Learning Objectives

After reading this chapter, you should understand . . .

1. **What issues are covered in research ethics.**
2. **The goal of "no harm" for all research activities and what constitutes "no harm" for participant, researcher, and research sponsor.**
3. **The differing ethical dilemmas and responsibilities of researchers, sponsors, and research assistants.**
4. **The role of ethical codes of conduct in professional associations.**

Bringing Research to Life

"My brother-in-law, 'Slick Billy' Henderson, has been in and out of trouble all his life," said Myra, "but hasn't spent a night in jail. He knows the difference between what is unethical and what is actually illegal."

"Have they ever prosecuted the guy?" asked Jason.

"No, but he may soon be broke. He is in computer peripherals in Silicon Valley and has taken a near-lead position in peripherals for laptop computing. Well, laptop peripherals are volatile. Do I have to tell you? They grow smaller every month and have to be sold more cheaply. According to my sister, Janet, a detailed market report was needed, which Bill could very well afford to pay for, but he decided to get it through one of his notorious fiddles. So he went to a hungry headhunter—a management placement specialist—and said he wanted to interview six candidates for senior diversification manager.

"His security chief, who Jan swears is an ex–secret police Eastern Bloc immigrant, rigged Bill's office and conference room with listening devices and recorded every interview. Bill even wore a 'wire' so he could record conversations in the men's room and over lunch. The first few interviews added greatly to Bill's understanding of the competition, but when the headhunter brought in an exec from ConToCon, the company that was Bill's number one competitor, he knew he had struck pay dirt.

"On the basis of the interview with Mr. Smithson from ConToCon, Bill decided to shut down the California production line for a certain peripheral and open production in Mexico for a smaller, faster, cheaper version. Bill summoned his vice presidents to announce his decision and provide transcripts of his interview with Smithson. Immediately, without actually reading the transcripts, Bill's chief attorney scrawled her resignation on a notepad and walked out, without even stopping to empty her office. The human resource VP caved in, however, and soon announced a layoff of their California factory employees, and the production VP flew to Mexico to ink a contract to expand a plant there."

"Did your brother actually make any of the candidates a job offer?"

"Please, Jason. He is my *brother-in-law,* not my brother, and no, he saw no need to make any offers. He told Jan that the 'tricky s.o.b.'s,' as he called them, probably never intended to work for him. He insisted that the interviewees were wasting his time and money and they only wanted job offers to extract a raise from their current employers."

"Slippery folks believe the world is populated by even slipperier folks," said Jason, philosophically.

"Well, no sooner had Bill laid off his California workers and flown to Mexico to make a down payment on a plant there, when ConToCon announced that it was expanding in California, exactly contrary to what Smithson had said. In fact, according to the trade press, Smithson was given the boot; no one ever knew why, although there was no shortage of rumors.

"So Bill has sunk his own ship and cannot bail it out now. Nevertheless, he remains unrepentant and blames the lawyer who quit, the headhunter, the interviewees, Smithson most of all, and his production VP. Bill maintains he is the victim of an innocent mistake.

"Jan filed for divorce yesterday. She has 8 by 10 glossy pictures of him frolicking on a private beach in Acapulco with a local señorita."

"And how is Bill taking this?"

"Bill is incensed, of course, and demands to know what sort of woman hires a detective to spy on her husband."

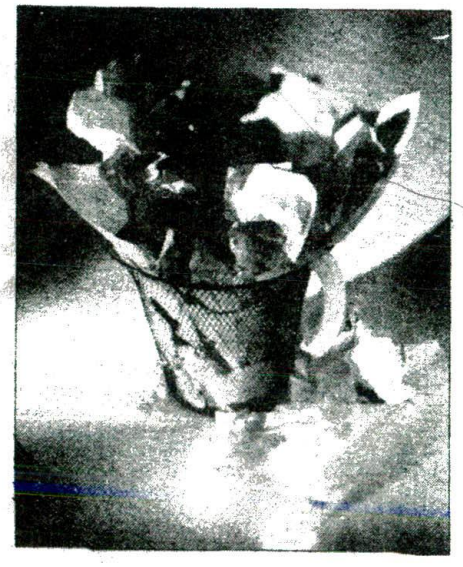
What Are Research Ethics?

As in other aspects of business, all parties in research should exhibit ethical behavior. **Ethics** are norms or standards of behavior that guide moral choices about our behavior and our relationships with others. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities. This objective is usually achieved. However, unethical activities are pervasive and include violating nondisclosure agreements, breaking respondent confidentiality, misrepresenting results, deceiving people, invoicing irregularities, avoiding legal liability, and more.

The recognition of ethics as a problem for economic organizations was revealed in a survey where 80 percent of the responding organizations reported the adoption of an ethical code. Surprisingly, the evidence that this effort has improved ethical practices is questionable. The same study reports limited success for codes of conduct that attempt to restrain improper behavior.[1]

There is no single approach to ethics. Advocating strict adherence to a set of laws is difficult because of the unforeseen constraint put on researchers. Because of Germany's war history, for example, the government forbids many types of medical research. Consequently, the German people do not benefit from many advances in biotechnology and may have restricted access to genetically altered drugs in the future. Alternatively, relying on each individual's personal sense of morality is equally problematic. Consider the clash between those who believe death is deliverance from a life of suffering and those who value life to the point of preserving it indefinitely through mechanical means. Each value system claims superior knowledge of moral correctness.

Clearly, a middle ground between being completely code governed and ethical relativism is necessary. The foundation for that middle ground is an emerging consensus on ethical standards for researchers. Codes and regulations guide researchers and sponsors. Review boards and peer groups help researchers examine their research proposals



In April 2001, Procter & Gamble notified its competitor Unilever that more than 80 discarded documents detailing Unilever's three-year marketing plans for its hair care business had been collected by independent information agents hired by a P&G supplier. P&G voluntarily returned the documents, indicating that competitive intelligence-gathering involving documents taken from trash receptacles was a violation of its ethical standards. Unilever believes that additional information was obtained by deception, with information-gatherers claiming to be market analysts. P&G and Unilever are negotiating a settlement, but Unilever believes its hair care business has been irreparably compromised.
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www.unilever.com

for ethical dilemmas. Many design-based ethical problems can be eliminated by careful planning and constant vigilance. In the end, responsible research anticipates ethical dilemmas and attempts to adjust the design, procedures, and protocols during the planning process rather than treating them as an afterthought. Ethical research requires personal integrity from the researcher, the project manager, and the research sponsor.

Because integrity in research is vital, we are discussing its components early in this book and emphasizing ethical behavior throughout our coverage. Our objective is to stimulate an ongoing exchange about values and practical research constraints in the chapters that follow. This chapter is organized around the theme of ethical treatment of respondents, clients, research sponsors, and other researchers. We also highlight appropriate laws and codes, resources for ethical awareness, and cases for application. Exhibit 5–1 relates each ethical issue under discussion to the research process introduced in Chapter 3.

