

Chapter 2

Business Ethics and the Quality of Life

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Ethical Foundations

For a moral consequentialist, the connection between business ethics and quality of life is very close and direct. In general, moral philosophers may be divided into two very broad groups: deontologists and consequentialists. Deontologists hold that some human actions are inherently morally good or evil—for example, murder is inherently bad, whereas telling the truth is inherently good. Consequentialists hold that no human actions are inherently morally good or evil, but all human actions are subject to evaluation from a moral point of view. The moral point of view may be based on one of the following principles:

1. Principle of beneficence: One ought to try to act so that one's actions tend to impartially improve the quality of life of those affected by the actions.
2. No harm principle: One ought to try to act so that one's actions tend not to harm anyone affected by the actions.

Depending on how one regards one's basic moral principles, there may not be much difference between a deontologist and a consequentialist. If, for example, a consequentialist believes that either the principle of beneficence or the no harm principle specifies a kind of action that is inherently moral, then at that level the consequentialist is also a deontologist. If, on the other hand, a consequentialist believes that the institution of morality is constructed by human beings, for

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whatever reason, then that sort of consequentialist is not a deontologist. This article is written from the perspective of the latter sort of consequentialism.

Assuming that one is going to try to act in accordance with the principle of beneficence, again broadly speaking, there are two ways to go:

1. One can try to improve relatively objective circumstances that are measured by things such as ensuring that people have access to freshwater and clean air, full employment with fair wages, cleaner and safer workplaces, and longer lives free of disability and disease, as well as elimination of poverty and homelessness and the reduction of crime.
2. One can try to improve relatively subjective circumstances that are measured by people's reported peace of mind, contentment, happiness, and satisfaction.

Clearly, if one's relatively objective and subjective circumstances are improved, then the quality of one's life is improved. Since the fifth century before Christ, people have haggled about what is objective, what is subjective, and which is more important. However, it is evidently trivially true that if one's total circumstances are improved, one is better off and the quality of one's life has improved. Thus, in general, one's moral obligation is to try to act so that the quality of people's lives is improved objectively and subjectively.

Because actions performed by businesspeople are a species of human actions, morally speaking, one ought to conduct one's business activities in accordance with the principle of beneficence. Bertrand Russell once complained about John Dewey's consequentialist moral point of view on the grounds that the latter left no moral holidays. Insofar as any human activity can be examined and appraised from a moral point of view, Russell accurately saw how intrusive Dewey's and anyone else's consequentialism can be. Unlike Russell, however, most consequentialists probably believe it is a good thing, pragmatically speaking, to have a robust and demanding moral point of view, for businesspeople no less than for everyone else. If one believes that a world populated by people who actively try to improve each others' well-being is preferable to any other, and that the more people actively try to reach that goal, the more likely it is that the goal will be reached, then the absence of relief from the pursuit of this goal seems to be a very good thing indeed—morally, prudentially, and pragmatically.

The Quality of Life

When people use the phrase 'quality of life,' they sometimes intend to contrast it with quantities or numbers of something. There are, then, two quite different sorts of things that one might want to refer to when using the phrase 'quality of life.' First, one might want to refer to sorts, types, or kinds of things rather than to mere numbers of things. For example, one might want to know not merely how many people were admitted to a hospital last year and for how long but also what sorts of

people they were, male or female, young or old, rich or poor, and so on. When the term ‘quality’ in the phrase ‘quality of life’ is used in this sense, one may say that it and the phrase in which it occurs are intended to be primarily descriptive. Second, one might want to refer to the value or worth of things by using the term ‘quality’ in the phrase ‘quality of life.’ For example, one frequently hears of people making a trade-off between, for example, a high salary and better working or living conditions. Presumably, the exchange here involves monetary and some other value. That is, one exchanges the value of a certain amount of money for the value of a certain set of working or living conditions. When the term ‘quality’ in the phrase ‘quality of life’ is used in this sense, one may say that it and the phrase in which it occurs are intended to be primarily evaluative.

