Business Decisions and Ethical Dilemmas

©2012 Sidney Feinleib, Ph D（retired）
Prof. Rikkyo Grad. School of Business Design

Key words: allocation of scarce resources; bioethics; ethical dilemma; figure of merit; leadership and management; Management of Technology; scoring; triage

Summary:

A step-by-step model to resolve ethical dilemmas is presented. It is applied in analyzing the methods in allocating scarce medical resources and then to business problems. The model has the objectives: to clarify where and to what extent personal and group philosophy and preferences are involved; and as a tool to compare options by varying the assumptions.

Decision Layers			Expert criteria	Judges	Score
A. Time	short	long			
B. Triage	usual	inverse			
C. Ethical	dilemma	philosophy			
D. Scoring: S,T,F	score		S+T+F=100%	1-10	Σ (S,T,F) x (1-10)
E. Social Value			tie breaker	1-10	choice

The model was developed by adding layers to the Kidder **(C) Ethical Model.** It includes **(A) Time,** as it affects the changing roles of leaders and managers, **(B) Triage,** as used in emergencies, **(D) Scoring,** as in judging figure skating, and **(E) Social Value,** as a last resort for a tie-breaker. Ethical dilemmas are problems where two or more options can have strong support. A medical example is the selection of a patient for organ transplant when the number of patients exceeds the number of organ donors. In business, it may be in choosing between outsourcing and reducing staff versus cutting salaries and keeping workers. R. M. Kidder, defined four basic “right vs. right” conflict principles, and three philosophies to help guide us to resolve the dilemmas.

Conflict of Principles	Philosophy
• Truth vs loyalty • Individual vs community • Short-term vs long-term • Justice vs mercy	• Rule-based thinking inflexible • Ends-based thinking utilitarianism • Care-based thinking Golden Rule

The **Complete Lives System** applies **Principles for allocation of scarce medical interventions,** to decide who gets a life saving organ transplant.

Principles	Philosophy
a. treat people equally b. favor the worst off c. maximize total benefits d. reward social usefulness	1. UNOS point system 2. quality-adjusted life-years 3. disability-adjusted life-years 4. complete lives system recommended: prioritizes younger people incorporates prognosis save the most lives lottery instrumental value principles

Business Decisions and Ethical Dilemmas

Outline:

I. Introduction
II. Ethical Dilemmas
III. Example of decision-making for organ transplant
IV. General model and discussion of its components
V. The organ transplant case in terms of the general model
VI. Examples of business decision-making and the general model

I. Introduction:

We make decisions and choices all of the time. We usually don't think about many, but for critical and important ones, especially when time and resources are limited, it is essential to have a plan and course of action in advance. Emergency training and procedures are mandatory for occupations where emergency situations will occur: medical, fire, police, military, pilot, flight attendane, etc. It is prudent to have knowledge of first aid and first response for all of us. In a way, the procedures are development of "expert" systems based on the accumulated knowledge and experience of experts in a field. There is often not only one "correct" course of action and this presents the problem of how to make a decision as to which to choose. These are "ethical dilemmas".

Starting with the critical medical dilemma of choosing a patient for an organ transplant, a general model for decision-making was created. The basic idea is that a general model must be useful for extreme critical situations, before conditions can be relaxed. Examples in business are then given.

The key goals of the study are: 1. Understand the steps that may be used in a decision process. Not all steps are applicable for all decisions, but a model can be an aid to determine which steps and approaches may be most useful. 2. Simplify the path to agreement of the underlying assumptions for each major step in decisions.

II. Ethical Dilemmas

Knowing the difference between right and wrong is usually straightforward. It is a moral issue. But recognizing and choosing between two views in society where both are considered acceptable is a right versus right issue, that must first be recognized before action can be taken. Rushworth Moulton Kidder (May 8, 1944 – March 5, 2012) has made a strong attempt in his books and lectures to clarify the issues. These will be used in the proposed general model. The starting point and assumption is that all people have a set of Core shared values:

honesty

responsibility

respect

fairness

compassion

The difficulty is that in some situations we can be faced with ethical dilemmas because two values cannot be applied at the same time. Extreme cases are of a nurse having to choose between a bedridden patient and one who can walk when a tsunami is approaching, or a firefighter who can only carry one person and having to choose between a child and an elderly person. In business, we may have to reduce staff. Should it be the bright and energetic new employees, or some of the older employees? We want to be fair and also show compassion to all involved, but it cannot be done. A set of principles for action by emergency personnel must be in place before the emergencies occur. In business, we must also have a clear understanding of the guidelines to make choices.

