

# 3

## Ethical Decision Making and Action

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In making and implementing decisions, we put into practice widely accepted ethical principles, as well our vocation, values, character, and spiritual resources. This chapter focuses both on the how (the processes) and the how-to (the formats) of moral thinking and action. Our chances of coming up with a sound, well-reasoned conclusion and executing our plan are greater if we understand how ethical decisions are made and take a morally grounded, systematic approach to problem solving.

## Once More With Feeling: Emotion in Moral Decision Making

There's been a seismic shift in how scholars understand the process of ethical decision making. In the past, philosophers, moral psychologists, ethicists, and ethics educators assumed that individuals consciously use logic and reason to solve ethical problems through careful deliberation. Researchers largely ignored emotions or viewed them with suspicion because feelings could undermine moral reasoning and action. Now, however, a growing number of investigators in a variety of fields argue that emotions are central to ethical decision making. Cognitive neuroscientists, for instance, highlight the important role that emotional regions of the brain play in ethical thinking. One group of scientists employs the medical case study method to demonstrate how brain deficits undermine moral reasoning.<sup>1</sup> These researchers study individuals with brain damage who engage in antisocial and unethical behavior as a result of their injuries. One early case study involved Phineas Gage, an 18th-century railway worker who was injured when a railroad tamping iron went through his skull. Gage retained his IQ and cognitive abilities but lost his emotional capacities. Following the accident his life spiraled downward. He was unable to keep a job or to make wise choices due to his emotional deficit. He also demonstrated disrespect for others and a lack of self-control. The same pattern has been found in contemporary patients who suffer damage to the regions of the brain that govern emotion. For instance, "Elliott," who had a brain tumor, scored above average on intelligence tests but reported no emotional responses to pictures of gory accidents (though he knows he used to have strong emotional reactions to similar events). He lost his job, put all of his money in a bad business investment, and was divorced twice. Through it all he remained calm. Those studying Elliott concluded that he failed, not because he couldn't reason, but because he couldn't integrate emotions into his judgments. He could know but not feel.

Another group of neuroscientists uses neuroimaging to determine which areas of the brain are activated when we are confronted with moral issues.<sup>2</sup> Researchers place study participants in magnetic resonance imaging (MRI) machines and present them with ethical dilemmas. For example, they may be asked whether it is okay for a pregnant teen to dump her newborn in a trash can or whether a mother, in order to save the lives of others, should smother her baby to stop its crying. Active brain cells (which require more oxygen than inactive ones) "light up," indicating which parts of the brain are functioning when volunteers are responding to moral problems. Neuroimaging studies reveal that ethical decision making is not localized in one region of the brain but involves several different locations. Both cognitive and emotional areas of the brain are activated.

While neuroscientists believe that we can't make wise choices unless we engage our feelings, some psychologists go a step further. They claim that emotion, not logic, plays the dominant role in moral reasoning. Jonathan Haidt is a leading proponent of the affective approach to ethical decision making.<sup>3</sup> He argues that we quickly make ethical determinations and then use logic after the fact to justify our choices. Haidt points to *moral dumbfounding* as evidence that moral decision making

is the product of intuition, not deliberation. In moral dumbfounding, people have strong opinions about right and wrong but can't explain why they feel as they do. For example, when surveyed, most Americans are disgusted with idea of having sex with a sibling, even if there is no danger of pregnancy or sexually transmitted disease. They know that this behavior is wrong but are at a loss to explain why they feel this way.

Haidt calls his approach to ethical decision making the *social intuitionist model* to highlight the role that intuition and social norms play in moral determinations. He contends that automatic processes are the elephant and cognition is the rider. The elephant is more powerful and generally goes wherever it wants to go but the rider can occasionally steer the beast in a different direction. Our instantaneous, affective intuitions about right and wrong are the products of our cultural backgrounds and other social forces. For instance, Americans typically reject the idea of eating the family dog. But in other cultures, which don't treat pets as family members, respondents would approve of eating a dog for dinner. Haidt doesn't completely eliminate reason from his model. Other people may challenge our intuitions, introducing new information and arguments that lead us to change our initial positions. Or we may modify our attitudes after reflecting on them.

The debate over the relative importance of logic and emotion still rages and will likely continue until we learn more about the physiological and psychological bases of moral reasoning. In the interim, a number of experts advocate a dual-process approach.<sup>4</sup> The dual-process approach is based on the premise that both logic and emotions are important to making good decisions. However, the relative importance of each varies with the type of moral dilemma. Emotions or intuitions are dominant in situations involving life and death, bodily/personal harm, and deeply held beliefs like "incest is always wrong" or "do not play god by cloning humans." We respond immediately and automatically in these dilemmas. Cognition is more important when situations call for balancing competing claims and values or abstract reasoning, such as deciding whether it is ethical for your firm to download pirated software.

Keep both cognition and emotion in mind as you make moral choices. Be ready to challenge your intuitions, which may be misguided. Don't trust just your gut-level feelings when abstract thinking is needed. On the other hand, test your logic against your feelings. Don't reject your emotions but recognize that they play an important role in every stage of ethical action. As we'll see in the next section, integrating feelings into your ethical deliberations can equip you to make better choices and to follow through on your decisions.

