



Moritz Gruban

Introduction to Business Ethics

Session 3

Learning targets

- Understand that ethical problems are complex; easy solutions often do not exist.
- Get a sense for the main arguments of utilitarianism, one of the most influential ethical theories in moral philosophy.
- Get familiar with the criticisms of utilitarianism, i.e. the neglect of individual rights and the measurement with a single scale.

What are normative ethical theories?

- Ethical theories are the rules and principles that determine right and wrong for any given situation (Crane & Matten, 2010).
- **Normative ethical theories** are those that propose to prescribe the morally correct way of acting → what should be done? (Crane & Matten, 2010: Chapter 3).
- As opposed to **descriptive ethical theories** which seek to describe how moral decisions are actually made in business → what is actually done? (Crane & Matten, 2010: Chapter 4).

Two positions

Ethical absolutism

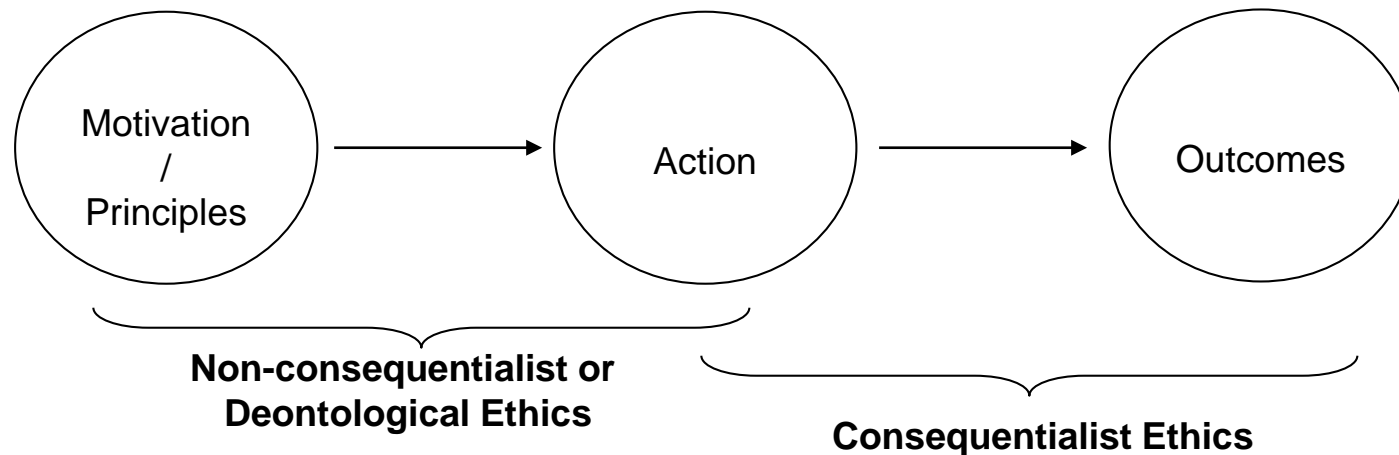
- Claims there are eternal, universally applicable moral principles
- Right and wrong are objective qualities, can be rationally determined
- Typically traditional ethical theories

