3-2015

# Ethical Implications of the Affordable Care Act on Employment

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## Abstract

The Affordable Care Act (ACA) has affected the decisions of many companies across America. Accountants in these companies are constantly concerned with lowering costs in order to increase profits. Firing full-time employees and hiring part-time replacements could help cut down on costs, but management's decisions not only impact the company, but the lives of their employees, their employee's families and the country's economic health. As a Christian accountant, one needs to realize the ethical impact of ACA to make informed decisions. This paper explores whether or not it is ethical for Christians to recommend that a company fire its staff and hire part-time replacements to financially benefit the company.

*Keywords:* Affordable Care Act, Christian Accountants, Economic Health, Ethics, Part-Time Employment

Ethical Implications of the Affordable Care Act on Employment

No one denies that times have been tough lately. As the economy continued to decline, jobs became more difficult to find and many were unable to afford basic necessities, let alone health insurance (Fronstin, 2013). President Obama saw the rising numbers of those unable to afford health insurance and created Obama Care more formally known as the Affordable Care Act (ACA). This act requires all businesses with 50 or more full-time equivalent employees to provide health insurance to at least 95% of their full-time employees and dependents up to age 26 (U.S. Centers for Medicare & Medicaid Services).

This has caused many employers to reevaluate their full-time employees status (Fronstin; Lambert & Henly; Tanner, 2013). Companies with around 50 employees could fire 40 full-time employees, hire 80 part-time replacements, and only need to pay for the health insurance for the 10 full-time employees. They would not need to pay the part-time employees' health insurance, saving the company money. (U.S. Centers for Medicare & Medicaid Services). In fact, Illinois alone has lost an equivalent of 63,000 jobs (Avik, 2014).

With a downturned economy, this is very enticing to employers looking to cut costs wherever possible (Lambert & Henly). "The Republican National Committee argues that 8.2 million Americans working part-time cannot find full-time work because of PPACA" or the Patient Protection and Affordable Care Act (Brown, 2013). This may be exacerbated because "the average annual premiums for employer sponsored health insurance are $5,884 for single coverage and $16,351 for family coverage" (Brown, 2013). However, is it ethically acceptable to fire employees solely to avoid paying for their health insurance?

Seeking guidance, many employers look towards their accounting and finance department. Accountants run the numbers and verify that, yes, firing full-time employees and hiring part-time replacements will save the company money, but as Christians, we follow a higher calling. Firing all full-time employees results in many families losing half, if not all, of their income suddenly. Even if the employer offers them a part-time position, the dramatic change in lifestyle will cause financial heartache. For Christians, the real questions are: What does the Bible say about employer-employee relationships? What does God tell us about firing employees just to save the "bottom line" or the company?

## Ethical Framework

In recent years, Enron, Tyco, and World Com deliberately falsified their financial information. Bank of America, Putnam Investments, and Janus Capital casually permitted the illegal trading of their mutual funds. Citigroup and almost all of the other major investment banks intentionally encouraged their stock analysts to mislead the public. However, according to LaRue Tone Hosmer (2008) in her book *The Ethics of Management*, "the moral problems in business management spear to be changing in form, frequency, and cause" (p. 1).

The ethical issues listed above were all financially orientated, but now, companies in almost all industries and employees at all levels have become subject to the continual pressure to be immoral (Hosmer, 2008, p. 1). Merck and Guidant, two very reputable health care firms, are accused of having failed to inform physicians and patients when their products were found defective. Hewlett Packard engaged in a tawdry investigation of private telephone records. Aetna, UnitedHealth, and WellPoint are said to have made undisclosed payments of the private consulting firms that recommended their policies.

Many individuals have lost trust in the morality of such companies. This is why Hosmer says, "all members of our courses are going to have to learn how to convincingly present their moral point of view of what is 'right' and 'just' and 'fair' to other people in order to jointly serve their companies, protect their careers, and improve their societies" (2008, p. 2). She continues to describe an analytical process for the resolution of moral problems that she believes will help companies navigate the somewhat murky waters called ethics.

The first step in her analytical process is to understand all moral standards. Before being able to begin any ethical decision-making, moral standards must be well defined. This is because moral standards of behavior are subjective and differ from person to person. Hosmer explains, "Moral standards of behavior differ between peoples because the goals, norms, beliefs, and values upon which they depend also differ, and those goals, norms, beliefs, and values in turn differ because of variations in the religious and cultural traditions and the economic and social situations in which the individuals are immersed" (2008, p. 5).

Moral problems are described as being complex because they result in benefits for some and harms for others and allow some to exercise their rights while denying the rights of others. Hence, Hosmer says to next recognize all moral impacts: benefits to some, harms to others, rights exercised, and rights denied. "If your listed balance of benefits received and harms imposed, and your described contrast of rights exercised and rights denied, conflict with your personal moral standards, then clearly you have what you believe to be a moral problem" (2008, p. 9). With these two steps completed, she says one is able to define the complete moral problem.

Once the moral problem is properly expressed, the economic outcomes must be determined, the legal requirements considered, and the ethical duties evaluated. "Economic outcomes refers to the net balance of benefits over costs for the full society, given that all the people within that full society determine the values of those benefits and costs" (Hosmer, 2008, p.10). These outcomes can also be expressed as three dictums: more is better than less, more is better when it is what people want, and more is better when produced as efficiently as possible using as little as possible. This also requires that all markets are free, all laws are obeyed, and all costs are included (Hosmer, 2008, p.10).

Legal requirements refer to the laws adopted by a society to regulate the behavior of its members. Hosmer points out that “every regulation limits, to some extent, the rights of some individuals and groups within society, even though it protects the rights of other individuals and groups within that same society” (2008, p. 11). While everyone wants the balance between rights exercised and rights denied to be “fair,” it is difficult to determine what is equitable to the full society. “The method proposed . . . is to consider what would be the balance or rights vs. wrongs if everyone within society considered what regulations should be adopted while ignorant of his or her own self-interest” (p. 12) in order to prevent a majority opinion out-voting the minority without considering the detriments to the minority.

The obligations owed to members of society to other members in that society are referred to as ethical duties. For example, we ought not to lie to each other, cheat each other, or steal from each other. Without these basic principles, a society is impossible to maintain. Unlike economic outcomes analysis, which tries to find a balance between benefits and costs, ethical duties do not attempt to look for a balance between duties. “Instead, it attempts to set the rules or conditions under which some very specific instances of lying, cheating, and stealing would be permissible” (Hosmer, 2008, p. 13).

## Moral Standard

### Christian Ethics

While all sections of society face various pressures to be unethical, Christians have the additional burden to be ethical due to their religious affiliation. This is because “Traditional Christian Ethics, also known as Biblical Absolutism, are paternalistic (based on the will of an authority), deontological (based on duty, not on consequences), and absolute (based on unchanging, universal standards of right and wrong, unchanged by cultural or social influences)" (Bauer, 2014). These definitions are vital in understanding how Christian Ethics is applied to moral dilemmas.

Paternalistic for Christians means following God as their authority, believing He is the one who ultimately judges mankind. Ecclesiastes 12:14 says, "For God will bring every deed into judgment, including every hidden thing, whether it is good or evil" (New Living Translation). Christians believe that God speaks to them through the Bible and use the Bible as a source for definitions on right and wrong behaviors. The Bible even says, "all Scripture is God-breathed and is useful for teaching, rebuking, correcting, and training in righteousness" (2 Tim. 3:16, New Living Translation). These principles should be followed only with the understanding that "the fear of the Lord is the beginning of wisdom; all who follow his precepts have good understanding" (Prov. 9:10, New International Version).

Christian Ethics is not only deontologically based on the Ten Commandments, but other moral principles as well. God has outlined these duties in the Bible. For example, Micah 6:8 says, "He has shown you, o mortal, what is good. And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God" (New International Version). We are not told to be merciful to those we like or when it benefits us, but to love mercy, or in other words, always treat others with mercy. Jesus, himself, said in Matthew 4:4, "It is written: 'Man shall not live on bread alone, but on every word that comes from the mouth of God'" (New Living Translation).

