



Ethics—Comparing Ethical Egoism with Confucius’s Golden Rule

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ABSTRACT

Both the Eastern and Western societies have an extensive and celebrated history of ethics education. Although normative ethics have been rigorously studied epistemologically and vigorously debated, abstract ethics theories are very difficult to interpret or apply. On the other hand, applied ethical standards can usually provide more direct guidance on specific personal or business conduct in determining whether it is ethical. In this paper, we will focus on the *Ethical Egoism* principle. Five examples of real-world personal and/or business conducts will be provided to demonstrate how to apply this ethical standard. We will also apply *Confucius’s Golden Rule* to the same examples in determining whether the similar ethical evaluations can be observed.

Keywords: Applied ethical standards, Confucius’s Golden Rule, Ethical Egoism, Self-interests

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Teaching ethics within a college business curriculum has been criticized because of the diverse schools of ethical theories that are conflicting and flawed (Locke, 2006; Liu, Yao, and Hu, 2012; Onifade and Stivers, 2014, in press). As an example, the ethical theory of utilitarianism that favors behaviors that advances the interest of the community or organization is in contrast to *Rights Theory* or *Self-interests* which promote the primacy of the individual. In an attempt to clarify the inconsistencies of various standards, we are using an eclectic approach in searching for the best guidance. We have selected Hosmer's list of ten applied ethical standards as a platform with a comparison to the eastern teachings of Confucius's ethics.

The primary purpose of this paper is to compare *Ethical Egoism* with the Chinese teachings of *Confucius's Golden Rule* (Eno, 2012). *Ethical Egoism*, or *Self-interests* is one of the ten western applied ethical standards as espoused by Larue Hosmer (1994). She provides an excellent paradigm and discussion of how to apply each of these standards from the simple act of self-interest(s) to the complex and abstract concept of contributed liberty. In an earlier publication, the authors presented an overall view of each of the ten standards and how they compare to the eastern approach as espoused by the *Confucius's Golden Rule*. This paper focuses on the first standard of *Ethical Egoism* and will serve as an appropriate primer for comparing the cultural and societal differences between the Western and Eastern approaches to ethical conduct.

Although we understand that the applied ethical standard of *Self-interests* is neither the only nor the best ethical standard; this paper focuses only on this topic because it is the first on Hosmer's list of applied ethical standards: *Self-interests*, *Personal Virtues*, *Religious Injunctions*, *Government Requirements*, *Utilitarian Benefits*, *Universal Rules*, *Individual Rights*, *Economic Efficiency*, *Distributive Justice*, and *Contributive Liberty*. In essence, the ten standards enumerated by Hosmer begins with the easiest standard and progresses to the most complex and difficult one. Using this paradigm, when one is confronted with an ethical dilemma, he or she should begin with the simplest proscription of ethical conduct and progress to more rigorous standards until an appropriate solution is achieved. We plan to address the remaining standards individually in future studies. In summary, we are not suggesting that *Ethical Egoism* is the only or the primary applied ethical standard that leads to moral behavior. However, our focus of this study is to compare *Self-interests* with *Confucius's Golden Rule*.

Many personal and business scandals such as Martha Stewart's "insider trading" (Hoffman, 2007), Enron's "off-balance-sheet" accounting (Eavis, 2016), and Bernard Madoff's "greatest Ponzi scheme" in history (Gibson, 2016) have compelled us to rethink the importance of ethics education at all levels (Johnson, 2003; Liu, Yao and Hu, 2012; Onifade and Stivers, 2014, 2018). The increase coverage of ethics within the business curriculum has also been attributed to the attention received by the media (Brinkmann, Sims and Nelson, 2011). Under the auspices of the Association to Advance Collegiate Schools of Business (AACSB), ethics is a major area of emphasis within the business curriculum and is included within the membership eligibility standards. Under Standard 9, which covers curriculum content and learning goals, one of the general skill requirements is: "Ethical understanding and reasoning [able to identify ethical issues and address the issues in a socially responsible manner]" (AACSB International, 2017, p. 35). Furthermore, thousands of MBA students across the world have signed the "MBA Oath,"¹ (Shaw, 2017, p. 4). The following are three of the nine pledges of the "MBA Oath":

I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.

