Business Ethics

Introduction to the Ethics of Values

Lucjan Klimsza

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Business Ethics: Introduction to the Ethics of Values
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I dedicate this book to my beloved daughters Emily and Rachel.

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Part One
Theoretical studies

Motto of the practical part of the book.

"Nothing great in the world was accomplished without passion."
– G.W.F. Hegel, Enzyklopädie der philosophischen Wissenschaften.

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1 Introduction

The intention of this book is to serve as a compendium which contributes to a better understanding of major ethical terminology and basic ethical systems orientated towards business ethics. Business ethics are part of applied ethics. It means that this book will focus on ethical questions only. Topics like social responsibility or corporate responsibility will be considered only partially as a moral phenomena. We do not want to confuse these topics with ethics. We would like to analyze these phenomena from the perspective of ethics.

This compendium should help those who lead their own career or lead other people's career from the ethical perspective. We will talk about business life in the light of the ethics of values. This book is divided into two parts. The first part is theoretical in which survey of main ethical terminology and the most important ethical systems are presented. The second part of this book focuses on applied ethics in which a few cases are analyzed from the position of normative ethics.

1.1 The basic question of ethics

We are searching for answers *good* enough to be declared the most fundamental for every human being, questions that nobody can escape from because their future depends on the answers. This is not ethics in the purely academic sense of the word, but ethics that everyone who enquirers into questions of their own existence will have an urgent need to be interested in. It needs to be added that searching for those answers becomes very difficult without a certain level of academic erudition.

It was Immanuel Kant (Kant: Critique of Pure Reason) who paved the way here by formulating four basic questions that each man has to face:

- What can I know?
- What should I do?
- What can I believe in?
- Who is man? Or, who am I?

These four fundamental questions serve as a foundation for ethics. Although each is bound to a different discipline, they can be considered, in the broadest sense, the basic starting points of ethics.

Example: Children must answer important Kant's question: "What should I do?" when they decide to choose a secondary school and consider how much they must prepare for exams if they choose a particular school. The truth is that their family helps them, especially their parents, but they must make this decision and also do something more by studying hard.

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The major ethical question: What should I do?

This is the fundamental ethical question, but we still don't know how important it is to study ethics. We have to give the right answer to the question "what should I do?", or the question of why we do what we do. So we look for a justification for our decisions.

The major ethical function: Justification of everyday decisions.

1.2 Why we have to study ethics

There was once a man looking for a colour. The colour was to be used in a painting and the subject of the painting was a supper. For a very long time, the man did nothing else but search for the right shade of blue. He wrote a note about the conditions for the right shade of blue (Richter 1888). When he finally found it, he finished his incredible masterpiece. You can ask why he did not simply pick from among the myriad of blue shades available or those that were easier to reach. Why lose so much time looking for the right blue? The answer can be found in his artistic legacy, The Last Supper. The man was Leonardo Da Vinci (Bandello, Matteo in Boorstin 1996).

A human being is not eternally encased in this world that, as it seems, can only be his temporary home. Once gone, the only things left are his thoughts, deeds and his hands' creations, from musical masterpieces, through wonderful poems, to sculptures and paintings with values that grow with time. If only those pieces of art witnessed the greatness of the spirit, it would be easy to call life meaningful and good.

However, the same goes for the dark side of the human soul. Holocaust, wars, genocides and corruption startle mankind with the same vigour as all things spiritual elevate it to the heights. All values we create tend to form the impression of being virtuous, but time proves them wrong. An important question arises from that dichotomy of mankind and its urgency cannot be trivialised. Therefore, the question of ethics, as prominent twentieth – century moralist – Emmanuel Levinas puts it, is the question that stands at the forefront of human thinking (Levinas 1994).

Example: The history of the twentieth century teaches us that every decision by humankind has consequences, with an impact on people.

Now, we know the first and fundamental ethical question: What should I do? Also, we know that every decision leads us to consequences. Everybody knows it. So is there really just one important reason to study ethics? We think there are more reasons why we must do so.

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1.3 Other reasons for studying ethics

Robert Solomon identifies four reasons for studying ethics (Solomon 1984, pp. 2–3). He says that:

- we live in a continually changing world;
- we live in a pluralistic world, with pluralistic cultures and pluralistic societies that have different values, rules and beliefs;
- our ethics involve choice,
- ethical values are often in conflict with each other.

This fourth reason can be summarised as having four causes:

- a changing world;
- a pluralistic world;
- the possibility of choices,
- ethical dilemmas.

Now we can define the major goals in the study of business ethics.

1.4 The reasons for studying business ethics

Many books that deal with business ethics indicate that it is important to study ethics because of huge corruption scandals or defraudation. Many books specify ethical issues as a major priority for the twenty-first century, but we identify the reasons for studying business ethics in a few steps:

- because it forms part of applied ethics;
- as I am a human being, it is not irrelevant to how I live;
- I need to know what I must do in my professional life;
- my professional life depends on a changing and pluralistic world with the possibility of choices and ethical dilemmas.

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2 Introduction to Ethics

People have always tried to understand the world around them, themselves and their own role within it. Thanks to these urges, a new discipline was born that is concerned with all aspects of human action. This discipline is called 'ethics'. Although ethics applies to all people, not everyone knows what it is and only few really know what this word conceals. In spite of this fact ethics is still used by those who do not trust it could work. It is therefore essential to come to terms with the word 'ethics' and its many alternative meanings.

2.1 The meaning of the word 'ethics'

Aristotle is generally considered a founder of ethics in philosophy. The ancient philosopher wrote many books recognised as the first works that dealt with ethics. These books are Nicomachean Ethics, Eudemian Ethics and Magna Moralia. The last work is a compilation of the first two. These were however not the first books that just looked at the issues of right and wrong. This topic is even older and precedes all philosophical literature, dating back to the sixth century BC.

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The subject of ethics was already present in the first records of human civilisation. These records are really ancient works in the form of mythological narratives, showing deep ethical roots. The Epic of Gilgamesh from Mesopotamia serves as one example and Sinuhe the Egyptian as another. The most significant mythological European works of this kind are Homer's Iliad and Odyssey.

All of these works are preoccupied with the same question: *What is the right way for humans to act?* The question is not only a highly abstract expression of the existentialist mood of the earlier generations, but highlights a logical need to find ways of acting in various areas of human co-existence that could be considered good or at least helpful in shaping of good life.

Ethical questions relate to all aspects of human life and there has always been a relationship between ethics and everyday life that is strongly underlined by the etymology of two Greek words: OIKOS and ETHOS.

The English word ECONOMY originally came from the Greek word OIKODOMEO, which in a literary sense is the manager of a house who attempts to find the best ways to look after the household. These people tried to manage the home space in a way that was of maximum benefit to all inhabitants. If you now ask what ethics has to do with this domestic type of management, it exists because of this mutual relationship.

The word ETHOS is Greek as well. In a similar way to OIKODOMEO, it refers to a man who is at home at a certain place, or more precisely who was domesticated at a certain point, envisaging somebody who searches for rules that enable him to manage his own life in a certain environment. This kind of effort has been documented by the ancient historian Thoukidides, who pointed to the fact that people attempted to invent customs and rules long before the first cities were built.

Effective household management has been tightly connected to customs and rules since ancient times, from handing out tasks to distributing material wealth. OIKODOMEO (household management) was subordinated to certain types of ETHOS, or customs that societies in a particular geographical space regarded as good and virtuous. Aristotle described that mutual symbiosis by saying that every citizen of the Athenian POLIS had adopted an exact specified set of duties defined by their profession. Household management became a basic element of a healthy, functioning community.

Everyone contributed to the good administration of the whole city, within his or her means. Aristotle provides a whole list of activities that they carried out, including The supply of food and drink, trades, arts and crafts, military, religious and law services, philosophy and education. This all took place in Athens in the fourth century BC.

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With the arrival of philosophy, ethics based purely on customs became unsustainable. The first significant conflict between the ethics of customs and of free consciousness was one of Socrates with the Athenian community. This conflict is part of both, philosophical tradition and ethical thinking. There is a question though: Why do we need to know the history of ethics at all? Do we need to know it in depth? Do we need to know it to understand when we are acting ethically and when we are not? The answer is simple: There is no need to know this history to act ethically.

What is however important and what history (not only the history of ethics, but history in general) can capture in teaching is all kinds of border situations that shaped whole societies. These were situations that fundamentally changed trends in ethical discourse. Knowing those precise moments in human history contributes to a better understanding of mechanisms that right or wrong are examined. These are also the main questions in ethics, which is why this book cannot do without a passing summary of the evolution of ethical thinking. This is all the more the case because economics as a scientific discipline, including labour theory, was part of philosophy and more precisely moral philosophy – or what ethics is also known as.

Work-related topics had already been taken up by Hesiod in his mythological poem, Works and Days. Philosophers of the day were consumed by the moral urgency of work. Prodicus of Ceos and his work, Horai, is another example. Plato also pointed to the importance of distributing duties and the role of work in the proper running of the whole of society.

It was Aristotle who described rules for creative and artistic work that were later applied throughout the Middle Ages. The reason? Aristotle defined ethics as practical philosophy. Only the arrival of the Enlightenment much later brought about a radical change in understanding economics. This was most prominent in Adam Smith's The Wealth of Nations, which was published in 1776 and is regarded as the fundamental proposition of economics.

Economics became a separate science thanks to Adam Smith. On the other hand work ethics or economical ethics are rather ethical disciplines applied to specific activity areas. Yet even these will not make do without a certain share of philosophy and history of ethics. They use terms and methodological techniques that have developed over many centuries.

This is not to say that all who specialise in economical or work ethics must know a detailed list of medieval virtues and their differences as viewed by Saint Thomas Aquinas versus Aristotle. It is only to say that a basic knowledge of the area does not hurt. We will examine the main ethical systems known from mythology to the present time and the way the paradigms of looking at right and wrong have changed in practical reflections on human life. There will also be room for the main concepts used in ethics.

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Like any other trade, ethics uses tools. A carpenter who knows how to handle his tools can make beautiful furniture. It is the same for those who want to deal with ethics professionally. Such people need to know basic concepts, as with the tools in the carpenter's hands. In this case the trade is intellectual rather than manual, but all the more responsibility lies at the shoulders of these people. As German philosopher Peter Wust put it shortly before World War II, every thought sooner or later will find ways to eventually happen (Wust 1937).

2.2 Ethics in the ethos

An explanation of the basic concepts in ethics starts with distinguishing MORALITY from ETHOS. In normal parlance, those two words are almost identical in meaning. In specialised usage and practical philosophy they must be clearly set apart. The reason is simple: they are not synonyms, but two very different ideas. The first person known to have made this distinction was Immanuel Kant (Anzenbacher 1985).

We already know that thinking and action were originally driven by customs or customary law, so righteous or wrongful behaviour was assessed according to how society stuck to certain rules. Aristotle noticed that these moral regulations are twofold: in Greek, NOMOI GRAFOI KAI NOMOI AGRAFOI – 'they can be written or unwritten'. Moral code is inseparable from every culture and typical of every era of human existence. The question is how the written moral code and rules are spread.

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These can be passed on through traditional scripts, customs, commandments or even as part of religious liturgy. A myth, story or religious commandment can all become mediums that carry a moral message. Philosophy and philosophical essays are also capable of this. Today there are new ways of communication, especially social networks, which create their own ethos within a communications universe.

Kant took notice of morality within its content. For instance, the ethos of *Thou shalt not kill as* an imperative are given from inside and apply to individuals and the whole of society. We are talking about heteronomous ethics that Kant calls *Sittlichkeit*. Ethical behaviour adheres to generally accepted laws, norms and rules. The law is a motive for thinking, talking and acting, be it in a written or unwritten form.

A very good example of moral ethics is the Ten Commandments in Judaism. This is a written ethos that has been passed on by both scripts and religious liturgy. Another example of a well-preserved written ethical code comes from the time of the Sumerian Empire and is more than five thousand years old. It is very precious because it reveals working relations in a civilisation that ceased to exist two thousand years BC.

There are also examples of unwritten moral norms and laws, passed on from generation to generation in oral form. These are mythical narratives of African or Polynesian tribes that worship animistic entities.

With the invention of philosophy, Western civilisation nevertheless arrives not only at strengths of ethos but also at moral weaknesses. Due to their heteronomous character, weaknesses might commit humans to ethical behaviour, but create ethical conflicts. At the beginning of the second chapter we mentioned that ethics in terms of morality was gradually becoming getting in stark contradiction to the freedom of humans. The first freedom-related conflict recorded in philosophical literature was the dispute between Socrates and the Athenian city council. This represents the ethical dilemma between ethos and morality.

2.3 Ethics in morality

The first thing that comes to mind when trying to live according to certain prescribed customs, norms or laws is whether they limit your own freedom. In other words, is ethics ordered by customs and traditions still ethics in the literal sense of the word? Should ethics not rather come from a decision made by a free-thinking individual? If society recognises a certain virtue as the only virtue possible, is sticking to the law that determines this good in itself? Has it simply become an act that everybody has to abide by? All such customs may be later converted into keeping the law without understanding the rules. We call this legality.

Legality means that although all orders or customs are formally respected, their former purpose is denied. Obeying the rules becomes the aim, not the means to themselves. However it is righteousness that should be the aim and not the law. The situation where the law becomes the objective of human behaviour without leading to righteousness and virtue was exactly what Socrates criticised in the fifth century BC.

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The whole critique can be put into the following words: If customs and traditions are good because they lead to righteousness and virtue, they must be followed. However, when the customs and norms of a certain point in history do not lead to righteousness and virtue in another epoch, they are not regarded as good and are to be replaced. Socrates was referring to DAIMONION, his own conscience.

Apart from the moral principle that binds people to strive for virtue, there is also a personal urge for individual virtue. Immanuel Kant describes the urge as *Moralität*. Morality is what an individual's conscience regards as good. The individual's very conscience creates beliefs about what is right and wrong. Thinking, talking or acting is regarded as moral as long as it is in harmony with the individual's conscience. Therefore, ethics based on morality is generally known as autonomous ethics.

2.4 Autonomous, heteronomous, theonomous

These are words that are not used in everyday life, or are scarcely used. Nevertheless, they are very important for ethical discourse. We are going to shed some light on them.

2.4.1 Autonomous

This concept comes from Greek and is a compound word formed from the personal pronoun AUTO (self) and the noun NOMOS (law). AUTONOMOUS literally means *I am a law unto myself*. Ethics uses the word autonomous to describe free behaviour – an action resulting from an individual's personal decision.

2.4.2 Heteronomous

This word also comes from Greek and is a compound of the personal adjective HETEROS (strange) and the noun NOMOS (law). It means *strange law* and in ethics refers to an action or behaviour invoked by a decision of a different subject than the subject that is obliged to that decision. In other words, one man adopts the will of another man or society without agreement. His decisions are made under pressure and cannot be regarded as choices made under free will. Let us pause for a few moments on this idea.

This concept was typical among slaves, as external will was enforced on them and was the same in both ancient times and the years of modern colonialism. Heteronomous behaviour is however not only present in slavery, but is often found in the customary law, traditions and customs of a given nation or society. Even religious systems can impose dogmas that can end up as an unbearable burden.

Present times are witness to heteronomy in working or business relations, especially between unscrupulous salespeople and their customers. A striking example of an ethical problem or situation is that of usurious loans, whereby the will of one subject (in this case unbearable interest) is imposed on another, taking advantage of the latter's difficult life situation.

