

Introduction

We suffer from a loss of moral sense, of knowing the difference between right and wrong, and being governed by it.

Barbara Tuchman

The law is the witness and external deposit of our moral life. Its history is the history of the moral development of the race.

Oliver Wendell Holmes

Learning Objectives

- ❑ To appreciate the connection between law and ethical principles;
- ❑ To grasp why ethical consequentialism and not ethical formalism has been the chief source of values for business ethics;
- ❑ To develop an individual framework for ethical values in business, and
- ❑ To analyze the obstacles and rewards of ethical business practice in our property based legal system.

Contemporary Business Ethics

Ethics

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graph TD; Ethics --> Society; Ethics --> Government;
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...and Society

- Diversity/few shared values.
- Decline in public education and family structure.
- Interdependence
- News media.

...and Government

- May step in.
- Business wants to limit further gov't regulation.
- Self-regulation.

Food for thought...

*In 2007,
56% of employees surveyed
reported observing ethical
misconduct.*

Nature of Ethics

- ❑ **Morality** – Values that guide our behavior (right vs. wrong)
 - Sharing moral values promotes social cooperation and control.
 - Businesses must be sensitive to different moral values
- ❑ **Law** – Rules of conduct instituted by state.
 - External Motivator (state sanctions)
 - Law sets minimum standards.

Ethical Systems

Two Systems of Ethics

Formalism

Affirms absolute morality.