Ethical relativism

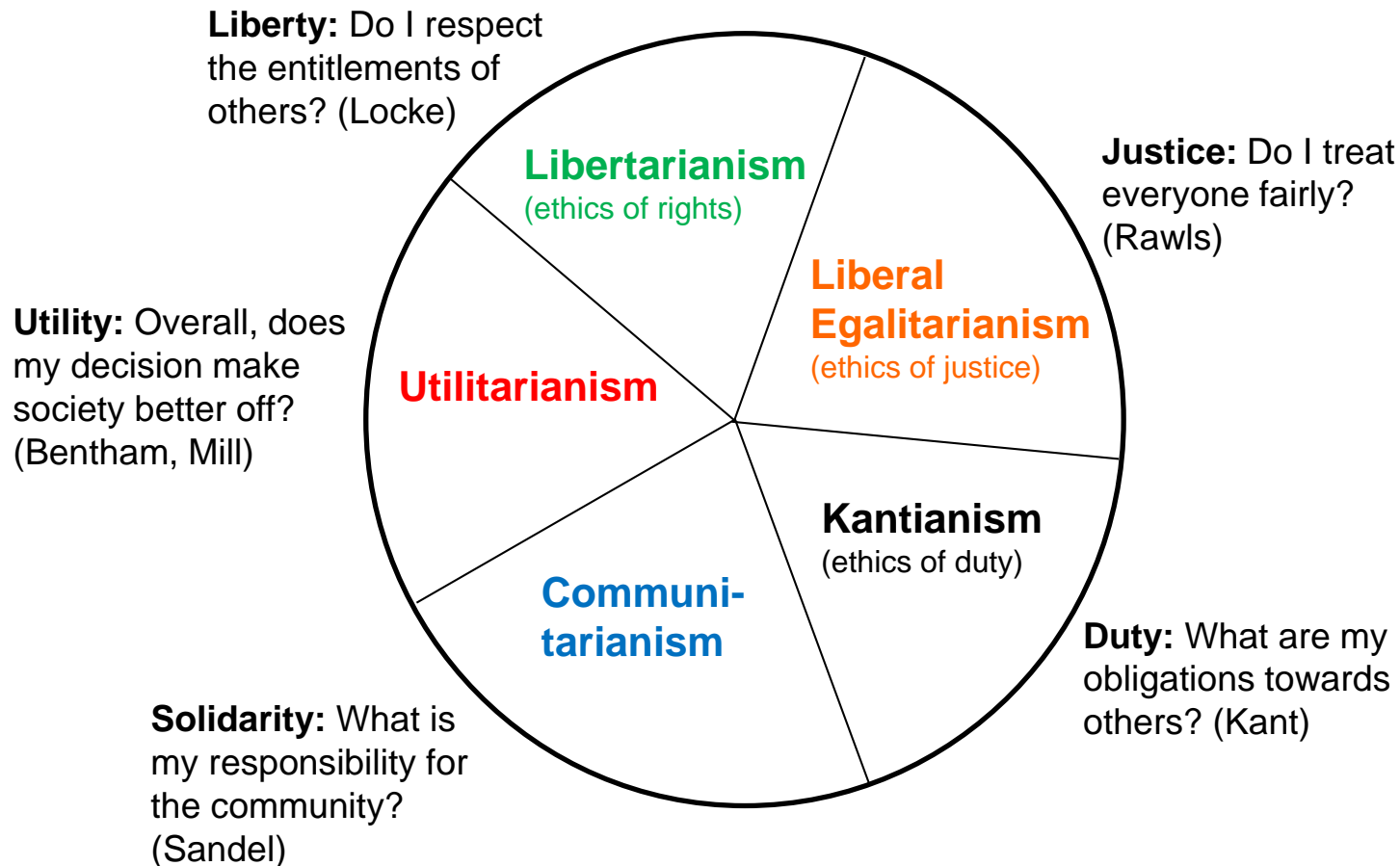
- Claims morality is context-dependent and subjective
- No universal right and wrongs that can be rationally determined; depends on person making the decision & culture in which they are located
- Typically contemporary ethical theories