Also, it is also important to note that the Bible applies these principles universally. Leviticus 18:4 does not say that some people must obey his regulations, but instead, "My judgments shall ye [plural for you] do, and my statutes shall ye keep, to walk therein" (English Revised Version). Paul says in Romans 13:1, "Let *everyone* be subject to the governing authorities" (New Living Translation). Furthermore, God gives grades of authority when there are disagreements between governing bodies. "We must obey God rather than men" (Acts 5:29, English Standard Version). We are told to only follow the laws of church or state when they align with the principles outlined by God in the Bible.

**Biblical Themes**

With the general definitions of Christian Ethics outlined, one can now look specifically at Bible passages that apply to interpersonal relationships. Throughout the Bible, there are many Biblical themes that describe how we should interact with each other. Professor Michael Cafferky from Southern Adventist University explains, "Biblical themes represent the elements of God's character that we should emulate in business" (2015). He has discovered twelve themes in all, but there are four themes that are especially aplicable to the moral situation at hand.

First, there is the Biblical theme of Holiness. "This theme is a total commitment and single-minded devotion to God." (Cafferky, 2015). The Bible talks about this theme in Leviticus 20:26, "You are to be holy to me because I, the Lord, am holy, and I have set up apart from the nations to be my own" (New International Version). A simple explanation of this theme is treating others as God would treat them. "Be kind to one another, tenderhearted, forgiving one another, as God in Christ forgave you" (English Standard Version). Additionally, Leviticus 19:9 says, "When you reap the harvest of your land, do not reap the edges of your field or gather the gleanings of your harvest" (New International Version). Being holy means helping the marginalized individuals in society. Businesses are to constrain their wealth in order to help the poor and needy.

Another Biblical theme that is important to understand is the theme of Covenant. While many business people keep contracts, few people keep covenant relationships. “Covenant is a promise or mutual agreement to pursue mutually beneficial values or goals during a long-term relationship” (Cafferky, 2015). However, this theme also tells us to keep our promises. “Whoever keeps his word, in him truly the love of God is perfected” (1 John 2:5, English Standard Version).

Shalom is another vital Biblical theme in business relationships. “The purpose of business is to extend the shalom [peace] of God throughout the earth” (Cafferky, 2015). The dictionary definition of Shalom is “a Jewish word of greeting literally meaning ‘peace’, properly ‘completeness, soundness, welfare.’” In other words, we are to bless others with well-being. For example, Deuteronomy 15:7 says, “if among you, one of your brothers should become poor . . . you shall not harden your heart or shut your hand against your poor brother” (English Standard Version).

Finally, the justice theme contains much insight on business relationships. “Justice is the actions that a person takes to honor the rights of others. Justice is not merely how we think; it is what we do” (Cafferky, 2015). God commands us to “defend the weak and the fatherless; uphold the cause of the poor and the oppressed. Rescue the weak and the needy; deliver them from the hand of the wicked” (Ps. 82:3-4, New International Version). In fact, God warns those “who make unjust laws, to those who issue oppressive decrees, to deprive the poor of their rights and withhold justice from the oppressed of my people, making widows their prey and robbing the fatherless” that he will punish them (Is. 10:1-3, New International Version).

**Specific Scriptures**

The Bible contains many specific scriptures that apply to employer-employee relationships. Employers are told to treat their employees fairly. “For you will be treated as you treat others. The standard you use in judging is the standard by which you will be judged” (Matt. 7:2, New Living Translation). There are also verses saying to treat all workers equally. “They [slaves] are to be treated as workers hired from year to year; you must see to it that those to whom they owe service do not rule over them ruthlessly” (Lev. 25:53, New International Version).

God tells employers in several places to pay their employees on time. “Do not defraud or rob your neighbor. Do not make your hired workers wait until the next day to receive their pay” (Lev. 19:13). The Bible also says to give employees fair wages. “You shall not oppress a hired servant who is poor and needy” (Deut. 24:14-15). Woe to him “who makes his neighbor serve him for nothing and does not give him his wages” (Jer. 22:13). Even the slaves were to receive “what is right and fair, because you know that you also have a Master in heaven” (Col. 4:1, New International Version).

On the other hand, there are also many verses explaining how employees should act. “Slaves, obey your earthly masters with deep respect and fear. Serve them sincerely as you would serve Christ” (Eph. 6:5-9, New Living Translation). In fact, the Bible says everyone who can, should work. “If anyone doesn’t want to work, he shouldn’t eat” (Thes. 3:10, International Standard Version). Thieves are told to work for their food. “He who steals must steal no longer; but rather he must labor” (Eph. 4:28, New American Standard Bible). Finally, “A person harvests whatever he plants” (Gal. 6:7, International Standard Version).

There are also verses describing how a company should behave. “What do you benefit if you gain the whole world, but lose your own soul?” (Mark 8:36, New Living Translation). In other words, nothing is as important as salvation. The success of a company should not cause you to lose your redemption. Companies are also told to consider all the costs of their business before beginning, "'for who would begin construction of a building without first calculating the cost to see if there is enough money to finish it'" (Luke 14:28, New Living Translation).

Furthermore, there are verses describing how businesses should treat other members of society. Proverbs 3:27 says, "Do not withhold good from those to whom it is due, when it is in your power to act" (New International Version). When businesses find it in their power to help people, they are charged by God to help those individuals. Furthermore, Zechariah 7:9-10 says, "Show mercy and compassion to one another. Do not oppress the widow or the fatherless, the foreigner or the poor. Do not plot evil against each other" (New International Version). This verse explains that businesses should not take an action that would injure these groups of individuals in society.

With all of these Biblical themes and Scriptures in mind, it becomes easy to define ethical and unethical behavior to Christians who believe in Biblical Absolutism. An action is right when God (paternalistic) says it is right in the Bible, based on duties (deontological) whatever the consequences may be, and applies to everyone at all times (absolute). The Biblical themes and Scriptures show us what God approves and disapproves of. Therefore, the Bible will be the foundation of deciding right and wrong behavior in this paper.

As a simple example, the Bible says in John 13:34, "love one another: just as I have loved you" (English Standard Version). We know God approves of loving each other because he declares it in the Bible. Notice as well that the verse does not say love those who will love you in return, but just to love one another. In other words, we need to ignore the consequences and love each other, even if they retaliate. Finally, the text does not say that some people should love some people at some times, but to love each other just as God loves us. There has never been a time when God did not love us, so we are to absolutely love each other. The action of loving each other is ethical.

## Moral Impacts

As stated earlier, moral problems are difficult because they result in benefits for some and harms for others and allow some to exercise their rights while denying the rights of others (Hosmer, 2008, p.9). In order to understand a moral issue completely, all stakeholders must be recognized and the effects on these stakeholders acknowledged. Finding all the effects on these various groups of individuals can be problematic because not all effects can be seen immediately and others are overlooked as insignificant. Therefore, careful analysis is required.

The Affordable Care Act has impacted millions of people in the United States. Probably the most obvious stakeholders are the individuals receiving health insurance for the first time, however, many other people are also impacted. For instance, the entire families of these individuals also share in the benefits of health insurance. Also, individuals who already had healthcare are being affected by the surge of new individuals with insurance benefits.

Companies are also being affected. Businesses are now required to offer health insurance to their employees, which increase costs. These rising expenses impact the profits of the company and their stockholders. Healthcare institutions are also having to change their policies in order to handle the growing number of patients. In fact, religious affiliated institutions are going through tremendous changes, as they are now required to offer services they traditionally never offered due to their religious beliefs.