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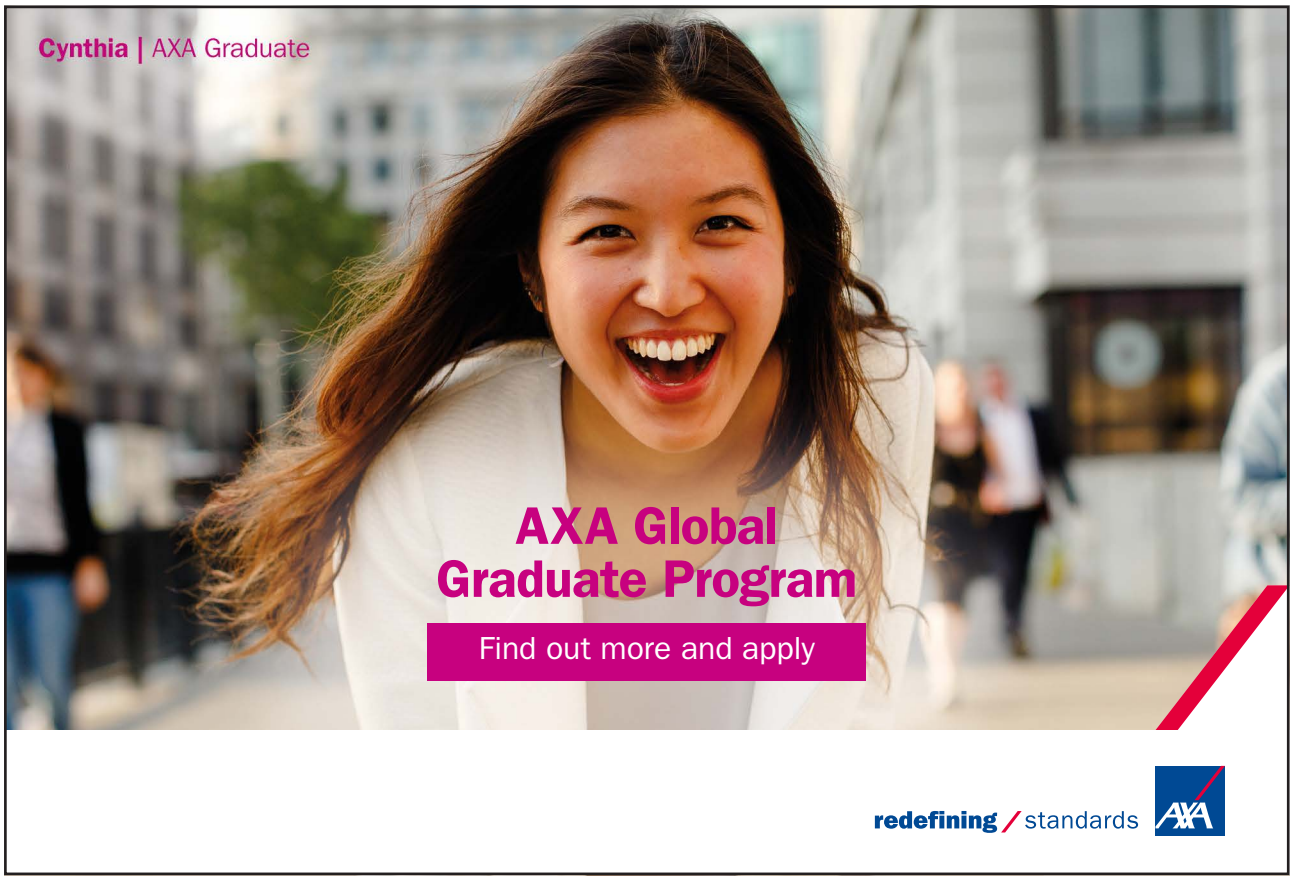
2.4.3 Theonomous

The third concept is from the same etymology. THEONOMOS is a Greek compound word formed from THEOS (God) and NOMOS (law), meaning *the law of God*. It is not meant literally as God's law, but rather the idea points to humans receiving it as their law by not just formally agreeing to it, but accepting it as their own.

For instance, the Ten Commandments can be accepted to such a degree that people can live in accordance with them. Even though they are commandments, they do not become heteronomous law. They are not even autonomous, hence the prefix THEO. Since individuals decided to accept another ethical norm purely through free will, it became their own ethical norm.

2.5 Definition of ethics

Defining ethics is no less difficult than doing so for other disciplines and it is difficult to agree on a single definition. There are different schools within ethics and each comes up with its own approach in defining what they regard as the only one right definition. You do not have to go far for examples. Some approaches understand ethics as a theory about right and wrong. Others use it as a tool to moralise and educate. There is nothing wrong with that. We are trying to find a definition that will be neutral in terms of values.



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But what does such a definition mean? Many scientists try to find these kinds of neutral statements, opinions and definitions. For instance, the statement: 'The speed of light is 299 792 458 m/s'. Research in the field of physics is a precondition leading to this statement. This then begs the question whether it is really the fastest speed and whether there is really nothing else faster.

The statement that a photon is the fastest particle and nothing can match it is also the definition of the fastest possible speed in the universe. It is neutral in values. Another example is when one says that the speed of light is faster than the speed of sound. This kind of definition judges values: if light is the fastest, then everything else is slower in relation.

We are trying to find a definition of ethics which is neutral in terms of values. This means that ethics will concentrate on its own mission, regardless of other disciplines. We are searching for the definition that specifies its own subject of interest and will understand its own mission only in relation to itself.

Let us omit discussions about whether achieving such a definition is possible. We know that ethical statements in themselves cannot stay neutral. Our goal is a definition that is free from moralising.

Let us have a look at a definition which is wrong: *Ethics teaches good ways of living and punishes evil*, or *Ethics strives for an ideal society*. At the start it is good to realise that an ideal ethical system might exist, but nobody will ever be able to live according to it. History knows of many attempts to create an ideal society, but all were complete debacles. Ethics became mere moralising, or even worse led to a police state.

The most general definition of ethics can be found in the ideas of Walter Brugger, who said that ethics, or the philosophy of morality, is a philosophical clarification of the moral phenomenon (Brugger 1994). Brugger understands ethics as a philosophical discipline that is closely concerned with all aspects of morality. Most dictionaries agree with this meaning.

There are some philosophers and theologians who are considered moralists at the same time, such as French philosopher Emmanuel Lévinas. As already shown at the beginning of the second chapter, ethics does not only mean searching for ethos. It is also about examining morality, in the way that Immanuel Kant proposed.

The definition will therefore need to be extended with the moral aspect. While ethics is an independent discipline, it will not be treated or defined only as a sub-field of philosophy.

Definition of ethics: Ethics is a discipline about moral and ethical phenomena.

Definition of ethics: Ethics is a discipline about moral and ethical phenomena.

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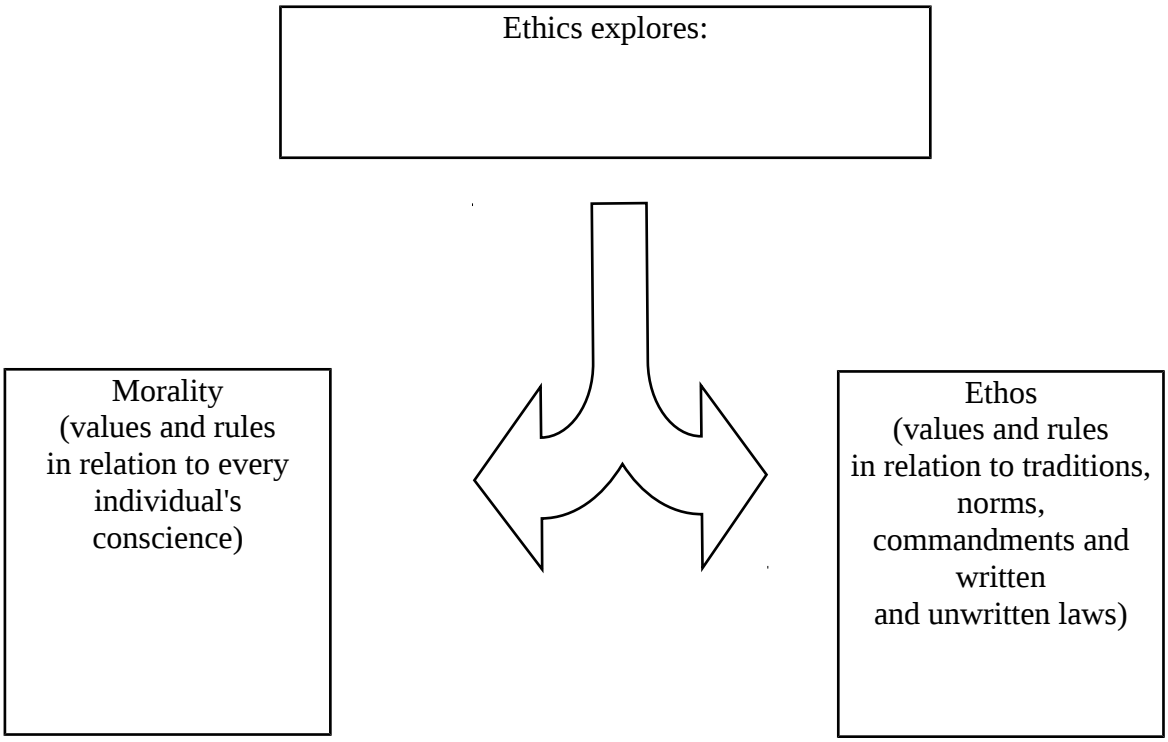
We are seeing a very terse definition of ethics here. However, it can easily be explained. Ethics is a discipline that explores all moral and ethical aspects of human life. It explores thinking (motives), speech (cognitive motives) and actions (motives put into action) in relation to conscience (morality) and traditions, rules and laws that represent the ethos of any given society.



2.6 Goals of ethical study

What is ethics actually concerned with? There are numerous answers to this question, depending on the author. Our goal is to be as brief as possible.

Robert C. Solomon defines goals that ethics explores as follows: Ethics explores values in life that rule people and society. It then attempts to defend values as good and worth following. Robert C. Solomon's goals are simple and the most accurate function of ethics.

2.6.1 Rules

Aristotle said that rules are important in ethics. Society cannot be shaped without them. As a human being is a ZOON POLITIKON (a 'social being'), it would be really hard to live in a society that does not have any rules. Aristotle also said that rules could be written or unwritten.

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You can see written rules everywhere and they have different forms. Most often you come across various types of code, be it a work code, student code or dress code. One of the oldest ethical codes in existence is the Hammurabi's code that dates from approximately 1686 BC. The Ten Commandments are a code too and the basis of the whole tradition of western ethics.

Unwritten rules are traditions, customs and habits. These facets create the ethos of a society and do not necessarily dwell on an authority. They are brought to life spontaneously, by taking over or imitating the values and rules of a natural authority. Parents are the best example. A child first encounters the rules of thinking, talking and acting in a family and parents are the natural authorities. In this context we talk about the family ethos or tradition.

Unwritten rules are also present everywhere, from school to the workplace. We talk about a company culture generated from unwritten forms of conduct or conventions. Subordinates listen to their superiors, or there are general agreements whereby an appointed authority sets rules for behaviour inside a company. There is a tendency to capture unwritten conventions in a fixed form and that is how an ethical code is born.

The most widespread unwritten rule that was later incorporated in a code is the so called Golden Rule. It used to have a negative form: *Don't do to others what you don't want others to do to you.* The written version can be found in the New Testament. Jesus converted this into a positive thing. *So in everything, do to others what you would have them do to you, for this sums up the Law and the Prophets (Matthew 7:12).*

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2.6.2 Values

The word 'value' is an economic term. It deals with the usability and exchange of tangible and intangible articles. At the same time, this idea is present in ethics (being nice is valuable), philosophy (wisdom is valuable) and science (knowledge is valuable).

The word itself comes from the Greek language. HÉ AXIA originally meant bringing the arms of weighing scales into balance.

Ethics works in conjunction with related values and judgments. How does ethics define value? To answer that question, it is good to mention two schools of thought that deal with values in ethics.

The first school is Neo-Kantianism. Neo-Kantianism perceives values as being part of a strange world that exists beyond the real world. The following can be ascertained in line with this thinking: It speaks of what values SHOULD BE. In other words, it refers to an ideal world that is meaningful and valuable and should therefore be put into practice in real life.

The second school is Phenomenology. This regards values as real and present in things in everyday usage. The following can be ascertained from this school of thought: it attaches quality to what IS. It emphasises empirical experience.

Both approaches are important for economic life because they deal with the tension we are soon going to examine in the following chapters. In the context of ethics in the realm of economics, these approaches are important in terms of innovative business behaviour.

There are questions to ask:

- What are the values I currently hold on to? Is this good?
- What should my values really be?

The Euro-American value system is regarded as the most important for business life (Putnová, A; Seknička, P. 2007, p. 51–52). Freedom is the most important value in western culture.

- Freedom
- Justice
- Responsibility
- Trust
- Progress
- Prosperity
- Rationality
- Sustainability.

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2.6.3 Justification of ethics

The problem of this chapter is an incredibly difficult one. It is about defending the rules of thinking and acting, but also involves tangible and material values, as well as intangible and spiritual values. As outlined in the last chapter, there is a certain tension between what ***is*** and what ***should be***. In an ethical sense, this is a dilemma that can be replaced by a question: Why should one be moral and act in an ethical way?

We live in a historical era that is full of moral and ethical challenges. It seems that the moral aspect is in decline and ethical awareness is failing. Large corruption scandals, political manipulation and ecological gambling have reached such levels that for many philosophers and theologists the very concept of state is taken apart (Dvořáková 2012).

Business ethics can offer another view by transferring reality completely into economic terms. Tomáš Sedláček composed ethics as follows: 'Does virtue pay?' (Sedláček 2009), as if it went hand in hand with the two and a half thousand year old biblical question: What do people get for all their hard work under the sun?

Sedláček answers this (Sedláček 2009) by splitting the good into:

- outgoing good
- incoming good.

In other words, does the good that humans do in the outside world correlate with what they get in return? Why should we do good if the outcome is so uncertain? Is it not an unsecured investment?

A few answers from various ethical systems will now follow.

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3 Ethics by Recognition Aims

The aim of this chapter is to illustrate how ethical systems are arranged. The classification of ethical systems and their usefulness cannot be assessed chronologically. Many ethical systems are still inspirational today and can be used to handle present ethical dilemmas.

3.1 System classification of ethics

Is there any proper way of classifying various ethical systems when they came to life in different historical periods and belonged to different civilisations? Any preconceptions about these systems not being interesting or important enough should be disregarded here.

We are going to hold on to the classification proposed by Arthur Rich (Rich 1994), who does not see ethical systems as being split into the usual philosophical, religious, archaic and modern categories. His classification relies on neoethical interests. Rich says that all ethical systems can in this way be categorised into three basic groups that can further be broken down into subgroups.

3.2 Descriptive ethics

The word *descriptive* originates from the Latin word *descriptio*, which means a drawing, sketch or description. Descriptive ethics describes, or attempts to describe, customs, traditions and behaviour.

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Descriptive ethics deals with the ethos of:

- nations;
- religious groups;
- social groups;
- dominant cultures within particular nations,
- and subcultures.