Normative ethical theories

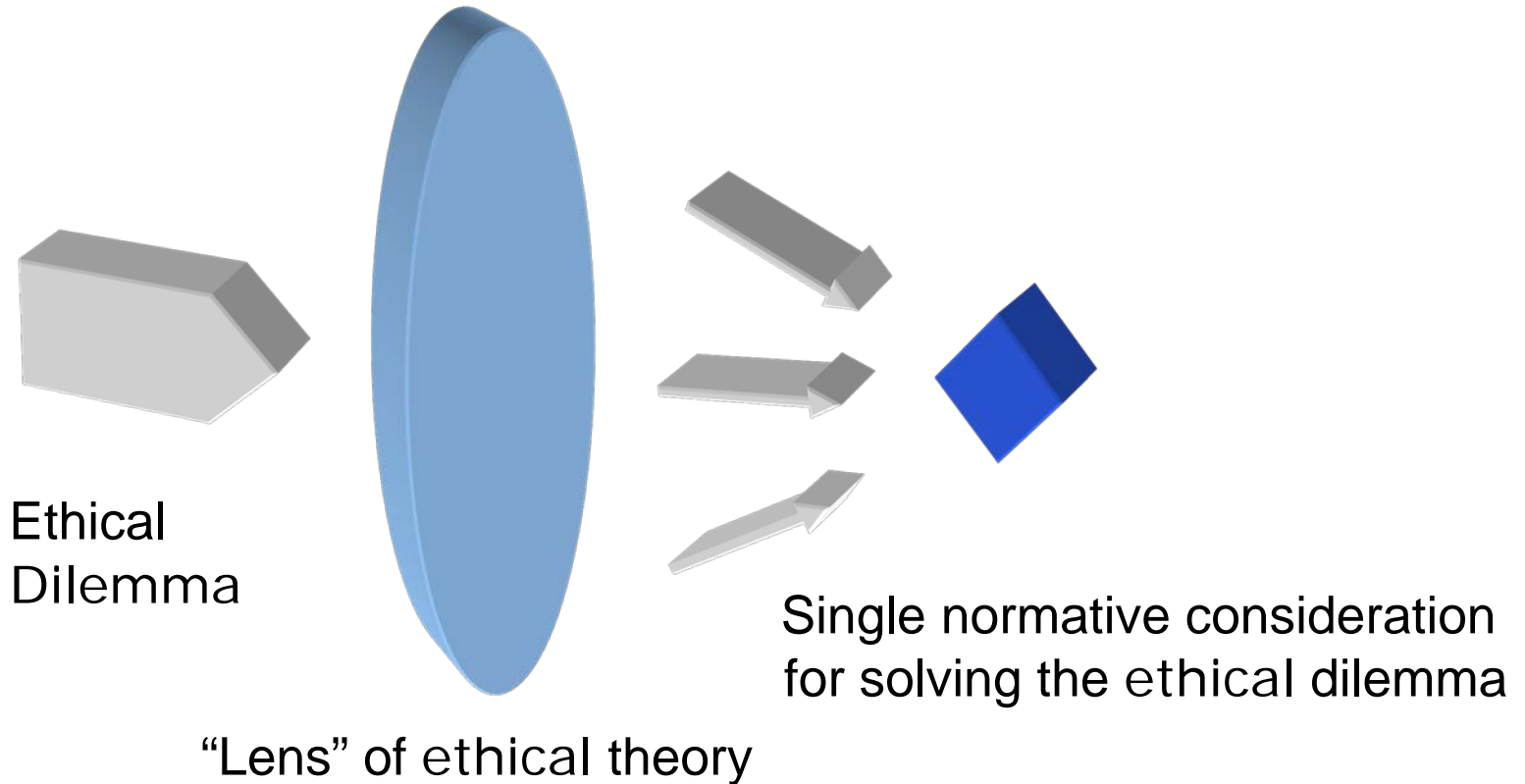
- Generally offer a certain rule or principle, which one can apply to any given situation.
- These theories generally can be differentiated into two groups.



