

Kant and Business Ethics

<p>Risk Assessment Ford Pinto: Fuel tank fault leading to fires if rear-ended. Ford's cost/benefit analysis determined it would cost less to ignore it than recall all Pintos.</p>	<p>Categorical Imperative – Ends in themselves By putting a value on human lives, Ford has cynically treated its customers as a means to an end. Some claim the risks weren't much greater than other car companies took, and this could be a problem for an absolutist like Kant. Is it possible for there to be no risk at all? Kant would allow the risks required for us to be able to drive, as this would be treating us as ends.</p>
<p>Industrial Espionage BA accused of accessing confidential Virgin passenger information, impersonating Virgin staff, poaching customers, hostile smear campaign, aggressive predatory pricing.</p>	<p>Self-contradiction (Perfect duties) Some of these may merely be contrary to the will, but stealing is self-contradictory. If we all stole (information, customers, whatever), then ownership would mean nothing. It isn't logically possible to have a world where I can take anyone's property, as 'owning property' would be meaningless in such a world.</p>
<p>Creative Accounting ENRON: 'mark to market' with future anticipated profits on balance sheet; inflating profits; inadequate disclosure; aggressive corporate culture; insider trading.</p>	<p>Good Will; Duty; Deontology ENRON were focussed on profits, which would not interest Kant. It is not the success of a business, but the actions it takes that are important. We have a duty to be honest and open, regardless of the consequences. Profits are not good in themselves. A good person is someone who is trustworthy and has integrity.</p>
<p>Environmental destruction Monsanto: Herbicide-resistant superweeds; PCBs; Bovine Growth Hormone; collusion with governments; pressure tactics; manipulation of scientific data</p>	<p>Categorical Imperative - Law of Nature Monsanto dumped thousands of tons of toxic waste including PCBs in Wales. If we made this a law of nature, it wouldn't work. Kant's theory requires us to imagine all companies behaving as we do, imagining our maxims as laws of nature. Companies must behave in a sustainable way in all aspects of their business.</p>
<p>Pollution Erin Brockovich and Pacific Gas and Electric. Settled for \$333 million. Hexavalent chromium contaminated drinking water.</p>	<p>Contradiction of the will Pacific Gas and Electric put people at risk. It may be possible to live in a world where companies do this (if every company did this, the world would continue, but people would be hurt and occasionally killed). However, a rational person would not choose to live in a world like this. If we made 'Putting people at risk' a universal rule, it would be contrary to the will.</p>
<p>Human Rights Nike: no minimum wages, proper working conditions, or adequate health and safety. Nike turned a blind eye to child labour and sexual harassment in its factories.</p>	<p>Categorical Imperative – Lawmaking member of a Kingdom of Ends If I was making a law for a kingdom of people who were ends in themselves, I would require safe working conditions, a decent wage for all people, no child labour etc. Nike have not behaved as law-making members of a kingdom of ends. Instead, they allowed a series of abuses in order to make a greater profit.</p>
<p>Offsetting carbon emissions Businesses offset carbon emissions to become carbon neutral and remove their carbon footprint.</p>	<p>Categorical Imperative – Universalisability This is an easy one for Kantians. All of us, businesses or individuals, must act in ways that are sustainable. It seems that CO₂ production is unsustainable, although not everyone agrees. If it is true that CO₂ production must not increase, and that we should act according to maxims that we would will as universal laws, none of us should increase levels of CO₂.</p>
<p>Whistleblowing in China Chinese virtue, which urges social conformity, harmony and loyalty, makes whistleblowing undesirable.</p>	<p>Synthetic A Priori The right course of action can be worked out a priori – regardless of customs or culture. If a company is behaving in an inappropriate way, Kantians would argue that we have a duty to report this, regardless of family circumstances, loss of job, opinions of co-workers etc. The right course of action is verified prior to experience.</p>

