Ethics & Business: Frameworks for Thinking & Applications to Marketing Problems
Society proffers legitimacy to businesses.

*Economic purpose does not mean that the corporation should be free from social obligations. On the contrary, it should be so organized as to fulfill, automatically, its social obligations in the very act of seeking its own self interest. An individual society based on the corporation can function only if the corporation contributes to social stability and to the achievement of social aims independent of the goodwill or the social consciousness of individual corporate managements.*

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Peter Drucker

**Triple Bottom Line**
- Economic (Profits)
- Environmental (Planet)
- Social (People)
Consequentialism: The consequences of a particular act form the basis for any valid moral judgment about that action. So the ‘rightness’ or ‘wrongness’ of actions is context based.

- Primary consequentialist theory: Utilitarianism: The production of ‘the greatest happiness for the greatest number’ is the supreme moral principle.
  - E.g. Lying is wrong because of the negative consequences it produces. If consequences are positive, lying may be acceptable.

Deontology: Derives rightness or wrongness from the character of the act itself rather than the outcomes.

- E.g. Lying is always wrong, regardless of any potential ‘good’ that might come from it.

Virtue Ethics: Emphasizes the character of the moral agent, rather than rules or consequences.

- Doesn’t focus on the specific action. Rather, considers what a decision to tell a lie or not to says about one’s character.
  - E.g. White lies lies for good intentions (not to scare people), vs white lies to avoid punishment.
1. Consequentialism/Utilitarianism

- Framework for decision making:
  - Identify all stakeholders who are affected by the decision.
  - For each, identify its needs and concerns, both if the decision is implemented and if it is not.
  - Prioritize the stakeholder groups and perspectives.
  - Make and implement a decision.
- But: What constitutes “happiness?”
  - Pleasure?
  - Long lasting good?
  - Social welfare?
- But: Anthropocentric (focuses on people)...what about the planet? What about animals? What about future people?
- But: How quantify “The greatest good?”
- But: No consideration given to the relative distribution of the good across the population. Inequality, injustice not considered.
  - E.g. if we exterminated a small minority of the population...that might make many people ecstatic. Does this make it right?
- But: Consequences should not be the total determinant of right and wrong. E.g. Vivisection provides the most learning for the greater good...is it ok?
2. Deontology (from Greek root meaning ‘binding’)

- Stresses duty and obligation.
  -Acts and choices are right or wrong in and of themselves.
    ...Natural law, based on the rational and moral order present in the structure of the world.
- Whereas utilitarianism stresses social good, Deontology stresses individual rights.
  -Fundamental rights must not be violated even in the interest of beneficial social consequences.
  -My right implies your duty (not to violate it), and vice versa.
- Seems inflexible, but
  -qualifications are built in
  -one duty can be outweighed by others.
Natural Law

- A theory positing the existence of a law whose content is set by nature and therefore has validity everywhere.
  - Defined: How a rational human being, seeking to survive and prosper, would act (Thomas Hobbes). Based on ‘natural rights’ human beings have as a result of their existence.
  - Contrasted to ‘positive law’ ....man-made and context dependent.
- Heavily influences
  - English common law (based on Hobbes’ 19 Natural Laws)
  - US Constitution...man has ‘certain inalienable rights.’
  - Islamic law...Denies a ruler the right to take away from his subjects certain rights which inhere in his or her person as a human being.
1. Every man ought to endeavor peace, as far as he has hope of obtaining it; and when he cannot obtain it, that he may seek and use all helps and advantages of war.

2. A Man should be willing, when others are so too, as far forth, as for peace, and defence of himself he shall think it necessary, to lay down this right to all things; and be contented with so much liberty against other men, as he would allow other men against himself.

3. Men should perform their covenants made.

4. A man which recevieth benefit from another of mere grace, endeavour that he which giveth it, have no reasonable cause to repent him of his good will. Breach of this law is called ingratitude.

5. Complaisance: Every man should strive to accommodate himself to the rest.

6. Upon caution of the future time, a man ought to pardon the offences past of them that repenting, desire it.

7. In revenges, men look not at the greatness of the evil past, but the greatness of the good to follow.

8. No man by deed, word, countenance or gesture should declare hatred or contempt of another.

9. Every man should acknowledge another for his equal by nature. The breach of this law is called pride.
10. At the entrance into the conditions of peace, no man should reserve to himself any right, which he is not content should be reserved to everyone of the rest. The breach of this law is called arrogance.

11. If a man be trusted to judge between two men, he should deal equally between them.

12. Such things as cannot be divided, be enjoyed in common, if it can be; and if the quantity of the thing permit, without stint; otherwise proportionably to the number of them that have right.

13. The entire rights, or else the first possession of a thing that can neither be divided nor enjoyed in common should be determined by lottery.

14. Those things which cannot be enjoyed in common, nor divided, ought to be adjudged to the first possessor, and in some cases to the first born, as acquired by lot.