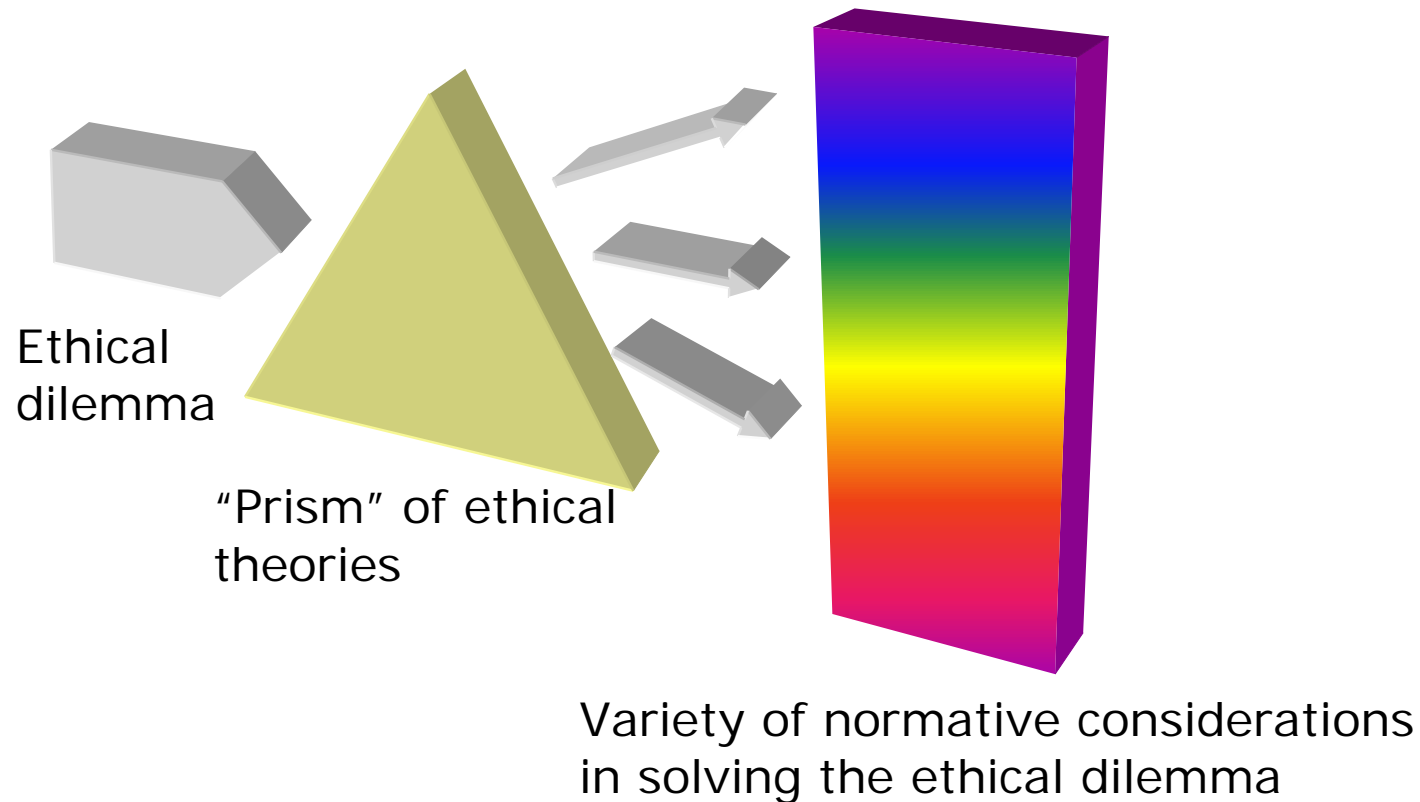
"Decision Wheel"



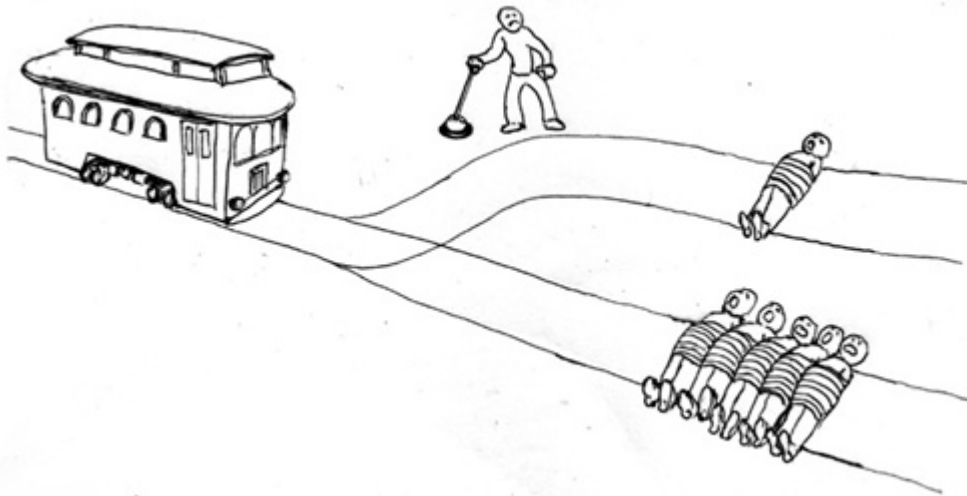
The lens metaphor ...



