

Lecture Notes 1:

Business Ethics

Lecture Notes

Introduction to Ethical Theory

- Ethical theories attempt to answer the question, why be ethical?

We have to distinguish between *descriptive* and *prescriptive* theories. For instance,

- **Psychological egoism** is a claim that people in fact act mainly or entirely out of self-interest, while
- **Ethical egoism** is a claim that people should act out of self-interest.

We also have to be very careful to avoid the “**is/ought fallacy**” or “**naturalistic fallacy**”: the assumption that we should do something just because we in fact do do it.

Some terminology that would help:

Consequentialist theory: one that bases the value of an action on the value of its consequences. It judges the means by the ends.

Principle-based theory: one that bases the value of an action on the nature of the action itself. It says that the ends do not always justify the means.

Hedonism: the view that pleasure is the greatest or only good.

Summary of some key ethical theories (see Tittle for more details):

Egoism

Individual egoism: I should do whatever is in my own interests. This theory applies only to me, Kent Peacock!

Problems: not much use to anyone else in the world!

Universal egoism: everyone should do whatever is in their own best interests.

Advantages: a certain healthy self-interest seems entirely natural; an organism would be in a sorry state if it could or would not look after its own interests; the question is whether that is *all* you look after.

Disadvantages: it does not explain the fact that many people *do* carry out altruistic or self-sacrificing acts; many people do defer self-interest in favour of wider interests; seems too narrow.

Utilitarianism

Basic tenets:

- Fundamental ethical principle (Principle of Utility): “Act in such a way as to produce the greatest happiness for the greatest number.”
- Actions are judged good or bad according to the amount of happiness or unhappiness they produce.
- Happiness is defined as pleasure (broadly understood), unhappiness is defined as pain.
- Happiness is sometimes called “utility”, unhappiness “disutility”.
- It is assumed that utility can be measured (see details in text).
- Cost-benefit analysis is a version of utilitarianism that takes money to be a measure of utility.
- Outcomes are weighed by their probabilities and utilities; select the outcome that will probably have the greatest utility for the greatest number.

Act versus Rule Utilitarianism:

Act utilitarianism: each individual act is judged independently according to the Principle of Utility. (Thus it might be okay to steal the money if it benefited enough people.)

Rule utilitarianism: we make rules (such as “thou shalt not steal”) on the basis that following these rules can be justified by the Principle of Utility. (On this view, it might not be okay to steal the money.)

Benefits of utilitarianism:

- It provides a definite method for solving moral dilemmas that can take into account conflicting interests.

Problems with utilitarianism:

- It is not clear that all values can be measured.
- It is not clear that utilities and disutilities add up in a linear fashion.
- It may lead to acts (such as embezzling the money) that are, perhaps, simply wrong in themselves, regardless of their consequences.
- The calculation may be biased, so that some people’s costs and benefits may be weighed unfairly.

Kantian or Deontic Ethics

Basic tenets:

- Based on idea that duty is fundamental; Tittle calls such systems "principle-based"
- Studied by Immanuel Kant (1724-1804), but the idea is ancient
- Motivation counts as much or more than consequences; compare with criminal code
- Kant thought that ethics had to be universal to make sense; hence, this led to his first Categorical Imperative: act only in such a way that your action could be a universal law. (This means that stealing, for instance, could not be ethical because if everyone stole it would destroy the conditions under which stealing would give an advantage.)
- It is *reason*, not feeling, that determines which acts are in accordance with Categorical Imperative.
- Kant placed a high value on individual autonomy, the freedom to make moral choices; this led to his second Categorical Imperative: "No person should be treated only as a means; but rather as an end." (This position would, for example, rule out slavery as morally acceptable, since a slave is by definition a person who is used only as means to an end.)

Advantages of duty ethics:

- Gives a powerful and clear framework for stating codes of ethics: e.g., Ten Commandments, Engineering Code of Ethics are stated as lists of duties.
- Forms strong basis for defending human rights.
- Impartial: the same rules apply to all persons
- Fits well with many religious moral codes, although it does not have to be given a religious "spin".

Weaknesses of duty ethics:

- Does not give clear means of choosing between conflicting duties; Kant himself was an absolutist, which led to some very impractical recommendations. (E.g., you should not lie even if it might save someone's life.)
- Universalizability can be questioned: how do we know that the same rules should apply to everyone in the same circumstances?
- Sometimes consequences matter more than motivation: "Oops, I didn't mean to spill the milk" doesn't mean that you aren't responsible for cleaning it up.

- Many authors doubt that it makes sense to suppose that we can base ethics purely on reason.

Virtue Ethics

Virtue ethics is subtle and more difficult to define.

