

Business Ethics
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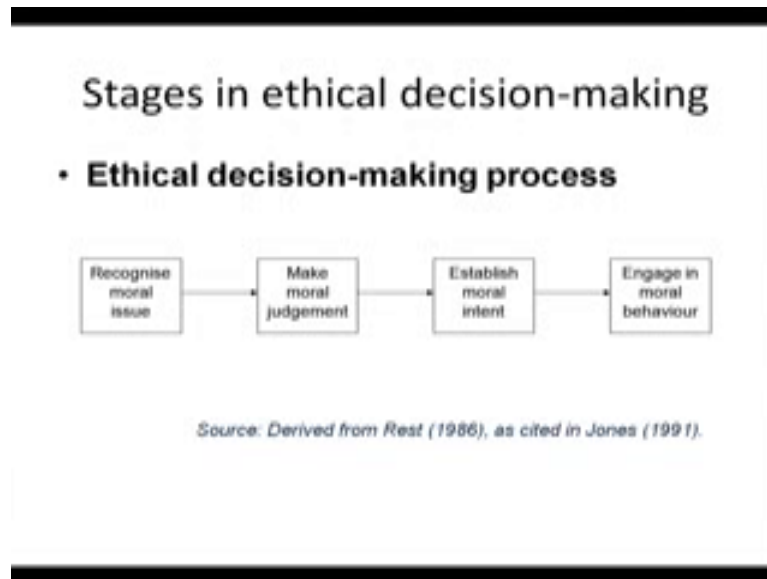
Lecture - 14
Models of ethical decision making and individual influences on ethical decision making

In the last discussion, we have covered about normative ethical theories where we have discussed about the traditional ethical theories and the contemporary or alternative ways of deciding for ethical theories helps in deciding ethical issues. In this particular discussion, now we will be focusing on the descriptive ethical theories. In the descriptive ethical theories, what we are focusing on is how ethical decisions are actually made in business situations and what are the factors the variables which affect the ethical decision making.

The course of discussion of now is models of ethical decision making and the factors affecting decision making in the ethical decision making in the organization. So, when we are talking of what is an ethical decision, we understand the ethical decisions are those decisions which have implication for the parties for whom the decisions are being made, there is no right and wrong answer presently clearly available and there is a debate about what is morally right and morally wrong in a particular situations and then there are n number of alternatives present like you can do this, you can do that, you can take this action, you can take that action, but you have to decide about which way to go, which action to take, which will be more morally correct, morally right and not being wrong in the sense of the benefits and harms when you talking a moral right and moral wrong.

We talk in terms of benefits and harms provided increasing the benefit and listening on avoiding the harms as the consequences of the action taken on the people at large to other people involved parties with our business processes and also to the society at large. Each of the decisions that you are taking to heaven implication for our self and also to others and there are alternatives and different alternatives available and through our ethical decision making process, we have to choose the best possible alternatives given the complexity in which the decisions are being taken.

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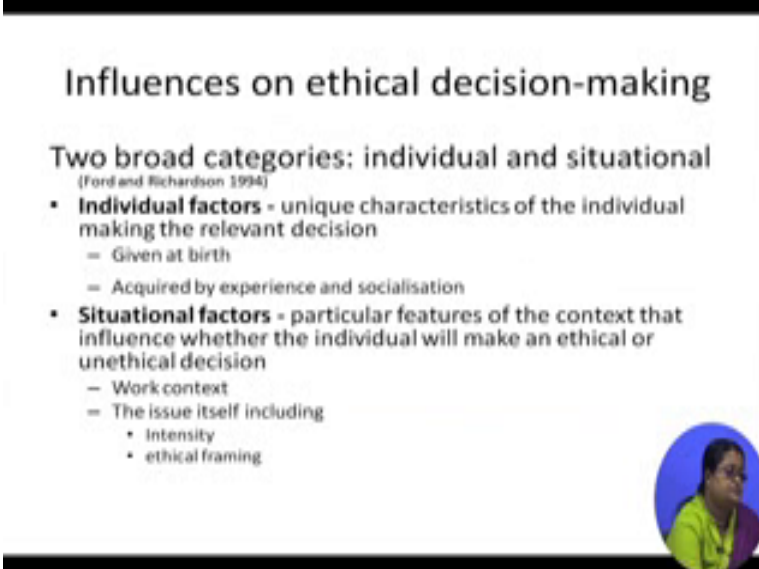