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I will refrain from corruption, unfair competition, or business practices harmful to society.

I will protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation (<http://mbaoath.org/about/the-mba-oath/>, p. 1).

Understandably, “globalization of everything” also includes ethics; thus, this is not only an isolated phenomenon affecting the United States, but also every society of the world. For example, China also has experienced many personal and business scandals, such as the more than \$16 billion embezzled by Mr. Zhou Yongkang, a former security chief of China (Jacobs, 2015), and the poisonous baby formula made by the Chinese dairy giant Sanlu Group (Ramzy and Yang, 2008; Premack, 2016). In responding to these failures, the Chinese government has also fortified its effort on ethics education, media campaign and law enforcement. Since Y2K, China has directed its attention to some of the country's early ethicists, such as Confucius (Legge, 1966) and Lao Tsu (English, Feng, and Lippe, 2012). This has also been acknowledged by the establishment of many Confucius Institutes in China and throughout the world. Every televised program has increased both the number and the frequency of infomercials portraying “The Chinese Dream” (Fallows, 2012), 谈吐 (speak aesthetically—in the original language)² in lieu of 吐谈 (spit onto public sidewalks), 学雷锋 [Learn from Lei Feng, who is one of the most famous Good Samaritans in the modern Chinese history], (Yuan 2013). In the law enforcement arena, the Xi government has honored its promise to punish both “tigers” and “flies” (Jacobs, 2015). Fugitively, this slogan means that China is fighting government official corruption at both the high and low levels.

The origin of Western ethics education is historically derived from Greek philosophers and theorists such as Socrates, Plato and Aristotle. An example is found in Aristotle's celebrated ethical standard of *Personal Virtues*—“never take any action which is not honest, open and truthful, and which you would not be proud to see reported widely in national newspapers and on network news programs” (Hosmer, 1994, p. 21). Aristotle has been deservedly credited for advancing the contributions of Socrates and Plato on ethics theories and principles.

Other theorists such as Adam Smith and Milton Friedman have addressed the conflict between performing acts that benefit society or advance the interests of the individual or the organization. Among many important topics such as *propriety*, *ethics* and *jurisprudence*, when discussing the topic of *the character of virtue*, Adam Smith espoused in his book, “*The Theory of Moral Sentiments*,” that an individual “is first and principally recommended to his own care; and every man is certainly, of any other person. Every man feels his own pleasures and his own pains more sensibly than those of other people” (Smith, 1969/1759, p. 359). When individuals strive to maximize their wealth, an “invisible hand” creates the maximum benefits for the community. Seventeen years later, Adam Smith developed this theory more completely in his most renowned book, “*The Wealth of Nations*”. He strongly suggests that engaging in self-interests ultimately benefits society: “By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good” (Smith, 1937/1776, p. 423).

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In a business context, Milton Friedman supports the *Self-interests* principle rather than encouraging corporations to directly expend resources for societal benefits. In his celebrated book of "*Capitalism and Freedom*", Milton Friedman states: "Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine. If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?" (Friedman, 1962, 133). In essence, Milton Friedman believes that individuals or corporations cannot directly engage in activities that attempt to benefit society. Only where individuals strive to benefit their personal self-interests and they comply with 'the rules of the game', will the collective activities benefit the society as a whole.

Some scholars, such as William Shaw (2017), associate "business egoism" with Adam Smith in that an individual's pursuit of self-interest is an acceptable business practice (p. 56). He further states that Milton Friedman advocates the narrow view of corporate responsibility, (which is) where the only responsibility business corporations have is to maximize profits for their shareholders as long as they are not in violation of any "rules of the game" (Shaw, 2017, p. 165). Larue Hosmer (1994) credits Adam Smith and Milton Friedman as one of the founding fathers of Economic Efficiency – one of the aforementioned ten applied ethical standards. The treatise of *Self-interests* and its association with ethical behavior is the focus of this paper.

