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# 13

## Ethical Decision Making: *Where We've Been and Where We're Going*

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### **Abstract**

Research on ethical decision making, or behavioral ethics, in organizations has developed from a small niche area to a burgeoning stand-alone field, one that has gained not only in number of articles written but in the legitimacy of the topic and the field. Our review motivated us to first try and summarize the field, not by comparing it to existing theoretical paradigms, but rather by observing what the data were telling us. We present our summary in the form of a model of ethical decision making and a typology that distinguishes intentionality of actions from ethicality of actions. After presenting this summary of the data, we critically review the research in this area, noting those areas which offer substantial insight and those that do not. In looking to the future and how the field can enhance the former and mitigate the latter, we identify several

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areas in which meaningful progress can be made, including defining what is “ethical”, revisiting unsubstantiated assumptions, focusing on the processes of ethical decision making, fixing methodological issues, and disentangling the outcomes of ethical decisions.

### Introduction

As evidenced by the number of business ethics articles published (see Table 13.1), the study of ethical decision making has witnessed significant strides over the last few decades. Indeed, just six years into the current decade we already see almost three-times the number of articles published since the previous decade. Advancing from a small niche arena to one that has gained in both volume and importance in the management field, perhaps most noteworthy is that the “field” of ethical decision making is now substantial enough to be the target of two recent and impressive reviews (O’Fallon & Butterfield, 2005; Trevino, Weaver, & Reynolds, 2006). This is quite a contrast to an experience of the first author, who remembers giving a job talk on ethical decision making in the mid-1990s to a well-respected institution and being asked “what are you going to do research on when this is no longer a fad?”

While this trend is exciting, it also serves as a wake-up call. Research on ethical decision making is at a critical juncture. Typical of relatively new fields, theoretical models are scarce, empirical research has been largely correlational and exploratory, and critical evaluation is limited. To move the field forward, what is needed is an overarching understanding of what we know and what we do not know and where we should go from here.

The purpose of this paper is to review the literature on ethical decision making in organizations, specifically focusing on behavioral, or descriptive, ethics, and in doing so highlighting the juncture at which the field finds itself and charting out the paths that we might take. Our goal is not to repeat what

**Table 13.1** Frequencies of Business Ethics Articles by Decade

Years	Total Number of Articles	Number of Articles in <i>AMJ</i> and <i>AMR</i>
1960–1969	0	0
1970–1979	10	0
1980–1989	54	13
1990–1999	160	25
2000–2007	473	33

Note. The final “decade” listed is not a full decade. The search was conducted through the PsycInfo Database on March 27, 2008. The search terms included *ethics*, *ethical*, *moral*, *morality*, *immoral*, and *unethical*. The search was limited to articles related to organizational behavior. *AMJ* = *Academy of Management Journal* (established in the 1950s); *AMR* = *Academy of Management Review* (established in the 1970s).

already has been nicely laid out in previous reviews nor is it to simply report on what has been done in the field of ethical decision making. Rather, we embarked on this review attempting to identify the skeleton of the story that exists in the extant literature and to note the holes that have yet to be filled. Our process was thus inductive in that we sought less to confirm any existing theoretical frameworks and more to identify the frameworks that arise from the data. In some sense, what we offer is a “qualitative meta analysis”, one that identifies key relationships and factors in the ethical decision-making process. This process led us to the development of a model of ethical decision making and a typology of dependent variables which summarize both where we’ve been as a field and where we see the field going. This model and typology provide the basis of the structure of our paper.

As readers are taken through our review, we expect that they will note that we are both hopeful and disappointed in the field. Hopeful, as pointed out previously, by the increased attention to ethics, yet disappointed by the lack of representation in Academy of Management journals (see Table 13.1). Hopeful because the variables studied in connection with ethical decision making seem to be ever-expanding, but disappointed that fundamental concepts remain undefined and assumptions unsubstantiated. Hopeful that some studies do rely on theory to make their predictions, yet disappointed that many are still atheoretical or uni-theoretical, relying on a single theory. Hopeful that there is some attention to the process underlying ethical decision making, yet disappointed that most research assumes that the process is a reason-based one (in the traditional sense), thus ignoring the roles of emotions, the subconscious, and intuition.

In our review, it became readily apparent that one notable void in the field was a definition of the fundamental concept of “ethical”, an issue that was important to discuss upfront before reviewing the literature. Following this discussion, we provide a necessary summary of the studies on which our review is based. This section is organized by the major categories in our model (Figure 13.1)—moral awareness, moral decision making and amoral decision making—with any critique that is specific to those summaries provided in that section. Where applicable, we separately note recent progress in each of these areas which may provide new insights. Finally, a more encompassing critique follows the summary, with recommendations that are designed to address our noted criticisms rounding out the review.

Before turning to the summary, it is important to note that we focused our review on behavioral, or descriptive, ethics within the domain of business ethics, but we draw from work in other fields as well, especially psychology. We cannot claim to provide an exhaustive review of ethical decision making in organizations, much less the relevant work in other areas, yet what we do present is our best effort at documenting the significant developments in the field in the last several decades, particularly those that apply to an organizational context.

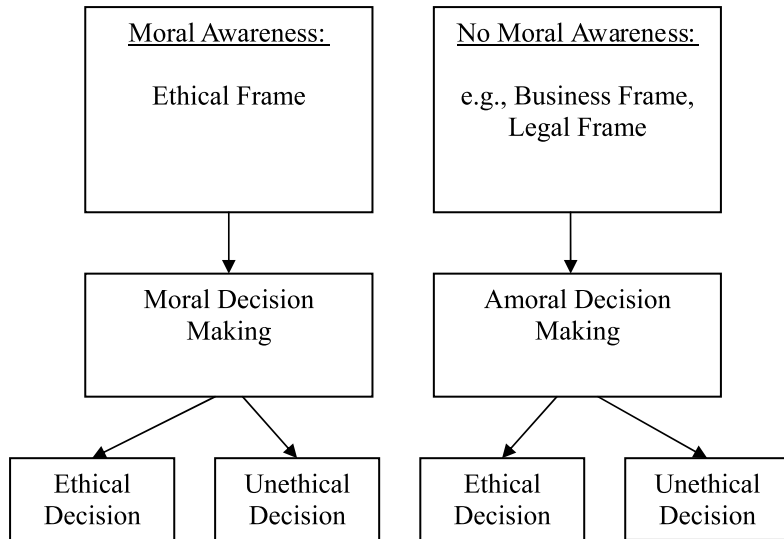


Figure 13.1 Model of Ethical Decision Making.

We recognize that in documenting these developments we cannot be purely objective, but rather the story we tell is colored by our judgment and biased by our perspectives. We are not naïve observers of a phenomenon novel to us; we have some well-defined ideas about the process of ethical decision making in organizations. We attempted to operate outside of the influence of our preconceived notions as much as possible by starting out with a blank theoretical slate, but we realize that to do so completely is impossible.

### But First, What is “Ethical”?

Before we can proceed, the terms at the crux of this review—ethical, or moral—need to be discussed. Of all noted criticisms, the lack of definitions for these terms (which we use interchangeably) is without a doubt the most crucial, for without a universal understanding of the core dependent variable, research will remain inconsistent, incoherent and atheoretical. Many studies we reviewed made no attempt to define it, even those entailing theory-building. As Jones noted (1991, pp. 367–368), “Some authors, including Ferrell and Gresham (1985), Trevino (1986), Hunt and Vitell (1986), and Dubinsky and Loken (1989) did not provide substantive definitions of the terms ethical and unethical”. Like many social science researchers, Ferrell and Gresham (1985) made it clear that such a definition is not within the scope of their paper, stating:

Thus, no attempt is made here to judge what is ethical or unethical (the content of the behavior). Our concern is with the *determinants* of

decision making behavior which is ultimately defined as ethical/unethical by participants and observers. Rather than advocate a particular moral doctrine, we examine contexts and variables that determine ethical decisions in the managerial process. (p. 88)

Warren and Smith-Crowe (forthcoming) put the problem faced by researchers like this:

As social scientists, we are concerned with describing and predicting what people think, perceive, and do; generally we are not in the business of telling people what they should do. The catch, however, is that while behavioral ethics is descriptive rather than prescriptive, good social science requires a thorough understanding and definition of one's constructs—researchers only want to predict and describe ethical behavior, but in doing so, they must define what is ethical, and, therefore, they must be in some sense prescriptive. (pp. 9–10)

Thus is the distinction between descriptive (or behavioral) approaches to ethics versus normative approaches: the goal of the former is to study what people do, and the goal of the latter is to construct argument regarding what people *should* do.

There are a few brave researchers of behavioral ethics, however, who do attempt a definition. Rest (1986) provided a very specific definition: “when the term ‘morality’ is used throughout this book, we intend to refer to a particular type of social value, that having to do with how humans cooperate and coordinate their activities in the service of furthering human welfare, and how they adjudicate conflicts among individual interests” (p. 3). Jones (1991) offered this definition:

An ethical decision is a decision that is both legally and morally acceptable to the larger community. Conversely, an unethical decision is a decision that is either illegal or morally unacceptable to the larger community. This definition follows from Kelman and Hamilton's (1989) definition of crimes of obedience and is consistent with the definitions used, either explicitly or implicitly, by some other authors in the field of ethics. (p. 367)

At the same time, however, Jones (1991) notes the difficulty in attempting such a definition, stating that “the definition is admittedly imprecise and relativistic” (p. 367). Trevino et al. (2006) provided this definition:

...behavioral ethics refers to individual behavior that is subject to or judged according to generally accepted moral norms of behavior. Thus, research on behavioral ethics is primarily concerned with explaining individual behavior that occurs in the context of larger social prescriptions. Within this body of work some researchers have focused specifically on

unethical behaviors, such as lying, cheating, and stealing. Others have focused on ethical behavior defined as those acts that reach some minimal moral standard and are therefore not unethical, such as honesty or obeying the law. Still others have focused on ethical behavior defined as behaviors that exceed moral minimums such as charitable giving and whistle-blowing. Our definition accounts for all three areas of study. Furthermore, our definition allows for a liberal consideration of existing research, and thus our review considers a broader range of topics than recent reviews. (p. 952)

Helpfully, Trevino et al. (2006) enumerated examples of unethical behavior, yet none of these definitions in and of themselves truly explicate the content of what is ethical. Largely they rely on the specification of consensus, the unfortunate disadvantage of which is that groups of people can accept the most atrocious and horrendous things as noted throughout history. In contrast to this approach are theories that specify *a priori* principles. For instance, Kant's (1785/1964) "respect principle" says that people should never be treated merely as means, but always as ends in themselves. This principle provides content: it is ethical to respect individuals and it is unethical to disrespect individuals. Bowie (1999), in his discussion of how one can apply Kant's respect principle within a business context, noted two components of respect: rendering people fully informed and being concerned about their physical well-being. As an example, one could take Kant's respect principle and apply it to the issue of worker safety to discern the ethical obligation of employers (Smith-Crowe, 2004). The implication regarding worker safety is that employees must be fully informed of the hazards present in their workplaces as well as what measures can be taken to avoid them and what steps can be taken in the event of accidents, injuries, or illnesses produced by workplace hazards. Further, employers must do their best to shield employees from inevitable workplace hazards through engineering controls and so forth. To "skimp" on workplace safety (e.g., in order to raise profit margins) and to thereby disrespect employees would be unethical. Knowing what specific behaviors entail respect and what behaviors do not (in this case, what specifically entails "skimping" and what entails an honest attempt to shield workers from inevitable hazards), admittedly is a difficulty (cf. Warren & Smith-Crowe, forthcoming), yet such a principle gets us much closer to understanding the terms "ethical" and "moral" than do definitions that do not include content.

The avoidance of providing a definition of ethical behavior (and one with content), and the resulting lack of consensus when definitions are attempted to be provided is as understandable as it is unacceptable. In attempting to establish itself as a solid science, the business discipline has borrowed from the fundamental tenet of determinism found in the natural sciences, removing intentionality, and correspondingly ethics and morality, from theoretical

frameworks (Ghoshal, 2005). While that may make sense for the study of physical entities, like cells, which do not have the capability of making value-laden judgments, it does not make sense for the study of management, which is embedded with human intentionality and managerial choice (Ghoshal, 2005). Management involves decisions that impact others, and thus it is a moral activity. Ignoring the normative dimension of management by hiding behind the guise of “true scholarly work” is, consciously or subconsciously, signaling that normative considerations should not be incorporated into research and subsequently into managers’ everyday decisions. Such a “valueless” position should be recognized, however, as being itself value-laden for underlying such an assumption is the notion that values have no place in the field, and more particularly, in the study of ethical decision making. As Sandelands (2007) stated, “The MBA teaches that business is essentially pragmatic, motivated by what works. This pragmatism is its own morality” (p. 10). By not seriously addressing the “normative” in values, we are promoting a non-normative morality, suggesting that such considerations are irrelevant to the study of business and ethics.

Thus, the ethics field is in a quandary. If we don’t believe it is important to define what an ethical decision is, or don’t believe that it’s our place to do so, then we are a field without meaning. If we do believe that such a definition is necessary, then we have no choice but to motivate an understanding of what the normative basis of those values should be and how “ethical” should be measured. Such an understanding is really a call for a bridge to be built between the normative and descriptive fields of business ethics. This call to the management field echoes that in the marketing discipline, which has been criticized for ignoring the true meaning of morality and is now being called to elevate itself to a higher ground (Mick, 2006). By nature of the objective of this paper—to review the field of ethics—and our backgrounds, we cannot resolve this issue in this manuscript. We do, however, have fields waiting to help, namely moral philosophy and theology. Moral philosophers construct systematic theories of normative ethics, the crux of which is a definition of the term “ethical”. Deontological theories that define right and wrong in terms of *a priori* principles seem particularly useful for classifying dependent variables as ethical or not as they would seem to provide a construct definition that would not change across contexts (e.g., see Kant, 1785/1964; Rawls, 1999). Others have made compelling arguments for the role of religion in contributing to this definition: “For organization studies, it might mean that there are lessons to draw from theology—the study of God...[for]God’s laws are not simply laws of nature; they are laws of conduct” (Sandelands, 2003, p. 8–9). We can see this as an opportunity for multi-disciplinarian work, engaging the business, philosophical and theological fields, or we can hide behind the shibboleth that real social scientists “don’t do” normative work. In contemplating this question, it should be recognized that attempting to remain “value-free” as a discipline will



leave scholars in the field of ethics both uninterested and unequipped to define their main dependent variable and will leave the field of ethics much the same: uninteresting and unequipped.

