



Making “sense” of ethical decision making



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ABSTRACT

A common management task in organizations is decision making, and some of the most important decisions made by business leaders are those that involve an ethical component. This study utilizes historiometric methods to explore the ethical decision making processes of business leaders in order to improve outcomes. We identify a series of cognitive biases and metacognitive strategies and explore their effects on leader ethical decision making using a sensemaking model. The impact of biases and strategies at each stage of the sensemaking model is used to identify ways business leaders can improve ethical decision making. Implications for using the sensemaking model in ethical decision making are discussed.

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Decision making by business leaders is a critical process for both short and long term success (Fleishman et al., 1991; Mumford, Campion, & Morgeson, 2007). Often, decision making occurs when deriving solutions to problems with ethical components (Brown & Treviño, 2006). Complicating the process is the uncertain, unpredictable, and ambiguous nature of the business world (Sonenshein, 2007). Ethical leadership decisions have been associated with positive organizational outcomes such as increased consumer trust and reduced follower turnover intentions (Eisenbeiss, 2012), prompting both leaders and scholars to seek ways to improve ethical decision making processes. Such improvement begins with first understanding the ethical decision making process by developing theoretical models to help explain antecedents, processes, and influences on ethical decision making. Much work has already been done in this area and has been reviewed in several recent meta analyses (Kish-Gephart, Harrison, & Treviño, 2010; Tenbrunsel & Smith-Crowe, 2008). The challenge remains to leverage this knowledge toward improving outcomes of ethical decision making, particularly for business leaders.

Information is a critical component in decision making, ethical or otherwise. Tversky and Kahneman (1981) noted that organizational success stems from leaders making logical and rational decisions. When leaders follow the rational decision making model, or RDMM (Simon, 1979), optimal outcomes should emerge even when ethical decisions are concerned, but the model is limited by availability of information and its subsequent interpretation (Winkielman, Knutson, Paulus, & Trujillo, 2007). As a result, decision outcomes may be suboptimal even when leaders believe they are engaging in rational decision making. Cognitive bias, or bias, refers to systematic distortions in information collection or interpretation leading to irrational conclusions (Haselton, Nettle, & Andrews, 2005), by nature eliminating the necessary conditions for the RDMM. In their seminal article on heuristics and bias, Tversky and Kahneman (1974) recommend understanding the biases associated with decision making in uncertain situations in order to improve outcomes. Thus, identifying the specific biases at play when leaders engage in ethical decision making is

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critical to improving individual decision outcomes as well as the organization's general tendencies when addressing ethical concerns, or ethical culture (Key, 1999). Further, because biases and heuristic processing are almost unavoidable (Tversky & Kahneman, 1974), identifying cognitive strategies that mitigate that impact of biases is also beneficial.

The present study combines sensemaking theory (Weick, 1995) with ethical decision making models in order to explore the decision making processes used by organizational leaders when confronted with ethical choices in an effort to improve outcomes. Sensemaking is an alternate model for understanding decision making that incorporates multiple frames of reference and has shown promise in terms of improving decision outcomes in crisis-like or ambiguous situations (Maitlis & Sonenshein, 2010; Weick, 1998). Contextual elements of decision tasks in complex, ambiguous, and crisis-like scenarios closely parallel ethical decision making scenarios (Mumford, Peterson, MacDougall, Zeni, & Moran, 2014) suggesting that sensemaking theory may provide a framework that yields improved outcomes in the ethical domain as well. We use the sensemaking framework to systematically examine the decisions made by leaders (observing what they actually do), adding to existing ethical decision making theory and enabling quantitatively informed suggestions as to what they should do.