Ethics has also been developed within the Eastern culture primarily from the works of Confucius. 子以四教，文，行，忠，信。 "There were four things which the Master [Confucius] taught—Letter [sic]³, ethics, devotion of soul, and truthfulness" (Legge, 1966, p. 88). The quintessence of Confucius's philosophy is on literacy and three areas of ethical conduct. Literacy must precede ethical conduct in order to decipher the abstract and complex principles of ethics.

子曰，三人行，必有我师焉，择其善者而从之，其不善者而改之。 "The Master [Confucius] said, when I walk along with two others, they [at least one of them] may serve me as my teachers. I will select their good qualities and follow them, their bad qualities and avoid them" (Legge, 1966, p. 87). When we have an enriched and diverse set of ethical proscriptions, we are able to interact with members of society in reaching ethical judgements and collective harmony (Provis, 2017). The authors of this paper have presented studies in this area of personal and business ethics at two academic conferences and conducted seven workshops. The presentations and workshops focused on applying the appropriate ethical standard(s) when confronted with a personal, societal or business dilemma.

Five examples will be analyzed using the *Self-interests* principle and the *Confucius's Golden Rule* in section three of this paper. We will focus our discussion on how to apply both the *Confucius's Golden Rule* and the *Ethical Egoism* principle in judging whether any of the personal and/or business conduct is ethical.

The paper proceeds as follows: In the next section, the background and literature are reviewed. In section three, we will use some real-world examples to discuss and demonstrate how to apply the *Ethical Egoism* principle. We will present the conclusion and future research directions in section four.

Literature Review

There are numerous classical works on ethics and, therefore, it is impractical and injudicious to try to review all of them in such a short paper with limited scope. Instead, we will only review the applicable literature that will assist the readers in the understanding of the discussions and applications of both the *Confucius's Golden Rule* and the *Ethical Egoism* principle on real-world incidents in section three. We will also review several competing schools of thought to demonstrate that there are other rival ethical theories. Ethics generally refers to proscriptions and prohibition regarding behavior, either by an individual or an organization. Engaging in behavior such as volunteering at a soup kitchen or donating to charitable organizations are categorized as appropriate proscriptive behavior. In essence, encouraging individuals to perform acts of kindness. Ethics also involves the avoidance of bad and destructive behavior. All tenets of ethics can be classified by encouraging and celebrating positive behavior (proscriptive acts) and discouraging and even punishing destructive and evil behavior (prohibited acts).

Although the AACSB requires that ethics be included within the business curriculum, they do not proscribe a specific method of how it should be disseminated. There are three approaches of including ethics within the business curriculum: (1) a self-standing course, (2) an integrated inclusion in several courses, and (3) a holistic design which combines self-standing courses as well as an integration of ethics materials in virtually all business courses. A self-standing course has the benefit of developing universal concepts that include the social, economic and political influence but lacks the specific impact for business dilemmas. The integrated approach focuses on the specific business conflicts and situations presented in the course (Liu et al. 2012; Pergola and Walters, 2017). Four teaching modules of *nature/significance of ethics, moral philosophy/theory, ethical decision-making/action, and professional ethics/leadership* are recommended by Pergola et al. (2017). The main contribution of our study is focusing on *ethical decision-making/action* where the student uses an ethical framework (an ethical compass) in resolving potential business conflicts and dilemmas. We demonstrate the resolution of various ethical conflicts with specific real-world personal and business-related examples by applying the appropriate applied ethical standards.

In the West, Aristotle, an ancient Greek philosopher, together with Socrates and Plato, provided much of the groundwork for Western philosophy. Aristotle was born circa 384 B.C. in Stagira, Greece. When he reached the age of 17, he enrolled in Plato's Academy. In 338 B.C., he began tutoring Alexander the Great. In 335 B.C., Aristotle founded his own school, the Lyceum, in Athens, where he devoted most of his remaining life studying, teaching and writing. Aristotle died in 322 B.C., after he left Athens and fled to Chalcis (Morison, 2009). As discussed in the introduction, the ethical standard of *Personal Virtues* is one of his most significant contributions on ethics theories and principles (Shaw, 2017, p. 20).