Utilitarianism and Business Ethics

<p>Risk Assessment Ford Pinto: Fuel tank fault leading to fires if rear-ended. Ford's cost/benefit analysis determined it would cost less to ignore it than recall all Pintos.</p>	<p>Hedonic Calculus At first it would seem that Ford acted in a utilitarian way, doing a simple cost/benefit analysis. However, they only considered the cost to the company. Bentham would argue that a customer dying would have effects lasting for years (duration) and would lead to friends/family suffering (purity) etc. You need to consider all of the consequences.</p>
<p>Industrial Espionage Procter and Gamble went dumpster diving in 2001, spying on rivals Unilever. Although not illegal, this went against their own code of ethics.</p>	<p>Act/Rule Utilitarianism An act utilitarian would choose in each situation – e.g. whether to steal an idea. They may decide that, as the R&D had already been done, it was doing no harm to steal the results rather than waste money finding out the same things themselves. A rule utilitarian, however, would see the effects of allowing this whole-scale, and would make theft of ideas illegal.</p>
<p>Creative Accounting ENRON: 'mark to market' with future anticipated profits on balance sheet; inflating profits; inadequate disclosure; aggressive corporate culture; insider trading.</p>	<p>Singer – Preference Utilitarianism To work out whether ENRON acted unethically, we need to consider whether their actions lead to the greatest number of preferences being met. As they acted selfishly, making money for themselves whilst thousands lost out, this was unethical. For Singer, ethical business decisions involve weighing the interests of all stake-holders, not just stock-holders.</p>
<p>Environmental destruction Monsanto: Herbicide-resistant superweeds; PCBs; Bovine Growth Hormone; collusion with governments; pressure tactics; manipulation of scientific data</p>	<p>Teleological/Consequentialist Utilitarians judge business decisions on their outcomes. By this measure, Monsanto frequently act unethically. Effects of rBGH may include speeded up growth of prostate and breast cancer. The cows are also more likely to get ill. Monsanto didn't act in a way that led to the best consequences for those involved – they did not strive to bring about the greater good.</p>
<p>Pollution Erin Brockovich and Pacific Gas and Electric. Settled for \$333 million. Hexavalent chromium contaminated drinking water.</p>	<p>Everyone to count for one Pacific Gas and Electric should have considered the well being of local people poisoned by contaminated drinking water. In this case, they took unethical risks. However, if a factory's pollution only affects a few local people, their suffering might be outweighed by the good done by the product. Locals are no more or less important than the consumers.</p>
<p>Human Rights Nike: no minimum wages, proper working conditions, or adequate health and safety. Nike turned a blind eye to child labour and sexual harassment in its factories.</p>	<p>Mill: Qualitative; Higher pleasure; Happiness Bentham and Mill were both social reformers, forcing governments and companies to consider the well-being of ordinary people. Mill would have been appalled at Nike's treatment of workers. For Mill, people need to be given safe working conditions, holidays, education for children etc. All of this is part of bringing about their happiness.</p>
<p>Offsetting carbon emissions Businesses offset carbon emissions to become carbon neutral and remove their carbon footprint.</p>	<p>Mill: Individual sovereignty; Liberty Mill would agree with reducing damage done through excessive CO₂ production. However, an individual should be able to decide for themselves how they live their lives, as long as they don't harm others. If I want to fly abroad for my holidays, and offset the CO₂ emissions, then I should be able to. As long as I remain carbon neutral, I should have complete freedom.</p>
<p>Whistleblowing Samuel Provan was an army intelligence soldier who blew the whistle on a cover-up involving abuses at Abu Ghraib. He was demoted and alleged a campaign of humiliation and retaliation against him; honorably discharged in 2006.</p>	<p>Principle of Utility Utilitarianism puts high demands on a worker who has found out that a company is doing serious harm. They need to consider the interests of all of the workers and their own family, and weigh this against the damage being done by the company. They should only blow the whistle if doing so leads to the greater good. In Samuel Provan's case, the intensity of the suffering inflicted in Abu Ghraib made it the right choice to blow the whistle, even though it predictably led to him losing his job and suffering retaliation.</p>