Descriptive ethics is an empirical science. Arthur Rich speaks of it as a discipline about morality (Rich 1994). He describes the moral side as follows: it is what certain tribes, nations, cultures, social groups or classes regard as "moral" or "immoral" and the impact it has on the whole of human culture. It is about finding out about the impacts of moral projections or basic conditions.

Descriptive ethics strives to explain what "is" ethical, or more precisely what represents "moral" or "immoral" among certain tribes, nations, cultures, social groups and classes, and how this impacts on the cultural context. It further explores factors behind the transformation of ethical values or basic conditions (biological, psychological, sociological) that influence certain behaviour and actions (Rich 1994).

Friedo Ricken formulates descriptive ethics as a *discipline about morals* (Ricken 1995). He explains the moral side as follows: it comprises all the ***statements, rules, actions and institutions*** that determine human behaviour and need to be further specified.

The following chart sheds more light on the goals that descriptive ethics aims to achieve.

Arthur Rich	General Definition	Friedo Ricken	General Definition
It is about explaining in words or writing what "is" ethical, or more precisely, what represents "moral" or "immoral" among certain tribes, nations, cultures, social groups or classes, and how this impacts on the cultural context. It further explores factors behind the transformation of ethical values or basic conditions (biological, psychological, sociological) that influence certain behaviour and actions.	It is about describing human thoughts and actions across cultures, nations and religions, and determining descriptively the moral and ethical **right and wrong**.	The word "moral" characterises statements, rules, actions and institutions that determine human behaviour and need to be further specified; "ethical" is used as a synonym.	It is about describing of human thoughts and actions across cultures, nations and religions and determining descriptively the **moral and ethical** right and wrong.
Goal:	Moral and ethical outlook of all nations as the basic goal of the research.	Goal:	Moral and ethical outlook of all nations as the basic goal of the research.

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In business ethics, descriptive ethics should examine the ethos of:

- companies;
- consumers.

There are further areas in companies' ethos that involve descriptive ethics:

- company culture;
- the decision-making culture and redistribution of responsibilities for key decisions;
- relations between employees and the company;
- responsibility towards the whole of society;
- responsibility towards the environment.

In terms of consumer ethos, descriptive ethics should further examine:

- consumer rights when handling purchased goods;
- consumer obligations when handling used and unwanted goods (ecological disposal).

Goals of descriptive ethics: In summary, we can reiterate that the main objective of studying descriptive ethics is to strive for moral and ethical life from the perspective of different historical eras and geographical places. In business ethics, this should depict the moral and ethical activities of companies (employers and employee) and their customers.

Goals of descriptive ethics:

- strive for moral and ethical life from the perspective of different historical eras and geographical places
- In business ethics, this should depict the moral and ethical activities of companies (employers and employee), and their customers

3.3 Normative ethics

Ethics cannot be satisfied with the mere ability to describe. By only describing what business relations are like, it would give up on its main task of helping people answer one of the most fundamental questions about their existence: the question of how they should act in a way that is good and makes sense.

Normative ethics tries to establish conditions that allow predictions to be made about one's future decisions, in terms of what a person should do. It deals with the creation of preconditions for proper course of action and the right choices in life.

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Before setting goals for one's life or career, everybody should know the answer to what is 'proper' in life. Is it material well-being? Is it the spiritual way of life? The nature of the answers will determine one's overall personal direction and set a course towards other specific life aspirations.

When those questions are narrowed down to the domain of ethics, they become searches for 'proper' life values.

These values are understood as:

- individual good;
- general good.

One's overall life aspiration is considered general good. It puts human life into a holistic context and contributes to enhancing human personality. The history of ethics offers a whole range of examples here, such as Epicurean hedonism, Stoic life courage, Christian hope or modern utilitarianism.

Knowing what represents good overall is crucial not only for the totality of life values, goals and the proper direction of an individual, but also for the whole of society. In general, setting a course for what is regarded as good influences an individual's course of proper action.

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Example: Let us take the modern globalised economy as an example. It is apparent that constantly developing economies cannot dwell on ascetic ideals because consumption is their engine. Is there an ethical system that best characterises the ethos of modern culture? The answer is easy: utilitarianism. We are going to take a closer look at this in the next chapter, as it is not enough to say that 'utilis' means 'usefulness', but also the ability to make use of something.

Talk of normative ethics does not explain ***what*** the ethos of contemporary society is. That explanation belongs to descriptive ethics. Normative ethics searches for answers to ***what the ethos of society should be***. It starts from a descriptive observation of the present state and moves on to finding new options.

The objectives of normative ethics in economics: Normative ethics assesses economic models by their impact on the environment, society, all social classes and future sustainability. In general, it searches for a model that would ensure economic benefit for all participants, while minimising possible negative effects.

3.4 Meta-ethics

Are there tools and methodological techniques capable of verifying the work of both descriptive and normative ethics? How should the work of normative ethicians be checked? Is this possible at all?

3.4.1 Non-cognitivism

Let us start with negative answers to our questions.

Non-cognitivists maintain that you cannot tell whether one ethical rules is better than another. Hence, it is all the more impossible to determine any generally-applied proper course that would be binding to all.

The modern *positivist philosophy* is the best supporting basis for this kind of thinking. This philosophy strives to invent criteria for establishing truths, in a similar way to natural science disciplines like physics or chemistry.

Natural science only takes into consideration facts that are empirically proven. The only thing that belongs to ethics is describing the moral and ethical status quo. This is descriptive ethics, provided the description refrains from any judgmental statements because there is no better or worse 'good'. The concept of 'good' can only be subjective.

3.4.2 Cognitivism

Cognitivism is based on the presumption that the moral and ethical rules can be identified. It maintains that human thought, speech and action can be analysed from moral and ethical points of view. No human concepts or actions are ethically neutral.

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All that humans do – every deed they conceive that is put into action – has consequences. The values adhered to by society, the ethical maxims it follows and the rules it sticks to all reflect on the real time and situation.

The mortgage crisis of 2008–2010 is a good example. The mortgage crisis transformed in that period into the liquidity crisis, which had a significant impact on global markets.

Meta-ethics examines ethical concepts by using language logic tools.

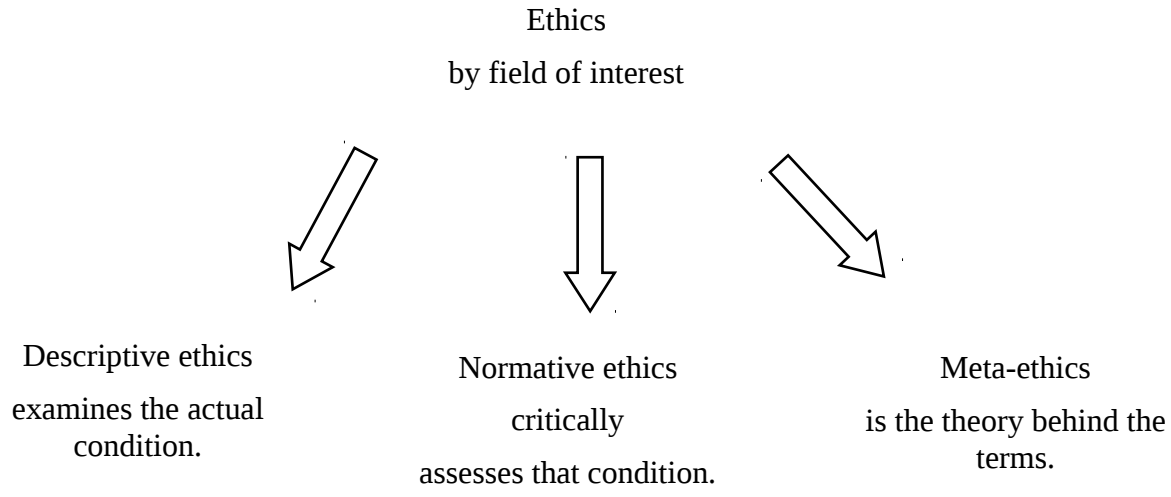
3.4.3 Objectives of meta-ethics

There is an approach that can delve into both the concepts and methods of ethical ideas (Ricken 1995). This is called a wide approach to meta-ethics and it not only treats the way moral and ethical concepts work very seriously, but also puts an emphasis on describing how good ethical values are formed. It is not only about exploring the moral and ethical "what", but also the "how".

Another narrower approach is a reduction of the moral and ethical to the mere "what" – the world of concepts alone (Ricken 1995). This is for instance shown in the statement: "Good should be practiced, while wrong should not."

3.5 Graphical depiction

Ethics by field of interest can be divided into descriptive ethics, normative ethics and meta-ethics.



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4 Normative Ethics Schools

The third chapter was about differences in approaches to ethics. Now we are going to examine the schools of thought.

4.1 Ancient hedonism

Literature on hedonism is plentiful. Epicurus is the person most often associated with it. However, hedonistic learning existed in ancient Greece even before him.

The word *ἡδονή* (HÉDONÉ) literally means 'delight' or 'pleasure' and this was regarded as the ultimate life ambition of free Athenians. According to this philosophy, it was virtuous to maximise pleasure and at the same time minimise suffering, which was regarded as wrong.

Aristippus of Cyrene, Socrates' student, is one of the most prominent examples of the hedonistic school of thought. In his teachings, he said that a human being can only behave in two ways:

- carrying out actions that result in suffering; or
- carrying out actions that result in pleasure.

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The maximisation of pleasure and minimisation of suffering are the aims of hedonistic ethics. Tomáš Sedláček regards these ideas as the basic pillars of today's economic thinking. As he writes: "*Egoism, forethought, canniness and calculation are the nature of Epicureanism*" (Sedláček 2009, p. 77).

Epicurus' form of hedonism was however different from hedonism as it was generally known in the ancient world of the day. His ideas were representative of so-called 'Moderate Epicureanism'. According to this tenet, not everything about suffering was wrong. It was also a way to find the 'right'. Not even pleasures were guaranteed.

The ultimate pleasure was spiritual peace and one can only achieve this kind of mental state, called αταραξια (ATARAXIA), by reasoning. Intellectual knowledge was thus considered the absolute pleasure a free man could achieve.

Hedonism: Pleasure as an ethical principle.
Delight and pleasure are regarded as the ultimate truth.

4.2 Utilitarianism

Utilitarianism is one of the newer areas of ethical thinking. Just like hedonism, the subject has abundant literature. The word *utilis* originates from the Latin meaning *useful*.

This school of thinking was initiated in England, with Jeremy Bentham regarded as the founder. The principle it supports is simple: good is useful. The objective is to maximise utility for as many people as possible. In Europe and North America, this is the most widespread ethical system around today.

Anzenbacher describes the way to maximise useful good for the widest population possible by using empirically rational principles. Four similar principles like that can be found in the chart below (Arno Anzenbacher 1994):

I. Principle of consequences	This is a teleological principle: ethical and moral judgment is always based on consequences that actions have brought about.
II. Principle of usefulness	Ethical and moral judgment is based on the usefulness or benefit that actions have brought about.
III. Principle of hedonism	Ethical and moral judgment is based on fulfillment of human needs and the evaluation of pleasure that actions have brought about.
IV. Social principle	Ethical and moral judgment is based on creating the most possible happiness for the largest possible number of people.

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Utilitarianism builds its ethics on two pillars:

- Empirically proven actions; and
- Reasonably justified gain.

For the purposes of business ethics, only actions that achieve gain are considered 'good'.

Utilitarianism: Usefulness is the main principle,
and truth is what brings benefit to as many people as possible.

4.3 Empiristic ethics

Empiristic ethics follow utilitarianism. Instead of usefulness, this concept looks at statistically verified truths. The ethical principle here seems to be based on thoughts and actions that are statistically evaluated as the most frequent. The fact that they are often repeated is statistically regarded as 'good'.

Rich calls this kind of ethics the *Moral-Statistical Method* or *Moral Statistics* (Rich 1994). *Moral Statistics* is premised on *generally occurring actions* and declares them to be *generally accepted truths for everyone*.

Rich says this method can be used to impose moral and ethical imperatives in the form of norms. Statistically collected data becomes the basis for ethical rules. *"Also empiristic ethics, within its basic intentions, wants to be an empirical discipline examining the moral as being, or rather, frequently occurring, just as so-called 'moral statistics' does"* (Rich 1994).

The morally and ethically binding derives from:

- morals and ethics that already exist,
- statistically verified conduct.

Empiristic ethics aims at deriving the maximum amount of good for the maximum number of people from empirically occurring actions.

Example: The dictum of social and economic life tells us that corruption in the long term does not pay off. It undermines social structures by granting an illicit advantage that eventually leads to ruthless competition. Usefulness does not bring an advantage, but is hijacked by those who are unscrupulously able to succeed in an economic contest. Corruption is however still present in everyday life.

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When strictly following the logic of empiristic ethics, corruption could even be legal. It meets all the methodological criteria, of:

- empirical occurrence; and
- statistically verified conduct.

Weaknesses of empirical ethics:

- Legitimacy cannot be proven by empiristic reality (diseases exist and yet they cannot be declared as generally good);
- The error of moral statistics is in the fact that the most frequent occurrence is regarded as good, which is not necessarily true;
- The so-called *naturalistic error*.

In the case of the second point – so-called *moral statistics* – values cannot be accepted as morally binding just because the majority regard them as good. Although this might be partially true for ethical values, it will not stand up in the case of moral values. Conscience can never be determined by the majority. In other words the moral should not be dictated by the ethical.

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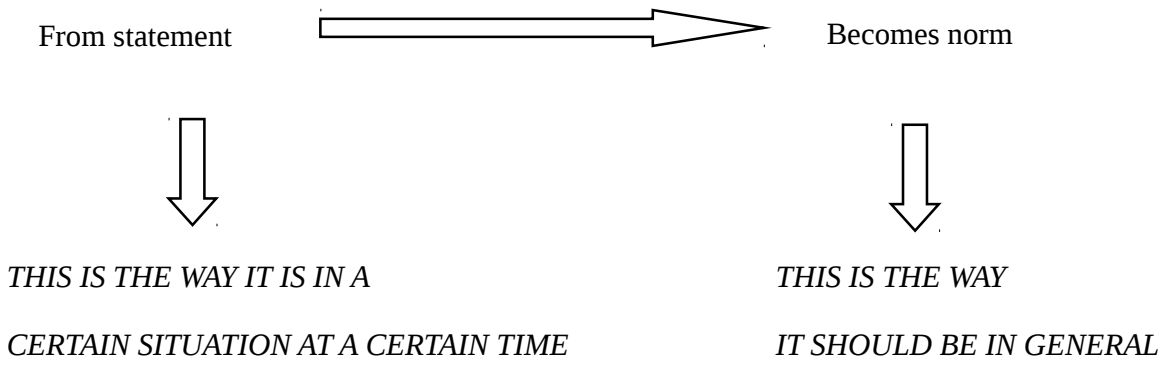
As for the *naturalistic error,* it assumes that usefulness is good. "*The naturalist form of cognitivism to some extent blends with descriptive ethics because it represents certain empirical predicates, for instance, "useful" normatively classified as "good". It explains descriptive as prescriptive. Such an identification, in intuitionists' opinion, dwells on a wrong presumption, and it can't be considered*" (Rich 1994).

