

Final exam notes

- **Virtues:** these are the things that lead to a society we want to live in so we should try to adopt these traits for ourselves and then you can take them to an organizational level
 - Beliefs or standards that incline us to act in one way over another
 - **Ethical values-** different bc of the ends that they serve (serve human beings rather than selfish)
- **Creating culture:** What is the role of a leader?
 - Making the decisions on how to run the business in the best way
 - How do we create culture?
 - By how we run society (i.e. cutting the lowest 10% of performers)
 - What does this tell us about corporate culture? What are the means by which you make money?
 - Both individual excellence and organizational excellence have to be in place in order for the business to be successful
- **Is ethics good for business?** Trust, loyalty, initiative, creativity
- **Why study ethics?**
 - Risks of ethical behavior
 - Breaking the law and going to jail or paying fines
 - Bad publicity
 - Ruin relationships with customers
 - Internally it matters: losing employee loyalty-employees want to feel like they are working in a good environment
 - What are the levels of attention that are important to the study of business ethics? individual, organizational, systemic/societal
- **Values & Ethics: Doing Good & Doing Well**
 - Characteristics of companies found in study to all have in common: strong core values (even if not necessarily good or moral)
- **Malden Mills**
 - Person at top (CEO Aaron Feuerstein and president) leveraged everything to benefit employees (continued to pay employees and rebuild burnt down mills)
- **Purpose of taking ethics:** to enhance our knowledge of principled reasoning
- **Why is it not okay to only use the law for ethical behavior?**
 - Gray area- Legal compliance versus ethical responsibility
 - Sometimes laws are open to interpretation
 - Law is always changing and evolving
 - Loopholes in laws
 - Sometimes the law is just wrong (ex: slavery, abortion, etc)
 - Can be different than your moral values
 - Whether we examine ethical questions explicitly or not, they are answered by each of us every day in the course of living our lives - it is our choice whether we answer them deliberately or unconsciously
 - Things aren't illegal until after the fact when the law says they are
- It's not enough to follow idea of ethos (cultural norms, conventional norms)
 - Sometimes cultural norms can be wrong
 - Difference between what is and what ought to be
- **Ethical Perspectives:** Managers and other Stakeholders

- “Perspective-taking” – a variety of perspectives can be taken when examining ethical issues in business
 - Acknowledge your role, the context in which your decision is taking place
- Questions of management are key
- Perspective/point of view matters
- Context matters – social, legal
- Use the law and norms as input to come to conclusion, don’t ignore but don’t only use
- **A Model for Ethical Decision-Making**
 - 1) Understand the facts, identify the ethical issues involved
 - 2) Identify the stakeholders and how they will be affected
 - 3) Explore alternatives- look at what’s worked in other societies
 - 4) Consider the consequences
 - 5) Make a principled decision
- **Values:** those beliefs or standards that incline us to act or choose in one way rather than another.
- **Ethical Values:** distinguished by the ends that they serve
 - Serve the ends of human well-being – not personal/selfish
 - Ethical acts and choices should be acceptable and reasonable from all relevant points of view!
 - Thus: Ethical values are those beliefs and principles that seek to promote human well-being in an impartial way.
- **Business Ethics:** those values, standards, and principles that operate within business; also, The academic discipline that not only studies those standards, values and principles, but seeks to articulate and defend those that ought or should operate in business – describe, examine and evaluate ethical issues that arise within business settings
- **Ethics and Ethos**
 - Ethics derived from Greek *ethos*
 - Philosophical ethics does not accept this – conformity and obedience are not the best guides to how we should live.
 - Reason as the foundation of ethics – a reasoned analysis of custom and a reasoned defense of how we should live
 - Difference between what *is* valued and what *ought* to be valued
 - How ought we to live?
- **Ethical theories** – systematic answers to the fundamental question of how human beings should live their lives. Based on reason and principles.
- **Ethical relativism:** circumstantial; how you feel/what you think is right relative to cultural norms
 - Important to learn from ethical relativism, agree on importance of tolerance – BUT agree that our own opinions are not adequate
 - All judgments are relative to diff cultures, would demand more and more proof
 - Believing something doesn’t make it true
 - If lived in world of relativism any behavior could be justified bc opinion
- **Utilitarian ethics**
 - Determine the ethical significance of any action based on the consequences of that act – “the greatest good”
 - **Consequentialist** ethics- consequences determine whether something is ethical
 - Cons
 - Need to find a way to measure happiness
 - Intentions and how you meet ends don’t matter
 - Not an easy thing to measure- how can you consider ALL consequences

- Everyone has a different definition of what is good
- Balance between individual freedom and the overall good- Sacrificing the good of individuals for the overall good of mankind
 - Do ppl always choose whats best for them?
- Goes against part of ethics: in utilitarianism the ends justify the means
 - But this is not always the case because some rules you should follow no matter what like slavery
- May violate the principles of justice, equality and respect
- Different versions of what is "good" for mankind
- **Rights-Based and Kantian Ethics**
 - Some things we should and should not do *regardless of consequences*
 - Obligation to fulfill a contractual agreement
 - Individuals have *rights* that should not be sacrificed just for a means to an end – the common good
 - We should act only in way that our intentions for the act could be made a universal law; i.e. telling the truth is a universal ethical law – the *categorical imperative*
 - Act only in those ways in which the maxim (intention) of our acts could be made universal law
 - Ethics requires us to treat all people as ends and never only as means
 - We are required to treat people as subjects, not as objects
 - Rights and duties
 - Cons
 - Hard to determine rights universally
 - Sugar cereal example: wants vs best interests: to be a good parent, you are not obligated to give child what he wants
 - Ppl not always want whats in their best interest to have
 - Some rights are so important that they should not be sacrificed simply for overall good ex)child labor
 - We can make choices about our own ends and treating someone as "means" denies them an essential human characteristic
- **Virtue Ethics- role modeling**
 - Seeks a full and detailed description of those character traits (virtues) that would constitute a good and full human life
 - Our motivations (interests, wants, desires) are rooted in character – human beings act *in* and *from* character - character plays a deciding role in our behavior
 - Thus – how these traits of character are formed and illustrated is the focus of virtue ethics – parents, schools, social institutions, business - role modeling
 - What kinds of people are created from business practices
 - Our character informs our behavior
 - Tension between the person we want to be and what business asks us to be
- **Tom Mendoza**
 - Reflected Kantian ethics: treated employees as subjects not objects and learned that the ends do not justify the means
 - Reflects virtue ethics because he himself is modeling good characteristics for others
- **Ford Pinto**
 - What happened? Ford Pinto was the car to compete against other companies (Honda & Japan)
 - Spent 2 years instead of 3.5 to make