3

Ethical Decision Making and Action

I n making and implementing decisions, we put widely accepted ethical prin-ciples, as well our vocation, values, character and spiritual resources, into practice. This chapter focuses both on the how (processes) and the how to (for-mats) 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 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 being aware of how our behavior impacts others, identifying possible courses of action, and determining the consequences of each potential strategy. Moral sensitivity is key to transformational ethics. We can't solve a moral dilemma unless we know that one is present.

Empathy and perspective skills are essential to identifying and exploring moral issues. Understanding how others might feel or react can alert us to the potential negative effects of our choices and makes it easier to predict the likely outcomes of various options. For example, the central figure in the "Is It Better to Ask for Permission or to Ask for Forgiveness?" Chapter End Case empathizes with neighborhood residents and understands their point of view. As a result, he realizes that he faces an ethical problem.

According to University of Virginia ethics professor Patricia Werhane, many smart, well-meaning managers stumble because they are victims of tunnel vision.[2] Their ways of thinking or mental models don't include important ethical considerations. In other words, they lack moral imagination. Take the case of the Nestlé Company. The European food producer makes a very high quality infant formula, which the firm successfully marketed in North America, Europe, and Asia. It seemed to make sense for the company to market formula in East Africa using the same communication strategies that had worked elsewhere. However, Nestlé officials failed to take into account important cultural differences. Many East African mothers could not read label directions, were so poor that to make the product last longer they overdiluted it, and used polluted water to mix it. In a society that honors medicine men, parents felt pressured to use formula because it was advertised with pictures of men in white coats. As a result, many poor African mothers wasted money on formula when they

could have breast-fed their children for free. Thousands of their babies died after drinking formula mixed with polluted water. Nestlé refused to stop its marketing campaign despite pressure from the World Health Organization and only quit after being faced with a major boycott. Company leaders didn't consider the possible dangers of marketing to third world mothers and failed to recognize that they were engaged in unethical activities.

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 creative solutions. Werhane uses Chicago's South Shore Bank as an example of moral imagination at work. In the early 1970s, a group of investors bought a failing bank in the impoverished South Shore neighborhood and began loaning money for residential restoration. Few people in the area qualified for traditional bank loans, so South Shore managers developed a new set of criteria. Loan officers gave credit to individuals of limited means who had good reputations. The bank prospered and, at the same time, the neighborhood became a desirable place to live. South Shore's morally imaginative owners and managers envisioned a profitable financial institution in a depressed, poverty stricken area. They disproved traditional "bank logic" by demonstrating that they could make money in a responsible manner under tough conditions.

Moral muteness, like lack of moral imagination, interferes with the recognition of moral issues. Managers can be reluctant to talk about their actions in ethical terms. They may want to avoid controversy or believe that keeping silent will help them appear practical, efficient, powerful, and capable of handling their own problems.[3] Describing a situation in moral terms breaks this ethical code of silence. Such terms as *values, justice, immoral, character, right,* and *wrong* encourage listeners to frame an event as an ethical problem and to engage in moral reasoning.[4]

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 active 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.

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 does indeed 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 to respond to ethical dilemmas; visualize creative opportunities and solutions.

Speak up. Don't hesitate to discuss problems and your decisions using ethical terms. Doing so will help frame an argument as an ethical one for you and your colleagues.

COMPONENT 2: MORAL JUDGMENT

After determining there is an ethical problem, decision makers then choose among the courses of action identified in Component 1. They make judgments about what is 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 two topics that are particularly important to understanding how problem solvers determine whether a solution is right or wrong—cognitive moral development and defective reasoning.

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.[5] 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 (see Box 3.1).

