



CHAPTER 2

NORMATIVE THEORIES OF ETHICS

INTRODUCTION

HEAD OF A PREMIER HEDGE FUND AND FORMER president of the NASDAQ stock exchange, Bernard Madoff was a respected financier with a sterling reputation. So, when he stated in a speech that “in today’s regulatory environment, it’s virtually impossible [for fund managers] to violate the rules,” his listeners were unlikely to have doubted the truth of what he was saying. They were even less likely to have foreseen how eerily prophetic his words would turn out to be when the FBI arrested him a year later for perpetrating what may have been the greatest scam of all time.

Madoff’s celebrated hedge fund, it turns out, was a total fraud—in essence, a gigantic Ponzi scheme. In a Ponzi scheme, a con artist takes in money from investors but keeps it for himself rather than investing it as promised. On paper, the profits of the investors continue to grow. If they want to redeem some of their fund shares for cash, the fraudster uses money from new investors to pay them. This keeps investors happy and content but clueless about what really happened to their money.

The fact that Madoff’s phony hedge fund reported consistently strong returns in both good and bad markets, with never a down quarter, made a few financial analysts suspicious. However, the law doesn’t require hedge funds to operate as transparently as it does mutual funds, and Madoff was notoriously secretive about his investment strategy. The Securities and Exchange Commission, which is charged with policing the financial marketplace, never noticed anything amiss, and most

business observers and investment advisors simply thought that Madoff had the Midas touch. And so it seemed he did—until, that is, the financial crisis of 2008 when the meltdown on Wall Street led more and more of his investors to seek to redeem fund shares for cash. With new investors now few and far between, Madoff simply had no money to pay those investors who wanted to cash in some or all of their chips. Unable to keep the game up, he confessed to his sons that his fund was “one big lie.” They promptly turned him in to the authorities.

Madoff’s victims included insurance companies, pension and investment funds, banks in Europe and Asia, and a number of prominent individuals, such as Hall of Fame baseball pitcher Sandy Koufax, filmmaker Steven Spielberg, and actors

Kevin Bacon and John Malkovich. Many of these people were bilked for millions and millions of dollars, in some cases losing nearly all their savings. Likewise, some of the charities that had invested with Madoff were completely ruined. Having lost their assets, they were forced to shut down. A few investors, however, who had withdrawn money from their accounts on and off over the years, ended up in an ethical quandary. The money that they thought was in their Madoff accounts was, of course, gone, but over the years they had actually taken more money out of the fund, sometimes substantially more money, than they had initially put into it. But what they thought at the time to be legitimate profit was, they now realized, almost certainly money that Madoff had stolen from

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other clients. Should they keep quiet? Should they return the money to other investors, most of whom had ended up deep in the hole? Or should they insist that the money they received was legitimately theirs and push (along with all the other investors) to somehow get restitution of the balances that just a few weeks before they had assumed still remained in their Madoff accounts?

Under legal pressure, Boston philanthropist Carl Shapiro, an early investor with Madoff, agreed to hand over to other victims the \$625 million he had received over the years from Madoff. Trustees representing Madoff's victims also sued Fred Wilpon and Saul Katz, the successful investors who own the New York Mets, on the grounds that they should have known that the

\$300 million they had earned from their Madoff accounts were "fictitious profits." The suit was settled in 2012 for about half that sum. As a general matter, though, the legal responsibilities of those Madoff investors who came out ahead are unclear; a number of legal battles are being waged, and some in Congress want to protect the profits of innocent Madoff investors. In addition, of course, it's unclear where any individual investor's money actually went. But it's not just factual or legal complexities that make the question difficult. There are competing moral considerations. If you yourself were scammed, it might seem that you have no moral obligation to help those whose losses were greater—after all, you were a victim, too. On the other hand, although Madoff was ostensibly paying you money that you were entitled to, you were, in fact, receiving embezzled funds. Do those later investors have a right to get their money back from you? Would you act wrongly in hanging on to what you were lucky enough to get from Madoff before his scheme crashed? Or are the Madoff investors morally required to pool their gains and try to equalize their losses?