Ethics can be analyzed on an abstract level by promoting virtue but is generally measured by specific acts of behavior. To refer to an individual as a kind and morale person is difficult to measure unless there are specific examples of ethical behavior. At the very basic level, there are two schools of thought on Western normative theories of ethics. They are classified abstractly as consequentialist theories or non-consequentialist theories. In general, "a consequentialist normative theory is any theory which asserts that the fundamental normative principle directs us to bring about good ends" (Cummiskey, 1989, p. 112). Thus, a consequentialist characterizes ethical behavior where it results in a positive outcome. A non-consequentialist would consider behavior to be ethical even where the outcome may not be

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positive, as long as the act is ethical (Zwier, 1985). For example, under the consequentialist theory, removing someone injured from an automobile inflamed from an accident would always be considered ethical if the motorist is rescued. If assisting the motorist results in a fatal injury, the behavior would not be considered ethical because of the negative outcome. Conversely, the non-consequentialist would always consider this act to be ethical because the act of the rescuer was positive even when it had negative results.⁴

In another example, the United States government in the past has permitted water boarding in preventing acts of terrorism where it saves innocent lives by using interrogation methods of torture. According to the consequentialists, this interrogation tactic is ethical because the information may result in saving many lives. In contrast, the non-consequentialists would consider this tactic to be unethical, because any method of torture is immoral regardless of the outcome.

In most cases, it is easier to determine whether personal or business conduct is ethical or not with applied ethical standards than the more abstract normative theories of ethics such as Bentham and Mill's utilitarianism (Heydt, 2006), and Kant's "categorical imperative" (Harris, 2012). Therefore, the focus of this paper is to enumerate various examples and acts of both personal and business behavior rather than examine the abstract construct of ethics. We focus on these real-world examples because they are easier to evaluate and measure. We will mainly demonstrate how to apply the *Ethical Egoism* principle, one of the ten applied ethical standards (Hosmer, 1994) discussed in the next sub-section, to evaluate whether any of these conducts is ethical.

Ethical Egoism

Max Stirner is one of the earliest theorists on "psychological egoism". According to this theory, human nature compels individuals to satisfy their self-interests rather than pursuing altruistic acts that benefit society. Thus, an individual is expected to behave in activities that strive to satisfy one's self interest. Under this theory, one is able to reject conventions established by society or organized religion by pursuing activities that satisfies one's aspirations. Stirner also distinguishes between a voluntary and involuntary psychological egoist. The involuntary egoist satisfies a higher being as well as pursuing his own activities (Jenkins, 2009).

Ayn Rand is credited with identifying ethical behavior with "rational egoism" as well as other behavioral traits such as honesty, justice, integrity, and charity. Rand's work on "rational egoism" is both novel and contrary to the prevailing theories on ethics. Ethical behavior is generally associated with how an individual interacts with other members of society. For example, altruism, generosity and charity is evaluated by the acts one has with other individuals. In Rand's position, ethical behavior must first begin with how an individual promotes his or her own self-interest. Once an individual satisfies his or her own self-interest, can there be a progression to other areas of ethical behavior that includes interactions with other members of society (Smith, 2006, pp. 19-21).

In summary, Ayn Rand's view of "morality is to define man's proper values and interests, that *concern with his own interests* is the essence of a moral existence, and that *man must be the beneficiary of his own moral actions*" (Rand, 1964, p. 7) has been criticized as engaging in selfish and hedonistic behavior. She defines the "rational egoist" as one who adheres to basic principles. Specifically, the rational egoist is a principled person who respects

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the environment and other members of society. Only the rational egoist who accepts these personal traits can satisfy the requisite characteristics of ethical behavior (Smith, 2006, pp. 284-285).

Ayn Rand is credited with associating egoism with individual liberty. One cannot adequately pursue one's self-interest without the requisite freedoms of free choice. "It makes no sense. It amounts to nothing but wishful thinking. If we aren't free to take the initiative, all this comes to no more than witchcraft or demonology. Ethics would have to be a bogus enterprise in human life if freedom were not a reality" (Machan, 2018, p. 81).

