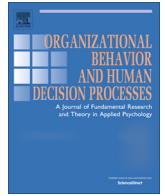


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The effect of specific and general rules on ethical decisions



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ABSTRACT

We examined the effects of specific and general rules on ethical decisions and demonstrated, across five studies, that specifically-framed rules elicited ethical decisions more strongly than generally-framed rules. The effectiveness of specific rules was explained by reductions in people's moral rationalizations. Alternative explanations that people feared being caught and punished or that people perceive no clear connection between general rules and the ethical decision, were ruled out. General rules exerted some effect on ethical decisions. In fact, whereas specific rules failed to affect ethical decisions that did not explicitly correspond with the rule, the effect of the general rule depended less on the type of behavior a person encountered. Our findings further suggest that combining a specific with a general rule provided no additive advantage, as people may interpret the general rule in light of the specific rule. We discuss the theoretical and practical implications of these findings.

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Introduction

Rules about ethical behavior all share the same ultimate purpose: to foster ethical environments and behavior. Yet despite their common purpose, rules governing ethical behavior differ in how they are framed. For example, the U.S. Sarbanes Oxley Act, which was developed in response to the unethical actions of several high-profile American corporate leaders, states, "No member of the Board may share in any of the profits of, or receive payments from, a public accounting firm (or any other person, as determined by rule of the Commission), other than fixed continuing payments (. . .)". Thus, the rules of this act specify with minimum ambiguities what behaviors are and are not considered ethical.

But rules about ethical behavior can also be framed in very broad, general ways. For example, also intending to discourage conflicts of interest, a large U.S. school district states in its code of conduct that, "Board members shall not engage in any activity that constitutes a conflict of interest." Although this rule has the same intention as the rule stated in the Sarbanes Oxley act, its intention is communicated in a more general way. The current research examines the strength of specific and general rules for affecting people's ethical decisions (i.e., intentions and behaviors), and the mechanism driving these effects.

Across five studies, we find support that, on average, specific rules are more effective than general rules in influencing people's

ethical decisions because specific rules make it more difficult to rationalize why demonstrating the targeted unethical behavior is morally permissible. The findings suggest, however, that general rules are able to exert *some* effect on ethical decisions (albeit weaker than a specific rule). We also find that when one wants to target more than one ethical behavior, specific rules may be less effective than general rules, and work in counterproductive ways.

In examining the effects of specific and general rules we contribute to the literature on behavioral ethics, business ethics, and law, as the results demonstrate which type of rule-framing (most strongly) affects ethical decisions in the desired way. Moreover, the results of this investigation can potentially inform policy makers on how to communicate laws, rules and codes most effectively to their constituents.

The purpose of rules

Whether labeled "ethical codes," "laws," or merely "rules," almost all organizations and societal institutions have rules intended to provide ethical guidelines. From a philosophical perspective, rules have the deontological function of communicating one's duty and helping to avoid deleterious outcomes (Rawls, 1955). For example, rules about obeying the speed limit exist because doing so protects people. Additionally, Skinner (1974) discussed that rules have an informative function, allowing people to engage in beneficial behaviors without needing to experience the harmful consequences of the prohibited behaviors first-hand. In that sense, people refrain from speeding not because they have witnessed injury from reckless driving, but because they have been exposed to a rule against speeding.

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From a legal perspective, rules have an expressive function; rules are expected to shape the social norms of a given society, and thereby influence people's behavior (Cooter, 1998). In the area of trade secret law, for example, Feldman (2009) showed that laws have the ability to state what is generally considered moral. This finding is in line with the social psychological perspective of viewing rules as having a normative function. By expressing the "ought" or "should", rules function as injunctive norms that signal disapproval of behaviors that are socially undesirable in a given context (Cialdini, Reno, & Kallgren, 1990; Cialdini et al., 2006). Research has shown that injunctive norms can indeed help people understand why certain behaviors are unethical and can guide people's behavior in the desired direction, such as inducing cooperation even when people know that their behavior is not being monitored (Mulder & Nelissen, 2010).

Nonetheless, rules do not automatically have a positive influence on the ethical decisions targeted. For example, there is evidence that high cognitive load reduces the effectiveness of injunctive norms (Kredentser, Fabrigar, Smith, & Fulton, 2012; Melnyk, Herpen, Fischer, & van Trijp, 2011). Moreover, Kish-Gephart, Harrison, and Treviño (2010) report that the mere presence of a code of conduct (i.e., a compilation of rules governing the behavior of members of a single organization, Campbell, 2006; Sama, 2006) does not affect ethical behavior, possibly because they, due to their ubiquity, can lose meaning to people. Accordingly, more research is needed to understand the factors that increase the likelihood that rules about ethical behavior will encourage ethical decisions. The present research therefore focuses on the way these rules are framed – either in specific or in general terms.