## Components of Ethical Behavior

Breaking the process down into its component parts enhances understanding of ethical decision making and behavior. Moral psychologist James Rest identifies four elements of ethical action. Rest developed his four-component model by asking, "What must

happen psychologically in order for moral behavior to take place?” He concluded that ethical action is the product of these psychological subprocesses: (1) moral sensitivity (recognition); (2) moral judgment or reasoning; (3) moral motivation; and (4) moral character.<sup>5</sup> The first half of the chapter is organized around Rest’s framework. I’ll describe each factor and then offer some tips for improving your performance on that element of Rest’s model.

### Component I: Moral Sensitivity (Recognition)

Moral sensitivity is the recognition that an ethical problem exists. Such recognition requires us to be aware of how our behavior impacts others, to identify possible courses of action, and to determine the consequences of each potential strategy. Moral sensitivity is key to practicing individual ethics. We can’t solve a moral dilemma unless we know that one is present. For that reason, raising ethical awareness is an important goal of many ethics courses and programs. (Test your moral sensitivity by responding to the scenarios in Self-Assessment 3.1.)

Perspective skills are essential to identifying and exploring moral issues. Understanding how others might feel or react can alert us to the potential negative effects of our choices and makes it easier to predict the likely outcomes of various options. For example, the central figure in the first scenario of Case Study 3.2, “Is It Better to Ask Permission or to Ask Forgiveness?” understands the perspective of the neighbors. He realizes that he faces an ethical problem as a result. Emotions like anger, disgust, and guilt give us the energy to identify ethical problems.<sup>6</sup> (I’ll have more to say about moral emotions later in the chapter.)

According to University of Virginia ethics professor Patricia Werhane, many smart, well-meaning managers also stumble because they are victims of tunnel vision.<sup>7</sup> Their ways of thinking or mental models don’t include important ethical considerations. In other words, they lack moral imagination. Take the case of the Nestlé Company. The European food producer makes a very high-quality infant formula, which the firm successfully marketed in North America, Europe, and Asia. It seemed to make sense for the company to market the formula in East Africa using the same communication strategies that had worked elsewhere. However, Nestlé officials failed to take into account important cultural differences. Many East African mothers could not read label directions, were so poor that to make the product last longer they over-diluted it, and used polluted water to mix it. In a society that honors medicine men, parents felt pressured to use the formula because it was advertised with pictures of men in white coats. As a result, many poor African mothers wasted money on formula when they could have breastfed their children for free. Thousands of their babies died after drinking formula mixed with polluted water. Nestlé refused to stop its marketing campaign despite pressure from the World Health Organization and only quit when faced with a major boycott. Company leaders didn’t consider the possible dangers of marketing to third-world mothers and failed to recognize that they were engaged in unethical activities.

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

Moral imagination takes different forms depending on (1) whether or not there is general consensus that an ethical problem exists and (2) how much power decision makers have to address the problem.<sup>8</sup> *Creation* is required when society doesn't recognize the issue and actors are powerless. In these cases they operate outside existing channels. Take the case of the Merck pharmaceutical company. Merck researchers discovered that its drug Mectizan was effective in treating river blindness, which plagues poor citizens in Africa and South America. When the company couldn't persuade the World Health Organization and other international groups to test and distribute Mectizan, the firm funded testing, manufactured the medication, and then gave it away. *Coercion* can be used when the issue is not seen as legitimate but the actor has the power to dictate solutions. During the Tylenol tampering crisis of the 1980s, Johnson & Johnson CEO James Burke ignored the FBI's advice to keep selling Tylenol. Instead, he ordered the product removed from the shelves. *Compromise* is in order when the problem is not seen as legitimate and when power is distributed among several parties. Negotiators, for example, often must compromise (give up some of their initial demands) when dealing with several different groups with relatively equal power but competing interests. (We'll take a closer look at the ethics of negotiation in Chapter 6.)

*Coalition* is employed when society recognizes that there is a legitimate ethical issue but imaginative decision makers have little power to address the problem. In these situations they network with others to rally support. Owners of the South Side Bank succeeded because they formed a coalition made up of wealthy lenders, contractors, small-business owners, and others. *Consent* operates when the organization or society recognizes the problem and the decision maker has the power to dictate the resolution. Mexican cement maker Cemex uses this strategy in addressing the housing needs of local communities. Managers provide financing and assistance to low-income families, believing that they have an obligation to the poor as well as to shareholders. *Collaboration* comes into play when there is high problem recognition combined with distributed power. Collaborators engage in dialogue with stakeholders and develop a shared commitment to trying new solutions to problems. Getting buy-in is critical in

efforts to help impoverished communities address such problems as lack of clean water and sanitation.

