Roman Meinhold

ROUTLEDGE

Business Ethics and Sustainability

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Chapter 1: Business & Ethics – Contradiction & Success Story

Roman Meinhold

http://orcid.org/0000-0002-8034-6620

ABSTRACT

This chapter addresses the concept of the "unavoidability" of ethics in business. Almost any decision-making process involves ethical implications. Ignoring ethical concerns can lead to business consequences that can have a long-lasting negative effect. Decision makers in organizations must understand basic theories of normative ethics and set up standards that will be carried throughout the organization. Business ethics has now been embedded in management through frameworks such as TSI (Total Societal Impact), illustrating the relationship between being ethically responsible and economically successful. Ethics can be systemically implemented through widespread awareness, reasoning, evaluating, and action. Ethics is not an exact science, like mathematics, chemistry, or physics, however, ethics cannot be evaluated void of a multidimensional understanding of value. Businesses must not only focus on increasing economic value, but need to be aware of other forms of value that are contributing positively to well-being, society, and nature. This chapter includes case studies, e.g. on Freitag and Total Societal Impact.

CHAPTER KEYWORDS

(1) Business Ethics
(2) The unavoidability of Ethics
(3) Total Societal Impact (TSI)
(4) B Corporations
(5) Values
(6) Normative vs Descriptive

STUDY OBJECTIVES

After studying this chapter readers will be able to understand and explain the relevance of ethical issues in business contexts.

CASE STUDIES

(1) Freitag
(2) Boston Consulting Group: Total Societal Impact
(3) Unethical businesses will go bankrupt

FILMS

(1) The Big Short

1 Business & Ethics – Contradiction & Success Story

Chapter 1 introduces the topics Business and Ethics and clarifies why business and ethics have been viewed as contradictory concepts, but from today's consumers' and inventors' perspectives, are rather seen as necessary and often as an essential fusion. This chapter explains why it is meaningful to study business ethics and why it is impossible to avoid ethical decision making anyway. It very briefly covers etymological and genealogical aspects of business ethics and a few preliminary ethical concepts such as descriptive versus normative, the concept of values, and business ethics as a highly complex decision-making process that demands managers to combine ethical, economic, and legal requirements. Case studies illustrate the concepts dealt with. The cases cover predictions, such as that of the former Governor of the Bank of England, who suggested that unethical businesses, especially those with negative environmental impacts are very likely to fail in the future. Environmentally responsible and sustainable businesses like the Swiss upcycling company Freitag successfully expand globally while the Boston Consulting Group provides empirical evidence suggesting that ethically responsible business in general usually look into a brighter and more successful future than ethically unsustainable companies (*How Companies—and CEOs—Can Increase TSI and TSR*, 2019).

Not too many decades ago a course like "Business Ethics" did not exist at universities. The mainstream understanding at that time was that business and ethics create a contradiction in terms. It forms a useless combination of contradicting words - an oxymoron, a mission impossible. If anything, ethics is a purely private matter and has nothing to do with organizations and businesses. It used to be a common (mis)understanding that business is only concerned with maximizing profits, while ethics is only about helping others in a purely philanthropic sense.

Meanwhile, the mainstream understanding of business ethics has changed. Nowadays business ethics, or ethical business, is seen as an almost indispensable marketing tool that increases sales. All major companies, especially larger corporations, have one or the other Corporate Social Responsibility (CSR) campaign, which, from some critical perspectives, are seen as whitewashing or greenwashing campaigns. Whitewashing or greenwashing are actions by companies that are, or appear to be, ethical or environmentally friendly, but in fact, rather try to cover up some unethical actions or an environmental problem or even a disaster caused by the company. However, one should be careful not to rashly dismiss the socio-ethical commitment of companies as greenwashing and propaganda, especially since the internet and social media make it easier for critical consumers to expose greenwashing attempts by companies.

<FIGURE 1.1 HERE>

Only for a few companies ethics is an integral part of their business philosophy or part of their business DNA. But the number of businesses that take Corporate Social Responsibility, ethics, and sustainability very seriously is growing, be it through external pressure or - what is (virtue) ethically more desirable - through their own ethical insight. Prominent examples are Patagonia, Brunello Cucinelli, Freitag, Ben & Jerry's, Toms, Ecosia, and many other companies some of which are listed as so-called "B corporations" (Certified B Corporation, 2019). B corporations are companies that take CSR and environmental responsibility seriously as part of their business identity. Many of these companies' customers would stop purchasing products and services from these businesses if the company would deviate from its ethical agenda, bearing in mind that these customers are willing to pay a higher price for a fairly or organically produced item. In such a situation many socially responsible investors would prefer more ethical and responsible brands and corporations.

(C 1.1) Case Study: Freitag

Research about Freitag's sustainable business

(1) Explain and discuss the entrepreneurial and sustainable dimensions of Freitag.
(2) What is the difference between a Freitag bag and a mass-produced bag?
(3) Can two customers have exactly the same bag? Explain!
(4) What can we learn from Freitag's entrepreneurial and sustainable approach?

1.1 The Aim of this Book - Why Studying Business Ethics?

There is a German saying narrated from the perspective of a child addressing its parents. This saying communicates the child's wish and reads: "when I am young you should give me roots, but when I get older you need to give me wings". This simile means that when we are younger, or when we are inexperienced beginners, we do need solid foundations, but when we are more advanced, we need the skills to be independent and we must be in a position to make crucial decisions, with far-reaching consequences by ourselves. We also should be able to "think out of the box” and be able to “expand our horizons” (Gadamer, 2013). Likewise, according to the subsidiary principle, we should be able to help ourselves. The approach of considering unconventional ideas is an essential trait of unorthodox or open-minded philosophers, innovative engineers, and successful start-up entrepreneurs alike.

Those, who are responsible for educating us, are required to have the ability to provide us with the necessary critical thinking and sound decision-making tools. This idea of this dual skill set can be easily transferred into the educational context, because once we begin to learn something novel and unfamiliar, we need to have a solid foundation on which we can build on, like the roots of a tree which need to carry and support the stem, the branches and the canopy of the tree, even in the hurricane season. But once we are advanced and we need to apply the skills independently in real-world scenarios we need to be able to navigate quickly, swiftly, and professionally like a bird flies with the help of its wings. In this regard this book and a business ethics course for which this book is written, like any other course, should be able to accomplish both, namely to supply the learner with solid foundations but also with the tools that enable the learner to navigate swiftly, professionally, and independently in the real world of business transactions, which confronts us with a wide variety of ethical requirements and problems.

This idea of combining solid foundations and specific expertise is also expressed in the image of the ideal of "T-shaped education". The horizontal bar of the letter “T” represents the ability to collaborate across disciplines with experts in other areas and apply knowledge in the areas of expertise other than one's own field of knowledge. The vertical bar represents the depth of one's expertise in a specialized field. Business ethics is situated at the junction between the horizontal and the vertical bars. We need to be aware of ethical issues in our field and beyond and tackle those ethical issues by synthesizing ethical theories with our expert knowledge.

<FIGURE 1.2 HERE>

From the Boston Consulting Group's research on Total Societal Impact (compare below) we can easily deduce that unethical business activities quite often lead to business failures (BCG, 2017). Affected stakeholders can impact positively or negatively in various ways on a business and its activity. How stakeholders will react to certain company practices in the end is contingent. Therefore, it is crucial in business decisions to take well-being, an important holistic value, of all stakeholders into account. But another reason for studying business ethics is that it contributes to one's own personal intellectual, social, and psychological well-being due to fostering cross-disciplinary knowledge and peace of mind in decision making processes. Business ethics should enable managers to make decisions that allow them to look in the mirror with a clear conscience.

1.2 Unavoidability of Ethical Decision Making

In business ethics, as elsewhere in ethics, especially in applied ethics, there exists a fact that can be called an "unavoidability of ethics" or, more precisely, an unavoidability of ethical decision making. Even if we decided we wanted to ignore ethics, we still are making decisions that have ethical implications, for example by making choices of consumption, by purchasing particular food items or information and communication technology devices. Buying organic Fair-Trade coffee is a more ethical choice than buying coffee that is contaminated with heavy metals, pesticides, and insecticides, having negative health impacts on farmers and consumers, produced with the help of poorly paid or forced child labor.

The unavoidability of ethics could be very clearly seen in the 2020/2021 covid-19 crisis when medical personnel were faced with what has been called "triage" (Baker & Fink, 2020). In circumstances of limited time, personnel, and resources, especially ventilators, the medical personnel, in an emergency ethical decision-making process, has to distinguish and divide patients into three groups. 1) Those who do not need immediate help, 2) those whose recovery is very likely and promising, and 3) those whose recovery is very unlikely. The medical personnel in such situations cannot avoid making ethical decisions. Those who do not need immediate help will be sent home. Those whose recovery it's highly unlikely will be left to die because the restrictions of medical personnel and equipment dictate that resources will rather be employed for the second group, whose recovery is very likely and promising. Comparable ethical considerations were required in 2021 when determining which groups of people should be vaccinated against Covid-19 first.

Similarly, although not with such immediate consequences, our everyday consumption choices do have ethical implications as indicated in the coffee example above. As the French philosopher Jean-Paul Sartre wrote, we are "condemned to be free" (Sartre, 2017), we actively must make choices and exercise our free will. We cannot assume, like a determinist, that everything is predetermined. Most of those choices have ethical implications. So even if we decided to ignore ethics, we cannot run away from it, therefore it is better to know more about ethical theory, its applications, and about the ethical consequences and implications of our choices.

1.3 Descriptive Versus Normative

One important distinction in ethics is the differentiation between descriptive and normative ethics or between descriptive and prescriptive ethics. Descriptive comes from the expression ‘to describe’ and means that in the process of ethical decision making we are simply describing or explaining circumstances or a case, without making an ethical judgment or without giving any ethical recommendation yet. However, purely describing and explaining what has happened is not of ethical significance (Velasquez, 2014).

<FIGURE 1.3 HERE>

Normative and prescriptive means that we are evaluating a situation, setting up standards norms and rules, in other words, we are judging and giving recommendations based on different normative ethical theories that appear appropriate depending on the case under consideration (Velasquez, 2014). It could be claimed that many universities, by including compulsory business ethics courses in their educational programs, are making a shift from a descriptive to a normative or prescriptive account by making an educational claim that an ethics course in the business educational context is something that is no longer optional or recommended but essential and compulsory.

1.4 Business & Ethics Etymologies

The word business is etymologically related to busy. The Old English word "bisig" means careful, anxious, busy, occupied, and diligent. The Old English word "busyness" means "state of being much occupied and engaged" (Online Etymology Dictionary | Origin, History and Meaning of English Words, 2020).

The word "ethics" comes from "aethos" which is Greek and means habitual residence, custom, or character. A similar Greek word "ethos" means habit and custom. The words "morality" or "moral" come from the Latin word “custom”. The etymological meaning of both words is that ethics or morality is something that is done traditionally in a particular cultural context and is considered to be “good”, “acceptable”, and “commendable” (Online Etymology Dictionary | Origin, History and Meaning of English Words, 2020). In a nutshell, ethics is a theory of what is considered to be good, especially in terms of human conduct and behavior, in particular toward other people, but also toward oneself, animals, the environment or entities like groups, peoples, states, and conglomerates of states, such as the UN (United Nations), the AU (African Union), the EU (European Union), or ASEAN (Association of South East Asian Countries).

We can define ethics as analysis, systematization, evaluation, and recommendation of correct, right, or good conduct. In line with this definition business ethics can be simply defined as analysis, systematization, evaluation, and recommendation of correct, right, good conduct in the business context, i.e. in the context of different operational as well as strategic corporate and management decisions. This procedure of analyzing, systematizing, evaluating, and recommending is following the approach we will utilize when looking at business ethics case studies.

1.5 The Story of Business Ethics

The academic discipline of Ethics in the western context is more than 2000 years old, but in many cultures around the globe (today's Australia, Middle East, China, Indus Valley, and Central America), literature and other cultural manifestations with ethical implications go far further back in history. Business ethics is a relatively young academic sub-discipline that emerged in the 1970s and corporate scandals in the early 2000s increased the popularity and the importance of Business Ethics. The 1970 essay "The Social Responsibility of Business Is to Increase Its Profits" by Milton Friedman, which is probably the most cited essay on business ethics, also contributed to the awareness of business ethics - despite the fact that Friedman himself has vehemently spoken out against any business ethics or any ethical responsibility of companies that goes beyond normal business activities (Friedman, 1970).

While until recently the mainstream understanding was questioning an existing overlapping domain of business and ethics and considering the term "business ethics" as oxymoronic – business ethics, or ethical business would be a contradiction in terms. However, recent research from the Boston Consulting Group revealed that businesses increase their Total Shareholder Return (TSR) if they seriously take the Total Societal Impact (TSI) into account (BCG, 2017).

Conversely, if businesses do not take the Total Societal Impact into account, in many cases, that will have a negative impact on the Total Shareholder Return (TSR) and may lead to a negative impact of a business in general and even to bankruptcy. Consumers more and more tend to purchase ethically acceptable products and services while investors increasingly switch to socially and environmentally responsible investment that can be characterized by greater stability in the long term (BCG, 2017).

(C 1.2) Case Study: Boston Consulting Group: Total Societal Impact

Research about the Boston Consulting Group's pledge to businesses to focus more on Total Societal Impact (BCG, 2017).

(1) Explain TSR & TSI in your own words.
(2) Why should companies focus more on TSI (there are several reasons)? Which are the opportunities/benefits when applying the "TSI lens"?
(3) Which obstacles hamper managers from focusing on TSI?
(4) Why is it sometimes not possible or very difficult to generate both positive societal impact and business benefits?
(5) Are there differences regarding the importance of TSR & TSI, especially SRI (Social Responsible Investment) in different parts of the world? Which ones? How can they be explained? What do these differences mean for multinationals?

(6) Research and choose a company or a product of a company as an example and explain in which quadrant of the TSI&TSR matrix they are located. Why are they located there according to your understanding?

(C 1.3) Case Study: Unethical Businesses will go Bankrupt

Research about statements by a former governor of the Bank of England, Mark Carney, who claimed that unethical businesses will go bankrupt (Carrington, 2019): "Companies and industries that are not moving towards zero-carbon emissions will be punished by investors and go bankrupt, the governor of the Bank of England has warned" (Carrington, 2019). "CEO of Morgan Stanley, said the other day: 'If we don't have a planet, we're not going to have a very good financial system.' Ultimately, that is true" (Carrington, 2019).

(1) Imagine you were an entrepreneur planning a startup. How would you turn this "climate emergency" into a business opportunity, considering various stakeholders in your business approach?

(2) "20 fossil fuel companies have produced coal, oil, and gas linked to more than a third of all emissions in the modern era" (Carrington, 2019). What would be ethically advisable to do if you were the CEO of one of those fossil fuel companies?

1.6 Values

Values are what is guiding us in our everyday decision-making, although it should be noted that there are very different types of values. In the economy or the business domain, we usually consider mostly economic values, monetary values, or money. If we talk about the success of companies we are usually having their revenue in mind; revenue is a monetary value. But there are many other values, for example, reputation, competence or creativity, that can be viewed as performance values in the broader sense and also play an important role not only in the business domain but in life in general. An interesting example would be aesthetic values.

If we, for example, buy a fan, the purpose of which is cooling the room including ourselves, we consider several values, such as the price, which is a monetary value, but also the functions. Further, we may consider, for example, if the fan swivels, if it has different speeds, a timer function, remote control, or other specific features and modes. But we are also interested in how the fan looks like, its color, for example, and its shape. We can see that besides monetary and functional or technical values, aesthetic values also play an important role in choosing products and services. When buying the fan, legal values (such as legal security) are also important, even if we are not consciously aware of them during the payment process. Have you been attracted by the speed, friendliness, or the physical appearance of the cashier when deciding in which row to stand in line in the supermarket? Speed, service-mindedness, and aesthetic appearance are all highly important decisions influencing values. Other important values include for example perfection and optimization. German cars, for example, are often chosen for their reliability, the perfection, and optimization of technology, engineering work, and design. Ethical values, such as impartiality, integrity, justice, fairness, and cooperation are those values that are related to moral goodness, for example, “virtues” --- we will come back to virtues in detail in chapter 3. There are also holistic values, for example, well-being, happiness, and flourishing. Such kind of "umbrella" values or values to which other values lead to, are, or seem to be, *ends in themselves*, something we try to achieve not because of something else.

