Module 2 Session 5

Theories of Business Ethics

GALGOTIAS
UNIVERSITY

Topics to be covered

- Utilitarianism
- Utilitarianism- Its criticism
- Kantian Ethics

Utilitarianism

The proponents were:

Jeremy Benthan (1748–1832)
John Stuart Mill (1806–1873)

•Utilitarian principle: An action is ethically right only if the sum total of utilities(useful/ beneficial/ productive) produced by that act is greater than the sum total of utilities produced by any other act that could have been performed in its place.
•Ethics is the art of directing the actions of men so as   to bring about the greatest possible happiness to all those who are concerned with these actions.
•It provides an objective means of resolving conflicts of self-interest with the action for common good.
•The theory provides a flexible, result oriented approach to ethical or moral decision making.

Utilitarianism- Criticism

- The major problem is the measurement of utility. Since utility differs from person to person, place to place, and time to time.

- The second problem concerns the intractability to measurement that arise while dealing with certain benefits and costs. E.g. how can one measure the value of life or health?

- Lack of predictability of benefits and costs.

- Lack of clarity in defining what constitutes benefits and what constitutes cost.

Kantian Ethics

Proponent: **Immanuel Kant (1724–1804)**

- This theory introduces an important humanistic dimension to business decisions, which is to behave in the same way that one would wish to be treated under the same circumstances and to always treat other people with dignity and respect.

- Stressed that action must be undertaken for duty's sake and not for some other reason. Ethics is based on reason alone and not on human nature. Only when we act from duty does our action have moral worth.

- Opined that the imperatives of morality are not hypothetical but categorical. The core idea of this categorical imperative is that an action is right if and only if it will become a universal law of conduct. It means we must never perform an action unless we can consistently will that it can be followed by everyone.

- Lying is an example, no matter how much good it may result from the act, lying is always wrong.

- The theory proposes to act only in ways that one would wish others to act when faced with the same circumstances.

- It also proposes that always treat other people with dignity and respect.

Emmanuel Kant

Moral and Ethical theory

Biography

✦ Immanuel Kant was born on April 22, 1724, in Kaliningrad, Russia.

✦ In 1740 Kant entered the University of Königsberg.

✦ He published science papers, including "General Natural History and Theory of the Heavens" in 1755.
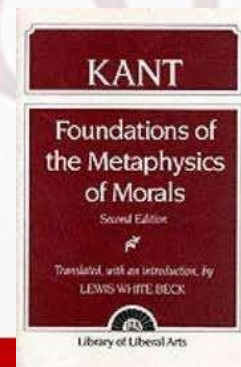
Biography

✦ He spent 15 years as a metaphysics lecturer. In 1781, he published the first part of *Critique of Pure Reason*.
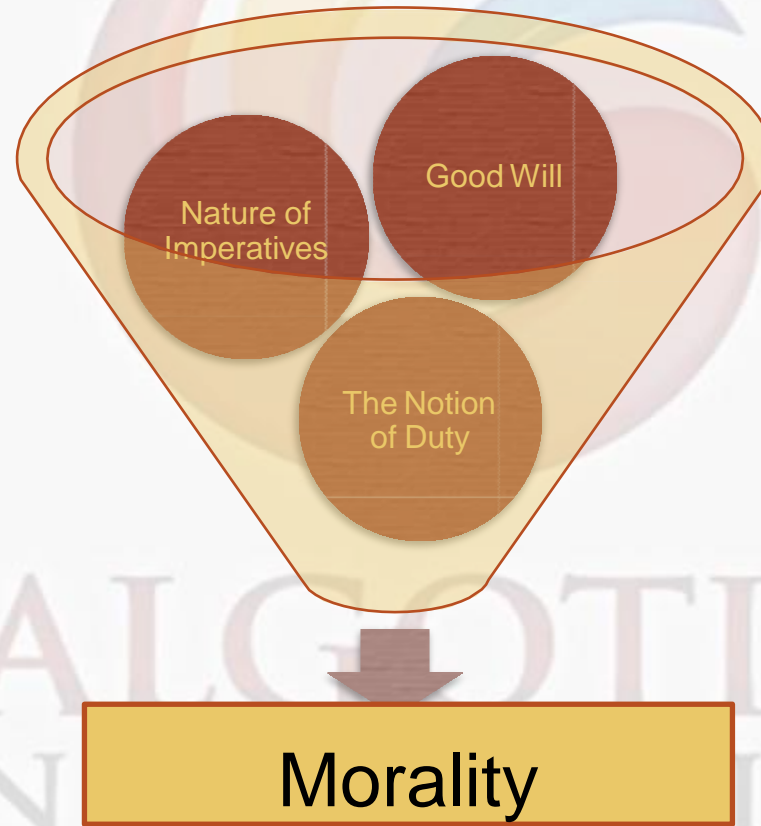
✦ He died on February 12, 1804, in Konigsberg, Russia.

