Chapter 1 : MGT Business Ethics - Solved MCQs from Quiz 1

16 Three Models of Management Ethics Immoral Management An approach devoid of ethical principles and active opposition to what is ethical Moral Management Conforms to high standards of ethical behavior or professional standards of conduct Amoral Management Intentional: does not consider ethical factors Unintentional: casual or careless about.

Different Approaches towards Ethical Behaviour in Business: There are different ways of thinking about ethical behaviour. Some situations offer clean-cut ethical choices. There is no debate about it. There are other situations where two or more values, rights, or obligations conflict with each other and a choice has to be made. Should the officer arrest the drug users? Should he be loyal to his brother or to his job? It offers a difficult choice. Various approaches to ethical behaviour give some guidance in making some choices. Some of these approaches are: Also known as consequentiality approach, it determines the moral conduct on the basis of the consequences of an activity. Whether an action is right or wrong would depend upon the judgement about the consequences of such an action. The idea is to judge the action moral if it delivers more good than harm to society. Some of the philosophers supporting this view are nineteenth century philosophers John Stuart Mill and Jeremy Bentham. They proposed that ethics and morality of an act should be judged on the basis of their ultimate utility. An act would be considered moral if it produced more satisfaction than dissatisfaction for society. It must be understood that this satisfaction or happiness should be for the society in general and not to the people committing the act or the people who are directly involved in the act. For example, not paying the money to someone whom you owe may make you happy but it disrupts the social system of fairness and equity thus making the society as a whole unhappy. Hence, it would not be an ethical act. Accordingly, some actions would be considered wrong even if the consequences of these actions were good. This approach has more of a religious undertone. The ethical code of conduct has been dictated by the Holy Scriptures. The wrongs and rights have been defined by the word of God. This gives the concept of ethics a fixed perception. Since the word of God is considered as permanent and unchangeable, so then is the concept of ethics. Holy Scriptures like those of the Bible, the Holy Quran, Bhagwad Gita and Guru Granth Sahib are considered to be the words of God and hence must be accepted in their entirety and without question. In similar thinking, though based upon rationality, rather than religious command, Emmanuel Kant, an eighteenth century German philosopher suggested morality as universally binding on all rational minds. This means that morality would be considered unconditional and applicable to all people at all times and in all cases. This approach suggests that moral judgments be made on the determination of intrinsic good or evil in an act which should be self evident. For example, the Ten Commandments would be considered as one of the guidelines to determine what is intrinsically good and what is intrinsically evil. This approach is proposed by A. This means that if a person feels good about an act, then in his view, it is a moral act. For example, using loopholes to cheat on income tax may be immoral from societal point of view, but the person filing the income tax returns sees nothing wrong with it. Similarly, not joining the army in time of war may be unethical and unpatriotic from the point of view of the society and the country, but the person concerned may consider war as immoral in itself. According to this approach, the whole idea about morality hinges on the personal view point. An extension of Emotive theory puts focus an the integrity of the person. Character, motivations and intentions must be consistent with the principles accepted by society as ethical. This approach views behaviour as respecting and protecting fundamental human rights, equal treatment under law and so on. Some of these rights are set forth in documents such as Bill of Rights in America and U. Declaration of Human Rights. From ethical point of view, people expect that their health and safety is not endangered by unsafe products. They have a right not to be intentionally deceived on matters which should be truthfully disclosed to them. Citizens have a fundamental right to privacy and violation of such privacy would not be morally justifiable. Individuals have the right to object and reject directives that violate their moral or religious beliefs. For example, Sikhs are allowed to wear turbans instead of putting on a hat as required by Royal Canadian Police, because of their religious beliefs. The justice view of moral behaviour is based on the belief that ethical decisions do not

discriminate people on the basis of any types of preferences, but treat all people fairly, equitably and impartially, according to established guiding rules and standards. All mankind is created equal and discriminating against any one on the basis of race, gender, religion, nationality or any such criteria would be considered unethical. From organizational point of view, all policies and rules should be fairly administered. For example, a senior executive and an assembly worker should get the same treatment for the same issue, such as a charge of sexual harassment.

Chapter 2 : Normative ethics - Wikipedia

Principles approach to business ethics. based on the use of ethics principles or guidelines to justify and direct behavior, actions, policies & practices. Postconventional, autonomous principled level of moral development.