Ethical Treatment of Participants

When ethics are discussed in research design, we often think first about protecting the rights of the participant, respondent, or subject. Whether data are gathered in an experiment, interview, observation, or survey, the respondent has many rights to be safeguarded. In general, research must be designed so a respondent does not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy. To safeguard against these, the researcher should follow three guidelines:[2]

MANAGEMENT Tip

1. Explain study benefits.
2. Explain respondent rights and protections.
3. Obtain informed consent.

Benefits

Whenever direct contact is made with a respondent, the researcher should discuss the study's benefits, being careful to neither overstate nor understate the benefits. An interviewer should begin an introduction with his or her name, the name of the research organization, and a brief description of the purpose and benefit of the research. This puts respondents at ease, lets them know to whom they are speaking, and motivates them to answer questions truthfully. In short, knowing why one is being asked questions improves cooperation through honest disclosure of purpose. Inducements to participate, financial or otherwise, should not be disproportionate to the task or presented in a fashion that results in coercion.

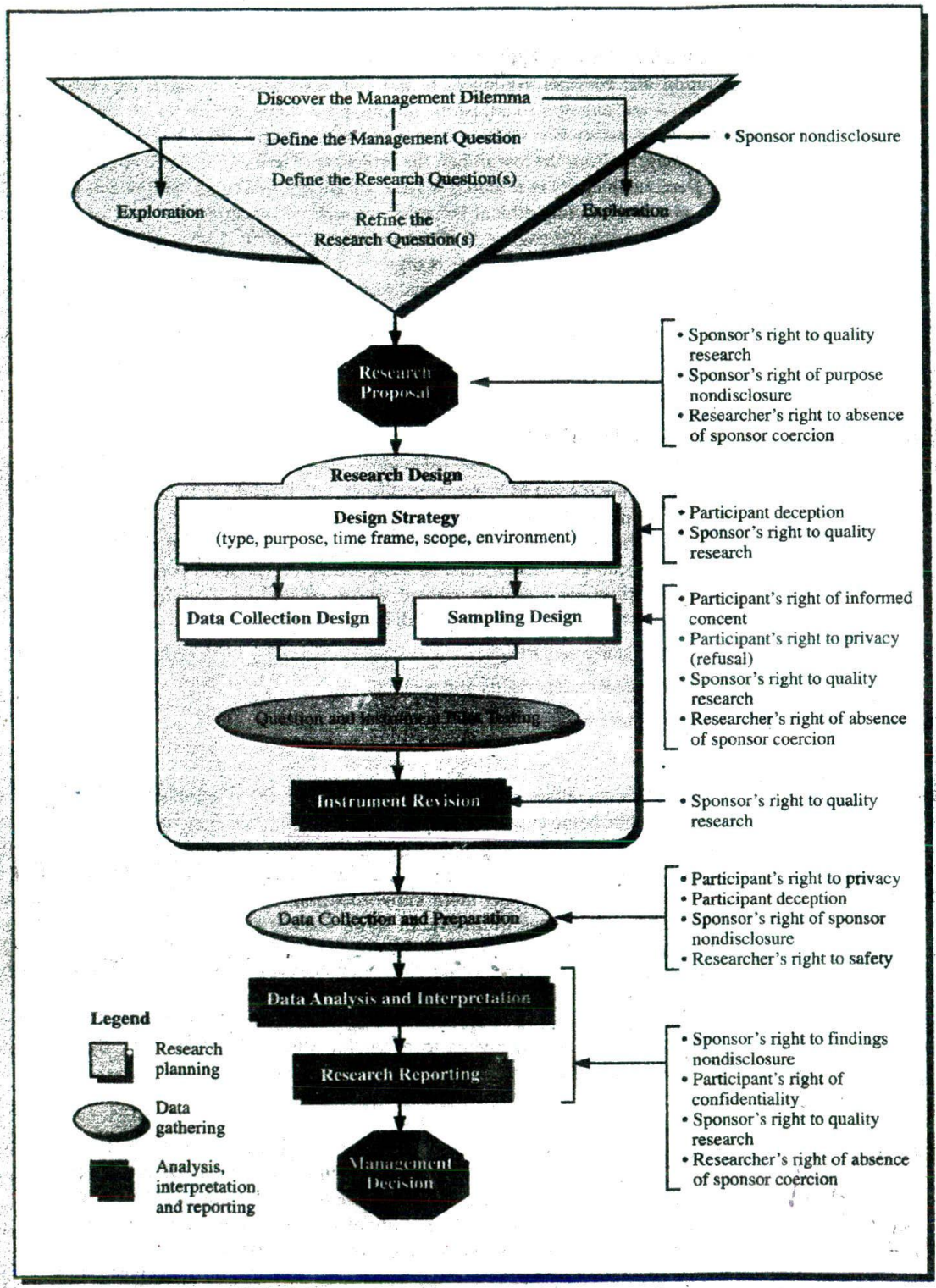
Sometimes the actual purpose and benefits of your study or experiment must be concealed from the respondents to avoid introducing bias. The need for concealing objectives leads directly to the problem of deception.

Deception

Deception occurs when the respondents are told only part of the truth or when the truth is fully compromised. Some believe this should never occur. Others suggest two reasons for deception: (1) to prevent biasing the respondents before the survey or experiment and (2) to protect the confidentiality of a third party (e.g., the sponsor). Deception should not be used in an attempt to improve response rates.

The benefits to be gained by deception should be balanced against the risks to the respondents. When possible, an experiment or interview should be redesigned to reduce

EXHIBIT 5–1 Ethical Issues and the Research Process



SNAPSHOT

Staples: Held Together with Ethics?

Staples launched the office supplies superstore industry with the opening of its first store in Brighton (Boston), Massachusetts, in May 1986. Its goal: To provide small-business owners with the same low prices on office supplies previously enjoyed only by large corporations. Today, the company has more than 46,000 employees serving customers through more than 1,000 office superstores, including superstores in the United Kingdom, Germany, the Netherlands, and Portugal.

In his 1996 book, *Staples for Success*, CEO Thomas Stemberg's philosophical tidbits ("Always think three steps ahead"; "How you recover is more important than the mistakes you make") are sprinkled throughout. In one particular anecdote, Stemberg, who wanted to know how the company's rival managed its delivery system prior to instituting a delivery plan of its own, had his wife Dola apply for a job at the Office Depot delivery order center. While he stopped the process before she took the job, he didn't stop before he had the desired information. Is it truly "Anything goes!" when it comes to collecting information about a competitor?

www.staples.com

www.amazon.com

reliance on deception. In addition, the respondents' rights and well-being must be adequately protected. In instances where deception in an experiment could produce anxiety, a subject's medical condition should be checked to ensure that no adverse physical harm follows. The American Psychological Association's Ethics Code states that the use of deception is inappropriate unless deceptive techniques are justified by the study's expected scientific, educational, or applied value and equally effective alternatives that do not use deception are not feasible.[3] And finally, the respondents must have given their informed consent before participating in the research.

Informed Consent

Securing **informed consent** from respondents is a matter of fully disclosing the procedures of the proposed survey or other research design before requesting permission to proceed with the study. There are exceptions that argue for a signed consent form. When dealing with children, it is wise to have a parent or other person with legal standing sign a consent form. When doing research with medical or psychological ramifications, it is also wise to have a consent form. If there is a chance the data could harm the respondent or if the researchers offer only limited protection of confidentiality, a signed form detailing the types of limits should be obtained. For most business research, oral consent is sufficient. An example of how informed consent procedures are implemented is shown in Exhibit 5–2. In this example, a university research center demonstrates how it adheres to the highest ethical standards for survey procedures.[4]

In situations where respondents are intentionally or accidentally deceived, they should be debriefed once the research is complete.

