Toward a Foundational Normative Method in Business Ethics[1]

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ABSTRACT. Business ethics as an applied inquiry requires an expanded normative method which allows both philosophical and religious ethical considerations to be employed in resolving complex issues or cases. The proposed foundational normative method provides a comprehensive framework composed of major philosophical and religious ethical theories. An extensive rationale from the current trends in business ethics and metaethical considerations supports the development of this method which is illustrated in several case studies. By using this method, scholars and business persons gain greater certitude about the ethical quality of their deliberations and decision making than what may be achieved with current nonsystematic or nascent normative methods.

Ethicists maintain that the normative justification of action is achieved by applying either teleological or deontological philosophical principles to specific cases. On the other hand, moral theologians use Judeo-Christian divine commands or religious values as norms to certify appropriate behavior. When either group addresses business ethics issues, the opposing group often criticizes their treatment as being irrelevant or insufficient. In fact, neither philosophical or theological reasoning alone seems adequate to resolve complex macro and micro

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ethical issues arising from the demanding business milieu. Neither consequential and contractarian philosophical considerations nor religious-based claims of human rights and personal dignity as *alternative* approaches provide the complete array of hypothetical options necessary to resolve complex business ethics issues. Both perplexed scholars who hope to address the multifaceted aspects of particular business ethics issues and confused managers who contemplate the effect of their decisions on the employee, the community, the nation, and the world require a comprehensive framework to resolve the difficulties which confront them.

A pertinent case involving the employee's right to a safe work environment illustrates this difficulty. Recently, clerical workers have charged management with failing to protect them from the radiation dangers of cathode-ray tubes in word processors or microcomputers. Suppose there is a situation in which an employer has a pregnant administrative assistant whose duties include extensive use of both a word processor and a personal computer. Furthermore, this assistant is a Catholic who believes that human life begins at fertilization following the tenets of her religion. On the other hand, the male manager has no meaningful religious convictions. His major concerns are: to fulfill his job requirements in the best manner possible, to please his superiors, and to advance his own career within the corporation. Subsequently, the administrative assistant reads an article, entitled 'Do CRTs Kill?', in an old issue of *Datamation* (Schatz, 1983) which suggests there has been greater incidence of miscarriages and birth defects for mothers who have been

exposed to greater amounts of radiation from desk top terminals. Greatly concerned, she requests permission to conduct her work without the use of either the word processor or personal computer. He dismisses her fears by pointing out that the article claims that the National Institute for Occupational Safety and Health (NIOSH) failed to find any detrimental effects associated with this technology. He asks her to continue working as before. She agrees to follow his advice; however, she begins to search for more information about the issue. In the *Wall Street Journal* of April 6, 1984, she learns that several companies have transferred pregnant women to other positions temporarily to allay their fears. Moreover, she reads that the NIOSH study did not conduct any actual experiments, but concluded their findings from theoretical research. Finally, she confronts her boss with this new information and demands protective action. The middle manager is now faced with ethical issues from multiple perspectives. If he uses only philosophical rationales to make a decision, he could not address sufficiently her Catholic respect for life position concerning the welfare of herself and her fetus. If he chooses to act only on her theological argument, he could not consider what effects such a policy would have throughout the corporation, a teleological consideration, or what employee rights entitlement which she may or may not have in this situation. How should he proceed?

This paper argues that the applied inquiry of business ethics requires a foundational normative method (FNM) which includes both philosophical *and* religious ethical considerations. Business persons and academicians need to use both ethical perspectives if they wish to formulate authentically justified decisions and actions. The substantiation of this argument entails four parts: (1) a rationale for the FNM in the field of business ethics, (2) an initial outline of the FNM and some metaethical supports for its creation, (3) a full explanation of the FNM, and (4) its application to business ethics issues.

I. A rationale for the FNM

The rationale for this FNM comprises four points. First, business persons use both philosophical and religious ideas in making ethical decisions in the workplace (Baumhart, 1968; Brenner and Molander, 1977). Since business ethics is an applied field, it should include these divergent outlooks. Second, neither disciplinary perspective is sufficiently capable of answering complex business ethics questions alone. Issues concerning the nature of the person, the responsibilities of conglomerates to local workers and their families or to foreign consumers, the contractual rights and duties of the employee, and the correct action in conflicting deontological options require recourse to both philosophical *and* religious ideas. Richard De George's paper, 'Theological Ethics and Business Ethics', invites such a composite response. While he substantiates the role played by philosophical ethics in business ethics, De George withholds his judgment about the theological contribution to business ethics. He claims that religious moralisms, Catholic encyclicals, agapism, and liberation theology do not adequately address complex business ethical issues. He wants to see greater contemporary theological research. While the contemporary period does seem to lack extensive *focused* responses from theologians and ecclesial communities about business ethics issues, he fails to appreciate the extensive pertinent religious legacy in his assessment. The Judeo-Christian tradition has addressed economic or business issues either explicitly or implicitly beginning with Moses and the Torah up to the present day, including such examples as the Jewish Talmud, the New Testament gospels, Thomas Aquinas' *Summa Theologica*, Walter Rauschenbusch's *A Theology for the Social Gospel*, Reinhold Niebuhr's *Moral Man and Immoral Society*, the decrees of the Second Vatican Council, and the papal social encyclicals of Leo XIII to John-Paul II. Moreover, recent works of Williams and Houck (1978, 1982), Novak (1981), and the United States Catholic bishops' drafts of the statement on economics signal greater efforts in this regard. While I agree partially with De George that

greater sophistication and precision in applying theological ethics to business ethics does appear to be lacking, I suggest the root of this difficulty is more methodological than substantive. Specifically, moral theologians have offered no procedure for implementing their ideas within the basic managerial decision making task which is the crux of ethical opportunity within the business world. The creation of such a methodology is needed.

