**5 Examples of Utilitarianism in Business: Utilitarianism Case Study**

[**https://ivypanda.com/essays/utilitarianism-theory-case-study/**](https://ivypanda.com/essays/utilitarianism-theory-case-study/)

The utilitarianism theory focuses on the moral aspect of various actions and decisions that people make and it attempts to explain whether the actions or decisions are right or wrong. The analysis of ‘rightness’ and ‘wrongness’ of a decision or action often depends on the values that each society holds dear (Callcut 24).

Therefore, the theory focuses on the justification of behavior and decisions as either moral or immoral. The concept of morality is entirely abstract. Perceptions of right and wrong depend both on individual and societal perspectives of morality often for the good of the individual analyzing the same.

In most cases, when people choose to undertake an analysis of the morality of actions and decisions, they focus on matters of public interest such as issues concerning politics, economic policies, and social constructs (Lukes 12).

Utilitarianism operates on several premises and one of them is the concept that an action or decision is right if it only affects the doer to the exclusion of any other person around the individual (Mill 41). For instance, if a person decides to set his/her house on fire at will, s/he should do so at will as long as the fire at the house does not spread to other people’s houses or cause damage to the neighboring properties.

However, some people argue that although a person has a right to set his or her own house on fire, the action affects others indirectly through ways such as spreading smoke and ash to the neighboring properties. This argument has led to the development of the second premise in the theory, which states that in order for actions and decisions to qualify as right and moral, they must appeal to the happiness of the greatest number.

This assertion means that the majority of people in any society or setting in which the actions or decisions take place must be in agreement with the same (Ferrell et al. 67). Using the example applied above, the burning of the house would only be right and moral if a majority of the people living in the area surrounding the house were okay with the action.

The reason for this rule is to set a standard for right and wrong behaviors and decisions and prevent clumsy decisions by individuals that are likely to affect a majority of other people simply due to individual preferences of morality, especially by representatives of the people in various governments (Alexander 48).

The third premise that the theory propagates is the perception that actions and decisions should increase happiness and reduce suffering for the greatest number of people. The theory thus places emphasis on the results rather than the procedure when analyzing the morality of actions and decisions (Parson 97).

For instance, if a man steals to feed his children, the morality of the action depends on whether it reduces suffering and increases happiness. However, in order to prevent outrageous actions and decisions, especially from government representatives, the second premise applies when vetting the moral validity of such actions and decisions (Sartorious 75).

Jeremy Bentham is one of the earliest proponents of this theory. According to him, absolute morality is impracticable as a vast majority of people hold conflicting views on what qualifies as right and what qualifies as wrong.

Therefore, utilitarianism provides a base regarding consideration and analysis of what qualifies as moral in terms of actions and decisions, especially with reference to government officials, civil servants, and other key figures in society (Bentham 12).

John Stuart mill, also a proponent of the theory, contributes to the discussion through his observation that the theory is result-oriented coupled with supporting Bentham’s opinion on the matter (Mill and Bentham 34).

In order to create a better understanding of the theory and its application, this paper explores five cases. It gives an overview of the main concerns in the cases and their moral implications according to the application of the utilitarian theory.

**Case 1: Blood for sale**

**Case summary:** Sol Levin was a successful stockbroker in Tampa. He observed that in the United States, the blood used for transfusions mostly comes from donation from well-wishers. However, since most people are not willing to donate, there was a blood deficit in the country.

We will write a custom Case Study on Examples of Utilitarianism in Business: Utilitarianism Case Study specifically for you!

Get your first paper with 15% OFF

He considered this scenario as an opportunity for a profitable business, and thus together with some colleagues, they formed Plasma International. The company mainly deals with the location, purchase, supply, and sale of blood to individuals and organizations that need it for transfusion.

During the initial stages of the company’s operation, the company bought contaminated blood from alcoholics and drug addicts as only a few people in the country were willing to exchange their blood for money. However, the organization later found a village in Africa where people were more willing to sell their blood to the company at prices as low as fifteen cents a pint.

The company made deals with local chiefs for purchase of blood from people in the villages. The company resold the blood in the US at prices that were ten times higher than the purchase price. In the US, about forty percent of people donate blood to build up credit so that they do not buy blood when they need it later.

In comparison, the National Health Service in the Great Britain relies solely on blood donations. The justification for the British system is that blood is something that can dictate whether a person lives or dies. Denying that person blood, especially if voluntary donors offer it, because the person cannot afford the blood is wrong and thus immoral.

