

# ÉTICA

## Mestrado em Contabilidade, Fiscalidade e Finanças Empresariais





# Ethical Decision Making

## A – Ethics Theories



# Topics

- Ethics - Definitions
- Moral Codes
- Theories of Ethics Decisions
- Teleology
- Deontology
- Justice and Fairness
- Virtue Ethics
- Moral Imagination



# ETHICS DEFINITIONS

- (1) General Pattern (“Way of Life”)
- (2) Set of Rules of Conduct (“Moral Code”)
- (3) Inquiry about Ways of Life and Rules of Conduct

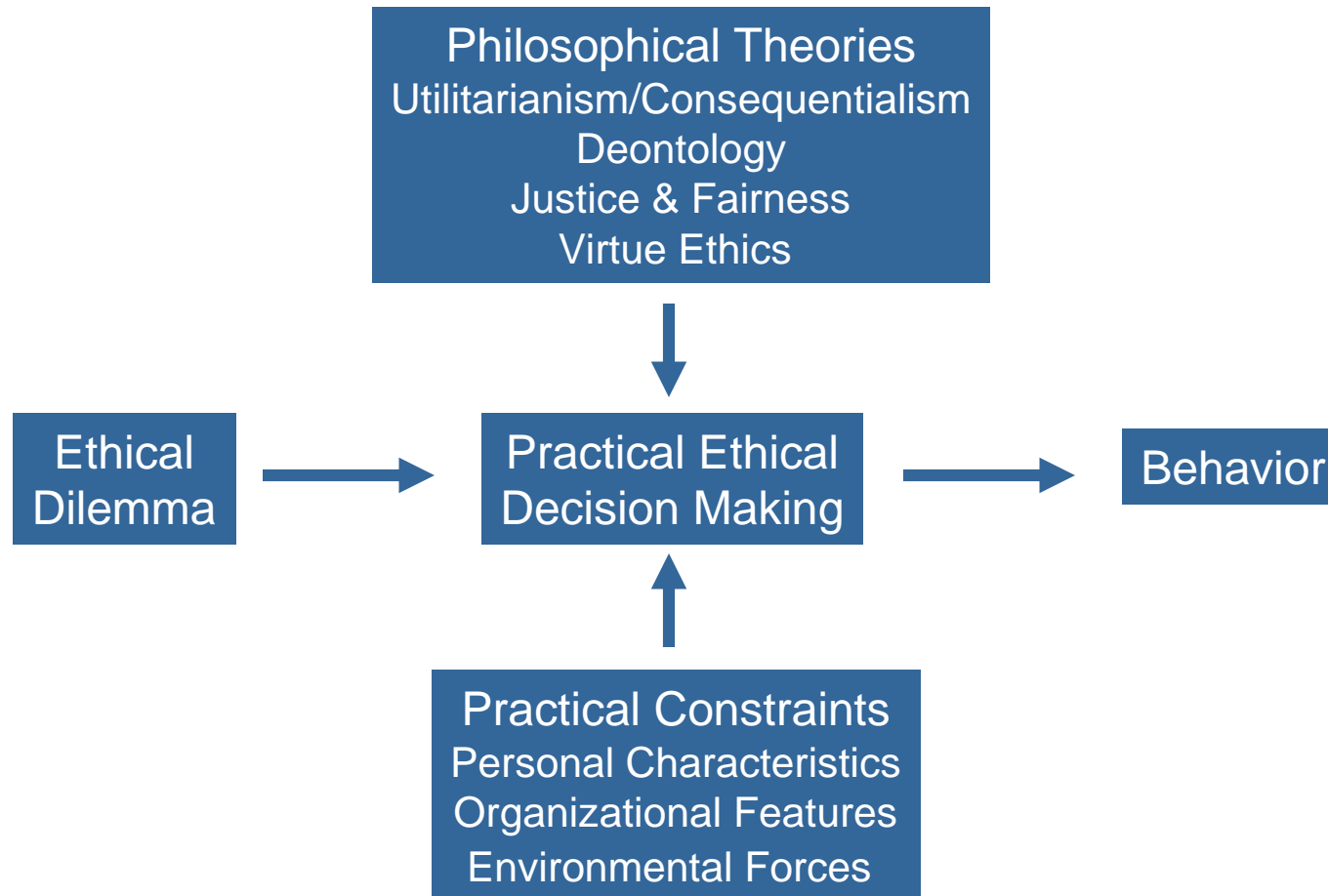


# MORAL CODE

- (1) Beliefs about the nature of man – VIRTUE ETHICS
- (2) Beliefs about ideals (good, desirable, worth of pursuit) - UTILITARIANISM
- (3) Rules about ought and ought not be done – JUSTICE AND FAIRNESS
- (4) motives incline us to choose right or wrong course - DEONTOLOGY