Third, the present approaches of business ethicists suggest a combined endeavor such as the FNM. The teaching of American business ethics has changed greatly since the religious moralisms exemplified by the Christian businessman's approach of the Reverend William Van Doran's *Mercantile Morals; or, Thoughts for Young Men Entering Mercantile Life* in 1852, although Spurrier (1962) and Mitchell (1962) still espoused congruent themes as late as the 1960s. Joseph W. Towle's edited work, *Ethics and Standards in American Business*, in 1964 represented a new healthy interdisciplinary focus by stressing the use of both religious and philosophical perspectives in business decision making. By 1966, Thomas M. Garrett's *Business Ethics* furthered this new movement by providing managerial ethics with a utilitarian methodology linked with Aquinas' principle of double effect. His approach remained very popular until the social responsibility movement. This new focus with its environmental concerns shifted the teaching of business ethics to social ethics during the early 1970s. This school emphasized aggregate utility, i.e., the good of society, in its discussion of business practices; such works as Fred Luthans and Richard M. Hodgetts' *Social Issues in Business* (1972) became ubiquitous. Concomitantly, religiously-oriented ethicists, such as, Ramsey (1950), Lehmann (1963), and Gustafson (1975, 1978, 1981), resurfaced to address the religious dimension of ethics. Their efforts moved the current discussion of ethics outside the enclave of philosophers and social scientists' applied studies. Later, Oliver Williams and John Houck's texts, *Full Value: Cases in Christian Business Ethics* (1978) and *The Judeo-Christian Vision and the Modern Corporation* (1982), provided

an applied religious ethics approach to business issues. Meanwhile, John Rawls' *A Theory of Justice* (1971) forced the deontological questions of rights and justice to be considered by both philosophical and religious ethicists. By the early 1980s, various applied ethicists brought Rawlsian and Kantian concerns to the textbook stage by developing — what may be called — moral approaches to business ethics: Thomas Donaldson, *Corporations and Morality* (1982), Richard T. De George, *Business Ethics* (1982), and Manual G. Velasquez's *Business Ethics* (1982). While these ethicists do not link their normative approaches to any specific normative method, they resemble Baier's (1958) moral point of view and Wallace and Walker (1970) and Harman's (1977) moral approaches. Thus, three contemporary ideological streams in the teaching of business ethics have surfaced during the past twenty years: a utilitarian ethics approach, a religious ethics approach, and a moral approach. Given this theoretical overview of the field, my suggestion to develop a FNM which incorporates some of these developments seems appropriate.

Fourth, the normative methods already being developed by various business ethicists invite the inclusion of religious ethics. De George (1982: 39–86) himself included all three approaches, namely, teleological utilitarianism, Kantian deontological morality, and religious ethics, in his text. Generally, he used a moral reasoning approach to explore issues in business ethics, while only minimally describing the two alternative considerations. More importantly, Velasquez (1982: 92–93) took this approach one step further by developing a normative method for moral reasoning which evaluated the utilitarian, moral rights, and justice aspects of action in business cases. Unfortunately, he failed to include religious ethics. Lastly, in a paper, entitled "Institutionalizing Conscience in Business Courses through the Case Method," given at DePaul University in February of 1982, Kenneth Goodpaster proposed the most systematic normative approach to business ethics which he uses at the Harvard Business School. Devising a method similar to Velasquez, he proposed a normative method consisting of

"Utilitarian or Benefit/Cost-Considerations, Rights-Based Considerations, Duty-Based Considerations, and Other Considerations." While this last aspect of the methodology could have included religious ethics, he did not mention it (Goodpaster, 1982). However, Goodpaster enlarged his schema in his teaching note, "Ethical Frameworks for Management," to include religious ethical ideas by September of 1983. These efforts demonstrate the current attempt to devise a normative method for business ethics. Unfortunately, they have not incorporated explicitly the insights gained from Toulmin's (1950) "good reasons" perspective or Baier's (1958) moral point of view approach. Nor have they integrated sufficiently a religious perspective in their methods, except in Goodpaster's recent work. In this respect, they minimize the fundamental principles associated with Western Judeo-Christian ethical teachings, especially the divine commands against stealing, killing, and lying. These preliminary considerations constitute the argument for developing a normative method which fully includes a religious ethics perspective.

II. An outline of the FNM

Briefly, the FNM consists of appraising the ethical correctness of a particular decision or action from four theoretical bases and their principles of justification. I have chosen four theoretical approaches which have been accepted generally by philosophical and religious ethicists as having the most value in ethical matters: the deontological approaches of Kantian morality and the teleological approach of Bentham/Mill's utilitarianism within philosophical ethics and the divine command and theological virtue approaches within Judeo-Christian religious ethics.[2] Specifically, the Kantian approach to morality originates from the rational formulation of universalizable moral maxims or norms derived within a particular worldview which one is duty-bound to obey. The Bentham/Mill's approach to utilitarian ethics comes from the individual's estimation of the good consequences for the greatest number

of persons affected by a particular decision or action. The Judeo-Christian affirmation of divine commands revealed through such sources as the biblical Decalogue (Ramsey, 1966; Helm, 1981; Davis, 1983), the Torah (Levin, 1980), or the concept of natural law (Fuchs, 1965; Curran, 1975) provides guides to specific action. On the other hand, manifesting theological virtues, such as, the Christian concepts of faith, hope, and charity (Hauerwas, 1974) or the moral advice from the nonlegalistic sections of the Talmud (Green, 1973) represents personal affirmation of the spiritual tradition of ecclesial or religious life. While virtues have been usually associated with character development, I am suggesting their importance for ethical behavior. Each of these four theoretical approaches assesses ethical behavior on the basis of a particular principle of justification: namely, societal obligation, utility, divine obligation, and religious spirituality, respectively. I have chosen the term, "foundational", to characterize this normative method because it asserts that these theories and their principles of justification constitute *authentic authoritative sources* for justifying the components and/or consequences of ethical action. Following the current nascent normative approaches in business ethics, I suggest that these theories with their principles of justification be employed *collectively* to assess how justified a particular decision or action may be. By analyzing both the components and consequences of a decision or an action from these four perspectives, greater certitude about the ethical quality of a response in a particular case may be determined. In this way, the FNM produces the *most* justified ethical resolution in a particular decision or action.