Finally, this new bill is altering the general economy of America. When Obamacare was created, the belief was the amount of money spent on healthcare would be reduced, increasing the amount of money spent in productive areas of the economy, thus stimulating the economy.

However, a few surveys are now indicating that many Americans are actually paying more for healthcare and companies are reducing the numbers of employees. This may be negatively impacting the economy instead of boosting it like the act originally intended.

Unfortunately, the increased cost of healthcare on companies has caused many employers to reevaluate their full-time employees status. Firing full-time employees and replacing them with part-time staff could reduce salaries and insurance expenses. According to the U.S. Chamber of Commerce, “73% of manufacturers and 58% of service firms have experiences increased health insurance costs” (Hackbarth, 2014). Additionally, “21% of manufacturers and nearly 17% of service firms say they reduced the number of employees because of the law” (Hackbarth, 2014). However, this decision cancels out many of the benefits the Affordable Care Act had intended. The employees who are terminated not only lose their wages, but lose their health insurance as well and have a difficult time finding a new job as companies seek only part-time employees.

**Benefits for Some**

Companies themselves benefit most from firing full-time employees and hiring part-time replacements. This is primarily because the company saves on salaries and insurance expenses (Dutton, 2014; Kokemuller; Tanguay). However, there are other benefits as well. Brad Feldman, who places part-time workers for clients, says companies with part-time positions are able to offer more flexible hours to those who need them such as students, mothers, and veterans. Scheduling hours also becomes easier when needing part-time employees to cover for other employees (Dutton, 2014).

Part-time employees also allow companies to have longer operating hours without having to pay for over time shifts. This also allows companies to deal with seasonality in store hours with more ease as full-time employees typically have guaranteed hours, while part-time employees do not (Kokemuller; Tanguay). The quality of employees in a company may also benefit from the increase in part-time labor. Instead of only being able to hire a few individuals, the company is able to hire many individuals with various backgrounds, which stirs diversity, promotes inclusiveness and stimulates multi-disciplinary discussions (Ingram). Additionally, President and CEO of Part Time Works says, “part-time workers tend to bring experience, efficiency and enthusiasm to their work” (Dutton, 2014).

Stockholders of these companies also benefit. When costs are decreased, profits increase creating greater returns on investment (Keythman; Merritt). This in turn profits the company. Satisfied stockholders keep their stock in a company and invite friends to buy stock as well, increasing the equity and cash a company needs to operate (Keythman; Merritt). While some individuals do not agree with companies paying more to their stockholders than their shareholders, this is the way most businesses operate.

**Harms to Others**

As companies fire their employees, those individuals who no longer get insurance through their employer and cannot afford insurance on their own may be able to get very cheap insurance through the government. However, these government programs mainly run on income from taxes (U.S. Centers for Medicare & Medicaid Services). In order to give more money to the poor who cannot afford health insurance, the government needs to take more money from those who already had health insurance through their payroll taxes, social security benefits taxes, and Medicare premiums (U.S. Centers for Medicare & Medicaid Services). “The legislation imposes more than $569 billion in new or increased taxes” on businesses, hospitals, insurers, and citizens. (Tanner, 2013). Therefore, as companies terminate employees, those employees go to the government for assistance and the employees who can afford health insurance bear the extra burden (Anderson, 2014).

If companies decide to cut employees from their workforce, all employees (regardless of whether or not they had health insurance before the Affordable Care Act) are at risk for losing not their more comprehensive and customizable health insurance benefits (Lambert & Henly). According to Steven Brill's book, *America's Bitter Pill*, while fired employees may be able to get insurance from the government, the insurance is still more expensive and of lesser quality (Brown, 2015). The government insurance offered through employers "also limits consumer choice, because employers get the final say in what type of insurance the worker will receive" (Tanner, 2013). All employees are also at risk for losing their positions and salaries, which may turn some people onto food stamps and other government programs if they cannot find another job (Lambert & Henly). Additionally, the part-time replacements have less experience within the company and can have difficulty with communication and integration (Ingram).

Even with all the positive benefits listed above, companies experience negative effects as well when they fire their employees. When terminating full-time employees to avoid paying for additional insurance, the company may lose some quality employees that truly added value to the company. There is no guarantee that the part-time replacements will be just as good as the people they replace. In fact, many individuals willing to work part-time have less knowledge than their full-time counterparts (Kokemuller). In order to get more qualified and experienced part-time employees, mentioned earlier, companies often have to pay more (Dutton, 2014).

Additionally, the company will incur increased training costs to properly teach twice as many employees in their trade and part-time workers take longer to gain experience than full-time employees (Kokemuller). Part-time employees also have an increased risk for employee turnover, increasing costs even further (Lewis, 2013). For these reasons, stockholders of the company may also be adversely affected if the stock price of a company decreases (Keythman; Merritt).

Lastly, the Affordable Care Act has undesirably impacted the general economy as many employers cut their full-time employees and replace them with part-time workers. While the bill was originally designed to reduce the cost of healthcare, allowing people to spend more money in industrial areas of the economy, “40% of Americans are actually paying more on health care in 2014 than in 2013” according to the U.S. Chamber of Commerce (Hackbarth, 2014). Those individuals who are having to pay more in healthcare costs are spending less in other areas causing the economy to get worse instead of better (Lambert & Henly). Those individuals that lose employment and tighten the purse strings more make this even more dramatic (Hackbarth, 2014; Lambert & Henly).

## Rights Exercised

While all the aforementioned shareholders have rights, not all of these rights are relevant to this discussion. In reality, only the companies, their stockholders, and their employees’ rights should influence this decision. Employees in the United States have many rights given to them through the Department of Labor. These rights include: the right to privacy, safe and healthy work environment, fair number or workdays and breaks (including leaving for family or medical purposes), and a work place free from harassment (U.S. Department of Labor), but none of these rights specifically protect employees against being terminated so a company could save money on health insurance expense. However, whether or not an employee is fired, the employee is guaranteed the right to healthcare. The only change is they now buy their insurance through the government, instead of receiving insurance from their employer.

On the other hand, there are a few laws that describe *how* an employer fires an employee. For instance, employers are required to give their employees 60 days notice before a plant closure or mass layoff. Under The Worker Adjustment and Retraining Notification Act (WARN), any company with more than 100 employees must give their employees sufficient time to transition to “the prospective loss of employment, to seek and obtain other jobs, and, if necessary, to enter skill training or retraining that will allow these workers to compete successfully in the job market” (U.S. Department of Labor).

If an employee was under contract, an employer is required to follow the terms of said contract when terminating that employee. Each contract is unique but many include commission, bonuses, incentives, non-disclosure, non-compete, and salary clauses to protect employees from their employer taking advantage of them. Some of these contracts also include the right to severance pay in the case of an employer suddenly firing them to give them some money to use while attempting to find another position. However, an employer is only required to give severance pay if it was in the employee’s contract (U.S. Department of Labor).

Under the Fair Labor Standards Act (FLSA), employees have the right to any wages they earned up to the time of firing. While employers are not required by federal law to give former employees their final paycheck immediately, employers are required to pay an employee their final pay check by their regular pay day (U.S. Department of Labor). The Department of Labor also has mechanisms in place for the recovery of back wages for employees having a difficult time receiving wages they are due.

Finally, employees have the right to unemployment benefits under certain circumstances. According to the U.S. Department of Labor, these programs “provide unemployment benefits to eligible workers who become unemployed through no fault of their own, and meet certain other eligibility requirements." Some employees may be able to get both federal and state assistance depending on the circumstances surrounding their termination. Extended benefits are also available to workers who have exhausted regular unemployment compensation and whose jobs were affected by foreign imports (U.S. Department of Labor).

As long as all of a company's employees' rights listed above are protected, an employer may fire any employee within legal limits. Employers have the right to fire employees due to consistent incompetence, violation of company policy, repeated unexcused absenteeism or tardiness, physical violence, drug and/or alcohol use, illegal acts (such as theft or embezzlement), and/or falsified information on employment applications or resumes (The New York Times). Any of these reasons may be used by a company to exercises their right to fire employees.