**FIGURE 3.1**  
**THE ETHICAL REASONING PROCESS**





# THE ETHICAL REASONING PROCESS

- Ethical Dilemma – no stark right or wrong solution
- Constraints: - Organizational; Personal Characteristics;...
- Organizational Constraints: Rewards System; Organizational Culture; Tone at the top Management
- Personal Constraints: Misguided understanding of Business; Over-commitment to the firm; Ethical immaturity
- Self-Interest and Selfishness – Hobbes & Adam Smith



# The Social Contract (1)

- The idea of the social contract is that it is rational for self-interested individuals to join together and submit to the rule of law in order to ensure that promises are kept and that social cooperation will occur.
- Hobbes and Fear.
- Gauthier suggests that rational, self-interested agents would recognize the need for mutual restraint: it is in the interest of self interested agents to agree to restrain the unbridled pursuit of self-interest.





# TELEOLOGY & CONSEQUENTIALISM

- Leads to Impact Analysis
- Locke; Bentham; Mill and Stuart Mill
- Ethical behavior in terms of results or consequences of ethical decisions
  - i. Ethicality is assessed on the basis of non-ethical consequences
  - ii. Ethical decision – increasing happiness and/ or decreasing pain (physical or psychological)
  - lii – no extra weight to personal feelings
- Action is ethically good/correct if greater balance of good over evil
- Act Utilitarianism (Consequentialism) vs Rule Utilitarianism
  - **Act utilitarianism:** Consider the consequences of some particular act such as keeping or breaking one's promise.
  - **Rule utilitarianism:** Consider the consequences of some practice or rule of behavior—for example, the practice of promise-keeping or promise-breaking.



# Utilitarianism

- One way of thinking about this theory is to compare the benefits and costs of each alternative of action. Whichever has the greater net benefit is the best alternative.
- Such an approach begins with the belief that we can measure and compare the risks and benefits of various actions. The idea is that actions are morally better or worse depending on whether they produce pleasure or pain or, more abstractly, on how they affect human well-being and happiness.
- Unlike egoism, **utilitarianism** focuses on the sum of individual pleasures and pains. It is not my pleasures or pains that matter—but the cumulative happiness of a number of people. Another aspect of utilitarianism is the belief that each of us counts equally—no one counts for more than others.



# Consequences

- One important point to bear in mind when discussing utilitarianism is that utilitarians generally do not think that actions or policies are good or bad in themselves. Rather, for the utilitarian, the goodness or badness of an action is solely a function of its **consequences**. Thus, even killing innocent people may be acceptable if it produces an outcome that saves a greater number of others from harm.
- The basic moral principle of utilitarianism is called the **principle of utility** or **the greatest happiness principle**. As John Stuart Mill explained it “actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness.” Utilitarianism is a form of consequentialism. It focuses on the consequences of actions.



# Do Away with Motivations

- According to classical utilitarian moral theory, when we evaluate human acts or practices, we consider neither the nature of the acts or practices nor the motive for which people do what they do.
  - As Mill put it, “He who saves a fellow creature from drowning does what is morally right, whether his motive be duty or the hope of being paid for his trouble.” It is the result of one’s action—that a life is saved—that matters morally. According to utilitarianism, we ought to decide which action or practice is best by considering the likely or actual consequences of each alternative.

Other critiques: measurement; distribution; intensity; Scope



# DEONTOLOGY – KANT’S METHAPHYSICS OF MORAL

- Kant’s theory of ethics is best described as a **deontological theory**.
- The word deontology means “theory of duty” (the Greek word deon means “duty”). Deontological ethics focuses on **duties, obligations, and rights**. The term deontological - “knowledge of what is right or proper.”
- Instead of focusing on consequences, deontological ethics focuses on duties and obligations: things we ought to do regardless of the consequences.
  - One way of describing this is to say that deontological theories emphasize the right over the good, by which we mean that deontology focuses on right actions and right intentions, while downplaying the importance of the goods or benefits that are produced by these actions.



