**Utilitarianism Case Study:**

Utilitarianism Case Study

Ethical dilemmas can be solved in various ways. One of these ways is using utilitarianism. Utilitarianism focuses on making sure that people act in the manner that produces the greatest possible positive outcome while minimizing the negative outcome to the minimum possible. Utilitarianism is not about the number of people who gain but rather the total satisfaction that will be gained by the action. There are many ethical dilemmas that business persons face on a day to day basis. The use of utilitarianism can help solve many ethical dilemmas. Such an ethical dilemma is one that Sally Krawcheck found herself in when dealing with a Stable Fund at Merrill Lynch.

**Should Sally Krawcheck have put more money in the Stable Fund belonging to the employees of Walmart after realizing the fund had lost value due to poor management?** This is a serious ethical dilemma that Sally Krawcheck is faced with. In 2009, Sally Krawcheck took over the running of Merrill Lynch’s wealth management division (Portillo, 2015). There was a retirement that the division had sold as a stable fund to the employees of Walmart. However, the fund was not stable and had lost its value. A low-risk had lost its intended value and the planned beneficiaries would lose their entire investment. The majority of the Walmart employees who had subscribed to this fund were low-income earners. The employees would lose all their retirement savings because of poor management of the fund by the Merrill Lynch employees.

Her decision was made more difficult as she had just recently lost her job at Citigroup due to a similar case where she authorized the payment of 7.5 billion dollars to clients who had lost their money is a similar manner. The stakeholders at Citigroup did not go down well with the decision and she was publicly sacked for the decision. Using the utilitarian way of solving ethical dilemmas, the first step is to determine the categories that will be affected by the decision. In this case of Merrill Lynch, the people who stand to lose are the employees of Walmart, the family members of the employees who will be affected by the eventual loss of the retirement benefits of their breadwinners, the Walmart retirement fund management, and the Merrill Lynch management and stakeholders who would have to lose a sum of their investment in reviving the lost fund.

The second step is to find an accurate estimation of the number of people who will be affected by the decision. This is meant to help in the accurate estimation of the utility, happiness or pain factors associated with the decision. According to Walmart (2018), the number of Walmart employees is approximately 1.5 million in the USA alone. The number of their family members is about 10 million people. The management of the Walmart retirement fund management is about 100 people and the stakeholders and management at Merrill Lynch are about 1000 people.

The number of people in each category is multiplied by a factor to determine the accounting intensity and pain. Using a factor of 3 to represent the intensity and duration of pain, pleasure, and utility for each category we find that, the Walmart employees will be affected to a tune of 4.5 million. The family members will be affected to a tune of 30 million with the Walmart retirement fund management being affected up to 300. The stakeholders at Merrill Lynch will be affected by 3000 for reinvesting in the Stable fund.

The final step is to calculate the factor of net maximization of happiness, utility or pain in order to determine the next cause of action. The decision to reinvest money in the fund for it to gain value is the best course of action. The people who gain the most far exceed the people who lose who are the stakeholders at Merrill Lynch who lose by a factor of 3000 as compared to 4.5 million for the employees at Merrill Lynch, 30 million family members, and 300 Walmart retirement fund managers.

**2. Libertarian Case Study:**

http://www.cnn.com/2014/03/10/health/cohen-josh/index.html?hpt=hp\_t3

**Josh Hardy and the Pharmaceutical Company**

Josh Hardy, a seven-year-old teen was suffering in hospital. There was a pharmaceutical company, Chimerix, that was manufacturing a drug, Brincidofovir, which was thought to be effective and which would have healed the teen. However, the company’ president, Mr. Kenneth Moch, declined to give out the drug. The drug was still under tests and giving it out would jeopardize the company’s marketing plans.

**Ethical Dilemma:**

**Should Moch Have Given Out the Drug to Save a Life at Chimerix’s own Expense?**

This is one of the biggest ethical dilemmas to have faced the company. There was a life to be saved by a drug manufactured by Moch’s company. However, the company would face serious marketing consequences had it opted to give out the drug. While the child’s life was crucial, there were genuine fears raised by the company. Hardy’s life was important. However, Chimerix Company would also be taking a very big risk using an unapproved drug, Brincidofovir, which had also not been tested. There were chances of the drug not working and the company losing out.