Companies' stockholders also have the right to expect a return on investment. While these investors know there is risk with any investment, companies are not allowed to purposefully deny stockholders' their share of the company's wealth. Even if a company goes bankrupt, the remaining assets are divided amongst stockholders in order to give them some return on their investment.

**Rights Denied**

A company's decision to terminate their full-time employees does not deny these employees of any of the legal rights discussed above as long as sufficient notice is given, employee contracts were followed, severance pay given to those under contract, back wages and final paycheck were distributed, and unemployment benefits were offered. However, while a company does not actually break a law, they may deliberately manipulate or subvert a law. Additionally, even when there are no legal violations, there may be ethical and moral violations that, in effect, deny individuals of some of their rights.

One of the most important rights employees have is the right to equal employment opportunity. This includes the right not to be discriminated against because of disability, age, gender, race, and military status. Most companies consider this law only when hiring new employees, but this also protects individuals from unlawful termination due to these issues as well. Even if an employer fires all of their full-time employees ensuring they do not break any discrimination laws, in a way, they are discriminating against full-time employees because they want full-time instead of part-time employment. These laws do not prevent companies from firing individuals based on the quantity of hours desired, but it is subverting the spirit of this law, which is to protect individuals from unjust dismissal.

Another law that is being manipulated by companies is the Wages and Fair Labor Standards Act (FLSA). This division of the U.S. Department of Labor establishes minimum wage, overtime pay, recordkeeping, and you employment standards affecting employees in both private and government sectors. This act says the "federal minimum wage is $7.25 per hour. Many states also have minimum wage laws . . . Covered nonexempt employees must receive overtime pay for hours worked over 40 per workweek at a rate not less than one and one-half times the regular rate of pay" (U.S. Department of Labor, 2009).

While most employers ensure their employees receive at least the minimum wage required, firing full-time employees and hiring part-time replacements is denying those employees of their right to fair compensation. No law explicitly says that employers cannot fire employees because of the number of hours an employee wishes to work, but ethically speaking, this is a gray area. These employees did nothing wrong to deserve firing besides desiring to work more hours than other people are willing to work.

Just because there are no laws protecting individuals from these specific actions, does not mean that this is not a form of discrimination. According to the dictionary, discrimination is the making a distinction in favor of or against a person based on the group, class, or category to which that person belongs rather than on individual merit. These laws were put into place trying to prevent any individual from being fired for reasons other than a lack of merit. However, when companies fire employees just because they want to increase profits, they are subverting the intentions of these laws.

When market conditions change, many companies may be forced to fire employees in order to keep a company afloat. However, this is not what is being discussed here. This section is merely trying to point out that firing full-time employees and hiring part-time replacements for the sole purpose of increasing profits is an ethically gray area that is considered discrimination to some individuals. Employee's interests should not trump the firm's interests, but as a Christian, one must be wary of these gray areas and tread lightly when making decisions in order to ensure individuals are being treated fairly and not merely being used as means to an end.

**Summary of Moral Impacts**

As stated earlier, "if your listed balance of benefits received and harms imposed, and your described contrast of rights exercised and rights denied, conflict with your personal moral standards, then clearly you have what you believe to be a moral problem" (Hosmer, 2008, p. 9). Here is a visual representation of the benefits received, harms imposed, rights exercised, and rights denied discussed above in order to more clearly see the balance of positive and negative affects of the decision to fire full-time employees and hire part-time replacements:

**Table 1: Comparisons of Benefits and Harms, Rights Exercised and Denied**

| Shareholder Group Affected | Benefits Received | Harms Imposed |
|---|---|---|
| **Companies themselves (Employers)** | Lower wages, overtime, and insurance expenses<br><br>More flexible hours available<br><br>Scheduling hours easier<br><br>Longer operating hours<br><br>Less seasonality complications<br><br>Increased company diversity<br><br>Increased employee experience, efficiency and enthusiasm<br><br>Increased stock value | Loss of quality employees<br><br>Increased training costs<br><br>Increased risk of turnover<br><br>Less qualified replacements; Experience replacements cost more |
| **Companies' stockholders** | Decreased costs, increased profits, and increased return on investment | None |
| **Full-time employees who remain with company** | None | Increased tax burden to pay for employees on government insurance plans |
| **Full-time employees who are fired** | Part-time employment offered by some companies | Loss of income<br><br>Increase health insurance costs (employer no longer paying)<br><br>Lesser quality of insurance |
| **Part-time employees who are hired** | Gain of income<br><br>Gain of insurance | Communication and integration issues |

| | | |
|---|---|---|
| **General economy** | Reduced healthcare costs from ACA | Individuals lose employment<br><br>Decreased income<br><br>Less income spent on productive areas of economy<br><br>Recession worsens |
| **Shareholder Group Affected** | **Rights Exercised** | **Rights Denied** |
| **Companies themselves (Employers)** | Fire employees | None |
| **Companies' stockholders** | Return on investment | None |
| **Employees** | Healthcare (Regardless of decision) | Anti-discrimination laws<br><br>Fair compensation laws |
| **General economy** | None | None |

As one can see, there are eight potential benefits for companies if they fire their full-time employees and hire part-time replacements. Even though there are four possible harms to these companies, the benefits definitely outweigh the costs. It is hard to tell whether or not companies' stockholders will benefit from this transaction without actual numbers. It simply depends on how great the cost savings are to the company. However, company stockholders are also more likely to benefit than be harmed by this decision.

Unfortunately, every other group of stakeholders in this decision receives more harms than benefits except for the part-time employees who are hired to replace the terminated full-time workers. These groups of stakeholders also experience more rights denied than exercised mainly so the company can save money. It is apparent that there is an imbalance between the benefits received and harms imposed as well as between the rights exercised and rights denied. However, in order to be a moral problem, this balance must conflict with the moral standard.

Some may say this is a very utilitarian approach to this ethical situation, but this is not the intent. Hosmer uses this exercise as an attempt to show a *potential* ethical problem, not as a way to solve said problem. In other words, the imbalance seen between the benefits to some, harms to others, rights exercised, and rights denied does not mean that problem *does* exist, but attempting to show that a problem *might* exist.

## Moral Standard Conflict

Earlier, Biblical Absolutism defined an action is right when God says it is right in the Bible, based on duties whatever the consequences may be, and applies to everyone at all times. The Biblical themes and Scriptures show us what God approves and disapproves of. However, before looking at the Bible, one must remember, "the Scriptures were written in a time when the primary basis of economics consisted of farmers, artisans, and makers of small crafts. Modern shareholder-owned corporations did not exist then" (Rae & Wong, 2012).

This means that Scriptures cannot always be taken literally, but the principles therein can be extracted and applied to modern situations. For example, slavery is not allowed in America, but many Scriptures talk about slavery since it was legal in ancient times. However, if the Bible says slaves were to be treated a particular way, we can inference that God also expects employees to be treated the same, based on the principle of fair treatment of workers.

The first Biblical theme discussed was that of Holiness. This theme explained that we should treat employees, as we would want to be treated ourselves, and more importantly, how God would treat them. If the board of directors of a large public company suddenly announced that they were cutting the Chief Executive Officer's hours in half, everyone would be astonished. However, when that CEO reveals the company is splitting lower-level employees work hours in half, everyone understands that this is necessary for a company to cut costs. While people can argue why cutting a CEO's salary is not the same as cutting a lower-level employee's wages, there appears to be a double standard that should be recognized.

Another Biblical theme that was examined was the theme of Covenant. Focusing on the long-term, this theme creates mutually beneficial relationships. Cutting employees hours severs the abiding relationship a company has with a quality employee just to save money, and while this decision benefits the company, it does not benefit the employee. Unfortunately, the employee has fee rights on the issue and therefore, has no impact on the decision, even though they should.