Debriefing Participants

MANAGEMENT Tip

Debriefing involves several activities following the collection of data:

- Explanation of any deception.
- Description of the hypothesis, goal, or purpose of the study.
- Poststudy sharing of results.
- Poststudy follow-up medical or psychological attention.

EXHIBIT 5–2 Informed Consent Procedures for Surveys

Content

Surveys conducted by the Indiana University Center for Survey Research contain the following informed consent components in their introductions:

1. Introduce ourselves—interviewer's name and Indiana University Center for Survey Research.
2. Briefly describe the survey topic (e.g., barriers to health insurance).
3. Describe the geographic area we are interviewing (e.g., people in Indiana) or target sample (e.g., aerospace engineers).
4. Tell who the sponsor is (e.g., National Endowment for the Humanities).
5. Describe the purpose(s) of the research (e.g., satisfaction with services received/provided by a local agency).
6. Give a "good-faith" estimate of the time required to complete the interview.
7. Promise anonymity and confidentiality (when appropriate).
8. Tell the respondent the participation is voluntary.
9. Tell the respondent that item-nonresponse is acceptable.
10. Ask permission to begin.

Sample Introduction

Hello, I'm [fill in NAME] from the Center for Survey Research at Indiana University. We're surveying Indianapolis area residents to ask their opinions about some health issues. This study is sponsored by the National Institutes of Health and its results will be used to research the effect of community ties on attitudes toward medical practices. The survey takes about 40 minutes. Your participation is anonymous and voluntary, and all your answers will be kept completely confidential. If there are any questions that you don't feel you can answer, please let me know and we'll move to the next one. So, if I have your permission, I'll continue.

Sample Conclusion

The respondent is given information on how to contact the principal investigator. For example: John Kennedy is the principal investigator for this study. Would you like Dr. Kennedy's address or telephone number in case you want to contact him about the study at any time?

First, the researcher shares the truth of any deception with the participants and the reasons for using deception in the context of the study's goals. In cases where severe reactions occur, follow-up medical or psychological attention should be provided to continue to ensure the participants remain unharmed by the research.

Even when research does not deceive the respondents, it is a good practice to offer them follow-up information. This retains the goodwill of the respondent, providing an incentive to participate in future research projects. For surveys and interviews, respondents can be offered a brief report of the findings. Usually, they will not request additional information. Occasionally, however, the research will be of particular interest to a respondent. A simple set of descriptive charts or data tables can be generated for such an individual.

For experiments, all participants should be debriefed in order to put the experiment into context. Debriefing usually includes a description of the hypothesis being tested and the purpose of the study. Participants who were not deceived still benefit from the debriefing session. They will be able to understand why the experiment was created. The researchers also gain important insight into what the participants thought about during and after the experiment. This may lead to modifications in future research designs. Like survey and interview respondents, participants in experiments and observational studies should be offered a report of the findings.

To what extent do debriefing and informed consent reduce the effects of deception? Research suggests that the majority of participants do not resent temporary deception and may have more positive feelings about the value of the research after debriefing than

SNAPSHOT The Death of Consent

In 2001, research procedure at Johns Hopkins Medical School (JH) earned undesirable scrutiny. A healthy 24-year-old female volunteer, Ellen Roche, died after inhaling a drug designed to make her lungs simulate those of an asthma patient by restricting lung function. In suspending the funding of all government-funded research at Johns Hopkins, the Food and Drug Administration (FDA) cited that hexamethonium was never approved as an inhalant as it was used in the JH study. The consent form Roche signed did not disclose existing information about the dangers of the drug. JH, accepting full responsibility for Roche's death, indicated "adequate research was not available on whether hexamethonium was OK to use." The FDA also cited JH for failure to report a previous unanticipated adverse reaction when the first of the three volunteers developed a similar cough. Roche developed a cough that later led to organ failure. The government (in this case the National Institutes of Health, which funded the study) requires an ethics committee to review and approve any experiment using federal money before it is carried out on a person. A JH ethics committee approved the use of inhaled hexamethonium, but it did not seek government approval prior to conducting the experiment. Johns Hopkins controlled the largest amount of federally funded research, with a budget exceeding $300 million, prior to having all research funds suspended by this incident.

www.hopkinsmedicine.org/research/

www.fda.gov

www.nih.gov

ohrp.osophs.dhhs.gov/

those who didn't participate in the study.[5] Nevertheless, deception is an ethically thorny issue and should be addressed with sensitivity and concern for research participants.

Rights to Privacy

Privacy laws in the United States are taken seriously. All individuals have a right to privacy, and researchers must respect that right. The importance of the right to privacy is illustrated with an example.

An employee of MonsterVideo, a large video company, is also a student at the local university. For a research project, this student and his team members decide to compare the video-viewing habits of a sample of customers. Using telephone interviews, the students begin their research. After inquiring about people's viewing habits and the frequency of rentals versus purchases, the students move on to the types of films people watch. They find that most respondents answer questions about their preferences for children's shows, classics, bestsellers, mysteries, and science fiction. But the cooperation ceases when the students question the viewing frequency of pornographic movies. Without the guarantee of privacy, most people will not answer these kinds of questions truthfully, if at all. The study then loses key data.

The privacy guarantee is important not only to retain validity of the research but also to protect respondents. In the previous example, imagine the harm that could be caused by releasing information on the viewing habits of certain citizens. Clearly, the confidentiality of survey answers is an important aspect of the respondents' right to privacy.

Once the guarantee of **confidentiality** is given, protecting that confidentiality is essential. The researcher protects respondent confidentiality in several ways:

- Obtaining signed nondisclosure documents.
- Restricting access to respondent identification.

- Revealing respondent information only with written consent.
- Restricting access to data instruments where the respondent is identified.
- Nondisclosure of data subsets.

Researchers should restrict access to information that reveals names, telephone numbers, addresses, or other identifying features. Only researchers who have signed nondisclosure, confidentiality forms should be allowed access to the data. Links between the data or database and the identifying information file should be weakened. Individual interview response sheets should be inaccessible to everyone except the editors and data entry personnel. Occasionally, data collection instruments should be destroyed once the data are in a data file. Data files that make it easy to reconstruct the profiles or identification of individual respondents should be carefully controlled. For very small groups, data should not be made available because it is often easy to pinpoint a person within the group. Employee-satisfaction survey feedback in small units can be easily used to identify an individual through descriptive statistics alone. These last two protections are particularly important in human resources research.[6]

But privacy is more than confidentiality. A **right to privacy** means one has the right to refuse to be interviewed or to refuse to answer any question in an interview. Potential participants have a right to privacy in their own homes, including not admitting researchers and not answering telephones. And they have the right to engage in private behavior in private places without fear of observation. To address these rights, ethical researchers do the following:

MANAGEMENT Tip

- Inform respondents of their right to refuse to answer any questions or participate in the study.
- Obtain permission to interview respondents.
- Schedule field and phone interviews.
- Limit the time required for participation.
- Restrict observation to public behavior only.

Data Collection in Cyberspace

Some ethicists argue that the very conduct that results in resistance from respondents—interference, invasiveness in their lives, denial of privacy rights—has encouraged researchers to investigate topics online that have long been the principal commodity of offline investigation. The novelty and convenience of communicating by computer has led researchers to cyberspace in search of abundant sources of data. Whether we call it the "wired society," "digital life," "computer-mediated communication," or "cyberculture," the growth of cyberstudies causes us to question how we gather data online, deal with participants, and present results.

