

Business/Marketing Virtual Learning

10-12 grade Business Law

April 14, 2020



**Date must
correlate with
when it would
be on ISD
website**

Lesson: [April 14, 2020]



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Objective/Learning Target:

Understand the Ethical Basis for Laws and the difference between Consequences Based and Rules Based Ethics

Let's Get Started

Watch these Videos:

[Consequential Based Ethics](#)

[Rules Based Ethics](#)



Ethics and the Law

Ethics - collection of standards of conduct and moral judgment forming the basis for a reasoned, impartial decision as to what is right or wrong. An ethical system is composed of an organized and consistent compilation of such standards usually set down by an established authority. The law is such an authority. To make ethical decisions, we base our decisions on reason, not on emotion.

In addition to being reasonable, ethical decisions should be impartial. **Impartiality** is the idea that the same ethical standards apply to everyone. Business ethics are the ethical principles used in making business decisions.

All too often, however, ethics are not considered when business decisions are made. The reason can be summarized in two words: profit maximization. To move toward a more ethically motivated economy, the profit maximization justification for such actions would need to be replaced by more humane ethical standards.

Basic Forms of Ethical Reasoning

Ethical reasoning about right and wrong takes two basic forms:

- 1) **Consequences-Based Ethical Reasoning** - In this style of ethical reasoning, rightness or wrongness is based only on the results of the action. Particular acts have no ethical, or moral, character. An act that produces good consequences is good. An act that produces bad consequences is bad.
- 2) **Rule-Based Ethical Reasoning** - In this style of reasoning, acts are either right or wrong. For example, telling the truth is always right, and lying is always wrong. In rule-based ethics, good consequences do not justify wrong or bad acts. For example, in rule-based ethics, you cannot justify lying by showing that it produces good consequences.

For almost all ethical decisions, these two forms of reasoning reach the same conclusion. In the decision of whether to lie or to tell the truth, for example, both forms usually conclude that one should not lie.

Ethics Reflected in Laws

Both ethics based on consequences and ethics based on rules conclude that we are obligated to obey the law. According to consequences-based reasoning, when the law is violated, many more people are injured than are benefited. With rule-based reasoning, if we say we have agreed to obey the law but violate it, we are breaking our promise. If we universalize promise breaking by imagining that everyone always breaks promises, there would be no point to promising. In this universalized state, promise breaking is illogical or pointless and thus wrong.

ACTIVITY #7

Study the situations, answer the questions, and support your answers in your Journal.

- 1) Conner walked past the candy section in the grocery store and quickly stuffed a handful of candy bars into her purse. A store security guard saw her do it, and she was arrested. Her parents came to the police station after her arrest to take her home. Did Conner's shoplifting affect anyone? If so, who? Was Conner basing her conduct on emotion or reason? Was she treating herself and the other customers and stockholders of the store equally?
- 2) Sharon knows about tax laws and how the Internal Revenue Service (IRS) audits tax returns. She knows a way to cheat on her tax return that would save her almost \$2,000. She thinks her chance of being caught is about one in 100. Can this cheating be justified by reasoning based on ethical rules? Can it be justified by ethics based on consequences? Explain your answers.

ACTIVITY #7(continued)

- 3) An ordinance of Walker County provided that all automobiles must pass a smog emissions test once a year. Ross was ticketed because his car had not been inspected and approved at a testing center. Ross claimed to be a skilled mechanic who kept his car well tuned and cleaner than the law required. According to Ross, the law violated his natural rights. Explain why you agree or disagree with Ross.

- 4) If a legislature enacted a law that made it illegal to shout “fire” in a movie theater, would the ethical character of the law reflect consequences-based reasoning, rule-based reasoning, or both?

- 5) Assume a state legislature enacted legislation which budgeted more money to educating rich children than to educating poor children. Also assume that the majority of children are poor. Would complying with the law more reflect rule-based ethics or consequences-based ethics?