

## Chapter 3

### *Ethical Theories*

#### CHAPTER SUMMARY

This chapter presents the main concepts and theories of ethics developed over centuries by major moral philosophers. The value of any theory for business ethics is its usefulness in evaluating business practices, institutional arrangements, and economic systems. Teleological theory examines the outcome stemming from a decision or behavior. Deontological theory is more concerned with the actual decision or behavior but not with the consequence stemming from the decision or behavior. In general, all of these theories justify most prevailing business practices, the institution of the modern corporation, and capitalism or the market system, but they also provide the basis for some criticism and improvement. In the subsequent chapters, this theoretical foundation is used to explore a wide range of practical business ethics topics.

#### CHAPTER OBJECTIVES

- 3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method
- 3.2: Summarize the two intuitive principles of Kantian ethics and their implications for moral reasoning
- 3.3: Define virtue and explain how virtues and principles of virtue ethics are relevant to business
- 3.4: Identify the meaning and importance of rights and the types of rights that apply in different situations
- 3.5: Explain the role of justice in business ethics, the three kinds of justice outlined by Aristotle, and the contemporary principles of justice offered by Rawls and Nozick

#### SUGGESTED DISCUSSION PROMPTS

1. What would an act utilitarian and a rule utilitarian say differently when evaluating the same case?
2. What specific problem is posed to utilitarianism by its economic application?
3. What is the major contrast between utilitarianism and Kantian ethics?
4. What are the attractive features of virtue theory? What are its limitations in application to business?
5. In what ways is the rights and justice perspective a fitting ethical theory for business ethics?

## ASSESSMENT FOR IN-CLASS USE

### *Multiple Choice Questions*

Choose the BEST possible answer for each of the following.

1. What does the P&G case show about the applicability of ethics to business?
  - A. When a company makes unethical decisions, it is usually breaking the law.
  - B. Ethics in business applies differently from how it does in the rest of the world.
  - C. A company's behavior may be unethical even if no harm is done.
  - D. A company's ethical decisions should always affect its bottom line.

Correct Answer: C

3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method

Topic/Concept: Utilitarianism

Difficulty Level: Easy

Skill Level: Understanding

2. Teleological theories of ethics locate goodness in \_\_\_\_\_.
  - A. the outcome of actions
  - B. the intentions of the agent
  - C. the obligations of people to each other
  - D. the maximization of economic opportunity

Correct Answer: A

3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method

Topic/Concept: Utilitarianism

Difficulty Level: Easy

Skill Level: Understanding

3. Rule utilitarianism favors rules that \_\_\_\_\_.
  - A. always benefit the most people
  - B. everyone agrees with
  - C. utilitarians think are good rules
  - D. would maximize goodness if everyone followed them

Correct Answer: D

3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method.

Topic/Concept: Utilitarianism

Difficulty Level: Easy

Skill Level: Understanding

4. What is the most fundamental drawback of having cost-benefit analyses serve as the basis for ethical decisions in business?
- A. Some things do not really have value.
  - B. A determinate value must be placed on things that have incalculable value.
  - C. Cost-benefit analyses are time-consuming and require specialized skill.
  - D. Cost-benefit analyses require a commitment to consequentialism.

Correct Answer: B

3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method

Topic/Concept: Utilitarianism

Difficulty Level: Easy

Skill Level: Understanding

5. A “maxim,” according to Kant’s terminology, is \_\_\_\_\_.
- A. the outcome of an action
  - B. the reason that one undertakes an action
  - C. the moral principle that one has in mind
  - D. that which would make an action moral

Correct Answer: B

3.2: Summarize the two intuitive principles of Kantian ethics and their implications for moral reasoning

Topic/Concept: Kantian Ethics

Difficulty Level: Easy

Skill Level: Understanding

6. Kant’s rule requiring respect for persons asks that we \_\_\_\_\_.
- A. not use people as means to an end
  - B. view each person as a moral agent
  - C. view each person as an end unto himself
  - D. only use another person if we have sufficient reason for doing so

Correct Answer: C

3.2: Summarize the two intuitive principles of Kantian ethics and their implications for moral reasoning

Topic/Concept: Kantian Ethics

Difficulty Level: Easy

Skill Level: Understanding

7. Virtue ethics defines a moral action as that which \_\_\_\_\_.
- A. a wise person would do
  - B. leads to the most virtue overall
  - C. is done with the most virtuous intentions

D. is done according to the proper rules

Correct Answer: A

3.3: Define virtue and explain how virtues and principles of virtue ethics are relevant to business

Topic/Concept: Virtue Ethics

Difficulty Level: Easy

Skill Level: Understanding

8. A drawback to theorizing about business ethics in terms of rights is that \_\_\_\_\_.
- A. not everyone has rights
  - B. people's rights may conflict
  - C. it is hard to draw the line between different types of rights
  - D. conceptions of rights differ between cultures

Correct Answer: B

3.4: Identify the meaning and importance of rights and the types of rights that apply in different situations

Topic/Concept: Rights

Difficulty Level: Easy

Skill Level: Understanding

9. The notion of justice is most basically concerned with \_\_\_\_\_.
- A. fairness
  - B. equality
  - C. rights
  - D. economics

Correct Answer: A

3.5: Explain the role of justice in business ethics, the three kinds of justice outlined by Aristotle, and the contemporary principles of justice offered by Rawls and Nozick

Topic/Concept: Justice

Difficulty Level: Easy

Skill Level: Understanding

### ***Essay Questions***

1. In what ways is the need to calculate utility a problem for utilitarianism?

3.1: Describe the four theses of classical utilitarianism, the utilitarian approach to decision making, and the main criticisms of the cost-benefit analysis method

Topic/Concept: Utilitarianism

Difficulty Level: Moderate

Skill Level: Analysis

2. What is Kant's categorical imperative? Explain its two formulations.

3.2: Summarize the two intuitive principles of Kantian ethics and their implications for moral reasoning

Topic/Concept: Kantian Ethics

Difficulty Level: Easy

Skill Level: Understanding

3. Describe how rights and justice can be explained in terms of one another.

3.4: Identify the meaning and importance of rights and the types of rights that apply in different situations

Topic/Concept: Rights

Difficulty Level: Moderate

Skill Level: Analysis

4. What is virtue? Explain how principles of virtue ethics are relevant to business.

3.3: Define virtue and explain how virtues and principles of virtue ethics are relevant to business

Topic/Concept: Virtue Ethics

Difficulty Level: Easy

Skill Level: Understanding

5. Explain the contemporary justice principles according to Rawls and Nozick.

3.5: Explain the role of justice in business ethics, the three kinds of justice outlined by Aristotle, and the contemporary principles of justice offered by Rawls and Nozick

Topic/Concept: Justice

Difficulty Level: Easy

Skill Level: Understanding