Shalom was also studied as an important Biblical theme in business relationships. Meaning peace, this theme focused on blessing others with well-being and bringing prosperity to earth. Though some may argue that profitable companies bring prosperity to earth, the concept is to bring prosperity to all inhabitants of the earth. Firing full-time employees does not give them well-being or bring them prosperity. However, it could be contended that this decision is bring prosperity to more individuals, sharing the wealth more equally.

Honoring the rights of others is the main concept of the final theme: justice. God commanded us to defend those weaker than ourselves and help those who are poor. Again, one may say that hiring part-time employees instead of full-time employees distributes prosperity more equally. Nevertheless, causing a full-time employee to fall into poverty to help others come out of poverty is not what this theme promotes.

There are also some specific Scriptures that apply to this situation. The Bible discusses that slaves “are to be treated as workers hired from year to year” (Lev. 25:53, New International Version). In context, this verse explaining that all workers should be treated equally. The boss was not supposed to treat slaves worse than regular workers. When this principle is taken to heart, all employees should be treated equally. In other words, part-time employees and full-time employees should not be treated any differently because of the amount of hours they work.

Searching through the Bible, there are many other texts that show Gods impartiality. Leviticus 19:15 says, “You shall do no injustice in court. You shall not be partial to the poor or defer to the great” (English Standard Version). Later in the Bible, Paul says, “‘I now realize how true it is that God does not show favoritism but accepts from every nation the one who fears him and does what is right” (Acts 10:34-35, English Standard Version). God shows no preference to his followers, so employers should not specifically seek part-time workers instead of full-time employees. Instead, they should hire whichever personnel are best equipped (“right”) for the position.

The cost of hiring quality employees is a responsibility placed on the employer. God has said to hire employees impartially and to give them accountability within the company according to their capabilities, not to hire whichever employee happens to be cheapest. Jesus says in Luke 14:27-28, “Whoever does not bear his own cross and come after me cannot be my disciple. For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it?” (English Standard Version). These companies agreed to hire these individuals and should try their best to run the company well enough to afford these individuals instead of firing them out of fear that profit margins will not be as high.

## Moral Problem

Clearly, there is a conflict between the moral standard and moral impacts of firing full-time employees and hiring part-time replacements. The moral standard tells us to treat others as God would treat them, create long-term and mutually beneficial relationships, focus on bringing well-being and prosperity to those around us, and honor the rights of others. The Scriptures also say to treat employees equally and impartially, pay employees their fair wages, show no favoritism, and pay attention to the costs of projects before beginning them.

However, companies are constantly expected by their stockholders to cut costs. One of the largest expenditures for a company is payroll. With Obamacare only adding additional health benefits and insurance expenses, many companies feel forced to terminate their full-time employees and hire part-time replacements who do not receive benefits. This decision increases net profits for the company, which also grows stockholder’s returns on investments.

Unfortunately, many other stakeholders are harmed in the process. Employees who remain with the company experience an increased tax burden, employees who are fired are forced onto government programs due to lack of income, healthcare companies have a surge of new patients who are costing more than they receive from the government in revenue, and the economy remains in recession.

While employers exercise their right to hire and fire employees as they see fit (within legal limits), employees experience a loss of income and discrimination through manipulation of Federal laws. The laws do not prohibit terminating full-time employees for cheaper part-time replacements, nor do they see termination as a subversion to fair compensation laws, but for Christians, these decisions break moral principles.

So what should Christian employers do when a company’s management suggests firing employees to save the bottom line? Should Christians follow only the letter of the law and follow an employers decision to cut costs through reduce salary and insurance expenses? Or should

Christians follow the Biblical principles and the spirit of Federal laws that protect workers from losing their positions without just cause? In order to better understand the cause of this moral issue, one needs to gain a deeper understand of the economic, legal, and ethical issues surrounding this situation.

## Economic Outcomes

LaRue Hosmer describes economic outcomes as “the net balance of benefits over costs for the full society” (2008, p. 10). Society wants as much as possible for as little as possible. However, only some areas of this situation are quantifiable. Therefore, three dictums are used to help analyze items that do not have a measurable benefit or cost. These dictums are: more is better than less, more is better when people want more, and more is better when produced as efficiently as possible.

Hosmer gives each shareholder (companies, stockholders, retained employees, fired employees, hired employees, and the general economy) a point for each of the three dictums they meet. Therefore, each shareholder can get up to three out of three points. She then uses these points to see the net benefit on society as a whole. This is a very utilitarian method of analysis, but it has some benefits for the Biblical Absolutist. While true balance may never be possible for the Biblical Absolutist, a large imbalance may reveal a problem that must be solved and the true cost of these decisions on society.

### Companies’ Financial Savings

Earlier it was discussed that cutting full-time employees and appointing part-time replacements saves companies money. However, the Affordable Care Act is still a relatively new law and very little actual data is available to show the additional costs companies are incurring. While many articles claim to have calculated the costs, most have just speculated as to what will happen in the future.

In order to get more accurate numbers, actual company financial statements were taken and analyzed twice, using “what-if” scenarios. The first income statement shows the company’s data “as-is”. Then the second income statement depicts what happens *if* the company were to maintain its current ratio of full-time to part-time employees. Finally, the third income statement portrays what happens *if* the company terminates half of their full-time employees and engages part-time replacements.

Since the public only has guaranteed access to the financial information of *public* corporations, and many public companies already offer benefits packages to their employees, using actual company financial for this type of analysis would be skewed since the companies already have some insurance benefits added into their salaries expense. Therefore, a set of financial statements from a small construction firm where obtained and used as an example to extrapolate financial numbers for this analysis. Also, the health insurance costs were based on the average $5,884 for single coverage and $16,351 for family coverage. (Brown, 2013)

Additionally, the financial analysis was repeated to show the difference between a firm with exactly enough employees to qualify to pay for insurance (only 50 employees) and a much larger company (around 500 employees). This was to ensure that the results were the same regardless of size. Therefore, the first group of income statements represent a relatively small service company (Appendix A) and the second group of financial statements symbolize is a much larger service company (Appendix B).

There are some limitations to this method of investigation. First, the firm these income statements are based on only has full-time employees currently. Most companies have a mix of full-time and part-time employees. Therefore, this company’s statements may not reflect the average firm's salaries expense perfectly. Secondly, the what-if analyses are based on projected ratios of the rising costs employers will face based on these decisions. Therefore, there is no way to know for sure if these numbers are completely accurate.

Thirdly, no firm is able to fire *all* of their full-time employees. However, the number of full-time employees fired varies per company. For the purpose of this paper, it will be assumed that all the companies fire *half* of their full-time employees and hire *twice* as many part-time employees instead. Fourthly, only one set of financial statements was obtained for this analysis. These statements came from a *service* based firm. Some individuals say that *manufacturing* firms tend to have higher percentage of part-time employees. Therefore, these firms may not be affected as much by the Affordable Care Act since they have fewer full-time employees who qualify for insurance benefits.

Even with these limitations, it is believed that these processes portray better, more quantifiable data as to the cost savings of firms who decide to fire some of their full-time employees and use part-time replacements. After completing this analysis (included in Appendix A and B), one can easily see the potential cost savings a company could receive by firing half of their full-time employees and hiring part-time replacements.

Originally, the small service firm generated a $2,321,000 accounting profit. However, keeping on all their full-time employees and offering them health benefits decreased their profits by a total of $550,000 to only $1,771,000. If the company instead replaces half of their full-time employees with part-time staff, the company saves $285,000 in health benefits alone, giving them a profit of $2,056,000.

The cost savings are even more dramatic for a larger company. This is because some expenses do not increase with the increased number of employees. For instance, this company has only one office building. Extra employees do not increase the cost of utilities because they work outside. Initially, this company earns $23,650,000 in profit. Maintaining all full-time employees, health benefits will cost the company $5,500,000, decreasing their profit to $18,150,000. However, replacing half of the full-time employees with part-time workers decreases the cost of health insurance to only $2,750,000 leaving profits at $20,900,000.

