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**Corvinus University of Budapest**

## **Summary and Conclusion**

**Ethics in Business & Economics**  
**University of St. Gallen**  
**2010 Spring**

## **Socio-economics**

**Human behavior**  
**is co-determined**  
**by utility**  
**calculations**  
**and moral**  
**considerations.**



**Amitai Etzioni**  
**George Washington**  
**University**

## Make Capitalism More Creative

In addition to **profit** there is another incentive: **recognition**.

Turn **good works** into **recognition**, and ensure that recognition brings **market-based rewards** to businesses.



**Bill Gates**

Founder and former  
CEO of Microsoft

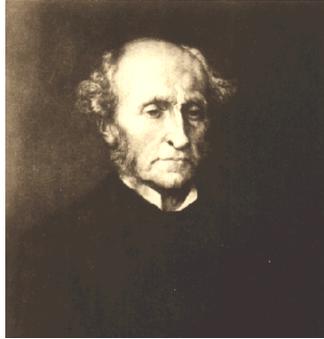
## Deontology

An action is **right**, if it corresponds to the relevant **ethical norms** or principles.



**Immanuel Kant**  
(1724-1804)

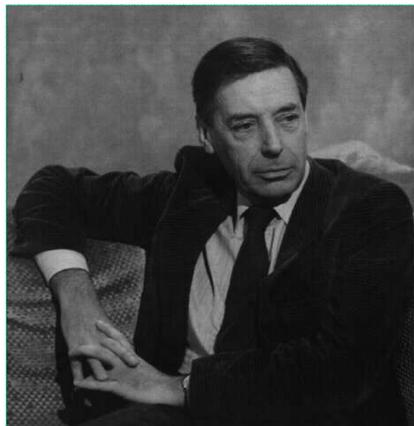
## Consequentialism



**John Stuart Mill**  
(1806 – 1873)

An action is **good**,  
if its real world  
**consequences** are  
**good**.

## Moral luck



**Bernard Williams**  
(1929-2003)

## Stakeholder theory

The **company** exists  
in **interaction** with  
its **stakeholders**.



**Edward Freeman**  
Darden Business  
School,

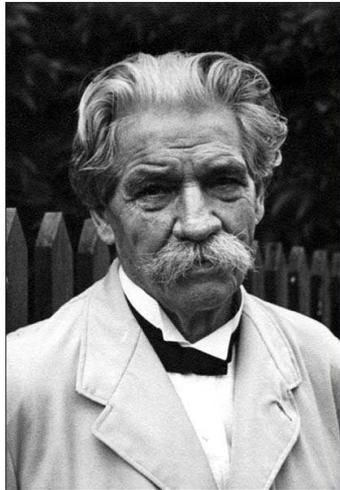
## The Principle of Responsibility

“Act so that the **effects**  
of your **action** are  
compatible with the  
**permanence** of  
genuine **human life**”.



**Hans Jonas**  
(1903-1993)

## Reverence



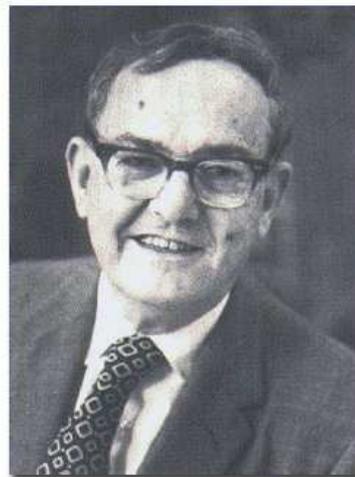
We should **follow**  
**ethical norms**  
independently  
from any chance of  
success.

**Albert Schweitzer**  
(1875 - 1965),  
Winner of the Nobel  
Peace Prize

## Rationality

Human rationality  
is **procedural** in its  
nature.

**Herbert A. Simon**  
(1916-2001)  
Nobel Prize Winner in  
Economics



## Respect for Others

We should consider the **impact** of our **decisions** on the **life** of others.



**K. E. Goodpaster**  
University of  
St. Thomas, Minnesota

## The maximin rule

**Maximize** the **minimum payoff** of decision alternatives.



**John von Neumann**  
(1903-1957),

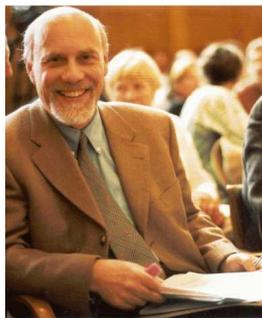
## Stakeholder strategies

**Exit,  
Voice,  
Loyalty**



**Albert O. Hirschman**  
Princeton University

## The Ethics Management Paradox



**Luk Bouckaert**  
Catholic University  
of Leuven

**Ethics** could bring  
**material benefits**  
for individuals and  
companies only if it  
is **not used** to **produce**  
material gains.

## The fair wage hypothesis

**Maximal  
performance  
can be expected at  
fair wages.**



**George Akerlof**  
UC Berkeley

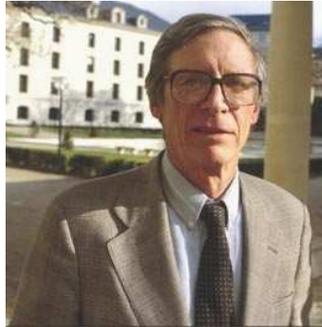
## Procedural utility

**Not only outcomes  
but also  
procedures  
present utility for  
economic players.**



**Bruno Frey**  
University of Zurich

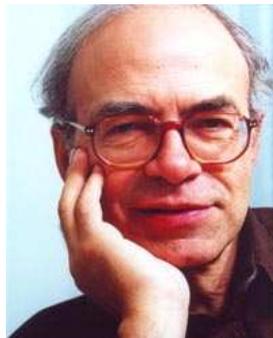
## Theory of justice



Always the **least advantageous people** should be supported in a society.

**John Rawls**  
(1921-2002)

## Awareness-based ethics



If a **natural being suffers**, we should take his or her **suffering** into consideration.

**Peter Singer**  
Princeton University

## Ecosystem ethics



An act is **right** if it preserves the **integrity, stability** and **beauty** of natural ecosystems.

**Aldo Leopold**  
(1887-1948)

## Gaia ethics



The **Earth** is a **living entity**.

**James Lovelock**  
Royal Society

## St. Francis of Assisi



**Our Brother Sun,  
Sister Moon and Stars,  
Brothers Wind and Air,  
Sister Water, Brother  
Fire,  
Sister Earth, our mother,  
who feeds us,  
and Sister Death, from  
whose embrace no  
mortal can escape.**

## Resource efficiency is not a solution.

The main task is to  
**reduce** the scale of  
the **economy** relative  
to the **ecosystem**.



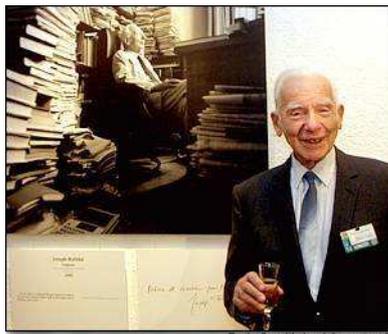
**Herman Daly**  
University of Maryland

**People who are intrinsically motivated to adhere to ethical norms often prosper in competitive environments.**



**Robert Frank**  
**Cornell University**

## **Joseph Rotblat**



**Always remember your humanity, and forget the rest.**

**Initiator of the Pugwash Conferences for nuclear disarmament**