

# EGOISM, JUSTICE, RIGHTS, AND UTILITARIANISM: STUDENT VIEWS OF CLASSIC ETHICAL POSITIONS IN BUSINESS

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## Abstract

Two five-item ethical position scales were created. One assessed ethical views toward the expected consequences of an action (or teleology). The other assessed views toward the need to follow a specific rule (or deontology), with an emphasis on secular rationalism. The ethical consequences scale included the positions of egoism and utilitarianism, which consider personal and social consequences, respectively. The ethical rules scale included the positions of justice and rights, which consider rules leading to just treatment and preservation of individual rights, respectively. Items were rated on a 6-point scale of disagreement-agreement with no neutral point. Internal consistency for the ethical consequences scale was .60 and for the ethical rules scale .70 that were at acceptable levels. A paired t-test showed higher average endorsement for the ethical rules scale ( $t = 12.12$ ,  $df = 273$ ,  $p \leq .001$ ). An interaction occurred between time period and score ( $F = 102.44$ ,  $df = 3$ ,  $p \leq .001$ ). In 1990, students showed, on average, a higher endorsement for the ethical consequences scale than for the ethical rights scale. For 1995, 2005, and 2006, this was reversed with students showing, on average, a higher endorsement for the ethical rights scale than for the ethical consequences scale. No significant difference in the endorsement of ethical rights over ethical consequences occurred in 1995, 2005, or 2006. For these three later years, the mean difference between the two scores did not differ ( $p > .05$ ).

Keywords: egoism, justice, utilitarianism, teleology, deontology

## INTRODUCTION AND RESEARCH REVIEW

America has a long tradition of wealth creation at the expense of various stakeholders. For well over a decade, however, the public has shown an increasing sensitivity to unethical behavior caused by greedy pursuit of money and power. The unethical (and often illegal) behavior of managers is an issue that is likely to stay in the public eye for quite some time. Concomitantly, the teaching of ethics has entered U.S. business schools. Indeed, the integration of ethics into courses is required for accredited schools of business by AACSB. Yet the editors of many journals consider research on the topic to be inadequate and call for it to be taken more seriously by researchers (Donaldson, 2003).

The problem may be in part that research on ethics tends to be normative, and normative models are not subject to falsification (Popper, 1959). Rather, they serve as prescriptive guidelines, often without empirical foundation. Absent the ability to show that such guidelines might be false through empirical study, prescriptive outcomes are not favored in scientific research. Philosophers of science, however, rightly abandoned the notion that all propositions must be subject to falsification through observation or experimentation. That approach would remove many important fields of inquiry from consideration, including logic and mathematics as well as ethical and political philosophy (Donaldson, 2003). Some contemporary frameworks, such as social contract theory, analyze ethical issues using both normative tools and empirical analysis (Donaldson and Dunfee, 1994).

The fall from grace on the part of managers and their firms increases the need to develop alternative models of ethical behavior. Public trust in the business agenda and its methods has been tarnished (Gentile and Samuelson, 2005). A better understanding of business student thinking is more important than ever as these students will eventually manage business under the increasingly watchful eye of the public and the government.

Debate on the topic of integrity suggests that individual positions toward business ethics and corporate social responsibility may coalesce into a few primary dimensions. England (1975) uncovered three management approaches in his assessment of the ethical value orientations of managers: pragmatic, ethical/moral, and affective. However, England's assessment system did not include questions derived from each of the major philosophical or ethical theories suggested by authors as relevant (Fritzsche & Becker, 1984; Gatewood & Carroll, 1991) or questions derived from currently accepted positions regarding corporate social responsibility (Frederick, et al., 1992). His research also did not focus on business students but, instead, focused on marketing managers. As such, it is possible that the limited number of orientations uncovered were a result of the limited range of questions used and singular functional area considered.

The focus of philosophical views advocated by business writers has often been on the concepts of egoism and altruism (Barry & Stephens, 1998; Locke & Becker, 1998). Some argue that altruism, said by Comte to involve the goal of "eradication of self-centered desire," (Runes, 1983) is immoral because it is antiself (Rand, 1964), while others contend that egoism is immoral because it can include a disregard for the rights of others (Rachels, 1986). Here the primary dimension is bipolar, ranging from egoism on one end to altruism at the other end.

