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Business Ethics – Deontologically Revisited

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ABSTRACT. In this paper we look at business ethics from a deontological perspective. We address the theory of ethical decision-making and deontological ethics for business executives and explore the concept of ''moral duty'' as transcending mere gain and profit maximization. Two real-world cases that focus on accounting fraud as the ethical conception. Through these cases, we show that while accounting fraud – from a consequentialist perspective – may appear to provide a quick solution to a pressing problem, longer term effects of fraud and misconduct make ethical implications more apparent. Widely used compensation schemes also may have the tendency to fuel unethical behavior. We argue that an ethical reinvigoration of the business world can only be accomplished by encouraging the business realm to impose upon itself some measure of self-regulating along the lines of deontological ethics. Principles of deontology should guide executive decision-making particularly when executives are tempted to operate outside of codified legislation or are bound to act under judicial-free conditions.

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Introduction

This paper addresses capitalism, at least in its more drastic neo-liberalist form and discusses the tenets and guiding principles as well as the violations of ethical codes that can occur when capitalists' conduct is, beyond legal boundaries and the monitoring by regulating authorities, unchecked by self-guiding moral principles. The desire for a revision of capitalism on the macro-level of economics derives mostly from issues of globalization, regarding for instance the just or equitable distribution of goods or the combating of poverty. On the micro-level a need to review capitalism may spring from a culture of conspicuous consumption and spending in the extreme. Capitalist societies may have reached a postmodern condition where, as Jean Baudrillard (1998) argues, reality is filtered through the logic of exchange value and advertisement, giving identity no longer through ethnicity, gender, class, or social status, but by consumption. Using two examples of corporate accounting fraud, out of the increasing number of cases of business fraud, larceny, and other forms of illegitimate individual and corporate enrichment, we provide evidence of the results of capitalism when it is unconstrained by moral and ethical codes. This article does not at all intend to question or reject the basic tenets of capitalism – a largely intervention-free market that regulates the investment of capital, the production, distribution and prices of goods and services by private incentive – however, the potential subordination of human value and moral dignity to blind market forces shall be put in question. We concur with Milton Friedman (1988) that profit-driven business has to meet its social responsibility by accepting the constraints imposed ''by the basic rules of society, both those embodied in law and those embodied in ethical custom.''

Therefore, Adam Smith's image of the ''invisible hand,'' by which all benefit from the self-interest of entrepreneurs make the business market incompatible with moral interference, or Bernard Mandeville's credo that the self-related behavior of stakeholders is the condition sine qua non of economic prosperity and the driving force of the civilization process, shall be critically reflected. While private property and the accumulation of wealth foster economic prosperity and general welfare, they should not go unconstrained. A striving for profit that is driven by avarice and greed violates the notion of justice and is inconsistent with a humanistic and universal concept of righteousness.

In this article, we assert that any ethical reinvigoration of the business world can only be accomplished when the business realm imposes upon itself some effective measures of self-regulation that go beyond the increasing number of laws and rules passed by governing bodies and requirements mandated by the regulatory authorities. We also suggest that ethical custom is not enough. Since business has individualistic foundations and is real in its individual agents only, a sense of personal morality needs to be developed that takes into account deontological principles[1] of ethical conduct. While we acknowledge that the room for pursuing non-commercial forms of social responsibility is limited in economic enterprise, we argue that this room, however limited, has to be entirely filled by personal ethical responsibility. Ethical responsibility in the business world is not all-encompassing, but whatever it offers for ethical behavior to take place, should be exploited to its fullest.

Framing the challenge

If humans have a choice to act, being ethical, to state the obvious, is about how human beings ''ought'' to act; and consequently, business ethics is about how business agents ''ought'' to act. For both, the acting takes place in a social and political human environment in which mutual constraint, based on custom and law, guides human interrelations.