Moral muteness, like lack of moral imagination, interferes with the recognition of moral issues. Managers can be reluctant to talk about their actions in ethical terms. They may want to avoid controversy or may believe that keeping silent will help them appear practical, efficient, powerful, and capable of handling their own problems.<sup>9</sup> Describing a situation in moral terms breaks this ethical code of silence. Such terms as *values*, *justice*, *immoral*, *character*, *right*, and *wrong* encourage listeners to frame an event as an ethical problem and to engage in moral reasoning.<sup>10</sup>

A number of researchers believe that elements of the ethical issue itself are key to whether or not we recognize its existence. They argue that problems or dilemmas differ in their degree of *moral intensity*. The greater an issue's moral intensity, the more likely we are to notice it. The components of moral intensity include the following six elements:<sup>11</sup>

1. *Magnitude of consequences.* The moral intensity of an issue is directly tied to the number of harms or benefits it generates. Moral dilemmas attract more attention when they have significant consequences. For example, denying someone a job because of his or her race raises significant ethical concerns; rescheduling an employee's vacation dates does not. A massive oil spill generates stronger condemnation than a minor one.

2. *Social consensus.* Moral issues are more intense if there is widespread agreement that they are bad (or good). Societal norms, laws, professional standards, and corporate regulations all signal that there is social consensus on a particular issue.

3. *Probability of effect.* Probability of effect is "a joint function of the probability that the act in question will actually take place and the act in question will actually cause the harm (benefit) predicted."<sup>12</sup> For example, selling a gun to a gang member has a much greater likelihood of causing harm than does selling a gun to a law-abiding citizen.

4. *Temporal immediacy.* Issues are more intense if they are likely to generate harm or good sooner rather than later. That helps explain why proposals to immediately reduce social security benefits attract more attention than proposals to gradually reduce them over a long period of time.

5. *Proximity.* Proximity refers to social, cultural, psychological, or physical distance. We tend to care more about issues involving people who are close to us in terms of race, nationality, age, and other factors; we care less about issues involving people who are significantly distant from us or significantly different from us.

6. *Concentration of effect.* Causing intense suffering violates our sense of justice and increases moral intensity. Thus, we are more likely to take note of policies that do severe damage to a few individuals than to take note of those that have minor consequences for large groups of people. For instance, cutting the salaries of 10 people by

\$20,000 each is seen as more problematic than reducing the salaries of 4,000 employees by \$50 each.

Moral intensity has been correlated not only with moral sensitivity but also with the other components of Rest's model—moral judgment, moral motivation, and moral behavior.<sup>13</sup> Not only are decision makers more likely to recognize morally intense issues, but they also respond more quickly and appropriately. In addition, decision makers faced with intense issues are more motivated to follow through on their choices. However, investigators are still trying to determine if some components of moral intensity are more critical to problem recognition and resolution. At this point, magnitude of consequences and social consensus appear to have the strongest relationship to moral sensitivity. Individuals are most likely to notice ethical dilemmas if they generate significant harm and if there is widespread agreement that these issues have a moral dimension.

#### *Tips for Enhancing Your Ethical Sensitivity*

*Engage in active listening and role playing.* The best way to learn about the potential ethical consequences of choices, as well as the likely response of others, is through listening closely to what others have to say. (See Chapter 4 for a closer look at the process of active listening.) Role play can also foster understanding. Taking the part of another individual or group can provide you with important insight into how the other party is likely to react.

*Pay attention to your feelings.* Emotions can signal the presence of an ethical issue. Look further to determine if this is indeed the case.

*Speak up.* Don't hesitate to discuss problems and your decisions in ethical terms. Doing so will help frame arguments as ethical ones for you and your colleagues.

*Challenge mental models or schemas.* Recognize the dangers of your current mental models, and try to visualize other perspectives. Distance yourself from a situation to determine if it indeed does have moral implications. Remember that you have ethical duties that extend beyond your group or organization.

*Adapt to the situation.* Consider whether there is a general consensus about an ethical issue and whether or not you have the power to address the problem. Choose your strategy accordingly.

*Be creative.* Look for innovative ways to define and respond to ethical dilemmas; visualize creative opportunities and solutions.

*Crank up the moral intensity.* Frame issues to increase their intensity and thus improve problem recognition. In particular, emphasize the size of the problem—how many people are affected, how much the company or environment will be damaged. Point out

**SELF-ASSESSMENT 3.1****Moral Sensitivity Scenarios****Instructions**

Read each of the following vignettes and then determine if the scenario poses an ethical dilemma. Then turn to Application Project 3.2 to determine if you agree with the researchers who developed the scenarios.

**Vignette 1**

A manager in your area, Terry, drives a company car. Company policy states that corporate cars are to be inspected every 3,000 miles without exception. Terry last had her car inspected about 5,000 miles ago—she says that she “just doesn’t want to be bothered that often.” Today, Pat, a coworker of Terry’s, asked Terry for the keys to the car so she could deliver some artwork to a few customers. While driving on the highway, the car’s brakes malfunctioned. The car spun out of control and came to rest in a ditch on the side of the road. Pat’s forehead struck the steering wheel, and she had to go to the hospital to get 18 stitches.

**Vignette 2**

One of DenComp’s manufacturing facilities contains five very large and very noisy pressing machines. The facility manager has always followed the state and federal regulations about noise control that apply to those machines, but the noise effects can never be completely eliminated. Doug, a longtime DenComp electrician who regularly works right next to the pressing machines (and always wears the proper equipment), came to your office and told you that his doctor has informed him that he has lost 80% of his hearing in his right ear, probably because of the work he does near the machines.