**Expenses Incurred on Compassionate Activities:**

The company would not have managed to use the drug on Josh Hardy alone for compassionate use. There were other patients too. Would it manage to cater for all the patients? It is reported that close to fifty thousand dollars would be spent on every patient had the company opted to put the drug for compassionate use. This posed a great financial risk since the stakeholders would have to incur all the costs.

**Heavy Insurance Fines:**

Additionally, Moch’s company faced the risk of paying heavy fines if the drug had produced undesirable effects on the patient. There was no insurance cover since the drug had not been approved. The company had participated in a similar compassionate activity before. This situation seemed to have posed a very big risk as compared to the previous compassionate program that it had carried out.

**A Libertarian’s Perspective:**

From a libertarian’s point of view, the company would be acquitted of its decision. Life is very precious. On the other hand, the company is equally important. It is important for one to look at the bigger picture; if the company takes up the risk of releasing the drug and then it backfires, it will be shut down, meaning there would be massive job losses. Additionally, the company does not have any binding responsibility towards the patient as compared to the doctors. Releasing an incompletely tested drug would amount to negligence. Chimerix pharmaceutical company presents very genuine reasons for their actions; they cannot release the drug.

**Kant Case Study(**deontologist**):**

Kant Case Study

**Introduction**

Immanuel Kant states that our duties and obligations depend on the idea that people are conscious and they deserve honor and decency. Duty implies that one takes a principle and defends it because they are conscious and require decency. In this assignment, the paper uses Kant’s theory of making decisions in business in the case study of UBS bank’s trading losses.

**1. Ethical dilemma**

The ethical dilemma presented in the case is whether it is moral or ethical for traders to use Exchange Trade Funds (EFTs) to trade in products that are not covered by financial market laws in Europe and if banks should be punished for the failure in their reporting obligations.

**2. Who is the agent?**

According to Kant, the agent is the decision-maker or a person in a position that offers him/her the opportunity to make decisions. In this case, the Chief Operating Officer (CEO) is the agent with the ability to make decisions on how reporting obligations should be executed by the bank, UBS, in relation to trading in the EFTs by traders. As reported, most banks do not carry due diligence and reporting when trading in the EFTs.

**3. What is the agent’s role in the situation?**

The role of the agent is critical in the circumstance because he/she has a duty that requires him/her to ensure that any financial instruments used in trading with his/her bank comply with the existing regulations. At the time of the incident, EFT trading was not covered by financial market laws and dealers were free to trade without requisite confirmation from bank’s internal risk managers. Imperatively, they relied on a dealer’s word in conforming prices and delivery dates. The agent had a role to inquire about trading in EFTs and if the existing financial laws covered them.

**4. What is the nature of the role?**

The nature of the agent’s role is about responding to the situation that the bank finds itself in and if the losses can be recovered from the rogue traders. As such, the bank’s CEO has a duty to communicate and tell the truth concerning the inability of the institution to verify the validity of the EFTs and the traders.

**5. What is the duty associated with the role?**

The nature of the act is essential in understanding the duty associated with the role of the agent. In this case, the associated duty of the agent is to ensure that he/her carry out his/her duties diligently as described in his/her role as the overall bank manager. The CEO is also duty-bound to inform all employees about the need to be vigilant when dealing with EFT traders.

**6. What is the categorical imperative?**

The categorical imperative is a binding obligation for all considering the issue at hand. The categorical imperative, in this case, is for the rogue traders to relieve their identities and return the stolen funds through the dubious trading that they have executed. Further, the CEO's categorical imperative would be to own for the institution’s inability to verify the EFT trading that led to the loss of billions of dollars. However, the other categorical imperative would be for all actors, especially the fraudsters to ignore these calls and remain with the loot, be jailed and authorities to recover the funds.

**7. Is this categorical imperative universalizable?**

I believe that the proposed categorical imperatives are universalizable as they are the best practical solutions and morally thought options for all those involved in the case. The need to own up and perhaps resign is an international best practice from an ethical point of view.

**8. Would I be willing to switch places with everyone in the scenario?**

I believe that I can switch places with either the CEO or the rogue traders because of the implications of the case. The loss of billions affects many businesses and people, especially savings, and it would only be prudent for people to take necessary steps to deal with the situation.

**9. Am I using someone MERELY as a means to an end?**

The rogue EFT traders were using the bank employees as a MERELY as means to an end and not an end in itself. The traders knew that it was common for banks not to verify and confirm the details of the EFTs and were aware that no regulatory framework exists to regulate such trade.