Quite naturally, the successful outcome of applied business policies and strategies depends on achieving targets and goals. That the business world is profit-oriented and thus focused on results and outcomes is a fact – and rightly so. However, when the spotlight is on the result, there can be an increased potential that an inappropriate course of action is taken, as can be observed relating to earnings targets. On the one hand, earnings targets should motivate management to conduct business affairs so that earnings goals can be achieved. On the other hand, reaching earnings targets at all costs can result in behavior where the use of any means anticipated to help in achieving this goal is considered to be justified. Indeed, a review of Securities and Exchange Commission (SEC) enforcement releases for accounting irregularities shows that often earnings are overstated or expenses understated in order to meet analysts' or Wall Street's targets for revenue or net income.[2] Since Enron, the public has become ever more aware of instances where corporate executives used dishonest means in order to meet earnings or growth objectives. One can question whether the focus of investors as well as management on the end-result may have justified, at least in the minds of the corporate executives involved, the ''need'' to use whatever means available to meet profitability goals and hence acquire the rewards so ''earned.'' Rationalization of this type considers the outcome, without an adequate consideration of the means to achieving the outcome.

Utilitarian ethics, also designated as *teleological*[3] or *consequentialist* ethics, focuses on what is considered a good outcome of an action related to the acting individual's (or group of individuals) notion of good and bad. A thing is done for some personal and/or collective benefit, and not necessarily because it is the right thing to do. The standards of right and wrong, of virtue and vice, are often measured and decided based on what is in one's best interest, without sufficient consideration of the rights and interests of others. The basic tenet of utilitarianism defines the ''good'' (individual or collective happiness) independent of the ''right'', and introduces then the *right* as that thing that maximizes the *good*.[4] Often, and not just in business, self-indulgence, self-promotion, in short, material selfishness can be found at the root of human behavior. When the spotlight is on the result, egotism – be it in its individual or collective form – is not far away.[5] Applying Bentham's principle of the ''greatest happiness of the greatest number of people'' (1996, p. IViii) to the level of the business enterprise, the general result regarding the *collective happiness* of all stakeholders,[6] would lie both in profit and in efficient business conduct.

According to utilitarian ethics states that the outcome determines the ethical appropriateness of any activity. Agency theory (Eisenhardt, 1989; Stroh et al., 1996) addresses how influence agents (i.e., managers or executives) towards those outcome-based activities that result in what the principal/owner desires. ''The job of agency theory is to help devise techniques for describing the conflict inherent in the principal-agent relationship and controlling the situations so that the agent, acting from self-interest, does as little harm as possible to the principal's interest (DeGeorge, 1992). This is often accomplished by paying the agent based upon the degree to which he or she achieves the outcomes desired by the principals. However, it is when the outcome, such as profit-making, becomes the sole focus of business behavior that a utilitarian approach can become problematic and impair the rights of others.

The well-publicized accounting scandals of recent years have drawn the attention of academics and the general public to the seeming lack of personal ethical responsibility of executives in a number of public companies including some of the largest. One result of these scandals was the passage of the Sarbanes-Oxley legislation in the United States. Chief Executive Officers (CEO) and Chief Financial Officers (CFO) are required to certify the veracity of the financial statements, clearly placing ethical responsibility on the top management. Corporate officials should be concerned about pursuing financial reporting, that is, in the interest of all affected parties; and not to garner pecuniary ''happiness'' to themselves alone.

The recent history of corporate accounting fraud could serve as a narrative of the application of utilitarian ethics to ethical challenges faced by business executives and, at the same time, could also serve as a series of examples for the inadmissibility of utilitarian ethics. One of the reasons why utilitarian ethics, as an almost exclusive basis for business conduct, has endured is because harm is usually limited to loss of material property. In the world of business, stakeholders face a loss of wealth or fortune, but normally not loss of life or health. Unlike in medicine or war where unethical acts can, and often do result in loss of life, the victims of unethical business practices may lose employment or capital, but seldom is unethical business conduct life-threatening. As we will elaborate on, ethics devoid of deontological ingredients, that is, ethics that focuses primarily on the consequences and not on the rightness or wrongness of the act itself, is, in the end, no true ethics at all. When the corporate leaders operate their businesses with a primary interest on the consequences to their personal wealth and reputation, and devoid of concern for their duty to employees, investors, the environment and other parties directly or indirectly affected, capitalism has suffered an ethical defeat. Self-interest in business should be tempered by (moral) duty and the rights of the business executive and his self-interest has to end where the rights of other stakeholders begin. This is what our essay attempts to highlight with respect to the business world and, in particular, to accounting ethics.