Box 3.1   Stages of Moral Development

	Content of Stage	
Level and Stage	*What Is Right*	*Reasons for Doing Right*
LEVEL I—PRE-CONVENTIONAL		
Stage 1—Heteronomous Morality	To avoid breaking rules backed by punishment, obedience for its own sake, and to avoid physical damage to persons and property.	Avoidance of punishment; the superior power of authorities.

| Stage 2—Individualism, Instrumental Purpose, and Exchange | Following rules only when it is in your immediate interest; acting for your own interests and needs and letting others do the same. Right is also what's fair, what's an equal exchange, a deal, an agreement. | To serve your own needs or interests in a world where you have to recognize that other people have their interests, too. |

LEVEL II—CONVENTIONAL

| Stage 3—Mutual Interpersonal Expectations, Relationships, and Interpersonal Conformity | Living up to what is expected by people close to you or what people generally expect of people in your role as son, brother, friend, etc. "Being good" is important and means having good motives, showing concern about others. It also means keeping mutual relationships with trust, loyalty, respect, and gratitude. | The need to be a good person in your own eyes and those of others. Your caring for others. Belief in the Golden Rule. A desire to maintain rules and authority which support stereotypical good behavior. |
| Stage 4—Social System and Conscience | Fulfilling the actual duties to which you have agreed. Laws are to be upheld except in extreme cases where they conflict with other fixed social duties. Right is also contributing to society, the group, or institution. | To keep the institution going as a whole, to avoid a breakdown in the system or to fulfill a sense of personal obligation |

LEVEL III—POST-CONVENTIONAL, PRINCIPLED

| Stage 5—Social Contract or Utility and Individual Rights | Being aware that people hold a variety of values and opinions, that most values and rules are relative to your group. | A sense of obligation to law because of one's social contract to make and abide by laws for the welfare of all and for the |

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	These relative rules should usually be upheld, in the interest of impartiality and because they are the social contract. Some nonrelative values and rights like *life* and *liberty* must be upheld in any society and regardless of majority opinion.	protection of all people's rights. A feeling of contractual commitment, freely entered upon, to family, friendship, trust, and work obligations. Concern that laws and duties be based on rational calculation of overall utility, "the greatest good for the greatest number."
Stage 6— Universal Ethical Principles	Following self-chosen ethical principles. Particular laws or social agreements are usually valid because they rest on such principles. When laws violate these principles, one acts in accordance with the principle. Principles are universal principles of justice: the equality of human rights and respect for the dignity of human beings as individual persons.	The belief as a rational person in the validity of universal moral principles, and a sense of personal commitment to them.

Source: Kohlberg, L. A. (1986). A current statement on some theoretical issues. In S. Modgil & C. Modgil (Eds.), *Lawrence Kohlberg: Consensus and controversy* (pp. 485–546). Philadelphia: Falmer Press, pp. 488–489.

Pre-conventional thinking is the most primitive and is common among children. 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 in how to act. 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 in stages 3 and 4, which suggests that the typical organizational member looks to work rules, leaders, and the situation to determine right from wrong.

Post-conventional or principled (Level III) thinking is the most advanced type of thinking 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 percent of Americans can be classified as Stage 5 post-conventional moral thinkers. Very few individuals ever reach Stage 6.

Kohlberg's model has drawn heavy criticism from philosophers and psychologists alike.[6] 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* refer to a 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 redefined the post-conventional stage to make it less dependent on one ethical perspective. In their "neo-Kohlbergian" approach, the most advanced thinkers reason like moral philosophers.[7] Post-conventional individuals look behind societal rules to determine if they serve moral purposes. These thinkers appeal to a shared vision of an ideal society. Such a society seeks the greatest good for the entire community and assures 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 he cannot afford to buy. He must decide whether or not to steal the drug to save her life.

Over 800 studies have been conducted using the DIT.[8] Among the findings:

- Moral reasoning ability generally increases with age.
- The total college experience, both inside and outside the classroom, increases moral judgment.[9]
- 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.
- There are no consistent differences between the moral reasoning of men and women.
- Principled leaders can improve the moral judgment of the group as a whole, encouraging members to adopt more sophisticated ethical schemas.