You don't need to study moral philosophy to see that Madoff acted immorally. Only a complete scoundrel steals from charities, pension funds, and friends and acquaintances who have entrusted him with their life savings. In contrast, it is not easy to know what an investor should do, who got back from Madoff more than other investors did—perhaps even more than his or her initial investment. Even if the person wants to do the right thing, what exactly does morality require, and how are we to determine what that is? On what basis are we to judge what is right or wrong?

Chapter 1 explained that defensible moral judgments must be underwritten by sound moral principles. That is because when we judge something wrong, we are not judging simply that it is wrong but also that it is wrong for some reason or by virtue of some general characteristic.¹ Moral principles thus provide the basis for making moral judgments. The use of these principles, however, is not a mechanical process by which one cranks in data and out pops an automatic moral judgment. Rather, the principles provide a conceptual framework that guides us in making moral decisions. Careful thought and open-minded reflection are always necessary to work from one's moral principles to a considered moral judgment.

But what are the appropriate principles to rely on when making moral judgments? The truth is that there is no consensus among people who have studied ethics and reflected on these matters. Different theories exist as to the proper standard of right and wrong. As the British philosopher Bernard Williams put it, we are



Pictorial Parade/Archive Photos/Getty Images

In the 1920s, con artist Charles Ponzi told gullible investors that he could double their money in 90 days by buying postage reply coupons in other countries and redeeming them at the U.S. Post Office. In fact, he kept their money and paid early investors with money coming in from later investors.

heirs to a rich and complex ethical tradition, in which a variety of different moral principles and ethical considerations intertwine and sometimes compete.²

LEARNING OBJECTIVES

This chapter discusses the different normative perspectives and rival ethical principles that are our heritage. After distinguishing between what are called “consequentialist” and “nonconsequentialist” normative theories, it looks in detail at several ethical approaches, discussing their pros and cons and their relevance to moral decision making in an organizational context:

1. Egoism, both as an ethical theory and as a psychological theory
2. Utilitarianism, the theory that the morally right action is the one that achieves the most happiness for everyone concerned
3. Kant’s ethics, with his categorical imperative and his emphasis on moral motivation and respect for persons
4. Other nonconsequentialist normative themes: duties, moral rights, and prima facie principles

The chapter concludes by suggesting a practical way of approaching moral decision making, which reflects the major concerns of the different normative theories that have been discussed.



CONSEQUENTIALIST AND NONCONSEQUENTIALIST THEORIES

In ethics, **normative theories** propose some principle or principles for distinguishing right actions from wrong actions. These theories can, for convenience, be divided into two kinds: consequentialist and nonconsequentialist.

According to **consequentialist theories**, the moral rightness of an action is determined solely by its results. If its consequences are good, then the act is right; if they are bad, the act is wrong. Consequentialists (moral theorists who adopt this approach) determine what is right by weighing the ratio of good to bad that an action will produce. The right act is the one that produces (or will probably produce) at least as great a ratio of good to evil as any other course of action open to the agent.

One question that arises here is: Consequences for whom? Should one consider the consequences only for oneself? Or the consequences for everyone affected? The two most important consequentialist theories, *egoism* and *utilitarianism*, are distinguished by their different answers to this question. Egoism advocates individual self-interest as its guiding principle. Utilitarianism holds that one must take into account everyone affected by the action. But both theories agree that rightness and wrongness are solely a function of an action’s results.

By contrast, **nonconsequentialist** (or *deontological*) **theories** contend that right and wrong are determined by more than the likely consequences of an action. Nonconsequentialists do not necessarily deny that consequences are morally significant, but they believe that other factors are also relevant to the moral assessment of an action. For example, a nonconsequentialist would hold that for Kevin to break his promise to Cindy is wrong not simply because it has bad results (Cindy’s hurt feelings, Kevin’s damaged reputation, and so on) but because of the inherent character of the act itself. Even if more good than bad were to come from Kevin’s breaking the promise, a nonconsequentialist might still view it as wrong. What matters is the nature of the act in question, not just its results. This idea will become clearer later in the chapter as we examine some specific nonconsequentialist principles and theories.

