Chapter : 1
Introduction to Business Ethics

Ethics which is a branch of philosophy deals fundamentally with the rules of human conduct from moral point of view. Business ethics is a specialized area of general ethics in which an awareness of ethical issues and a systematic approach to solving them are particularly important. Like other areas of ethics, business ethics has to do with the establishment and maintenance of vital and significant relationships among human beings – specifically, in this case, among employers, employees, competitors, consumers, suppliers, creditors, community, etc. As in other areas, ethical principles have the valuing of life, the string for goodness and avoiding of badness, the just and fair distribution of good and bad, honesty and truth telling, and individual freedom – apply to business ethics.

The main difference between business ethics and bioethics is that the specific issues, problems, and situations that arise often requiring a different application of the principles, although the general applications are roughly the same. There is a difference, for example, between a patient signing an informed consent and a builder signing a contract to build a house for a client. In the first situation, the doctor needs the patient's consent so that the patient can undergo some sort of procedure necessary for his or her health and well-being. In the second situation, a business person with specialized knowledge and abilities agrees to provide a client with something he or she wants, and the client, in turn, agrees to pay the builder a certain amount for doing this. The two situations are similar in that the "contracts" in both cases are an expression of trust, honesty, and mutual agreement executed for the benefit of both parties, but they differ in the specific ways in which ethics is applied.

1.1 Meaning of Ethics

The word *ethics* comes from the Greek word ethos, "meaning character or custom," writes by Robert C. Solomon, Professor of Philosophy. Today we use the word ethos to refer to the distinguishing disposition, character, or attitude of a specific people, culture, or group (as in, for example, the western ethos" or "the business ethos"). According to Solomon, the etymology of ethics suggests its basic concerns; (1) individual character, including what it means to be " a good person," and (2) the social

rules that govern and limit our conduct, especially the ultimate rules concerning right and wrong, which we call morality.

Ethics is the system of rules that governs the ordering of values. Ethical perspectives identify both the rules that should govern human behavior and those things that are worth seeking. In the broadest sense, **ethics** provide the basic rules or parameters for conducting any activity in an "acceptable" manner. More specifically, ethics represent a set of principles prescribing a behavioral code that explains what is good and right or bad and wrong; ethics may, in addition, outline moral duty and obligations. The problem with most definitions or the term is not in the description but rather in the implications for implementation. The definition is a static description that implies society agrees on certain universal principles. With society operating in a dynamic and ever-changing environment, however, such a consensus does not exist. In fact, continual conflict over the ethical nature of decisions is still quite prevalent.

This conflict arises for a number of reasons. First, business enterprises are confronted by many interests both inside and outside the organization – for example, stockholders, customers, managers, the community, the government, employees, private interest groups, unions, peers, and so on. Second, society is undergoing dramatic change. Values, morals, and societal norms have gone through a drastic evolution in the past few decades. A definition of ethics in such a rapidly changing environment must be based more on a process than on a static code. As one ethicist states, "Deciding what is good or right or bad and wrong in such a dynamic environment is necessarily 'situational' Therefore, instead of relying on a set of fixed ethical principles, we must now develop an ethical process."

Some Selected definitions of Ethics

1. **Webster's Ninth New Collegiate Dictionary**
   Ethics is defined as " the discipline dealing with what is good and bad and with moral duty and obligation."
   Personal Ethics has been referred to as "the rules by which an individual lives his or her personal life".
   Accounting Ethics pertains to "the code that guides the professional conduct of accountants".

2. **Garrett Thomas M, "Business Ethics", 1970.**
   "Ethics is the science of judging specifically human ends and the relationship of means to those ends. In some other way, it is the art of controlling the means so that they will serve specifically human ends".

3. **Skinner S J and Ivancevich J M, " Business For The 21st Century", 1992.**
   "Ethics are principles of bahavior that distinguish between right and wrong".
   "Ethical Conduct conforms with what a group or society as a whole considers right behavior".

4. **Rue & Byars, "Management: Theory and Practice", 1980.**
   Ethics are " standards or principles of conduct used to govern the behavior of an individual or group of individuals".

5. **Henderson V E , "The Ethical Side Of Enterprise", 1982.**
   The word ethics commonly "refers to principles of behavior that distinguish between what is good, bad, right and wrong".

6. **Scalletta I' S and Cameron G D , " Foundations of Business Law",1990.**
   Ethical conduct can be generally defined, " that which complies with standards of right or proper conduct"
   "Nonethical would be conduct which was contrary to or in violation of such standards".

7. **Bittel L R and Others, "Business in Action",1984.**
   "Ethics is a collection of moral principles and rules of conduct accepted by part or all of the members of a society"

> 8. **George R T D "Business Ethics" Macmillan Publishing company, 1990.**
> "Ethics in general can be defined as a systematic attempt to make sense of our individual and social moral experience, in such a way as to determine the rules that ought to govern human conduct, the values worth pursuing, and the character traits deserving development in life."
>
> **An Expert**
>
> "Ethics is defined as the practical normative study of the rightness and wrongness of human conduct as known by natural reason".
>
> "Ethics are the standards that govern moral conduct"
>
> "Ethics is the study of people's rights & duties , the moral rules that people apply in making decisions , and the nature of the relationships among people"
>
> Ethics guide behavior based on beliefs.
>
> Sources of Beliefs are:
>
>   - Tradition
>   - Religion
>   - Reasoned Judgements

1.2 Types of Ethical Study

There are four related phases of ethical study, which are commonly known as :

Descriptive ethics,

Nomative ethics,

Metaethics. and

Special ethics

The three constitute what is sometimes called general, as opposed to special ethics.

+ *Descriptive ethics* is closely related to anthropology, sociology, and psychology, and leans heavily on them. It consists in studying and describing the morality of a people, culture, or society.

+ *Normative ethics* systematically attempts to supply and to justify a coherent moral system. It attempts, in a variety of ways, to justify the basic principle of morality.

+ *Metaethics*, the third portion of general ethics, is closely related to normative ethics. It is sometimes called *analytical ethics* because it is concerned with analysis. Metaethics deals with the meaning of moral terms and with the logic of moral reasoning.

+ Special ethics first applies general ethics (which, as we have said, includes descriptive, normative, and metaethics) to solving particular problems, and second, to investigating the morality of specialized areas of human endeavor. The first of these is sometimes called casuistry. It is an important art or skill, but one that has sometimes been held in low repute.

The second area of special ethics involves the application of general ethics to specialized fields. This yields business ethics, medical ethics, engineering ethics, professional ethics, social ethics, and so on. Business ethics obviously deals with business. *Business ethics* as a field is defined by the interaction of ethics and business. At its broadest, it studies the possible moral justification of economic systems. Business ethics is as national, international, or global as business itself, and no arbitrary geographical boundaries limit it.

Thus, ethics in brief may be two types:

       [i]   Theological/ religious ethics- based on revelations   & religious beliefs

       [ii]   Philosophical Ethics - based on logical arguments

Four related Phases of Ethical Study

1. Descriptive Ethics,
2. Normative Ethics,
3. Metaethics, and
4. Special Ethics:

1. Descriptive Ethics :

- \# closely related to anthropology, sociology, and psychology.
- \# consists in studying and describing the morality of a people, culture, or society.
- \# compares and contrasts different moral systems, codes, practices, beliefs, principles, and values.
- \# provides basic material that normative ethics must account for
- \# provides a touchstone of the considered morality of a people or society with which the normative theory must more or less coalesce.

2. Normative Ethics :

- \# systematically attempts to supply and to justify a coherent moral system.
- \# seeks to uncover, develop, and to justify the basic moral principles, or the basic moral values of a moral system.
- \# the task of normative ethics is three fold:
- * **First**
- \# it attempts to form into a related whole the various norms, rules, and values of a society's morality.
- \# it tries to render these as consistent and coherent as possible with some hierarchical arrangements of norms
- * **Second**
- \# it attempts to find the basic principle from which the particular norms can be derived
- * **Third**
- \# it attempts , in a variety of ways, to justify the basic principle of morality

3. Metaethics:

- \# closely related to normative ethics. It studies both normative & descriptive ethics – called analytical ethics
- \# it deals with the meaning of moral terms and with the logic of moral reasoning
- \# the analysis of moral reasoning involves clarifying and evaluating presuppositions and investigating the validity of moral arguments.

4. Special Ethics:

- \# applies **general** ethics **to** solving **particular** problems.
  It is also called *Casuistry* meaning the art of solving difficult moral problems, cases, or dilemmas through the careful application of moral principles.
- \# applies **general** ethics **to specialized fields** like business, treatment, engineering, professional, social and so on.

Business ethics as a specialized field of ethics typically involves four kinds of activities. The first is the applying of general ethical principles to particular cases or practices in business. The second kind of activity is generally used to describe individuals and the actions they perform can also be applied to organizations, corporations, businesses, and other collective entities. A third activity of business ethics

is the analysis of the presuppositions of business — both moral presuppositions and presuppositions from a moral point completely resolved, metaethical dispute concerns the question of whether a moral ought or duty can be derived logically form a statement of what is, exclusive of normative premises. Business ethics can help people approach moral problems in business more systematically, and with better tools than they might otherwise use. Business ethics will not change business practices unless those engaged in the practices that need moral change wish to change them.

1.3 Needs & Claims Over Time

As the time is passing, people connected with business & other organization have been exhibiting newer demands & expectations. Frequently, social demands outrun the ability of organizations to respond. In many cases we view social progress as too slow, not because improvements are not being made but because aspirations outrun our ability to perform. Historically, business responsibilities were defined in terms of the *inner circle:* efficient performance of its economic function. Over the past several decades, greater emphasis has been placed on the *intermediate circle* in environmental protection, resource conservation, and employee and customer relations. Various public opinion polls suggest that the public has increasing expectations for greater corporate involvement in the *outer circle* in areas such as reducing inflation and unemployment, dealing with hunger and poverty, and support to education and the arts. It is probably easiest for corporations to define and meet the inner circle responsibilities and more difficult as they progress outward. Many of these outer circle problems are beyond the capacity of the individual corporation. While business cannot be expected to take the total responsibility for these broader social problems, they cannot close their eyes to the need for social change and should not resist programs that are directed toward social improvement. Active cooperation with governmental agencies in dealing with these social issues is one of the public's expectations and part of the emerging responsibilities of business.

Rights and Obligations in Business

First of all, by "rights" we mean those things to which human beings are entitled to by law, morality, or tradition, such as "the right to life" or "the right to be free." By "obligations" we mean some sort of responsibility of duty which people have toward one another — also accorded by law, morality, or tradition — to see that their rights are protected and accorded them. All human beings, for example, have a right to life, rights over their own bodies and lives, and also rights to be free, but none of these rights is ever absolute; indeed, they often conflict with one another. Conflicts of rights are not ethically resolved, however, by declaring certain rights to be absolute; rather, these conflicts are resolved trying to establish some sort of priority system, some *prima facie* rights, and adjusting those rights to each other with reasonable justification and with regard to the attendant circumstances. Just as the basic rights — the rights to life, justice, honesty and truth telling, and freedom — apply to life in general, so they apply in business.

As far as obligations in business are concerned, participants in business activities are obligated to be honest and tell the truth; be fair and just in dealing with others; be honest and trustworthy in executing and carrying out agreements and contracts; pay off debts, including interest on money loaned, in a manner agreeable to all parties; create a safe atmosphere for employees to work in; give the effort and perform the work for which wages are being paid; and, finally, be loyal to employers, employees, and customers within reasonable and ethical limits.

1.4 Morality in Business

Business is not something separate from society. Morality and business are related in a number of ways some of the relationships are obvious-so obvious that we take them for granted, and hence tend to ignore them. Any action, business or otherwise can be viewed from morale perspective. Hence, it is difficult to imagine what people mean when they say that morality and business do not mix, or are anti-ethical. Because business activity is human activity it can be evaluated from the moral point of view, just as any other human activity so evaluated. A business may ignore the moral demands of an individual, but it can hardly ignore the moral demands of a whole society, because it is both part of that society and dependent on it, even though it serves society.

Morality in business has to do with establishing and maintaining relationships among employers-employees, competitors, customers and the like. Morality requires that participants in business are obligated to be honest and tell the truth, fair and just in dealing with others, honest and trustworthy in honoring agreements and contracts, sincere in paying off debts and sincere in creating congenial working conditions for employees etc. The manufacturers must admit errors that have been made in creating products, especially where safety is involved. Persons involve in business must constantly inspect business practices at all levels to ensure that dishonesty and corruption are not taken place or at least minimized and if possible eliminated. While making publicity for the products through advertising this the seller should not advertise an unsafe products, not make claims which are not true or which are exaggerated, all claims and guarantees be supported by readily available evidence etc. This is how morality can be used in business and business transactions can be made ethical.

1.5 Definitions of Business Ethics

As stated earlier, business ethics is a specialized area of general ethics in which an awareness of ethical issues and a systematic approach to solving them are particularly important Business ethics involves the same basic issues that are found in other contexts. However, the business situation will probably be more complex. What ethics studies is morality. Morality is a term used to cover those practices and activities that are considered importantly right and wrong; the rules that govern those activities; and the values that are embedded, fostered, or pursued by those activities and practices. *Ethics* in general can be defined as a systematic attempt to make sense of our individual and social moral experience, in such a way as to determine the rules that ought to govern human conduct, the values worth pursuing, and the character traits deserving development in life. The term ethics is used in different way by different people. Some times ethics is synonymous with variety of ways morality, work ethics & work morality.

Some Selected important definitions of business ethics

> **1.   Garrett Thomas M, "Business Ethics", 1970.**
> "Business Ethics is concerned primarily with the relationship of business goals and techniques to specifically human ends. It studies the impacts of acts on the good of the individual, the firm, the business community, and the society as a whole. This means that business ethics studies the special obligations which a man and a citizen accepts when he becomes a part of the world of commerce".

2. **Skinner S J and Ivancevich J M, " Business For The 21st Century", 1992.**

   "Business Ethics is the evaluation of business activities and behavior as right or wrong".

   "Ethical Standards in business are based on commonly accepted principles of behavior established by the expectations of society, the firm, the industry, and an individual's personal values".

3. **Barry Vincent, "Moral Issues in Business", 1986.**

   "Business Ethics is the study of what constitutes good and bad human conduct, including related actions and values, in a business context".

4. **Weihrich H & Koontz H, "Management: A Global Perspective" , 1994**

   "Business Ethics is concerned with truth and justice and has a variety of aspects such as the expectations of society, fair competition, advertising, public relations, social responsibilities, consumer autonomy, and corporate behavior in the home country as well as abroad".

5. **Rue & Byars, "Management: Theory and Practice", 1980.**

   Business ethics are " concerned with the day-to-day behavior standards of individuals and organisations [connected with business]".

6. **Ivancevich J M and Others, "Management: Principles and Practices", 1996.**

   "[Business] Ethics are used by managers as guidelines in making decisions that affect employees, the organisation, consumers, and other parties [interested]".

7. **Glos R E & Baker H A , "Business : Its Nature And Objectives", 1972.**

   "Business Ethics consists of those principles and practices that are concerned with morals and good conduct as they are applicable to business situations"

   "Business Ethics is the group of rules of conduct applied specifically to business activities".

