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ETHICAL DECISION MAKING AND ACTION

LEARNING OBJECTIVES

- Develop strategies for increasing personal moral sensitivity.
- Define the levels of cognitive moral development.
- Identify barriers to moral judgment.
- Explain factors influencing moral motivation.
- Foster personal moral potency.
- Compare and contrast the five decision-making formats.
- Apply the five “I” format to ethical decision making.

CHAPTER PREVIEW

Components of Ethical Behavior
Component 1: Moral Sensitivity
(Recognition)
Component 2: Moral Judgment
Component 3: Moral Motivation
Component 4: Moral Character
Decision-Making Formats

Aristotle’s Rules of Deliberation
The Lonergan/Baird Method
The Moral Compass
The Foursquare Protocol
The Five “I” Format

Chapter Takeaways
Application Projects

Now that we've examined ethical competencies and ethical perspectives, we're ready to put them to use. This chapter focuses on both the *how* (the processes) and the *how-to* (the formats) of moral thinking and action. Our chances of coming up with a sound, well-reasoned conclusion and executing our plan are greater if we understand how ethical decisions are made and take a morally grounded, systematic approach to problem solving.

COMPONENTS OF ETHICAL BEHAVIOR

Breaking the process down into its component parts enhances understanding of ethical decision making and behavior. Moral psychologist James Rest identifies four elements of ethical action. Rest developed his four-component model by asking, "What must happen psychologically in order for moral behavior to take place?" He concluded that ethical action is the product of these psychological subprocesses: (1) moral sensitivity (recognition); (2) moral judgment or reasoning; (3) moral motivation; and (4) moral character.¹ The first half of the chapter is organized around Rest's framework. I'll describe each factor and then offer some tips for improving your performance on that element of Rest's model.

Component 1: Moral Sensitivity (Recognition)

Moral sensitivity is the recognition that an ethical problem exists. Such recognition requires us to be aware of how our behavior impacts others, to identify possible courses of action, and to determine the consequences of each potential strategy. Moral sensitivity is key to practicing individual ethics. We can't solve a moral dilemma unless we know that one is present. For that reason, raising ethical awareness is a goal of many ethics courses and programs.

Moral attentiveness plays an important role in the recognition of ethical issues. Moral attentiveness is the predisposition to note the ethical dimension of experiences and events. This trait consists of two components: (1) perceptual moral attentiveness (the tendency to notice morality in everyday life), and (2) reflective moral attentiveness (routinely considering ethics when making choices).² Those high in moral attentiveness are more aware of the ethical implications of specific situations, such as conflicts of interest and injustice, and are more likely to analyze them using an ethical framework. Moral attentiveness, while an individual predisposition, is subject to outside influences. Followers are more attentive when they work with ethical leaders in ethical organizations. Business students enrolled in ethics courses also demonstrate higher moral attentiveness.³

Noting the presence of an ethical issue is just one component of moral sensitivity. Decision makers must also identify the perspectives of those involved in the situation and come up with creative solutions through the use of *moral imagination*.⁴ Unfortunately, many smart, well-meaning managers become the victims of tunnel vision. They fail to consider alternative points of view or to change their ways of thinking—their mental models. For instance, supervisors with a managerial mindset believe that they should quickly resolve any conflicts between employees. They don't recognize that employees can be involved in resolving such disputes. Leaders with a managerial mindset can trample the rights of workers, preventing them from receiving a fair hearing. Instead of suppressing conflict, managers should determine if conflict is a sign that organizational systems (rewards, procedures, structures) should be changed.⁵

To exercise moral imagination, managers and employees step outside their current frame of reference (disengage themselves) to assess a situation and evaluate options. They then generate unconventional alternatives. New York City mayor Michael Bloomberg developed

one such creative solution during the 2004 Republican National Convention. Instead of increasing police presence to deal with protestors (the typical response), the mayor offered these visitors discounts to hotels, museums, and restaurants.⁶

A number of researchers believe that elements of the ethical issue itself are key to whether or not we recognize its existence. They argue that problems or dilemmas differ in their degrees of *moral intensity*. The greater an issue's moral intensity, the more likely we are to notice it. The components of moral intensity include the following six elements.⁷ After reading the descriptions of these dimensions, use them to determine the moral intensity of the scenarios in Self-Assessment 2.1.

1. *Magnitude of consequences.* The moral intensity of an issue is directly tied to the number of harms or benefits it generates. Moral dilemmas attract more attention when they have significant consequences. For example, denying applicants a job because of their race raises significant ethical concerns; rescheduling employees' vacation dates does not. A massive oil spill generates stronger condemnation than a minor one.
2. *Social consensus.* Moral issues are more intense if there is widespread agreement that they are bad (or good). Societal norms, laws, professional standards, and corporate regulations all signal that there is social consensus on a particular issue.
3. *Probability of effect.* Probability of effect is "a joint function of the probability that the act in question will actually take place and the act in question will actually cause the harm (benefit) predicted."⁸ For instance, selling a gun to a gang member has a much greater likelihood of causing harm than does selling a gun to a law-abiding citizen.
4. *Temporal immediacy.* Issues are more intense if they are likely to generate harm or good sooner rather than later. That helps explain why proposals to immediately reduce Social Security benefits attract more attention than proposals to gradually reduce them over a long period of time.
5. *Proximity.* Proximity refers to social, cultural, psychological, or physical distance. We tend to care more about issues involving people who are close to us in terms of race, nationality, age, and other factors; we care less about issues involving people who are significantly different from us or significantly distant from us.
6. *Concentration of effect.* Causing intense suffering violates our sense of justice and increases moral intensity. Thus, we are more likely to take note of policies that do severe damage to a few individuals than to take note of those that have minor consequences for large groups of people. For example, cutting the salaries of 10 people by \$20,000 each is seen as more problematic than reducing the salaries of 4,000 employees by \$50 each.

Moral intensity has been correlated not only with moral sensitivity but also with the other components of Rest's model—moral judgment, moral motivation, and moral behavior.⁹ In addition to recognizing morally intense issues, decision makers respond more quickly and appropriately. Those faced with intense issues are also more motivated to follow through on their choices. However, investigators are still trying to determine if some components of moral intensity are more critical to problem recognition and resolution (it may depend on the particular issue). At this point, magnitude of consequences and social

consensus appear to have the strongest relationship to moral sensitivity. Individuals are most likely to notice ethical dilemmas if they generate significant harm and if there is widespread agreement that these issues have a moral dimension.

Tips for Enhancing Your Ethical Sensitivity

Engage in active listening and role playing. The best way to learn about the potential ethical consequences of choices, as well as the likely response of others, is through listening closely to what others have to say. (See Chapter 4 for a closer look at the process of effective listening.) Role play can also foster understanding. Taking the part of another individual or group can provide you with important insight into how the other party is likely to react.

Boost your moral attentiveness. Seek out leaders who model and promote ethical behavior. Join organizations that make ethics a priority. Take ethics coursework.

Speak up. Don't hesitate to discuss problems and your decisions in ethical terms and encourage others to do the same. Describing a situation using moral terms like *values, justice, immoral, character, right, and wrong* encourages listeners to frame an event as an ethical problem and to engage in moral reasoning.

Challenge mental models or schemas. Recognize the dangers of your current mental models and try to visualize other perspectives. Distance yourself from a situation to determine if it indeed does have moral implications. Remember that you have ethical duties that extend beyond your group or organization.

Be creative. Look for innovative ways to define and respond to ethical dilemmas; visualize creative opportunities and solutions.

Crank up the moral intensity. Frame issues to increase their intensity and thus improve problem recognition. In particular, emphasize the size of the problem—how many people are affected, how much the company or environment will be damaged. Point out how even small acts like petty theft can have serious consequences. Also, highlight the fact that there is consensus about whether a course of action is wrong (illegal, against professional standards, opposed by coworkers) or right. As a group, develop shared understanding about the key ethical issues facing your organization.

SELF-ASSESSMENT 2.1

MORAL INTENSITY SCENARIOS

Instructions

Read Scenarios 1–4. Then rate the action in each scenario on the following items, 1–7, using a scale from 1 [*completely disagree*] to 9 [*completely agree*].

1. The situation involves an ethical problem.
2. The overall harm (if any) done as a result of the action will be very small.
3. Most people would agree that the action is wrong.
4. There is a very small likelihood that the action will cause any harm.

5. The action will not cause any harm in an immediate future.
6. If the actor is a personal friend of the victim, the action is wrong.
7. The action will harm very few people (if any).

Scenario 1: Misleading the Appraiser

An automobile salesman is told by a customer that a serious engine problem exists with a trade-in. However, because of his desire to make the sale, he does not inform the used car appraiser at the dealership, and the problem is not identified.

Action. The salesman closes the deal that includes the trade-in.

Scenario 2: Overeager Salesperson

A young woman, recently hired as a salesperson for a local retail store, has been working very hard to favorably impress her boss with her selling ability. At times, this young woman, anxious for an order, has been a little overeager. To get the order, she exaggerates the value of an item or withholds relevant information concerning the product she is trying to sell. No fraud or deceit is intended by her actions; she is simply overeager.

Action. The owner of the retail store is aware of this salesperson's actions but has done nothing to stop such practice.

Scenario 3: Withheld Information

Sets of a well-known brand of "good" china dinnerware are advertised on sale at a considerable discount by a local retailer. Several patterns of a typical 45-piece service for eight are listed. The customer may also buy any "odd" pieces that are available in stock (a butter dish, a gravy bowl, etc.). The ad does not indicate, however, that these patterns have been discontinued by the manufacturer.

Action. The retailer offers this information only if the customer directly asks if the merchandise is discontinued.

Scenario 4: Failure to Honor a Warranty

A person bought a new car from a franchised automobile dealership in the local area. A year after the car was purchased, she began having problems with the transmission. She took the car back to the dealer, and some minor adjustments were made. During the next two years, she continually had a similar problem with the transmission skipping. Each time the dealer made only minor adjustments. At the end of three years, the woman returned to the dealer because the transmission was still not functioning properly. At this time, the transmission was completely overhauled.

Action: Since the warranty was only for three years from the date of purchase, the dealer charged the full price for parts and labor.

Scoring

Reverse your scores on items, 2, 4, 5, and 7 for each scenario and generate a total score for each scenario. The higher the score, the greater the intensity of that scenario.