In a special ethics issue of *Information Society*, scholars involved in cyberspace research concluded:

> All participants agree that research in cyberspace provides no special dispensation to ignore ethical precepts. Researchers are obligated to protect human subjects and "do right" in electronic venues as in more conventional ones. Second, each participant recognizes that cyberspace poses complex ethical issues that may lack exact analogs in other types of inquiry. The ease of covert observation, the occasional blurry distinction between public and private venues, and the difficulty of obtaining the informed consent of subjects make cyber-research particularly vulnerable to ethical breaches by even the most scrupulous scholars. Third, all recognize that because research procedures or

SNAPSHOT

Revving Information with Alliances

International company information extracted from statistical process control records might provide a company the basis for competitive advantage when controlled by a master information handler. Cummins Engines, headquartered in Columbus, Indiana, has been making customized, advanced, fuel-efficient engines for trucks, boats, and equipment for more than 80 years. In an attempt to streamline its own processes, it recruits customers to serve on its Customer Council. This panel provides ongoing information, useful not only in tracking the effectiveness of internal process performance but also in providing additional insight into industry trends. By combining its warehouse of data with customer needs and interpretations, Cummins Engines was able to develop the Signature 600 engine, a high-powered, low-vibration engine that is making heads turn—especially the competition's. In a December release, Cummins announced the Signature 600 is the power of choice for Volvo Trucks North America's two-year deal with Roush Racing to provide 770 model trucks for its NASCAR transporters.

www.cummins.com

activities may be permissible or not precluded by law or policy, it does not follow that they are necessarily ethical or allowable. Fourth, all agree that the individual researcher has the ultimate responsibility for assuring that inquiry is not only done honestly, but done with ethical integrity.[7]

Issues relating to cyberspace in research also relate to data mining. The information collection devices available today were once the tools of the spy, the science fiction protagonist, or the superhero. Smart cards, biometrics (finger printing, retinal scans, facial recognition), electronic monitoring (closed circuit television, digital camera monitoring), global surveillance, and genetic identification (DNA) are just some of the technological tools being used by today's organizations to track and understand employees, customers, and suppliers. The data mining of all this information, collected from advanced and not necessarily obvious sources, offers infinite possibilities for research abuse.

The primary ethical data-mining issues in cyberspace are privacy and consent. Smart cards, those ubiquitous credit-card-sized devices that imbed personal information on a computer chip that is then matched to purchase, employment, or other behavior data, offer the researcher implied consent to participant surveillance. But the benefits of card use may be enough to hide from an unsuspecting user the data-mining purpose of the card. For example, The Kroger Co., one of the largest grocers in the United States, offers significant discounts for enrollment in its Kroger Plus Shopper's Card program.[8] Retailers, wholesalers, medical and legal service providers, schools, government agencies, and resorts, to name a few, use smart cards or their equivalent. In most instances, participants provide, although sometimes grudgingly, the personal information requested by enrollment procedures. But in others, like when smart cards are used with those convicted of crimes and sentenced to municipal or state correction facilities or those attending specific schools, enrollment is mandatory. In some instances, mandatory sharing of information is initially for personal welfare and safety—like when you admit yourself for a medical procedure and provide detailed information about medication or prior surgery. But in others, enrollment is for less critical but potentially attractive monetary benefits—for example, free car care services when a smart card is included with the keys to a new vehicle. The bottom line is that the organization collecting the information gains a major benefit: the potential for better understanding and competitive advantage.

General privacy laws may not be sufficient to protect the unsuspecting in the cyberspace realm of data collection. The 15 European Union (EU) countries started the new century by passing the European Commission's Data Protection Directive. Under the directive, commissioners can prosecute companies and block websites that fail to live up to its strict privacy standards. Specifically, the directive prohibits the transmission of names, addresses, ethnicity, and other personal information to any country that fails to provide adequate data protection. This includes direct mail lists, hotel and travel reservations, medical and work records, and orders for products among a host of others.[9] U.S. industry and government agencies have resisted regulation of data flow. But the EU insists that it is the right of every citizen to find out what information about them is in a database and correct any mistakes. Few U.S. companies would willingly offer such access due to the high cost;[10] a perfect example of this reluctance is the difficulty individuals have correcting erroneous credit reports, even when such information is based on stolen personal identity or credit card transactions.

Yet questions remain regarding the definition of specific ethical behaviors for cyber-research, the sufficiency of existing professional guidelines, and the issue of ultimate responsibility for respondents. If researchers are responsible for the ethical conduct of their research, are they solely responsible for the burden of protecting participants from every conceivable harm?

Ethics and the Sponsor

There are also ethical considerations to keep in mind when dealing with the research client or sponsor. Whether undertaking product, market, personnel, financial, or other research, a sponsor has the right to receive ethically conducted research.

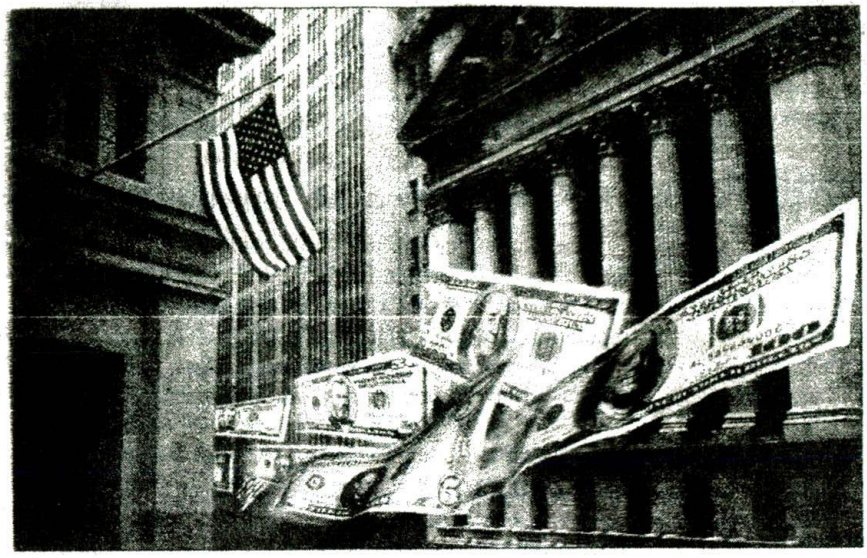
Confidentiality

Some sponsors wish to undertake research without revealing themselves. They have a right to several types of confidentiality, including sponsor nondisclosure, purpose nondisclosure, and findings nondisclosure.

Companies have a right to dissociate themselves from the sponsorship of a research project. This type of confidentiality is called **sponsor nondisclosure**. Due to the sensitive nature of the management dilemma or the research question, sponsors may hire an outside consulting or research firm to complete research projects. This is often done when a company is testing a new product idea, to avoid potential consumers from being influenced by the company's current image or industry standing. Or if a company is contemplating entering a new market, it may not wish to reveal its plans to competitors. In such cases, it is the responsibility of the researcher to respect this desire and devise a plan that safeguards the identity of the research sponsor.

