Ethical Theory in Business Ethics: A Critical Assessment

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ABSTRACT. How is ethical theory used in contemporary teaching in business ethics? To answer this question, we undertook a survey of twenty-five of the leading business ethics texts. Our purpose was to examine the ways in which normative moral theory is introduced and applied to cases and issues. We focused especially on the authors' views of the conflicts and tensions posed by basic theoretical debates. How can these theories be made useful if fundamental tensions are acknowledged? Our analysis resulted in a typology, presented here, of the ways in which normative theory, and the difficulties within it, are handled in business ethics texts. We conclude that there is a serious lack of clarity about how to apply the theories to cases and a persistent unwillingness to grapple with tensions between theories of ethical reasoning. These deficiencies hamper teaching and ethical decision-making.

There is a consensus among those working in the field of business ethics that ethical theory is important. Many who teach and write in this field seem to believe that an understanding of major ethical theories — especially the leading normative positions in ethics — is needed for responsible debate about

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issues in business ethics and is a vital resource for handling cases for decision. Richard DeGeorge expresses this view when he says, at the start of his influential text on business ethics, that "[m]astery of ethical theory . . . provides the necessary tools to engage intelligently in personal and social analysis of moral issues."[1] The fact that many business ethics texts include one or more preliminary chapters on ethical theory suggests how widely shared this view is.

Given this consensus, it is worth asking just how ethical theory is currently understood and employed in the teaching of business ethics. For example, what role do normative ethical theories play in business ethics teaching? Which theories are viewed as most important for disciplined work in this area? Why is the discussion of theories so commonly regarded as providing an indispensable introduction to the treatment of concrete cases? And how successful are these theoretical introductions in advancing students' skills of ethical analysis?

These questions become all the more important if we consider how sharp are the divisions among philosophers and ethicists over issues in normative ethical theory. The existence of these divisions makes one wonder why theory is viewed as helpful in any way. On the surface, it would seem that the opposite would be true: that a familiarity with theoretical debates would only complicate students' approach to concrete cases. After all, if skilled theoreticians working at the most basic levels cannot agree on a satisfactory method of moral reasoning, how can students be expected to resolve even more detailed problems of moral choice? It would also seem that the presence of fundamental disagreement at the theoretical level would tend to reinforce the impression, which ethicists usually strive to combat, that ethics is ultimately "subjective" and lacks the

rigor attaching to other, more "scientific" fields of study.

It is possible, of course, that theory plays a variety of more complex roles in discussion within this field and is not meant simply as a prelude to case analysis. For example, it may be viewed primarily as a means of providing historical perspective on ethical debates or as a way of familiarizing students with terms and positions commonly articulated in the course of moral arguments. In a more complex fashion, it is also possible that theory and cases are meant mutually to inform one another, with the "applied" side of business ethics being viewed as somehow contributing to students' understanding and assessment of major theoretical alternatives. Whatever the case, the possibility of these different approaches and the difficulties posed by much current theory make it even more important to explore the question of how ethical theory is currently used and understood by writers and teachers in this field.

To address this question, we undertook a survey of twenty-five leading business ethics texts published over the past ten years (several of which exist in multiple editions).[2] Although not all of these volumes are "textbooks" in the classical sense of that term, all are works likely to be offered to students or business professionals as introductions to business ethics. We believe this justifies treating them as representative of basic approaches to this field. Since these texts tend to shape or reflect instruction in the courses in which they are assigned, we assume that they offer a representative picture of how ethical theory is currently being used in the teaching of business ethics.

To each of these texts we have put the following questions designed to probe the author's understanding of the current state of theoretical discussion in ethics, and to develop the author's views of the problems or opportunities which basic theoretical debates pose for the kind of applied work business ethics represents:

1. Does the text introduce normative moral theory?
2. If so, which theories are treated?
3. Are the strengths and weaknesses of each theory discussed?
4. Are theories seen to be in tension or conflict with one another?

5. If so, are the tensions and conflicts between theories resolved in any way? How?
6. Are theories applied to concrete issues, cases or situations?
7. Are theoretical conflicts or tensions seen to manifest themselves at the level of application?
8. If so, how are these conflicts handled?
9. Very generally, and in view of these tensions and conflicts, how is applied work of this sort viewed as possible?
10. Is applied work viewed as contributing in any way to the resolution of theoretical debates?

The following discussion is structured in terms of the answers to these questions we have encountered in the twenty-five works we surveyed.

Coverage of normative theories

Of the twenty-five texts surveyed, sixteen include at least a substantial treatment of theoretical issues in ethics.[3] Usually, these are addressed in one (or, less frequently, two or more) preliminary "introductory" chapters. Typically, these discussions move in sequence through the following list of topics: the relevance of ethics to business; definitions of "ethics" and "morality;" the relationship between law and morality; commonly articulated views that do not qualify as full-bodied ethical theories (ethical egoism, ethical relativism and "authoritarian" religious views); and leading normative ethical theories and their strengths and weaknesses. Many of these discussions conclude with a treatment of issues of social justice. A small number of texts close with a discussion of the relevance of the case method to the study of business ethics.