In developing a FNM for business ethics, I am going beyond the norms of the strictly philosophic enterprise to include religious ethics within this applied framework. However, this opens a philosophical Pandora's Box. In an attempt to cure the ensuing malaises, I offer tentative metaethical support for this interdisciplinary enterprise. Three pertinent metaethical issues need to be addressed before fully formulating a foundational normative approach.

First, what is the interrelationship between contemporary general ethics and business ethics? Second, are there different approaches to ethical/moral and religious reasoning? Third, in what sense can a normative method be foundational?

1. What is the interrelationship between contemporary general ethics and business ethics?

G. E. Moore in his *Principia Ethica* (1903) is generally credited with introducing the distinction between normative ethics and metaethics when he proposed the indefinability of good. This distinction became accepted after the writings of A. J. Ayer's *Language, Truth, and Logic* (1936). Because of their efforts, ethical philosophers especially in the analytic school concentrated their investigations on the definition of ethical terms and the nature of moral justification. During this period, metaethical philosophers especially through the efforts of Robert Hare came to regard ethical judgments as ethical imperatives rather than knowledge claims. Representing the noncognitivist theory, these types of utterances could not be said to be literally true or false (Hancock, 1974: 11–17). Furthermore, W. D. Ross in *The Right and the Good* (1930) described the indefinability of the notion of right as applied to actions. As a result, general ethics became so preoccupied with non-normative issues that normative inquiry, such as, applied ethics, was discredited. Francis E. Sparshott thus described the task of this contemporary metaethicist in his important work, *An Enquiry into Goodness* (1958: 31), by saying:

> It is not part of the task of ethics to enquire into what any group of people (or even all people) actually do, or even what they think they ought to do ... [The philosopher's] task is, as we have said, not to introduce new notions but to introduce a measure of clarity into existing norms. It is therefore one of his chief tasks to discover how far existing notions about goodness and badness, rightness and wrongness of conduct can be reduced to some kind of system and shown to conform to general principles.

If the metaethical task of the ethicist was to clarify terminology, theories, and systems which had their origins within the philosophical enterprise in order to establish general principles without reference to real life situations, their use for an applied inquiry, such as, business ethics, became problematic.

Attempting to counter this trend, Stephen Toulmin in his *An Examination of the Place of Reason in Ethics* (1950: 222–225) developed the "good-reasons" approach to metaethical theory which considered moral utterances to be factual and practical statements based on rationally chosen good reasons. The good-reasons approach claimed that moral judgments must satisfy factual, rational, and universalizable requirements. Subsequently, Kurt Baier's *The Moral Point of View* (1958) and John Rawls' *A Theory of Justice* (1971) provided greater metaethical support for this type of general normative theory. While this metaethical school provided a basis for normative justification of action, it did little to advance ethical or moral reasoning beyond issues between persons. Issues endemic to micro and macro business ethics were not addressed. Questions concerning the relationship of corporate action to employees, stockholders, suppliers, and consumers or about multinational or environmental issues regarding present and future generations fell beyond the scope of their considerations. While business ethicists in search of a significant normative theory have incorporated implicitly this recent metaethical direction in their nascent normative methods (Velasquez, 1982; Goodpaster, 1983), they have not presented an adequate metaethical rationale in their discussions. I believe their difficulty has two parts. First, general normative theory cannot be applied directly to business ethics. De George addressed this very issue in a paper, entitled "Business Ethics: A Contradiction in Terms?", given at DePaul University in October of 1982:

> Business ethics is not simply the transfer of general ethics to ethical problems. As those in the field of business ethics attempt to apply standard ethical theories to issues in business, they frequently see deficiencies in the theories, difficulties, and ambi-

quities they did not notice before. They also encounter problems that those interested in general ethics need not raise.

Second, I maintain that business ethics as an applied ethic requires an expanded theoretical framework which goes beyond the confines of present general normative ethics. The scholar and the practitioner need to grapple with both philosophical and religious issues involving individual, corporate, national, and multinational questions within past, present, and future time frames. Thus, these recent developments in general ethics and business ethics point to a different scope and substance between these two areas of study. These significant theoretical differences encourage the development of a general normative ethical theory which includes an expanded conceptual framework. The FNM attempts to answer this need.

2. Are there different approaches in ethical/moral and religious reasoning?

In other words, do ethical/moral and religious approaches to business ethics involve different conceptual frameworks? The modern differentiation of these approaches highlights the rational versus the revelatory beginning assumptions of these respective frameworks. However, this was not true historically. The Greeks from Socrates to Aristotle understood ethics, i.e., to do, to be the study of the general pattern or way of life. Their understanding of an ethical way of living was linked to harmonious life within the city, the *polis*; in this sense, their concerns had a moral basis, that is, the practical guidance of life within a defined social milieu (MacIntyre, 1966: 97—99). These philosophers defined "moral concepts such as justice and virtue in terms of achievement of good" (Nielsen and Abelson, 1967). They thus identified individual good with social good. When Aristotle defined ethics later by using both the concept of *ethike philosophia*, i.e., conduct according to human nature, and *ethos*, i.e., a habit acquired by repeated acts, in his *Nicomachean Ethics*, he described all aspects of behavior thought to be

within human nature. He included rational and religious, albeit non-revelatory, criteria to justify behavior. His unitive concept of ethics reflected a highly integrated socio-religious worldview.