Values also help when finding directions in life, like a compass. Some companies, for example, Fjällraven, use their so-called "Sustainability Compass" in which North represents nature, East reflects the economic dimension (which no company can ignore in market competition), South stands for the society or the community, and West represents well-being (Carrington, 2019). These are corporate values that Fjällraven considers particularly important for shaping the character of the company's corporate responsibility. We come back to this compass in detail in chapter 4.

<FIGURE 1.4 HERE>

Source: adapted from: fjallraven.com/us/en-us/sustainability

Such kind of values come into play when making complex decisions in the business context. As has become clear above all, business ethics is based on a multidimensional understanding of the term “value”. Nevertheless, in the context of business ethics, economic and ethical values seem to be the most decisive. Economic problems cannot be solved with ethical values (morality) alone, but also require economic competence. Conversely, it is just as impossible to try to meet moral questions and problems solely with economic values. Business ethics is also concerned with decision making in controversial or dilemma situations, in other words, situations in which some form of undesirable outcome seems inevitable. This is why we often can see images of scales, crossroads, and signposts on the cover of business ethics books.

Learning about and teaching business ethics involves raising one’s general awareness, increasing the ability for critical reasoning, being in a position to carefully evaluate a situation and its consequences, especially the impacts on stakeholders, but also the stakeholders' potential impacts on the company, and finally to act appropriately according to one's reasoning, evaluation, and imagination.

<FIGURE 1.5 HERE>

Business ethical challenges arise due to fierce competition, an already existing unethical business culture, and conflicts between values and preferences, for example, personal preferences and values and those of a company.

(F 1.1) Film Case Study: The Big Short

Watch the movie "The Big Short" (Paramount Pictures, 2015) and explain how the following factors are narrated as ethical challenges in the film

(1) Fierce competition
(2) An already existing unethical business culture
(3) Conflicts between values and preferences, for example, personal preferences and values and those of a company

KEY TAKEAWAYS

(1) Business ethics is unavoidable and usually not a contradiction to long term business goals.
(2) Responsible business will enhance success if understood and implemented well.
(3) Business ethics is the foundation of responsible decision making.
(4) Ethics is not only about describing situations; it must be integrated into the business's norms and responsible persons actions.
(5) Economic value is not the only value to be concerned in everyday business life.

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Business Ethics & Sustainability

Chapter 2: Ethics & Business – Down the Philosophical Rabbit Hole

Roman Meinhold

http://orcid.org/0000-0002-8034-6620

ABSTRACT

Law is derived from ethical discourse yet acting lawfully does not automatically mean one is acting ethically. Ethical theory can be sub-divided meta-ethics, normative ethics, and applied ethics. Business ethical relevant meta-ethical dimensions include the Integrated Social Contacts Theory (ISCT) framework which identifies hyper-norms and microsocial norms and approach ethical decision making by considering these two layers of norms. Meta-ethics also views decision making through the lens of human motivation. Normative ethics which acts as a general guideline that can be applied in various circumstances, and can be rendered through the "Big Five" ethical theories (Virtue, Deontological/Duty, Utilitarianism, Care, Environmental). Applied ethics includes business ethics, which is highlighting the importance of business stakeholder relationships including stakeholders beyond customers, employees, suppliers, and shareholders, such as the society as a whole, the environment, non-human species, and future generations. The chapter includes case studies on the Boeing 737 MAX scandal and Brunello Cucinelli's humanistic capitalism.

CHAPTER KEYWORDS

(1) Applied ethics
(2) Normative ethics
(3) Norms
(4) Law and ethics

STUDY OBJECTIVES

After studying this chapter readers will be able to

(1) Explain how ethics is situated in academic and business contexts.
(2) Appreciate the relativity of ethical rules in diverse business practices.
(3) Understand the basic difference between law and ethics.

CASE STUDIES

(1) The Boeing 737 Max Scandal
(2) The "philosopher-designer" Brunello Cucinelli and his humanistic capitalism

FILMS

(1) The Corporation

2.1 Situating Ethics

This chapter situates ethics within the academic, every day, and business contexts. While there exist(ed) laws that are considered unethical from a hyper-norm perspective, some actions considered morally sound can be against the law. The chapter briefly explains how ethical reasoning and acting is grounded in human nature and social contexts and how ethical thinking and decision making can be culturally relative plus globally overarching, as *hyper-norms*, at the same time. Business Ethics, as one of many disciplines within Applied Ethics, makes use of the application of Normative Ethical Theories, which themselves are deeply rooted in philosophical reasoning. Business Ethics is heavily concerned about the responsibilities companies have toward their stakeholders, because businesses can impact on their stakeholders in multiple ways. However, what is too often neglected is the diversity of impacts that the stakeholders can have on business activities. The Boeing 737 Max case illustrates how the reaction of several stakeholders to the two Boeing 737 Max crashes finally halted the production of the most successful narrow-body jet airliner ever produced and, as a result, Boeing lost its reputation and its status as the market leader over Airbus. Studying the "philosopher-designer" Brunnello Cucinelli, illustrates the concepts of value, responsibility, the philosophical grounding of ethical business and foreshadows a number of ethical theories discussed in the next chapter.

Ethics is a sub-discipline within the domain of philosophy, among many other philosophical sub-disciplines such as logic, aesthetics or philosophy of art, political philosophy, epistemology (the study of how to acquire knowledge), ontology (the enquiry into existence), metaphysics (the study into phenomena that go beyond physics, such as questions if humans have a soul, a mind or if a god exists), and history of philosophy. Philosophical sub-disciplines can also be divided into historical traditions such as ancient Greek philosophy, medieval philosophy, philosophy of Enlightenment, modern philosophy, post-modern philosophy, and contemporary philosophy. The division can also be cultural or geographical, such as Anglo-American or analytic philosophy, and Continental philosophy which mainly refers to traditions that have been launched in France and Germany. Non-Western traditions such as African philosophy, Chinese philosophy, Indian philosophy, and Eastern philosophical traditions are becoming increasingly popular within mainstream philosophical curricula. In some passages of the text the reader will also will also be referred to non-Western traditions, which is a largely neglected feature in business ethics books, despite the fact that the majority of business transactions and activities take place outside the Western world, which is why China, or Asia, is sometimes referred to as the workbench of the world.

While details regarding development and relations of these traditions and specific sub-disciplines belong to an introduction into philosophy or an introduction into the history of philosophy, what needs to be noted at this point is that ethics became one of the most important sub-disciplines of philosophy. This is the case because rapidly developing technologies and the accelerated and compressed way how we live together in societies demand a constant update of ethical reasoning that takes into consideration the challenges of today's societies, which are confronted with issues such as, for example, pandemics, nuclear issues, i.e. disasters resulting from nuclear energy production or storage, and threats of nuclear attacks. Many of these challenges stem from technologies whose implementation and use are ethically ambivalent, meaning, there are positive and negative implications at the same time. Some technologies disrupt our life in such a way that it could even lead to the end of humanity, while the same technologies have the potential to improve humanity's quality of life in an unprecedented way, such as AI (artificial intelligence) and genetic engineering. Finally, there is the complex problem of climate change, global warming, and environmental destruction which could result in the extinction of humanity in a few decades, if we do not make an eco-ideological U-turn in terms of our production approaches and consumption patterns. This book features two chapters (4 & 6) which respectively deal with environmental problems on the one hand and with technological challenges on the other, tackling the ethical issues that businesses face in the light of these two challenges.

2.2 Ethics & Law

Important neighboring domains of ethics are political science, psychology, sociology, and law, among many others. There is a triangular connection between law and ethics because usually, before a law is enacted, an ethical discourse takes place regarding what future laws should look like. An example would be an ethical discourse on the question if genetic engineering on fetuses should be allowed for eliminating terminal diseases only or if we allow the same technology to be used for aesthetic alterations, so that parents, for example, can decide about the sex, potential height and skin color of their children. Discussing these questions in diverse cultures and milieus may result in different outcomes. In traditional Chinese contexts male children may be preferred while in traditional Thai contexts female children may be preferable. In some African and southeast Asian cultures parents may opt for a fairer skin color. However, most parents would agree to eliminate terminal diseases if that would be genetically possible.

Some laws are considered unethical such as certain former apartheid laws in South Africa, or former particular laws in Saudi Arabia, disallowing women particular privileges, such as driving in public, or other laws in the Islamic context that prosecute homosexuals. These cultural differences in the understanding of laws and ethics is called *cultural relativity* to which we have to return in detail in Chapter 9 on *Intercultural Business Ethics*.

There is another connection or disconnection between law and ethics which is related to the fact that sometimes and under certain circumstances it may be considered ethical to act against the law. In particular emergencies or situations of scarcity it could be, for example, considered to be ethical to steal food from a garden where nobody can be seen around, whom one could ask for permission to take food. Stealing is against the law, but stealing food in order to nurture and rescue a person that is almost starved to death or cannot afford or access food at this point in time can be considered morally acceptable or ethical commendable. Edward Snowden, an American citizen and former NSA (National Security Agency) contractor, considered it ethical to disseminate classified information to the public in order to inform the worldwide public about the fact that the NSA in the US is basically spying on each and every citizen in the world who operates a mobile phone or a computer (Poitras, 2014). Co-founder of WikiLeaks Julian Assange published masses of classified information on the WikiLeaks website which he thought the public should be aware of (*Collateral Murder - Wikileaks - Iraq*, 2010) because the citizens are the ones who are voting for politicians which then make decisions regarding security and privacy on behalf of the citizens within a nation state. These acts of whistleblowing are considered to be unlawful, not only by the US legislation, which is one of the reasons why only very few countries were ready to grant asylum for Julian Assange or Edward Snowden. However, according to many citizens' opinions throughout the world, especially journalists, these acts of whistleblowing were considered to be ethically justifiable because many governments were “spying” on their citizens without consent and the citizens’ knowledge. And many citizens are willing to trade in privacy for security, a fact that we can see in many countries where applications are used to track covid-19 infected persons. But citizens want to know about, democratically discuss, and give informed consent to such acts of mass surveillance (Halpern, 2020). Consent is the prerequisite for being able to ascribe ethical legitimacy to the exchange of privacy for security.

What we have to keep in mind for the business ethical context is that acting lawfully not always automatically means acting ethically and acting ethically not always means acting within the framework of the law, although most of the time laws and ethics go hand in hand. But the ethical discourse is much wider than what finally becomes a law.

<FIGURE 2.1 HERE>

2.2.1 Levels of Ethics

Ethics can be subdivided into three levels. The most obvious level is the one in which ethical theories are applied, therefore called ‘applied ethics’. Business ethics is an applied ethical discipline. Applied ethics means that we are relating ethical theory to particular circumstances. But what are we applying? We are applying what is called ‘normative ethical theories’. ‘Normative ethics’ is what is usually understood by the term ethics. It is this part of Ethics that comes up with suggestions, recommendations, as well as pro and contra arguments which serve as general guidelines that can be applied to particular circumstances, such as the business context. The fundamental question is, in short, what is the right thing to do? But when we ask questions regarding what is ethical behavior, where does ethical behavior come from? why do we act unethically? and so forth, these are questions within the ‘meta-ethical’ level. Metaethics is, so to speak, one level above normative ethics. It is less about the question of pros and cons, (as is the case with normative ethical theories, but rather about questioning the logic of ethical arguments; this is also the reason why metaethics sometimes appears a bit abstract, theoretical, or even rather strange. For example, it examines how the arguments of the agents involved run and how rational they are, which premises their arguments contain, what is taken for granted in their arguments, whether there are breaks or contradictions in the arguments, and so on.

<FIGURE 2.2 HERE>

2.3 Cultural Relativity of Values

The term "value" is multidimensional and has multiple meanings in common parlance, two of which are also at the center of business ethics: on the one hand, economic values (such as shareholder value), on the other hand, moral values (such as justice, transparency, solidarity, etc.). Even if there is no clear social ranking of values, values should provide a certain directional orientation. In a sense, they serve as vantage points for orientation. One of the meta-ethical issues is the question weather all values are eternal, universal, and absolute or if values are rather human inventions and dependent on culture, time, place, and subject to particular circumstances, being culturally relative. Most people around the world would probably agree that in ordinary everyday circumstances, killing other people is something that is considered to be unethical. This value, which could also be referred to as a ‘meta-‘, ‘hyper-‘, or ‘global-‘ value, is largely consistent across cultures, time, and space. Killing people in specific war-like or imminent and life-threatening circumstances may be considered not acceptable by everyone, but by some, as we can see with the examples of extra juridical killings of terrorists or potential terrorist as initiated by US governments, which was condemned by many western and Islamic oriented governments (Barnes, 2019).

Depending on the culture, there are differing views as to which values, rituals, norms or communication rules are viewed as right or wrong, which in turn can have far-reaching consequences for economic life. The objectively identical business situation can be perceived and thus evaluated and decided upon very differently by individuals depending on their cultural affiliation or background. Being straightforward and direct in a conversation, pointing out mistakes very clearly and giving recommendations how this could be improved is a value that is considered constructive and helpful in many western cultures. “Saving face”, meaning being very diplomatic and careful when criticizing someone openly, for example in Thai culture, may not be appreciated by all members of a culture that rather appreciates a more straightforward approach. Here we have examples that demonstrate the fact that culturally relative values are not appreciated in the same way across the globe. This in turn also shows that culturally relative values represent an important factor for the formation and success of business transactions on an international level.

Integrated Social Contracts Theory (ISCT) tries to reconcile values and norms that seem to be valid across geographical, cultural, and temporal boundaries with those norms or values that seem to differ and depend on cultural or historical contexts (Donaldson & Dunfee, 1995). Norms and values that are generally accepted by all societies, for example human rights, or at least some particular human rights, are considered to be "hypernorms". Specific cultural or religious norms that are only accepted by members of specific societies, cultures, or religions, for example, the tradition of saving face in Thai cultural context mentioned before or respecting older people's advice as supreme in traditional African context, are called “micro-social” norms.

In business contexts managers should follow micro-social norms of specific host cultures as long as they do not contradict or violate hyper-norms (Velasquez, 2014). An example would be that it is acceptable to save someone’s face (e.g. not making public who made a (minor) mistake that resulted in a short disruption in the production line resulting only in minor consequences) as long as this act of saving face is not covering up a major ethical issue, such as criminal acts (e.g. embezzlement, fraud or balance sheet manipulation, corruption, sabotage or the spying and sharing trade secrets), that are considered to be against a hyper-norm.

<FIGURE 2.3 HERE>

Cultural relativism means that different cultural values may result in different cultural principles, laws, and political decisions. In a rather neoliberal oriented economic system a citizen or employee has a very high responsibility for his or her own health, this is why we may not find comprehensive compulsory health insurances widely applied across the social spectrum (meaning for everyone) in neoliberal oriented economies. But in a social-ecological market economy, such as in Germany, it is assumed that unforeseen and unpredictable circumstances may happen that cannot be financially covered by individuals and therefore it is better that people have compulsory health insurance, which in turn is part of a comprehensive social security system that also financially covers risks in old age, in the event of a need for care and unemployment. In the covid-19 crisis we can see how different health care systems, which are based on different cultural values (such as high risk aversion and a strong desire for security), impact on the more or less widely accessible availability of medical equipment and personnel and thus on the ability of combating a pandemic.

2.3.1 Meta-Ethical Considerations – "Why do(n't) you give Something to the Beggar?"

Another example of a meta-ethical consideration is the question of the motivations behind our ethical or unethical behavior patterns. Examples for types of ethical motivations are egoism, altruism, emotion, reason, nature, and social cultural contexts.