1.6 History & Development of Business Ethics

Like many other things the area of philosophy known as business ethics did not grow overnight. In classical Greece 2,000 years ago, the businessperson was not highly regarded. In fact, they ranked no higher on the social ladder than slaves. In Greek society, business was allowed to exist only because it served the public and the community. Businesspersons were severely punished if found guilty of immoral business practices. Greek businesspersons were also subject to intense criticism from the upper classes if they failed to practice a standard of morality which exceeded that of common honesty. This ethical standard was considerably higher than the minimum required by law. The merchants or producers of goods were not allowed to get rich, but only to make a living and live in the same manner as others of the same class. But the level of business ethics and social responsibility expected of the businesspersons during the classical Greek period can be classified as most extreme.

The next historical period important to business ethics and social responsibility lasted from approximately 900 A.D. to 1500 A.D. and is often referred to as the Feudal or \medieval era. The Catholic church exercised a strong influence over the lives and activities of its members. The Catholic church distrusted both businesspersons and the business system in general. It viewed the profit motive as being anti-Christian, as reflected in the Roman motto: *Homo macerator vit aut numquam Deo placere potest ("the merchant seldom or never pleases God").*

In the 13th century, St. Thomas Aquinas wrote that business could be justified only as long as it was operated for the good of the community, with honest motives and actions, just prices, living wages for employees, and a socially responsible use of profits. Fraud, dishonesty, and other such actions in business were punished severely during this period, and the ethical standards by which the businesspersons were expected to abide were still very high.

The years between 1500 and 1800 were important to business ethics and social responsibility as well; this was a period of social and religious revolution. For the first time, business became a respectable occupation. The Catholic dogma, which so mistrusted business and the businessperson, began to crumble. In its place came the Calvinist doctrine which praised the industrious and thrifty businessperson. Businesspersons gained respectability and dignity in their communities. In both continental Europe and England, businesspersons were welcomed into the so-called upper class.

The next period of interest in the history of business ethics lasted from approximately 1800 to 1930. This was the period of the Industrial Revolution, and new attitudes toward business ethics emerged. The businessperson finally replaced the aristocracy on the social ladder. Once viewed as lowly as the slave, the businessperson now had reached the top rung of the social ladder and had pushed aside the aristocracy. Employers became physically and morally separated from their employees. In previous centuries, the employer typically had only a few employees who were like family, often housed in the family home and cared for like children. With the changes in manufacturing processes came factories with large numbers of persons working for low wages, under poor working conditions, and for long, tedious hours at a time. The problem, of course, was that the employer was no longer working side by side with the employees.

Corporations grew to gigantic proportions, and some had power nearly equal to that of government. Enormous, nearly unlimited, economic power became centered in the hands of only a few persons, who became a corporate leaders flagrantly violated the law, and the long-established ethics and morals of business. The period from approximately 1930 to the present brought the re-enlightenment of business. Since the early 1930s, when the nation was regaining its strength after coming out of the Great Depression, a trend in both society and governmental regulation has been to reestablish the social obligations of business to the level that was expected before the Industrial Revolution. Thus, we have seen business ethics come from one extreme in the classical Greek period to another during the period of the Industrial Revolution. Now the pendulum is swinging between these two extremes.

1.7 Individual Ethics

A person may or may not perform some particular act, not because society or religion says he may or may not, but because he himself thinks it right or wrong from within his conscience. Each and every individual has his own ethics. In the same family, it may vary between members. It has been observed that the same individual may also show different rationale of hid conduct in different situations. However, ethics of an individual is normally formed as function of family influences, situations, values & morals, past experiences and peer influences. This may be seen :
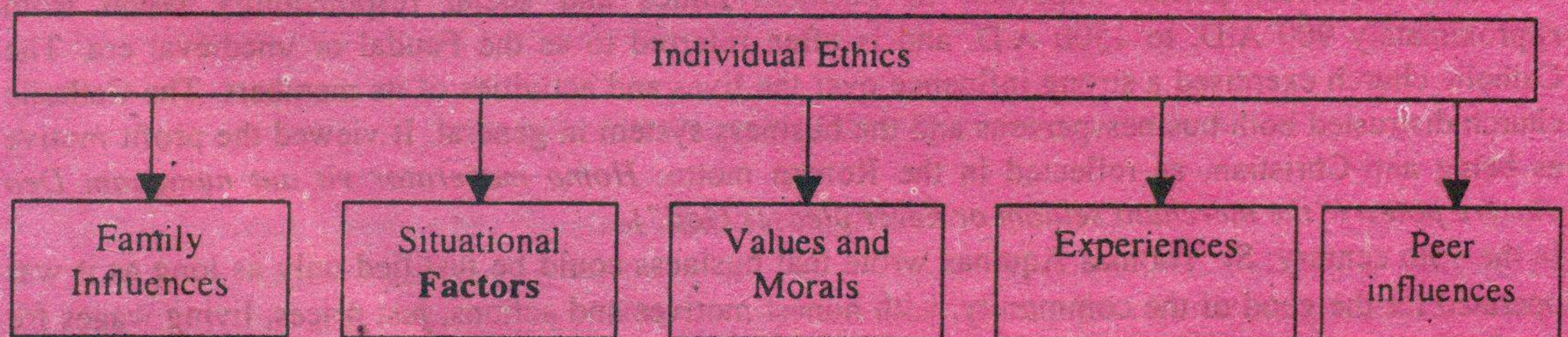
```
                          ┌──────────────────────────┐
                          │     Individual Ethics     │
                          └──────────────────────────┘
       ┌───────────┬────────────┬──────────────┬───────────────┬──────────────┐
  ┌─────────┐ ┌──────────┐ ┌───────────┐ ┌─────────────┐ ┌────────────┐
  │ Family  │ │Situational│ │Values and │ │ Experiences │ │    Peer    │
  │Influences│ │ Factors  │ │  Morals   │ │             │ │ influences │
  └─────────┘ └──────────┘ └───────────┘ └─────────────┘ └────────────┘
```

Figure – 1.A: Showing Factors Determining Ethics of an Individuals

1.8 Value Orientation in Business

The value system of an owner-entrepreneur is the key to establishing an ethical organization. An owner has the unique opportunity to display honesty, integrity, and ethics in all key decisions. The owner's actions serve as a model for all other employees to follow. In small businesses, the ethical influence of the owner is more powerful than in larger corporations because his or her leadership are not diffused through layers on management. Owners are easily identified, and usually employees constantly observe them in a small business. Therefore, entrepreneurs possess a strong potential to establish high ethical standards in all business decision. One study examined the ethical concern of owner-entrepreneurs regarding specific business issues. It verifies that ethical decision making is a complex challenge due to the nature and personal perception of various values.

Overall, entrepreneurs must realize that their personal integrity and ethical example will be the key to their employees' ethical performance. Their values can permeate and characterize the organization. This unique advantage creates a position of ethical leadership for entrepreneurs.

Business and Organizational Implications

The primary focus of ethics here is to examine the possibility of its application to business. Business ethics is the study of what constitutes right and wrong, or good and bad, human conduct in a business context. For example, would it be right for a store manager to break a promise to a customer and sell some hard-to-find merchandise to someone else, whose need for it is greater? It is as much about organizational ethics as business ethics. An organization is a group of people working together to achieve a common purpose. The purpose may be to offer a product or service primarily for profit, as in business. But the purpose may also be health care, as in medical organizations; public safety and order, as law –enforcement organizations; education, as in academic organizations; and so on.

A. Organizations are challenged to maintain consistent ethical behavior among all parties connected with business.

B. Moral judgement is used with the ethical system to solve ethical dilemmas. People can be classified into one of the three categories of moral judgement.

   1. Individuals in the preconventional stage base decisions on concrete rewards and punishments and immediate self-interest.

   2. Individuals in the principled stage take a broader perspective in which they follow their self-chosen ethical principles.

   3. Individuals in the conventional stage conform to the expectations of ethical behavior held by groups or institutions.

C. Different individuals have different ethical codes. Organizations must therefore be explicit regarding the corporation's ethical standards and expectations in order to avoid inconsistency in the decision process.

D. The corporate decision maker serves as an agent for all the stakeholders in the company. Therefore the corporate decision maker must somehow blend personal ethics with the organization's values and performance criteria

1.9 Ethics & Morality

Morality* of ethics deals basically with human relationship-how human treats other beings to promote mutual welfare, growth, creativity, and meaning in striving for good over bad and right over wrong. Some philosophers like to distinguish ethics from morality; in their view "morality" refers to human

---

* Nakhnikian. G [ed], "Morality and the Language of Conduct", Detroit: Wayne State University Press, 1963.

conduct and values and "ethics" refer to the study of those areas. "Ethics" does, of course, denote an academic subject, but in everyday parlance we interchange "ethical" and "moral" to describe people we consider good and actions we consider right. And we interchange "unethical" and "immoral" to describe what we consider bad people and wrong actions.

Morals and Manners.

Manners is another area of human behavior which is closely allied with ethics and morals, but careful distinctions must be made between these terms. Nonmoral behavior constitutes a great deal of the behavior we see and perform every day of our lives. In setting up a working definition, we would say that morality deals basically with humans and how they relate to other beings, both human and non-human. It deals with how humans treat other beings to promote mutual welfare, growth, creativity, and meaning in a striving for what is good over what is bad and what is right over what is wrong.

Morality and Religion.

Morality need not, indeed should not, be based solely on religion for various reasons. There is no necessary connection between morality and religion. Religion does not provide an adequate rational foundation for morality. If religion is to be the foundation of morality, which religion will provide this foundation? There is a difficulty in resolving the conflicts arising form various religiously based ethical systems without going outside them. We need a humanitarian ethics which is neither strictly religious nor strictly humanistic (atheistic) but which includes these two extremes and the middle ground as well.

Morality and Its Applications.

Individual morality refers to individuals in relation to themselves and to an individual code of morality which may or may not be sanctioned by any society or religion. Social morality concerns a human being in relationship to other human beings. It is probably the most important aspect of morality in that it cuts across all of the other aspects and is found in more ethical systems than any of the others.

Who is Morally or Ethically Responsible?

Who can be held morally or ethically responsible for their actions? All the evidences we have gained to date compels us to say that morality pertains to human beings and only to human beings; all else in speculation. Therefore, when we use the terms moral and ethical, we are using them in reference only to human beings. We do not hold a wolf morally responsible for killing a sheep, or a fox morally responsible for killing a chicken. We may kill the wolf or fox for having done this act, but we do not kill it because we hold the animal *morally* responsible.

Why should Human beings be Moral?

If a person has religious faith, then he or she does have a foundation for a personal morality, even though this foundation is basically psychological rather than logical in nature. There can be no real meaning to human life unless there is some sort of afterlife or some other extranatural reason for living. Morality has come about because of human needs and through a recognition of the importance of living together in a cooperative and significant way.

Some Examples of Common Morality:

> Respect for others
> Help one another [till the cost is not very high]
> Refrain from harming others
> Cooperate others in their good efforts

Respect others' right to their property [not to use without permission].
Respect others' right to privacy
Openness
Honest exchange of information
Fair play of connected matters

1.10 Morality and Etiquette

It is commonplace to judge people's manners as "good" or "bad" and the conduct that reflects as "right" or "wrong". "good", "bad", "right" and "wrong" here simply mean socially appropriate or socially inappropriate .In these contexts, such words express judgements about manners, not ethics. Etiquette refers to any special code of behavior or courtesy. In our society, for example, it is usually considered bad etiquette to chew with one's mouth open or to use obscene language in public; it is considered good etiquette to say "please" when requesting and "thank you" when receiving and to hold a door open for someone entering immediately behind us. Good business etiquette typically calls writing follow-up letters after meetings, returning phone calls, and dressing appropriately. So-called rules of etiquette that you might learn in an etiquette book are prescriptions for socially acceptable behavior. If you want to fit in , get along with others, and be thought well by them , you must observe common rules of etiquette. If you violate the rules, then you are rightly considered ill-mannered, impolite, or even uncivilized, but not necessarily immoral. Scrupulous observance of rules of etiquette does not make one moral. In fact, it can camouflage moral issues.
Neither morality nor etiquette is enough without ethics. The other two are essential to raise both personal and organizational rapport & goodwill but to make business dealings ethical the business persons need to perform each of the transactions as required by the principles of ethics, especial business ethics.

1.11 Morality and Law

Decisions may be legal without being ethical and vice versa. As a result, entrepreneurs can make four types of decisions: legal and ethical, legal and unethical, illegal and ethical, and illegal and unethical. When making decisions that border on the unethical, entrepreneurs commonly rationalize their choices. One should understand what is meant by law before attempting to find difference between morality and law. Basically, there are four kinds of law: statutes, regulations, common law and constitutional law. It should be noted that mere legality of an action, however, does not guarantee that the action is morally right. What then may we say of the relationship between law and morality? In theory and in practice, law codifies a society's customs, ideals, norms, and moral values; changes in law undoubtedly reflect changes in what a society takes to be right and wrong, good and bad. But it is a mistake to see law as sufficient to establish the moral standards that should guide an individual, a profession an organization, or a society. Conformity with law is not sufficient for moral conduct any more than conformity with etiquette is. By the same token, nonconformity with law is not necessarily immoral, for the law disobeyed may be unjust.

Legal & Ethical Actions Sorting
Match the actions up by placing the number of the category next to appropriate examples from the list [two are given for each category]:
1. Ethical & legal
2. Unethical & legal
3. Ethical & illegal
4. Unethical & illegal

Identify the actions

Identify- ? 1,2,3,4	Number	Nature of actions
3 Ethical & illegal	a	Giving a gift of Tk. 50000 to a foreign minister to secure a business contract and then to write off the gift as a tax-deductible item
2 Unethical & legal	b	Knowing that 1 [one] percent of all tires have production defects but shipping them anyway and giving mileage allowance to anyone whose tires wear out prematurely
1 Ethical & legal	c	Manufacturing a new product fuel additive that will increase gas mileage by 10%
4 Unethical illegal	d	Offering a member of the city corporation Tk.1 lac to get a business.
2 Unethical & legal	e	Deliberately publishing a wrong newspaper story to manage a business deal defacing the bold competitor
4 Unethical illegal	f	Obtaining inside information from another brokerage that results in netting more than Tk. 20 lac
1 Ethical & legal	g	Producing a vaccine, already approved by the Food & Drug Administration, that will retard the growth of bone cancer.
3 Ethical & illegal	h	Producing and selling a drug that will reduce heart attracts but failing to complete all of the paper work that be filed with the Govt. prior to selling the product.

Morality and ethics are not necessarily based on law. But these provide the basic reasons for the promulgation of many of the laws that had contributed in the development of human civilization. Finally, law is not mechanical buy has the public expression and sanction of social morality.

1.12 Foundations of Ethical Business Decisions

The entrepreneur is challenged by business decisions each day. Many of these decisions are complex and raise ethical considerations. The business decisions of entrepreneurs are so complex for six reasons:

First, ethical decisions have extended consequences. They often have a ripple effect in that the consequences are felt by others outside the venture.

Second, business decisions involving ethical questions have multiple alternatives. It is not always "do" or "don't do." Many decisions have a wide range of alternatives that may allow a mixture of less-important decisions.

Third, ethical business decisions often have mixed outcomes. Social benefits as well as costs are involved with every major business decision, as are financial revenues and expenses.

Fourth, most business decisions have uncertain ethical outcomes.