However, this unitive concept of ethics did not remain in Western philosophy. First, Cicero carried over only the former Aristotlian concept of *ethike philosophia* when he translated this idea as moral philosophy. This important shift in the history of ideas differentiated the use of ethics and morality. Later, Immanuel Kant gave moral reasoning an analytical nuance: *a priori* maxims also regulated action. The formulation of such Kantian maxims came from a rational ability to create universalizable or reversalizable norms without religious bases. Moral activity thus involved obeying these types of norms regardless of their good or evil consequences. In fact, some philosophers perceived that Kant's categorical imperative drove a wedge between the ethical/moral and the good/right dialectics. Deontologists such as Prichard, Ross, Carritt, and Broad during the first half of this century maintained the notion of "right" was not reducible to "good" or any teleological concept (Nielsen and Abelson, 1967). Frankena's excellent discussion of the nonmoral and moral normative judgments in his *Ethics* (1973a: 95—116) describes the contemporary rationale for this differentiation in the justification of action. Further, Gustafson (1981: 88—89) finds this differentiation acceptable. While this bifurcation should not be pushed to an extreme, the difference between utilitarian and deontological concepts has had general acceptance in the philosophic community. Although the respective association of the words "good" and "right" with this differentiation has been questioned, I find that greater clarity may be brought to ethical analysis in business ethics by maintaining this distinction and its association with teleology and deontology respectively. Besides this Western differentiation between ethics and morality, a greater estrangement occurred.

As a legacy of the Enlightenment, a second shift in the history of ideas happened when ethics was no longer linked to a religious or

spiritual dimension. While this signaled the triumph of rationalism, it created a false rift in a wholistic understanding of human behavior. To some extent, the current rise of religious ethics, i.e., to act from religious or theological principles, reclaims the religious dimension found in the older Greek notion of ethics. My point here is not to revitalize this ancient unitive concept of ethics but to call for the reassertion of both perspectives in the study of some applied areas of ethics, especially business and medical ethics. While De George in his paper, "Theological Ethics and Business Ethics" is certainly correct in noting theological ethics presupposes a revelatory foundation, he fails to acknowledge the historic religious and rational unity of ethical considerations. Furthermore, he has not described the major role which reason played in the development of Western moral theology. These and other developments need to be recognized. Dating from at least the time of the Mosaic covenant, the role of religious ethics within Western human thought and activity both in personal and business affairs has been too pervasive to be dismissed from the study of business ethics. Until this religious dimension withdraws from or is abandoned within our human experience, its place in determining what action ought to be done will remain. In this sense, while contemporary philosophical and religious ethics have different starting points, the inclusion of religious ethics within the scope of business ethics is necessary. Any issues with religious implications, such as, the nature of the person rooted in a religious anthropology, relations with persons who hold religious ideas, or corporate activity affecting religious groups, cannot be understood, much less employed, in the resolution of ethical difficulties, if they are dismissed from consideration. Thus, it is important to differentiate the philosophic and religious aspects of issues within business ethics as the FNM recommends rather than dismember one from the other as is the current disciplinary practice.

Given these considerations, business ethical reasoning should be seen as a philosophical and religious analytical activity. If I define ethics then as an inquiry about the wise ways of living

(Sparshott, 1958: 24–26) with "wise" meaning "correct reasoning in situations" (Frankena, 1973a: 2), this "correct reasoning" is determined by evaluating whether a decision or action is justified behavior. In this sense, justification means the giving of reasons or a rationale to defend the correctness of a particular action (Wellman, 1971). Such a determination may be ascertained by analyzing business decisions or actions from philosophical *and* religious ethical viewpoints to determine the correct behavior required in a particular case. From the perspective of the FNM, business ethics may be defined by using Velasquez's definition with the addition of religious ethics: "Business ethics is ... the application of our understanding of what is good and right [and holy and virtuous] to that assortment of institutions, technologies, transactions, activities, and pursuits which we call business" (1982:1).

3. In what sense can a normative method be foundational?

Normative ethics "may take the form of debating with oneself or with someone else about what is good or right in a particular case or as a general principle, and then forming some such normative judgment as a conclusion" (Frankena, 1973a). By developing such a procedure for forming judgments, one creates a methodology. Yet to state that such a normative method may be "foundational" suggests a more difficult task. It asserts that decisions or actions may be justified, i.e., defended, by recourse to *authentic* and *authoritative* sources. The justification of ethical judgments fails to succeed where only proof or truth are attempted. Rather, justification entails the relative determination of what one ought to do in response to the situation, the individual, and the community involved, based upon certain universalizable principles (Wellman, 1971). Following Toulmin (1950) and Baier (1958), I suggest that the basic approach of the FNM resembles the moral point of view: "one is taking the moral point of view if one is not being egotistic, one is doing things on principle, one is willing to universalize one's

principles, and in doing so one considers the good of everyone alike" (Frankena, 1973a). However, I would prefer to call this the "ethical point of view" to emphasize the broader concept of ethics used in the FNM. The key difference in my method involves the nature of the ethical principles to be included. Recourse to established principles within the social or religious community, such as, societal obligation and utility for philosophical ethics and divine obligation and religious spirituality for religious ethics, provides these principles with authoritative character. Such character emanates from the power associated with reason and/or faith. This character is unavailable to intuitive or emotive decision making which relies on only personal assertions. In this sense, authoritative principles are authentic when the individual or the community uses them to make ethical decisions. These decisions are thus authentic because their ultimate source of correctness resides with the rational choice of the individual or the community. These agents bear the full responsibility for the completeness and correctness of their ethical assertions. Without being divine, human agents have no other recourse. By using this foundational method, these agents may act according to fundamental principles justified by good reasons from a philosophical perspective and good faith from a religious perspective. Having presented a short outline of the FNM and some metaethical considerations, a longer discussion of the FNM is now required.