Since our concern here is with the handling of ethical theory in these texts, we will focus our attention on those sections of these introductions that deal with the leading normative ethical theories. Almost without exception, these discussions begin by categorizing these theories under two broad headings: consequentialist (or teleological) and nonconsequentialist (deontological) views. Consequentialist views, in turn, are usually discussed in terms of the most compelling of these theories, utilitarianism,

and there are also frequently discussions of act versus rule utilitarianism.

Nonconsequentialist views may be represented by several positions, but most commonly discussed are Ross's prima facie view and Kant's formalism. When Kant is treated, it is very common for each of the major formulations of the categorical imperative (the universal law, autonomy and "persons as ends" formulations) to be discussed. Many introductions also include "rights" views in their presentation of deontological positions, although it is usually pointed out that these views do not represent an approach distinct from the Rossian or Kantian positions so much as a different way of conceptualizing moral obligations and entitlements.

Almost without exception, the introductions that deal with normative theories also engage in a critical assessment of the consequentialist and nonconsequentialist positions. For example, difficulties in the utilitarian viewpoint and common criticisms of utilitarianism are presented. These include the problem of measuring utility, the "distributive" problem of justice (the fact that although utilitarianism gives each person an equal claim to benefits, the theory seems indifferent to how benefits are finally distributed so long as net utility is maximized), and the problem that utilitarianism seems to run counter to our strong intuitive belief that moral rules (such as promise-keeping or non-deception) have intrinsic moral weight and deserve respect even when doing so may not apparently maximize the sum of beneficial consequences.

This last criticism also frequently occasions a brief discussion of act versus rule utilitarianism. Rule utilitarianism is presented as an effort on the part of utilitarians to understand and justify the common sense perception that rules have intrinsic importance independent of the immediate consequences of obeying or disobeying them. These introductions also usually indicate the problems attending this theoretical option, especially the question of whether, once exceptions to rules are permitted, rule utilitarianism does not collapse back into act utilitarianism, with all its attendant difficulties. Should rule utilitarians prohibit such beneficial exceptions, it is pointed out, this position becomes assimilable to the kinds of moral absolutism that utilitarianism was meant to replace.

Nonconsequentialist views also come in for their share of criticism. Kant's ethics, with its seeming absolutism and uncompromising opposition to consequential reasoning, is often presented as exhibiting the typical problems of this approach. Also mentioned are the inevitable conflicts between moral rules (or moral rights) and the difficulty deontological views have in adequately explaining or justifying what is to be done when such conflicts occur.

Handling tensions and conflicts between theories

The two major theoretical alternatives mentioned in these introductions offer seemingly opposing advice in instances of moral choice, particularly when respect for moral rules or rights seems in conflict with a strategy aimed at maximizing net social benefit. How do these theoretical introductions handle this problem in view of the practical task ahead of facilitating decisions in areas of business conduct? Although few texts consciously address this issue, the following broad positions encompass the range of responses we have encountered. We should point out that these positions are not usually exclusively held by different authors. As our discussion shows, very often one or more of these approaches is adopted in a single text, a sign, perhaps, of the challenge this problem poses and of the perplexity of authors in dealing with it. What follows, therefore, is basically a typology of approaches meant to organize an inchoate and unsystematic body of views.

I. *Theory as descriptive*

Several texts present theory as an essentially descriptive tool to articulate moral issues and to assist reflection on them. Ethical theory is viewed as encouraging informed discussion, and providing the vocabulary necessary to clarify the values expressed in the complex interactions of organizational life. This approach does not present ethical theories as a step toward concrete solutions nor even clear decision rules. Instead, familiarity with theories helps us to fashion reasoned arguments and to identify positions in the debate.

Beauchamp and Bowie appear to adopt this

approach as a justification for their own lengthy theoretical introduction. "The goal of this chapter," Beauchamp observes, "is to provide a foundation in ethical theory sufficient for reading and criticizing essays in the ensuing chapters."[4] No claim is made in this context that the introduction or the ensuing essays will furnish students with the tools they need to make ethical decisions.

This is a methodologically modest enough approach. Its obvious limitation is that it provides no further guidance. Although it may be an important first step in addressing issues in business ethics, there are several more steps that need to be taken if skills of ethical analysis are to be developed. This approach is also potentially misleading. Because of it, students may be led to substitute the skilled description of arguments and ethical reflection about arguments for defensible ethical decision-making. Identification of and reflection on the various facets of a dilemma is a useful process if that reflection leads to justifiable decisions. But moral reflection is not the end purpose of ethical theorizing.

II. The minimalist approach

This second way of handling theory involves the view that while ethical theory may not permit agreement on answers and while basic theories or principles may conflict, it is still possible for philosophers and ethicists to make a contribution through their delineation of basic methods of reasoning.

In several texts, these methods are spelled out in terms of criteria for assessing the relative merits of arguments. In others they are presented as a means of evaluating one's entire moral reasoning process. Tom Regan, for example, offers criteria typical of this approach in his description of "The Ideal Moral Judgement." According to Regan, such a judgment involves conceptual clarity, information, rationality, impartiality, coolness, and the use of valid moral principles.[5]

Similarly, Beauchamp in the introductory essay in his co-authored text offers five "methods" for resolving moral disagreements. These include (1) obtaining objective information, (2) definitional clarity, (3) adopting a code, (4) use of example-counter example, (5) analysis of arguments and positions.