Research has also considered the issues of justice and utilitarianism (Schminke, et al., 1997). This research demonstrates that employees' ethical frameworks affect their perceptions of what is just. This is not surprising. While normative or prescriptive thought may not be subject to

empirical tests, it can influence individual perceptions and in so doing affect a variety of organizational variables including views toward management action.

The topic of moral reasoning has been investigated, but such investigation has taken place largely within developmental psychology with the goal of better understanding the development of the human species. Kohlberg (1969, 1976, 1984a) proposed that individuals progress through a sequence of invariant and universal stages of moral reasoning. Kohlberg's stages did not adhere closely to traditional philosophical thought, though he did find stages that involved such characteristics as "the desire to maintain relationships and to meet others' expectations" (stage 3) and "the desire to uphold laws so as to maintain social order" (stage 4).

Gilligan (1977) claimed that Kohlberg's theory was deficient because it was derived from an all-male sample. As a result, it did not include care and justice orientations, which can also be rooted in childhood attachment and inequality. Gilligan felt that these orientations would not be uncovered without the inclusion of females. Gilligan (1982) went on to propose a three-phase model that included (1) exclusive focus on one's own needs, (2) self-sacrifice and a focus on others' needs, and (3) the ability to balance others' needs and one's own needs. Meta-analysis of the issues raised by Gilligan has shown small differences in the care orientation of individuals, favoring females, and small differences in the justice orientation, favoring males (Jaffee and Hyde, 2000).

The Cognitive Moral Development Measure (CMD), which is based on Kohlberg's stages of moral development (Kohlberg, 1984b), has not fared well in predicting behavioral intention. It has been outperformed by the Multidimensional Ethics Scale (MES), which considers situational concerns of relativism and contractualism along with the individual's view of moral equity (Robin, et al., 1996; Reidenbach & Robin, 1990). This measure of ethical judgment has met with a reasonable degree of success in predicting behavioral intentions, having a history of stable performance with an average correlation between behavioral intention and ethical judgment of .44 over 27 samples. This supports the argument that measures predicting ethical behavior need to include the particulars of the situation, such as timing and context (Rest, 1986).

While the streams of research conducted within the context of moral development and that of business ethics are not in total alignment, there is a relationship. Research has shown that individual awareness of moral issues is an important first step in the process of ethical corporate and individual decision-making (Butterfield, Trevino, and Weaver, 2000). Research also suggests that a manager's ethical predispositions influence the response to moral issues in both utilitarianism and formal ethics (which involves adherence to rules of behavior), affecting an individual's moral awareness (Reynolds, 2006).

There are two broad categories of normative ethics. The first category includes views that express a concern for the expected consequences of an action. This is sometimes referred to as teleology or "from the ends." The second category includes views that express a concern for the need to follow a specific rule, often referred to as deontology or "of necessity." Some ethicists say that these are the only viable alternative categorizations (Snoeyenbos, et al., 1983), i.e., that ethical behavior involves either a concern for consequences or a concern for rules.

Each of these categories is comprised of two philosophical positions. Within teleology (the concern for consequences), one can be concerned with personal consequences, as in egoism, or social consequences, as in utilitarianism. Egoism, the concern with good for the self, is frequently associated with Adam Smith (1937) and Rand (1964). Utilitarianism is a concern with

the greatest good for the greatest number (Mill, 1863). Within deontology (the concern for rules), one can be concerned with Kantianism or theologism (Reese, 1980).

Teleology is often referred to as the moral consequences position, where moral behavior means achieving an ethical consequence without concern over the process by which the consequence is achieved. Right conduct in teleology is defined as that which promotes the best consequences or identifiable good. For example, a visit to a dentist's office is only extrinsically good because it leads to healthy teeth and avoidance of a toothache but it isn't intrinsically good. It is a necessary evil for which the ends justify the means (Craig, 1998).

Conversely, in deontology, often referred to as the rules approach, moral action is about following standards of behavior. Certain acts are wrong and others are right independent of the goodness or badness of their outcomes (Craig, 1998). As an example, a person who has made a promise should keep that promise even if more good will come from breaking the promise (Craig, 1998). In deontology, the emphasis is on Kantianism, which is at times referred to as a form of rationalism, and theologism that involves what must be done in accordance with the will of God (Reese, 1980). Since theologism is rarely applicable to business dealings, the current research focuses on the two dominant secular forms of rationalism: rights and justice. These secular variations include the views of Kant (1994, originally published 1785) toward the importance of individual rights and of Rawls (1971) toward the importance of being treated justly.