Items measure the following dimensions of moral intensity:

Item 1: Ethical perception

Item 2: Magnitude of consequences

Item 3: Social consensus

Item 4: Probability of effect

Item 5: Temporal immediacy

Item 6: Proximity

Item 7: Concentration of effect

Members of the American Marketing Association believed that all four vignettes involve ethical problems. They rated Scenarios 1 and 4 as the most morally intense.

Every dimension of moral intensity was correlated with the perception that the scenarios had ethical implications.

Source: Reidenbach, R. E., Robin, D. P., & Dawson, L. (1991). An Application and Extension of a Multidimensional Ethics Scale to Selected Marketing Practices and Marketing Groups. *Journal of the Academy of Marketing Science*, 19(2), 83–92. <https://doi.org/10.1177/009207039101900202>

Component 2: Moral Judgment

After determining that there is an ethical problem, decision makers then choose among the courses of action identified in Component 1. They make judgments about the right or wrong thing to do in this specific context.

Moral judgment has been studied more than any other element of the Rest model. There is far too much information to summarize it here. Instead, I'll focus on three topics that are particularly important to understanding how problem solvers determine whether a solution is right or wrong: cognitive moral development, destructive motivations, and cognitive biases. (Turn to Contemporary Issues in Organizational Ethics 2.1 for a closer look at the role that emotions play in moral decision making.)

Cognitive Moral Development

Before his death, Harvard psychologist Lawrence Kohlberg was the leading champion of the idea that individuals progress through a series of moral stages just as they do physical ones.¹⁰ Each stage is more advanced than the one before. As individuals develop, their reasoning becomes more sophisticated. They become less self-centered and develop broader definitions of morality.

Preconventional thinking is the most primitive level and is common among children as well as those suffering from damage to emotional regions of the brain. Individuals at Level I decide on the basis of direct consequences. In the first stage, they obey to avoid punishment. In the second, they follow the rules in order to meet their own interests. Stage 2 thinkers believe that justice is giving a fair deal to others: You help me and I'll help you.

Conventional (Level II) thinkers look to other people for guidance for their actions. They strive to live up to the expectations of family members and significant others (Stage 3) or recognize the importance of going along with the laws of society (Stage 4). Kohlberg found that most adults fall into Stages 3 and 4, which suggests that the typical organizational member looks to work rules, leaders, and the situation to determine right from wrong.

Postconventional or principled (Level III) thinking is the most advanced type of reasoning and relies on universal values and principles. Stage 5 individuals are guided by utilitarian principles, seeking to do the greatest good for the greatest number. They recognize that there are a number of value systems within a democratic society and that regulations may have to be broken to serve higher moral purposes. Stage 6 thinkers operate according to internalized, universal ethical principles like the categorical imperative or justice as fairness. These principles apply in every situation and take precedence over the laws of any particular society. According to Kohlberg, only about 20% of Americans can be classified as Stage 5 postconventional moral thinkers. Very few individuals ever reach Stage 6.

Kohlberg's model has drawn heavy criticism from philosophers and psychologists alike.¹¹ Some philosophers complain that it draws too heavily from Rawls's theory of justice and makes deontological ethics superior to other ethical perspectives. They note that the theory applies more to societal issues than to individual ethical decisions. A number of psychologists have challenged the notion that people go through a rigid or "hard" series of moral stages. They argue instead that individuals can engage in many ways of thinking about a problem, regardless of their age.

Rest (who was a student of Kohlberg's) responded to these criticisms by replacing the hard stages with a staircase of developmental schemas. *Schemas* are general structures or patterns in our memories. We use these patterns or structures when we encounter new situations or information. When you enrolled in college, for example, you probably relied

on high school experiences to determine how to act in the university classroom. Rest and his colleagues contend that decision makers shift upward, adopting more sophisticated moral schemas as they develop. Rest's group identified three levels of moral schemas. The least sophisticated schema is based on *personal interest*. Individuals reasoning at this level are only concerned with what they will gain or lose in an ethical dilemma. They give no thought to the needs of broader society.

Those who reason at the next level, the *maintaining norms* schema, believe they have a moral obligation to preserve social order. They focus on following rules and laws and making sure that regulations apply to everyone. These thinkers are committed to a clear hierarchy with carefully defined roles (e.g., teachers and students, bosses and subordinates, officers and enlisted personnel). The *postconventional schema* is the highest level of moral reasoning.¹² Postconventional individuals reason like moral philosophers, looking behind societal rules to determine if they serve moral purposes. Moral obligations are open to scrutiny (testing and experimentation). Thinking at this level is not limited to one ethical approach, as Kohlberg argued, but encompasses a variety of philosophical traditions. Postconventional thinkers appeal to a shared vision of an ideal society. Such a society seeks the greatest good for the entire community, not just some people at the expense of others, and ensures rights and protections for everyone.

Rest developed the Defining Issues Test (DIT) to measure moral development. Subjects taking the DIT respond to six scenarios and then choose statements that best reflect how they went about making their choices. The statements—which correspond to the levels of moral development—are then scored. In the best-known dilemma, Heinz's wife is dying of cancer and needs a drug Heinz cannot afford to buy. He must decide whether or not to steal the drug to save her life.

Hundreds of studies have been conducted using the DIT and its successor, the DIT2.¹³ Among the findings:

- Moral reasoning ability generally increases with age.
- The total college experience, both inside and outside the classroom, increases moral judgment.
- Those who love learning, taking risks, and meeting challenges generally experience the greatest moral growth while in college.
- Ethics coursework boosts the positive effects of the college experience, increasing moral judgment still further.
- Older students—those in graduate and professional school—gain a great deal from moral education programs.
- When education stops, moral development plateaus.
- Moral development is a universal concept, crossing cultural boundaries.
- Principled leaders can improve the moral judgment of the group as a whole, encouraging members to adopt more sophisticated ethical schemas.

Destructive Motivations

No discussion of moral judgment is complete without consideration of why this process so often breaks down. Time after time, very bright people make very stupid decisions.

Canadian prime minister Justin Trudeau illustrates this sad reality. Trudeau, who urged Canadians to embrace diversity, apparently thought that he could hide the fact that he appeared in blackface on three separate occasions. He was wrong. The pictures surfaced in the middle of a hotly contested reelection bid. Trudeau repeatedly apologized for his racial insensitivity and nearly lost the election. His reputation may never recover.

The moral stupidity of otherwise intelligent people can be explained in part by the power of their destructive motivations. Three motivating factors are particularly damaging: insecurities, greed, and ego.

1. *Insecurities.* Low self-esteem and inner doubts can drive individuals to use others to meet their own needs, and insecure people fall into the trap of tying their identities to their roles. Those plagued by self-doubt are blind to larger ethical considerations, and, at the same time, they are tempted to succeed at any cost.
2. *Greed.* Greed is more likely than ever to undermine ethical thinking because we live in a winner-take-all society.¹⁴ The market economy benefits the few at the expense of the many. Consider the inequity of the salary structure at most large firms. CEO pay has skyrocketed, up nearly 1,000% over the past 35 years.¹⁵ At the same time, average employee wages have stagnated. (We'll take a closer look at the shadow cast by leader privilege in Chapter 7.) A winner-take-all culture encourages widespread cheating because the payoff is so high. In addition, losers justify their dishonesty by pointing to the injustice of the system and to the fact that they deserve a larger share of the benefits. When greed takes over, altruism disappears, along with any consideration of serving the greater good.
3. *Ego.* Even the most humble of us tend to greatly overestimate our abilities (more on this shortly).¹⁶ Unless we are careful, we can become overconfident, ignore the risks and consequences of our choices, take too much credit when things go well and too little blame when they don't, and demand more than our fair share of organizational resources. Inflated egos become a bigger problem at higher levels of the organizational hierarchy. Top managers are often cut off from customers and employees. Unlike the rest of us, they don't have to wait in line for products or services or for a ride to work. Subordinates tell them what they want to hear and stroke their egos. All these factors make it easier for executives to excuse their unethical behavior—outrageous pay packages, diversion of company funds to private use—on the grounds that they are vital to the organization's success. (Case Study 2.1 describes a world-class leader who fell victim to greed and pride.)

The formidable forces of insecurity, greed, and ego become even more powerful when managers and subordinates adopt a short-term orientation. Modern workers are under constant time pressures as organizations cut staffing levels while demanding higher performance in the form of shorter product development cycles, better customer service, and greater returns on investment. Employees are sorely tempted to do what is expedient instead of what is ethical. As ethics expert Laura Nash puts it, "Short-term pressures can silence moral reasoning by simply giving it no space. The tighter a manager's agenda is, the less time for contemplating complex, time-consuming, unpragmatic issues like ethics."¹⁷ Stress also generates unpleasant feelings, focusing managers solely on their own needs. They then adopt a lower level of moral reasoning. The conventional thinker, for example, might revert to preconventional reasoning.¹⁸

Time-pressed supervisors lose sight of the overall purpose of the organization and fail to analyze past conduct. They don't stop to reflect on their choices when things are going well. Overconfident, rushed decision makers are only too willing to move on to the next problem. Eventually, they begin to make mistakes that catch up with them. In addition, short-term thinkers begin to look for immediate gratification, which feeds their greedy impulses.

The damage caused by rushing to judgment can be seen in the results of a study by Ohio State professor Paul Nutt.¹⁹ Professor Nutt examined 400 poor organizational decisions over a period of 20 years, including Ford's failure to recall the Pinto and NASA's decision to launch the *Challenger* space shuttle. Adopting a short-term perspective helps to account for many of the decision-making blunders he uncovered. Nearsighted decision makers (1) overlooked important ethical questions, (2) came to premature conclusions, (3) failed to consult with important stakeholders, (4) lacked a clear direction, (5) limited their search for information, (6) demonstrated little creativity, and (7) learned little from either their successes or their failures.

CONTEMPORARY ISSUES IN ORGANIZATIONAL ETHICS 2.1

REASON VS. INTUITION

There's been a seismic shift in how scholars understand the process of ethical decision making. In the past, philosophers, moral psychologists, ethicists, and ethics educators assumed that individuals consciously use logic and reason to solve ethical problems through careful deliberation. Researchers largely ignored emotions or viewed them with suspicion because feelings could undermine moral reasoning and action. Now, however, a growing number of investigators in a variety of fields argue that emotions are central to ethical decision making. For instance, neuroscientists highlight the important role that emotional regions of the brain play in ethical thinking. Some employ the medical case study method to demonstrate how brain deficits undermine moral reasoning. These researchers study individuals with brain damage who engage in antisocial and unethical behavior as a result of their injuries. Patients who suffer damage to the regions of the brain that govern emotion engage in antisocial and unethical behavior as a result of their injuries. For example, "Elliott," who had a brain tumor, scored above average on intelligence tests but reported no emotional responses to pictures of gory accidents—though he knows he

used to have strong emotional reactions to similar events. He lost his job, put all of his money in a bad business investment, and was divorced twice. Through it all he remained calm. Those studying Elliott concluded that he failed not because he couldn't reason but because he couldn't integrate emotions into his judgments. He could know but not feel.

