



# Understanding the consequences of pride and shame: How self-evaluations guide moral decision making in business<sup>☆</sup>

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## ABSTRACT

Understanding how morally responsible and irresponsible business actions lead to feelings of pride and shame can help us learn more about what motivates moral decision making. This study examines how these particular self-conscious emotions interact with two variables depicting a person's other-orientation, which is made up of other-directed values and perspective-taking. Through an experimental design, we unpack their conjoint influence on moral decisions that either promote the organization or repair the damage done to it. By doing so, we contribute to the existing literature by clarifying nuances between self-conscious and moral emotions, and by testing the specific influence of pride and shame on moral decision-making.

## 1. Introduction

In the wake of the VW, Wells Fargo Bank, and Equifax scandals, the latest in corporate crises *dujour*, business researchers continue to work toward understanding what contributes to such blatant corporate malfeasance (Jia & Zhang, 2016). The social and political narrative, which provides a context for business, tends to focus on negativity, and large scale unethical behavior. With such a pronounced emphasis on unethical or amoral behaviors, business researchers rightly pursue why ethical deviance occurs, striving to predict why and how people justify their unlawful or egregious behaviors. Yet, many businesses and organizational members are actively engaged in socially responsible actions on a daily basis, finding ways to proactively advance their firm's operations in a morally conscientious manner. This presents an interesting opportunity to advance business research; that is, to study peoples' decision-making efforts at the point of choosing a morally honorable or reprehensible path.

While organization-level explanations, such as examination of their climate and culture, have helped to explicate business ethics (Deconinck, 2011; Fraedrich & Iyer, 2008; Hsieh & Wang, 2016), researchers continue to grapple with the individual-level factors of moral action. For example, striving to unpack unethical behavior, Cicala, Bush, Sherrell, and Deitz (2014), looked to the construct of transparency. Others have considered the influence of moral intensity on

decisions (Ferguson, 2014). Nevertheless, business researchers have not yet fully considered the affective impact of a moral decision. Said differently, once a choice has been made and action occurs, what are the potential ramifications of the emotional leftovers (how people feel about their actions, once taken)? In striving to better understand these relevant concerns, this work examines how moral malfeasance or accomplishments are managed and addressed by organizational members. Pursuing this goal, we asked: *When a business person faces an organizational moral challenge, what internal processes compel them to respond with moral strength?*

In contrast to earlier models on moral decision-making, which largely focus on cognition (Ferrell & Gresham, 1985; Rest, 1986; Treviño, 1986; see Dedeker, 2015 for a review), current research investigating moral decisions reveals the functioning of automatic emotions as instigators of moral judgments and action choices. Haidt's (2010, 2012) social intuitionist model proposes that people who perceive reprehensible or exemplary moral behavior performed by others are thought to react automatically, responding with certain negative or positive moral emotions. Haidt and his colleagues have shown that perceptions of moral transgressions lead to negative moral emotions like contempt, anger, or disgust (e.g., Rozin, Lowery, Imada, & Aidt, 1999; Schnall, Haidt, Clore, & Jordan, 2008), and moral rectitude leads to positive moral emotions like admiration, awe, gratitude, or elevation (e.g., Algoe & Haidt, 2009; Haidt & Seder, 2009; Keltner & Haidt,

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**Table 1**  
Constructs definition.

Construct	Definition	Source
Pride	A private sense of achievement that is publicly recognized by significant others	Tracy & Robins, 2007
Shame	An unpleasant, painful emotion that involves a negative evaluation of the core or global self	Tangney, Stuewig, & Mashek, 2007; Shaver, Schwartz, Kirson, & O'Connor, 1987
Pride proactive behaviors	Intended pro-social actions that sustain the firm's doing good	Xie et al., 2015
Shame proactive behaviors	Intended reparative behaviors that repair damages done to the firm's stakeholders	Xie et al., 2015
Individuals' other-orientation		
Other-directed values	Life guiding principles of correcting social injustices and being considerate of others	Schwartz, 1996, 2006
Perspective-taking	The ability to consciously put oneself into the mind of another individual and imagine what that person is thinking or feeling	Davis, 1980; Decety & Cowell, 2014a, 2014b

2003). More recently, Xie, Bagozzi, and Grønhaug (2015) applied the social intuitionist model in business situations to show that consumers respond to positive green actions by an organization with gratitude and negative green actions with contempt, anger, and disgust, and these emotions then subsequently influence actions toward the associated organization.

Our study approaches moral decision-making in ways that are both similar to and different from Haidt's social intuitionist approach. Similar to Haidt, our assumption is that moral transgressions and moral praiseworthy actions automatically lead to felt negative and positive emotions.