- The word "virtue" is a mistranslation of an ancient Greek word ("arete") that means, roughly, "characteristic excellence".
- To be virtuous is to be excellent in some way.
- "Excellence" suggests both efficiency and beauty.
- *Efficiency* suggests that an end or purpose must be specified in order to define a virtue.
- *Beauty* suggests that actions and things may have a quality that is independent of their purpose.
- One can identify specific virtues, such as (for instance) courage, temperance, generosity, wisdom, etc.
- For Aristotle, the most characteristic virtue for humans was rationality, which does not imply merely an ability to calculate; rather, it implies an ability to make good judgement calls on the basis of often incomplete information.
- Also for Aristotle, the "golden mean" was important; he felt that many virtues are means between extremes (for instance, courage would be a mean between rashness and cowardice); judgement was in important part the ability to find that golden mean in a fluid situation.
- Virtue ethics emphasizes the idea that virtues involve an element of skill and training; you have to *learn* how to be virtuous (though you may have a certain innate talent, just as with any other artistic ability).

By comparison with virtue ethics, duty ethics says that whether or not your act was right depends mostly on your intentions and the nature of the act, rather than the result. Consequentialist theories (such as utilitarianism) say that the result is the main criterion of goodness of an act. Virtue ethics says that the means/end distinction is artificial (though certainly not meaningless); actions and their results may often form a whole that is difficult to separate out into parts. What counts is the excellence of the whole.

The virtue ethicist might respond to the embezzlement problem as follows: sure, I could take the money, and I might get away with it. But it would be like taking candy from a baby -- easy enough, but a very unworthy act that would make me a less worthy person. As one student said, if I took the money, *I* would know. This would diminish my self-respect and, worse still, might lead me down a slippery slope into bad habits.

Virtue ethics are widely used. For instance, the Engineering Code of Ethics (although *stated* in the form of a duty ethic) is in fact more like a virtue ethic; it says that the engineer should strive for a certain kind of excellence.

Feminist Ethics

There are many varieties of feminist thought and it is very difficult to summarize in a few

short phrases. Tittle says that feminist ethics can be thought of as a kind of virtue ethics that emphasizes certain virtues, such as caring and compassion, that were under-rated in a male-dominated culture.

Feminist ethic of care is in part reaction to duty ethics, which is seen as cold and uncaring; some feminists would argue that ethics is based more on feelings than on a rational formal principle.

Feminism also has a strong concern with *justice* -- of redressing the imbalances in societies that oppress women and marginalize their views and abilities. If you think that this concern with women's rights is a little overdone in our sophisticated modern society, please don't forget that there are still (in September 2003) societies in the world in which it would be impossible for a woman to take a philosophy course (she might even be risking her life to do so).

Naturalistic Theories

Basic idea is that we have natural inclinations (which might come from God or biology), and that the right thing to do is what is natural to us.

Problems are obvious:

- Not everyone seems to have same "natural" inclinations.
- In humans it is very hard to distinguish the natural from the learned.
- There seems to be an is/ought fallacy: why should I do something merely because I have an instinctive inclination to do it.

Evolutionary ethics: attempts to explain ethical/social/moral behaviour in evolutionary terms; we try to understand why certain behaviour had an adaptive advantage.

Intuitionism

This says that we all (or most of us) have an intuition or consciousness such that we "just know" what is right and wrong.

There certainly is something we can call intuition, and often it can be very useful; however,

- People's intuitions differ; if intuition is all we have to go on, who is to say what is right?
- Intuition can sometimes be hard to distinguish from learned expectation, habit, prejudice, or sheer whimsy.

Rights Theories

Concept of rights is very important legally and politically.

Think of a right as something that someone owes you, like a debt. But there is an important distinction:

Negative rights: a right such as free speech or freedom from sexual harrassment; you have the right to non-interference.

Positive (or claim) right: something that you are owed, such as health care (in Canada!); society has decided that it owes adequate health care to all persons.

Some rights may be limited and created by agreement, such as the rights you might have if you entered into a business contract.

Other rights are said to be *inalienable*, meaning that they cannot be taken away from you. We deem the basic right to personal liberty to be inalienable (unless you break the law and have to go to jail!); meaning that even you yourself cannot remove it. (For instance, a contract in which you signed yourself into slavery would not be recognized by any court in the US, Canada, or the UK, since it would violate an inalienable right.)

In simple terms, for every right there is a corresponding duty.

Natural rights: view that some rights we have are "inbuilt," perhaps by God, or perhaps as part of human nature.

Social contract rights: says that rights are products of social contracts; and could be different in different societies.

Rights theories could clash with utilitarianism, since the latter says that it might be okay to violate a right for the sake of the greater good. (This happens, for instance, when property is expropriated for public works.)

Societies often have a lot of difficulty deciding what rights its members have, since if I have a certain right, others may have certain obligations.

Justice Theories

The concept of justice is ancient, but very difficult to define. (The ancient Greeks called it "Dike", which can be interpreted as an abstract principle of balance that must be obeyed even by the gods.)