<FIGURE 2.4 HERE>

Imagine going home from a busy day at work and on your way home you pass by a beggar sitting on a pedestrian bridge who is asking you for some coins. Why do you give something or nothing to this or any other beggar? Do we act ethically out of egoistic reasons? For example, that we may simply not want to be bothered by bad conscience if we do not give the beggar some coins. Or that we want to appear as responsible and good people to others who may observe us in this moment. And thus, we hand out some coins for the egoistic reason of having peace of mind. Or is it a genuine altruism, i.e. a genuine moral interest which motivates us to give something to the beggar?

Is it that many humans really care about others, sometimes more than for themselves? Can this explain the commitment of medical professionals in the 2020 covid-19 crisis? Or is it a spontaneous emotion that motivates us at a certain moment to give something to a beggar? Is it that we feel good if we share or that we feel bad if you don't share? Or is it rather reason that motivates us to share something with a beggar? We can surely reason and understand that we most likely have more financial means than the beggar and if we give some coins to the beggar, then the beggar will have a slightly better life, and if other people also share some coins with the beggar, then this will improve the beggar's quality of life significantly. Is this kind of logical reasoning behind our motivation to act ethically? Or is it nature that motivates us to give something to the begging person? Meaning that we are good by nature and give something to the beggar because we humans are intrinsically good. Or are we evil by nature? Is this the reason that we do not give something to the beggar?

The Slovenian philosopher Slavoj Žižek (Taylor, 2005) once said *"we are just pretending to be humans, in fact we are all demons"*. Or is it the socio-cultural context that is responsible for our actions? If you grew up in the context in which sharing is an important value then you are more inclined to give something to the beggar, but if you grew up in a very individualistic context, where you are told and taught that "everyone has to take care of her or himself, and that people such as these beggars are lazy people living from freeriding in a society of hard working citizens", then you may be more inclined not to put yourself in the position of the beggar and also not to give him any coins.

Most likely the motivation behind our ethical or unethical behavior is a mix of these mentioned and probably many more motivations that play a role in the local context. But we cannot go more deeply into this area because this belongs to the domain of meta-ethics and we are more interested to deal with applied ethics. Nevertheless, we will notice later that even when applying normative ethical theories to business contexts, meta-ethical questions, such as those we ask ourselves when facing the beggar, do come back to us frequently. It must also be added that most likely even if you would ask a number of people passing by the beggar why they have given something or not given something to the beggar, these pedestrians' answers will not necessarily reveal the truth about their real motivations of sharing or not sharing. There are very different factors (such as effects of social desirability) that can influence their responses. Ultimately, however, we do not really know if these people would tell us the truth or if they are really aware of their own motivation or the mix of their motivations. This is a topic for behavioral economists, social psychologists, and sociologists, who epistemically have better vantage points and appropriate research tools to tackle such an issue. Social psychologists, such as Philip Zimbardo would argue that the political, economic, social, religious, cultural and historical contexts are responsible for making people who they become and how they act. This is what Zimbardo tried to validate with his infamous Stanford Prison Experiment (Zimbardo, 2007), which is considered one of the most famous empirical studies in psychology. In 1971, in the basement of Stanford University, a prison situation made up of inmates and guards (both groups comprised of students) was simulated to determine how people behave when they gain power over others. The experiment had to be stopped after a few days, as some prisoners showed strong signs of depression, whereas the guards developed a cruel and sadistic behavior towards the prisoners. What Zimbardo wanted to make clear above all is that ultimately all people can show such behavior depending on the nature of the social situation and context.

2.4 Normative Ethics

As already indicated above, normative ethics aims to regulate moral attitudes and behavior by arriving at and suggesting or prescribing moral standards. In the business context this is relevant for “codes of ethics”, which are more general, “codes of conduct”, or more specific, corporate social responsibility (CSR), and corporate environment responsibility (CER). However normative ethics is relevant for its application value to any kind of business ethical situation.

There are at least five standalone normative ethical theories that we need to explore due to their business contextual relevance. Depending on interpretation of what is a major ethical theory there may be more or less than these five standalone ethical theories. But for the purpose of applications into the business context it makes sense to differentiate between these five theories, which in fact have significant differences in their design and framework, their meta-ethical assumptions, and in the outcome if they are applied in the business context. The application of two or three different theories to the same context may arrive at the same or a different result but the outcome also depends very much on the interpretation of the ethical theories. There is no such thing as the “perfect”, “correct”, or “overall most useful” ethical theory, but in some contexts certain ethical theories make more sense than others. In any case, not every normative ethical theory is suitable for every concrete application situation. Conversely, this means that in certain situations only certain theories appear suitable and helpful. For example, in many tragic (one could also say: ethically dilemmatic) situations there is nothing left but to make utilitarian decisions (Wagner, 2019). An example of this is the above mentioned covid-19 disaster situation. In such an emergency situation a *triage* practice needs to be applied (this means that a decision has to be made as to who can and cannot receive intensive medical care in the event of limited capacities in the hospital), which is based on the ethical theory of utilitarianism, by maximizing the usefulness of the majority of the citizens. Care ethics, which may consider the most vulnerable as priority, in such disaster circumstances only makes sense from the perspective of a government, that needs to cater for the majority of its citizens, when it is combined with emergency triage. We will discuss both theories, care and utilitarianism, in detail in the next chapter.

Michael Walzer, who has been called the "dean of Just War Theory", once stated that in a war situation or in a disaster situation, when one is "back against the wall" one may have to be less ethical than in circumstances where one has the leeway not to make decisions under higher pressure. Michael Walzer coined a situation in which a disaster is imminent and potentially annihilating, for a group of people, for example a village, a city, or an entire state, “supreme emergency”. In that case, the ethical decision-making spectrum is much more limited or restricted by the circumstances than in normal ordinary day to day situations (Walzer, 2015).

Applying normative ethical theories to particular real-world circumstances is more like learning to play an instrument than applying mathematical formulas to particular mathematical problems. Although, there is a lot of logic involved, when applying ethical theory, like in mathematics, but there is also the need of trying things out, figuring out how theories work out as result of an application. When practicing the application of ethical theories to particular business ethical circumstances, it is like trying certain sounds on an instrument and listen how the instrument sounds like if we place our fingers here or there when playing a guitar, when practicing chords or figures. Another parallel we may invoke is making use of tools in a toolbox. It is of course obvious that for driving screws into a wooden surface or block we best use a screwdriver, but if we are in a hurry and if we need to attach a wooden board very fast with sharp short screws onto some wooden pillars, it may make sense to hammer the screws into the wood with a hammer for the sake of making a speedy progress. In this tool example there's some process of trial and error involved and this is often true for applying normative ethics as well.

The best advice for applying ethical theory is probably to consider both strategies simultaneously, to apply logical reasoning as thoroughly as possible and at the same time developing a certain feeling of how ethical theories make sense in particular circumstances. While all these comparisons about playing instruments and using tools may sound quite fuzzy, nevertheless we can see that when we interpret certain business behavior from real world scenarios we can in fact detect ethical theories that are underlying the business behaviors. Many examples will follow in the coming chapters.

2.5 The "Big Five" – Standalone Normative Ethical Theories in a Nutshell

The major five standalone normative ethical theories are the following. Virtue ethics, deontological ethics or duty theory, consequentialist (teleological) ethics including different forms of utilitarianism, care ethics, and environmental ethics.

<FIGURE 2.5>

Virtue ethics is based on the individual virtues and the moral actions of the actors involved. It is guided by the assumption that we should develop good habits and a good character by cultivating our virtues. If we work hard on our virtue development, not only we are ourselves becoming persons that experience well-being, but we are also helping others to pursue the development of their own virtues and well-being. This theory and practice is based on the ancient Greek philosopher Aristotle's virtue theory, developed in the book Nicomachean Ethics amongst many other lecture notes left by him (Aristotle, 2018). The Italian designer and entrepreneur Brunello Cucinelli’s business approach can be interpreted in the line of this tradition. He himself calls his approach “humanistic capitalism” (Cucinelli, 2020). Humanism has a double meaning here. On the one hand, the humanistic tradition is the study of ancient culture and literature for the sake of proper character development, and on the other hand humanism is an essential humane component that is part of Cucinelli’s understanding of how capitalism should look like ethically. There are similar virtue ethical accounts in many other traditions, but the Aristotelian account is the most prominent one especially in the western context.

The deontological theory of ethics, which can be understood as the most important counterpoint to the utilitarian ethics addressed below, is based on the idea that we need to come up with and follow duties, principles, obligations, and laws. If we do that, we can assume that the world will be a better place. But these duties, principles, obligations, and laws need to be developed on a rational foundation of what the German Enlightenment philosopher Immanuel Kant calls the *categorical imperative*, which is a specification of the Golden Rule found in many cultures, a universal law, a kind of hyper-norm. Many of the existing laws can be seen in the light of this tradition.

The British philosopher John Stuart Mill further developed utilitarian ethics first made prominent by his teacher and father's friend, Jeremy Bentham. Utilitarianism is a cost-benefit analysis having the majority of people in mind and their maximization of utility, usefulness, pleasure, and well-being. This is also the reason why utilitarianism represents the concept of ethics which is generally the most comprehensible and sympathetic for economists and corporate managers. While utilitarianism is geared towards the maximization of utility and benefits for the greatest number of people or sentient beings, care ethics can be somewhat biased toward a selected group of people. Care ethics takes into consideration that we can especially take care of people who are in close proximity or for whom we can make a clearly monitorable difference. Brunello Cucinelli is also a care ethicist because he is focusing on improving the life of a selected group of stakeholders for whom he can make a significant by him monitorable difference.

Environmental ethics in contrast to the other four ethical theories takes into account that most of the preceding ethical theories have a clear focus on humans, somewhat neglecting the eco-environment and non-human sentient beings. Companies like Patagonia and Freitag are clearly taking environmental ethical considerations seriously into account. Environmental Ethics has become a prominent ethical theory in the recent decades. It can no longer be neglected. This can clearly be seen in the momentum the *Friday's for Future* movement has gained over the last years, criticizing our production methods and consumption patterns, most of which are totally unsustainable. Chapter 4 will be dedicated to environmental business ethics, corporate environmental responsibility, and sustainability.

While this is just an overview of the big five standalone ethical theories, we have to delve more into the details of these theories in the next chapter and develop how exactly they are relevant in the business context.

2.6 Responsibility in Business and Applied Ethics

There are a growing number of areas in applied ethics besides business ethics, for example, the just mentioned highly pertinent area of environmental ethics, biomedical ethics, which plays a major role in the covid-19 crisis, the ethics of war and peace, intercultural ethics, media ethics, professional ethics, such as police ethics, counseling ethics, just to name a few. More recent academic ethical disciplines consider, for example, robotics, artificial intelligence, outer space research & travel, genetic engineering, fully autonomous driving, the ICT infrastructure, and cryptocurrencies.

Ethics, especially applied ethics, and in particular business ethics, is concerned with responsibility. We have many responsibilities in our life, in traditional cultures it is emphasized that we do have responsibilities toward our family members. Many states and cultures emphasize that there must be responsibility shown towards the nation-state (e.g. traditional Chinese and African cultures). More individualistically minded cultures emphasize that we are most particularly responsible for ourselves, while religions emphasize the responsibility toward a god or a higher entity or toward the entire creation. Human rights activists emphasize the responsibility for humanity as a whole, and environmental activists point out the responsibility toward nature and the cosmos. Business ethics is especially concerned with the responsibility of companies or organizations toward all stakeholders.

CSR (Corporate Social Responsibility) or corporate responsibility (CR) is sometimes also translated as corporate stakeholder responsibility. Businesses have responsibilities toward their stakeholders, for example in matters of environmental protection. At the same time businesses create values for their stakeholders, for example through the creation of jobs or the development of innovative and sometimes even vital products (such as vaccines). Stakeholders are entities or persons that are affected by or can affect businesses or organizations. In a nutshell, businesses have responsibility toward stakeholders, they create values for their stakeholders, affect their stakeholders and are affected by their stakeholders - both in a positive and negative way. If, for example, with an environmental NGO, the situation is becoming a serious existential problem for the CEO of a major company, the business will no longer be able to ignore this NGO as a major stakeholder. Ignoring the NGOs' demands could have far-reaching negative consequences for the success and even the very existence of the entire company. Not least because of this, practically all large companies today have set up a CSR department. We will deal with stakeholders in detail in chapter 6 (Readfearn, 2020).

<FIGURE 2.6 HERE>

(F.2.1) Film Case Study: The Corporation

Watch the classical documentary “The Corporation” and explain why the corporation as a “person” (by law) is considered an “irresponsible psychopath” in this documentary.

(C.2.1) Case Study: Boeing 737 MAX

Research about the Boeing 737 MAX scandal

(1) Analyze important ethical implications of this case.
(2) How can different stakeholders have an impact on Boeing in this particular case?

(3) If you were the newly appointed Chief Engineer of Boeing, what would be the ethically advisable measures that you would take?
(4) If you were the newly appointed CEO of Boeing, what would be the ethically advisable measures that you would take?

(C.2.2) Case Study: The "Philosopher-Designer" Brunello Cucinelli and his Humanistic Capitalism

Research to find out how business is currently developing for the Italian designer and entrepreneur Brunello Cucinelli.
(1) Explain how different stakeholders benefit from the Brunello Cucinelli company and how stakeholders may have an impact on the Brunello Cucinelli company.
(2) Why is this form of business "humanistic"? What exactly is meant by this?
(3) What can we learn from this case?

KEY TAKEAWAYS

(1) Laws and ethics are connected and related, but not congruent.
(2) There are 3 levels of ethics; meta-ethics, normative ethics, and applied ethics.
(3) Normative ethical theories are frequently applied to business situations.
(4) Business ethics is applied ethics and focuses on business stakeholder relationships.

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Business Ethics & Sustainability

Chapter 3: The Big Five – Normative Ethical Foundations of Business Ethics

Roman Meinhold

http://orcid.org/0000-0002-8034-6620

ABSTRACT

This chapter elucidates five major normative ethical theories for the business context: virtue ethics, deontological ethics or duty theory, consequentialist (teleological) ethics or utilitarianism, care ethics, and environmental ethics, which will be covered in further depth in chapter 4. Virtue ethics aims to develop human character and well-being, based on Aristotle's eudaimonia theory in the Nicomachean Ethics. Immanuel Kant's deontological ethics renders our actions ethically correct if they can be formulated according to a universal moral law, called the categorical imperative. Utilitarianism, popularized by Jeremy Bentham and John Stuart Mill measures morality by the amount of happiness or benefits delivered to the greatest number of people. Care ethics which takes care, compassion, and interpersonal relationships as foundational derived it's origin from Feminism. Lastly, environmental ethics focuses on our responsibility towards the eco-environment and future communities. Two further important theories will be discussed that are not considered "standalone ethical theories": John Rawls's theory of justice which aims at fairness by removing biases through a thought experiment of the "veil of ignorance" in the "original position" and Amartya Sen's account of the positive correlation between power and responsibility. The chapter includes case studies, e.g. The Harvey Weinstein Company Scandal and The Cambridge - Facebook Analytica case.

CHAPTER KEYWORDS

(1) Virtue Ethics
(2) Well-Being
(3) Duty Ethics, Deontological Ethics
(4) Categorical Imperative
(5) Utilitarianism
(6) Greatest benefit for the greatest number
(7) Care Ethics
(8) Veil of Ignorance
(9) Justice, Fairness
(10) Power and Responsibility

STUDY OBJECTIVES

After studying this chapter readers will be able to

(1) understand the major normative ethical theories.
(2) apply ethical concepts in business contexts.
(3) understand relevant normative ethical theories in their importance for the application in the business context.

CASES

(1) The Harvey Weinstein Case
(2) The Ford Pinto Case
(3) The Cambridge Facebook Analytica Scandal

ETHICAL THEORIES

(1) Well-Being & Virtue Ethics
(2) Duty Theory
(3) Utilitarianism
(4) Care Ethics
(5) Environmental Ethics
(6) Fairness & Impartiality
(7) Power & Responsibility

3.1 Normative Ethical Theories in a Nutshell

Chapter 3 introduces five standalone normative and a few supporting non-mainstream / non-western ethical theories (e.g. African Ubuntu ethics and the Japanese concept of Ikigai) and links them to business examples. The chapter is meaningfully compressing complex philosophical ethical theory to business ethically relevant tangible and applicable tools. The major five standalone normative ethical theories illustrated are virtue ethics, deontological ethics or duty theory, consequentialist (teleological) ethics or utilitarianism, care ethics, and then environmental ethics in chapter 4.