Another group of neuroscientists uses neuroimaging to determine which areas of the brain are activated when we are confronted with moral issues. Researchers place study participants in magnetic resonance imaging (MRI) machines and present them with ethical dilemmas. Active brain cells (which require more oxygen than inactive ones) "light up," indicating which parts of the brain are functioning when volunteers respond to moral problems. Neuroimaging studies reveal that ethical decision making is not localized in one area of the brain but involves several different locations. Both cognitive and emotional areas of the brain are activated.

While neuroscientists believe that we can't make wise choices unless we engage our feelings, some psychologists go a step further. They claim that emotion, not logic, plays the dominant

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role in moral reasoning. Jonathan Haidt is a leading proponent of the affective approach to ethical decision making. He argues that we quickly make ethical determinations and then use logic after the fact to justify our choices. Haidt points to *moral dumbfounding* as evidence that moral decision making is the product of intuition, not deliberation. In moral dumbfounding, people have strong opinions about right and wrong but can't explain why they feel as they do. For example, when surveyed, most Americans are disgusted with the idea of having sex with a sibling, even if there is no danger of pregnancy or sexually transmitted disease. They know that this behavior is wrong but are at a loss to explain why they feel this way.

Haidt contends that automatic processes are the elephant and cognition is the rider. The elephant is more powerful and generally goes wherever it wants to go, but the rider can occasionally steer the beast in a different direction. Our instantaneous, affective intuitions about right and wrong are the products of our cultural backgrounds and other social forces. For instance, Americans typically reject the idea of eating the family dog. But, in other cultures,

which don't treat pets as family members, respondents would approve of eating a dog for dinner. Haidt doesn't completely eliminate reason from his model. Other people may challenge our intuitions, introducing new information and arguments that lead us to change our initial positions. Or we may modify our attitudes after reflecting on them.

While investigation into the relative importance of logic and emotion continues, a number of experts advocate a dual-process approach. The dual-process or integrative approach is based on the premise that both logic and emotions are important to making good decisions. However, the relative importance of each apparently varies with the type of moral dilemma. Emotions or intuitions are dominant in situations involving life and death, bodily/personal harm, and deeply held beliefs like "incest is always wrong" or "do not play God by cloning humans." We respond immediately and automatically in these dilemmas. Cognition is more important when situations call for balancing competing claims and values or demand abstract reasoning, such as deciding whether it is ethical for your firm to download pirated software.

Source: Boksem & de Cremer (2009); Dedeker (2015); Greene (2005); Haidt (2001, 2012); Lapsley & Hill (2008); Monin, Pizarro, & Beer (2007a, 2007b); Prehn & Heekeren (2009); S. J. Reynolds (2006a); Salvador & Folger (2009).

Cognitive Biases

Harvard professor Max Bazerman and his colleagues believe that unethical choices are more often the product of perceptual and cognitive biases than of unhealthy motivations. These unconscious distortions cause us to participate in or approve of "ordinary unethical behaviors" that we would normally condemn.²⁰ Examples of common biases include the following:

1. *Overestimating our ethicality.* When it comes to ethics, the majority of us have a "holier than thou" attitude.²¹ We believe that we are more caring, loyal, fair, and kind than the typical person and are quick to condemn others for their moral failings. In addition, we predict that we will behave more ethically in the future than we actually do and believe that we have behaved more ethically in the past than we actually have.
2. *Forgiving our own unethical behavior.* We want to be moral and to behave ethically. So, when we behave in an unethical fashion, we feel a sense of

psychological tension called *cognitive dissonance* because our actions and self-images don't match. To relieve this distress, we either change our behavior or use a variety of tactics to excuse what we've done. One minimizing strategy is *moral disengagement*. In moral disengagement, organizational members convince themselves that their questionable behavior was really morally permissible because (1) it served a worthy purpose, (2) it was driven by outside forces ("My boss told me I had to do it"), (3) it did not have any damaging consequences, or (4) the victims had it coming (dehumanizing them).²² Another strategy is *motivated forgetting*. We have selective recall, remembering events in a way that supports our decisions. In particular, we forget that we have violated moral rules. Permissive work environments—those that excuse immoral behavior—encourage moral disengagement and moral forgetting. However, reminding employees that ethical choices are important reduces the use of both tactics.²³

3. *Overlooking other people's unethical behavior.* As noted earlier, we generally judge others more harshly than ourselves. But not always. There are times when we excuse others' unethical behavior.²⁴ We are tempted to forgive the ethical shortcomings of others when we benefit from their choices. Board members handpicked by the CEO are less likely to object to the CEO's decision to divert company funds for personal use. By the same token, we excuse the unsavory recruiting methods of the coach of our favorite basketball team if it has a winning record. Observers are less likely to hold people and organizations accountable if they delegate unethical behavior, as in the case of a manager who avoids blame by assigning a project and then declaring that employees should complete it "by any means possible." Merck used an indirect approach to shift blame when it sold the cancer drug Mustargen to another pharmaceutical company. The smaller firm raised the price of the medication tenfold. While Merck kept manufacturing the product, it deflected public criticism toward the other firm. Gradual changes also encourage observers to ignore unethical behavior. We are less likely to notice declines in moral standards if they occur slowly over time; this is referred to as the *slippery slope*. Overlooking minor infractions like taking change from the cash register can lead to ignoring more serious offenses like stealing equipment.
4. *Implicit prejudice.* Implicit prejudice is different from conscious forms of prejudice like racism and sexism. This type of bias comes from our tendency to associate things that generally go together, like gray hair and old age or pickup trucks and blue-collar workers.²⁵ These associations are not always accurate (some young people go gray, and some blue-collar workers drive luxury cars). When it comes to personnel decisions, false associations discriminate against marginalized groups. For instance, those who hold unconscious gender stereotypes are less likely to hire women who demonstrate stereotypically "masculine" traits like independence or ambition for jobs requiring interpersonal skills and other stereotypically "feminine" qualities.
5. *Favoring members of our own group.* It's only natural to do favors for people we know who generally come from the same nationality, social class, religion, neighborhood, or alma mater as we do. We may ask the chair of the business department to meet with the daughter of a neighbor or recommend a fraternity brother for a job. Trouble is, when those in power give resources to members of

their in-groups, they discriminate against those who are different from them.²⁶ A number of universities reserve admissions slots for the sons and daughters of alumni, for instance. (See Case Study 1.3.) Since Caucasians make up the vast majority of college graduates at most schools, white applicants may be selected over more qualified minority students who are not the children of graduates.

6. *Judging based on outcomes rather than on decision-making processes.* Employees are typically evaluated based on results, not on the quality of the decisions they make.²⁷ We determine that a choice is good if it turns out well and bad if it generates negative consequences. However, just because a poorly made decision had a desirable outcome in one case doesn't mean that a similar decision won't turn out badly in the future. In fact, poor decision-making processes eventually produce bad (ineffective, unethical) results. Take the case of the university that depended on the recommendations of a popular administrator when hiring new staff. Relying totally on his advice—which circumvented the usual hiring process involving group input—led to several successful searches. However, the process broke down when the administrator recommended a candidate who was under indictment for embezzling hundreds of thousands of dollars from a local business. An embarrassed university quickly fired the new hire.

Tips for Improving Your Moral Judgment

Stay in school. The general college experience (including extracurricular activities) contributes greatly to moral development. However, you'll gain more if you have the right attitude. Focus on learning, not grades; be ready to take on new challenges.

Be intentional. While the general college experience contributes to moral development, focused attention on ethics also helps. Take ethics courses and units, discuss ethical issues in a group, and reflect on the ethical challenges you experience in internships.

Reject ethical pessimism. Ethical values and thought patterns are not set in childhood, as pessimists claim, but continue to grow and develop through college and graduate school and beyond.

Take a broader view. Try to consider the needs and positions of others outside your immediate group; determine what is good for the community as a whole.

Look to underlying moral principles. Since the best ethical thinkers base their choices on widely accepted ethical guidelines, do the same. Draw upon important ethical approaches such as utilitarianism, the categorical imperative, and justice as fairness for guidance.

Acknowledge your dark side. Before coming to a conclusion, try to determine if your decision is shaped by feelings of self-doubt and self-interest or your need to feed your ego. If so, then reconsider.

Step outside yourself. We can't help but see the world through our own selfish biases. However, we have a responsibility to check our perceptions against reality. Consult with others before making a choice, consider the likely perspective of other parties (refer back to our earlier discussion of role taking), and double-check your assumptions and information.

Keep your ego in check. Stay close to those who will tell you the truth and hold you accountable. At the same time, don't punish those who point out your deficiencies.

Take a long-term perspective. In an emergency (when lives are immediately at stake, for example), you may be forced to make a quick decision. In all other situations, provide space for ethical reflection and deliberation. Resist the temptation to grab on to the first solution. Take time to reduce your level of stress, consult with others, gather the necessary data, probe for underlying causes, and set a clear direction. Adopting a long-term perspective also means putting future benefits above immediate needs. In most cases, the organization and its clients and consumers are better served by emphasizing enduring relationships. You may make an immediate profit by selling low-quality products, but customers will be hurt and refuse to buy again, lowering corporate performance.

Apply rational remedies to overcome your cognitive biases. Use the conscious strategies outlined as follows to avoid the traps posed by your unconscious biases.

- Don't overestimate your ethical abilities.
- Prepare ahead of time (imagine how you will respond to questions, for example) so that you don't engage in unethical behavior under pressure.
- Publicly commit to an ethical course of action, or make such a commitment to someone who is important to you. (This increases the likelihood that you will follow through on your choices.)
- Recognize and resist your tendency to excuse your immoral actions.
- Create organizational climates that punish unethical behavior.
- Remind yourself and others of the importance of acting ethically (e.g., have students sign honor codes; post regulations and corporate values statements).
- Don't be lenient toward others because you are benefiting from their unethical behavior.
- Don't try to shift blame by delegating to others or excuse groups and individuals that take this approach.
- Don't ignore even minor ethical infractions, which can lead to much more serious transgressions.
- Put yourself in environments that challenge your implicit biases or stereotypes.
- Audit your organization to determine if it is trapped by in-group biases; eliminate initiatives that perpetuate the tendency to admit, hire, and promote those of

similar backgrounds, like rewards for employees who recommend people they know for jobs at the organization.