Noting the seriousness of a fundamental definitional problem within the field of ethical decision making in organizations—specifically that of behavioral ethics—in what follows, we lay out our review. We begin with a summary of our findings, presented in the form of a model of ethical decision making and a typology of its outcomes. Following that presentation, we proceed with a discussion of moral awareness, a key juncture in ethical decision making, after which we discuss the research on moral and amoral decision-making processes that follow from its presence or absence accordingly. In these discussions we attempt to note what has been done and what progress has been made. Finally, after recapping, we discuss the future. We suggest strategies for building on what we know and we speculate as to the truly new insights yet to come.

### Summary of Findings: A Model and a Typology

A summary of our review is presented in a model of ethical decision making depicted in Figure 13.1. Our review uncovered three important components in ethical decision making: moral awareness, moral decision making, and amoral decision making. Crucial in understanding what drives ethical decision making is knowing whether decision makers are morally aware. If they are, decision makers engage in “moral decision making”. If they are not, individuals engage in what we term “amoral decision making”. At a glance, our model may seem similar to others that have been developed. Certainly, as one would hope, there are many overlaps between what others have theorized and cited as important advances in the field and our own assessment. There are, however, several key differences—differences that we think have significant implications for future research in the field of ethical decision making.

First, we ignore the temptation to use existing theories to guide our analysis. While others have noted the need to “move beyond Rest’s framework” (O’Fallon & Butterfield, 2005), the previous reviews were nonetheless structured around that framework. We started without a preconceived theory, attempting instead to understand what the data and theory were telling us.

Second, we highlight the importance of considering the perspective of the decision maker, in the form of decision frames, which we use as a way to further develop the concept of moral awareness and the lack thereof. Drawing on perspectives that stress the importance of considering the type of situation with which decision makers feel that they are faced (March, 1995; Messick, 1999), we argue that decision frames theoretically inform moral awareness. How decision makers construe the dilemmas before them is critical to whether decision makers achieve moral awareness or not. Under the influence of an

ethics frame, decision makers are morally aware. Under the influence of other frames (e.g., a business frame or a legal frame), however, decision makers are not morally aware. Importantly, rather than utilizing a dichotomous construct in which all situations of moral unawareness are treated synonymously, we argue that moral unawareness can stem from different frames. Recognizing and identifying which frame is adopted is crucial to understanding and predicting ethical and unethical decisions. Thus, our perspective not only incorporates the concept of moral awareness but substantially adds to our understanding of decisions made when decision makers are morally unaware.

A third key difference between our perspective and those laid out in other theoretical frameworks and reviews is our incorporation of amoral decision making alongside of moral decision making. Like others (e.g., Jones, 1991; Rest, 1986), we see moral awareness as a crucial point in moral decision making. However, we argue that moral awareness, rather than being a prerequisite that guarantees ethical decisions, simply serves as a point of departure whereby the decision-making process can be characterized as either moral or amoral and the outcomes of either decision process as either ethical or unethical, moral dimensions are part of the decision-making process, whereas in amoral decision making, they are not. Though the distinction is simple, the implications are not. While some have simply discarded situations of moral unawareness as outliers, we argue that they constitute a very important part of the field of ethical decision making; likewise, while others have argued that ethical decision making is best understood as good people unintentionally making bad decisions, we believe that the research on moral decision making offers value. “Good” and “bad” people make “good” and “bad” decisions; sometimes they are aware that the decisions they are making have ethical implications and other times they are not.

The distinction between process and the ethicality of decisions led to our typology of outcomes presented in Table 13.2. This typology, which distinguishes between intentionality and ethicality, is derived from both the need to bridge the gap between descriptive and normative approaches to ethics and the recognition that understanding the decision maker’s perspective along with the normative consequences of their actions are both crucial to enhancing our knowledge of ethical decision making. Distinguishing between the process that produced the decision (moral or amoral decision making) and the decision that resulted (ethical or unethical) produces four different outcomes—intended ethicality, unintended ethicality, intended unethicality, and unintended unethicality. To illustrate these categories, take the case of a manager in an organization who is responsible for new product development in an automotive firm. One of the new products she is working on involves a new engine which will result in significant savings in the production process but is associated with some significant worker safety concerns; it is her responsibility to provide a recommendation on whether to recommend this

new design to manufacturing. Further assume that the ethical choice is to not produce the engine (e.g., on the basis that producing the engine violates Kant's [1785/1964] respect principle [cf. Smith-Crowe, 2004]). If the safety hazards trigger moral awareness in the manager, then her decision, regardless of what it is, will be the result of a moral decision process because she recognizes the moral stakes in the situation. Given her moral awareness, if the manager decides not to produce the engine because of the safety concerns, despite its financial promise, she is making an "intentionally ethical" decision; if she recommends production of the engine, despite the noted dangers, she is making an "intentionally unethical" decision. If, however, the safety concerns regarding the engine fail to register to the manager as being ethically relevant, then her decision-making process would be characterized as "amoral" because she does not recognize the moral stakes in the situation—in this case we might imagine that she is likely to approach the problem within a business frame. If the manager recommends against production of the engines, not because of any knowledge of safety problems, but for different reasons (e.g., the raw materials for the new design are difficult to obtain), the manager's decision is "unintentionally ethical". If the manager recommends that the engines be produced, say for example because the profit potential is so large, the manager's decision is "unintentionally unethical".

Thus, in our typology, all major pathways lead to ethical and unethical decisions. The moral decision making that follows from moral awareness can result in unethical decisions as well as ethical ones; likewise, the amoral decision making that follows from moral unawareness can lead to ethical decisions as well as unethical ones. The introduction of this typology of outcomes and intentionality not only provides a structure for our review of ethical decision making, but it also should be of value to the field itself, promoting researchers positioning their work within a broader framework, rather than operating within isolated camps.

What we hope these differences offer are new insights into the field of ethical decision making. We do not just review the studies, we offer our model of the process of ethical decision making. We do not take existing classifications, we introduce new ones that seem to capture the work that has been done and

**Table 13.2** Typology of Dependent Variables

		Process	
		Moral Decision Making	Amoral Decision Making
Decision Outcome	Ethical	Intended Ethicality	Unintended Ethicality
	Unethical	Intended Unethicality or Unintended Unethicality	Unintended Unethicality

the work that should be done. In doing so, we hope to supplement what has been noted in previous research and reviews to move the field forward both empirically and theoretically.

### **Moral Awareness**

Our model begins with moral awareness. We argue that a critical component of ethical decision making is predicated on whether decision makers are morally aware. If they are, decision makers engage in a process that we have termed “moral decision making”; if they are not morally aware, “amoral decision making” occurs. Moral awareness has played a critical role in existing models of ethical decision making. It occupies a prominent role in Rest’s (1986) model of moral decision making, asserting its place as the initial construct in the offered framework. Similarly, Hunt and Vitell’s (1986) model of ethical decision making assumes that a marketer must first perceive a situation to contain an ethical issue or problem before the ethical decision-making process is enacted: “If the individual does not perceive some ethical content in a problem situation, subsequent elements of the model do not come into play” (Hunt & Vitell, 1986, p. 761).

### *Theoretical and Methodological Issues*

Given its central role in our model, it is important to understand the construct of moral awareness. Rest (1986) who is credited with this construct, described the process of becoming morally aware as “identifying what we can in a particular situation, figuring out what the consequences to all parties would be for each line of action, and identifying and trying to understand our own gut feelings on the matter” (p. 3). Rest further stated that in order to achieve moral awareness, “the person must have been able to make some sort of interpretation of the particular situation in terms of what actions were possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effects on their welfare” (1986, p. 7).

Despite the importance accorded to moral awareness, the measurement of this construct is notably problematic. Most fundamental to this problem is that while most examinations of moral awareness rely on Rest’s (1986) model as a theoretical platform for their investigation, a more restrictive definition of moral awareness is used than Rest seems to have intended. These studies assume that for decision makers to be morally aware, they must perceive the decision as a moral one. Rest (1986), however, made no such assumption: “A person may say to her/himself, ‘This is a moral problem’ or may think about some specific moral norm or principle that applies to the case. But this is neither necessary nor inevitable. Minimally... a person realizes that she/he could do something that would affect the interests, welfare, or expectations of other people” (p. 5). Thus, Rest assumed a much broader interpretation of moral awareness than do the studies that have followed.

Which interpretation is correct is up for debate, but the discrepancy between Rest's intention and the empirical studies that have relied on Rest's work should be noted.

In addition to this restricted definition, the measurement of it also raises some concern. Moral awareness is most often measured by directly asking participants whether an issue presents an ethical dilemma, thus introducing the possibility of a moral dimension that might not have been perceived had the question not been asked (Reynolds, 2006b; Trevino et al., 2006). Participants, for example, have been asked whether scenarios present an ethical issue (Cherry, Lee, & Chien, 2003), whether a tax situation involved an ethical issue or problem (Fleishman & Valentine, 2003), whether a situation has ethical implications (Blodgett, Lu, Rose, & Vitell, 2001), and whether vignettes have any ethical content (Singhapakdi, Marta, Rallapalli, & Rao, 2000).

It is not clear from most of the research on moral awareness then whether even the more restricted definition of moral awareness has actually been measured. As Clarkeburn (2002) argued, most of the measures are more reflective of the ethical importance of an issue (cf. Jones, 1991) rather than the actual awareness of an issue. Clarkeburn (2002) attempted to address the issues associated with the "tick-a-box" problem by presenting participants with scenarios (i.e., creating a genetically-engineered cow in order to obtain a certain type of milk used for the treatment of cystic fibrosis) and asking them to identify the major issues that they would need to consider before making a decision; moral awareness was then inferred from the list of issues that were identified. This methodology was similar to that used previously by Yetmar and Eastman (2000), who presented subjects with scenarios involving tax breaches and asked participants to state any issues of concern and the significance of the discovered issue.

Despite the noted methodological and theoretical complexities, a great deal of research has been conducted on moral awareness, especially on predictors of awareness. In what follows, we summarize this research. In doing so, we report research that uses all measures; however, we do so with a cautionary note of their problematic nature. With that in mind, a review of the research identifies several different factors that have been aligned with moral awareness, factors which we have placed into either "individual" or "situational" categories.

#### *Correlates of Moral Awareness: Individual Factors*

*Gender.* Studies of gender and moral awareness are mixed, with some studies showing no effect (Fleishman & Valentine, 2003; Hegarty & Sims, 1978; Singhapakdi & Vitell, 1991) and others demonstrating that females are more morally aware (Ameen, Guffey, & McMillan, 1996; Bebeau & Brabeck, 1987; Chonko & Hunt, 1985; Singhapakdi, Rao, & Vitell, 1996). Chonko and Hunt's (1985) study of marketing management professionals, for example,

revealed that female marketers were more likely to perceive ethical problems than male marketers.

*Nationality and culture.* There is spotty evidence that nationality and culture may play a role in moral awareness. Cherry et al. (2003), utilizing a scenario in which payment of a bribe was being considered in order to gain access to a lucrative Asian market, found that US respondents were more likely to indicate that the scenario presented an ethical issue than were Taiwanese respondents. Noting the potential conflict between culture and nationality, other studies are useful for attempting to disentangle these similar yet independent effects. Blodgett et al. (2001), for example, used Hofstede's (1980) theory on national culture to compare US and Taiwanese sales agents. Results revealed that uncertainty avoidance was positively related and power distance and individualism/masculinity negatively related to ethical sensitivity: US agents were more likely to perceive ethical issues associated with their colleagues' behavior while Taiwanese agents were more likely to perceive ethical issues associated with their companies' or competitors' agents. However, while Hofstede's cultural dimensions fully explained the variance in two of the four scenarios, nationality had a separate effect in the other two scenarios. The importance of nationality as an independent effect on moral awareness, above and beyond Hofstede's dimension of culture, is also underscored in Singhapakdi, Karande, Rao, and Vitell's (2001) comparison of Australians and Americans, from countries which they argued to be "cultural cousins" due to their similar alignment on Hofstede's dimensions. Despite these similarities, they still found some differences in moral awareness, with Americans more likely to indicate that scenarios involving the withholding of information and the misleading of an appraiser involved an ethical problem than their Australian counterparts (though no differences were found in two other scenarios).

*Ethical experience.* A number of studies that have investigated the influence of individual differences on moral awareness seem to be attempting to capture the effect of what we have roughly termed "ethical experience". Included in this category are those variables that might affect one's experience with ethical dilemmas, such as religion, age, ethics training, and professional and educational experience. Like the studies on gender and moral awareness, the results of these studies are varied. In a study of marketing services professionals, Singhapakdi et al. (1996) demonstrated that, in comparison with younger professionals, older professionals were more likely to recognize the moral issue in a scenario involving a retailer who withheld information about a discontinued china pattern from the consumer (there was, however, no effect of age in the other three scenarios included in that study: an automobile service repair center that made minor adjustments to fix a car until the warranty expired; a salesperson who over-exaggerated the value of the product the

salesperson was selling; and overcharging customers in a lower socioeconomic region). Religion also appears to play a role with individuals who indicated that religious values were important (“Spiritual values are more important than material things”) being more likely to identify the ethical content of scenarios (Singhapakdi, Marta, et al., 2000).

Training appears to have a mixed effect on moral awareness. Clarkeburn (2002) found that while science education *per se* had no effect on ethical sensitivity, short discussion groups on ethics (i.e., three 2-hour discussions) did increase the recognition of moral issues. More recently, Castleberry (2007) found that having business students visit a prison to hear the stories of white-collar criminals increased their awareness of moral issues in marketing.