Specific and general rules

In the business literature, comprehensiveness, clarity and enforceability are all acknowledged to be important conditions for rules about ethical behavior (Raiborn & Payne, 1990). However, it is often that one must trade-off comprehensiveness for clarity and enforceability, as being comprehensive implies a broad, sweeping focus, whereas clarity and enforceability imply a more targeted approach. Or, if using the *specific* versus *general* distinction, a rule formulated in a specific way is clear and enforceable, but not comprehensive, whereas a rule formulated in a general way is comprehensive, but not clear and thus, less enforceable. While specific rules emphasize the "letter" of the rule by communicating the targeted ethical behavior in a concrete way, general rules point at the "spirit" of the rule by communicating this behavior in an abstract way.

The distinction we make between general and specific rules is similar to the distinction made in law between standards and rules. In the law literature (Kaplow, 1992; Parisi, 2004), *standards* represent general statements, such as, "Do not drive at an excessive speed on expressways," which provides no content to the law when an individual faces a decision on how to behave (e.g., how fast to drive). And when an individual appears to have acted against the standard, it is up to the court to determine whether or not the speed of a certain driver on trial was "excessive" (Parisi, 2004). In contrast, *rules* are defined as specific statements such as, "Do not drive in excess of 65 miles an hour on expressways". Such statements provide content to the law when an individual is facing the decision how to behave (e.g., how fast to drive). The *rule* versus *standard* distinction in law may, however, create some confusion in the organizational behavior literature where the term "standard" has, in fact, been used to refer to specifically-formulated rules (see Tenbrunsel, Wade Benzoni, Messick, and Bazerman, 2000). In the current paper, we will therefore only

use the term "rule" and distinguish between specific rules and general rules, even when drawing from the law literature.¹

In the law literature, the difference between specific and general rules has mainly been addressed in terms of economic considerations. It is possible that general rules are more costly than specific rules because of their accompanying potential for litigation; the costs of specifying the exact behavioral rule upfront might mitigate the necessity for the court to determine whether someone has acted in conflict with the rule (Kaplow, 1992; Parisi, 2004). Yet little research exists on the impact that specific and general rules have on people's own ethical decisions. To our knowledge, only work by Feldman and Harel (2008), which proposed that, in comparison with a general rule, a specific rule decreased self-interested legal disobedience, has addressed this question. The researchers conjectured that this was the case because specific rules gave people less leeway than general rules for interpreting the rule and evoked less motivated reasoning. However, the researchers did not empirically examine this contention.

Indeed, our proposal that specific rules are more successful than general rules in evoking obedience can be drawn from literature on motivated reasoning and unethical decision-making (Ashford & Anand, 2003; Bandura, 1999; Detert, Treviño, & Schweitzer, 2008). Several researchers have argued that people use cognitive mechanisms to convince themselves that their unethical behavior is defensible (Ashford & Anand, 2003; Bandura, 1999; Detert et al., 2008) and that engagement in such self-serving justifications or rationalizations encourages unethical behavior (e.g., Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Detert et al., 2008; Moore, Detert, Treviño, Baker, & Mayer, 2012). People tend to rationalize their unethical decisions especially when judgment criteria are uncertain or vague (Hsee, 1996; Schweitzer & Hsee, 2002; Thompson & Loewenstein, 1992). Indeed, research has shown that, when malleability to interpret one's actions increases, dishonesty also increases (Mazar, Amir, & Ariely, 2008; Schweitzer & Hsee, 2002).

Based on this evidence, we argue that, a specific rule, with its distinct mandate about what behavior is right and wrong, should reduce the room that people have to rationalize that acting against the rule is morally permissible. This reduced opportunity for morally rationalizing may be much less the case for general rules. For example, when an organization installs a general rule against *engaging in conflicts of interest*, employees may feel uninhibited to accept a gift from a client because they can reason that, at least for themselves, this act does not bring about a conflict of interest and/or does not compromise their objectivity. Whereas a specific rule against *accepting gifts from clients* will allow less freedom to interpret this rule in a self-justifying way as it demands the utmost of someone's creativity to rationalize that he or she would be allowed to accept a gift from a client. We therefore present the following hypotheses:

Hypothesis 1. A specific rule induces ethical decisions more strongly than does a general rule.

¹ We refer to "rules" about (un)ethical behavior, that may also, but not necessarily, cover (il)legal behaviors. Although there are numerous behaviors that are both unethical and illegal (e.g., stealing from a fellow citizen), there are also behaviors that are unethical without being illegal (e.g., in the U.S., it is legal to inspect the trash of a competitor firm for valuable business information, Jordan and Finkelstein (2005). However, such behavior is questionably ethical). In addition, some behaviors are illegal but not unethical (e.g., in France, wearing religious symbols in public is forbidden by law. Yet, it is questionable if wearing a religious symbol in public is unethical). Our results apply to unethical behaviors (whether or not illegal), but not to such "illegal but not unethical" behaviors. In the latter context, people may disagree with the content of a law, which may activate different processes (e.g., reactance). This question is beyond the scope of our investigation and deserves attention in future research.

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