Discussion and application: The main issue in this case is whether sale and purchase of blood for profit is moral. Richard Tittmus presents his opinion in support of the British system by stating that selling blood as a commodity reduces the need for people to donate blood, thus resulting in less blood in most blood banks (Steiner 149).

Additionally, when people place a price on their blood, they place high values on it, thus leaving companies like Plasma International with little demand.

Using the utilitarian theory, the morality in selling blood depends on the societal values coupled with what the majority of the population considers as right. In the US, since the system of blood sale is acceptable in society, the act is moral.

However, people in the Great Britain might consider the same as immoral for in their eyes, people donate blood as an act of altruism to save another person’s life. Selling blood like any other commodity degrades its intrinsic value.

**Case 2: Wal-Mart**

**Case summary:** Wal-Mart is currently the world’s largest retail franchise. It has over 4,750 stores and it attracts about 138 million shoppers every week. Consequently, the franchise has gained enormous influence in the market place, thus controlling up to thirty percent of the household market staples. Most companies selling consumer products such as foods consider the company’s reach as an advantage to their businesses.

Consumers also benefit heavily from the low prices that the company sets for most products. However, some entities see the company as a hindrance to their progress and development. For instance, local businesses in most areas in the US consider the franchise a threat for its affordable prices attract customers previously loyal to such local businesses, thus running them out of business.

Closure of consumer-based businesses in such local communities often leads to loss of jobs, thus creating a monopoly while stifling the economy due to tax considerations that Wal-Mart stores get in most areas. Such occurrences destabilize entire communities.

Additionally, regardless of the profit that the company makes, it provides poor pay for employees without health insurance. The company thus has a high employee turnover of 44%. The company also uses its influence to dictate which products to stock on its shelves. This aspect has created a situation where some companies miss sales and profits while others get an unfair advantage.

Additionally, the company often uses its influence to control prices for goods from companies from which it stocks its products. The company has a tradition of advocating for low purchase prices from suppliers so that it can provide similarly lower prices when selling to its customers. This element is its trademark strategy and it has made the company and customers happy, even while leaving suppliers and local businesses in losses.

Discussion and application: The ethical issues that arise in this scenario is whether it is right for the company to expand without considering the local businesses in the areas of operation and whether the company has moral justification to alter market dynamics and force suppliers to lower prices in order to attract customers to its stores.

The application of the utilitarian theory to the case reveals that the determination of the morality of such actions depends on the group of people forming the majority at a given time. For instance, if customers form the majority, the actions are moral as they generate the greatest happiness and least suffering to consumers.

On the other hand, if the suppliers and local business owners form the majority, then Wal-Mart’s move would be wrong and immoral as it generates more pain than happiness to the greatest number of people.

In addition, application of the utilitarian theory reveals that the low wages to employees is wrong as the employees form a greater number as compared to the management of the company and the decision does not apply to the reduction of suffering concept for the majority, viz. the employees.

The franchise uses rules set by governments on businesses, and thus they apply equally to all business entities. Therefore, it is also possible that the company does not break any legal rules while conducting business, thus making its decisions rightful, hence moral.

**Case 3: Webporn**

**Case Summary:** Al Smetana, the CEO of Rayburn Unlimited Company, has built the company on foundations of honesty, integrity, and acknowledging the values that every individual at the company possesses. One day, he realized that an employee had found a way of accessing emails belonging to other people at the company. He immediately asked the employee to leave the company for violating the code of conduct.

As the employee was leaving, he made some remarks in anger regarding the vice president of the human resources division at the company, Mr. Craig Lindsey. The employee alleged that Lindsey used his computer to watch pornography.

At the time, Al Smetana was skeptical about the allegation, but later he decided to call Lindsey in his office and make inquiries. During the meeting, Lindsey accepted the allegations amid tears and stated that he was addicted to it and he was trying to stop. He asked the CEO for help, but Smetana said he needed time to think about the matter.

Discussion and application: The scenario creates a dilemma for Al Smetana where on one hand, he does not want to lose a friend, but on the other hand, he does not want to apply double standards and fail to abide by his own rules.

This scenario brings out Bentham’s point on morality as being an abstract concept that requires certain rules in order to apply to diverse situations without changing the core values. In this case, the rules are the presumptions that form the utilitarian theory. Application of the theory to the situation in this case will depend on the desired outcome as well as the company rules.