Kant's Theory

✦ Represent deontological ethics

✦ For him a right action consists solely in an action that is ruled and justified by a rule or principle.

✦ It was the rational and autonomous conformity of one's will to see right the universal moral law

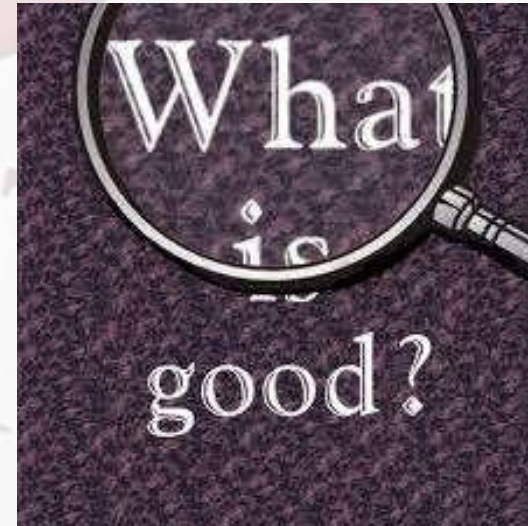✦ Foundations of Metaphysics of Morals, explains the philosophical foundation of morality and moral actions.

Kant's Concepts

Nature of Imperatives

Good Will

The Notion of Duty

Morality

Good Will

✦ Only thing that is good without qualification.

✦ Other goods like intelligence and health can be qualified, **Good Will** is good by virtue because it is the will to follow the Moral Law.
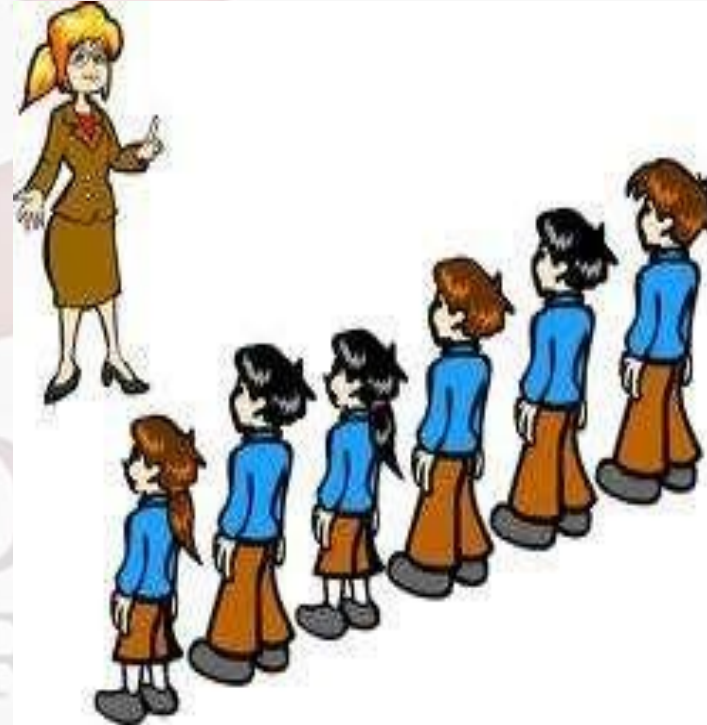
The Notion of Duty

✦ Distinction between "I want" and "I ought".

✦ Moral actions are not spontaneous, if I see someone in need of help, I may be inclined to look the other way, but I will recognize that my duty is to help.

✦ Considering only those actions that are seemingly good according to Kant are actions that seem good by duty, that are good to my common sense of duty and for that they are right.

