ABSTRACT. People who teach business ethics seem locked between two general approaches: an applied philosophy approach that emphasizes the application of abstract ethical theories and principles to specific cases, and the case method approach that leaves the students without any more general theoretical framework with which to approach ethical issues. Classical American Pragmatism, understood as a school of philosophical thought, links these two approaches by providing a new grounding for moral theory in which moral rules are understood as working hypotheses abstracted from concrete situations and moral reasoning demands the return to concrete situations as the foundation for moral decision making that is inherently contextual. Thus moral decision making is bottom up rather than top down, and a sense of moral rightness comes not from the indoctrination of abstract principles but from attunement to the way in which moral beliefs and practices must be rooted naturally in the very conditions of human existence.

Most people who teach business ethics probably fall into one of two categories: those who emphasize abstract ethical theories embodying universal principles and apply these theories and their resulting principles to specific cases, and those who emphasize studying cases without any extensive theoretical background. The problem with the former is a very sterile and abstract approach to ethics that does not connect with the dynamics of the business world and leaves the students bored. The problem with the latter approach is that it results in a “my opinion versus your opinion” type of analysis that leaves the students without any theoretical framework with which to approach ethical issues. This problem of theory versus cases has been well stated by Robert Solomon (1999, p. 170) in the following quote:

Business ethics . . . is not and should not be so much theoretical reflection as it is a kind of ‘understanding,’ grasping the values, the goals, the thinking, the dynamics embedded in the practice of business. The very idea of ‘applied philosophy,’ the ‘application’ of high-flung, broadly general theories or principles to specific cases, has been recognised as problematic at least since Kant (if not since Cicero), but the alternative, often known by the derogatory name ‘causistry,’ remains in ill repute. And yet, we seem locked between these two general approaches, the broad principled ‘top-down’ ‘applied’ philosophy approach and the caustic ‘case study’ method that, all too often, threatens to be merely ad hoc and devoid of any more general understanding or ‘application.’

Part of the problem in any attempt to apply theory to cases is that in spite of all the theories presented, the basis of moral decision making is
ultimately ignored, and there is perhaps an implicit, unexpressed, but nonetheless pervasive and “common sense” perception by students and practitioners alike that this is in fact the case. The usual approach to ethical theory in business ethics texts is to present either in cursory form or sometimes in greater detail the theory of utilitarianism based on the writings of Bentham and Mill as representative of a more general class of teleological ethics, and Kantian ethical theory related to the categorical imperative as representative of the deontological approach to ethical decision making. These texts then go on to present as well certain notions of justice, usually going into the egalitarianism of John Rawls and the opposing libertarianism of Robert Nozick. They also generally include a discussion of rights, and at times, some variation of virtue theory.

What we are left with in this approach is a kind of an ethical smorgasbord in which one has various theories from which to choose that will hopefully shed some light on the ethical problems under consideration and lead to a justifiable decision. But we are never told to any extent exactly how we are to decide which theory to apply in a given situation, what guidelines we are to use in applying these different theories, what criteria determine which theory is best for a given problem, and what to do if the application of different theories results in totally different courses of action. Further, what implications does switching back and forth between theories and their corresponding principles have for an ethical enterprise as a whole?

The authors of these textbooks usually recognize the problem but do not deal with it to any great extent. Tom Donaldson and Patricia Werhane (1993, p. 17), for example, after presenting the theories of consequentialism, deontology, and what they call human nature ethics—which seems to be a variation of virtue ethics—state: “Indeed, these three methods of moral reasoning are sufficiently broad that each is applicable to the full range of problems confronting human moral experience. The question of which method, if any, is superior to the others must be left for another time. The intention of this essay is not to substitute for a thorough study of traditional ethical theories—something for which there is no substitute—but to introduce the reader to basic modes of ethical reasoning that will help to analyze the ethical problems in business that arise in the remainder of the book.”

Other authors deal with the problem in different ways, but perhaps most instructive are the words of Manuel Velasquez (1992, pp. 104–106) in his well known textbook.

Our morality, therefore, contains three main kinds of moral considerations, each of which emphasizes certain morally important aspects of our behavior, but no one of which captures all the factors that must be taken into account in making moral judgments. Utilitarian standards consider only the aggregate social welfare but ignore the individual and how that welfare is distributed. Moral rights consider the individual but discount both aggregate well-being and distributive considerations. Standards of justice consider distributive issues but they ignore aggregate social welfare and the individual as such. These three kinds of moral considerations do not seem to be reducible to each other yet all three seem to be necessary parts of our morality. That is, there are some moral problems for which utilitarian considerations are decisive, while for other problems the decisive considerations are either the rights of individuals or the justice of the distributions involved. . . .

We have at this time no comprehensive moral theory capable of determining precisely when utilitarian considerations become ‘sufficiently large’ to outweigh narrow infringements on a conflicting right or standard of justice, or when considerations of justice become ‘important enough’ to outweigh infringements on conflicting rights. Moral philosophers have been unable to agree on any absolute rules for making such judgments. There are, however, a number of rough criteria that can guide us in these matters. . . . But these criteria remain rough and intuitive. They lie at the edges of the light that ethics can shed on moral reasoning. (Italics Added)

These statements appear to be making a virtue out of a necessity and really beg the questions posed earlier. This litany of conflicting theories and principles, each of which was initially meant as a universal approach to ethical problems, gives conflicting signals to people in positions of responsibility in business and other organizations and can at times allow them to play fast and loose with ethical responsibility. For example, the