Beauchamp offers these methods with the caveat that reasonable persons may disagree on the ethical positions they adopt. As a result, not every moral disagreement can be resolved. Nevertheless, he believes that "a resolution seems most likely to occur" if these five "methods" are employed.

The limitations of this minimalist approach are also not hard to identify. As Regan points out in his own statement of the minimalist position, those employing this approach assume that "valid" moral principles will be used in the reasoning process. But this presupposes the need for an independent inquiry into the bases of these "valid" principles. In Regan's words,

> In an ideal moral judgement, it is not enough that the judgement be based on complete information, complete impartiality, complete conceptual clarity, and so forth. It is also essential that the judgement be based on a *valid* or *correct* moral prinicple. Ideally, one wants not only to make a correct judgement, but also to make it for the correct reasons. But which among the many possible moral principles we might accept are the correct ones? . . . What is needed are criteria for rationally evaluating and choosing between competing ethical principles.[6]

Thus, it is possible to adhere to the criteria set forth by the minimalist approach and still not be able to resolve the differences between utilitarian and deontological analyses. Consistency, clarity, coolness and so forth are essential to the conduct of reasoned argumentation, but they are not specifically *moral* criteria. As such they are not a substitute for a direct handling of theoretical matters.

III. Methodological pluralism

Recognizing that neither the descriptivist nor minimalist approaches provides significant ethical guidance in concrete instances of choice, most writers of business ethics texts actively seek to employ ethical theory to assist in the handling of the cases or issues they present. One way of doing this we meet in these texts might be called "methodological pluralism." Its distinctive feature is that it refrains from deciding which of the two major schools of thought, consequentialist or nonconsequentialist, is correct and seeks to employ aspects of both methods in approaching cases.

Norman Bowie appears to use a form of this approach in his book *Business Ethics*. In the introduction, for example, he states,

> Subscribers to any of the major ethical theories will be disappointed. Since I do not believe that any one theory (e.g. utilitarianism) is adequate, this book is not written from one moral point of view. It borrows freely from many of the great ethical traditions whenever one tradition or another can illuminate a central issue.[7]

Not too differently, Hoffman and Moore, though they eschew what they call a "naive eclecticism," state their intention at the close of their own theoretical introduction of using "meaningful aspects of each position in formulating a comprehensive moral point of view."[8] They proceed to illustrate this in terms of the value aspects of a Kantian view might have in checking utilitarian excesses.

In the context of applied ethics teaching, where one's students or readers are seeking immediate guidance through complex matters, methodological pluralism is an understandably attractive approach. Because some of the deepest objections to utilitarianism arise when it seems to yield unjust consequences, it is appealing to recommend using this consequentialist method up to the point where it clearly defies moral common sense and then to urge qualifying it by various deontological considerations. The resulting mixed position seems to unite the best features of each major theoretical option.

However, it should be clear that this way of bypassing more intensive theoretical discussion really leaves critical questions unanswered. To the extent that utilitarian reasoning is admitted and allowed to override less pressing deontological claims, for example, this position represents an undefended form of consequentialism. But if utilitarianism is ultimately qualified by deontological considerations and utility maximization is subordinated to concern for independently valid moral rules or rights, then this approach essentially departs from consequentialist terrain. Discussing ethical pluralism, Richard DeGeorge, points out that when principles oppose one another, anyone using a mixed approach of this sort "needs some rule to decide when to use one principle rather than another."[9] But ethical pluralists typically fail to develop a rule of this sort, just as they

also fail to articulate the reasoning that leads them to favor one or another of their principles in cases of conflict.

IV.   The view that "ultimately there is no theoretical conflict"

The inescapable need for a higher order resolution of the theoretical debate leads to a second major approach to the theoretical problem found in these texts. This is the view that while consequentialism and nonconsequentialism may seem to counsel opposing courses of conduct, this is only because these approaches have not been rigorously applied. If those adopting a consequentialist approach factored into their reasoning *all* the consequences of a form of conduct, the result would generally agree with that arrived at via more traditional deontological analysis. In a long passage that appears in both editions of his *Business Ethics*, at the conclusion of his own theoretical introduction, Richard DeGeorge, seems to adopt this position:

> For most practical issues of business ethics, we need not resolve all the philosophical issues between the utilitarians and the deontologists. Despite their differing approaches, in the great majority of cases either method, if carefully, subtly, and conscientiously applied, will produce the same moral conclusions with respect to the morality of the practice or the act. This should not be surprising, because there is general agreement on the morality of most acts. Many of our moral judgments, moreover, are based on second order moral principles, which can be grounded both by a utilitarian calculation and a deontological approach. For practical purposes, the way we choose to ground the second order principles is irrelevant. Sometimes one approach is easier to apply than another, or yields clearer results. Some people prefer one approach to another. When different approaches lead to different moral evaluations or to conflicting second-order principles, care should be taken to review the accuracy and completeness of each analysis.[10]

This is a curious and confusing passage that merits closer analysis. Initially DeGeorge appears to suggest that theory is essentially unimportant for the urgent practical task that business ethics represents, both because there is "general agreement on the morality of most acts" and because most applied analysis

proceeds from widely accepted "second order moral principles." But if this is true, why do we need ethical theory at all? Why not confine our discussions to these second order principles and common sense judgments? DeGeorge does not directly answer this question. In fact, like many writers he seems to think that theory contributes to our thinking and can assist our reasoning in cases of moral perplexity. Why else does he spend so much time introducing these positions? But if theory has value, we return to the question of how it can be useful if theories conflict. DeGeorge's final answer seems to be that ultimately they do not. His evidence for this, offered here, is our very agreement on second order principles and tertiary (or common sense) moral judgments. But, of course, this reasoning has things backward. Ethical theories are meant to explain, order and justify our moral intuitions. While theories are measured in terms of their adequacy in organizing the data of our moral experience, all the agreement in the world at the level of secondary principles or actual judgments does not make any one theory correct — much less prove the validity of all competing theories!