Fifth, most ethical business decisions have personal implications. It is difficult for an entrepreneur to divorce himself or herself from a decision and its potential outcome. The entrepreneur often will find it impossible to make a purely impersonal decision, and
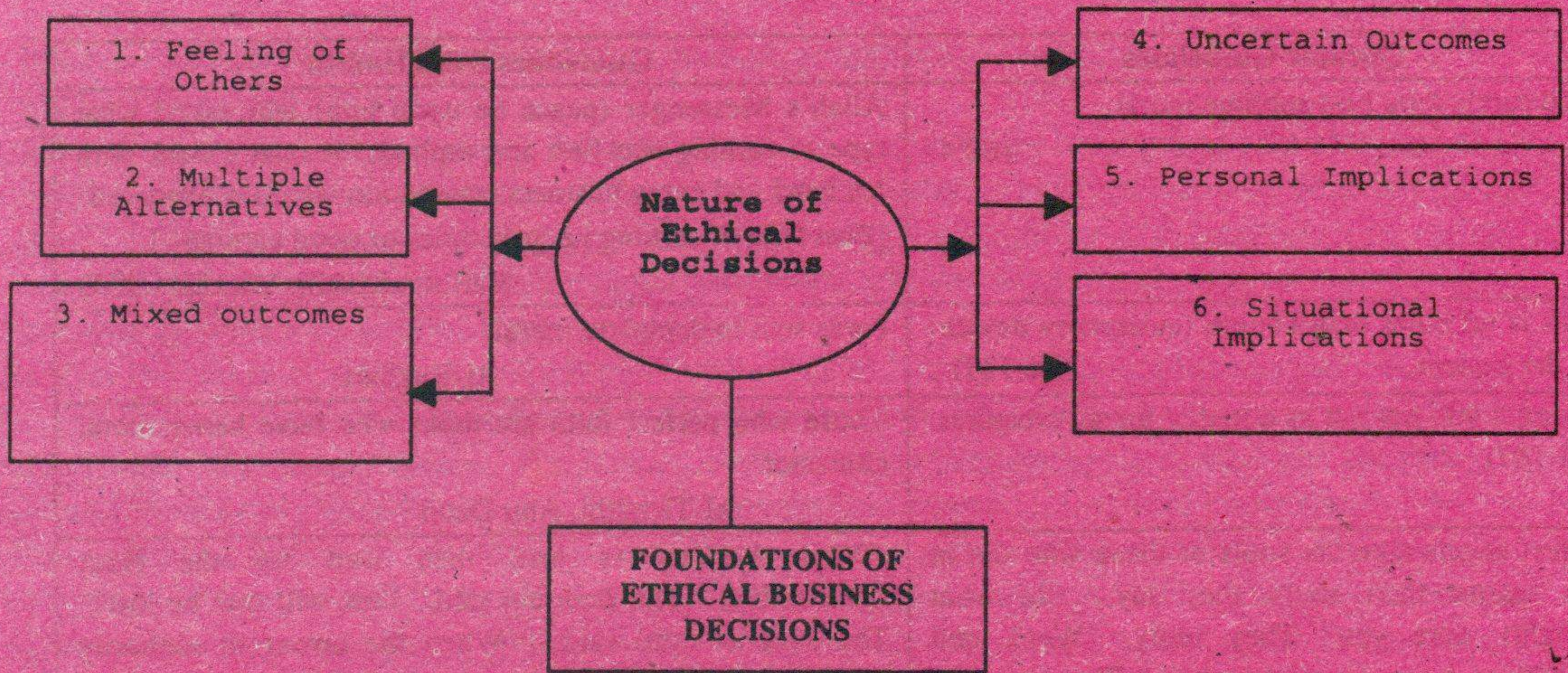
1. Feeling of Others		4. Uncertain Outcomes
2. Multiple Alternatives	Nature of Ethical Decisions	5. Personal Implications
3. Mixed outcomes		6. Situational Implications

FOUNDATIONS OF ETHICAL BUSINESS DECISIONS

Figure – 1.B: Showing the foundation and the Nature of Ethical Decisions

Finally, there are decisions the entrepreneurs often force to take which are likely to have situational implications from ethical point of view.

These six statements about business decisions need to be considered when an entrepreneur is developing a business to earn profit but to be run not unethically.

1.13 Business Ethics in Islam

In Islam an individual is not free in performing his/her actions. Actions/ obligations are *Halal, Haram, Mubha, Sunnat, Nafal, etc.*

Quranic Guidelines	Guidelines from Hadith
You are the best of people, evolved for mankind, enjoining *what is right, forbidding what is wrong*, and believing in Allah. [Al-Imran 3 (110)]	The Prophet (peace be upon him) said, "Truthfulness leads to righteousness, and righteousness leads to Paradise. A man continued to tell the truth until he becomes a truthful person Falsehood leads to al fujur (wickedness) leads to the (Hell) Fire, and a man may continue to tell lies till he is written before Allah, a liar." Safwan ibn Solim , Bukhari, 8.116
Say, " The *truth* is from your Lord. Let him who will , believe. and let him who will reject[it] Al-Kahf 18 (29)	The Prophet continued, " The nations prior to you were destroyed because if a noble amongst them stole, they used to excuse him, and if a poor person amongst them stole, they would apply [Allah's] legal punishment to him. By Him in whose hand Muhammad's soul is, if Fatima, the daughter of Muhammad stole, I would cut her hand" [law is blind, no discrimination for those who are at the helm of power or betterof in the society] A'ishah, Bukhari 5.597

Quranic Guidelines	Guidelines from Hadith
And surely thou bast sublime moral. (68:4)	Allah's Messenger (peace be upon him) was asked what type of earning was best and replied, "A man's work with his hand and every business transaction which is approved. [Best type of earning i.e. principles of good earnings.] Rafi ibn Khadij, Miskhat . 2783
This is no other than khuluq (customery device) of the ancient. (26:137)	I was sent to complete moral Al-Bukhari
We sent you not but as a mercy for all creatures. (21:107)	Those who perfect faith are those who have better moral character. Al-Tirmithi, Abu Daud
When angels take the souls of those who die in sin against their souls, they say, "In what (plight) were you? They reply, "Week and oppressed were we in the earth." They (angels) say, "Was not the earth of Allah specious enough for you to move yourselves away (from evil)?" Such men will find their abode in Hell. What an evil refuge! (Quran 4:.99)	"When honesty is lost, then wait for the Hour (Doomsday)." The Bedouin said," how will that be lost?" The Prophet (sm) said, " When the power or authority comes in the hands of unfit persons, then wait for the Hour (Doomsday) – (Shahih Al- Bukhari)
"The Prophet once said that Believers are expected to follow the Ethics (Akhlaq) of Allah. Since he does all things on best Pattern, believers are expected to do their duty in best possible way." (Quran 27:88)	The prophet is reported to have said, "The honest trader will be resurrected on the day of judgement among the messengers (of Allah) the most truthful and Martyrs. – (Tirmidhi)
"Truly Allah loves those who tun to Him constantly and loves those who keep themselves pure and clean."	"The truthful, honest merchant is with the prophets and the truthful ones and the martyrs."

Al-Qurtubi interprets the phrase *khuluq al-awaliyyin* to mean their ancient customs and to mean religion, character, ideology, or doctrine (madhhab). Al-Ghazali speculated that morality, unlike other parts or philosophy, is not the invention of Greek philosophers buy rather, philosophers borrowed it from revealed religions.

If morality is identified with religion, then it will be identical to the Islamic worldview. Al-Qurtubi has mentioned: morality means customs. This may be the case with regard to certain communities where customary morality and reflective morality prevails.

There are few books on the subject of ethics compared with those written about fiqh and 'aqidah. Although Ibn Khaldun made reference to all the disciplines in his Muqadimah, he did not mention ethics, Ibn Said al Andalusi did not mention ethics do not focus entirely on ethical issues as well. However, there is a vast literature on ethics in the books of fiqh and tasawwuf.

*Islamic ethics measure actions & motives of such actions by standards set by Allah while secular western ethics measure those by self and or so called social interest.

- Islamic ethics emphasize accountability of each & every individual to enjoy or to suffer in the life hereafter. As such, no self / social pleasure but the pleasure of the Almighty Allah is the final goal of Islamic way of doing a task business or otherwise.

- Islamic ethics prohibit discriminatory actions & judgements irrespective of individuals, races, regions, sexes and the like.
- Islamic ethics start with existence & life with halal food and drinks to be procured with only halal earnings without which Allah does not approve of any action, however, good or beneficial that may be. This very rod restricts deception, falsehood and dishonesty and emphasize on caring others' interests whether Muslim or not as those of self and thus to accomplish every action, business or otherwise only on truth & honesty.

By contrast to secular or others, the moral code embedded in Islamic ethics emphasizes the relation of man to His Creator. Because God is Perfect and Omniscient, Muslims have a code that is neither time bound nor biased by human whims. The Islamic code of ethics is enforceable at all times because its Creator and Monitor is closer to man than his jugular vein, and has perfect, eternal knowledge.

The Islamic ethical system differs from secular ethical systems and from the moral code advocated by other religions. Throughout civilization, these secular models assumed moral codes that were transient and myopic since they were based on the values of their human founders, e.g., epicurism or happiness for happiness' sake. These models generally proposed a system of ethics divorced from religion. At the same time, the moral code adopted by other religions have often stressed values that de-emphasize human existence in this world. For example, Christianity by its overemphasis on monasticism encourages its adherents to retire from the hustle and bustle of daily life.

Several problems are associated with this ethical system. First, the secular idea of relativism school is self-centered; it focuses solely on the individual and excludes any interaction with or input from the outside. This approach is in direct contradiction to Islam. Islam stresses that an individual's ethical behavior and values should be based on criteria enunciated in the Qur'an and the Sunnah. Second, relativism implies an inherent laziness in the decision-maker; he or she may justify his or her behavior by simply referring to criteria based on self-interest. Islam, by contrast, stays away from decisions based only on one's perception of a situation. The principle of consultation or *shura* with others is an intrinsic part of the Muslim businessman's decision-making apparatus. Egoism has no place in Islam.

Guidelines for Business Ethics in Islam

The pursuit of profit is not inherently offensive to Islamic perception of spirituality except if it violates the values, moralities and norms as provided by Islam. The concept of ethics in Islam is not utilitarian and relative, rather its principles are eternal and absolute. Islam itself is essentially an ethical code of conduct for the whole of human life, based on divine commands and guidelines. Islamic ethics pervades all spheres of human life. It not only prescribes the fundamental moral/ ethical principles for the whole life, but also lays down broad, specific and indicative ethical guidelines for each aspect of human activity separately.

The Degrees of Lawful and Unlawful Behavior in Islam

In Islam permissibility or non –permissibility and the degree in connection therewith are provided in five categories as under :

1. Fard 2. Mustahabb 3. Mubah 4. Makruh, and 5. Haram

It should be noted that what is lawful is also wholesome and pure. What is not lawful can hurt us.

The fundamental Islamic principles of ethics like truthfulness, honesty, trust, sincerity, justice, brotherhood and science & knowledge provide the general background for business ethics. These principles have far reaching consequences for business ethics. The focus of the Islamic ethics is on changing the attitude, mentality and behavior of people. The real implementation force behind the Islamic ethics is the belief in Allah and Akhirah. The success in the life hereafter is the ultimate goal of

all the Muslims – whatever is his/her status i.e. owner of capital, workers, managers, customers or others directly / indirectly connected with business. They are to consider their role/ work in this earth not as ends but as means to achieve salvation hereafter, as part of their worship. Thus true Muslims connected with business must attempt to manage everything in ways permitted by Shariah, that is, every action to be accomplished with the right intention and in accordance with the commandments of Allah and in conformity with the practices as shown or hinted by His Prophet [pbuh].

Islam, also provides some specific ethical guidelines for business. The principles of faithful observance of contracts, abstaining from false advertising and misrepresentation. Measuring the weighing accurately, non-indulgence in hoarding and profiteering, avoiding destruction of surplus produce, prohibition of interest and unlawful trade, behavior of employer towards employees, fair and just recruitment practices, brotherly treatment of workers, behavior of a trustee towards his trusts- both material & human, protection from environmental pollution, are only illustrative of business ethics in Islam.

Western secular ethical values are largely utilitarian, highly relative, situational in nature and devoid of any spiritual sanctioning power. Contrary to this, Islam offers a unique and ideal perspective of business ethics. It considers business as a part of one's worship, provided that is conducted as per the moral code of conduct prescribed by Islam.

A thorough survey of Quran, Sunnah and early Islamic history can reveal a very comprehensive and rich guidance regarding ethical and social responsibility of business. There is also the need to study and implications of Islamic principles in the context of the present day business situations so that these principles could be operationalised.

1.14   Use of Studying Business Ethics

Business ethics is a subject developed over the last a few decades in order to mould the behavior of those in connection with business in a way beneficial to each of them including the government and the international community at large. The study of the subject business ethics makes one morally conscious, value- oriented & just in the discharge of his / her duties & obligations in one side and in the realization of his / her rights & privileges on the other. Students are the future leaders of the society waiting to enter in any areas of the social activities depending on their aspirations, qualifications & affiliations. It is, therefore, imperative that irrespective of the discipline of knowledge or the areas of specialization any student in general and the business students in particular will be surely benefited with knowledge of ethics, business ethics & social responsibilities. However, some specific points of utility of studying business ethics are hinted as under:

I.   Man is basically animals without morality, social values, justice & care. Business ethics make their behavior mutually beneficial when based on these.

II.   Students who become entrepreneurs, businessmen, traders & industrialists after their studies will keep in mind the lessons of the subject and surely will hesitate to bluntly harming others. They will rather remain sensitive to the minimum rightful dues & expectations renderable to others. They will remember the sprit of ethics that their can not be a game if all the opponent payers are unkindly hurt, paralyzed or even killed.

III. The parties- at – interest in business by studying ethics will learn to behave the way with the transacting parties as they wish to get the same to themselves from other transactors.

IV.   Governments and regulatory authorities & bodies will remain sensitive to the rightful & just expectations of the members of the public. Besides enacting acts & enforceable regulations. they will keep a constant vigilance to oversee whether their adherence to by those who are required to piously follow them are made so.

v.   Finally, it can be said that the study of ethics and business ethics in particular will make a society in which everybody connected in the sphere of business will rise in their pursuits without seriously blocking others' progress. or at least without causing no major willful harm to others.

1.15 Scope of Business Ethics

"Business is business", it has been said, "and ethics is not business". Yet each day we hear of the controversies about discrimination in business practices. It is said that ethical problems in business are as old as the business itself. The Code of Hammurabi, written nearly 2000 years before Christ, records the fact that Mesopotamian rulers attempted to legislate honest prices from local merchants by instituting wage and price controls.

