Moral Philosophy

It refers in particular to the specific principles or rules that people use to decide what is right or wrong.

Moral philosophies are person-specific, whereas business ethics is based on decisions in groups or those made when carrying out tasks to meet business objectives.

Moral philosophies present guidelines for “determining how conflicts in human interests are to be settled and for optimizing mutual benefit of people living together in groups,” guiding businesspeople as they formulate business strategies and resolve specific ethical issues.

Economic value orientation is associated with values that can be quantified by monetary means.

Idealism is a moral philosophy that places special value on ideas and ideals as products of the mind, in comparison with the world’s view.

Realism is the view that an external world exists independent of our perception of it. A realist works under the assumption that humankind is not inherently benevolent and kind but instead is inherently self-centered and competitive.

Philosophies used in Business Decisions

1. **Teleology.** Stipulates that acts are morally right or acceptable if they produce some desired result, such as realization of self-interest or utility.

2. **Egoism.** Defines right or acceptable actions as those that maximize a particular person’s self-interest as defined by the individual.
3. **Utilitarianism.** Defines right or acceptable actions as those that maximize total utility, or the greatest good for the greatest number of people. Deontology. Focuses on the preservation of individual rights and on the intentions associated with a particular behavior rather than on its consequences.

4. **Relativist.** Evaluates ethicalness subjectively on the basis of individual and group experiences.

5. **Virtue ethics.** Assumes that what is moral in a given situation is not only what conventional morality requires but also what the mature person with a “good” moral character would deem appropriate.

6. **Justice.** Evaluates ethicalness on the basis of fairness: distributive, procedural, and interactional.

### Goodness—Instrumental and Intrinsic

Two basic concepts of goodness are monism and pluralism.

*Monists* believe that only one thing is intrinsically good, and the *pluralists* believe that two or more things are intrinsically good.

Monists are often exemplified by hedonism—that one’s pleasure is the ultimate intrinsic good or that the moral end, or goodness, is the greatest balance of pleasure over pain.

Moral philosophers describe those who believe that more pleasure is better as quantitative hedonists and those who believe that it is possible to get too much of a good thing (such as pleasure) as qualitative hedonists.

Pluralists, often referred to as non-hedonists, take the opposite position that no one thing is intrinsically good.

Instrumentalists reject the idea that:

i. Ends can be separated from the means that produce them

   ii. Ends, purposes, or outcomes are intrinsically good in and of themselves.

*Goodness theories* typically focus on the end result of actions and the goodness or happiness created by them.

*Obligation theories* emphasize the means and motives by which actions are justified.

### Teleology (Consequentialism)
It refers to moral philosophies in which an act is considered morally right or acceptable if it produces some desired result such as pleasure, knowledge, career growth, the realization of self-interest, utility, wealth, or even fame.

Egoism defines right or acceptable behavior in terms of its consequences for the individual. Egoists believe that they should make decisions that maximize their own self-interest, which is defined differently by each individual.

Enlightened egoists take a long-range perspective and allow for the well-being of others although their own self-interest remains paramount.

Utilitarianism is concerned with consequences, but the utilitarian seeks the greatest good for the greatest number of people. Utilitarian decision making relies on a systematic comparison of the costs and benefits to all affected parties.

*Rule utilitarians* determine behavior on the basis of principles, or rules, designed to promote the greatest utility rather than on an examination of each particular situation.

*Act utilitarians* examine a specific action itself, rather than the general rules governing it, to assess whether it will result in the greatest utility.

**Deontology (Non-consequentialism)**

It refers to moral philosophies that focus on the rights of individuals and on the intentions associated with a particular behavior rather than on its consequences.

Contemporary deontology has been greatly influenced by the German philosopher Immanuel Kant, who developed the so-called categorical imperative: “Act as if the maxim of thy action were to become by thy will a universal law of nature.”

Deontologists believe that individuals have certain absolute rights:

a) Freedom of conscience

b) Freedom of consent

c) Freedom of privacy

d) Freedom of speech

e) Due process
To decide whether a behavior is ethical, deontologists look for conformity to moral principles.

*Rule deontologists* believe that conformity to general moral principles determines ethicalness, is determined by the relationship between the basic rights of the individual and a set of rules governing conduct.

*Act deontologists* hold that actions are the proper basis on which to judge morality or ethicalness. It requires that a person use equity, fairness, and impartiality when making and enforcing decisions.

**Relativist Perspective**

Relativists use themselves or the people around them as their basis for defining ethical standards.

*Descriptive relativism* relates to observing cultures.

*Meta-ethical relativists* understand that people naturally see situations from their own perspectives and argue that, as a result, there is no objective way of resolving ethical disputes between value systems and individuals.

*Normative relativists* assume that one person’s opinion is as good as another’s.

The relativist observes the actions of members of an involved group and attempts to determine that group’s consensus on a given behavior.

**Virtue Ethics**

A moral virtue represents an acquired disposition that is valued as a part of an individual’s character.

Virtue ethics posits that what is moral in a given situation is not only what conventional morality or moral rules require but also what the mature person with a “good” moral character would deem appropriate.

