

Safety? What Safety? Teaching Notes

What Are the Relevant Facts?

1. The new facility will produce waste products that will meet current federal standards but will not meet the more stringent industry standards.
2. Additional treatment facilities will increase the cost per unit.
3. The company's products face a competitive market. The closest competitor does not have the waste treatment facilities that already exist in this firm. The president and most managers at the meeting are not in favor of additional expenditures for waste treatment facilities.
4. Kirk is concerned about management's attitude toward the environment.

What Are the Ethical Issues?

1. To what extent is it Kirk's responsibility to take any actions?
2. How can the interests of the firm and its stockholders be balanced with the interests of the environment?
3. What obligation does the company have to future generations of citizens and employees?
4. If no changes are made, is Kirk under an obligation to leave the company?

Who Are the Primary Stakeholders?

- Kirk
- Bob
- John
- Company and its stockholders
- Future generations

What Are the Possible Alternatives?

1. Kirk can determine on his own the decrease in profitability the firm would experience by purchasing more treatment equipment.
2. At the next executive meeting, Kirk can mention his concerns.
3. Kirk can approach Henry, the Controller, about his concerns.
4. Kirk can talk to John, the chemical engineer, about potential problems.
5. Kirk can contact an environmental group active in this area to learn more about their viewpoints.

6. Kirk can do nothing and be satisfied that the company is already doing its share.
7. Kirk can find a more environmentally concerned firm for which to work.

What Are the Ethics of the Alternatives?

1. Does Kirk have a duty to take some action in this situation?
2. Does the company have an obligation to do more than its competitors or more than federal regulations require?
3. Is the company receiving unjust benefits by not dealing more aggressively with pollution from its new facility?
4. Are any of the following groups being harmed by the company's practices?
 - Stockholders
 - Future generations
 - Local government and industry
5. How can the company justify a higher concern for the environment than for its stockholders?

What Are the Practical Constraints?

6. As an Assistant Controller, Kirk has very little true knowledge about pollution issues.
7. The heart of this issue is outside Kirk's professional area within this firm.
8. No one else at the company seems to believe that there is an environmental issue in the company's decision.
9. Expenditures for more treatment equipment would reduce the company's competitive edge in a competitive market.

What Actions Should Be Taken?

1. What actions should Kirk take?
2. Do you agree with the following course of action? Kirk does nothing at work, but he does contact an environmental action group in a local university community to learn more about pollution issues. He begins to attend the group's evening meetings. He is withholding judgment on any further decisions until he is more certain about the company's position and intentions.