Ethical decision-making – theory and practice

It lies in the nature of consequentialism that striving for a desired result at all cost – in other words, setting a most wanted result as the absolute goal – implies the use of or justification of the use of any and all means available in order to achieve the goal. When this goal is about one's own benefit, the entitlements of others might be ignored and left out of the equation, or in the least might not be given sufficient recognition.

An ethical situation is a situation between human agents in the sense of the action of one person or group having a bearing on another person or group of persons.[7] Breaking a situation of ethical decision-making into its basic dimensions, we arrive at the triad of *incentive – means – result*. Both deontological and teleological (consequentialist) ethics agree that any action is triggered by a desired result, making clear that the reason for acting stems from the outer, empirical world.[8] However, deontological and teleological ethics are at variance regarding the reaching of this result. Teleological ethics argues that the right thing to do is what produces the best consequences. Radical consequentialism, as the philosophical antithesis to deontological ethics, would justify the usage of all means necessary, for one must maximize the good and minimize the bad. In contrast, under deontology, the ends of any supposed action can never justify the usage of any or all means, for one must act out of respect for the (moral) law. The deontological approach, therefore, is the way to balance the teleological dualism of means and ends by adding the regulative dimension of the concept of moral duty, which manifests itself in self-imposed constraints regardless of potential unwanted consequences for the acting entity.

In the business world, executive stock ownership and contingent compensation based on stock options have become popular measures to induce business executives to focus on the desired results. Contingent compensation has increased in popularity, such that by the late 1990s over 85% of CEOs received stock option compensation (Chingos and Engel, 1998). Yet, stock option compensation has not necessary aligned interests as expected (Kosnick and Bettenhausen, 1992). Stock ownership and stock options in particular, may lead to extremes in self-interested behavior. Executives who are privy to internal information regarding corporate performance that is not available to the investing public or the public in general can be tempted to use that private information to their personal advantage. Breaching ethical norms can be the result of having a large number of highly valued stock options or shares of stock and the financial gain that can be acquired from exercising those options or selling the share.

We use the case Schick Technologies, Inc. to illustrate how the deontological approach provides an appropriate synthesis of the parameters of the ethical decision triangle.

Schick went public in 1997. The initial public offering (IPO) had been considered such a resounding success that the company was awarded the Small Business IPO of the Year Award in May 1998 by the New York City Partnership and the Chamber of Commerce.[9] In June, the company announced that revenues for the fiscal year (FY) ending 31 March 1998 were 129% greater than in the previous FY.[10] The company was experiencing rapid growth and revenue expectations were rapidly increasing as well. But all was not well on the home front. The CEO realized that the June 1998 quarterly earning targets of the company and the analysts' forecasts would not be met.

The ethically relevant situation is defined by the need to increase the performance of the company so that it meets the earnings targets. Failing to meet the earnings targets will reflect negatively on the firm's potential and, as Levitt (1998) states result in stock price decline, therefore, negatively impacting shareholder wealth and the value of executive stock options. But the constraints represented by Generally Accepted Accounting Principles (GAAP) require that revenue must be earned[11] before it can be recorded in the books.

The awareness that the company's revenues might not (at least not in the short-term) be improved by normal and legal business activities, combined with the aspiration to bring about the desired result in spite of the existent calamities, translated into the CEO's incentive to deploy illegitimate means. In the case of Schick, a scheme was devised that would result in the appearance of increasing sales, though the greater proportion of those "sales" were revenues that were *not* earned, i.e., did not result in actual sales of product to customers. The company's CEO ordered improper booking of sales using schemes that included (1) shipping products to a holding-warehouse at the end of the quarter and recording these shipments as revenues, (2) recording as revenues that the amounts associated with "sales" that either were made under a "loaner" or "try and buy" program where the customer had 30 days to return the merchandise with no obligation, and (3) recording sham transactions, i.e., sales that were bogus.[12] In all these cases, the criteria to record the revenues were not met.