**Vignette 3**

Earlier today, a DenComp salesman who works in Iowa called you and told you about an experience that he had last week. One of his customers placed a small order of about \$1,500 worth of product from DenComp’s corporate headquarters. DenComp immediately shipped the package through a freight company, and it arrived the next day at the freight company’s warehouse in Iowa. The salesman went to the warehouse just as it was closing and talked to one of their managers. The manager said that everyone had gone home for the day, but he assured him that the package would be delivered directly to his office the next day. The salesman knew that the customer did not need the materials for at least another three days, but he didn’t want to wait. He placed a twenty-dollar bill on the counter and asked the warehouse manager one last time if there was anything he could do. The manager found the paperwork, got the product from the back of the warehouse, and brought it out to the salesman.



**Vignette 4**

Last Monday, you were sitting at your desk examining a request that a customer had just faxed you. The customer was proposing a project that would make a tremendous amount of money for your company but had an extremely demanding time schedule. Just as you were about to call the customer and accept the project, one of your employees, Phil, knocked on the door. He entered your office, politely placed a letter of resignation on your desk, and told you that he was sorry, but in two weeks, he would be moving to another state to be closer to his ailing parents. After he left, you thought about the proposed project and determined that even though Phil would be gone, you could still meet all of the customers' deadlines. You called the customer and accepted the project.

SOURCE: Modified version of Reynolds, S. J. (2006). Moral awareness and ethical predispositions: Investigating the role of individual differences in the recognition of moral issues. *Journal of Applied Psychology*, 91, 242–243. Copyright © 2016 by the American Psychological Association. Used by permission.

how even small acts like petty theft can have serious consequences. Also, highlight the fact that there is consensus about whether a course of action is wrong (illegal, against professional standards, opposed by coworkers) or right. As a group, develop shared understanding about the key ethical issues facing your organization.

**Component 2: Moral Judgment**

After determining that there is an ethical problem, decision makers then choose among the courses of action identified in Component 1. They make judgments about the right or wrong thing to do in this specific context.

Moral judgment has been studied more than any other element of the Rest model. There is far too much information to summarize it here. Instead, I'll focus on three topics that are particularly important to understanding how problem solvers determine whether a solution is right or wrong: cognitive moral development, unhealthy motivations, and cognitive biases.

*Cognitive Moral Development*

Before his death, Harvard psychologist Lawrence Kohlberg was the leading champion of the idea that individuals progress through a series of moral stages just as they do physical ones.<sup>14</sup> Each stage is more advanced than the one before. As individuals develop, their reasoning becomes more sophisticated. They become less self-centered and develop broader definitions of morality (see Ethics in Action 3.1).

### ETHICS IN ACTION 3.1 STAGES OF MORAL DEVELOPMENT

Level and Stage	Content of Stage	
	What Is Right	Reasons for Doing Right
LEVEL I: PRECONVENTIONAL		
Stage 1: Heteronomous Morality	To avoid breaking rules backed by punishment, obedience for its own sake, and to avoid physical damage to persons and property.	Avoidance of punishment; the superior power of authorities.
Stage 2: Individualism, Instrumental Purpose, and Exchange	Following rules only when it is in your immediate interest; acting for your own interests and needs and letting others do the same. Right is also what's fair, what's an equal exchange, a deal, an agreement.	To serve your own needs or interests in a world where you have to recognize that other people have their interests, too.
LEVEL II: CONVENTIONAL		
Stage 3: Mutual Interpersonal Expectations, Relationships, and Interpersonal Conformity	Living up to what is expected by people close to you or what people generally expect of people in your role as son, brother, friend, etc. "Being good" is important and means having good motives, showing concern about others. It also means keeping mutual relationships with trust, loyalty, respect, and gratitude.	The need to be a good person in your own eyes and those of others. Your caring for others. Belief in the Golden Rule. A desire to maintain rules and authority that support stereotypical good behavior.
Stage 4: Social System and Conscience	Fulfilling the actual duties to which you have agreed. Laws are to be upheld except in extreme cases where they conflict with other fixed social duties. Right is also contributing to society, the group, or institution.	To keep the institution going as a whole, to avoid a breakdown in the system, or to fulfill a sense of personal obligation.
LEVEL III: POSTCONVENTIONAL, PRINCIPLED		
Stage 5: Social Contract or Utility and Individual Rights	Being aware that people hold a variety of values and opinions, that most values and rules are relative to your group. These relative rules should usually be upheld in the interest of impartiality and because they are the social contract. Some nonrelative values and rights like life and liberty must be upheld in any society and regardless of majority opinion.	A sense of obligation to law because of one's social contract to make and abide by laws for the welfare of all and for the protection of all people's rights. A feeling of contractual commitment, freely entered upon, to family, friendship, trust, and work obligations. Concern that laws and duties be based on rational calculation of overall utility, "the greatest good for the greatest number."

