

Business ethics assignment

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The purpose of my essay is to show whether the business decisions made by the management team of Merck pharmaceutical are ethical. Using corporate assets for charitable purposes, the company manufactures and distributes a drug called Emaciate at no charge to impoverished nations and their inhabitants. Will expound on three ethical theories and then analyze the Merck case according to each theory, summarizing how the authors and proponents of each theory would position themselves regarding this case.

The three theories that will be used to examine the case are John Stuart Mill's ethical theory of Utilitarianism, Emmanuel Kant's Supreme Principle of Morality theory, and The Voice of Care, which is a contemporary challenge to dominant ethical views such as Kant and Mills'. Have chosen to use only the materials covered in our classroom text and information gained as a result of classroom lectures. I will not interject my opinions but analyze the case from the perspective of the authors of the theories. The Merck Case Merck & Co. Inc. is one of the world's largest pharmaceutical companies in the world. Corporate headquarters are here in the United States. In 2001 Merck recognized over 47 billion dollars in revenue. Research scientists at Merck discovered a cure for the disease river blindness, caused by a parasite and carried by the black fly, which adversely affects large populations in third world countries. After testing the drug through clinical trials to assure its' safety, the company tried to market the drug through sources such as The World Health Organization and several U.

S. Health agencies. The United States government was also called upon to introduce legislation to obtain funding for the distribution of Emaciate to impoverished countries. Merck's attempts to find buyers were unsuccessful.

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The management team decided to manufacture and distribute the drug for free, as the company held core values of “ preserving and improving human life” and “ being committed to the highest standards of ethics and integrity. ” These core company values were not taken lightly but literally.

George Merck, the company president from 1925 to 1950, was quoted in the text as having written these words about Merck’s values; “ medicine is for the people. It is not for the profits. The profits follow, and if we have remembered that, they have never failed to appear. The better we have remembered that, the larger they have been 30 million people in 32 countries are now treated each year with Emaciate at Merck’s expense. The cost of the entire program is unknown to management but they estimate that each pill costs the company around \$ 1. 50 to manufacture.

In light of these facts, I have to question if management is making ethical decisions about the use of stockholder and or shareholder equity interests in deciding to provide this charitable contribution. I will now examine three important but vastly different ethical theories and apply them to the Merck case to discover how the founders and proponents of each theory would view the case and what positions they would take John Stuart Mill’s Theory of Utilitarianism John Stuart Mill held two theories on utilitarianism: a normative and a psychological one.

Normative views of Mills’ include his “ principle of utility” which says actions are right if they produce the greatest amount of happiness and pleasure and wrong if they cause displeasure and pain. His psychological theory says people want to live in harmony with their fellow man and that they have a

basic sensitivity to the needs of others. This moral sensitivity will cause people to act in beneficial ways towards others while curbing a tendency to do harm to others. This is a consequential theory. The rightness or wrongness of an action depends on its' outcome, or so Mill argued.

Utilitarianism is interested in promoting the balance of the greatest amount of good or value in society while keeping to a minimum the disvalues for all persons affected. This balance, utilitarian promoters believe, will lead to efficiency and the best use Of scarce resources. Efficiency, according to utilitarian is a means to maximize human good. In business, management by objectives and cost-benefit analysis are the result of a strong utilitarian influence. Utility can be hard to measure and this is one of the shortcomings of the theory.

A utilitarian response to measuring utility is to ask if actions leave society better off as a whole, or would the actions be detrimental? Utilitarian's would view the actions of Mercer's management to distribute the corporate drug Emaciate for free to third world countries as being ethical. They would say that this action leaves society better off as a whole and asses the greatest good for mankind. They would say giving the drug to cure sick and suffering people would cause great amounts of happiness and pleasure for these sick people and alleviate tremendous amounts of pain to many suffering bodies.

Suffering people, as well as their families and nations, would be better off than they would if the drug had not been provided them. They would become healthier and able to become more productive in society. Human resources are considered scarce and valuable (the people themselves) and

protecting them for the betterment of society would be the optimal decision to make. Mill would say this is the correct decision for Merck to make as they have large amounts of excess capital and the medical knowledge, which these third world countries do not have access to.