This confusion aside, DeGeorge does try to show throughout his text that a strenuous application of all the major theories will always produce similar practical conclusions. In the course of a discussion of trade secrets, for example, he observes that while an immediate calculus may appear to justify an employee's conveying the trade secrets of a previous employer to his new employer (since on balance, the firms' gains and losses cancel out while the employee benefits), this conclusion does not stand up when one takes into account the "the result or effect of the practice on the rest of society." When all of the implications of this practice are considered, including its impact on research and development, DeGeorge concludes, "we see that the practice is an immoral one."[11]

It may well be that DeGeorge is justified in this confidence. Nevertheless, theorists have repeatedly argued that consequentialism and nonconsequentialism can lead to diametrically opposing practical conclusions, especially in cases where the longer term harms created by a practice can be minimized or prevented through judicious management or through the use of deception or secrecy. For example, Stanley I. Benn argues against establishing employee rights to privacy on consequentialist grounds, since, as he says, the success of this mode of reasoning rests only on the "contingent possibility" that someone might misuse information secretly obtained. According to Benn, however, we can always imagine real circumstances in which this argument would have little or no force and where our considered view that an employee's right to privacy is important would seem to be unfounded:

> For example, let us say that I own a small business, that I interview all candidates for jobs in my company, and that only I have access to personnel files. I know that I would never misuse the employee information I have accumulated, and that the possibility of this information being misused by anyone else is virtually nil. Furthermore, my past experience has been that secretly obtaining personal information regarding sexual preferences, drinking habits, religious affiliations, etc., has been extremely helpful to me in hiring trustworthy employees. In these circumstances, I might well conclude that recognition of a right to privacy would do more harm than good, and so hold that there is no such right to be accorded those who seek employment in my business.[12]

Benn finds this conclusion morally troubling and he advances it as a criticism of the consequentialist approach. Similar reasoning has been applied by theorists to other, equally important and contested issues in business ethics, notably affirmative action, where a strictly consequentialist approach seems to leave little room for the justice considerations that many regard as important in this area.[13] To the extent that these criticisms are correct and basic ethical theories cannot be made to agree in their conclusions, DeGeorge's strategy of bypassing theoretical discussion rests on an unstable footing. This may be why other writers feel compelled to adopt different ways of handling the knotty problem which theory represents.

V. Emphasis on concurrent conclusions

We have thus far examined two approaches which employ theory only in a limited manner, the descriptive and the minimalist, as well as two approaches, the pluralist and "no conflict" views, which in different ways seek to combine theories. All of these strategies tend to ignore or minimize the serious conflicts that might obtain between conclu-

sions drawn from one or another theoretical perspective. We turn now, however, to a series of views that openly acknowledge the tensions between theories and seek to propose ways around these conflicts while emphasizing the necessity of making practical decisions. Those who hold these views seem to say that there may well be clear differences in reasoning about moral choices, but differences must not paralyze individual decision-makers or stalemate work in the field as a whole.

The first of the approaches fitting into this broad category seeks a way around conflict not by stressing ultimate theoretical harmony, as does DeGeorge, but by emphasizing the importance of those definable areas where theories concur in their conclusions. This approach is often only implicit in the texts we are examining, but an extended defense of it is offered by James Brummer in an article, "The Foreign Corrupt Practices Act and the Dilemma of Applied Ethics."[14] In this discussion, Brummer describes the normative controversy between consequentialists and nonconsequentialists as continuing ". . . with an almost insolent persistence, threatening to vitiate not only the particular analysis under consideration, but the whole of applied ethics with it."[15]

For this "apparently irreconcilable dispute" Brummer offers a modest resolution. He suggests that if both consequentialist and deontological considerations are taken into account for a particular moral problem and they point in the same direction, that course of action is reliably the best moral choice. Brummer goes on to describe this approach, which he calls "the method of pairing," in some detail:

> The present essay endeavors . . . to address the apparent incompatibility between deontological and consequentialist arguments, but without directly trying to reconcile this normative dispute. The insight behind the present work is that instead of pitting deontological considerations against consequentialist ones, it is more productive to pair considerations of the same type. If the strongest deontological factors concur with the most compelling consequentialist considerations in favoring a certain course or policy of action, then one may safely infer that this action is the most defensible one. One need not know how to balance certain deontological claims against particular consequentialist ones (this may not be feasible in any case). But in using this method one can often address the particular problem at hand with a degree of

reliability sufficient to vindicate the claim that applied ethics is a legitimate field of cognitive inquiry.[16]

While Brummer's acknowledgement of theoretical conflicts and his deliberate application of theory are praiseworthy, seeking concurrent conclusions as a guide to moral decisions is obviously of limited use. As he acknowledges, there will be instances where the theories counsel different conduct, and where you may apply this method to a problem only to find that you are no better off than when you began intuitively to weigh the various alternatives. For example, this approach will probably be insufficient for the many moral conflicts in which considerations of justice weigh against a calculus of broad social benefits. Although Brummer's strategy is meant to provide clear guidance some of the time, it leaves many of the most heated debates in business ethics unresolved.