Stage 6: Universal Ethical Principles	Following self-chosen ethical principles. Particular laws or social agreements are usually valid because they rest on such principles. When laws violate these principles, one acts in accordance with the principle. Principles are universal principles of justice: the equality of human rights and respect for the dignity of human beings as individual persons.	The belief as a rational person in the validity of universal moral principles and a sense of personal commitment to them.
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SOURCE: Kohlberg, L. A. (1986). A current statement on some theoretical issues. In S. Modgil & C. Modgil (Eds.), *Lawrence Kohlberg: Consensus and controversy* (pp. 485–546). Philadelphia: Falmer Press, pp. 488–489. Used by permission.

*Preconventional* thinking is the most primitive level and is common among children, as well as those suffering from brain damage to emotional regions of the brain. Individuals at Level I decide on the basis of direct consequences. In the first stage, they obey to avoid punishment. In the second, they follow the rules in order to meet their own interests. Stage 2 thinkers believe that justice is giving a fair deal to others: You help me and I'll help you.

*Conventional (Level II)* thinkers look to other people for guidance for their actions. They strive to live up to the expectations of family members and significant others (Stage 3) or recognize the importance of going along with the laws of society (Stage 4). Kohlberg found that most adults fall into Stages 3 and 4, which suggests that the typical organizational member looks to work rules, leaders, and the situation to determine right from wrong.

*Postconventional or principled (Level III)* thinking is the most advanced type of reasoning and relies on universal values and principles. Stage 5 individuals are guided by utilitarian principles, seeking to do the greatest good for the greatest number. They recognize that there are a number of value systems within a democratic society and that regulations may have to be broken to serve higher moral purposes. Stage 6 thinkers operate according to internalized, universal ethical principles like the categorical imperative or justice as fairness. These principles apply in every situation and take precedence over the laws of any particular society. According to Kohlberg, only about 20% of Americans can be classified as Stage 5 postconventional moral thinkers. Very few individuals ever reach Stage 6.

Kohlberg's model has drawn heavy criticism from philosophers and psychologists alike.<sup>15</sup> Some philosophers complain that it draws too heavily from Rawls's theory of justice and makes deontological ethics superior to other ethical perspectives. They note that the theory applies more to societal issues than to individual ethical decisions. A number of psychologists have challenged the notion that people go through a rigid or "hard" series of moral stages. They argue instead that individuals can engage in many ways of thinking about a problem, regardless of their age.

Rest (who was a student of Kohlberg's) responded to these criticisms by replacing the hard stages with a staircase of developmental schemas. *Schemas* are general structures or patterns in our memories. We use these patterns or structures when we encounter new situations or information. When you enrolled in college, for example, you probably relied on high school experiences to determine how to act in the university classroom. Rest and his colleagues contend that decision makers shift upward, adopting more sophisticated moral schemas as they develop. Rest's group redefined the postconventional stage to make it less dependent on one ethical perspective. In their "neo-Kohlbergian" approach, the most advanced thinkers reason like moral philosophers.<sup>16</sup> Postconventional individuals look behind societal rules to determine if they serve moral purposes. These thinkers appeal to a shared vision of an ideal society. Such a society seeks the greatest good for the entire community and assures rights and protections for everyone.

Rest developed the Defining Issues Test (DIT) to measure moral development. Subjects taking the DIT respond to six scenarios and then choose statements that best reflect how they went about making their choices. The statements—which correspond to the levels of moral development—are then scored. In the best-known dilemma, Heinz's wife is dying of cancer and needs a drug Heinz cannot afford to buy. He must decide whether or not to steal the drug to save her life.

Over 800 studies have been conducted using the DIT.<sup>17</sup> Among the findings:

- Moral reasoning ability generally increases with age.
- The total college experience, both inside and outside the classroom, increases moral judgment.<sup>18</sup>
- Those who love learning, taking risks, and meeting challenges generally experience the greatest moral growth while in college.
- Ethics coursework boosts the positive effects of the college experience, increasing moral judgment still further.
- Older students (those in graduate and professional school) gain a great deal from moral education programs.
- When education stops, moral development plateaus.
- Moral development is a universal concept, crossing cultural boundaries.
- There are no consistent differences between the moral reasoning of men and that of women.
- Principled leaders can improve the moral judgment of the group as a whole, encouraging members to adopt more sophisticated ethical schemas.

### *Destructive Motivations*

No discussion of moral judgment is complete without consideration of why this process so often breaks down. Time after time, very bright people make very stupid decisions. Former President Bill Clinton illustrates this sad fact. By all accounts, Clinton was one of the country's brightest leaders. Not only was he a Rhodes scholar with a nearly photographic memory, but his former advisor, David Gergen, reports that Clinton could hold conversations with aides and visitors while completing the *New*

*York Times* crossword puzzle. Somehow, the former chief executive thought he could have sex with an intern and keep the affair quiet despite constant media scrutiny. Further, he didn't think he would suffer any serious consequences if word got out. He was wrong on both counts.<sup>19</sup>

The moral stupidity of otherwise intelligent people can be explained in part by the power of their destructive motivations. Three motivating factors are particularly damaging: insecurities, greed, and ego.

1. *Insecurities.* As we saw in the last chapter, low self-esteem and inner doubts can drive individuals to use others to meet their own needs, and insecure people fall into the trap of tying their identities to their roles. Those plagued by self-doubt are blind to larger ethical considerations, and, at the same time, they are tempted to succeed at any cost.

