

Semester 4

BUSINESS ETHICS

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PRINCIPLES

LECTURE 7

1. Other ethical theories

Post-modern ethics

Under post modern perspective the focus has been shifted from individual ethics to morality of individual behavior and how an individual conceptualize acceptable and unacceptable behavior based on certain frame of reference. Emmanuel Levinas, Michael Foucault were fewer theorists under post modern approach. This theory is completely based on individual values which aim at fulfilling others' interest. It negates the social or institutionalized structure which fixes up rules for ethical decision making. Rather, individual should be self-guided to contribute their power in serving other social members. This theory is based on following elements –

1. Self-discipline: power refers to influence exercised by one group of individual over other. In an oppressive control system, individuals are reluctant to follow the rules enforced upon them. Here power produces negative ethical implication. But if this power is used by the individuals on them they will resist in different ways and a final shape of guiding self will be formed. This self-regulating mechanism which extracts best practices of an individual is termed as ethics.
2. Telos: Individuals often self-regulate themselves to act morally when they aspires to become a particular person.
3. Ethical substance: There are certain areas where individuals willfully apply their ethical judgment and moral reasoning.
4. Mode of subjection: This refers to a fundamental medium through which moral duties are conceptualized.

Foucault's theory suffers from an important limitation. Power has been considered to be an important mechanism to regulate self in this theory. But under many practical examples we can see how individuals regulate themselves to fulfill personal interest making this theory ineffective.

New Modern ethics

Jurgen Habermas was one of the proponents of new modern ethical principles. According to this theory, ethical action refers to those actions which society perceives good for all of them and accomplishes the same together. In order to achieve the same, there should be a

communication between social members. But in the present socio-economic structure, language which is a mode of communication is mostly power laden. A power laden language is not only used for communication, but also for domination. So a collective communication process is suggested under this theory which will create an ideal speech situation. Few social members whose ideology is based on rational thinking and universal rule should take part in this situation and should decide on the course of action that would bring overall good to the society.

2. Ethical Dilemma

Definition

Ethical Dilemma is when one is faced with a binary or multiple options of choice, or a confusion of understanding, based on ethics or the lack of it. It is a moral situation in which a choice has to be made between two equally undesirable alternatives. It is a choice between organisational profits and stakeholder welfare. The impact of ethical decision may not be predicted with precision

Sources of ethical dilemma

1. Failure of personal character (recruitment of employees with less moral character)
2. Conflict of personal values and organisational goals (Organisational goals motivated by competitive pressure and economic goals. Example of George Couro and Bayer AG)
3. Conflict of organisational values and social values (Current work scenario; Example of Proctor & Gamble and Johnson & Johnson)
4. Personal beliefs and organisational practices (anti racial and anti religious practices; predominance of majority; Example of Boeing, Infosys)
5. Production and sale of hazardous but popular products (cigarette; alcohol, drugs, free trading of gun; buyer's right vs. Social cost; welfare loss and possibility of black marketing in case of ban; ITC and UBL)

Ethical challenges

1. Price fixing, profiteering, artificial scarcity;
2. Use of scarce resources as raw materials;
3. Wage discrimination
4. Transferring a portion of profit to employees
5. Shifting or locating business at the cost of the society
6. Overworking man and woman.

Ethical dilemma resolution process (BELIEVE)

Background	<ul style="list-style-type: none"> • State the background of the case including context, its origin and any other important details. • What is the history of the problem? • Who is involved? • Is there any missing information which you need to solve the problem?
Estimate	<ul style="list-style-type: none"> • Make an initial estimation of the ethical dilemma present, that is, what the core issues are. • What is the main ethical conflict?
List	<ul style="list-style-type: none"> • List the possible solutions to the problem
Impact	<ul style="list-style-type: none"> • Consider the likely impacts of each of the initial solutions. • What are the outcomes of each solution? • Who will they affect? • • How will each solution harm or help people?

Eliminate	<ul style="list-style-type: none"> • Eliminate the totally unacceptable solutions, for example, significant harm to people.
Values	<ul style="list-style-type: none"> • With the remaining possible solutions, assess which values are upheld and violated by each solution. • What are the significant values and principles which are upheld or violated by each solution? • What are the stated organisational values?
Evaluate	<ul style="list-style-type: none"> • Evaluate the solutions considering the likely impacts and the values which will be upheld or violated. • Must determine which values are most important. • Why is one solution better or worse than another? • Is there another solution you haven't considered?
Decision	<ul style="list-style-type: none"> • Make a decision, state it clearly including why it is best, justify it and defend it against criticism. • How will you carry it out? • Who will object to the decision? • What are the weaknesses of the decision? • How will you defend the decision?