APPROACHES TO ETHICAL DECISION MAKING

Business owners often face difficult ethical dilemmas, such as whether to cut corners on quality to meet a deadline or whether to lay off workers to enhance profits. A current ethical debate concerns the use of extremely low-wage foreign workers, especially in the garment industry.

The intense pressures of business may not always allow you the luxury of much time for reflection, and the high stakes may tempt you to compromise your ideals. How will you respond? No doubt, you already have a well-developed ethical outlook. Nevertheless, by considering various approaches to ethical decision making, you may be better able to make the right choice when the need arises.

The subject of business ethics is complex. Fair-minded people sometimes have significant differences of opinion regarding what constitutes ethical behavior and how ethical decisions should be made. This article discusses four approaches that business owners can use to consider ethical questions. The method you prefer may not suit everyone. Hopefully, by considering the alternatives, you will be able to make decisions that are right for you.

Utilitarian

The *utilitarian* approach to ethical decision making focuses on taking the action that will result in the greatest good for the greatest number of people. Considering our example of employing low-wage workers, under the utilitarian approach you would try to determine whether using low-wage foreign workers would result in the greatest good.

For example, if you use low-wage foreign workers in response to price competition, you might retain your market share, enabling you to avoid laying off your U.S. employees, and perhaps even allowing you to pay your U.S. employees higher wages. If you refuse to use low-wage foreign workers regardless of the competition, you may be unable to compete. This could result in layoffs of your U.S. workers and even your foreign workers, for whom the relatively low wages may be essential income. On the other hand, using low-wage workers may tend to depress the wages of most workers, thus reducing almost everyone's standard of living and depressing their ability to purchase the very goods you and others are trying to sell.

Moral Rights

The *moral rights* approach concerns itself with moral principles, regardless of the consequences. Under this view, some actions are simply considered to be right or wrong. From this standpoint, if paying extremely low wages is immoral, your desire to meet the competition and keep your business afloat is not a sufficient justification. Under this view, you should close down your business if you cannot operate it by paying your workers a "living wage," regardless of the actions of your competitors.

Universalism

The *universalist* approach to ethical decision making is similar to the Golden Rule. This approach has two steps. First, you determine whether a particular action should apply to all people under all circumstances. Next, you determine whether you would be willing to have someone else apply the rule to you. Under this approach, for example, you would ask yourself whether paying extremely low wages in response to competition would be right for you and everyone else. If so, you then would ask yourself whether someone would be justified in paying you those low wages if you, as a worker, had no alternative except starvation.

Cost-Benefit

Under the *cost-benefit* approach, you balance the costs and benefits of taking versus not taking a particular action. For example, one of the costs of paying extremely low wages might include negative publicity. You would weigh that cost against the competitive advantage that you might gain by paying those wages.

Conclusion

In our complex global business climate, ethical decision making is rarely easy. However, as a business owner, you have several models available for analyzing your ethical dilemmas. Sometimes one approach will be more appropriate than another. If you take time to consider the various possibilities, you are more likely to make a decision you believe is ethically correct.