Even though business ethics focuses primarily on evaluative issues, its scope is surprisingly very large. Insofar as it is concerned with relating business practices to some concept of human good. almost any business issue which relates to human value may become part of its subject matter. Thus the scope of business ethics includes such issues as:

[i]   Business ideas & objectives need be harmless, rather beneficial to the society;

[ii]   Products & services must not be directly or indirectly harmful to those for whom these are made;

[iii]   Business location must not cause difficulty to the neighboring people

[iv]   Fuel consumption, by-products & wastage must not cause injury & discomfort to the surrounding people; care for least pollution both economic & environmental;

[v]   Customers be served with true information via fair practices of advertisement. right package & contents as claimed through publicity; reasonable prices, product warranty & safety, after sales services, etc;

[vi]   Employees be hired without discrimination, with fair wage, providing work safety & healthy working conditions. opportunity for promotion, retirement benefits, due processes for punishment with the scope for participation;

[vii]   Cause no harm to the community & urbanization, contribute to the development of healthy conditions. planned structures for enriching aesthetic beauty, social forestry, etc;

[ix]   Help the government through regular taxes due, faithfully follow national economic, business & industrial policies;

[x]   International businesses should not interfere in the local countries affairs and must not neglect to make justified contribution to the local countries in which they operate;

[xi]   Fair profit earning. & allowing reasonable dividends to the ordinary owners known as shareholders

[xii]   Social contributions to various affairs of the society as a result of social conviction.

1.16 Plan of Presentation

As stated before, the book has two Parts – it is the Second Part devoted to Business Ethics with Islamic reference. Materials in this Part of the book are presented as planned earlier. Chapter –1 contains among other related matters, the meaning of ethics & that of business ethics, history & development of

business ethics, business ethics in Islam besides the benefits of the studying business ethics along with its scope. Theories determining ethics & business ethics in the western world along with its contrasting concepts in the light of Islam are presented in Chapter- 2. Pluralism & various interest – groups in business are discussed in some detail in Chapter-3. Social responsibility of business and managerial ethics are taken up in Chapters -4 & 5 respectively. Corporate ethical responsibility has been discussed in some length in Chapter- 6. Code of ethics & social audit are presented in Chapter -7. Expectations of the employers- employees & those of buyers- sellers are taken up for discussion in Chapters 8 & 9 respectively. Environmental ethics & related issues are presented in Chapter- 10 while in the last Chapter ethical issues in connection with international business in some details are presented. At the tail of this Part of the book, three appendixes, A- containing selected cases relating to business ethics, B- with selected terms & concepts and C- with an exhaustive list of selected books & references are enclosed for further use.

1.17 Summing Up

1. Like other areas of ethics, business ethics has to do with the establishment and maintenance of vital and significant relationships among human beings – specifically, in this case, among employers, employees, businesses, and consumers etc.

2. Participants in business activities are obligated to be honest and tell the truth; be fair and just in dealing with others; be honest and trustworthy in executing & carrying out agreements and contracts; pay off debts, including interest on money loaned, in a manner agreeable to all parties.

3. The merchants or producers of goods were not allowed to get rich, but only to make a living and live in the same manner as others of the same class. But the level of business ethics and social responsibility expected of the businesspersons during the classical Greek period can be classified as most extreme.

4. Moral standards, as opposed to nonmoral standards, concern behavior that has serious consequences for human well-being. Their soundness depends on the adequacy of the reasons that support or justify them.

5. Persons involved in business can make four types of decisions: legal and ethical, legal and unethical, illegal and ethical, and illegal and unethical.

6. Morality must be distinguished from etiquette (which concerns rules for well-mannered behavior), from law (statues, regulations, common law, and constitutional law), and from professional codes of ethics (which are the special rules governing the members of a profession).

7. Morality is not necessarily based on religion. Although we draw our moral beliefs from many sources, for philosophers the issue is whether those beliefs can be justified.

8. Ethics deals with individual character and the moral rules that govern and limit our conduct. It investigates questions of moral right and wrong, duty and obligation, and moral responsibility.

9. Business ethics is the study of what constitutes right and wrong (or good and bad) human conduct in a business context. Closely related moral questions arise in other organizational context.

10. Accepting a moral principle involves a motivation to conform one's conduct to that principle. Violating the principle will bother one's conscience, but conscience is not a perfectly reliable guide to right and wrong.

11. Morality as a code of conduct can be distinguished from morality in the broader sense of the values, ideals, and aspirations that shape a person's life.

12. Several aspects of corporate structure and function work to undermine individual moral responsibility. Organizational norms, group commitment, pressure to conform, and diffusion of responsibility can all make the exercise of individual integrity difficult.

13. Philosophical discussion generally involves the revision and modification of arguments; in this way progress is made in the analysis and resolution of moral and other issues.

14. Conformity with our considered moral beliefs is an important consideration in evaluating moral principles. A considered moral belief is one help only after we have made a conscientious effort to be conceptually clear. to require all relevant information, and to think rationally, impartially, and dispassionately about the belief and its implications. We should doubt any moral principle that clashes with many of our considered beliefs.

Model Questions

Broad Question

1. "Ethics and Business ethics are essentially the same thing" – Do you agree with the statement? Explain – why or why not?

2. Differentiate between ethics and morality, morality and etiquette, morality and law.

3. Briefly describe the history and development of Business ethics.

4. Narrate five conditions about business decisions need to be considered when an entrepreneur is developing a new venture.

5. State the Islamic ethical Indications with reference to Qu'ran and Hadith. How Islamic & western ethics differ?

6. What is the justification for studying business ethics? Describe scope of business ethics?

7. Elucidate the applications of ethics.

8. In your contracts with businessmen where a question of business ethics was involved, in your opinion did they act ethically or not? Give some examples to support your conclusions.

9. Who are the parties-at-interest in business firms, what are their needs, and what recourse do they have it these needs are not satisfied?

10. Contrast the general ethical beliefs of nineteenth-century business with an equivalent principle in the twentieth century.

11. In your contracts with businessmen where a question of business ethics was involved, in your opinion did they act ethically or not? Give some examples to support your conclusions.

12. Describe how organizations foster unethical behavior. Define ethics and values. How to better articulate your own values?

13. Describe the four different ethical models. Identify the factors that lead the business to questionable unethical practices.

14. Who are the parties-at-interest in business firms, what are their needs, and what recourse do they have it these needs are not satisfied?

15. What are the constitutes of general ethics. Describe three related phases of ethical study.

16. What is special ethics? What are the activities of business ethics as a specialized field of ethics.

Short Questions

1. How basic rights apply in business? Are rights and obligations in business is totally different from basic rights?

2. It is probably easiest for corporations to define and met the inner circle responsibilities and more difficult as me progress outward – how?

3. Define ethics and Business ethics.
4. Who is morally or ethically responsible?
5. Why should morality be a part of Human being? Give some examples of morality.
6. How can you identify legal & ethical actions?
7.. How business & organizational ethics are same?
8. How can be ethical approaches categorized?
9. What is business ethics? What is its relationship to law?
10. What is business ethics? What is its relationship to law?
11. In what way does the Judeo-Christian tradition influence our ethical standards?
12. Draw a line of demarcation between ethical conduct and lawful conduct.
13. Distinguish between ethical values and unethical values.
14. What responsibility does business have to minorities and what does the law require?

Chapter : 2

Theories and Tools of Business Ethics

Theories that determine ethics in general are also applicable in case of business ethics as the subjects are the same -either individuals or organizations or both .It is also because business ethics is nothing very unique but an offshoot of the general ethics. Ethical theories attempt to systemize ordinary moral judgments, and establish and defend basic three moral principles:

First, although the general rules are frequently sufficient, they are not always so. How are we to decide cases in which the moral intuitions of people differ, in which two or more general moral rules seem to conflict, in which following a general moral rule seems to lead to an immoral action, or in which a generally accepted rule or practice is challenged? Now practices arise constantly in business for which our moral rules do not clearly give us answers. How are we to evaluate these practices?

Second, knowing some of the standard methods of moral reasoning makes it possible for an individual who does make moral decisions to explain and justify them to others. If a business executive hires or fires or promotes certain individuals and is challenged as to the justice or fairness of his or her decision, that executive is called upon to justify the action. Simply saying that one believes the actions is fair is not enough. One must present reasons or arguments in defense of one's decision.

Third, even though conventional morality is the starting point for ethical theory and is generally accepted, it may not always be correct. How are we to determine this if all we have are the norms and rules of conventional morality that we accept should be accepted, while allowing us to question or show why other parts or it need rejection or revision.

The search for a completely satisfactory ethical theory is a never-ending one. The traditional one known as egoism, speaking of self-interest. The two relatively modern & basic approaches to moral reasoning have prevailed though not undisputed. One approach argues on the **basis of consequences**. This approach to ethical reasoning is called a *teleological* approach. A common form of teleological ethics, that is very strongly represented in our society is utilitarianism. The second basic approach is called the *deontological* approach focusing on duty and universality.

2.1 Major Ethical Theories

The three ethical theories developed by different sets of individuals that are observed as the topics of discussion over the periods are:

    A. **Ethical Egoism;**
    B. **Utilitarianism, and**
    C. **Universalism**

The human beings ought to behave in ways which will bring about good to all or some or to only an individual. They differ, however, in that they disagree on who should benefit from the actions or behavior directed.

A. Ethical Egoism

The ethical egoist essentially says that human beings ought to act in their own self-interest, whereas utilitarians essentially say that human beings ought to act in the interests of all concerned. Types of egoism's are:

       I. Psychological Egoism
      II. Ethical Egoism
          1. Universal ethical egoism
          2. Individual ethical egoism
          3. Personal ethical egoism

i) Psychological Egoism

Psychological egoism is a scientific, descriptive approach to egoism, whereas ethical egoism is the philosophical – normative prescriptive approach. The psychological egoist, in attempting to prove his or her case, often retreats to the position that people always do what they really want to do. According to the egoist, if people "want" to perform a so-called unselfish act, then they are not really being unselfish because they are doing what they actually want to do.

ii) Ethical Egoism

Ethical egoism cannot be equated with selfishness, nor should it necessarily be equated with a big ego or being conceited. Ethical egoism can take three possible forms:

1. **Universal ethical egoism** states as its basic principle that everyone should always act in his own self-interest regardless of the interests of others unless their interests also serve him.
2. **Individual ethical egoism** states that everyone ought to act in his self-interest.
3. **Personal ethical egoism** states that I ought to act in my own self-interest, but that I make no claims about what anyone else ought to do.

Ethical egoism is easier for egoists to know what is their own self-interest that it is for other moralists who are concerned about more that self-interest to know what is in the best interest of others. It can work successfully as long as people are operating i limited spheres, isolated from each other, thereby minimizing conflicts. Ethical egoism offers no consistent method of resolving conflicts of self-interests.
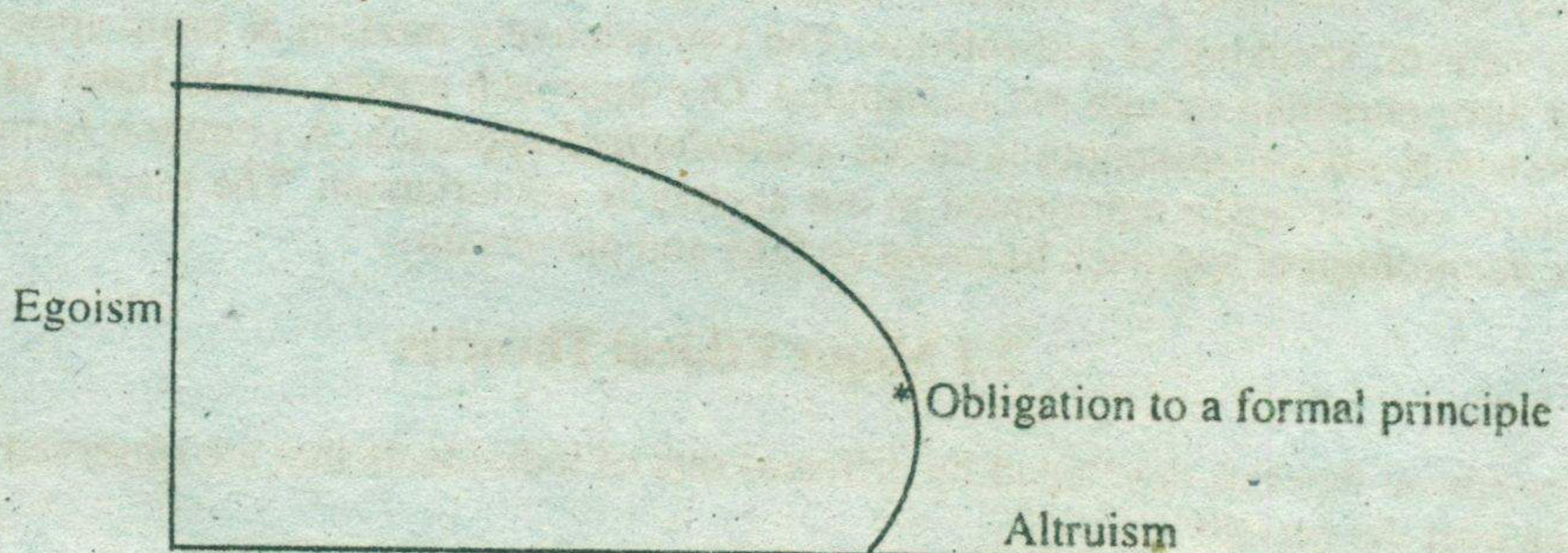
An Ethical Framework

Figure – 2.A: Showing Different Level of Concern

Figure above shows the tug of war between egoism that aims at maximizing self-interest with altruism that aims at maximizing social interest. Small business may sometime ignore giving due weight to

altruism but bigger firms find it often difficult to do so. A healthy compromise is welcome, better avoid the two extremes.

Egoism [Maximum Personal Benefits]: A manager driven by egoism would evaluate decision alternatives in terms of personal benefits- salary, prestige, power, or whatever he/ she considers valuable. If the action happens to be beneficial to the organization and society, all is well and good.

But these other benefits are incidental; personal welfare is the manager's top priority. Insider trading is such an example. End result or the output is the basis of judgement.

Altruism [Maximum Social Benefits] : A manager who follows this ethical guideline would measure right or wrong as " greatest happiness to the greatest number". Such decisions are difficult to make. End result or the output is the basis of judgement.

Universal ethical egoism is the version of the theory which is most commonly presented by egoists since, like most other ethical theories, it is, as its name states, "universal" – an ethical theory which claims to apply to all human beings. This theory does not state only what I should do; rather, it concerns itself with what all human beings should do if they want to be moral: they should always act in their own self-interest.

B. Utilitarianism

Utilitarianism, a theory proposed by David Hume [1711-1776] but given definitive formulation by Jeremy Bentham [1748-1832] and John Stuart Mill [1806- 1873], is a case in point. Bentham argued that there is one ultimate moral principle, namely "the Principle of Utility". This principle requires that whenever we have a choice between alternative actions or social policies, we must choose the one that has the best overall consequences for everyone concerned. Bentham had a disciple named James Mill whose son John Stuart Mill afterwards appeared as a great champion of the theory of "the Principle of Utility". The essence of the Mill's **Utilitarianism** [1861] can be read: In deciding what to do, we should, therefore, ask what course of conduct would promote the greatest amount of happiness for all those who will be affected. Morality requires that we do what is best from that point of view. The underlying idea is that plans and actions should produce the greatest good for the greatest number of people.

It is an ethical theory that holds that an action is right if it produces, or if tends to produce, the greatest amount of good for the greatest number of people affected by the action. Otherwise the action is wrong. Businesses traditionally reduce good to money and calculate costs and benefits in monetary terms. Because the aim of a business is to make money, those actions that tend to help it make money are considered good, and those that tend to make it lose money are considered bad. A rationally operated company tries to maximize its good and minimize its bad so that when income and costs are balanced out, there is a profit.