Some may point out that regardless of their decision, these companies maintain a high accounting profit margin. The cost savings of $285,000 for the small company and $2,750,000 for the large company do not mean much when the company is making a large profit regardless. However, it is important to remember that net income and cash are not equivalent. A company could have very little cash in the bank, but still be earning a generous net income. Therefore, these companies could be struggling to survive even with substantial net incomes.

Additionally, very few small companies have the large profit margin this particular company has. A company with an original profit margin of only $300,000 would be crippled by a $550,000 health insurance expense. A cost savings of $285,000 would save them from having a net loss for the year. If the company could find no other way to borrow money or create additional revenue, they might be forced to shut down, firing all of their employees.

Furthermore, this analysis assumed that part-time employees receive the same hourly pay rate that a full-time employee would receive and in total the part-time employees would work the same amount of hours the full-time employees they are replacing. In other words, there would be no decrease in salaries expense. This decrease in salaries expense could give a firm a little higher profit in order to attract investors so in the future they could grow and offer more jobs, increased benefits, and higher salaries.

In the terms of economic outcomes, companies want a larger profit. The entire goal of most firms is to make money. For these companies, more money is better than less money. Since money is what they want more of, more money is even better. However, it is difficult to say whether this money is being produced as efficiently as possible. The increased training costs, faster turnover rates, and decreased quality seem to indicate that full-time employees may be more efficient at creating or selling to firms products which is what generates revenue for the company. Therefore, the company themselves only has an economic benefit of two out of three points.

**Stockholders**

Company stockholders are definitely interested in making the largest return on investment possible. Therefore, more money is better than less money. This increased return on investment is even better because it is what the stockholders want. In the short-term, this money is better because it was produced as efficiently as possible. However, stockholders are usually invested in the long-term success of the company. In this case, producing money as efficiently as possible means building a company so it can turn profits year after year. Full-time employees are more loyal to a company and will be more beneficial to the company in the long run. Since this method has not been proven to be an efficient way of generating revenue, stockholders only receive an economic benefit of two out of three points as well.

**Retained Employees**

Employees who continue to work for the company even through the transition benefit from keeping their job, but had the company decided to keep all of their full-time employees, they would have their job nevertheless. The only cost they receive is an additional tax burden, but this cannot be quantified until the effects of the current tax season are released. However, it is relatively safe to assume that these employees have a cost of one out of three points, totaling

25 out of 75 points.

**Fired Employees**

Individuals working in a company usually want to keep their job within that company. These individuals also want money and they only obtain this money when working. Since more money is better than little to no money, losing their jobs is not viewed as a benefit, but rather a cost. Furthermore, this cost is worsened because people want to work for money. Finally, working for their money is the most efficient way to earn money, so this decision is made even worse to this group of shareholders, therefore, they have group cost of 75 out of 75 points.

**Hired Employees**

However, to the group of employees who are hired to replace the workers mentioned above, this is just the opposite. These individuals too desire money. More money is better than less money, so working to earn money is a huge benefit. Since they want this money so badly, it is an extra large benefit to these individuals. Furthermore, working for money is the most efficient way to earn money, so being employed is the best option, giving them a benefit of three out of three points, totaling 150 out of 150 points.

**General Economy**

The economy runs off individuals earning money in one company and spending money in several other companies. The economy's "desire" is to have more people with expendable income. Therefore, more people with money are better than less people with money. The economy is currently in recession, so more people with money are desperately needed. However, more people being employed does not equate to more people with expendable income. Part-time individuals may only make enough money to purchase the necessities. This means that it is more efficient for the economy if there are more full-time employees than part-time employees. Since the economy would prefer full-time to part-time labor, it receives a cost of three out of three points for each employee fired, or 75 out of 75 points.

**Net Balance**

The small company saves $285,000 when switching half of their labor force from full to part-time labor, but due to lack of efficiency, only have a benefit of 2 points. Stockholders also only benefit of 2 points. Retained employees have a cost of 25 points, fired employees have a cost of 75 points, and hired employees have a benefit of 150 points. The economy also has a cost from the switch from full to part time labor of 75 points. This causes our net balance equation to be: 2+2-25-75+150-75, which gives us a total net cost of 21 points. Even though the company, their stockholders, and the newly hired employees benefit, the retained employees, fired employees, and the economy all suffer.

A Utilitarian would automatically say that there is an ethical problem with this scenario based on the net cost on society. However, a Biblical Absolutist does not view “right” and “wrong” on the net effects on society. This analysis was done simply to give the Biblical Absolutist a clearer picture of the problem and the cost to society. The Utilitarian would try to balance the economic costs, while the Biblical Absolutist will see a problem and look to the Bible for the best ethical solution, regardless of the consequences.

## Legal Requirements

Legal requirements refer to the laws adopted by a society to regulate the behavior of that society. The problem with these requirements however, is that every regulation limits the rights of some while protecting the rights of others which was discussed above. This balance has to be “fair” or equitable to society. Unfortunately, everyone has a different idea of what “fair” would be, which is why passing laws can be very difficult.

However, Hosmer offers a solution. In order to create a fair regulation, these regulations must be adopted while each individual is ignorant of their own self-interest (2008, p. 12). She suggests the affected individuals move mentally back in time, before the situation was created. “If we could reach an agreement and pass a law under those conditions, termed the ‘Veil of Ignorance,’ then it would be possible to say that that agreement and that law would be ‘right’” (Hosmer, 2008, p. 12).

Another helpful tip has been passed down through generations, dating back to the Cherokee tribe of Native Americans. “Don’t judge a man until you have walked a mile in his shoes” (Mueller, 2015). This sentiment is expounded upon in Nelle Harper Lee’s book *To Kill a Mockingbird*, “You never really know a man until you understand things from his point of view, until you climb into his skin and walk around in it” (2010, p. 39). In order to truly understand a situation, individuals need to set aside their opinions for a moment and truly listen to the other side’s situation.

Before Obamacare was passed, companies hired whichever individuals were most qualified for the job. Companies who wanted more qualified individuals offered health benefits to attract those people to the firm. Part-time laborers were only used when a part-time individual better met the demands of the position. In this situation, firing a full-time employee and hiring two part-time replacements made no logical sense. The only reason companies are doing it now is to avoid paying for healthcare benefits. If these companies were to suddenly be placed in their employees’ shoes, they might find themselves making a different decision.

Stockholder’s might also changed their opinion if they stopped focusing on the potential monetary increase of their investment. In recent years, Walmart has taken many social media hits about the low wages they pay their employees (Ritholtz, 2013). Nike made news with the abusive amount of hours their employees were working in sweatshops worldwide (Viederman, 2006). Corporate scandals have caused stockholders to care more about the treatment of employees and demand greater corporate responsibility from the companies they invest in.

In fact, consumers opinion of Papa John's and Applebee's after their CEOs made comments speaking out against the increased health insurance costs their companies were incurring due to Obamacare (Ungar, 2012). Even though Papa John's CEO was misquoted (Schnatter, 2012), consumers are still upset. There is even financial data proving this theory. CNN recently reported that "American firms that are good to their workers beat their peers in the stock market by 2-3% per year" (CNN Money, 2014). As these companies become even more profitable, stockholders will move their investments.

While some part-time employees truly want part-time work because they are mothers and want to be home part of the day or students who have school during the mornings, among other reasons, some part-time workers actually want full-time work. Though part-time work is better than no work at all, if companies remain in their current state of operation, they will be able to hire more individuals as they grow, allowing these individuals full-time work. Unfortunately, this would take more time and has no guarantee.

