Reasoning enables us to understand and address the complex ethical dilemmas we face.

Using Ethical Reasoning

Learning Objectives

On completion of this chapter, the reader should be able to do the following:

LO 2.1: Understand the major approaches to ethical reasoning.

LO 2.2: Identify the strengths and limitations of utilitarianism as an ethical philosophy.

LO 2.3: Identify the strengths and limitations of deontology as an ethical philosophy.

LO 2.4: Recognize the contradictions and conflicts between utilitarianism and deontology and move toward reconciling their differences using the weight-of-reasons framework for ethical decision-making.

LO 2.5: Discuss the tenets of virtue ethics, understanding how it differs from deontology and utilitarianism.

LO 2.6: Discuss the role of contract theory and the ethics of care in working through the differences between utilitarianism and deontology.

If the hypothesis were offered us of a world in which . . . millions kept permanently happy on the one simple condition that a certain lost soul on the far-off edge of things should lead a life of lonely torture . . . even though an impulse arose within us to clutch at

the happiness so offered how hideous a thing would be its enjoyment when deliberately accepted as the fruit of such a bargain. 99

—William James,
19th-century American philosopher and psychologist

Introduction: Approaches to Ethics

LO 2.1: Understand the major approaches to ethical reasoning.

This chapter reviews two major approaches to ethical reasoning—the ways in which people think about what it means to be ethical. These approaches are considered the cornerstones of ethical inquiry. One of these is **utilitarianism**, sometimes called teleology or consequentialism, and the other is **deontology**, or the rights-based or Kantian approach. For a utilitarian, the focus is on *the ends* or consequences of action. The most ethical action one can take is that which creates the greatest surplus of good over bad. If the end results of an action are positive, then they justify the means. For deontologists, on the other hand, *the means* are what matter. The means used to pursue a goal cannot transgress a person's basic rights without his or her consent. Taken together, utilitarianism and deontology raise two related and important questions for deciding the ethical course of action:

- Is the action right or wrong (deontology)?

- Is the action good or bad (utilitarianism)?

The history of ethical study provides examples of thinkers who have been primarily concerned with one or the other of these questions. At the same time, much of the thinking about ethics cannot easily be categorized into one school or the other. While the deontological model is often associated with the Western religious traditions of Judaism and Christianity, these religions are also concerned with good results. And while the teleological model is often associated with classical Greek thought, Greek writers such as Plato often concerned themselves with duty. Ethical inquiry requires reflecting on both what is right or wrong *and* what is good or bad. This chapter starts by explaining, contrasting, and critiquing utilitarianism and deontology. It shows that neither is perfect by itself but in combination they can be very powerful approaches to business ethics. Utilitarianism corresponds to Step 4 of the weight-of-reasons framework, which calls on you to estimate the benefits and costs of an action, while deontology corresponds to Step 5 of the framework, which calls on you to act based on the principles of right and wrong regardless of the consequences.

Utilitarianism
An ethical approach focusing on the ends or consequences of actions; also known as teleology or consequentialism

Deontology
An ethical approach focusing on the means of actions; also known as the rights-based or Kantian approach

Is the action right or wrong, good or bad?

The chapter then introduces **virtue theory**, which is often considered the third major approach to ethical reasoning. Virtue theory is concerned with how we cultivate qualities of ethical excellence, such as integrity and honesty. While it espouses taking virtuous actions that demonstrate character, virtue theory also recognizes that virtues pushed too far become vices; for example, when taken to extremes, honesty becomes insensitive rudeness, bravery becomes foolish risk taking, and so on. Thus, virtue theory strives for attaining a "golden mean"—the appropriate midpoint between extremes. Finding the golden mean is a crucial aspect of Step 6 of the weight of reasons—deciding on a course of action. It helps reconcile utilitarianism (Step 4 of the framework) with deontology (Step 5) by embracing both but pushing neither of them too far. Applying virtue theory, one can identify a course of action that is concerned with creating as much good as possible, while also respecting individuals' rights and dignity. Virtue theory stresses improving our capacity for deliberating about ethical issues through practice—we can become better at finding the golden mean over time.

We end the chapter by considering two other important ethical frameworks. One of these is **contract theory (or social contract theory)**. Contract theory, often, is not distinguished from deontology because it emphasizes respecting the rights of individuals. What is different, though, about contract theory is that it is concerned with ensuring the fairness of the processes and arrangements by which we reach a consensus on who has what rights. Following our discussion of contract theories, we turn our attention to the feminist ethic of care, which defines ethics in terms of compassion and the nurturing of relationships. This is an important consideration in applying the weight-of-reasons framework.

Virtue theory
An approach to ethical reasoning focusing on qualities of ethical excellence, such as integrity and honesty

Contract theory (or social contract theory)
An approach to ethics that assesses the morality of an action based on whether it conforms to a set of social rules that preserve the basic rights and freedoms of all

Consequentialism
The theory that the ethics of an action should be based on its consequences

Teleology
The theory that a thing can be explained in terms of its purpose or goal

Utilitarianism

LO 2.2: Identify the strengths and limitations of utilitarianism as an ethical philosophy.

Consequentialism is an ethical theory whereby the ethics of actions is judged based on their consequences (Figure 2.1). Consequentialists are concerned not with the ethics of an action itself but rather with the ends of the action and whether it causes more good than bad. Consequentialist theories sometimes are referred to as teleological theories. The term **teleology** is derived from the Greek word *telos*, which means "end," "purpose," or "goal." Consequentialism comes into play in the weight-of-reasons framework in Step 4, which asks you to estimate the consequences of the actions you are considering carrying out.

FIGURE 2.1
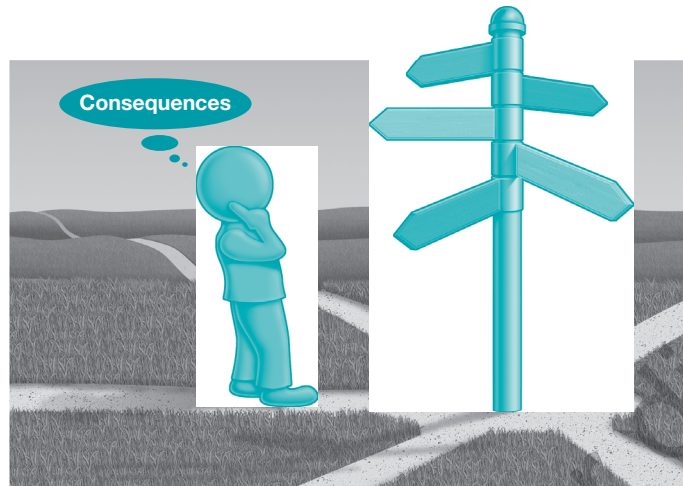
Utilitarianism assesses an action's ethics based on its consequences.

John Dewey, the 20th-century American philosopher and educator, was a major proponent of a pragmatic school of ethics that argued for deliberating on our actions' consequences. He wrote, "We are reasonable when we estimate the import or significance of any present desire or impulse by forecasting what it would come or amount to if carried out."[1] Dewey advised deliberating on consequences through an "imaginative rehearsal." People should consider the result of their actions in terms of their "likes and dislikes . . . desires and aversions," developing within themselves "a running commentary" based on their values of "good or evil."[2] As Dewey explained,

> We give way, in our mind, to some impulse; we try in our mind some plan. Following its career through various steps, we find ourselves in imagination in the presence of the consequences that would follow; and as we then like and approve, or dislike and disapprove, these consequences, we find the original impulse or plan good or bad.[3]

Defining Good and Bad Consequences

Consequentialist theories define "good" and "bad" consequences in many different ways. The word *good* is used in different contexts: a good meal, a good job, a good feeling, and so on. The Ancient Greeks (Plato, Protagoras, Aristotle) distinguished **intrinsic goods**, which have inherent value—that is, are "good" in and of themselves—from **extrinsic goods**, which derive their value from what they can lead to—what they are "good for."[4] Extrinsic goods are means to an end rather than ends unto themselves. We go to the dentist not because doing so is an intrinsic (or "final") good but because it allows us to achieve some other, more important aim—like a nice

Intrinsic goods
Goods that have inherent value—that is, are "good" in and of themselves

Extrinsic goods
Goods that derive their value from what they can lead to—what they are "good for"

smile or the avoidance of pain. Or we may take a "good" job solely to provide for ourselves and our children and to improve the quality of our lives, not because we inherently value the work.

Assessing actions according to whether they achieve ends such as human survival or liberty are other examples of forms of consequentialism. So is **ethical egoism**, which sees self-interest as the basis of morality. Philosophers such as Friedrich Nietzsche and Ayn Rand argued that not only *do* people act out of self-interest but they *should* act out of self-interest because doing so makes society as a whole better off.

Ethical egoism
The philosophy that self-interest is the basis of morality

Two Versions of Utility

Utilitarianism is the best-known form of consequentialism. Its primary focus is on **utility**, or the practical value or usefulness resulting from our choices. To a utilitarian, the action that produces the greatest net utility is the right one, regardless of who benefits and who is harmed. Jeremy Bentham,[5] the 18th-century English philosopher, maintained,

Utility
Usefulness, value, benefit, pleasure

> An action is right from an ethical point of view if and only if the sum total of utilities produced by that act is greater than the sum total of utilities produced by any other act the agent could have performed in its place.[6]

To a utilitarian, an action is ethical even it if causes pain, suffering, or other adverse consequences for *some* people, as long as it increases the *total utility of all*—that is, if the good outweighs the bad, or in the aggregate the pleasure outweighs the pain. According to this principle, the calculation of utility should be done impartially and include all the stakeholders who would be affected by the decision. Utilitarian philosopher Peter Singer refers to this as the "equal consideration of interests"; no person's utility, including the decision-maker's, is to be given higher priority than any other person's.[7] Hence, utilitarianism rejects both relativism and egoism.