Defective Reasoning

No discussion of moral judgment would be complete without consideration of why this process so often breaks down. Time after time very bright people make very stupid decisions. Former President Bill Clinton illustrates this sad fact. By all accounts Clinton was one of the country's brightest leaders. Not only was he a Rhodes scholar with a nearly photographic memory, but his former advisor David Gergen reports that Clinton could hold conversations with aides and visitors while completing the *New York Times* crossword puzzle.[10] Somehow the former chief executive thought he could have sex with an intern and keep the affair quiet despite being under constant media scrutiny. Further, he didn't think he would suffer any serious consequences if word got out. He was wrong on both counts.[11]

The moral stupidity of otherwise intelligent people can be explained in part by the power of their internal enemies. Employees and managers must always be alert to the presence of the "dark side" of the personality introduced in Chapter 2. Unless acknowledged and confronted, internal forces can seriously disrupt moral reasoning. Three such factors are particularly damaging: insecurities, greed, and ego.

1. Insecurities. As we saw in the last chapter, 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.[12] The market economy benefits the few at

the expense of the many. Professional sports are a case in point. Superstars like Kobe Bryant and Shaquille O'Neal account for the vast majority of the payroll while others sit on the bench making league minimums. Or consider the inequity of the salary structure at the Banana Republic clothing chain. The average employee at a Banana Republic store makes near minimum wage with no health benefits. Store managers do better, receiving an adequate salary and benefits. Professionals working at the headquarters of the Gap (the parent of Banana Republic) make several times the wages of local managers. Those at the top earn a fortune. Former CEO Millard Drexler engineered a $25 million pay raise in one year and left the company with $500 million.

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 (a) think we are above average, (b) believe we are more ethical than most of the people we know, (c) give ourselves the benefit of the doubt, (d) overestimate our control over events, (e) assume that we are immune from harm, (f) have all the information we need, and (g) overstate our value to the organization.[13] Such self-serving biases put us in danger. 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 more of a 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, diverting company funds to private use) on the grounds that they are vital to the organization's success.

Harvard psychologist Robert Sternberg believes that people in positions of great power, like Bill Clinton, former WorldCom CEO Bernie Ebbers, and former House majority leader Tom Delay, develop three dispositions that lead to foolish decisions.[14] Their access to so many sources of information tricks them into thinking that they are all-knowing (the sense of omniscience). Because they possess great power, top government and business figures mistakenly believe that they can do anything they want in or outside their organizations (the sense of omnipotence). Entourages of subservient staff members seduce these leaders into believing that they will be protected from the consequences of their actions (the sense of invulnerability).

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."[15]

Time pressed managers 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.[16] Professor Nutt examined 400 poor organizational decisions over a period of 20 years, including construction of Euro Disney, 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 (a) overlooked important ethical questions, (b) came to premature conclusions, (c) failed to consult with important stakeholders, (d) lacked a clear direction, (e) limited their search for information, (f) demonstrated little creativity, and (g) learned little from either their successes or their failures.

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, 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 like 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 as well as 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. Use the questions in the Self-Assessment in Box 3.2 as tools for breaking the ego barrier.

Self-Assessment

Box 3.2   Ego-Busting Questions

Apply the following questions to an important ethical decision you face. After you have answered these queries, summarize what this exercise tells you about the soundness of your moral reasoning.

- What is my intention?
- Have I invited and tolerated dissent?
- Have I rubbed elbows with subordinates? (peers?)
- What have I omitted from my analysis?
- What if I get caught?
- Have I listened to other opinions? Can I tolerate hearing them directly, or only filtered through company communication channels?
- Did I address the facts? Precisely what value am I creating?
- At whose expense am I creating value?
- Have I articulated factual information in as objective and impartial a way as possible?

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>
> - Are my decisions or behavior having a negative impact on the relationships involved?
> - Am I rewarding ego-dominant, relationship-destroying attitudes in others?
> - Have I laughed at myself recently?
>
> ---
>
> *Source:* Nash, L. 1990, *Good intentions aside: A manager's guide to resolving ethical problems.* Boston: Harvard Business School Press, p. 212. Used by permission.

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 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.

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 only result if moral considerations take precedence over competing priorities.

