

Business ethics essay sample

[Sociology](#), [Ethics](#)



Two Forms of Utilitarianism

There exist two forms of utilitarianism, act and rule utilitarianism. According to act utilitarianism we must first take in to consideration the results we will get from our actions, evaluate them and ascertain that they are for the satisfaction of the larger proportion of the society. Before making any business move, we should take in to consideration the likely consequences. If our action is likely to result to a greater satisfaction of most people the utilitarianism dictate that we make that move (William H. 1999).

The rule utilitarianism has it that we should first analyze the likely results of a certain rule before following it, if such a rule or any business rule under consideration is likely to bring greater satisfaction to most people, then we should follow it. This encompasses analyzing past events and looking at what had happened in the instances when such a rule was followed, whether the results were satisfying to most of the people involved.

Declining marginal utility of money

Decline in the marginal utility of money means that the more money a, person holds or possesses, the less worth he or she derives from an additional unit of money. Money just like goods exhibit declining marginal utility. ‘Utility’ in simple terms refers to the satisfaction and value that an individual derives from the service or consumption of a certain good. Basically, the more of a certain good one consumes the more utility one gains. However this utility declines marginally after a certain level. The same case applies to money.

For example, the marginal utility gained by a millionaire who has stumbled across a single penny is not the same as the utility gained by a pauper in the street.

As one accumulates more wealth, marginal utility eventually decline. This means that the initial amount of money one gets will be utilized on buying the much needed goods, thus the consumer derives more utility than when if this amount is to be spent on the non-essential goods. Less utility is derived on the lower priority goods.

The principle of declining marginal utility of money is used in taxation. Progressive taxation is based on this principle. The logic behind it is that, the higher the income the higher the taxation. This is contrary to flat rate taxation where all businesses are faced by the same amount of taxes irrespective of their earnings.

Norzick's entitlement theory of justice

Norzick's entitlement theory of justice is in response to the distributive justice. It is in response to the school of thought that purports that the government should play a role in the economy contrary to what the libertarian holds. This school holds that government, through taxation, should distribute wealth fairly.

This is what Norzick is against saying that this should not be the case; there should be no central authority to redistribute wealth that has been earned by others through sweat. To him a theory of justice in the distribution of wealth must encompass three principles.

The first one is acquisition. This is the distribution of the naturally occurring resources. Man appropriates the natural resources through the use of labor, which is available to all.

There should also be justice in transfer. This is the second principle. The manner through which resources change ownership should be regulated. Such transfer of ownership from one person to another, Norzick says should be voluntary.

The third principle according to Norzick is rectification. Past mistakes and misdeeds committed in the process of transferring and acquiring resources should be addressed.

Having embraced those principles, according to Norzick, one is entitled to possess any resources that he or she holds. If the three principles are in place, then resources have been distributed fairly no matter the inequalities that exist. What matters most is that resources be distributed in accordance with the three principles (Jonathan W., Robert Norzick, 1991).

Two main features of John Rawls Theory of distributive justice.

Conflicts within a community arise as a result of the perceived injustices in distribution of resources. To avert such conflicts, according to Rawls, 'social primary goods' should be distributed in a fair manner. By 'social primary goods' Rawls is referring to the basic rights and liberties. For the distribution of these goods to be considered just and fair, Rawls outlines two main principles that have to be fulfilled.

The first one is the principle of equal basic liberties. It is imperative that all people have equal access to basic liberties.

The second principle is for fair equality of opportunities and difference resources should be distributed fairly to benefit the people in the lower income cadre.

The first principle according to Rawls is the most basic and most important. His assumption is that this is applicable in a well-up society where all the basic needs have been met. The first principle comes in first and forms the basic of the second one prioritizing liberty over other indicates that he considers equality in liberty as important. The state must seek to ensure that people have equal opportunities such to health, education and employment even if it means adopting interventionist measures. This equal distribution should not in any way benefit a few and disadvantage others.

Maximin rule for making decisions

It is a rule used in helping one to reach a decision where the outcomes are uncertain. In the 'original position' where people are not conscious of their status, people would follow this principle. This principle would help maximize the common good in the society. A common good like liberty would be maximized.

After evaluating all adverse outcomes for any alternative on the table, people should choose the best option amongst the other worst outcomes.

According to Rawls, persons in the ‘original position’ are likely to choose the Maximin principle in making their decisions because they judge important matters from the worst-off position. These people, Rawls has assumed, are risk adverse. Through the difference principle, they might be among the people in the worst off category. For example they might be unhealthy or disabled and hence to maximize their interests, it is only prudent if they chose the best option amongst the worst lots and hence ensure everybody gets equal opportunities.

People behind the ‘veil of ignorance,’ not conscious of personal information that is vital to making selfish decisions, tend to choose the best option in the worst-case scenarios. This is the Maximin rule for decision-making.

Role of veil ignorance

Rawls believes that all persons are driven by self-interest or what is referred to as rationality. People know what they are looking for, they are informed and have mapped out a plan to achieve this. They also have chosen to follow their plan to achieve their set objectives.

If such a person is at the ‘original position’ he would use unjust means to achieve his or her objectives making it hard for others to achieve theirs. Thus is where the veil of ignorance comes in, people do not have vital information about themselves or their objectives are in life.

People do not know their status in life, their skills, and intelligence or how to improve their lives. There are things that are out of the jurisdiction of the social contract and hence no one knows how they are distributed unlike

such things as education and employment opportunities. With the “ veil of ignorance” people will yearn for a society that is just and fair to everyone.

Behind the veil of ignorance, Rawl believes that no rational being would want to be discriminated against and hence would not want the society to discriminate against anyone. The principles of equal liberty and principle hence would rule in such a society where no matters such as gender, class or race would be used as the basis for allocation of resources. It would be an egalitarian society (William H Shaw, 2004).

Shaw and Barry economic arrangements

According to a utilitarian, the best economic system is the one maximizes the satisfaction of the greater society. However utilitarians fail to identify that best system.

Shaw and Barry say: “ The answer (the best system) depends on the relevant social, economic and political facts. A utilitarian must understand the various possibilities, determine their consequences and assess the available options” (pg 87)

Shaw and Barry outline a number of factors that would lead to greater society satisfaction. The first one is by understanding the force that owns a certain resource, whether it is an individual, the public or by both. The second consideration is on how such a resource or economy is organized and produced. Whether dictated by market forces, command or mixed economy. The third consideration is whether control of the economy lies in the workers or in the management. The other one is the sort of remuneration and other

incentives given to the workers to increase the production of a resource. Finally, is the question of the government programs in place such as “welfare provisions” (William H Shaw, 2004).

References

William H Shaw, 2004. Business ethics. Thomson Wad Worth.

William H. 1999, Contemporary Ethics. Taking account of utilitarianism. Blackwell publishing

Jonathan Wolff, Robert Nozick, 1991 : *Property, Justice, and the Minimal State* Stanford, CA: Stanford University Press.