How Good People Make Tough Choices (Chart 1)

The tables are a listing of ethical dilemmas and principles for resolving them developed by Kidder. But which are best? Some people and organizations choose one or another and apply them in all situations, while others may choose different ones depending on the type and severity of the dilemma. This means that we belong to different kinds of societies and groups at one time and during the day may have to resolve dilemmas based upon the group we are in.

How Good People Make Tough Choices

1. Truth vs. Loyalty: As a manager, you have confidential knowledge that your company will close a department. A good friend at the company asks if the company is planning to close any departments. If you tell him the truth, he may have a chance to get new job ahead of other employees. You have loyalty to both the company and the friend. Do you tell the truth? **2. Individual vs. Community:** A hospital has an organ for transplant. There are three possible recipients: a) a housewife with two young children; b) a surgeon; and c) a wealthy donor to the hospital. If the surgeon lives, she can help many people. If the wealthy donor lives, he will support the hospital, which will help many people. But the housewife is a member of the community and has the same rights as the others. How do you choose? **3. Short-Term vs. Long-Term:** A company is not doing as well as planned. Immediate shut down of several research projects will improve the company's profit and stock market price. On the other hand, the research is needed for future products and profits. **4. Justice vs. Mercy:** Justice is guided by rules agreed to by society and is to be applied to all equally. Mercy is special consideration for an individual who has broken the accepted rules and laws. It is "right" to apply justice to all, but many also consider it "right" to consider special circumstances.	**Resolution Principles** Kidder draws from traditions of moral philosophy to describe different ways of thinking about ethical decision making. He describes three: **i. Rule-based:** Often associated with Immanuel Kant, the idea is that we should "Follow only the principle that you want everyone else to follow." Your actions set the standard for everyone else. This is based on duty to follow the rules with no exception. **ii. Ends-based:** Known as "utilitarianism," the principle is best known by the maxim "Do whatever produces the greatest good for the greatest number." **iii. Care Based:** Putting love for others first. It is most associated with the Golden Rule: "Do to others as you would like them to do to you." (Actually, "Do not do to others as you would not want them to do to you".) Checkpoints for Ethical Decision Making: • Recognize there is a moral issue; • Decide who is involved and who is responsible; • Gather the relevant information; • Test for right vs. right paradigms; • Apply the resolution principles; • Seek a "trilemma" option for a "Win-Win"; • Make the decision

Chart 1

http://www.globalethics.org/resources/Chapter-1-How-Good-People-Make-Tough-Choices-by-Rushworth-M-Kidder/28/ register and download

III. Example of decision-making for organ transplant (Chart 2)

Principles for allocation of scarce medical interventions
Dilemma Options

	Advantages	Disadvantages	Examples of Use	Recommendations
Treating people equally				
Lottery	Hard to corrupt; little information about recipients needed	Ignores other relevant principles	Military draft; schools, vaccination	Include
First come, first served	Protects existing doctor-patient relationships; little information about recipients needed	Favors wealthy, powerful, and well-connected; ignores other relevant principles	ICU beds; part of organ allocation	Exclude
Favoring the worst off; prioritization				
Sickest first	Aids those who are suffering right now; appeals to "rule of rescue"; makes sense in temporary scarcity; proxy for being worst overall	Surreptitious use of prognosis; ignores needs of those who will become sick in the future; might falsely assume temporary scarcity; leads to people receiving interventions only after prognosis deteriorates; ignores other relevant principles	Emergency rooms; part of organ allocation	Exclude
Youngest first	Benefits those who have had least life; prudent planners have an interest in living to old age	Undesirable priority to infants over adolescents and young adults; ignores other relevant principles	New NVAC/ACIP pandemic flu vaccine proprosal	Include
Maximizing total benefits; utilitarianism				
Number of lives saved	Saves more lives, benefiting the greatest number; avoids need for comparative judgments about quality or other aspects of lives	Ignores other relevant principles	Past ACIP/NVAC pandemic flu vaccine policy; bioterror response policy; disaster triage	Include
Prognosis or life-years saved	Maximizes life-years produced	Ignores other relevant principles, particularly distributive principles	Penicillin allocation; traditional military triage (prognosis) and disaster triage (life-years saved)	Include
Promoting and rewarding social usefulness				
Instrumental value	Helps promote other important values; future oriented	Vulnerable to abuse through choice of prioritized occupations or activities; can direct health resources away from health needs	Past and current NVAC/ACIP pandemic; flu vaccine policy	Include but only in some public health emergencies
Reciprocity	Rewards those who implemented important values; past oriented	Vulnerable to abuse; can direct health resources away from health needs; intrusive assessment process	Some organ donor policies	Include only irreplaceable people who have suffered serious losses
Table 1: Simple principles and their core ethical values		Advisory Committee on Immunization Practices (ACIP) and the National Vaccine Advisory Committee (NVAC),		