2. *Greed.* Greed is more likely than ever to undermine ethical thinking because we live in a winner-take-all society.<sup>20</sup> The market economy benefits the few at the expense of the many. Professional sports are a case in point. Superstars like Kobe Bryant and LeBron James account for the vast majority of the payroll, while others sit on the bench making league minimums. Or consider the inequity of the salary structure at the Banana Republic clothing chain. The average employee at a Banana Republic store makes near minimum wage with no health benefits. Store managers do better, receiving an adequate salary and benefits. Professionals working at the headquarters of Gap Inc. (the parent of Banana Republic) make several times the wages of local managers. Those at the top earn a fortune. Former CEO Millard Drexler engineered a \$25 million pay raise in one year and left the company with \$500 million. A winner-take-all culture encourages widespread cheating because the payoff is so high. In addition, losers justify their dishonesty by pointing to the injustice of the system and to the fact that they deserve a larger share of the benefits. When greed takes over, altruism disappears, along with any consideration of serving the greater good.

3. *Ego.* Even the most humble of us tend to greatly overestimate our abilities (more on this shortly).<sup>21</sup> Unless we are careful, we can become overconfident, ignore the risks and consequences of our choices, take too much credit when things go well and too little blame when they don't, and demand more than our fair share of organizational resources. Inflated egos become a bigger problem at higher levels of the organizational hierarchy. Top managers are often cut off from customers and employees. Unlike the rest of us, they don't have to wait in line for products or services or for a ride to work. Subordinates tell them what they want to hear and stroke their egos. All these factors make it easier for executives to excuse their unethical behavior—outrageous pay packages, diversion of company funds to private use—on the grounds that they are vital to the organization's success.

The formidable forces of insecurity, greed, and ego become even more powerful when managers and subordinates adopt a short-term orientation. Modern workers are under constant time pressures as organizations cut staffing levels while demanding higher performance in the form of shorter product development cycles, better customer service, and greater returns on investment. Employees are sorely tempted to do what

is expedient instead of what is ethical. As ethics expert Laura Nash puts it, “Short-term pressures can silence moral reasoning by simply giving it no space. The tighter a manager’s agenda is, the less time for contemplating complex, time-consuming, unpragmatic issues like ethics.”<sup>22</sup> Stress also generates unpleasant feelings, focusing managers solely on their own needs. They then adopt a lower level of moral reasoning. The conventional thinker, for example, might revert to preconventional reasoning.<sup>23</sup>

Time-pressed supervisors lose sight of the overall purpose of the organization and fail to analyze past conduct. They don’t stop to reflect on their choices when things are going well. Overconfident, rushed decision makers are only too willing to move on to the next problem. Eventually, they begin to make mistakes that catch up with them. In addition, short-term thinkers begin to look for immediate gratification, which feeds their greedy impulses.

The damage caused by rushing to judgment can be seen in the results of a study by Ohio State professor Paul Nutt.<sup>24</sup> Professor Nutt examined 400 poor organizational decisions over a period of 20 years, including construction of Euro Disney, Ford’s failure to recall the Pinto, and NASA’s decision to launch the Challenger space shuttle. Adopting a short-term perspective helps to account for many of the decision-making blunders he uncovered. Near-sighted decision makers (1) overlooked important ethical questions, (2) came to premature conclusions, (3) failed to consult with important stakeholders, (4) lacked a clear direction, (5) limited their search for information, (6) demonstrated little creativity, and (7) learned little from either their successes or their failures.

### *Cognitive Biases*

Harvard professor Max Bazerman and his colleagues believe that unethical choices are more often the product of perceptual and cognitive biases than of unhealthy motivations. These unconscious distortions cause us to participate in or approve of “ordinary unethical behaviors” that we would normally condemn.<sup>25</sup> Examples of common biases include the following:

1. *Overestimating our ethicality.* When it comes to ethics, the majority of us have a “holier than thou” attitude.<sup>26</sup> We believe that we are more caring, loyal, fair, and kind than the typical person and are quick to condemn others for their moral failings. In addition, we predict that we will behave more ethically in the future than we actually do and believe that we have behaved more ethically in the past than we actually have.

2. *Forgiving our own unethical behavior.* We want to be moral and to behave ethically. So, when we behave in an unethical fashion, we feel a sense of psychological tension called *cognitive dissonance* because our actions and self-images don’t match. To relieve this distress, we either change our behavior or use a variety of tactics to excuse what we’ve done. One minimizing strategy is *moral disengagement*. In moral disengagement, organizational members convince themselves that their questionable behavior was really morally permissible because (1) it served a worthy purpose, (2) it was driven by outside forces (“My boss told me I had to it”), (3) it did not have

any damaging consequences, or (4) the victims had it coming (dehumanizing them).<sup>27</sup> Another strategy is *motivated forgetting*. We have selective recall, remembering events in a way that supports our decisions. In particular, we forget that we have violated moral rules. Permissive work environments (those that excuse immoral behavior) encourage moral disengagement and moral forgetting. However, reminding employees that ethical choices are important reduces the use of both tactics.<sup>28</sup>

