

Philosophy Insights
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Thinking Ethically in Business

Sandra L. Dwyer

*“Obligation and
reputation...make
business transactions
possible.”*

READING

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Sandra L. Dwyer

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A Note on the Author

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Contents

A Note on the Author

Acknowledgements

Introduction

Chapter 1: Professional Responsibilities

1.1 Standards of Practice

1.2 Is Being Professional the Same as Acting Professionally?

1.3 Workplace Duties versus Personal Obligations

1.4 Kinds of Commitment: Defeasible and Indefeasible Obligations

1.5 Degrees of Commitment: Perfect and Imperfect Obligations

1.6 Ethically Resolving Conflicts in Business Decisions

Chapter 2: Stockholder Theory of Management

2.1 Managerial Capitalism

2.2 Maximization of Profits

2.3 Managerial Expertise

2.4 Managerial Limitations

2.5 Limitations of Stockholder Theory

Chapter 3: Stakeholder Theory of Management

3.1 Cui Bono?

3.2 Parameters of “Stakeholder”

3.3 Corporate Social Responsibility (CSR)

3.4 The Need for Accountability

3.5 Limitations of Stakeholder Theory

Chapter 4: Critical Thinking in Business

4.1 Making Decisions

4.2 Cost/Benefit Analysis: the Usefulness of Arguments

4.3 Verifying Premises: Types of Claims in Arguments

4.4 Types of Arguments

4.5 Fallacies

Chapter 5: Ethics and Business Decisions

5.1 Introduction: Taking Ethics into Account

5.2 Ethical Egoism

5.3 Utilitarianism

5.4 Problematic Consequences of Consequentialist Theories

5.5 Right Action Oriented Ethics: Kant's Duty Ethics

5.6 Character oriented Ethics: Aristotle's Virtue Theory

5.7 Limit and Application of Ethical Evaluation

Appendix A: Sources and Resources

A.1 Works Cited

A.2 Other Resources

Appendix B: Charts

B.1 Sample Decision Tree

B.2 Changing Classification of Jobs

Appendix C: Index of Selected Terms Keyed to Section

Introduction

Capitalist market economies are based on the widely held belief that competition in business fosters initiative and innovation. Personal economies like households are usually based on ideals of cooperation, reciprocity and sharing of goods and responsibilities. Since cooperation and competition can seem to be divergent, even oppositional, it isn't always immediately apparent how ethics can properly belong to both methods of accomplishing what needs to be done. Is it possible to practice behaviours like sharing, reciprocity, and honesty in businesses integral to an economic system sometimes referred to as "cutthroat?"

Nothing more ardently illustrates the need to find a way to do just that than the current financial crisis with its collapse of trust in markets. Trajectories like the development of increasingly complex Stakeholder Theories of management out of Stockholder Theory show movement in that direction on a theoretical plane, but practical initiatives toward greater transparency, accountability and social responsibility, with notable exceptions, lag behind.

The rapidly shifting landscape of business practice cries out for new business models, new business methods and the development of instruments of accountability and regulation able to be effective at every level that impacts market stability. Moreover, these things need to be done in ways that do not suppress creative energy, manoeuvrability, inquisitiveness or any other essential element of enterprise. That is a tall order – one that will require changes in both the theory and the practice of business. The task of making those changes will fall initially to the current and upcoming generation of business people and policy makers. That is why it is important for them to have an understanding of the basic theoretical tools needed to make ethical business decisions. Therefore, this text begins with a discus-

ethical business decisions. Therefore, this text begins with a discussion of certain aspects of professional responsibility that make doing business possible, so that the interested student will have a context for contemplating the commercial events that have taken so many by surprise in recent months.

It is also important for students of business to be acquainted with theories of management, since theory often explains past events and influences future practices. My business ethics students at Georgia State University show a marked preference for jumping right in to Stockholder Management Theory (Chapter 2) and Stakeholder Management Theory (Chapter 3) before they learn about traditional ethical theories (Chapter 5), so that is the order I have followed here, although it is not necessary to read the chapters in that order. Because decision procedures based on argument are a vital part of management at every level of business, I have included a chapter on critical thinking in business (Chapter 4). Knowing the difference between a good argument and a fallacious one can be an essential skill when the time comes to judge a business proposal on its ethical merit.

Three appendices provide supplemental resources. Appendix A includes works cited and resources on selected topics. Appendix B provides two charts: a sample decision tree for initially evaluating proposed business decisions, and a chart showing status changes over time for selected occupations. Appendix C provides an index to sections of selected key terms.

Chapter 1: Professional Responsibilities

“Always do right. This will gratify some people, and astonish the rest.” — (Twain, 1970)

1.1 Standards of Practice

Capitalist market economies create, and are created by, cultures in which there is an abiding, arguably an inevitable, tension between doing business and acting ethically. Since wealth accumulation, commodification and exploitation of environments and human populations have, historically, been hallmarks of success in capitalist terms, what does it mean, in capitalist contexts, to speak of “business ethics?”

In its most general sense, the word “ethics,” like the word “morals,” signifies principles or rules of conduct and behaviour. Ethics is also a branch of philosophy. In the world of business, “ethics” refers to standards of practice.

In the interests of internal accountability as well as external reputation, some businesses adopt codes of professional ethics. Under certain circumstances, they are able to “police their own” so that they successfully establish themselves as reputable. However, in an expanding global marketplace, where the forms of business entities are changing, and in which employees of notable corporations are frequently discovered making unethical decisions of scandalous proportions, governments are increasingly called on to regulate the activities of businesses. But government involvement in business sometimes interferes with the kind of transactions that typify capitalism itself.

Market capitalism is assumed to require a “free play of forces” in which too much regulation can have disastrous consequences.