Distributing this medication for free would create a more balanced use of resources. Mill would view Merck management as exercising their basic sensitivity to their fellow man, which agrees with his psychological theory of utility. This basic sensitivity causes the Merck leaders to want to create harmony for, and to live in harmony with their fellowman. He would say this is the most efficient use of scarce sources and therefore minimization of resources leads to the greatest good for humanity.

He would further this position in saying that human life should be valued at all cost. Believe Mill would say that those who have the ways and means to help their fellowmen in need medically should do so at all costs when available resources present themselves. Kantian Ethics Emmanuel Cant's ethical theory contends that all people should be treated with respect. Kant said people should never be treated in a way that they become merely an exclusive means to one's own ends. He states that human beings possess inherent moral dignity and are worthy of unconditional respect and value.

His theory speaks of people rightly contracting with each other and using each other as a means to their ends, as long as there is a free and rational exchange taking place between the parties at hand. An example was given in the text of an employer being the "boss" yet not exploiting the "employee" with his demands and position, if the employee freely entered

into the contractual agreement for pay. They are both able to use each other as a means to their end but not merely as a means to their own end. Neither is aging undue advantage of the other through deceit or fraudulent behavior.

Cant's theory puts the highest value on the motives behind actions. He expects others to make decisions based on the right moral motives based on obligation alone. Kant says people must act out of obligation alone, fully recognizing their "duty" to act as their sole motive. Kant's theory states people are worthy of moral praise only when a person acts out of obligation alone, and then only for the sake of obligation, ever recognizing one's duty to act. Kant believed morality provides a framework of rules and principles, which guide people's behavior no matter their goals or preferences.

His theory is non-consequential in that actions are not right or wrong because of their outcome but that they are deemed right or wrong because they are founded on rules that all rational human beings would agree to. This thinking led Kant on to state that there is a 'supreme principle of morality' and his view that rules are only moral if they fit in with this universal law. A rule can only be moral if all rational beings would agree to this law. Then, all laws must fit with this categorical imperative, this supreme principle of morality in order to come moral rules.

An example of a rule that would be moral and accepted by all rational humans as moral is "Don't kill other human beings" except in self-defense, or in a just war. Kantian ethics are like living out the golden rule, with the addition of the phrase "being that all others are rational human beings." All rational human beings must accept a rule in order to be ethical in Kant's view.

Kantian ethics do not allow for sentiment, caring and the like. People must act out of duty and obligation according to universally accepted rules in order to be acting ethically.

Kant would view Mercer's management decisions both as ethical and also unethical depending on which moral rule you are trying to fit to the situation. If you tried to make Mercer's actions of corporate charity fit a rule such as "All corporations should donate corporate assets to charity" Kant would object because all rational people would not agree to this rule. Those most apt to object to this rule would be shareholders of the corporate stock in question, as the resources given to charity could be converted into stockholder dividends.

Shareholders may or may not be willing to sacrifice earnings for the cause of charity. Most certainly all shareholders would not agree to forfeit their dividends to the cause of charity. So this rule would not be accepted as ethical as all parties affected by the rule would not agree to it. If we called upon a higher ethical standard for a rule such as "All people are valuable and all life must be saved medically whenever possible" this rule may be more likely to be acceptable to all rational human beings and Kant might therefore view Mercer's actions as ethical.

Assuming the Merck stockholders knew the company core values, such as "Our business is preserving and improving human life" and "We are committed to the highest standards of ethics and integrity" and "We expect profits but only from work that satisfies customers and benefits humanity," before they purchased their stock, we can conclude that stockholders back

management decisions to donate Emaciate to impoverished nations.

Therefore this would be a rule all rational beings would agree to.

Or if we made a rule “ We should never let a fellow human become blind if we have the medicine to avert it” this would be a rule that all rational humans would agree to. So Kant would further Mercer’s session on corporate charitable giving on the grounds that all rational beings would agree to the rule “ We should never allow a fellow human being to become blind if we have a medication that will avert it. ” The Ethics of Care A contemporary challenge to dominant ethical theories such as Cant’s and Utilitarianism is the “ Voice of Care” ethical model.