SUMMARY

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



• • • EGOISM

A few years after Firestone first introduced its “500” steel-belted radial tires, it was discovered that their tread was prone to separate at high speeds, with a House subcommittee later concluding that the tires had led to thirty-four highway deaths. In response to the controversy, Firestone announced that it was discontinuing the “500.” Newspapers at the time interpreted this to mean that Firestone would immediately remove the tires from the market. In fact, Firestone intended only a “rolling phaseout” and continued to manufacture the tire. When a Firestone spokesperson was later asked why the company had not corrected the media’s misinterpretation of its intent, the spokesperson said that Firestone’s policy was to ask for corrections only when it was beneficial to the company to do so—in other words, only when it was in the company’s self-interest.

The view that equates morality with self-interest is referred to as **egoism**. According to it, an act is morally right if and only if it best promotes the agent’s own interests. (Here an “agent” can be a single person or, as in the Firestone example, an organization.) Egoism makes personal advantage (both in the short term and the long run) the standard for measuring an action’s rightness. If an action will produce more good for the agent than any alternative action would, then that action is the morally right one to perform.

Moral philosophers distinguish between two kinds of egoism: personal and impersonal. *Personal* egoists claim they should pursue their own best interests, but they do not say what others should do. *Impersonal* egoists claim that everyone should let self-interest guide his or her conduct.

MISCONCEPTIONS ABOUT EGOISM

Several misconceptions haunt both versions of egoism. One is that egoists do only what they like, that they believe in “eat, drink, and be merry.” Not so. Undergoing unpleasant, even painful experience meshes with egoism, provided such temporary sacrifice is necessary for the advancement of one’s long-term interests.

Another misconception is that all egoists endorse **hedonism**, the view that pleasure (or happiness) is the only thing that is good in itself, that it is the ultimate good, the one thing in life worth pursuing for its own sake. Although some egoists are hedonistic—as was the ancient Greek philosopher Epicurus (341–270 BCE)—other egoists have a broader view of what constitutes self-interest. Some of them identify a person’s good with knowledge or power; others with what some modern psychologists call “self-actualization.” Egoists may, in fact, hold any theory of what is good.

A final but very important misconception is that egoists cannot act honestly, be gracious and helpful, or otherwise promote other people’s interests. Egoism, however, requires us to do whatever will best further our own interests, and doing this sometimes requires us to advance the interests of others. In particular, egoism tells us to benefit others when we expect that our doing so will be reciprocated or when the act will bring us pleasure or in some way promote our own good. For example, egoism might discourage a shopkeeper from trying to cheat customers because it is likely to hurt business in the long run. Or egoism might recommend to the chair of the board that she hire as a vice president her nephew, who is not the best candidate for the job but of whom she is very fond. Hiring the nephew might bring her more satisfaction than any other course of action, even if the nephew doesn’t perform his job as well as someone else might.

According to egoism, we should assist others when doing so best promotes our own interests.

PSYCHOLOGICAL EGOISM

So egoism does not preach that we should never assist others but rather that we have no basic moral duty to do so. The only moral obligation we have is to ourselves. Although you and I are not required to act in the interests of others, we should if that is the best way to promote our own self-interest. In short: Always look out for “number one.”

Proponents of the ethical theory of egoism generally attempt to derive their basic moral principle from the alleged fact that human beings are by nature selfish creatures. According to this doctrine, termed **psychological egoism**, people are, as a matter of fact, so constructed that they must behave selfishly. Psychological egoism asserts that all actions are selfishly motivated and that truly unselfish actions are therefore impossible. Even apparently self-sacrificial acts such as giving up one’s own life to save the lives of one’s children or blowing the whistle on organizational misdeeds at great personal expense are, according to psychological egoism, done to satisfy the person’s own self-interested desires. For example, the parent may seek to perpetuate the family line or to avoid guilt, and the employee may be after fame or revenge.

PROBLEMS WITH EGOISM

There are strong objections to egoism as an ethical doctrine.

Although egoism as an ethical doctrine has always had its adherents, the theory is open to very strong objections. It is safe to say that few, if any, philosophers today would advocate it as either a personal or an organizational morality. Consider these objections:

1. **Psychological egoism is not a sound theory.** Self-interest motivates all of us to some extent, and we all know of situations in which someone pretended to be acting altruistically or morally but was really motivated only by self-interest. The theory of psychological egoism contends, however, that self-interest is the only thing that ever motivates anyone.