There are three competing views on how moral questions should be answered, along with hybrid positions that combine some elements of each. Virtue ethics focuses on the character of those who are acting, while both deontological ethics and consequentialism focus on the status of the action, rule, or disposition itself. The latter two conceptions of ethics themselves come in various forms. Virtue ethics , advocated by Aristotle with some aspects being supported by Saint Thomas Aquinas , focuses on the inherent character of a person rather than on specific actions. There has been a significant revival of virtue ethics in the past half-century, through the work of such philosophers as G. Some deontological theories include: The contractualism of John Rawls , which holds that the moral acts are those that we would all agree to if we were unbiased. Natural rights theories, such that of John Locke or Robert Nozick , which hold that human beings have absolute, natural rights. Consequentialist theories, differing in what they consider valuable Axiology , include: Utilitarianism , which holds that an action is right if it leads to the most happiness for the greatest number of people. Prior to the coining of the term "consequentialism" by Anscombe in and the adoption of that term in the literature that followed, "utilitarianism" was the generic term for consequentialism, referring to all theories that promoted maximizing any form of utility, not just those that promoted maximizing happiness. State consequentialism or Mohist consequentialism, which holds that an action is right if it leads to state welfare, through order, material wealth, and population growth. Egoism , the belief that the moral person is the self-interested person, holds that an action is right if it maximizes good for the self. Situation Ethics , which holds that the correct action is the one that creates the most loving result, and that love should always be our goal. Intellectualism , which dictates that the best action is the one that best fosters and promotes knowledge. Welfarism , which argues that the best action is the one that most increases economic well-being or welfare. Preference utilitarianism , which holds that the best action is the one that leads to the most overall preference satisfaction. Ethics of care or relational ethics, founded by feminist theorists , notably Carol Gilligan , argues that morality arises out of the experiences of empathy and compassion. It emphasizes the importance of interdependence and relationships in achieving ethical goals. Pragmatic ethics is difficult to classify fully within any of the four preceding conceptions. This view argues that moral correctness evolves similarly to scientific knowledge: Thus, we should prioritize social reform over concern with consequences, individual virtue or duty although these may be worthwhile concerns, provided social reform is also addressed. Role ethics is based on the concept of family roles. Binding force[edit] It can be unclear what it means to say that a person "ought to do X because it is moral, whether they like it or not". Morality is sometimes presumed to have some kind of special binding force on behaviour, but some philosophers think that, used this way, the word "ought" seems to wrongly attribute magic powers to morality. Anscombe worries that "ought" has become "a word of mere mesmeric force". If he is an amoral man he may deny that he has any reason to trouble his head over this or any other moral demand. Morality may therefore have no binding force beyond regular human motivations, and people must be motivated to behave morally. The question then arises: Causes of good behaviour The categorical imperative perspective suggests that proper reason always leads to particular moral behaviour. As mentioned above, Foot instead believes that humans are actually motivated by desires. Proper reason, on this view, allows humans to discover actions that get them what they want i. Social structure and motivation can make morality binding in a sense, but only because it makes moral norms feel inescapable, according to Foot. Mill says that humans must first reason about what is moral, then try to bring the feelings of our conscience in line with our reason. This firm foundation is that of the social feelings of mankind; the desire to be in unity with our fellow creatures, which is already a powerful principle in human nature, and happily one of those which tend to become stronger, even without express inculcation, from the influences of advancing civilisation. Mill thus believes that it is important to appreciate that it is feelings that drive moral behavior, but also that they may not be present in some people e. Mill goes on to describe factors that help ensure people develop a conscience

and behave morally, and thinkers like Joseph Daleiden describe how societies can use science to figure out how to make people more likely to be good.

conventional approach to business ethics based on how normal society today views business ethics. Involves a comparison of a decision or practice to prevailing societal norm.

