Business Ethics
Prof. Susmita Mukhopadhyay
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Lecture - 15
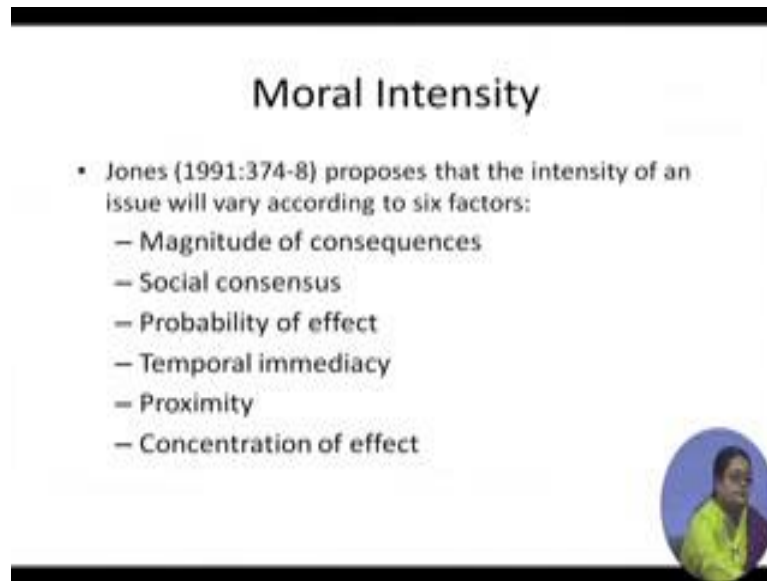**Situational influences on ethical decision making**

Now, we are going to discuss the situation influences on the ethical decision making. So, what we have classified earlier we find there could be two types of factors which are related with the situation and factors subcategories, one is the issue related factor and other is the context related factor.

(Refer Slide Time: 00:25)

In the issue related factors, we have two factors that is of moral intensity and moral framing and in the context related factors we have rewards, authority, bureaucracy, work roles, organizational culture and the national context.

We will be discussing each of these factors separately now. Moral intensity is which the it talks of like when there is a particular issue at hand and it relates more to the an issue getting recognized as a moral issue or any issue to when it has to be recognized as a moral issue, in case recognized only when there are certain intensity in that issue, if the intensity is high then it gets recognized as a moral issue, if the intensity of is low then it does not catch the attention and people do not become aware of that issue as a moral issue.

Now let us see that what are the factors based on which the intensity of a situation may vary intensity of an issue may vary and create differences in the intensity of an issue in terms of moral intensity. So, first is the magnitude of consequences; if we find that there is a particular issue at hand or the actions that we are the consequences of your action have a wide variety of our consequences affecting many stakeholders at a time then it gets recognized as a moral issue; intense issue.
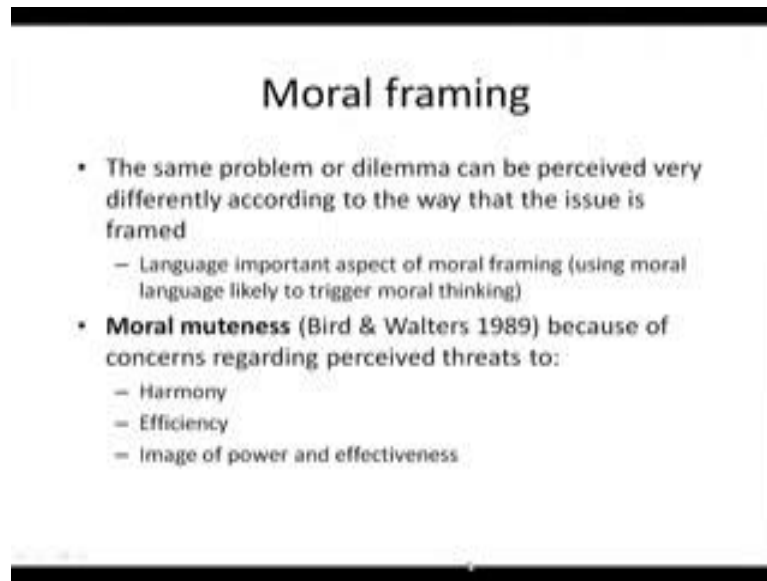
If we find the implications of our actions have high social consequences and people's life ways of living gets disturbed too much by the disparities are created in the society, in a word it is a social consequence then the intensity becomes high. Probability of effect; if there is more probability like the consequences of my action is going to harm people if

the probability is high then it becomes an issue of moral intensity. If the negative effect, if going to occur; the harm is going to occur immediately means whatever we are doing now the result of it is going to whether a positive or negative mostly will be we are more concentrating here on the negative aspect because we are when somebody recognizes the issue as moral issue the focus is more on the harm produced at what the company has done to reduce the harm.

But, if it is the temporal immediacy in the terms of like if you harm stand in how, when does or when does it follow immediately after the action then it is the temporal immediacy proximity is this proximity to one's own self means if I find like the people, who get affected by it or by my decisions or the issue at hand about what is being talk of like these are things which are very close to what I can identify with them this becomes a; it gains in moral intensity and concentration of effect. If the effect of my action is concentrated in deeply concentrated in one place or for one stakeholder and it like it is a deeper implication then we take this to be a very moral intense issue.