3. *Overlooking other people's unethical behavior*. As noted above, we generally judge others more harshly than ourselves. But not always. There are times when we excuse others' unethical behavior.<sup>29</sup> We are tempted to forgive the ethical shortcomings of others when we benefit from their choices. Auditors at Arthur Andersen, for example, were motivated to overlook the accounting irregularities of Enron, WorldCom, Tyco, and other clients because they were earning consulting fees from those same groups. By the same token, we excuse the unsavory recruiting methods of the coach of our favorite basketball team if he or she has a winning record. Observers are less likely to hold people and organizations accountable if they delegate unethical behavior, as in the case of a manager who avoids blame by assigning a project and then declaring that employees should complete it "by any means possible." Merck used an indirect approach to shift blame when it sold the cancer drug Mustagen to another pharmaceutical company. The smaller firm raised the price of the medication tenfold. While Merck kept manufacturing the product, it deflected public criticism toward the other company. Gradual changes also encourage observers to ignore unethical behavior. We are less likely to notice declines in moral standards if they occur slowly over time; this is referred to as the *slippery slope*. Overlooking minor infractions like taking change from the cash register can lead to ignoring more serious offenses like stealing equipment.

4. *Implicit prejudice*. Implicit prejudice is different from conscious forms of prejudice like racism and sexism. This type of bias comes from our tendency to associate things that generally go together, like gray hair and old age or pickup trucks and blue-collar workers.<sup>30</sup> These associations are not always accurate (some young people go gray, and some blue-collar workers drive luxury cars). When it comes to personnel decisions, false associations discriminate against marginalized groups. For instance, those who hold unconscious gender stereotypes are less likely to hire women who demonstrate stereotypical "masculine" traits like independence or ambition for jobs requiring interpersonal skills and other stereotypical "feminine" qualities.

5. *Favoring members of our own group*. It's only natural to do favors for people we know who generally come from the same nationality, social class, religion, neighborhood, or alma mater as we do. We may ask the chair of the business department to meet with the daughter of a neighbor or recommend a fraternity brother for a job. Trouble is, when those in power give resources to members of their in-groups, they discriminate against those who are different from them.<sup>31</sup> A number of universities reserve admissions slots for the sons and daughters of alumni, for instance. Since Caucasians make up the vast majority of college graduates at most schools, White applicants may be selected over more qualified minority students who are not the children of graduates.

6. *Judging based on outcomes rather than on the decision-making processes.* Employees are typically evaluated based on results, not on the quality of the decisions they make.<sup>32</sup> We determine that a choice is good if it turns out well, and bad if it generates negative consequences. However, just because a poorly made decision had a desirable outcome in one case doesn't mean that a similar decision won't turn out badly in the future. In fact, poor decision-making processes eventually produce bad (ineffective, unethical) results. Take the case of Arthur Andersen described earlier. The questionable practice of mixing auditing and consulting functions was accepted for years because it generated positive results—profits for Arthur Andersen and valuable advice for clients. Nevertheless, this arrangement eventually led to disaster as the firm's auditors lost their independence and signed off on faulty financial statements. (For a closer look at the importance of independence to financial professionals, see Chapter 11.)

#### *Tips for Improving Your Moral Judgment*

*Stay in school.* The general college experience (including extracurricular activities) contributes greatly to moral development. However, you'll gain more if you have the right attitude. Focus on learning, not grades; be ready to take on new challenges.

*Be intentional.* While the general college experience contributes to moral development, focused attention on ethics also helps. Take ethics courses and units, discuss ethical issues in a group, and reflect on the ethical challenges you experience in internships.

*Reject ethical pessimism.* Ethical values and thought patterns are not set in childhood, as pessimists claim, but continue to grow and develop through college and graduate school and beyond.

*Take a broader view.* Try to consider the needs and positions of others outside your immediate group; determine what is good for the community as a whole.

*Look to underlying moral principles.* Since the best ethical thinkers base their choices on widely accepted ethical guidelines, do the same. Draw upon important ethical approaches like utilitarianism, the categorical imperative, and justice as fairness for guidance.

*Acknowledge your dark side.* Before coming to a conclusion, try to determine if your decision is shaped by feelings of self-doubt and self-interest or your need to feed your ego. If so, then reconsider.

*Step outside yourself.* We can't help but see the world through our own selfish biases. However, we have a responsibility to check our perceptions against reality. Consult with others before making a choice, consider the likely perspective of other parties (refer back to our earlier discussion of role taking), and double-check your assumptions and information.

*Keep your ego in check.* Stay close to those who will tell you the truth and hold you accountable. At the same time, don't punish those who point out your deficiencies.



*Take a long-term perspective.* In an emergency (when lives are immediately at stake, for example), you may be forced to make a quick decision. In all other situations, provide space for ethical reflection and deliberation. Resist the temptation to grab onto the first solution. Take time to reduce your level of stress, consult with others, gather the necessary data, probe for underlying causes, and set a clear direction. Adopting a long-term perspective also means putting future benefits above immediate needs. In most cases, the organization and its clients and consumers are better served by emphasizing enduring relationships. You may make an immediate profit by selling low-quality products, but customers will be hurt and refuse to buy again, lowering corporate performance.