Drawing only on theoretical similarities also tends to blur rather than resolve the distinctions between theories. Where this approach is adopted, neither of the major theories is being used to its fullest potential and important differences are simply ignored. Certainly there are times when a critical need of all society should overrule individual interests, and other situations in which the rights of individuals are paramount. If morality was defined by this common ground approach, critical moral solutions might be overlooked.

We would also point out that transient agreement between two frequently conflicting theories is a curious measure of moral reliability. If one assumes that sometimes each theory may lead to the best moral solution, and sometimes each theory may be dead wrong in its application, why does concurrence indicate that both are right in any one instance? Certainly it is possible that both theories might lead concurrently to erroneous conclusions, whether because of factual mistakes or errors in basic moral reasoning. An example of wrongful concurrence based on mistaken facts (but also perhaps on inadequate moral reasoning) is found in connection with the once widespread use of DDT. This was originally thought to be a pesticide whose use was justified in teleological terms as a great benefit to society but also in terms of individuals' rights to a safe and productive environment. However, both consequentialists and nonconsequentialists would

have erred in their moral judgment if they had reasoned on the basis of insufficient information about the persistent toxicity of this chemical. Similarly, inattention to possible "rights" of those omitted from earlier analyses (including members of future generations or non-human species) would have supported such erroneous reasoning. This serves to illustrate that concurrence is an insufficient guide to moral reliability.

Although Brummer takes this concurrent conclusions approach to a sophisticated level, signs of it are found elsewhere in these business ethics texts. For example, it is suggested by Vincent Barry's mention of a "common denominator" mode of analysis. Any adequate definition of morality, he tells us, "must embrace the similarities among consequential and nonconsequential theories and avoid their differences. By proceeding from this common ground we can elevate the dialogue about business ethics to a more objective and analytical level."[17]

A complex example of the impulse toward concurrence and some of the difficulties it generates is seen in James Humber's discussion of reverse discrimination. Seeking to satisfy both deontological and teleological requirements, Humber is led to the odd conclusion that a practice of hiring the *least* qualified candidate "not only . . . serves the interests of justice, but also . . . benefits the entire society."[18] Humber's rationale is that it is reasonable to suppose that the least qualified person will normally be the one who has suffered most from past discrimination. Hiring this individual would therefore best satisfy the demands of justice. But Humber also attempts to satisfy teleological criteria by permitting firms to fire employees who fall below a designated level of competence. It should be clear, however, that Humber's approach can be criticized as meeting none of the theoretical objectives he establishes. Hiring the least qualified individuals seems seriously opposed to utilitarian reasoning, while dismissing incompetent employees whose condition results from past discrimination may violate individual rights. Thus, Humber's effort to force concurrence between opposing theoretical standpoints seems to end by failing to satisfy the most obvious demands issuing from either theoretical perspective.

These examples suggest that the quest for theoretical concurrence in resolving ethical dilemmas often results in distorting case analysis, in misrepresenting

theory — or both. Although this approach has the virtue of acknowledging the reality and seriousness of theoretical conflicts, it is not a solution to the basic ethical problem it identifies.

VI. *Resort to social consensus*

The urgent need for practical agreement on complex issues in business ethics, a need not always met by the methods already mentioned, yields yet another approach in the writing of various authors that may be called "the resort to social consensus." In the absence of ultimate theoretical agreement on the basic principles of ethics, writers who adopt this approach typically make appeal to those social values commonly accepted in our society. These values, they argue, furnish solid enough ground for proceeding to the practical task ahead and for resolving some important ethical debates.

Joseph R. Desjardins and John J. McCall, furnish an example of this approach in their text *Contemporary Issues in Business Ethics*.[19] Like several other of these texts, Desjardins' and McCall's study begins with a response to the series of challenges posed by Albert Carr's article on "business bluffing," especially the moral relativism they perceive to be implicit in his point of view.[20] After noting that the rejection of relativism requires firm arguments of some sort, Desjardins and McCall continue:

At this point, philosophers typically appeal to an ethical theory to defend the values that, like democracy or individual liberty, are used in more concrete ethical debates. Historically, many different ethical theories have been advanced to supply the type of ultimate response to relativism not present in the preceding pages. Utilitarianism, Kantianism and natural law theories are three such ethical theories. However, even when these theories are used to justify more concrete values, questions about the justification and validity of these theories themselves can still be raised. (For example, how should one decide between utilitarianism and Kantianism?). It has always been the philosopher's role to pursue these questions of justification. Typically, this pursuit leads the philosopher to the more abstract areas of epistemology and metaphysics.

Unfortunately, if we were to follow this course, we would be unlikely to return to the more practical issues of business ethics within the foreseeable future! The

question of justification must end somewhere, and we shall, somewhat arbitrarily, end it at the level of those shared social and political values of our society. In this sense, the ethical relativism implicit in Carr's article is not refuted by appeal to some abstract ethical theory, but because it is inconsistent with our commitment to the objectivity of values in our liberal, democratic society.

