The logo of Galgotias University is a stylized 'G' composed of three overlapping, curved bands in shades of yellow, blue, and red, set against a light pink circular background.

Module 2 Session 1

Theories of Business Ethics

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TOPICS TO BE COVERED

- ETHICAL THEORIES IN BUSINESS
- NORMATIVE THEMES
- CONSEQUENTIALISM
- NON CONSEQUENTIALISM
- PSYCHOLOGICAL EGOISM

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Ethical Theories in Business

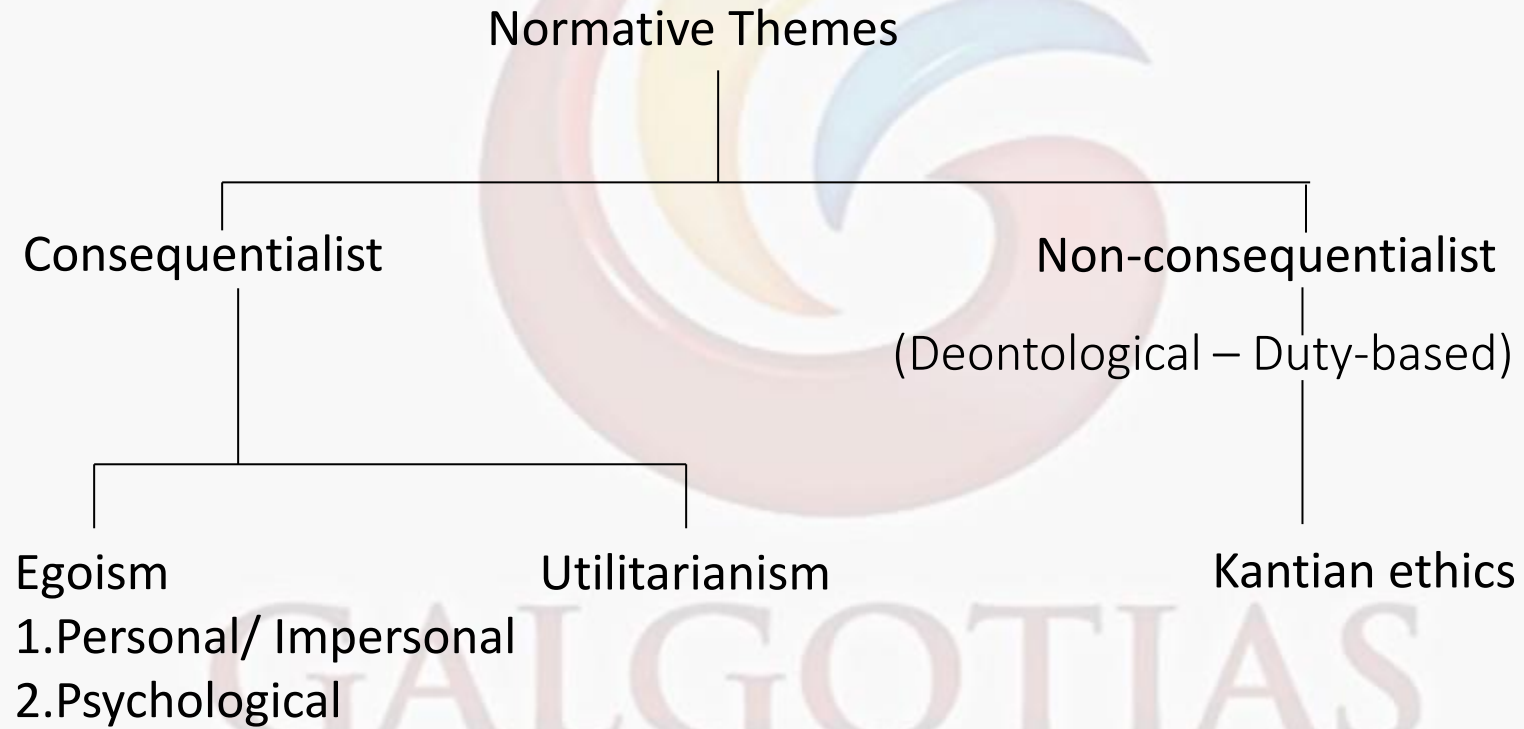
Ethics is a normative study, i.e., an investigation that attempts to reach normative conclusions.

It aims to arrive at conclusions about what things are good or bad, or what actions are right or wrong. E.g 'companies should follow corporate governance standards' or 'managers ought to act in a manner to avoid conflict of interest.'

Ethical Normative themes include in business include:

- Consequentialist normative themes: Normative themes—egoism, utilitarianism.
- Non-consequentialist normative themes: Non-consequentialist normative themes—duties, moral rights, and prima facie principles KANTIAN THEORY

Classification of Normative Themes in Ethics



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Consequentialist

- In ethics, normative theories propose some principle or principles for distinguishing right actions from wrong actions. These theories can, for convenience, be divided into two kinds: consequentialist and nonconsequentialist.
- According to consequentialist theories, the moral rightness of an action is determined solely by its results. If its consequences are good, then the act is right; if they are bad, the act is wrong. Consequentialists (moral theorists who adopt this approach) determine what is right by weighing the ratio of good to bad that an action will produce. The right act is the one that produces (or will probably produce) at least as great a ratio of good to evil as any other course of action open to the agent.

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Nonconsequentialist

- By contrast, nonconsequentialist (or deontological) theories contend that right and wrong are determined by more than the likely consequences of an action. Non consequentialists do not necessarily deny that consequences are morally significant, but they believe that other factors are also relevant to the moral assessment of an action. For example, a nonconsequentialist would hold that for Kevin to break his promise to Cindy, is wrong not simply because it has bad results (Cindy's hurt feelings, Kevin's damaged reputation, and so on) but because of the inherent character of the act itself. Even if more good than bad were to come from Kevin's breaking the promise, a nonconsequentialist might still view it as wrong.

Normative Themes

Egoism

- It asserts that the only moral obligation we have is to ourselves, though it does not openly suggest that we should not render any help to others.
- contends that an act is morally right if and only if it best promotes an agent's long-term interests
- makes use of self-interest as the measuring rod for actions performed
- is equated with an individual's personal interest but it is equally identified with the interest of an organization or society
- intends to provide positive consequences to the party's interest without considering the consequence to the other parties
- It does not mean that an egoist may work against the interest of society. They may be able to safeguard their interest without hurting the interest of others.
- They assert that all actions of men are self motivated by self interest. Even the act of whistle-blowing is an attempt to take revenge or to become a celebrity.

Normative Themes: Egoism (Contd.)

Philosophers distinguish between two kinds of egoism: personal and impersonal.

- Personal egoism: One should pursue his/her long-term interest and not dictate what others should do.
- Impersonal egoism: Everyone should follow their best long-term interest.

Criticism:

- It is not a moral theory at all.
- It assumes that all actions of men are self motivated and It undermines the human tendency to rise above self interest in the times of calamities like flood, earthquake etc.
- It ignores blatant wrongdoings like bribery, pollution, gender discrimination etc.

Psychological Egoism

- Psychological egoism, people are, as a matter of fact, so constructed that they must behave selfishly.
- Psychological egoism asserts that all actions are selfishly motivated and that truly unselfish actions are therefore impossible. Even such apparently self sacrificial acts as giving up one's own life to save the lives of one's children or blowing the whistle on one's organization's misdeeds at great personal expense are, according to psychological egoism, done to satisfy the person's own self interested desires.

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