Purpose nondisclosure involves protecting the purpose of the study or its details. A research sponsor may be testing a new idea that is not yet patented and may not want the competition to know of its plans. It may be investigating employee complaints and may not want to spark union activity. Or the sponsor might be contemplating a new public stock offering, where advance disclosure would spark the interest of authorities or cost the firm thousands or millions of dollars. Finally, even if a sponsor feels no need to hide its identity or the study's purpose, most sponsors want the research data and findings to be confidential, at least until the management decision is made. Thus sponsors usually demand and receive **findings nondisclosure** between themselves or their researchers and any interested but unapproved parties.

Information can make or break a business on one of the world's busiest avenues, Wall Street. That's why you need a researcher that can extract information while keeping results strictly confidential. Seaport Surveys is one such firm. It specializes in executive recruiting, as well as business to business interviewing and executive focus groups in the greater New York area. www.seaportsurveys.com



Right to Quality Research

An important ethical consideration for the researcher and the sponsor is the sponsor's **right to quality** research. This right entails:

- Providing a research design appropriate for the research question.
- Maximizing the sponsor's value for the resources expended.
- Providing data handling and reporting techniques appropriate for the data collected.

From the proposal through the design to data analysis and final reporting, the researcher guides the sponsor on the proper techniques and interpretations. Often sponsors will have heard about a sophisticated data-handling technique and will want it used even when it is inappropriate for the problem at hand. The researcher should guide the sponsor so this does not occur. The researcher should propose the design most suitable for the problem. The researcher should not propose activities designed to maximize researcher revenue or minimize researcher effort at the sponsor's expense.

As you learn about research design, sampling, statistics, and reporting techniques, you'll learn the various conditions that must be met for results to be valid.

Finally, we have all heard the remark, "You can lie with statistics." It is the researcher's responsibility to prevent that from occurring. The ethical researcher always follows the analytical rules and conditions for results to be valid. The ethical researcher reports findings in ways that minimize the drawing of false conclusions. The ethical researcher also uses charts, graphs, and tables to show the data objectively, despite the sponsor's preferred outcomes.

Sponsor's Ethics

Occasionally, research specialists may be asked by sponsors to participate in unethical behavior. Compliance by the researcher would be a breach of ethical standards. Some examples to be avoided are:

Short cases in the Discussion Questions section at the end of this chapter are designed to have you articulate your own ethical standards as you respond to real ethical dilemmas.

- Violating respondent confidentiality.
- Changing data or creating false data to meet a desired objective.
- Changing data presentations or interpretations.
- Interpreting data from a biased perspective.
- Omitting sections of data analysis and conclusions.
- Making recommendations beyond the scope of the data collected.

Let's examine the effects of complying with these types of coercion. A sponsor may offer a promotion, future contracts, or a larger payment for the existing research contract; or the sponsor may threaten to fire the researcher or tarnish the researcher's reputation. For some researchers, the request may seem trivial and the reward high. But imagine, for a moment, what will happen to the researcher who changes research results. Although there is a promise of future research, can the sponsor ever trust that researcher again? If the researcher's ethical standards are for sale, which sponsor might be the highest bidder next time? Although the promise of future contracts seems enticing, it is unlikely to be kept. Each coercive reward or punishment has an equally poor outcome. The "greater than" contracted payment is a payoff. The threats to one's professional reputation cannot be carried out effectively by a sponsor who has tried to purchase you. So the rewards for behaving unethically are illusory.

What's the ethical course? Often, it requires confronting the sponsor's demand and taking the following actions:

MANAGEMENT Tip

- Educate the sponsor to the purpose of research.
- Explain the researcher's role in fact finding versus the sponsor's role in decision making.
- Explain how distorting the truth or breaking faith with respondents leads to future problems.
- Failing moral suasion, terminate the relationship with the sponsor.

Researchers and Team Members

Another ethical responsibility of researchers is their team's safety as well as their own. In addition, the responsibility for ethical behavior rests with the researcher who, along with assistants, is charged with protecting the anonymity of both the sponsor and the respondent.

Safety

It is the researcher's responsibility to design a project so the safety of all interviewers, surveyors, experimenters, or observers is protected. Several factors may be important to consider in ensuring a researcher's **right to safety.** Some urban areas and undeveloped rural areas may be unsafe for research assistants. If, for example, the researcher must personally interview people in a high-crime district, it is reasonable to provide a second team member to protect the researcher. Alternatively, if an assistant feels unsafe after visiting a neighborhood by car, an alternate researcher should be assigned to the destination.[11] It is unethical to require staff members to enter an environment where they feel physically threatened. Researchers who are insensitive to these concerns face both research and legal risks—the least of which involves having interviewers falsify instruments.

Ethical Behavior of Assistants

Researchers should require ethical compliance from team members just as sponsors expect ethical behavior from the researcher. Assistants are expected to carry out the sampling plan, to interview or observe respondents without bias, and to accurately record all necessary data. Unethical behavior, such as filling in an interview sheet without having asked the respondent the questions, cannot be tolerated. The behavior of the assistants is under the direct control of the responsible researcher or field supervisor. If an assistant behaves improperly in an interview or shares a respondent's interview sheet with an unauthorized person, it is the researcher's responsibility. Consequently, all assistants should be well trained and supervised.

Protection of Anonymity

As discussed previously, researchers and assistants protect the confidentiality of the sponsor's information and the anonymity of the respondents. Each researcher handling data should be required to sign a confidentiality and nondisclosure statement.



Close-Up

Do Data Warehouses Challenge Fair Play?

H. Jefferson Smith

One of the most popular concepts in information technology these days is data warehousing, which stores a company's data in a central repository. The information in the database is updated frequently and is made available to the firm's managers and employees for planning, marketing, and decision making.

Data warehouses are designed to support online analytical processing and data mining. These technologies have been described as akin to turning 100 statisticians loose on your data at the same time.

Many kinds of business questions can be answered through these technologies. You can find and track customers, analyze their behavior, segment a customer base, customize products, model past attrition behavior (thus reducing past customer defections), and refine a business strategy by massaging the warehouse data.

For example, one consumer credit company has a data warehouse that contains almost 1,000 attributes per customer. The database is so large that updates take more than 48 hours and rely on 50 different feeder files. But the payback is also large. Analysts are making more than 200 queries per day, and in-depth reports on spending patterns and demographics are available to the company's marketers. The analysts and marketers have also used the warehouse to generate targeted mailings to customers.

Nevertheless, along with the potential benefits of data warehousing come some serious considerations about fair play in the use of customer data. The various issues that arise depend on whether an organization's customers are other businesses or individual consumers.

It's Just Business

Almost every company has relationships with other firms. Some are suppliers that provide the company with products or services, while others distribute or purchase its products and services. In addition, a company has relationships with individual consumers who buy its products—either directly or through a distributor or retailer. Thus, when an enterprise warehouses data about its customers in business-to-business transactions, a corporation should think about what constitutes fair play from the perspective of several different players: the company that is its direct customer, the firms supplying that customer, and the firms or individual consumers buying that customer's products.

In general, the company with the data warehouse should follow a two-edged principle. It is fair to use the customer data to deduce ways in which the relationship with this business customer (or other potential customers of this type) could be strengthened.

It would be fair, for example, to create statistical profiles of current customers based on the warehouse data and to use those profiles to deduce which market segments might be most appropriate for future targeting. It would also be acceptable to conclude which additional products or services would be most appropriate for current customers and to focus special attention on creating and marketing those products or services to those customers.

