**1. Introduction to Ethics**

A. What is Ethics?

* Ethics comes from a Greek word “ethos” which means character, spirit and attitude of a group of people or culture. It also means beliefs, values and behaviour of a society.
* *Ethics involves the study of the moral standards of a society* about its uniqueness, correctness or appropriateness.
* It will look upon *the societal rules and principles as just and fair for all aspects of life of a society.*
* For example: The rule of the company is: “an act of stealing things from the company means immediate dismissal of employment.”

Employee A has been accused for stealing in the company, and after the

management has made an investigation, A is dismissed from the company.

Question: Is the dismissal of employee A done in a fair and just manner?

* Another example: Two persons were caught for stealing food and they were brought before the Judge. One said that he stole the food to feed some hungry children and the other accused said he stole food because he was hungry. The Judge allowed the accused who stole food to feed the hungry children to go free but with a warning. The other accused was put in jail.

Question: Should not both the accused be jailed for committing the same crime?

* From the above examples, it is apparent that ethics is needed to refine and perfect the legal system.
* Therefore *ethical judgement* must base on *reasonableness, quality and weight of the evidence that supports it*; but not just based on religious belief. Ethical judgement can change the law.

B. Two ways to study and assess the moral standards of a society.

1. Normative study (quantitative approach) e.g. what acts are rightful or wrongful.
2. Descriptive study (qualitative approach) e.g. by observing and describing happenings and explaining whether the human acts are right or wrong i.e. about the moral standards of a society to be unique or correct or not. Whether the societal rules and principles are just and fair for all aspects of life of a society or in business or non-business.

C. Ethics and Law

* The development of law is dependent on ethics. The values and beliefs of societies change over time. This implies that the circumstances and situations change with the progress of a society from time to time. The moral standards of a society therefore change with changing circumstances and situations experienced by the society. As a consequence, the ethical standard for a society is adjusted to meet the changing needs of the society. As a result law is changed to accommodate the changing ethical standards of the society.

D. Basic guidelines for making a thorough, thoughtful ethical judgement:

* Be aware of your first impression of the problem/issue.
* Make sure you have all the relevant facts.
* Consider the various opinions and arguments on the issue.
* Focus on the substance of the issue and do not be emotional.
* Be flexible in your thinking.
* Make and express your judgement and your reasoning.

E. Business Ethics

* It is about the moral responsibility of a business towards its customers to maintain its reputation and image for its long-term existence.
* It must be responsible to ensure that its products are of the quality.
* It must follow the prescriptions of the goods.
* It must honour the promises made to customers.
* From the above, it shows that ethics covers the relationship aspects in business i.e. between the business and the stakeholders (shareholders, customers, employees and others in the society).
* Business ethics covers those aspects of the law that is not appropriate to regulate such as interpersonal relationship at work or with competitors.
* It must be noted that business is not governed by legal rules but other systems as well such as ethics, economics, corporate governance and social responsibility.

F. Where do we acquire our ethical values?

* Upbringing
* Socialization process
* Experience and critical reflection on those experiences
* From the culture
* Religion.

G. Ethical Values between East and West

* Eastern ethical values are based on religion, community and collectivism while Wester ethical values are on individualism and opportunism.

H. Why study ethics?

* Acquire the skill to make ethical decisions.
* Able to make fair and equitable decision
* Able to defend the position when challenged by people about our moral value.
* Able to make objective decisions.

I. Summary: Difference between ethics and morality

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| Ethics | Morality |
| 1. Ethics is the study of morality of a society whether the moral standard of a society is moral or not  2. It is a judgemental process involving analytical thought and application of reason to determine specific rules, principles or ethical theories that determine right or entitlements and what is just or fair in the life of a society. E.g. lying, cheating and manipulation are wrong.  3. Ethics involves the explanation of why lying, cheating and manipulation are wrongful acts. | 1. About the norms, values and beliefs of a society and which defined what is right or wrong. |

J. Ethical Principles

There are six ethical principles:

1. The Golden Rules (Confucius principle) – do unto others as you would have them

do unto you.

1. Immanuel Kant’s Categorical Imperative – if an action is not right for everyone to take, then it is not right for anyone to take (i.e. the principle of universalizability)
2. Descartes’ Rule of Change – if an action cannot be taken repeatedly then it is not right to be taken at any time (also known as the slippery-slope rule).
3. The Utilitarian Principle – taking the action that achieves the higher or greater value after weighing the costs and benefits or consequences.
4. The Risk Aversion Principle – taking the action that produces the least harm or the least potential cost.
5. The Ethical ‘No Free Lunch’ Rule – virtually all tangible and intangible objects are owned by someone unless there is a specific declaration otherwise.

Universally Accepted Moral Values

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| Good values | Bad values |
| * Compassion * Courage * Honesty * Integrity * Respect for human life * Self-control | * Cheating * Cowardice * Cruelty * Decent * Lying * Greed * Selfishness |

Review Questions

1. Differentiate between ethics and morality. Provide examples.

2. Several factors influence ethical values. Select any one factor and justify its importance in

shaping one’s ethical values.

Case study: **Beech-Nut’s Bogus Apple Juice**

When Lars Hoyvald joined Beech-Nut in 1981, the company was in financial trouble. In the competitive baby food industry, the company was a distant second behind Gerber, with 15 % of the market. After faltering under a succession of owners, Beech-Nut was bought in 1979 by Nestle, the Swiss food giant, which hoped to restore the lustre of the brand name. Although he was new to Beech-Nut, Hoyvald had wide experience in the food industry, and his aim, as stated on his resume, was “aggressively marketing top quality products.”

In June 1982, Hoyvald was faced with strong evidence that Beech-Nut apple juice for babies was made from concentrate that included no apples. Since 1977, the company had been purchasing low-cost apple concentrate from a Bronx-based supplier, Universal Juice Company. The price alone should have raised questions, and John Lavery, the vice president in charge of operations, brushed aside tests that showed the presence of corn syrup. Two employees who investigated Universal’s ‘blending facility’ found merely a warehouse. Their report was also dismissed by Lavery. A turning point occurred when a private investigator working for the Processed Apple Institute discovered that the Universal plant was producing only sugared water. After following a truck to the Beech-Nut facility, the investigator informed Lavery and other executives of his findings and invited Beech-Nut to join a suit against Universal.

Although some executives urged Hoyvald to switch suppliers and recall all apple juice on the market, the president was hesitant. Even if the juice was bogus, there was no evidence that it was harmful. It tasted like apple juice, and it surely provided some nutrition. Besides, he had promised his Nestle superior that he would return a profit of $7 million for the year. Switching suppliers would mean paying about $750,000 more each year for juice and admitting that the company had sold an adulterated product. A recall would cost about $5.5 million. Asked later why he had not acted more decisively, Hoyvald said, “I could have called up Switzerland and told them I had just closed the company down. Because that is what would have been the result of it.”

Fearful that state and federal investigators might seize stocks of Beech-Nut apple juice, Hoyvald launched an aggressive foreign sales campaign. On September 1, the company unloaded thousands of cases on its distributors in Puerto Rico. Another 23,000 cases were shipped to the Dominican Republic to be sold at half price. By the time that state and federal authorities had forced a recall, the plan was largely complete. In November, Hoyvald reported to his superior at Nestle, “the recall has now been completed, and due to our many delays, we were only faced with having to destroy approximately 20,000 cases.” Beech-Nut continued to sell bogus apple juice until March 1983.

Questions

1. What is ethics?
2. Highlight the ethical issues in this case.
3. Distinguish ethics and law in the above case.