

## 2.7: Summary

### Section Summaries:

#### 2.1 The Concept of Ethical Business in Ancient Athens

The role of ethics in Athens during Greece's Golden Age (fifth century BCE) was substantial. Aristotle focused on the role of virtue in developing individual character and social stability. He believed a person's actions determined whether he or she was virtuous, and the point of the virtuous life was happiness, or *eudaimonia*.

Aristotle identified two types of virtues: intellectual and moral. Intellectual virtues were acquired through learning and served as guides to behavior by helping the individual discover truth. Moral virtues were acquired through habit and built character by helping someone pursue what is beneficial and avoid what is harmful in daily life. Aristotle considered *phronēsis*, or prudence, the most important virtue, because of its practical application.

The thirteenth-century philosopher and theologian Thomas Aquinas agreed with Aristotle that to act dishonorably casts disrepute on all concerned. Ends and means had to be aligned, particularly in business, which provided people's livelihoods and secured the economic health of the city-state.

#### 2.2 Ethical Advice for Nobles and Civil Servants in Ancient China

Confucius (551–479 BCE) attempted to revise ancient Chinese traditions and mores to counter the social chaos of his times. His system of virtue ethics emphasized relationships and, when followed faithfully, led to the *dao* of humanity, that is, true harmonious living. There were three ways to achieve *dao*: "whole-hearted sincerity and truthfulness," the "constant mean," and "expediency" (*quan*). Someone who lived virtuously became more humane, which resulted in a flourishing individual and an ordered nation.

In Confucian virtue ethics, business was viewed as a network of relationships dependent on trust and righteousness. Righteousness was a form of justice that compelled everyone to act in good faith. Considered in this way, justice allows for wealth creation, investment, and strategic planning as long as everyone fulfills his or her role and acts in accordance with the basic pattern of relationships Confucius identified.

#### 2.3 Comparing the Virtue Ethics of East and West

Aristotle and Confucius each constructed an ethical system based on virtue, with Aristotle's anticipated result being happiness and Confucius's being harmony. For Aristotle, happiness consisted of the search for truth. Confucius looked to create a system that put an end to civil chaos. Although both systems relied on reason and control to achieve their ends, Aristotle placed the locus of ethical behavior on individuals, but he held that a moral upbringing and good political governance also contributed to the formation of moral character. Confucius saw this locus in the family, which provided the basic pattern of relationships for personal and professional life. Reason prevailed throughout, as in the cultivation of a more just and humane person.

In a business context, reason and control bear directly on management, leadership, and corporate culture. They constitute a way of cultivating individual virtue and corporate ethos such that the two go hand in hand. The environment or culture of an organization needs individuals of character who can follow their conscience and experience moral conversion. We might envision the emergence of universal values like reason and control that nurture both the individual and the organization.

#### 2.4 Utilitarianism: The Greatest Good for the Greatest Number

Jeremy Bentham developed a quantifiable method for determining what was beneficial and what was detrimental. He called this method utilitarianism, because its basic unit, the "util," acted like a monetary unit. Bentham's protégé, John Stuart Mill, refined this system to include human rights. His "harm principle" is an outstanding element in his version of utilitarianism.

Utilitarianism in business can lead to a bottom-line mentality in which decisions are based on achieving the greatest good for the organization as it pertains to the greatest number of stakeholders, including shareholders and all others affected by the actions of the organization. The outcome is the determining factor, not the intent of the actors or whether people are treated humanely.

#### 2.5 Deontology: Ethics as Duty

Rejecting dogmatic thinking of all kinds, Kant believed people were not the sum total of reactions to stimuli but complex beings with innate structures of understanding and inborn moral sensitivity. In his view, everyone had a duty to obey a categorical imperative to do the just and moral thing, regardless of the consequences. The outcome of an act was not as important as the intent

of the actor and whether the act treated others as ends or means. Here, Kant reflected Aristotelian virtue ethics in seeing people as ends in themselves and not as “living tools” or human resources.

This view does not typically govern most management decisions in business; arguably, utilitarianism is the efficient, go-to theory on which corporate leaders often rely. Yet a Kantian understanding of business ethics remains viable even today and sometimes displays itself in the most compassionate and humane actions that evolving commercial organizations take.

## 2.6 A Theory of Justice

Rawls developed a theory of justice based on social contract theory, holding that the natural state of human beings is freedom, not subjugation to a monarch, no matter how benign or well intentioned. Rawls’s theory views human beings as inherently good and, echoing Kant, inclined toward moral rectitude and action. In his theory, Rawls included the “veil of ignorance,” which ensures objectivity in our choices and the avoidance of bias. Criticism of Rawls’s theory focuses primarily on the issue of distribution, because decisions made in ignorance can neither reward innovation and enterprise nor encourage risk.

## Key Terms

### **categorical imperative**

Kant’s unconditional precept that we must “act only according to that maxim whereby you can, at the same time, will that it should become a universal law”; to act on the basis of good will rather than purely self-interested motives and never treat others as means toward an end without consideration of them as ends in themselves

### **consequentialism**

an ethical theory in which actions are judged solely by their consequences without regard to character, motivation, or absolute principles of good and evil and separate from their capacity to produce happiness and pleasure

### ***eudaimonia***

the happiness or human flourishing that results from virtuous activity; it is more than contentment or satisfaction

### **golden mean**

in Aristotelian virtue ethics, the aim of ethical behavior, a value between excess and deficiency

### **harm principle**

the idea that the only purpose for which the power of the state can rightly be used is to prevent harm to others

### ***junzi***

a person who is gracious, magnanimous, and cultured; a flourishing human being

### **justice as fairness**

Rawls’s summary of the essence of his theory of justice

### **justice theory**

the idea of fairness applied beyond the individual to include the community as well as analysis of social injustice with remedies to correct it

### ***li***

the proper order of the universe and the customs and rituals that support order and harmony on Earth

### **managerial ethics**

a way of relating to self, employees, and the organization that balances individual and collective responsibility

### **original position**

in Rawls’s justice theory, a hypothetical situation in which rational people can arrive at a contractual agreement about how resources are to be distributed in accordance with the principles of justice as fairness

### ***phrónēsis***

prudence or practical wisdom; the intellectual virtue Aristotle considered most important

**quan**

expediency; a practical consideration of the relative rightness of options when considering a moral dilemma

**social contract theory**

a theory that holds the natural state of human beings is freedom, but that human beings will rationally submit to some restrictions on their freedom to secure their mutual safety and benefit

**unanimity of acceptance**

in Rawls's theory, the requirement that all agree to the contract before it goes into effect

**utility function**

a measure, in "utils," of the value of a good, service, or proposed action relative to the utilitarian principle of the greater good, that is, increasing happiness or decreasing pain

**veil of ignorance**

in Rawls's theory, a condition in which people arrive at the original position imagining they have no identity regarding age, sex, ethnicity, education, income, physical attractiveness, or other characteristics; in this way, they reduce their bias and self-interest

**virtue ethics**

an ethical system based on the exercise of certain virtues (loyalty, honor, courage) emphasizing the formation of character

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