Others have investigated the impact of professional and educational experience on moral awareness. Though they do not speak to ethical experience *per se*, these variables do pertain to individuals’ perceived experiences with their jobs and their professions which may in turn be related to ethical experience. While several studies (i.e., Cohen, Pant & Sharp, 2001; Karcher, 1996; Yetmar & Eastman, 2000) have investigated whether professional (i.e., student versus professional) and educational experience (i.e., entering versus graduating students) influence awareness of a moral dilemma, most have not revealed significant results. One exception is a study by Sparks and Hunt (1998) who found that marketing research practitioners were more morally aware than students; another is by Cohen et al. (2001), who found that professional accountants viewed some actions as less ethical than graduate students. Bebeau (1994) found that ethical sensitivity increased as a function of education within the dentistry profession (i.e., dentists versus hygienists); however, Sparks and Hunt (1998) found a negative relationship between amount of formal training in college and in one’s career and ethical sensitivity in marketing research practitioners. Swenson-Lepper (2005) found that ethical sensitivity was higher among those with more general education and Yetmar and Eastman (2000) also found that two variables related to people’s experience with their jobs—role conflict and job satisfaction—influenced moral awareness, with role conflict being negatively associated and job satisfaction positively associated with ethical sensitivity.

*Affect and arousal.* While positive affect and arousal have been argued to increase moral sensitivity (Gaudine & Thorne, 2001) and many have argued for the study of this relationship (i.e., see Trevino et al., 2006) there is little empirical research on this important topic. The closest study is that conducted by Yetmar and Eastman (2000), who found that job satisfaction, an affective-laden state, was positively related to ethical sensitivity.

*Values and orientations.* One’s ethical orientation appears to be an important consideration in moral awareness. Utilitarians (those whose moral



judgments are based on the consequences of actions) were found to be less ethically sensitive than formalists (i.e., individuals who employ deontological, or principle-based, ethics) in the domain of violations of behavioral norms (Reynolds, 2006b). Similarly, relativism and idealism were found to be associated with lower levels of moral awareness (Shaub, Finn & Munter, 1993; Sparks & Hunt, 1998). Singhapakdi et al. (1996) also found that marketing professionals who adhered to a high standard of professional values were more likely to recognize ethical issues or problems than those whose standards were lower.

*Moral disengagement.* Drawing on Bandura's (1990a, 1990b) work on dehumanization, research has begun to focus on the individual propensity to morally disengage from the ethical aspects of a decision. Individuals are argued to differ in their tendency to cognitively reframe their actions, their role within them, or their effects on others which impacts not only moral awareness but subsequent moral judgment (Detert, Trevino, & Sweitzer, 2008; Moore, 2007). Such reframing is argued to interrupt the self-regulation that promotes ethical behavior, in turn dampening moral awareness (Bandura, 1990a, 1990b; Detert et al., 2008; Moore, 2007).

*Summary.* An examination of the research that has investigated the impact of individual factors on moral awareness paints an incomplete and confusing picture, with some factors more consistent in their influence on moral awareness than others. While some studies show that gender and nationality do lead to greater moral awareness among decision makers, others do not. The research on values and orientations, ethical experience and moral disengagement, however, is more consistent and hence offers more promise in providing explanatory power. These differences in robustness are not surprising when one considers the strength of the theoretical rationale behind the investigated connections. Values, orientations, ethical experience and moral disengagement are theoretically closer to notions of morality, and by extension to moral awareness, than are gender and nationality, leading to more robust results. While it is possible that gender and nationality are significantly related to moral decision making, it is reasonable to assume that this relationship is mediated by underlying mechanisms, such as a cognitive focus on others, that are more closely aligned with ethical dimensions. Mixed findings on moral awareness may thus be due more to a lack of theoretical specification and investigation than to the actual strength of a relationship.

#### *Correlates of Moral Awareness: Situational Factors*

Going beyond the individual factors are the situational factors that influence moral awareness. The contextual features within which a decision is made occupy a prominent place in current theoretical models of ethical decision making (i.e., see reviews by O'Fallon & Butterfield [2005] and Trevino et al. [2006]). In the following sections we discuss the two situational features that



have been shown to have the most consistent effect on ethical behavior: issue intensity and ethical infrastructure.

*Issue intensity.* Originally conceived and theorized by Jones (1991), issues are argued to vary in their moral intensity, "... a construct that captures the extent of issue-related moral imperative in a situation" (p. 372). Jones (1991) identified six components of moral intensity: magnitude of consequences, concentration of effect, probability of effect, temporal immediacy, social consensus, and proximity. Each of these components is argued to increase moral intensity; for example, in the case of the magnitude of consequences, an unethical act that harms 10,000 people is more morally intense than an unethical act that harms 10 people. Not surprisingly, moral intensity and moral awareness are posited to be positively correlated, such that "issues of high moral intensity will be recognized as moral issues more frequently than will issues of low intensity" (Jones, 1991, p. 383).

Research on these dimensions indicates fairly robust support for the influence of moral intensity on moral awareness, although results are somewhat sporadic in terms of which specific components are investigated and found to be predictive of awareness. Singhapakdi, Vitell, and Kraft (1996), for example, found that all six components were related to the recognition of an ethical problem among marketing researchers, whereas Dukerich, Waller, George, and Huber (2000) found a relationship with four of five dimensions of moral intensity (i.e., the magnitude of consequences, social consensus, proximity, and the concentration of effect). Marshall and Dewe (1997) found that social consensus and the magnitude of consequences were the only dimensions of issue intensity that individuals referred to in their descriptions of moral issues. In a study of competitive intelligence practitioners, Butterfield, Treviño, and Weaver (2000) investigated two components, the magnitude of consequences and probability of harm, and found that they both significantly influenced moral awareness. Davis, Johnson, and Ohmer (1998) found that social consensus was useful in explaining moral concern, whereas May and Pauli (2002) found that the probable magnitude of harm, not social consensus, was helpful.

*Ethical infrastructure.* Numerous studies of moral awareness fall under the umbrella of "ethical infrastructure" which Tenbrunsel, Smith-Crowe, and Umphress (2003) defined as the organizational climates, informal systems (communication, surveillance, and sanctioning), and formal systems (communication, surveillance, and sanctioning) that are relevant to ethics in an organization. One aspect of that context, ethical climate (Victor & Cullen, 1988), has been found to impact levels of moral awareness, with benevolence and principle ethical climates leading to more moral awareness, and egoistic ethical climates leading to lower levels of moral awareness (VanSandt, 2003). Another piece of the ethical infrastructure, codes of ethics, which belong to the formal systems of organizations, was also found to lead to moral awareness (Weaver

& Treviño, 1999). Finally, the more informal aspects of ethical infrastructure have been demonstrated to influence moral awareness. Individuals were more likely to perceive the moral aspects of the decision when the environment was characterized by competitive business practices, a finding explained by the possibility that a highly competitive atmosphere raises one's "moral antennae", thus sensitizing individuals to moral issues (Butterfield et al., 2000). Moreover, Tenbrunsel and Messick (2004) argued that the situational cues, found in the formal systems, informal systems and organizational climates, are instrumental in the "ethical fading" process, a process by which a person does not realize that the decision he or she is making has ethical implications, in turn leading to a lack of moral awareness. In particular, they argued that euphemistic language (Bandura, 1999) and previous incidents of unethical decisions decrease the likelihood that decision makers will attain moral awareness.

*Summary.* Research on the impact of situational factors on moral awareness, while not painting a complete picture, appears to offer more than the current studies on individual factors. The moral intensity of the issue and the ethical infrastructure in which the decision takes place seem to possess some degree of predictive validity. In combination, we posit that these variables speak to the salience of the ethical dilemma, influenced by the perception of the type of decision, or decision frame, at hand. A discussion of the more encompassing construct of decision frames, which we argue informs the concept of moral awareness, follows.

*Progress on Moral Awareness: Decision Frames as an Expansion of the Construct Domain*

We have argued that ethical decision making begins with moral awareness. Moral awareness is necessary to consider, for it tells us whether ethical and unethical outcomes arose from moral or amoral decision-making processes. We hold by our ascription that moral awareness is central to the process, and we recognize, by a review of the number of others who have studied this construct, that we are not the first to make this assertion. Our review of the field, however, leads to the identification of a promising insight into the concept of moral awareness, namely that of decision frames. A decision frame refers to the type of decision that individuals believe that they are making—how it is that they have coded or categorized the decision (Tenbrunsel & Messick, 2004). If a decision is coded as an ethical one, ethical considerations will be part of the decision process; conversely if the decision is coded as a business decision or a legal decision, other considerations such as profit or compliance might be more central to the decision process. By highlighting a multi-dimensional construct, decision frames, to represent the construal of the decision, we expand the traditionally dichotomous categorization induced by moral awareness (i.e., "is the decision maker morally aware or not?"). Knowing

that an individual perceives a decision as ethical provides insight into whether the decision maker is morally aware, which in turn is vital for providing insight into the moral decision-making process that ensues. However, knowing the flip-side, namely that the decision maker is unaware, is of less help. Research on ethical decision making has focused on only one decision frame, namely whether the decision maker sees it as an ethical one. In doing so, this research has obscured valuable information on the process that ensues when the decision maker is not morally aware. As we will argue in the section on amoral decision making, in the absence of moral awareness, it becomes very important to know the decision frame that will structure the subsequent decision-making process. For now, we will shift from the reporting of what has been done on moral awareness so as to introduce the concept of decision frames more fully to the field, and more particularly, to moral awareness.

Our discussion of decision frames begins with a theory of decision making and the “logic of appropriateness” framework (March 1995; Messick, 1999); this work has its roots in many related theories, including “naturalistic decision making” theories (Connolley & Koput, 1997), image theory (Beach, 1993), explanation-based theories (Pennington & Hastie, 1988), situation-matching theories (Klein, 1989; Noble, 1989), adaptive decision-making theory (Payne, Bettman, & Johnson, 1993), and interdependence theory (Kelley & Thibaut, 1978). Drawing on these theories, March (1995) identified three relevant components in the decision making process: appropriateness, identity, and rule-based decision processes. In the initial appropriateness phase, decision makers first identify the type of situation (i.e., is it a competitive one? Is it an ethical one?) with which they are faced. The second dimension, identity, is predicated on the premise that an individual’s identity is an important predictor of how that person will respond within that situation, suggesting that two people in the same situation, but with different identities, may respond very differently. Rule-based decision logics, the third phase, is based on the premise that individuals base their choice of action on rules appropriate for that situation and for their identity (versus outcomes); in other words, they ask themselves the question “how does somebody like me behave in this type of situation?” (see, for instance, the work on moral identity, e.g., Aquino & Reed [2002]).

Drawing on and extending the ideas of March (1995), Messick (1999) proposed a view of decision making that he termed an “alternative logic of decision making in social contexts”. This perspective is based on the primacy of the type of situation a decision maker perceives he or she is faced with, such that an individual’s determination of the type of situation subsequently influences behavior, norms, and expectations. Messick (1999) used the results of experimental research to support his claims. He argued, for example, that procedure effects, in which different outcomes are obtained simply by varying the order of the experimental procedure, cannot be explained by traditional

utility outcome measures since the outcomes do not change. Instead, what explains behavior is the type of situation in which decision makers see themselves.

Boles and Messick (1990) provided support for this notion in a study of ultimatum bargaining games involving two players: one who played the role of the “allocator” and the other the role of “recipient”. The allocator was given a certain amount of money to divide between himself and the recipient; if the recipient accepted the offer, the allocator and recipient received the amounts offered by the allocator, but if the recipient rejected the offer, both the allocator and recipient received \$0. Boles and Messick (1990) found that recipients were more likely to accept an unfair allocation (less to themselves and more to the allocators) when they were first given the amount allocated to them and then given an explanation as to the ultimatum game procedure than they were if they first were given the explanation and then the allocation. They explained these results by suggesting that these differences in the order of the procedure influenced perceptions of “good” and “bad”—when given the money first, the situation was coded positively by the participants as suddenly they had more money than they had before, but, when given the instructions first and then the money, the unfairness of the allocation was salient and the situation was construed as “bad”. Similar results by van den Bos, Lind, and Wilke (1997), who found that manipulating the order of procedural versus outcome information influenced fairness judgments, are used to suggest that situational features dictate the construal which in turn influences behavior. Other situational features, in addition to presentation order, are identified as important influences in the construal ascribed to a particular situation, including labels, metaphors, the timing of decisions, and the manner in which mental accounts are created (Tenbrunsel & Messick, 2004). The label ascribed to the first person in a resource dilemma (i.e., supervisor versus leader or guide; Samuelson & Allison, 1994), the use of verbs such as “claim” versus “accept or reject” (Larrick & Blount, 1997), and the positioning of the resources as monetary versus as social goods (Pillutla & Chen, 1999) all have been found to influence behavior and the degree of self-interest exhibited in the choice, even though the outcome or consequences remained identical.

Tenbrunsel and Messick (1999) provided direct evidence of the influence of decision frames on behavior in an ethical context. Investigating the impact of a sanctioning system on cooperation in a social dilemma, they found that the presence of a such a system influenced the decision maker’s construal of the situation: when no sanctioning system was present, the majority of the individuals viewed the decision as an ethical one, but when a sanctioning system was present, the majority of the participants viewed the situation as one involving a business decision. These decision frames in turn impacted behavior, such that there was significantly less cooperation when the situation was construed as a business versus ethical decision.

Messick (1999) argued that these types of findings are difficult to reconcile with the more traditional utility calculation models and that our understanding of behavior can be greatly improved if we consider the type of decision that is perceived by the decision maker. Ethical decisions, in particular, are argued to be best understood within this perspective:

Part of my interest in pursuing this line of thought comes from research that my students and I have done over the past decade or so on heuristic decision processes especially in contexts that have an ethical or moral tinge. I think that these are situations that are far more common than we often realize, and, as I have argued elsewhere (Messick, 1993), I think our responses in these situations are often rooted in shallow rules, habitual rituals, and other processes... (Messick, 1999, p. 15)

We agree and believe that an understanding of the type of decision which individuals *perceive* that they are making is critical to interpreting the research on ethical decision making and, ultimately, to understanding the ethical decision-making process (cf. Sonenshein, 2007).