After improperly recording sales the CEO announced that revenues were up 165% for the quarter ended June 1998.[13] The fictitious sales continued to be recorded throughout 1998, but in December of that year, the company announced that it would write-off $5 million in receivables, claiming that bad debts had been piling up.[14] Upon hearing this news, the company's stock price tumbled – by mid-January 1999 stock price was at about $7.06 per share, down from over $28 per share in 1998.[15] It was later discovered that the revenues were overstated by more than $5.5 million, slightly more than one-third of the overall company proceeds.[16]

What were the particular motives of the CEO and vice-president in perpetrating this fraud? In this case, the SEC reports that the "admitted purpose was to inflate revenues in order to meet [the company's] earnings targets."[17] The SEC company filings show that as of July 1998 Schick's CEO owned over 2 million shares of company stock and its vice-president had exercisable stock options worth about $1,000,000.[18] Since their personal, and not insignificant wealth, that was tied up in the company's stock would sharply decline if they reported that the company did not meet earnings targets, this suggests that the executives had a personal stake in ensuring that the company met its earnings targets by hook or by crook. So then, to what extent were the ethical principles of the members of the company's management team impaired because of their compensation arrangements? And more generally, how can or how do creative compensation plans, particularly those plans where compensation is based on achieving accounting-based targets (i.e., bonuses) or stock options granted as a part of executive compensation, affect moral judgment?

The company and executives were prosecuted by the SEC for the accounting fraud. While they neither admitted nor denied the charges brought against them in the litigation, the executives consented to a final judgment order, which among other things required payment of civil monetary penalties and in the case of the vice-president, disgorgement of ill-gotten gains.

By evaluating this case, at this point, from a rather popular deontological perspective, a deontological consideration (or insight) could have eased the CEO's motivation in the following sense: a "last resort" to fraud was not necessary if a longer-term view had been taken; a temporary underperformance would not have endangered the company's existence and may not have put at risk the wealth of the executives over the long-term; the expected shortfall could have been used to boost the ambitions of stakeholders, especially if the executives could bring expectations to a more reasonable level, and pro-active business strategies could have been launched to improve future performance, etc. In this case, it is worth noting that despite the company's troubles, the analysts still maintained a positive outlook for the company with one of the company's analysts stating that "the underlying technology is strong and defensible."[19] So then was the fraud justifiable? A deontologically balanced evaluation of the situation and a deontological decision would have kept the business executives within the boundaries of what is not only legally, but more importantly, ethically legitimate and acceptable.

Deontological ethics – explained and applied

The example hopefully makes clear that the extent to which an individual can pursue his or her own happiness (profit, benefit, well-being, prosperousness) without endangering any another person's happiness is a norm that is found outside the empirical relations of a concrete situation. Based on a merely rational effort that can be replicated by any rationally talented being, the solution lies in the formal and normative assumptions that first, the *transcendental*[20] *equality* of people has to be assumed; and second, the reconciliation of individual human *freedom* based on this universal tenet of transcendental equality of all people has to be posited as the crux of morality.

Only when freedom is considered to be an ontological given to all people can the most foundational idea of what is ethically *right* be grasped. If the ethical *right*, then, is what frames the limits for everything that could ever be considered to be morally good, the core of justice can be understood in the sense outlined by the preeminent deontological philosopher, Immanuel Kant. As a result of his transcendental analysis Kant (tr. 1996) defines *right* as follows: Right is the whole of conditions under which the voluntary actions of any one person can be harmonized in reality with the voluntary actions of every other person, according to the universal law of freedom (Kant, 1996: 24 [6:230]).

The formality of this approach may be considered a weakness, but it is, in fact, a strength; it allows for the application to all possible empirical conditions. Moreover, it is transformation into positive law is the core of the art of legislation.

Justice, in a most formal and normative sense, is therefore, the reconciliation of individual human freedom and marks the point of intersection where the freedoms of different individuals meet. At the core of the ethical question regarding human relations rests the issue of justice, as the minimal requirement for ethical behavior.