The study described here attempted to determine the degree to which students endorse the two broad categories of normative ethics: teleology (social consequences) and deontology (social rules). A 10-item self-report inventory was developed to assess the two perspectives. Five statements were used to develop a score representing the degree to which students endorsed each. These categories are briefly described in Table 1 and are based on the categories noted earlier as those believed by some ethicists as the only viable categorizations (Snoeynebos, et al., 1983). Students could either disagree or agree with the statements associated with the positions using a 6-point rating scale with no neutral point. Data from students was collected from four cohorts of students over a 16-year timeframe as described later.

Table 1

Description of the Social Consequences and Social Rules Categorizations of Normative Ethics\*

| # | Categorization                  | Description  |
|---|---------------------------------|--|
| 1 | Social Consequences (Teleology) | What we ought to do should be guided by expected consequences; in order to be ethical, I must determine what will have the best consequences either for me alone (egoism) or for the greatest number (utilitarianism).   |
| 2 | Social Rules (Deontology)       | What we ought to do should be guided by general principles or rules; in order to be ethical, I must follow rules without regard to consequence because reason says it is ethical to strive for equal starting points for all in society (Justice) or to acknowledge, respect and guarantee such basic rights as autonomy, privacy, and dignity (Rights). |

\*Note: The social rules categorization used in this study does not contain items measuring the theological form of deontology. It emphasizes secular rationalism (justice and rights), which is most appropriate to

*business ethics.*

## HYPOTHESES

The “best” approach to ethical behavior is a matter of opinion and not empirical investigation, and it can be argued that in our society the pendulum has swung away from a focus on consequences. Behaviors that guarantee justice and individual rights are currently in vogue. Efforts by firms to accomplish short-term goals that may have negative impacts on employees or other constituencies are increasingly frowned upon. Initiatives that may have long-term benefits but have negative short- or long-term impacts, such as the construction of new roads, also face resistance. Thus, we expected that students would more often endorse the social rules category of ethics than the social consequences category.

Moreover, societal interest and publicity in the press on matters of environmental and other transgressions by business and government has increased steadily over the past decade. Thus, we also thought it likely that students assessed in later years would show greater endorsement of social rules over social consequences than students assessed in earlier years.

The hypotheses resulting from the above are:

H1: The average endorsement for the social rules categorization will be greater than for the social consequences categorization.

H2: The difference between the average endorsement for the social rules categorization and social consequences categorization will interact with the year in which students were assessed, with students increasingly more likely to endorse social rules in later years.

## PARTICIPANTS

Participants in the study were 273 undergraduates in an introductory management class at a large university in New York City. Data was collected from students taking this required class during four different academic years: 1990, 1995, 2005, and 2006. Students were generally in the second semester of their sophomore year. The mean age was 20.1 years with a gender ratio for males and females of 44 percent and 56 percent, respectively. All students were pursuing a major in the field of business though majors could vary.

## DESIGN AND PROCEDURES

Students in eight introductory management classes were given the self-report inventory and asked to complete it during the four academic years. The number of students completing the inventory for 1990, 1995, 2005 and 2006 was 55, 51, 79, and 88, respectively.

The inventory was comprised of 10 items linked to the two positions. The disagree-agree rating scale is shown below. It had six anchors with no neutral point.

DISAGREE AGREE  
 1----- 2 ----- 3 -----< >----- 4 ----- 5 ----- 6

|                        |                    |                      |                   |                 |                     |
|------------------------|--------------------|----------------------|-------------------|-----------------|---------------------|
| Completely<br>Disagree | Mostly<br>Disagree | Slightly<br>Disagree | Slightly<br>Agree | Mostly<br>Agree | Completely<br>Agree |
|------------------------|--------------------|----------------------|-------------------|-----------------|---------------------|

Five items were developed for the social rules category. Two of the items were derived from the justice position and three items were derived from the rights position. Five items were developed for the social consequences category. One item was derived from utilitarianism and four items were derived from egoism.

