited budget has to be divided between two health-care programmes, one aimed at the diagnosis and treatment of monksbane and the other at the diagnosis and treatment of feverfew, both danger-ous, if fictitious, diseases. The problem is to decide which programme should be given priority. Fisher (1998) identified six values concerning priority setting in the allocation of resources. They are listed here but will be defined later in the chapter:

1. utility

2. individual need

3. deservingness

4. ecology

5. fairness

6. personal competence and gain.

In *Monksbane and feverfew*, there are opportunities to apply each of these values in setting your priorities between the two programmes. Whichever you choose will lead to a different allocation of resources. It may be that you will change your mind as you work through the simulation. Do Activity 4.1 now and then the different values will be explained.

Activity 4.3	Monksbane and feverfew: a diagnostic instrument about values and priority setting

Go to the companion website for this book (www.pearsoned.co.uk /fisherlovell) where you will find both an interactive, web-based version of the activity as well as a hard-copy version that you can print off. The interactive version calculates your scores for you. If you use the hard copy you will have to do the scoring yourself.

Transfer your score from the *Monksbane and feverfew* exercise to the grid to the below by placing ticks in the appropriate cells.

Heuristic	Low	Medium	High
Utility			
Individual need			
Deservingness			
Ecology			
Fairness			
Personal competence and gain			

Source: Fisher (1998)

The value heuristics of resource allocation

Each of the six value heuristics for resource allocation will be explained by reference to the information provided to the decision maker in *Monksbane and feverfew*.

Utility

Utility is a value concerned with allocating resources in a way that maximises the common good (or the beneficial impact of services). Utility values the maximisation of the quantity of good done. It is a form of utilitarianism.

In Section 1 of *Monksbane and feverfew*, you are given enough information to apply utility as a value. If the graph is studied carefully it is clear that at any point money spent on feverfew will always save more lives than will be saved by spending it on monksbane. The way to save the most lives is to spend all the money on feverfew and none on monksbane. Those who make this decision are using the utility value. Not everyone can bear to do this. Those who know that rationally any money spent on monksbane costs the lives of feverfew sufferers, who might otherwise have been saved, may still find themselves unable to spend nothing on monksbane at all. They therefore decide to spend a small amount on its treatment. This suggests that they are not entirely at ease with the utility value.

Utility is the heuristic that underwrites much management theory, and management science in particular. The development of QALYs, in health-policy studies, provides an illustration of this approach. QALY stands for quality-adjusted life years (Gudex, 1986) and is a measure of the benefit, to the average patient, of a medical treatment in terms of additional years of life and of the quality of life. Once the benefit of a medical intervention is measured, its cost can be calculated to produce a ranking of treatments in cost-effectiveness terms. Haemodialysis produced a cost per QALY of £9,075 while for scoliosis surgery the cost was £194. The latter treatment will therefore produce more benefit for any given sum of money than the former. There have been many criticisms of the utilitarian QALY approach, as reported in Pereira (1989) and Baldwin et al. (1990), but it is still persuasive to many.

Cross reference	The heuristic of utility relates to the general ethical tradition of utilitarianism that is discussed in Chapter 3, p. 117.

Individual need

Individual need is a value that can be triggered by the cues and information given in Section 2 of *Monksbane and feverfew*. This value holds that resources should be allocated in proportion to people's needs. Needs can of course be attributed to groups of people but those who adopt this value prefer to consider people as individuals. Needs are not the same as wants or demands, however. A need can only be defined by an expert in the field, in the cases of monksbane and feverfew by a doctor. Needs have two further characteristics: they can be objectively described, which means that it is possible for someone to have a need they do not know about, and, secondly, they can be ranked so that some are seen as more pressing than others.

The information provided in Section 2 of *Monksbane and feverfew* suggests that people who suffer from monksbane have greater need than those ill with feverfew. Monksbane patients are much more likely to die if not treated than feverfew patients. The information in Section 2 also highlights another aspect of individual need. It is the belief that if there are the means and the technology to improve people's lot, then we are obliged to use them. In a medical setting it is the belief that everything that can be done, that has some chance of providing some benefit to the patient, should be done. It is to be noted that more can be done to treat people with monksbane than can be done for those with feverfew. If someone adopts the individual need value therefore, they will decide to spend significant sums of money on the treatment of monksbane.

The problem with individual need as a value is that it wills the expenditure of money without any regard for the availability of that money.

Deservingness

The deservingness heuristic, which is made available in Sections 3a and 3b of Activity 5.1, divides people into two moral classes, the deserving and the undeserving. When resources are being distributed according to the deservingness heuristic, the favourable allocation is given to the former and the unfavourable portion to the latter. Deservingness is an Edwardian concept. This traditional view saw the provenance of poverty and need in individual moral failure and indolence. The growing depersonalisation and alienation of social life, caused by nineteenth-century industrialisation, made this view untenable, and a distinction was drawn between the deserving poor, brought low by social and economic factors beyond their control, and the undeserving poor, whose failure was of their own doing. New possibilities for morally classifying people have emerged since Edwardian times. People can be allocated to moral categories according to whether they are, on the one hand, greedy, truculent and ungrateful or, on the other, meek, humble and full of gratitude. A further moral criterion of deservingness is group membership. The deserving person is one of us; the undeserving person is an outsider.