Two factors—rewards and emotions—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.[17] 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. At Merrill Lynch, for instance, brokers generated large commissions by lying to investors. Lynch employees encouraged clients to buy stocks that they referred to in private as "crap," "junk," and "horrible."[18] (Reward and performance evaluation systems will be discussed in more detail in Chapter 9.)

Emotional states also influence moral motivation. Research continues, but so far investigators have found the following:[19]

- Positive affect (joy, happiness) makes individuals more optimistic and therefore more likely to live out their moral choices.
- Jealousy, rage, envy, and feelings of aggression have been linked to a wide variety of antisocial behaviors in organizations, including stealing, sabotage, revenge, lying, and unwarranted lawsuits.
- People in positive moods are more likely to help coworkers and others. In other words, feeling good leads to doing good.
- Helping others maintains positive feelings.
- Depression lowers motivation by lowering self-confidence and energy levels. In contrast, sadness may motivate individuals to repair their moods by doing what they believe is right.
- Guilty people are more likely than shamed people to try to rectify what they've done wrong through asking for forgiveness and making restitution.
- Feeling sympathy leads to more prosocial (altruistic) behavior toward both individuals and groups.
- Experiencing high personal stress reduces prosocial behavior.
- Anger and frustration often lead to aggressive behavior.
- Regulating moods can improve moral motivation. Those who recognize and modify their feelings increase the likelihood that they will carry through on their choices. For example, they put themselves in a better frame of mind by replacing angry thoughts with calmer ones and by engaging in behaviors (listening to music, reading, walking) that cheer them up.

Tips for Increasing Your Moral Motivation

Seek out ethically rewarding environments. When selecting a job or 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, for example, 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.

Monitor your emotions. Some emotions (happiness, optimism, joy, guilt) can have a positive effect on ethical implementation. Determine if your feelings (depression, anger, personal distress) are inhibiting your ability to carry out your ethical choice.

Regulate your emotions. Master your moods to bring them in line with your goals. Put a brake on destructive feelings; try to shift into a more positive frame of mind.

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 (see Chapter 2), 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.[20] 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.[21] Coles traveled with a group of physicians who identified widespread malnutrition among children of the Mississippi Delta. They brought their report to Washington, D.C., 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 only got a hearing 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.

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.

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.

Decision-Making Formats

Decision-making guidelines can help us make better moral choices. 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, investigate options, think about the implications of choices, and apply key ethical principles. I'll introduce three decision-making formats in this the second half of the chapter. You can test these guidelines by applying them to the scenarios described in the Chapter End Case. You'll probably find one format more interesting and useful than the others. Which format you prefer is not as important as approaching moral problems systematically.

KIDDER'S ETHICAL CHECKPOINTS

Ethicist Rushworth Kidder acknowledges that ethical issues can be "disorderly and sometimes downright confusing."[22] They can quickly arise when least expected, are complex, may lack a clear cause, and generally have unexpected consequences. However, Kidder argues that there is an underlying structure to the ethical decision-making process. Following his nine steps or checkpoints can help you cut through the confusion and generate a well-grounded solution.

Checkpoint 1: Recognize that there is a moral issue.

In this step determine if there are ethical considerations in the situation that demand attention. Sort out genuine ethical issues from those involving etiquette, personal taste, or custom. I may be irritated at someone who burps at the next table at my favorite restaurant. However, such behavior is not morally wrong but is a breach of etiquette or a reflection of cultural differences. (See Box 3.3 to consider an issue that has been defined as both a violation of etiquette and a moral dilemma.)

CASE STUDY

Box 3.3   A Violation of Etiquette or Ethics?[1]

Sorting out the difference between ethical violations and breaches of etiquette is not always easy. Take the case of cell phones. Worldwide, cell phones have become more common than fixed telephones. As their popularity has soared, so have concerns about their use in public spaces. Common complaints include:

High volume conversations referred to as "cell yell." Many users yell into their phones because (a) they don't receive the type of aural feedback they get with traditional phones, (b) coverage is spotty and filled with static, or (c) they don't trust tiny cell microphones to pick up the sound of their voices.

Irritating rings. Rings are programmed with tunes ranging from the "Star Spangled Banner" to "Jesu Joy of Man's Desiring."