Injustice or wrongdoing in all its forms takes place when the action of one person transgresses the borderline of *right* as outlined above. Since transgressing the ethical demarcation line between right and wrong constitutes injustice, the degree or scope of transgression delineates the amount of injustice done. Transgressing action can be *direct* and *immediate*, such as hitting and injuring somebody by direct physical contact or stealing somebody's physical property; or the transgressing activity can be *indirect* and *gradual*, such as the calumniation of another's reputation, perjury or stealing intellectual property. Moreover, the activity can relate to material aspects, such as physical integrity or property; or immaterial aspects of human relations, like honor and dignity.

Whatever the level of injustice, an individual commits a wrong against another because of the following consistent deontological inference:

> If my...condition at all can be harmonized with the freedom of anyone according to a universal law of freedom, the one who hinders me thereon is unjust; because this hindrance (this resistance) cannot be reconciled with a universal law of freedom (Kant, tr. 1996: 24 [6:231]).

The awareness about this moral duty results in the "good will" – the pure incentive upon which the act is based. Kant's Categorical Imperative (CI) introduces the idea of universalization as the deontological epitome, the supreme criterion for ultimate ethical behavior. The first and foremost formula introduces the CI in utmost rational abstraction: "Act only according to that maxim whereby you can at the same time will that it should become a universal law" (Kant, tr.1993: 30 [421]). However, the end-in-itself formula of the CI, as being more clearly related to human dignity and practical life, tells us even more for our context: Act in such a way that you treat humanity, whether in your own person or in the person of another, always the same time as an end and never simply as a means (Kant, tr. 1993: 36 [429]).

Practically, the message here is: Whatever you do, take into account the equally valid entitlement of others to enjoy a life in freedom within the boundaries of justice that is relevant for all and everyone. Or for those who like it more drastically: If you want to be ethical, then become universalizable without conceptual or consequential contradiction. This may be too eminent a call for any human being and might only be met in approximation, but grasping the guiding idea might certainly help one to act in an ethically conscious and responsible way.

After this deontological excursion into moral philosophy let us look at another example of ethical misconduct in the workplace. Critical Path Inc, a company that provides outsourced email and web-messaging services, was founded in 1997 and had its IPO in 1999.[21] This was during the heyday of internet stocks, and since most companies were not turning a profit, analysts and investors focused on revenues, rather than profits, as the basis for determining how well a company was performing. In the quarter ended June 2000, the company reported revenues of $33.5 million and a net loss of over $20 million. But, since the corporate executives had determined to sell the company, keeping the company a darling of Wall Street became the primary objective (Elgin, 2001). This meant reinforcing the view that the company was growing rapidly. When reporting the quarterly results the president announced that the firm expected to turn a profit by the quarter ending December 2000, that same year. The increased revenues were expected to come primarily from the revenues of acquired companies.

By late September 2000, it had become evident to insiders that Critical Path would not meet Wall Street's expectations for quarterly revenue or earnings. As the company approached the fourth quarter 2000, according to the SEC, Critical Path's president and its sales chief concluded there were no legitimate means by which Critical Path could achieve the ambitious revenue and earnings goals the company had announced.[22] With the company's reputation and "sale value" at stake, the president along with several other key individuals, including some vice-presidents, concocted a few bogus sales and other transactions, all of which made it appear that the company had reached sales targets. As *Business Week* (Aug 6, 2001) reported, the company's focus was on increasing the stock price and not strengthening the business.

At the same time, behind the scenes, the president and others were quietly selling their shares of Critical Path. One executive thought that "Critical Path was playing with fire and [he] decided to sell 1,300 shares of his company stock before he got burned" (Liedtke, 2002).[23] According to a class action lawsuit against the company filed in early February 2001, top insiders sold their Critical Path stock for as much as $78 per share. Once the irregularities were announced, the stock price fell to below $4 per share.[24] Critical Path employees in the know avoided losses of over $900,000 because of illegal insider trading.[25]