Virtue Ethics and Business Ethics

<p>Risk Assessment Ford Pinto: Fuel tank fault leading to fires if rear-ended. Ford's cost/benefit analysis determined it would cost less to ignore it than recall all Pintos.</p>	<p>Moral Virtues – Right Ambition Virtue Ethics does not include absolute rules, it focuses on character (although Aristotle did think it was wrong to be in business just to make money). Making money is just an intermediate good. Wanting your business to be profitable could be right ambition, but doing so at the cost of people's lives is overly ambitious.</p>
<p>Industrial Espionage BA accused of accessing confidential Virgin passenger information, impersonating Virgin staff, poaching customers, hostile smear campaign, aggressive predatory pricing.</p>	<p>Moral Virtues – Magnanimity Excellence means having magnanimity – 'greatness of the soul'. This requires you to possess all of the virtues: truthfulness, generosity etc. You must demand, and be worthy of, honour. BA did not behave honourably. Aristotle would describe BA staff as being 'small-souled'. In business, you should behave in a way that makes you proud.</p>
<p>Creative Accounting ENRON: 'mark to market' with future anticipated profits on balance sheet; inflating profits; inadequate disclosure; aggressive corporate culture; insider trading.</p>	<p>Character; Arete (Virtue or Excellence) There was a focus on the importance of character at ENRON – but the 'virtues' were selfishness, greed, ruthlessness etc. (remember Gekko in Wall Street – "Greed is good"). A business should demand its employees to act righteously, which will lead to good habits and finally a good character, that will freely choose to do the right thing. The opposite was true with ENRON.</p>
<p>Environmental destruction Monsanto: Herbicide-resistant superweeds; PCBs; Bovine Growth Hormone; collusion with governments; pressure tactics; manipulation of scientific data</p>	<p>Eudaimonia When people have well-formed characters, and work together for the good of the community, eudaimonia (happiness) is possible. Monsanto dumped dangerous chemicals, produces harmful genetically modified products, and injects cows with rBGH, banned in Europe. This behaviour cannot be part of a eudaimon society. We are meant to aim at what is 'beautiful'.</p>
<p>Pollution Erin Brockovich and Pacific Gas and Electric. Settled for \$333 million. Hexavalent chromium contaminated drinking water.</p>	<p>The good for the community "There are many who can practise virtue in their own private affairs but cannot do so in their relations with another," Aristotle said. The good for the community is more important than just for an individual. Pacific Gas and Electric did not behave virtuously, telling the people of Hinkley that the contaminate was also found in multivitamins – it actually causes cancer.</p>
<p>Human Rights Nike: no minimum wages, proper working conditions, or adequate health and safety. Nike turned a blind eye to child labour and sexual harassment in its factories.</p>	<p>Intellectual virtues/Cardinal virtues – Justice People need to be educated to achieve the intellectual virtues. This includes Justice – we need to have the fairness of a good ruler in a good community. Injustice includes breaking the law, unfairness and 'grasping' – seeking goods which are not good in themselves. Nike's behaviour was unfair and exploitative. They ignored the needs of vulnerable workers.</p>
<p>Offsetting carbon emissions Businesses offset carbon emissions to become carbon neutral and remove their carbon footprint.</p>	<p>Moral virtues: cultivated by habit Offsetting CO₂ emissions sounds great in theory, putting right the things we do wrong so that we are 'carbon neutral', but we will get into bad habits. Aristotle says we need to behave righteously and get into good habits. Offsetting CO₂ emissions means we can be wasteful and destructive then pay it off. We should not get into the habit of creating excess CO₂.</p>
<p>Whistleblowing in China Chinese virtue, which urges social conformity, harmony and loyalty, makes whistleblowing undesirable.</p>	<p>MacIntyre – Context MacIntyre says we need to understand the context of a situation before we can make comments on what is right or wrong. He is relativist – there is no absolute that 'you must blow the whistle'. In some cultures, a whistleblower will be seen as a martyr to the people. In China, you would need a different way of ensuring the protection of whistle-blowers.</p>