Let us now focus into the models of ethical decision making. So, when we are focusing on the models of ethical decision making process, we have to understand that first the issue has to be realized as a moral issue by people. Next this stage is important because if you are not recognizing an issue to be moral issue then the other stages do not follow. So, first issued has to be recognized as a moral issue, second it should be we should be able to make a moral judgment with regard to that issue, third there should be an intention to act established and intend to act in a certain way after you made your judgment and the way the your intention to act in a certain way will define your moral behavior means how you respond to the moral issue.

Recognition in the moral issue, making moral judgment, establishing an intent and engaging in moral behavior; these are the 4 stages in ethical decision making. The normative theories as we have covered in the last discussion helps us in recognizing this moral issue and also the making a moral judgment through the lens is given like if these this things are followed then it is not ethically right, if these things and not followed then it is ethically not right and based on the weight ages of the positives and the negatives that you get from analyzing the issue. Based on that you make a judgment about whether the issue is ethically right or wrong and what you need to do about it and your intention to do something for it your responsibility or responsiveness towards it and then you try to

act on it. So, these are the different stages of ethical decision making and here comes the involvement of normative theories which helps you to make the moral judgment.


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Influences on ethical decision-making

Two broad categories: individual and situational
(Ford and Richardson 1994)

- **Individual factors** - unique characteristics of the individual making the relevant decision
 - Given at birth
 - Acquired by experience and socialisation
- **Situational factors** - particular features of the context that influence whether the individual will make an ethical or unethical decision
 - Work context
 - The issue itself including
 - Intensity
 - ethical framing

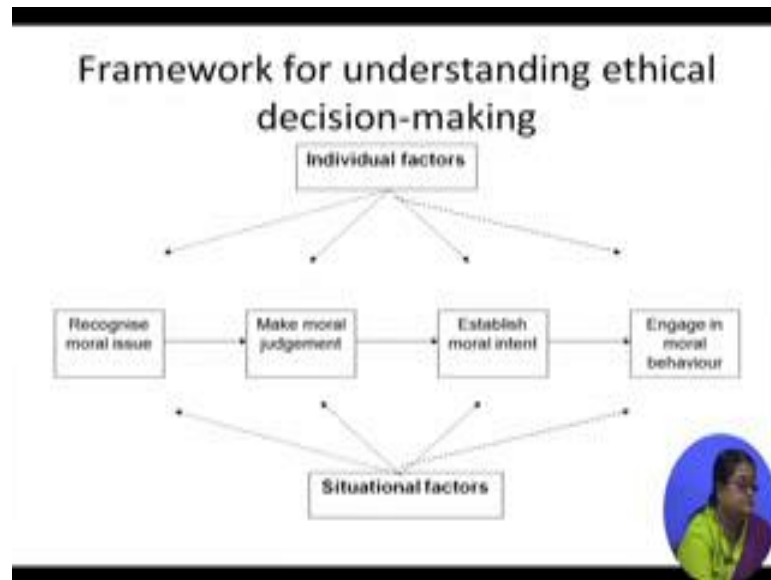


What are the factors which are influencing the ethical decision making are mainly two factors which we can classify as broad category as individual related issues; factors and situational factors. So, individual factors are the unique characteristics of the individual who are making a relevant decision and these can again be classified under two headings those characteristics which are those characteristics of the individual which are acquired by the individual by birth and those characteristics of the individual which the person have got as a process of learning socialization and maturity.

Second group of factors that you find are called situational factors situational factors are particular features of the context in which the decision is being made. So, which either facilitates or hinders the process and comes whether the individual will make ethical decision or not morally correct decision or not and this may include factors which are there within the working context in which the issue have happened or it may be related to the issue itself.


Factors related to the issue itself are the moral intensity of the issue and the framing of that issue how ethical framing of that issue in how we make it appear to look like.