... VS. the prism metaphor



The trolley problem



What would you do?

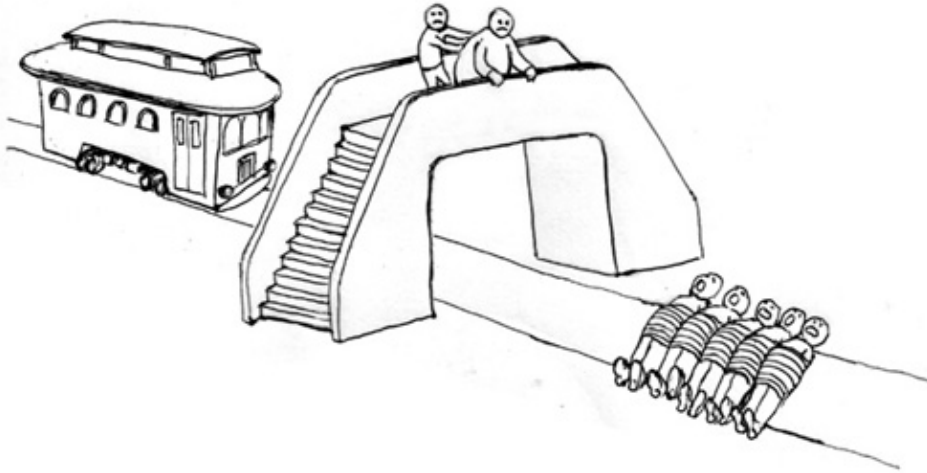
A I turn the train so that just one person dies.

B I allow the train to keep going so that five persons die.

Please take part by using the following link:

<https://app.klicker.uzh.ch/join/ibe2019>

The trolley and the big man



What would you do?

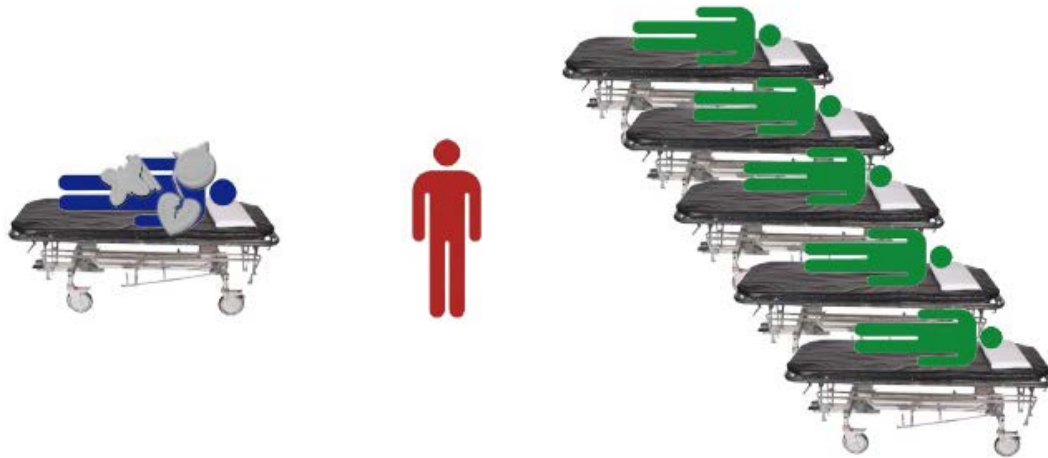
A I push the big man onto the track so he dies but the five persons are saved.

B I do not push the big man and allow the train to keep going so that the five persons die.

Please take part by using the following link:

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The transplant problem



What would you do?