There are many rival theories of *Egoism*. Max Stirner's philosophy is severely rebuked by Engels as "*Egoism*" because it is in conflict with the doctrines of Karl Marx and communism (Stepelevich, 1974). Although Kant rejects the consequentialist normative ethical principles, he is in favor of a sophisticated application of hedonistic "rational egoism" (Cummiskey, 1989). A contrasting ethical theory to egoism is Moore's "impersonal consequentialism". Ethical behavior exists where it maximizes the total good of all members of society. Essentially, Moore associates one's attitude to the pleasures and pains that are experienced by other individuals. Having a favorable attitude to someone's experience of pleasure is considered ethical. Similarly, feeling distressed over someone else's pain is also ethical (Hurka, 2005).

Similar in many aspects of life, culture plays a significant role in ethics. According to Thomas Csordas (2013), ethical standards may depend on the norms and mores of a specific society. Ethics therefore will vary depending on the differences in culture, religion and ideology. For example, polygamy is illegal in most Western countries, such as the United States and Great Britain, but is accepted in some countries such as India, Malaysia and Nigeria. Although normative ethics may be studied epistemologically, abstract ethics theories are usually very difficult to interpret. Therefore, they are limited in providing practical guidance for the average individual in determining whether a conduct is ethical. Applied ethics addresses this limitation by providing specific definitions and interpretation of ethical behavior. Ten popular applied ethical principles are summarized by Larue Hosmer (1994): *Self-interests, Personal Virtues, Religious Injunctions, Government Requirements, Utilitarian Benefits, Universal Rules, Individual Rights, Economic Efficiency, Distributive Justice, and Contributive Liberty*. These principles are universal and may be applied across diverse societal norms, mores, culture and religious practices.

It is obvious that each of the aforementioned ten applied ethical standards has its limitations. Some of them are also occasionally conflicting and contradictory. For example, the *Distributive Justice* principle supports the underprivileged members of society but conflicts with the *Contributive Liberty* principle. Satisfying the needs of the disadvantaged college applicants will often prevent other eligible students from achieving their self-actualization (Anemona and Saul, 2017). Also, a government's prohibition under the *Government Requirements* principle against the sale and consumption of cannabis is contradictory with the *Individual Rights* principle. Unlike the residents of California and Arizona, New Yorker's are (not allowed to use) prohibited from using cannabis products for nonmedical reasons.

Although the nomenclature may be different, the actual practice of ethics has been formalized by academic institutions, professional organizations and business entities with various ethics related codes of conduct, regulations and by-laws (Plante, 2004; Schwartz, 2005; Ruhe and Lee, 2008; Joseph, 2016; Werhane, Freeman, and Dmytriiev, 2017). In practice, all

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of the ten applied ethical standards are very useful; however, we will only analyze in depth the *Ethical Egoism* principle, because that is the focus of this paper. Larue Hosmer (1994) summarizes this applied ethical standard of *Self-interests* as acceptable where it does not interfere or harm another member of society. *Self-interests* in the short-term may be in conflict with a long-term perspective. For example, not providing funds for sustaining the environment may increase profits in the short run but may result in unfavorable events in the long run. An individual or an entity should engage in behavior that is beneficial for the long term and not focus on the potential short-term rewards. Short-term benefits that enriches one person should not be made where it may have an unfavorable long-term effect for other stakeholders.

Please note that the more common name for *Ethical Egoism* is *Self-interests*. The essence of this view is that any conduct is ethical if, and only if it is done for one's own best interest. There are two qualifications for this theory: (1) one's own interest but not concerning other people's interests (*personal egoism*); (2) everyone should do the best for his or her own best interest (*impersonal egoism*), (Shaw, 2017, p. 46).