In other words, naturalistic error is an identification of what in human reality is found useful with what is considered good. If X is useful, it does not mean that it is good as well. 'Good' and 'useful' are two different terms that cannot be mistaken. A fact established descriptively becomes prescriptive. The word prescription also know in ethics as a dispositon. Thoughts, actions and values that prove right in real life acquire normative power and are binding to all.

Practically, thoughts, actions and values might mean that the conduct of the majority could be taken as an argument for any conduct. Since most of society acts in a certain way, that action can be accepted as appropriate to all. The statement: "This is the way it is in a certain situation at a certain time" becomes "This is the way it should be in general".



This approach to understanding ethics has a flaw in terms of a *majority error*. Even the majority can be wrong. History proves that there were moments when the majority opted for a system that doomed a lot of people or even whole nations.

For example, during 'Crystal Night' in 1938 a national minority carried out a pogrom while the majority looked on. What was once hatred against Jews by a minority and approved by a majority, became a norm that was in place for many years. This typical naturalist mistake had fatal consequences, as history preaches.

If we evaluate empiristic ethics, a question inevitably comes to mind on what its mandate is to be considered the only form of normative ethics.

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4.4 Ethics by norms or principles

We can see that what a certain group of people passes off as ethical does not necessarily have to pass as a generally binding ethical belief, even if that group is a majority. A question remains then on what represents such a belief and how it can be determined.

We are looking for ethical beliefs that are always applicable (timewise) everywhere (place), to all nations (cultural) and all religious and non-religious communities (doctrine). Another attribute is the requirement that all general ethical beliefs (maxims) are not dependent on human experience.

In other words, their validity can neither be affirmed nor disproved by human activity. If corruption pays off for someone, it does not mean that this is beneficial for the whole of society. Certain values cannot be exposed to relativised tendencies, such as human life as known in the *Thou shalt not kill* commandment.

Murder annihilates a human being into a state of unbeing, not through the natural course of action, but by prematurely wiping out their existence from this world. With this, the autonomy of a human being to handle his/her existence is also cut short. A murdered human being is freed from moral and ethical responsibility in a given time and space.

Ethical maxims shape a human's life in the form of norms. At the same time, they must respect his/her dignity and accept his/her moral and ethical autonomy. The answer to these challenges is ethics by norms or principles. *Ethics by norms or principles, as opposed to empiristic reasoning, does not see norms as values bound to experience (tied to factual human behaviour in the a priori specified time and place), but sees them as imperatives whose validity is indisputable, whether they are followed or not* (Rich 1994).

Czech philosopher Emanuel Rádl comments on the moral law as follows: "*moral law is neither property nor a manifestation of character, nor even a faculty or human creation like thought movement because it is not in us but for us, it rules over us.*" (Rádl 2000).

An explanation of ethical law can be based on:

- inherent law;
- philosophical imperatives adopted by reason and conscience;
- theological edicts such as God's revelations.

Examples:

- The Universal Declaration of Human Rights is an example of an inherent law.
- Immanuel Kant's 'categorical imperative' of is an example of a philosophical imperative.
- The Ten Commandments are theologically justified edicts.

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According to Arthur Rich, we can say that the ethics of norms has evolved naturally through inherent law, philosophy and theology (Rich 1994).

Ethics by norms or principles is a very interesting approach, yet there are still situations we call moral dilemmas or ethical conflicts. Moral dilemmas or ethical conflicts is a situation in which individual moral norms become in conflict with each other. This school of ethics will not provide the answer.

4.5 Casuistic ethics

How should a norm be viewed if it gets into conflict with itself?

Take the following example: the population needs to use agricultural practices to grow crops on fertile land. However, the soil is destroyed by erosion. After repeated use, the soil cannot provide the required quantity of crops.

The need to provide food for people causes the erosion and destruction of soil, an ecological problem that leads to other environmental issues. From an economic point of view, this situation violates sustainability, with a desire for more crops destroying the sources of those crops. Viewed as ethics by norms or principles, this shows the occurrence of a relativised tendency.

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How should one deal with conflicts arising from ethics by norms or principles that at the same time leave human beings to their own fate and cast doubt on the entire validity of ethical beliefs? Casuistic ethics is the answer.

Rather than a new system, casuistic ethics is in fact more about modifying the methodology used in ethics by norms or principles. This is a case by case approach, while using individual norms and maxims. For literally every case (from the Latin *casus*), norms and maxims are broken down into rules applicable to that single case.

This means that maxims and particular commandments are considered for each individual case, in cases where conscience contradicts ethical maxims or particular ethical commandments contradict other rules.

"Casuistry is understood as a methodological procedure that shows how to apply general norms (moral law or civic law) to individual cases." It breaks down the validity of ethical norms into regulations that are valid to only that one particular case (Rich 1994).

It is wrongful however if the breakdown of the highest moral principles get more and more entangled in many differentiated, all kinds of case-driven purposes, hidden in the nimbus of the unconditional, and want to impose norms and morals on the whole realm of human existence, … (Rich 1994).

There is however a significant downside to case ethics. It grasps all instances of human thinking and acting and then starts to normalise them in a particular way, until they are changed into moralised law. This is because a different rule will apply in each case.

The danger of casuistic ethics is in the tendency to programme the moral and ethical in advance, thus removing the human being of their freedom and responsibility for their actions.

4.6 Situation ethics

Human life cannot be programmed without being limited in its freedom at the same time. All human existence is unpredictable, new and unique. Situations people find themselves in are always different. Sometimes a situation can seem to have occurred before, as with déjà vu, but in reality it only resembles a situation that occurred in the past. Therefore you cannot apply particular cases to all life situations.

If human lives were made predictable, moral and ethical autonomy would have to be set aside, as well as freedom and legal competence. Predictability would carry the cost of suppressing the unique identity of each individual. This would signify a de facto loss of freedom.

Casuistic ethics to a large extent has automated human behaviour by trying to predict it, putting people in the position of being programmable creatures. Existentialist philosophers were the first to spot and point this out, such as Soren Kierkegaard, Jean-Paul Sartre, Karl Jaspers and Paul Johannes Tillich.

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The last of these authored an essay called *The Technical City as Symbol*. Tillich shows a city as a symbol of economic success, but which exists due to the partial loss of human freedom through automation. Tillich shows the consequences as well (Tillich 1988). A human being cannot simply be imprisoned in schemes forever.

A question presents itself here: how should everlasting stable ethical truths be captured in a world that is so unstable? If the reproach of existentialists is to be taken seriously, an answer must be found. The fact there are no a priori rules for each individual entity is a tremendous challenge for ethics.

Situation ethics has an answer. It does not approach a human being as a *casus* – an artificial case. It treats him/her in their individual situation as a unique once-in-a-lifetime personality. Each person's unique experience cannot be transferred to any other person or institution, which for the purposes of business ethics means there are no nameless institutions. Some kind of management is always behind the business, in the form of a director or an owner who chooses to act in a certain situation.

Every situation is experienced in a way that is unrepeatable. No one can go through it twice because of their unique identity. Institutionalised moral authorities such as schools or churches thus cannot intercept the moral decision-making of individuals. They cannot do this because they are neither familiar with the individual nor their situation to the same extent as individuals themselves are *hic et nunc*.

People in a certain situation represent a de facto norm by and of itself. Philosophy paved their way to freedom but left them to their own devices, standing alone at the mercy of the situation and themselves. Situation ethics in its strict form leaves humans in the throes of their own freedom. It is sometimes referred to as a 'curse' of freedom, in which no rules and maxims apply yet decisions have to be made.

Rich says: "*The normative outcome is reduced to an empty, silent obligation. In this duty a human being can choose to be ethical in one way or another, provided he/she accepts responsibility and never regrets having acted deliberately. What remains is the heroic ethos surrounding the obligation that leaves the normative aspect wide open.*" (Rich 1994).

In its harsh form, situation ethics merges with *decisionism*. It reduces the ethical search to asserting that certain actions should take place, but it does not say how these should be carried out. It results in the total loss of ethical norms.

The only criterion of situational ethics is the situation. It asks for human action.
However, it does not offer an answer to the question of how the action should play out.

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Joseph Fletcher is the most prominent situation ethicist. He authored *Situation Ethics*, the most significant work in that area, and collaborated with Paul Tillich, who, as an existentialist philosopher, was very positive about the subject. Except for one thing. He realised the importance of rules, regulations, norms and maxims by which he influenced even Fletcher. However, situation ethics needs rules not in the form of norms, but in the form of moral and ethical principles.

These kinds of principles should not command, but explain the situation and help decisions to be made. Principles extend the "moral point of view" and help humans understand the situation and their own fate within it.

In the context of the world, a human being has not only a duty to decide, just as decisionism saw it, but also the possibility of decision. The relationship between the rule and situation is what makes the difference. It deals with the fundamental problem of decisionism, which is the complete solitude of a human being in a situation.

Commands and maxims as holding principles must not be unconditional though. They must relate to something that reaches beyond the rules because nobody will stick to commands and maxims just for the sake of them. This results in Tillich's understanding of legals, which refer to an unconditioned authority that can stipulate order thanks to its unconditional character. Just like Saint Augustine, Fletcher saw *caritas* as the ultimate authority. This term refers to love in the Christian sense, also known as AGAPÉ.

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Situation ethics has no rules. Yet Fletcher, its founder, saw the only criterion of human behaviour in love for others.

4.7 Ethics of reckoning

When the ultimate measure of thinking, acting and assessing human values turns into an iron rule and a human being is driven by love for others, the principle of ethics can change from love to altruism. In this case the only behavioural motive is doing *good* towards others, while disregarding one's own happiness. Altruism assumes heteronomy, a state in which the only aspiration is to comfort others.

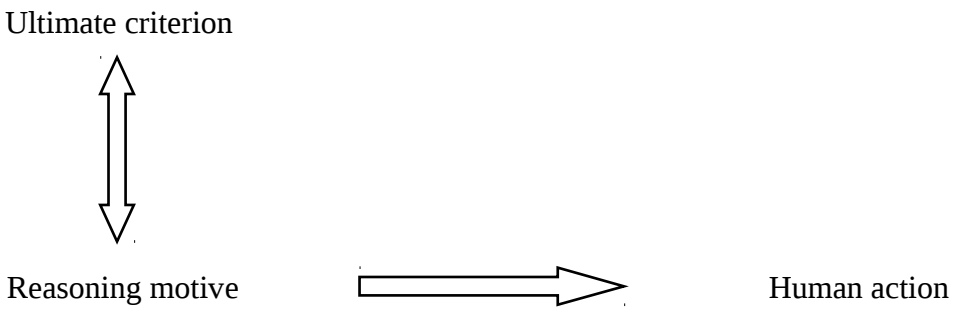
But is a human being in this case not reduced to the role of a slave, voluntarily renouncing his/her own self-realisation in favour of helping others? Under no circumstances can ethics arrive at such a conclusion. Giving up one's own freedom for the sake of others leads to the oppression of all.

Ethics is tackling this specific area of interest. It looks at everything from obligations to norms, commands, rules, maxims and the very motives of humans to find the last measure of reckoning that brings the moral and ethical into mutual correlation.

The motive is every person's norm for action and this should be in harmony with conscience and at the same time answer to the highest criterion of all. What are the highest of all criteria though?

- Inherent law;
- The categorical imperative;
- God.

The norm of every individual is that their reasoning motive should be in harmony with their conscience. This is in line with responsibility to the ultimate criterion.



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4.8 Deontological ethics

The ethics of reckoning concludes by leaving a question in the open that it does not fully answer that remains: What is the ultimate criterion among all other criteria that makes human beings act ethically? It was shown in the previous text on business ethics that one of the main questions was about whether it pays to act in this way.

This question is answered by Immanuel Kant in the work *Critique of Pure Reason* (Kant 1998), in which he contends that people cannot dwell exclusively on their existence because they are constantly haunted by questions about their natural behaviour that they cannot escape. Experience cannot provide answers to these questions.

Why do bad things happen to good people? This is the kind of question that our experience is unable to answer. Why are we urged to be good and refrain from acting in the wrong way? Again, experience does not have an answer.

The historical period in which Immanuel Kant lived (the end of the eighteenth century) was characterised by two very different ethical view points. One of these was English empiricism, which operated on the basis of *moral sense* and was primarily represented by Shaftesbury. The entirety of ethics was drawn from a sensation of nobleness.

The second view point was the approach of German philosopher Christian Wolff, whose ethical concept assumes that everybody is born into a certain status. To live an ethical life means to improve within that status. This was perceived as the road to perfection, on which every human being represented his/her own law.

Kant was however interested in whether general rules could be derived from this moral sense. How can we construct ethics from noble feelings? Everyone feels exalted within his or her own right, but this is different for everyone. The imperative deriving from this way of thinking will be hypothetical because its objectives are mainly empirical. If somebody prefers moral sense X and someone else prefers moral sense Y, it is advisable to do both X and Y.

The Wolff concept is similar. How can we go after perfection for everyone when, as Wolff says, each person has their own vision of perfection? None of these visions is able to construct a universal form of ethics that appeals to all. The hypothetical imperative means that when something is good with respect to a certain model, all people who conform to that model do it. Something is good for model X and something else is good for model Y.

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In the letters that Kant wrote to his friend, Markus Herz, it is apparent that Kant was not eager to patch together old, barely-surviving systems. He wanted to give rise to an ethical system capable of withstanding times when periodic philosophical disputes are gone and, most importantly, that would become compelling to everyone. He admits opinion of general public not just opinion of philosophers who count on the moral law. Such moral maxims would again become part of the hypothetical imperative.

The very goal of happiness is not and cannot be the objective of conduct described as moral, as the morality is a goal in itself. Kant arrived at the notion of the 'categorical imperative', which in itself legitimises duty based on will. *"**Act in a way that will turn the maxims of your will into generally accepted laws**"*, Kant said (Kant 1998).

A disturbing question remains though: Whether will is not the largest obstacle in this all-encompassing ethical concept. Those who treat their will as autonomous in the sense of individualism might start perceiving their will as pluralised, in which case the categorical imperative would collapse. This is the way in which Kant understands will.

The reward for moral conduct is the conduct itself.
That is why Kant's concept is called 'deontological ethics'.
Whoever awaits reward for their proper actions is not acting morally.
Good conscience is the reward.

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4.9 Ethics of responsibility

General criticism of deontological ethics brings us to a problem that cannot be bypassed. The ethics of duty is on the one hand about acknowledging the highest valid norms of behaviour and thinking and speaking about morals, but on the other hand is unable to ensure that ethics become the "engine" of every-day life.

As experience proves, the existence of the highest possible standard of behaviour still does not mean that humans will act and behave in accordance with their conscience. Take the example of the Ten Commandments: these commandments exist just as the ultimate criterion of all criteria exists and they are still not followed. God's punishment, or the fear this creates, is not enough for the commandments to be observed. Not even the promised transcendental reward in the form of eternal redemption is a guarantee. What else is missing then?

Max Weber, who was a well-known sociologist and economist, studied the religions of Christianity, Buddhism, Hinduism and Islam. Provided you assume that responsibility is the maxim of everyone's good conduct (Weber 1958), you have to ask yourself too what such conduct will bring.

Criterion of responsibility: We are held liable for our actions
and the consequences that result from them.

Is responsible behaviour, characterised by adhering to laws, norms and commands, beneficial both in the moral and ethical sense? How is it manifested here and now?