The Nature of Imperatives

- ✦ Imperatives are commands

- ✦ For kant there exist 2:

- ✦ Hypothetical Imperatives

- ✦ Categorical Imperatives

Hypothetical Imperatives

✦ If you want you ought. The ought or the duty is conditioned by your desires, wants and goals.

✦ Our goals are grounded in SELF-INTEREST

Categorical Imperative

✦ The general from of DO. (Unconditioned)

✦ For Kant there is only one imperative command and it is the Moral Law.

✦ Divided in 2 formulations

First Formulation

✦ "Act as if the maxim of your action were to secure through your will a universal law of nature."

✦ Meaning act as if in your will you were defining a maximum rule for all to follow.

Second Formulation

✦ "Act so that you treat humanity, whether in your own person or that of another, always as an end and never as a mean."

✦ See if your actions are using others or affecting others, in the meaning of never using them as a mean to achieve but always as an end.

How to follow these formulations?

✦ Kant gives some examples to use these formulations in actual situations, these examples are divided in duties:

✦ **Duties Toward Oneself:** to ensure self preservation which are perfect (suicide), and for sel-cultivation which are imperfect (promise-breaking).

✦ **Duties Toward Others**: strict and obligation which are perfect (school work) and beneficence which are imperfect.

Intrinsic Goodness

✦ Kant thinks that the only thing that is intrinsically good is a good will.

✦ Right action consists solely in the conformity of an action to a justified rule or principle.

Free Will

- ✦ We act morally, and for this to be the case we must be free.

- ✦ God and life after death, otherwise morality would make no sense.

Synthetic A Priori

- ✦ We do not follow predetermined laws. However, we must act according to some laws, otherwise our actions are random and without purpose.

- ✦ Rational beings must determine for themselves a set of laws by which they will act.

Synthetic APriori

✦ These laws are determined by experience.

✦ The rational being has to determine the **synthetic a priori** – the substantive rules that can be applied *prior to* experience.
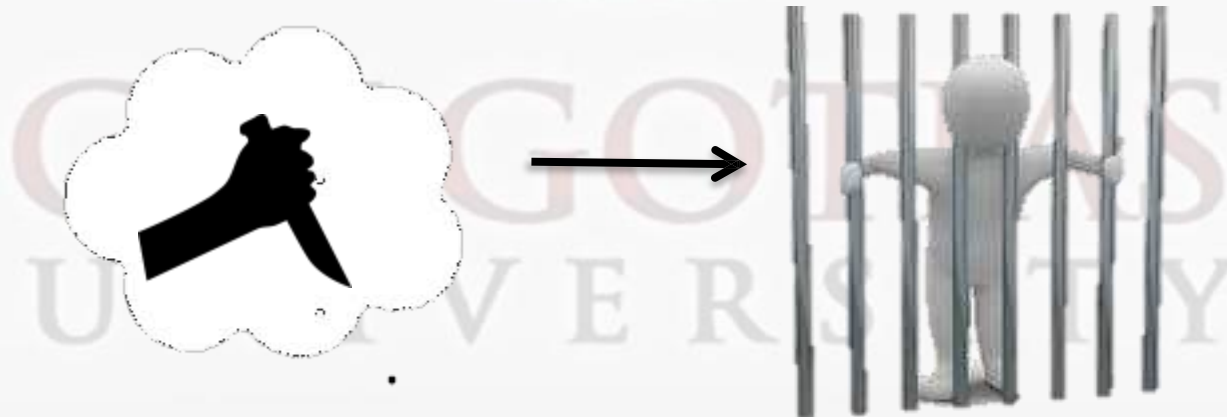
Moral Worth

- ✦ A person's actions determine her moral w[orth]

- ✦ Taking in account these aspects:

  - ✦ Background
  - ✦ Basic Idea
  - ✦ Motivation
  - ✦ Consequences
  - ✦ Interpretation

Moral Worth

✦ One can have moral worth only if one is motivated by morality.

✦ "In law a man is guilty when he violates the rights of others; in ethics he is guilty if he only thinks of doing so."

Respect

- ✦ Kant brought the notion of respect (*Achtung*) to the center of moral philosophy for the first time.

- ✦ The proper object of respect is the will. Respecting a person involves issues related to the will, knowledge and freedom.

Respect

- ✦ Kant sees people as autonomous eaning that they give themsleves ther own laws.

- ✦ As a person has his own laws; the disrespct of their laws is not acceptable in their code.

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