The benefit of a consideration of the type of decision frame is highlighted by the two-stage “signaling-processing” model developed by Tenbrunsel and Messick (1999). They argued that the situational context determines the type of frame with which an individual perceives the decision, and that the frame determines the unique processing that occurs within that frame. In a similar vein, we assert that if individuals perceive that they are making an ethical decision, the processing that occurs within that frame is characterized by what we term “moral decision making”. If the decision is not perceived through an ethical frame, but rather is viewed through another type of frame (e.g., a legal frame or a business frame), the processing that occurs is what we have termed “amoral decision making”, with the type of amoral decision-making processing dependent upon the type of “non-ethical” frame that has been adopted.

It is important to note that when we speak of an ethical versus a business frame, for example, we are not making a normative argument that these two are or should be separate. Discussions on the “separation thesis” (Freeman, 1994), which argues that stakeholder theory separates business from ethics, provides a compelling discussion of the causes and consequences of doing so. Rather, we speak of frames in a descriptive sense, intended to represent the dominant characteristics of the situational construal as perceived by the decision maker. Further, the adoption of a “non-ethical frame” (e.g., a business frame or a legal frame) does not mean that ethics are unimportant or irrelevant to those frames, but rather that a consideration of ethics does not dominate perception.

In comparison to the narrower concept of moral awareness, the incorporation of the broader construct of decision frames into the field of ethical decision making offers new and more comprehensive insights. First, it provides a rich source of respected theories, such as that on situation perception,

construals and schemas, upon which the theory-poor field of ethical decision making can draw. Second, as we will further discuss, the broader construct of decision frames does not treat all “non-ethical” frames as equivalent, and thus can help expand our knowledge of amoral decision making. With these points in mind, we discuss both moral and amoral decision processes in the following sections.

### Moral Decision Making

When decision frames prompt moral awareness, a moral decision-making process ensues. Jones (1991) provided for a clear connection between moral awareness and moral decision making: “For the moral decision-making process to begin, a person must recognize the moral issues” (p. 380). This process is *moral* not because the resulting decision is necessarily consistent with ethical principles or norms (i.e., decisions can either be ethical or unethical; see Table 13.2 and Figure 13.1), but because moral considerations are present during the decision-making process. That is, the ethical relevance of the issue at hand has been recognized and this recognition prompts a consideration of moral implications, but it does not necessarily lead to ethical decisions.

Following Rest’s (1986) model of moral decision making, the empirical research on the impact of moral awareness on moral decision making has focused on three components of decision making: moral judgment (i.e., judgments of *ethical* and *unethical*), moral intention (i.e., the intention to do what is ethical or what is unethical), and behavior (i.e., ethical or unethical behavior). The research on the impact of moral awareness on moral judgment and behavior lends support to the notion that not all decision makers who are morally aware make moral decisions. Singhapakdi et al. (1996) found that awareness was correlated with moral judgment, but Valentine and Fleischman (2003) did not find such a correlation. Similarly, one study found that awareness was related to decision outcomes (Fleischman & Valentine, 2003), while another found no relationship (Valentine & Fleischman, 2003). The evidence regarding moral intention is more straightforward. Moral awareness is positively associated with ethical intentions and negatively associated with unethical intentions (Singhapakdi, 1999; Singhapakdi, Vitell, & Franke, 1999; Singhapakdi, Salyachivin, Viraku, & Veerayangkur, 2000).

As indicated by this research, moral decision making may lead to ethical decisions and it may not. Part of the motivation behind our typology (Table 13.2) was to recognize these two possibilities. Decision makers engaged in moral decision making are aware of the moral implications of their situation, but they may or may not make decisions consistent with moral concerns. Those who do make moral decisions have engaged in “intended ethicality”, while those who do not are engaged in “intended unethicality”. Further, our typology allows for a bit more complexity as it recognizes a third option: moral decision making results in “unintended unethicality” when decision makers

make a decision they *believe* is moral, though in fact it is not. The implication of these options is that once the moral decision-making process is engaged, an ethical decision is hardly guaranteed. In the following sections we review the research on the associations between various individual and situational factors and moral decision making outcomes, including judgment, intention, and behavior, which has attempted to shed light on when ethical decisions result from moral decision making and when they do not. Caution should be noted, however, in the categorization of this research under moral decision making; for many of the studies discussed, moral awareness is assumed (typically on the basis of the arguably obvious ethical issues posed in the studies) rather than explicitly measured.

*Correlates of Moral Decision Making: Individual Factors*

*Gender.* A great deal of research has been done on the connection between gender and moral judgment, but, as with moral awareness, the results are mixed. In some studies women have been found to make more ethical judgments (e.g., Cole & Smith, 1996; Eynon, Hill, & Stevens, 1997; Mason & Mudrack, 1996; Okleshen & Hoyt, 1996; Reiss & Mitra, 1998; Tse & Au, 1997); in a few studies, males were found to have more ethical judgment (e.g., Weeks, Moore, McKinney, & Longenecker, 1999); but in many other studies no relationship between gender and judgment was found (e.g., Abdolmohammadi, Read, & Scarbrough, 2003; McCuddy & Peery, 1996; Rayburn & Rayburn, 1996; Razaque & Hwee, 2002; Roozen, Pelsmacker, & Bostyn, 2001; Schminke & Ambrose, 1997; Schoderbek & Deshpande, 1996; Shafer, Morris, & Ketchand, 2001; Valentine & Rittenburg, 2007; Wimalasiri, Pavri, & Jalil, 1996). There is much less research on the connection between gender and moral intent, but the results are similarly mixed, with some studies finding that women have more ethical intentions (e.g., Cohen, Pant, & Sharp, 2001; Singhapakdi, 1999; Valentine & Rittenburg, 2007) and other studies finding no correlation (e.g., Jones & Kavanagh, 1996; Shafer et al., 2001). The research on the connection between gender and behavior is also mixed, but is skewed such that most studies have found that women behave more ethically (e.g., Chung & Trivedi, 2003; Glover, Bumpus, Logan, & Ciesla, 1997; Ross & Robertson, 2003; Sankaran & Bui, 2003).

This body of research is largely not driven by theory, but Ambrose and Schminke (1999) helpfully identified and labeled two views that encompass much of this research. First is the “alpha” view that there are gender differences in individuals’ orientations toward ethics; second is the “beta” view which holds that situations in organizations are strong enough to overwhelm any potential gender differences—should they exist—so that they do not impact business ethics. The former may be theoretically buttressed by Gilligan’s (1982) research suggesting that males and females are socialized differently with distinct gender tracts for moral development. The latter may be buttressed by



Mischel's (1968) research on the strength of situations. As is obvious from the preceding paragraph, there is empirical research to support each of these views, yet there is no theory to explain these mixed findings.

*Nationality and culture.* Numerous studies have demonstrated a connection between nationality and judgment (e.g., Allmon, Chen, Pritchett, & Forrest, 1997; Armstrong, 1996; Cherry et al., 2003; Christie, Kwon, Stoeberl, & Baumhart, 2003; Clarke & Aram, 1997; Goodwin & Goodwin, 1999; Hegarty & Sims, 1978; Jackson, 2001; McDonald & Pak, 1996; Okleshen & Hoyt, 1996; Singhapakdi et al., 2001; Tsui & Windsor, 2001). For instance, Haidt, Koller, and Dias (1993) found that Brazilians were more likely than Americans to deem actions as morally wrong when they were offensive, yet victimless (e.g., a woman cutting up a national flag—American or Brazilian—and then using the rags to clean her house). Yet other studies have failed to demonstrate a connection (e.g., Jackson & Artola, 1997; Kracher, Chatterjee, & Lundquist, 2002; Rittenburg & Valentine, 2002; Shafer, Fukukawa, & Lee, 2007; Volkema & Fleury, 2002; Wimalasiri et al., 1996). Though based on less research, the connection between nationality and intent appears to be stronger than that between nationality and judgment (e.g., Cherry et al., 2003; Singhapakdi et al., 2001; Volkema & Fleury, 2002), and the connection between nationality and behavior is also stronger than its connection with judgment (e.g., Kennedy & Lawton, 1996; Whitcomb, Erdener, & Li, 1998). Generally speaking, the rationality behind the chosen nationalities and the theory supporting the proposed relationships has not been clearly articulated. As a result, the research on nationality does not present a very clear picture of the overall connection between nationality and ethics.

More recently, researchers have gone beyond nationality (e.g., American, Chinese, etc.) to study the underlying cultural differences (Vitell et al., 2003; but see Haidt et al., 1993, for an earlier example). For instance, Parboteeah, Bronson, & Cullen (2005) measured various national-level culture variables in order to investigate how culture might be relevant to the justification of unethical actions. They found that performance orientation and assertiveness were positively related to the willingness to justify unethical actions, and that institutional collectivism and human orientation were negatively related to the willingness to justify ethical actions.

*Ethical experience.* Other research has focused on ethical experience, again a term intended to reflect variables that might affect one's experience with ethical dilemmas, such as religion, age, ethics training, and professional and educational experience. For the most part, religion appears to be positively associated with moral judgment (e.g., Clark & Dawson, 1996; Razzaque & Hwee, 2002; Wagner & Sanders, 2001; Wimalasiri et al., 1996), intention (e.g., Singhapakdi, Marta, et al., 2000), and behavior (e.g., Kennedy & Lawton, 1996). However, previous research has connected externally motivated religiosity (i.e., shallow



religious commitment that is motivated by a desire to appear religious in the eyes of others) to prejudice against minority groups (see Gorsuch, 1988). In terms of the connection between age and judgment, the findings are mixed with the bulk of studies showing either a negative relationship (e.g., Eynon et al., 1997; Kracher et al., 2002; Latif, 2000; Roozen et al., 2001; Slovackova & Slovacek, 2007), or no relationship (e.g., Larkin, 2000; Shafer et al., 2001; Singhapakdi et al., 2001), and few studies showing a positive effect (e.g., Chow & Choi, 2003). As of yet, age does not appear to be associated with intent (Shafer et al., 2001), but it appears to be positively correlated with behavior (e.g., Hunt & Jennings, 1997; Kim & Chun, 2003; Lund, 2000), although again the results are mixed (e.g., Glover et al., 1997; Ross & Robertson, 2003; Sankaran & Bui, 2003). A possible explanation for such mixed results is that age has an effect across certain age categories or developmental stages, and significant findings are found only in those studies which capture these critical junctures.

Finally, there is evidence that work and educational experience are negatively related to judgment (e.g., Elm & Nichols, 1993; Kaynama, King, & Smith, 1996; Latif, 2000, 2001; Patenaude, Niyonsenga, & Fafard, 2003; Ponemon, 1988, 1990, 1992; Reiss & Mitra, 1998; Slovackova & Slovacek, 2007; Tse & Au, 1997), positively related to judgment (e.g., Chow & Choi, 2003; Cole & Smith, 1996; Kracher et al., 2002; Larkin, 2000; Razzaque & Hwee, 2002; Smith & Oakley, 1997; Weeks et al., 1999), and not related to judgment (e.g., Cohen et al., 2001; Malinowski & Berger, 1996; Roozen et al., 2001; Shafer et al., 2001; Tse & Au, 1997; Wimalasiri et al., 1996). The findings regarding intent and behavior are similarly mixed with positive correlations (e.g., Cohen et al., 2001), negative correlations (e.g., Chavez, Wiggins, & Yolas, 2001), and non-significant correlations (e.g., Lund, 2000; Malinowski & Berger, 1996; Shafer et al., 2001).

*Affect and arousal.* As discrete emotion has recently gained attention in studies of the process of ethical decision making, we review this work in the subsequent section on process. There is less research, however, on the role of affect, a construct considered to be more diffuse and long-lived than discrete emotion. An exception is a study by Mantel (2005) in which she found that when participants had positive affect, they were more likely to make an ethical decision than when their affect was neutral. Mantel argued that positive affect led participants to think through their decisions more thoroughly, and thus to make more ethical decisions, but this explanation is inconsistent with research demonstrating an association between positive mood and more heuristic processing (e.g., Bodenhausen, Kramer, & Susser, 1994). While one might expect then that positive mood would be less closely associated with sound judgments and decisions (and perhaps ethical decisions), more elaborate processing can lead to less accurate judgments and decisions under certain circumstances (e.g., Ambady & Gray, 2002). Unclear from this research is

whether positive affect is associated with more or less systematic processing of information regarding ethical situations and dilemmas; thus, conclusions about mediating processes cannot be made.

*Values and orientations.* Researchers have found that values and orientations are related to judgments, intentions, and behavior (e.g., Barnett, Bass, & Brown, 1996; Bass, Barnett, & Brown, 1998, 1999; Boyle, 2000; Davis et al., 1998; DeConinck & Lewis, 1997; Elias, 2002; Forsyth, 1985; Rallapalli, Vitell, & Barnes, 1998; Schminke, Ambrose, & Noel, 1997; Shapeero, Koh, & Killough, 2003; Singhapakdi, Salyachivin, et al., 2000; Sivadas, Kleiser, Kellaris, & Dahlstrom, 2003; Tang & Chiu, 2003). For instance, Schminke et al. (1997) found that those who subscribed to formalism (i.e., deontological, or principle-based, ethics) were more likely to judge procedurally just organizational practices as being fair, while those who subscribed to utilitarianism (i.e., consequence-based ethics) were more likely to judge distributively just organizational practices as being fair. That is, formalists were more sensitive to and concerned with issues of procedural justice, whereas utilitarians were more sensitive to and concerned with issues of distributive justice. Sivadas et al. (2003) found that managers who subscribed to a philosophy of relativism (i.e., context-based ethics) were more approving of questionable sales practices than non-relativists.

*Summary.* As the previous discussion suggests, many of the proposed associations in this area can only be tentatively considered because where one study finds a positive correlation, another finds a negative or null correlation. This body of knowledge does not provide a very solid answer to the big question: what do we know? We *think* that gender impacts moral decision making, but we're not sure. We *think* that ethical experience impacts moral decision making, but we're not sure. However, as with moral awareness, we do note that some of the more closely associated concepts theoretically (e.g., values and religious convictions) are more consistently related to ethical outcomes. Regarding those individual factors that are less consistently related, one possible explanation for the inconsistency is differences in context across studies. In the next section we review the influence of such situational factors on moral decision making.