Chart 2

Correspondence to:
Ezekiel J Emanuel,
Department of Bioethics,
The Clinical Center, National
Institutes of Health, Bethesda,
MD 20892-1156, USA
eemanuel@nih.gov

Principles for allocation of scarce medical interventions

Medical practices are often faced with ethical dilemmas in the allocation of services and treatments. Hospitals must have policies in place before critical issues occur, such as who will get an organ transplant or vaccine when the demand is greater than the supply. There are many criteria that may come into consideration, and the practical resolution of the problem ranges from a lottery, first-come first-served, to consideration of age, medical condition, social usefulness etc. No single principle seems satisfactory, so that multi-principle approaches are used.

The authors consider the long history and arguments supporting the different approaches and conclude that many more factors should be included, resulting in their complete life system, which includes prognosis, priority for younger people (15-40 e.g.), maximizing saving lives, lottery, and usefulness of certain individuals. How to balance the various factors is not clearly defined, and depends on the views of the staff and facility that must make the allocation.

After determining the opposing sides of the dilemma, many of the factors can be classified under the Kidder **Resolution Principles** guidelines which define three basic philosophies of rule-based, utilitarian, and care-based. The culture of the hospital and community influence the choice. Many hospitals use Care-based choice to give the organ to the most critical patient. It is easy to argue that this is not fair to others and that the long term success is limited. Further those who may benefit most must wait until they are in worse condition. A lottery does not solve the issue, since there may be screening to eliminate those with little chance of survival. However, it is important that all of the hospital staff understand the underlying philosophy and agree.

The authors summarize the concepts in **(Chart 3) Eight simple allocation principles.**

Complete Lives System or Eight simple allocation principles

Principles
A. Treating people equally: lottery, first come, first-served
B. Favoring the worst off, prioritizing: sickest first, youngest first
C. Utilitarianism: number of lives saved, prognosis or life-years saved
D. Promoting and rewarding social usefulness

Philosophy

1. **UNOS, United Network for Organ Sharing points systems: first-come, first-served, sickest first, prognosis**
2. **QALY, quality-adjusted life-years: prognosis, excludes saving the most lives**
3. **DALY, disability-adjusted life-years: prognosis, instrumental value, excludes saving the most lives**
4. **Complete lives system recommended by authors: prioritizes younger people incorporates prognosis; save the most lives; lottery; instrumental value principles (only in public health emergency)**

Chart 3

http://econopundit.com/ezekiel_emmauel.pdf

The literature is filled with opinions as to what is "fair", and when there should be exceptions to any rules. A hospital with strict policies does not allow for this, but the staff must agree that that is the way it is done in that hospital. The authors of this paper attempt to combine many of the selection processes, but clearly there will be disagreement when they have age cutoffs, with priority to those between 15 and 40 who have not had a chance to live an important part of their life. We cannot simply say this is unfair to others, since the choice is one of several based on the ethical dilemma. The guiding principles are agreed to by the community (hospital and local). (Note: from the patient's side there are now many cases of going to other countries, because some treatments are not available in their own.)