This cost-benefit analysis in a form of utility calculation. People in business theory use utility curves to plot the results of various actions, choosing those that maximize whatever it is that they wish to achieve. This utility approach is not foreign to most people. It is widely used in many forms of general decision making and can be applied to moral issues as well as to strictly business issues. There is a significant deference, however, between utilitarianism and a utility analysis as used by business. When a firm uses a utility, or a cost-benefit analysis, it weighs the good and the bad consequences of performing a certain action (usually in monetary terms) as it relates to *itself*. A utilitarian analysis, as an ethical analysis, weighs the god and bad results of an action of everyone affected by it.

Bentham. J. "An Introduction to the Principles of Morals and Legislation", The Clarendon Press. Oxford. UK. 1789.

Essential Features of Utilitarianism

Several essential features of utilitarianism can be extracted from the reasoning of Mill and other utilitarians. These are:

i.   Utilitarianism is committed to the maximization of the good and the minimization of harm and evil. It asserts that society ought always to produce the greatest possible balance of positive value or the minimum balance of disvalue for all persons affected;

ii. The second essential feature of the utilitarian theory is intrinsic value. Efficiency itself is simply an instrumental good; that is, it is valuable strictly as a means to something else. In the corporation, efficiency is valuable as a means to growth and to profit maximization.
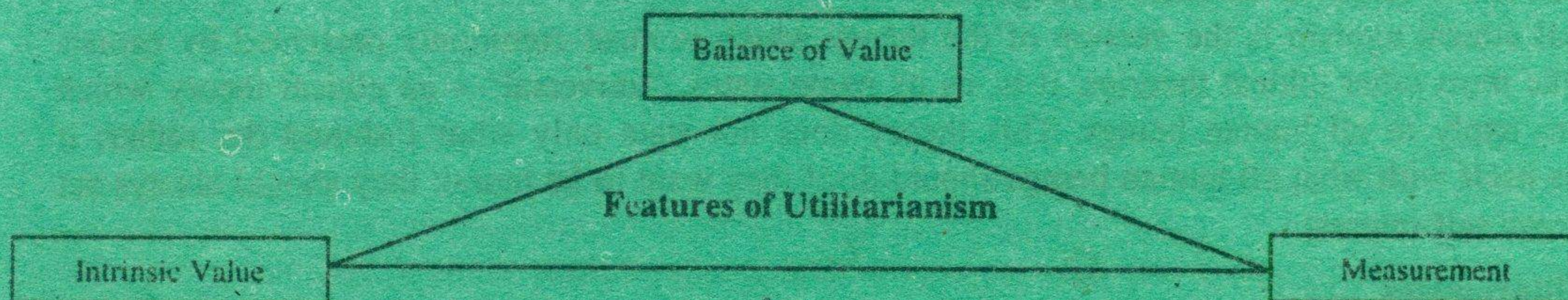

Figure-2.B: Showing Features of Utilitarianism

iii. The third essential feature of utilitarianism is its commitment to measurement and comparison of goods. People must be able to measure pleasurable and painful states and be able to compare one person's pleasure with another person's to decide which is greater.

Act and Rule Utilitarianism

Two versions of utilitarianism are compatible with the utilitarian principle just stated. They are known as act utilitarianism and rule utilitarianism. *Act utilitarianism* holds that each individual action, in all its detail, is what should be subjected to the utilitarian test. When faced with the temptation to break a contract, we are always concerned with a particular contract in a particular set of circumstances. To determine the morality of the action we should calculate the effects of breaking any contract, but they will be somewhat different. If we believe that what is true off breaking contracts in general will not be true in this case, we should investigate the effects.

Those who defend rule utilitarianism object to the act utilitarian approach. *Rule utilitarians* hold that utility applies appropriately to classes of actions rather than to given individual actions. Rule utilitarianism provides a technique for determining the moral value of actions – both those on which society has already made a moral determination and those on which it has not. It encourages us to determine whether conditions have changed to such an extent that what was once immoral because it produced more bad than good is now moral because, in changed circumstances, the action produces more god than bad.

Utilitarians also consider moral and other non-legal *sanctions* in their calculation. If an action does more harm than good to society, the members of society can impose various sanctions on the wrongdoer, short of legal measures. Consumers can boycott a firm, refusing to purchase its goods, in order to pressure the firm to stop some unethical practice.

Six Points about Utilitarianism

Before evaluating utilitarianism, one should understand some points that might lead to confusion and misapplication.

[i] When a utilitarian such as Bentham advocates "the greatest happiness for the greatest number," we must consider unhappiness or pain as well as happiness.

[ii]   Because utilitarian evaluate actions according to their consequences, and actions produce different results in different circumstances, almost anything might, in principle, be morally right in some particular circumstance.

[iii] Action affect people to different degrees. Playing radio loudly might enhance two persons' pleasure a little, cause significant discomfort to two others, and leave fifth person indifferent. Then what?

[iv]   Utilitarians wish to maximize happiness not simply immediately but in the long run as well.

[v]   Utilitarians acknowledge that we often do not know with certainty what the future consequences of our actions will be.

Lastly, when choosing among possible actions, utilitarianism does not require us to disregarded our own pleasure. Nor should we give to it added weight. Rather, our own pleasure and pain enter into the calculus equally with the pleasures and pains of others.

Criticisms of the Theory of Utilitarianism

Utilitarianism as a theory is not free from criticism. Some of such criticisms can be seen as under:

  i.   Utilitarianism is ungodly- it proposes only utility, rather than moral judgement;

  ii.   Ambiguous formulation of the principle – the theory of utilitarianism claims that an action is right if it tends to produce the greatest good for the greatest number of persons affected by it. It is very difficult to interpret this, hence ambiguous.

  iii. Possible immoral actions - the concept of the greatest good for the greatest number keeps the possibility of causing immoral consequences to any individuals in the minority;

  iv.   Lengthy time for measuring utility- no one has the time to calculate all the consequences of an action beforehand;

  v.   Unknown results – the calculation of the full results of any action is impractical. It is virtually impossible to determine all the consequences of all the actions ;

  vi.   Inappropriate weights to be used – it is simply difficult to accurately weigh the different kinds of good and evil that come out as the consequence of any action;

  vii. Difficulty to assess all the exceptions – the vast differences among human beings and situations are almost impossible to be accommodated in a single rule and exceptions to each case of the general rule when taken into consideration may cause the rule inoperative and ineffective

  viii. Wrong action may produce good – sometimes a few actions can be immoral even if doing those would maximize happiness.

C. Universalism

Immanuel Kant [1724-1804] says, to be moral is the same as being rational. Kant's ethics is to be found in his: Groundwork to the Metaphysic of Moral (1785), Critique of Practical Reason (1787), The Metaphysics of Morals (1797), Religion within the Limits of Reason Alone (1793) and The Critique of Pure Reason (1781). Kant asks only one rather minimal question: what maxims or fundamental principles could be worthy life whose acts are done out of duty: but even if I fail to do this I ought least to make sure to do any acts that would be indispensable if I had such morally worthy maxim. He contrasts duties to self and others, and under each of the two, distinguishes perfect and imperfect duties. According to him, perfect duties are complete, in the sense that they hold for all agents in all their actions with all possible others. In addition to refraining from false promising, refraining from coercion and violence are examples of the principles of perfect duties to others; they are obligations which can be met for all others. Kant derives the principles of imperfect obligation by introducing one

further assumption he takes it that we not only have to deal with a plurality of rational agents who share a world, but that these agents are not self- sufficient, hence are mutually vulnerable. As such, we are required to perform some duties to others in order to enable them enjoy their rights. Correspondingly, others need to perform their duties in order to enable us enjoy our rights. This formulation is known as ' The Formula of Universal Law'. Just as no one can force us to be rational, no one can force us to be normal. According to this view, we act morally when we knowingly choose to act in the way reason demands. The statement of what reason demands in the realm of action is the moral law. By analyzing reason as applied to action, which we can call practical reason, we find the key to morality.

The main focus of Kant's ethics is that an act is immoral if the rule which would authorize it cannot be made into a rule for all human beings to follow i.e it has to be universally applicable. Another important principle in Kant's moral system, states that no human being should be thought of or used only as a means for someone else's end, but rather that each human being is a unique end in himself. Kant sought moral principles that do not rest on contingencies and that define actions as inherently right or wrong apart from any particular circumstances. He believed that moral rules can, in principle, be known as a result of reason alone and are not based on observation [as, for example, scientific judgements]. In contrast to utilitarianism or other Consequentialist doctrines, Kant's ethical theory holds that we do not have to know anything about the likely results of, say, telling a lie to my boss in order to know that is immoral. The basis of obligation, Kant wrote, "must not be sought in human nature, [nor] in the circumstances of the world.". Rather it is *a priori*, by which he meant that moral reasoning is not based on factual knowledge and that reason by itself can reveal the basic principles of morality.

Kant in an Organizational Context

Like utilitarianism, Kant's moral theory has application for organizations.

[i] The categorical imperative gives us firm rules to follow in moral decision making, rules that do not depend on circumstances or results and that do not permit individual exceptions.

[ii] Kant stresses the importance of motivation and of acting on principle. According to Kant, it is not enough just to do the right thing; an action has moral worth only if it is done from a sense of duty-that is, from a desire to do the right things for its own sake.

[iii] Kant introduces an important humanistic dimension into business decisions. One of principle objections to egoism and utilitarianism is that they permit us to treat humans as means to ends. Kant's principle clearly forbid this.

I.   Kant's Duty Ethics.
   A.   Kant believed that it is possible by reasoning alone to set up valid absolute moral rules which have the same force as indisputable mathematical truths.
      1.   Such truths must be logically consistent, not self-contradictory.
      2.   They must also be universalizable.
   B.   Once moral rules are discovered as absolutes, human beings must obey them out of a sense of duty rather than follow their inclinations.
   C.   According to the Categorical Imperative, an act is immoral if the rule which would authorize it cannot be made into a rule for all human beings to follow.
   D.   The Practical Imperative, another important principle in Kant's moral system, states that no human being should be thought of or used only as a means for someone else's end, but rather that each human being is a unique end in himself.

Criticisms of Kant's Theory of Ethics

Kant's ethics got criticism by many of his age and still some critics continue the same with various logics provided:

a. Formalism : purely formal and identifies no principles of duty;
b. Rigorism: leads to rigidly insensitive rules, not accommodating differences between cases;
c. Abstraction : 'too abstract' to guide action;
d. Conflicting grounds of obligation : identifies a set of rules which may be found conflicting ;
e. Place of inclination : driven to the claim that action which we enjoy cannot be morally worthy;
f. No account of wrongdoing: failure to keep separate the claim that free agents must be capable of acting autonomously.

Other versions of such criticisms when summed up :

1. Although Kant showed that some rules would become inconsistent when universalized, this does not tell us which rules are morally valid.
2. Kant never showed us how to resolve conflicts between equally absolute rules, such as "Never break a promise" and "Never kill."
3. Kant did not distinguish between making an exception to a rule and qualifying a rule.
4. Some rules, such as "Never help anyone in need," can be universalized without inconsistency yet still have questionable moral value.
   a) Kant answered this criticism with the criterion of reversibility, that is, the would-you-want-this-done-to-you, or "golden Rule," idea.
   b) However, the reversibility criterion suggests a reliance on consequences, which is against everything that Kant set out to do in his system

Kant seems to have emphasized duties over inclinations too much in stating that we must act from a sense of duty, not form our inclinations. However, he gave no rule for what we should do when our inclinations and duties are the same.

Virtue Ethics

In the preceding pages we have seen the ethical theories based on utility & duties besides egoism – these have focussed mainly on actions but not of persons of character. The theories discussed do not typically emphasize the agents or actors who perform actions, have motives, and follow principles. In recent days, there are philosophers who have been pleading to look to decision making by persons of good character, that is, virtuous persons.

Morality & virtuous persons are correlated. This philosophy has been coined by Plato and Aristotle who stated that the primary function of morality has reference to the traits & character of the persons performing actions, have motives and follow principles. Thus we can say that virtuous ethics came from the classical Hellenistic tradition the main propagators of which were Plato and Aristotle. Virtuous character, says Aristotle is neither natural or unnatural; it is cultivated and made a part of the individual, much like a language or tradition.

A just person, for instance, has not only a disposition to act fairly but also a morally appropriate desire to do so. The person characteristically has a moral concern and reservation about acting in a way that would be unfair. Having only the motive to act in accordance with a rule is not morally sufficient for virtue. To be virtuous one has to undergo the process of building a character. But an ethics of virtue is more than habitual training.

When persons involved in business or take jobs for profit or wages that will result, they may meet their obligations yet not be engaged in a morally appropriate practice .The practice of business is morally better if it is sustained by persons whose character manifests truthfulness, justice, compassion, respectfulness, and patience. These traits have greater moral depth than does mere recognition of obligation. A person who is trustworthy has ordinarily an ingrained motivation and desire to perform

the right actions – such a person characteristically cares more about every response & actions to be made ethically. Moral cement of business is trust which only morally good person with right desires or motivation is more likely to understand & perform accordingly than many others.

2.2 Relativism

We must confront the challenge of moral relativism to ethics in general. Relativism may be viewed from two angels:

(a) **Naive Relativism** Perhaps the most widespread form of relativism might be called naive relativism – the idea that all human beings are themselves the standard by which there action should be judged. The naive relativist believes that the cause ethical decision are personal, important, and complex, only the decisions maker's opinion is relevant.

The real failing of naive relativism is its laziness: It is not a belief, but rather an excuse for having no beliefs. It is hard to marshal facts and construct theories about many ethical questions, and the naive relativist just doesn't want to bother Such moral laziness exacts a price. It requires giving up any hope of living in a better world or becoming a better human being.

(b) **Cultural Relativism** A second form of moral relativism is cultural relativism which claims that morality is relative to particular culture, societies, or communities. It further asserts that no standards can help us judge the morality of a particular culture, and that the best anyone can hope to do is to understand the moral codes and custom of a given society.

Cultural relativism tells us to try to understand, for example, Kenysian morality or Middle Eastern morality, buy not to judge them. If normal and customs are shared by the members of any society, what right do we have to criticize them form an external standpoint? Why should other parts of the world be obliged to accept our ideas of morality?

There are many other version of moral relativism, but all of them hold that we cannot decide matters of right and wrong, good and evil, in any rational way. Moral relativism seems to imply that since right and wrong are relative to whoever is making the decision, there are only individual answers to any moral questions. It also suggests that constructive moral argument is impossible, for each person will do what is right for himself or herself. Though we may agonize over the moral problems, we have no sure way of deciding that one decision is morally better than another. Mangers must be aware of and avoid and temptations of naive relativism-the idea that human beings are themselves the standard by which they should be judged-and cultural relativism – the idea that morality is relative to a particular culture. Relativism's main contributions to the debate on ethics in business is to remain us of the interplay between individuals and the community-a basic requirement for ethical thinking.

Relativism, thus stresses that no single, universal criterion can be used to determine whether an action is ethical or not. Each person uses his or her own criterion, and this criterion may vary from culture to culture. As a result, the ethical character of different social values and behaviors are seen within specific cultural contexts. Hence, businessmen engaging in activities in another country are bound by its norms and values. Several problems are associated with this ethical system. First, the relativism school is self-centered; it focuses solely on the individual and excludes any interaction with or input from the outside.