Utilitarian philosophers have thought about utility in different ways. According to Bentham's hedonistic utilitarianism, utility derives only from an act's capacity to cause pleasure and pain. Bentham wrote, "Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do as well as to determine what we shall do."[8] Bentham believed that all actions are commensurable; that is, they can be measured and compared based on how much pleasure and pain they can be expected to cause. According to his version of utilitarianism, as a society, we should add together quantitative units of pleasure and subtract quantitative units of pain to arrive at a measure of total utility. Such a calculation, according to Bentham, would enable us to make more rational decisions. At the level of public policy, his approach would mean using cost–benefit analysis to analyze how much a proposed policy would increase or decrease economic indicators such as gross national product. At the corporate level, it could mean using financial measures such as return on investment to calculate how much wealth an action would produce. These measures fail to identify specific stakeholder impacts. The weight-of-reasons approach is designed to correct for this defect.

John Stuart Mill, a 19th-century economist and philosopher, had a different view of utility. Unlike Bentham, who thought that all actions could be measured in common units, Mill distinguished and ranked actions according to the degrees and types of happiness they provide. Like the Greeks, he saw long-term fulfillment and flourishing as a higher form of happiness than short-term satiation.[9] Whereas Bentham would have argued that the utility of drinking beer and going to parties could be measured on the same scale as and compared with the utility of reading a profound work of moral philosophy or attending a symphonic concert, Mill would say that the two should not be compared with each other because the former provides a lower form of happiness than the latter. Mill saw the pleasures of the mind that are uniquely human as higher than the physical pleasures humans share with other animals. He famously quipped that it was better to be an unsatisfied human than a satisfied pig, or an unsatisfied Socrates than a satisfied fool.[10] Some consider Mill an elitist. Nonetheless, the 20th-century English philosopher G. E. Moore took a view similar to that of Mill and maintained that pleasure comes from maximizing values such as freedom, knowledge, justice, friendship, love, and beauty, and not bodily pleasures alone.[11] The implication of the perspectives of Mill and Moore for business is to focus on building durable organizations challenging people to learn, grow, and fulfill their intrinsic human needs to flourish.

Criticisms of Utilitarianism[12]

Utilitarianism is criticized on many grounds. A primary critique is that utilitarian decisions, with their emphasis on the greater good, violate the basic respect to which each *individual* is entitled. That possibility is poignantly illustrated in the quote by William James at the beginning of the chapter. If a group decides that its happiness justifies an individual's suffering, can the group easily live with this decision? Its happiness would be muted by the consciousness of the unhappy bargain it has had to strike. What if you were the lost soul on the "far-off edge of things" leading "a life of lonely torture"? Would you be willing to make this sacrifice for the good of the many? Yet this sacrifice is theoretically justifiable for a utilitarian. Deontology, discussed in the next section, takes up this problem, viewing freedom and equal treatment as fundamental rights and humans as ends in themselves. From a deontological perspective, the greater good must be achieved *only with means that respect people's rights*.

Another practical criticism of utilitarianism is that it is difficult to define and calculate the consequences of an action. Should all consequences be measured in terms of pleasure and pain, or should some types of goods and bads, like wisdom or friendship, be given greater weight? In addition, the capacity that humans have for foretelling the consequences of an action is limited. The consequences of actions—both who will be affected and how much—are hard to predict; the future is uncertain even to the most astute among us, and it is filled with unintended consequences. The insight of **complexity theory** is that small actions can have very large impacts through feedback loops that cannot be anticipated. An executive who is considering closing a factory and outsourcing the work cannot really estimate how the decision will affect every stakeholder now and in the future—workers, their families, communities, other companies, financial institutions, and others.

Complexity theory
The theory that explains the behavior of one element of a complex system and the system itself in terms of that element's interdependencies with other system elements

An additional criticism of utilitarianism relates to the question of who decides—that is, who has the right to calculate the benefits and harms of an action. The person or group that calculates may have conflicts of interests and biases. This person or group may choose to include stakeholders they favor and exclude those for which they have little regard. Theoretically, this problem should not exist because, according to a utilitarian, decision-makers are objective calculators who have no biases for or against particular stakeholders. Practically, utilitarian calculations often do not work in this way. As mentioned in Chapter 1, managers frame ethical issues in particular ways that may not account for all stakeholders. They may come from homogeneous and well-off groups and lack sympathy for the lives of the people whom their decisions touch.

Bentham and Mill recognized this issue and envisioned a quasi-democratic approach for deciding, but democracy is vulnerable to the "tyranny of majority": The rights and interests of minorities are often violated by the majority. To prevent this problem in the American political system, the founders established a complex system of checks and balances to protect minority interests. Similar principles can be applied in organizations. In Chapters 5 and 8, we revisit the issue of establishing mechanisms that give voice to diverse stakeholders.

THE FORD PINTO CASE: A TELEOLOGICAL ERROR[13]

The Ford Pinto case provides an infamous example of an ethical breakdown arising from the misapplication of utilitarian analysis. As you read the case, ask yourself whether the unethical decision was made because utilitarianism was improperly applied or because utilitarianism should not have been used in the first place.

In the late 1960s, smaller and cheaper foreign cars started to make serious inroads into the market share of U.S. automobile makers. Ford's top executives hatched a plan to meet the competition head on: develop, build, and sell an automobile "weighing no more than 2,000 pounds and costing no more than $2,000." This car was called the Pinto. To meet the deadline of the 1971 model year and get a jump on the competition, the firm decided to compress the normal design-to-production time to two years from the usual schedule of four years. The compressed schedule meant that tooling for production occurred simultaneously with design, curtailing the ability to accommodate design changes along the way. When production was completed, some crash testing of the models proved problematic, with ruptured gas tanks and leaks occurring at various speeds of impact. The main reason was the location of the gas tank. Modification of the design to change its location would require retooling, which would mean spending more money, less trunk space, and a later introduction of the car. These outcomes were not acceptable to management, which wanted to beat back the Japanese challenge, earn higher profits, and save U.S. jobs. Customers were not represented in the decision-making process. The company did do customer surveys but never asked about the potential problems in the gas tank placement. Management took the view that when compared with other autos on the road at the time, such as the VW Beetle, the Pinto was a safe vehicle.

Not unexpectedly, in the first seven years after the introduction of the Pinto, many deaths occurred. The company was sued because of the design problem. Ford engineers testified that they understood that 95% of the fatalities could have been prevented if they had relocated the fuel tank. The company justified its decision not to move the fuel tank based on cost–benefit analysis. It had calculated that the financial benefits of the Pinto's early introduction outweighed the costs, which it knew was likely to be 180 deaths and 180 injuries. The value of the time and money saved from not relocating the fuel tanks was estimated to be greater than the cost of expected injuries and deaths. Furthermore, Ford had lobbied against the National Highway Transportation Safety Agency tightening the crash safety standards. It argued that the Pinto was "no more unsafe" than other vehicles of its time and met federally established standards for crash safety. In the end, Ford lost sales, and its reputation for quality was tarnished. It had to recall the Pinto, pay large sums in personal injury lawsuits related to crashes in which people were maimed and killed, and settle many more lawsuits.

The Pinto case holds important lessons for assessing the consequences of decisions (Step 4 of the weight-of-reasons framework). First, and most obviously, the case illustrates the dangers of framing issues too narrowly. Because the managers at Ford saw the Pinto decision as a financial decision and not an ethical one, they missed many of the decision's most significant impacts. Had they challenged their own assumptions, imagined the decision from the perspective of the drivers and their loved ones, and taken a longer-term view of the costs and benefits of the decision for the company, their calculation would have been different. Part of the problem seems to have been that the decision-makers knew what outcomes they wanted from the beginning (to get a cheap car to market quickly) and were committed to making these outcomes happen. As a result they did not make their decision objectively. We discuss this decision bias, which is known as escalation of commitment, in Chapter 3.

A second and related implication of the case is that one must take care to avoid being mesmerized by the false certainty of quantification. Because Ford's decision-makers made a cost–benefit analysis, they felt they had thought of everything. They made the mistake of thinking that the cost–benefit analysis was the entire decision process, when ideally it is just one tool that is used in making a decision. It may be more important to engage in dialogue with stakeholders to surface their perspectives than to make a (seemingly) precise calculation of consequences. The analysis will only be as good as the assumptions that go into it. Unfortunately, the case of the Pinto demonstrates the problem of "garbage in, garbage out."

Tools such as cost–benefit analysis must be used cautiously and with restraint. One must recognize that there are many ways to assess consequences. This could mean starting with an analysis based on Bentham's view, which accounts for obvious, tangible benefits and harms, such as money gained and spent, jobs created and lost, and people harmed. Then in successive probes, one can move toward a fuller analysis that incorporates higher-level goods, such as creating a flourishing organization dedicated to employee development, the elimination of unnecessary total harm, and the doing of good by strengthening communities, protecting nature, and creating a more just society.