The Protestant work ethic might be the answer (Weber 1958). Protestant ethics strongly underpins the obligation to follow commandments. Unlike previous systems, it demonstrates that sticking to rules pays off. In the long run, law and order is beneficial to society not only from the viewpoint of salvation. It also pays off materially and cultivates people's trust. It is economically efficient. Weber calls the phenomenon the *Geist des Kapitalismus* or the *Spirit of Capitalism* (Weber 1958).

Observing the work ethic pays off for two reasons:

- religious reasons (salvation);
- economic reasons.

The business standpoint acknowledges values that correlate with the Protestant work ethic by:

- building trust;
- economic progress;
- developing both material and spiritual values.

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Protestantism brought salvation from on high into common existence and de facto materialised it. Salvation and the whole of Christian life was confirmed by material abundance. The thinking was that God blesses hard-working people who stand by his Commandments and wealth is the witness of people's orderly, pious lives.

This is not however the original ethics of duty because the whole obligation of Protestantism narrowed down to the concept of *accomplished profession*. Through his/her work, a human being fulfils their duty to lead a meaningful life. If that goal is achieved, they can be satisfied.

Work was not primarily understood as equating to the maximisation of profit. Although Protestants work, they live within their means by leading a meagre existence. Profit was reinvested into new endeavours and good conscience was the outcome of a fulfilling profession.

The whole of duty was eventually focused around work. And when work becomes the only duty, or a duty without the eschatological element of God's temporary and eternal reward, then Protestant ethics is in crisis.

The phenomenon we come across today derives from this crisis of the Protestant work ethic. We find out that the ethics of responsibility can only work with religious foundations. Max Weber described the mechanisms of the work ethic as succeeding only in Protestant societies that still revere Christian dogmas. This is the eschatological dimension of Christian ethics.

In reality, this means that although Protestantism reduced salvation to common existence, the eschatological element was present until strict secularisation met human economic activity. Eventually humans are only left with work that is driven strictly by profit, which becomes the only criterion for correct behaviour when rid of the religious dimension.

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5 Ethics by Orientation

Classifying ethics by neoethical principles is not enough. These principles do not allow for the anthropological dimension and its application, which has been the main role of ethics since the time of Aristotle. Ethics is treated as *practical philosophy*, a discipline that assists people in the most important decision-making.

5.1 Applied ethics

Applied ethics is the attempt to incorporate ethical theory into all kinds of practical disciplines and areas of human life. Examples include:

- medical ethics;
- journalistic ethics;
- teaching ethics;
- legal ethics;
- political ethics;
- work ethics (business ethics)

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5.1.1 Business ethics

Business ethics is also known as 'corporate ethics' and is a form of applied ethics. It explores values and economic ideas and the way they are incorporated into everyday practical life. It searches for answers in corporations' areas of business.

Thomas Ng defines business ethics as follows: "*Business ethics is the study of business situations, activities and decisions where issues of right and wrong are addressed.*" (Ng 2012). Business ethics uses descriptive ethics as a diagnostic tool to establish a corporation's current ethical condition. It also uses the methods of normative ethics to project the ideal course of action that the corporation should be aiming for.

The desirable course of action addresses:

- customers;
- employees;
- society; and
- the ecosystem.

5.2 Anthropological orientation

As mentioned earlier, some ethical systems prefer to emphasise personal advantage over that of society. Some others prefer it the other way around, with the personal secondary to the communal. The previous chapter showed how to search for these values. This area is called 'theoretical ethics'.

The task of applied ethics is to incorporate theoretical knowledge into everyday life situations. Work ethics and applied ethical systems maintain relations between an individual and certain groups. A corporation can represent a group.

An individual's life goals often differ from the interests and priorities of corporations. This is why ethics is further divided by anthropological orientation into:

- social ethics; and
- individual ethics.

Ethics aims to unite the interests and goals of an individual with those of a corporation.

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5.2.1 Social ethics

Social ethics attempts to find values that are generally accepted by the whole of society. In terms of professional or social orientation, social ethics can be divided into:

- economic ethics;
- corporate ethics;
- ecological ethics;
- political ethics, etc.

Social ethics shapes relationships within any given community and at the same time presents its form to the outside world.

Example: Since time immemorial, human societies have created associations and guilds that affiliate people of the same trade or profession. There are traces of guilds that existed as far back as the time of Ancient Egypt or Babylon. It is a well-proven fact that scribblers writers in ancient Babylon had to be members of a guild to carry out their profession.

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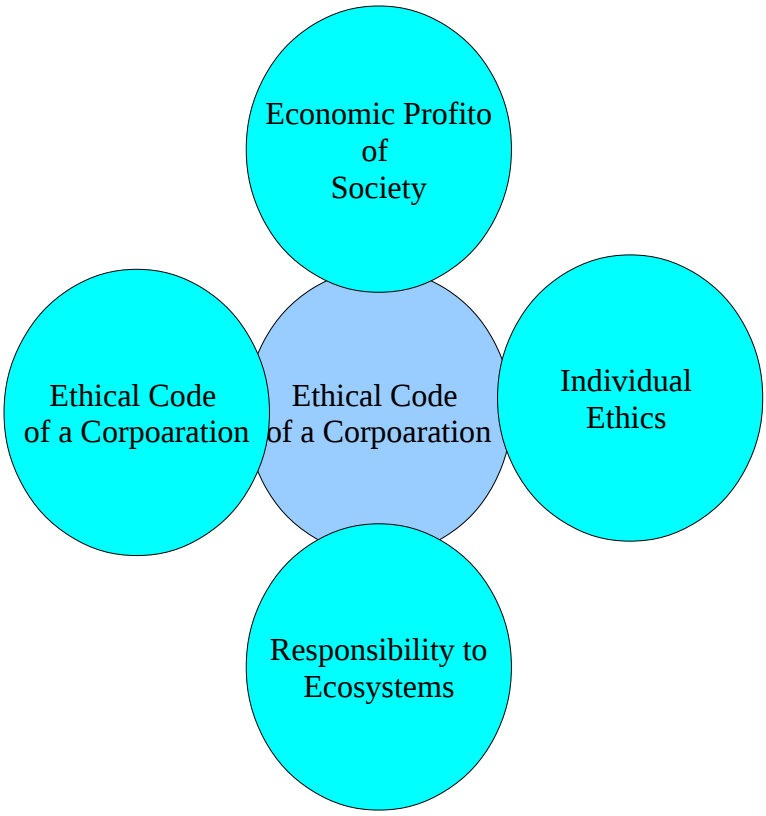
Every guild had a code that formulated members' rights and duties, consisting of written rules that everyone had to follow. These rules were not only used when a member wanted to seek justice from another member, but represented the true ethos of the affiliated trades. If anyone breached the rules, the offenders could be expelled from the guild and this de facto prevented them from working in their own field.

Social ethics in the corporate environment is similarly aimed at instilling an ethos by formulating ethical codes of conduct.

Every code has to take into account:



5.2.2 Individual ethics

This area of ethics is concerned with the well-being of individuals, in particular their self-fulfillment in professional life. Ethics also examines the responsibility of individuals towards their immediate social environment (family) as well as issues of work relations with employees and their working relationships with other employees. The individual's role in society is also the subject of ethics.

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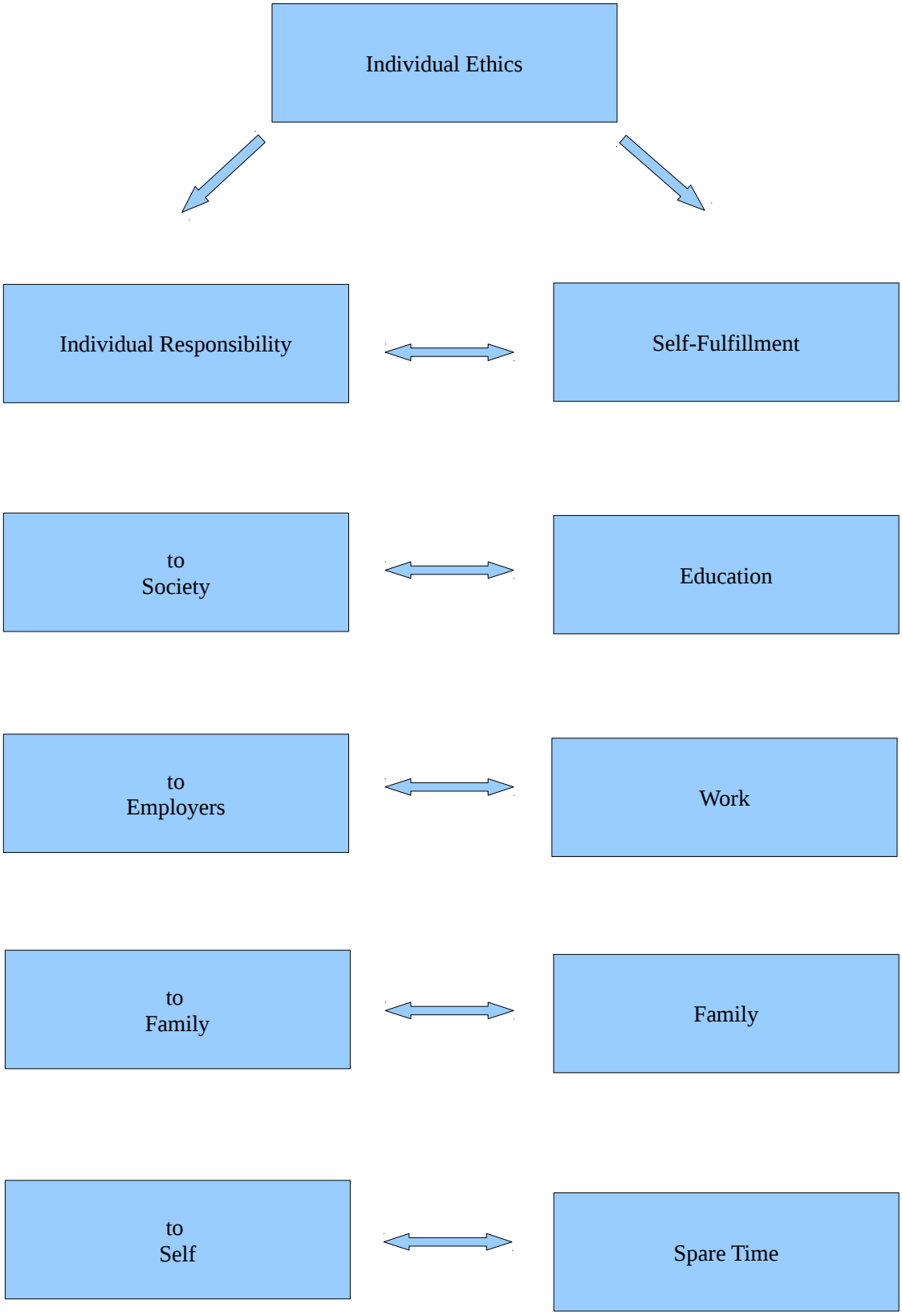

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Education: This cultivates and enhances one's way of perceiving the world and the human beings within it. It also increases the wealth of the whole of society by supporting development.

Work: This helps to develop skills in a creative way and cultivates humans' desire for self-fulfillment.

Family: This fulfills the need for love and intimacy. The family has an irreplacable educational role that cannot be transferred to other institutions. It sets behavioural models and creates values and thinking patterns applicable to the whole of society. For example, it teaches values involving respect for life, the freedom of others, personal hygiene, etc.

Spare time: This is mentioned more and more in connection with psychological hygiene, a healthy lifestyle, sports, increased cultural awareness (fine arts), etc.

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6 Business Ethics

While the last chapter was about the definition of ethics in general, this one will define business ethics. Thomas Ng describes business ethics as follows: ***Business ethics is the study of business situations, activities and decisions where issues of right and wrong are addressed. Where right and wrong are defined as morally right/wrong rather than financial or business strategy"*** (Ng 2012).

This definition contains two aspects of systematic ethics. Firstly, it is a kind of applied ethics, more of which later in the book. According to Thomas Ng, business ethics is a descriptive discipline based on a metaethical analysis of right and wrong. We are also going to touch on that aspect.

There are also more sceptical views than this one. Ethics does not belong to economy, as Albert Carr explains. He likens the economy to the game of poker. Some economists regard ethics as an oxymoron. Bernard Mandeville is the first recognised ethical sceptic in the field of economics. In his poem, *Fable of the Bees: or, Private Vices, Public Benefits*. he talks about the vices of individuals, showing that these vices eventually lead to the economic benefit of all – that is, the whole of society.

Ethics for most economists who emerged from the positivistic philosophical tradition largely meant just metaphysical speculation. In other words, there was no place for it in economics. However, Tomáš Sedláček proposed that this situation cannot last forever (Sedláček 2009).

There are two reasons for this:

- All forefathers of modern economics were also moral educators;
- Economies fare better thriving in environments free of scandals, in morally cleaner societies.

E**xample**: If an economy operates under the conditions of a free political society, where the law is firmly applied, where individuals are responsible for their actions and where trust among people is established, legal costs are likely to be kept low.

6.1 Values in business ethics

There are values that are generally regarded as typical for economic life. These are based on a long Euro-American economic tradition (Putnova & Seknicka 2007).

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We are now going to look more closely at the key values regarded as essential in business ethics:

- Freedom;
- Justice;
- Responsibility;
- Trust;
- Progress;
- Prosperity;
- Sustainability;
- Rationality.

These values constitute the minimum knowledge every small businessman or manager of a large corporation needs to possess. They are basic ethical competencies, not just for those at the corporate steering wheel, but for all employees. This is the starting point for writing ethical codes of companies and the whole corporate culture develops from these values.

In spite of the fact that these values are common to both European and American ways of thinking, the approaches to their use vary. The European approach is rational and seeks justifications and reasons for these values. The American way tries to make them part of everyday business life (Ng 2012).

These values, as we saw in the last chapter, are closely related to the 'golden rule'. They are regarded as feedback on the behaviour of individuals and companies.

Let us have a look at the individual values and their definitions.

6.2 Freedom

This concept comes from the Latin word 'libertas'.

The concept is reflected in many social science disciplines. Whether in abstract philosophical essays that focus on freedom, or explained from a legal point of view, it always proves to be the basic assumption for any human action or decision-making. Without freedom, there would be no talk of ethics or ethical or moral behaviour.

Freedom means that people decide to act in a certain way, although they could have chosen differently or they decided not to act.

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Anzenbacher characterises this freedom as follows (Anzenbacher 1990):

- Freedom that derives from nature;
- Freedom that derives from humanity;
- Freedom that derives from mercy.

Freedom that derives from nature means that all biological human needs are met. Survival is the goal.

Freedom that derives from humanity relates to self-realisation in human social life. That is also the goal.

Freedom that derives from mercy is part of Catholic social ethics. This refers to God's mercy that is given to all people. The goal of that freedom is to achieve justification for one's own actions in the view of eternity.

There are many obstacles to freedom that are called 'determinants' and there are many types. For freedom that derives from nature, the determinants are various physical limitations (Ricken 1995). For freedom that derives from humanity, the determinants are mental skills, possessions, rights and social status. Freedom that derives from mercy is a gift. Paradoxically there is no limitation here. This last type of freedom could be accepted as a gift or refused.

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The following limitations determine our freedom, according to Ricken:

- Freedom to act;
- Freedom to decide.

Freedom to act means that people can only exist in line their natural disposition. Example: People cannot fly like birds.

