

Introduction to Business Ethics

Session 8

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TOPICS TO BE COVERED

- Whistle Blowing
- Identify process of Ethical decision making
- Framework for Ethical Decision making
- Rules for Ethical Decision making
- Ethical Decision making approaches

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Whistle blowing

- It is methods can be contributed to identify and act of disclosing wrong in an organization
- Like blowing a whistle to call attention to a thief or unethical practitioner
- But it is questionable when...
 - Dissent / disagree - Must speak out against others in organization
 - Breach of Loyalty - Perceived as one who violates confidentiality and loyalty
 - Accusation - Singles out specific individuals as threats to organization or the public

Whistle blowing

- Care about whistle blowing
- Make sure situation involves an imminent threat to society or to the business
- Document all allegations
- Examine internal whistle blowing first
- Should you remain secret

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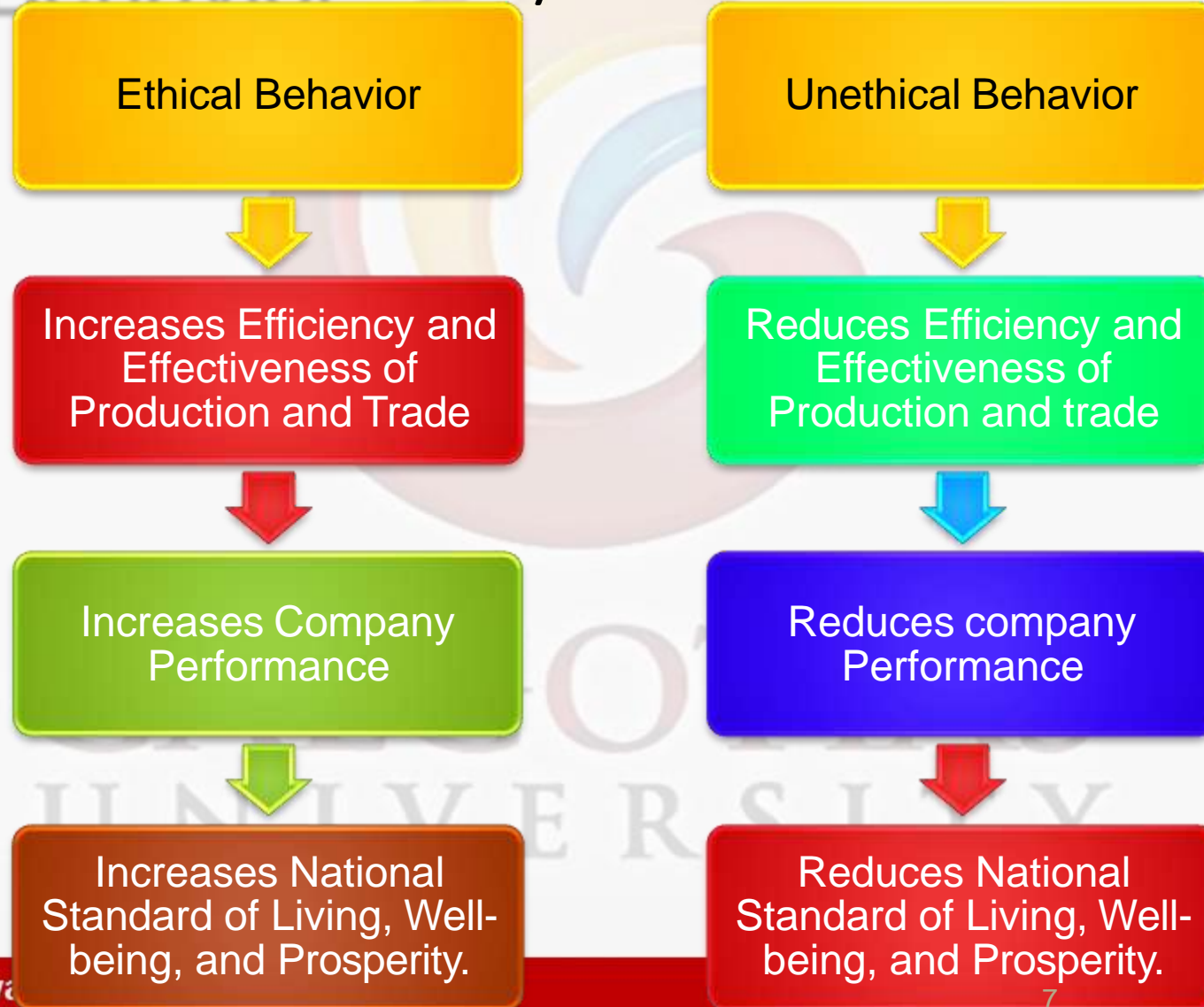
Framework for Ethical Decision Making

- Step 01: Describe the problem
- Step 02: Determine whether there is an ethical issue or an ethical dilemma
- Step 03: Identify and rank the key values and principles
- Step 04: Gather your information
- Step 05: Review any applicable Code of Ethics
- Step 06: Determine the options

Framework for Ethical Decision Making

- Step 07: • Select a course of action
- Step 08: Put your plan into action
- Step 09: Evaluate the result
- Don't forget!
 - Step 10: Submit cases to your ethical review team or board regularly for review

Effects of Ethical/Unethical Behavior



Utilitarian Rule

An ethical decision should produce the greatest good for the greatest number of people

Rules for Ethical Decision Making.

Moral Rights Rule

An ethical decision should maintain and protect the fundamental rights and privileges of peoples.

Justice Rule

An ethical decision should distribute benefits and harm among people in a fair, equitable, and impartial manner

Practical rule

An ethical decision should be one that a manager has no hesitation about communicating to people outside the company because the typical person in a society would think the decision is acceptable.