Students were given 20 minutes to complete the inventory during the introductory management class before discussion of business ethics took place. Participation rates were high with about 95 percent completing the inventory.

Items comprising the scales are shown in Table 2. While the items are shown in order in this table, they were presented in random order in the inventory. The phrasing of authors taking the positions was duplicated as often as possible



**Table 2**  
**Items Comprising Measures of**  
**Social Consequences Category and Social Rules Category**

| <u>#</u> | <u>Category</u>            | <u>Philosophy</u>     | <u>Item Description</u>  |
|----------|----------------------------|-----------------------|--|
| 1        | <b>Social Consequences</b> | <b>Utilitarianism</b> | The greatest good for the greatest number is the only proper measure of right and wrong.   |
| 2        |                            | <b>Egoism</b>         | Suffering and social dislocation are the price of progress.  |
| 3        |                            | <b>Egoism</b>         | What is in my self-interest is good for society.   |
| 4        |                            | <b>Egoism</b>         | Natural morality is not for the good of others; self-interest must guide us.   |
| 5        |                            | <b>Egoism</b>         | Social progress is the unintended side-effect of the pursuit of economic self-interest, not the result of social-activist corporations.  |
|          |                            |                       |  |
| 1        | <b>Social Rules</b>        | <b>Justice</b>        | Justice is served when the burden and benefits in a society are distributed in accordance with principles that free and rational persons would accept as consistent with their own interests without advance knowledge of what benefits and burdens they would actually receive in the distribution process. |
| 2        |                            | <b>Justice</b>        | The key to ethics is fairness.   |
| 3        |                            | <b>Rights</b>         | Workers have certain rights that have to be respected.   |
| 4        |                            | <b>Rights</b>         | Respect for rights and entitlement is the key to ethics.   |
| 5        |                            | <b>Rights</b>         | The denial of any person's basic rights to autonomy, privacy, and dignity is unethical.  |

## RESULTS

Attitude scores on the two positions were computed by summing the ratings assigned to each of the five items. Scores could range from 5-30 for each category. Alpha, as a measure of internal consistency, was computed for each measure. For social consequences, alpha was .60. For social rules, alpha was .70. The mean and standard deviation for the response of students to each item and for the two total scores are shown in Table 3.

**Table 3**  
**Mean and Standard Deviations for Items Comprising the Measures and for the Total Scores (N=273)**

| # | Category                   | Philosophy            | Mean  | S.D. |
|---|----------------------------|-----------------------|-------|------|
|   | <b>Social Consequences</b> |                       | 16.11 | 4.31 |
| 1 |                            | <b>Utilitarianism</b> | 3.48  | 1.38 |
| 2 |                            | <b>Egoism</b>         | 3.30  | 1.53 |
| 3 |                            | <b>Egoism</b>         | 2.75  | 1.36 |
| 4 |                            | <b>Egoism</b>         | 2.92  | 1.37 |
| 5 |                            | <b>Egoism</b>         | 3.66  | 1.24 |
|   | <b>Social Rules</b>        |                       | 21.50 | 4.61 |
| 1 |                            | <b>Justice</b>        | 3.52  | 1.38 |
| 2 |                            | <b>Justice</b>        | 4.11  | 1.41 |
| 3 |                            | <b>Rights</b>         | 5.32  | 1.23 |
| 4 |                            | <b>Rights</b>         | 3.99  | 1.38 |
| 5 |                            | <b>Rights</b>         | 4.57  | 1.50 |