Freedom to decide means a person is eligible, by using rational thinking, to choose means that will lead to the accomplishment of his or her life aims. This depends on an individual's mental and physical potential.

Example: Although people cannot fly like birds, they can use their brains to build a machine that lifts them off the ground.

Aristotle realised that people are not equal within this classification of freedom. He wrote that **equality in something is not equality in everything.** Equality in natural disposition or needs does not mean equality in skills. Despite the fact that we are all human beings, our starting points and conditions are different once we arrive in this world.

Example: We do not have equal social status, wealth, rational, emotional and mental potential.

However, everybody has these facets to a certain degree and it is up to each person to cultivate them further. This is not easy because there are many other obstacles in the way.

These obstacles are:

- situational; and
- constant.

Situational obstacles occur at a certain point in time and then go.

Constant obstacles can last for an individual's entire life, such as a chronic illness or permanent injury from an accident.

All people are born free, but are moulded by the environment and society they were born into. A good example of a man who could put his freedom into effect despite his permanent disability is Oscar Pistorius at the 2012 Summer Olympics. Despite his handicap in the form of prosthetic limbs, he was able to compete with able-bodied competitors.

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All these abstract thoughts about freedom are applied in practical everyday life. Freedom can thus be divided into the (Putnova & Seknička 2007):

- civic;
- personal;
- religious;
- economic; and
- political.

The concept of freedom is present in the legal code of every country. The state aims to make sure that the rules guarantee equality within the law. The law is then regarded as justice.

6.3 Justice

This concept comes from the original Latin word 'iustitia', meaning 'justice or fair'.

While looking at skills, position and natural ability, the state should treat all its constituent parts equally. It should pay heed to the freedom of each individual. That is why Hayek mentions freedom in terms of a *balance between general rules stipulated by law and general rules of behaviour*. Justice is the balance between an individual's personal freedom and their obedience to law and order.

Justice has two principles in economics:

- The commutative principle: this refers to commutative or equalising justice. This is justice that determines 'rightness' through arithmetical logic. In reality, this means that all are entitled to own an equal part of all goods. Hayek understands this kind of justice as the right kind. It is not dependent on the position of an individual in society.
- The distributive principle: this refers to distributive or distributed justice. This is justice that determines 'rightness' through geometrical logic. In economic reality, this means that individuals with higher income pay higher taxes, while at the same time having more rights. This kind of justice was advocated by Rawls.

Aristotle believed these two kinds of justice were ethical. There is however one more justice – the legal kind which states that what is legal is also just. This means that legality is a prerequisite for justice. Experience proves however that justice does not always work.

Example: Aristotle's predecessor Socrates was accused of corrupting Athenian youths. In reality though, he only taught them philosophy. He was sentenced to death. Despite doing nothing wrong, he obeyed this outcome and drank a cup of poison to show that it was ethically right to accept the legal judgment, although the verdict was incorrect.

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Another value is presented here that is incredibly important for the economy. This is a value that Socrates pointed to: civic responsibility.

6.4 Responsibility

This concept comes from the original Latin word 'responso', meaning '*response*'.

All free human beings choose. Each choice can be considered either just or unjust. In the same way as the nature of laws in physics in terms of cause and effect, choice also implies effects or consequences.

The English noun '*responsibility*' has a root that is contained in another word – 'response'. The linguistic character of the noun indicates that every person causes something to happen when they make decisions. Actions that are responses to these decisions determine whether they result in desired consequences or quite unpredictable unwanted consequences. One way or another, individuals are responsible for all consequences that result from the way they think and act.

Humans are the only beings responsible for their actions (Anzenbacher 1994), as compared with the laws of physics or the animal kingdom. This is because they were given the freedom of choice. But freedom that hands them the luxury of choosing is also a commitment to be responsible. This can either be an advantage or the complete opposite.

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The task of ethics is to convert all human thoughts and actions into consequences that are predictable and also, wherever possible, good.

Individuals are held responsible to:

- themselves;
- society (other individuals);
- the natural environment.

In religious ethics they are also responsible to God.

Erazim Kohak says that freedom is not only the right to make choices, but also a commitment to responsibility for realised and unrealised consequence (Kohak 1998). Freedom enables choice that in turn implies a consequence. The same freedom offers a possibility of refraining from choice, but there is also a consequence from not choosing. The same responsibility applies to this too.

Example: Not providing first aid at the scene of a car accident is both legally punishable and outright immoral. Failing to provide this is a choice with consequences and a decision in a negative sense. The death of a person may be the consequence.

Since people are responsible not only to themselves, their ethical responsibilities are:

- legal responsibility (responsibility in the face of the law);
- political responsibility (civic responsibility for public administration, either as a representative or a voter);
- economic or social responsibility (responsibility for multiplying the material or spiritual wealth of society).

For our purposes, economic and social responsibility is of special importance. Highly developed societies and countries distinguish themselves from others through their high standing in the economic and social realm. The less a society relies on the enforcement of rules and the more it relies on the individual responsibility of free men and women, the more civilised it is.

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Responsibility in the economic sphere can be split into:

- the responsibility of the owner or a person representing an organisation or company for his/her actions and the activities of all employees;
- the responsibility of all employees to the owner or person representing the organisation or company;
- the responsibility of the organisation or company to their customers;
- the responsibility of the organisation or company to the whole society or country;
- the responsibility of the organisation to the environment.

Corporate ethical responsibility is an area that is constantly discussed. There are generally three different points of view (Putnova & Seknicka 2007):

- The company is a mere legal entity with no moral responsibility.
- The company is an ethical subject because it consists of people.
- The company is an ethical participant, which is less than the individual, and so has less ethical responsibility than individuals.

Although Milton Friedman defended the first statement, one of the paradoxes of ethics is evident here. Despite something being legal, it does not necessarily have to be ethical, as in the example of the company. As a legal entity, the company makes decisions as such. Yet the decisions come from a board of directors, an owner or a CEO, who are all people.

In this case, we talk of decisions that on the one hand satisfy existing legal provisions, but on the other hand are in conflict with good conduct. An individual does not carry legal accountability, but is not free from moral and ethical responsibility.

Example: The fact that not only individuals, but also globalised multinationals, have to carry the burden of responsibility, can be shown in the case of the ecological disaster in the Mexican Gulf in 2010. In this case, 1,000 barrels of crude oil leaked from a well per day, causing damage to ecosystems in the Gulf for decades to come.

When individuals or corporations do not renounce their responsibility in face of the whole of society, they concur with another important value: trust.

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6.5 Trust

This concept comes from the Latin word 'fiducia'.

A situation in which individuals accept the consequences of their actions and try to mitigate any negative outcomes of their decisions nurtures trust. Direct proportion applies here. The higher the degree of responsibility, the better the relations and trust between partners. Only those with a high level of moral credit can be holders of trust. They radiate goodwill to others who trust their word.

John Stuart Mill once said that goodwill was not a subject for ethical discussion. That was however in the 19th century, at a time when national economic systems were being born. Responsibility and trust are still the key values in the global economy. Goodwill to make good on obligations is a prerequisite of trust. This applies to the family, politics and economics.

Trust can therefore be defined as a relationship between a commitment (promise or oath) and its expected realisation.

Example: A customer trusts an online retailer and provides his/her credit card details, knowing that they are not going to be misused. Another example is a manufacturer of smartphones, who trusts that its employees will not sell development know-how to competitors.

Trust is one of the building blocks of economic progress.

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6.6 Progress

The concept is from the Latin word 'progressio'.

It is appropriate in this context to mention four terms that were recognised from medieval ethics. Human life ethics was split into:

- 'progressio': progress or growth;
- 'stagnatio': stagnation or slowing down;
- 'regressio': retreating or doing a 180-degree turn;
- 'corruptio': disintegration.

It is desirable to see these terms within a broader economical context and especially from the point of view of business ethics. Society can evolve, slow down, recede or disintegrate.

Progress in the ethical sense means the qualitative improvement of the conditions of human existence. In other words, progress is mentioned when the overall conditions that human beings find themselves in change for better. This is not only about the quantitative growth of wealth or partial political and economic improvements, but the overall improvement of the human condition.

There have been numerous attempts in history that spiritually limited human life, leading to the ascetic ideal, and others that reduced humans to material beings. An example of the latter is Marxism. This idea claims that progress can be achieved by changing the external conditions of life.

Today's idea of progress is more about creating conditions that enable a worthy life in terms of (Brugger 1994):

- material security;
- culture (fine art, music, theater, etc.);
- the environmental aspect;
- the spiritual (religious) aspect.

The field of development economics considers how to promote economic growth in countries by improving factors like health, education, working conditions, domestic and international policies and market conditions. It examines both macroeconomic and microeconomic factors relating to the structure of a developing economy and ways in which that economy can create effective domestic and international growth (www.investopedia.com).

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6.7 Prosperity

This concept originates from the Latin word 'prospero', or what otherwise means 'bringing success'.

This word was used to describe endeavours that brought fortune to those who actively participated in them.

Each practical discipline defines prosperity differently. Sometimes these views even contradict one another. What is beneficial to one person does not have to be favourable to another.

Example from history: Marx insisted that the interests of those who owned capital had to be in conflict with the labourers.

Economic prosperity means profit maximisation. There are different ways of measuring this, but the best known is GDP (Gross Domestic Product). Prosperity is measured by establishing the level of increase in goods and services produced and improvements in purchasing power.

Seknička says that prosperity is related to progress (Putnova & Seknicka 2007). Not always and not necessarily. The Middle Ages were characterised by serfdom. The landlord leased the land to those who did not possess anything but the ability to work (that is labour). The labourers had to physically work to pay for the lease of land. The prosperity of one landlord was secured by the work of serfs, who often did not have any time to work on their own crops.

What maxim rules economic ethics? Franz Furger says that ethics aims for the best possible level of justice among all business participants in the long term (Frugger. 2003). From this we can draw a simple ethical formula for prosperity. Prosperity is achieved when economic activity is beneficial to all involved, while no-one pays for the prosperity of others. Should one of the subjects bear disproportionate costs for others, it is an unethical business transaction.

Example: A certain type of microcredit is very common in Eastern European economies, one that does not go through banks. There are many cases on record in which creditors took advantage of the financial hardship of applicants through charging disproportionately high interest or loan fees or even pushing debtors to sign blank sheet of paper. The resulting prosperity of the creditor comes at a cost to the debtor, who gets into even more trouble from the ensuing interest.

Prosperity does not only have a material form, but can also be cultural and spiritual. It is however difficult to measure whether or not a country prospers in this way.

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At present, prosperity is also bound to the ecological situation. If prosperity is only understood in terms of financial profit, with no regard for the ecological impact, then the whole of society faces the consequences. For instance, the relentless extraction of mineral resources and their subsequent processing leads to the deterioration of the environment. Smog is also harmful to employees who otherwise do not enjoy any benefit from it. The prosperity of some is a burden to others.

Personal prosperity should correlate with the prosperity of the whole of society.

The entire business sphere has to take into account prosperity in relation to:

- social reconciliation; and
- the living environment.

Prosperity is today interpreted as the sustainability of economic processes that leads to an overall sustainable quality of life (material, cultural, ecological and spiritual) for all people, ensuring their well-being.

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6.8 Sustainability

This concept originates from the Latin word 'susteneo', which means to 'keep up' or 'maintain'.

The concept of sustainability has mainly been used in ecological ethics since about the 1980s, with an emphasis on the responsibility of the human race towards living and non-living nature for the interest of all mankind. In other words, this is about responsible life on Earth.

Currently, there are many measuring techniques for expressing sustainability in human life development. In economics, the most important one is the Dow Jones Sustainability Index, which lists the most prominent companies and evaluates their performance in terms of their social and ecological responsibility.

Example: In 2009, Nokia was declared both the most technologically advanced and socially responsible company in terms of sustainability.

What are the Dow Jones Group's analyses based on? Thomas Ng explains: "*The DJSI is based on an analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices.*" (Ng 2012).

Europe has its own organisation to assess sustainability called FTSE4Good. The organisation's website says: '*The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards. Transparent management and criteria make FTSE4Good a valuable tool for consultants, asset owners, fund managers, investment banks, stock exchanges and brokers when assessing or creating responsible investment products* (http://www.ftse.com).

3.9 Rationality

This concept comes from the original Latin word 'ratio', meaning 'reason'.

Behaviour is regarded as rational when it derives from conceptual discourse, that is from strictly logical and methodologically proven knowledge based on facts.

Rationality as a value used in economic life is based on logical and methodological approach. It uses facts for the purpose of making deductive conclusions.

This is why ethics was long regarded as an irrelevant discipline, explaining ideas of right and wrong in terms that are too metaphysical. The moral and ethical aspects of economic activities are being newly recognised only after the arrival of descriptive ethics.

They ethics are particularly important in knowledge-based economies, where economists' knowledge is regarded as their most valuable skill.

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Part Two
Case studies

Motto:

"Why we do what we do."

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7 Introduction to Case studies

In the beginning of the practical part, let me present some important remarks. Case study is not the same as Casual ethics. Casual ethics is a historical school of normative ethics. Case study is one of methods of descriptive ethics. We will follow methodological school, which is interested in facts and interpreting these facts for ethics. As we hope, this kind of descriptive methodology can help us to understand ethical phenomena. Normative ethics presents what a person should do and descriptive ethics describes what people do. But descriptive way will not be effective without a method of interpreting phenomena. Therefore every phenomenon will be interpreted from the perspective of descriptive ethics from normative positions as well.

This chapter of the book is a workbook. Some examples and case studies can be found here. Read the whole text carefully and try to cope with questions, problems and try to think about similar situations.

7.1 Case study

In the first part of the book, theoretical background of ethics was presented. It was really necessary for better understanding of the second part of the book, which is more empirical. It will focus on real examples and look for solutions of many ethical dilemmas. Theoretical background which was presented earlier will be used in this process of looking for solutions. All moments in human life give us many ethical choices. We may call these moments *cases*. Let us have a look at the theoretical background of case studies.

7.1.1 Theoretical problem of case studies in ethics

What do we really mean by a case study? We are going to find the answer in a few steps. First, we are going to find the answer in the most popular of web lexicons. In the second step, we are going to find the answer in important books which deal with methodology of case studies. In the third step, we are going to find answers from the perspective of ethics.

7.1.2 Definition of case study in lexicons

There are too many definitions of case studies. Each definition approaches case studies in a different way which makes it difficult to understand. As Rolf Johansson wrote: *"There are different ideas about what a case study is."* (Johansson, 2003). Let us consult some of popular lexicons first to look for their definitions.

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Merriam-Webster definition: *"an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to environment"* (http://www.merriam-webster.com/dictionary/case%20study). This definition describes case studies applied in Science with emphasis to ecology. It is interested in unique relationship between human being and its environment. In this specific way of thinking, the definition is really important for ethics, mainly for ethics of ecology. Here are some cases, which include ecological catastrophic environmental disaster,s like The Deepwater Horizon oil spill which began in 20th April 2010 in the Gulf o Mexico. In this specific case human responsilbility for enviroment is being described.

The open source lexicon Wikipedia gives us a few definitions: *"In the social sciences and life sciences, a **case study** (or **case report**) is a descriptive, exploratory or explanatory analysis of a person, group or event. An explanatory case study is used to explore causation in order to find underlying principles."* (http://en.wikipedia.org/wiki/Case_study). This is the definition written by well-known author of case studies Yin K. Robert. This definition describes case studies applied in sociology. It analyses people, groups and events in the whole society.