- Generate more equitable choices by pretending that you don't know what group you belong to when making decisions and by imagining how a policy change will impact different groups.
- Evaluate the quality of the decision-making process, not the outcome; don't condemn those who make good-quality decisions only to see them turn out badly.

Component 3: Moral Motivation

After reaching a conclusion about the best course of action, decision makers must be motivated to follow through on their choices. Moral values often conflict with other important values like job security, career advancement, social acceptance, and wealth. Ethical behavior will result only if moral considerations take precedence over competing priorities.

Moral hypocrisy demonstrates how competing values can overcome our commitment to doing the right thing. In moral hypocrisy, individuals and groups want to appear moral but don't want to pay the price for actually behaving morally.²⁸ Self-interest overwhelms their self-integrity. For example, participants in experimental settings say that dividing pleasant tasks or lottery tickets equally with a partner is the moral course of action. However, when they believe that their partners will never find out, subjects assign themselves the majority of pleasant tasks and tickets, in violation of their moral standard. The same pattern is repeated in real-life settings. Sellers often use privileged information to take advantage of purchasers. They might hide the fact that the house they are selling floods in heavy rains or sits in the path of a proposed highway. Companies may use public relations campaigns and marketing to maintain their ethical reputations while continuing to engage in unethical activities. Tobacco giant Philip Morris provides one example of corporate moral hypocrisy in action. The firm spent much more money publicizing its charitable contributions (\$108 million) than it did on the charitable contributions themselves (\$60 million).

People are more likely to engage in moral hypocrisy when there is a high cost for behaving ethically, when they can disguise their actions, when they are in a powerful position, and when they can easily justify their inconsistent behavior by claiming that they are acting out of self-defense or are serving the greater good.

Three factors—rewards, emotions, and duty orientation—play an important role in ethical follow-through. It is easier to give priority to ethical values when rewarded for doing so. Conversely, moral motivation drops when the reward system honors inappropriate behavior.²⁹ Individuals are much more likely to act ethically when they are evaluated on how well they adhere to important values and when they receive raises, bonuses, promotions, and public recognition for doing so. On the other hand, they are motivated to lie, steal, act abusively, take bribes, and cheat when offenders prosper. Before the housing crisis that led to a global recession in 2008, far too many lending officers at mortgage companies generated large commissions by lying to borrowers. They misled homeowners about the terms of their loans and steered them into loan products they couldn't afford. (Reward and performance evaluation systems will be discussed in more detail in Chapter 9.)

Moral emotions are another significant influence on motivation. Moral emotions are the product of living in human society (they are social in nature) and are elicited by the violation of moral standards.³⁰ They are focused on the needs of others, not the self. Moral

feelings encourage us to take action that benefits other people and the good of the community. Sympathy, empathy, and compassion are prosocial or *other-suffering* emotions. They are elicited when we perceive suffering or sorrow in our fellow human beings. Such feelings encourage us to comfort, help, and alleviate the pain of others. We might call our congressional representative to protest cuts in the federal food stamp program or send money to a humanitarian organization working with displaced persons. Humans are also sensitive to the suffering of other creatures, leading to efforts to prevent cruelty to animals and to care for abandoned pets.³¹

Shame, embarrassment, and guilt are self-blame or *self-conscious* emotions that encourage us to obey the rules and uphold the social order. These feelings are triggered when we violate norms and social conventions, present the wrong image to others, cause harm, fail to live up to moral guidelines, or receive unfair benefits. Shame and embarrassment can keep us from engaging in further damaging behavior and may drive us to withdraw from social contact. Guilt generally motivates us to action—to repair the wrongs we have done, to address inequalities, and to treat others well.

Anger, disgust, and contempt are other-blaming or *other-condemning* emotions. They are elicited by unfairness, betrayal, immorality, cruelty, poor performance, and status differences. Anger can motivate us to redress injustices like racism, oppression, and poverty. Disgust encourages us to set up rewards and punishments to deter inappropriate behaviors like betrayal and hypocrisy. Contempt generally causes us to step back from others who, for instance, are disrespectful or irresponsible.

Gratitude, awe, and elevation (see Ethical Checkpoint 2.1) are *other-praising* emotions that are prompted by the good actions of other people. For example, someone may act on our behalf, we may run across moral beauty (e.g., acts of charity, loyalty, and self-sacrifice), or we may hear about moral exemplars. Gratitude motivates us to repay others; awe and elevation encourage us to become better persons and to take steps to help others.

Duty orientation is one other factor linked to moral motivation.³² Duty drives some individuals to make and act on ethical decisions based on their loyalty to the group. To fulfill their obligations, they are willing to give up some of their free choice and to make sacrifices. Duty orientation, in turn, is made up of three dimensions: (1) duty to members, (2) duty to mission, and (3) duty to codes.

Duty to members involves supporting and serving others in the group, even at a cost to the self. Members of combat units are often highly motivated by their loyalty to their fellow soldiers. They are willing to risk their own lives to ensure the safety of other team members. Duty to mission is support of the group's purpose and work, going beyond minimum requirements to ensure that the team or organization succeeds (e.g., coming in to work on weekends or learning a new computer program so the team can complete a project). Duty to codes involves adherence to group codes and norms. Formal codes of ethics (see Chapter 9) lay out rules for behavior both inside and outside the organization ("treat other employees with respect"; "avoid gossiping about the competition"). Norms are the unwritten guidelines for behavior (e.g., "everyone pitches in to complete the project"; "don't be afraid to ask for help"; "share the credit for success"). Shame comes from violating either formal codes or informal norms. Those with a strong duty orientation believe they have a responsibility to speak up when they have suggestions or concerns that will benefit the organization even if they may be punished for doing so. They are also committed to self-improvement, seeking out performance feedback in order to become a better contributor to the group.³³ (Complete Self-Assessment 2.2 to measure your duty orientation.)

SELF-ASSESSMENT 2.2

DUTY ORIENTATION SCALE

Instructions

Think about yourself as a member of a group that is important to you. Rate your level of agreement with each item as it pertains to you as a member.

My actions demonstrate that I . . .

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. Put the interests of my team ahead of my personal interests.	1	2	3	4	5
2. Do all that I can to support the organization.	1	2	3	4	5
3. Am faithful to my team members.	1	2	3	4	5
4. Am loyal to my leaders and team.	1	2	3	4	5
5. Accept personal risk or loss in support of the mission/organizational goals.	1	2	3	4	5
6. Make personal sacrifices to serve the mission/organizational goals.	1	2	3	4	5
7. Do whatever it takes to not let the mission/organization fail.	1	2	3	4	5
8. Get the job done under the toughest conditions.	1	2	3	4	5
9. Do what is right always.	1	2	3	4	5
10. Demonstrate personal integrity when challenged.	1	2	3	4	5
11. Will not accept dishonor.	1	2	3	4	5
12. Set the example for honorable behavior for others.	1	2	3	4	5

Scoring

Items 1–4 measure duty to members, items 5–8 measure duty to mission, and items 9–12 measure duty to codes. Scores for each dimension

range from 4 to 20. Total scores can range from 12 to 60. The higher your score, the greater your sense of duty or obligation to the group or organization.

Source: Hannah, S. T., Jennings, P. L., Bluhm, D., Chunyan Peng, A., & Scaubroeck J. J. (2014). Duty orientation: Theoretical development and preliminary construct testing. *Organizational Behavior and Human Decision Processes*, 123, 220–238. p. 227. Used by permission.

Tips for Increasing Your Moral Motivation

Put moral integrity above moral hypocrisy. Reduce the cost of ethical behavior (reward whistle-blowers instead of punishing them, for example). Put principle above self-interest. Promote transparency, which makes it harder to hide choices; for instance, make sure that both buyers and sellers, employees and management, have access to the same data. Reject the tendency to justify your unethical behavior by identifying the costs of your immoral choices. And take a hard look at yourself and your motivations, making sure that you are driven by your moral standards and not solely by the desire to look good.

Seek out ethically rewarding environments. When selecting a job or a volunteer position, consider the reward system before joining the group. Does the organization evaluate, monitor, and reward ethical behavior? Are rewards misplaced? Are organizational leaders concerned about how goals are achieved?

Reward yourself. Sometimes ethical behavior is its own best reward. Helping others can be extremely fulfilling, as is living up to the image we have of ourselves as individuals of integrity. Congratulate yourself on following through even if others do not.

Harness the power of moral emotions. Moral emotions can be powerful motivators, pushing you to act on your ethical decisions. Recognize their power and channel them toward worthy goals like helping others and serving the common good.

Do your duty (and help others do their duties). Recognize your responsibility to your colleagues, to group norms, and to the mission of the organization. Put the needs of others and the organization above selfish concerns. Commit yourself to self-improvement to better your performance and that of your group.

Component 4: Moral Character

Carrying out the fourth and final stage of moral action—executing the plan—requires character. Moral agents must overcome active opposition, cope with fatigue, resist distractions, and develop sophisticated strategies for reaching their goals. In sum, they must persist in a moral task or action despite obstacles.

Persistence can be nurtured like other positive character traits (we'll take an in-depth look at character development in Chapter 3), but it is also related to individual differences.

Those with a strong will, as well as confidence in themselves and their abilities, are more likely to persist. So are individuals with an internal locus of control.³⁴ Internally oriented people (internals) believe that they have control over their lives and can determine what happens to them. Externally oriented people (externals) believe that life events are beyond their control and are the product of luck or fate. Because internals take personal responsibility for their actions, they are motivated to do what is right. Externals are more susceptible to situational pressures. As a consequence, they are less likely to persist in ethical tasks.

Successful implementation demands that persistence be complemented with competence. A great number of skills can be required to take action, including, for instance, relationship building, organizing, coalition building, and public speaking. Pulitzer Prize-winning author and psychiatrist Robert Coles discovered the importance of ethical competence during the 1960s.³⁵ Coles traveled with a group of physicians who identified widespread malnutrition among children of the Mississippi Delta. They brought their report to Washington, DC, convinced that they could persuade federal officials to provide more food. Their hopes were soon dashed. The secretaries of agriculture and education largely ignored their pleas, and southern senators resisted attempts to expand the food surplus program. The physicians were skilled in medicine, but they didn't understand the political process. They got a hearing only when New York senator Robert Kennedy took up their cause. A highly skilled politician, Senator Kennedy coached them on how to present their message to the press and public, arranged special committee meetings to hear their testimony, and traveled with them to the South to draw attention to the plight of poor children.