Confucius's Golden Rule

The following ancient proverb has been used by the Chinese as the most popular ethical standard. 己所不欲，勿施于人. "Not to do to others as you would not wish done to yourself" (Legge, 1966, p. 157). For over two thousand years, the Chinese have used this ethical principle in determining personal or business ethical conduct (Eno, 2012). In the remainder of this paper, we will refer to this ethical principle as the *Confucius's Golden Rule*. Two of the ten aforementioned Western applied ethical principles, St. Thomas Aquinas and St. Augustine's *Religious Injunctions*, as well as Kant's *Universal Rules*, are very similar to the *Confucius's Golden Rule*. Also, many of the recognized religions have their own variations of the *Golden Rule*. Specifically, for Judaism, "... Thou shalt love thy neighbor as thyself..." (*Leviticus* 19:18); for Christianity, "... Therefore all things whatsoever ye would that men should do to you, do ye even so to them. ..." (*Matthew* 7:12); and for Buddhism, "... Hurt not others with that which pains yourself. ..." (*Udanavarga* 5:18).

Confucius lived from June 19, 551 to 479 B.C. and made major contributions in social and political ethics. His teachings were summarized by his disciples under the *Analects*, a collection of the master's political and social doctrine of *Te*. *Te* or "perfect virtue" strives for perfect conduct regarding proper behavior and the advocacy of justice. These principles are similar to the biblical Gospels and have been adopted by Western cultures. Their application and interpretation has varied by the norms and mores of where it is practiced (Eno, 2012).

In the following section, we will use the *Ethical Egoism* principle and the *Confucius's Golden Rule* to analyze some personal and business conducts in determining whether they are ethical.

Application of the Ethical Standards

We will be applying both the *Ethical Egoism* principle and the *Confucius's Golden Rule* in this section to examine several representative acts of individual and business behavior in determining whether they are ethical. We will demonstrate how such behavior violate both the *Ethical Egoism* principle and the *Confucius's Golden Rule*. This will be examined by using five examples of personal and business-related conducts. We will first apply the western principle of *Ethical Egoism* and then compare it to the *Golden Rule* as espoused by Confucius.

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Western applied ethics principles are generally manifested by discrete and observable acts of behavior, whereas the Eastern principle of the Golden Rule is more abstract, and it is generally classified as a “construct”. We will first evaluate each example with the *Ethical Egoism* principle. Each example will then be reviewed using the *Confucius's Golden Rule* and comparing its application to the *Ethical Egoism* principle.

In a recent ethics workshop on the topic of *Ethical Egoism* conducted by one of the authors (Fang, 2017), an attendee provided an interesting scenario and asked how to use this ethical standard in determining whether the conduct was ethical or not. We will first provide the background of this anecdote: in a quaint New England village, one of the ordinances is that every resident in the fall must remove the leaves on his or her property, including the sidewalks. The rationale for this ordinance is to minimize fire hazards from dried leaves being ignited by cigarettes or car exhausts.

This question stimulated some spirited discussion on two very different approaches of applying the *Ethical Egoism* standard. One group from the audience argued, that according to the *Self-interests* ethical standard, if every resident cleaned his or her own property according to the ordinance, the village would achieve the objective. Another group of the audience expressed a contrarian view in applying this ethical standard. One of the reasons offered was that some residents would not be able to comply with the village ordinance in a timely manner. For example, senior citizens may be physically incapable of removing the leaves. Other residents of the village may be ill or on vacation. As a result, accidental fires may still occur—when our neighbor's house is on fire, our own houses would also be in danger. Thus, the correct approach to apply the *Ethical Egoism* standard, for our long-term self-interests, is to not only remove the leaves on our own properties, but also assist our neighbors when necessary. The second group clearly won the argument and established the correct way to apply the *Self-interests* ethical standard—focus on the long-term aspect of our self-interests.

Let us now try to use the *Confucius's Golden Rule* to determine whether the same conduct is ethical. The appropriate manner in applying this rule is to consider the possibility that your 75-year old mother is living alone in a similar village. If you believe her capable neighbors are not helping her remove the leaves is unethical, then you must help your own neighbors when necessary. This contrarian position was accepted by the entire audience in the workshop.