Inappropriate timing. Not only do cell phones ring at inopportune moments (during films, plays, weddings, funerals, church services, classes), but some cell users compound the problem by carrying on discussions after they answer.

Inane conversations. Many cell conversations consist of the kind of talk that keeps the social wheels turning—reports, brief orders, announcements. While this type of conversation is vital to everyday life, sharers of public space are forced to listen to these banal messages.

Forced intimacy. Not all cell conversations are innocuous. Private conversations in public expose listeners to unwanted details of money problems, rebellious children, and sexual encounters. The problem is greatest when strangers are stuck in the same enclosed space (train, bus) for a long period of time.

Disregard for immediate others. Cell phone users often seem oblivious to those sharing the same territory. In their quest to connect with intimates and business colleagues, they ignore the people around them. Cell abusers may take offense when confronted with their transgressions.

The public outcry over boorish cell phone behavior apparently has wireless providers worried. They have begun to publish guidelines for cell phone etiquette on their Web sites in hopes that users will change their ways before further restrictions (like the ban on talking and driving in New York State) are put into place. Etiquette experts like Emily Post and Miss Manners now offer advice on wireless behavior in their books and columns. Advocates of the etiquette approach believe that societal norms will soon catch up with wireless technology. Users will modify their behaviors once they learn the rules. In fact, treating conflicts over public cell phone behavior as violations of manners may be working. One survey found that the percentage of cell phone owners using their devices in public places had decreased.[2]

Adopting the etiquette approach may not do justice to the issues triggered by public mobile phone use. Cell phone abuse sparks intense emotional reactions.[3] Those victimized by thoughtless callers can feel violated, embarrassed, and angry. Such strong emotional responses suggest that there are moral issues raised by cell phone use in public spaces and that these issues ought to be taken seriously.

A number of ethical principles could be applied to the controversy surrounding cell use. For instance, in deciding whether or not to carry on a conversation in public, callers might ask themselves if they would want everyone to do the same (the Categorical Imperative). Or they might also ask themselves if such conversations promote the common good (Communitarianism) or concern for others (altruism). Those pondering how to respond to cell violations could take a Utilitarian approach, considering what would bring the greatest benefits (to keep silent? confront the offender quietly? be more assertive?).

DISCUSSION PROBES

1. Is public cell phone abuse a matter of etiquette or ethics or both? Why?

2. How does etiquette differ from ethics?

3. Do you think that cell phone abuse is becoming less or more of a problem? What evidence can you offer for your conclusion?

4. How do you respond to someone misusing a cell phone in public? Is your response ethical?

5. What ethical principle would you choose to best explain and prevent cell phone misuse?

NOTES

1. This case is adapted from Johnson (2003).

2. Research updates America's view on cell phone etiquette. (2002, September 3). *Business Wire.* Retrieved September 8, 2003, from LexisNexis Academic database.

3. Terrell, K., & Hammel, S. (1999, June 14). Call of the riled. *U.S. News & World Report.* Retrieved August 12, 2003, from Academic Search Premier database.

SOURCE

Johnson, C. E. (2003, November). *Aural space violations and unwanted intimacy: The ethics of cell phone use.* Paper presented at the National Communication Association convention, Miami Beach, FL.

Checkpoint 2: Determine the actor.

Kidder makes a distinction between involvement and responsibility. Because we're members of larger communities, we're involved in any ethical issue that arises in the group. Yet we are only responsible for dealing with

problems that we can do something about. I may think that police use excessive force in a neighboring town, but there is little I can do as a nonresident to address this issue.

Checkpoint 3: Gather the relevant facts.

Become a reporter and gather important information. For example: the history of the problem, key actors, motives, what was said and who said it, patterns of behavior. Consider the future as well. What will be the likely consequences if the problem continues? The likely outcome of one course of action or another? The likely future behavior of those involved in the issue?

Checkpoint 4: Test for right-versus-wrong issues.