On the other hand, it is unfair to use the customer data in any of the following three ways: First, it is unfair to do anything that might harm the customer's relationships

with any of *its* suppliers or customers. Suppose, for example, that company B, after careful scrutiny of its warehoused data, realized that most of the purchases customer C made were being resold to one of C's clients, D. Obviously, both B and D could benefit if D bought its products directly from B and bypassed C. B could charge D a price that was higher than what it charged C but lower than what D paid C.

Though this scenario appears economically efficient, B's contacting D to suggest such a deal would constitute gross unfairness to C. B would be using data about its relationship with C to undercut C's position with D.

Second, it is unfair to use customer data in any way that intrudes on the customer's proprietary know-how. Suppose that its data warehouse gave company E knowledge about the specific methods and techniques that one of its customers, F, was using to design and produce its products. It would be unfair for E to reveal this information to others or to use this knowledge to take advantage of F in future negotiations.

Third, it is unfair to use customer data to change an industry structure if that change is detrimental to any of the firm's customers. Suppose, for example, that company G was a supplier to a number of firms in an industry. This industry has a value system of suppliers, manufacturers, distributors, and consumers. Several companies are involved in the manufacturing process—from raw materials to the final product—with each firm adding some value to the product.

By carefully massaging its data warehouse, G might discover a new scheme for manufacturing and distributing products that would increase the overall efficiency of the system, reduce the cost of production (leading to greater industry profits and more sales for G), and lead to greater sales and profits for *some* of the manufacturers (G's customers).

On the other hand, the scheme would hurt the sales and profits of other firms that are also G's customers. Although some people might disagree, I would argue that G had an obligation to protect the interests of *all* its customers and to take no action that would harm any of them. Since G had the data in its warehouse only because of its relationship with its customers, it would be a betrayal to use that data in a manner that would harm any of them.

Making It Personal

When a company's customers are individual consumers instead of other businesses, different rules of fairness apply because concepts of fair information use at this level are often viewed as a human rights issue. Therefore, issues related to consumer privacy—a concept quite distinct from that of corporations' right to proprietary trade knowledge—quickly come into play.

The general rules of fairness in warehousing consumer data should be the same as those that are becoming generally accepted for other applications that involve personal data:

- Consumers should be fully informed of the intended uses of data before the data are collected.
- Consumers should be allowed to opt out of any uses they find offensive.
- Data collected from consumers for one purpose should not be used for another purpose without the consumer's permission.

The rules suggest that it will be difficult to begin warehousing consumer data *unless* some up-front work has been done to ensure that the consumers were fully informed of the intended uses ahead of time and were given an opportunity to opt out.

For example, unless consumers are told in advance that transaction data will be used to assess their spending patterns and create psychographic profiles of their activities, such analysis should not be done. Fortunately, the consumer credit company discussed earlier has engaged in just such a notification program.

Assuming that the analysts have access to a set of "clean" consumer data (data gathered under the policies outlined above), they can proceed to mine the data, classifying consumers as appropriate, targeting specific customers for certain offers, and developing plans for soliciting new customers.

However, a word of warning is in order, based on experiences in the database marketing industry. The results of the mining activities should be carefully evaluated to ensure that they produce no socially negative outcomes or, at least, that the outcomes are grounded in business decisions rather than in unintended discrimination. For example, the targeting of specific residents in one urban area for special purchase offers has been called discriminatory because the offers were sent disproportionally to one racial group and excluded members of other groups.

It seems obvious that the use of data warehousing introduces new ethical challenges into both business-to-business and business-to-consumer relationships. However, the lines are not drawn clearly in all areas, and there is still room for judgment calls on many issues. Therefore, in the interest of fair play, corporate and IT executives who want to take advantage of this technology should pay serious attention to all the issues involved.

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Professional Standards

Various standards of ethics exist for the professional researcher. Many corporations, professional associations, and universities have a **code of ethics.** The impetus for these policies and standards can be traced to two documents: the Belmont Report of 1979 and the *Federal Register* of 1991.[12] Society or association guidelines include ethical standards for the conduct of research. One comprehensive source contains 51 official codes of ethics issued by 45 associations in business, health, and law.[13] The business section of this source consists of ethics standards for

Accounting—American Institute of Certified Public Accountants.

Advertising—American Association of Advertising Agencies; Direct Marketing Association.

Banking—American Bankers Association.

Engineering—American Association of Engineering Societies; National Society of Professional Engineers.

Financial planning—Association for Investment Management and Research; Certified Financial Planner Board of Standards/Institute of Certified Financial Planners; International Association for Financial Planning.

Human resources—American Society for Public Administration; Society for Human Resource Management.

Insurance—American Institute for Chartered Property Casualty Underwriters; American Society of Chartered Life Underwriters and Chartered Financial Consultants.

Management—Academy of Management; The Business Roundtable.

Real estate—National Association of Realtors.

Other professional associations' codes have detailed research sections: the American Marketing Association, the American Association for Public Opinion Research, the American Psychological Association, the American Political Science Association, the American Sociological Association, and the Society of Competitive Intelligence Professionals. These associations update their codes frequently.

We commend professional societies and business organizations for developing standards. However, without enforcement, standards are ineffectual. Effective codes (1) are regulative, (2) protect the public interest and the interests of the profession served by the code, (3) are behavior-specific, and (4) are *enforceable*. A study that assessed the effects of personal and professional values on ethical consulting behavior concluded:

> The findings of this study cast some doubt on the effectiveness of professional codes of ethics and corporate policies that attempt to deal with ethical dilemmas faced by business consultants. A mere codification of ethical values of the profession or organization may not counteract ethical ambivalence created and maintained through reward systems. The results suggest that unless ethical codes and policies are consistently reinforced with a significant reward and punishment structure and truly integrated into the business culture, these mechanisms would be of limited value in actually regulating unethical conduct.[14]

Federal, state, and local governments also have laws, policies, and procedures in place to regulate research on human beings. The U.S. government began a process that covers all research having federal support. Initially implemented in 1966, the Institutional Review Boards (IRBs) engage in a risk assessment and benefit analysis review of proposed research. The Department of Health and Human Services (HHS) translated the federal regulations into policy. Most other federal and state agencies follow the HHS-developed guidelines.

Since 1981, the review requirement has been relaxed so research that is routine no longer needs to go through the complete process.[15] Each institution receiving funding from HHS or doing research for HHS is required to have its own IRB to review research proposals. Many institutions require all research, whether funded or unfunded by the government, to undergo review by the local IRB. The IRBs concentrate on two areas. First is the guarantee of obtaining complete, informed consent from participants. This can be traced to the first of 10 points in the Nuremberg Code.[16] Complete informed consent has four characteristics:

1. The respondent must be competent to give consent.
2. Consent must be voluntary, free from coercion, force, requirements, and so forth.
3. Respondents must be adequately informed to make a decision.
4. Respondents should know the possible risks or outcomes associated with the research.

The second item of interest to the IRB is the risk assessment and benefit analysis review. In the review, risks are considered when they add to the normal risk of daily life. Significantly, the only benefit considered is the immediate importance of the knowledge to be gained. Possible long-term benefits from applying the knowledge that may be gained in the research are not considered.[17]

Other federal legislation that governs or influences the ways in which research is carried out are the Right to Privacy laws. Public Law 95-38 is the Privacy Act of 1974. This was the first law guaranteeing Americans the right to privacy. Public Law 96-440, the Privacy Protection Act of 1980, carries the right to privacy further. These two laws are the basis for protecting the privacy and confidentiality of the respondents and the data.