ETHICAL CHECKPOINT 2.1

The Power of Elevation

Researchers have long recognized the power of disgust. Repulsion originated as a physical response toward contamination—tightening of the throat, nausea—which protected our ancestors from tainted food and parasites. Disgust evolved to have a social dimension as well. For example, we are repulsed by those we think are tainted by a physical deformity, bad odor, dirt, greed, and overindulgence. We are also disgusted by those who engage in immoral acts like torture and cruelty. Only recently have scholars begun to examine the power of elevation, which is the opposite of disgust. Elevation is the emotional response to witnessing the virtuous actions of others. For instance: a man jumping off a bus to help an elderly woman shovel snow,

the employee who donates her free airline miles to help a coworker visit her dying mother, the volunteer who hands out clean socks to the homeless living on the street.

The physiological response to elevation includes a warm feeling in the chest, goose bumps, higher oxytocin levels, increased heart rate, and greater nervous system activity. Elevation is positive emotion that uplifts individuals, who then want to become better persons, connect more to other people (merge with them), and help others. They then are more likely to volunteer, to take an unpaid survey, to register as an organ donor, to feel less prejudice, to purchase environmentally friendly products, and so on. Elevation experiences often lead to feelings of transcendence (connection with a something larger than the self), greater meaning in

life, and reduced depression. The most elevating experiences are sparked by witnessing deeds that require a high level of effort or sacrifice. Some people are more likely to engage with moral beauty than others.

Elevation can be deliberately triggered, thus benefiting individuals, groups, and organizations

by encouraging prosocial behaviors. To promote elevation in yourself or others, (1) keep a diary or write letters, noting examples of moral beauty; (2) view or read about moral exemplars; (3) demonstrate self-sacrifice for the organization, coworkers, and the community; and (4) experience natural beauty.

Sources: Algoe, S. B., & Haidt, J. (2009). Witnessing excellence in action: The “other-praising” emotions of elevation, gratitude, and admiration. *The Journal of Positive Psychology, 4*(2), 105–127.

Haidt, J. (2003). Elevation and the positive psychology of morality. In C. L. M. Keyes & J. Haidt (Eds.), *In Flourishing: Positive psychology and the life well-lived* (pp. 275–299). American Psychological Association.

Pohling, R., & Diessner, R. (2016). Moral elevation and moral beauty: A review of the empirical literature. *Review of General Psychology, 20*, 412–425.

Schnall, S., Haidt, J., Clore, G. L., & Jordan, A. H. (2008). Disgust as embodied moral judgment. *Personality and Social Psychology Bulletin, 34*, 1096–1109.

Thomson, A. L., & Siegel, J. T. (2017). Elevation: A review of scholarship on a moral and other-praising emotion. *The Journal of Positive Psychology, 12*(6), 628–638.

Moral Potency

Developing *moral potency* is one way to nurture character and improve ethical follow-through.³⁶ Moral potency is a psychological state marked by a sense of ownership or responsibility for personal ethical behaviors and the actions of colleagues. Those with moral potency see their groups, organizations, and communities as extensions of themselves, which increases their obligation to act in an ethical manner. A sales manager who identifies strongly with her company, for example, may see sales tactics as representative of her own ethicality. She has a strong motivation to see that her sales force doesn't mislead customers. Moral courage and moral efficacy reinforce moral ownership. Moral courage provides the impetus to act despite external pressures and adversity. Moral efficacy is the belief or confidence in the ability to act. The sales manager might want to fire a high-performing sales representative for lying to customers but likely won't do so unless she believes that she has the support of her bosses or if she believes she can effectively confront the individual.

Moral potency can be developed. To foster ownership in yourself and others, clarify the ethical duties associated with each organizational role and emphasize personal responsibility for acting on these responsibilities. Identify with professional codes and values while encouraging others to do the same. (Doctors, for example, tie their identities to the medical code “do no harm to one's patients.”) Develop moral courage by looking to courageous role models and act as a role model yourself. Build in cues—mission statements, codes of ethics—that promote courageous action. Develop moral efficacy by taking on increasingly difficult ethical challenges and then reflect on how you handled them. Participate in case studies, simulations, and training. Learn from how others respond to these dilemmas.

When it comes to implementing our choices, knowing how to stand up for our values is a particularly important competency. All too often we know what is right but fail to speak up due to peer pressure, opposition, fear, and other factors. We go along with inflating

quarterly revenues, overselling product features, and lying to donors. Mary Gentile, director of the Giving Voice to Values program, argues that the first step to acting on personal moral standards (developing our “moral muscle”) is to conduct a thought experiment.³⁷ Ask, “What if you were going to act on your values—what would you say and do?” Gentile then outlines seven assumptions or foundational concepts that equip us to act on our ethical choices:

1. *Certain values are widely shared.* Identifying commonly held values like compassion, courage, integrity, and wisdom can help us clarify our differences with others, understand their positions, and communicate our values more effectively. Shared values can also provide a foundation for working together to do the “right” thing in a variety of cultural settings.
2. *Acknowledge the power of choice.* Most of us can think of a time when we acted on our ethical convictions or, conversely, failed to do so. Telling the stories of these events reveals that we have the power to choose. Such narratives help us identify those factors that contributed to success (enablers) or failure (disablers). Some common enablers include finding allies; approaching the right audiences at the right time; gathering information; asking questions; understanding the needs, fears, and motivations of the audience; and reframing, as in redefining ethical misbehavior as a financial risk and turning competition into a win-win negotiation. Disablers are often the absence or the reverse of enablers. We fail because we act alone, don’t have enough information, misunderstand our audiences, and so forth.
3. *Treat values conflicts as normal.* Expect disagreements about moral choices in organizations—they are a natural part of doing business. Recognizing that fact should keep us from being surprised and help us remain calm. We’ll find it easier to appreciate the viewpoints of other parties instead of vilifying them. We can develop strategies for dealing with the most common ethical conflicts we’ll face in our work.
4. *Define your personal and professional purpose.* Before values conflicts arise, ask, “What am I working for?” Consider the impact you want to have in your job and career. Reflecting on why we work and the mission of our organizations can provide us with new arguments to use when voicing our values. We’ll feel more empowered to speak up, and others may be attracted to our purpose.
5. *Play to your personal strengths.* We are more likely to speak up if we create a self-story or personal narrative based on self-knowledge. Voicing values then arises out of our core identity and our desired self-image. Consider your purpose, the degree of risk you are willing to take, your personal communication style, where your loyalties are, and your image of yourself. Your self-story should build on your strengths, helping you to see that you can make hard choices and follow through on your decisions.
6. *Find your unique voice.* There are many ways to speak out about values in the work setting. For example, you might directly confront your boss or prefer to ask questions instead. Or you might work within the existing hierarchy or go outside the regular chain of command. Find and develop your unique voice by reflecting

on your experience, practice (each time you speak up, you build moral muscle), and receive coaching from mentors and peers.

7. *Anticipate reasons and rationalizations for unethical behavior.* Consider the most likely arguments that others will use to support immoral behavior. Two common arguments are “everyone does this, so it’s really standard practice” and “this action doesn’t really hurt anyone.” Then consider how you might best respond. The “everybody is doing it” argument is an exaggeration because (1) not everyone engages in the practice, and (2) if it were standard practice, there wouldn’t be law or policy against it. The “nobody is hurt” rationalization overlooks the fact that some practices like stealing are wrong no matter how small their impact.

Tips for Fostering Your Moral Character

Take a look at your track record. How well do you persist in doing the right thing? How well do you manage obstacles? Consider what steps you might take to foster the virtue of persistence.

Believe that you can have an impact. Unless you are convinced that you can shape your own life and surroundings, you are not likely to carry through in the midst of trials.

Take ownership. Resist the temptation to excuse your unethical behavior or to shift the blame to someone or something else. Consider your group or organization as an extension of yourself, which reflects on your ethicality.

Watch your language. Avoid euphemisms that mask or sanitize poor behavior. Recognize the power of talk to dehumanize others.

Master the context. Know your organization, its policies, and important players so you can better respond when needed.

Be good at what you do. Competence will better enable you to put your moral choice into action. You will also earn the right to be heard.

Develop your voice. Anticipate values conflicts and prepare for them. Identify those factors that enable you to speak out or prevent you from doing so. Find the approach that works best for you and practice it to build your moral muscle. Develop arguments to overcome justifications for immoral behavior.

DECISION-MAKING FORMATS

Decision-making guidelines can help us make better moral choices both individually and as part of a group or organization. Formats incorporate elements that enhance ethical performance while helping us avoid blunders. Step-by-step procedures ensure that we identify and carefully define ethical issues, resist time pressures, acknowledge our emotions, investigate options, think about the implications of choices, and apply key ethical principles. I’ll introduce five decision-making formats in this second half of the chapter. You can test these guidelines by applying them to the scenarios described in Case Study 2.2.

Aristotle's Rules of Deliberation

Philosophy professor Edith Hall is convinced that, when it comes to making decisions of all kinds, we should look to Aristotle for guidance. (See Chapter 1 for a more detailed look at Aristotle and his approach to ethics.) Hall extracts a “formula” or set of rules for deliberation from Aristotle’s works.³⁸ *Deliberation*, for Aristotle, involves choosing the best means or course of action to achieve our goals—to solve an ethical dilemma, to make a strategic decision, to live a flourishing life. Decisions reached through deliberation commit us to a future course of action. Deliberation requires that we take moral responsibility for our choices. There is no guarantee that we will make the right decision, but we need to follow a process that maximizes our chances of a successful outcome. Hall identifies the following as Aristotle’s guidelines for deliberation:

Rule one: Take your time. Don’t decide in haste or impulsively. (See our earlier discussion of how time pressures undermine moral judgment.) “Sleep on it” when it comes to important decisions. Your anger at your boss may subside overnight, for example, or the next day you may decide to talk with colleagues before confronting your manager. This rule is more important than ever, given email and social media, which facilitate instant responses. Resist the temptation to immediately press “send,” ending a job, contract, or relationship.

Rule two: Verify all information. Separate truth from opinion or rumor. Beware of disinformation, rumors, attacks, and conspiracy theories masquerading as “news” on Facebook and other social media platforms. Be suspicious of the results of studies sponsored by drug manufacturers.