Situation Ethics and Business Ethics

<p>Risk Assessment Ford Pinto: Fuel tank fault leading to fires if rear-ended. Ford's cost/benefit analysis determined it would cost less to ignore it than recall all Pintos.</p>	<p>4 Working principles: Personalism Fletcher said that people should come first. Ford put profits first, willing to risk large numbers of fatalities, people getting disabilities etc. Fletcher's theory allows us to put the general well being over the needs of an individual, but in this case Ford acted for their own profits and did not put people first, so Fletcher would have been critical of Ford.</p>
<p>Industrial Espionage BA accused of accessing confidential Virgin passenger information, impersonating Virgin staff, poaching customers, hostile smear campaign, aggressive predatory pricing.</p>	<p>6FP - 'The ruling norm of Christian decision is love: nothing else' Situation Ethics has no absolutes. They could not rule out poaching customers or stealing confidential information. The only rule is love, so all things would be possible. Barclay criticised Fletcher, saying that if 'all men were angels' it would work. However, BA weren't doing the most loving thing, they were acting selfishly.</p>
<p>Creative Accounting ENRON: 'mark to market' with future anticipated profits on balance sheet; inflating profits; inadequate disclosure; aggressive corporate culture; insider trading.</p>	<p>6FP-'Only one 'thing' is intrinsically good; namely, love: nothing else at all' ENRON got it wrong – they were motivated by greed. If they had been helping people, for example a hospital, then lying might have all right. What was wrong wasn't that they lied, but that they weren't loving. This suggests that as long as you are trying to help people, you should be able to lie and mislead people.</p>
<p>Environmental destruction Monsanto: Herbicide-resistant superweeds; PCBs; Bovine Growth Hormone; collusion with governments; pressure tactics; manipulation of scientific data</p>	<p>Situationist A situationist would not rule out GM crops. For example, Golden Rice has real potential to help the malnourished in India. However, RoundUp resistant soybeans seem to have a damaging effect on the environment. Situation Ethics would consider each case of environmental destruction and weigh it against how much good it does.</p>
<p>Pollution Erin Brockovich and Pacific Gas and Electric. Settled for \$333 million. Hexavalent chromium contaminated drinking water.</p>	<p>4 Working principles: Pragmatism An absolutist response to pollution is impractical. You can't have no pollution at all. Situation Ethics is pragmatic – you balance the needs of each of the different stakeholders – customers, staff, local community etc. In the case of Pacific Gas, the level of pollution was not pragmatic, but in other cases some amount of pollution may be tolerable.</p>
<p>Human Rights Nike: no minimum wages, proper working conditions, or adequate health and safety. Nike turned a blind eye to child labour and sexual harassment in its factories.</p>	<p>Agape Fletcher is not against child labour in all cases – it may be the best choice for a family that is starving, particularly if the parents are ill or dead, and a child could bring food home. However, we should be motivated by a 'creative, redemptive good will to all mankind', and this was not true of Nike. They did not act in a loving way.</p>
<p>Offsetting carbon emissions Businesses offset carbon emissions to become carbon neutral and remove their carbon footprint.</p>	<p>6FP - "Love and justice are the same, for justice is love distributed." Fletcher would be delighted with companies offsetting carbon emissions. It isn't possible for each of us to stay carbon neutral – some people need to fly abroad as part of their jobs. However, if they can offset the CO₂, this is 'love distributed'.</p>
<p>Whistleblowing in China Chinese virtue, which urges social conformity, harmony and loyalty, makes whistleblowing undesirable.</p>	<p>4 Working principles: Relativism Fletcher accepts that what is right is relative to the situation. In the case of whistleblowers, some times it is the most loving thing. Other times you need to protect your family, or the jobs of fellow workers etc. There is no universal rule about blowing the whistle – what is right depends on the circumstances.</p>