<FIGURE 3.1 HERE>

Virtue ethics is based on the assumption that we should develop good habits and a good character by cultivating our virtues. If we work hard on our virtue development not only are we becoming persons that experience well-being but we also help others as well to pursue the development of their character, virtues, and well-being. These theories and practices are based on the ancient Greek philosopher Aristotle's virtue ethics (Aristotle, 2018a). The Italian designer and entrepreneur Brunello Cucinelli’s business approach, “humanistic capitalism”, can be interpreted in line with this tradition (Cucinelli, 2020). There are similar virtue ethical accounts in many other traditions, and therefore the understanding of what constitutes virtue and well-being has a culturally relative dimension, that should not be omitted, but the Aristotelian account is the most prominent one, especially in the western context. In contrast, the deontological theory is based on the idea that we need to come up with and follow duties, principles, obligations, and laws. If we do that, we can assume that the world will be a better place. But these duties, principles, obligations, and laws need to be developed on a rational foundation of what the German Enlightenment philosopher Immanuel Kant calls the categorical imperative (Kant, 1993), which stands for the endogenous (a for the human intellect inherent) moral point of view and is a universal law, one could also view it as the most foundational hyper-norm on could think of. Many of the existing laws, which can be based on or represent hyper-norms, can be seen in the light of the deontological tradition of thought. The British philosopher John Stuart Mill (Mill, 2017) further developed utilitarian ethics which was first made prominent by his teacher Jeremy Bentham (Bentham, 2009). Utilitarianism is a kind of cost-benefit analysis having the majority of people in mind and the maximization of their utility, usefulness, pleasure, and well-being. While utilitarianism is geared towards the maximization of utility and benefits for the greatest number of people or sentient beings (Mill, 2017), care ethics can be somewhat focused toward a selected group of people. Care ethics takes into consideration that we can especially take care well of people who are in close or reachable proximity or for whom we can make a monitorable difference. Brunello Cucinelli is also a care ethicist because he is focusing on improving the life of a selected group of stakeholders for whom he can make a significant. Further theories discussed in this chapter are John Rawls’s justice as fairness (Rawls, 1999a), which contrasts with care ethics, due to its impartiality condition, and Amartya Sen’s assumption that power positively implies responsibility (Sen, 2011a). Environmental Ethics expands the horizon of morality beyond mainly anthropocentric or human-centered perspectives. It is the ethical foundation for Ecological Economics and Corporate Environmental Responsibility which will be dealt with in chapter 4.

<FIGURE 3.2 HERE>

The classical Ford Pinto case (discussed further down) illustrates that especially a very economic interpretation of the maximization of utility is not always the best ethical choice (Lee, 1998) while a very strict interpretation of utilitarianism would encourage an Artificial Intelligence (AI) ruled governing body to get rid of, or at least paralyze, humanity as in the Sci-Fi classic “The Matrix” (Wachowski et al., 1999) in order to halt humanities environmental destruction, because anthropogenic environmental destruction ultimately could pose an existential thread for such an AI. Cases about Apple and Facebook, such as the Facebook Cambridge Analytica Scandal (Wong, 2019) make it evident that the largest existing corporations do not act responsible enough in many ways. Applying Sen’s normative demand that power should be in line with responsibility becomes even more crucial in the context of (quasi) monopolistic power.

With many caveats and limitations, as indicated before, these ethical theories can be compared with a toolbox. To screw a Phillips screw into a wooden wall, we could use a normal screwdriver, or maybe even a hammer and just hammer the screw inside, both methods somehow work. But the most fitting tool is the correct size Philips screwdriver, no other tool solves the problem better. If we apply ethical theories with some routine we will consider and choose a theory as we grab the appropriate tool for the job to be done. However, the application of ethical theories is less straightforward, but more complex and more complicated, due to the many variables and complexities in real life business situations.

3.2 Well-Being, Character, and Virtues

3.2.1 Instrumental versus Intrinsic Value

An Ancient Greek theory that has experienced a significant revival during the past decades is the theory of well-being. The theory of well-being, or eudaimonistic ethical theory, is based on the assumption that we finally do everything (else) to achieve well-being for ourselves, but also society. The underlying assumption is based on a teleological causality. The word teleological comes from the Greek notion "telos", meaning target or goal (etymonline, 2018). According to Aristotle, well-being or happiness is the most important and ultimate goal in human life (Aristotle, 2018a). Everything we are doing in our life is subsumed under this overall target of a good life or should guide us to this overarching goal. Eating something, sleeping, learning, even studying business ethics, being ethical, procreation, everything finally should lead to well-being, if exercised correctly. Aristotle holds that it is obvious that well-being must be the final goal of life because every person ultimately tries to achieve well-being. This kind of assumption of having a final goal and having things that lead to a final goal categorizes values in two different kinds of groups namely values in-itself, intrinsic, or inherent values. These are things that have values within themselves, without being an instrument for something else, contrasted with instrumental values, which are an instrument for attaining other things that are valuable in themselves, intrinsically, or inherently valuable.

To complement this concept, we have to add that there are also neutral values and negative values. Neutral are values for which we neither have any positive nor negative preference. An example of a neutral value maybe the color of the taxi you are using on your way to the airport. You don't care if the taxi is red, orange, or yellow as long as it brings you to the airport safely and in time. Safety and punctuality, in contrast, are instrumentally important values. A broken taxi that leaves you stranded on the highway to the airport or a drunken taxi driver who doesn't find his way to the correct airport gate constitutes negative values, especially if you miss your flight. However, things may change, and here we can see certain relativity of the whole concept, for example, when the plane you intended to board crashes and the drunken taxi driver or the broken taxi prevented you from boarding this aircraft. Then, in this case, the drunken driver or broken taxi represents positive values for you, while the crashing plane represents a negative value. In this respect, it can be said that values are, so to speak, guard rails in our life for what is really important to us in order to be able to lead a good life; and what is ultimately important to us, such as justice, security, prosperity, integrity and the like, ultimately condenses from our own experience.

<FIGURE 3.3 HERE>

The important differentiation, for the Aristotelian theory discussed here, but also for the Kantian theory, discussed further down, lies between intrinsic, inherent values, or values in-itself on the one hand and instrumental values on the other hand. Because well-being represents an inherent value, while everything else that leads to well-being represents instrumental values. In this regard education, nourishing food, good sleep, good conversations, that lead to well-being are all instrumental values that lead to the one intrinsic value: well-being in life. That is one of the most important aspects of Aristotle's theory of well-being or eudaimonia.

Before digging deeper into the details of Aristotelian virtue ethics we have to look more closely into the particular distinction between values in-themselves and instrumental values. For example, we said that food is of instrumental value. The food on your plate, for example, meat, is an instrumental value for nourishing yourself (unless you are vegetarian or vegan), which, when consumed properly, should contribute to your well-being. However, the meat on the plate in front of you consists of flesh derived from an animal. If you are a meat-eater, the meat on your plate is of instrumental value for you. But if you are an owner of a pet and the meat derived from your slaughtered pet would be served to you, even with very delicious sauces, you most likely will not appreciate the instrumental value that is represented by the meat gained from your pet, no matter how delicious the dish may taste. Why is that so? Probably because our pet is more located in the direction of something that has intrinsic value or value in-itself or inherent value. This can be illustrated by a thought experiment, although an even less comforting one. Imagine you would be dying soon from a terminal disease and you would have to decide the future of your pet, you would still not eat it even with the most delicious sauce. You would rather give it to someone of whom you think this person would take good care of your pet. This idea that you would like to see your pet in good hands, even if you do not exist anymore, hints at the assumption that for yourself, at least, your pet may have something like a value in itself, which seems to be independent of your existence. Once the person who has adopted your pet would behave in the same way as you behaved in terms of valuation, the pet has intrinsic value for this person as well. However, if your pet is a nasty smelly dog who barks all night long and bites everyone who passes by your house, for most of those bitten or disturbed, your dog has negative value. While for those who drive past in cars, do not live close by and simply like cats, your dog may have neutral value. Animal rights activists and vegans may ascribe instrumental and maybe even intrinsic value to animals in general, at least to some particular ones. Especially if it comes to endangered species which may disappear from the earth forever if not well cared for. From the perspective of wildlife management, the natural equilibrium in ecosystems has intrinsic value, not particular single components of nature. Animals or plants that overpopulate certain areas like possums in New Zealand, rats in cities, and camels in Australia thus become a threat to other species. Eucalypt trees that are displacing indigenous pines in the mountains of Lesotho are considered of negative value. The displaced plant or animal would have at least instrumental value for the eco-systemic balance, and if endangered, the species is getting closer to intrinsically valuable.

<FIGURE 3.4 HERE>

Even though insurances actually ascribe a price tag to human life (instrumental valuable), we normally assume that every human life has an infinite and unaccountable intrinsic value. However, it is a fact that different human lives have different monetary values, depending on the country, insurance, insurer’s age, earning potential, and insurance policy. If a subject’s or object’s worth can be expressed in monetary value it could be argued that it cannot be “invaluable”. However invaluable is not the same as intrinsically valuable, but the two concepts appear to be pretty close to each other. When Germans want to say that a person has a really bad character, not very much caring of others, including his or her relatives, they say "he is such a bad person that he would even sell his grandmother", meaning that the grandmother only has instrumental (or even negative) value for this person. Other candidates of examples for intrinsic value could be nature reserves, (precious or famous) artworks, memories, or dreams.

We can easily see with these examples that the act of ascribing values to, or valuation of, objects, beings, and other items or things, is something that seems to be relative, subjective, and not absolute. While for pious religious Hindus cows may be intrinsically valuable, for the average western meat-eaters cows just have instrumental value. This means that ascribing instrumental or intrinsic values to something is highly debatable. Nevertheless, it makes sense to distinguish between things that are just useful for the help of achieving something and other things which we cherish so much that we wouldn't exchange them or sell them because we highly appreciate them as they are in their current status or because a lot of things are needed for this situation, status, relation, or object that we cherish and appreciate so much. We would probably assume that for most people, health is considered intrinsically valuable, also because a happy life is closely associated with a healthy life. However, we have heard of persons who, for example in the Philippines, in very desperate situations sold an organ, e.g. a kidney or a liver, to make a living for their family (Yea, 2010). In this context, the particular sold organ just had instrumental value while the proper circumstances of living (well-being) for the family were valued as intrinsically valuable. Aristotle more than 2000 years ago also claimed that health is contributing to well-being (Kraut, 2015). Several decades overarching longitudinal study by Harvard scholars (Diener, 2009) found out that there is one major factor that contributes to well-being which is even more important than health: friendships or significant relationships! The findings seem to be independent of gender, age, or generation (Diener, 2009).

3.2.2 Well-being, Character, and Virtues, a First Approach

Other concepts are not quite synonymous with the concept of well-being but share a certain similarity, such as the concepts of happiness, the good life, flourishing, and the Ancient Greek notion of eudaimonia. Happiness is what is used in everyday language, but it is also a concept that is interdisciplinarily researched by economists, sociologists, psychologists, politicians, and so forth. The problem with the word happiness is its etymological relation to the word "happy" (etymonline, 2018) which is considered to be a rather superficial state of mind that may not be long-lasting. Aristotle emphasizes in the Nicomachean Ethics that eudaimonia is in fact long-lasting, in contrast to pleasure, for example. Well-being is a broad concept that should not be confused with welfare, but the word well-being emphasizes that the existence or the life of a person or a group should be in good condition. But "good condition" is a rather vague statement. Nevertheless, the research on happiness achieved significant recognition in the interdisciplinary world happiness report (Helliwell et al., 2020) or in the adoption of the concept by the Kingdom of Bhutan which measures gross national happiness (GNH) (Bhutan’s Gross National Happiness Index | OPHI, 2020). Flourishing is a word often employed by psychologists or from a pedagogical perspective (Lonka, 2013). This word emphasizes the aspect of development toward a certain possible optimum and this shows the etymological relation to flower (etymonline, 2018), which develops itself until it blooms. A better comparison would be an entire plant that grows and develops well and for this development, also conducive circumstances and environments are needed, a theory especially emphasized by a social psychologist (Keyes, 2010).

More concretely, well-being nowadays is often empirically measured (Keyes et al., 2002). Measured dimensions, for example, can include safety and security, the quality and quantity of relationships, mental health, cognitive health, physical health, connectedness to a community, the purpose of life, freedom, and environmental quality. Safety and Security can be measured with the help of crime rates, such as rates of break-ins per night in a city, road accidents, number of terrorist attacks within a year, and police response time in cases of emergencies. The quality of relationships can be measured by asking people how often they do meet friends and family members with whom they can have the joyful, fruitful, and meaningful discussions, and trusted interactions. Mental health can be expressed in terms of if persons can manage emotions constructively, including involving trusted others, if help is needed. The parameter cognitive health includes intellectual health, education, how the environment corresponds to the need for fulfilling intellectual potentials, realizing creative growth potentials and development, the density of schools, museums, universities, e.g. per ten thousand citizens, and other cultural and educational facilities. Physical health, a very obvious measure, can be measured, for example, by asking participants how often they do exercise per week and how long. The density, quality, and area of parks in cities can be compared with the number of citizens. Community aspects are expressed in the sense of the feeling of belonging for example.

<FIGURE 3.5 HERE>

One of the first studies researching happiness found out that the happiest people were living in certain developing countries, like for example Bangladesh (Mahmuda, 2003). But this research was biased because the study was mainly focused on asking participants regarding their subjective feeling of happiness which is usually quite high in cultures where people experience intensive social embeddedness in family contacts and the community. Due to a lack of financial resources and a lack of financial independence, family cohesion tends to be higher in such circumstances (Orthner et al., 2004). However, the interconnection between community members is something that is making a significant contribution to well-being, otherwise, in the covid-19 crisis, people would not have complained about lockdown measures by their governments, if people would not like to socialize with others on a frequent basis to enhance their subjective feeling of happiness. For a traditional African person, the concept of community plays the most significant role in all of these parameters (Auchter, 2017). Purpose has something to do with the meaning of life, orientation in life, future perspectives, and so forth. Nature or environment can be measured in environmental infrastructures such as water and air quality, the number of trees, green areas, gardens, and parks (e.g. within one square kilometer), and biodiversity in general. Freedom can be measured regarding press freedom, whistleblowing precautions by institutions, freedom of speech of citizens in general, and the freedom to express one's opinion in professional contexts.

Why is this important for business ethics? Because we can observe that companies that try to retain competent staff take the well-being of their workers seriously into account. At Google, now Alphabet, initially workers were encouraged to spend 20% of their working time to dedicatedly work on a personal idea, developing innovative technology, which could be beneficial for the company. Gmail and other Alphabet products were developed in such a context. This approach is also contributing to a person's purpose, self-fulfillment, and well-being. Brunello Cucinelli is giving his workers ample time during lunch (90 minutes) so that they can socialize, which contributes to their well-being in psychological, communal, and social terms. Cucinelli, Starbucks, and many other companies allow workers to further their education, which is a feature intended to foster cognitive well-being. Several companies nowadays design environmentally friendly and safe workplaces, such as Patagonia and Freitag.

Especially for the Western context, these empirically measurable dimensions of the quality of life like healthcare, environment, education, freedom, and many others are important parameters for well-being. From an economic point of view high income, high revenue, high GDP play important roles. In the covid-19 crisis, we could observe discussions among virologists, epidemiologists, economists, and politicians regarding the trade-off between human health and the sustainability of a country's economy. Focusing too much on virological and epidemiological related health issues, by social distancing and other measures such as lockdowns, will have negative impacts on other psychological and social health parameters, and if the economy suffers people lose their jobs and the tax shortfalls mean that urgent investments can no longer be made or can only be made decades later. While focusing too much on restarting the economy lets the virus spread faster. We can easily see, with this current example, that there are trade-offs between different kinds and interpretations of well-being.