III. An explanation of the FNM

The FNM consists of analyzing proposed decisions and actions within business affairs according to four normative theories of ethical behavior to arrive at the correct choice for a particular case or issue. These theories and their principles of justification represent accepted modes of philosophical and religious reasoning within the study of ethics and moral theology.[3] They are: Kantian-based morality, utilitarianism, divine commands, and theological virtue (see Figure 1). Immanuel Kant's moral theory moved ethical considerations beyond the

sphere of Jewish and Christian enclaves. His deontological morality required persons to obey moral maxims regardless of the consequences of a particular act. He espoused a "categorical imperative" which required moral norms to be universalizable and reversible. In this sense, true moral norms were universal rules of action devised by rational insight. This presumed the individual's rational ability to assess what norms should be universally maintained. Such a determination necessitated a social context supportive of such an assertion. In this sense, Kant's principle of justification espoused in his work, *The Foundations of the Metaphysics of Morals* (1793), can be designated societal obligation, since universal maxims presuppose societal approbation of a particular worldview. The type of judgment associated with such moral reasoning may be described as right or wrong depending upon the rationality employed to create universal norms. Such examples as "Keeping one's promises" or "Respecting all persons" demonstrate this deontological approach. It is not new to point out that Kant's theory failed to consider the culturally conditioned character of rationality, that is, reasoned maxims or norms consistent with the particular cultural values taken to universal scope (Harman, 1977: 112). In other words, Kant's principles did not entail the twentieth century idea of cross-cultural verification. Primitive or non-Western societies would have found Kant's eighteenth century Western European universalized maxims incomprehensible and irrational from their own culturally conditioned logic. Colin Turnbull's (1961, 1972) anthropological studies of the forest and the mountain people represent the extremes of universalizable norms espoused by indigenous populations diametrically opposed to Western morality. Kant's ethics did not include our contemporary awareness of the sociology of knowledge and its role in rational thought. While Kant's moral theory has several shortcomings, his ethical principles established rational criteria for moral thought rather than Jewish or Christian moralisms.

Derivatives of Kant's morality approach may be seen in the current focus on the issues of

Ethics
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Business Ethics

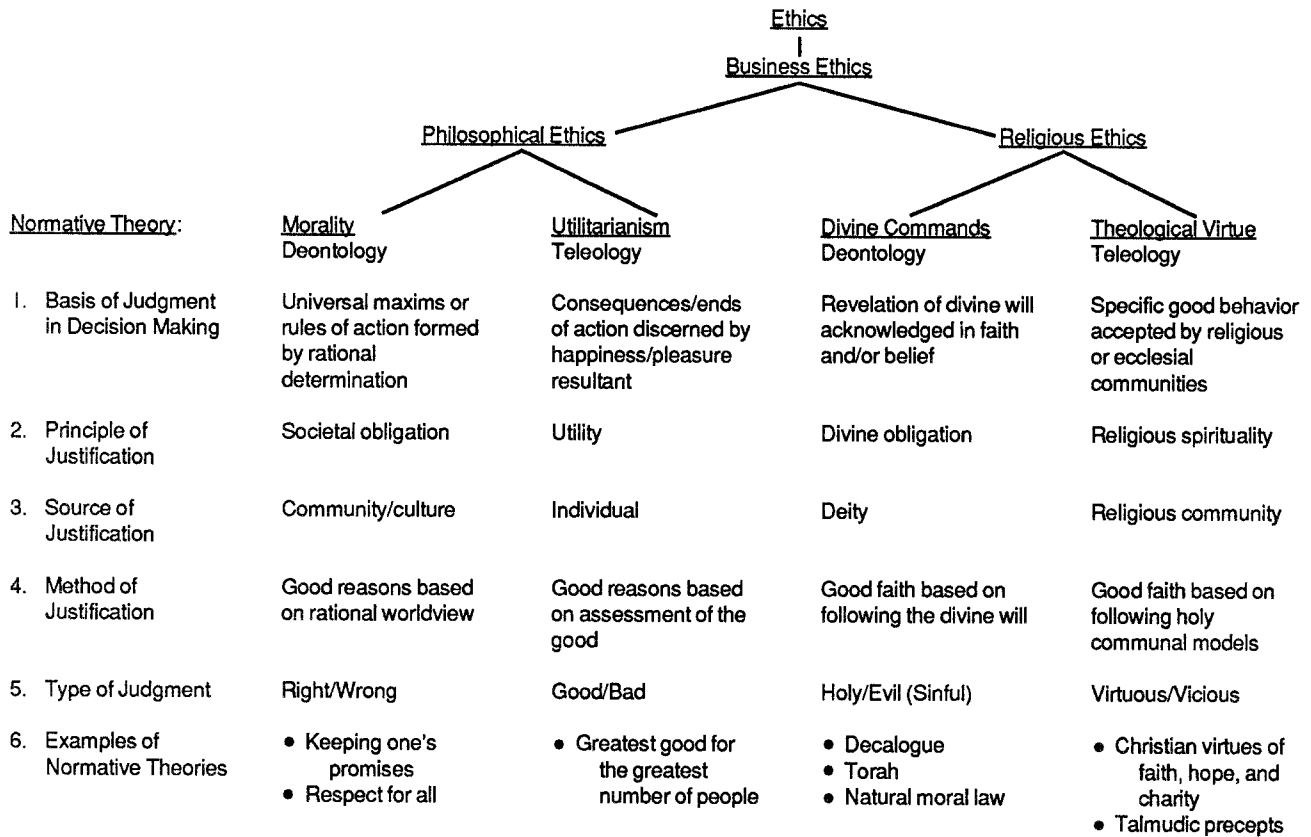| Normative Theory:	Morality Deontology	Utilitarianism Teleology	Divine Commands Deontology	Theological Virtue Teleology
1. Basis of Judgment in Decision Making	Universal maxims or rules of action formed by rational determination	Consequences/ends of action discerned by happiness/pleasure resultant	Revelation of divine will acknowledged in faith and/or belief	Specific good behavior accepted by religious or ecclesial communities
2. Principle of Justification	Societal obligation	Utility	Divine obligation	Religious spirituality
3. Source of Justification	Community/culture	Individual	Deity	Religious community
4. Method of Justification	Good reasons based on rational worldview	Good reasons based on assessment of the good	Good faith based on following the divine will	Good faith based on following holy communal models
5. Type of Judgment	Right/Wrong	Good/Bad	Holy/Evil (Sinful)	Virtuous/Vicious