The authors would like to keep many of the principles that are advocated by the different single systems and combine them into one system. Their paper does not describe the procedures that should be followed to include all of the admirable concepts to give the "fairest" method for selected the patient for the organ transplant. It can be argued that several of the principles may be contradictory and present new dilemmas, rather than solving the original one of who gets the transplant.

IV. General model and discussion of its components (Chart 4)

The general model presented attempts to organize the principles and the decision procedure so that it can be discussed and applied to a wide range of areas, including business. The goal is to clearly show where measurable factors and human evaluation and philosophies are incorporated into the program.

The model is created by adding layers to the Kidder **(C) Ethical Model.** They include **(A) Time,** which affects the changing roles of leaders and managers, **(B) Triage** as used in emergency situations, **(D) Scoring,** as in judging figure skating, and **(E) Social Value,** as a last resort for a tie-breaker. This model has the objectives: to clarify where and to what extent personal and group philosophy and preferences are involved; and as a tool to compare options by varying assumptions.

Outline of the General Model

Decision Layers			Deciders: Social, Tech., Financial	Judges	Score
A. Time	short	long			
B. Triage	usual	inverse			
C. Ethical	dilemma	philosophy			
D. Scoring: S,T,F	score		S+T+F=100%	1-10	Σ (S,T,F) x (1-10)
E. Social Value			tie breaker	1-10	choice

Chart 4

A: Time: Leadership vs. Management (Chart 5)

Simply put, Leadership deals with change and Management deals with complexity. Decision-making requires that it be clearly understood who the decision- makers are at a particular TIME. If there is enough time to discuss, clearly the persons higher up in an organization have the final say and have the final responsibility. However, at particular stages in the life of a company or product, different people have increased or reduced influence on decisions. With less time, those closer to the action become the leaders.

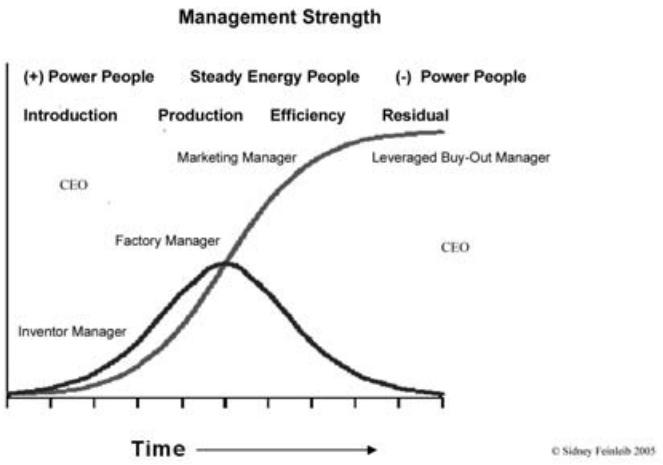

Chart 5

In the case of business or product, we often speak of the two curves: the “S-curve” which is the total of all sales, finances, etc. and which reaches a limit when there is no growth. The “bell-curve” shows the situation with time. When there are no sales etc. the curve is at zero. At each stage, the center of power or importance or leadership changes. In the early stage, there is the founder, inventor of the business and she is almighty. As the business grows the financial or sales manager has the greatest influence. During crises and as the business declines, the power is centralized and the CEO has to make decisions about closing or selling off the business. In an emergency situation, those on the spot become the leaders.

B: Triage

It may seem heartless to say, that in the case of a tsunami coming toward a hospital, help should be given to those who can walk by themselves. This is an example of triage, or rather, reverse triage. In triage, injured are sorted (sorting in French is ‘triage’) and the least injured are left for last for treatment.

Triage was used in World War I by French doctors, who treated casualties at the battlefield. It is based on earlier work of Dominique Jean Larrey during the Napoleonic Wars. The most severely injured were sent off to a hospital, while the least injured had to wait. Until recently, triage was frequently a matter of the 'best guess', as opposed to any real or meaningful assessment.

There are conditions where the less wounded are treated first; such as when it is urgent to send the available soldiers back as soon as possible. Disaster situations, such as an earthquake or tsunami, may also force the unhappy ethical choice of leaving the most seriously injured behind because of limited time and staff. This was nicknamed Russian triage or reverse triage. We may think of it as the strategy of Jack Welch former CEO of GE, who had the reputation of cutting the bottom 10% of products and groups each year.