#### *Correlates of Moral Decision Making: Situational Factors*

*Issue intensity.* As proposed by Jones (1991), the intensity of an issue has been associated with ethical decision making outcomes. For instance, Vitell et al. (2003) found that moral intensity (measured in terms of its six components) was positively related to both moral judgment and intention within three different scenarios involving bribery, hazardous waste disposal, and an offensive advertising campaign. Similarly, in another scenario study, Nill and Schibrowsky (2005) found that to the extent that participants perceived moral

intensity (measured in terms of its six components), they were more likely to make an ethical decision by reporting more accurate sales projections for a new product rather than inflating the numbers so as to financially benefit their company.

*Ethical infrastructure.* The decision context in which individuals find themselves is also relevant here, and as noted earlier, Tenbrunsel et al.'s (2003) concept of the ethical infrastructure, which includes organizational climates, informal systems, and formal systems relevant to ethics, is a helpful way to think about the decision context. They argued that the components of the infrastructure are difficult to understand and evaluate in isolation from one another because the stronger elements—the ones that cannot be seen like climate and informal systems—impact the effectiveness of the weaker elements like formal communication, surveillance, and sanctioning systems. In other words, they argued that the components reflecting the “true” expectations and values—the way that things are *really* done—will have a greater influence on ethical outcomes within organizations than the more “surface” components like written rules as the former is more likely to be internalized than the latter (cf. Weaver & Treviño, 1999). Further, they argued that the components interact, making it difficult to predict the effect of one component without considering the others.

Indeed, the research in this area, which has largely looked at the components in isolation from one another has yielded mixed results. For instance, there is evidence that ethics training is positively associated with moral intention (e.g., Eynon et al., 1997), but not ethical behavior (e.g., McKendall, DeMarr, & Jones-Ridders, 2002). Goal-setting, another component of the ethical infrastructure, has been argued to be negatively associated with ethical behavior (Schweizer, Ordóñez, & Douma, 2004). One can see some evidence of patterns consistent (albeit not perfectly) with Tenbrunsel et al.'s hypothesis that organizational climate and informal systems (e.g., Bartels, Harrick, Martell, & Strickland, 1998; Flannery & May, 2000; Fritzsche, 2000; Peterson, 2002; Rothwell, & Baldwin, 2007; Singhapakdi et al., 2001; Verbeke, Uwerkerk, & Peelen, 1996; Weber, Kurke, & Pentico, 2003) are more influential than formal systems, specifically codes of ethics (e.g., Cleek & Leonard, 1998; Douglas, Davidson, & Schwartz, 2001; McKendall et al., 2002; Nwachukwu & Vitell, 1997; Paolillo & Vitell, 2002; Udas, Fuerst, & Paradise, 1996). Interestingly, however, the connection between codes of ethics and behavior is less mixed than that between codes of ethics and judgment or intention, with many of the studies on behavior showing a positive correlation (e.g., Greenberg, 2002; McCabe, Trevino, & Butterfield, 1996; Peterson, 2002; Weaver & Treviño, 1999). Finally, some studies have focused on the positive correlations between the pressure to do wrong and unethical behavior. Research on the role of informal incentives to behave unethically (Hegarty & Sims, 1978; Tenbrunsel,

1998), has revealed a positive relationship between incentives and unethical behavior.

*Summary.* The connections between the situational factors studied and ethical outcomes are somewhat mixed, though less so than we see in the research on individual factors. As with moral awareness, issue intensity and ethical infrastructure do appear to be predictive of outcomes related to moral decision making; however, the inconsistencies in studies and in the outcomes that have been studied—judgment, intentions, behavior—leaves us with a fairly confusing picture. We argue that part of the problem is that this research does not really tell us much about the actual *process* of moral decision making; rather, the bulk of these studies have focused on associations between variables and not on the fundamental mechanisms linking them together. As we believe that the research that has investigated these underlying mechanisms offers great promise, in the next section we review the process models that have been developed in attempt to shed additional light on the moral decision-making process.

*Progress on Moral Decision Making: A Look at Process*

Traditionally, moral decision making in organizations has been viewed through a rational lens, assuming that decision makers faced with an ethical dilemma follow a systematic process to arrive at an outcome. Recent work has challenged that assumption, asserting that decision-processing is instead influenced by biases, emotions and intuition. Still others have claimed that these approaches—the rational and the not-so-rational—need to be considered simultaneously. In the following sections, we review each of these approaches.

*Rational models.* Traditionally, models of ethical decision making have posited that the process of ethical decision making is cognitive, deliberate, and governed by reason, a paradigm that is often associated with Kant (1785/1964) who said that the only unconditional good is good will, which is solely determined by moral reason. This paradigm of reason has been dominant not only in theories of ethical decision making, but also in theories of decision making more broadly construed (Bargh & Chartrand, 1999). In much of the empirical research on ethical decision making, the central importance of reason is reflected in terms of hypotheses about what factors are likely to be important (i.e., factors influencing cognition, such as values and orientations), even though this research is not necessarily theoretically driven or at least is not testing a particularly theory.

Since the eighteenth century, the time of Kant, much has been said about the process of ethical decision making, but in the interest of brevity and because intellectual history is neither our goal nor our area of expertise, we will skip ahead to the 1980s when significant theoretical advancement was made by scholars of business ethics. In 1985 Ferrell and Gresham posited a

“contingency model” of ethical decision making in which an ethical dilemma engenders ethical decision making, a process influenced by both individual and situational factors ranging from teleological and deontological considerations (e.g., how many people will be harmed and what principles are at stake, respectively) to significant others who influence thinking by setting norms (cf. Salancik & Pfeffer, 1978) to reward and punishment structures within organizations (cf. Tenbrunsel et al., 2003). The result of this process of decision making is a behavioral outcome or decision which is subsequently evaluated in what Ferrell and Gresham suggested is the “learning component” of the process, an evaluation that in turn influences future ethical decision making.

The next year several more theories of ethical decision making were posited. Rest (1986) posited a multi-stage model of moral awareness, moral judgment, moral intention, and behavior (cf. Fishbein & Ajzen, 1975), stages that he argued “*logically* we would claim that the person must have performed” (p. 3; emphasis added). As noted earlier, Hunt and Vitell (1986) also stressed the importance of moral reasoning. Their theory explains what happens once one is morally aware: the individual deliberates and this deliberation is structured by teleological and deontological considerations (cf. Ferrell & Gresham, 1985). Typically, they argued, teleological and deontological evaluations will both inform moral judgment, and, like Rest, they argued that moral judgment will then lead to intention, which will lead to behavior (constrained by situational factors). Like Ferrell and Gresham (1985), they suggested that the actual consequences of the behavior will influence future ethical decision making, and their theory takes into account both individual and situational factors. Trevino’s (1986) theory also shares similarities with these models. Influenced by Kohlberg’s (1969) work, Trevino posited that an ethical dilemma will engender ethical decision making that is influenced by one’s stage of cognitive moral development; similar to the other theories, she posited that the decision-making process would culminate in behavior, but not before it is influenced by numerous individual and situational factors.

Following this proliferation of theories, Jones (1991) created a synthesis model. Indeed, the high degree of convergence among these theories—all of which stemmed from a common paradigm that holds ethical decision making as a reason-based process—facilitates such efforts to synthesize them. Jones outlined the basic stage-model seen in all of the aforementioned theories: moral awareness leads to moral judgment, which leads to intent, which leads to behavior. The detail is in all of the factors hypothesized to influence each stage of this process. Empirical evidence provides support for these theories, although in some cases the support has been mixed. Moral awareness has been linked to judgment (e.g., Singhapakdi et al., 1996), judgment has been linked to intention (e.g., Barnett, 2001; Barnett et al., 1996; DeConinck

& Lewis, 1997; Shafer et al., 2001; Wagner & Sanders, 2001), and intention has been linked to behavior (e.g., Wagner & Sanders, 2001). Moreover, as demonstrated in the previous discussion on the correlates of moral reasoning, empirical evidence also provides support (however mixed) for the numerous variables posited to influence the basic process of moral decision making.

And thus, the story goes: reason was king. It *was* king. While this rationalist approach has dominated the study of ethical decision making, its position has begun to weaken. In the proceeding sections we discuss alternative conceptions of decision making that cannot be immediately reconciled with the traditional rationalist approach. Included in these approaches are those that identify biases as impediments to a rational process and those that assert the importance of considering emotion and intuition. We review each of these approaches in turn.

*Biases.* Within this paradigm, research has examined the biases that impede a rational, moral decision-making process. Messick and Bazerman (1996), for example, proposed that unethical decisions are often the result of psychological tendencies that lead to weaknesses in how individuals process information and make decisions, weaknesses that lead to unethical outcomes. They argued that our internal theories about ourselves and the world around us result in often unconscious influences on our decision-making process. The decision makers go through the moral calculation and believe they have made an “ethical” decision but because their decision making is flawed, they actually end up making an unintentional unethical decision (see Table 13.2). Messick and Bazerman identified three types of theories that we as decision makers utilize when making decisions: theories about the world, theories about other people, and theories about ourselves. Theories about the world refer to our beliefs about how the world works, theories about other people are organized beliefs about how “we” are different from “they”, and theories about ourselves are our (unrealistic) beliefs about ourselves.

Theories about our world are argued to bias our perceptions of the negative consequences of our behavior, to cause us to mis-judge the risk involved, and to create inaccurate judgments about causal perceptions. For example, in the case of DES (diethylstilbestrol), a synthetic estrogen prescribed for women with problem pregnancies, the real and catastrophic risks were to the daughters of the pregnant women, not the pregnant women themselves who garnered concern. As Messick and Bazerman (1996) argued, “when there is a tendency to restrict the analysis of a policy’s consequences to one or two groups of visible stakeholders, the decision may be blind-sided by unanticipated consequences to an altogether different group” (p. 10). Other biases, including ignoring low-probability events, ignoring the possibility that the public will find out, discounting the future, undervaluing collective outcomes,

denying uncertainty, and risk-framing also bias the moral decision-making process.

Theories about other people are similarly tainted. Ethnocentrism and stereotypes lead us to inaccurately believe that our group, our values and beliefs are superior to those of a different group and further, result in our undifferentiated perceptions of all members of other groups. These biased perceptions lead us to believe in military situations, for example, that our military strategies are moral and theirs are not, and that all members of other countries and religions think and behave identically. The “authority heuristic” is another example of a bias stemming from our theories of others (Strudler & Warren, 2001). We often trust in the wisdom, expertise, and experience of authority figures, and rightfully so, but occasionally this trust is misplaced and we are led astray (cf. Milgram, 1974).

Theories about ourselves—including illusions of superiority, self-serving perceptions of fairness, and overconfidence—result in perceptions that we are more ethical than we really are, assessments in which we are more confident than we should be and beliefs that the “fair” solution is the one that benefits us. Tenbrunsel, Diekmann, Wade-Benzoni, and Bazerman (forthcoming) recently added a temporal component to this basic idea that people are poor judges of themselves. They argued that people tend to be less ethical than they think they are because they misremember the past (i.e., they remember being more ethical than they really were) and mispredict the future (i.e., they expect to be more ethical than they really will be).

In summary, the notion of biased decision making throws caution into the wind of reason-based models of ethical decision making. Even if we recognize a decision as an ethical one, our reasoning can be tainted. While we may desire to follow a rational decision process, the end result may be anything but.

*Intuition and Emotion.* Other researchers have posited that intuition and emotion are important, yet previously ignored factors in contemporary ethical decision-making theory, though this idea has historical precedent (e.g., Smith 1759/2000). The work in moral psychology of Haidt and his colleagues on the role of intuition in ethical decision making, in particular, has provided evidence against the supremacy of reason that has had wide impact, including impact within the field of business ethics (e.g., Reynolds, 2006a; Sonenshein, 2007; Trevino et al., 2006; Warren & Smith-Crowe, forthcoming). Haidt’s (2001) basic proposition is that moral judgments are often made quickly and on the basis of intuition, with reasoning being *post hoc* and necessitated when explanations and rationalizations must be conjured. A good deal of evidence supports this intuitionist view of ethical decision making. For instance, Haidt and his colleagues have found that when they have presented participants with certain scenarios (like siblings who engage in a one-time, consensual sexual interaction with no possibility of offspring), participants immediately declare



that the behavior in question is immoral, but they are unable to articulate why (e.g., Haidt, 2001), suggesting that their response is intuitive. Consistent with the *post hoc* reasoning aspect of Haidt's proposition, Tenbrunsel (1998) argued and found support for the notion that one's justification (i.e., "my opponent lied to me") was driven by the decision to behave unethically, rather than the justification driving the decision. Wheatley and Haidt (2005) found that hypnotically induced disgust increased the severity of individuals' moral judgments of hypothetical situations. These findings suggest that moral judgments can be *post hoc*, and may follow from emotion, not just reason and deliberate cognition.

Much of this research on intuition focuses on the role of emotion in moral judgment, which is only a single component of the models put forth by the earlier theorists asserting more reason-based theories (Ferrell & Gresham, 1985; Hunt & Vitell, 1986; Jones, 1991; Rest, 1986; Trevino, 1986). The work by Damasio (1994), however, presents a broader picture of the role of emotion in ethical decision making, one consistent with dual-processing models. First, he questioned what he suggested is an arbitrary distinction between *cognitive* and *emotional*: "Feelings, along with the emotions they come from, are not a luxury. They serve as internal guides.... And feelings are neither intangible nor elusive. Contrary to traditional scientific opinion, feelings are just as cognitive as other percepts" (p. xix). He argued that in the case of moral reasoning—and more broadly, social interactions—emotion functions in tandem with reason. For instance, without emotions like empathy or shame to draw our attention to moral issues and highlight the moral imperative in situations (cf. Jones, 1991), we are left with a "decision making landscape [that is] hopelessly flat" (Damasio, 1994, p. 51). In other words, without emotion we would not be able to distinguish the abhorrent from the mundane; we would be operating outside of the grip of conscience. As support for his assertions, Damasio offered up the historical case of Phineas Gage, the nineteenth-century construction foreman who became incapable of navigating the social world (morally speaking and otherwise) after an accident damaged parts of his brain associated with emotional functioning, as well as several modern cases demonstrating similar dysfunctions subsequent to damage to patients' capacity for emotion. Similarly, in a longitudinal study conducted by Greene and Haidt (2002), individuals who had neurological damage to parts of the brain that handle emotions were found to suffer from diminished capacities for moral reasoning. This evidence suggests that emotion is not only relevant to moral judgment (as Haidt and his colleagues have demonstrated), but it is relevant to ethical decision making more broadly.