Determine if there is any wrongdoing in the case. Four tests can be applied to make this determination. The *legal test* asks if lawbreaking is involved. If so, then the problem becomes a legal matter, not a moral one. Resolution will come through legal proceedings. The *stench test* relies on intuition. If you have a vague sense of unease about the decision or course of action, chances are it involves right-versus-wrong issues. The *front-page test* asks how you would feel if your private decision became public by appearing on the front page of tomorrow's newspaper. If that thought makes you uncomfortable, then you had better choose another alternative. The *Mom test* asks how you would feel if your mother or some other important role model got wind of your choice. Once again, if such a thought makes you queasy, you had better revisit your choice.

Checkpoint 5: Test for right-versus-right paradigms.

If an issue doesn't involve wrong behavior, then it likely pits two important positive values against each other. These right-versus-right dilemmas generally fall into four categories or paradigms.

Justice versus mercy. Norms of fairness and equality often clash with the desire to extend mercy and forgiveness. Consider the dilemma of the professor who catches an honors student cheating on an exam. According to university regulations, the student should automatically receive a zero on the test that would cost him his scholarship. The student then appeals to the instructor for partial credit. The professor wants to be fair to other class members who didn't cheat and to mete out the necessary punishment. Nonetheless, she feels sympathy for the student who appears to be a first-time offender with a great deal to lose.

Short term versus long term. Short-term advantages often come at the expense of long-term benefits. For instance, shifting money from research and development into marketing may generate more immediate sales but undermine a company's future by cutting off the flow of new products and ideas. Ethical decision makers balance immediate needs against long-range consequences. The economic benefits of cutting timber in national forests, for example, must be weighed against the long-term costs to the environment.

Truth versus loyalty. This ethical tension pits our loyalty to friends, family, groups, and organizations against our desire to tell the truth. It arises when we have to determine whether or not to lie to the boss to protect a coworker, to keep quiet about safety violations at the plant or to go public with our allegations, or to award a contract to a friend or to another supplier with a better bid.

Checkpoint 6: Apply resolution principles.

Once the options or sides are clear based on Checkpoints 4 and 5, apply the ethical perspectives described in Chapter 2.

Checkpoint 7: Look for a third way (investigate the "trilemma" option).

Compromise is one way to reveal a new alternative that will resolve the problem. Both the state and federal governments have used compromise to deal with the manufacture and marketing of cigarettes and alcohol. Many religious and public health groups want to ban these products. Yet, they are widely used by Americans. Government officials have tried to strike a balance, which recognizes the dangers of smoking and drinking while allowing citizens to engage in these activities. Tobacco and alcoholic beverages can't be sold to minors and there are limits to where they can be consumed.

The third way can also be the product of moral imagination. Setting up "pay for play" online music libraries is one such innovative concept. The music industry and millions of consumers have been locked in a legal and ethical battle over downloading copyrighted tunes for free. Now listeners can get just the songs they want without violating copyright laws. Record producers, who have seen a steady decline in CD sales, are enjoying a new source of revenue.

Checkpoint 8: Make the decision.

Exhausted by wrestling with the problem, we may overlook this step. Yet no decision, no matter how well grounded, is useful unless it is put into action.

Kidder argues that this step requires moral courage. Such courage, along with our ability to reason, sets us apart from the animal kingdom.

Checkpoint 9: Revisit and reflect on the decision.

Return to the decision later, after the issue has been resolved, to debrief. Reflect on the lessons to be learned. In some instances, the problem can be shaped into a case or example that can be used in ethics teaching and training.

THE MORAL COMPASS

Harvard ethics professor Lynn Paine offers a four-part "moral compass" for guiding managerial decision making.[23] 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 worthy goals. To come up with the answer to the question of purpose, we need to gather data as well as make judgments. Important subsidiary questions include:

- What are we trying to accomplish? What are our short- and long-term goals?
- Are these goals worthwhile? How do they contribute to people's lives?
- Will the course of action we are examining contribute to achieving these goals?
- Compared to the possible alternatives, how effectively and efficiently will it do so?
- If this is not the most effective and efficient course, do we have a sound basis for pursuing the proposed path?