If we combine triage with some of Kidder’s classifications, we find that exceptions creep into the model. For example, we say that in an emergency at sea, that women and children should go into the lifeboats first. This is Care-based. But in reality, it is the strong sailor who will row the boat who goes in first. Airlines provide emergency notices that passengers should use the oxygen mask before attempting to help others.

With limited Time to make decisions, reverse triage may be the “Fair” choice. With limited resources, it is the leader and primary caretaker (doctors and nurses) who must be given attention first, since only then can they help others. This argument may be applied to the top management of a company, but it isn’t always clear that it is justified, when the company problems may have been created by the management itself.

A general guide is that with very limited time for decisions, those closest to the situation become the leaders. It was a serious misjudgment when government officials in Japan stepped in to tell the engineers what to do at Fukushima, causing hours of delay. With time and more resources, “reverse triage” may be changed. In business, it means that weaker products and group can be supported after the initial emergency is dealt with.

C: Ethical Dilemmas

Understanding the critical elements of dealing with dilemmas in critical situations, we can then reduce the severity of the restrictions in making decisions. Still, while life and death decisions may not occur, many decisions can come close. If a choice must be made in reducing staff, should consideration be made of the fact that the poorer and low salaried workers will be harder hit than the more affluent? Should the young and unprofitable department with great potential be cut before an older, but low profit one? Arguments can be made for both sides, so that management must have a clear understanding of its own philosophy and where human opinions come into any decision, and not just the bottom line.

D: Scoring (Chart 6)

After the initial phases of deciding about the Time available, leader for action, and the general philosophy of the organization, we come to the process of “Scoring”. We often intuitively use this method when we go shopping. Shall I get the premium margarine or real butter which costs more, but tastes better, and is better for baking? We have quickly counted the technical (baking) benefits, social benefits (tastes better), and financial (cost). We quickly thought about the use, those who would notice the difference, and the available funds for shopping. The technique can be formalized and has been used by the US military in selecting equipment and systems. Of course, using very detailed evaluations of different components.

In a somewhat complicated manner, professional figure skating and other sports use a scoring system. In business we use it as part of the evaluation process in choosing

employees and copy machines. The characteristic of the scoring process is the attempt to separate personal preferences from expert judgments. The criteria for selection and relative weighting of the criteria are human and personal. Expert views and measurable components are the attempt to be impartial. A simple example of selecting a consulting firm illustrates the approach.

Scoring Details for Choosing a Consulting Firm

		Company A		**Company B**	
Fee		**$20,000**		**$25,000**	
Criteria	**Weight %**	**Score 1-10**	**Weighted Score**	**Score 1-10**	**Weighted Score**
Tech. skill	30	7	210	7	210
Proposal	15	5	75	9	135
Delivery	10	7	70	9	90
Cost	20	9	180	6	120
Reputation	10	7	70	9	90
Innovation	10	10	100	7	70
After care	5	4	20	9	45
Total	100%		**725**		**760**
Decision			**Reject**		**Accept**

Chart 6

What should be included in the criteria may be based on past experience of the company or from literature references. The weighting (total of 100%) can depend on the particular project, whether it is heavily financial or technically oriented. These are human decisions and various balances of the weightings may be tried. This tests the sensitivity of the total process to result in the selection of one consulting firm.

The score should be based on independent expert views, as far as possible. In reality, the same group of people may be setting up the criteria, weighting and then doing the scoring. However, the technical staff can judge the technical skills and the financial staff, the costing, so that as neutral a comparison as possible of firms is done.

The critical point is, once we agree on numerical values for evaluation and comparison, we tend to forget that it was human beings who set the values. This is the reason for testing different weightings and even having different people do the scoring.

Social Value

This subject is very troublesome. While the previous procedures are fairly straightforward and attempt to be as impartial as possible, this is the tie-breaker. In the medical case, if after the best efforts of all, it still cannot be decided who will receive the scarce resource, we must rely on the moral philosophy of the hospital **(C. Ethical).** Do we choose a lottery to be completely neutral, or do we try to measure the utility of particular people, or have in place a rule of LIFO (last in, first out) or newest employees get fired first? In business, a small company may consider all employees as family and opt for a lottery, while a big company has set rules.