Deontology: Rights and Duties

LO 2.3: Identify the strengths and limitations of deontology as an ethical philosophy.

Deontology is the other major approach to assessing ethical choices. It is built into the weight of reasons as Step 5, application of principles. For deontologists, the end results are less important than the actions taken to achieve the goal. There may be actions you should *not* pursue no matter how worthy the goal.

Deontology is fundamentally about rights and duties, what we ought to do regardless of the consequences. Its claim is that each of us has certain rights, such as the right to respect for our dignity, as well as a moral duty to respect the rights of other individuals. One cannot take actions that violate these basic rights regardless of what purpose might be served. Whereas utilitarianism is associated with the overall good, deontology prioritizes the right over the good.

There are many different deontological theories of ethics, but deontology is most closely associated with Immanuel Kant, the 18th-century German philosopher. He wrote the following:

> Every rational being exists as an end in himself and not merely as a means to be arbitrarily used by this or that will. In all his actions, whether they are directed to himself or to other rational beings, a human being must always be regarded at the same time as an end . . . i.e. an object of respect.[14]

A famous critique of utilitarianism from a Kantian perspective is that utilitarianism allows one to take a person's body parts against his or her will and divide them up among other individuals who need them and whose lives have greater merit. Kant, who asserted that each person has inherent value, would never assent to this type of action. Thus, deontology addresses one of the main problems of utilitarianism, which is that it seems to permit doing tremendous harm to some if offsetting benefits are produced for others. Not only did Kant oppose hurting someone else for the greater good, he also opposed harming oneself or taking one's own life, even, for example, if the person were miserable because of some incurable disease and was an obvious burden to others. Despite the fact that the benefits might be greater than the costs in this instance, or the pain of the person continuing to live outweighs the pleasure, Kant would not allow it. He believed that individuals must have the utmost respect for *themselves* as well as others and thus are obligated to do everything they can to resist suicide and preserve their lives no matter how much discomfort they have and how much suffering they cause others.

The deontological emphasis on taking the right action is found in many of the world's great religions. For example, Buddhism's Noble Eightfold Path and its adage "Hurt not others with that which pains yourself" are expressions of deontological principles. So too are the Ten Commandments and the Judeo-Christian "Golden Rule" of doing unto others as you would have them do unto you. In the New Testament, Jesus set a very demanding deontological standard when he called on his followers to love not only their neighbors but also their *enemies*:

> I say unto you love your enemies, bless them that curse you, do good to them
> that hate you, and pray for them that despitefully use you and persecute
> you. . . . For if you love those who love you, what reward have you? Do not
> even the common people do the same? Be you therefore perfect . . .
> (Matthew 5:44, King James Version)

While this rule has inspired many, philosophers also have pointed to a logical problem. Specifically, they note that the Golden Rule contains an implicit premise that other people want *the same* treatment that we do. However, "stepping into someone else's shoes" requires not just considering what would be preferable to us but what would be preferable if we were someone other than ourselves. Following the Golden Rule, a sadomasochist who desires to hurt others and be hurt could rationalize that he has a right to harm others because he desires that others harm him. Similarly, a businessperson following the Golden Rule might believe that he was permitted to lie to others and commit fraud because he or she expects others to do the same to him in the "dog-eat-dog" business world they occupy.

The Categorical Imperative

Immanuel Kant recognized this problem that the Golden Rule could be perversely applied. To counteract the problem, Kant developed the *categorical imperative*, which he formulated in three different ways. Each was an attempt to capture the Golden Rule in a more logically precise way.[15]

The First Formulation

Kant's *first formulation* of the categorical imperative states that we should take an action only if it is consistent with universally accepted duties and obligations that are absolute and cannot be violated, regardless of the circumstances. As such, this formulation enables us to identify the principles we think everybody should live by all the time. When considering an action, we must ask ourselves if the proposed action is based on a principle that "could become a universal law." Examples of universal obligations related to business might include the duties to not physically or psychologically coerce employees and other stakeholders, to not sexually harass them, to be honest in your dealings, to deliver products you promised to deliver, and to follow the law.

In applying Kant's first categorical imperative, the question that arises when considering an action is "Would you be willing to live in a world where *everyone* behaved in this manner?" For example, if you are considering lying, cheating, or paying a bribe, you must ask yourself what would happen if everyone lied, cheated, and paid bribes. Would you want to live in that world? The first formulation is meant to prevent hypocrisy—that is, establishing one set of rules for ourselves and a different set of rules for others. You cannot expect others to treat you with dignity if you do not treat them with dignity. If you allow yourself to break a promise, then you must permit others to do so as well.[16]

The Second Formulation

Kant's *second formulation* of the categorical imperative is that we should treat others as having intrinsic value, as ends in themselves and not merely as means to our ends. According to Kant, *all* people have a basic right as rational human beings to be treated with respect. They deserve respect because they are rational and capable of making intelligent choices. The obligation to treat others as ends and not merely as means is unconditional; however, with the term *not merely*, Kant admits the pragmatic inevitability that to some extent we all sometimes treat and are treated by others as mere means to the achievement of ends. From a deontological perspective, we may be treated as a means to an end only if we consent to this treatment and retain the right to decide when, to what extent, and in exchange for what. In the medical products case in Chapter 1, that is the point of giving the patient as much information as possible about her treatment options and allowing her to make the final choice.

Underlying Kant's second formulation of the categorical imperative is the idea that our ability to reason and make decisions for ourselves gives us our potential for morality and makes us worthy of respect. We have the ability to give reasons for what we do; to act against instinct; to not be governed by pleasure and pain, as Bentham put it; and to act based on the reasons we give. For Kant, doing what we are *inclined* to do is not moral action. If you do what is right not because of reason but rather out of habit, based on impulse or mere intuition, or because you will receive a reward or avoid a punishment, you do not deserve esteem for being ethical. The emotions of sympathy, empathy, caring, and love are not relevant according to Kant's reckoning, even when they lead us in the direction of positive behavior. Rather, for Kant, morality resides in the mind's capacity to control and prevail over our sentiments and emotions. The mind should discipline the body, according to Kant. For him, an action is moral only when it is based on reasoning that enables you to act against your inclinations. The essence of our freedom is that we are not governed by pain and pleasure, and we are deserving of respect because of this capacity.

Kant lived and wrote at the time of the American and the French revolutions, and his ideas are in large measure in accord with some of the main Enlightenment ideas of this period. For instance, the U.S. Declaration of Independence holds "these truths to be self-evident . . . that all men are created equal . . . they are endowed by their Creator with certain alienable rights . . . among these are life, liberty, and the pursuit of happiness." (Unfortunately, this did not include Black people, most of whom were enslaved in the U.S. at the time, or women.) The leaders of the French Revolution
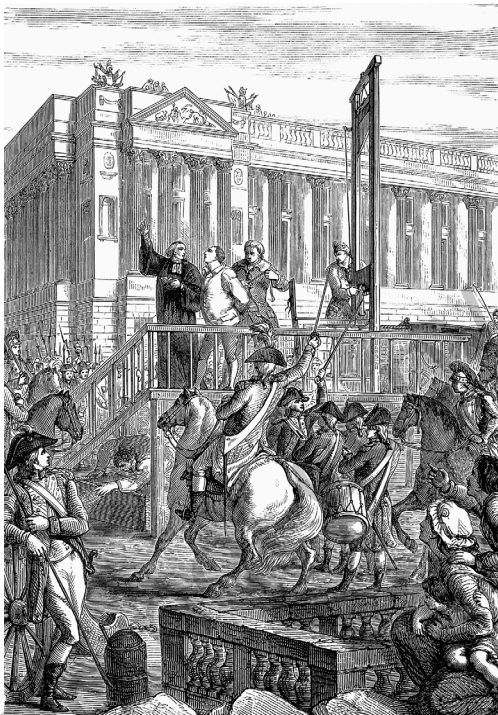
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The French Revolution (like the American one) was fought for principles similar to those espoused by Immanuel Kant.

similarly proclaimed human beings to have natural rights to "liberty, property, security, and resistance to oppression." Like Kant, the leaders of the American and French revolutions believed that individuals in addition have the rights to free consent, privacy, freedom of conscience, and freedom of speech, and of due process provided they do not injure others. In many democracies today, in theory if not always in practice, these rights are accorded to all individuals regardless of religion, race, national origin, ethnicity, or sexual orientation.

The Third Formulation

Kant's *third formulation* of the categorical imperative follows from the first two. It states that we must decide for ourselves on how to take actions that are in accordance with universal principles (the first formulation) and respect the inherent dignity of others (the second formulation). Roughly, this means that although the world in which we live does not necessarily conform to our ideals, we could bring the world closer to the desired condition if we demand the highest conduct of ourselves and live our lives as examples to others. When doing business among unethical individuals or in societies where fraud and dishonesty are rampant, it is the *duty* of companies not to fall to the level of the lowest common denominator but instead by example try to uplift the standards of everyone. In many well-known and successful companies, this principle has seen some application as companies try to treat employees, customers, suppliers, shareholders, and other stakeholders with respect. Kant did not care about the payoffs to such behavior, yet the payoffs for companies can come in many ways, in the form of a better reputation, the ability to attract talented and motivated workers, and the ability to thrive financially.[17] We discuss this point further in Chapter 7.