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The basic framework for understanding ethical decision making that we have is this like this is the ethical decision making process and we have individual factors which affect each of these processes and situational factors also affecting each of these processes and this is the complex framework in which ethical decision takes place and a individual factors also have it is different natures and categories and situational factors can also be classified under sub factors and their categories under it.

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Limitations of ethical decision-making models

- Models useful for structuring discussion and seeing the different elements that come into play
- Limitations
 - Not straightforward or sensible to break model down into discrete units
 - Various stages related or interdependent
 - National or cultural bias
- Model is intended not as a definitive representation of ethical decision-making, but as a relatively simple way to present a complex process



What could be the before we proceed towards the detailed discussion of the individual and the situational factors we should understand like these type of model, we have certain limitations in the sense like we have to understand like these can have type of models can have cultural biases this shows like this all the stages are related to each other and the it is not very sensible to like study each of the stages separately. So, it is like what we can tell like this model is a very simple way to represent the complex phenomena happening. So, this model that we are seeing, we can understand this is a very complex phenomena happening. So, you can take this together, you can study this chain also.

So, there can be n number of ways that you can there can be n number of ways in which you can study the relationship all happens together and it is not possible to separate one from the other. So, with this we move forward to with us we move forward to the individual and the situational influences on ethical decision making as shown in the last module.

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Individual influences on ethical decision-making


Factor	Influence on ethical decision-making
Age and gender	Vary mixed evidence leading to unclear associations with ethical decision-making
National and cultural characteristics	Appear to have a significant effect on ethical beliefs, as well as views of what is deemed an acceptable approach to certain business issues
Education and employment	Somewhat unclear, although some clear differences in ethical decision-making between those with different educational and professional experience seem to be present
Psychological factors	
• Cognitive moral development	• Small but significant effect on ethical decision-making
• Locus of control	• At most a limited effect on decision-making, but can be important in predicting the apportioning of blame/appraisal
Personal Values	Significant influence - some empirical evidence citing positive relationship
Personal integrity	Significant influence likely, but lack of inclusion in models and empirical tests
Moral imagination	A new area for evidence with considerable explanatory potential

What we find as the individual factors over here are age and gender national and cultural characteristics education and employment and also psychological factors like cognitive moral development locus of control personal values personal integrity and moral imagination will start with age and gender.

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Age and gender

- Age
 - Results contradictory
 - However *experiences* may have impact
- Gender
 - Individual characteristic most often researched
 - Results contradictory
- These categories too simplistic



What we understand like with there are like research findings which are contradictory in nature with respect to how age helps in or like whether the differences in gender with respect to how the; it affects the decision making process for taking ethical decision making process, yes, we have like decided discussed earlier about the feminist way of decision making and so when you are talking of feminist way of decision making, this is the perspective like my; how women think and that because they think in terms of relationship. So, that is a perspective take like this is the feminist way of decision making.

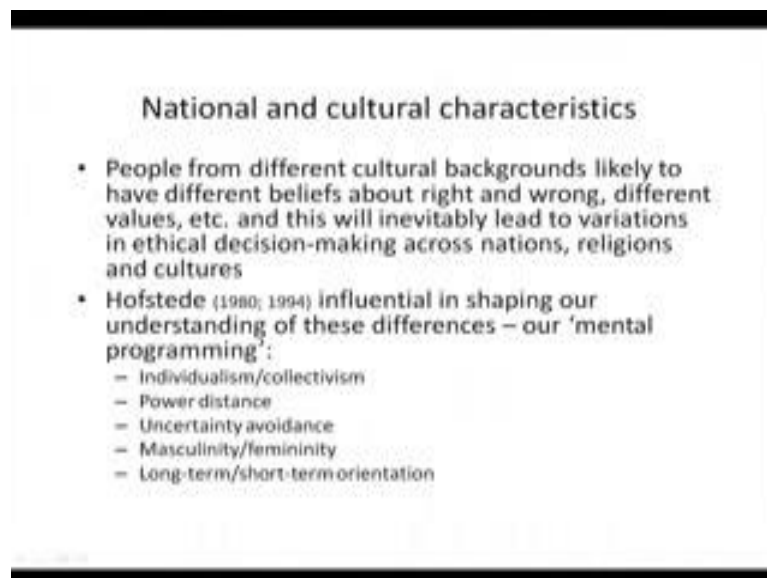
These things like age and gender tells like the research to it is contradictory like we just cannot come to conclusion like people who are elder in nature elder in terms of age and experience they are better ethical decision makers as compared to young people or maybe males are better decision makers than females or vice versa. Though, yes when you are talking of gut feelings. And we are talking of post modern ethics the experience gained through life through past experiences gained have some implication while we are trying to relate the effect of age on decision making, but truly also other side the virtue ethics definitely has an impact on how you are making a decision and you just cannot come to the conclusion older people are more virtuous in nature than the younger people.