In the Southeast Asian context, well-being dimensions such as harmony and peace of mind play a particularly important role. In business meetings in some Asian contexts, agreements should reach consensus, as a harmony ideal. In an African traditional context, communal and social embeddedness are crucial for social and personal well-being, while the individual only counts as part of the community. We can summarize that the understanding of what constitutes well-being is very multifaceted, diverse, and relative, depending on the historical context, current circumstances, and the respective culture. Well-being is communicated in diverse and various, but yet highly significant values. Since we have not solved the question of what well-being constitutes in a hyper-normative way we will come back to one answer that dominated the ethical discussion since Ancient Greek culture is still dominating the current ethical discourse on well-being and happiness.

In the business context, since providing well-being for particular stakeholders requires financial, human, and other resources, the question is who is entitled to well-being? Therefore, we can see that the determinants of who is entitled to well-being also depend on the context. A liberal context will emphasize the individuals' entitlement for well-being, often based on merits. A rather collective, communitarian cultural context emphasizes families' or communities' entitlement for well-being. From the nation-states' perspective, the well-being of the society or for the country is pertinent. And one should not misunderstand the Fridays for Future movements call for more environmental responsibility as ecocentric (centered only on the ecosystem), because it is also a call to take humanity's well-being, especially future humanity's well-being more seriously, besides the demand that well-being of plants, animals, and the entire planet, and “the science behind it” needs to be considered more seriously. But of course, the dimension of "future", in Fridays for Future, points into the direction of future generations' well-being.

Going back to the business perspective, of course, what is at stake, is the well-being of the company at large and in particular the well-being of stakeholders. If a company does not take the well-being of particular stakeholders into account the company may get into serious trouble, even if the company may not have considered a certain group of persons or entities as stakeholders. The Boeing 737 Max crashes point to the fact that the well-being of airline personnel and passengers was not taken seriously enough. Otherwise, safety and security would have been the main priority, not only for the sake of not risking the reputation of a company. But the economic dimensions, focus on TSR (rather than TSI), and research and development advance by competitor Airbus increased the pressure for the quickly sellable technologically overhauled bestselling aircraft 737, instead of designing and developing a new aircraft from scratch which would have taken several years plus completely new training programs for pilots for such an entirely new airplane.

3.2.3 An Aristotelian Perspective on Well-Being, Character, and Virtues

Ethical theories and accounts on well-being and happiness try to tackle the questions of what constitutes well-being, which points to a collection or set of values, and the question regarding who is entitled to well-being. The Ancient Greek philosopher Aristotle, who lived in the fourth century before our common era, focused his account on ethics on this phenomenon of eudaimonia, happiness, or well-being in one of his most important books, the Nicomachean Ethics. In a synthetic account on eudaimonia, Aristotle summarized, computed, and fused what has been considered as significant for well-being by previous thinkers. A few ideas and concepts that Aristotle synthesized follow in the next paragraph, because many of these concepts represent values that are relevant in the business context.

Pythagoras whom we know from the mathematics lesson about the Pythagorean Theorem (a2 + b2 = c2), considered knowledge and harmony as essential for well-being. That is not surprising because for Pythagoras via the help of knowledge we can scientifically appreciate that everything, our whole life, the entire Cosmos, is based on harmony (Kepler, 1997). Harmonies can be detected in microstructures, such as atoms and cells, but also in music, e.g. as rhythms and chords, in mathematics, in nature, in terms of natural seasons, moon phases, high and low tides, hormonal cycles, but also in the macrostructure of the cosmos, such as the constellation and circulation of planets, and anywhere else. The understanding that harmony is essential for human life and underlying any observable phenomenon, is something that can be extracted from the observation and understanding of the environment. Heraclitus made people aware that they need to accept and accommodate constant change (Diels & Kranz, 1903). This is a fact that is probably even more pertinent today than it has been during Heraclitus' times. Socrates, the teacher of Plato, but also Plato himself, emphasized the importance of wisdom, virtues, and an ideal state, meaning an ideal conducive environment in which one has to actively participate to shape it into an ideal (Plato, 1997). The Cynics, similar to Buddhist monks, emphasized that material things are of minor importance and practiced asceticism, by at the same time emphasizing knowledge and virtue (Diels & Kranz, 1903). In some respect of the opposite opinion, regarding pleasures where the Hedonists, who's founder Aristippos, thought that we should focus long time pleasure, but not short term pleasures (Diels & Kranz, 1903). Zenon the founder of the Stoics emphasized virtues and also political commitment (Diels & Kranz, 1903). His often misunderstood contemporary Epicure emphasized well-being, concentrating on pleasure, which he simply defines as the absence of pain or the attempt to work toward the minimization of pain (Diels & Kranz, 1903). We have to come back to the Epicurean ethical theory because the Epicurean pleasure and pain account is an important foundation of utilitarian ethics. Skeptics, like its founder Pyrrhon, emphasized peace of mind by the insight into the indifference of things in life (Diels & Kranz, 1903).

While one could claim that this is more a subject for an introductory philosophy or ethics class one needs to acknowledge that all of the values communicated within these mentioned accounts are relevant within normative ethical theories applied to business contexts. We will now, and further down, cover issues such as knowledge and critical thinking, the ability to accommodate of constant change, wisdom or making use of our intellectual faculties, virtues, creating and maintaining well-being, conducive environments, the dimension of pleasure, commitment, the well-being of stakeholders, the minimization of pain or taking the harm principle seriously into account. These all are values that play a pertinent role in the business context.

For Aristotle eudaimonia or well-being is of intrinsic value, because it is the goal of all human affairs. It is long-lasting and continuous, not just short-term happiness, or pleasure, which is just a by-product of eudaimonia. But most importantly, eudaimonia or well-being is an activity of the soul and this needs more thorough and further explanation. For Aristotle, in the Nicomachean Ethics, there exist two kinds of eudaimonia. A primary form, which only a certain elite can achieve and a secondary form that is achievable by everyone. The secondary form of eudaimonia can be achieved by exercising ethical virtues which is potentially possible for everyone. The primary form of eudaimonia or exclusive form of eudaimonia is an activity under the virtue of the most divine element of the human soul, which is wisdom. Living a life in contemplation seems to be the most ideal life according to Aristotle's understanding of well-being. But not many people have this opportunity to live a life of contemplation, maybe monks, researchers, certain teachers, artists, some politicians, or entrepreneurs. But ordinary people will not have the means to live a life mostly dedicated to contemplation, Aristotle is well aware of this. However, everyone can live a life of well-being and eudaimonia as long as one can exercise the ethical virtues properly. On top of this, if one is in a position to increase the proportion of the contemplative aspects in one's life significantly, one can reach this higher form of eudaimonia. Nevertheless, a reasonable amount of external goods is essential for both forms of eudaimonia or well-being(Aristotle, 2018).

<FIGURE 3.6 HERE>

According to Aristotle, there are two categories of virtues, ethical (or character) virtues, and intellectual (or dianoetic) virtues (the Greek word *dianoia* means intellect or reason). The concept of virtue can also be translated with goodness or excellence. Ethical goodness and intellectual excellence are of outstanding importance for the fulfillment of the good life.

<FIGURE 3.7 HERE>

Aristotle does not see ethical virtues as ends in themselves, rather they are meaningful for character development and leading a good life. Aristotle has a comprehensive system of ethical virtues, although nowadays (after around 2500 years) it is by no means so clear which virtues are really useful and transferable to the present day. In any case, there is no clear ranking of virtues. More important and helpful, however, is the aspect that ethical virtues are always an ideal mean or a middle way between the two extremes: excess and deficiency. This middle way or mean is a specific mean depending on the particular person and circumstances. It is not an arithmetic or geometric mean that could easily be calculated. An example is the ethical virtue of courage. An excess of courage would be fearlessness and its deficiency would be cowardice. Another ethical virtue is open-mindedness. An excess of this character trait is represented in an uncritical person, a deficiency of open-mindedness can be observed in a stubborn person. In the same way, the virtue of bravery can be viewed as a reasonable middle between cowardice and recklessness or the virtue of generosity as the well-balanced middle between avarice and a wasteful behavior. All ethical virtues function according to this specific mean (Aristotle, 2018).

<FIGURE 3.8 HERE>

A simple example of how this specific mean depends on a particular person and circumstances can be displayed in the following thought experiment. Imagine that a person is drowning in a river with a rapidly flowing torrent. You happen to walk by on your way home from work, and you want to rescue the person. If you are a good swimmer, enjoying good health, you would be a coward if you would not jump inside and rescue the person. But if you can't even swim, it would be fearless and stupid to jump into the river in this situation. In such given circumstances it would be better to find other means to rescue the person, for example, by instantly finding someone who can swim very well, or quickly getting a rope or a long stick for the drowning person to grab. This move would be prudent.

While in the case of ethical virtues this ideal or golden mean represents the correct and appropriate measure, the idea of maximization is at the center of intellectual or dianoetic virtues: More specifically, this means that the more a person possesses a particular virtue (such as cleverness, certain economic, technical, medical or intellectual skills and the like), the better it is. For example, think of a scientist or engineer who ultimately can never know enough about his or her scientific field. This also makes it clear that virtues are not a quality that people have from birth, but must first be acquired through concrete practice and experience. The more frequently a doctor has performed a certain surgical procedure, the more confidently he can act in unexpected and emergency situations. The same now also applies to ethical virtues: In order to be able to act virtuously, in order to be able to differentiate between excess and deficiency in certain actions, people must have gained a certain experience in life, which means nothing other than that they must have accumulated a certain virtue capital.

Even if one is not leading a contemplative life, nevertheless, the intellectual virtues, wisdom, and prudence, guide a person to find a specific mean between access and deficiency in the domain of the ethical virtues, like in the example of the drowning person. Everyone is in a position to practice prudence and wisdom, but not everyone is in the position to mainly concentrate on exercising prudence and wisdom most of the time. Such circumstances are rather constituent of an exclusive form of eudaimonia. One can imagine a person working in an ordinary job every day, such as a cashier or salesperson in a supermarket, such a person needs to be in a position to find a middle way between excess and deficiency in the domain of ethical virtues, but will usually not have the chance to exercise intellectual virtues such as prudence and wisdom in the same way as a monk who lives a life of contemplation and meditation, a musician who dedicated her life to music practice and performance, or an entrepreneur-engineer who is living for her inventions, or a diplomat whose prudence is challenged day-by-day in tricky political dilemmas, or a researcher who dedicated her life to the research of some very particular issue that may have a significant impact on humanity, like genetic engineering or just, what is called, blue sky research, that is the research of which we yet do not know if it will have applicable dimensions or not, but which needs to be researched to test possible avenues of inventions. Examples would be deep sea or deep space exploration.

The idea of a hierarchical organization of essential things in life is also reflected in the Maslowian hierarchy of needs. While the physical needs are at the bottom of this pyramid, self-fulfillment is at the top. Being in a position to live a highly self-fulfilled life comes relatively close to a life where contemplation and the intensive use of intellectual virtues are predominant. Another distinction that lets us better understand the relevance of the Aristotelian ethics of well-being in the business context is a distinction between job, career, and calling (Maslow, 1943). While a job is a work that is done on a day-to-day basis to earn a living that may or may not be sufficiently paid, that may or may not be a rewarding job in terms of self-fulfillment, a career, in contrast, is related to the person's progressing role and her self-development. A career may be intellectually more rewarding and challenging, but may not be fulfilling. The two forms of work are contrasted with what can be labeled "calling" where one has a strong identification with the role one is fulfilling. This kind of occupation may or may not be rewarded or paid sufficiently, but is usually considered to be very self-fulfilling. Many artists, entrepreneurs, researchers, teachers, religious persons, etc. experience their professional life as a form of calling. Businesses can contribute that people working for them have an increased sense of self-fulfillment.

A western interpretation of the Japanese concept of Ikigai holds that we should do what we love, what the world needs, what we can be paid for, and what we are good at. Trying to involve all four concepts at the same time will increase the likelihood of a happy life according to this Western interpretation of the Japanese concept of Ikigai (Mogi, 2017).

<FIGURE 3.9 HERE>

Image adapted from: https://www.byperth.com/2019/03/03/book-summary-ikigai-ken-mogi/

(E 3.1) Ethical Toolbox: Aristotelian Virtue Ethics Applied to Business Contexts - Happiness & Well-Being is of Utmost Importance for all Stakeholders

Well-being sometimes referred to as “happiness”, is of significant importance for states and individuals but also corporations that try to attract highly skilled and reliable workforce. Well-being is of the highest importance for all stakeholders of a corporation. The idea that well-being is of utmost importance for individuals and society at large can be traced back to Greek antiquity. The Greek philosopher Aristotle (384–322 BC), the most important philosopher of western antiquity, besides Plato, wrote in his Ethics:

> “of all the good things to be done, what is the highest? Most people … call it happiness [well-being], understanding being happy as equivalent to living well and acting well ...[But] the masses think it is something straightforward and obvious, like

> pleasure, wealth, or honour … The masses, the coarsest people, see it as pleasure, and so they like the life of enjoyment… The masses appear quite slavish by rationally choosing a life only for cattle. [Note: the animal-human comparison] … Wealth is clearly not the good we are seeking, since it is merely useful, for getting something else [instrumentally valuable].” (Aristotle, 2018)

Aristotle is criticizing that the masses of the people are simply seeking pleasure, gratification, and wealth. However, he thinks that the intelligent human person, cannot be compared with an animal. Humans’ nature, capacities, and talents are aiming at a higher goal.

> “Things should be called good in two senses: things good in themselves, and things good for the sake of things good in themselves. So let us distinguish things good in themselves [intrinsic value] from those that are means to them [instrumental value]. Happiness [well-being, flourishing] in particular is believed to be complete without qualification, since we always choose it for itself and never for the sake of anything else. Honour, pleasure, intellect, and every virtue … we choose them also for the sake of happiness, on the assumption that through them we shall live a life of happiness; whereas happiness no one chooses for the sake of any of these nor indeed for the sake of anything else… Well-being, then, is obviously something complete and self-sufficient, in that it is the end [goal] of what is done.
>
> Living is obviously shared even by plants, while what we are looking for is something special to a human being. We should therefore rule out the life of nourishment and growth. Next would be some sort of sentient life, but this again is clearly shared by the horse, the ox, indeed by every animal. What remains is a life, concerned in some way with action, of the element that possesses reason. … As this kind of life can be spoken of in two ways, let us assume that we are talking about the life concerned with action in the sense of activity, because this seems to be the more proper use of the phrase. … The characteristic activity of a human being is an activity of the soul in accordance with reason.” (Aristotle, 2018)

To utilize human intellectual capacity (a specific human virtue) is – according to Aristotle – essential for self-fulfillment and a happy life (Aristotle, 2018).

3.2.4 Guidelines for Good Conduct in Business and Elsewhere: Virtues

Corporations are interested in certain skills and virtues of their workforce. Certain Volkswagen engineers, responsible for the “Emission Possible” or “Dieselgate” scandal, although highly skilled in engineering, cannot be considered as virtuous in an ethical sense since these engineers developed software that gave the impression of a clean car while the cars were, in fact, contaminating the air. Not only Volkswagen got into serious trouble, but also the entire diesel engine industry and even the car industry at large, especially in Germany. Thus, virtues, intellectual as well as ethical, are equally important in business. In any case, the lack of virtues can lead to the collapse of entire companies and industries in international competition. Aristotle wrote the following about virtue.