The colossal failure of the Enron scandal resulted in the financial ruin of its many shareholders, creditors, employees and independent auditors. Arthur Andersen based in Dallas, was responsible for attesting to the financial reports of the company; however, the auditors crossed the line by aligning their own financial interest with the Enron's management to the detriment of the firm's stakeholders. Prior to its collapse, Enron was the seventh largest company in the United States (Shaw, 2017, p. 1). In order to maintain the growth of its market share, the company created various ‘off-balance sheet’ entities and avoided the reporting of its obligations (Eavis, 2016). As a result, Enron was able to avoid reporting \$10.2 billion of liabilities on its balance sheet (Rimkus, 2016). This is another manifestation of inappropriate application of *Ethical Egoism*. When management attempts to use fraudulent activities to boost its stock price and executive bonus(es), in the short-term, to the detriment of its shareholders, creditors and employees who ultimately suffered in the long run is demonstrably unethical. Shortly after the company entered into bankruptcy, shareholders lost their equity in the company and creditors were not paid. Many of the employees had their pensions extensively invested in Enron stocks and suffered nearly total loss (Rimkus, 2016).

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Under the *Confucius's Golden Rule*, one would decry the enrichment of a company's management at the sacrifice of a family member who is also a shareholder, a creditor or an employee. Thus, enrichment of the few members of Enron's management causes the great losses of these other stakeholders. Specifically, Confucius requires that we review our behavior and how it could affect close members of an individual's circle of family members and friends. Some would not engage in such unethical behavior if it also caused harm to these other individuals. Thus, such acts of fraudulent financial reporting are clearly unethical, where one should not benefit to the detriment of other members of society.

In China, two major scandals regarding the manufacture of contaminated baby food products occurred in 2004 and 2008. "In 2004, 13 babies in eastern China died after they (were fed) ingested milk made with powder that contained little nutritional value" (Ramzy and Yang, 2008, n.p.). The product caused babies to have huge swollen heads due primarily to the lack of nutritional content (Ramzy and Yang, 2008; Premack, 2016). Subsequently, in 2008, Sanlu Group, a major Chinese dairy manufacturer recalled all its milk powder products. The product contained melamine, a chemical used in the production of plastics. The contaminant caused 300,000 children to become seriously ill and resulted in six deaths (Siegel, 2013). The public outcry resulted in the execution of two of the producer's corporate executives.

The milk product manufacturers engaged in unethical activities in applying the *Self-interests* principle. The company attempted to achieve higher profits in the short-term; however, in the long-run, it caused significant financial losses from decreasing sales and the recall of its products. In addition, two company executives received the death penalty.

In applying the *Confucius's Golden Rule*, the executives of the milk product manufacturers would never allow their grandchildren to consume such contaminated products. Therefore, their behavior is unethical.

Prior to 2005, the United States Central Intelligence Agency engaged in water boarding interrogation methods. This was subsequently suspended due to the unfavorable reaction from various members of Congress, the press and the general public (Seib, 2018). This conforms to the *Self-interests* principle in protecting the citizens in the short term from threats by terrorists. In the long run, this would be considered unethical because it may provoke more adversaries to engage in terrorism and use similar tactics.

In applying the *Confucius's Golden Rule*, using water boarding or other torturous interrogation techniques on any prisoners are unethical. One should not engage in such cruel behavior that could be reciprocated. The American citizenry would not accept and tolerate that our men and women of the arm services be subjected to such similar methods of interrogation. Hence, such acts are unethical and should not be permitted.

We have demonstrated in the previous four examples how to use the applied ethical standard of *Self-interests* and the *Confucius's Golden Rule* in determining whether personal or business conduct is ethical. However, some situations may not be directly measured by this applied ethical principle. For instance, the recent Congressional testimony by Mark Zuckerberg, founder and Chief Executive Officer of Facebook, regarding the unauthorized share of customer information by Cambridge Analytica (Kanter, 2018). In Zuckerberg's testimony, the company assumed that the sharing of the data was to facilitate academic research. However, Cambridge Analytica used the data for political and commercial endeavors. As a result, Facebook unintentionally compromised the trust and confidentiality of its

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customers (Persily, 2017). It can be surmised that Facebook initially attempted to support academic research which was consistent with the *Self-interests* principle both in the short and long-term. This case would require a more appropriate applied ethical principle, such as the *Personal Virtue* principle or *Government Requirement* principle. Due to the scope limitation of this study, these other principles will be discussed in our future research.