In more recent times, the debate about the funding of treatment for sufferers from AIDS suggests that the distinction between the morally deserving and the undeserving is still current, and indeed is experiencing a renaissance. Academic writing on the subject has been concerned with whether the treatment of AIDS sufferers is cost effective (Eastwood and Maynard, 1990). But there were arguments put forward, particularly in the press, which suggested that AIDS patients should be seen as 'less eligible' for treatment because they had visited the illness upon themselves through homosexual behaviour or drug abuse. It is, perhaps, the effect of deservingness that accounts for the different public perceptions of the plights of haemophiliacs, who acquired the disease through the necessary treatment of their primary illness, and that of homosexuals who, more likely, acquired it as a result of chosen behaviours. Whilst the UK government was initially curmudgeonly in the question of compensation for haemophiliacs, who had become HIV positive from being treated with infected blood products, public opinion clearly thought they should be compensated quickly (Mihil, 1990). There was a popular temptation to see haemophiliacs as deserving, and homosexuals as undeserving, and to fund their programmes accordingly.

In *Monksbane and feverfew*, you are informed that people with the disease to which you have given the biggest share of the budget are ungrateful and truculent and that their behaviour has contributed towards their condition. If you are attracted to the value of deservingness, you will have little patience with these people and decide to spend less on their treatment. However, if you do not hold this value, you will probably regard all the information given in this section as irrelevant to the problem and decide to leave the budget allocation unaltered.

Cross reference	The heuristic of deservingness has some connections with the largely American philosophy of objectivism that is associated with Ayn Rand, whose ideas are discussed in Chapter 3, p. 130. This philosophy emphasises the moral independence of individuals. Those who do not rise to this challenge are undeserving.

Ecology

The apologists for the ecology heuristic take a very different approach. They see clients as morally autonomous agents who are not passive recipients of services but actors within the resource-allocation process. Put simply, the ecology value states that the voices of all the parties interested in a decision should be heard. Those who value this perspective are pluralists who assume there will be many different points of view that have to be accommodated.

The ecology heuristic is concerned with identifying the different perceptions of the many groups involved with a service and trying to create a consistent policy from that variety. Ultimately, this concatenation is achieved by giving more weight to the views of those who are most closely involved with the service. Some groups, particularly the most powerful with respect to the decision makers, will be listened to more intently than others. In other words, an ecological resource allocation is one that meets the expectations and aspirations of the most significant interest groups. But such allocations also have to meet the minimum requirements of all the interest groups. If they do not, then those disregarded groups will seek to make themselves more significant to the organisation and so reach a condition in which the decision makers have to listen to them.

Section 4 of *Monksbane and feverfew* provides enough clues for people who adopt this value to act upon it. Some very powerful interest groups are pressing for more money to be spent on the monksbane programme. People who accept ecology respond by putting another five or ten thousand pounds into the programme. Most of those who reject ecology as a value simply ignore the demands of the pressure groups. Some respondents, however, are so incensed by what they see as bullying by the pressure groups, that they reduce the expenditure on monksbane to punish those who would seek to bring pressure to bear.

Fairness

Fairness is concerned with impartiality between individuals. Fairness emphasises the importance of giving everyone equal access to services or at least an equal chance of access. This makes the use of arbitrary mechanisms for allocating scarce resources possible. Some managers, for example, when faced with too many job

candidates, all of whom fit the employee specification, believe the only fair way of choosing the successful candidate is to draw lots. People who apply the fairness heuristic are interested in the standardisation and consistency of services to customers and clients. One of the clearest definitions of fairness, as it is defined here, can be found in a medieval Islamic story.

> A child and an adult both of the True Faith are in Heaven, but the adult occupies a higher place. God explains that the man has done many good works whereupon the child asks why God allowed him to die before he could do good. God answers that he knew the child would grow up to be a sinner and so it was better that he die young. A cry rises up from the depths of Hell: 'Why O Lord did you not let us die before we became sinners?'
>
> (Russell, 1985: 85)

The Lord was obviously working on an ad hoc basis, dealing with individuals as they appeared before him for judgement. For some reason this child was noticed and saved while many others were not, a lapse on God's part that those in Hell naturally thought unfair. Fairness therefore must operate according to universally applied rules. Either all potential sinners die young or none.

Fairness is only concerned with equality of access and opportunity, not with equality of outcomes. In Section 5 of *Monksbane and feverfew*, the table shows that if £10,000 is spent on feverfew and £60,000 on monksbane then 30 per cent of sufferers from feverfew and 30 per cent of sufferers from monksbane would be identified and treated. This would be fair because, irrespective of which disease a person had, their chances of treatment would be the same. This does not of course mean that they would all have the same chances of being made well. Some people favour the value of fairness but would not wish to impose it by dividing up the budget 10:60. Section 6 of *Monksbane and feverfew* therefore provides another option for applying the fairness heuristic. In this section you are given the opportunity to leave the allocation of resources between the two treatment programmes to chance. This is done by treating patients as they present themselves, irrespective of their diagnosis, and by stopping all treatments when the budget is spent. This alternative puts everyone in a queue and so everyone is dealt with in the same way – fairly.

Personal competence and gain

Personal competence and gain is a heuristic which, when applied to the allocation of resources, causes decisions to be made to the decision maker's benefit. The benefit can be of two different kinds. The first is the sense of worth and self-esteem that can come from having done a job properly. This implies that the decision has been made using appropriate methods and that no short cuts, which offend against the decision maker's beliefs, have been used. The second sense relates to personal advantage. In this sense, the decision makers allocate resources in a way that brings some material or personal benefit to them – this may be an increase in organisational influence, professional satisfaction, something which eases the burden of daily life, cash or a bottle of whisky. Personal gain does not necessarily imply gain for the decision maker because they may value being able to help their friends or