Putting themselves in their full-time employees' shoes, most companies and their stockholders would probably agree that being firing employees just to save the company a little money is not the most ethical decision. Before the Affordable Care Act was passed, they based employment on merit. When ignorant of their own self-interest, both employers and employees can come to the agreement not to fire employees just to save some money.

## Ethical Duties

According to LaRue Hosmer, "Ethical duties are a method of moral analysis that attempts to provide a set of rules as to what would be in the interest of society under all conditions and/or situations" (2008, p. 13). However, unlike the economic outcomes, ethical duties do not attempt to find a balance between duties. In other words, a firing of some employees from one group cannot be balanced out by additional hiring of employees from another group, even if society ends up being better off. Instead, ethical duties try to define specific instances where firing employees *might* be okay. "Ethical duties get down to the absolute essence of what is 'right' and 'just' and 'fair' for everyone" (Hosmer, 2008, p. 13).

There are many rules that society agrees are wrong in almost every situation. For example, most individuals would agree that lying, cheating, and stealing are wrong. However, some individuals would also agree that stealing to save the life of a child is acceptable. Ethical duties, according to Hosmer, point out that while stealing is wrong under almost all conditions, there are situations that exist where stealing *might* be okay. This system is very beneficial because it shows that while laws are black and white, gray areas do exist.

No one enjoys being fired from their job when they did nothing wrong. All the employees who have lost their positions due to the Affordable Care Act would say, "It just isn't fair!" However, there may be some situations where firing full-time employees and hiring part-time replacements *might* be acceptable and "fair." Earlier it was said that firing full-time employees was wrong when a company was merely trying to cost cuts in order to further increase profits, but what about those companies who cannot afford health insurance for their employees?

Again, a company with an original profit margin of only $300,000 would be crippled by a $550,000 health insurance expense. A cost savings of $285,000 would save them from having a net loss for the year. If the company could find no other way to borrow money or create additional revenue, they might be forced to shut down. In this scenario, firing *some* full-time employees is not about generating greater profits, but saving the company from financial ruin and having to fire *all* of their employees.

Even if employees in this situation would probably agree that cutting back on hours in order to save the company would be better than getting fired. This gives those employees time to find another full-time position in another firm. Better still, this gives the firm time to grow and generate additional revenue where they might be able to hire their employees back on full-time and pay for their health insurance. While they may not like this scenario, these employees would see this situation as “fair.” However, it is important to remember that under this definition of ethical duties, this situation is not guaranteed ethical. This framework only says it *might* be ethical.

## Moral Solution

The moral conflict is clear: companies want to exercise their rights to earn a profit and hire whichever employees they want, while employees want fair employment opportunities, but what is the moral solution? Throughout the economic outcomes and legal requirements, it was shown that companies simply increasing profits by firing employees were wrong. Then in the ethical duties, it was discovered that firms struggling to survive *might* be ethically permitted to terminate full-time employees and hire part-tiem replacements.

However, it was stated earlier in the paper, “Traditional Christian Ethics are paternalistic (based on the will of an authority), deontological (based on duty, not on consequences), and absolute (based on unchanging, universal standards of right and wrong, unchanged by cultural or social influences)” (Bauer, 2014). This means there cannot have one standard for companies wanting to simply increase profits and another standard for firms struggling to survive. These ethical standards must be reconciled.

Two professors from the University of Chicago offer one solution. Lambert and Henly propose, "Low-wage workers should receive increased, rather than decreased or eliminated, benefits when their work hours are reduced by their employer" (2009). This would allow companies to exercise their right to hire whomever they wish without hurting the individuals involved as much. Companies who wish to reduce their full-time employment status would be free to do so, but would lengthen the transition period, providing these individuals wages and benefits while they search for another job.

Another option was uncovered during the National Survey of Employer-Sponsored Health Plans. This survey found that "'38 percent of large employers say they are likely to add voluntary benefits or transition some employer-paid, nonmedical benefits to voluntary" (Woodward, 2012). This concept switches the burden of health insurance costs from the employer to the employee. While this is not ideal, employees will continue to have greater income than if they lost their job.

Both of these alternatives have something in common with the firm that is firing their full-time employees and hiring part-time replacements in order to prevent the collapse of the company: compensation. The first solution gives employees additional time with wages and benefits in order to find another job. Instead of being fired with very little notice, which causes most individuals to go unto unemployment, these individuals are given recompense for being fired while they look for new opportunities.

Switching some of the cost burden from employer to employee is also a type of remuneration; except in this situation, the employees are reimbursing the company. Instead of being firing their employees, the company begins paying for health benefits for all their full-time employees. The employees then help the company by taking some of the costs of this decision upon themselves. While some employees would continue to call this scenario “unfair,” it certainly appears more “fair” than their original position.

Finally, all companies could follow the example of small firms who are firing their full-time employees to prevent bankruptcy. These businesses typically do not fire their full-time employees, but change their status from full-time to part-time and hire additional part-time workers. Again, while this is not ideal, part-time employment is better than unemployment. Furthermore, this arrangement may allow these companies to prevent closing their company completely and being forced to fire all their employees. The company may be able to grow and hire all their employees back to full-time status.

This idea of compensation is also consistent with Biblical Absolutism and the additional Biblical themes and principles discussed earlier. The Biblical theme of Holiness is satisfied because the company would be treating their employees as they would expect themselves to be treated, if they were in their position. Covenant pleased with companies attempting to continue mutually beneficial relationships with their employees. Peace, well-being, and prosperity are granted to the employees in accordance with the theme of Shalom. Finally, the Biblical theme of Justice commends employers for defending the rights of those weaker than themselves.

Looking at the principles found throughout the Bible in the specific texts discussed earlier, compensation continues to be a viable solution. The first principle describes God’s impartiality. Reimbursing full-time employees during the termination prevents employers from discriminating against full-time employees because part-time employees are cheaper. This satisfies the burden God placed on employers to treat their employees well.

Compensation also fulfills the three rules of Biblical Absolutism. This idea is paternalistic, because it is now rooted in God’s will instead of merely on employers’ desires. It changes the conversation from “How can we cut costs?” to “How can we reduce the impact of these new measures on our employees?” Furthermore, it is deontological because it is based on the fulfillment of duty, instead of avoiding consequences. Conclusively, terminating full-time employees only with compensation is also an absolute standard that can be applied to all companies.

Firms may not like this ethical principle, but Jesus says, “What do you benefit if you gain the whole world, but lose your own soul?” (Mark 8:36, New Living Translation). Businesspeople are taught early on that everything boils down to the bottom line, but for Christians, the primary goal is to emulate Christ in all their interactions. Christ told His followers multiple times in the Bible about the fair treatment of employees. Following His example, full-time employees should not be fired and replaced with part-time workers, without some sort of compensation. This may cause Christians to lose money here on Earth, but they will gain eternity as they continue to follow Him.