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. We need to determine:

- What norms of conduct are relevant to this situation?
- What are our duties under these standards?
- What are the best practices under these standards?
- Does the proposed action honor the applicable standards?
- If not, do we have a sound basis for departing from these standards?
- Is the proposed action consistent with our own espoused standards and ideals?

Lens 3: People—Does this action respect the legitimate claims of the people likely to be affected?

The 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.

- Who is likely to be affected, both directly and indirectly, by the proposed action?
- How will these parties be affected?
- What are these parties' rights, interests, expectations, and concerns?
- Does our plan respect the legitimate claims of the affected parties?
- If not, what are we doing to compensate for this infringement?
- Have we mitigated unnecessary harms?
- Are there alternatives that would be less harmful or more beneficial on balance?
- Have we taken full advantage of opportunities for mutual benefit?

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 first three sets of questions mean little unless we have the legitimate authority to act and the ability to do so. Subsidiary questions of power include:

- What is the scope of our legitimate authority in view of relevant laws, agreements, understandings, and stakeholder expectations?
- Are we within our rights to pursue the proposed course of action?
- If not, have we secured the necessary approvals?
- Do we have the resources, including the knowledge and skills as well as tangible resources, required to carry out the proposed action?
- If not, do we have the ability to marshal the needed resources?

Paine uses the example of a failed product introduction to illustrate what can happen when organizational decision makers fail to 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 one-time 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 by, for instance, identifying and then targeting upper income single women. The system didn't take into account that 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 FIVE "I" FORMAT

Remembering all of Kidder's checkpoints or Paine's subsidiary questions would be difficult without referring to a book or a handout. Sometimes we need to make decisions without access to our notes. For that reason, I offer the easily memorized Five "I" Format as a guide. This approach incorporates elements of the first two models into the following sequence.

Identify the problem. Identification involves recognizing there is an ethical problem to be solved and setting goals. 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?

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.

Innovate by generating a variety of solutions. 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.

Isolate a solution. 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 not looking for the perfect solution, but a well reasoned, carefully considered one.

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 every team member knows her or his future responsibilities.

Implications

- 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 active listening, challenging your current ways of thinking, looking for innovative ways to solve problems, and discussing decisions in moral terms.
- Your moral judgment can be impaired if you only look 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 contributors to defective decision making: insecurities, greed, ego, and a short-term orientation.
- You will be more likely to put ethical values first if you are rewarded for doing so and monitor and regulate your emotions to create a positive frame of mind.
- To succeed at implementing your moral choice, you'll need to be both persistent and competent. Believe in your own ability to influence events, master the organizational context, and develop the necessary implementation skills.

- Decision-making formats can help you make better moral choices. Which format you use is not as important as approaching moral problems systematically. Kidder's Ethical Checkpoints can help you cut through the disorder and confusion surrounding ethical issues, the Moral Compass factors ethical considerations into every organizational decision, and the Five "I" Format offers a shorthand approach which incorporates elements of the first two 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. Describe how your college experience has influenced your moral development. What experiences have had the greatest impact?

3. Apply one of the decision-making formats to an ethical dilemma found at the end of the 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.

4. Using the material presented in the chapter, analyze what you consider to be a poor ethical decision. What went wrong? Why? Present your conclusions in a paper or in a presentation to the rest of the class.

5. Develop your own set of guidelines for ethical decision making. Describe and explain your model.

CHAPTER END CASE

Scenarios for Analysis

IS IT BETTER TO ASK FOR PERMISSION OR TO ASK FOR FORGIVENESS?*

Anselmo Escobar is the owner of Stately Homes, a small residential contractor. Stately Vistas is the company's biggest project yet. Escobar is anxious to begin building this new subdivision after a series of costly delays caused by a backlog in the city zoning office. He plans to remove nearly all the mature

trees in the area so that he can build more homes and recoup his losses. However, the contractor knows this move will be unpopular with current residents who believe that the trees enhance the neighborhood and improve property values.