Natural Law and Business Ethics

<p>Risk Assessment Ford Pinto: Fuel tank fault leading to fires if rear-ended. Ford's cost/benefit analysis determined it would cost less to ignore it than recall all Pintos.</p>	<p>Primary Precepts - Protect and Preserve the innocent (D) Natural Law holds that we should 'Do good, avoid evil'. This includes protecting innocent people. Ford did not recall a potentially dangerous car because of the financial cost. To fulfil your purpose as a human being, you need to protect innocent people.</p>
<p>Industrial Espionage BA accused of accessing confidential Virgin passenger information, impersonating Virgin staff, poaching customers, hostile smear campaign, aggressive predatory pricing.</p>	<p>Primary Precepts - Ordered Society There need to be rules in business as well as society. An ordered society can include competition – business requires this, actually. However, there need to be rules, certain things that you never do. For example, it is wrong to poach customers, impersonate your rivals etc. Natural Law would support clear and absolute laws about how to conduct business.</p>
<p>Creative Accounting ENRON: 'mark to market' with future anticipated profits on balance sheet; inflating profits; inadequate disclosure; aggressive corporate culture; insider trading.</p>	<p>Efficient and Final Causes ENRON made the mistake of seeing money and power as the ultimate goals of life. For Natural Law, they are merely efficient causes – they may motivate us to work, but they are not the reason or purpose behind our working in the first place. A good doctor aims to keep patients well, even though he will be paid to do so. Payment is just an efficient cause.</p>
<p>Environmental destruction Monsanto: Herbicide-resistant superweeds; PCBs; Bovine Growth Hormone; collusion with governments; pressure tactics; manipulation of scientific data</p>	<p>Primary Precepts – Worship God Natural Law gives an ethical reason to respect nature in and of itself – to worship God. Aquinas saw this as one of the Primary Precepts. Monsanto treats the environment as having only instrumental value, and this results in some destruction of the environment. We will only fulfil our purpose as humans if we respect the intrinsic value of the natural world.</p>
<p>Pollution Erin Brockovich and Pacific Gas and Electric. Settled for \$333 million. Hexavalent chromium contaminated drinking water.</p>	<p>The Principle of Double Effect Pacific Gas didn't intend to poison people – hexavalent chromium was meant to fight corrosion in water towers. To work out if it was ethical to use this chemical, we need to compare its intended effect with the unintended double effect, which was that it contaminated drinking water, causing cancer. In this case, the damage done was far greater than the good.</p>
<p>Human Rights Nike: no minimum wages, proper working conditions, or adequate health and safety. Nike turned a blind eye to child labour and sexual harassment in its factories.</p>	<p>Primary Precepts – Education (L) For a person to live a fulfilled life, they need to be educated. Using child labour goes against this. Fair Trade certification doesn't just look at how much workers get paid. It also looks at whether the children of workers receive an education. Fair Trade ensures that people in less economically developed countries are still able to fulfil their purpose as humans.</p>
<p>Offsetting carbon emissions Businesses offset carbon emissions to become carbon neutral and remove their carbon footprint.</p>	<p>Interior and exterior acts Offsetting carbon emissions is well-intended. However, it always involves a bad exterior act. Natural Law doesn't look at consequences, so even though you end up carbon neutral, this doesn't make the original act, for example flying abroad on holiday, acceptable. This said, it is not clear that simply producing CO₂ is a bad exterior act.</p>
<p>Whistleblowing in China Chinese virtue, which urges social conformity, harmony and loyalty, makes whistleblowing undesirable.</p>	<p>Real and apparent goods Is whistleblowing a real or apparent good? A real good is one that helps us fulfil our purpose as humans. If someone is doing something illegal, we need to report it as part of an 'ordered society'. If what they are doing is dangerous, we need to 'protect the innocent'. Keeping silent to keep my job and feed my family appears to be good, but it is not really good.</p>