"Some virtues … are intellectual, such as wisdom, judgement, and practical wisdom, while others are virtues of character, such as generosity and temperance… Virtue, then, is of two kinds: that of the intellect and that of character. Intellectual virtue owes its origin and development mainly to teaching, for which reason its attainment requires experience and time; the virtue of character (ethos) is a result of habituation (ethos), for which reason it has acquired its name through a small variation on `ethos'… [Character is] corrupted by deficiency and excess, as we see in the cases of strength and health; for both too much exercise and too little ruin one's strength, and likewise too much food and drink and too little ruin one's health, while the right amount produces, increases and preserves health. The same goes, then, for temperance, courage and the other virtues: the person who avoids and fears everything, never standing his ground, becomes cowardly, while he who fears nothing but confronts every danger, becomes rash. In the same way, the person who enjoys every pleasure and never restrains himself becomes intemperate, while he who avoids all pleasure - as boors do - becomes, as it were, insensible. Temperance and courage, then, are ruined by excess and deficiency, and preserved by the mean… In this way every knowledgeable person avoids excess and deficiency, and aims for the mean and chooses it; the mean… is …relative to us… I am talking here about the virtue of character, since it is this that is concerned with feelings and actions, and it is in these that we find excess, deficiency, and the mean… Virtue, then, is a state involving rational choice, consisting in a mean relative to us and determined by reason; the reason, that is, by reference to which the practically wise person would determine it. It is a mean between two vices, one of excess, the other of deficiency." --- Aristotle: Nicomachean Ethics, Book 2 (Aristotle, 2018)

(S 3.1) Study questions

(1) According to Aristotle: What is the highest good in life and how do we achieve it? Do you agree? Why (not)?
(2) How can business activities contribute to the good life/well-being?
(3) What is virtue according to Aristotle? Explain in detail.
(4) How can virtue be relevant in the business context?
(5) What are the virtues of an entrepreneur, businessperson, and "custodian" like Cucinelli?
(6) Research on some up-to-date material on happiness and well-being.

3.3 Duty & Critical Thinking

3.3.1 Immanuel Kant's Deontological Ethics & Sapere Aude

The German 18th-century philosopher Immanuel Kant is criticizing eudaimonistic theory. According to Kant's interpretation "eudaimonism" means pleasure-seeking (Kant, 1993). An ethical good life, according to Kant, cannot be guided by pleasure but must be guided by duties. Comparing this criticism with what is going on in the business context we can also recognize that business activities are usually more guided by duties, obligations, and contracts than by pleasure. The philosophical notion deontology, meaning "duty ethical theory" comes from the Greek word *deon*, which means duty.

An entirely neglected feature of Kantian thought in business ethics discourse, somewhat contrasting with his duty ethics, is the insight that we always should utilize our capacity for critical thinking. We should thoroughly question existing procedures, methods, rules obligations, and laws. This is especially pertinent in a time in which fake news and deep fakes are part of our everyday online life.

A very interesting parallel needs to be pointed out here between the Aristotelian ethical theory and Kantian thought. We can combine these two mentioned components of Kantian thought, which are usually not brought together since the critical thinking, "dare to know", "sapere aude" dimension of Kantian thought is not featuring very prominently when dealing with Kantian ethics in business ethical contexts. But we can see that both, Aristotle, as well as Kant, consider the combination of an ethical component with an intellectual reflective critical component as something essential in and a constituent of human life, and this is a striking, highly interesting, and pertinent parallel between Kantian and Aristotelian thought. In both theories, ethics is informed by rationality.

3.3.2 The Hypothetical and Categorical Imperative

Kant's well-known categorical imperative is a specification of the Golden Rule, which is probably one of the most prominent ethical rules. Variations of this golden rule or similar concepts can be found in many cultures and religions. Positively formulated it states that "we should do unto others as we would have them do unto us" (Mieder, 2001). Or to put it negatively: What you don't want someone to do to you, don't do it to anyone else. The Golden Rule can be interpreted in two different ways: On the one hand as a strategic rule of prudence that expresses an economic point of view, on the other hand as an ethical rule that stands for moral point of view in its purest form. In the first case we are dealing with the hypothetical imperative, in the second with the categorical imperative. Kant therefore assumes that man is a citizen of two worlds. The hypothetical imperative represents the world of wise advice, whereby it can be assumed that all people strive for their personal well-being and happiness.

If individuals have a specific goal (e.g. the goal of pursuing a professional career or living healthy), then it is rational and a command of practical reason to behave in a certain way (e.g. by continually educating themselves, observing a healthy diet, doing regular sporting activities or the like). Hypothetical imperatives therefore always have an “if-then” structure, which is why Kant called it “hypothetical”.

It should now be noted that most individuals not only pursue their own interests, which is quite legitimate, but also have moral interests and thus the willingness to put themselves in the shoes of others. As soon as one no longer only has one's own interests in view, but also the interests of others, one has adopted the moral point of view according to Kant, which he calls the categorical imperative and which reads as follows: "Act only according to that maxim [rule] whereby you can, at the same time, will that this rule should become a universal law" (Kant, 1993). “Will” in this sentence means effort with all possible measures. In contrast to the hypothetical imperative, which is dependent on many conditions, the categorical imperative always applies categorically. “Imperative” is a rule that we must(!) follow; it is also categorical as a universally valid rule without any conditions or exceptions (no “ifs“ or “buts“). In German the sentence reads:

> "Handle nur nach derjenigen Maxime durch die du zugleich wollen kannst, dass sie ein allgemeines Gesetz werde“ (Kant, 1993).

This means that we should act always in that manner that what we are doing could become a generally or universally acceptable and approvable law. Otherwise, if the action were not universalizable, then it would fail the moral test of the categorical imperatives. “Cooking the books”, speeding on a highway, crossing the traffic light during the red phase, cheating in exams, these are all things we would not accept as universal laws. The concept of universal law is the highest order norm, very closely related to a higher order norm, such as the concept of hyper-norm, but the categorical imperative is, so to speak, the mother of all ethical hyper-norms. We can easily see that many of the laws that exist for long periods have probably been created with something like a categorical imperative consideration in mind. One of the problems with this demand for thinking whether our actions could be acceptable as universal laws are the time constraints. We do not always have sufficient time in every situation to think through this categorical imperative in detail with all its implications and ramifications. Likewise, realistically, we will never succeed one hundred percent in always taking into account the interests of all other actors impartially. However, if the Volkswagen managers and engineers would have followed the categorical imperative and if they would have been guided more strongly by moral interests, they would very likely have kept Volkswagen out of serious trouble.

3.3.3 The Practical Imperative & Human Resources

The distinction between intrinsic and instrumental values, that we discussed before is also reflected in Immanuel Kant's so-called practical imperative, which reads: "act in such a way that you treat humanity, whether in your own person or in that of any other [person], never only as a means to an end, but always at the same time as an end" [in itself] (Kant, 1993). If we only treat people as a means to an end, but not as a means in themselves, then we use these people simply as instruments. When companies are accused of not taking the human dimension of people working for them seriously into account then it is feared that these companies only use workers as a means to an end. Press reports claimed that between 2010 and 2016 several Foxconn employees were so desperate about exhausting working conditions and cramped unsanitary living conditions in factory run dorms that some of them committed suicide by jumping from the roof of a Foxconn building. It could be argued that, at least from those worker's perspective, these employees were only used as a means to an end, as an instrument, as a (human) resource (Barboza, 2010). In 2018 undercover journalists claimed that some Amazon warehouse workers were wearing diapers or urinating in bottles during peak hours in high shipping seasons in order to save time in high fulfillment demands working environments (Ghosh, 2018). It can be claimed that such working environments neglect the human dimension of human resources.

When Brunello Cucinelli emphasizes his understanding of conducting business as humanistic capitalism he wants to make clear that he is not treating stakeholders, especially not his workers, as a means to an end, but that he recognizes the humanity, in humans, and the human resources dimension of his business. From the above-mentioned Foxconn worker's perspective, the workers were just used as resources, and thus only as a means to an end to increase TSR. In light of these positive and negative examples, we have to descriptively acknowledge the difference between intrinsically valuable "*human* resources" and "human *resources*", which are only seen as instrumental value.

In a chapter on objectification in her seminal book on Sex and Social Justice, Martha Nussbaum, an American philosopher, emphasizes that it is not a problem if we treat people as a means to an end, meaning when we objectify people, as long as we see the humanity behind or in the human person. To objectify persons is acceptable as long as we do not only treat people as a means to an end, meaning not only treating people as of being instrumentally valuable, but intrinsically valuable at the same time. She gives a straightforward example in an essay on objectification in Sex and Social Justice (Nussbaum, 1999). She mentions that she may use her lover as a pillow or backrest to lean on when she sits in bed reading a book. But at the same time, she is aware that what she uses as a pillow or as a backrest is a human person, for her a very important person, that she loves. The interesting aspect is that it seems to be ethically acceptable to her to use people as a means to an end if we appreciate the person as an end in itself at the same time! And this is exactly what the practical imperative states, namely that we should treat humans always at the same time as an end in themselves and never only as a means to an end. The application to the business context is obvious: When people work for us, we inevitably use them as a means to our own ends, since we have an interest in making money with their help. At the same time, however, we have to see these persons not only as instruments, as of instrumental value, but also as valuable in themselves. We should therefore never use them as a means to an end only, but always appreciate them as an end in themselves. In the human resource factor, we need to appreciate and not forget about the *human* dimension of this specific resource.

(C 3.1) Case Study: The Harvey Weinstein Case

Research about the about the Harvey Weinstein case, which sparked the “#MeToo” Movement. The case illustrates how the instrumentalization of women is an industry systemic problem that grew in a context which globally promotes freedom of speech, democracy, and human rights. The Harvey Weinstein scandal is not a singular case but stands for systemic instrumentalization of women in certain industries, such as the film industry.

(1) Have you heard of similar cases in your own cultural context? Share and discuss your findings with others.
(2) Depending on culture and legal frameworks, what are differences regarding “consent” for consensual sex in different cultures?
(3) What can be done from different stakeholders’ perspective to deal with and prevent such cases?

3.3.4 Ignorance is not Bliss - "Dare to Know!"

Ignorance is not bliss! In a small essay entitled *An Answer to the Question: "What is Enlightenment?"* (Kant, 1784), Immanuel Kant tries to figure out what enlightenment means, in Germany during Kant’s time. As a period in European cultural history during the 17th and 19th century, Enlightenment is the age in which rationality, reason, and science should govern all human affairs (Kant, 1784). Enlightenment in this historical scientific context is not related to the Buddhist understanding of Enlightenment, although both forms of enlightenment imply spiritual, intellectual, and rational advancement and a comparison between both would be a highly desirable research topic. Kant’s essay is not only interesting for the particular German age of enlightenment context, but also for one specific dimension in general, which is the claim that we should dare to make use of our intellectual capacity. The enlightenment creed, according to Immanuel Kant, is "sapere aude! Have the courage to make use of your own intellect". The Latin phrase, sapere aude, originating in the Roman Poet Horace First Book of Letters (Holt & Hond, 2013), means "dare to know", dare to be wise, dare to “think for yourself”, which also connotes “dare to question”, “dare to challenge”, “dare to ask”, “dare to discuss”, and “dare to initiate changes”! This is highly important in today’s business world. For example, in the context of fake news, insufficient legislation, unethical regulations, and whistleblowing. Even if there exist habits, procedures, and rules in business contexts, set up by authorities, we still need to think and reason on our own.

(E 3.2) Ethical Toolbox: "Sapere Aude!", Whistle Blowing and Rule-Based Ethics

Whistleblowing is an example where certain individuals act against rules and regulations by leaking information that needs to be disclosed to inform the public about ethical wrongdoing. This may happen in corporations or other organizations. Edward Snowden is an example of a famous whistleblower. He leaked confidential information about the US NSA's data-collecting activity (Poitras, 2014). Practically any internet-connected person around the world can be spied on. Snowden was doing what the German 18th-century philosopher Immanuel Kant had in mind when writing about "sapere aude!" and "enlightenment" ("Aufklärung"): Enlightenment is

> "the human being's emancipation from its self-incurred immaturity; Immaturity is the inability to make use of one's intellect without the direction of another [person]. This immaturity is self-incurred when its cause does not lie in a lack of intellect, but rather in a lack of resolve and courage to make use of one's intellect without the direction of another. …
>
> Sapere aude! Have the courage to make use of your own intellect!'' is hence the motto of enlightenment. Laziness and cowardice are the reasons why such a large segment of humankind remains immature for life; and these are also the reasons why it is so easy for others to set themselves up as their guardians. It is so comfortable to be immature… The guardians who have kindly assumed supervisory responsibility have ensured that the largest part of humanity … understands progress toward maturity to be… dangerous… It is thus difficult for any individual to work himself out of the immaturity that has almost become second nature to him. He has even become fond of it and is, for the time being, truly unable to make use of his own reason, because he has never been allowed to try it. Rules and formulas … are the shackles of a perpetual state of immaturity."

(S 3.2) Study questions

(1) There are many laws and rules that guide our everyday life. Why is it still important to make use of one's intellect?
   a. as a consumer
   b. as a decision-maker in a business situation
(2) Can you think of examples of how the golden rule (or the categorical imperative) applies in your everyday life in general or in a business context in particular?
(3) Research on some up-to-date material on
   a. deontology and business ethics

b. the categorical imperative and codes of ethics and codes of conduct
c. the practical imperative and objectification of women and children in the business context
d. whistleblowing and “sapere aude”

3.4 Utilitarianism

3.4.1 Epicurean Roots

The ancient Greek philosopher Epicure was strongly influenced by both hedonism and cynic asceticism. The ascetic cynics disrespected possessions and were focused on the moment in time. Contemporaries claimed that a student of the school's founder Antisthenes, Diogenes of Sinope, lived in a discarded wine barrel, was dressed in a piece of cloth and infamously urinated and ‘relieved himself otherwise’ everywhere in public, because he did neither care about possessions nor what others thought about him (Diels & Kranz, 1903). Ancient Greek ascetics, similar to Jain and Buddhist nuns and monks, minimized possessions as much as possible to concentrate on more important spiritual and intellectual values. In contrast, the hedonists claimed that whatever increases our long-term pleasure is beneficial for the further development of our well-being. Since both hedonists and ascetics had convincing arguments, Epicure could be seen as synthesizing asceticism and hedonism in his account on eudaimonism (Diels & Kranz, 1903). He held that happiness is achieved through pleasure as the hedonists claimed, but Epicure defined pleasure simply as the absence or minimization of pain (Diels & Kranz, 1903). Thus, Epicure synthesized eudaimonistic, hedonic, and ascetic accounts on ethics into a consistent theory. We should enjoy the small things that we can easily access and develop, like significant friendships, health, education, meaningful conversations, simple and healthy food, which inevitably leads to happiness or eudaimonia for ourselves and those who live a similar lifestyle. Maybe the covid-19 crisis in 2020 reminded people to appreciate the little and essential things they had when they stayed at home with their loved ones or with friends during lockdowns, even if they had little at their disposal.

3.4.2 Utilitarianism

Utilitarianism recognizes itself in Epicurean eudaimonistic ethical theory tradition, especially regarding the important values of pleasure and pain which determine a happy or unhappy life (Mill, 2017). In contrast to the Kantian theory of ethics discussed above, utilitarianism does not focus on the motives of the persons or the actions themselves in the course of ethical assessment, but exclusively on the consequences and results of certain actions or rules. For this reason, in utilitarianism, unlike in non-utilitarian ethical theories, there are no actions that are categorically prohibited. In this respect, utilitarianism represents an ethical theory that is relatively close to economic reasoning, although it must not be equated with an economic theory. According to the British philosopher Jeremy Bentham, who is also considered the founder of utilitarianism, happiness is constituted as an experience of pleasure and a lack of pain. For Bentham, the fundamental axiom of utilitarianism is "the greatest happiness of the greatest number [of people] that is the measure of right and wrong" (Bentham, 2009). In other words, the solution that produces the highest average utility for all actors is morally correct. Bentham was also one of the first to consider the ethical treatment of animals (Bentham, 2009). Bentham's student, John Stuart Mill, was the one who promoted and popularized utilitarianism. Utilitarianism is derived from the Latin word utilitas which means usefulness (Online Etymology Dictionary, 2020). According to John Stuart Mill, the good life is constituted by the greatest benefit for the greatest number of people. And this can be achieved by following the rule of utility (Mill, 2017). But, this means that good and ethical is what is useful, a doctrine which Aristotle had denied when he stated that “to consider everything in terms of usefulness is least appropriate for great source or free spirits” (Aristotle, 2018). According to John Stuart Mill, the greatest happiness principle is an existence as far as possible from pain and as rich as possible in enjoyment, both, and this is important, in terms of quantity and quality (Mill, 2017). Here is a significant difference between Bentham's account on utilitarianism and Mill’s form of utilitarianism. While Bentham only propagates the increase of the quantity of pleasure as significant for happiness, John Stuart Mill states that both quantity and quality of pleasure are important for the promotion of happiness. This means that, in contrast to Bentham, Mill makes differences between different types of utility, between culturally higher, integral forms of utility on the one hand and simpler, more primitive forms of utility on the other, whereas for Bentham the only thing that matters is how much overall utility results from an action.