# DEONTOLOGY – KANT’S METHAPHYSICS OF MORAL

- For Kant, moral duties are universal and absolute; and we should use our knowledge of morality to criticize and interpret ideas.
- For our action to have moral worth, according to Kant, we must not only act out of a right motivation but also do the right thing. Kant does not believe that morality is a function of producing good consequences. We may do what has good results, but if we do so for the wrong motive, then that act has no moral worth. However, it is not only the motive that counts for Kant. We must also do what is right. The act itself must be morally right. Both the act and the motive are morally relevant. In Kant’s terms, we must act not only “out of duty” (have the right motive) but also “according to duty” or “as duty requires” (do what is right).
- Kant calls moral “oughts” **categorical imperatives** because they tell us what we ought to do no matter what, under all conditions, or categorically.



# Categorical Imperative & Practical Imperative

- **Act only on that maxim that you can will as a universal law.**
- Whatever I consider doing, it must be something that I can consistently will or accept that all others do. To will something universally is similar to willing it as a law, for a law by its very nature has a degree of universality. By maxim, Kant means a description of the action or policy that I will put to the test. This is expressed in the form of a rule or principle.
- **Always treat humanity, whether in your own person or that of another, never simply as a means but always at the same time as an end.**
- This formulation tells us how we ought to treat ourselves as well as others, namely, as ends rather than merely as means. Kant believes that we should treat persons as having value in themselves and not just as having instrumental value. People are valuable, regardless of whether they are useful or loved or valued by others. We should not simply use others or let ourselves be used.



# JUSTICE AND FAIRNESS

- Examining the Balance
- Hume; Hobbes; Rawls
  
- People are not always beneficent and resources are scarce
- Mechanisms for fair allocation of benefits & burdens - JUSTICE
  - **PROCEDURAL JUSTICE:** Process for determining allocation - transparency
  - **DISTRIBUTIVE JUSTICE:** actual allocation – need; arithmetic equality and merit
    - Rawls – difference principle and fair equality of opportunities





# The Social Contract (2)

- For John Rawls, justice is fairness.
- How would we know if a particular distribution of goods in a society is fair?
  - Rawls argues that to know if a distribution is fair, we would need to ask what people would accept, if they were ignorant of the position they actually occupy in society. What would rational self-interested people agree to, in terms of laws and institutions, if they did not know if they were young or old, rich or poor, male or female, healthy or disabled? Rawls imagines an ideal form of social contract, which is supposed to help us see what rational, self-interested people would agree to in terms of justice.
  - There should be equality in basic rights and duties; any inequalities should be of benefit to least advantaged (Difference principle); access to these inequalities open to all (fair equality of opportunities)



# VIRTUE ETHICS

- We usually admire people who are courageous, kind, honest generous, loyal, diligent, temperate, fair, modest, and hospitable. Such traits of character are traditionally known as **virtues**.
- Rather than asking what we ought to *do*, **virtue ethics** asks how we ought to *be*.
- Virtue ethics is concerned with those traits of character, habits, tendencies, and dispositions that make a person good.



# Aristotle's Virtues

- In Greek, the term for virtue was arete, a word that can also be translated as “excellence.” According to Aristotle, there are two basic types of virtue (or excellence): intellectual virtues and moral virtues. Intellectual virtues are excellences of mind, such as the ability to understand and reason and judge well. Moral virtues, on the other hand, dispose us to act well. These virtues are learned by repetition. For instance, by practicing courage or honesty, we become more courageous and honest. Just as repetition in playing a musical instrument makes playing easier, so also repeated acts of honesty make it easier to be honest.



# Virtue as Mean

- Aristotle's philosophy outlines a variety of particular virtues including courage, temperance, justice, pride, and magnanimity. However, Aristotle also provides a unifying framework for understanding virtue in general, as a mean between extremes. This idea is occasionally known as the **Golden Mean**.
  - The virtue of courage can be understood as a mean or middle between the two extremes of deficiency and excess. Too little courage is cowardice, and too much is foolhardiness. When facing danger or challenges, we should have neither too much fear—which makes us unable to act—nor too little fear—which makes us take reckless or foolish risks.



# Kardell Paper

- What is the scenario?
- Who are Kardell's stakeholders?
- Are their claims equally important?
- What factors would you suggest the Board consider in its decision?
- Did the Board make any mistakes? Why?
- Apply moral imagination for a better decision?