This contention seems vulnerable to various counterexamples. Take the actual case of a man who, while driving a company truck, spotted smoke coming from inside a parked car and a child trying to escape from the vehicle. The man quickly made a U-turn, drove up to the burning vehicle, and found a little girl trapped in the back seat, restrained by a seat belt. Flames raged in the front seat as heavy smoke billowed from the car. Disregarding his own safety, the man entered the car and removed the child, who would otherwise have died from the flames and poisonous fumes. When the police and rescue workers arrived, he quietly slipped away.

Or take a more mundane example. It’s Saturday, and you feel like having a beer with a couple of pals and watching the ball game. On the other hand, you believe that you ought to take your two children to the zoo, as you earlier suggested to them you might. Going to the zoo would bring them a lot of pleasure—and besides, you haven’t done much with them recently. Of course, you love your children, and it will bring you some pleasure to go to the zoo with them, but—let’s face it—they’ve been rather whiny lately and you’d prefer to watch the ball game. Nonetheless, you feel an obligation and so you go to the zoo.

These appear to be cases in which people are acting for reasons that are not self-interested. Of course, the reasons that lead you to take your children to the zoo—a sense of obligation, a desire to promote their happiness—are your reasons, but that by itself does not make them self-interested reasons. Still less does it show that you are selfish. Anything that you do is a result of your desires, but that fact doesn’t establish what the believer in psychological egoism claims—namely, that the only desires you have, or the only desires that ultimately move you, are self-interested desires.

Proponents of the theory of psychological egoism will claim that deep down both the heroic man who saved the little girl and the unheroic parent who took the children to the zoo were really motivated by self-interest in some way or another. Maybe the hero was hoping to win praise or the parent to avoid criticism or outshine his or her spouse. Or maybe some other self-interested consideration motivated them. Adherents of psychological egoism can always claim that some yet-to-be-identified subconscious egoistic motivation is the main impulse behind any action.

At this point, though, psychological egoism sounds a little far-fetched, and we may suspect its advocates of trying to make their theory true by definition. Whatever example we come up with, they will simply claim that, contrary to appearances, somehow or other the person is really motivated only by self-interest. One may well wonder how scientific this theory is, or how much content it has, when the hero and the coward, the parent who goes to the zoo and the parent who stays home, are equally selfish in their motivations.

A defender of egoism as an ethical doctrine could concede that people are not fully egoistic by nature and yet continue to insist that morally people ought to pursue only their own interests. Yet without the doctrine of psychological egoism, the ethical thesis of egoism becomes less attractive. Other types of ethical principles are possible. We all care about ourselves, but how much sense does it make to see self-interest as the basis of right and wrong? Do we really want to say that someone acting altruistically is behaving immorally?

- 2. Ethical egoism is not really a moral principle at all.** Many critics of egoism as an ethical standard contend that it misunderstands the nature and point of morality. As Chapter 1 explained, morality serves to restrain our purely self-interested desires so we can all live together. If our interests never came into conflict—that is, if it were never advantageous for one person to deceive or cheat another—then we would have no need for morality. The moral standards of a society provide the basic guidelines for cooperative social existence and allow us to resolve conflicts by appeal to shared principles of justification.

It is difficult to see how ethical egoism could perform this function. In a society of egoists, people might publicly agree to follow certain rules so their lives would run more smoothly. But it would be a very unstable world, because people would not hesitate to break the rules if they thought they could get away with it. Nor can egoism provide a means for settling conflicts and disputes, because it simply tells each party to do whatever is necessary to promote effectively his or her interests.

Many moral theorists maintain that moral principles apply equally to the conduct of all persons and that their application requires us to be objective and impartial. Moral agents are seen as those who, despite their own involvement in an issue, can be reasonably disinterested and objective—those who try to see all sides of an issue without being committed to the interests of a particular individual or group, including themselves. If we accept this attitude of detachment and impartiality as at least part of what it means to take a moral point of view, then we must look for it in any proposed moral principle.

Those who make egoism their moral standard are anything but objective, for they seek to guide themselves by their own best interests, regardless of the issue or circumstances. They do not even attempt to be impartial, except insofar as impartiality furthers their own interests. And, according to their theory, any third party offering advice should simply represent his or her own interest.

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SUMMARY

Egoism is the consequentialist theory that an action is right if and only if it promotes the individual's best interests. Proponents of this theory base their view on the alleged fact that human beings are, by nature, selfish (the doctrine of psychological egoism). Critics of egoism argue that (1) psychological egoism is implausible, (2) egoism is not really a moral principle, and (3) egoism condones blatant wrongs.