Resources for Ethical Awareness

There is optimism for improving ethical awareness. According to the Center for Business Ethics at Bentley College, over a third of Fortune 500 companies have ethics officers, a substantial rise. Almost 90 percent of business schools have ethics programs, up from a handful several years ago.[18] Exhibit 5–3 provides a list of recommended resources for business students, researchers, and managers. The Center for Ethics and Business at Loyola Marymount University provides an online environment for discussing issues related to the necessity, difficulty, costs, and rewards of conducting business ethically. Its website offers a comprehensive list of business and research ethics links.[19]

EXHIBIT 5–3 Resources for Ethical Awareness

Journals and Magazines

Business Ethics *Business Ethics Quarterly* *Ethikos* *Journal of Business Ethics*

Research, Training, and Conferences

Business ethics conferences, The Conference Board, New York, NY (212-759-0900).

Center for Professional Ethics, Manhattan College, Riverdale, NY (718-862-7442).

Center for the Study of Ethics in the Professions, Illinois Institute of Technology, Chicago, IL (312-567-3017).

Ethics Corps Training for Business Leaders, Josephson Institute of Ethics, Los Angeles, CA (310-306-1868).

Ethics Resource Center, Washington, DC (202-737-2258).

European Business Ethics Network, Breukelen, The Netherlands.

Graduate Research Ethics Education Workshop, Association of Practical and Professional Ethics, Indiana University, Bloomington, IN (812-855-6450).

Institute for Business and Professional Ethics, DePaul University, Chicago, IL (312-362-6569).

International Conference on Business Ethics, The World Center for Business Ethics/The Management Roundtable International, Inc., Denver, CO (303-759-8845).

Teaching Research Ethics, Poynter Center, Indiana University, Bloomington, IN (812-855-0261).

The Beard Center for Leadership in Ethics, A. J. Palumbo School of Business Administration, Duquesne University, Pittsburgh, PA (412-396-5475).

The Center for Business Ethics, Bentley College, Waltham, MA (617-891-2000).

The Center for Professional and Applied Ethics, University of North Carolina, Charlotte, NC (704-547-3542).

The Institute for the Study of Applied and Professional Ethics, Dartmouth College, Hanover, NH (603-646-1263).

The Program in Ethics and the Professions, Harvard University, Cambridge, MA (617-495-1336/3990).

The Wharton Ethics Program, University of Pennsylvania, Philadelphia, PA (215- 898-1166).

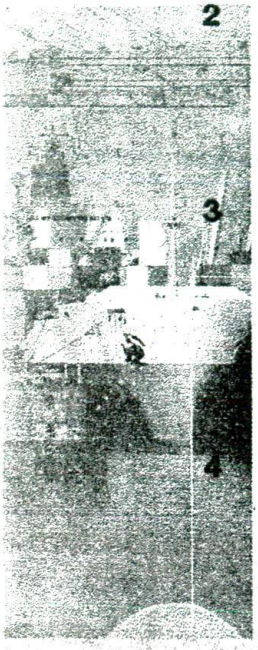
SUMMARY



Ethics are norms or standards of behavior that guide moral choices about our behavior and our relationships with others. Ethics differ from legal constraints, in which generally accepted standards have defined penalties that are universally enforced. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities.

As research is designed, several ethical considerations must be balanced:

- Protect the rights of the *participant* or subject.
- Ensure the *sponsor* receives ethically conducted and reported research.
- Follow ethical standards when *designing research.*
- Protect the *safety* of the researcher and team.
- Ensure the *research team* follows the design.



In general, research must be designed so a respondent does not suffer physical harm, discomfort, pain, embarrassment, or loss of privacy. Begin data collection by explaining to respondents the benefits expected from the research. Explain that their rights and well-being will be adequately protected and say how that will be done. Be certain that interviewers obtain the informed consent of the respondent. The use of deception is questionable; when it is used, debrief any respondent who has been deceived.

Many *sponsors* wish to undertake research without revealing themselves. Sponsors have the right to demand and receive confidentiality between themselves and the researchers. Ethical researchers provide sponsors with the research design needed to solve the managerial question. The ethical researcher shows the data objectively, despite the sponsor's preferred outcomes.

The research team's safety is the responsibility of the researcher. Researchers should require ethical compliance from team members in following the research design, just as sponsors expect ethical behavior from the researcher.

Many corporations and research firms have adopted a code of ethics. Several professional associations have detailed research provisions. Of interest are the American Association for Public Opinion Research, the American Marketing Association, the American Political Science Association, the American Psychological Association, and the American Sociological Association. Federal, state, and local governments have laws, policies, and procedures in place to regulate research on human beings.

KEY TERMS

code of ethics 133
confidentiality 125
debriefing 123
deception 121
ethics 120
informed consent 123
nondisclosure 128
  findings 128
  purpose 128
  sponsor 128
right to quality 129
right to privacy 126
right to safety 130

EXAMPLES

Company	Scenario	Page
AutoCorp*	An automotive manufacturer, about to do research on competitive issues, finds a competitor's intelligence report.	137
Avionics Inc.*	An aviation firm conducting an employee survey.	138
Cummins Engines	A manufacturer uses data mining and customer relationships to design signature 600 engines.	127
Johns Hopkins Medical School	Failing to obtain informed consent during clinical trials of high-risk drug therapy research.	124
Kroger Co.	Using its Kroger-Plus Shopper's Card program to track customer purchase behavior.	127
Miro Beach City Government*	Research to support new boating ordinances.	137
MonsterVideo*	A national video sales and rental chain collecting video viewing, rental, and purchase behavior through phone interviews.	125

National Institutes of Health	The funding agency with partial ethical oversight responsibility for Johns Hopkins's research on hexamethonium.	124
Procter & Gamble	Returned confiscated marketing documents to Unilever after discovering that contract P&G competitive intelligence agents had retrieved competitor information from trash receptacles.	120
Staples	An office supplies company using deception to collect competitive intelligence.	123
SupplyCo.*	A supplier to the automobile industry using detailed customer data to restructure industry processes.	139
U.S. Food and Drug Administration	Federal agency with oversight responsibility for Johns Hopkins's drug-performance testing for hexamethonium.	124
U.S. Department of Commerce	Complying with new European Union standards for data transmission.	128
Unilever, Inc.	Negotiating a settlement for damage to its hair care business caused by the unethical intelligence-gathering behavior of a competitor.	120

DISCUSSION QUESTIONS

Making Research Decisions

1. **A Competitive Coup in the In-Flight Magazine.** When the manager for market intelligence of AutoCorp, a major automotive manufacturer, boarded the plane in Chicago, her mind was on shrinking market share and late product announcements. As she settled back to enjoy the remains of a hectic day, she reached for the in-flight magazine. It was jammed into the seat pocket in front of her.

   Crammed into this already tiny space was a report with a competitor's logo, marked "Confidential—Restricted Circulation." It contained a description of new product announcements for the next two years. Not only was it intended for a small circle of senior executives but it also answered the questions she had recently proposed to an external research firm.