Care has its’ roots in virtue theory and the contemporary feminist philosophy. This theory is in direct contrast to the voice of rights and justice. The voice of care is based on caring and compassion; concern for relationships is paramount to this ethical theory. Being committed to another’s well being as much as your own should guide right and wrong actions. Social cooperation is found in terms of members being on unequal footing, intimate, and involved in unclosed relationships, such as within a family setting or amongst co-workers on the subsist.

Parties to ethical behavior using the voice of care model, base their responsibilities towards others on needs, long-term attachments and care for the other person’s well being. Rules and justice theories are unable to hold bond the “ voice of care” virtues such as compassion, or a person’s friendly acceptance of another. Love and empathy cannot be quantified or measured sufficiently to be made to sit at the feet Of rules or justice based theories.

Terms normally used in business such as competition, contractual and minimization are softened through the voice of care. Terms such as cooperation, mentoring, servant leadership and trust, theoretically shared, become the norm when conducting business. In all business transactions an “if win you win” stance is taken. Believe the proponents to the “voice of care” theory would agree with the management decisions at Merck to share the drug Emaciate with impoverished nations.

This would fit with the virtues of courage, compassion, love and empathy being exercised towards one’s fellow human beings. Moreover, these fellow human beings are on unequal footing to those of us in the bountiful west, their “voice of need” cannot be heard at times, except by those following and exercising the virtuous lifestyle as proposed by the “voice of care”. Having compassion on the suffering of those determined by nature to go blind, through no fault of their own, would be the right thing to do under the voice of care theory.

Exposing those in the corporate world (who are not as unfortunate) to the redeeming qualities of being charitable and sensitive to the needs of those less fortunate would be the right thing to do. Restoring a sense of dignity to the suffering, who may once again become productive members of their own society, would be the right thing to do in the eyes of care ethics. Care ethics would almost certainly further the position that large corporations that have the medical capacity and resources necessary to alleviate pain and suffering among the impoverished nations should always chose to do so.

This would benefit our fellow human beings and humanity as a whole.

Conclusion Business decisions made with good intent by managers can be seen as ethical or not, depending on whose ethical theory you apply to the decisions. Merck certainly intended for good their decision to supply the sight saving drug Emaciate to impoverished nations. Utilitarian's' would agree with Mercer's decisions in that they were able to alleviate pain and suffering and cause people to enjoy greater happiness. Merck also made efficient use of the scarce resources, medical knowledge and capital.

Doing so caused the greatest amount of good for the greatest number of people given the alternatives. Humanity was definitely better off rather than harmed. Kant might view the Merck case as unethical as all shareholders would not be likely to agree to the universal rule that "Corporations should donate resources to impoverished nations" or another like rule. If a higher ethical rule were established such as "All human beings are valuable and have the right to proper medical treatment" were established, I think all rational human beings would agree to accept this rule.

In the United States we have the "Good Samaritan" law which states should you come upon someone hurt in an accident or otherwise and you have the medical knowledge or skill to help, you must not pass the distressed person by. So here is Merck, definitely having the medical knowledge and ability to alleviate great amounts of pain and suffering surely Kant would agree that theirs in the end was an ethical decision. The virtue ethics of the voice of care would wholeheartedly agree that Merck made the correct decision in providing Emaciate to impoverished nations no matter the cost.

They would say Merck acted unselfishly and compassionately above and beyond the call to do so. Virtue ethicists would feel proud that there are still corporate management teams choosing to do the right thing for their fellow man based on feelings of compassion, and responsibilities towards others. At the same time Merck managers demonstrated a servant- leadership style of management within their company and also as a demonstration to competitors in the field, possibly influencing business practitioners for the better. Mercer's decision to provide Emaciate to the needy whatever the cost seems to be a right decision.

Utilitarian's and Care advocates agree. Even Kant cannot be ruled out as saying their decisions were ethical, as his decision would be based on formulating an absolute rule regarding the situation, a rule that all rational parties would agree to. Merck, according to a majority vote of the three ethical theories studied, is acting ethically regarding their Emaciate policy. All work cited from class text first essay no footnotes needed.