Both senses of the phrase ‘quality of life’ are important. It is important to be able to describe human existence in a fairly reliable and valid manner, and it is important to be able to evaluate human existence in the same way. The philosopher Plato is still celebrated for raising the evaluative question at least 2300 years ago when he asked, “What is a good life for an individual person and what is a good society?” However, it is often forgotten that he also raised the descriptive question, “What is the nature of an individual’s or a society’s life?”.

The term ‘social indicator’ denotes a statistic that is supposed to have some significance for measuring the quality of life. The term ‘social report’ designates an organized collection of social indicators, and ‘social accounts’ designates some sort of balance sheet in which costs and benefits are assigned to the indicators in a social report. Briefly, the main difference between social reports and accounts is that the former answers the question, “How are we doing?” and the latter answers the question, “At what price?” where price might be measured in dollars, energy, personal satisfaction or dissatisfaction, or some other generally applicable medium. Social indicators that refer to personal feelings, attitudes, preferences, opinions, judgments, or beliefs of some sort are called subjective indicators—for example, satisfaction with one’s health, attitudes toward exercise, and beliefs about the benefits of some therapy. Social indicators that refer to things that are relatively easily observable and measurable are called objective indicators—for example, the height and weight of people, number of people admitted to the hospital, and number of people dying per year.

From Pleasure and Pain to the Quality of Life

There is a long historical tradition of moral consequentialists that may be traced back fairly directly to Jeremy Bentham’s ideas about a ‘felicific calculus’ that would allow decision makers to calculate the net pleasure or pain connected to every action for everyone affected by that action, with public policy choices made to get the greatest net pleasure or least net pain for the greatest number of people. Because pleasure and pain are relatively transient experiences, something more durable would better suit Bentham’s purpose. If happiness is regarded as a

relatively long-lasting positive experience and/or attitude, then that would distinguish it from transient pleasurable mood states and would justify moving from Bentham's greatest pleasure principle to Mill's greatest happiness for the greatest number. For economists, utility theory is the apparent heir of Bentham and Mill. Utility theory is formally elegant and has been an enormously fruitful source of research programs in individual and group decision making related to commercial markets, social and political relations, bargaining, conflict resolution, gaming, and scarce resource allocation in practically all areas. It is the heart of microeconomics. Unfortunately, utility theory (as is the case for many other theories) is much better on paper and in classroom exercises than it is in practice, especially in public policy making. Worse, utility theory begins with revealed preferences that are the mere tips of socially, psychologically, and pragmatically constructed icebergs of more or less coherent systems of knowledge, opinions, attitudes, desires, and needs. However, for present purposes, the defects of utility theory as a psychosocial theory of perceived well-being are not its major problem. Its major problem is that it merely provides information about the subjective states of people, although we know that people's objectively measurable circumstances are also important features of the quality of their lives. Because, morally speaking, our commitment ought to be not merely to improving people's (subjective) feelings and attitudes about their lives but also to improving the very (objective) conditions in which they live their lives, defining our basic principle of beneficence in terms of the quality of life seems to be most appropriate.

Critical Issues for Consequentialist Quality of Life Assessment

The main disadvantage of accepting the principle of beneficence as one's fundamental moral principle is that it is far from clear how one ought to measure the quality of life for an individual or group. In fact, because the vast majority of—if not all—human actions affect other people as well as the individual actors, it is primarily the quality of life of groups that actors have to try to assess. At least since Simon's pioneering work leading to his notion of 'satisficing behavior,' we have known that all attempts at thoroughly synoptic, comprehensive assessments of any human action are impossible. We are bound to stop measuring whenever we think we have measured enough for the particular problem before us. Although Simon and others seemed to think that meant that the ideal of comprehensive assessment ought to be abandoned, Michalos argued that the ideal is still a good guide to principled and deliberate human action. One just has to grant that despite one's best efforts, one will most likely fall short of the ideal.