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3. Ethical egoism condones blatant wrongs. The most common objection to egoism as an ethical doctrine is that it sometimes condones actions that are blatantly immoral. Deception, theft, or even murder can be morally right according to the standard of egoism, if it advances the agent's self-interest (and the agent can get away with it).

In response, the defender of egoism might argue that this objection begs the question by assuming that such acts are immoral and then repudiating egoism on this basis when, in fact, their morality is the very issue that moral principles such as egoism are meant to resolve. Still, egoism fails to do justice to some of our basic ideas about right and wrong. A moral principle that permits murder, if it successfully advances one's self-interest, clashes with our firmest moral convictions. If anything is wrong, that is wrong.

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UTILITARIANISM

Utilitarianism tells us to bring about the most happiness for everyone affected by our actions.

Jeremy Bentham and John Stuart Mill were important early utilitarians.

Utilitarianism is the moral doctrine that we should always act to produce the greatest possible balance of good over bad for everyone affected by our actions. By "good," utilitarians understand happiness or pleasure. Thus, the greatest happiness of all constitutes the standard that determines whether an action is right or wrong. Although the basic theme of utilitarianism is present in the writings of many earlier thinkers, Jeremy Bentham (1748–1832) and John Stuart Mill (1806–1873) were the first to develop the theory explicitly and in detail. Both Bentham and Mill were philosophers with a strong interest in legal and social reform. They used the utilitarian standard to evaluate and criticize the social and political institutions of their day—for example, the prison system and the disenfranchisement of women. As a result, utilitarianism has long been associated with social improvement.

Bentham viewed a community as no more than the individual persons that it comprises. The interests of the community are simply the sum of the interests of its members. An action promotes the interests of an individual when it adds to the individual's pleasure or diminishes the person's pain. Correspondingly, an action augments the happiness of a community only insofar as it increases the total amount of individual happiness. This is what Bentham had in mind when he argued for the utilitarian principle that actions are right if they promote the greatest human welfare, wrong if they do not.

For Bentham, pleasure and pain are merely types of sensations. He offered a "hedonic calculus" of six criteria for evaluating pleasure and pain exclusively by their quantitative differences—in particular, by their intensity and duration. This calculus, he believed, makes possible an objective determination of the morality of anyone's conduct, individual or collective, on any occasion.

Bentham rejected any distinctions based on the type of pleasure except insofar as they might indicate differences in quantity. Thus, if equal amounts of pleasure are involved, throwing darts is as good as writing poetry and baking a cake as good as composing a symphony; watching Shakespeare's *Hamlet* has no more value than watching *Jersey Shore*. Although he himself was an intelligent, cultivated man, Bentham maintained that there is nothing intrinsically better about refined and intellectual pleasures than about crude or prosaic ones. The only issue is which yields the greater amount of enjoyment.

John Stuart Mill thought Bentham's concept of pleasure was too simple. He viewed human beings as having elevated faculties that allow them to pursue various higher kinds of pleasure. The pleasures of the intellect and imagination, in particular, have a higher

value than those of mere physical sensation. Thus, for Mill the utility principle must take into consideration the relative quality of different pleasures and pains, not just their intensity and duration.

Although Bentham and Mill had different conceptions of pleasure, both men equated pleasure and happiness and considered pleasure the ultimate value. In this sense they are hedonists: Pleasure, in their view, is the one thing that is intrinsically good or worthwhile. Anything that is good is good only because it brings about pleasure (or happiness), directly or indirectly. Take education, for example. The learning process itself might be pleasurable to us; reflecting on or working with what we have learned might bring us satisfaction at some later time; or by making possible a career and life that we could not have had otherwise, education might bring us happiness indirectly. In contrast, critics of Bentham and Mill contend that things other than happiness are also inherently good—for example, knowledge, friendship, and aesthetic satisfaction. The implication is that these things are valuable even if they do not lead to happiness.