Kant was an idealistic thinker—he believed in how the world *should be*, not necessarily how the world actually is. Along with other Enlightenment thinkers, he proposed a series of ideals toward which we should aspire. Because they may be under threat or are not practiced universally, we should be especially diligent in our efforts to realize them. It is our *duty* to try to make them real. In business, actualizing these values means not using the excuse that "everybody does it" and "everybody is corrupt" and therefore "I have no choice"; rather, one must attempt to live up to a higher standard, to aim to be a model for the behavior of others. Set an example of moving forward toward a more moral world.

Criticisms of Deontology

One major criticism of deontological ethics is that it actually allows decision-makers to take actions that make the world worse off than other choices would have. Because deontological approaches to ethics can involve the establishment of basic "moral minimums"[18]—lowest common denominator standards that must be followed always, such as not committing violence against others, not violating basic human rights, and dealing with others honestly and fairly—paradoxically, they permit actors to choose alternatives that meet this low bar but at the same time are only second- or third-best options from a consequentialist perspective.[19] Imagine a manager running a factory that both provides poor working conditions and creates a lot of water

FIGURE 2.2

ROAD TO HELL
GOOD INTENTIONS

A criticism of deontology is that the "road to hell is paved with good intentions" (i.e., good intentions may lead to bad consequences).

pollution. Whereas a utilitarian perspective would require the manager to consider many alternatives, including ones that would vastly improve working conditions and minimize pollution, the deontological approach might tolerate the manager meeting minimum labor and environmental standards and not considering options that could lead to improvements. We discuss moral minimums again in Chapter 7.

A second, and related, problem is that because of the focus on motives, deontological approaches to ethical decision-making can lead to actions with negative and even catastrophic outcomes (Figure 2.2). A well-known hypothetical example illustrates this problem. Imagine you were a Christian living in Germany during World War II and were hiding a Jewish family in a secret compartment in your home. Imagine now that Nazi officers came to your door and asked whether there were any Jews in your house. For almost all people, the ethical response would be to lie, because the consequences of telling the truth would be so terrible (the almost certain deaths of the Jewish family). According to Kant, however, you should follow the universal obligation to not lie. Kant saw lying and deception of any kind as *always* wrong because they violate the right to dignity and respect of other rational human beings, as well as your own dignity and respect. In short, following seemingly universal principles without regard to consequences may result in awful consequences. The rigid application of Kant's morality is clearly unacceptable.

A third problem deontological approaches face is that conflicts can arise among one's duties. Although Kant claimed that "a conflict of duties is inconceivable,"[20] this obviously is not always the case. The example of Nazi Germany above illustrates this problem as well, in that one feels torn between the duty to be honest and the duty to respect the dignity of the Jewish family members. As a company, how do you choose among duties to different stakeholder groups if respecting one hurts another? If your respect for shareholders overshadows your respect for workers, you will feel no compunction about making massive layoffs to preserve shareholder returns. In formulating the principles you apply to an ethical dilemma, as Step 5 of the weight-of-reasons framework, you must make choices about which set of duties you consider most important. We return to this topic in Chapter 7.

Finally, a criticism of Kantian ethics is that living up to absolute Kantian ideals can have negative consequences. In other words, perhaps under certain circumstances, the ends do justify the means—even when the means do not respect the dignity of all. Machiavelli first raised the possibility that to achieve great ends like establishing the Florentine Republic, it was justified for a leader to deceive and manipulate people. The modern political philosopher Michael Walzer[21] takes up the concept of "dirty hands" from Machiavelli and applies it to the justness of modern wars. He tries to make very careful distinctions about when a war is morally

right, based on a proportionality between the ends a country is trying to achieve and the means it is willing to use. He delves into the problem of collateral damage, for instance. Usually, he maintains, no ends justify collateral damage, or the harming of innocent civilians in warfare. He argues that every action must be taken to protect innocent civilians, even if it endangers a nation's soldiers or civilian population. Yet to some degree, there may be no choice but to inflict harm in warfare on innocent civilians if there is no other way for a nation to protect its citizens from aggression. According to Walzer, if a country is attacked and its existence is in jeopardy, it does have the right to defend itself, especially when the enemy has no compunction about indiscriminately hurting the country's citizens.

It is a tall order to use Kant's absolutist's ideals to identify duties that apply without exception across all of time, in all places, and in all situations. The monstrous behavior of killing an innocent person may be justified under very extreme conditions of duress, such as when a thousand lives can be saved by the taking of one. Scholars of moral imagination argue that the Kantian approach of applying simple moral rules to ethical decision-making applies only to simple circumstances and that complex, ethical decision-making demands customized, contextual, imaginative decision-making.[22] In Chapter 5, we further discuss imaginative ethical decision-making.

While living up to Kantian ideals may be difficult, the difficulty is no excuse for the wrong means that businesses use to accomplish goals of little value that can be achieved without resorting to these means. Every day, we are inundated with advertising that intentionally deceives. Breyer's ice cream, for instance, declares on its package that it is "fat free." While this technically might be correct, it can be seen as deceptive because it suggests that we can consume a half-gallon container of ice cream without consequences. This sort of abuse of the truth is not as unethical as the outright lying that takes place in many marketing campaigns. A humor website recently demonstrated this on its YouTube channel, "The 6 Most Blatant Lies Companies Based Entire Ads On." It shows that Activia Yogurt does *not* improve our power to regulate our digestive systems; one-a-day multivitamins with selenium do *no*t prevent prostate cancer, and could actually make it worse for a person who already had this type of cancer; and Five-Hour Energy is no more than concentrated caffeine that yields the same crash that any high dose of caffeine produces when it wears out.[23] What would Kant think of violation of the categorical imperative in these cases? What are your thoughts?

Deontology and the Weight-of-Reasons Framework

The weight-of-reasons framework incorporates deontological ethics in Step 5, the application of principles. It is no accident that the framework calls for considering principles after one has first gathered the facts (Step 2 of the framework). One should identify the principles at stake only after becoming familiar with the issue at hand and the situation in which it plays out. In other words, principles should be specific to the case rather than universal and general in nature, such as Kant's imperatives. Whereas Kantian rules prescribe behavior without regard to context, principles are flexible summaries of collective moral insight that direct behavior. They provide the flexibility to imaginatively explore possibilities for constructive

action within a given context.[24] In the Pinto case, had the company relied on the weight-of-reasons framework, the principle would have been to not cause unnecessary and correctible harm to customers. This application of principles is different from a universal Kantian rule, which would have required one to *never, ever*, under *any* circumstance inflict damage to customers regardless of the consequences. In the auto industry, this injunction would be impossible to carry out. It would mean ceasing operations. A seller of autos never can be absolutely certain that a vehicle it made or sold could meet these conditions. In sum, use principles that are flexible and relevant to the case-at-hand, rather than general rules in Stage 5 of the weight-of-reasons framework. Using flexible principles rather than rigid rules is a practical way to help you choose a plan of action. In Chapter 5, we further discuss imaginative actions and the role of principles in identifying them.

Combining Utilitarianism and Deontology

LO 2.4: Recognize the contradictions and conflicts between utilitarianism and deontology and move toward reconciling their differences using the weight-of-reasons framework for ethical decision-making.

As discussed, the fundamental difference between utilitarianism and deontology is in the way they treat ends and means. In teleological reasoning, the focus is on *ends*. If the end result yields a surplus of good over bad that is greater than that associated with competing options, then that end result justifies the means. For deontologists, on the other hand, *the means* of our actions, or how we go about achieving our goals, are what matter. People are entitled to be treated as ends in themselves, not merely as means. The means used to pursue a goal cannot transgress a person's basic rights without his or her consent. For deontologists, positive results do not justify denying or infringing on those rights.

Tension often arises between utilitarianism and deontological perspectives. Most people want to do what is right *and* what is good. They want to respect others' rights, keep their promises, obey the law, be fair, and not lie or cheat, and at the same time, they want to achieve goals such as providing the maximum number of people with employment or providing them with the goods and services they need to obtain a healthy and fulfilling life.