   The proposal for the solicited research could be canceled. Her research budget, already savaged, could be saved. She was home free, legally and career-wise.

   She foresaw only one problem. In the last few months, AutoCorp's newly hired ethicist had revised the firm's Business Conduct Guidelines. They now required company employees in possession of a competitor's information to return it or face dismissal. But it was still a draft and not formally approved. She had the rest of the flight to decide whether to return the document to the airline or slip it into her briefcase.

   a. What are the most prudent decisions she can make about her responsibilities to herself and others?

   b. What are the implications of those decisions even if there is no violation of law or regulation?

2. **Free Waters in Miro Beach: Boaters Inc. Versus City Government.**[20] The city commissioners of Miro Beach proposed limits on boaters who anchor offshore in waterfront areas of the St. Lucinda River adjoining the city. Residents had complained of pollution from the live-aboard boaters. The parking lot of boats created an unsightly view.

   The city based its proposed ordinance on research done by the staff. The staff did not hold graduate degrees in either public or business administration, and it was not known if staff members were competent to conduct research. The staff requested a proposal from a team of local university professors who had conducted similar work in the past. The research

cost was $10,000. After receiving the proposal, the staff chose to do the work itself and not expend resources for the project. Through an unidentified source, the professors later learned their proposal contained enough information to guide the city's staff and suggested data collection areas that might provide information that could justify the boaters' claims.

Based on the staff's one-time survey of waterfront litter, "pump-out" samples, and a weekly frequency count of boats, an ordinance was drafted and a public workshop was held. Shortly after, a group of concerned boat owners formed Boaters Inc., an association to promote boating, raise funds, and lobby the commission. The group's claims were that the boaters (1) spent thousands of dollars on community goods and services, (2) did not create the litter, and (3) were being unjustly penalized because the commission's fact finding was flawed.

With the last claim in mind, the boaters flooded the city with public record requests. The clerks reported that some weeks the requests were one per day. Under continued pressure, the city attorney hired a private investigator (PI) to infiltrate Boaters Inc. to collect information. He rationalized this on the grounds that the boaters had challenged the city's grant applications in order to "blackmail the city into dropping plans to regulate the boaters."

The PI posed as a college student and worked for a time in the home of the boater organization's sponsor while helping with mailings. Despite the PI's inability to corroborate the city attorney's theory, he recommended conducting a background investigation on the organization's principal, an employee of a tabloid newspaper. (The FBI, on request of city or county police organizations, generally performs background investigations.)

The PI was not a boating enthusiast and soon drew suspicion. Simultaneously, the organization turned up the heat on the city by requesting what amounted to 5,000 pages of information—"studies and all related documents containing the word 'boat.'" Failing to get a response from Miro Beach, the boaters filed suit under the Florida Public Records Act. By this time, the city had spent $20,000.

The case stalled, went to appeal, and was settled in favor of the boaters. A year later, the organization's principal filed an invasion of privacy and slander suit against the city attorney, the PI, and the PI's firm. After six months, the suit was amended to include the city itself and sought $1 million in punitive damages.

a. What are the most prudent decisions the city can make about its responsibilities to itself and others?

b. What are the implications of those decisions even if there is no violation of law or regulation?

3. The High Cost of Organizational Change. It was his first year of college teaching, and there were no summer teaching assignments for new hires. But the university was kind enough to steer him to an aviation firm, Avionics Inc., which needed help creating an organizational assessment survey. The assignment was to last five weeks, but it paid about the same as teaching all summer. The work was just about as perfect as it gets for an organizational behavior specialist. Avionics Inc.'s vice president, whom he met the first day, was cordial and smooth. The researcher would report to a senior manager who was coordinating the project with the human resources and legal departments.

It was soon apparent that in the 25-year history of Avionics Inc., there had never been an employee survey. This was understandable given management's lack of concern for employee complaints. Working conditions had deteriorated without management intervention, and government inspectors counted the number of heads down at desks as an index of performance. To make matters worse, the engineers were so disgruntled that word of unionization had spread like wildfire. A serious organizing effort was planned before the VP could approve the survey.

Headquarters dispatched nervous staffers to monitor the situation and generally involve themselves with every aspect of the questionnaire. Shadowed, the young researcher began to feel apprehension turn to paranoia. He consoled himself, however, with the goodwill of 500 enthusiastic, cooperative employees who had pinned their hopes for a better working environment to the results of this project.

The data collection was textbook perfect. No one had asked to preview the findings or had shown any particular interest. In the fifth week, he boarded the corporate jet with the VP and senior manager to make a presentation at headquarters. Respondents at the headquarters location were invited to attend. Management was intent on heading off unionization by showing its confidence in the isolated nature of "a few engineers' complaints." They had also promised to engage the participants in action planning over the next few days.

An hour into the flight, the Avionics Inc. VP turned from his reading to the young researcher and said, "We have seen your results, you know. And we would like you to change two key findings. They are not all that critical to this round of fixing the 'bone orchard,' and you'll have another crack at it as a real consultant in the fall."

"But that would mean breaking faith with your employees . . . people who trusted me to present the results objectively. It's what I thought you wanted . . ."

"Yes, well, look at it this way," replied the VP. "All of your findings we can live with except these two. They're an embarrassment to senior management. Let me put it plainly. We have government contracts into the foreseeable future. You could retire early with consulting income from this place. Someone will meet us on the runway with new slides. What do you say?"

a. What are the most prudent decisions Avionics Inc. can make about its responsibilities to itself and others?

b. What are the implications of those decisions even if there is no violation of law or regulation?

4. **Data Mining Ethics and Company Growth Square Off.** SupplyCo. is a supplier to a number of firms in an industry. This industry has a structure that includes suppliers, manufacturers, distributors, and consumers. Several companies are involved in the manufacturing process—from processed parts to creation of the final product—with each firm adding some value to the product.

The scenario in the Cummins Engines video case has some of the same properties as this ethical dilemma.

By carefully mining its customer data warehouse, SupplyCo. reveals a plausible new model for manufacturing and distributing industry products that would increase the overall efficiency of the industry system, reduce costs of production (leading to greater industry profits and more sales for SupplyCo.), and result in greater sales and profits for some of the industry's manufacturers (SupplyCo.'s customers).

On the other hand, implementing the model would hurt the sales and profits of other firms that are also SupplyCo.'s customers but which are not in a position (due to manpower, plant, or equipment) to benefit from the new manufacturing/distribution model. These firms would lose sales, profits, and market share and potentially go out of business.

Does SupplyCo. have an obligation to protect the interests of *all* its customers and to take no action that would harm any of them, since SupplyCo. had the data within its warehouse only because of its relationship with its customers? (It would betray some of its customers if it were to use the data in a manner that would cause these customers harm.) Or does it have a more powerful obligation to its stockholders and employees to aggressively pursue the new model that research reveals would substantially increase its sales, profits, and market share against competitors?

a. What are the most prudent decisions SupplyCo. can make about its responsibilities to itself and others?

b. What are the implications of those decisions even if there is no violation of law or regulation?

WWW Exercises

Visit our website for Internet exercises related to this chapter at
www.mhhe.com/business/cooper8

CASES



CUMMINS ENGINES

*All cases indicating a video icon are located on the Instructor's Videotape Supplement. All nonvideo cases are in the case section of the textbook. All cases indicating a CD icon offer a data set, which is located on the accompanying CD.

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