Because if it is a very long term implication and if it the; like it is covering majority of people then we talk of it is having a great a concentration and that we need to look into it. So, these factors generate the moral intensity of the increases the moral intensity of the problem.

Moral framing is when you are talking of how the issue is represented. So, that it gets recognized as a moral issue and also people find like they become one to act for it. So, moral framing as its implication at the recognitions stage and at the intention to act stage also, when you are talking of moral framing, it is how the same problem or dilemma can be perceived in very different lights according to the way that it has been presented and the way that it has been framed. So, a same problem can be viewed in two different ways based on how it is framed and the words like the positive words or negative words that is been used to frame the moral issue.

Persuasive communication plays a major role here in when are talking of moral frame; however, moral mutinous is where the business people would like to keep not use morally like in client words either positive or negative in an effort to remain immoral and then because they feel like there if they are expressing moral words or if they are trying to frame situations in with a particular moral frame then it may be detrimental to the harmony of the organization the efficiency of the people in managing the situations maybe come question and the they can think of like they their effectiveness may come to question and they will lose their power.

So, of deciding and it may create ripples through out in the organization and to its different stakeholders. So, these are the threats perceived threats after harmony efficiency and power and effectiveness it could be detrimental to the image of the power and effectiveness that they are having in the shareholders and other stakeholders mind. So, for this reason they may try to keep silent about the issues at hand and they may try to deny through various mechanisms of denial to just take up moral responsibilities of the action and the consequences of that action.

Some of these deny mechanisms are right; we can talk of denial of responsibility. So, managers can tell the authority can tell we are not responsible we have not done this thing you for any consequences formed. this is denial of responsibility second could be denial of injury we definitely know it is a claim we definitely know we have taken proper measures to control the harm and proactive measures to control the harm and we do not; we know we have not harmed anyone this is a claim. So, this is denial of injury third could be denial of victim where the organization tells you just cannot tell like you have been harmed you deserve to be treated in that way because if you are that sort of person.
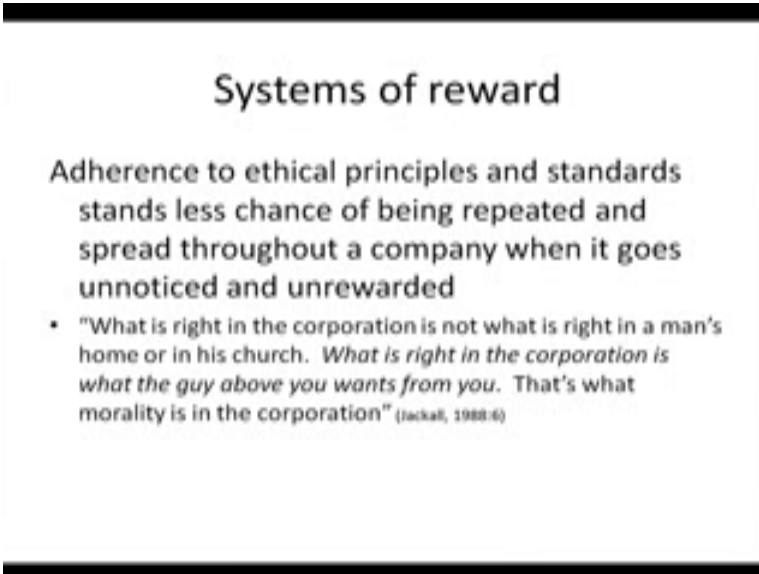
Please do not tell, I have harmed you, this is denial of victim other types of denial responses are social weighing where the organization is going to tell their other peoples who are worse than me even. So, please do not tell I have done something wrong, this is attitude that organization has, where we talking of social weighing other type of the real response is higher showing higher loyalties like I know that maybe I have harmed some people or some I put I sacrifice the need of someone, but this is done in the interest of a bigger interest that we are looking into bigger interest that the like the all the people needs will be answered to.

For the cause of a bigger some bigger purpose we have overlooked or sacrifice the need of a smallest few this is called like your; when you are trying to show for higher loyalty. So, high you are speaking of higher order values putting them in front and trying to show like for the your dedication for those higher order values that is you denied the your responsibility to some smaller groups or minorities and sacrifice their needs.

And another is a metaphor of leisure where for doing something wrong or taking some relaxations you can tell please look into the contributions that I made and leave for the contribution that have made in I can demand this like I take this relaxation; suppose you are surfing internet in your organization during your office hours and he can tell me I am the best performer I performed well beyond your expectations and because I have that performed in that way I can take the liberty can enjoy the liberty of fortune looking surfing through internet during office hours in the office computer. So, these types of things are called like a metaphor of leisure.

So, these are some of the denial mechanisms that the managers may take in order to defend their actions and show that they have not done something wrong and they should not be framed issues should not be framed in. So, that they appear guilty for their actions.