Importantly, we have to note, that this happiness or utility is not the happiness of a single individual and especially not one's own happiness (in that regard utilitarianism could be interpreted as altruistic) but the happiness of the greatest number of people and if the circumstances allow, the greatest well-being of all sentient beings. This standard of morality is novel during John Stuart Mill's time because if taken very seriously, this account takes all sentient beings into consideration, thus utilitarianism is less human-centric then historically previous ethical theories. In this context, it must also be taken into account that utilitarianism is anything but a soft ethical concept - it places high ethical demands on individuals: A true utilitarian would (for moral reasons) agree to a certain action or rule that maximizes average utility even if he himself would be disadvantaged by this action or rule. For this reason alone, utilitarianism should not be confused with a simple form of economic personal utility maximization.

Utilitarianism is a form of consequentialist theory, this means that the consequences and the results determine if an action is ethical or not (Stanford Encyclopedia of Philosophy, 2020). The intentions, (the "will") as in the case of Immanuel Kant’s categorical imperative, do not play a significant role in the consequentialist utilitarian type of thinking. Thus, one of the moral problems with utilitarianism arises from the fact that in utilitarianism intentions do not play an important role, but rather the outcome of an action. If you rescue a drowning person not because it is your duty, at least as a good swimmer, but because you do not want to be bothered by a nightmare, if you think about the drowned person haunting you during dreams at night, your rescue action is still ethical from a consequentialist and utilitarian perspective. At the same time, it should not be overlooked in this context that there can also be situations in which there is nothing left but to make utilitarian decisions, namely tragic situations. Let us imagine that two overcrowded refugee boats are floating in the open sea, threatening to sink, but for certain reasons we are only able to save the occupants of one of the two boats. In this case we are faced with a real dilemma in which the options for action are severely limited and in which there is nothing left but to carry out a utilitarian benefit calculation and, for example, to evacuate the ship on which more people are sitting in order to save more human lives.

Another critical point with utilitarianism is that it does not cater for minorities. Utilitarianism lacks a principle of justice that takes the interests of individual disadvantaged individuals into account. Act utilitarianism, as suggested by John Stuart Mill, focuses on aggregate well-being, on the maximization or aggregation of happiness for the greatest number of people, no matter if there may be individuals or minorities who may experience an unhappy life. This means, the harm suffered by individuals or minorities is offset against the luck or benefit of the greatest number. In that regard, it is justifiable to (slightly) reduce the overall amount of happiness of a minority group as long as the overall well-being of the majority increases (significantly) at the same time. For John Stuart Mill's form of act utilitarianism an action is morally correct, is morally good, and is ethical, if it maximizes pleasure, utility, well-being, and happiness for the greatest number of people and if possible for all sentient beings. A topical highly important advantage of a strict less anthropocentric interpretation act utilitarianism is that it takes non-sentient beings into account and holds that their well-being also needs to be maximized, although, this could be detrimental to a minority group of humans or detrimental to humans in general. Thus, this theory is highly important regarding the application in environmental ethics and climate change considerations.

(E 3.3) Ethical Toolbox: Utilitarianism as Guideline in Business Ethics

Utilitarianism is an ethical theory that goes hand in hand with common sense and economic reasoning. The English 19th-century economist and utilitarian philosopher John Stuart Mill, the most important utilitarian philosopher and student of Jeremy Bentham, wrote the widest read and most famous book on utilitarianism. The general idea of this theory is that usefulness and pleasure are the yardsticks of ethics. Mill writes:

"The creed which accepts as the foundation of morals, Utility, or the Greatest Happiness Principle, holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. … happiness is … pleasure, and the absence of pain; … unhappiness [is] pain, and the privation of pleasure … Pleasure, and freedom from pain, are the only things desirable as ends; … all desirable things … are desirable either for the pleasure inherent in themselves or as means to the promotion of pleasure and the prevention of pain. …

Some kinds of pleasure are more desirable and more valuable than others. … If I am asked, what I mean by difference of quality in pleasures, or what makes one pleasure more valuable than another … there is but one possible answer. Of two pleasures, if there be one to which all or almost all who have experience of both give a decided preference, irrespective of any feeling of moral obligation to prefer it, that is the more desirable pleasure. … It is better to be a human being dissatisfied than a pig satisfied. … That standard is not the agent's own greatest happiness, but the greatest amount of happiness altogether … According to the Greatest Happiness Principle … the ultimate end … is an existence exempt as far as possible from pain, and as rich as possible in enjoyments, both in point of quantity and quality …. This … is necessarily also the standard of morality; which may accordingly be defined, the rules and precepts for human conduct, by the observance of which an existence … to the greatest extent possible, secured to all mankind; and not to them only, but, so far as the nature of things admits, to the whole sentient creation." (Mill, 2017)

(S. 3.3) Study questions

(1) How does Mill explain the foundation of morals/ethics?
(2) When you think of Bentham and Mill, what is the difference between higher and lower pleasures, happiness, well-being, flourishing (this question is also looking back to Aristotle's theory)?
(3) How are such distinctions relevant in the business context?
(4) What does Mill mean by "better to be a human being dissatisfied than a pig satisfied"?
(5) What does Mill mean by the "greatest amount of happiness altogether"?
(6) How does this apply in the business context in which we have to deal with various stakeholders?
(7) Do you see any problems with this theory?
(8) Research on some up-to-date material on this theory.

3.4.3 Negative Utilitarianism, Rule Utilitarianism, and Preference Utilitarianism

A slight variation of John Stuart Mill's form of act utilitarianism is negative utilitarianism. Negative utilitarianism does not focus on the maximization of pleasure, but mainly on the minimization of harm or the reduction of pain (Acton & Watkins, 1963). Also, for negative utilitarianism, the Epicurean philosophy could be seen as a precursor, since Epicure focused closely on the minimization of harm or the reduction of pain as defining pleasure and fostering well-being. Other prominent approaches that are in line with negative utilitarianism are, for example, Jainism.

A prominent example of the application of this theory can be found in the work of many help organizations around the world the purpose of which is not the maximization of pleasure, but the minimization of harm. The Bill & Melinda Gates Foundation attempts to reduce pain and harm by fostering research and development on HIV, AIDS and malaria medicine for example (Bill & Melinda Gates Foundation, 2020). Another very prominent and straightforward example is represented by the "Safety First" sign at many building sites, which is an indication that the reduction of pain and the minimization of harm is of utmost importance for the organization, although it may be, that this strategy mainly exists because the management has fears regarding their safety records and reputation. Furthermore, many parts of the traffic laws could be seen as an approach to minimize pain and minimize harm, e.g. laws regarding compulsory helmet and seatbelt usage.

Rule utilitarianism can be interpreted as utilitarianism with the deontological guidelines. Act utilitarianism is then morally correct if the individual actions taken maximize pleasure, utility, and well-being for the greatest number of people, or all sentient beings. However, act utilitarianism, according to which the utility maximization paradigm applies to every single action, can also lead to certain counterintuitive consequences. For example, investments in environmentally friendly technologies would basically not be possible at all, since investments generally do not represent anything other than a form of temporary waiver in the hope of a higher return later on. Rule utilitarianism, in contrast, states that the ethically correct rule is the one that results in the greatest amount of utility, pleasure, or well-being for everyone affected by this rule. The crucial point is therefore that, according to rule utilitarianism, not every single action has to be utility-maximizing. Rather, such rules are morally correct and thus to be implemented, the observance of which leads to the greatest benefit in the medium and long term. In that regard, again, traffic laws could be seen as an application of the combination of rule utilitarianism and negative utilitarianism, because traffic laws represent those rules which result in the greatest minimization of harm.

The most interesting form of utilitarianism for the business context is preference utilitarianism. Prominent representatives of the theory are R.M. Hare and Peter Singer (Singer, 2011). In contrast to the classical utilitarianism according to Bentham and Mill described above, preference utilitarianism no longer focuses only on increasing well-being and reducing suffering of the majority as a basis for decision-making, but on promoting these actions or rules that will result in the maximization of the interests and preferences of certain people involved, and in the business context these persons, groups, or entities are the stakeholders. Preference utilitarianism applied to the business context means that the company should promote actions and establish rules that consider and foster the interests and the preferences of all stakeholders involved.

If we again look at the larger picture of a society and consider Total Societal Impact, it seems that TSI is more an act utilitarian approach, because the business is considering the overall benefit for the majority of the society. When setting up certain internal company rules such as codes of conduct or selected ethical regulations that try to minimize accidents and harm in general or set certain compliance goals, then this is a combination of rule and negative utilitarianism. But when taking the utility, benefit, and well-being of all stakeholders into consideration and when we try to promote the well-being of the stakeholders affected by a company's actions, this is an example of preference utilitarianism.

<FIGURE 3.10 HERE>

(C 3.2) Case Study: The Ford Pinto Case

(1) Research about the Ford Pinto Case
(2) How can act utilitarian considerations justify Ford's strategy at that time?
(3) What would be the consequences if the Ford management had applied other forms of utilitarianism (negative, rule, and / or preference utilitarianism)?
(4) What would be the consequences if Ford management had applied other ethical theories such as the Kantian deontological ethics?
(5) Did you come across similar cases in other companies or industries during your research?

3.5 Care Ethics

Care ethics is based on feminist considerations will be presented here in the context of two other closely related theories: African Ubuntu Ethics and Arthur Schopenhauer's claim that compassion is the foundation of ethics.

<FIGURE 3.11 HERE>

3.5.1 Feminine Foundation of Care

A feminist account on philosophy and ethics can claim that there are biological significant differences between men and women. While the first wave feminists have claimed equality between women and men (Freedman, 2007), on the one hand, certain feminists also emphasized the differences between women and men (Fuss, 2013). One of these undeniable differences lies in the potential to bear children and the fact that only women can conceive children. This biological fact and the anthropological difference between men and women result in social-cultural consequences. One of the consequences of the potential of childbearing is that women have to exercise care for another organism within their own body for nine months and then this newborn organism will existentially dependent on a woman for survival, at least in natural circumstances. During these nine months, but also thereafter, for several months, the child's existence heavily depends on the mother, which implies a special relationship between mother and child that is biologically different than the relationship between child and father. There exists a dependency of the child or the potential child on the mother and from the mother's side care needs to be exercised to secure the survival of the child. Thus, there is an empirically provable different account regarding care between women and men based on their undeniable anthropological difference.

Jack Ma, the co-founder of Alibaba, the largest online marketplace in the eastern hemisphere, claims that he observed a difference regarding care in the many years when evaluating, panning, and conducting business at Alibaba. In an interview given at the World Economic Forum (WEF) in 2018, Jack Ma claims that female colleagues, at Alibaba, by average, care more about customer satisfaction and harmonious constructive working relationships with colleagues than men (Jack Ma, 2018). With the help of data and statistics collected from the Alibaba online market place, Ma can provide data-driven evidence that women, when shopping, buy mainly for their spouses and their children or other family members, while when men order online, they mainly do so for themselves. Jack Ma deduces from his experience and the data available at Alibaba, that women do “care more”.

However, in business as anywhere else, the account of caring does not need to be a specific female domain. It is observable that Brunello Cucinelli is exercising care ethics by especially taking care of his colleagues and the citizens in his village. Care ethics tries to make a difference for those persons to whom we are related to or connected by blood, relation, profession, or inclination and for whom we can make a significant difference. Thus, there is a certain undeniable bias that comes with the ethics of caring.

However, care ethics does not demand that the caregiver is altruistic. A person can only care for another person if she or he takes care of herself or himself well enough first. A very illustrating example is the direction given in announcements by flight attendants regarding the use of oxygen masks in a lack of oxygen emergencies. Adults should first fit the oxygen masks to themselves and then to the child/ren beside them. In this example, we can see that proximity plays an important role in order to care properly for others, as well as the differential between a person that can help herself and another person or a group that requires help. Even though there may be another person with the need of help regarding the fitting of an oxygen mask at the very end of the aircraft, a person in the middle of the plane would not be required to help the person at the end of the aircraft because proximity is not given, the caregiver and the person to be cared for are not close enough; helping in this context would not make any sense, because it would be completely detrimental for the helper.

3.5.2 Compassion as Meta-Ethical Foundation

The German philosopher Arthur Schopenhauer defined compassion as the meta-ethical foundation of ethics. According to him, there is only one explanation of why we act ethically and that is compassion (Schopenhauer, 1998). Compassion must be understood as putting oneself into the position of a suffering person and experiencing the suffering as if it would be one's own suffering. Due to this identification with the other's suffering, we can feel like the other, and therefore we will be willing to help since we can imagine how it would be if we were in this very situation of the other person. For Arthur Schopenhauer, in our deepest inner feelings, we almost become the other (Schopenhauer & Saunders, 2004). We can see with this example that emotional proximity plays an important role in caring contexts even if geographical proximity is not given. That is the case for example if people at one position on the globe help other persons at a completely different point of the globe, but the person at one point on the globe can identify with, or feel compassion for, another person at a very different location. This applies, for example, in a context where persons become godfathers of a school child in a developing country. In the business context Toms, a certified B-Corp initially started with a “One for One” approach, in which they donated one pair of shoes of every sold pair of shoes, to a child in need (TOMS, 2020). This approach, also coined “caring capitalism”, influenced many other companies to adopt similar CSR models, based on an ethics of care (Schermerhorn, 2011).

3.5.3 African Ubuntu Ethics as Social and Political Foundation

The famous Kenyan Philosopher John Mbiti stated that a traditional African is only a full person if embedded in a community (Mbiti, 1990). His famous statement "I am because we are and, since we are, therefore I am" (Mbiti, 1990) indicates that humans cannot be thought of as individuals only, but at the same time we are always social beings. A claim that can be traced back to Aristotle's politics where he elaborates on the zoon politikon (Aristotle, 2009), a living creature that exists in a polis (a city-state), meaning in a social context, more generally speaking. From the traditional African perspective, a single person, without contacts, not meeting other people, is a living creature, but not a fully human being.

While Schopenhauer and feminism supplied meta-ethical, motivational, emotional, anthropological, and bio-ontological and foundations of care ethics, Aristotle and Mbiti, connect the fact that we do care and have to care for each other with our social-political situatedness. The practice of care ethics is very predominant within family contexts, but has its manifestations in a professional context as well, such as in the oxygen mask example, and in examples of caring capitalism or humanistic capitalism as that of Brunello Cucinelli S.p.A., which includes care for future generations as well, as we will see later, in chapter 4.

3.6 Environmental Ethics

The fifth and last standalone normative ethical theory, namely environmental ethics, needs separate and thorough treatment due to its urgency, not only for businesses but for humanity at large. Environmental business ethics, corporate environmental responsibility, businesses' responsibility toward future generations will be developed in the next main chapter (4). While environmental ethics for some time has been treated or understood as one of many disciplines within the area of applied ethics, nowadays, it is evident that due to our planetary emergency but also for ontological reasons, which are understood not only by philosophers, but also by imminent politicians and even bankers and many other leading business persons, environmental ethics is and must be one of the five normative standalone ethical theories.

3.7 Fairness, Justice, Power, and Responsibility

In the following, we will deal with two further theories that may not be regarded as stand-alone theories, but which make sense to consider seriously for business contexts. The first is John Rawls's Theory of Justice and the second one is Amartya Sen's account on power and responsibility.