- Ethics involves duty.
- Categorical Imperative
- Social Contract

Deontology

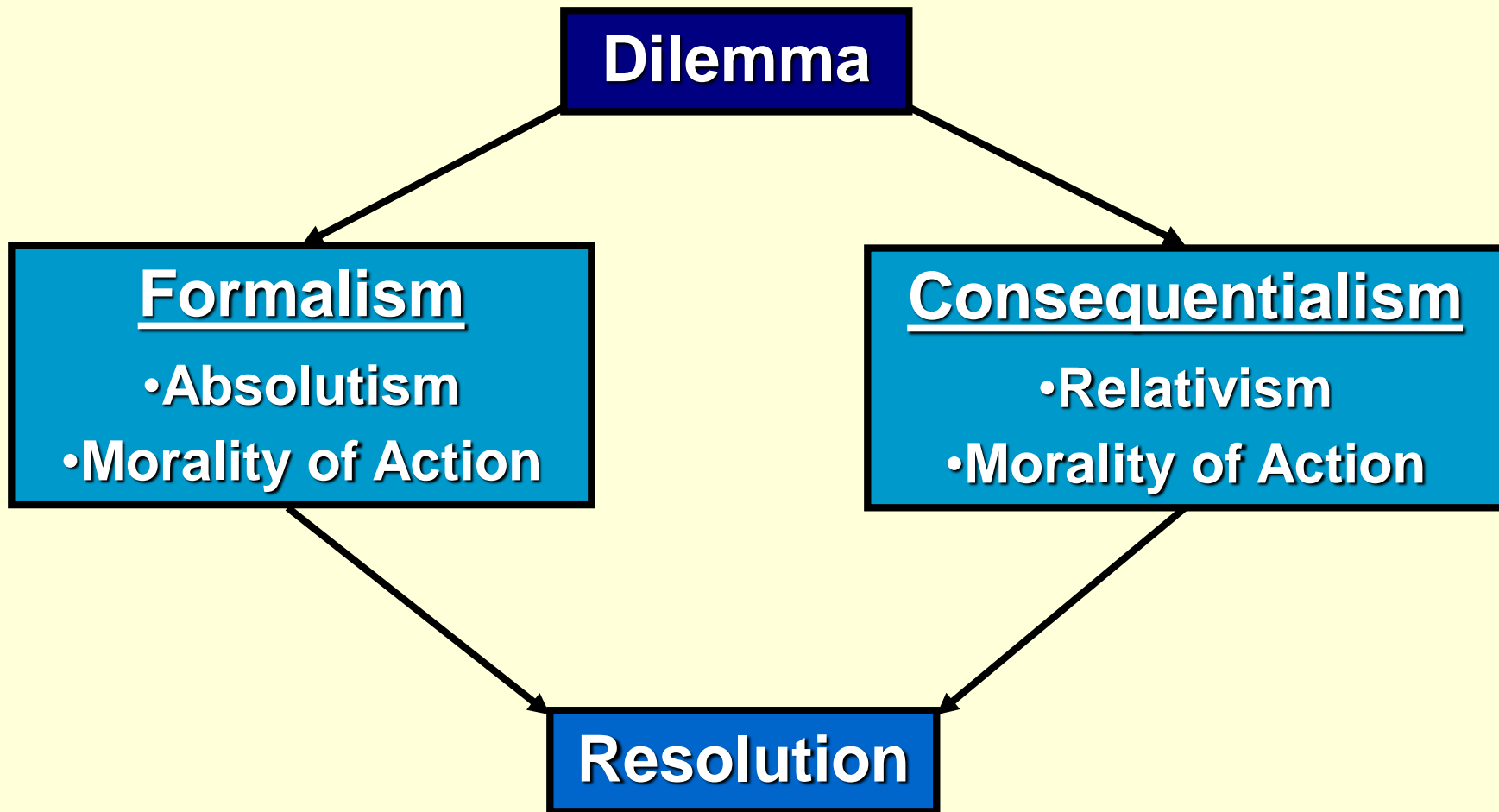
Consequentialism

Concerned with moral consequences of actions.

- Utilitarianism
- Protestant Ethic

Teleology

Ethical Systems Comparisons



pop pop pop

QUIZQUIZQUIZ

Philosophers call the end result of ethical examination –

- a. the good**
- b. the bad**
- c. the ugly**
- d. the rule of law**

think think think

TANKTANKTANK

**Is there a relationship between
law and ethics?**

- a. Yes**
- b. No**

Value Sources of Business Ethics

**Legal
Regulation**

**Professional
Codes of Ethics**

**Sources
of Values**

**Organizational
Codes of
Ethics**

**Individual
Values**

Ethical Rules Drawn from the Law



- Liberty & Rights
 - Good Faith
 - Due Care
- Confidentiality
- Conflicts Of Interest

Professional Codes Of Ethics

- Historic tradition
- Self-regulation
- Examples
 - American Marketing Association
 - American Institute of Certified Public Accountants



Organizational Codes of Ethics

- Lack of industry codes
- Self-Regulation requires:
 - Enthusiasm
 - Commitment
- Provide for sanctions when violated



Individual Values: Self-Examination

1. Have I thought if action is right or wrong?

Questions to ask yourself to help explore ethical values before making decisions.

2. Will I be proud to tell of my action?

3. Am I willing for everyone to act like me?

4. Will my decision cause harm?

5. Will my actions violate the law?

Achieving Ethical Business Corporation

□ Obstacles

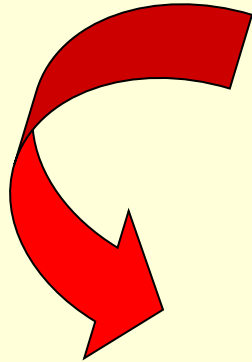
- Emphasis on profit- creates conflict/pressure
- Effect of group- no individual responsibility



Steps to Promote Business Ethics in Corporate Life

- ❑ Involve top management
- ❑ Openness in communication
- ❑ Consideration of stakeholders

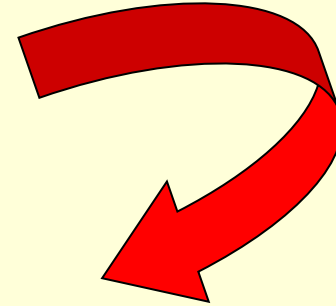
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Involve Top Management

- **Role models**
- **Must really believe expressed values.**

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Openness in Communication

- **Promotes trust**
- **Complexity of information.**

Consideration of Stakeholders

- Stakeholder Theory
- Rewards
 - Business Ethics = Profitability
 - Ethics = Business Asset
 - Business Community Concern- Sensitive To Society's Changes
 - Ethics = Leadership



pop pop pop

QUIZQUIZQUIZ

Suppose the product you are going to produce will cause serious injury if not constructed properly. State A's laws are more favorable, imposing a lower product testing standard on your business than does State B. Your business will need to spend less on testing the product. If you test at that lower level, more people will be injured than if you test at the level required in State B. As president of the corporation, which state will you select and why?

- 1. State A**
- 2. State B**

Morality of Property



Criticism

- Wealth and poverty

Support

- Less wastefulness
- Wealth maximization
- Justice

Property as System of Personal Ethics

- Underlying values are moral ones.
 - Property provides ordering of relationships between people.