Business Ethics in a Global Environment

Topic List

- **Introduction to Ethics and Business Ethics: Origin and Context**

- **Consequentialist and Non-Consequentialist Ethical Theories**

- **Contemporary Ethical Philosophy: The Ethics of Care**

- **Moral Relativism, Pluralism and Cultural Relativism**

- **The Idea of Stakeholders and CSR in relation to the Market Economies**

- **Ethics and Managing Business Ethics**

- **Organisational Culture, Leadership and Ethics**

- **Ethics and the Employment Relationship**

- **Diversity, Inequality Discrimination and Organisational Justice**

- **Ethics and Environmental Sustainability**

- **Power, Resistance, Ethics and Civil Society**

Introduction to Ethics and Business Ethics: Origin and Context

Morality and Ethics

The purpose of **Ethics** is to provide an environment that allows people to live a more structured, happy life than would exist without ethics.
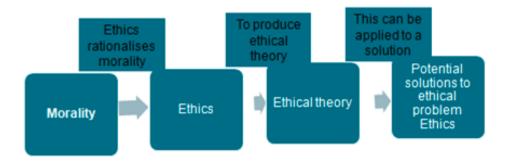
Morality implies basic concepts:

- Right and wrong
- Fairness and unfairness
- Duty and obligation
- Justice and injustice

Business Ethics and ethical dilemma

- The purpose of business is:
    - To make profit
    - To make the world a better place to live
    - To satisfy consumer demand
    - But where do ethics come in?
- The myth is, that companies and people involved in business are not unethical or immoral; rather they are amoral (lacking a moral sense; unconcerned with the rightness or wrongness of something)

The relationship between Morality, Ethics and Ethical theory

Business Ethics and the Law

- Law implies institutionalization or codification of ethics into specific social rules, regulations and proscriptions
- Law as a 'moral floor'/ 'moral minimum'
    - People sometimes confuse legality and morality, but they are different
    - An action can be illegal but morally right; An action that is legal can be morally wrong

Business Ethics refers to the study of business situations, activities and decisions where issues of right and wrong are addressed.

Business Ethics as an oxymoron (clash/contradictory)

- Business is seen to encompass the pursuit of self-interest
- Ethics is recognised as involving consideration of others

Consequentialist and Non-Consequentialist Ethical Theories

Egoism

- Recommends the pursuit of one's own interests
- It is used in two senses:
  - Descriptively
    - It is a fact that we <u>do</u> always act in the pursuit of self-interest
  - Prescriptively
    - Telling people that they <u>should</u> pursue their own interests
- Ethical egoism is the claim that we should always pursue our own interests
  - Limited obligations
    - We can't be expected to act altruistically all the time, or constantly prioritise the interests of others over our own (a central business argument against CSR or excessive CSR)
  - Efficiency
    - We know our own interests better than others do, and they know theirs better than we do, so it will be more efficient if we each see to our own
  - Broad definition
    - Self-interest can be broad and does not entail selfishness

Distinguishing Egoism

1. Behavioural egoism vs. Psychological egoism vs. Philosophical egoism

   - Behavioural egoism – we act in pursuit of our self interest

   - Psychological egoism – we are motivated by our self interest

   - Philosophical egoism – as our motivations issue from ourselves and not from others, they are by necessity self-interested/self regarding – they are *our* motivations

2. Primary motivations vs. Instrumental motivations

   - Primary motivation – our final purpose (e.g. pleasure/happiness/well being)

   - Instrumental motivation – the drive to pursue those things that will bring us pleasure

Utilitarianism

- *Utilitarianism* is significantly different from egoism because the consequences used to judge an action's worth are not simply the consequences for the agent but also include the consequences for everyone concerned with or affected by the action, including the agent
- Doing something to make yourself happy is acceptable unless doing so makes someone else miserable. If you do something that maximises your own happiness, makes others happy, and leaves few people miserable, that action is justifiable
- A utilitarian uses the following procedure to justify or condemn an action:
  - Take any action
  - Compute the benefits and harms of the consequences for everyone affected

- If the action brings more total happiness than unhappiness for more people, it is justified
  - Thus, utilitarianism is the ethical theory that uses a <u>cost-benefit approach</u>

Difficulties in using the Utilitarian approach

- A major problem with Utilitarianism is the distribution problem
  - The phrase 'the greatest good for the greatest number of people' is ambiguous
  - Amartya Sen observed that though women in India receive less health care than men, they are happier with the level they get than are the men
    - A utilitarian would recommend redistributing still more of the women's health care resources to the men, to maximise overall happiness
  - This illustrates the problem of *distributive justice* – a problem of fairness; a problem of how the goods and the burdens of the world are to be distributed
- Utilitarianism begins to move from justifying instrumental stakeholder theory to multi-fiduciary stakeholder theory which is raising the duty to benefit the greatest number of people

Deontology

- Refers to 'Ethics of duty'
  - Duties we have to do or not do certain things regardless of other considerations
- Deontological systems may be religious e.g. ten commandments
- The most prominent secular deontologist is Immanuel Kant
  - According to Kant, if you are acting merely from inclination or desire, you are not acting morally at all. Rather, you are behaving the way non-human animals behave
  - For Kant, the only thing that is properly good is the 'good will' itself, so deontologists focus on the <u>intention</u> of the action, rather than the <u>outcome</u>
  - If we are doing the right thing in business simply because it will improve business, we may not be doing anything wrong, but we are certainly not acting from an ethical motive. To act morally, we do something simply because it is the moral thing to do.

The Categorical Imperatives

- To decide what our duty is, Kant proposed the three following principles:
  - ✓ Act so that you can will the maxim of your action to become a universal law.
    - often referred to as the 'universality' rule
  - ✓ Act so as never to treat another rational being merely as a means.
    - often referred to as the 'human dignity' rule
  - ✓ Act so that all rational beings could condone your action
    - often referred to as the 'publicity' rule, or the 'New York Times test'
  - Can be collapsed into the golden rule→ 'Treat others as you yourself wish to be treated.'

Virtue Ethics

Virtue Ethics does not focus on specific actions, but looks at developing virtuous traits/characteristics, that themselves will guide or influence our actions in different situations.

- It centres ethics on the person and what it means to be human
  - Practice and habit rather than knowledge and reasoning
  - Intuitive understanding rather than rational thought

Criticisms	Strengths
It doesn't provide clear guidance on what to do in moral dilemmas, although it does provide general guidance on how to be a good person	Many moral judgements are not rule-based but involves intuition and emotion
Presumably, a totally virtuous person would know what to do and we could consider them a suitable role model to guide us, but what if that super human never existed?	Acquired by social immersion and imitation e.g. role modelling
Virtues are socially/culturally variable, so which one is right?	Greater cross-cultural acceptance