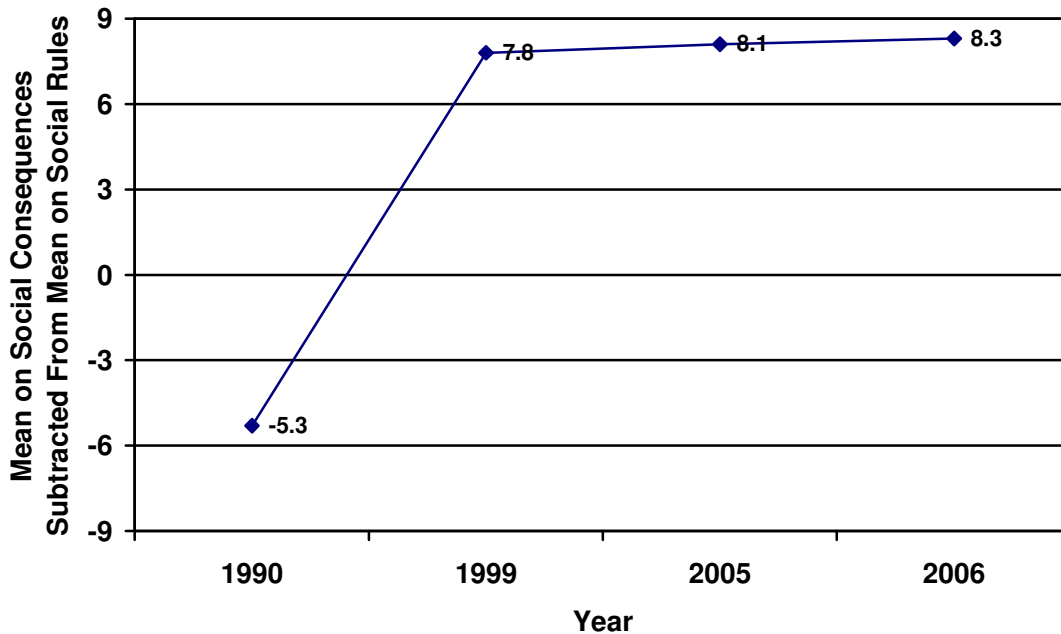
The response of students to the two ethical categories was compared using a paired t-test. The mean endorsement of the social consequences position was 16.11 while the mean endorsement of the social rules category was 21.50. The t resulting from the comparison was 12.12 indicating that the 5.3 point difference was statistically significant ( $p \leq .001$ ). A significant negative correlation of  $-.36$  was also uncovered between the two scores ( $p \leq .001$ ).

A repeated measures ANOVA was used to compare the differences between the two scores over the four time periods: 1990, 1995, 2005, and 2006. The difference was reverse in 1990 in comparison to the later time periods. For 1990, the average endorsement by students of the social consequences and social rules categories was 20.44 and 16.16, respectively. In contrast, the average endorsement by students of the social consequences and social rules categories was 15.82 and 23.65 for 1999, respectively, 14.49 and 22.55 for 2005, respectively, and 15.08 and 23.37 for 2006, respectively.

While social rules were endorsed more, on average, than social consequences in later years, the difference between the pair of scores in each year did not differ significantly. A one-way ANOVA using the difference between the two scores as a variable and year as a factor for these three years did not show a significant difference for the difference between the two scores obtained in each year ( $F = .129$ ,  $df = 2$ ,  $p > .05$ ).

Figure 1 provides a plot of the difference between the means for the four time periods. As portrayed, the mean for social rules was less than the mean for social consequences in 1990. In other years, the mean for social rules was greater than the mean for social consequences.





**Figure 1. Difference between means for social rules and social consequences over time.**

## CONCLUSIONS

This study hypothesized that students would agree more strongly with the social rules perspective of ethics than with the social consequences perspective. Hypothesis one was supported across the 16-year timeframe; students were more concerned over rationally based rules supportive of justice and rights than over the potentially ethical consequences of actions. On average, students did not believe that consequences should take precedence over rational rules. The negative correlation uncovered between the two scores suggests that higher endorsement of one philosophical category is accompanied by lower endorsement of the other.

In hypothesis two, the authors posited that the difference between endorsement of social consequences and social rules would increase over time. Hypothesis two is supported in the sense that results uncovered in 1990 are the opposite of the results uncovered in 1999, 2005, and 2006. In 1990, students endorsed social consequences over social rules. The first hypothesis would not have been supported had this been the case for the entire time period. The hypothesis that social rules would be endorsed more often than social rules was not true for 1990. However, it was true for 1999, 2005, and 2006. This allowed hypothesis one to be supported and also supports the interaction posited in hypothesis two.

It is intuitively appealing to assign at least some of the cause to the multitude of events that have soured public opinion of both business and government. The injustices that have resulted from the process by which goals are often achieved may have sensitized young people, reducing their trust in outcome-oriented ethics. This study has supported the position that there is an increased emphasis on rational rules involving justice and rights. Further investigation into the causal factors fostering the change in views is worthy of pursuit.

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