Under the *Confucius's Golden Rule*, not doing enough to protect customer data is unethical. The reason is that Mr. Zuckerberg and other managers of Facebook would not allow their own personal information to be used by anyone for illegitimate purposes.

We have presented five examples in demonstrating the application of the *Ethical Egoism* principle. In addition, we have also used a parallel analysis in comparing the results to the *Confucius's Golden Rule*. As suggested, the *Self-interests* principle may have limitations where it may not be directly applicable in some instances, such as the Facebook/Cambridge Analytica saga in our last example.

Conclusion

The study of ethics is engrained in the curricula of universities and is formulized into a code of conduct in virtually every organization. This paper reviews the origin and the development of the Western and Eastern bodies of ethical concepts, principles and applications. Specifically, we have examined the Western ethical theories of consequentialists and non-consequentialists. As discussed, the consequentialists only characterize ethical behavior where it results in a positive outcome. In contrast, the non-consequentialists define any behavior as ethical as long as there is a noble and positive intention, even where it may result in a negative outcome. Our focus in this paper is the *Ethical Egoism* principle, one of the ten applied ethical standards summarized by Larue Hosmer (1994). This Western ethical principle exemplifies Max Stirner's "psychological egoism", Adam Smith's "invisible hand", and Ayn Rand's "rational egoism". In summary, when applied correctly, *Ethical Egoism* maximizes the highest benefits for society. In addition, the applied ethical standard of *Self-interests* is depicted as ethical behavior on the condition that it does not result in long-term deleterious outcomes.

The study and practice of ethics also have an extensive history within diverse cultures. For example, the Chinese have used the *Confucius's Golden Rule* for over two millennia. The core of the Golden Rule is a prohibition against engaging in any behavior that you would not wish to be the recipient of such an act. Most of the major recognized religions have a similar proscription and protocol of human conduct.

In this paper, we have applied both the *Ethical Egoism* principle and the *Confucius's Golden Rule* on five personal and business-related examples in evaluating ethical conduct. These examples range from a mundane personal matter of foliage removal to a colossal accounting fraud of Enron's "off-balance sheet" reporting. These examples also represent incidents that occurred in both the Eastern and Western societies. In each case, except the Facebook/Cambridge Analytica dilemma, we have successfully demonstrated how to use both the *Ethical Egoism* principle and the *Confucius's Golden Rule* to evaluate whether the conduct was ethical. Lastly, we would like to emphasize the limitation in applying the *Ethical Egoism* standard in the Facebook example, where the company failed to protect its customers' data. Unfortunately, Cambridge Analytica used the data for purposes other than Facebook's original (good) positive intention(s). As discussed, the *Ethical Egoism* principle failed to provide guidance in directly determining the ethical value of this incident. Nevertheless, this example

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provides the palpable support to our observation that each of the ten applied ethical standards has its merits and limitations, and is occasionally conflicting and contradictory with one or more other standards. We intend to explore these potential conflicts when we examine the other nine applied ethical standards in future research studies.

Endnotes

1. See the MBA Oath website at <http://mbaoath.org/> for more detailed information.
2. Similar to the cinematic film "Lost in Translation", translation of a foreign language may often be interpreted incorrectly, even by authoritative sources. For example, the translation for 知耻近乎勇 by James Legge is: "To possess the feeling of shame is to be near energy" (Legge, 1966, p. 1891). However, the correct and original meaning should be: "To possess the feeling of shame is to be near bravery." We included the Chinese characters to avoid potential misinterpretations.
3. The correct translation of the Chinese character 文 is literacy instead of letter.
4. Most of the state laws in the United States contain statutes to provide legal protection for the good Samaritans (Shaw, 2017, p. 8).

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