Virtue Ethics approach to business:

- a) Individual virtue and integrity count, but good corporate ethics programs encourage individual virtue and integrity.
- b) By the employee’s role in the community (organization), these virtues associated with appropriate conduct form a good person.
- c) The ultimate purpose is to serve society’s demands and the public good and to be rewarded in one’s career.
d) The well-being of the community goes together with individual excellence because of the social consciousness and public spirit of every individual.

Justice

It involves evaluations of fairness or the disposition to deal with perceived injustices of others.

Three types of justice provide a framework for evaluating the fairness of different situations:

i. Distributive justice is based on the evaluation of the outcomes or results of the business relationship.

ii. Procedural justice is based on the processes and activities that produce the outcome or results.

iii. Interactional justice is based on evaluating the communication processes used in the business relationship.

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<thead>
<tr>
<th>Justice Type</th>
<th>Evaluations of Fairness</th>
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<tr>
<td>Distributive justice</td>
<td>- Benefits derived</td>
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<td>- Equity in rewards</td>
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<tr>
<td>Procedural justice</td>
<td>- Decision making process</td>
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<td>- Level of access, openness &amp; participation</td>
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<tr>
<td>Interactional Justice</td>
<td>- Accuracy of information</td>
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<td>- Truthfulness, respect, and courtesy in the process</td>
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Kohlberg’s model of cognitive moral development

1. The stage of punishment and obedience. A person in this stage will respond to rules and labels of “good” and “bad” in terms of the physical power of those who determine such rules.

2. The stage of individual instrumental purpose and exchange. The individual no longer makes moral decisions solely on the basis of specific rules or authority figures; he or she now evaluates behavior on the basis of its fairness to him or her.

3. The stage of mutual interpersonal expectations, relationships, and conformity. Here, an individual emphasizes others rather than him or herself. Although ethical motivation is still derived from obedience to rules, the individual considers the wellbeing of others.
4. *The stage of social system and conscience maintenance*. An individual determines what is right by considering his or her duty to society, not just to other specific people.

5. *The stage of prior rights, social contract, or utility*. An individual is concerned with upholding the basic rights, values, and legal contracts of society.

6. *The stage of universal ethical principles*. A person in this stage believes that right is determined by universal ethical principles that everyone should follow.

**Making Rational Decisions** (*Business: The Ultimate Resource* p.566)

**Introduction**

A decision involves a choice between a set of alternatives. The key to the process of making rational decisions is generating the alternatives and then knowing how to select, or eliminate, them from the list. This method for making rational decisions was first proposed in 1981 by Kepner and Tregoe in *The New Rational Manager*.

**Advantages:**

1. It provides evidence and support for how the decision was made
2. It works particularly well in complex or fuzzy situations
3. It is thorough and systematic
4. It relies on effective information gathering rather than preconceived ideas
5. Provides an effective technique for determining a route through the mist and securing commitment to it

**Disadvantages:**

1. It can be very time-consuming and resource-intensive, especially in fast moving situations.
2. It relies heavily on information that may prove difficult to gather.
3. It requires fairly strict adherence if the outcome is to be a rational decision.
4. It highlights the possibility that a rational decision may not be the right one.

**Procedure**

1. Define the decision to be made
Be clear on the exact decision that needs to be made. It may lead to the discovery that previous assumptions have muddied the water.

2. **Establish the objectives**
   The objectives are the outcomes that you desire from the decision and should be made measurable wherever possible. It is not necessary to worry at this stage if there are apparent incompatibilities between some objectives. This stage involves consultation, information searching and checking.

3. **Classify the objectives**
   Differentiate between the essential requirements (the ‘musts’) and the desirable (‘the wants’). The fundamental difference between wants and musts is that if one of the decision alternatives does not meet a must, then that option should be rejected.

4. **Define the musts**
   To be a valid must, an objective should have a quantitative measure or an objective standard. Assign quantitative measures to the musts.

5. **Define the wants**
   Examine the wants for importance and give a numerical weighting out of 10 (10 for most important, less than 10 for those less important). The wants are not make-or-break points in the decision process like the musts. However, the more clearly defined they are, the better your decisions will be.

6. **Generate the alternatives**
   With information requirements established, next seek and obtain the appropriate information.

7. **Apply the alternatives to your requirements**
   The information – or options obtained – should be recorded for each alternative against each must objective.

8. **Test the alternatives against the musts**
   Reject the options that do not meet the musts. If you do not wish to reject an alternative that has failed on musts or something else prevents your rejecting it, then either the musts are proving unsatisfactory or you are not adhering to the rational process. In either case, re-start at step 3.

9. **Score the remaining alternatives against the wants**
   Score the remaining options against each of the wants in turn. The alternative that meets the want best should be scored highest and others allocated proportionate scores.

10. **Multiply the weights by the scores**
    Weights should be multiplied by scores and the results added for each alternative.

11. **Come to a provisional decision**
The totals will enable you to come to a provisional decision.

12. Take a final decision

The analysis will not provide an automatic decision unless only one alternative meets all the musts. Where several alternatives have similar totals, it is particularly important to re-examine scores and weights and the evidence on which they have been based. It is not always necessary to use the entire process described above, especially for simple binary (yes/no) decisions.