Ethical Decision Making Approaches

- 1) Utilitarian Approach – Moral behavior produces the greatest good for the greatest number
- 2) Individualism Approach – Acts are moral when they promote the individual's best long-term interest, which ultimately leads to the greater good.

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Ethical Decision Making Approaches

- 3) Moral – Rights Approach decisions are those that best maintain the rights of those people affected by them.
- 4) Justice approach – Moral Decisions must be based on standards of equity, fairness, impartiality

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Three Types of Justices

- Three types of Justice Approaches:
 - I. Distributive Justice – In case of substantive differences, people should be treated differently in proportion to the differences among them
 - II. Procedural Justice – Rules should be clearly stated & consistently and impartially enforced
 - III. Compensatory Justice – Individuals should be compensated for the cost of their injuries by the party responsible.

Ethical Test

1. Is it Legal
2. Benefit Cost Test
3. Categorical Imperative
4. Light of Day Test
5. Do onto Others Test
6. Ventilation Test

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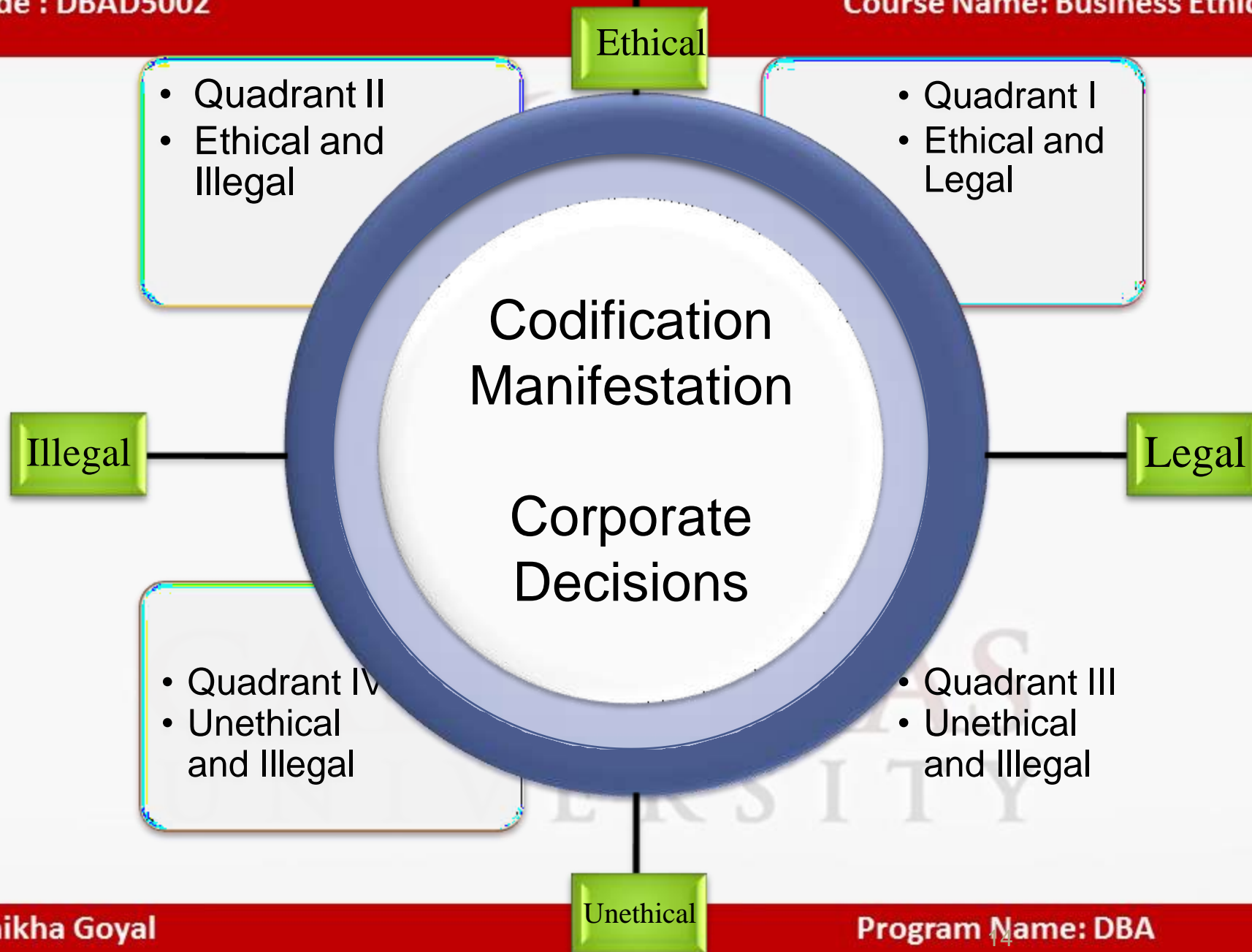
Is It Legal

Is It Legal

1. Is It Legal

- Ethical – Legal II
- Ethical-Illegal III
- Unethical – Legal IV
- Unethical – Illegal
- I and IV
- II and III Difficult





Imperative Benefit & Categorical Imperative

2. Benefit Cost Test

- Do the benefits exceed the costs to whomsoever they accrue?

3. Categorical Imperative

- Are you willing to allow to everyone to practice the proposed action or do you want to be a special case?

Light of Day & Do onto Others

Light of Day & Do onto Others

4. **Light of Day Test** – What would be your reaction if the action were brought out into the open for public scrutiny
5. **Do onto Others Test** – Golden Rule – If you would like others to do the same to you - passes the test
6. **Ventilation Test** – Seek out others views. Discuss the 5 tests with them. If others feel it is OK – passes the test

A Venn Diagram Model for Ethical Decision Making



Making

Ethical Decision Making

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**THANK
YOU**

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