Bentham and Mill cared about happiness because they implicitly identified it with well-being, that is, with what is good for people. In their view, our lives go well—we have well-being—just to the extent that our lives are pleasurable or happy. Some moral theorists have modified utilitarianism so that it aims at other consequences in addition to happiness. And some utilitarians, wary of trying to compare one person's happiness with another's, have interpreted their theory as requiring us not to maximize happiness but rather to maximize the satisfaction of people's desires or preferences. The focus here will be utilitarianism in its standard form, in which the good to be aimed at is human happiness or well-being, but what will be said about standard or classical utilitarianism applies, with the appropriate modifications, to other versions as well.

Although this chapter will later consider another form of utilitarianism, known as “rule utilitarianism,” utilitarianism in its most basic version, often called **act utilitarianism**, states that we must ask ourselves what the consequences of a particular act in a particular situation will be for all those affected. If its consequences bring more net good than those of any alternative course of action, then this action is the right one and the one we should perform.

SIX POINTS ABOUT UTILITARIANISM

Before evaluating utilitarianism, one should understand some points that might lead to confusion and misapplication. *First*, when deciding which action will produce the greatest happiness, we must consider unhappiness or pain as well as happiness. Suppose, for example, that an action produces eight units of happiness and four units of unhappiness. Its net worth is four units of happiness. Suppose also that an opposed action produces ten units of happiness and seven units of unhappiness; its net worth is three units. In this case we should choose the first action over the second. In the event that both lead not to happiness but to unhappiness, and there is no third option, we should choose the one that brings fewer units of unhappiness.

Second, actions affect people to different degrees. Playing your radio loudly might enhance two persons' pleasure a little, cause significant discomfort to two others, and leave a fifth person indifferent. The utilitarian theory is not that each person votes on the basis of his or her pleasure or pain, with the majority ruling, but rather that we add up the various pleasures and pains, however large or small, and go with the action that brings about the greatest net amount of happiness.

Third, because utilitarians evaluate actions according to their consequences and because actions produce different results in different circumstances, almost anything

Bentham and Mill had different conceptions of pleasure, but they both equated it with happiness and believed that pleasure was the ultimate value.

Six important things to understand about utilitarianism.

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SUMMARY

Utilitarianism, another consequentialist theory, maintains that the morally right action is the one that provides the most happiness for all those affected. After assessing as best we can the likely results of each action, not just in the short term but in the long run as well, we are to choose the course of conduct that brings about the greatest net happiness.

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might, in principle, be morally right in some particular situation. For example, whereas breaking a promise generally produces unhappiness, there can be circumstances in which, on balance, more happiness would be produced by breaking a promise than by keeping it. In those cases, utilitarianism would require us to break the promise.

Fourth, utilitarians wish to maximize happiness not simply immediately but in the long run as well. All the indirect ramifications of an act have to be taken into account. Lying might seem a good way out of a tough situation, but if and when the people we deceive find out, not only will they be unhappy, but also our reputations and our relationships with them will be damaged. This is a serious risk that a utilitarian cannot ignore.

Fifth, utilitarians acknowledge that we often do not know with certainty what the future consequences of our actions will be. Accordingly, we must act so that the expected or likely happiness is as great as possible. If I take my friend’s money, unbeknownst to him, and buy lottery tickets with it, there is a chance that we will end up millionaires and that my action will have maximized happiness all around. But the odds are definitely against it; the most likely result is loss of money (and probably of a friendship, too). Therefore, no utilitarian could justify gambling with purloined funds on the grounds that it might maximize happiness.

Sometimes it is difficult to determine the likely results of alternative actions, and no modern utilitarian really believes that we can assign precise units of happiness and unhappiness to people. But as Mill reminds us, we actually do have quite a lot of experience as to what typically makes people happy or unhappy. In any case, as utilitarians our duty is to strive to maximize total happiness, even when it is difficult to know which action will produce the most good.

Finally, when choosing among possible actions, utilitarianism does not require us to disregard our own pleasure. Nor should we give it added weight. Rather, our own pleasure and pain enter into the calculus equally with the pleasures and pains of others. Even if we are sincere in our utilitarianism, we must guard against the possibility of being biased in our calculations when our own interests are at stake. For this reason, and because it would be time-consuming to do a utilitarian calculation before every action, utilitarians encourage us to rely on rules of thumb in ordinary moral circumstances. We can make it a rule of thumb, for example, to tell the truth and keep our promises, rather than to calculate possible pleasures and pains in every routine case, because we know that in general telling the truth and keeping promises result in more happiness than do lying and breaking promises.