An ideal consequentialist assessment of the quality of life of an individual or group would have to satisfactorily address the following critical issues:

1. Affected population: Who will be affected by the action, from the actor alone to everyone else? Can one know all the people more or less affected?
2. Spatial coordinates: Across what amount of space should one look, from one's own home to the whole world?
3. Temporal coordinates: Across what length of time should one look, how far into the future?
4. Population composition: How should the affected individuals be characterized, if at all, in terms of sex, age, education, ethnic background, income, etc.?
5. Domains of life composition: What domains of life should be examined—for example, health, job, family life, and housing?
6. Objective versus subjective indicators: Supposing one grants that both kinds of indicators are important, how should one decide exactly which kind to use for which domains?
7. Input versus output indicators: Should one measure only what one invests, what comes of the investment, or both?
8. Benefits and costs: What particular benefits and costs should be counted, for which individuals and groups?
9. Discount rates: How much should one discount costs and benefits delivered some time in the future compared to those delivered today?
10. Measurement scales: There are usually different ways to measure the same and different things. How should one choose the best sort of scale or measuring device?
11. Distributions: How should central tendencies and variation be measured in diverse fields?
12. Interaction effects: How should one measure causal interactions in any particular array of phenomena?
13. Confidence levels: Because one often lacks complete certainty regarding the truth of claims, what level of confidence should one require to accept any particular claim?
14. Research procedures: Because one's data are as good as one's search and research procedures, what adequacy criteria should be used to assess procedures?
15. Research personnel: The procedures one uses are likely to be as reliable as the people doing the research. How should one choose one's experts, if indeed experts are to be chosen at all?
16. Aggregation function: How should all the diverse elements of the assessment be aggregated?
17. Assessment assessor: Who should decide (audit) if the assessment is adequate or appropriate?
18. Assessment criteria: What criteria should be used to assess (audit) the adequacy of the assessment?

Some Problems

In the presence of so many questions to be answered, it is not surprising that even people who share the same general approach to moral appraisal might reach different conclusions about the same cases. In such cases, those who answer different questions in different ways will have to negotiate a common approach, which of course may or may not work, depending on the cases and the appraisers.

Although the fundamental moral principle of beneficence articulated previously prescribes a kind of act consequentialism, most consequentialists probably operate as rule consequentialists most of the time and only attempt comprehensive moral assessment when conventional rules conflict or appear too blunt or unsophisticated for especially complicated cases.

Apart from the difficulties in applying or operationalizing the principle of beneficence, some people might object that the principle is irrelevant to business ethics because businesspeople have their own ethical principles. This problem was addressed by Michalos (1987). Briefly, the argument he presented was that the idea that there are different moral principles for different fields of endeavor (e.g., business, baseball, and chess) is logically incoherent. Because one of the conditions for an acceptable moral theory is that it should be able to resolve conflicts of interest (without resorting to civil or criminal laws), there must be a single, supreme moral principle. Without such a principle to adjudicate between conflicting interests or lower level maxims, moral appeals are useless. When conflicts arise involving businesspeople and environmentalists, for example, people in each group can retreat to their own special code, making it impossible to use either code to resolve the conflict. Thus, at that point, one must either reject the idea that moral theories must be able to resolve conflicts of interest or reject the idea that both of the two codes in conflict are moral codes. Because rejection of the former alternative would allow us to have useless moral theories, the latter alternative should be rejected. Thus, although there may be no objection to anyone saying that they will live by this or that code of conduct, it is nonsensical (literally logically absurd) to suppose that any old code of conduct qualifies as a moral code.

Conclusion

The aim of this article was to show how business ethics is connected to the quality of people's lives. For a consequentialist moral theory based on the principle of beneficence, the connection is close and direct. Although such a theory certainly has its disadvantages, they are not more troublesome than the disadvantages of other theories.

See also: Consequentialism and Deontology.

Further Reading

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Relevant Website

<http://www.isqols.org>—International Society for Quality-of-Life Studies.

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