6. Examples of
Normative Theories
	• Keeping one's
	  promises
	• Respect for all
		• Greatest good for
		  the greatest
		  number of people
			• Decalogue
			• Torah
			• Natural moral law
				• Christian virtues of
				  faith, hope, and
				  charity
				• Talmudic precepts

Philosophical Ethics — Religious Ethics

Fig. 1. A Foundational Normative Method in Business Ethics

duties, rights, and justice. John Rawls' *A Theory of Justice* (1971) greatly enhanced this normative approach in philosophical ethics during the past fourteen years. Undoubtedly, it fostered the inclusion of rights and justice concerns within the normative approaches of Velasquez and Goodpaster. Allied with their approach, Edward Stevens in his *Business Ethics* (1979) brought a Kohlbergian method to the teaching of business ethics. Stevens outlined three types of moral behavior. First, he described pre-conventional morality as primarily egocentric and depicted by the business philosophies of Social Darwinism, Machiavellianism, and Objectivism. Second, Stevens portrayed conventional morality with its group-centeredness by the business philosophies of Conventional Morality, Legalistic Ethics, and Social Responsibility. Third, he outlined post-conventional morality with its universal moral principle by the business philosophies of Pragmatism, Marxism, and the Humane Economy (understood as an international economic perspective). The ethical principles generated in

this endeavor represent basically a deontological approach within philosophical ethics.

As a contrary response to Kant's theory, one of his contemporaries espoused another ethical theory associated with the consequences of action. Utilitarian ethics has its modern origin with the writings of Jeremy Bentham. He stated the principle of utility as that which "approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question" (1823: 1). As a basis for judgment, utilitarian thought assesses a decision or action as ethically correct when it leads to the greatest amount of good, defined as pleasure or happiness, for the greatest number of people. This teleological approach to ethical reasoning determines the goodness or badness of an action based on its consequences. As an individualistic assessment of the quantitative perceptions of happiness according to Bentham or the qualitative standards of value according to Mill, the utilitarian theory assumes

that a person "can somehow measure and add the quantities of benefits produced by an action and subtract from them the measured quantities of harm the action will have, and thereby determine which action produces the greatest total benefits or the lowest total costs" (Velasquez, 1982: 47). Bentham's authoritative source for the ability to determine the consequential good was the individual's competence in using the hedonic calculus. Critics claimed Bentham's value computation proved to be too idiosyncratic. Ultimately, the authentic source of this judgment resides in the individual's assessment of the good. This type of judgment conforms closely to Ayer's assessment of the character of moral statements as imperatives rather than knowledge claims, for at the basis of this ethical assertion remained an intuitive or logical determination of the individual's sense of goodness. Both act-utilitarianism and rule-utilitarianism arose as attempts to overcome this difficulty.

Another approach to ethical dilemmas in business ethics is religious ethics. Instead of the mandates of universal maxims or aggregate good, religious ethics suggests that Judeo-Christian divine law or virtues may be used to justify business behavior. By acknowledging the faith disposed basis of action upon the part of business persons, this religious approach argues for acting in "good faith" as a complementary procedure parallel to the philosophic "good reasons" approach. As a religious deontological approach, Judeo-Christian divine commands (Helm, 1981; Davis, 1983) represent the personal acceptance of the divine will through revealed statements, such as the Decalogue and the Torah, or through theological discernment, such as, natural law. A person may justify his or her action in accordance with these norms because of their communally accepted divine origin. By acting in good faith, one either satisfies these commands thereby acting in a holy manner or fails in the attempt thereby acting in an evil or sinful manner. Maintaining the religious norms against stealing, killing, and lying represent central maxims within Western ethical traditions.

On the other hand, theological virtues, such as, Augustine's notion of love, Aquinas' faith, hope, charity (Ramsey, 1950: 52—116), and

Ian Ramsey's concept of humility (1966) in Christian ethics or adherence to the nonlegalistic aspects of the Talmud in Jewish ethics (Green, 1973), represent behavioral patterns for corporate actors and institutions. According to Thomas Aquinas, Christian theological virtues represent a participation in the divine life by demonstrating behavior which exemplifies how human activity participates in God's own nature. Contemporary authors also understand these types of virtues in terms of the ethics of ultimate commitment — to use Max Weber or Paul Tillich's terminology (Sidorsky, 1975: 168—170). A person may justify his or her action exhibited by these qualities in a business situation by recourse to the religious community's tradition which supports this type of behavior. The community designates which types of behavior demonstrate a spiritually based activity (Gustafson, 1975: 62). While the virtues of faith and hope seem less applicable to the corporate world, the notion of charity underlies the concept of benevolence (Frankena, 1973a: 45—48, 1973b: 21—36). The virtue of justice also provides a significant basis for the concept of social responsibility both within and without the corporation. Such religious themes have been apparent historically in Weber's Protestant ethic and contemporarily in such corporations as Service Master, Inc. or organizations as the Christian Businessmen's Association. Both religious approaches require rigorous application to business ethics issues.