Those unfortunate enough to not have insider information saw the value of their Critical Path shares drop from a high of over $300 per share in September 2000 to a low of $3 per share in April 2001. One investor, who lost her nest egg in the Critical Path debacle, brought it down to the point: "I just don't think they realized that they were playing with other people's money."[26] Not only were they playing with the fortunes of their shareholders, they were also playing with the livelihoods of their employees. In order to survive under the cloud of allegations of accounting fraud and an SEC investigation, the company laid off 450 of its employees, which accounted for about half of the company personnel.[27]

As can clearly be seen, an exclusive focus on a desired outcome of ones action, striven for at all cost, potentially negates the humanistic entitlement of others and degrades them to a mere means for one's goal, thus violating the *end-in-itself* formula of the Categorical Imperative. And with reference to the basic tenet of the Categorical Imperative the question: Could the maxim for Critical Path's executives' actions – accounting fraud in order to report that the company had met revenue targets – serve as a universal law? has clearly to be answered with a 'No.'

Conclusion

While a deontological approach to ethical decision-making is clearly life-affirming and does not at all deny the transcendental right of every human being to strive for happiness and well-being – in the world of business: does not reject the notion of competition and profit – it leaves no doubt that there are limits to the pursuit of happiness. Certainly, from an ethical business perspective, not only are there limits to how profits should be made, but equally important, there is no place for misleading investors by reporting non-existent revenues and profits. Ethically speaking, these limits are self-imposed in the sense that the ethical human being decides to *ought* in the right way. At this juncture we also become aware that true freedom means to own the capacity for self-legislation. Only the one who becomes "universalizable" in his/her actions in the sense of acting upon a maxim that could serve as a maxim for all human beings in comparable situations, is truly free. If grasped in this sense, making appropriate use of *freedom* is identical with making appropriate use of *responsibility* (2001).

More practically speaking, when the motivation is self-interest, decision-making is likely to be reduced to utilitarian risk–reward calculations. If the risks from ethical behavior are high, such as loss of reputation and value in the market for executive talent and the associated loss of wealth – or the risks from unethical behavior are low and the reward is high, such as low probably of unethical activity being caught and if it is, the consequences are minimal – the moral principles succumb to expediency. This is no small problem in all walks of life. People cheat, plagiarize, lie on resumes, distort or falsify facts at work, commit accounting fraud and much more, for exactly the reason of utilitarian convenience and suitability.

But the real test of our code of ethical conduct is whether we are willing to do the right thing – the thing that could serve as a maxim for everybody's acting – even when it is not exclusively in our self-interest.

Happiness, both individual and collective, is legitimate; individual notions of profit and corporate happiness are not immoral *per se*; ethics doesn't delegitimize the major stakes of economy – gain, profit, corporate success. Nonetheless, while not denying self-interest, an ethics of business commands respect for everything that could run under the deontological title of "social justice." Moral duties have to transcend profit maximization. While success cannot be guaranteed, crime and immorality can be avoided (Barry, 1997). Personal responsibility, fairness, trustworthiness need to translate into the business world in the sense of keeping promises, protecting justly acquired property, appropriately administering company assets and ownership rights and reporting financial results fairly and faithfully.

All of this can, of course, not mean constant reasoning and rational deliberation about the categorical imperative or the universalization of justice and fortitude; however, it demands the acquisition of a habitual inclination of the will that need to be instilled, formed, and cultured by way of socialization and a customization of good business conduct. Not the least, granting ethical studies an amplified position in the curricula of business schools and throughout the careers of business executives will contribute to ethical enlightenment and the development of an appropriate moral consciousness and ethical sense of responsibility among corporate executives.

Notes

[1] Deontological ethics (from the Greek *to deon*, meaning duty, obligation), is an ethical theory based on concepts of duty and rights that can be demonstrated by reason alone and exist independent of experience. This set of unchanging formal and normative moral principles need to be applied in order to confer moral value on any ethically relevant deed.

[2] See, for example, SEC Accounting and Auditing Enforcement Accounting and Auditing Enforcement Release No. 2433, dated May 23, 2006. http://www.sec.gov/litigation/litreleases/2006/lr19710.htm

[3] From the Greek "telos" meaning aim or goal.