Varieties of business ethics Many people engaged in business activity, including accountants and lawyers, are professionals. As such, they are bound by codes of conduct promulgated by professional societies. Many firms also have detailed codes of conduct, developed and enforced by teams of ethics and compliance personnel. Business ethics can thus be understood as the study of professional practices, i. This entry will not consider this form of business ethics. Instead, it considers business ethics as an academic discipline. Business ethics as an academic discipline is populated by both social scientists and normative theorists. This is reflected in the attendees of academic conferences in business ethics and the types of articles that are published in business ethics journals. Social scientistsâ€"who at this point comprise the largest group within the fieldâ€"approach the study of business ethics descriptively. They try to answer questions like: Does corporate social performance improve corporate financial performance, i. I will not consider such questions here. This entry focuses on questions in normative business ethics, most of which are variants on the question: What is ethical and unethical in business? Considered only as a normative enterprise, business ethicsâ€"like many areas of applied ethicsâ€"draws from a variety of disciplines, including ethics, political philosophy, economics, psychology, law, and public policy. This is because remedies for unethical behavior in business can take various forms, from exhortations directed at private individuals to change their behavior to new laws, policies, and regulations. One is that the means of production can be privately owned. A second is that marketsâ€"featuring voluntary exchanges between buyers and sellers at mutually determined pricesâ€"should play an important role in the allocation of resources. Those who deny these assumptions will see some debates in business ethics e. Merck and Wal-Mart are examples of the first type organization; Princeton University and the Metropolitan Museum of Art are examples of the second. Business ethicists sometimes concern themselves with the activities of non-profit organizations, but more commonly focus on for-profit organizations. Indeed, most people probably understand businesses as for-profit organizations. Corporate moral agency One way to think about business ethics is in terms of the moral obligations of agents engaged in business activity. Who is a moral agent? To be precise, the question is whether firms are moral agents and morally responsible considered as qua firms, not considered as aggregates of individual members of firms. In the business ethics literature, French is a seminal thinker on this topic. He bases this conclusion on his claim that firms have internal decision-making structures, through which they 1 cause events to happen, and 2 act intentionally. Donaldson claims that firms cannot be persons because they lack important human capacities, such as the ability to pursue their own happiness see also Werhane Other responses denied that firms are moral agents also. Velasquez argues that firms lack a necessary condition of agency, viz. In later work, French recanted his claim that firms are moral persons, though not his claim that they are moral agents. Discussions of corporate moral agency and moral responsibility have largely faded from the business ethics literature as of But they continue to receive attention in the mainstream philosophical literature, where they are treated with a high degree of sophistication. Here the focus is on collectives more generally, with the business firm playing a role as an example of a collective. As in the business ethics literature, in the mainstream philosophical literature a key question is: What are the conditions for moral agency and responsibility, such that collectives qua collectives, including firms, do or do not satisfy them? This view has strong intuitive appeal. We routinely say things like: On the other side are writers who deny that firms can be moral agents, such as Gilbert , S. A claim advanced on this side is that agency requires intention, and firms are not the kinds of things that can have intentions S. The common way of speaking about the agency and responsibility of firms may be metaphorical, or a shorthand way of referring to the agency and responsibility of individuals within firms. For discussions of these issues, see the entries on collective responsibility , collective intentionality , and shared agency. While the question of whether firms themselves are moral agents is of theoretical interest, its practical import is uncertain. Perhaps BP itself was morally responsible for polluting the Gulf of Mexico. Perhaps

certain individuals who work at BP were. What hangs on this? According to Hasnas , very little. Firms such as BP can be legally required to pay restitution for harms they cause even if they are not morally responsible for them. What ascribing agency and responsibility to firms enables us to do, according to Hasnas, is blame and punish them. But, he argues, we should not engage in this practice. Phillips , by contrast, argues that in some cases no individual employee in a firm is responsible for the harm a firm causes. To the extent that it makes senseâ€"and it often does, he believesâ€"to assign responsibility for the harm, it must be assigned to the firm itself. The ends and means of corporate governance There is significant debate about the ends and means of corporate governance, i. Much of this debate is carried on with the large publicly-traded corporation in view. There are two main views about the proper ends of corporate governance. According to one view, firms should be managed in the best interests of shareholders. Shareholder primacy is the dominant view about the ends of corporate governance among financial professionals and in business schools. A few writers argue for shareholder primacy on deontological grounds. On this argument, shareholders own the firm, and hire managers to run it for them on the condition that the firm is managed in their interests. Shareholder primacy is thus based on a promise that managers make to shareholders Friedman ; Hasnas In response, some argue that shareholders do not own the firm. They own stock, a type of corporate security Bainbridge ; Stout ; the firm itself may be unowned Strudler Others argue that managers do not make, explicitly or implicitly, any promises to shareholders to manage the firm in a certain way Boatright More writers argue for shareholder primacy on consequentialist grounds. In support of this, some argue that, if managers are not given a single objective that is clear and measurableâ€"viz. Consequentialist arguments for shareholder primacy run into problems that afflict many versions of consequentialism: Most think that people should be able to pursue projects, including economic projects, that matter to them, even if those projects do not maximize welfare. The second main view about the proper ends of corporate governance is given by stakeholder theory. To its critics, stakeholder theory has seemed both insufficiently articulated and weakly defended. With respect to articulation, one question that has been pressed is: The groups most commonly identified are shareholders, employees, the community, suppliers, and customers. But other groups have stakes in the firm, including creditors, the government, and competitors. It makes a great deal of difference where the line is drawn, but stakeholder theorists have not provided a clear rationale for drawing a line in one place rather than another. With respect to defense, critics have wondered what the rationale for managing firms in the interests of all stakeholders is. This is precisely what defenders of shareholder primacy say about that view. It is important to realize that a resolution of the debate between shareholder and stakeholder theorists however we conceive of the latter will not resolve all or even most of the ethical questions in business. This is because this is a debate about the ends of corporate governance; it cannot answer all of the questions about the moral constraints that must be observed in pursuit of those ends Goodpaster ; Norman Rather, these views should be interpreted as views that managers should do whatever is morally permissible to achieve these ends. A large part of business ethics is trying to determine what morality permits in this domain. Answers to questions about the means of corporate governance often mirror answers to question about the ends of corporate governance. Often the best way to ensure that a firm is managed in the interests of a certain party P is to give P control over it. We might see control rights for shareholders as following analytically from the concept of ownership. To own a thing is to have a bundle of rights with respect to that thing. As noted, in recent years the idea that the firm is something that can be owned has been challenged Bainbridge ; Strudler But contractarian arguments for shareholder control of firms have been constructed which do not rely on the assumption of firm ownership. All that is assumed in these arguments is that some people own capital, and others own labor. It just so happens that, in most cases, capital hires labor. Many writers find this result troubling. Even if the governance structure in most firms is in some sense agreed to, they say that it is unjust in other ways. Anderson characterizes standard corporate governance regimes as oppressive and unaccountable private dictatorships. Arguments for these governance structures take various forms. According to it, if states should be governed democratically, then so should firms, because firms are like states in the relevant respects Dahl ; Walzer A fourth argument for worker participation in firm decision-making sees it as valuable or even necessary training for participation in political processes in the broader society Cohen Space considerations prevent a detailed examination of