V. The organ transplant case in terms of the general model (Chart 7)

Principles for allocation of scarce medical interventions *Govind Persad, Alan Wertheimer, Ezekiel J Emanuel* http://econopundit.com/ezekiel_emmauel.pdf

The Ethical Dilemma of choosing who should live and who should die is a an awful problem that doctors and hospitals must face when there is not enough to give to all who need help. e.g. There may be one organ for transplant and several patients. Having a framework for making the choices does not reduce the emotional stress. It does help to make decisions quickly by having a plan in place. And, through understanding by all parties, they know they are doing the best they can.

The authors draw extensively on the medical literature referenced in their article. **(Charts 2 and 3)** summarize their views, and present their **Eight simple allocation principles.** The approach uses many of the elements described by Kidder in dealing with ethical dilemmas, but goes further to set recommendations in the real world.

Complete Lives System mapped to the General Model

Tiers	Hospital and experts	Physicians judges	Score	Bioethics options	Comments
A. Time	plan in advance	physicians		short	
B. Triage	by age	physicians		by age	

1. Mild					
2. Severe					
3. Urgent					
C. Ethical	hospital				
a. Strict Kant					
b. Utilitarian	save the most lives			most saved	
c. Charity				young first	
D. Scoring	hospital + experts	judges			S+T+F= 100%
Social		1 – 10 x	=	most saved	
Technical	prognosis	1 – 10 x	=	prognosis	
Financial		1 – 10 x	=		not included
E. Social Value	hospital				
strict rules				public good	
scoring	instrumental value			valuable person	
lottery	lottery			all equal	

Chart 7

sidfeinleib@ieee.org

Example of the Complete Lives System mapped to the General Model (Chart 7)

A. Time: the decision for the organ transplant requires extensive preparation before the organ is available, since the operation must be done as soon as possible. This means that there is already a plan of action in place and the selection of the leader.

B. Triage: the authors give arguments for putting a special age group first, by calling it the most critical in that they have not had a chance to live a major portion of their lives. This is the "normal" mode of triage, but it implies that the rules were set by the Ethical choices of the hospital.

C. Ethical: since there are rules as to which patient is selected, we may think of the a. Strict Kant philosophy. However, the reasoning is c. Charity, to be compassionate to this age group. It definitely is not b. Utilitarian.

D. Scoring: the Technical issues are determined by the physicians as to the health of the patient, compatibility with the donor organ, and prognosis are mostly measurable. The CLS model does not include Financial factors, but in reality, a hospital must make the decision as to how much of their resources will be expended for one patient. This may be included indirectly when the authors attempt to use the utilitarian approach to maximize the number of people saved.

E. Social Value: with all other factors balancing, the hospital must still make a

decision to select only one patient. The authors would like to include the methods of lottery, scoring as to whom will provide the most value to society and also who contributed most in the past. This is difficult and falls back on the ethical tradition of the hospital, and by putting relative values on peoples' lives as human beings, there would be extensive arguments. In most cases, it may end up with a lottery.

VI. Examples of business Decision-making and the general model

Example in Business: Employment (Chart 8)

Every business has to hire employees. There are standard procedures and these don't seem to differ much from company to company. As an exercise, we can analyze the selection process in terms of the General Model.

A. Time: the "dilemma" in selecting amongst many candidates starts with posting of the available position by the "leader," the manager of the department in need of an employee.

B: Triage: business needs to select the staff with the strongest skills, so they are the "healthiest" from the point of view of the company. This is reverse triage, as opposed to helping or selecting the weakest first.

C. Ethical: businesses are generally utilitarian, and certainly not charitable or compassionate to new people. Rules can be modified for exceptional cases, so the Kant philosophy also is not usual, except for government positions based only on test scores.

D. Scoring: job applicants are usually measured against each other by their Technical skills, Financial or salary requirements, and Social attributes as to how well they may fit into the culture of the company. Depending on the job, such as in engineering or in marketing, the weighting will be different.

E. Social Value: where several candidates appear to have equal qualities, a company may seek additional criteria and employ several new employees for a probationary period to see which person fits best and shows the best ability. This is not a lottery. It is a personal judgment of managers and staff of the value of the person to the organization.

