

# Chapter Three

## Theories of Ethics

### Chapter objectives

- Describe the major theories of ethics - in human decision making.
- Begin considering how the major theories about ethics apply to difficult choices in life and business.

# **Normativity of Ethical Theories**

- Ethical theories can be said either  
*descriptive or normative*

*Theories can be either*

- **Traditional Ethical theories or  
Contemporary Ethical theories**

# Theories....

- Major theories
  - (1) utilitarianism
  - (2) deontology,
  - (3) social justice and social contract theory
  - (4) virtue theory.
  - (5) Divine Command Theory
  - (6) Egoism

- Throughout history, people have pondered what it means “to do what is right.”
- Some of the main answers have come from the differing perspectives of utilitarian thought; duty-based, or deontological, thought; social contract theory; and virtue ethics.

# 1. Utilitarianism

- States “right” moral act is the one that produces the greatest good for society.
- An action (or set of actions) is generally deemed good or right if it **maximizes** happiness or pleasure throughout **society**.

# Continued

- is well aligned with economics and the free-market outlook & come to dominate much current thinking about business, management, and economics.
- **Jeremy Bentham** is often considered the **founder**, though John Stuart Mill *and others promoted it as a guide to what is good*.
- Utilitarianism emphasizes **not rules but results**.

# Utilitarianism...

- utilitarian outlook may also practiced **individually & by corporations.**
- Bentham believed that the most promising way to obtain agreement on the **best policies** for a society would be to look at the various policies a legislature could pass and **compare the good and bad** consequences of **each.**

# Continued

- The **right course of action** from an ethical point of view would be to choose the policy that would produce the **greatest utility**, or usefulness.
- Generally, an action is right if the sum of utilities produced by that action is **greater than** the sum of utilities from any other possible act.



# Utilitarianism...

- Some frequent **mistakes** that people make in applying utilitarian principles:
  - Failing to come up with **lots of options** that seem reasonable and then choosing the one that has the **greatest benefit**
  - Assuming that the greatest good for you or your company is in fact the greatest good for all—**subjectively run** own interests

# Continued

- Underestimating the **cost or harm** of a certain **decision** to someone else or some other group of people.
- Favoring **short-term benefits**, even though the long-term costs are greater.
- Assuming that all **values can be reduced to money**.  
Eg. comparing the risks to human health or safety against, say, the risks of job or profit

## 2. Rules and Duty: Deontology-

### Immanuel Kant

- In contrast to the utilitarian perspective, the deontological view purports that **having a moral intent and right rules** is a better path to ethical conduct **than** achieving the **right results**.
- believe that ethical action arises from doing one's **duty** and that duties are defined by rational thought.

# Continued

- **Duties** are not specific to particular kinds of human beings but are owed **universally** to all human beings.
- Kant therefore uses “**universalizing**” as a form of rational thought that assumes the **inherent equality of all human** beings.

# Deontology....

- It considers all humans as equal, not in the physical, social, or economic sense, but equal before God, whether they are male, female, Pygmy, Eskimoan, Islamic, Christian, straight, healthy, sick, young, or old.

# Continued

- For Kantian thinkers, this basic principle of **equality means that we should be able to universalize** any particular law or action to determine whether it is ethical.
  - a course of action that would be good for all persons at all times: **consistency** and **reversibility**.

### 3. Social Justice Theory and Social Contract Theory

- Public Goods- goods that are useful to **society** (parks, education, national defense, highways) that ordinarily **not** be produced by **private** enterprise.
- Public goods require public **revenues** (**taxes**) and political support to be adequately maintained.

# Continued

- **Social** justice theorists worry about “distributive justice”—that is, what is the **fair way to distribute goods** among a group of people?
  - Marxist thought emphasizes that members of society should be given goods to according to their **needs**.
  - But this redistribution would require a **governing power to decide who gets what and when**.



# Continued

- **Capitalist** thought takes a different approach, rejecting any giving that is not voluntary.
  - Milton Friedman also reject the notion that a corporation has a duty to give to unmet needs in society, believing that the **government should** play that role.
  - **Even the most dedicated free-market capitalist will often admit the need for some government and some forms of welfare—Social Security, Medicare, flood-stricken areas, AIDS help etc**

# Social Contract...

- Thomas Hobbes
  - people in a “state of nature” rationally choose to have govt.
  - He called this the **social contract**, where **people give up** certain rights to govt in exchange for security and common benefits.
- Some commentators also see a kind of social contract between corporations and society;
  - the corporation has some corresponding duties toward society.

# Continued

- Thomas Donaldson and Thomas Dunfee,
  - *observe that various communities, not just nations, make rules for the common good.*
    - Your college or school is a community, and there are communities within the school (the sports teams, the faculty, the students etc)
- Integrate rules of smaller communities along with the larger social contracts made in states
  - eg- Colorado or California) and nation-states (such as USA). The Constitution can be seen as a fundamental social contract.

# Social Contract...

- a social contract can be **changed** by the participants in a community, just as the US Constitution can be amended.
- Social contract theory is thus **dynamic—it** allows for structural and organic changes.
- Another important movement in ethics and society is the communitarian outlook.
  - **Communitarians** emphasize that rights carry with them **corresponding duties**; i.e., there cannot be a right without a duty.