If the relativism implicit in Carr's approach were accepted, then we would be forced to conclude that there is no ultimate moral difference between democracy and totalitarianism. We would have to say that there are no moral reasons for preferring liberty over slavery; that there is no objective moral difference between murder and charity.[21]

While it is easy to appreciate the practical exigencies which foster this strategy, the limits and difficulties of this approach are not hard to discern. For one thing, although appeal to our social consensus may be a useful weapon against morally extreme views — like radical relativism or the advocacy of slavery — it will be of little help with more complex issues of business ethics where no clear consensus exists. For example, what consensus can one appeal to in resolving the tangle of questions that arise today in areas of conflict between employer and employee rights?

A more serious problem is the very relativism inherent in this approach. If the foundation of work in business ethics rests on a social consensus, how does one deal with the existence of other consensuses, whether they are met with across national boundaries or in different social groups within our own society? Beauchamp and Bowie, who find themselves momentarily attracted to this approach in the course of considering the plurality of views that exist on the issue of social justice, note the obvious contradiction of trying to establish a firm ethical foundation on a socially relative basis of this sort:

> Rawls, Nozick, and their utilitarian and Marxist opponents all capture some of our intuitive convictions about justice, and each exhibits strengths as a theory of justice. . . . Perhaps, then, there are several equally valid, or at least equally defensible, theories of justice and taxation. We note in Chapter One that morality is a social institution; it may be that justice in society is social in this sense and so is dependent on the standards acknowledged in a culture. There could, on this analysis, be libertarian societies, egalitarian societies, utilitarian societies, and Marxist societies — as well as societies based

on mixed theories or derivative theories of taxation and redistribution. However, this possibility raises other problems in ethical theory discussed in Chapter One — in particular relativism and moral disagreement (see pp. 11–13) — and before this conclusion is accepted, the details of the arguments in selections in this chapter should be carefully assessed.[22]

Unfortunately, Beauchamp and Bowie never return to this matter. Nor do they provide further guidance as to how their readers are to undertake the further assessment of arguments they recommend. Doing so, of course, would require the kind of full theoretical investigation that those adopting this strategy typically avoid.

VII. *Encouragements to "choose"*

Lacking a standard method to decide between the major theoretical options, it is occasionally suggested that we must simply choose a method and make do with its inadequacies. DeGeorge appears briefly to adopt this position when he remarks, "While philosophers argue, both they and other members of society must act. In the absence of definitive ethical theories we make do with the best we have."[23]

This approach is familiar to students who in discussions or on exams are told to evaluate cases using *either* a utilitarian or a deontological perspective. As a response to the pressing need for some procedure for decision, this strategy seems to rest on the assumption that since major philosophers favor each approach, it doesn't matter which one is selected as long as the arguments are properly developed.

The perceived contribution of this approach is the development of moral reasoning. The ability to articulate ethical arguments on one side or another, to define and defend a particular viewpoint, is taken as evidence of clear moral thinking. But certainly we can each think of articulate immoral arguments. The most serious limitation of this approach, however, is that it furthers the misconception that ethics is fundamentally a matter of individual opinion. No guidance is offered in the choice between conflicting theories, and, in a powerful way, this approach reinforces the common prejudice that ethics, as opposed to other areas of inquiry, is the domain of

subjective preference and "gut" feelings about right or wrong.

VIII. The view that "turning directly to case analysis may help"

The effort to find consensus between divergent ethical traditions is sufficiently frustrating to lead to the hope that perhaps such a consensus will emerge from actual case analysis. Those who adopt this approach typically introduce theories, note their inherent conflicts, and then urge readers on to the analysis of cases with the suggestion that this may help solve the problems theory has posed. In a moment, we shall look at a position we call the "dialogical" approach that also emphasizes the importance of case analysis for theoretical clarification. But the dialogical approach at least assumes the need for further and intensive theoretical investigations and an ongoing interchange between theory and cases. In the approach at hand, the reader is typically directed on to the case material. No further theoretical guidance or discussion is offered and no explanation is provided as to how the illumination supposedly conferred by case analysis will occur.

Vincent Barry's *Ethical Issues in Business* furnishes a complex example of this approach. In a section entitled "A Procedure for Moral Decision-Making" near the end of his introductory chapter, Barry offers these steps:

> The following guidelines should be kept in mind when handling cases of conflicts and mixed effects:
> 1. When two or more obligations conflict, choose the more important one.
> 2. When two or more ideals conflict, or when ideals conflict with obligations, choose the action that honors the higher ideal.
> 3. When the effects are mixed, choose the action that produces the greater good or the lesser harm.

Barry continues:

> In large part, the chapters ahead attempt to flush out those values that are embedded in the tangled web of frequently subtle, ill-defined problems we meet in organizational life. It is hoped that an examination of these issues will help you to (1) identify the obligations,

ideals, and effects involved and (2) decide where the emphasis should lie among the three considerations.[24]

As Barry himself observes, the guidelines he offers presume, among other things, that we know which of the conflicting obligations is the greater, which of the conflicting ideals is higher, and which of the effects achieves the greater good or the lesser harm. But the fact is that, absent a more profound theoretical investigation, we have no sure way of making such relative determinations, which involve assessing worth and giving priorities to one's assessments and which seem unavoidably to require one to pit consequentialist against nonconsequentialist considerations.