Rule three: Consult an expert advisor (and really listen to that person). Turn to a knowledgeable source and take that person’s advice whenever possible. Be sure the advisor has nothing to gain or lose from your choice. Remember that friends, family members, and coworkers, rather than being disinterested, may have a stake in your decision.

Rule four: Look at the situation from the perspective of all those who will be affected. Consider all the stakeholders who might be impacted by the determination. Take a decision to transfer manufacturing overseas to save money, for instance. This decision impacts not only employees but also their families, suppliers, local businesses and schools, regional governments, and so on.

Rule five: Examine precedents. Consider what has happened in the past with the objective of learning from previous experience. How has the organization handled previous layoffs, for example, and what was the result? How has it treated whistle-blowers? How has it responded to members who break the company’s code of ethics?

Rule six: Determine the likelihood of different outcomes and prepare for each one. A course of action can generate a variety of outcomes. In the case of shifting manufacturing overseas, such a move could provoke a strike by workers, generate negative publicity in the local press, bring condemnation from state and national governments, mean the end of tax subsidies, and damage the firm’s socially conscious reputation. Be prepared to prevent or respond to each of these possible developments.

Rule seven: Factor in luck. Aristotle, like many other Greek philosophers and playwrights, was very aware of the role that bad luck plays in decision making. Good people die young, the evil prosper, competitors unexpectedly enter the market, the stock market suddenly crashes, and so on. Misfortune can't be eliminated but can be anticipated. Developing worst-case scenarios—the CEO dies, the project fails, the company gets caught in a trade war—may keep you from an ill-fated course of action. If nothing else, recognizing the role of luck can better prepare you to deal with failure. When an outcome fails due to chance, there is no need to blame yourself for lack of effort.

Rule eight: Don't drink and deliberate. Deciding under the influence of drink or other intoxicants like marijuana can lead to intemperate choices. Commit yourself to moderation in drink as in all other areas of life. Follow Aristotle's first seven rules for deliberation before drinking and choosing a course of action.

The Lonergan/Baird Method

Twentieth-century philosopher Bernard Lonergan (1904–1984) believed that all humans follow the same basic pattern of cognitive operations in order to make sense of the world.³⁹ People act like natural scientists. First they observe at the physical or *empirical* level (perceive, sense, move, speak). Next they process this information on an *intellectual* level by asking questions, expressing relationships, developing hypotheses, and coming to an understanding. Then they put together arguments and come to a judgment on the truthfulness and certainty of the hypotheses or propositions at the *rational* level. Finally, individuals move to the *responsible* level. At this stage they determine how to act on their conclusions, evaluating various courses of action and then carrying out their decisions. These processes can be condensed into the following steps: Be attentive. Be intelligent. Be reasonable. Be responsible.

Ethics expert Catharyn Baird uses Lonergan's method as a framework for making ethical choices and has developed a set of questions and guidelines for each of his four levels.⁴⁰

Step 1: Be Attentive—Consider What Works and What Doesn't

The first stage sets the parameters of the problem by asking these questions:

- Who is the ethical actor? An individual or organization must carry out every ethical decision. Make sure the person or group with the authority to carry out the decision makes the final determination.
- Who are the stakeholders in the conflict? All moral decisions have a relational component. Consider all the stakeholders who could be impacted by the choice. In a company this would be shareholders, employees and customers, competitors and vendors, and members of the larger community. (I'll have more to say about stakeholders in Chapter 11.)
- What are the facts of the situation? Be aware of personal biases and try not to prejudge. Describe the situation in neutral language. Consider the history of the issue, important players, conflicts between parties, and so on.

Step 2: Be Intelligent—Sort Through the Data

Begin to make sense of the information gathered in Step 1 by asking:

- Is this an ethical question? Some issues involve conflicts between core values, while others are aesthetic (matters of taste) or technical (differing strategies for completing a task or reaching a goal).
- For this question, what is the very specific issue to be resolved? Put the problem in the form of a question if possible. Identify which values are in conflict in this particular situation. According to Baird, many conflicts arise along two axes. The first axis is autonomy versus equality. Those who favor autonomy believe that individuals should have as much freedom as possible to determine how they live. They demand privacy on the job and resist workplace restrictions on cell phone and internet use. Those valuing equality want to make sure everyone is treated fairly. As employees, they are concerned that the workload, profits, and benefits are fairly distributed. Baird's other continuum is rationality versus sensibility. Those who put a priority on rationality know what is expected and follow the rules. They focus on safety and economic security (minimum wage laws, overtime rules). Those who value sensibility, on the other hand, are flexible, adapting to each new situation. They don't want to be tied down by a long-term commitment to any one organization.

Choosing among options is the final component of Step 2. The best solutions creatively integrate competing interests and values. Consider the example of a company that decided that all employees needed photo ID cards for security reasons. One longtime employee, a Muslim woman, objected to having her picture taken without her veil. To balance her right of autonomy against the corporate need for security, the firm had two pictures taken—one with her in a veil and another without. A woman photographer took the facial photo. Only female security guards were allowed to check her facial ID card.

Step 3: Be Reasonable—Evaluate the Options

Making responsible decisions involves critical evaluation of the options:

- Follow the analytical rules that bring the best result. Hone your critical thinking skills. Rigorously examine all assertions and assumptions; make sure that supporting evidence is accurate and relevant. Apply the same critical standards to your own reasoning as you do to the reasoning of others.
- Evaluate the problem against core principles and values. Apply the ethical perspectives described in Chapter 1.
- Reasonably apply moral principles and values. Consider how best to carry out the decision. Employ both the head and the heart, reason and emotion, to make responsible choices. Use imagination to envision an outcome that balances competing interests and values.

Step 4: Be Responsible—Act With Courage

To act responsibly, incorporate the following:

- Correct for bias through ethical maturity. Ethically mature individuals use reason effectively, nourish relationships, make proper use of power, and strive for integration that models ethical wholeness to others.

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- Attend to the common good. Consider how your actions will impact the larger community and generations to come.
- Act with courage. Make the most thoughtful choice possible given the limited information available. Remember, “choosing not to act *is* acting.”⁴¹

The Lonergan/Baird model involves continuous improvement based on a constant cycle of action and reflection. Mature ethical agents act and then evaluate the results of their decisions. They determine which principles and strategies worked well and which did not. Based on their reflection, they are better equipped to tackle the next moral issue.

The Moral Compass

Ethics professor Lynn Paine offers a four-part “moral compass” for guiding managerial decision making.⁴² The goal of the compass is to ensure that ethical considerations are factored into every organizational decision. Paine believes that we can focus our attention (and that of the rest of the group) on the moral dimension of even routine decisions by engaging in the following four frames of analysis. Each frame or lens highlights certain elements of the situation so that they can be carefully examined and addressed. Taken together, the lenses increase moral sensitivity, making it easier for organizational members to recognize and discuss moral issues.

Lens 1: Purpose—Will This Action Serve a Worthwhile Purpose?

The first frame examines end results. Proposed courses of action need to serve meaningful goals. To come up with the answer to the question of purpose, we need to gather data as well as make judgments. Consider what you want to accomplish and whether your goals serve a worthy purpose. Examine possible alternatives and how they might contribute to achieving your objectives.

Lens 2: Principle—Is This Action Consistent With Relevant Principles?

This mode of analysis applies ethical standards to the problem at hand. These guidelines can be general ethical principles, norms of good business practice, codes of conduct, legal requirements, and personal ideals and aspirations. Determine what norms are relevant to this situation and important duties under these standards. Make sure any proposed action is consistent with organizational values and ideals.

Lens 3: People—Does This Action Respect the Legitimate Claims of the People Likely to Be Affected?

This third frame highlights the likely impacts of decisions. Identifying possible harm to stakeholder groups can help us take steps to prevent damage. Such analysis requires understanding the perspectives of others as well as careful reasoning. Determine who is likely to be affected by the proposed action and how to respect their rights and claims. Be prepared to compensate for harm and select the least harmful alternative.

Lens 4: Power—Do We Have the Power to Take This Action?

The final lens directs attention to the exercise of power and influence. Answers to the questions raised by the first three lenses mean little unless we have the legitimate authority

to act and the ability to do so. Consider whether your organization has the authority, the right, and the necessary resources to act.

Paine uses the example of a failed product introduction to illustrate what can happen when organizational decision makers don't take moral issues into account. In the early 1990s, Lotus Development and Equifax teamed up to create a product called Lotus Marketplace: Households. This compact disc and software package was designed to help small businesses create targeted mailing lists from their desktop computers. For \$695, purchasers could draw from a database of 80 million households (created from credit information collected by Equifax) instead of buying onetime mailing lists from list brokers. Businesses could then tailor their mailings based on income, gender, age, marital status, and lifestyle.

Criticism began as soon as the product was announced to the public. Many consumers didn't want to be included in the database due to privacy concerns and asked if they could opt out. Others worried that criminals might misuse the information—for instance, by identifying and then targeting upper-income single women. The system didn't take into account that the information would soon be outdated and that data could be stolen. The two firms tried to address these issues by allowing individuals to remove their names from the list, strengthening privacy controls, and improving security. Lotus and Equifax failed to sway the public, and the project was scuttled. Equifax subsequently stopped selling credit information to marketers.

The Foursquare Protocol

Catholic University law professor and attorney Stephen Goldman offers another decision-making format designed specifically for use in organizational settings. He calls his method a *protocol* because it focuses on the procedures that members use to reach their conclusions.⁴³ Following the protocol ensures that decisions are reached fairly.

Protocol Element 1: Close Description of the Situation

Ethical decision making begins with digging into the facts. Goldman compares the process to how a physician generates a diagnosis. When determining what is wrong with a patient, the doctor gathers information about the patient's symptoms and relates them to one another to identify the problem. In the same way, we need to get a complete account of the ethical "patient," or problem. Gather data and identify the relevant facts.

Protocol Element 2: Gathering Accumulated Experience in Similar Situations

Doctors rely on their past experience when treating patients; organizational decision makers should do the same. Use important ethical principles but, at the same time, look to past experiences with similar problems. How did the organization respond to cases of sexual harassment in the past, for instance? Explore how other managers have responded to related dilemmas. To be fair, similar cases should be treated the same way. Also consider how others will talk about your decision. Remember that how you respond to the issue will shape the group's ethical culture going forward. For instance, if you excuse those who engage in sexual harassment now, you can expect more cases of harassment in the future.