2.3 Basis of Different Ethical Systems

Systems on which ethics are based. Six ethical systems now dominate ethical thinking in general:

1. **Eternal Law [Scripture]** Ethical decisions are made on the basis of eternal law which is revealed in scripture.
2. **Distributive Justice [Fairness and equity]** Ethical decisions stress a single value, justice, and ensure an equitable distribution of wealth and benefits.

3. **Relativism [self-interest]** Ethical decisions are made on the basis of self interest and needs.
4. **Utilitarianism [calculation of cost and benefits]** Ethical decisions are made on the basis of the outcome[s] resulting from these decisions. An action is ethical if it results in the greatest benefit for the largest number of people.
5. **Universalizism [Duty]** Ethical decisions stress the intention of the decision or action. Similar decisions should be reached by everyone under similar circumstances.
6. **Rights [Individual entitlement]** Ethical decisions stress a single value, liberty, and are based on individual rights ensuring freedom of choice.

2.4 Ethical Standards for Business

The moral framework on which business decisions are based is known as ethical standard. Robert Bartels [1963] identified four standard of ethical business behavior. These are the ethics of collusion, compulsion, compliance, and conviction:

Ethics of Collusion = This ethical philosophy indicates that decisions are taken for self interest and showing no concern for others. This means while taking decisions business interest should be looked into to the maximum over individual's, family, religion etc. Decisions relating to all other than business should be separate and be taken in watertight compartments.

Ethics of Compulsion = Public outcry concerning many abuses of business leaders compel them to consider obligations other than self interest [interest of the business]

Ethics of Compliance = Public awareness of the business leaders, trade associations, professional groups from time to time formulated such course of business ethics which the business leaders comply while making ethical business behavior.

Ethics of Conviction = The ethics of conviction arises from an integrated sense of social and personal values and for respect for the general–level principle concerning human dignity and well being. That means changing awareness of the individual and social values. Make the business leaders take decisions to meet the obligations to the society.

2.5 Ethical Models – A Different Expressions

The theories and the philosophical models on the basis of which normative ethics have been developed are known as ethical/ moral theories or the philosophical models of ethics. These are four in number:

    i.   Utilitarian Model;
    ii.   Rights Based Model;
    iii.   Justice Based Model; and
    iv.   Care Based Model.

i. **Utilitarian Model:** This theory suggests that plans and actions should be evaluated by their consequences. This type of actions or behavior is judged in terms of its effects on the welfare of everyone. The underlying idea is that plans or actions should ensure the greatest good for the greatest number of people This approach is quite common in business decisions. For example, when managers maximise profit, or opt for efficiency and productivity, they can argue that they are obtaining the greatest good for the greatest number. A disadvantage of this approach is that the rights of minority groups can be easily overlooked.

ii. **Rights Based Model:** Unlike utilitarian ethics, these emphasize the personal entitlements of individuals. This theory holds that all people have basic rights, for example rights to freedom of conscience, free speech, right to privacy, and due process. Some rights have corresponding duties.

For example, if a person has the right to be paid for an eight hour day, he or she is also obligated to contribute a 'fair day's work' for a 'fair day's pay'. Business contracts reflect this approach, which is commonly used with occupational health and safety problems. A negative consequence of right –based ethics is that it engenders a self- centered, legalistic focus on what is due the individual.

iii. **Justice Based Model:** This theory demands that decision-maker be guided by fairness, equity as well as impartiality when treating both individuals and groups. Fairness is the criteria for distributing the benefits and burdens of society, the administration of rules and regulations, and sanctions. This approach is appropriate for issues like employment discrimination. One disadvantage of justice based ethic is that it encourages a sense of entitlement.

iv. **Care Based Model:** The focus in this approach is the well- being of another person. An ethical person is aware of the needs and feelings of others and takes the initiative to respond to that need. The criteria used to judge behavior is , "Who will be harmed and what will happen to existing relationships".

2.6 Tools of Ethics

Tools are the weapons or instruments that size a product or a thing. By tools of ethics, we mean the behavioral weapons or instruments with the help of which the pattern of behavior can be made as desired. Some tools may influence human behavior to be ethical. Fairness in outlook, values, rights, duties, moral rules, and fellow feeling etc. act as tools of ethics. These are explained in some detail as under:
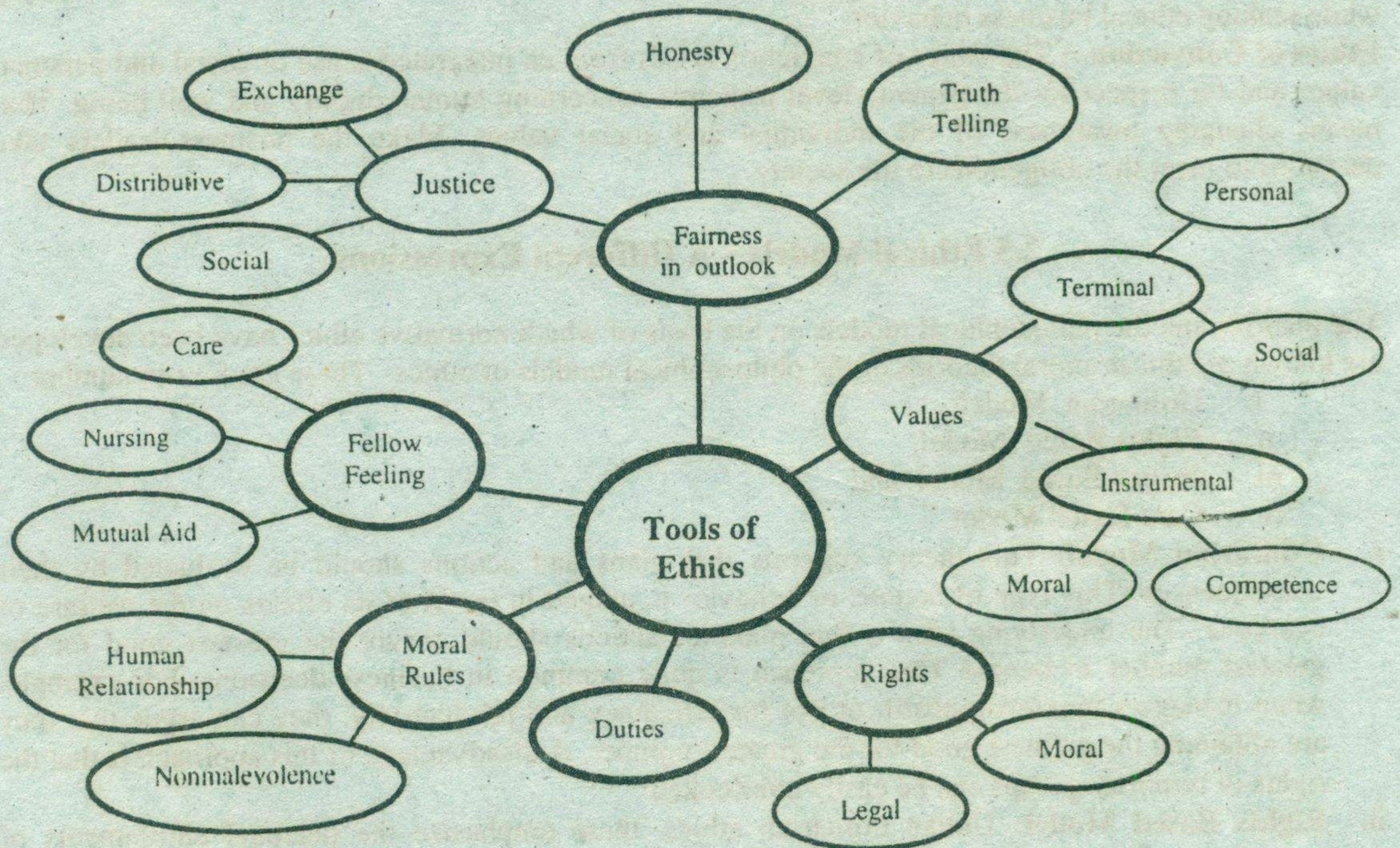
Figure-2.C: Showing the off - Shoots of the Tools of Ethics

I. Fairness in outlook

Fairness in treatment requires: Justice, Honesty & Truth Telling in Business. These are considered as very important tools influencing human conduct to be ethical. These are ,in brief:

A. Justice*

Justice demands that decision makers be guided by fairness and equity, as well as impartiality. Three different types of justice usually of most concern in business. These are :

1. Exchange justice
2. Distributive justice, and
3. Social justice

1. **Exchange Justice**: It involves reimbursement for services rendered or products made or sold. For example, if an object costs ten taka and I agree to purchase it for that price, then I owe the seller taka ten when I bought the object. Another example may be, if I agree to pay employees ten taka per hour each for doing a particular work and they do it for eight hours , then I owe them tk.80 each. All these are examples of exact and just 'exchange' of goods or services.

2. **Distributive Justice**: It involves the distribution of profit among owners, managers, employees, and shareholders. Distributive justice raises questions concerning the portion of the gross profit made in any business endeavour that should be distributed among all concerned- - higher wage, bonuses, fringe benefits, etc for employees & managers; greater dividends to shareholders; greater profit to owners and the like. The following list includes the major candidates for the position of the principles of distributive justice :

    i. To each person an equal share;
    ii. To each person according to individual need;
    iii. To each person according to that person's rights
    iv. To each person according to individual's effort;
    v. To each person according to societal contribution ; and
    vi. To each person according to merit.

3. **Social Justice**: It is concerned with how businesses and their members treat consumers and members of the society in general.

    Example of type of justice may be, the extent to which businesses should be willing to protect the public against pollution and other dangers to their property, well-being, and lives.

B. Truth Telling

It applies to business in the four different ways as under:

1. Business people must tell the truth in agreeing to render and pay for services and products.
2. They must not lie in employer- employee relations.
3. They must not lie to shareholders about the status of the business, and
4. They must tell the truth in advertising

C. Honesty

It applies to business in the following ways:

1. Business people must agreements and contracts, whether oral or written.
2. They must admit errors that have been made in creating products, especially where safety is involved, and they must correct those errors whenever possible.
3. They must give an honest day's work for pay received.
4. They must give appropriate wages for work performed.
5. They must set honest prices which allow for a reasonable but not inflationary profit.

---

* Rawls.J, "A Theory of Justice", Harvard University Press, Cambridge,1971.

6. They must give the best quality for he the price that they can, and
7. They must constantly inspect business practices at all levels to ensure that dishonesty and corruption are discovered and eliminated.

II. Values

Relatively permanent desires that seem to be good in themselves are values. These form the basis of moral standard. Values are also termed as "crore beliefs or desire that guide or motivate attitudes and actions".

Terminal Values: Terminal values are desirable end states of existence or the goals that a person would like to achieve during his or her lifetime.

Personal Values: *Indicate comfortable life, freedom, happiness, salvation, etc.*

Social Values: Indicate *equality, national security, world peace, etc.*

Instrumental Values: Instrumental values are preferable modes of behavior or the means to achieving one's terminal values.

Moral Values: *Moral values indicate cheerful, courageous, helpful, honest, etc. Moral values tend to have an interpersonal focus ; when they are violated, we feel pangs of conscience or guilt.*

Competence Values: *Competence Values indicate ambitious, capable, intellectual, responsible, etc. Competence values tend to have a personal focus, when they are violated, we feel ashamed of our personal inadequacy, rather than guilt about wrongdoing.*

Ethical VS Non ethical values: *When ethical issues arise, we have to distinguish between ethical and non-ethical values. The former are values that directly relate to beliefs concerning what is right and proper (as opposed to what is simply correct or effective) or which motivate a sense of moral duty. Core ethical values that transcend cultural, ethic, and socio-economic differences in the U.S are*

     [1]Trustworthiness,   *[2] Respect*

     [3] Responsibility   *[4] Justice and fairness,*

     [5] Caring, and   *[6] Civic virtue of citizenship*

It is difficult for adults to act ethically if they have not been inculcated with ethical values when were growing up.
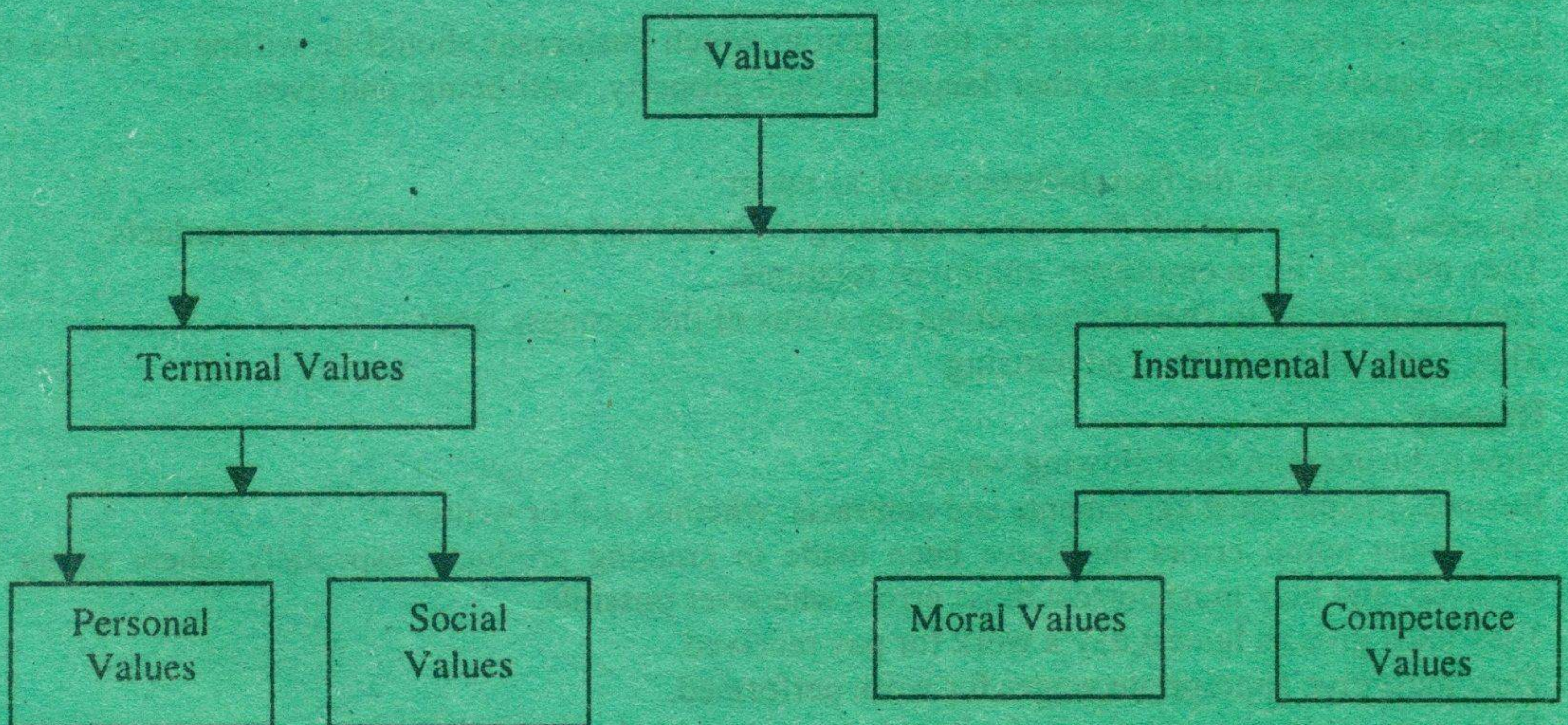
Figure – 2.D: Showing Different Types of Values

Non ethical values simply deal with things we like, desire or find personally important. Examples of non-ethical values are

[1] Money	*[2] Fame*
[3] Status	*[4] Happiness*
[5] Fulfillment,	*[6] Pleasure*
[7] Personal freedom, and	*[8] Being liked*

These are ethically neutral, one of the guides to ethical decision making is that ethical values should always take precedence over non ethical values.

