

WHAT WOULD YOU DO?

American Express Headquarters, New York, New York

Headquarters, New York, New York.¹ With medical costs rising 10 to 15 percent per year, one of the members of your Board of Directors mentioned that some companies are now refusing to hire smokers and that the board should discuss this option at the next month's meeting. Nationwide, about 6,000 companies refuse to hire smokers. Weyco, an employee benefits company in Okemos, Michigan, requires all applicants to take a nicotine test. Weyco's CFO says, "We're not saying people can't smoke. We're just saying they can't smoke and work here. As an employee-benefits company, we need to take a leadership role in helping people understand the cost impact of smoking." The Cleveland Clinic, one of the top hospitals in the United States, doesn't hire smokers. Paul Terpeluk, the director of corporate and employee health, says that all applicants are tested for nicotine and that 250 people have lost job opportunities because they smoke. The Massachusetts Hospital Association also refuses to hire smokers. The company's CEO says, "Smoking is a personal choice, and as an employer I have a personal choice within the law about who we hire and who we don't."

As indicated by your board member, costs are driving the trend not to hire smokers. According to the U.S. Centers for Disease Control, a smoker costs about \$4,000 more a year to employ because of increased health-care costs and lost productivity. Breaking that down, a smoker will have 50 percent higher absenteeism, and, when present, will work 39 fewer minutes per day because of smoke breaks, which leads to 1,817 lost hours of annual productivity. A smoker will have higher accident rates, cause \$1,000 a year in property damage (from cigarette burns and smoke damage), and will cost up to \$5,000 more a year for annual insurance premiums. John Banzhaf, executive director of an antismoking group in Washington, and a law professor at George Washington University, says, "Smoking is the biggest factor in controllable health-care costs."

Although few would disagree about the costs, others argue it is wrong not to hire smokers. Jay Whitehead, publisher of a magazine for human resources

managers, says, "There is discrimination at many companies—and maybe even most companies—against people who smoke." Even if applicants aren't asked whether they smoke, it "doesn't mean that hiring managers turn off their sense of smell." Paul Sherer, a smoker who was fired less than a week after taking a new job, says, "Not hiring smokers affects millions of people and puts them in the same category as women able to bear children, that is, people who contribute to higher health-care costs. It's unfair." Law professor Don Garner believes that not hiring smokers is "an overreaction on the part of employers whose interest is cutting costs. If someone has the ability to do the job, he should get it. What you do in your home is your own business. ... Not hiring smokers is 'respiratory apartheid.'"

With the meeting just a month away, you've got to prepare for the Board of Directors' questions. For example, on what basis should the company decide whether to hire smokers? Should the decision be based on what's in the best interest of the firm, what the law allows, or what affirms and respects individual rights? The board is interested in making good decisions for the company, but "doing the right thing" is also one of its core values. Next, is this an issue of ethics or social responsibility? Ethical decision making is concerned with doing right and avoiding wrong, whereas social responsibility is a business's obligation to pursue policies, make decisions, and take actions that benefit society. Finally, given that it is so much cheaper not to hire smokers, the board will want to know whether refusing to hire smokers is a form of discrimination.

If you were responsible for making the decisions at American Express, what would you do?

Sources: S. Azfzal, "Smokers Need Not Apply: Is Hiring Ban Trend of the Future?" *The Christian Science Monitor*, 17 November 2010, <http://www.csmonitor.com/Business/2010/1117/Smokers-need-not-apply-is-hiring-ban-trend-of-the-future> [accessed 4 March 2011]; M. Hennessy, "Right to Smoke?" *CFO*, February 2006, 54; M. Janofsky, "Ban on Employees Who Smoke Faces Challenges of Bias," *The New York Times*, 28 April 1994, A1; M. Lecker, "The Smoking Penalty: Distributive Justice or Smokism?" *Journal of Business Ethics* (2009) 84: 47–64; K. Maher, "Companies Are Closing Doors On Job Applicants Who Smoke," *Wall Street Journal*, 21 December 2004, B6; A. Sulzberger, "Hospitals Shift Smoking Bans to Smoker Ban," *The New York Times*, 10 February 2011, http://www.nytimes.com/2011/02/11/us/11smoking.html?_r=1&hp [accessed 4 March 2011].