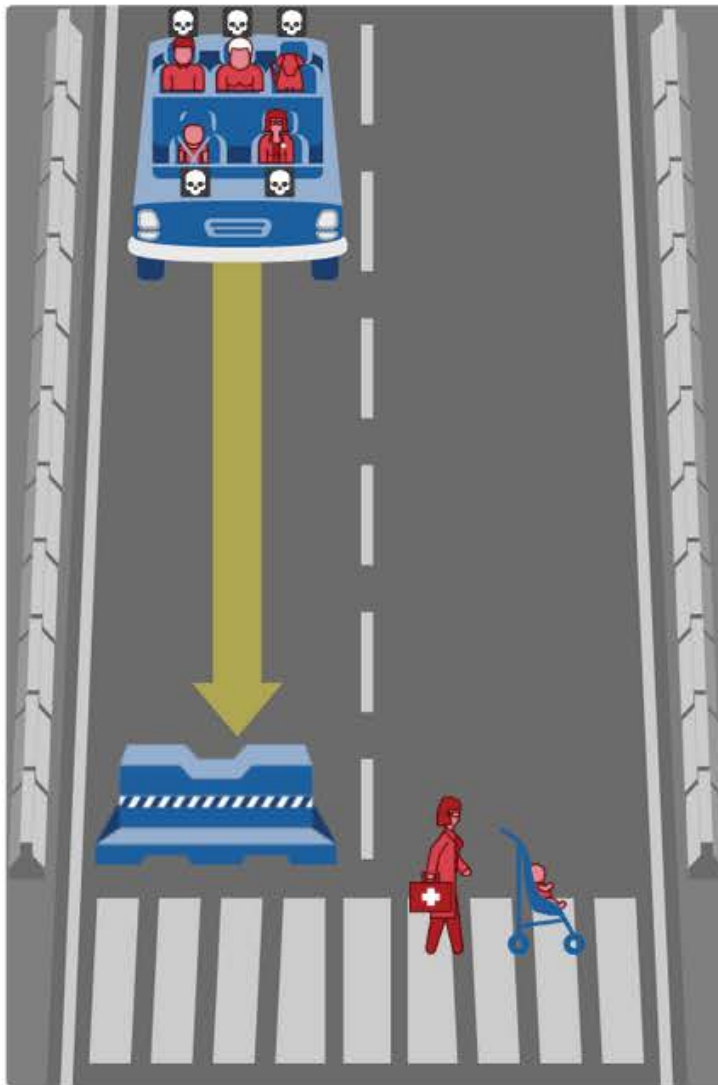
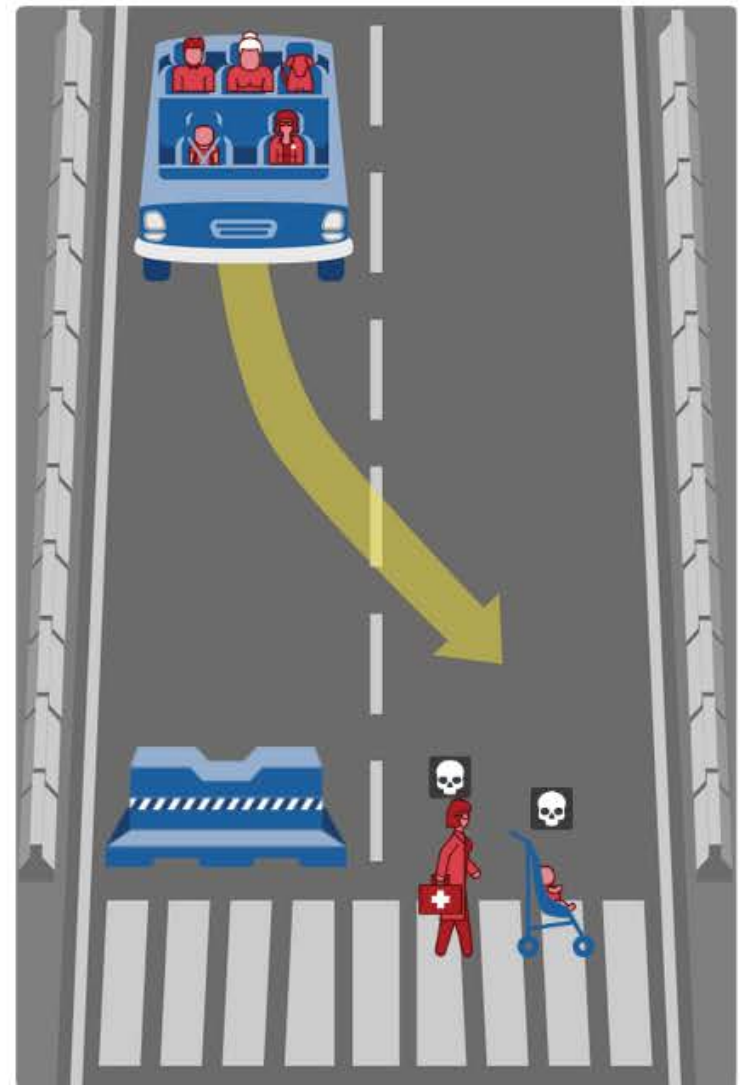
A I kill the healthy person and use his organs so he dies but the five persons are saved.