Religious ethical justification admits the acceptance of revelatory-based premises in the rational defense of specific actions within business affairs. While accepting this non-rational presupposition, the FNM requires the substantiation of the authentic and authoritative character of divine commands or virtues. This faith-conditioned activity thus denotes a contractual relationship between the believer's action and the faith community's maintenance of divine commands, that is, its understanding of God's will and activity in the world, and theological virtues, that is, the personal response to the invitation to act in a spiritual way as accepted by the religious community. The writings of James Gustafson (1975, 1981),

Stanley Hauerwas (1976), Michael Novak (1982), and Oliver Williams and John Houck (1982) best exemplify both of these contemporary approaches to business ethics.

These four normative theories maintain principles of justification which describe the basis for authentic authoritative judgment within the FNM. Specifically, the deontological Kantian-based approach resides in the judgment of right or wrong according to rational universal moral maxims, although conditioned by societal obligation within a particular worldview. The utilitarian approach is the individual judgment of the good or bad consequences based on the principle of utility. In the deontological religious ethics approach, the individual judges the holy or evil (sinful) character of an act based on awareness of the faith community's maintenance of the divine commands, the personal ability to act freely, and the intentionality of the agents. The teleological religious ethical approach represents the individual adoption of theological virtuous behavior for the good of the individual or the community which conforms to the spiritual models or traditions of the religious community. This foundational normative approach to the justification of ethical behavior according to these four normative theories provides a clearer theoretical framework for the normative ethical analysis of questions and issues than the present non-systematic manner used by many philosophers and moral theologians.

While each of these approaches has its own adamant defenders, each normative theory has inherent problems. The Kantian morality approach has difficulty in determining what types of maxims are moral or not. In some cases, even immoral ones cannot be ruled out (Frankena, 1973a: 32–33). Benthan/Mill's utilitarianism fails to define adequately the concept of the "good" or to substantiate its conclusions beyond individual assertion. Turning to the religious approaches, divine commands are frought with difficulties. The exegetical and hermeneutical procedures in critical scripture scholarship introduce some question as to whether certain passages represent a statement of God's will. Can divine commandments be translated into the complex business milieu where one needs to assess the conflicting moral positions of many constituencies? The plurality of various communities and their understanding of these divine commands makes this enterprise all the more problematic. Finally, theological virtues also involve similar perplexities. Identifying theological virtues remains a rather difficult enterprise. Are these learned by the individual or infused by God according to Aquinas? Again, various religious communities and theologians identify different virtues as being important. Besides suggesting a research agenda for, moral theologians concerned about bringing religious ethics to business concerns, all these quandries point to the necessity of using various means to determine what is correct behavior in a particular situation. None of the four normative approaches seem sufficient to resolve the multiple levels of questions related to various ethical cases or issues. By using both a good reason and good faith method in justifying ethical decision making, we may be closer to establishing a normative method which will insure more ethically correct personal and corporate behavior within the marketplace.[4] For the question of what one *ought* to do demands some method of justification, especially where there are conflicting duties and rights from either philosophical and/or religious perspectives.

How does one employ this FNM to resolve business ethical dilemmas? I suggest the following procedure for using the methodology in assessing business ethical problems. Beginning with Henry Sidgwick's *Methods of Ethics* in 1891, ethicists have attempted to unite deontological and utilitarian methods for ascertaining the ethical justification of action. Generally, they have maintained that the teleological-deontological distinction does not represent two fundamentally different theories. Usually attempts such as these try to equivocate the theory-specific vocabulary of good and right by perceiving both approaches as consequentialist or by redefining the terminology in moral terms. These attempts have not been successful. Along with Toulmin (1950) or Oldenquist (1966), I believe that the difficulty has been primarily with the particular approach taken.

My approach to this dilemma accepts the philosophical rules and ends and the religious commands and virtues dichotomies. I believe all these aspects are constitutive components associated with our understanding of ethics. In this respect, I suggest that these four approaches be used *collectively* to assess the consequences and the standards of action of each business ethics decision or action from the viewpoint of the individual and the community, that is, micro and macro perspectives. Decision makers should analyze their decisions or actions from the four theories of the foundational approach by using four simple questions.

(1)   Is the contemplated decision or action right or wrong according to universal maxims or norms within the context of the community, nation, or international scene?

(2)   Does the contemplated decision or action lead to good or bad consequences for an individual, a group, or the community?

(3)   Does the contemplated decision or action endorse or violate the individual or community's notion of divine commands or religious laws thereby representing holy or evil (sinful) action?

(4)   Does the contemplated decision or action endorse or violate certain theological virtues thereby representing virtuous or vicious action?

By evaluating actions from these perspectives, decision makers may have *greater certitude* about the ethical quality of their actions than either the current nonsystematic normative theories or the nascent normative methods used in business ethics.[5] Ultimately, they must choose which arguments have more compelling attraction in their discussion and act according-ly. In cases where the conflicting teleological or deontological appoaches allow no clear determination of possible action, decision makers and scholars should avail themselves of this pivotal question. *Will the proposed decision or action benefit or harm the physical or mental well-being of those persons directly affected by their decision or action?* Since Western philosophical and theological traditions .have given priority always to safeguarding human life over

material betterment, their final option becomes clearer after answering this question. When persons or corporations have violated this mandate, for example, in such cases as Ford's Pinto or Nestlé's infant formula, considerable outcry occurs throughout the community. Before such an occurrence, the FNM enables business persons to determine the conflicting philosophical or religious positions espoused by various groups within the community. In this way, they may not only determine more adequately the ethically justified quality of their decisions and actions but also evaluate more accurately the ethical outcome of their actions. With the FNM, ethical reasoning is thus understood as a philosophical and theological activity which justifies a decision or action from a moral or utilitarian "good reasons" approach and from a Judeo-Christian revelatory commands or virtues "good faith" perspective.