Ethical decision making models

A study of ethical decision making must begin with defining what constitutes an ethical decision. In light of the numerous definitions of ethics that are available (Tenbrunsel & Smith-Crowe, 2008) this is not a straightforward task. Jones (1991, p. 367) defines an ethical decision as one, “being both legal and morally acceptable to the larger community,” and an unethical decision as, “either illegal or morally unacceptable to the larger community.” Jones (1991) defines a moral issue as one where one's decisional outcomes may harm or benefit others, thus “morality” in the Jones (1991) definition of ethical decisions refers to the impact of decisions on others. These definitions are broad enough in scope to capture the many definitions of what is (or is not) ethical. Because this study makes no attempt to limit ethics to the perspective of any one individual or organization, these definitions are both warranted and useful.

Early research into ethical decision making was captured in Rest's (1986) four-stage model. He suggested that ethical decisions are made in four distinct stages including (1) recognition of a moral or ethical problem; (2) judgment against some ethical criteria; (3) weighting the importance of the ethical component of the decision above all other concerns; and (4) acting based on ethical principles. This four-stage model has provided a consistent framework for exploring ethical decisions since its inception, and later research has built upon it. For example, Treviño (1986) suggested a model where after recognizing an ethical problem, both individual differences and situational considerations moderate its judgment. This effectively expands upon stage two of Rest's (1986) model. In a similar fashion, Hunt and Vitell (1986) expanded the model by suggesting that prior experiences also influence both recognition of the problem (stage one) and the ethical judgment of the problem (stage two). Jones (1991) further expanded the model proposing decision makers accounted for the context and nature of an ethical problem when engaging in ethical decision making processes. Specifically, he suggests that problems are evaluated in terms of moral intensity, or the extent to which a situation compels action based on principle, and notes that not all ethical problems are of the same moral magnitude. For example, decision making outcomes might be quite different when an employee considers taking copier paper from the office for use at home, versus when an employee considers taking cash from the company safe. While engaging in either activity would be unethical (by definition), any office manager can tell you the former activity occurs with much greater frequency than the latter. Presumably, the degree of (un)ethical intensity involved in stealing cash is great enough to deter the behavior, whereas stealing copy paper is not. Jones' (1991) model can be added into the Rest (1986) model as an elaboration explaining the underlying process in stage three. This general notion is further supported by Tenbrunsel and Smith-Crowe (2008), who used meta analytic techniques to suggest that ethical decision making had both a moral and amoral track. In this model, a decision maker may recognize the ethical component of a decision, but purposefully ignore it in favor of other concerns.

Inherent in these models is active cognition at each stage, a conscious process. However, additional work in the field suggests that there are subconscious processes at work during ethical decision making as well. Haidt (2001) suggests that decision makers experience subconscious intuitions derived from social and cultural influences prior to problem recognition. These subconscious

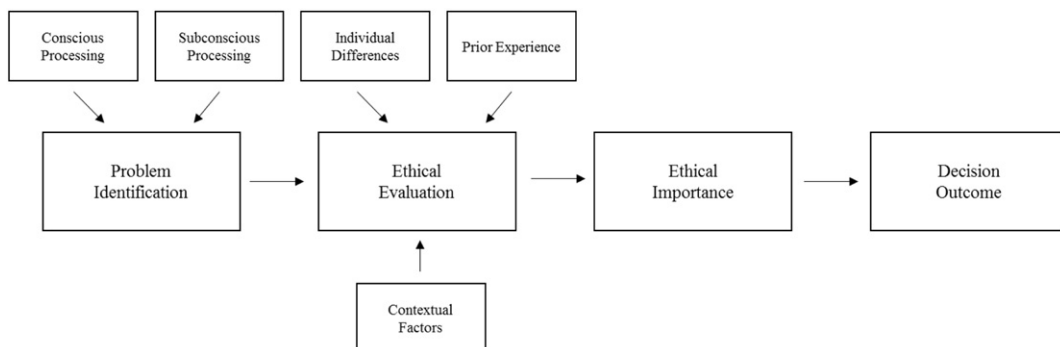


Fig. 1. Synthesized ethical decision making model.

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