All the variables what you trying to put forward over here is all the variables and interacting with each other constantly interacting with each other to affect each other and affect each other and in this way it is very difficult to separate out and tell like elder people think more ethically that the young one or the males are differently are better than the females are vice versa if not we have control for the other influencing variables and here for age of gender of course, virtuous character postmodern ways of thinking when you are talking of gut feelings and experiences this may affect the individual variables of age and gender.

And also the other psychological variables related over here the cultural context related over here because it depends also on the culture that you have brought in which helps in like person getting introduced to socially acceptable gender roles of the ways of thinking ways of behaving and that we have a tremendous impact on whether people of like different genders think differently or different ages think differently or not. So, this is a

very complex relationship with like only just separating of the variable and asking like whether they have an impact or not some findings are contradictory in nature due to the intervening nature of the other variables which are interacting with them.

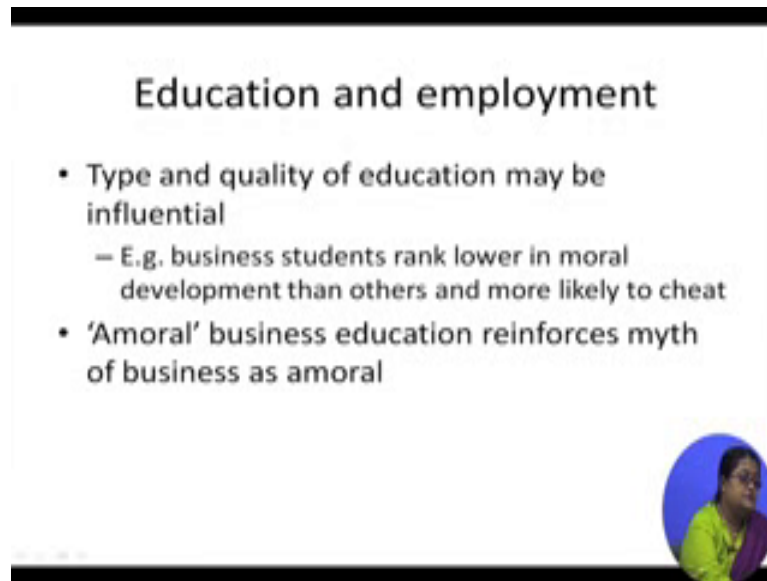
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When you are talking of culture and the characteristics of those cultures, you already understood like people from different culture think differently because of the emphasis of these different cultures in understanding the facts as interpret what is right and wrong and that leads to the variations. So, according to Hofstede like the 5 major dimensions are like individualism and collectivism. What is the level of power distance? Whether your preference for uncertainty, avoidance, tolerance, and masculinity, femininity, long term and short term orientation.


These of course, like helps in forming your opinion about what is right and what is wrong with respect to that particular culture and has definite role in shaping your beliefs about it. So, this is what culture can contribute in asking or in developing your beliefs about right and wrong and does affect your decision making process.

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Education and employment

- Type and quality of education may be influential
 - E.g. business students rank lower in moral development than others and more likely to cheat
- 'Amoral' business education reinforces myth of business as amoral



When you talking of education and influences, again there are if we get a training on something about how to think ethically in certain ways that; obviously, helps you in ethical decision making like we are learning this course you have to understand what are the correct ways of ethical decision making with respect to business situations. So, if any person who has registered for this course and the purse any person who has not registered for this course or have not studied or gained first and knowledge about what is business ethics how ethical decision made in business situations.

