Terminology

- What is ethics?
  - The study of right and wrong
- Distinguish between ethics and morality?
  - Some people distinguish between the two. We will use them interchangeably.
- What is business ethics?
  - The study of what constitutes right and wrong, or good and bad, human conduct in a business context.

Non-Moral Standards

- Characteristics of moral standards
  - Concern behavior that is of serious consequence to human welfare
  - Take priority over other standards, including self-interest
  - Their soundness depends on the adequacy of the reasons that support or justify them.
- Moral Standards vs. Etiquette
  - Rules for socially acceptable behavior are not moral standards
    - Don’t eat with your mouth full.
    - Say please and thank you.
- Moral Standards vs. Law
  - An action can be moral but not legal.
  - An action can be legal but not moral.
- Moral Standards vs. Professional Codes of Ethics
  - Rules that govern the conduct of members of a given profession.

Sources Of Moral Standards

- Societal norms—Ethical Relativism
  - The right thing to do is what one’s culture says is right.
    - This keeps culture stagnant—no moral growth
    - It leaves no basis for one culture to pass judgment on another’s actions
    - One’s culture is hard to identify in the modern world.
- Role of religion—positive and negative
  - Nearly every religion has a version of the “Golden Rule”
  - Most theologians disagree with divine command theory.
- That theory says that something is right or wrong because God says so.
- Instead, God commands what is right and forbids what is wrong.
  - Saying that something is right because God says so is not persuasive to the atheist.
  - There are differences of opinion about what God commands.

The Context of Business Ethics

- Business as a game
  - Soccer and pizza party example
- Business values in tension with personal values
  - What is my responsibility as an employee? As a person?
  - Social pressures can make it hard to stick with our moral rules.
  - Corporations can bring pressure to bear against our personal values.
- Organizational conformity—herd instinct—group norms
  - Being a member of a team can require that people relinquish some of their personal freedom in order to further organization goals.
  - Psychological studies show that people will change their answers to questions to agree with the majority.
  - Groupthink – group members may have the illusion that the group is invulnerable or that because the group is good or right, whatever it does is permissible.
• Diffusion of Responsibility
  ▪ “I’m just doing my job”.
  ▪ “If I don’t do it, someone else will.”
  ▪ “It’s someone else’s responsibility.” (The Kitty Genovese story)

How do Moral Principles Help Us?
• The Limits of Conscience
  ▪ Conscience often reflects principles that have not been critically examined.
  ▪ Terrible crimes have occasionally been committed in the name of conscience.
• Moral Principles and Self-interest
  ▪ Morality serves to restrain our purely self-interested desires so we can all live together in society
  ▪ Having a moral principle involves having a desire to follow the principle for its own sake
  ▪ Paradox of Selfishness - People who are exclusively concerned with their own interests tend to have less happy and less satisfying lives than those whose desires extend beyond themselves.