The hope that by proceeding directly to case analysis we may somehow be able to transcend theoretical disputes and "decide," therefore, seems elusive without further theoretical efforts that address the most basic issues. Merely juxtaposing theory and cases does not lead to insight, clarification, and resolution. Throughout his text, in questions frequently appearing at the end of cases, Barry reminds readers of the framework provided in his theoretical introduction, e.g. "What obligations, ideals, and effects are present in this case?"[25] These questions may provide a useful descriptive framework and help organize discussion, but to the extent that they are meant to go beyond this and assist decision, they abandon the student at the very point of conflict.

IX. A dialogical method

A final approach to the handling of theory we encounter in these texts also makes an appeal to the importance of case analysis and the relevance of concrete decision-making, but does not just stop there. Refusing to accept a simple distinction between theoretical or applied ethics, it proposes a unitary inquiry marked by an active dialogue between theoretical investigations and the analysis of concrete issues or cases. The ultimate aim of this inquiry is to test and enhance our theoretical sophistication. Arthur Caplan, in a series of remarks quoted in Beauchamp and Bowie, outlines an approach of this sort:

Far from being atheoretical enterprises in applied ethics compel attention to deep theoretical questions about optimal research strategies in ethical theorizing . . . . From this perspective, moral thinking is like other forms of theorizing in that hypotheses must be tested, buried, or modified through experimental thinking. Principles can be justified, modified or refuted — and new insights gained — by examination of cases that function as experimental data. Similarly, our developed principles allow us to interpret the cases and arrive at moral judgements in a reflective manner. One promise of the case method is the opportunity it creates to increase the development and applicability of ethical theories by more careful attention to complicated, quite real cases that provide opportunities for testing the scope, consistency, and adequacy of those theories.[26]

Beauchamp apparently agrees with Caplan's view. Having alluded to the applicability of John Rawls's concept of "reflective equilibrium" to applied inquiry, he adds

> . . . it seems mistaken to say that ethical theory is not extracted from the examination of cases but only applied to cases. Cases not only provide data for theory, but they are theory's testing ground as well . . . . Presumably, the more complex and far-reaching the cases that force revisions, the richer the resultant theory will be. Traditional ethical theory, from this perspective, has as much to learn from applied contexts as the other way around.[27]

Unfortunately, in Beauchamp and Bowie's volume, as in other texts where it is mentioned, this approach exists only as a suggestion. Nowhere is anything like this kind of dialogue developed. Instead, theory is consigned to the kinds of introductions we have mentioned and is not returned to in concluding analyses. Neither are concrete issues used to assess theoretical perspectives or to form arguments on behalf of one view or another. Instead, theories are merely applied and when they provide conflicting advice, the theoretical issue is usually evaded in one or more of the ways we have indicated. Hoffman and Moore remark that the "further development of such a dialogue between theory and practice is one of the purposes served by the study of business ethics."[28] But, at least in this sample of business ethics texts, this purpose remains an unfulfilled promise.

Conclusion

We have undertaken in this paper to explore and evaluate the present role of ethical theory in business ethics instruction. In the first stage of this exploration, the survey of major teaching texts, we found a broad range of perspectives on the proper function of theory. An overview of the typology is shown here:

I. *Approaches in which no effort is made to apply normative theory to moral choices*
   A. Descriptive — Theory serves to highlight issues.
   B. Minimalist — We can agree on a rational, scientific, non-normative method.
II. *Efforts to Combine Theories*
   A. Pluralist — Useful approaches may be drawn from a variety of ethical theories.
   B. No Conflict — Ultimately there is no real disagreement between the major ethical theories.
   C. Concurrent Conclusions — The major theories disagree but sometimes point to the same outcome.
III. *Selecting Between Theories*
   A. Social Consensus — Choose between theories on the basis of important social values.
   B. Choose — Pick a theory to get on with the decision.
IV. *Interactive Approaches*
   A. Let's proceed directly to case analysis — The study of cases will somehow take us beyond conflicts between theories.
   B. Dialogical — A complex interaction between theory and cases is needed to inform both.

Many of the textbook authors include several of these approaches in their presentations of ethical theory. In doing so they provide their readers with options in terms of how to apply theory. However, it is also likely that they add greater confusion to the already difficult task of ethical decision-making. In the approach typical of the textbooks surveyed, the student must learn (1) the basic arguments of the

major ethical theories; (2) how to apply the theories in real life situations; (3) how to choose between conflicting theories or resolve their differences. Most of these texts provide reasonably thorough explanations for the first task, learning the basics about theories. But, as this typology shows, there is no agreement in the field and a great deal of uncertainty about how to apply theory or how to choose between theories that are in tension with one another. Reflecting this uncertainty, authors often abandon students to their own intuitions and opinions about which theories are the most useful and how to use them.

In addition, there is a persistent unwillingness to grapple with the fundamental differences between theories. This finding is most distressing. Not only is little time spent on how to resolve differences between theories, but in many texts the conflicts are not even discussed or hasty efforts are made to efface the possibility of sharp conflicts at the theoretical level. This is seriously misleading. When there is no discussion of significant tensions, students are understandably perplexed by the persistent reappearance of conflict in discussions and analyses. To the extent that these conflicts stem from basic theoretical matters, the limitations of theory should be recognized and stated, rather than avoided.