Clearly, Damasio (1994), like Haidt and his colleagues (e.g., Haidt, 2001; Wheatley & Haidt, 2005) and like Messick and Bazerman (1996), presents a very different picture of ethical decision making from that offered up several



decades ago. Indeed the recent past of this intellectual domain has been characterized by exciting advancements. First, a handful of researchers moved the field forward by articulating a basic cognitive process of ethical decision making: awareness, judgment, intent, and behavior. Helpfully, they also enumerated important individual and situational factors likely influencing this process. More recently, the work on biases as well as moral intuition and emotion has suggested that while these cognitive frameworks are useful (as evidenced by their empirical support), they do not represent the definitive picture of ethical decision making, suggesting instead that biases, intuition, and emotion also must be considered. In the following sections we highlight the most recent advancements in our understanding of the process of moral decision making—much of which focuses on understanding both the reason and the emotion associated with ethical decision making.

*Putting it all together.* As we see it, the question is not *whether* moral decision making is (a) rational, (b) emotional, or (c) other; instead the question is *when* is it any one of these things and *when* is it some combination? Several studies have demonstrated that the “when” depends on the ethically relevant stimuli. Monin, Pizarro, and Beer (2007) argued that the oft-used “moral dilemma” is structured so as to prompt deliberation because it entails moral rules being pitted against one another. The well-known dilemma faced by Heinz who must either steal a life-saving drug for his wife, or uphold the law and in doing so allow his wife to die (Colby & Kohlberg, 1987) is an example of a moral dilemma. Typically, participants faced with moral dilemmas are asked to indicate what the actor in the scenario should do (e.g., “What should Heinz do?”). In contrast are “moral reaction” scenarios in which an action has already taken place and participants are asked to make a moral judgment. For instance, participants might be asked to judge the actions of a family who decides to eat its dog after the dog has been accidentally hit and killed by a car (Haidt, Koller, & Dias, 1993). Dilemmas (e.g., as those pitting respect for the law against respect for human life) are by definition difficult to resolve and thus require deliberation; reactions to outrageous and shocking behavior (like families eating their pets), however, tend to be more immediate and intuitive. While the research focusing on these types of situations has been fruitful, Monin et al. (2007) have argued such a narrow focus constitutes a myopia that has begun to impede continued progress in this research arena: “Specifically, if one thinks of the typical moral situation as involving the resolution of a moral dilemma, one is likely to arrive at a model of moral judgment that heavily emphasizes the role of rational deliberation. If, on the other hand, one conceives of the typical moral situation as one in which we must judge others’ moral infractions, one may conclude that morality involves quick judgments that have a strong affective component and are not necessarily justifiable by reasoning” (p. 99).

Other researchers have empirically demonstrated similar effects. For instance Cushman, Young, and Hauser (2006, p. 1083) compared individuals' reactions to scenarios representing different moral principles: (1) the action principle ("Harm caused by action is morally worse than equivalent harm caused by omission"); (2) the intention principle ("Harm intended as the means to a goal is morally worse than equivalent harm foreseen as the side effect of a goal"); and (3) the contact principle ("Using physical contact to cause harm to a victim is morally worse than causing equivalent harm to a victim without using physical contact"). They found that depending on the principle at stake, participants generated more or less sufficient justifications for their positions. When the action principle was at stake, participants were able to produce very sufficient justifications for their decisions, yet when the intention principle was in question, they were not. The researchers inferred from these results that their participants were engaging in a more deliberate cognitive process when it came to the action principle and a more intuitive process when it came to the intention principle. The sufficiency of justification regarding the contact principle was between that of the other two principles; the researchers suggested participants' responses to this principle were based a bit more on intuition than reason.

Like Cushman et al. (2006), Borg and her colleagues (Borg, Hynes, Horn, Grafton, & Sinnott-Armstrong, 2006) studied individuals' reactions to scenarios representing different principles, but rather than focusing on participants' external responses, they examined participants' brain activity via fMRI (functional magnetic resonance imaging) technology. Borg et al. (2006, p. 804) employed three principles: (1) consequentialism ("...we morally ought to do whatever has the best consequences overall"); (2) the doctrine of doing and allowing, which is comparable to Cushman et al.'s action principle ("...it takes more to justify doing harm than to justify allowing harm"); and (3) the doctrine of double effect, which is comparable to Cushman et al.'s intention principle ("...it takes more to justify harms that were intended either as ends or as means than to justify harms that were known but unintended side effects"). Consistent with the conclusions of Cushman et al., they found that scenarios representing the doctrine of doing and allowing elicited brain activity in areas associated with cognition, while scenarios representing the doctrine of double effect elicited brain activity in areas associated with emotion. Interestingly, scenarios representing a consequentialist principle elicited brain activity like that associated with amoral decision making; perhaps this finding reflects the cost-benefit aspect of consequentialism, which also characterizes more amoral decision processes like that which occurs in the making of "business" decisions (Tensbrunsel & Messick, 1999). Valdesolo and DeSteno (2006) found, however, that when faced with a scenario reflecting a consequentialist dilemma, participants who had previously received a positive mood inducement were more supportive of a utilitarian resolution to the dilemma than those who

previously received a neutral mood inducement. Thus, we cannot assume that participants' reactions to a particular type of scenario will be static. Rather, factors like affect may play a role.

Together, these studies appear to largely bear out what Monin et al. (2007) have argued: different scenarios engage different processes (see also Greene & Haidt, 2002; Greene, Sommerville, Nystrom, Darley, & Cohen, 2001; Tenbrunsel & Messick, 2004). Moreover, the scenarios often used in empirical research tend to engage either cognitive or emotional processes, rather than both. To remedy this situation and to study the interaction of these processes, Monin et al. (2007) suggested that research allow for other types of ethical situations. Moral temptation, for instance, refers to situations in which individuals know what they should do, but they fail to do it; in other words, succumbing to moral temptation is a matter of failed will power. They evoked the literatures on delay of gratification and ego depletion to argue that will-power plays a key role in our moral lives as we often must forego what is quick, easy, and satisfying to do what is right. Further, they suggested that to the extent that intelligence (which represents cognitive processes) and will-power (which represents emotional processes) are linked, situations of moral temptation are likely to engage both cognitive and emotional processes.

Just as there have been recent calls to allow for both cognitive and emotional processes in empirical research, theory too has begun to encompass a dual-process outlook. For instance, Warren and Smith-Crowe (forthcoming) recently proposed a theory of how emotion and cognition can work together to produce shifts in moral judgments, or understandings of right and wrong. They argued that in situations of moral ambiguity, sanctions levied against unintentional wrongdoers will elicit emotion for that wrongdoer, which will, in turn, elicit cognition. That is, the wrongdoer will be embarrassed by the unexpected sanction, and the embarrassment will occasion self-reflection as the wrongdoer attempts to understand why he or she has been rebuked. Whereas there was initially no moral awareness, the sanction and resulting embarrassment trigger moral awareness *post hoc*. Through this process the wrongdoer may realize that he or she has transgressed, and, hence he or she experiences a shift in moral judgment (i.e., a new understanding of right and wrong) that should help in preventing future wrongdoing.

Reynolds (2006a) set out to explain ethical decision making more generally construed (i.e., more general than unintentional wrongdoing) with his recent dual-processing model consisting of two parts: the "X-system" and the "C-system". While the former represents more non-conscious, automatic processing of information (including emotional processes), the latter represents more conscious, deliberate processing of information. The X-system operates on prototypes, matching them to incoming information so that we can immediately and without thinking about it recognize an ethical situation as such and act on it. If, however, incoming information cannot be matched to

a prototype, the C-system kicks in so that we can consciously process the information and react based on our deliberations. These deliberations serve to develop prototypes so that the next time we encounter the same situation, the X-system can respond, freeing up valuable cognitive resources that can be used by the C-system. Theory like this on dual-process decision making will be essential to bridge the cognitive–emotional divide that still characterizes much of the empirical research in this area.

### *Summary*

As our review demonstrates, much of the research on moral decision making focuses on correlations between various predictors and ethical outcomes. Overall, the results of these efforts have been decidedly mixed. We suggest that one explanation for these mixed results is that these studies may actually represent different processes for which different predictors may be relevant. Traditionally theory on the process of ethical decision making has followed from a rationalist paradigm. More recently, theory and research on biased decision making and intuitive, emotion-based judgment has raised questions about the appropriateness of this rationalist assumption. With reason in question, other related assumptions are also on shaky ground. For instance, a non-rational, biased process suggests that we may mistakenly come to false conclusions, thinking that what we are doing is right, when really it is inconsistent with principles of ethics. Thus, the result of moral decision making, intended to be ethical, may produce an unethical outcome (see Table 13.2). We discuss problematic theoretical assumptions further in the section on future research directions, but first we discuss the other process in our model, namely that which follows from individuals' failure to code a situation or issue as being a moral one.

### **Amoral Decision Making**

If individuals are morally unaware of the ethical components of an impending decision, they will engage in what we have termed amoral decision making, a process in which the ethical implications of the decision will not affect the decision process but a decision with ethical implications will nonetheless result. Amoral decision making can produce an ethical or unethical decision, what we have termed “unintended ethicality” and “unintended unethicality”, but what is important is that the decision makers are unaware that they are facing a decision with ethical implications. The decision makers are not amoral, but their decision process is, in that it does not encompass any ethical considerations.

Jones' (1991) article on moral intensity, despite being well-known for its focus on issue intensity as it relates to moral awareness, was one of the first to highlight the importance of considering an amoral decision process in addition to the moral decision process. He defined a moral agent as one who

makes a moral decision, even if he or she does not recognize it as such. Thus, decisions with moral implications are made even if the agent does not realize the ethicality of the decision. Jones (1991) argued that decision makers faced with an ethical dilemma, whether they code it as an ethical decision or not, employ role schemata, a set of rules and norms that govern behavior. If the decision maker recognizes the decision as a moral one, the decision maker employs what is termed a “moral decision-making schemata”. However, important for the discussion at hand is the acknowledgement that, when the moral dilemma is not recognized, there are other types of decision making schemata that are employed, such that “a person who fails to recognize a moral issue will fail to employ moral decision-making schemata and will make the decision according to some other schemata, economic rationality, for example” (Jones, 1991, p. 380).

The employment of non-moral decision-making schemata, what we will refer to as decision frames (Tenbrunsel & Messick, 1999), is at the root of what we have termed the amoral decision process. Tenbrunsel and Messick’s (1999) examination of the impact of surveillance systems on decision frames and cooperation is useful for illustrating decision frames in an amoral decision-making process. Their study, which investigated the role of sanctioning systems in a prisoner’s dilemma, placed participants in the role of a manufacturer in an industry that emitted toxic gas. The participants were told that, in an attempt to mitigate potential lobbying for regulation by environmentalists to reduce the toxic gas, industry leaders had reached an informal agreement to run “scrubbers” 80% of the time so as to reduce emissions on their own. While costly to run the scrubbers, this agreement was described as one way to ward off the environmentalists and potential regulation. Participants were then asked whether they would adhere to (cooperate with) the agreement or defect, with payoffs replicating a prisoner’s dilemma such that the dominant individual rational choice was to defect (not adhere to the agreement), but the dominant group rational choice was to cooperate (adhere to the agreement). To investigate the impact of surveillance systems on the decision, participants were either told that there would be surveillance and sanctioning systems to punish defectors or that there would be no such system.

In addition to asking participants whether they would defect or cooperate, individuals in the Tenbrunsel and Messick (1999) studies were also asked to indicate the type of decision with which they were faced, including business, ethical, environmental, personal, legal or other. The results revealed that the perception of the decision frame varied and was influenced by whether a sanctioning system was present: without a sanctioning system, 55% viewed the decision as an ethical one and 45% as a business decision; however, with a sanctioning system, 74% viewed it as a business decision, 18% as an ethical decision, 4% as a personal, and 4% as a legal decision. The frames adopted, in turn, influenced behavior, with ethical frames leading to more cooperative

behavior than business frames. These results provide evidence that decision frames help to understand behavior, and that they are not a “given” but rather vary by the decision context. Amoral decision making occurs when a decision maker views the decision through a frame that is not an ethical frame, the adoption of which can lead to either ethical or unethical decisions.

The examination of a specific subset of amoral decision making, namely that which results in unethical decisions, is found in recent discussions of “bounded ethicality” (Banaji & Bhaskar, 2000; Banaji, Bazerman, & Chugh, 2003; Chugh, Bazerman, & Banaji, 2005). Drawing from Simon’s (1983) conceptualization of bounded rationality, Chugh et al. (2005) defined bounded ethicality as a set of decision processes that lead people to engage in behavior that is at odds with their ethical standards. In other words, this research area attempts to explain why it is that people, who desire to be ethical and see themselves as ethical people actually engage in unethical behavior. At the base of bounded ethicality is decision makers’ lack of awareness that they are in fact making unethical decisions.

Examples of bounded ethicality are plentiful, including unintentionally overclaiming credit, discounting the future, and falling victim to conflicts of interest (Bazerman & Moore, 2008). Failing to recognize the overly positive views we hold of ourselves, for example, may lead us to overclaim credit for group work (Caruso, Epley, & Bazerman, 2006). Research on implicit attitudes clearly illustrates how racist and sexist behavior can occur without the decision maker’s awareness (Chugh et al., 2005). Wade-Benzoni (1999, 2002, 2007) has documented the multiple ways in which we unknowingly overly discount the future and, in doing so, harm future generations. Moore, Tetlock, Tanlu, and Bazerman (2006) summarized the evidence that highlights our lack of awareness of conflicts of interest that we face, conflicts that result in decisions that lead to corrupt behavior.