Then the difference in the knowledge that these two persons have like how to decide in proper way in what type of situation may lead to certain differences in the way that they are looking at a particular problem analyzing the problem and taking there like finals decisional steps about it. So, type of education. So, and the quality of education that you are getting may have a positive impact in influencing the ethical decision making process.

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Psychological factors

Cognitive moral development (CMD) refers to the different levels of reasoning that an individual can apply to ethical issues and problems

- 3 levels (details over the next two slides)
- Criticisms of CMD
 - Gender bias
 - Implicit value judgements
 - Invariance of stages

An individual's **locus of control** determines the extent to which they believe that they have control over the events in their life

Next, we come to discuss the psychological factors and feature involved which helps in ethical decision making influences your ethical decision making process and when first that will be discussing is the cognitive moral development theory which is based on Kohlberg's research which talks of the different levels of reasoning that an individual has developed and which applies to issues and based on their listening. And their different stages of development is the lifespan age wise development in the lifespan, life stages they come to conclusion about what is right.

And what is wrong according to that different life stages and these are called cognitive moral development will be discussing that in next upcoming discussion. And it has got three levels: pre conventional, conventional and the post conventional levels. So, there have been some criticisms regarding, it may majorly is regarding the gender bias for this because Kohlberg's in Kohlberg's research majorly the research was done in the male decision makers and not on the female decision maker.

That is why I like when you are talking of feminist way of looking at things, looking of the relationships priorities and so we will find this that is verified a reflection of Gilligan's research who tried to propagate like women think differently and there self is

invested in a different way in a web of relationship and self identity set definition of self concept lies in the relational perspective.

That is why this feminist ethics it is developed into that if you are looking into Kohlberg's things of how the stages progress is it looks more like into traditional way of deciding in to rational way of looking into things where at the end you are more guided by the principles that you follow for yourself next the other thing that which is very important to for ethical decision making is individual locus of control. So, locus of control tells about; where does the control lie for who is determining like whether you are responsible for your actions.

So, if it is people may have either external locus of control or internal locus of control people who are having external locus of control they feel like the control of their actions and the outcome of those actions a line with the not with them, but with others because the control of the action what they are doing it does not lie with them. So, the outcomes are the consequences of those action also they are not responsible for it, but others a responsible because the control lies with the external parties.

Those who have an internal locus of control means who feel like they are responsible for their own actions then they are they also feel like they are accountable for their own their accountable for their own actions and the responsibility of the actions lies with them. So, this locus of control which determines the extent to which the people behave believe that they have a control over events in the life determines whether they take the responsibility also for the consequences of their actions mainly in terms also for the harm provided or harm done as a consequence of the activities.

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Stages of cognitive moral development (I)

Level	Stage	Explanation	Illustration
I. Preconventional	1. Obedience and punishment	Individuals define right and wrong according to expected rewards and punishments from authority figures.	While this type of moral reasoning is usually associated with small children, we can also see that teenagers frequently make moral decisions because they think their company would either fire or let it go depending on their behavior. (100)
	2. Individualism, egoism, and exchange	Moral decisions are concerned with their own immediate interests and define right according to whether there is fairness in the exchanges or deals they make to achieve their interests.	An employee in light of the absence of a coworker so that there are a absence might automatically be covered for to remain. "You scratch my back, I'll scratch yours" reciprocity (Trevino and Nelson, 1999)
II. Conventional	3. Interpersonal accord, conformity, and moral disapproval	Individuals live up to what is expected of them by their immediate peers and those close to them.	An employee might decide that using company resources such as the telephone, the internet and email for personal use whilst at work is acceptable because everyone else is doing it that way.
	4. Social accord and system maintenance	Individuals' conceptions of the expectations of others translates to social accord with a generally, rather than just the specific people around them.	A factory manager may decide to provide employee benefits and salaries above the industry minimum in order to ensure that employees eagerly agree and conditions deemed acceptable by customers, pressure groups and other social groups.

Source: Adapted from Farrell et al. (2002); Kohlberg (1960); Trevino and Nelson (1999)

We will move quickly through the stages of development moral cognitive moral development where we see in the level one, it is called pre conventional and next level is conventional and the third level is post conventional.