Virtually all the major texts assert that there is not room in their introduction to theory to adequately discuss and resolve theoretical differences. Perhaps this is true. But the result is insufficient guidance to a reader wanting to make careful ethical decisions. The issue may best be resolved outside of textbooks, and then drawn on in textbook applications. The importance of filling in this missing link should be apparent. Our hope is that such a resolution will be addressed by contemporary research and analysis. Meanwhile, without an adequate resolution, it is simply deceptive to efface the problems.

If we as philosophers and management theorists generate contradictions and neglect to recognize and confront them, if we fudge our way through significant theoretical issues, how can we expect to teach students to engage in sound reasoning? The glossing over of theoretical problems is of no service to the field. We need to be honest about the differences between ethical theories. We need to make renewed efforts to integrate theory and practice so that "applied ethics" doesn't mean simply the description of ethical issues in cases or the wooden and misleading application of heterogeneous approaches to these cases.

On the basis of our initial assessment, it appears that the theoretical component of many business ethics courses and texts is inadequate. Theory is often only partially developed, and major theoretical issues are left unresolved in ways that haunt and confuse subsequent case discussion. We urge the recognition of this deficit and encourage the development of a teaching methodology which would provide clearer guidance in the application of ethical theory to ethical practice.

Notes

[1] Richard T. DeGeorge: 1986, Business Ethics, 2nd ed. (Macmillan, New York), p.17.

[2] See the References for a listing of these works. This total includes counting Donaldson and Werhane's text twice, since their second and third editions utilized quite different approaches to ethical theory.

[3] Of this sixteen, fourteen texts focused on the broad categories of consequentialist and nonconsequentialist theories (although different terms were occasionally used for these two methodological options). The fourteen approaching ethical theory in this way include the following texts: Barry, Moral Issues in Business 3d. ed.; Beauchamp and Bowie, eds., Ethical Theory and Business, 2nd and 3rd ed.; Bowie, Business Ethics; DeGeorge, Business Ethics, 1st and 2nd ed.; Desjardins and McCall, Contemporary Issues in Business Ethics; Donaldson and Werhane, Ethical Issues in Business: A Philosophical Approach, 2nd ed.; Goodpaster, Matthews and Nash, Persons and Policies; Hoffman and Moore, Business Ethics; Hosmer, The Ethics of Management; Pastin, The Hard Problems of Management; Regan, Just Business; Tuleja, Beyond The Bottom Line; Snoeyenbos, Almeder and Humber, eds., Business Ethics; Velasquez, Business Ethics, 2nd ed.

[4] Tom L. Beauchamp and Norman E. Bowie, eds.: 1988, Ethical Theory and Business, 3d ed., (Prentice-Hall, Englewood Cliffs, N.J.), p. 1.

[5] Regan, pp. 14ff.

[6] Ibid., pp. 16–17.

[7] p. xii.

[8] Michael Hoffman and Jennifer Mills Moore: 1984, Business Ethics (McGraw-Hill, New York), p. 11.

[9] Richard T. DeGeorge: 1986, Business Ethics, 2nd ed. (Macmillan, New York), p. 42.

[10] Ibid., 2nd ed., p. 80.

[11] Ibid., pp. 293f.

[12] Quoted in James M. Humber, 'Privacy in the Corporation' in Milton Snoeyenbos, Robert Almeder and James Humber, eds., *Business Ethics* (Prometheus Books, Buffalo, N.Y.), pp. 271f.

[13] Beauchamp and Bowie present the argument between Beauchamp and Sher over affirmative action as one that finally stems from "direct conflict over a fundamental issue in ethical theory: utilitarian versus nonutilitarian justifications." — *Ethical Theory and Business*, 3d ed., p. 336. This despite Beauchamp's suggestion that he subscribes, with DeGeorge, to a position of ultimate theoretical harmony. Thus in his introductory essay to this volume, Beauchamp states that teleological and deontological positions "have never been demonstrated to be inconsistent" and he appears to suggest, like DeGeorge, that a rigorous application of utilitarian logic will explain more traditional deontological intuitions — *Ibid.*, pp. 24, 33.

[14] *Business and Professional Ethics Journal*, Vol 4:1 (Fall, 1984), 17–42.

[15] *Ibid.*, p. 17.

[16] *Ibid.*, pp. 17–18.

[17] Vincent Barry: 1986, *Moral Issues in Business*, 3rd ed. (Wadsworth, Belmont, California), p. 64.

[18] *Business Ethics*, p. 238.

[19] Belmont: 1985, (Wadsworth Publishing Company, California).

[20] 'Is Business Bluffing Ethical?' *Harvard Business Review*, January/February.

[21] *Op. cit.*, p. 17.

[22] *Ethical Theory and Business*, pp. 558f.

[23] *Business Ethics*, p. 42.

[24] *Moral Issues in Business*, p. 67.

[25] *Ibid.*, pp. 73, 98, 196.

[26] 1980, 'Ethical Engineers Need Not Apply: The State of Applied Ethics Today,' *Science, Technology and Human Values* 6 (Fall), 24–32. Quoted in Beauchamp and Bowie, p. 52.

[27] p. 45.

[28] *Business Ethics*, p. 11.

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