**Case 4: Housing allowance**

**Summary:** This case revolves around Wilson Mutambara, an employee of NewComm, a cellular telephone service based in the US with branches in different locations including Rambia, which is Mutambara’s native home. Mutambara was brought up in shanties in his native country.

The area in which he grew was a slum. However, he overcame many challenges and worked hard to obtain a scholarship to study in the US after his high school education. He received MBA and got employment at the company. After three years in the company, his employer offered him the opportunity to return to his home of birth where he was working.

He excitedly accepted the opportunity and moved back to Rambia as his new workstation. The company set apart enough money for his utilities. In order to ensure that the employees utilized their allowance adequately, the company required its employees to produce receipts indicating an itemized list of expenditure preferences, with which Mutambara always complied.

Fifteen months into the job, a co-worker, Dale Garman, found out that Mutambara lived in a slum and alerted Mutambara’s supervisor, Barbara Weston, on the issue. Weston confronted Mutambara on the matter. Her concern on the issue was that the housing conditions that he chose to live with were unbecoming of an employee of his caliber at the company.

However, Mutambara defended his actions stating that even though the information in the monthly receipts was false; his reasons for doing so were justifiable. One of his justifications for his actions was that every employee in the company received the same allowance and exempting him from the same payment plan would amount to discriminatory actions by the company.

He also argued that wherever he chose to live was his choice and that he did it to support his kin back home. He stated that it would be unreasonable for him to live in a mansion while his kin did not have enough food to eat. Lastly, he accused the company of being insensitive to the feeling of the people living in the slums by terming it as unseemly.

Discussion and application: In this case, several moral issues stand out, with the main ones being whether Weston’s opinion of the slum as being unseemly was right and whether Mutambara was right to falsify receipts for a good reason. The issue of whether Mutambara’s argument that he was receiving payment like every other employee and had the right to use it as he wished was justified also stands out.

In applying the utilitarian theory to the first issue, the concept behind the opinion of the two parties depends mainly on the societies in which they grew up. Weston grew up in the US, which explains her sense of disgust towards slums in Rambia. On the other hand, Mutambara grew up in Rambia, hence his pride in the place.

According to the utilitarian theory, the majority for which the greatest happiness should be applied is the people of Rambia, as that is the location for the company at the time of the argument.

Mutambara’s falsification of receipts was wrong according to the theory as it affected the entire company and its reputation negatively. However, Mutambara’s claim for equality as an employee of the company was valid according the greatest happiness of the greatest number principle.

**Case 5: Challenger**

**Case Summary:** This case regards the 1986 detonation of the space shuttle, Challenger, whereby seven astronauts died. The event caused the shuttle’s grounding until safe flight was achievable. The explosion occurred due to low temperatures that caused the shuttle’s O-rings not to seal its joints properly, thus leading to an explosion.

Morton Thoikol Inc. was the responsible company for the manufacture of the booster rockets. During an investigation into the matter, it became apparent that one of Thoikol’s employees, Roger Boisjoly, had warned the company and NASA about the O-rings and predicted that the shuttle’s critical joints would be unable to seal on liftoff due to low temperatures.

On the evening of liftoff, Boisjoly and his fellow engineers advised their employers, but Thoikol and NASA declined to act. Boisjoly underwent dismissal from being a member of the commission investigating the issue, but the commission reinstated him after complaints that the action was paramount to punishment. However, he left the job a short while later on extended sick leave.

Discussion and application: The main moral issue in this case is whether Boisjoly had an obligation to the public to publicize the matter in order to prevent similar accidents in the future and the eventual launch of the shuttle later on. The utilitarian theory proposes, in this case, that the greatest number for which people should consider when making such decisions is the public.

Therefore, Boisjoly’s decision ought to be one that gives the greatest felicity for the greatest number. According to Bentham’s conceptualization of the theory, Boisjoly’s decision is a personal decision that mainly affects him in terms of retention of employment. Therefore, choosing what is best for himself would mean keeping the information secret in order to retain his job.

However, the impact of his decision would affect the public in terms of loss of more lives if the shuttle launched later without proper checks. Therefore, testifying on the matter is his obligation in his capacity as an engineer to protect public interests.

The decision would reduce pain by preventing future incidents and increase happiness by ensuring the procurement of justice for the dead astronauts. However, a dilemma occurs when considering the obligation that an employee has to his employer, in this case Thoikol and NASA. The best way for him to handle the issue would be to inform his employers of his concerns before deciding to publicize the matter.