Bounded ethicality, which incorporates research on how *unethical* decisions are made without moral awareness, represents a subset of amoral decision making, which more broadly includes both ethical and unethical decisions made without moral awareness (see Table 13.2). To understand whether amoral decision making results in ethical or unethical decisions, one must understand the type of frame adopted. Research on decision frames indicates that the processing that occurs within frames is unique to the specific frame through which the decision is viewed (Tenbrunsel & Messick, 1999). In their investigation of sanctioning systems and cooperation described earlier, Tenbrunsel and Messick (1999) found that individuals who saw the decision as an ethical one were unaffected by the strength of the sanctioning system, but individuals who saw the situation as involving a business decision were affected, such that higher sanctions led to more cooperative behavior. As Tenbrunsel and Messick (1999) argued, “a business frame produces a calculative cost–benefit process in which cooperation rates depend

on the strength of the sanction” (p. 700); an ethical frame produced no such calculation.

While specific to the study of cooperation in a prisoner dilemma game involving sanctioning systems, these results offer insight into the amoral decision-making process. Understanding whether ethical decisions will be made during such a process, when the decision maker is ethically unaware, involves understanding what frame has been adopted and what processing occurs within that frame. If, for example, a business frame has been adopted, decisions will be driven by whether or not they make good business sense: an ethical decision will be made if it makes good business sense, whereas an unethical outcome will result if that makes good business sense. If a legal frame has been adopted, legality of the decision will drive the decision processes and resulting outcomes: if the law and ethics are in concert, an ethical decision will result but if the law and ethics are out of sync, then a legal but unethical decision will be made. For both examples, because the decision maker was unaware, the ethicality of the outcomes is produced without intentionality; the former decision entails “unintended ethicality” and the latter decision entails “unintended unethicality” (see Table 13.2).

#### *Progress on Amoral Decision Making*

In the sections on moral awareness and moral decision making, we identified progress that had been made in those areas. The systematic study of amoral decision making is itself progress as it recognizes that ethical and unethical outcomes do result even when the decision maker is unaware that they are making a decision with ethical implications. This research is relatively new, offering great promise in expanding our understanding of how ethical and unethical decisions are made. Thus, the progress that has been made is identified in the previous discussion, with hopefully much more to come.

#### **General Summary**

A review of the field of ethical decision making reveals the beginning of an interesting story that continues to unfold. There are several well-established models (Ferrell & Gresham, 1985; Hunt & Vitell, 1986; Jones, 1991; Rest, 1986; Trevino, 1986) that have guided much of the empirical work on ethical decision making, all of which assume that ethical decision making is a reason-based process. With their common premise, these theories largely converge on the basic stages of ethical decision making: awareness, judgment, intent, and behavior. As detailed previously, there is a great deal of empirical research that attempts to substantiate this basic process, as well as investigate the numerous individual and situational factors that may impact it.

More recent work, however, has begun to deviate from these well-established models by questioning their assumptions and forging new theoretical paths. Included in this research is that which has relaxed the assumption



of moral awareness as a precursor to ethical decision making, such as that which argues that individuals faced with an ethical dilemma often make unethical decisions that may be inconsistent with the decision maker's true intentions to make ethical decisions (Banaji & Bhaskar, 2000; Banaji et al., 2003; Chugh et al., 2005). Recent research has also questioned the premise that ethical decision making is always reason-based. First, research by Messick and Bazerman (1996) suggests that decision-making processes can be riddled with biases. Second, research by Haidt and his colleagues (e.g., Haidt, 2001) demonstrates that moral judgments can be the result of a very quick, intuitive, emotion-based process, rather than a reason-based process. This question of whether our moral lives are guided by reason or emotion has led to some very interesting research that is less about investigating simple correlations between independent variables and ethical decision making, and instead focuses on investigating the *processes* that underlie ethical decision making. Promising work in this area includes that which focuses on stimuli that elicit either cognitive or emotional processing (e.g., Borg et al., 2006; Cushman et al., 2006; Monin et al., 2007) and that which focuses on dual processes by which cognitive and emotional systems work together (e.g., Reynolds, 2006a; Warren & Smith-Crowe, forthcoming).

As we stated in the beginning, our goal was less to confirm existing theoretical frameworks and more to understand what useful frameworks the field might be offering. Looking at the research in this area through this lens yielded several new insights that we believe contribute to our understanding of the field of ethical decision making. As discussed previously, our review first highlighted two different camps of researchers: those who assume that moral awareness precedes moral judgment and those who argue that many ethically relevant decisions are made without the decision maker recognizing the ethical implications of such decisions. Researchers in each camp naturally argue for the importance of their own assumption, but as we assert, it is important to consider both in the study of ethical decision making. At least as important, though, is to consider the possibility of both ethical and unethical outcomes in each domain. Intentionality, while assumed within moral philosophy, typically is not systematically considered in other fields, such as social science (Trevino et al., 2006). By distinguishing and disentangling intention from ethicality, the typology of decisions—intended ethicality, intended unethicality, unintended ethicality and unintended unethicality—we offered up in Table 13.2 highlights the importance of considering both dimensions simultaneously. Both moral decision making and amoral decision making can produce ethical and unethical outcomes. However, some of these cells, such as amoral decision making that produces ethical decisions, are noticeably empty (i.e., little research falls into these cells), rendering our understanding of ethical decision making incomplete.

We also argued for the importance of understanding the decision frame through which the decision maker views the ethical dilemma. While previous



research has seemingly focused on a single frame—the presence or absence of an ethical frame—recent work in decision making suggests that understanding which decision frame is being utilized can provide significant insight into our understanding of behavior. Thus, we argue that simply knowing that the decision maker is not morally aware is less useful than knowing what decision frame has been activated.

Highlighting recent work on the processes underlying moral decision making, we also argued for the necessity of going beyond simple empirical correlations to delve into the black box of moral decision making. Doing so could not only help explain the many inconsistent empirical findings, but it could also truly enrich our understanding of ethical decision making. If we continue to merely examine the surface that is all we will come to know: the veneer of ethical decision making. But if we resolve to dig deeper, we can anticipate advancing our knowledge of ethical decision making.

It is our hope that our review both highlights the work that has been done in the field of ethical decision making and offers new insights into ways of looking at this work. Though our review indicates that the field is growing, it is evident that it is still nascent and the research pathways are still unfolding. In the next section, we offer promising directions for future research.

### Directions for Future Research

Any review is useful for identifying what we know about a given field, but it is perhaps even more important for identifying what we do not yet know, but need to find out. The relative infancy of the ethical decision making field may be frustrating in that reviews are prone to revealing what we do not know, but, at the same time, these unanswered and unasked questions are the promises of the insights yet to come. Significant progress in the future will be made by continuing to develop definitions and new theories that reflect knowledge gained not only within business ethics, but in other disciplines as well. Similarly, utilizing new methodologies will shed new light on processes and mechanisms that have yet to be discovered. Yet, while there is promise in looking towards new theory and research, we posit that it is also important to reconsider existing theory and research. We look to both the old and the new, the told and the untold as fruitful avenues for the future.

#### *Defining “Ethics”*

As noted at the beginning of this review, the lack of a definition of the central construct of interest, “ethical decision making”, has hindered past research in the area of behavioral ethics and will continue to bring the field down unless serious attention is given to it. Significant scholarly attention is needed to examine the underlying assumptions in our theories and their contribution to this problem (Freeman, 1994; Ghoshal, 2005). Further, a resolution of this problem will require us to connect to other disciplines. While the field holds

significant possibilities for the oft touted “inter-disciplinarian” work, connecting to the disciplines of philosophy, theology, psychology to name a few, if those connections are not made, these fields could turn on each other and the field without a definition may defeat itself. The need for these fields, particularly the normative and empirical disciplines, to come together has been recognized before, with arguments noting that “after all, business ethics is an area of applied philosophy” (Messick & Tenbrunsel, 1996, p. 9).

Gloom and doom is not necessarily warranted, however, as there is some hope, and it comes from an unexpected place: philosophy. Known for defining themselves by “thought”, philosophers have traditionally been devoutly non-empirical.

Philosophers don’t observe; we don’t experiment; we don’t measure; and we don’t count. We reflect. We love nothing more than our “thought experiments”, but the key word there is thought (Appiah, 2007).

But the times may be a-changing. There is a group of philosophers, pursuing what is known as “experimental philosophy” (known as “x-phi”), who use thought experiments to help shed light on philosophical arguments. Joshua Knobe, at the University of North Carolina at Chapel Hill, for example, asked students to reflect on the following (Appiah, 2007):

Suppose the chairman of a company has to decide whether to adopt a new program. It would increase profits and help the environment too. “I don’t care at all about helping the environment”, the chairman says. “I just want to make as much profit as I can. Let’s start the new program.” Would you say that the chairman intended to help the environment?

O.K., same circumstance. Except this time the program would harm the environment. The chairman, who still couldn’t care less about the environment, authorizes the program in order to get those profits. As expected, the bottom line goes up, the environment goes down. Would you say the chairman harmed the environment intentionally? (p.1)

Knobe (2006) found an asymmetrical effect, such that while only 23% said that the chairman in the first scenario had intentionally helped the environment, in the second scenario, 82% declared that the chairman had intentionally harmed the environment. Knobe used this result to suggest that judgments of intentionality, a key concept in philosophy, may actually depend on whether the action results in positive or negative outcomes.

This type of work, not unusual for those of us involved in the study of human behavior, is quite novel for those in philosophy. While there is no expectation, even from those involved in the movement, that it will “solve” philosophical arguments, and there is expected debate in philosophy as to whether this is philosophy or not, it does offer a model of how descriptive and

normative fields can find common ground. Philosophers, at least a group of them, have come to the fence. It is time for our field to meet them and others, such as those in theology, who come from a normative tradition and likewise understand what they have to offer us in our pursuit to define “ethical behavior”.

### *Revisiting Unsubstantiated Assumptions*

The field has benefited from the theoretical models that describe ethical decision making, however, the insights that have been gained are constrained by the assumptions that govern them. Particularly constraining are those assumptions that may hold in a specific context, but not when considering the broader problem of ethical decision making (cf. Sonenshein, 2007). For instance, numerous models seem to assume that if individuals are able to identify the ethical choice, then this is the choice they will make. For instance, Reynolds (2006a) asserted that unethical behavior is the product of misunderstanding a situation (e.g., not seeing bribery for what it is), holding a false moral rule (e.g., holding that bribery is ethical), or misapplying a correct moral rule. Similarly, Tenbrunsel and Messick (1999) argued that when an ethical frame is adopted, ethical choices will ensue. This assumption—that if individuals are able to identify the moral choice they will act morally—is common throughout the field and it appears to be overly optimistic in that it does not account for people who know right from wrong but choose to act unethically. We cannot assume that the correct moral judgment will not be followed by immoral behavior (e.g., see Monin et al.’s [2007] discussion on moral temptation). As our typology of outcomes suggests (Table 13.2), decision makers who engage in moral decision making have the potential to make ethical as well as unethical decisions. Researchers should allow for the possibility that individuals are capable of knowingly transgressing so that we do not overly restrict our research domain and variables of study, thus limiting our understanding of ethical decision making.

Also, as noted, with few exceptions, the majority of models of ethical decision making to date are exclusively reason-based (Ferrell & Gresham, 1985; Hunt & Vitell, 1986; Jones, 1991; Rest, 1986; Trevino, 1986). With the recent research demonstrating that biases (e.g., Messick & Bazerman, 1996), as well as emotions and intuition do appear to play a role in ethical decision making (e.g., Haidt, 2001), it will become necessary for theory to relax the assumption that ethical decision making is exclusively the product of reason. In doing so, it is unlikely that new boxes and arrows can simply be added to existing models and theories. Rather, the existence of different types of models may lead to interesting new questions and insights that will shift the way we think about existing concepts.

For instance, traditional models of ethical decision making allow for a clear demarcation between moral awareness and moral judgment (e.g., Rest,

1986). The former entails recognizing the existence of a moral issue and the latter entails determining whether a particular action is right or wrong. This distinction makes sense when one considers ethical decision making to be a reason-based venture in which decision makers thoughtfully move from one logically sequential step to the next. Yet, if this assumption is not entirely accurate, as recent research suggests, then such distinctions are called into question. As Reynolds (2006a) put it, decision making is not entirely “linear” and sequential, rather it may best be considered as more simultaneous. If true, this raises the question as to whether decision makers and ultimately researchers can really distinguish between moral awareness and moral judgment. Haidt’s (2001) work, discussed earlier, provides a good example. In this research, participants were asked what they think about siblings having sexual intercourse (consensual, one-time-only intercourse with no possibility of offspring). One can imagine the typical reaction from participants is swift: vehement disgust for a serious moral transgression. For shock-factor scenarios like these, which are characterized by a high degree of moral intensity, are awareness and judgment truly distinct? It seems likely that at the same moment that participants are aware of a moral issue, they are repulsed by the moral transgression that has taken place. This discussion highlights the importance of investigating moderating factors, such as moral intensity, which may influence when individual decision making is characterized by discrete phases and when it is not.

Other research makes assumptions about the distinctions between moral and amoral decision making. Tenbrunsel and Messick (1999), for example, argued that a business frame is associated with processing that is calculative and deliberate whereas an ethical frame is not. While they found support for this prediction in their study, it remains an empirical question as to whether this assumption would hold across other contexts. Also, in the current review, we have classified the research on bounded ethicality as being relevant to amoral decision making (i.e., decisions makers don’t recognize that the decision has ethical implications) and the research on biases as being relevant to moral decision making (i.e., decision makers know it is an ethical decision and believe they are making an ethical choice but their biases dictate otherwise). In doing so we felt that we were being consistent with the spirit of both bodies of literature, but we questioned whether we were unduly limiting the potential of each by describing them exclusively as either amoral or moral. We hope that by imposing this categorization we will motivate the researchers in these areas to address the question of whether the processes they describe are moral, amoral, or both.

