

# Ethical theories of business



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BUSTER**

Ethical theory studies different philosophies or systems used to explain and make judgments regarding right/wrong/good/bad. It challenges to bring in clarity, substance, and precision of argument into the area of morality. They also dispute on how we should value humans in our actions. Ethical theories suggest justification for judgment regarding the morality or immorality of actions, and they provide a basis for claims about moral obligations. Ethical theories are based on the ethical principles. They each highlight different features of an ethical dilemma and direct to the most ethically approved decision according to the guiding principle within the ethical theory itself. Generally ethical principles stem from ethical theories, and when defending a particular action, ethicists normally appeal to these principles, not the underlying theory. Ethical theory is applied to the philosophical examination, from a moral standpoint, of particular issues in private and public life that are subject of moral judgment. It is thus a term used to describe attempts to use philosophical methods to identify the morally correct course of action in various fields of human life. This essay briefly explains the purpose of an ethical theory and why no more than one ethical theory can be right. It outlines the positions the two ethical theories. It further discusses on claim ‘ So long as a business’s actions are legal and accepted by consumers and shareholders, the actions can be considered ethically good’. Finally it outlines and illustrates one criticism that an opponent might level at each of the ethical theories.

Ethical theories and principles are the foundation of ethical analysis as they guide along the pathway to a decision. Purpose of ethical theories argues that how we should value and treat human beings in our actions and

proposes essential reason to considers an action to be ethically good or bad. Ethical theory highlights different points such as predicting the outcome and following duties in order to reach an ethically truthful decision. Ethical theory attempts to answer the fundamental practical ethical question of “ What ought I to do?” and “ How ought I live?” It offers the fundamental justification for judgment in relation to the morality or immorality of actions, and provides a basis for claims about moral obligations (The Open Polytechnic of New Zealand, 2009, Module 1 p. 20). These principles/roles of ethical theories are the common goals that they try to achieve in order to be successful. This goal includes beneficence, least harm, respect for autonomy and justice. The principle of beneficence directs ethical theory to do what is good, which should attempt to engender the largest ratio of good over evil. The principle of least harm states that a person should choose least harm possible which harms the fewest people. Respect for autonomy states that people should be allowed to make decisions of their lives which applies them and justice affirm that justice should be tolerable and actions to be fair for those who are involved.

There are several varieties of ethical theories to choose from in a business ethics environment however only one ethical theory could suite a particular environment at that instance. This is for the reason that all theories have been developed by unique philosophers. Ethicists and people who generally apply these theories could also have different ideas of how to answer questions such as “ What is the right way to act in this situation?”, “ What makes this the right way to act in this situation?” and “ How should I act in general so as to live a good life?” (The Open Polytechnic of New Zealand,

2009, Module 1 p. 27, 28). All theories convey a different idea on why an action counts as ethically good or bad. Let's say for instance we take utilitarianism and Kantian moral theory, utilitarianism argues that moral importance of an action lies on the predictable consequences of the action where as kantian moral theory emphasizes on the moral importance of an action lies in the principle of the person's action. For example a person steals \$100 from a billionaire and uses that money to feed 40 hungry kids on street, utilitarianism will agree that it is morally a good thing as it produces greater happiness. However, kantian theory would argue that stealing money from someone is wrong as this will break the law even though it will help 40 hungry kids.

Ethical theories purposes are based on above ethical principles. Two ethical theories in this course which I have chosen to discuss comprehensively are utilitarianism and kantian moral theory.

Utilitarianism ethical theory proposes that moral worth of actions should be judged by its utility in providing happiness or suffering, compared with the amount of happiness or suffering likely to be caused by alternative actions (The Open Polytechnic of New Zealand, 2009, Module 1 p. 20). It is one of the more functional and commonly used theories today which is also sometimes called consequentialism. Utilitarianism is well known by the phrase “ the greatest good for the greatest number of people” which utter that the moral right action is the one that is most likely to maximize happiness, bearing in mind that equally interests of all affected by it, no matter who these people are. For example, a witness lies at the court house that the victim murdered a person. As the victim would have been

sentenced, there would have been no one left to take care of his three kids. Under utilitarianism, this was morally the right thing for the witness to do as the result have benefited more people. There are two sorts of utilitarianism, which are act and rule utilitarianism. Act utilitarianism is mostly what described above where a person performs the acts that benefits the most people. Rule utilitarianism uses the same principle of benefiting the most people but through the fairness and most just means available. This add extra value to rule utilitarianism as it adds value justice and general rules while including the benefits greatest happiness principles. One benefit of this ethical theory is that utilitarian can match up similar predicted solutions and draw on a point system to decide which choice is more beneficial for more people. It compares the likely good and bad consequences of one action with the likely good and bad consequences of the alternative action.

