Topics Outline

Section 1: Introduction
  Professionalism/Codes of conduct

Section 2: Definition of ethics/morality

Section 3: Selected ethical theories
  Teleology: Utilitarianism
  Deontology: Kant’s Imperative
  Virtue ethics

Section 4: Ethical decision-making
Why Study Business Ethics
Professionalism

• Code of conduct is hallmark of a profession
• Highly educated individuals
• Personal responsibility
• Serve the public interest
• Self-organized
• Professional standards

(Cheffers & Pakaluk, 2007)
MLTA PRINCIPLES OF FAIR CONDUCT

• 1. To engage only in business practices that are lawful and consistent with a high standard of ethical behavior.

• 2. To encourage a culture of compliance within their organizations for federal and state laws that govern the title insurance business and for these Principles.

• 3. To treat consumers in a fair and ethical manner.

• 4. To provide consumers with timely and comprehensive information regarding their policies, services, products, and prices so as to enable consumers to shop effectively among providers of title-related services.

• 5. To encourage and assist consumers to be educated purchasers of title insurance and title-related services.

http://www.mtlandtitle.com/
Writing a Personal Code of Conduct

• Two principles (reciprocity & universality)
  – “Would I want everyone to do this?”
  – “Would I want other people applying the same rule to me?” (p. 77)

• Keep the code simple – a few prioritized statements are more manageable

• Is it useful? – excellence not perfection

(Howard & Korver, 2008)
Code of conduct or ethics program does not guarantee ethical entity culture
Self-Reflection: How ethical am I?

- In the last several months, have I ...
- Conducted personal business on company time?
- Used or taken company resources for personal purposes?
- Called-in sick when I really wasn’t?
- Told or passed along an ethnically or sexually oriented joke?
- Engaged in negative gossip, or spread rumors about someone?
- “Bad-mouthed” the company or management to co-workers?
- “Snooped into a co-worker’s conversations or private affairs?
- Passed along information that was shared with me in confidence?
- Knowingly ignored (violated) an organizational rule or procedure?
- Failed to follow through on something I said I would do?
- Withheld information that others needed?
- “Fudged” on a time sheet, billing sheet, estimate, or report?
- Knowingly delivered a poor quality (or defective) good ... or service?
- Been less than honest (lied or manipulated the truth) to make a sale?
- Accepted an inappropriate gift or gratuity?
- Taken or accepted credit for something that someone else did?
- Failed to admit to or correct a mistake I made?
- Knowingly let someone [mess] up and get into trouble?

Adapted from © Performance Systems Corporation. (Harvey & Airitam, 2002, p. 21)
Ethics

• *Morality* is often described as “the standards of right and wrong or good and bad”
  
  (Shaw, 2005, p. 4)

• *Ethics*, a derivative of the Greek word *ethos* meaning character, “refers to the study and assessment of those standards”
  
  (Shaw, 2005, p. 5)

• Terms ethics & morality often used interchangeably
Ethics

“Standard to follow & courage to follow the standard”

(Henry, 2009, p. 49)
• Ethics is not necessarily associated with a particular religion/spirituality

• “Golden Rule” exists in most religions
Approaches to Business Ethics

Compliance-based:
- Legal aspects of ethics or professional requirements are emphasized.
- Comply with laws/regulations in order to avoid fines/penalties.

Integrity-based or values-based:
- Emphasizes arriving at morally correct actions.

(Knapp, 2011)
Moral Philosophies

• All ethical theories have strengths/weaknesses
• Individuals must use moral imagination (creative solutions to ethical dilemmas)

• Three common ethical theories:
  – Utilitarianism
  – Kant’s Categorical Imperative
  – Virtue Ethics
TELEOLOGICAL THEORIES

Key Points of Utilitarianism

• Focus is on producing the greatest happiness (good) and the least pain
• Balance of good over evil
• Does not imply that the end justifies the means
Utilitarianism - Weaknesses

• Whose happiness should be promoted (scope & intensity of happiness)
  – Quantitative versus qualitative results
  – Unforeseen effects

• Ignores motivation/focuses on consequences

• Tends to be backward (consequence) rather than forward looking
DEONTOLOGICAL THEORIES

Key Points of Kant

• Follow ethical duties regardless of consequences (motivation/intent of individual matters)

• Encourages consistent behavior

• *Categorical imperative* – obligation to observe ethical laws that can be applied universally

• *Practical imperative* – treat individuals as ends not means

• *Kantian Principle* – may pursue personal goals provided they do not violate practical imperative

“Let conscience be our guide”
Kant - Weaknesses

• What if two moral laws conflict
• Doesn’t consider justice and fairness
• Sets very high standard
Virtue Ethics

- Deep-seated characteristics
- Woven into individual character
- Shape both thinking & behavior
- Virtues are task specific
Common Virtues

Courage
Prudence
Optimism
Integrity
Humility
Reverence
Compassion
Justice
Key Points of Virtue Ethics

• Focus on happiness for individual that is created by living a virtuous life (in accordance with reason)

• Virtue is a path between extremes (e.g., courage is the virtue between cowardice & rashness)
  “All things in moderation”

• Focus on moral character of individual rather than consequences or motivation/intentions
  – Individual’s character traits remain fairly stable (develop through emotional/ethical maturity)
  – Denies false dichotomies (separation from personal actions versus business actions)

• Voluntary actions
  – Moral education & moral exemplars/role models are necessary
Virtue Ethics - Weaknesses

• Problems of determining what virtues individuals should possess
• What if there are conflicting virtues (e.g., truth versus compassion)
• Virtues can be situation specific
Ethical Decision-Making

• Cognitive & affective (emotional) reasoning
• Influenced by individual’s moral development
• Influenced by individual’s dominant values
• Individuals may disagree on the most ethical decision
  – Influenced by ethical philosophy applied
  – Avoid ethical relativism - not all decisions are ethical
• Decision that applies moral reasoning is ethical
Ethical decision-making
Rushworth Kidder’s (1995) ethical checkpoints

• Recognize there is a moral issue.
• Determine the actor.
• Gather relevant facts.
• Test for right-versus-wrong issues.
• Test for right-versus-right paradigms
• Apply the resolution principles (Utilitarian, Kant, etc.).
• Determine if a compromise position exists.
• Make a decision.
• Feedback loop: Revisit and reflect on the decision.
Ethical Advice

• Laws
• Rules & procedures
• Your conscience
• Your promises/word
• Your ethical heroes/mentors
• Legal counsel
• Boss & co-workers
• Other stakeholders
• Family/community
• Religious/spiritual leaders

(Armstrong et al., 2003; Harvey & Airitam, 2002; Sauser, 2011)
Creating a Strong Ethical Culture

• Code of ethical conduct
• Ethical training
• Hiring practices
• Promotion of ethical behavior/discipline for unethical behavior
• Hotlines/reporting mechanism & protection for whistleblowers/social audits

(Sauser, 2011)
Two Wolves (Cherokee Story)

An old Cherokee told his granddaughter about a fight that was going on inside himself. He said it was between two wolves.

One wolf was evil: Anger, envy, sorrow, regret, greed, arrogance, self-pity, guilt, resentment, inferiority, lies, false pride, superiority, and ego.

The other wolf was good: Joy, peace, love hope, serenity, humility, kindness, benevolence, empathy, generosity, truth, compassion, and faith.

The granddaughter thought about it for a minute and then asked her grandfather, “Which wolf will win?”

The Old Cherokee simply replied, “The one that I feed.”

(see Smith, 2006, p. 95).
References


