

Ethics have to look at  
the mitigating factors



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Ethics in Business From a business perspective, working under government contracts can be a very lucrative proposition.

In general, a stream of orders keep coming in, revenue increases and the company grows in the aggregate. The obvious downfalls to working in this manner is both higher quality expected as well as the extensive research and documentation required for government contracts. If a part fails to perform correctly it can cause minor glitches as well as problems that can carry serious repercussions, such as in the National Semiconductor case. When both the culpable component and company are found, the question arises of how extensive these repercussions should be. Is the company as an entity liable or do you look into individual employees within that company? From an ethical perspective one would have to look at the mitigating factors of both the employees and their superiors along with the role of others in the failure of these components.

Next you would have to analyze the final ruling from a corporate perspective and then we must examine the macro issue of corporate responsibility in order to attempt to find a resolution for cases like these. The first mitigating factor involved in the National Semiconductor case is the uncertainty, on the part of the employees, on the duties that they were assigned. It is plausible that during the testing procedure, an employee couldnt distinguish which parts they were to test under government standards and commercial standards. In some cases they might have even been misinformed on the final consumers of the products that they tested. In fact, ignorance on the part of the employees would fully excuse them from any moral responsibility for any damage that may result from their work. Whether it is decided that

an employees is fully excused, or is given some moral responsibility, would have to be looked at on an individual basis.

The second mitigating factor is the duress or threats that an employee might suffer if they do not follow through with their assignment. After the bogus testing was completed in the National Semiconductor labs, the documentation department also had to falsify documents stating that the parts had surpassed the governmental testing standards. From a legal and ethical standpoint, both the testers and the writers of the reports were merely acting as agents on direct orders from a superior. This was also the case when the plant in Singapore refused to falsify the documents and were later falsified by the employees at the have California plant before being submitted to the approval committees (Velazquez, 53). The writers of the reports were well aware of the situation yet they acted in this manner on the instruction of a supervisor. Acting in an ethical manner becomes a secondary priority in this type of environment.

As stated by Alan Reder, . . . if they the employees feel they will suffer retribution, if they report a problem, they arent too likely to open their mouths. (113). The workers knew that if the reports were not falsified they would come under questioning and perhaps their employment would go into jeopardy. Although working under these conditions does not fully excuse an employees from moral fault, it does start the divulging process for determining the order of the chain of command of superiors and it helps to narrow down the person or department that issued the original request for the unethical acts.

The third mitigating factor is one that perhaps encompasses the majority of the employees in the National Semiconductor case. We have to balance the direct involvement that each employee had with the defective parts. Thus, it has to be made clear that many of the employees did not have a direct duty with the testing departments or with the parts that eventually failed.

Even employees, or sub-contractors, that were directly involved with the production were not aware of the incompetence on the part of the testing department. For example, the electrical engineer that designed the defective computer chip could act in good faith that it would be tested to ensure that it did indeed meet the required government endurance tests. Also, for the employees that handled the part after the testing process, they were dealing with what they believed to be a component that met every governmental standard.

If it was not tested properly, and did eventually fail, isn't the testing department more morally responsible than the designer or the assembly line worker that was in charge of installing the chip? Plus, in large corporations there may be several testing departments and in some cases one may be held more responsible than another depending on their involvement. A process like this can serve the dual purpose of finding irresponsible employees as well as those that are morally excused. The fourth mitigating factor in cases of this nature is the gauging of the seriousness of the fault or error caused by this product. Since National Semiconductor was repeatedly being reinstated to the list of approved government contractors, one can safely assume that the level of seriousness, in the opinion of the contractor approval committees, is not of monumental importance. Yet one

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has to wonder how this case would have been different if the lack of testing did cause the loss of life in either a domestic or foreign military setting. Perhaps the repercussions would have come faster much more stringent. The fact that National Semiconductor did not cause a death does not make them a safe company. They are still to be held responsible for any errors that their products cause, no matter the magnitude.

As for the opposition to the delegating of moral responsibility, mitigating factors and excusing factors, they would argue that the entity of the corporation as a whole should be held responsible. The executives within a corporation should not be forced to bring out all of the employees responsible into a public forum. A company should be reprimanded and be left alone to carry out its own internal investigation and repercussions. From a business law perspective this is the ideal case since a corporation is defined as being a separate legal entity.

Furthermore, the opposition would argue that this resolution would benefit both the company and the government since it would not inconvenience either party. The original resolution in the National Semiconductor case was along these lines. The government permanently removed National from its approved contractors list and then National set out to untangle the web of culpability within its own confines. This allowed a relatively quick resolution as well as the ideal scenario for National Semiconductor. In response, one could argue that the entity of a corporation has no morals or even a concept of the word, it is only as moral and ethical as the employees that work in that entity. All of the employees, including top ranking executives are working towards advancing the entity known as their corporation (Capitman, 117). All <https://assignbuster.com/ethics-have-to-look-at-the-mitigating-factors/>

employees, including the sub-contractors and assembly line workers, are in some part morally responsible because they should have been clear on their employment duties and they all should have been aware of which parts were intended for government use. Ambiguity is not an excusing factor of moral responsibility for the workers.