The concept of justice is similar to rights; you have been dealt with justly if you get what was your right, what you deserved; except that what you deserved might have been punishment!

The book said "whatever's fair is right." But what is fairness? -- Perhaps just another word for justice!

Some theories of justice:

- The simplest justice theory is *egalitarianism*: everyone gets the same thing. The problem is that it is not clear if this is actually just,
- Desert: justice is getting what you deserve; maybe if it took you ten years to get your degree, you deserve higher pay than someone who had a month of training.
- Need: if I need medical care or basic sustenance, some would argue that it is justice that I get it.

Aristotle's terminology (which is still widely used):

- Distributive justice (which is concerned with the fair distribution of goods, especially basic goods such as land, food, water, etc.).
- Retributive justice (which is concerned with punishment of law-breakers).
- Compensatory justice (which is concerned with recompensing those who have been injured by others).
- Just procedure: a process (such as a legal process) which can be perceived to be fair, just, and unbiased; sometimes called "due process".
- Just outcome: a decision that is just.

Two main components to notion of justice:

- Balance
- Impartiality

The principle of balance roughly means that we should try to find a way of comparing goods or harms so that we can define goods that are equivalent, or harms that are equivalent and balance one against the other. (In terms of harms, "an eye for an eye, a tooth for a tooth"). We should attempt to make the books balance; on some religious views, the books just will be made to balance whether we like it or not! It is often difficult to find equivalents; also, in some cases, there is no way of assessing penalties or rewards that are truly in proportion to what a person did. (E.g., there is no penalty a society could hand out that would balance the evil done by a child-killer.)

The principle of impartiality roughly means that decisions about deserts should be made by procedures that are applied in the same way to all persons who differ only in ways that are not relevant to the case at hand. For instance, a person's race, religion, or gender should make no difference as to what they are paid to do a certain job, whereas the amount of training or experience they have had (things that are *relevant* to the performative requirements of the job) could justly make a difference.

Some theories of justice discussed in the book:

- Utilitarian: the just is that which produces the greatest happiness for the greatest number.
- Rawlsian: the just is that which is determined under the "veil of ignorance", a way of guaranteeing impartiality.

Religionism

Many would say that ethical principles are religiously-based. The *divine command* theory says that some deity tells us what is right and wrong. As Tittle points out, some religious systems of ethics (such as the Hindu) do not use the divine command theory, but rather appeal to deep principles that must be obeyed by both gods and mortals.

The problem with the divine command theory is that it is unclear: is an act good merely because a god says it is, or does the god say it is good because it is in fact good? If the latter, then it is not the command of the god that makes the act good. If the former, then good and evil are defined in an essentially arbitrary and unprincipled way by the whim of the gods. This difficulty was brought out a long time ago by Plato, in a dialogue called the *Euthyphro*.

Some would say that one cannot be ethical without being religious. The trouble is that there are lots of very ethical people who are not especially religious; or else who are religious in a very wide variety of ways.

Another problem with religionism is that there are many different religions, often with contradictory principles. Throughout history, terrible wars have been fought (and in some places are still being fought) over religion. The problem is that since religion is so much a matter of faith, there is little or no universally agreeable means of settling religious disputes (see the comments about just procedures, above).

In our pluralistic society we have to proceed on the basis of mutual tolerance; this means, in practice, that we have to find generally acceptable principles of conduct that are, as much as possible, not tied to one particular religious view.

Relativism

There is a descriptive and a prescriptive form of relativism.

- Descriptive relativism: states that it is a fact that different people have different ethical and moral systems.
- Ethical relativism: claims that all ethical systems are equally good; there is no objective and impartial way of telling between them. "If it feels good, do it."

Descriptive relativism obviously has much truth to it (although one could defend the view that there really are a few deep ethical principles that are held by all societies). In part, this is a question for anthropologists and historians as well as philosophers.

Ethical relativism is a branch of *cognitive relativism*, which says that there is no way of telling between beliefs; whatever you want to believe can be true for you.

Paradox of relativism: if relativism (especially cognitive relativism) is correct, there is no way of arguing for it! It is a self-refuting position.

As a practical matter, a society could not function on a purely relativistic basis; we could not have people doing *whatever* they wanted (such as running stop signs if they feel like it) since that would inflict unacceptable harm on others. So what we decide, in practice, to be acceptable is often defined roughly on utilitarian grounds --- not necessarily because we think that utilitarianism is the best ethical theory, but because it can at least sometimes produce acceptable compromises.

My own personal view (which no one in the course is required to agree with!) is that there certainly is a difference between right and wrong, good or bad; but that it is very *difficult* sometimes to tell the difference. Thus, I reject relativism, but I also reject the view that there are always simple and obvious differences between good and bad. I guess I could say that I reject "simple-ism".

Tittle's discussion of the pitfalls of relativism is quite good; be sure you read it with some care.