Protocol Element 3: Recognize the Significant Distinctions Between the Current Problem and Past Ones

Identify the important differences between the current situation and past incidents. Some distinctions are insignificant, while others are critical. The ability to discern which is which separates average ethical decision makers from the really good ones. For example, companies may want to modify their drug policies in light of the fact that some states have legalized the use of medical and recreational marijuana.

Protocol Element 4: Situating Yourself to Decide

Once the facts are gathered and sorted, it is time to make the choice. To “situate” yourself to make the decision, consider three factors. First, what, if any, self-interest do you have in the choice that might compromise your judgment? You might have a financial stake in a course of action, or you may be faced with disciplining an employee who is also a friend. Second, imagine that you are on the receiving end of your decision, which is likely to be costly to some groups. Consider how you would respond if you were to be laid off, for instance. Third, determine what your moral instincts or intuitions are telling you to do. For example, does your gut tell you that it is wrong to lay off those with the longest tenure? That protecting the organization’s diversity by retaining minority employees is the right thing to do? Use your instincts to test the choice you make through the application of ethical principles like utilitarianism.

The Five “I” Format

The easily memorized five “I” format integrates key elements of the earlier formats as well as the insights of scholars who study group decision making.⁴⁴ Your instructor may ask you to adopt this format to resolve ethical issues throughout the course. The steps of the model are described in this section and summarized in Box 2.1. To demonstrate the format, I’ll use the example of a decision facing Greg Smith, the CEO of a small manufacturing firm. He must decide how to respond to the declining work performance of the firm’s long-time receptionist, Margaret Simpson. The face of the company to visitors and employees alike, Margaret has become cold and distant, often coming to work late. Years earlier CEO Smith used her example of what the company “family” is all about. Now there are complaints about Margaret’s rude comments and brusque manner. The CEO took her aside to confront her about her poor performance but to no avail. If anything, Margaret is more unpleasant than ever.

1. Identify the Problem

Identification involves recognizing that there is an ethical problem to be solved and setting goals. Check in with your feelings and clearly identify the problem. Describe what you seek as the outcome of your deliberations. Will you be taking action yourself or on behalf of the group or organization? Developing recommendations for others? Dealing with an immediate issue or setting a long-term policy? CEO Smith has warm feelings for Margaret given the fact that she has been with the company since it opened and took late paychecks during the first two years of operations. This is a decision he must make soon because her behavior is hurting employee morale and offending customers and vendors. The question he must answer is: *What action should I take with Margaret?*

2. Investigate the Problem

Investigation involves two subprocesses: problem analysis and data collection. “Drill down” to develop a better understanding of the problem. Determine important stakeholders as well as conflicting loyalties, values, and duties. Develop a set of criteria or standards for evaluating solutions. This is the time to introduce important ethical perspectives. You may decide that your decision should put a high value on justice or altruism, for instance. In addition to analyzing the issue, gather more information. Knowing why an employee has been verbally abusive, for example, can make it easier to determine how much mercy to extend to that individual. You will likely be more forgiving if the outburst appears to be the product of family stress—divorce, illness, rebellious children. There may be times when you can’t gather more data or when good information is not available. In those cases, you’ll need to make reasonable assumptions based on your current knowledge.

CEO Smith must consider employees, vendors, and customers when deciding what to do about Margaret. He runs the risk of alienating employees and outsiders if she stays on. He feels loyal to Margaret but has a duty to other workers and the firm as a whole. Concern for employees is one of the firm’s core values. Any decision he makes should treat Margaret fairly and with compassion while, at the same time, keeping the best interests of the company in mind. From a utilitarian perspective, letting Margaret go would likely produce the greatest good for the greatest number. However, the CEO wants his decision to reflect respect for Margaret (Kant); both be fair to the receptionist in this case and set a fair standard for future personnel decisions (Rawls); and demonstrate benevolence (Confucianism, altruism). In gathering more information, CEO Smith discovers that Margaret plans to retire in three years but that her retirement savings have dropped due to a recent recession. He assumes that her behavior in her current position will not improve.

3. Innovate by Generating a Variety of Solutions/Answers

Resist the temptation to reach quick decisions. Instead, continue to look for a third way by generating possible options or alternative courses of action that could reach your goals and meet your criteria. When it comes to what to do about Margaret, the most obvious alternatives are to immediately fire her or to keep her on in her current position. Yet, there may be a more creative way to resolve the issue. CEO Smith could move her to a less public role or offer a financial bridge to retirement, asking her to quit now while continuing to pay into her retirement account for the next three years.

4. Isolate a Solution/Answer

Settle on a solution using what you uncovered during the investigation stage. Evaluate your data, weigh loyalties and duties, consider the likely impact on stakeholders, and match the solution to your ethical criteria. The choice may be obvious, or you may have to choose between equally attractive or equally unattractive alternatives. When it comes to decisions involving truth and loyalty, for instance, there is no easy way out. Lying for a friend preserves the relationship at the expense of personal integrity; refusing to lie for a friend preserves the truth but endangers the relationship. Remember that you are looking not for the perfect solution but for a well-reasoned, carefully considered one. Be prepared to explain and defend your answer to the question you posed in Step 1. For CEO Smith, both immediately firing Margaret and keeping her in her current position are undesirable options. Retaining her is costly and unfair to her colleagues while firing her appears disloyal and

uncompassionate. Finding a “backroom position” where she would have less contact with the public and coworkers is the most desirable option since it would allow her to work toward retirement while reducing the costs of retaining her. Offering a bridge to retirement would allow her to leave immediately on her own terms but would be more expensive. A combination of backroom position and retirement bridge might be possible by, for example, letting her work for another year before she retires early with the company continuing to pay retirement benefits for another two years.

5. Implement the Solution

Determine how you will follow through on your choice. If you are deciding alone, develop an action plan. If you are deciding in a group, make sure that all team members know their future responsibilities. When it comes to Margaret Simpson, CEO Smith needs to determine if there is a position that she can fill and what he can offer in the way of a retirement package. Then he needs to meet with the receptionist to discuss a transfer and/or to outline a retirement option. In any case, he needs to make it clear to Margaret that she cannot stay in her current role and must immediately accept the transfer and/or the package.

BOX 2.1

“I” FORMAT

1. Identify the Problem

Objective: recognize the problem and set goals

Output: one-sentence description of the question you seek to answer

2. Investigate the Problem

Objective: analyze the problem and collect data

Outputs: list of stakeholders

list of loyalties, values, and duties

set of criteria or standards for evaluating solutions

application of ethical perspectives (e.g., categorical imperative, utilitarianism)

important additional information

assumptions based on current knowledge

3. Innovate by Generating a Variety of Solutions/Answers

Objective: generate possible answers—options, courses of action—to answer the question posed in Step 1

Output: list of possible solutions

4. Isolate a Solution/Answer

Objective: settle on a solution using the products of the investigation stage

Outputs: explanation for rejecting alternatives

description and explanation of the final answer

5. Implement the Solution

Objective: follow through on the decision

Outputs: action plan

written assignment descriptions

Chapter Takeaways

- Moral behavior is the product of moral sensitivity, moral judgment, moral motivation, and moral character. You'll need to master each of these components in order to make and then implement wise ethical decisions.
- You can enhance your ethical sensitivity through being attentive to moral issues, challenging your current ways of thinking, looking for innovative ways to solve problems, and discussing decisions in moral terms. Increase the moral intensity of issues by emphasizing their consequences and by pointing out that there is widespread agreement that they are problematic.
- Your moral judgment can be impaired if you look only to others for guidance or blindly follow the rules of your organization. Try to incorporate universal ethical principles into your decision-making process.
- Beware of major motivational contributors to defective decision making: insecurities, greed, and ego.
- Recognize the unconscious cognitive biases that lead to unethical choices. These include (1) overestimating your ethicality, (2) forgiving your own unethical behavior, (3) overlooking other people's unethical behavior, (4) implicit prejudice, (5) favoring members of your own group, and (6) judging based on outcomes rather than on the quality of the decision-making process.
- You will be more likely to put ethical values first if you resist the temptation to engage in moral hypocrisy, if you are rewarded for putting moral considerations first, if you harness the power of moral emotions, and if you have a sense of duty toward your group and organization.
- To succeed at implementing your moral choice, you'll need to be both persistent and competent. Believe in your own ability to influence events, take ownership or responsibility for your personal behavior and that of your colleagues, master the organizational context, develop the necessary implementation skills, and learn to give voice to your values.
- Decision-making formats can help you make better moral choices. Which format you use is not as important as approaching moral problems systematically. Aristotle provides a set of rules for deliberation; the Lonergan/Baird method builds on the process that individuals use to make sense of the world; the moral compass factors ethical considerations into every organizational decision; the foursquare protocol ensures that decisions are reached fairly; and the five "I" format incorporates elements of the first four sets of guidelines.

Application Projects

1. Use the suggestions in the chapter to develop an action plan for improving your moral sensitivity, judgment, motivation, and character.
2. Find a partner and compare your answers to the vignettes in Self-Assessment 2.1 with those reported by the researchers. How do your responses compare to theirs? What

factors did both of you consider when making your determinations? Are some dimensions of moral intensity more important than others when deciding that situations have an ethical dimension?

3. Select a moral issue and evaluate its level of moral intensity using the components described in the chapter. Or choose an ethical dilemma that you think deserves more attention. What steps could you and others take to increase this issue's level of moral intensity?
4. Describe how your college career has influenced your moral development. What experiences have had the greatest impact?
5. Which of the cognitive biases described in the chapter poses the most danger to moral judgment? Defend your choice in a small-group discussion.
6. Analyze your responses to Self-Assessment 2.2. Do you feel your strongest sense of duty to coworkers, organizational mission, or organizational norms? What is your overall sense of duty? What values and experiences have shaped your duty orientation? Are you satisfied with your scores? What could you do to increase your sense of obligation? Write up your conclusions.
7. How do you use both emotions and reason when you make moral choices? Provide examples.
8. Apply one of the decision-making formats to an ethical dilemma found at the end of this chapter or to another one that you select. Keep a record of your deliberations and your final choice. Then evaluate the format and the decision. Did following a system help you come to a better conclusion? Why or why not? What are the strengths and weaknesses of the format you selected? Would it be a useful tool for solving the ethical problems you face at school and work? Write up your findings.
9. Using the material presented in this chapter, analyze what you consider to be a poor ethical decision made by a well-known figure. What went wrong? Why? Present your conclusions in a paper or in a presentation to the rest of the class.
10. Develop your own set of guidelines for ethical decision making. Describe and explain your model.