15. All men that mediate peace should be allowed safe conduct.

16. They that are at controversy should submit to the judgment of an arbitrator.

17. No man is a fit arbitrator in his own cause.

18. No man should serve as a judge in a case if greater profit, or honour, or pleasure apparently ariseth (for him) out of the victory of one party, than of the other.

19. In a disagreement of fact, the judge should not give more weight to the testimony of one party than another, and absent other evidence, should give credit to the testimony of other witnesses.
3. Virtue Ethics

- Four Cardinal (read ‘Fundamental’) Virtues
  - Temperance
  - Fortitude
  - Prudence
  - Justice
- Repeated across many philosophers and theologians across history:
  - Buddhist Ethics (c. 500 Before the Common Era)
  - Plato’s Republic (c. 400 B.C.) (wisdom, courage, moderation, justice)
  - Aristotelian Moral Philosophy (c. 350 B.C.)
  - Cicero 106-43 B.C.
  - Jewish Literature
    - Book of Wisdom 8:7,
    - 4 Maccabees 1:18-19),
  - Early Catholic Church-St. Ambrose 330’s-397 A.D.
    - First to express these as Cardinal (meaning ‘hinge’) virtues. ‘Hinges’ upon which the door of the moral life swings.
    - Leads to concept of Natural Law
# Four Cardinal Virtues

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<thead>
<tr>
<th>Cardinal Virtues</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Temperance</td>
<td>Practicing self-control, abstention, and moderation.</td>
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<tr>
<td>Fortitude/Courage</td>
<td>Forbearance, endurance, and ability to confront fear and uncertainty, or intimidation.</td>
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<tr>
<td>Prudence/Wisdom</td>
<td>Able to judge between actions with regard to appropriate actions at a given time.</td>
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<tr>
<td>Justice</td>
<td>Proper moderation between self-interest and the rights and needs of other.</td>
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<tr>
<th>Three Theological Virtues</th>
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<tbody>
<tr>
<td>Faith</td>
<td></td>
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<td>Hope</td>
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<td>Charity/Love</td>
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Society gives business organizations legitimacy under the assumption that organizations practice justice (as opposed to prudence, temperance or fortitude, or faith, hope and charity.)

- “Justice is the first virtue of social institutions” (Rawls 1999).
- Plato described the just City-State.

Justice concerns itself with the proper ordering of things and people within a society.

- E.g. One of many questions of debate among philosophers: What is the proper distribution of wealth and resources in society: equal, meritocratic, according to status or other?
Types of Justice (many; we focus on 3)

- Commutative: Concerns the mutual dealings between two persons/entities; keeping promises. Contracts and agreements. Foundation of contract law.
  - Honesty, integrity, transparency key issues here.
  - Marketing ethics arise here.
- Distributive Justice: Directed at the proper allocation of things—wealth, power, resources, rewards, respect being properly allocated?
  - Price gouging?
- Social Justice: Do we overall make society poorer? Or better?
  - Business is legitimized by society because it *adds value*.
Commutative Justice

- Example...hmmm ExxonMobil gasoline prices in 2006ish?
- Roles and responsibilities of employees based on their employment agreement and 24/7 expectations?? Impact on families?
- Others?.....

- Implications regarding marketing? Business? How help your decision making???
Consider the constituents of any business
- Stockholders/owners
- Employees
- Vendors
- Customers
- Local region

Are the 5 constituents getting what they need? Is the allocation of wealth/resources overly weighted in the favor of one at the expense of the others? Are the proceeds/rewards and risks being distributed in proper proportion to the import of the institution of business to the constituent?
Distributive Justice Issues today?

- Finance sector and bonuses.
- Global Foundries’ plant...What if they imported all their labor from Saudia Arabia?
- GM vs Toyota: compare treatment of suppliers in 1990’s. GM squeezed, Toyota provided process excellence consulting.
- Local community issues: RPI and Troy’s uneasy relationship. RPI pays no taxes....!
Social Justice

- Use Social Justice to evaluate a business’ contribution to broader society. E.G.
  - If, for example, we make computer games that teach violence and degradation of people, we are not fulfilling our responsibility toward social justice. We make money and perhaps appear successful, but we are not operating ethically. To use society’s resources toward such an objective is unethical.
  - Other examples: Tobacco industry continues to make cigarettes in full knowledge of their enormous health risks and costs to society. Plenty of time to transform themselves, yet they continue to grow tobacco.
Consequentialism/Utilitarianism: The greatest good for the greatest number?

Deontology: Natural laws, Natural rights and duties. Which ones apply?

The virtue of Justice: Proper moderation between self-interest and the rights and needs of others.

- Commutative Justice: Concerns the mutual dealings between two persons/entities; keeping promises. Contracts and agreements.
  - Honesty, integrity, transparency key issues here.
  - Marketing ethics arise here.

- Distributive Justice: Directed at the proper allocation of things—wealth, power, resources, rewards, respect being properly allocated?
  - Constituents include: Employees, Shareholders, Vendors, Customers and Local Community

Social Justice: Do we overall make society poorer? Or better?
  - Business is legitimizied by society because it adds value.