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Another definition of case study can be found in Free encyclopedia: "*A detailed analysis of a person or group, especially as a model of medical, psychiatric, psychological, or social phenomena.*" (http://www.thefreedictionary.com/case+study). This definition is similar with sociological definition. But it also includes also medicine, psychiatry and psychology. This open encyclopedia gives also the answer for the case studies in economy: "*A detailed intensive study of a unit, such as a corporation or a corporate division, that stresses factors contributing to its success or failure.*" (http://www.thefreedictionary.com/case+study).

Collins encyclopedia describes case study as a: "*the act or an instance of analysing one or more particular cases or case histories with a view to making generalizations*"(Collins English Dictionary – Complete and Unabridged, Harper Collins Publishers 2003). This definition seems to be useful for our ethical analysis. In this sense we can analyze only the facts which can be described, it means only the past or historical human acts. We analyze what really happened from the perspective of descriptive ethics, we try to understand what, how and why happened. Next, we try to understand the personal motives of people's acts. Then we try to analyze the possibilities of people from the perspective of Normative ethics.

Partial definitions:

1. an intensive **analysis** of an *individual unit*
(as a person or community) stressing developmental factors in relation to environment.
2. In the social sciences and life sciences, a ***case study*** (or ***case report***) is a descriptive, exploratory or explanatory **analysis** of a *person, group or event*.
An explanatory case study is used to explore causation in order to find underlying principles.
3. A detailed **analysis** of a *person or group*, especially as a model of medical, psychiatric, psychological, or social phenomena.
4. A detailed **intensive study** of a *unit, such as a corporation* or a corporate division, that stresses factors contributing to its success or failure.
5. the act or an instance of **analysing** *one or more particular cases* or case histories with a view to making generalizations"

From the particular definitions we can extrapolate the very general definition of case study. Many times repeated word in this partial definition is analysis. What we can say is, that the most frequently used word is analysis with the connection another word individual, group or people. The case studies in this meaning looking for any man as a social, medical, technical or corporate phenomena. The problem is, that we still have no any idea what is the focus of the analysis. Or, better to say, what we would like to discover. Also, the great question is about the methodology of the case study. Now we try verify this definition and find the answer in the profession publications.

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7.1.3 Definition of the case study in publication

Our solution is to find one, or two definitions with simplicity. Very easy to applicate in real use in ethics. And very clear for find a result of ethical research.

We can find a few classical authors of the case study. Between many book are two authors, who are influenced the research theory in social sciences. First of both is Yin K. Robert, and second is Robert E. Stake.

The classical author of the book of the methodology, Robert K. Yin, defined: *"An empirical inquiry about a contemporary phenomenon (e.g., a "case"), set within its real-world context – especially when the boundaries between phenomenon and context are not clearly evident "* (Yin, 2009, p. 18).

We will shortly present theory Robert E. Stake, who wrote the major book about the case studies. This book is The Art of Case Study Research. In this book we can find another definition of the case study. But more complexity definition. The first sentence of this book is defining case study as a method which try describe one problem from the many perspectives: *"A case study is expected to catch the complexity of a single cases"*. And following the sentences: *"case studies is defined by the interest in individual cases."* (Stake, 1998) From this position we can understood case study as the method, which compare social cases from the contemporary phenomena and describing the cases from the interest individual cases, but trying catch complexity of each cases extracted one major phenomena.

7.2 Definition of the case study for ethics

Now, let to apply this knowledge about case studies in the special area of study, in ethics. We would try to present definition of the case study in ethics, which is applied by the author of the book Morality Play Jessica Pierce. She understands case studies in ethics as a: *"Cases serve as a way to practice reasoning and to work toward the specification of abstract principles in relation to the concrete cases."* (PIERCE, 2014). The great aspect of this definition is to compare abstract principles with concrete cases. It means that Jessica Pierce understand preciously the role of ethics as a normative function. That is the reason to compare abstract principles with real everyday life. She describes each case from the perspective of morality and ethics. She tray to preciously understood every of human act from the ethical perspective and answer the question: If we have to do right what does it mean the right or good decision?

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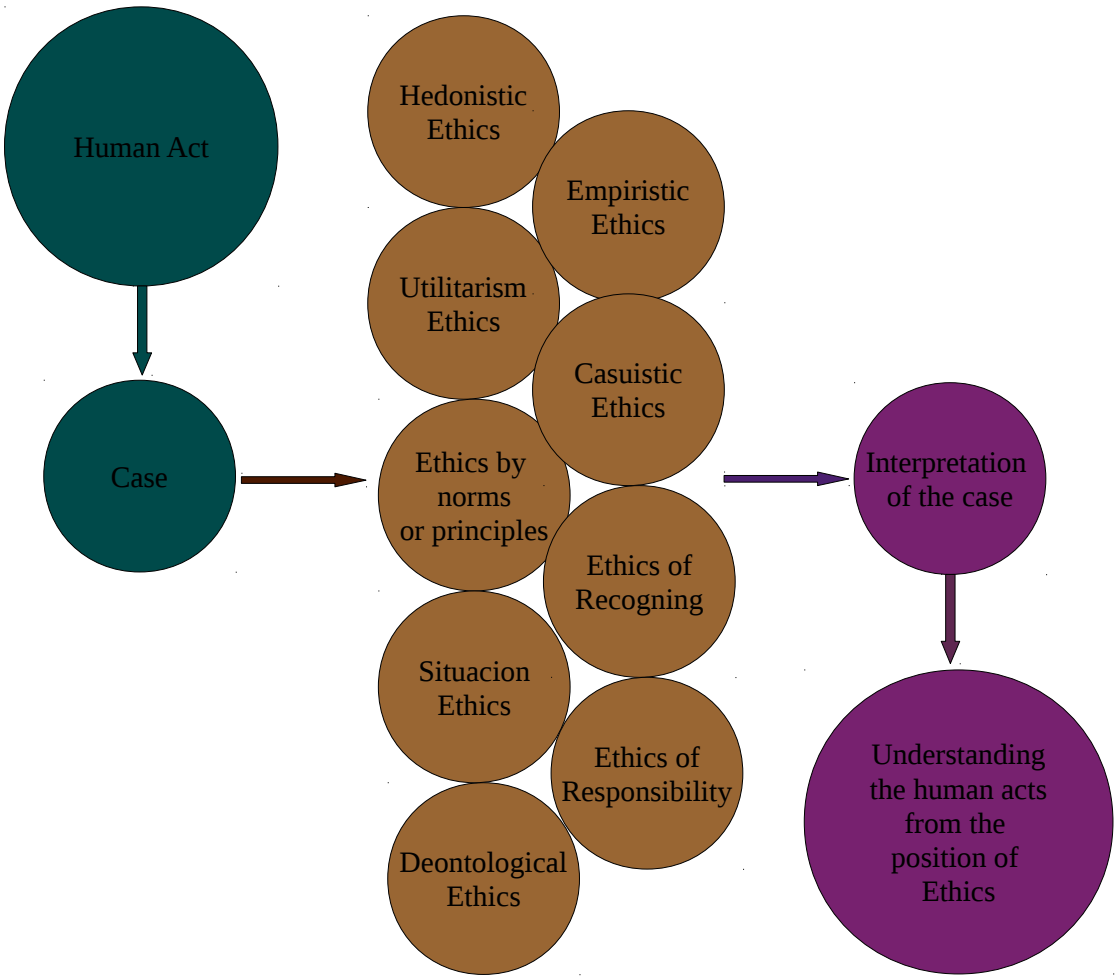
For this reason we defined the case study in ethics as the *cases which are analyzed from ethical position and we tried to describe the relationship between human act and possibilities of choices from normative ethics perspective.* In the beginning there is a human act. We transferred this act to the case. It means that we will talk about this act without any personal information like name, gender, religion, nationality, etc. In the cases when the object is a company or some corporation, we also will describe it without any details about the company. The next step is comparison with the existing system of normative ethics. And then we will try to interprete this case and understand it from the position of ethics.

This method can be seen in the picture:



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8 Case: *Students' thesis*

8.1 Introduction

University education is the time of studying, learning, doing research. All these activities give possibilities for all students to prepare for their future jobs and carriers. For this reason university teachers take their jobs seriously and help students in this process of studying.

Universities all around the world have Ethical commissions or Disciplinary commissions. Their responsibility is to punish academical crime, for example plagiary in diploma thesis or papers. This case study is based on the real situation.

During the final university exam two students with different topics of diploma thesis came to defend their thesis. They obviously had different topics of their thesis, but theoretical part of both diploma thesis was identical. During their presentations and defence of both diploma thesis, the members of the commission asked who the original author of the identical text was. Both students were confronted with the fact, that one of them was plagiarizing the work of the other student.

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8.1.1 The problem from ethical point of view

The first problem we can see is the problem of author's rights. However, this kind of problem is more juridical than ethical. So, we have to ask another question.

One of the students spent lot of time for studying, collecting data for analysis. We can see a very scrupulous student, who worked hard for the success.

The second of the student didn't work. He just opened his friend's files in the computer, downloaded the text for the chapter of his/her own diploma thesis.

8.2 Case analysis from different schools of normative ethics perspective

In this chapter one case will be analyzed from the perspective of different normative schools of ethics. The aim is to ask which is the right one for this specific case. I consists of the main definition of each normative ethics school, case analysis from the good and evil point of view, result and justification of the result. We would like to explain how and why we think about this kind of justification.

8.2.1 Ancient hedonism **perspective**

Definition of Ancient Hedonism (see chapter 4.1, page 31): The maximization of pleasure and minimization of suffering are the aims of hedonistic ethics.

The first student from the perspective of ancient hedonism maximized suffering. His feeling of responsibility, worry about the goal of the work, all this suffering during the process of work on the diploma thesis made him/her worry about his success during the presentation of diploma thesis.

The second student from the perspective of ancient hedonism minimized suffering. He/her didn't care about the result of work. His/her goal was just to present and successfully defend his diploma thesis.

Result

From the perspective of ancient hedonism the second student was right, because he/she minimized suffering and maximized pleasure.

Justification

Good and evil is judged from the perspective of pleasure and suffering. Pleasure is good is pleasure, suffering is evil.

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8.2.1 Utilitarianism perspective

Definition of utilitarianism (see chapter 4.2, page 32): The principle it supports is simple: good is useful. Usefulness is the main principle, and good is what brings benefit to as many people as possible.

It is really difficult to say, how big the benefit of diploma thesis is for people if we are not familiar with the topic and content of the specific thesis. However, we would like to assume two premises. First, that scientific work is goodness for people and the second, we assume that moral aspect of the research is The Greater Good. From these premises we may think that the first student's work brought benefit to as many people as possible because he broadened knowledge by his/her research. He/she also kept the moral and ethical principle of the research and became a role model for others researchers.

If we keep to the same premises, we may assume that the second student didn't bring benefit to as many people as possible because at first, he/she did not broaden knowledge by his/her research. He/she did not keep the moral and ethical principle of research. He/she couldn't be a role model for other researchers.

Result

From the perspective of utilitarianism the first student was right, because the first student's work brought benefit to as many people as possible.

Justification

The good and evil is judged from the perspective that good is useful. Usefulness is the main principle, and good is what brings benefit to as many people as possible. Good is useful, evil is useless.

8.2.2 Empiristic ethics perspective

Definition of empiristic ethics (see chapter 4.3 on the page 33): The ethical principle here seems to be based on thoughts and actions that are statistically evaluated as the most frequent. The fact that they are often repeated is statistically regarded as 'good'.

For analysis of this specific case we should know how many students break the copyright law and download the work of other researchers. This statistic knowledge is necessary to prove which of both students is ethically right. Since we have no statistic data about the number of students who break the copyright law, we would like to assume one premise: Most students do not break the copyright law.

From this premise we may think that the first student's work followed the statistically most frequent way of behaviour. If this is true, we may think that he/she just repeated statistically verified most frequent way of behaviour.

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From the position of the same premise we may think that the second student did not follow the statistically most frequent way of behaviour.

Result

From the perspective of empiristic ethics the first student was right, because the first student followed statistically frequent way of behaviour.

Justification

The good and evil is judged from the perspective of statistically frequent way of behaviour.. Good is what is statistically frequent way of behaviour, evil is statistically less frequent way of behaviour. However, the problem of this normative ethics school is that good or evil is verified only by statistic data.

8.2.3 Ethics by norms or principles perspective

Definition of ethics by norms or principles (see chapter 4.4 on the page 36): Ethical maxims shape a human life in the form of norms.

One of the ethical maxims can be: don't break the copyright law. If we have an ethical maxim, we can just simply follow this rule.

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From the position of this maxim the first student worked hard on his/her paper and all data for his/her work were obtained on his/her own.

The second student obtained all data for his/her paper from the work of his/her friend. From the perspective of ethics by norms or principles he/she obtained all data illegally. Maxims became norms in Kant's Critique of the Practical Reason (KANT, I. 1996). We should follow these maxims in academic writing as well. It means that the second student broke the major ethical maxim.

Result

From the perspective of ethics of norms or principles the first student was right, because the first student followed the maxim which became a norm.

Justification

The good and evil is judged from the perspective personal maxims of people which became norms. Good is following the norms. Evil is breaking the norms.

8.2.4 Casuistic ethics perspective

Definition of the casuistic ethics (see chapter 4.5, page 37): This means that maxims and particular commandments are considered for each individual case, in cases where conscience contradicts ethical maxims or particular ethical commandments contradict other rules.

In case when one maxim is confronted with another maxim, they are both in conflict. In this particular case there aren't conflicts of maxims or norms.

Result

From the perspective of casuistic ethics there aren't good or evil solutions, because nobody was in the conflict of maxims.

Justification

The good and evil is judged from the perspective of conflict between maxims. There is not any conflict of maxims.

8.2.5 Situation ethics perspective

Definition of the situation ethics (see chapter 4.6 on the page 38): Each person's unique experience cannot be transferred to any other person or institution, which for the purposes of business ethics means there are no nameless institutions. Some kind of management is always behind the business, in the form of a director or an owner who chooses to act in a certain situation.

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The first student worked and passed the final exam and also defended his/her diploma thesis. His situation predicated the proper end of the university education.

The second student didn't work. That was the situation which presupposed him/her to fail his/her university education. We do not have any supplementary information about the particular situation of the second student. But for the needs of the book, let us make up a hypothetical situation.

The first student had time comfort because he/she used to pass all exams on time, and he/she was able to be focused on the research. That is the reason why he/she worked with pleasure and collected, analyzed and interpreted the data with calm mind.

The second student is in a totally different situation. He/she had the last chance to finish university. This was the reason why he stole data from the friend's computer.

From the casuistic ethics perspective we have to evaluate the second student's maxims.

1. Break the maxims and finish the university successfully.
2. Work alone and know, that it is impossible to finish school successfully on time.

We can see that the first decision seems to be better, because it gives the hope for success.

In this specific case, as we see, the disciplinary commission punished this decision.

Result

From the perspective of situation ethics it is not clear which one of both students is right because the situation of each student was different. And who knows, how the result would change, if the first student was in a more difficult situation.

Justification

The good and evil is judged from the perspective of the specific situation.