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Stages of cognitive moral development (II)

Level	Stage	Explanation	Illustration
III. Postconventional	5. Social contract and individual rights	Individuals go beyond identifying with others' expectations, and assess right and wrong according to the upholding of basic rights, values and contracts of society.	The public affairs manager of a food manufacturer may decide to avoid which of the firm's products contain genetically modified ingredients out of respect for consumers' rights to know, even though they are not obliged to by law, and have not been prohibited here by consumers or anyone else.
	6. Universal ethical principles	Individuals will make decisions autonomously based on self-chosen universal ethical principles, such as justice, equality, and rights, which they believe everyone should follow.	A packaging manager may decide that it would be wrong to continue to buy products or ingredients that were tested on animals because he believes this does respect animal rights to be free from suffering.

In the pre conventional level stage one people are guided more by facts which is called obedience and punishment. So, what is this obedience and punishment is people decide, what is right and wrong based on the expected rewards and punishment from authority figures.

This is like the initial stage of development of your life where to toddlers we start teaching what is right and what is wrong? So, and we will tell them this is what you have to obey this is what you have to follow, because your parents are teaching this your imaging the parents the authority figure at the home the mother or the father would be the mother telling like this is what is required to follow and you have to follow it unquestionably without asking like because I know, I tell you, this is what needs to be done and if you follow it then you get certain reward if you do not follow it, you get a punishment for it.

This obedience and follows to the authority figures follows from the need to get a reward and to avoid a punishment. So, being right get associated with getting a reward and avoiding punishment is associated with not doing something wrong. So, obedience and punishment in the initial stages of life determines the your start of what you do and try to do right things and avoid doing wrong things if it continues in the adult life also like this reward and punishment orientation for doing ethical things. So, it may so happen, the employees will try to follow ethical behavior if they feel it understand the organization is going to rewarded and they are not doing unethical behavior when they feel or they see like the organization is going to punish them for it next when comes to the pre conventional level you see it is instrumental purpose and exchange.

Here, they individuals are concerned with their own immediate interest and define rights. So, based on whether there is fairness in the exchange process and deals and try to make things do things to achieve it. So, this is maybe the bargaining stage were the individual has reached in the stage of development where you see children maybe of 4 five years of age for preschool children five six years or like where they start to like I will do this I will follow this if you give me this reward if you allow me a chocolate if you allow me to watch TV and cartoon not so they know what is what they want to serve their self interest what will be a rewarding experiences for them and they start bargaining in terms

of being ethical or doing something right and wrong based on the rewards that they determine like whether I get it or not get it. So, if you ask me to follow you then you also give me in exchange the reward that I am expecting from you.

This when follow to the organizations maybe it is a reciprocity between colleges which may develop, if you want to want me to make up for your absence is today, tomorrow when I do not come to the organization for some reason then I also expect you to reciprocate it back to me set up. So, these types of things are well when you say it in adult life to come to the stage 3 which is the free conventional state the stage major stage two conventional the first one is the pre conventional stage. So, second one is the conventional stage.

Where the main orientation is interpersonal accord conformity and mutual expectations so you can relate it to the school going age where the peers become very important in a person's life the child has come started going to school met with other people are the children of the same age may be coming from the same locality community, but from a different family with same or different perspectives of looking into certain things and group behavior at the stage is very important because people want to form a group play with their peers and really peers shape one's own perspective of how you are looking at things. So, peers they look up to work and try to because they want to be in that group they try to follow what we peers are settling and people close to them are telling.

In the organization if it translating it like if one person is doing something some activity then he tries to look around and find what others like him in the same position are doing or not and tries to justify his activity based on user activity based on that. So, this is a stage where you try to defend your actions telling everyone else in everyone else is also doing in the same manner if you are doing certain things may be taking a pencil from your organization back home and then you are tell and if I asked why you are doing it you tell everybody does it in the same way you are focusing to your peers.

Conventional stage 4; this is called social accord and system maintenance. So, this broadens to social system where your more concern its maybe at the stage when you are become adult centre young adults where with the social esteem plays a major role you try

to maintain a positive self image. So, by doing the right things so that you can create a positive self image and you can social esteem from the others who are looking at you these others may not be immediately people with whom you are related to this could be new people also new whom you have met and with whom you have not been directly related to, but you want to create a positive self image of yourself by doing right things and avoid doing wrong things.