[4] For more on the analysis and critique of teleological ethics compare W. K. Frankena, *Ethics* (Englewood Cliffs: New Jersey 1963), 13.

[5] It is worth noting that utilitarianism – particularly with Bentham – starts out by describing human nature as unquestionably hedonistic. On this anthropological premise, then, Bentham and his followers erect the system of utilitarianism which argues that only such moral praxis can be justified that not only serves the happiness of individuals but serves, at the same time, the happiness of the greatest number of individuals. For utilitarianism thus diverts and expands the natural desire for individual happiness onto a collective level it could well be denoted as a form of collective egotism. Although Mill will later on expand the qualitative meaning of the notion of happiness by integrating humanistic, cultural, emotional and not the least social dimensions – in a conceivable critical analysis of the social reality at the time – the claim of a moral principle that roots in a subjective-ethical hedonism which is transformed in a objective-hedonistic principle remains more than problematic; particularly regarding issues such as justice, individual self-determination, conscious decisions, and many more.

[6] These stakeholders include shareholders, creditors, employees, those living in the communities where the business operates etc.

[7] These situations are apart from ethical duties toward oneself, such as not taking one's own life, which is beyond the scope of our investigative equation.

[8] This is a very decisive point of an ethical discourse involving deontology and teleology. It appears to be one of the more profound misunderstandings in the interpretation of deontological ethics to assume that it would be totally dissociated from results. The truth is that even the deontological act is triggered by some empirical circumstance and desires some result, however, reaching the result does not determine whether or not the act was ethical or, in the least, of ethical relevance.

[9] Crain's New York Business on 11 May 1998. http://www.web.lexis-nexis.com.libproxy.nps.navy.mil/universe/document?_m=ab9cc1e33989fad3678d13ecd941cf8c&_docnum=93&wchp=dGLbVlb-zSkVA&_md5=ebe8f335126737102c9e67eac172f783. Accessed 2 November 2005.

[10] PR Newswire, 11 June 1998. http://web.lexisnexis.com.libproxy.nps.navy.mil/universe/document?_m=8976c37db9666c9020bee8836bbbc694&_docn um=1&wchp=dGLbVzz-zSkVA&_md5=234ab259b4755dd6868271e437b4d042

[11] To be technically comprehensive, with few exceptions, revenue must be earned and received or earned and receivable in order to be recorded as revenue on the books of a company.

[12] http://www.sec.gov/litigation/complaints/comp18464.htm. Accessed 17 July 2006.

[13] PR Newswire, 29 July 1998. http://www.web.lexis-nexis.com.libproxy.nps.navy.mil/universe/document?_m=ab9cc1e33989fad3678d13ecd941cf8c&_docnum=78&wchp=dGLbVlb-zSkVA&_md5=f05297201135977a7d928b36ae8ac9f9. Accessed 2 November 2005.

[14] PR Newswire, 21 December 1998. http://www.web.lexis-nexis.com.libproxy.nps.navy.mil/universe/document?_m=ab9cc1e33989fad3678d13ecd941cf8c&_docnum=78&wchp=dGLbVlb-zSkVA&_md5=f05297201135977a7d928b36ae8ac9f9. Accessed 2 November 2005.

[15] Crain's New York Business, 11 January 1999. http://www.web.lexis-nexis.com.libproxy.nps.navy.mil/universe/document?_m=82970900ae0f836ba8573ae1175d1cad&_docnum=64&wchp=dGLbVlb-zSkVA&_md5=5efa145d014b5df45295faf2de0f6c73. Accessed 2 November 2005.

[16] PR Newswire, 21 December 1998. http://www.web.lexis-nexis.com.libproxy.nps.navy.mil/universe/document?_m=ab9cc1e33989fad3678d13ecd941cf8c&_docnum=78&wchp=dGLbVlb-zSkVA&_md5=f05297201135977a7d928b36ae8ac9f9. Accessed 2 November 2005.

[17] http://www.sec.gov/litigation/complaints/comp18464.htm. Accessed 14 December 2005.

[18] http://www.sec.gov/Archives/edgar/data/1014507/0000950123-98-006964.txt. Accessed 2 November 2005.

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