Kantian moral theory is a deontological ethical theory which came from a Greek word meaning duty. Deontological theory is an approach to ethics that judges the morality of an action based on the action's adherence to rule or rules (Wikipedia, 2010). It holds that most important aspects of lives are governed by certain unbreakable. This ethical theory is based on the idea that we all have a duty to perform certain things and not to perform certain things. Rules should not be broken even if breaking them may improve an outcome. For example, if some one says lying is always wrong in principle; than it is morally wrong to lie to people even though it could have produced better consequences. It does not look at how much good will cause by an action, rather they look at the action itself and then decide whether it is prohibited or complete mandatory by one of their rules. Deontologists have

very strong approach on the words, “ right” and “ good”. Right has to do with actions. Good has to do through outcomes. Good can be many things such as pleasure, happiness, harmony, wealth and so on. Deontological moral theory also seems to be concern about respect for rational humanity as an important aspect of moral importance. It sees all people as having fundamental moral value in virtue of being rational being. We must examine the principles of action to notice whether it shows respect for rational humanity or not. To check whether our actions meet the definite imperative to respect rational humanity, Kant moral theory inquire two question which is “ can we rationally will that this principle should become a universal law for everybody” and “ are we treating persons as end in themselves, or solely as a means to an end” .

Drawing on the following claim that ‘ So long as a business’s actions are legal and accepted by consumers and shareholders, the actions can be considered ethically good’.

Utilitarianism involves an equal and impartial consideration of interest. Equal and impartial means that someone can not only consider the greatest good for the company, the overall greatest good should be considered which will benefit everyone affected by the action. In general, Utilitarianism is not bounded by any rules or regulations to determine the moral obligations. Its moral worth of action is solely determined by its involvement of overall utility. Overall utility arises when the good consequences are maximized and proficiently achieving happiness or pleasure versus lack of suffering or pain. Utilitarianism will deal with this claim by overlooking the legal aspect and will spotlight on the consequences, which is in this case are the consumers and

shareholders. Utilitarianism will rephrase the claim that business actions are acceptable if it maximizes the benefits of consumers and shareholders.

However, rule utilitarianism will argue that the action is morally acceptable for the reason that the business is following its legal obligations and at the same time, the consequences is benefiting the consumers and shareholders. Rule utilitarianism takes account of the legal business actions and concerns with the fairness of consumers and shareholders in this situation.

Kantian moral theory will see the claim differently than what utilitarianism has stated above. Kantian theory states that actions are morally right in virtue of their motives, which must derive more from duty than from inclination (Beauchamp & Bowie, 2004). It is a theory that is restrained by rules and regulations and it saw people as having essential moral value since they are rational being. It sees all people as morally important as an end and never treats them as a means to an end. In the claim that business actions are legal and acceptable by consumers and shareholders, Kantian moral theory will agree that the action is ethically good. This is for the reason that the consumers and shareholders are treated appropriately while also taking account of the legal business actions. Kantian moral theory idea is that actions to be morally acceptable, it is required to be able to be made a universal law without opposing its own principle. Unlike utilitarianism, kantian moral theory disregard the consequences of the actions when coming to a decision of right or wrong as it determines the moral goodness on principles behind the action.

Kantian moral theory and other theories criticize utilitarianism theory that it suffers from numerous problems. Particularly, one criticism which I would like

to consider consideration discussing is that utilitarianism theory is the treatment of minorities against majorities. Majority of opponents argue that utilitarian position can be unfair to the minorities. This is because utilitarianism embraces that actions that cause suffering to minority in order to benefit majority are morally good. This legal system in utilitarianism punishes the behavior of the minority even though the minority party might not be guilty. For example, a wealthy man named Kris residing in a small town who owns a company. This company is the major source of employment for the town people. One night, Kris's son caught up with a fight with other 3 boys of the same town. The police found that Kris's son was drunk and police found him at fault. Kris came to the police station and told the police that his son is innocent and if the police will lay any charges on his son, he will fire the 3 employees whose son were involved in this fight. Utilitarianism will argue that if this action will be taken, there will be more suffer and pain for the three families as the main source of income for survival will vanish. Taking the principle of greatest good for greatest number of people, utilitarianism theory will let go Kris's son. This is just an example where the minorities suffer even though they might not be wrong sometimes. This can also be said that in a similar situation described above, people could sometimes loose their human rights as utilitarianism theory only looks ate the result of the action and which party or action could make greater benefits for majorities.

Kantian moral theory also has drawbacks mention by other ethical theories such as utilitarianism. One of the most common criticisms of kantian moral theory is that this theory ignores the consequences. It denies the moral



importance of the likely consequences of any action. In some situations, it just focuses on the rules and regulations a person should follow and disturbingly disregards the consequences. For example, a chap went to buy some chocolate for his kid at the nearby shop. While returning home, accompanied by his wife and boy, some young youth attack him for some money. While in the clash, one of the thugs stab his wife. The man thought that they might also kill him and his son so he threw a beer bottle which he obtains near by to one of the thug and that stroked is head really hard. He garbed his son and escaped to near by police station. When the police came to the incident, they also found another person dead in that scene. He explained the whole story to the police and then the police started its investigation. Under kantian theory, the man will be sentenced for life as any person who kills another person is being sentenced for life. Kantian moral theory here just looked at the rules and comes with the relevant action needed to be taken ignore the consequences and leaving the investigation.

Principle of ethical theories argues that how we should value and treat human beings in our actions and proposes essential reason to considers an action to be ethically good or bad. Two ethical theories covered in this discussion were Utilitarianism and Kantian moral theory. Both theories affirmed their benefits and criticism. It is difficult to address that one theory is better than the other as both theories could come right depending of the situation and circumstances.