Complementing Haidt's framework, we posit an important ethical role for self-conscious emotions (versus moral emotions) in business scenarios. According to Haidt (2003), moral emotions are "emotions that are linked to the interests or welfare either of society as a whole or at least of persons other than the judge or agent" (p. 853, emphasis in original). Moral emotions include multiple collections of other-directed emotions, such as the "other-condemning" family (i.e., contempt, anger, and disgust), the "other-suffering" family (i.e., compassion), and the "other-praising" family (i.e., gratitude, awe, and elevation). In contrast to moral emotions, which generally focus on the interest or welfare of others (Haidt, 2003), self-conscious emotions focus on the agent as the center of attention and subsume personal judgments of both the self and one's own actions.<sup>2</sup> These self-judgments involve "self-awareness and self-representations" (Tracy & Robins, 2004, p. 105) related to the expectations of others, and to what they mean for the self.

Accordingly, our study examines two self-conscious emotions, namely pride and shame; often considered as opposite poles on an emotional continuum. These self-conscious emotions are crucial drivers and regulators of human interaction as they entail basic "mammalian displays of submission [shame] and dominance [pride]," such as "eye contact avoided [shame] versus sought [pride]; apparent body size decreased [shame] versus increased [pride]; social interaction avoided [shame] versus sought [pride]" (Haidt, 2003, p. 859). Despite their importance in regulating social relationships inside and outside the firm, these emotions have been understudied by previous research in business (Haidt, 2003; Gruenewald, Dickerson, & Kemeny, 2007; Erikson, 1950; Parker & Thomas, 2009; see the Theory and hypotheses section below for a discussion). Aiming to fill this gap, we investigate how pride and shame can serve as triggers of employees' future actions (Murphy & Kiffin-Petersen, 2016; Tangney & Fischer, 1995; Tracy & Robins, 2007), either by repairing damages done to other stakeholders, or by sustaining positive behavior on behalf of the firm.

Finally, our study goes beyond the social intuitionist model to specify the conditions under which emotions experienced by organizational members lead to intended proactive behaviors in relation to the broader organization. In fact, to the extent that doing good or

causing harm as a member of the organization makes one the focus of attention by organizational stakeholders, it also interesting to investigate how individuals' orientation toward others (operationalized by two constructs: other-directed values and perspective-taking) regulates the effects of pride and shame on moral decision-making (i.e., functioning as a potential amplifier for pride and a buffer for shame).

Testing our hypotheses, we conducted an experiment with three conditions (two experimental manipulations and a control condition). Feelings of pride were induced as a result of engaging in perceived actions that enhanced a firm's adoption of environmental responsibility with specific acts of moral strength taken to prevent an oil spill. Greater pride was shown to increase intended proactive behaviors (i.e., actions taken to sustain the firm's doing good) to the degree that individuals held strong other-directed values (i.e., values oriented to benefit others) and at the same time exhibited a disposition to adopt the perspective of others, a cognitive dimension of empathy (e.g., Walter, 2012). The alternative manipulation induced shame, experienced by a perceived consequence of engaging in acts that resulted in an oil spill. Feelings of shame influenced positive proactive behaviors (i.e., actions taken to benefit other people or the firm after the oil spill) to the extent that the individual had low other-directed values and simultaneously showed a weak disposition to take the perspective of others. Table 1 and Fig. 1 presents a definition of the constructs and a schematic of the relationships tested.

Overall, our work makes three substantial contributions to business research. First, we add to the theory of moral decision-making by contextualizing the role of emotions in business situations. By doing so, we extend previous research on customer moral decision-making following responsible and irresponsible firm actions (e.g., Xie et al., 2015) with an investigation on how members of an organization react to parallel moral situations. Second, we shed light on the role of self-conscious emotions in moral decision-making by: a) clarifying nuances between self-conscious emotions and moral emotions and b) showing how they act as drivers of pro-social action tendencies. Finally, we go beyond Haidt's focus on affect-only as a driver of moral decision-making by integrating emotional processes with cognitive mechanisms functioning as self-regulation (i.e., individuals' orientations toward others), thus testing explicit conditions whereby emotions lead to moral decision-making in business.

The findings have important implications in the business context. In fact, understanding how morally responsible and irresponsible management actions lead to feelings of pride and shame can help us learn more about what motivates future action toward the organization, such as repairing the damage one has done to organizational stakeholders (e.g., in corporate scandals), or sustaining the company's responsible actions already in place. Thus, our results offer important managerial implications, with key takeaways that provide useful distinctions through insights that can be applied to management education, as well as to organizational workshops that target ongoing adult moral development.

<sup>2</sup> Haidt (2003, p. 861) defines the self-conscious emotions as a particular type of moral emotions that involve disinterest. However, he also de-emphasizes their moral importance: "If the criterion of 'disinterestedness' is the capacity to feel the emotion in situations that do not involve the self, then the self-conscious emotions fare poorly".

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