CASE STUDY 2.1

THE FALL OF AN AUTO INDUSTRY ICON

Not so long ago, Nissan/Renault CEO Carlos Ghosn was a rock star of the automobile industry. Widely credited for saving Nissan from bankruptcy, he was the hero of a cartoon series. Ghosn headed the alliance of Renault, Nissan, and

Mitsubishi, which employs 450,000 people and produces 10 million vehicles a year. This partnership, involving shared purchasing and design, is considered a model of global innovation. Ghosn managed to keep the alliance together despite

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tensions between managers in Japan and France. He was uniquely qualified to lead a multinational alliance. Born in Brazil, raised in Lebanon, and educated in France, Ghosn speaks Arabic, French, English, Portuguese, and some Japanese. He tried to “denationalize” Nissan and Renault by hiring senior executives from outside France and Japan and by changing the official language of Nissan to English.

In December 2018, Ghosn’s career as an automotive icon came to a sudden end. Japanese prosecutors charged him with underreporting his income by approximately \$80 million. He was removed as Nissan chair and resigned from his position at Renault. Conviction for violating Japan’s financial laws can result in a 10-year prison sentence. However, Ghosn fled to Lebanon to avoid punishment.

Investigations by company officials, prosecutors, and journalists since his arrest reveal that Ghosn maintained a lavish lifestyle, apparently at company expense. He used a series of corporate planes to jet to his expensive homes in Rio de Janeiro, Paris, Beirut, and Amsterdam, often for personal business. One of Nissan’s subsidiaries apparently purchased a yacht for his family’s use, and he is accused of billing Nissan for \$260,000 to pay for an extended weekend party in Rio de Janeiro. Ghosn rented the Versailles palace near Paris for a Marie Antoinette-themed reception to celebrate his second marriage. The gathering featured actors in period costumes and the cakes and pastries favored by the former queen. Renault paid for the party, but Ghosn now says he will reimburse the company for this event, which cost an estimated 600,000 euros. In addition to allegations that he misspent corporate money for personal use, the disgraced chair is accused of diverting Nissan funds to pay for investments in tech funds, to buy real estate, and to fund his son’s start-up company.

Ghosn’s downfall appears to be the product of greed and excessive pride. Though paid 10 times more than the CEOs of Toyota and Honda,

Ghosn complained that he earned far less than the CEOs of General Motors, Ford, and Fiat. (His public relations team was charged with producing charts demonstrating how his compensation lagged behind that of CEOs at other automobile manufacturers.) Said one French executive with ties to Ghosn: “He wanted to be an American CEO. They had the trappings, the pay and the adulation of being corporate titans.”¹ Then, too, the ex-CEO was proud of his many accomplishments. The walls of his \$15 million-dollar home in Lebanon were covered with his portraits. Each of his corporate jets came with the vanity-plate registration number N155AN. Twice he snubbed invitations from France’s finance minister, claiming to be too busy to meet.

Ghosn’s extravagance was particularly galling to Nissan employees, who cheered the announcement of his arrest and replacement. Ghosn cut costs in order to make Nissan profitable at the same time he was spending millions on himself and his family. Said one former Nissan executive, “Transparency and frugality were the Nissan way. I want to ask: ‘Where did the transparency go? Where did frugality go?’”² His lavish lifestyle also stirred resentment in France, where truck drivers, farmers, and other workers have taken to the street to protest the worsening plight of the lower and middle classes.

Ghosn and his family argue that the CEO’s arrest was a coup engineered by Nissan executives fearful they would lose their jobs if Nissan and Renault merged into one company. According to his attorneys, “The surprising arrest of Carlos Ghosn is part of a sordid strategy by Nissan to undermine the Renault alliance.”³ For their part, company officers argue that he deserved to lose his position, noting his actions were “blatantly unethical.”⁴ Company officials admit that the board did not exercise proper oversight over the former CEO. Nissan shareholders passed a series of governance changes designed to prevent future chairs from wielding as much power as Ghosn.

Discussion Probes

1. Do you think that Ghosn was a victim of his own success?
2. How much blame do you place on Nissan and Renault for failing to prevent Ghosn's apparent misuse of company funds?
3. What steps can organizations take to keep their executives from falling victim to unethical behavior driven by greed and pride?
4. What steps can we take to prevent ourselves from falling victim to greed and pride?
5. What limits, if any, should be put on executive pay?

Notes

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CASE STUDY 2.2

SCENARIOS FOR ANALYSIS

Scenario 1: To Geotag or Not to Geotag?

Juanita Cortez operates the social media travel site "eyeonthewildwest." She travels the western United States, exploring locations not covered in most guidebooks and brochures. She blogs and creates

podcasts about her adventures and posts pictures of the places she visits. Juanita generates revenue through ads, acting as a spokesperson for several outdoor brands, commissions from sales based on leads from her site, and her e-travel guides. Because she attracts thousands of followers,

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Juanita was able to leave her corporate position to become a full-time influencer. Unfortunately, her success and that of other travel influencers has come at a significant cost to the environment. Geotagging—posting the coordinates of photos—on Instagram can attract thousands to fragile locations, leading to overuse as hordes of visitors erode trails, trample plants, trespass on private land, damage fences, and so on. Worse yet, some visitors misbehave, leaving trash, feeding wildlife, and even injuring (or killing) themselves taking selfies. The Leave No Trace Center for Outdoor Ethics and the tourist board of Jackson Hole, Wyoming, therefore urge visitors not to geotag their photos.

Juanita realizes that since she often visits remote, fragile sites, posting tags could ruin the very places she loves and wants to share with her followers. Leaving this information off her pictures will encourage followers to explore on their own. On the other hand, Juanita believes that others have a right to explore these sites. She also worries that not tagging her photos will reduce traffic to her site (and reduce her revenue) as many of her followers are seeking detailed information about unique places.

Discussion Probe

Should Juanita geotag her photos?

*Case inspired by Josh McNair of the George Fox University DBA program.

Scenario 2: The Controversial Delicacy

Pierre Francois is head chef at an upscale restaurant in New York City. Learning to prepare foie gras (French for “fatty liver”) was part of his gastronomical training and marks him as a world-class chef. The dish, made from the livers of ducks or geese, is a delicacy long associated with fine dining. However, animal rights advocates claim that producing foie gras is a form of animal torture. During the last 20 days of their lives, the birds are force-fed three times a day through tubes inserted down their throats, a process that

swells their livers to 10 times the normal size. Critics claim that this can make it difficult for the birds to breathe and can result in liver failure. Some birds may grow too large to walk.

California and several nations ban foie gras. Supporters of foie gras dispute claims that the birds are harmed by force-feeding. They believe that opponents are motivated by resentment against foodies and gourmets who enjoy the dish. If New York City restaurants stop serving foie gras, 400 farmworkers in upstate New York will be out of work. The New York State Humane Association has asked Pierre and chefs at other New York City restaurants (1,000 currently serve the dish) to take foie gras off their menus.

Discussion Probe

Should Chef Pierre continue to serve foie gras?

Source

Nierenbeer, A., & Mays, J. C. (2019, August 29). It's a delicacy, but is it ethical? Foie gras may be banned by the city. *The New York Times*.

Scenario 3: Dentists as Code Breakers

Dentist Yudang Liu works for a large health maintenance organization (HMO), specializing in oral surgery. HMO members rarely have to pay out-of-pocket costs for routine medical treatment, surgeries, and hospitalizations. That's not the case for dental care. The plan covers regular dental cleanings, X-rays, and fillings, but patients pay most of the cost of bridges and crowns as well as for root canals, extractions, implants, and other surgical procedures. Plan administrators have developed a set of billing codes for charging patients. Typically, dentists enter one code for routine procedures like root canals and extractions. They are to add codes to the bill if they do additional work, such as draining an infected tooth or gum.

Dr. Liu followed HMO billing codes closely at first. However, he soon discovered that he

was asking patients to pay hundreds of dollars for additional procedures that might take only a minute or two. Liu knows that other oral surgeons in his office, in order to save their patients money, don't add billing codes in these cases. Instead, they perform the additional procedure and only submit the billing code for the scheduled surgery.

Discussion Probe

Should Dr. Liu stop adding billing codes for minor surgical procedures?

Scenario 4: Making Losers Into Winners

Laura Salmon was recently elected president of the board of the South Side Youth Soccer Association. South Side, run by volunteers, operates a soccer program for kids ages 6 to 12 in four suburban communities. The organization collects fees from parents and then uses those funds to pay operating costs. Most of the monies go toward renting playing fields, hiring officials, and buying uniforms. In addition, the association purchases trophies that go to the members of the winning teams.

Trophy expenditures make up a relatively small portion of South Side's budget but are causing the biggest headache for Laura. A group of parents is pressuring the board to expand the award program. All players would receive a trophy for participating, even if their teams had a losing record. Supporters of participation trophies argue that children should be rewarded for their efforts and treated equally, not divided into winners and losers. They point to other youth sports and music programs that guarantee that every child receives an award. Another group of parents is adamantly opposed to participation trophies. They argue that too much recognition can cause children to underachieve, that young children are motivated by the fun of playing and don't need awards, and that kids need to learn how to lose gracefully. The board is scheduled to meet next week to decide whether or not to

expand the award program for the coming year. The other members are looking to Laura for guidance on this issue.

Discussion Probe

Should Laura recommend that the award program be expanded to include all participants?

Scenario 5: Guns and Coffee

Thomas Odonga is the owner of Hot Coffee, a small coffee shop located downtown in a major U.S. city. Hot Coffee does a brisk business despite being surrounded by coffee stores operated by Starbucks, Peet's, and other major chains. A number of locals want to back small businesses like Hot Coffee, and Odonga actively supports community activities. However, national debate over gun control has put Hot Coffee at risk. Gun laws vary from state to state, but businesses have a right to ban weapons on their private property. Peet's bans all guns from its premises. Starbucks requests that gun owners voluntarily refrain from bringing their weapons into their stores but doesn't forbid them from doing so, noting that weapons make other customers uncomfortable.

Now Hot Coffee customers are asking Thomas about his gun policy. He stands to lose business no matter what choice he makes. Community leaders—who regularly meet at his shop—want to limit guns to prevent them from falling into the hands of criminals and gang members. Odonga is sympathetic to their position because his brother was wounded during a robbery. Nevertheless, the right to bear arms is considered a birthright by the majority of the state's citizens. A number of Hot Coffee's most loyal customers have permits to carry concealed weapons.

Discussion Probe

What should Hot Coffee's gun policy be?

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