Escobar is under no legal obligation to consult with the neighborhood association about his plans. Further, he fears that notifying neighbors might lead to additional delays. A successful protest could force Anselmo to retain some of the trees scheduled for removal. Yet, the builder feels uneasy about moving ahead without talking to neighborhood representatives. Taking unilateral action could generate negative publicity and increase opposition to future Stately Homes developments. More importantly, Escobar wonders about his responsibility to current residents. He knows that he would be upset if another contractor removed trees in his neighborhood without notifying anyone.

As he ponders what to do, Anselmo is reminded of the old saying, "It is easier to ask for forgiveness than to ask for permission." He is torn between consulting with the neighbors before removing the trees (asking for permission) and removing the trees and then dealing with the fall out (asking for forgiveness).

What should Escobar do?

Note

*Not based on actual people or events.

GAMING THE SYSTEM

Alice Hamilton is a primary care physician at a large health maintenance organization (HMO). She enjoys the practice of medicine but feels caught between the needs of her patients and loyalty to her employer. Determined to keep medical costs down, Dr. Hamilton's managed care group routinely denies needed treatments to subscribers. Many of Alice's colleagues lie to ensure that patients get the care they deserve, a practice the doctors at her facility and elsewhere refer to as "gaming the system." Exaggerating symptoms makes it easier for subscribers to see specialists, receive further testing, and stay in the hospital longer. Physicians who game the system claim that doing so is the only way to properly do their jobs under current rules and regulations. At times, however, their cheating is a way to pacify patients who demand unneeded tests and treatments.

Should Dr. Hamilton game the system like many of her fellow professionals? Why or why not?

Source

Callahan, D. (2004). *The cheating culture.* Orlando, FL: Harcourt.

WHEN THE GOOD NEWS IS BAD NEWS*

Employees and administrators at Kentucky College were excited to hear that the incoming freshman class was the largest in the small private school's history. Years of slumping enrollment had left the college, which depended heavily upon tuition dollars, strapped for cash. Now the school's leadership could add new staff, increase faculty salaries, and improve facilities.

Unfortunately, what was good news for the Kentucky College as a whole was bad news for some freshmen. There weren't enough rooms available to house everyone. New students were placed in study rooms and in double rooms that were converted to "triples" by adding an extra bunk bed. All students paid the same price for room and board regardless of their housing arrangements. A few freshmen complained, arguing that they should pay less because their living arrangements weren't equal to those of other students. The housing director refused their request. Less revenue would mean fewer repairs to dorms and apartments. In addition, he believed that conceding to such demands could set a bad precedent. Some dorms are older and more run down than others. Residents living in these facilities might also claim that they should pay less.

Was Kentucky College wrong to admit more students than it could house comfortably?

Was the housing director justified in refusing to reduce fees for those students forced to live in substandard conditions?

Note

*Not based on actual people or events.

MERCY FOR MARGARET?*

Receptionist Margaret Simpson was one of the first employees hired at T Rex Manufacturing when the company opened 20 years ago. The first 2 years of operations were difficult ones and Simpson accepted late paychecks on more than one occasion to help keep the company afloat. For two decades she has been the face of the company to visitors and a friendly voice on the phone for suppliers and employees alike. Company president Gregg Smith often praises Margaret at employee meetings, citing her as an example of what the "T Rex family" is all about.

Sadly, Margaret's job performance has begun to slip. Over the past few months she has often been late to work and has become cold and distant. Outsiders and coworkers alike complain about how difficult the new Margaret is to deal with. They resent her rude comments and brusque manner. Earlier this month president Smith took the receptionist aside to confront her about her poor performance but to no avail. If anything, she is more unpleasant than ever. Smith did discover, however, that Simpson plans to retire in 3 years but that the value of her retirement savings plan has declined dramatically.

Smith knows that he must come to a decision about Margaret soon. In fact, she would have been fired earlier if she had been most any other employee.

However, the T Rex executive knows that the choice is a difficult one given Margaret's loyal service, her age and lack of retirement savings, and his desire to foster a family-like atmosphere at the plant.

What action should Smith take?

Note

*Not based on actual people or events.

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