Decision Layers			Criteria Setters	Judges	Score
A. Time	leader	manager	department	staff	
B. Triage	usual	inverse			
C. Ethical	dilemma	philosophy			
D. Scoring: S,T,F	score	S+T+F=100	staff	1-10	Σ (S,T,F) x (1-10)
E. Social Value	group		tie breaker	1-10	choice

Chart 8

Example in Business: Outsourcing at a family business Chart 9

Outsourcing generally means contracting off-shore of services or manufacturing. There are many reasons for doing this, but mostly, to cut expenses. Foreign labor then replaces local labor. This affects the community, the company, and the local employees in many ways and can have almost "life or death" consequences when income stops. The decision includes many technical, financial, and social factors. How they are balanced includes consideration of the company's way of doing business, its philosophy. Where the product or company is on the "bell curve" **(Chart 5)** will influence who the decision-makers and judges are.

At first, we may believe that very large companies need only make a decision on financial factors and the availability of technical skills. However, there are many cases where local and national governments may come to the support of a company when firing too many people due to outsourcing has a major impact. This was the case of several bailouts for the automobile makers.

For the case of a family or small business, employees are treated as family so that there is more compassion and an attempt to be fair and charitable to all. Often, a third alternative is sought, making it a trilemma. One choice is reducing everyone's salary or reducing work-hours and job sharing.

A. Time: in general, key objectives of a family (small business) are to provide steady income, continuation of the company, growth through product and service improvement, and job satisfaction. Growth per se, or high income are often not as valued as continuation, loyalty and quality of life for owners and employees. Improvement of technical skills in-house are prized, so that outsourcing is done only reluctantly when it is clear that there is a great benefit, even saving the business.

B. Triage: reverse triage is applied here. It is important that the business keeps its core skills and improve them in-house or acquire new ones, but not to outsource them. Repetitive tasks or low technology, such as stamping simple parts, and overhead reduction, such as outsourcing some data inputting may be considered. The healthy areas are kept and the weak areas are cut.

C. Ethical: small firms rely heavily on maintaining brand image and respect by customers and competitors. They tend to be patient and flexible in working with suppliers and customers. Ethical and moral guidelines are often more rigorous to ensure a good reputation. A strict Kantian code may apply in relationships outside of the company, while charity and compassion operate in the company. Utilitarian may not be their philosophy.

D. Scoring: where employees are treated more as family, social considerations may be a higher factor in weighting than in large companies, where decisions are based more on only financial or technical considerations. The comparison of alternative outsourcing with internal expansion may lead to "trilemma" solutions that are compromises, rather than either-or decisions. Even when there is outsourcing, there may be extensive participation by staff. The resolution of the ethical dilemma may be result in reducing working hours or job sharing, rather than in total outsourcing.

E. Social Value: human and communication considerations which may apply in a "tie-breaker" may also be included in the scoring. By modifying the weightings, it may be possible to find new compromises. In any case, the choice of criteria and weightings are human choices.

Decision Layers			Criteria Setters	Judges	Score
A. Time	leader	owner	department	staff	
B. Triage	outsource	weakest			
C. Ethical	charitable	equality			
D. Scoring: S,T,F	social hi	S+T+F=100	staff	1-10	Σ (S,T,F) x (1-10)
E. Social Value	save jobs		tie breaker	1-10	choice

Chart 9

Comments:

Many decisions in business, as in life, are based on measurable quantities. What is measured, who chooses what is measured, who judges if a measurement is useful and meaningful are often forgotten once the measurement is made. The step-by-step model presented here is a wakeup call to clarify the steps in a decision and to involve all parties to the decision in an orderly fashion. Modifying parameters can indicate the sensitivity of the assumptions, while having different people participate in discussions and scoring leads to a vote about policy and philosophy, clarifying the issues and making it easier to come to decisions in the future. A simplified model can be useful to quickly find out if there is common thinking about problems. After that more parameters can be added to refine the procedures. Make sure you are going in the right direction before you measure with high precision.

Finally, if you would like to submit an analysis or a "dilemma" using the framework,
I would be happy to make comments. sidfeinleib@rikkyo.ac.jp