II. Rights:

Rights are to obligations as benefits are to burdens. For rights are justified claims to certain benefits, the support of certain interests of the subject or right-holder. Enjoying certain rights give birth to performing certain correlative obligations. Rights are the claims that entitle a person to take a particular action. Rights based ethics holds that all people have basic rights which the decision makers must not violate in the process of making decisions. **A right** is a claim that entitles a person the "room" in which to take action. In more formal terms, one might call this room a person's "sphere of autonomy" or, more simply, his or her freedom. Rights are rarely absolute; most people would agree that the scope of individual rights is limited by the rights of others. Ordinarily, you have a right to speak your mind freely – until you make slanderous statements about another person.

Moral Rights

What, then, are rights, and what rights do people have? Broadly defined, a right is an entitlement to act or to have others act in a certain way. The connection between rights and duties is that, generally speaking, if you have a right to do something, then some one else has a correlative duty to act in a certain way. Some rights we derive from our legal system and these are known as **legal rights**. In addition to legal rights, we also have some **moral rights.** Some of these moral rights derive from special relationships, roles, or circumstances in which we happen to be i.e. promise keeping, truth telling, feeding the hungry ones and the like. Even more important rights are : the rights to life , right to free speech, right to religious activities etc. **Social Rights** are the rights required for the quality of life within a community. These include:

[1] The right to equal opportunity irrespective of sex, race , complexion, etc
[2] The right to freedom of physical movement
[3] The right to freedom from torture
[4] The right to freedom of speech and association
[5] The right to ownership of property
[6] The right to a fair trial
[7] The right to physical security & privacy
[8] The right to minimal education
[9] The right to political participation
[10] The right to breathe clean air
[11] The right to good health
[12] The right to equal justice
[13] The right to survival & subsistence
[14] The right to a decent income
[15] The right to have assurance of job security

Human rights have several important characteristics. These are
First, human rights are *universal*. For example, if the right to life is a human right, as most of us believe it is, then everyone, everywhere, and at all times, has that right.

Ross. W D, "The Right and the Good", Clarendon Press, Oxford, UK, 1930.

Second, and closely related, human rights are *equal* rights. If the rights to free speech is a human right, then everyone has this right equally.

Third, human rights are *not transferable*, nor can be relinquished. If we have a fundamental human, we cannot give, lend, or sell it to someone else.

Fourth, human rights are *natural* rights, not in the sense that they can be derived from a study of human nature but in the sense that they do not depend on human institutions the way legal rights do. If people have human rights, they have these rights *simply because they are human beings.*

Rights and in particular human rights can be divided into two broad categories: Negative Rights and Positive Rights.

Negative rights reflect the vital interests that human beings have in being free from outside interference.

Positive rights reflect the vital interests that human beings have in receiving certain benefits. They are rights to have others provide us with certain goods, services, or opportunities today, positive rights often are taken to include the rights to education, medical care, a decent neighborhood, equal job opportunity, comparable pay, and so on.

IV. Duties:

Duties or obligations are justified burdens to be shouldered while enjoying allowable rights. Obligations restrict freedom of an individual by requiring that he conducts his behavior in ways that directly benefit not himself alone but rather the right-holder. But burdens are for the sake of benefits, and not vice versa. Hence obligations, which are burdens, are for the sake of rights, whose objects are benefits.

Obligations i.e duties to take specific steps or obey the moral law. Our main duty and obligation is to perform actions as approved by the moral rules. Negative duties preclude our doing what moral rules forbid. The general rule, in its Kantian formulation, is "Ought implies can". We are only obliged to do what we can do. Hence, if we are unable to help others for whatever reason – lack of resources, lack of opportunity, lack of means- we are excused from such duty or obligation. Obligations that come from roles are especially important in business. Those who accept jobs take on certain roles and are obliged to do some legitimate activities that their role within an organization demands and for which they are paid.

Moreover, rights are correlated with duties. Whenever someone has a right, someone else has a duty to reset it. A duty is an obligation to take specific steps – to pay taxes, for example, and to obey the law in other respects. Earlier in this Chapter we have seen that people enjoy more than a dozen of different kinds of rights, but every right entails a duty. That is, every right entails that other persons and institutions do not violate that right. There are three types of correlative duties:
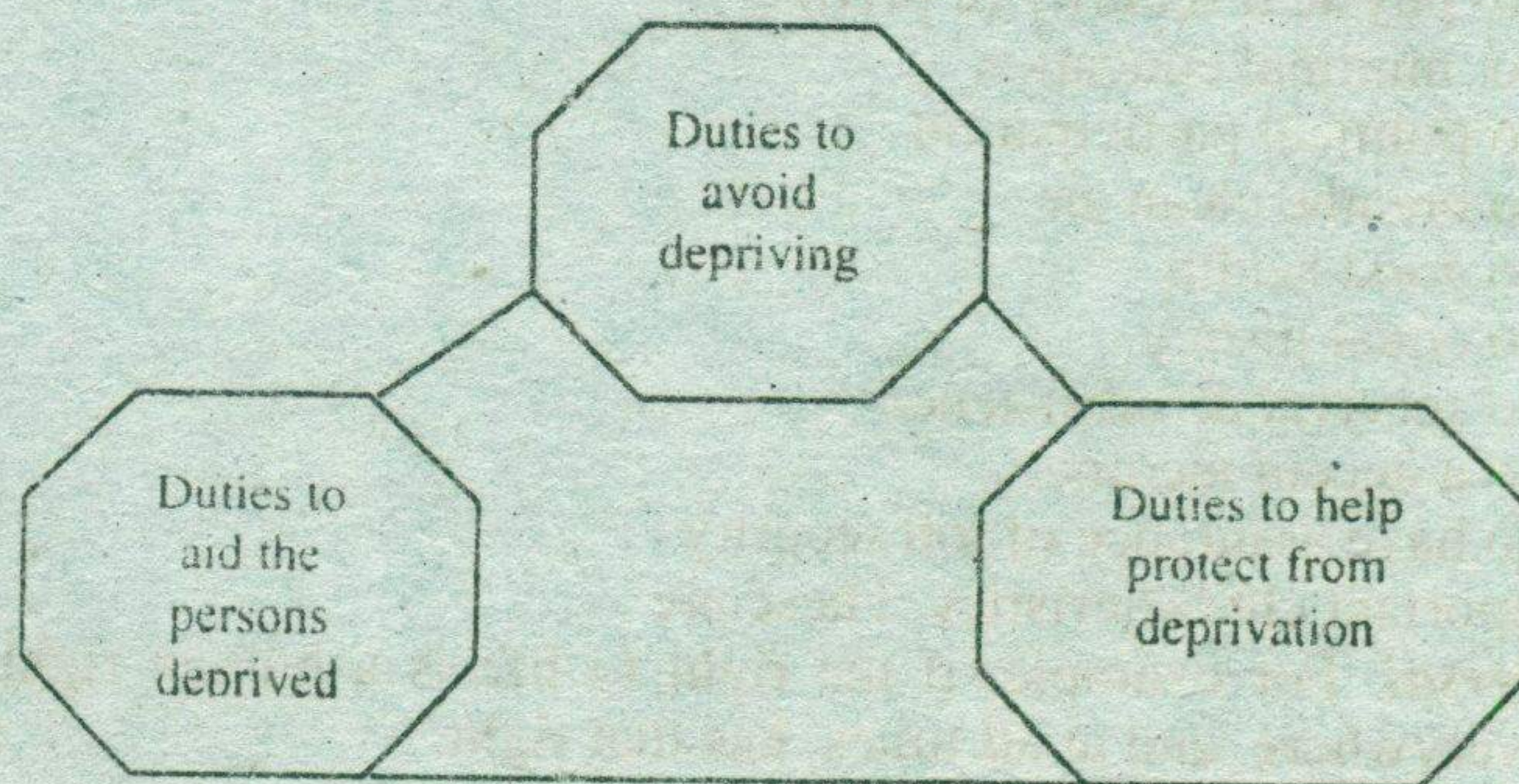

Figure-2.E: Showing the types of correlative duties

It is obvious that honoring of rights clearly imposes duties of the first kinds.

V. Moral Rules:

Rules for behavior that often become internalized as moral values.

Moral rules guide us through situations where competing interests collide. You might think of moral rules as "tie breakers" – guidelines that can resolve disagreements. Moral rules, which are rules for behavior, often become internalized as values.

Human Relationships

Every human being is connected to others in a web of relationships. These relationships exist because we need one another for mutual support and to accomplish our goals. From a small child's relationship with parents to a manager's relationship with an employee, relationships are a pervasive aspect of moral life. We constantly decide how to maintain and nurture them. These decisions reflect our values and our concern for ethics. So, when we say that management is about relationships, we are claiming that it has a large ethical component.

Common Morality is the body of moral rules governing ordinary ethical problems. Theses are the rules we live by most of the time, and which we can use to understand managerial problems in ethical terms. Let's briefly examine some basic principles of common morality to see how they work.

Promise Keeping. Most people want to have some assurance that other people will do what they say. Without the simple convention of promise keeping, social interaction would grind to a halt; business would be impossible. Every moral theory thus asserts, at they very least, that human beings should keep most of their promises most of the time. Insider trading became such a scandal in part because those who were caught had promised not to engage in such activities.

Nonmalevolence. Among other things, rights and duties provide ways of preventing violent conflict. If we constantly had to worry about our basic physical safety, we would be much less willing to trust other people and to engage in complex dealings that might involve disputes with them. Most moral theories thus require that most people, most of the time, refrain from harming other human beings.

There are, of course, exceptions. We allow the police to use force to subdue criminals; we accept wars that we regard as just; ad we let people defend themselves when they are attacked without cause. But morality requires us to avoid violence in settling disputes.

VI. Fellow Feeling.

Care: Ethics of care or feminist theory focuses on a set of character traits that are deeply valued in close personal relationships – sympathy, compassion, fidelity, love, friendship,, and the like. Recent theorists such as Carol Gilligan and Nell Noddings have argued that common morality – the morality of rules and justice – is only one perspective for reasoning about morality. They have suggested an alternative mode of reasoning called "the ethics of care." Gilligan proposes that there are two strands of moral theory – the "justice" prospective and the "care" perspective – with the justice perspective more typical of men and the care perspective more common among women.

People operating from the justice perspective emphasize separateness from others and an autonomous life. They see the solutions to moral problems as a balancing of competing rights in a formal and abstract manner. In contrast, the care perspective is characterized by a sense of connection to others, a life of love and caring, and a view that moral problems arise from conflicting responsibilities, which often require subtle interpretation of relationships.

Nursing: Care is a broader concept while nursing is usually used with reference to ailments. If someone related or not related, known or not known become sick, people around require nursing in order to bring normalcy in his physiological functioning. Similarly, in business someone interested in

an organization may become sick from business point of view. In this situation others around may do something to bring normalcy in the business that he has been involved.

Mutual Aid: Human communities are sustained by the recognition that people depend on each other and help each other. Blood donation and help through relief operation in times of distress are two such good examples. According to the principle of mutual aid, individuals should help one another if the cost of doing so is not unbearable.

Table
Key differences in the Justice and Care Perspectives

	Justice	Care
Orientation	Separation; autonomy	Attachment; interdependence
Mode of thinking idea of morality	Formal; abstract Fairness; rights; equality Primacy of individual "Formal logic of fairness"	Contextual; narrative Care; responsibility Primacy of relationship "Psychological logic of relationships"
	Separation justified by ethics of rights	Attachment required by ethic of care
Conflict resolution	Balancing rights; adversarial adjudication	Communication: protecting relationships
Responsibility	Limiting aggression and protecting rights	Extension of care and nurturing of relationships
Images of violence	Closeness	Isolation
Metaphor of relationship	Hierarchy or balance	Network or web

Source: Rebecca Villa, Andrew Wicks, and R. Edward Freeman. "A note on the Ethics of Caring" (Charlottesville: Darden Graduate Business School Foundation, UVA-E-086. 1990)

Common morality also requires us to regard other people as ends in themselves, not as mere means to our own ends. Treating people as ends involves taking them seriously, accepting their interests as legitimate, and regarding their desires as important. Property plays a prominent role in capitalism. Underlying the idea of property is the principle that most people, most of the time, should get the consent of others before using their property. If you think of people as owning their own bodies, respect for property is a corollary of respect for individuals. At Kinko's, the issue is the respect for copyright holders and their copyright as property.

2.7 Islamic Ethical Concepts

Basis of Islamic ethics is Shariah, Quran as revealed by the Allah Swabhanata'la and the hadiths as said or approved or at least did not expressedly disapproved by the holy prophet Mohammad[pbuh]. Some of such indicative ethical guidelines as provided from both the sources are:

Quranic Guidance	Hadith
1. O you who believe! When you deal with each other in transactions involving future obligations in a fixed period of time, reduce them to writing ......Let him who incurs the	1. "O people! Behold, the action(s) are but (judged) by intention(s) and every man shall have buy that which he intended." – (Shahih Al- Bukhari)