IV. Applying the FNM

The application of this methodology to two case studies illustrates its usefulness in analyzing several types of corporate ethics dilemmas. In the management-employee relations case focused on the radiation dangers of desk top terminals, the manager could outline the various options available according to the FNM. From a utilitarian perspective, the good financial consequences for the economy, the corporation, and the employees justify the supposedly negligible risk of physical harm to certain employees over long periods of time. Should she succeed in her demand to be relocated within the corporation, the policy consequences throughout the corporation would be significant. However, from a deontological perspective, the moral right of employees to a healthy workplace is required. This controversy is exacerbated by the fact that there is potential harm not only to the employee but also to the fetus. Where there is a potentially dangerous situation, management ought to take steps to rectify the danger. If this is not possible, the morally correct action by the management would be to

inform the employee and/or compensate the employee based on the gravity of the risk. Given the supposedly minimal danger of long-term exposure to the radiation of cathode-ray tubes, the management should inform the employee and take whatever available precautions to safeguard his or her health. From a Christian ethics perspective, the management demonstrates its respect for the human dignity of the person by protecting the health and life of the employee in his or her work space. Derived from either a Judeo-Christian understanding of the derivative aspects of the biblical commandment against killing or a Christian concept of love or fellowship or a Catholic notion of the respect for human life because of the incarnation or the community of the mystical body of Christ, all persons are understood to be equally valuable in the kingdom of God. Given these perspectives, the management has several choices. If it only considered the philosophical aspects of the problem, the good of the company may outweigh the unknown dangers of health which have not been sufficiently demonstrated to establish policy. However, with the inclusion of the religious perspectives with their multiple ramifications, the management may desire to uphold the employee's right to a healthy workplace with this position being supported by the religious concerns of the employee. Given the entire cluster of issues, management should inform the person of the possible or unknown dangers and take safety precautions because of the employee's concern for the sacredness of human life. The option described in the *Wall Street Journal* comes closest to resolving this case in the most ethical manner. In this example, both teleological and deontological philosophical concerns are enhanced by the inclusion of religious divine commands and virtues perspectives through the FNM. This approach provides greater legitimacy for including all relevant issues in assessing and making ethically correct decisions in cases of business ethics.

The case of Nestlé, Bristol-Myers, Abbott Laboratories, American Home Products, and Borden's further demonstrates the applicability of this methodology. By marketing infant formula to third-world countries, these companies caused a corporate-consumer relations problem which received worldwide attention. While Nestlé refused to acknowledge the detrimental effects of its products for infants (Velasquez, 1982: 253–258), Abbott Laboratories sought the assistance of Sister Marilyn Uline of the Adrian Dominicans, a Catholic religious community, who represented the Illinois Committee for Responsible Investment. Through her persistent focus on the philosophical and religious ramifications of their marketing practice, Abbott "introduced a number of new precautions against marketing abuses including new lables, new mailings to physicians, and new warnings to retailers" (Nickel, 1980: 132). Uline's assertion of normative theories embodied in the FNM points to the usefulness of this methodology for corporations and consumers. If such a method had been employed by the managers at Ford Motor in the case of the Pinto or at Richard-Merrell Pharmaceutical Company during its production of the chloresterol-reducing drug MER/29, human life and health would have been protected.

Characterized by Frankena's concept of "normative metaethics" (1966: 21–42), this paper has sought to bring some systematic considerations to the directions currently being employed by various philosophical ethicists, such as, De George, Velasquez, and Goodpaster, and various theological ethicists, such as, Gustafson, Hauerwas, Houck, and Williams. This attempt to construct a foundational normative method represents only a starting point on a treacherous interdisciplinary journey. Nevertheless, I contend that the development of such a method tailored to meet the specific needs of business ethics will provide the scholar and the business person with a comprehensive framework for promoting greater ethical reasoning and accountability within the business world.

Notes

[1] An earlier version of this paper was delivered at the Midwest American Academy of Religion Meeting at George Williams College, Lake Geneva, Wisconsin on

April 8, 1983. I would like to thank William K. Frankena, Dennis McCann, Robert Cooke, Thomas McMahon, C. S. V., Patricia H. Werhane, and James A. O'Donohoe for their helpful comments in its revision.

2 I am assuming the development of a religious or theological ethic based on Judeo-Christian traditions which follows the ideas of Ramsey (1950), Lehmann (1963), and Gustafson (1975, 1978). Further expansion of this paradigm could include other ethical theories, such as, Islamic ethics as described in the fall of 1983 *Journal of Religious Ethics.*

3 I selected these philosophical and religious theories because of the success of their advocates in demonstrating the validity of their moral judgments or in suggesting the appropriateness of their moral behavior. While this claim is dependent upon the "scrutiny of others" (Frankena, 1973a: 112) in respect to the principles employed, their efforts have achieved a relative acceptance among philosophers and theologians. While these four approaches may be considered rivals, their complementarity in analyzing different aspects of an ethical dilemma provide a unity of perspective which allows an individual to inquire about the means and consequences of an action from both rational and religious perspectives. A detailed explanation of how they can be and are to be combined represents the next step toward the development of the FNM.

4 Although each of these theories has inherent defects, they provide the most useful means to determine the correct decision or action in cases or issues. Until they are replaced with less problematic theories, their place in ethics will remain.

5 In a sense, these theories are used collectively to supplement one another to provide a unity of perspectives which is brought to bear upon ethical dilemmas. However, the value of this method is the requirement that each separate normative theory be explored in the resolution of an issue or problem. In this way, it is hoped no aspect or option will remain unknown. Such a comprehensive approach insures greater certitude in achieving the most ethical outcome.

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