# 4. Aristotle and Virtue Theory

quality of being morally good

- Aristotle is often recognized as the first philosopher to advocate the ethical value of certain qualities, or virtues, in a person's character.
- Virtue theory/virtue ethics, has received increasing attention over the past 20 years, in contrast to utilitarian and deontological.
- Virtue theory emphasizes the value of virtuous qualities rather than formal rules or useful results.

# Continued

- Aristotle saw the goal of human existence as the active, **rational search for excellence**,
  - and excellence requires the personal virtues of honesty, truthfulness, courage, temperance, generosity, and high-mindedness.
- This pursuit is also termed “**knowledge of the good**” in Greek philosophy.

# Virtue...

- Aristotle believed that all **activity** was aimed at **some goal**; there must be some **ranking** that we do among those goals or goods.
- Happiness may be our ultimate goal, but what does that mean, exactly?
  - Aristotle rejected wealth, pleasure, and fame and embraced reason as the distinguishing feature of humans, as opposed to other species.
  - And since a **human is a reasoning animal**, happiness must be associated with reason.
- Thus happiness is living according to the **active** (rather than passive) use of reason.
- The use of reason leads to excellence, and so happiness can be defined as the active, rational pursuit of personal excellence, or virtue.

# Virtue...

- Aristotle named fourteen virtues:
  - (1) **courage**, particularly in battle;
  - (2) temperance, or moderation in eating and drinking;
  - (3) **liberality**, or spending money well;
  - (4) magnificence, or living well;
  - (5) pride, or taking pleasure in accomplishments and stature;
  - (6) high-mindedness, or concern with the noble rather than the petty;
  - (7) unnamed virtue, which is halfway between ambition and total lack of effort;



# Continued

- (8) **gentleness**, or concern for others;
- (9) truthfulness;
- (10) wit, or pleasure in group discussions;
- (11) **friendliness**, or pleasure in personal conduct;
- (12) modesty, or pleasure in personal conduct;
- (13) righteous indignation, or getting angry at the right things and in the right amounts; and
- (14) **justice**.

# Virtue...

- From a modern perspective, some of these virtues seem old-fashioned or even odd.
- whether corporations can “have” virtues or values is a matter of lively debate.
- A corporation is obviously not the same as an individual.
- But there seems to be growing agreement that organizations do differ in their practices and that these practices are value driven.
- Read
  - James O’Toole and Don Mayer, eds., *Good Business: Exercising Effective and Ethical Leadership* (London: Routledge, 2010)
  - Michael Josephson’s core values may prove helpful.

# Virtue...

- **Josephson's Core Values Analysis and Decision Process**, a noted American ethicist,
  - believes that a current set of *core values has been identified and that the values can be meaningfully applied to a variety of personal and corporate decisions.*
  - To simplify, there are **ethical and nonethical qualities** among people in the US.
    - When you ask people what kinds of qualities they admire in others or in themselves, they may say wealth, power, fitness, sense of humor, good looks, intelligence, musical ability, or some other quality.
    - They may also value honesty, caring, fairness, courage, perseverance, diligence, trustworthiness, or integrity.

# Continued

- unlike the qualities on the first list- they are commonly seen as moral or ethical qualities
- Just because Harold is rich, brilliance or good-looking or has a good sense of humor does not mean that he is ethical.
- But if Harold is honest and caring (whether he is rich or poor, humorous or humorless), people are likely to see him as ethical.

# Virtue...

- Studies from the Josephson institute of Ethics in Marina del Rey, California, have identified **six core values** in American society, values that almost everyone agrees are important to them.
  - (1) trustworthiness,
  - (2) respect,
  - (3) responsibility,
  - (4) fairness,
  - (5) caring, and
  - (6) citizenship.
- While many of us may value wealth, good looks, and intelligence, having wealth, good looks, and intelligence does not automatically make us virtuous in our character and habits.
- But being more trustworthy (by being honest and by keeping promises) does make us more virtuous, as does staying true to the other five core values.

# Virtue...

- Often we remember the last **bad thing a person** did far more than any or all previous good acts.
  - For eg., Eliot Spitzer and Bill Clinton are more readily remembered by people for their last, worst acts than for any good they accomplished as public servants.
- As for a company, its good reputation also has an incalculable value that when lost takes a great deal of time and work to recover.
- Shell, Nike, and other companies have **discovered that there is a market for morality**, however difficult to measure, and that not paying attention to business ethics often comes at a serious price.

# 5. Divine Command Theory

- Good actions: those aligned with Gods will
- Bad actions: those contrary to Gods will
- Holy books reveal Gods will.
- Use holy books as moral decision-making guides.
- Pros:
  - We owe obedience to our Creator.
  - God is all-good and all-knowing.
  - God is the ultimate authority.
- Cons:
  - Different holy books disagree
  - Society is multicultural, secular
  - Some moral problems not addressed in scripture

# Egoism

- The doctrine according to which the correct moral action is the one that meets **the self-interest of individuals.**
- The most important moral principle is the principle of *self-interest, personal advantage or gain*



- Moral egoism is based on **psychological egoism**, according to which all human behavior is motivated by **self-interest** (=welfare, well-being).
- Self-interest is understood as either:
  - **one's desire** (self-regarding / not self-regarding) or
  - possession of states independently of being desired (virtue, knowledge, peace...)

Thank you