The origin of these assumptions is understandable for a new field has to begin somewhere and almost by necessity must put constraints on theories in order to make progress. At this stage of the ethical decision making field, however, such assumptions unnecessarily limit our understanding and inhibit

progress. Revisiting these assumptions is difficult, and it may be perceived to undermine the previous research that has been based on them. Nevertheless, rather than being a step backwards, questioning such assumptions will actually propel the field forward, providing a discontinuous, non-linear leap into a new set of insights.

*Moving Beyond Correlational Research: The Role of Processes and New Theories*

As old assumptions are revisited, it will be necessary that the processes behind ethical decision making are considered within theoretical frameworks. More research simply demonstrating correlations is unlikely to provide much insight into the problem of behavioral ethics. Instead researchers should focus on the processes underlying such correlations by developing, testing, and refining theory on the same. Empirical research and reviews that have relied on theory have primarily converged on a single theory: Rest's (1986) model of moral decision making. Though this is a very well-developed model that has been partially supported by empirical research, the field needs to avoid the temptation toward complacency and look to supplement, replace and challenge this and other theories when the results do not support it. This model and other models in the ethics field all represent important theoretical contributions to behavioral ethics; yet, none appear to be complete. As we have noted elsewhere, most traditional models of ethical decision making, like Rest's (1986) model, are reason-based and do not account for the role of emotion and intuition. Similarly, Haidt's (2001) intuitionist model relegates reason largely, though not entirely (Haidt, 2003, 2004), to *post hoc* rationalizing. New models, such as that on decision-frames and the signaling-processing theory (Tenbrunsel and Messick, 1999), bounded ethicality (Banaji & Bhaskar, 2000; Banaji et al., 2003; Chugh et al., 2005), and the temporal perspective on ethical decision making (Tenbrunsel et al., forthcoming) offer new insights in the ethical decision-making processes. Attention to these models should continue, investigating for example, whether there is motivated reasoning involved in the selection of a frame (e.g., does someone who realizes that there are two ways to think about this choose to focus on the business frame rather than the ethical frame) and whether the implicit biases involved in bounded ethicality can be made explicit. Potentially providing one of the greatest contributions to the field will be considerations of dual processing within ethical decision making (e.g., Reynolds, 2006a). That is, while continued research isolating largely cognitive or largely emotional processes is worthwhile, future research will also do well to consider the ways in which cognitive and emotional processes might operate in conjunction with one another (cf. Cushman et al., 2006; Damasio, 1994).

Moreover, future research on process should consider the distinction between deliberate and automatic processing and its relation to moral and amoral decision making. The implicit assumptions of deliberate processing

within the traditional rationalist models limits theoretical models and their corresponding research. While moral decision making may involve deliberate processing in some situations, other situations, such as those involving extreme violations of morality described by Haidt (2001), may produce automatic moral decision making; similarly, amoral decision making may be automatic or deliberate. Clearly specifying the assumptions and processes behind empirical research will be useful in further diagnosing why it is that unethical decisions get made. Are they more likely when moral decision making is automatic or deliberate? Does it matter if amoral decision making is automatic or deliberate? Which situational and individual factors lead us down one path or another? The extension of the deliberate/automaticity debate might also be fruitfully expanded into considerations of decision frames and moral awareness. Is moral awareness a conscious, deliberate process or one that is more automatic?

#### *Fixing Methodological Issues through New Technologies*

As noted, the prevalence of moral awareness in ethical-decision-making research is apparent and, as we believe, with good reason. Unfortunately, the measurement of this dominant construct is without rigor, thereby rendering most of this research suspect. Current measurements of the construct involve asking participants whether a situation or an issue has moral dimensions, thus creating a serious confound. Future research needs to move beyond the confounding methodologies utilized currently and instead focus on the identification of new methods to assess moral awareness, perhaps by utilizing verbal protocols, short answers, or as described later, new technologies.

Future research also needs to continue to move beyond simply assessing moral awareness and measure what perspective the decision maker has adopted. As noted, knowing that the decision maker is not looking at the decision through an ethical frame is not as informative as knowing through which specific lens that decision maker is looking. Doing so will be useful for not only understanding why a particular decision has been made, but how one might alter that outcome. If, for example, we know that a certain situation is likely to prompt a business versus an ethical frame and in turn to produce unethical decisions, it may be possible to investigate what factors led to the prompting of the business frame and the diminishing of the ethical frame, and how to produce ethical outcomes within the business frame (i.e., by making “good ethics good business”).

The technological advances made in recent years should not only make data collection on ethical decision making more efficient, but it has the potential to address some of the noted methodological problems with previous empirical research. Work on implicit attitudes (Cunningham, Preacher, & Banaji, 2001), for example, provides a powerful demonstration of how

measuring reaction times to computer prompts can signal discrimination of which the decision maker may be unaware. Using a similar methodology to measure which decision frames are activated, and the length of time for the processing that occurs within frames may prove similarly useful for understanding the type of processing (automatic or deliberate) that is activated under different contexts and help to identify ways in which awareness of one's thoughts can be brought to the forefront.

Other technologies offer additional promise. MRI (magnetic resonance imaging) technology, for example, has recently been used in the relatively new field of neuroeconomics with exciting revelations. Knutson, Rick, Wimmer, Prelec and Loewenstein (2007) have used this technology to examine which parts of the brain are active—i.e., the insular cortex, associated with the anticipation of pain and monetary loss, versus the medial prefrontal cortex, a region associated with rational analysis—during purchase. They found that when a product was associated with a high purchase price, the brain's pain "processing center" (the insular cortex) was active, and the part of the brain responsible for logical analysis (the medial prefrontal cortex) was relatively inactive; on the other hand, when the purchase decision had been made, the logical analysis portion of the brain was the more active region, suggesting that the brain had engaged in quick number crunching and consequently made the decision that the product was a good purchase (Ransdell, 2007). The pattern was so clear that Knutson and his colleagues were able to look at the MRI and predict with some degree of accuracy whether subjects were going to buy or reject a product. These studies contradicted previous wisdom that suggested individuals involved in a purchase decision engaged in an analysis that compared present cost to future benefits; instead, their results support the theory that the brain is the center of an immediate pain versus an immediate pleasure battle, with the pain of the purchase price serving as an incredibly powerful influence on purchase decisions. This type of methodology is targeted to examine further how the "pain of paying" is mitigated in the use of credit cards, leading to excessive credit-card debt (Ransdell, 2007).

The use of technology like MRI technology likewise offers exciting potential for the field of ethical decision making. Recent research using MRIs has demonstrated that different areas of the brain are more active when moral versus amoral decisions are being considered (Greene et al., 2001; Moll, 2001; Moll, de Oliveira-Souza, Bramati, & Grafman, 2002; Moll, de Oliveira-Souza, Eslinger et al., 2002; Moll et al., 2005). Other research has employed this technology to investigate what types of ethical stimuli seem to elicit more cognitive or more emotional processing (e.g., Borg et al., 2006). This type of analysis might also be useful for examining moral awareness and thus help to mitigate the problems associated with its measurement. Furthermore, it might be useful for studying the conditions under which processing is more deliberate and when it is more automatic.



*Drawing from and Connecting to Other Disciplines*

The spread of ethical decision making from a philosophical tradition to a mainstream, “popular” topic in management in a matter of a decade or two is perhaps one of the most remarkable achievements in the field. The increase in the number of articles (see Table 13.1), the presence of reviews of the field (O’Fallon & Butterfield, 2005; Trevino et al., 2006), the establishment of the first known dissertation competition in business ethics five years ago (“Excellence in Ethics: Dissertation Proposal Competition”, University of Notre Dame) with others that followed, all signify that the field of ethical decision making is on a trajectory of progress. Monumental leaps in our knowledge of ethical decision making can continue to be made through the integration of ideas across levels of analysis, academic discipline, and so forth. As we move forward, such integration needs to be expanded, within the field of organizational behavior, across business fields and between disciplines that cross college boundaries.

Within the field of management, a connection between ethical decision making and organizational ethics—the micro and the macro—could produce significant new insights. Discussions about ethics at the macro level, such as the ethical issues of innovation (Easley, 2005; Lee, 2005), corporate philanthropy and social responsibility (i.e., see Frank, 1996; Godfrey, 2005; Godfrey & Hatch, 2007; Hillman & Keim, 2001; Keim, 1978; Margolis & Walsh, 2003; McWilliams & Siegel, 2001; Porter & Kramer, 2002; Turban & Greening, 1996; Walsh, Weber & Margolis, 2003) and corporate goodness (Bradley, Brief, & Smith-Crowe, 2008; see also Caza, Barker, & Cameron, 2004), could benefit from an extrapolation of influences on ethical decision making—including the individual and situational characteristics identified previously—to group and firm level variables, such as leadership, team characteristics, and the institutional infrastructure. Similarly, findings about firm-level variables, such as what constitutes an ethical firm, will likely have implications for employee-level behavior within such firms.

One of the notable achievements moving forward may also come from the spread of this research area to other business disciplines and the additional potential that serves for providing an opportunity for interdisciplinary work. Research on ethics in finance, for example, has examined the connection between self-interest, self-deception, and an ethics of theorizing in economics (Khan, 2004); the role of financial institutions in providing information and enforcing contracts (Cosimano, 2004); the ethics of financial reporting embedded in its broader context of the Global Reporting Initiative and a new (i.e., “balanced”) concept of the firm (Enderle, 2004); and the ethics associated with the mutual fund industry, including the practice of mutual fund incubation (Ackermann & Loughran, 2007), and the abuse associated with annual operating expenses (Houge & Wellman, 2007a, b). In marketing, ethical

examinations include those focused on the role of marketing to disadvantaged consumers, such as children (Moore, 2004); employee perceptions of value statements (Urbany, 2005); and on the central role that marketing and consumer theory plays in damaging our societal underpinnings (Laczniak & Murphy, 2006), including promoting situations of “consumer hyperchoice” (Mick, Broniarczyk, & Haidt, 2004), and creating a reductionist and harmful view of human beings (Nixon, 2007). Research on ethical decision making in accounting has looked, for example, at ethical issues in the provision of non-audit services (Ashbaugh, 2004); CEO compensation and corporate governance functions (Matsumura & Shin, 2005; Vera-Munoz, 2005); the provision of retirement plans (Mittelstaedt, 2004); the role of state boards and professional regulations (Misciewicz, 2007); and the auditor’s assessment of the client’s integrity (Martin, 2007). While not intended by any means as an exhaustive list, the activity in these other disciplines highlights the value that the business disciplines can provide each other in the study of ethics, illuminating, for example, relevant contexts in which ethical decision making is important and the value that an understanding of ethical decision making can provide to these disciplines.

Integration across non-business disciplines could also provide new perspectives. Connections to moral philosophy, for example, would not only help in determining what is ethical as discussed previously, but work on ethical decision making should also be useful in informing moral philosophy about the psychological processes and distortions that characterize moral reasoning (Tenbrunsel, 1998). In the organizational behavior field, for example, the ethical aspects of compensation systems have been raised as an important issue (Bloom, 2004). Moral philosophy can be useful in identifying the criteria of a just system and likewise, work on ethical decision making can inform moral philosophy of biases derived from flawed theories about ourselves and others that could produce a flawed, discriminatory system despite the adherence to such principles. Similarly, connections to social psychology can also help to further understand the decision processes involved in ethical dilemmas (Messick & Tenbrunsel, 1996), whereas integration with sociology might shed additional insight on ethics at the level of the organization (e.g., Vaughan, 1999).

#### *Disentangling the Outcomes of Ethical Decisions*

While not much research has investigated the processes associated with ethical behavior, even less has focused on the outcomes of unethical behavior. Trevino et al.’s (2006) recent review nicely discusses the importance of considering the dependent variable when theorizing about ethical decision making. As she argues, different theories may be more applicable when one considers different outcomes, with equity theory perhaps being more applicable to employee theft prompted by pay cuts and other theories, such as role conflict,

being more applicable to lying as a dependent variable. We agree and argue that the consideration of intentionality alongside the type of outcome is potentially even more valuable. It is possible that an unintentional unethical act will result in more severe consequences than an intentional unethical act because decision makers are unaware that they have behaved unethically; consequently, they might not have engaged in the “cover up” or impression management strategies that someone who intentionally behaved unethically might engage in. On the flip-side, an unintentional ethical act may lead to unexpected trust, a trust which a decision maker who intentionally behaved ethically may expect to receive, or unexpected informal sanctions from those who wish to promote an unethical culture within the organization. Understanding the intentionality of actors in combination with their outcomes should be useful in understanding how the consequences of previous ethical or unethical actions—both those that are expected and those that are unexpected—influence the decision to behave ethically or unethically in the future.

In addition, researchers often seem to take for granted that ethical decisions will necessarily have subsequent positive outcomes. Certainly, as in the case of whistle-blowers, doing the right thing can have negative consequences for the whistle-blowers themselves. Moreover, ethical decisions can have more far-reaching negative consequences. For example, Norton and his colleagues (Norton, Sommers, Apfelbaum, Pura, & Ariely, 2006) found that their white participants’ attempts to be politically correct adversely affected their performance in a task in which they had to describe other individuals. When paired with a black partner, white participants were loathe to describe these individuals by race to the detriment of their task performance. Further, in avoiding the issue of race, white participants’ body language was awkward to the point of appearing unfriendly. Norton et al.’s research suggests that even the best of intentions do not always pan out, and that researchers should consider whether ethical decisions and behavior will necessarily have subsequent positive outcomes.

### **Conclusion**

The ethical-decision-making field of organizational scholarship is alive and vibrant. It is an exciting story to tell, for it is not a story of resurrection; rather, it is one of growth and possibilities. Unlike in the past, researchers no longer need to justify their rationale for studying ethics; instead, their attention needs to focus on developing a more comprehensive theoretical platform upon which empirical work in behavioral ethics can continue. A great deal of empirical research has been conducted to examine many individual and situational antecedents to ethical and unethical decision making but the field will not survive if it continues down that path. Rather, we need to engage in the difficult and frustrating work of breaking down old assumptions, building new theories, and utilizing new technologies. If this can be done—and we are

confident it can be—the next review on ethical decision making in organizations will highlight the fulfillment of the promises that are currently just within our grasp.

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