Suppose a factory manager gives more pay and more benefits are well being measures to the workers. So, that he feels like this becomes acceptable to the consumers pressure groups and other stakeholders. So, in order to appear in a positive light in a positive image to the other peoples who may be keeping an eye on you trying to observe what you are doing what you are not doing you try to for this social accord you try to do something positive and avoid doing something negative this is conventional stage 4 in the post conventional phase which is phase five we call the social contract in individual rights. So, they are they go beyond this identifying with others expectations and access right and wrong in case of upholding basic rights values and contracts of the society.

Here, what you find? So, you are no more guided by the relationships that you are in, but if you feel like this is what the basic values that the society believes in. So, this is a slight departure that you are finding from when you discussed about the feminist we are looking at things because feminist way is generally take care also of others rights others expectations and in that light discusses what is right and wrong, but here we find like we are looking more forward I understand it is the this right is the entitlement right when you are talking a basic rights, these are the entitlement rights people are entitled to receive certain information from us people are entitled to be treated in such a way in some way. So, irrespective of the expectations and the relationship that we are in vain we will try to address to be positive to the entitlements of the people and not try to like create barriers to it. So, like a food my in it its public of a manager of a food company if he really wants to reveal like the food contain some genetically modified ingredients and he wants to tell it to the customers because he feels like it is a customer's right to know like what is there inside the food that is being prepare and though he is not pressurized by any consumers to tell anything.

This is the main part where there is this is a pro activeness on the part of the manager thinking like it is the right of the entitlement of the consumers to know like what is there how the food is getting prepared and without being pressurized without anybody forcing me to disclose what is that me voluntarily coming up and telling like this is what is there in the food because I feel like it is a customer's right to know so. And we move beyond maybe the relationship that I am having with the firm like I am obligated to the firm to not to maybe disclose about certain things, but I give priority to the right of the customers first and then disclose facts about it I tell inform them about the facts about the ingredients in the food though not obliged law, but I feel like it is my part of moral responsibility to do it. So, this is social contract and individual rights.

Post conventional is universal ethical principles where individuals are making decisions based on self chosen ethical principles of justice equality and rights which they believe everyone should follow this is where again a virtue ethics comes to play and tell us I believe in some universal principles and I feel like everybody should be following it. So, I proactively start practicing certain things which like which I believe to be universal truth. So, I may decide like I will not going to buy anything tested on animals because I truly believe like for my personal cause I cannot provide harm to animals so and because it is the animals right to live a life free from suffering. So, these types of thoughts are at the universal ethical principles level.

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Personal values, integrity & moral imagination

Personal values

- 'an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state' (Maslach, 1973:5)

Personal integrity

- Defined as an adherence to moral principles or values

Moral imagination

- Concerned with whether one has "a sense of the variety of possibilities and moral consequences of their decisions, the ability to imagine a wide range of possible issues, consequences, and solutions" (Werhane, 1998:76)



Other individual factors which are affecting the decision making processes are of course, personal values, then the person which are the your belief and during belief about what is right and what is wrong with respect to a specific mode of conduct or an end state of existence and. So, that it is which is which you believe to be socially preferable and which one opposite which you feel like our converse mode of conductor end state of experience.

These are you personal values your convictions your belief like this is more preferable for this way of doing things are more preferable out come as socially preferable outcome as compared to an opposite set of alternative that you may be having personal integrity, it talks of your adherence to moral values your honesty, your trustworthiness, dependability, your consistency overtime, all these stocks of personal integrity, moral imagination is the extent to which you can think like how much you can broaden your throat thought process to think like to what extent you have thought about what are the different stakeholders you could have identified what are the different relationships that you could identified which talks about like what is the intensity of harm that you may have provided to the society or to your stakeholders who are your stake holders how they are connected and all.

So, at what extent you can think of broaden your horizon of thinking of include us about the different varieties that you can think of the moral consequences of your actions that talks and possibilities that talks of the moral imagination of the person the wide range that you can think of. Next, we will move forward to the situational influences of decision making.

Thank you.