8.2.6 Ethics of recogning perspective

Definition of the ethics of recogning (see chapter 4.7 on page 41): The norm of every individual is that their reasoning motive should be in harmony with their conscience. This is in line with responsibility to the ultimate criterion.

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What are the highest of all criteria though?

- Inherent law;
- The categorical imperative;
- God.

The main criteria which are possible to be applied for the specific case are too personal. In this specific case we can just theoretically think which one the fist student choose. For this reason we cannot decide which criterion was chosen.

8.2.7 Deontological ethics perspective

Definition of the deontological ethics (see chapter 4.8, 42): *"Act in a way that will turn the maxims of your will into generally accepted laws"*(Kant 1998).

From the perspective of the deontological ethics, the first student followed the categorical imperative by Immanuel Kant because he/she by his/her work completed the act which is acceptable for all people in the world. He didn't want to live in the world in which breaking the copyright law or breaking the other laws is acceptable.

The second student, did not follow this categorical imperative because he/she probably wanted to live in the world, in which breaking the copyright law or breaking the other laws is acceptable.

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Result

From the position of deontological ethics the first student was right.

Justification

Nobody would like to live in the world, in which breaking of ethical maxims, norms is something regular. Good is logically justified good.

8.2.8 Ethics of responsibility perspective

Definition of the ethics of responsibility (see chapter 4.9 on page 44): Provided you assume that responsibility is the maxim of everyone's good conduct (Weber 1958), you have to ask yourself too what such conduct will bring.

Criterion of responsibility: We are held liable for our actions and the consequences that result from them.

The result of the first student's deeds is to successfully graduate from university. From the position of the ethics of responsibility he/she should pass the major criterion of responsibility. His/her actions correspond with reasonable consequences. The consequence for the first student is to successfully graduate from university and a great opening to the business life.

The result of the second student's deeds is the summons to the disciplinary commission. From the position of ethics of responsibility he/she did not pass the major criterion of responsibility. His/her activity had unintended consequences.

Result

From the position of ethics responsibility the first student was right.

Justification

Good equals with intended consequences. Evil equals with unintended consequences.

Discussion questions

1. In your opinion, which normative ethics school justifies this specific case?
2. Why?

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9 Case: Loyal employee

9.1 Introduction

Business ethics has become very important part of knowledge of employers in companies with global responsibility. We do not think just about managers or representatives of the company but also about employees in research field. In this field of work moral quality of the researcher is really necessary. Because, one of presuppositions of work in a research part of a company is the loyalty of employees to management of the company, stakeholders and shareholders. The last but not the least, every researcher has a huge responsibility to consumer and environment.

In one company there was a person who had a huge responsibility. He/she was the leader of a research team. However he/she established two smaller companies in the same research area. He/she worked for his/her employer and for his companies simultaneously. He/she had a regular full – time contract in his job. During the research work he/she collected the data for his/her employer. Meanwhile he/she sent these data also to his/her companies. This employee had a big responsibility and also a strong position in the company. For this reason nobody from his/her team examined, how he/she used the data. Nobody would ever ask about transferring and saving the data because they trusted him/her. He/she used all his/her knowledge and data very effectivelly for his/her companies and finally to enrich just him/herself.

9.1.1 The problem from ethical point of view

The major problem of this case is a relation of loyalty between employee and employer.
The second problem is a relation of loyalty between the senior researcher and his/her team.
The third problem is using the data commercially to enrich oneself at the expenses of the team and research company.

9.2 Analysis of the case from the perspective of different schools of normative ethics

Cases from the perspective of some normative schools of ethics will be analyzed in this chapter. We will ask which one is the right one for the specific case. Following the main definition of normative ethics school, cases will be analyzed from good and evil point of view, result and justification of the result. We would like to explain how and why we find this kind of justification.

9.2.1 Ancient hedonism **perspective**

Definition of Ancient Hedonism (see chapter 4.1 on the page 31): The maximization of pleasure and minimization of suffering are the aims of hedonistic ethics.

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The employee from the perspective of ancient hedonism maximized pleasure when he/she collected the data for his/her own company. His/her feeling of responsibility, was just a worry about the his/her profit. In this case collected data were used to enrich him/herself. He/she used the work of other employees for personal enrichment.

Result

From the perspective of ancient hedonism this employee was right because he/she minimized personal suffering and maximized pleasure. He/her used the collected data for maximization of his/her personal profit. Everything what employee did for his/her personal enrichment is morally good, because his acts resulted into minimization of suffering.

Justification

Good and evil is judged from the perspective of pleasure and suffering. Pleasure is good, suffering is evil. For this reason it is necessary to remember that employee's acts are a justification from the personal position of personal good. And it is not important what is really good for the whole company.

9.2.2 Utilitarianism perspective

Definition of utilitarianism (see chapter 4.2 on the page 32): The principle it supports is simple: good is useful. Usefulness is the main principle, and good is what brings benefit to as many people as possible.

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It is possible to justify the same situation from totally different ethical positions as we will see. It is really difficult to say without knowing the details, to what extent employee's acts were harmful for the company. If we are not aware of the extent of this damage, how we can judge his deeds? We can do it, because we see that all what this employee did was in relation with other employees, whole company and also the whole society. From this perspective we can assume two premises. First, that scientific work is goodness for the company and the whole society. Second, we assume that moral aspect of the research is The Greater Good. From these premises we may think that employee's work brings benefit to as many people as possible. Because at first, he/she broadens knowledge by his/her research. Second, he/her kept the moral and ethical principle of the research and served as a role model for other researchers. Third, the company financed the research program, built the team of employees and also was in charge of research results.

If we keep to these premises, we can assume that the employee didn't bring benefit to colleagues who worked with him/her. This employee also didn't bring the product to his/her company, but he brought good for the personal company.

Result

From the perspective of utilitarianism all employee's acts were wrong because, he/she took financial support from the company in which he/she had full/time contract. But, all he/she did was for his/her personal company. For this reason he/she enriched at the expense of his/her employer. He/she abused the confidence of the colleagues and the position in the company.

Justification

The good and evil is judged from the perspective that good is useful. Usefulness is the main principle, and good is what brings benefit to as many people as possible. Good is useful, evil is useless. The acts of this employee were not useful, so for this reason we cannot consider them to be good. Evil is much better.

9.2.3 Empiristic ethics perspective

Definition of empiristic ethics (see chapter 4.3, page 33): The ethical principle here seems to be based on thoughts and actions that are statistically evaluated as the most frequent. The fact that they are often repeated is statistically regarded as 'good'.

For justification of this specific case we have to know how many employees break internal rules of the company about the collecting data they work with. This statistic knowledge is necessary for justification whether the employee did good or wrong action. In the case when we have no statistic data how many employees break the rules, we would like to assume one premise: Majority of employees did not break the company rules.

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From this premise we may think that employee work didn't follow actions statistically evaluated as the most frequent. If this is true, we may assume that he/she didn't repeat statistically verified actions.

Result

From the perspective of empiristic ethics it is evident that employee broke actions statistically evaluated as the most frequent. It means that his/her actions were wrong.

Justification

The good and evil is judged from the perspective of actions statistically evaluated as the most frequent.. Good is what is statistically frequent way of behaviour, evil is statistically less frequent way of behaviour. But the problem of this normative ethics school is that good or evil equals statistically frequent way of behaviour. We need some different point of view.

9.2.4 Perspective of ethics by norms or principles

Definition of ethics by norms or principles (see chapter 4.4, page 36): Ethical maxims shape a human's life in the form of norms.

One of the ethical maxims can be: don't break internal rules of the company. If we have an ethical maxim, we can simply follow the rules.

From the position of this ethics employee has to just follow these rules which are called maxims in ethics. But in the case, when he/she started collecting the data not only for the company, but also in same moment for his/her own company, he/she broke internal rules.

Result

From the perspective of ethics of norms or principles employee was wrong. Because he/she did not keep the rules and broke them. In ethical terminology, he/she did not follow ethical maxims.

Justification

The good and evil is judged from the perspective of personal maxims of people which became norms. Good is following the norms. Evil is breaking the norms.

9.2.5 Casuistic ethics perspective

Definition of the casuistic ethics (see chapter 4.5, page 37): This means that maxims and particular commandments are considered for each individual case, in cases where conscience contradicts ethical maxims or particular ethical commandments contradict other rules.

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In the case when one maxim is confronted with another maxim or norm, principle or commandment are both maxims in the conflict questioning. We can find two different maxims:

1. Personal prosperity as good,
2. Common good as good.

How we can judge which good is better or, which is more acceptable. From the position of business ethics, it is really difficult to decide which good is more acceptable. The problem of casuistic ethics is, that this kind of ethics is connected with some idea. For example religious idea, like Roman Catholics dogmas. When we consider this aspect of casuistic ethics, we can analyze this case.

Solution of this case can be found in Ten Commandments. We can read the eighth command: You shall not steal. If we agree that collecting data not only for the company which gives the employee work is stealing, we have a solution. In the conflict of maxims we may borrow some commandments.

Result

From the perspective of casuistic ethics employee made great foul because he/she broke one of commandments.

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Justification

The good and evil is judged from the perspective of a conflict between maxims. In the case of the conflict it is necessary to look for some ideas from religion or philosophy or just from the customs of a region, where we live.

9.2.6 Situation ethics perspective

Definition of situation ethics (see chapter 4.6, page 38): Each person's unique experience cannot be transferred to any other person or institution, which for the purposes of business ethics means there are no nameless institutions. Some kind of management is always behind the business, in the form of a director or an owner who chooses to act in a certain situation.

Every employee is obviously a unique person with unique life experience, especially when this specific employee, he/she has a good contract with the company. In this situation it is not possible to justify this way of behaviour.

Result

From the perspective of situation ethics it is not clear why he/she stole the data for his/her own company.

Justification

The good and evil is judged from the perspective of a situation.

9.2.7 Ethics of recogning perspective

Definition of the ethics of recogning (see chapter 4.7 on page 41): The norm of every individual is that their reasoning motive should be in harmony with their conscience. This is in line with responsibility to the ultimate criterion.

What are the highest of all criteria though?

- Inherent law;
- The categorical imperative;
- God.

The main criteria which are possible to be applied for the specific case are too personal. In this specific case we can just theoretically think which one the fist student choose. For this reason we cannot decide which criterion was chosen.

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9.2.8 Deontological ethics perspective

Definition of the deontological ethics (see chapter 4.8 on page 42): *"Act in a way that will turn the maxims of your will into generally accepted laws"*(Kant 1998).

From the perspective of the deontological ethics, employee did not keep to the categorical imperative written by Immanuel Kant. Because he/she by his/her work completed the act which was not acceptable for all people in the world.

Result

From the position of deontological ethics employee's way of behaviour is not acceptable for all reasoning people. In the moment, when reasoning people accept this way of behaviour, they should all accept also fallacy as a regular norm of behaviour.

Justification

Nobody would like to live in the world, where breaking the ethical maxims, norms is something regular. Good is the reasonable good.

8.2.9 Ethics of responsibility perspective

Definition of the ethics of responsibility (see chapter 4.9, page 44): Provided you assume that responsibility is the maxim of everyone's good conduct (Weber 1958), you have to ask yourself too what such conduct will bring. Criterion of responsibility: We are held liable for our actions and the consequences that result from them.

The result for employee is amaximum profit for him/her self. In the moment when he/her collected data with the team of researchers, employer gave him/her a salary. But also his/her personal company had some profit on the market. It should be that his/her personal company endangered his/her employer existence on the market.

Result

From the position of ethics responsibility it is not acceptable employee's way of behaviour.

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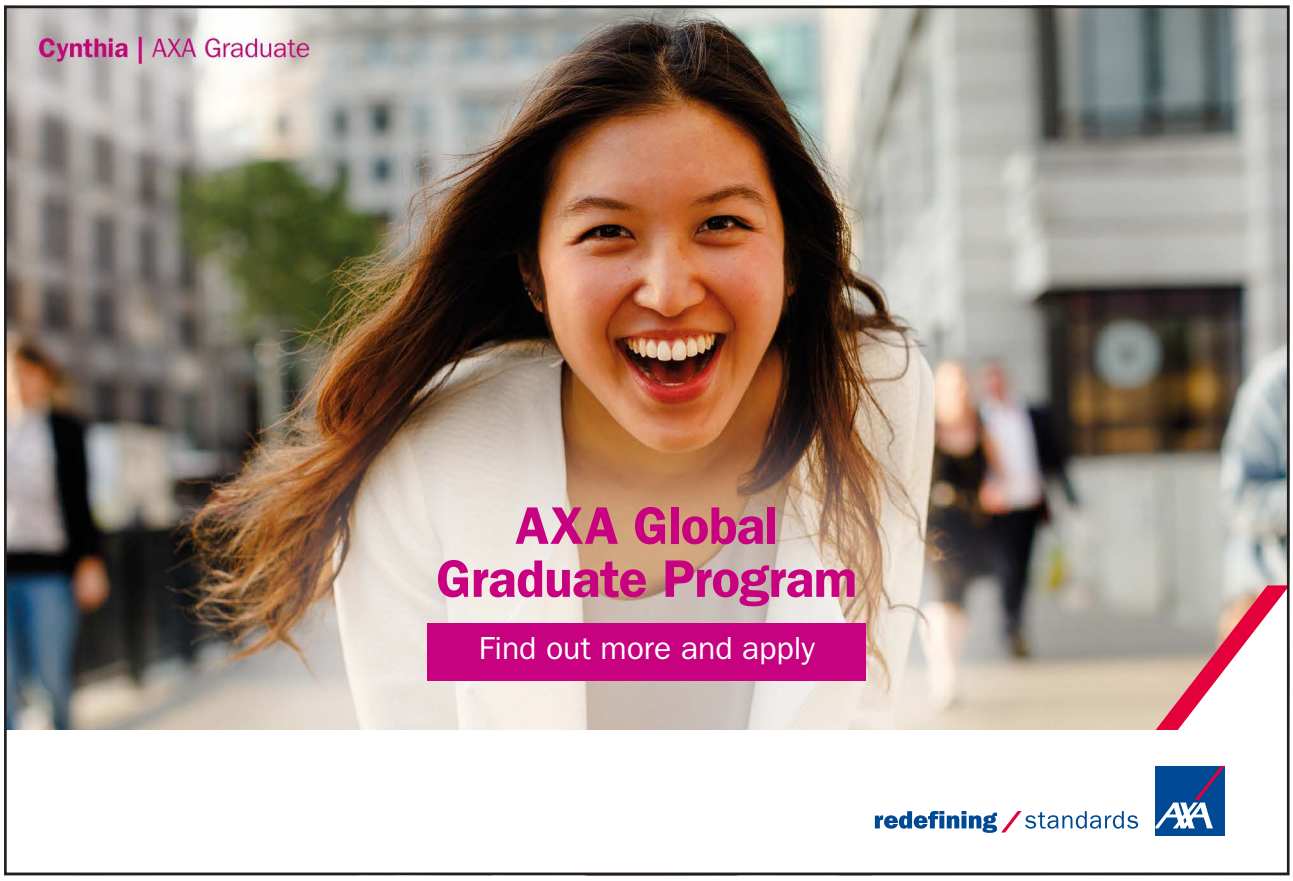
Justification

Good is the same with intended consequences. Evil is same with unintended consequences.

Discussion questions

1. In your opinion, which normative ethics school justifies this specific case?
2. Why?



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