Reading Assignment

Chapter 1:
Ethics and Business,
pp. 1-26

Suggested Reading

See information below.

Course Learning Outcomes for Unit I

Upon completion of this unit, students should be able to:

1. Explain why ethics is important in the business environment.
2. Explain the nature of business ethics as an academic discipline.
3. Distinguish the ethics of personal integrity from the ethics of social responsibility.
4. Distinguish ethical norms and values from other business-related norms and values.
5. Distinguish legal responsibilities from ethical responsibilities.
6. Explain why ethical responsibilities go beyond legal compliance.
7. Distinguish ethical decision making from other practical decision situations.

Unit Lesson

From the perspective of an academic discipline, ethics is one of five branches of philosophy that includes epistemology (what can we know?), aesthetics (what is beauty?), logic (what are the rules of valid inference?), metaphysics (what is the true nature of reality?), and ethics.

The term *ethics* is derived from the Greek *ethos,* which means habit or custom in the singular and character in the plural. Perhaps the connection between the two is apparent; what we do out of habit or by custom is what forms our character.

The study of ethics is the study of "right" behavior. It asks and tries to answer questions such as: *How should I behave? How should I act? What is a life well lived? What non-human entities deserve moral consideration?*

Our textbook authors point out that these questions can be posed within the framework of an individual or in the context of a larger society. In the first sense, the questions posed are about how one should live his or her life, how one should act, what one should do, and what kind of person one should be. In this sense, the meaning of ethics is sometimes referred to as *morality*. Our authors refer to it as being synonymous with the concept of *personal integrity*.

In the larger societal sense, the questions posed are related to how we should live as a community or as a society as a whole.

The distinction between these two concepts can be described as the difference between personal and social ethics.

Social ethics examines questions about justice, law, public policy, and civic virtues. Specific topics include economics, immigration, poverty, and hunger as well as homosexuality, religious tolerance, the death penalty, abortion, and human cloning. These are just some examples of the kinds of issues that arise

when communities or societies are attempting to judge the ethical or moral "rightness" of certain behavior.

More specifically, *business ethics* is concerned with the most effective ways to structure businesses, as well as the scope of their respective corporate social responsibility and making decisions that could affect many different people. Since the focus of these topics is on the company or organization rather than the individual, business ethics can also be considered social ethics.

Ethical decision making, whether personal or social, is not a black-and-white process. If it were, we could create a decision tree or write a computer program that answers all ethical questions. The reality is that the subtleties, complexities, and diversities of ethical dilemmas are so vast that it is impossible for someone to design a process that covers all possibilities. Therefore, we must develop core principles or hallmarks that form the basis for making these decisions. Such principles are referred to as "values."

Values are of different types depending on what ends they serve. For example, religious values serve spiritual ends, aesthetic values serve the end of beauty, and financial values serve monetary ends. For our purposes, ethical values are those beliefs and principles that impartially promote human well-being.

Regardless of the type of values, a company's (or an individual's) *core values* are those beliefs and principles that provide the ultimate guide for decision making.

Given this discussion, one may propose that we use laws to determine what is ethical and what is not, but while the law is a good place to start, the law has serious limitations. For example, there have been many times in history where the law has permitted behavior that was undeniably unethical. Consider the owning of slaves in the early years of America's history. Such activity was completely legal and also completely unethical.

Another problem for businesses relying exclusively on the law is that such reliance is likely to result in more legal regulation. Moreover, it is impossible for the law to anticipate every new dilemma that businesses might face, so the idea that compliance with the law is sufficient relies on a misperception or misunderstanding of the law.

It should be noted that ethics is both practical and normative; it states what we should do, and it is, therefore, an essential element in practical reasoning. *Practical reasoning* is distinct from *theoretical reasoning* in that the latter is focused on what we should believe in, the search for truth.

When considering methodologies for practical reasoning, historically the common method in the search for truth has been the scientific method. This process can also provide a basis for practical reasoning in ethics; although, the two are not exactly the same.

The core element and rationale for our course of study is that ethical theories are patterns of thinking that help us decide what to do.

Reference

Hartman, L. P., DesJardins, J., & MacDonald, C. (2014). *Business ethics: Decision making for personal integrity & social responsibility* (3rd ed.). New York, NY: McGraw-Hill.

Suggested Reading

Click here to access the PDF of the Chapter I Presentation.

Mastilak, C., Matuszewski, L., Miller, F., & Woods, A. (2011, December). Designing honesty into your organization. Strategic Finance, 93(6), 35-40.

Yamamura, J. H., & Stedham, Y. (2011, December). Business ethics in Japan: Taking a closer look at the role of age. *Journal of International Business Research, 10*(S3), 153-169.

Warren, M. (2013, May 13). The 'transparency' agenda: It's a murky business. *The Weekly Standard, 18*(33).