(Refer Slide Time: 14:24)

Systems of reward

Adherence to ethical principles and standards stands less chance of being repeated and spread throughout a company when it goes unnoticed and unrewarded

- "What is right in the corporation is not what is right in a man's home or in his church. *What is right in the corporation is what the guy above you wants from you.* That's what morality is in the corporation" (Jackall, 1988:6)

The other context related factors which affect ethical decision making are like first is the system of rewards. So, when again some effort to adherence to ethical principles and stands less chance of being repeated and so what is right in the corporation is not what is right in the home. So, what is right is what the guy above you wants from you. So, this type of thing when things get rewarded by the organization, which things the things that get rewarded by the organization people try to link it up to the facts like the organization

is rewarding it. And then probably this is the way that organization wants us to behave also.

If you remember in the last discussion today's early discussion, we were focusing on the cognitive moral development and in the first pre conventional stage when we are talking of obedience and rewards and punishment we were talking of like a child determines what is right and wrong based on the rewards received for doing right and avoiding punishment not getting punished for doing like to avoid that punishment or getting punished for doing something wrong that link links you to the reward orientation of interpreting.

What is right and wrong as per standards determined by the person who is either rewarding or punishing. So, this quote is what is right in the corporation is what the guy above you want from you is an interpretation based on this reward orientation.

(Refer Slide Time: 16:49)

Authority and bureaucracy; so, authority is people do what they are told to do or what they think they are been told to do. So, this is the fact like people believe like the this also talks of the if you remember when were discussing about the whether corporate are morally responsible or the individuals are responsible for making a decisions they when

we are talking of the reward system present as we just discussed we are talking of the systems present in the organizational design itself policies itself which facilitates or gives hindrances to your ethical or unethical behavior.

When you are talking of this bureaucracy and authority, here we also are focusing on the individuals role and organizations role in the determining what is the organizations and individual responsibility in facilitating or hindering somebody wanting to be ethical or not ethical in a particular situation deciding on what is ethical or not ethical in a particular situation. So, reward system belongs to the prevailing reward system and what gets rewarded by the guys one is a reward system established in who establishes is based on what this authority also focuses towards that what is the leadership style and what they think the leadership will like or not like in when interpreters what is right and wrong.

It somewhat focuses towards the individual, but when we are talking of bureaucracy it is organizational system in place the design per say which tells like which facilitates or hinders ethical decision making and as we see like it talks of suppression of moral autonomy instrumental morality distancing and denial of moral status these are certain things like because in bureaucracy if there is a very have like tall structure happening then you do not have any everything is well formalized well orated there is a top down approach like from top the decisions are coming then there is less of autonomy on your part to decide in a particular way as you feel like because your hands are tied and you have to move by the way that it is been pre decided by the organization in terms of dos and do nots that you can do that you cannot do.

This type of things and then it becomes a like sort of you are asked to do something and then you reciprocate back to it is; it becomes a part of instrumental morality and it creates the power distances there. So, you distant from the may be the where to go how to report to whom to report about certain things happening. So, these types of things may happen in case of bureaucracy and that is how it may have a negative effect on ethical decision making.

Work roles and organizational norms and culture here also you find work roles can encapsulate whole set of expectations about what to value how to value how to relate to each other how to behave. So, these are the role expectations that are set by the other the role sanders to and you have to follow these instructions guidelines given and this can be either this role responsibilities work rules can either be in the horizontal nature or it can be the hierarchical which order to follow whom to report to whom you are account able to what to value how to behave with whom all these are stated expectations given to you.

So, other is the organizational norms and culture which tells you this is what is accepted in the organization this is the organizational culture if you follow it you will survive within the organization if you are not following it you are not surviving in the organization is like example ways of talking acting dressing thinking ways of like adhering to the culture yes or no.

Every there is group norm which is set which talks about the acceptable standards of behavior within the work community. So, the work the total organizational culture and also the work roles the role expectations that are sent from the role sender to the role receiver these tells about gives the boundary to give define framework of how you are

expected to behave in that particular with valuables to that particular role and with relevance to that particular organization.

The national and the cultural context as we have already discussed earlier the culture of the phrase that you are in it the nation that you are in big based on Hofstede research we have seen as an impact on the ways that you are thinking the ways that you are related to each other through its like individualism and collectivism power distance tolerance of uncertainty then it is how its relating to time and other factors as you seen in the Hofstedes model these have an impact on how you are interpreting what is right and wrong with respect to that particular situations which gives you a guiding framework.

Cultures definitely have any like effect on deciding what is right and wrong in a particular situation and that colors your individuals ways of thinking also.

What we have discussed today in summary is the various stages and influences in ethical decision making process in business we have presented with basic model of decision making. So, we are also outlined individual and situation influences an ethical decision making suggested some of the individual factors like cognitive moral development, nationality, and personal integrity, are really influential in how individual and making decisions. Suggested that, in terms of recognizing ethical problems and actually doing something in response to them the situational factors are also playing most important role in influencing how you are recognizing a problem and whether you decide to respond to it or not respond to it; if respond to it in what way you are not. Situational factors are playing major role over here also.

Thank you.