UTILITARIANISM IN AN ORGANIZATIONAL CONTEXT

Several features about utilitarianism make it appealing as a standard for moral decisions in business and nonbusiness organizations.

First, utilitarianism provides a clear and straightforward basis for formulating and testing policies. By utilitarian standards, an organizational policy, decision, or action is good if it promotes the general welfare more than any other alternative. A policy is considered wrong (or in need of modification) if it does not promote total utility as well as some alternative would. Utilitarians do not ask us to accept rules, policies, or principles blindly. Rather, they require us to test their worth against the standard of utility.

Second, utilitarianism provides an objective and attractive way of resolving conflicts of self-interest. This feature of utilitarianism dramatically contrasts with egoism, which seems incapable of resolving such conflicts. By proposing a standard outside self-interest, utilitarianism greatly minimizes and may actually eliminate such disputes. Thus, individuals within organizations make moral decisions and evaluate their actions by appealing to a uniform standard: the general good.

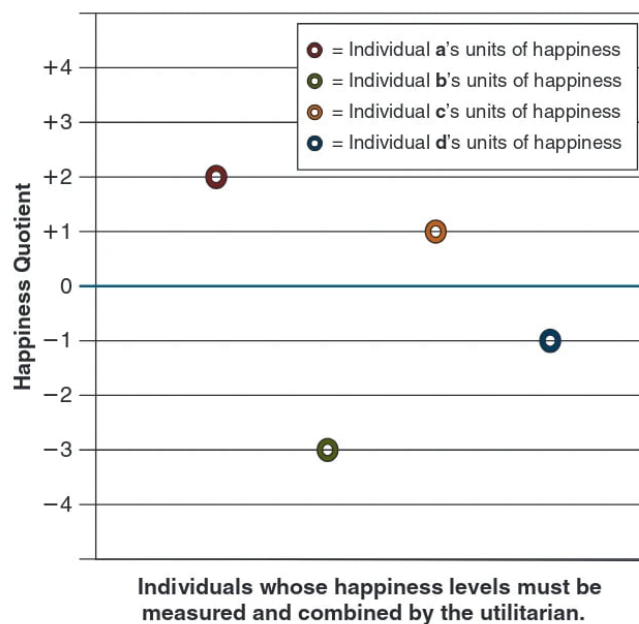
Three features of utilitarianism make it appealing in an organizational context.

Third, utilitarianism provides a flexible, result-oriented approach to moral decision making. By recognizing no actions of a general kind as inherently right or wrong, utilitarianism encourages organizations to focus on the results of their actions and policies, and it allows them to tailor their decisions to suit the complexities of their situations. This facet of utilitarianism enables organizations to make realistic and workable moral decisions.

CRITICAL INQUIRIES OF UTILITARIANISM

1. **Is utilitarianism really workable?** Utilitarianism instructs us to maximize happiness, but in difficult cases we may be very uncertain about the likely results of the alternative courses of action open to us. Furthermore, comparing your level of happiness or unhappiness with that of someone else is at best tricky, at worst impossible—and when many people are involved, the matter may get hopelessly complex. Even if we assume that it is possible to make comparisons and to identify the various possible results of each course of action that a person might take (and to determine the likelihood of each result), is it realistic to expect people to take the time to make those calculations and, if they do, to make them accurately? Some critics of act utilitarianism have contended that teaching people to follow the basic utilitarian principle would not in fact promote happiness because of the difficulties in applying utilitarianism accurately.
2. **Are some actions wrong, even if they produce good?** Like egoism, utilitarianism focuses on the results of an action, not on the character of the action itself. For utilitarians, no action is in itself objectionable. It is objectionable only when it results in less happiness than could otherwise have been brought about. Critics of utilitarianism, by contrast, contend that some actions can be immoral and thus things we must not do, even if doing them would maximize happiness.

Suppose a dying woman has asked you to promise to send the \$25,000 under her bed to her nephew in another part of the country. She dies without anyone else's knowing of the money or of the promise that you made. Now suppose, too, that you know the nephew is a spendthrift and a drunkard and, were the money delivered



Can we estimate the effects of our actions well enough for utilitarianism to work?