Conflicts between utilitarian and deontological perspectives often play out between people and groups representing these perspectives. People with different roles in an organization, for example, tend to view ethical dilemmas from differing points of view (Figure 2.3). Managers are more likely to adopt a teleological ethics emphasizing the "greatest good" for the organization as a whole. Although they may feel discomfort about actions such as job cuts and layoffs, their primary concern is likely to the organization's survival. They tend to frame ethical questions as broad policy issues involving the organization's welfare rather than the welfare of particular individuals. Other people in the organization may stand for a deontological ethics that calls for treating all people with respect. They will frame ethical questions in terms of the welfare of individuals. They care about their friends and colleagues in

FIGURE 2.3
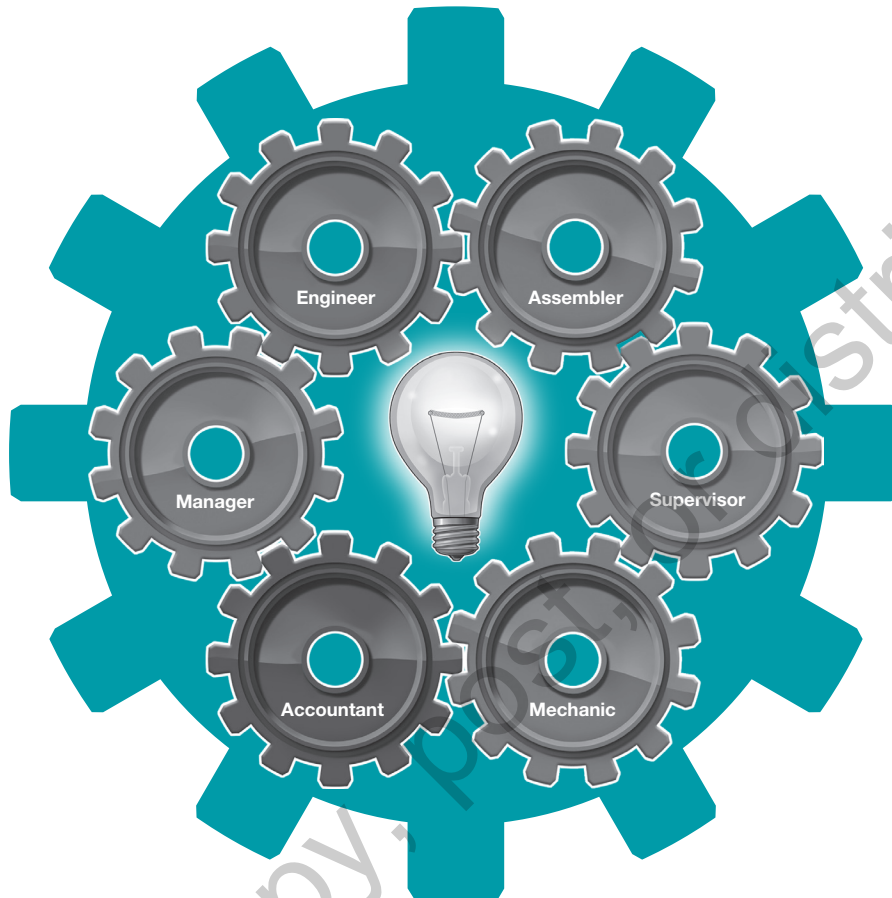
The role we play in an organization can influence whether we take a utilitarian or a deontological approach.

the organization who may be hurt by decisions made at the top and resent when people they know and respect are laid off.

Differences between utilitarian and Kantian thinkers are also found among an organization's stakeholders. For example, the leaders of a company building a large infrastructure project such as a dam or oil pipeline may believe that their project should go forward because it will make society better off and that the inconvenience or harm caused to particular landowners or communities is justified. On the other hand, those landowners and communities may feel that their rights have not been honored. Vladimir Lenin, the Bolshevik leader and founder of the Soviet Union, purportedly declared that to make an exquisite omelet, that is, to create a communist utopia, one has to break a few eggs, that is, kill a great many people.[25] Those who were killed, of course, had a different point of view.

So what should you do when you experience a conflict between deontological and teleological perspectives? One obvious answer is to choose one over the other. Agreeing that the "ends justify the means" means you have chosen utilitarianism over deontology. On the other hand, you can choose deontology over teleology, even though this could mean accepting tragic and even catastrophic results so long as you comply with a universal rule. As noted, Kant took a very rigid approach to ethics and countenanced no deviations from such rules. He famously quipped that "better the whole people should perish" than that they deviate from these rules.[26]

Another approach to reconciling utilitarianism with deontology is to rely on what philosophers refer to as "threshold deontology." According to this approach, one follows deontological rules even if the consequences are negative, up to the point where the consequences reach a certain level that cannot be tolerated. According to the formulation, the means of your actions are more important than the ends, unless and until ignoring the ends becomes problematic.[27] This approach, however, is hard to apply, and in many ways, like all moral maxims, is aspirational in nature.

The cases at the end of this chapter will provide you practice in wrestling with means–ends dilemmas that the conflict between consequentialism and teleology poses. We return to the issue of balancing utilitarianism and deontology in our discussion of virtue ethics.

LOCKHEED BRIBERY: ANOTHER TELEOLOGICAL BLUNDER?[28]

Like the Ford Pinto case, another classic case in business ethics where deontological principles conflict with teleological ones is the 1970s instance in which U.S. defense contractor Lockheed bribed Japanese government officials to win a large contract for airplanes. The Lockheed bribery scandal provides an example of a company wrestling with the question of whether the ends justify the means. If you were a leader of this company, what would you do?

In the early 1970s, Lockheed was in desperate straits. It had just been bailed out by the federal government, and its existence was at stake. Many jobs would be lost if the company did not obtain a sufficient number of orders for its L-1011 Tristar commercial aircraft. Lockheed had attempted and failed to obtain contracts for the L-1011 from Italy, Germany, and Sweden. A large order was essential to bring unit sales close to the break-even point and to repay the expense of designing and building the aircraft. A contract with the Japanese company All Nippon Airways (ANA) was viewed as essential by Carl Kotchian, Lockheed's president. ANA was considering purchasing either the L-1011 Tristar or the competitor McDonnell Douglass's DC-10. If the ANA order, which meant more than $430 million in revenues, was not forthcoming, it would mean a slowdown in new design projects and layoffs for many Lockheed engineers and production workers.

Kotchian did not go to Japan intending to bribe Japanese officials. Although he was directly responsible for the negotiations for the sale of the planes, he did not speak Japanese and had to rely on advice and representation from executives of a Japanese company that had been retained as an agent for Lockheed. This company represented Lockheed in all deliberations with the prime minister and the prime minister's office, so Kotchian did not have direct contact with the

government officials who would make the actual decision. His contact was limited to the technical and functional representatives of Japan's airlines. The negotiations extended over a period of 70 days, during which time Kotchian stayed in a hotel room in downtown Tokyo. He received continual suggestions that the decision would soon be made, except that an unnamed "something" (which he gradually came to realize was a bribe) was not in place. Kotchian had no firm knowledge of whether his competitors had supplied that unnamed "something," but he suspected they had or would be willing to do so.

Lockheed maintained a large workforce in Burbank, California, which Kotchian felt obligated to protect. If Lockheed lost its fourth foreign order in a row, not only would the jobs of these workers in Burbank be in danger but Kotchian's own job would be in jeopardy. Kotchian felt that "something"—a bribe of less than 1% of the face value of the order—was a small price to pay when so much else was at stake. Ultimately, Kotchian authorized Lockheed's payment of $3.8 million in bribes to Japanese officials. These included the Japanese prime minister Kakuei Tanaka and organized crime kingpin Yoshio Kodama.

Business ethicist Mark Pastin[29] has justified Kotchian's decision using a utilitarian perspective. He argued that the positive ends of winning the Japanese contract and preserving Lockheed jobs (and perhaps its very existence) justified the unethical means of bribery. Is this a misuse of utilitarianism? Does it fail even on utilitarian grounds because it does not consider all the costs and benefits? The employees, communities, and other stakeholders of McDonnell Douglas (Lockheed's competitor) must be considered to the same extent as Lockheed's. One must also consider whether Japanese citizens received the best value for their money or instead received a second-best airplane. Also, there is the problem that Lockheed executives miscalculated the actual costs and benefits. Ultimately, the company itself suffered more costs from its choice than any short-term benefits it may have received. Lockheed lost the contract and had to shut down production of the L-1011. The cost–benefit reasoning of the company simply was not very well carried out.

The decision to pay the bribes obviously fails from a deontological perspective. By paying bribes, Lockheed violated the rights of its shareholders and lenders to have their capital spent by legal means, as well as the right of its competitor McDonnell Douglas to fair competition. Even if one accepts that a rule against bribery might sometimes lead to negative consequences and that ethics would be better served by a principle such as "Do what you can to save your employees' jobs," which Pastin used to justify Kotchian's actions, it is unclear that Kotchian even lived up to this principle. A pattern of bribery payments made by Lockheed in the 1950s to 1970s to officials in West Germany, Italy, the Netherlands, and Saudi Arabia (in addition to Japan) suggests that bribery may have been a norm at Lockheed rather than a one-time desperate attempt to save jobs.

What do you think? How would you respond if you were a member of Lockheed's board of directors at the time? Try applying the weight-of-reasons framework to this case.

Virtue Theory

LO 2.5: Discuss the tenets of virtue ethics, understanding how it differs from deontology and utilitarianism.

Virtue theory provides another perspective for considering ethics—and one that provides a means of reconciling deontology with utilitarianism. Virtue ethics is often viewed as the third main approach to business ethics, along with utilitarianism and deontology. Virtue ethicists take the view that ethics is about engaging in conduct that builds our character and wisdom. In the West, virtue theory is traced back to the Ancient Greeks, principally Plato and Aristotle, while in the East, virtue theory often is associated with Confucius. "Virtues" are traits of moral excellence, dispositions and character traits that enable us to develop our potential to become wise. Examples of virtues we should cultivate include honesty, courage, compassion, generosity, fidelity, integrity, fairness, self-control, and prudence.[30]

Plato, Aristotle, and other classical philosophers believed that the highest good is wisdom and that we acquire wisdom through virtuous behavior. They also recognized, however, that virtuous behavior could be taken to extremes and actually lead to unwise and unethical behavior—virtues can become vices. For example, when pushed too far, courage can lead to foolhardy risk taking, and honesty can lead to unnecessarily hurting others' feelings. Therefore, according to Aristotle, to engage in virtuous behavior, a person must act with moderation and find the "**golden mean**"—the desirable middle ground in between the extremes. One should not, for example, be timid or excessively bold. One should be prudent and have the confidence to take prudent risks but not be foolish. Although virtues are "in the middle," they do not represent mediocrity; rather, virtues such as temperance, harmony, and balance provide a path to the highest good. The Ancient Greeks referred to the wisdom about how to take virtuous and practical action as *phronesis*.[31]

Golden mean
According to Aristotle, the desirable point that finds the middle between excess and deficiency of a virtue

Finding the mean between a deficiency and an overabundance of a virtue can be tricky. Aristotle believed that virtuous behavior develops through practice; one becomes habituated in the practice of virtues (just as one becomes habituated in the practice of vices) by repeating them, learning, and improving in their practice over time.[32] Just as the ability to run a marathon develops through training and practice, so too does our ability to act fairly, courageously, compassionately, and wisely. Aristotle compared the application of virtue theory to an archer trying repeatedly to hit the center of a target. The more the archer practices, the better he or she gets at hitting the target. The archer has many misses before coming close to perfection.