Justice is a very broad or wide philosophical, ethical, and juristic concept. It may be contrasted with equality (Greek: isotes, Latin: aequitas, aequalitas, French: égalité, German: Gleichheit) which means treating everyone in the same way in a somewhat quantitative way. For example, each person living in an apartment complex is entitled to one (designated) parking lot. While the first wave of feminism was very much concerned with equality, the concepts of fairness or equity, on the other hand, are taking specific circumstances into account, for example, the input, the output, surrounding conditions, needs (qualitative and quantitative). This more detailed perspective on specific circumstances may be applied to well-off, pregnant, female, or handicapped persons who are then, based on these specific backgrounds, entitled to special parking lots. In Thailand's shopping malls, visitors not only find specific parking lots for handicapped persons, pregnant women, families, or women in general, but also for owners of "superbikes" and "supercars". All of these mentioned parking lots are located near the mall entrance. It is not uncommon that in many hotels around the world, highly expensive vehicles may be parked in front of a hotel entrance, since this is meaningful marketing for the hotel.

>PHOTO supercar parking HERE>

Justice may also be seen in different forms, for example, as compensatory justice, distributive justice, and retributive justice. Retributive justice can simply mean punishment. Distributive justice is the justice that is concerned with the distribution of scarce economic goods and monetary resources, e.g. when paying salaries or dividends. Compensatory justice regulates compensation such as salaries, for example, the amount insurances need to pay as a compensation for something lost, stolen, or damaged, but also compensations companies have to pay in cases of wrongdoings. For example, Volkswagen had to pay compensations to customers for vehicles affected by the Diesel-Gate affair. Another form of compensation in this context was that the car dealers had to handle reimbursements for cars given back by their customers.

<FIGURE 3.12 HERE>

3.7.1 Fairness and Justice

The 20th century Harvard University philosophy professor John Rawls wrote a seminal book, *A Theory of Justice*, that he developed in various versions. In this book, John Rawls tries to resolve the conflict between freedom and equality. The book can be seen in the tradition of social contract philosophy and our interest is to apply this political philosophy or philosophy of law account to the business context. Rawls addresses his approach to all persons who have an interest in justice and who ask themselves the question of what is fair and what is not. One of the key passages in this book, *A Theory of Justice*, contains a thought experiment that anyone should use who wants to know what conditions can be considered fair.

In this context, it should also be pointed out that thought experiments regarding ideal states, societies, and laws can be traced back to ancient Greek times starting with Plato's books *Politeia* and *Nomoi* and Aristotle's *Politics*. Adam Smith, Immanuel Kant, and John Stuart Mill had already employed concepts of impartiality in situations in which justifiable long-term planning for a society should be accomplished. Rawls and the utilitarian Harsanyi disagreed for a long time as to which of the two ultimately invented the thought experiment. However, since Harsanyi published his version some years before Rawls, there are some indications that Harsanyi is the real inventor: "My equiprobability model was first published in 1953, and was extended in 1955. [...] Later John Rawls again independently proposed a very similar model […]. But while my own model served as a basis for a utilitarian theory, Rawls derived very nonutilitarian conclusions from it" (Harsanyi, 1982).

In this thought experiment, the reader will be brought into what John Rawls calls "original position", a position that corresponds to a fictitious starting point in human history (Rawls, 1999b). One of the basic assumptions of the original position is that humanity could start all over again. A crucial point regarding the thought experiment is that persons who will live at a later point in human history, gather in this original position and debate and decide on future legislations, laws, and regulations that they want to give themselves for their later life in society (Rawls, 1999b). All participants in the original position are therefore confronted with the question of which laws they would consider just (fair) and capable of consensus, with Rawls assuming that all people are risk averse. In this situation, the original position, people wear the so-called "veil of ignorance", whereby Rawls proceeds from the following assumptions: First of all, he assumes that the people in the original position have a certain general knowledge. For example, they should know about what democracy, capitalism, or socialism etc. are. Otherwise they would not even know what alternatives they are talking about in the original position. In any case, in order to be able to compare different social arrangements with one another, a certain basic knowledge must be available. What the individuals in the original position should not be aware of, however, is personal information about themselves in later life in society (Wenar, 2017). Such personal information is hidden by the veil of ignorance. Veil of ignorance thus means the persons in the original position are lacking the knowledge such as their nationality, race, sexual or political orientation, gender, level of intelligence, ability or disability, health status, age, religion, skills, education, and many other genetic, character, and personal traits. Each possibility is equally likely to occur, meaning decision makers could be among the most disadvantaged and vulnerable in society in relation to certain laws, which at the same time makes it clear that the veil of ignorance forces people to adopt an impartial point of view (or perception) when debating later laws. Crucially important is also the fact that these people will not even know when they will be born (Rawls, 1999b). While the account of care ethics may involve bias toward a person or a group and discriminate toward other persons or other groups, justice as fairness in the understanding of John Rawls tries to remove bias, with the help of the veil of ignorance. This veil of ignorance in the original position requires each and every person not only to put her or himself into the shoes of another person but also into the shoes of any other possible person including those who are not yet alive. Thus, this account on justice requires us to not only think in terms of justice within our current living generation (intra-generational or intra-generative justice), but additionally, regarding justice across the coming generations, which is called intergenerational justice or inter-generative justice. We will come back to inter and intra-generational justice in chapter 4 on corporate environmental responsibility.

As described above, Rawls assumes that all persons involved in the original position have an aversion to risk, which is why they always orientate themselves to the possible worst-case scenario. This risk aversion can be described and illustrated somewhat more technically and numerically with the so-called "maximin principle". According to the maximin rule, all available alternative options that can be identified in a certain context should be assessed according to their worst possible consequences. The next step is to choose the alternative for which the worst possible result or outcome is still better compared to all other alternatives. According to Rawls, people in the original position behind the veil of ignorance would choose the maximum among the minima (this is precisely why the principle just described is called "maximin principle"). As a precautionary measure, all rules must be laid down in such a way that, in the worst-case scenario, potential harm is minimized from the outset. This also makes clear that Rawls always has the weakest milieus and individuals in society in mind, who may be hit by fate and have to deal with the worst case.

This kind of thinking approach could be interpreted into the business strategy of Starbucks whose management probably considered what kind of preferences farmers, but also customers have. As soon as you put yourself neutrally in the position of farmers and consumers, as Rawls's theory suggests, the following becomes clear: If you are a farmer you want to be well paid and not physically exploited, but you also do not want to deal with chemical substances on a day to day basis that ruin your health. As a consumer, you may have the same perspective as the farmer regarding unhealthy substances or residuals that may be left as chemical traces in the coffee and you may also want to contribute to environmental responsibility, but you would also prefer to have a high-quality coffee and it seems that Starbucks customers are prepared to pay a fair, but premium, price for such a coffee.

We also see this approach in modern software design (Newell & Gregor, 2000). For example, for the visually impaired, many uses screen reader tools that renders text into audio speech. However, what happens when the website such as an e-commerce platform have multiple images of their products? Many programmers now use “alternative texts”, which is similar to tagging an image with the description of the image. This way, when the visual disabled person comes across to image with their screen reader, the person can recognize this is an image and understand the context. Although this feature is time consuming for developers since it requires manually adding descriptions in the code and more than 99% of the user base will never see it, it is crucial for an ethical platform to be inclusive to all users. In any case, in the original position, if we imagined that we would later be born as a visually impaired person, we would speak out in favor of the development and implementation of such technologies, as they would drastically simplify our lives in later society and enable inclusion.

(E 3.4) Ethical Toolbox: An ethical thought experiment - Original Position & the Veil of Ignorance - Rawls: A Theory of Justice

If there is a conflict situation between interests of different stakeholders of an organization and if we would like to judge the situation from a neutral position (if something like that exists at all) the thought experiment below, used by the US American 20th century Harvard professor John Rawls in his famous book “A Theory of Justice” (1971), may help to clarify such different stakeholders’ interests.

> “… persons in the original position are rational. … The notion of the veil of ignorance is implicit … in Kant’s ethics (§40)… The idea of the original position is to set up a fair procedure so that any principles agreed to will be just. … I assume that the parties

[people] are situated behind a veil of ignorance. They do not know how the various alternatives will affect their own particular case and they are obliged to evaluate principles solely on the basis of general considerations. … It is assumed, then, that the parties do not know certain kinds of particular facts. First of all, no one knows his place in society, his class position or social status; nor does he know his fortune in the distribution of natural assets and abilities, his intelligence and strength, and the like. Nor, again, does anyone know his conception of the good, the particulars of his rational plan of life, or even the special features of his psychology such as his aversion to risk or liability to optimism or pessimism. More than this, I assume that the parties do not know the particular circumstances of their own society. That is, they do not know its economic or political situation or the level of civilization and culture it has been able to achieve. The persons in the original position have no information as to which generation they belong. … They must choose principles the consequences of which they are prepared to live with whatever generation they turn out to belong to. ” (Rawls, 1999a)

(S 3.3) Study questions

(1) What does Rawls mean by "original position" and "veil of ignorance"? and how are these two concepts related?
(2) Applied to the business world; how can the concepts of "veil of ignorance" / "original position" be useful in the business context? Give examples.
(3) What does the last sentence imply for the business domain: "They must choose principles the consequences of which they are prepared to live with whatever generation they turn out to belong to"?
(4) Are there certain types of business decisions where Rawls's theory of justice is particularly helpful? In what kind of decisions does it seem more sensible or even inevitable to make utilitarian decisions?
(5) Research about some up-to-date material on this theory.

3.8 Power and Responsibility

The Nobel prize-winning economist Amartya Sen in his 2009 book The *Idea of Justice* stated one very simple but important fact for business contexts. There exists an asymmetry of power between two unequal persons, groups, or entities which implies corresponding obligations, duties, and responsibilities. This asymmetry of power exists, for example, between parents and children, between companies and their employees, but also between more and less advanced countries and economies. This positive correlation between power and responsibility can be expressed in a diagram. The more power a person, a group, or an entity has, the more responsibility this person, group, or entity should exercise.

<FIGURE 3.13 HERE>

Since the birth of the corporation as a legal entity or legal "person" (Achbar & Abbott, 2004) an increasing power of corporations, especially multinational corporations can be observed. The power of large multinationals is comparable to state entities. We will discuss different forms of power in chapter 5 on stakeholders. This increasing power is often manifested in the size and shape of buildings. It is for example claimed that Apple Park's "Spaceship", Apple Inc.'s headquarter in Cupertino is larger than the US Department of defense's headquarter, The Pentagon. While these buildings manifest the symbolical power of companies, corporations can also be compared to states in terms of its users. Facebook is larger in terms of monthly active users than the two largest countries by population together, China and India. The number of Foxconn employees equals the size of Estonia, Switzerland, or East Timor. The number of Walmart employees equals the population size of Botswana. The revenues of certain large corporations equal some countries' GDP PPP, the gross domestic product based on purchasing power parity. Walmart's revenue roughly equals the GDP PPP of Hong Kong, Samsung's revenue roughly equals the GDP PPP of Israel, and each of Apple's or Volkswagen's revenues equal the GDP PPP of Finland (all data 2020).

At the World Economic Forum (WEF) in 2017 Klaus Schwab, the founder of the WEF, was joking in a conversation with Sergey Brin, the co-founder of Google, and at that time president of Alphabet, that there are only three powers left in the world: the US, China, and Alphabet, meaning that being the president of one of the largest multi-national corporations is equal to being the president of the largest or the second-largest country by economic power.

(E 3.5) Ethical Toolbox: Responsibility implied in Power Asymmetry - Amartya Sen: The Idea of Justice

Sergey Brin, co-founder of Google (before being mocked that the three powers left in the world were the US, China, and Alphabet) stated in an interview at the World Economic Forum in Davos 2017 that powerful corporations, such as Google, can no longer be "purely profit-motivated", this is "not really a reasonable position to take" (World Economic Forum, 2017). Large multinational corporations have revenues, subscribers, and human resources that make these businesses comparable to smaller states. Due to this power over financial means, data, and human resources also a corresponding responsibility exits, argues the Indian contemporary economist and philosopher Amartya Sen, utilizing ethical reasoning by the Buddha:

> "Freedom to choose gives us the opportunity to decide what we should do, but with that opportunity comes the responsibility for what we do – to the extent that they are

chosen actions. Since a capability is the power to do something, the accountability that emanates from that ability – that power – is a part of the capability perspective, and this can make room for demands of duty… As a contrast let me consider another line of reasoning that takes the general form of arguing that if someone has the power to make a change that he or she can see will reduce injustice in the world, then there is a strong social argument for doing just that … The perspective of obligations of power was presented powerfully by Gautama Buddha in Sutta-Nipata.' Buddha argues there that we have the responsibility to animals precisely because of the asymmetry between us, not because of any symmetry that takes us to the need for cooperation. He argues instead that since we are enormously more powerful than other species, we have some responsibility towards other species that connects exactly with this asymmetry of power. Buddha goes on to illustrate the point by an analogy with the responsibility of the mother towards her child, not because she has given birth to the child … but because she can do things to influence the child's life that the child itself cannot do. The mother's reason for helping the child, in this line of thinking, is not guided by the rewards of cooperation, but precisely from her recognition that she can, asymmetrically, do things for the child that will make a huge difference to the child's life and which the child itself cannot do. The mother does not have to seek any mutual benefit —real or imagined — nor seek any as if' contract to understand her obligation to the child. That is the point that Gautama was making… The justification here takes the form of arguing that if some action that can be freely undertaken is open to a person (thereby making it feasible), and if the person assesses that the undertaking of that action will create a more just situation in the world (thereby making it justice-enhancing), then that is argument enough for the person to consider seriously what he or she should do in view of these recognitions." (Sen, 2011b)

Using exactly this line of argumentation Dr. P. Roy Vagelos, the chairman of Merck, announced in 1987 that Merck & Company would distribute a drug against river blindness free of charge to countries that request it (Times, 1987). The drug had been developed at Merck's expense, based on a previously developed drug against worms in livestock and dogs. Vagelos was aware of Merck's potential ('power') and its related obligation to help in this context, even if the development and distribution of the drug was a financial loss for Merck. However, Merck gained trust, customers, and market share in the long run. We can also see with this example of how a concentration on TSI impacted significantly on TSR. It should be noted that trust and trust-building are essential virtues and values for sustainable business relationships (Udomkit et al., 2020).

(S 3.4) Study Questions

(1) Where does responsibility come from, according to Amartya Sen; how is responsibility ethically implied in relationships?

(2) What does the context of power, obligation, and responsibility mean for the business context? Give further examples of how particular businesses deal with power and responsibility!
(3) Research about recent business issues regarding power & responsibility.

(C 3.3) Case Study: The Facebook - Cambridge Analytica Scandal

Research on the Facebook - Cambridge Analytica Scandal.
(1) Identify and explain the important stakeholders which were affected by this incident, and how they have affected Facebook.
(2) Use ethical theories to analyze the ethical implications of this incident.
(3) How should Facebook, especially the CEO and a CIO (Chief Information Officer), have reacted to this incident?
(4) Research on recent data protection and data privacy issues.

<FIGURE 3.14 HERE>

KEY TAKEAWAYS

(1) Virtue ethics aims at developing societies' and individuals' virtue and well-being.
(2) Kant is prominently known for formulating the most famous ethical "axiom" of rule-based ethics: the categorical imperative: "Act only according to that maxim whereby you can, at the same time, will that it should become a universal law."
(3) Practical imperative: "Act in such a way that you treat humanity, whether in your own person or in that of another, always at the same time as an end and never merely as a means."
(4) For Utilitarianism, actions that result in the greatest happiness for the greatest number of people are ethical actions.
(5) Care ethics highlights the importance of care, interpersonal relationships and compassion.
(6) The theory of justice aims to eliminate injustices - also in later societies - through an impartiality perspective.
(7) The theory of power and responsibility explains how higher power automatically implies higher responsibilities.
(8) For environmental ethicists, societal entities have the responsibility of seriously considering the eco-environment and future communities.

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