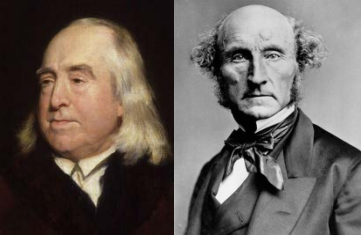
B I do not kill the healthy person so he survives but the five persons die.

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What should the self-driving car do?

[Show Description](#)[Show Description](#)



Utilitarianism

Bentham Mill

- According to **utilitarianism**, an action is morally right if it results in the greatest amount of good for the greatest number of people affected by the action.
- Hence, a decision is right when the consequences are beneficial or desirable, not for oneself, but for everyone affected by it.
- Also called the “greatest happiness principle”
- Based on cost-benefit analysis

The Ford Pinto case

Table 4. Benefits and Costs for Changes in Ford Pinto Gas Tank Design

A. Costs

Number of Units	Unit Cost	Total Cost
11 million cars	\$11	\$121 million
1.5 million trucks	\$11	\$16.5 million
Total		\$137.5 million

B. Benefits: Risks Avoided by Design Change

Outcome of Faulty Design	Ford's Unit Value	Ford's Total Value	Unit Deterrence Value	Total Deterrence Value
180 burn deaths	\$200,000	\$36 million	\$5 million	\$900 million
180 serious burn injuries	\$67,000	\$12.1 million	\$2.5 million	\$450 million
2,100 burned vehicles	\$700	\$1.5 million	\$700	\$1.352 billion
Total		\$49.6 million		

Source: Viscusi (1991) and internal Ford engineering analysis for costs and Ford benefit values.



See Sandel (2010): 43-44

Philip Morris' Czech study

PHILIP MORRIS STUDY

COST/BENEFITS OF SMOKING

Costs

- Increased Healthcare Costs

Benefits

- Tax Revenues from the sale of cigarettes
- Health Care Savings from early deaths
- Pension Savings
- Savings in Housing Costs for the elderly

- NET GAIN OF \$147 MILLION IF CITIZENS SMOKE

SAVINGS FROM PREMATURE DEATHS
OF \$1,227.00 PER PERSON



See Sandel (2010): 42

Throwing Christians to lions to maximize happiness?



See Sandel (2010): 37-38

Problems with utilitarianism I

- Subjectivity: Assessing consequences as pleasure vs. pain might depend on the subjective judgement of the person.
- The consequences of one's action are usually difficult to evaluate.
 - How to define “utility”? And how to calculate a “net sum” of different benefits and costs? How to quantify pleasure and pain?
- The interests and individual rights of minorities are overlooked.
 - What about distributive justice?
- Lower pleasures vs. higher pleasures.
- Ultimately any kind of act would be morally permitted, if the consequences justify it (“The end always justifies the means.”).

Problems with utilitarianism II

"[...] nineteenth-century utilitarians write from within a society in which individualism has conquered. Hence they present the social order not as a framework within which the individual has to live out his moral life, but as the mere sum of individual wills and interests."

MacIntyre (1966): 170

MacIntyre, A. (1966). *A short history of ethics*. London: Routledge.

Wrap-up

- Normative ethical theories shed light on ethical problems from different angles. All of them are needed to come up with a pluralist approach and make better decisions.
- Consequentialists (= Utilitarianism) argue that one should focus on the outcomes when facing an ethical dilemma and that the action that results in the least amount of harm is preferable.
- Utilitarianism can be criticized on several grounds: It fails to respect individual rights and translates all moral goods into a single currency, an assumption that can be challenged.