The Ancient Greeks stressed that through the consistent practice of acting virtuously our characters become virtuous. Repeat an action enough, and it becomes characteristic of your being. The honest person becomes honest by being honest again and again. The courageous person becomes courageous by acting courageously again and again.

Virtue theory has important lessons for ethical decision-making in business and the application of the weight-of-reasons framework. First, virtue ethics suggests that in taking Step 3 of the framework, identifying courses of action, we must "step up to the plate" and identify courses of action of which we can be proud.

These are actions that challenge us to become better (more virtuous) people. Rather than ruling out a course of action because it would require an act of bravery or a candid conversation that you are not sure you have within you, challenge yourself to become brave and honest by acting bravely and honestly.

Second, virtue ethics' emphasis on self-development through practice suggests that over time you can improve your ability to apply the weight-of-reasons framework and make ethical decisions. As indicated, through repeated practice of the framework, you will "move up the learning curve"—develop mastery of the framework so that identifying ethical problems and taking practical, beneficial actions that are consistent with your principles become second nature. While you may not get it perfectly right the first time, do not despair. Try and try again.

Third, virtue ethics provides a means of identifying actions (Step 6 of the framework) that reconcile the tension between deontology and utilitarianism. It suggests eschewing the extremes and aiming for a middle position that embraces both deontology and utilitarianism but does not push either one of them too far. One seeks a position that is consistent with Kantian principles and also sensitive to consequences. Virtue ethics, then, implies an approach to applying the weight of reasons in which the decision-maker identifies action options in Step 3, applies utilitarianism to assess consequences in Step 4, applies principles from a deontological perspective in Step 5, and then identifies a course of action by applying virtue ethics' concept of the golden mean in Step 6. While virtue ethics does not provide a formula for how to reconcile deontology and utilitarianism, it does suggest that decision-makers get better over time as they try to do so.

Other Ethical Perspectives

LO 2.6: Discuss the role of contract theory and the ethics of care in working through the differences between utilitarianism and deontology.

Teleology, deontology, and virtue ethics are the dominant perspectives in ethical theory, which is why they are built into the weight-of-reasons framework. However, there are other accepted approaches to ethics. We now briefly review some of these theories and touch on their implications for applying the weight-of-reasons framework. We introduce contract theory and then delve into the ethics of care.

Contract Theory: Justice and Fairness

Like deontology, contract theory is concerned with rights and obligations. What is different about contract theory, however, is that it focuses on the arrangements by which actors agree to these rights and obligations. Contractarians are concerned with making the basic structure of society, for example, its legal and political systems, as fair as possible. Enlightenment philosophers such as Rousseau imagined a time before organized society—a "state of nature"—in which people were born equal in their basic freedoms and rationality, but individually were without the means to secure these rights for themselves. Under these conditions, contractarians argue, people would knowingly and voluntarily enter into a social contract, a set of rules that would preserve the basic freedoms and security of all.[33]

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Moral philosopher John Rawls wrote that society would be fairer if rule makers deliberated as if they were behind a "veil of ignorance"—that is, they didn't know their own or anyone else's position in society.

Much of modern contract theory comes from the writings of John Rawls, who was concerned with making the process of determining society's arrangements as fair as possible. Rawls wrote that this process would be fairest if all persons involved deliberated as if behind a "veil of ignorance"—as if each had no knowledge of his or her position in society. Rawls posited that if the rules governing society were established through a process in which individuals knew nothing about their or anyone else's wealth, status, and distinguishing characteristics, talents, and shortcomings, then the arrangements would be fair.[34] Thus, Rawls issued an admonition to those with the privilege and authority to make ethical decisions to be blind to their personal status and position and to try to overcome the prejudices and biases that arise from their place in society. Whether in reality decision-makers make this leap is questionable.

In addition to addressing the *process* of making society's arrangements, Rawls considered the *nature* of these arrangements. He argued that all parties should be granted equal rights to the most extensive basic liberty that would be compatible with a similar liberty for others. Social and economic inequalities were acceptable as long as (a) they could reasonably be expected to be to everyone's advantage and (b) the most favorable positions were open to all. So, for example, according to Rawls, it would be morally acceptable for some members in a society to have high-paying positions of authority as long as society as a whole benefited and they used their advantages to make everyone better off than they would have been otherwise.

Contract theory has strong implications for applying the weight-of-reasons framework and for ethical decision-making generally. Specifically, contract theory suggests that, ideally, the weight-of-reasons approach should *not* be applied by a single decision-maker or a small set of powerful actors, but rather it should involve all relevant parties coming together freely to jointly make practical agreements about how to address the ethical problems they face. In addition, contract theory—in particular the "veil of ignorance" concept—suggests that managers should try not to favor their own narrow interests over others'. Rather than using their wealth and power to benefit themselves, they should follow Elvis Presley's advice to "walk a mile in [others'] shoes"; they should try to imagine how other stakeholders think and feel and what they would like to see done.

Pay Inequality

Many current ethical issues in the workplace can be analyzed from a Rawlsian perspective. Examples include pay inequality; racial, gender, and other forms of discrimination; and sexual harassment. Here we provide a brief consideration of the issue of pay inequality.

Pay inequality and the concentration of wealth is a global phenomenon. The gap between the top of the wealth pyramid and the bottom is very large. *Forbes Magazine* identified 2,208 billionaires worldwide in 2018; their combined wealth was $9.1 trillion, up 18% since 2017. To be among the wealthiest half of the world's population, a person needed $3,210 in assets in 2015, to be in the top 10% required $668,800, and to be in the top 1% required close to $760,000. The wealthiest 10% owned 87% of the world's assets, the top 1% owned close to 50%, and the bottom half of the population owned less than 1%.

Before adjusting for taxes and income transfers, U.S. income inequality has become the highest in the world among developed countries. The proportion of total U.S. output that the richest 1% of earners obtained more than doubled between 1970 and 2008. In 1928, the top 1% earned 24% of all income; in 1944, these individuals earned 11%. By 2012, the top 1% was earning 23% of the nation's income, about the same as in 1928. Capital's share of income—whether in the form of corporate profits, dividends, rents, or sales of property—has grown after steadily falling since before World War I. Corporate profits have increased, while wages, including those for highly educated people, have not. Since the early 1970s, real wages for most U.S. workers hardly went up, but those for the top 1% of earners increased substantially.[35]

One reason why the wealth of the highest earners has increased dramatically is that companies have granted their executives stock options, or the option to buy future shares at a fixed price. Companies gave top executives options to align the executives' interests with those of shareholders. (We discuss this "principal–agent" relationship in Chapter 7.) One can question, however, whether executives have earned the stock options they have been granted. In 1930, when Babe Ruth was asked why he earned more than President Herbert Hoover, he replied, "Because I had a better year." But can the same be said of chief executive officers (CEOs) of major U.S. corporations? The pay packages of corporate executives have not been closely tied to the performance of their firms. Some executives have earned large salaries and bonuses even though their companies' financial performance was poor.[36]

A Rawlsian perspective requires us to ask whether vast incomes and wealth inequality are just and fair. More precisely, it requires us to ask not only whether inequality is unjust but also whether the structural arrangements that produce inequality are just. Do the many laws influencing the production and distribution of wealth provide everyone with the same opportunities? Have they been established and are they implemented through fair processes in which those involved act as if behind a veil of ignorance that makes them as concerned for the opportunities and welfare of others as they are for their own?

To the extent that the structures in place favor particular individuals, groups, classes, or nations, a contractarian would conclude that these structures are unjust. From a corporate perspective, the implications are that companies should lobby for laws creating greater income equality and more opportunity for people to advance in society.

We note that libertarian philosophers take a very different view of inequality. Whereas the highest good for Rawls is justice, for philosophers such as Robert Nozick,

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The ethics of care views ethics in terms of building relationships and caring for others.