Also, the fact that some employees failed to act in an ethical manner gives even more moral responsibility to that employee. While some are definitely more morally responsible than others, every employee has some burden of weight in this case. In fact, when the government reached a final resolution, they decided to further impose repercussions and certain employees of National Semiconductor were banned from future work in any government office (Velazquez, 54). Looking at the case from the standpoint of National Semiconductor, the outcome was favorable considering the alternate steps that the government could have taken. As explained before, it is ideal for a company to be able to conduct its own investigation as well as its own punishments. After all, it would be best for a company to determine what specific departments are responsible rather than having a court of law impose a burden on every employee in its corporation.

Yet, since there are ethical issues of dishonesty and secrecy involved, National Semiconductor should have conducted a thorough analysis of their employees as well as their own practices. It is through efforts like these that a corporation can raise the ethical standard of everyone in their organization. This case brings into light the whole issue of corporate responsibility.

The two sides that must ultimately be balanced are the self interests of the company, with main goal of maximum profit, and the impacts that a corporation can cause on society (Sawyer, 78). To further strengthen this need, one could argue that there are very few business decisions that do not affect society in way or another. In fact, with the plethora of corporations, society is being affected on various fronts; everything from water contamination to air bag safety is a concern. The biggest problem that all of us must contend with is that every decision that a business makes is gauged by the financial responsibility to their corporation instead of their social responsibility to the local community, and in some cases, the international community.

This was pointed out on various occasions as the main reason why National Semiconductor falsified their reports. The cost that the full tests would incur did not outweigh their profit margins. Their business sense lead them to do what all companies want .

. . maximum profit. In the opinion of the executives, they were acting in a sensible manner.

After all, no executive wants to think of themselves as morally irresponsible. (Capitman, 118). The question that naturally arises, in debating corporate responsibility, is what types of checks and balances can be employed within a company to ensure that a corporation and all of its agents act in an ethical manner. Taking the example of the National Semiconductor case, one can notice many failures in moral responsibility. National Semiconductor would have to review its employees, particularly the supervisors, for basic ethical

values such as honesty. example, ultimately it was the widespread falsification of the testing documentation that caused the downfall of National Semiconductor, not the integrity of their components. In the synopsis of the case it is never mentioned that the employees initiated this idea, it would seem that it was the supervisors that gave the order to falsify the documents.

In order to accomplish this, the company executives would have to encourage their employees to voice their concerns in regards to the advancement of the company. Through open communication, a company can resolve a variety of its ethical dilemmas. As for the financial aspects of the corporation, it has to decide whether the long term effects that a reprimand from the government can have outweighs their bottom line. In other words, corporations have to start moving away from the thought of instant profit and start realizing both the long term effects and benefits.

These long term benefits can include a stronger sense of ethics in the work force as well as a better overall society. To conclude, I must say that I agree with the use of mitigating factors in determining moral responsibility. A company, as defined by law, is only a name on a piece of paper.

The company acts and conducts itself according to the employees that work in that entity. I use the word employee because in ethical thinking there should be no distinction of rank within a company. There are times when executives can be held directly responsible and at the same time, there are cases where employees are acting unethically without the executives knowing.



Neither title of executive or employee equates to moral perfection.

Therefore, when a company has acted irresponsibly, its employees must be held liable in a proportionate amount. As for the future of ethics in business I would speculate that if employees started to think more in long term benefits and profits, many of the ethical dilemmas that we face today would be greatly reduced. As mentioned before, businesses today uses the measuring stick of profitability. There needs to be a shift to the thinking of total utility for the social community in order to weigh business decisions. Opponents would argue that this is a long term plan that require too many radical changes in the face of business. Also, there is no way that an industry wide standard can be set since there are too many types of corporations.

Plus, companies have different needs and every moral rule is subjective according to the type of business that everyone conducts. In response, I would argue that although there are no industry standards that are feasible, it is possible for every company to examine their practices as well as the attitude of their employees. There will be companies that find that they are doing fine with employees that are aware of their moral values. Yet other companies will find that they do have areas that need improvement. It is steps like these that start implementing changes. Once a few companies start to see the benefits of changes, it can help to encourage other companies to follow suit. After all, as seen in the case of National Semiconductor, mistakes in one department can cause the deterioration of an entire corporation.

When the costs that are possible are taken into account, the changes required to rectify this are small in comparison. — Bibliography Capitman, <https://assignbuster.com/ethics-have-to-look-at-the-mitigating-factors/>

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