these arguments. But criticisms generally fall into two categories. The first insists on the normative priority of agreements, of the sort described above. There are few legal restrictions on the types of governance structures that firms can have. And some firms are in fact controlled by workers Dow ; Hansmann To insist that other firms should be governed this way is to say, according to this argument, that people should not be allowed to arrange their economic lives as they see fit.

Chapter 4 : Business Ethics (Stanford Encyclopedia of Philosophy)

Three approaches to business ethics Conventional Approach o Based on how society today views business ethics and on common sense. o The conventional approach to business ethics involves a comparison of a decision or practice to prevailing societal norms. Ethics, economics, law - a Venn model () o In many business decisions, ethics.

He became famous for his work there beginning in the early s. He started as a developmental psychologist and then moved to the field of moral education. His theory of moral development was dependent on the thinking of the Swiss psychologist Jean Piaget and the American philosopher John Dewey. He was also inspired by James Mark Baldwin. These men had emphasized that human beings develop philosophically and psychologically in a progressive fashion. He believed that there were six identifiable stages which could be more generally classified into three levels. In the first stage of this level, people behave according to socially acceptable norms because they are told to do so by some authority figure e. This obedience is compelled by the threat or application of punishment. The second level of moral thinking is that generally found in society, hence the name "conventional. The second stage is one oriented to abiding by the law and responding to the obligations of duty. The third level of moral thinking is one that Kohlberg felt is not reached by the majority of adults. Its first stage stage 5 is an understanding of social mutuality and a genuine interest in the welfare of others. The last stage stage 6 is based on respect for universal principle and the demands of individual conscience. While Kohlberg always believed in the existence of Stage 6 and had some nominees for it, he could never get enough subjects to define it, much less observe their longitudinal movement to it. Kohlberg believed that individuals could only progress through these stages one stage at a time. That is, they could not "jump" stages. They could only come to a comprehension of a moral rationale one stage above their own. Thus, according to Kohlberg, it was important to present them with moral dilemmas for discussion which would help them to see the reasonableness of a "higher stage" morality and encourage their development in that direction. He saw this as one of the ways in which moral development can be promoted through formal education. Note that Kohlberg believed, as did Piaget, that most moral development occurs through social interaction. The discussion approach is based on the insight that individuals develop as a result of cognitive conflicts at their current stage. I am grateful to Professor F. These are class notes, intended to comment on readings and amplify class discussion. They should be read as such. They are not intended for publication or general distribution.

Chapter 5 : 5 Different Approaches towards Ethical Behaviour in Business

Conventional Approach to Business Ethics€¢ Conventional approach to business ethics involves a comparison of a decision or practice to prevailing societal norms - Pitfall: ethical relativismDecision or Practice Prevailing Norms.

Chapter 6 : Three Major Approaches To Thinking About Business Ethics Are

Conventional Approach to Ethics Conventional approach to ethics involves a comparison of a decision or practice to prevailing societal norms Pitfall: ethical relativism Decision or Practice Prevailing Norms.

Chapter 7 : A SUMMARY OF LAWRENCE KOHLBERG'S THEORY of Moral Development

conventional approaches to business ethics mistakenly to consider business as such not to be (sufficiently) ethical. According to the conventional approach, business is ethical, or 'socially.

Chapter 8 : Business ethics are the conventional approach

2) Three major approaches to thinking about business ethics are the conventional approach, the principles approach,

and the ethical tests approach.