Ethics of care

An approach to ethical reasoning that emphasizes caring for those with whom we have interpersonal relationships

it is liberty. These philosophers stress the rights of people to acquire property and forge their own destinies without interference. Nozick maintains that a person who legitimately obtains wealth is entitled to it regardless of how it affects equality or inequality. Nozick also stressed the importance of having a fair system where talent and merit could rise to the top. While Rawls would defend the right of individuals to legally acquire and maintain property, he would also ask whether the system of laws in which these individuals operate is impartial.[37]

The Ethics of Care

The **ethics of care** provides another take on what it means to be ethical, although some philosophers suggest that it is a subset of virtue ethics. Care ethics takes a feminist perspective, with a foundation in the idea that ethical decision-making should be thought of as involving not only rational, objective calculation and rule application but also subjective, emotional judgments that give priority to caring for others. Whereas a Kantian would say that one should treat all others equally based on the same objective rules and a utilitarian would say that one should give all individuals equal weight when calculating benefits and harms, care ethicists take the view that one need not be so objective. Rather, they start from the premise that human beings are fundamentally a social species who live and find meaning in their lives in relationships, and that living an ethical life means nurturing those relationships. For care ethicists, putting your loved ones first is not a selfish thing to do but, rather, the *right* thing to do.

The ethics of care is typically traced back to psychologist Carol Gilligan and her 1982 book *In a Different Voice*.[38] Gilligan was a student of the Harvard educational psychologist Lawrence Kohlberg, who established a well-known model of moral development.[39] According to this model, moral development occurs though a process in which the individual progressively becomes more autonomous. This means being willing to make decisions on grounds other than avoiding punishment or receiving rewards, breaking free of the rules and norms of society, developing one's own worldview and principles about what is just and fair, and coming to base actions on impartial reasoning using those principles. Gilligan noticed that Kohlberg's model was developed based on a study of males only, and she was dismayed that when Kohlberg's scale was administered, women as a whole scored lower than men. Gilligan began to question and critique Kohlberg's model. She concluded that Kohlberg's work failed to capture women's experience of morality, which emphasizes caring for others and nurturing relationships rather than abstract rule application. Gilligan developed her own model of human moral development, in which one first is concerned about oneself, then cares most about others, and, finally, comes to see the world in terms of relationships between self and others.

On the surface, the weight-of-reasons framework is just the sort of abstract approach to ethical decision-making that Gilligan has criticized. Such a critique does not mean the framework is wrong, however, for the choice between objective calculation and concern for relationships is not an either/or one. Clearly, ethical decisions should involve both reasoning and care. Concern for relationships may enter into the weight-of-reasons framework at numerous points. Most fundamentally, it gives decision-makers permission to pay attention to their feelings and resist the idea that business decisions should be made solely based on bottom-line concerns. The ethics of care even suggests that in assessing the consequences of actions (Step 4 of the weight of reasons) and identifying core principles (Step 5), decision-makers are justified in giving priority to those whom they care for the most.

The ethics of care argues for a relational approach to ethical decision-making. It makes the point that decision-makers look at their businesses through the lens of stakeholder relationships where some stakeholders matter more than others because of the personal ties that the decision-makers have with these stakeholders and not just through a transactional lens. They work with those stakeholders and are likely to draw on them when they apply the weight-of-reasons framework. Applying the weight of reasons in this sense can be a relationship-building exercise.

SUMMARY AND CONCLUSION

This chapter has presented key features of the major approaches to ethical reasoning found in Western philosophy. These are the utilitarian (teleological, consequentialist), deontological (Kantian, rights based), and virtue (character building) approaches. They are built into the weight-of-reasons framework as Steps 4, 5, and 6, respectively. Each of these approaches has its strengths and limitations. This chapter mainly has been concerned with the strengths and limitations of the utilitarian and deontological approaches, as well as of virtue theory as a means of reconciling the tensions between these approaches.

Utilitarian perspectives focus on the consequences of our actions and require us to think about the consequences not just for ourselves but for all relevant parties. They require us to take actions that would provide a surplus of good over bad, benefit over harm. One practical problem with teleological approaches is that they can be subjectively applied, so that we reach the conclusions we want to reach, counting

some benefits and costs but not others and including some stakeholders while ignoring others. Another problem with teleological approaches is that they permit us to commit unspeakable atrocities against particular individuals as long as those actions provide more than offsetting benefits to others. Yet another problem is that we can never know all the consequences of our actions, in the short and long terms. In applying Step 4 of the weight-of-reasons framework, try to do the best you can to account for all stakeholders and consequences, but also accept that given time and resource constraints, you are not likely to be able to account for everything the first time. In fact, doing a perfectly thorough and complete accounting is impossible. In addressing ongoing or recurring ethical problems, you should try to progressively improve your assessment of consequences.

Deontological approaches take a perspective that is conceptually opposite to that of teleological approaches. They focus on our intentions and ask us to live our lives according to universal ethical rules

respecting the rights and dignity of all, without regard to consequences. Of course, this approach too is problematic; one has to wonder whether an action that complies with ethical rules but has devastatingly negative consequences is actually ethical. To address this problem when applying Step 5 of the weight-of-reasons framework, rather than applying abstract and general ethical rules that can be too broad and rather rigid, you should rely on ethical principles relevant to the dilemma you are confronting. Principles, rather than rules, provide the flexibility to devise practical solutions that address the complexities and uncertainties of the situations you confront.

The tension between utilitarianism and deontology, means and ends, is constantly encountered in business and, indeed, throughout life. There is no simple way to address it. In this chapter we noted that one way to do so is to combine the two approaches by taking a threshold approach. Taking this approach, one acts according to rights-based principles even if there are negative consequences up to the point where the negative consequences become unacceptably high. The weight of reasons incorporates an approach to calculating the consequences of alternative courses of action and then ruling out those choices that have positive utility but are inconsistent with your principles. An equally appropriate way to proceed would be, in Step 3 of the framework, to identify only courses of action that do not violate the basic decency of all others and then choose the course of action that is expected to produce the most positive consequences. Ultimately, what is most important is that you surface the tensions between utilitarian and deontological approaches and, where circumstances permit, develop deeper understandings over time of these tensions and how to address them. We pick up this theme in Chapter 5.

Virtue ethics, which is often seen as the third major approach to philosophical ethics, provides another means of addressing the tension between deontology and utilitarianism. It emphasizes the importance of character-building in ethical decision-making.

Virtue ethics suggests that you hold yourself to high standards as you consider the courses of actions you might take. You become a better ethical decision-maker—and a better person—by making frameworks such as the weight-of-reasons approach a habit. Cultivating virtues so they become intuitive to and a part of your character will enable you to make solid ethical decisions even when you do not have the time to fully apply the weight-of-reasons framework. Full application still is necessary in unfamiliar situations. Virtue ethics plays an important role in Step 6 of the framework because it helps one to navigate a course of action that accounts for both consequences (utilitarianism, Step 4) and principles (deontology, Step 5).

Two other approaches to ethical reasoning reviewed in this chapter provide further insights into applying the weight-of-reasons framework. *Contract theory* is primarily concerned with the processes by which rights are decided and allocated within a society. According to the contractarian perspective of Rawls, it is right for an action to benefit some more than others so long as all benefit and the decision process does not favor some over others. Rawls wants us to ask ourselves whether we would think that the arrangements governing society were fair if we were operating behind a veil of ignorance and had no biases, that we were neutral and objective observers. The main implication of contract theory is that we should work with stakeholders in applying the weight-of-reasons framework. We should set up fair processes which involve them.

The ethics of care also has implications for applying the weight-of-reasons framework. It forces us to reconsider one of the major premises of this chapter, which is that reasoning based on established ethical frameworks can lead to improved ethical decision-making. For most of this chapter, we have implicitly invoked Immanuel Kant, who insisted on the centrality of reason to ethics. His conception of ethics was based on the idea of reason controlling and dominating the passions. Without

the governance of reason, Kant argued, there can be no ethics. The ethics of care leads us to a different conclusion, in which emotions are integrated into reasoning about ethics. It holds that emotions, such as our feelings for those we care about, should come into play when we consider options, assess consequences, and apply principles. It even suggests that feelings may enable us to surface ethical problems that pure reason would not surface.

These conclusions bring us back to the important theme from Chapter 1 that ethical decision-making often starts with but should not be driven by intuitions alone. While we embrace the ethics of care's insistence on the validity of emotions and its concern for building and deepening relationships, we also suggest that emotions by themselves do not constitute a complete approach to ethics. Trusting our intuitions is a good starting point for making ethical decisions under some circumstances, but doing so does not always lead to ethical choices. In the next chapter we further explore the relationship between ethics and emotions in ethical decision-making.

KEY TERMS AND CONCEPTS

Complexity theory 37
Consequentialism 34
Contract theory (or social
   contract theory) 34
Deontology 33

Ethical egoism 36
Ethics of care 54
Extrinsic goods 35
Golden mean 50
Intrinsic goods 35

Teleology 34
Utilitarianism 33
Utility 36
Virtue theory 34

CASE APPLICATIONS

The following short cases provide you with the opportunity to apply the weight-of-reasons framework to address difficult means–ends dilemmas. First, define the issue, and then identify the relevant facts and some preliminary options (Steps 1–3 of the framework). Then use utilitarianism to analyze the consequences (Step 4), apply deontological principles (Step 5), and identify the tension between ends and means. In Steps 6 and 7, decide what you should do in the short term to address the presenting problem and in the long term to get at the root causes

of that problem. Draw on virtue ethics to identify a course of action that considers both ends and means and also helps you develop a more virtuous character.

Case 2.1: A Tight Schedule

A war is raging, and your job is to deliver battlefield trucks and fighter jet parts to the military on a tight schedule. The government had been extremely dissatisfied with late delivery by a prior supplier and has chosen to work with your company chiefly because it promised to deliver the goods on time.

