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Applying Business Ethics

He who fights with monsters should look to it that he does not also become a monster. And when he gazes long into an abyss, the abyss also gazes back.

Friedrich Nietzsche (1844–1900),  
_Beyond Good and Evil_ (1886)

Chapter summary

- There is a longstanding attempt by moral philosophers to set out the principles by which individuals should behave and by which governments should act in the interests of citizens.
- Much ethical thinking predates the idea of a global company, and concepts which are used must be carefully considered in order to be applied reasonably and fairly.
- Key ethical concepts – justice and fairness – determine who has ethical rights regarding a company’s behaviour, and to whom it owes ethical duties.
- Ethical concepts may appear to be in conflict, especially in relation to shareholder rights versus equality and inequality.
- The traditions of duty-based, virtue and consequentialist ethics all have lessons for business leaders.
- It is important to be aware of the danger of consequentialist thinking leading to moral-relativism, which can be used to justify otherwise damaging actions.
- Attempts to develop more equality-based alternatives to capitalism have foundered, at least as much in practice as in theory.
• Capitalism, for all its flaws, may remain the most effective means of describing a fair way of managing relationships between individuals, companies and governments.
• Globalisation is a phenomenon, not a movement or a conspiracy.
• The hoped-for democratising effect of social media and distributed content provision has not materialised into an ethically superior new society.
• The considered thoughts of business leaders on ethics can also be instructive.

Ethicists and philosophers have sought to apply ethical thinking to real-life situations, with differing conclusions, drawing on established schools of ethical thinking.

Adam Smith in his Theory of Moral Sentiments adopts an approach which is close in some key aspects to Aristotelian virtue ethics, arguing that virtue needs to be adopted, but also accepting the requirement for and existence of some underlying moral rules.

Among the most influential recent contributions to our understanding of ethics is John Rawls’ theory of justice. Rawls sets out a “difference” principle, which argues that social and economic imbalances are acceptable provided that they work to the benefit of the most disadvantaged. Rawls argues that inequality is acceptable, provided it can be justified. This suggests that equality of outcome is not per se ethically required in considering remuneration.

Gerald Cohen in Rescuing Justice and Equality develops an argument that Rawls is too forgiving of inequality. He argues that we could analyse how we would behave in an unequal and incentivised society, and act in the same way without the incentives.

Kant shows that in his theory of ethics, the state should exercise a duty to the common good, including a duty to the poor.  

Philosopher and novelist Ayn Rand provokes significant controversy, but has a particular relevance to understanding decision making in business contexts, and has been influential especially in the US. Rand’s Objectivist philosophy argues in favour of capitalism and high levels of personal freedom, to the extent of considering altruism as being immoral, in that it undermines personal freedom. Rand has been criticised extensively for the extent of her support for freedom over other ethical values (e.g. justice).

Much of this thinking predates the modern concept of a global company, and therefore cannot be expected to address specifically