Quranic Guidance	Hadith
liability dictate, but let him fear His Lord Allah, and not diminish aught of what he owes.......[Contractual obligations be in writing] Al-Baqarah 2 (282) 2. *One day every soul will come up struggling for itself and every soul will be recompensed (fully) for all its actions and none will be unjustly dealt with.* [Qur'an 16:111.] 3. *Wealth and sons are allurements of the life of this world; But the things that endure, good deeds, are the best in the sight of your Lord, as rewards, and best as the foundation for hopes.* [Qur.an 18:46.] 4. The Qur'an states that "Man acquires nothing but what he himself has earned; none of his deeds is lost and each will count on the Day of Judgment" (53:39-41) 5. "You are the best community which has been brought forth for mankind. You promote what is good and forbid what is evil and you believe in God (Alone)." (3:110) 6. "Let there be a Community among you who will invite (others) to do good deeds, promote what is good, and forbid what is evil; those will be prosperous. Do not be like those who split up in disagreement after explanations had come to them; those will have awful torment! (3:104-105) 7. Ethics (Akhlaq) of Allah. Since he does all things on best Pattern. believers are expected to do their duty in best possible way." (27:88) 8. "..... And whatever deed you (mankind) may be doing we are witnesses thereof when you are deeply engrossed therein. Nor is hidden from your Lord (so much as) the weight of an atom on the earth or in heaven. And the least and not the greatest of these things, but are recorded in a record. (10:61) 9. "The acts depend on intentions. A man will get whatever he had intended for." (Bukhari) 10. "Not an atoms weight, or less than that or greater escapes Him in the heavens or in the earth but it is in a clear record. That He may reward those who believe and do good works. For them is a provision and a rich provision." (39:3-5) 11. "And verily we shall try you till we know those of you who strive hard and the	2. "-----By Him in whose hand Muhammad soul is, if Fatimah, the daughter of Muhammed stole. I would cut her hand.------" (Shahih Al- Bukhari) 3. "---- A poor man amongst us is one who has neither dirham with him nor wealth." He (the prophet) said, " The poor of my ummah would be he who would come on the Day of Resurrection with prayers and fasts and zakat but (he would find himself bankrupt on that day as he would have exhausted his funds of virtues) since he hurled abuses upon others, brought calumny against others and unlawfully consumed the wealth of others and shed the blood of others and beat others, and his virtues would be credited to the account of one (who suffered at his hand). And if his good deeds fall short to clear the account, then his sins would be entered in (his account) and he would be thrown in the Hell-Fire. "Shahih Muslim, Hadidth 4. The Prophet (SM) said, "Truthfulness leads to righteousness, and righteousness leads to Paradise. A man continued to tell the truth until he becomes a truthful person. Falsehood leads to al fujur (i.e., wickedness, evil-doing), and al fujur (wickedness) leads to the (Hell) Fire. and a man may continue to tell lies till he is written before Allah, a liar. - Shahih al Bukhari 5. Allah's Messengers (peace be upon him) was asked what type of earning was best and replied, "A man's work with his hand and every business transaction which is approved. [Best type of earning i.e. principles of good earnings.] Rafi ibn Khadij, Miskhat, 2783 6. The story of a beggar and an axe discouraging begging...... "This is better for you than that begging should come as a spot on your face on the Day of Judgement. Begging is right only for three people: one who is in grinding poverty, one who is seriously in debt, or one who is responsible for compensation and finds it difficult to pay. [Halal earning through manual works is recommended rather than gifts and begging], Anas Ibn Malik. Abu Daud , 1637 7. The Prophet (peace be upon him) said, "If you guarantee me six things on your part I shall guarantee you Paradise. Speak the truth when you talk. keep a promise when you make it, when you are trusted with something fulfill your trust, avoid sexual immorality, lower your eyes, and restrain your hands from injustice." Ubadah ibn al Samit, Miskat, 4870

Quranic Guidance	Hadith
steadfast. and till we test your record" (41:31) 12. "Whoever doth right. whether male or female. and is a believer. him verily We shall. quicken with good life, and We shall pay them a recompense in proportion to the best of what they used to do" 16: 97) 13. "And who so doth good and atom's weight will see it then. And who so doth ill an atom's weight will see it them." (99:7-8)	8. Anybody among you who wants to hire a worker, he should do so telling him [whom to hire] the wage. Ibn Mas ud, Kanjul Ummal 9. "Allah does not look to your bodies, to your faces, but he looks to your hearts and your deeds." 10. "It is obligatory for a Muslim to strive for lawful (Halal) livelihood" (Baihaqi). 11. "Whoever tells lies in order to get more money. his fortune will certainly be diminished" (Sahih Al-Bukhari and Sahih Moslem)

The above Shariah guidelines underline an universal and absolute theory to be applied irrespective of person, age and situations. Some indications are:

- The moral code in Islamic ethics is based on the relationship of man and their creator- Allah. Actions must be performed only the way He wishes and only to please him.
- The foundation of Islamic ways, so to say, Islamic business ethics is neither time bound nor to be influenced by anybody's wishes.
- Islamic ethics is not based on number- not that if majority people are benefited at the cost of minority, such action will be valid & accepted. As such utilitarianism has no place in isolation of Islamic Shariah.
- The concept of maximising self benefit i.e. egoism at the expense of others has no acceptability in Islam.
- While doing an action besides earthy benefits keep in mind the life in akhirah.
- Islam does not allow *haram* act to be used as a means to achieve a good end. The end does not justify the means. As the Prophet (saaw) explained, if someone acquires wealth through *haram* means and then gives charity from it, he will not benefit from it and the burden of sin still remains.
- Islam rejects the notion of liberty without accountability. Man bears responsibility for his each and every action in the light of Shariah for the earthly as well for the life hereafter.
- Islamic justice can neither be modified nor suppressed by invoking rank and/or privilege
- Islam actively encourages Muslims to get involved in business and commerce only to earn earning which are considered halal in the light of Islamic shariah.
- Each and every action will judged by intentions of actions but the action must not be haram or prohibited ones.
- Islamic Code of Life emphasizes on truth, promise, trust and justice with no excess in using sex.

Islamic Principles Pertaining to *Halal* and *Haram*ª
1. The basic principle is the permissibility of things.
2. To make lawful and to prohibit is the right of Allah alone.
3. Prohibiting the *halal* and permitting the *haram* is similar to committing *shirk*.
4. The prohibition of things is due to their impurity and harmfulness
5. What is *halal* is sufficient, while what is *haram* is superfluous.
6. Whatever is conducive to the *haram* is itself *haram*.
7. Falsely representing the *haram* as *halal* is prohibited.
8. Good intentions do not make the *haram* acceptable.
9. Doubtful things are to be avoided.
10. The *haram* is prohibited to everyone alike.
11. Necessity dictates exceptions.

Al Qaradawi p 11

Basic Differences Between Secular Ethics & Islamic Ethics

The first and the foremost difference of the secular & Islamic ethics is the goal direction of the two. Secular ethics though nor fully defect free, are directed to the welfare of the target beneficiaries whether an individual or a group or an organization etc with reference to time i.e. in this world till the target is alive. But in contrast to secular ethics, Islamic ethics seek welfare of the target even beyond time that means, welfare in this earth as well as hereafter – living or dead does not matter. Some other points of difference are indicated hereunder:

Comparisons of the Basis of Business Ethics

Secular Ethics	Islamic Ethics
1. Utilitarianism[cost and benefit]	1. Unity [tawhid]
2. Universalizm [duty]	2. Equilibrium [adl or justice by proportion]
3. Relativism [self- interest]	3. Free will [without external coercion]
4. Rights [individual entitlement]	4. Responsibility [accountable for every actions]
5. Distributive Justice [fairness & equity]	5. Benevolence or Kindness [do beyond obligation]
6. Eternal Law [Scriptures]	

Other major points that make Islamic ethics different from the secular ones are hinted:

[i]   As opposed to utilitarianism Islamic ethics do not approve of an action based on gains of majority or benefits compared to costs – rather on the actions and the intentions behind those actions. Bad actions not approved by Shariah even if accomplished with good intentions or good actions even if approved by Shariah but accomplished with bad intentions will not be ethical in the eye of Islam. For example, raising funds through robbery/ theft/fraud/ deception or even running a prostitution for the purpose maintaining an orphanage will not make such actions Islamically ethical though done with good intention. On the otherhand, performing hajj and wearing moulana like dress with the intention of wining the new customers of an Islamically pious locality may not ethical under Shariah.

[ii] Islamic rules are absolute -not relative. Allah is omnipresent and his rules as provided in Shariah are applicable irrespective of place, time, person- level of understanding & perception of the person .

[iii] Islamic ethics acknowledge duties instructed by Shariah that are required to be performed even if those go in contrast to the wishes of those in power. As such, the ethical concept based on duty as identified by an individual, a group, an organization or a state when in it goes contrast to that as provided by Shariah is not accepted as Islamically ethical.

[iv] Though allowed in western secular ethics, there is no place of closed ethical system & egoism in Islamic ethics; and

[v]   Western secular ethics do not raise question as to the personal behavior of an individual not affecting others but ethical scrutiny under Islam cover all actions of an individual whether affecting others or not, save & except those done in sleep or when insane or immature.

2.8 Approaches to Rights and Obligations in Business

There are two highly divergent approaches to the issues of rights and obligations in business, one of which emphasizes competition, and the other emphasizes government control. These are:

The Competitive Approach

The aggressively competitive approach is referred to by a number of names: free enterprise, laissez-faire, survival of the fittest, and by some, the "dog-eat-dog" approach. Supporters of this approach

believe that the main obligation in business and in life in general is to "make a buck,' that is, to establish and maintain a business whether we are talking about management, labor, or consumers – is to get as large a share as possible of the profits to be made in business, using any method one can. According to this position, the best approach for a local or national economy to take is that of laissez-faire (meaning "left people do what they want"), free enterprise, and competition. The theory behind this approach is that existing economic problems will be solved if all participants in business are completely free to compete as aggressively as they can. If there's a demand for certain goods, then businesses which can convince consumers that they can supply those goods at the best quality and the lowest prices should be free to compete with other businesses.

In this way, everyone who can survive will profit – successful businesses, governments, and consumer. If small businesses or new businesses can't survive the competition, then they will be eliminated from it, just as the weaker animals in the jungle are killed by those that are stronger. On the other hand, if businesses can make themselves larger and more secure by subsuming or destroying smaller businesses, this is an acceptable part of the competition process. The goal of any state or nation, form this viewpoint is to allow individuals to compete aggressively with each other for wealth and power because consumers can only benefit from this process, receiving the best products and services at the lowest cost. Proponents of this as the most meaningful and, in some cases, the only possible position for a free, democratic society to hold. They feel that whenever state and government controls are levied, power becomes centered in government, which tends to feed itself at the expense of individuals, both in business and in society general.

The Government Control Approach

This approach argues for state or government ownership and control of all business enterprises in the name of and for the good of the people. Laissez-faire may sound good, proponents or this position state, but it often puts power and affluence in the hands of a few aggressive people at the expense of the many. Furthermore, wealth is kept in the same hands as families that own big businesses continue to pass them on to their children and grandchildren. The competitive approach also brings out the most animalistic aspects of human beings, dehumanizing them both because it glorifies the "might makes right – survival of the fittest" jungle ethic, and also because it consigns the "have-nots" to abject poverty and hopelessness. It's all well and good to speak of everyone profiting form free enterprise, but in fact only a few do.

These people use their control of the supply of goods to control the demand for the goods or to satisfy the demand at higher profit to themselves – often offering less quality in the bargain. Furthermore, if small, independent businesses can't and don't survive, then everyone who isn't in control of power becomes a salve to those who are. In other words, what all of this adds up to, according to this view, is that good and bad are distributed unjustly in a laissez-faire society, with the 'haves' getting all of the good while the "have-nots" get all of the bad.

The only ethical and fair way for business to be conducted, according to this view, is to put it in the hands of the government, which will then operate it for the good of all concerned. In this way, no one individual or group of individuals has control over power and affluence to the detriment of others. Everyone in such a system works for the good of all, and a just distribution of good and bad is made by a central governing body representing all of the people. Some of the good is distributed equally; some according to merit; and some by need and ability. In this view, everyone will share – at least with some equality – both the bad and the good emanating from the society's business dealings. For example, if the main business of a country is agriculture and it has a good year, then everyone shares equally in the food distribution and the profits. One the other hand, if it has a bad year, then everyone shares equally in the lack of food and the losses. This is the only fair way. Furthermore, by not stressing aggressiveness and competition and by giving everyone a fair and equitable living which is free form poverty and hardship, more time can be spent on civilizing and humanizing the people.

2.9 Summing Up

1. Consequentialist moral theories see the moral rightness or wrongness of actions as a function of their results. If the consequences are good, the action is right, if they are bad, the action is wrong. Nonconsequentialist theories see other factors as also relevant to the determination of right and wrong.

2. Critics of egoism argue that (a) psychological egoism is implausible, (b) egoism is not really a moral principle, and (c) egoism ignores blatant wrongs.

3. Utilitarianism provides an objective way to resolve conflicts of self- interest and encourages a realistic and result – oriented approach to moral decision making. But critics contend that (a) utilitarianism is not really workable, (b) some actions wrong even if they produce good results, and (c) utilitarianism incorrectly overlooks considerations of justice and the distribution of happiness.

4. Kant's theory is an important example of a purely nonconsequentialist approach to ethics. Kant held that only when we act from duty does our action have moral worth. Goodwill is the only thing that is good in itself. Kant's categorical imperative states that an action is morally right if represented by the universal law. Critics, however, worry that (a) Kant's view of moral is too restrictive, (b) the categorical imperative is not a sufficient test of right and wrong, and (c) the distinction between treating people as means and respecting them as ends in themselves may be difficult to identify in practice.

5. Nonconsequentialists typically emphasize moral rights – entitlements to act in a certain way or to have others act in a certain way. These rights can rest on special relationships and roles, or they can be general human rights. Rights can be negative, protecting us from outside interference, or they can be positive, requiring others to provide us with certain benefits or opportunities.

6. In an organizational context, nonconsequentialism [in its non- Kantian forms] stresses the plurality of moral considerations to be weighed . While emphasizing the importance of respecting moral rights, it acknowledges that morality has limits and that organizations have legitimate goals to pursue. Critics question whether (a) nonconsequentialist principles are adequately justified and (b) nonconsequentialism can satisfactorily handle conflicting rights and principles.

7. Rule utilitarianism is a hybrid theory. It maintains that the proper principles of right and wrong are those that would maximize happiness if society adopted them. Thus, the utilitarian standard does not apply directly to individual actions but rather to the adoption of moral principles that guide individual action. Rule utilitarianism avoids many of the standard criticisms of act utilitarianism.

8. Values, rights, duties, justice, care, morale rules besides human relationships are considered as the important tools of ethics. Honesty & truth telling in business transactions are also considered as important tools of business ethics.

9. Ethical standard for business decisions include ethics of collusion, compulsion, compliance, and conviction:

10. The moral code in Islamic ethics is based on the relationship of man and their creator- Allah. Actions must be performed only the way He wishes and only to please him. Islamic business ethics is neither time bound nor to be influenced by anybody's wishes. It is not based on number- not that if majority people are benefited at the cost of minority, such action will be valid & accepted. As such utilitarianism has no place in isolation of Islamic Shariah.

11. Islam does not allow haram act to be used as a means to achieve a good end- the end does not justify the means. Islamic justice can neither be modified nor suppressed by invoking rank and/or privilege

12. Islam actively encourages Muslims to get involved in business and commerce only to earn earning which are considered halal in the light of Islamic shariah. Each and every action will judged by intentions of actions but the action must not be haram or prohibited ones. Islamic Code of Life emphasizes on truth, promise, trust and ustice with no excess in using sex.

Model Questions

Board Questions

1. Describe the need for ethical theories. Ethical theories attempt to systemize ordinary moral judgements. establish and defined basic moral principles – describe.
2. Explain major Consequentialist ethical theories. How Act utilitarianism is different from Rule utilitarianism?
3. Narrate the concept of Kant's ethics. How it marks in organizational context.
4. What are the different ways of approaching rights and obligations in business? How they differ? Explain.
5. What are the various tools of ethics – explain briefly.
6. Moral Rules and morality of care are not same thing. Do you agree with it, why or why not?
7. How do justice. honesty & truth telling applied in the business as a fair issues of ethics?
8. Describe different philosophical models of ethics.
9. "Shariah guides an universal and absolute theory to be applied irrespective of person age and situation". Explain with reference to the Quran & Hadith.
10. What are ethics? How are an individual's ethics formed ?

Short Questions

1. State the approaches to moral reasoning.
2. What are the sources of confusion that may arise in understanding utilitarianism?
3. Criticize Kant's theory of ethics.
4. What are the different ethical systems?
5. Differentiate ethical Vs non- ethical values with example.
6. What are the characteristics of human rights?
7. How legal right is different from moral rights?
8. What are the key differences between justice and care perspective?
9. What are the ethical standards for business?