The specifications provided by the government require work from a certified welder. Unfortunately, your welders are unavailable; one is on vacation, and the other, who has a history of unexplained absences, called in sick. You are in luck, however, because an apprentice welder is available. He has worked for your company for a number of years, and you believe his work is excellent. It is superior to the work of the certified welders; you trust him completely. You allow him to weld key components without certified welder supervision, and though you are not a certified welder yourself, you check to see if the job is done right. X-ray inspections suggest perfect work.

Government rules specify that you perform 100 hours of inspection time. As closing time approaches, more than 90 of the required 100 inspection hours are completed. The components have to be shipped to the next company in the supply chain by the end of the day to avoid production bottlenecks. You believe the 100-hour inspection requirement is arbitrary and 90 hours plus is just as good. The driver in your carpool is ready to leave. You start to sign the certification papers, apply the inspection sticker, and call shipping to come pick up the welded components. You look forward to the bonus you will get for meeting the deadline. But you start to have second thoughts. Maybe you should call the manufacturer that is to receive the shipment of the parts or maybe your supervisor, or maybe the government should be informed. If you cannot get through to any of these people, should you just send the shipment anyhow? Should you contact them tomorrow? If you don't contact them now, would it better not to contact them at all?

Case 2.2: Pegasus's Global Expansion

With a focus on innovation, Pegasus is a company committed to "technology leadership in the new millennium." Its systems and products are selling well in markets throughout the world. The CEO wants the company to succeed, to maximize shareholder value, and to keep her job; and she wants to be a model of ethical leadership. She has made an effort to build a corporate culture characterized not only by aggressive R&D (research and development) and growth but also by integrity, honesty, teamwork, and respect for the individual. The company enjoys an excellent reputation among its customers and suppliers, employee morale is high, and ethics is a very high priority.

Pegasus is eager to grow its global business. At a strategy session, the CEO and the division managers explore the potential for further expansion globally. It is noted that China is likely to continue to develop a huge market for the firm's products but a significant "payoff" is usually required to get this business. The CEO says, "A lot of companies do business with China. How do they get around the problem?" A division manager says, "Most companies contract with agents. What the agents do is their own business. The CEOs sign disclosure statements that no bribery has taken place." The CEO says, "Isn't that paying someone else to do something unethical? I'm not comfortable with it. What if we held back in our efforts to expand in China?" Another division manager responds, "The country represents millions of dollars of potential sales. When you consider what we have to gain, what do we have to lose if our local contractors make payoffs every now and then?"

The CEO next turns to her division managers and asks, "Can you tell me what you found during your recent visits to our foreign affiliates?" She hears three reports:

1. One manager says, "In Lima, Peru, we reviewed financial records and discovered that the commission expenses for the branch were unusually high. We pay our salespeople commissions for the sales they make. Some companies pay unusually high sales commissions to disguise the fact that the sales personnel pay kickbacks for contracts.

When we confronted the Lima district manager and questioned him about the high commissions, he responded, 'We've got a job to do. If the company wants results, we've got to get things moving any way we can.'"

2. Another manager says, "In Stockholm, Sweden, we noted a number of college-age student employees who seemed to have little work to do. We questioned the district manager, who responded, 'Sure, Magnus is the son of a telecommunications regulator. Caryl is the daughter of a judge who handles regulatory appeals in utilities. Andre is a nephew of the head of the governing party. They're bright kids, and the contacts don't hurt us. In Scandinavia, this is a part of doing business.'"

3. A third manager says, "In Mumbai, India, we noted that many payments had been made to the government and government officials. When we voiced this concern, the district manager responded, 'I can explain every payment. On this one, we needed the utilities [water and electricity] for our offices turned on. We could have waited our turn and had no services for 90 days, or we could pay to get moved to the top of the list and have our utilities turned on within 48 hours. On the check for licensing, again, we could have waited six months to get licensed or pay to expedite it and be licensed.'"

The CEO then turns to the company's compliance officer: "Are these practices legal?" He responds, "The United States and European Union permit 'facilitation' or 'grease' payments, but they prohibit outright bribes. Facilitation opens doors or expedites processes; the aim is not to influence outcomes. For violating these laws, IBM and Siemens were recently held accountable in big scandals that made the headlines in the *Financial Times*."

The CEO then turns to you and asks, "What should we do?" How do you respond?

Case 2.3: Garment Company's Labor Practices

You are on the management team of a rapidly growing apparel company that had $780 million in sales last year and is projecting an additional $150 million in sales this year. You have been invited to a meeting of the CEO and other members of the top management team to discuss the company's employment practices. The company has succeeded by targeting a niche market that pays more for fashionable styles, making speed and flexibility of operations more important than price. The company also is unique in its employee policies. Poor working conditions are common at many apparel factories, and the industry is besieged by public criticism of how labor is treated. Yet a fundamental tenet of the company has been the belief that apparel manufacturing should be profitable without exploiting workers. Management has worked hard since the company's inception to treat its employees as well as possible. The company is respected within the industry for its labor practices.

At the meeting to which you have been invited, there are a number of items on the agenda.

•   *Agenda Item 1—Seasonal employment:* This summer, the company was not able to keep pace with the orders; thus, it added a second shift and hired 750 new employees, bringing the total number of its employees to 3,500. During the summer months, all the employees worked full-time (8-hour shifts, five days per week), and often overtime, to meet the sales needs and replenish the dwindling inventories. But the company's inventories are growing too large, and it must determine how to reduce production over the next 20 weeks to only two thirds of full capacity. Typical industry practice would be to lay off excess workers under such circumstances, with no severance pay or other

assistance and no promise of being rehired. However, if the garment company made such a move, it would violate its code of conduct, which calls on it to treat its employees as "valued partners." Also, it has invested several thousand dollars in training each employee, and if workers are laid off, there is no guarantee it can rehire the same people when they will be needed again in spring.

- *Agenda Item 2—Expanding production abroad:* Should the company start to produce more of its goods abroad? Until now the company has made almost all of its apparel in the United States. Because it sells fashionable items, price has not been the primary concern. However, it is unsure how long it can stick to this policy. Given the company's values, this presents a problem. The media has been filled with stories about other garment companies exploiting child labor. A practice that is common in other countries where this company may go is that children aged 10 to 14 years work in filthy factories 50 or more hours per week. Their wages help their families to survive. School in these countries is viewed as a luxury, and a child attends only until he or she is able to work in one of the country's many factories. Competitors like Levi Strauss, The Gap, Esprit, and Leslie Fay have received considerable negative publicity for contracting out their production to factories in such countries. They have lost sales because of the revelations about their child labor practices.

When asked at the meeting, what do you recommend the garment company should do to address these issues?

Case 2.4: Telecommunication Company's Lost Business

ACI is a leading supplier of components for the telecommunications industry. It sells components to companies like Alcatel, Northern Telecom, and Ericsson, who put the components into the equipment they make. ACI's annual sales are around $1.5 billion. It has more than 2,500 U.S. employees as well as another 3,000 employees about evenly divided between Mexico, Taiwan, and Ireland. All of these hourly employees are represented by an international union. The Mexican operations were launched to take advantage of the low labor costs. Those in Taiwan make use of that country's very skilled laborers. The Ireland plants give the company access to the European market and relief from the onerous European tariffs.

One day, ACI's CEO gets a phone call from Alcatel that it is canceling all orders. Apparently, Alcatel's customers are slowing their acquisition of new equipment, and Alcatel is taking the opportunity to shift all of its business to a French company that is an ACI competitor. This French firm, the caller from Alcatel says, has a reputation for higher product quality than ACI. The CEO decides he can avoid large-scale layoffs only by implementing a 4-day work week, which spreads the pain evenly among his global workforce. He mentions this to the head of the U.S. union, who tells him, "No one likes to lose part of their paycheck, but if your plan treats management the same as blue-collar workers, we might support it."

The CEO then hears additional bad news. He obtains a report from a consulting group that says the telecommunications industry is in for "a long and deep slump." The CEO now believes Alcatel's canceled orders are likely to be only the beginning of many more canceled orders that will affect ACI's businesses worldwide. The canceled orders are likely to extend to all of ACI's major customers. Now, the CEO believes his idea of a 4-day work week will not be sufficient. There will have to be major layoffs. But how should they be carried out? In what order should the layoffs be announced? Who should be the first to go, and why? From the union leader, the CEO receives an e-mail with the

following article: "Telecomponents, Inc. Keeps Its Jobs in the U.S. Despite a Major Industry Meltdown: In a Struggling Domestic Economy This Manufacturer Shines as a Bright Light." The CEO sends out an e-mail to the Leadership Council prior to a meeting.

How should ACI handle the layoffs, if in fact they are necessary?

- If major layoffs cannot be avoided, which parts of the organization should be hit the hardest?

- Who should be protected? For example, should we lay off foreign or domestic workers first? Should we just lay off blue-collar workers and not management?

- Should we rely on our performance appraisal system to decide which employees to let go? If we do this, to what extent should seniority be considered?

- How should we communicate what we are about to do? To our workers? To the union? To the community? To the shareholders? To customers and suppliers?

- What should we do if the union turns against us? How do we avoid a major confrontation with the union?

- And what about the media? Might there not be an adverse reaction in the media if we have large-scale layoffs? And will not the media reaction snowball and we will lose considerable good will?

At the meeting, the CEO turns to your team and asks for your advice. How do you respond?

NOTES

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