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Appendix A

**Income Statement 1: Original Small Service Company**

Small Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | |
|---|---|---|---|
| Income | | | 5,500,000 |
| Expenses | | | |
| Job Materials | | (1,850,000) | |
| Bid Deposits | | (25,000) | |
| Licensing and Permits | | (5,000) | |
| Bad Debts | | (75,000) | |
| Labor | | | |
| Salaries | (650,000) | | |
| Reimbursements | (20,000) | | |
| Total Labor | | (670,000) | |
| Insurance | | | |
| Worker's Compensation | (90,000) | | |
| Automobile | (2,000) | | |
| Liability | (25,000) | | |
| Total Insurance | | (117,000) | |
| Equipment | | | |
| Fuel | (200,000) | | |
| Repairs | (100,000) | | |
| Total Equipment | | (300,000) | |
| Office Supplies | | (500) | |
| Utilities | | (5,000) | |
| Shipping & Delivery | | (300) | |
| Travel, Meals, & Entertainment | | (90,000) | |
| Accounting Software | | (100) | |
| Professional Services | | (5,000) | |
| Interest | | (700) | |
| Fees, dues, and subscriptions | | (4,000) | |
| Medical | | (400) | |
| Miscellaneous | | (1,000) | |
| Taxes | | (30,000) | |
| Total Expenses | | | (3,179,000) |
| Net Income | | | 2,321,000 |

**Income Statement 2: Small Service Company Keeping All Full-Time Employees**

Small Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | |
|---|---|---|---|
| Income | | | 5,500,000 |
| Expenses | | | |
| Job Materials | | (1,850,000) | |
| Bid Deposits | | (25,000) | |
| Licensing and Permits | | (5,000) | |
| Bad Debts | | (75,000) | |
| Labor | | | |
| Salaries | (650,000) | | |
| Reimbursements | (20,000) | | |
| Health Benefits | (550,000) | | |
| Total Labor | | (1,220,000) | |
| Insurance | | | |
| Worker's Compensation | (90,000) | | |
| Automobile | (2,000) | | |
| Liability | (25,000) | | |
| Total Insurance | | (117,000) | |
| Equipment | | | |
| Fuel | (200,000) | | |
| Repairs | (100,000) | | |
| Total Equipment | | (300,000) | |
| Office Supplies | | (500) | |
| Utilities | | (5,000) | |
| Shipping & Delivery | | (300) | |
| Travel, Meals, & Entertainment | | (90,000) | |
| Accounting Software | | (100) | |
| Professional Services | | (5,000) | |
| Interest | | (700) | |
| Fees, dues, and subscriptions | | (4,000) | |
| Medical | | (400) | |
| Miscellaneous | | (1,000) | |
| Taxes | | (30,000) | |
| Total Expenses | | | (3,729,000) |
| Net Income | | | 1,771,000 |

**Income Statement 3: Small Service Company Firing Half of Full-Time Employees**

Small Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | | |
|---|---|---|---|---|
| Income | | | | 5,500,000 |
| Expenses | | | | |
| | Job Materials | | (1,850,000) | |
| | Bid Deposits | | (25,000) | |
| | Licensing and Permits | | (5,000) | |
| | Bad Debts | | (75,000) | |
| | Labor | | | |
| | Salaries | (650,000) | | |
| | Reimbursements | (20,000) | | |
| | Health Benefits | (265,000) | | |
| | Total Labor | | (935,000) | |
| | Insurance | | | |
| | Worker's Compensation | (90,000) | | |
| | Automobile | (2,000) | | |
| | Liability | (25,000) | | |
| | Total Insurance | | (117,000) | |
| | Equipment | | | |
| | Fuel | (200,000) | | |
| | Repairs | (100,000) | | |
| | Total Equipment | | (300,000) | |
| | Office Supplies | | (500) | |
| | Utilities | | (5,000) | |
| | Shipping & Delivery | | (300) | |
| | Travel, Meals, & Entertainment | | (90,000) | |
| | Accounting Software | | (100) | |
| | Professional Services | | (5,000) | |
| | Interest | | (700) | |
| | Fees, dues, and subscriptions | | (4,000) | |
| | Medical | | (400) | |
| | Miscellaneous | | (1,000) | |
| | Taxes | | (30,000) | |
| | Total Expenses | | | (3,444,000) |
| Net Income | | | | 2,056,000 |

Appendix B

**Income Statement 4: Original Large Service Company**

Large Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | | |
|---|---|---|---|---|
| Income | | | | 55,000,000 |
| Expenses | | | | |
| | Job Materials | | (18,500,000) | |
| | Bid Deposits | | (250,000) | |
| | Licensing and Permits | | (50,000) | |
| | Bad Debts | | (750,000) | |
| | Labor | | | |
| | Salaries | (6,500,000) | | |
| | Reimbursements | (200,000) | | |
| | Total Labor | | (6,700,000) | |
| | Insurance | | | |
| | Worker's Compensation | (900,000) | | |
| | Automobile | (2,000) | | |
| | Liability | (250,000) | | |
| | Total Insurance | | (1,152,000) | |
| | Equipment | | | |
| | Fuel | (2,000,000) | | |
| | Repairs | (1,000,000) | | |
| | Total Equipment | | (3,000,000) | |
| | Office Supplies | | (500) | |
| | Utilities | | (5,000) | |
| | Shipping & Delivery | | (300) | |
| | Travel, Meals, & Entertainment | | (900,000) | |
| | Accounting Software | | (100) | |
| | Professional Services | | (5,000) | |
| | Interest | | (700) | |
| | Fees, dues, and subscriptions | | (4,000) | |
| | Medical | | (1,400) | |
| | Miscellaneous | | (1,000) | |
| | Taxes | | (30,000) | |
| | Total Expenses | | | (31,350,000) |
| Net Income | | | | 23,650,000 |

**Income Statement 5: Large Service Company Keeping All Full-Time Employees**

Large Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | | |
|---|---|---|---|---|
| Income | | | | 55,000,000 |
| Expenses | | | | |
| | Job Materials | | (18,500,000) | |
| | Bid Deposits | | (250,000) | |
| | Licensing and Permits | | (50,000) | |
| | Bad Debts | | (750,000) | |
| | Labor | | | |
| | Salaries | (6,500,000) | | |
| | Reimbursements | (200,000) | | |
| | Health Benefits | (5,500,000) | | |
| | Total Labor | | (12,200,000) | |
| | Insurance | | | |
| | Worker's Compensation | (900,000) | | |
| | Automobile | (2,000) | | |
| | Liability | (250,000) | | |
| | Total Insurance | | (1,152,000) | |
| | Equipment | | | |
| | Fuel | (2,000,000) | | |
| | Repairs | (1,000,000) | | |
| | Total Equipment | | (3,000,000) | |
| | Office Supplies | | (500) | |
| | Utilities | | (5,000) | |
| | Shipping & Delivery | | (300) | |
| | Travel, Meals, & Entertainment | | (900,000) | |
| | Accounting Software | | (100) | |
| | Professional Services | | (5,000) | |
| | Interest | | (700) | |
| | Fees, dues, and subscriptions | | (4,000) | |
| | Medical | | (1,400) | |
| | Miscellaneous | | (1,000) | |
| | Taxes | | (30,000) | |
| | Total Expenses | | | (36,850,000) |
| Net Income | | | | 18,150,000 |

**Income Statement 6: Large Service Company Firing Half of Full-Time Employees**

Large Service Company
Income Statement
For the Year Ended XX XX, XXXX

| | | | | |
|---|---|---|---|---|
| Income | | | | 55,000,000 |
| Expenses | | | | |
| | Job Materials | | (18,500,000) | |
| | Bid Deposits | | (250,000) | |
| | Licensing and Permits | | (50,000) | |
| | Bad Debts | | (750,000) | |
| | Labor | | | |
| | Salaries | (6,500,000) | | |
| | Reimbursements | (200,000) | | |
| | Health Benefits | (2,750,000) | | |
| | Total Labor | | (9,450,000) | |
| | Insurance | | | |
| | Worker's Compensation | (900,000) | | |
| | Automobile | (2,000) | | |
| | Liability | (250,000) | | |
| | Total Insurance | | (1,152,000) | |
| | Equipment | | | |
| | Fuel | (2,000,000) | | |
| | Repairs | (1,000,000) | | |
| | Total Equipment | | (3,000,000) | |
| | Office Supplies | | (500) | |
| | Utilities | | (5,000) | |
| | Shipping & Delivery | | (300) | |
| | Travel, Meals, & Entertainment | | (900,000) | |
| | Accounting Software | | (100) | |
| | Professional Services | | (5,000) | |
| | Interest | | (700) | |
| | Fees, dues, and subscriptions | | (4,000) | |
| | Medical | | (1,400) | |
| | Miscellaneous | | (1,000) | |
| | Taxes | | (30,000) | |
| | Total Expenses | | | (34,100,000) |
| Net Income | | | | 20,900,000 |