*Apply rational remedies to overcome your cognitive biases.* Use the conscious strategies outlined in Ethics in Action 3.2 to avoid the traps posed by your unconscious biases.

### ETHICS IN ACTION 3.2 RATIONAL REMEDIES FOR COGNITIVE BIASES

- Don't overestimate your ethical abilities.
- Prepare ahead of time (imagine how you will respond to questions, for example) so that you don't engage in unethical behavior under pressure.
- Publicly commit to an ethical course of action, or make such a commitment to someone who is important to you. (This increases the likelihood that you will follow through on your choices.)
- Recognize and resist your tendency to excuse your immoral actions.
- Create organizational climates that punish unethical behavior.
- Remind yourself and others of the importance of acting ethically (e.g., have students sign honor codes; post regulations and corporate values statements).
- Don't be lenient toward others because you are benefiting from their unethical behavior.
- Don't try to shift blame by delegating to others or excuse groups and individuals that take this approach.
- Don't ignore even minor ethical infractions, which can lead to much more serious transgressions.
- Put yourself in environments that challenge your implicit biases or stereotypes.
- Audit your organization to determine if it is trapped by in-group biases; eliminate initiatives that perpetuate the tendency to admit, hire, and promote those of similar backgrounds, like alumni children admission programs or rewards for employees who recommend people they know for jobs at the organization.
- Generate more equitable choices by pretending that you don't know what group you belong to when making decisions and by imagining how a policy change will impact different groups.
- Evaluate the quality of the decision-making process, not the outcome; don't condemn those who make good-quality decisions only to see them turn out badly.

### Component 3: Moral Motivation

After reaching a conclusion about the best course of action, decision makers must be motivated to follow through on their choices. Moral values often conflict with other important values like job security, career advancement, social acceptance, and wealth. Ethical behavior will only result if moral considerations take precedence over competing priorities.

*Moral hypocrisy* demonstrates how competing values can overcome our commitment to doing the right thing. In moral hypocrisy, individuals and groups want to appear moral but don't want to pay the price for actually behaving morally.<sup>33</sup> Self-interest overwhelms their self-integrity. For example, participants in experimental settings say that dividing pleasant tasks equally with a partner is the moral course of action. However, when they believe that their partners will never find out, subjects assign themselves the majority of pleasant tasks, in violation of their moral standard. The same pattern is repeated in real-life settings. Sellers often use privileged information to take advantage of purchasers. They might hide the fact that the car they are selling was in a serious accident or needs a new transmission. Companies may use public relations campaigns and marketing to maintain their ethical reputations while continuing to engage in unethical activities. Tobacco giant Philip Morris provides one example of corporate moral hypocrisy in action. The firm spent much more money publicizing its charitable contributions (\$108 million) than it did on the charitable contributions themselves (\$60 million).

People are more likely to engage in moral hypocrisy when there is a high cost for behaving ethically, when they can disguise their actions, when they are in a powerful position, and when they can easily justify their inconsistent behavior by claiming that they are acting out of self-defense or are serving the greater good.

Two factors, rewards and emotions, play an important role in ethical follow-through. It is easier to give priority to ethical values when rewarded for doing so. Conversely, moral motivation drops when the reward system honors inappropriate behavior.<sup>34</sup> Individuals are much more likely to act ethically when they are evaluated on how well they adhere to important values and when they receive raises, bonuses, promotions, and public recognition for doing so. On the other hand, they are motivated to lie, steal, act abusively, take bribes, and cheat when offenders prosper. Before the recent housing crisis, far too many lending officers at mortgage companies generated large commissions by lying to borrowers. They misled homeowners about the terms of their loans and steered them into loan products they couldn't afford. (Reward and performance evaluation systems will be discussed in more detail in Chapter 10.)

Moral emotions are another significant influence on motivation. Moral emotions are the product of living in human society (they are social in nature) and are elicited by the violation of moral standards.<sup>35</sup> They are focused on the needs of others, not the self. Moral feelings encourage us to take action that benefits other people and the good of the community. Sympathy, empathy and compassion are prosocial or *other-suffering* emotions. They are elicited when we perceive suffering or sorrow in our fellow human beings. Such feelings encourage us to comfort, help, and alleviate the pain of others. We might call our congressional representative to protest cuts in the federal food stamp program or send money to a humanitarian organization working with displaced

persons. Humans are also sensitive to the suffering of other creatures, leading to efforts to prevent cruelty to animals and to care for abandoned pets.<sup>36</sup>

Shame, embarrassment, and guilt are self-blame or *self-conscious* emotions that encourage us to obey the rules and uphold the social order. These feelings are triggered when we violate norms and social conventions, present the wrong image to others, cause harm, fail to live up to moral guidelines, or receive unfair benefits. Shame and embarrassment can keep us from engaging in further damaging behavior and may drive us to withdraw from social contact. Guilt generally motivates us to action—to repair the wrongs we have done, to address inequalities, and to treat others well.

Anger, disgust, and contempt are other-blaming or *other-condemning* emotions. They are elicited by unfairness, betrayal, immorality, cruelty, poor performance, and status differences. Anger can motivate us to redress injustices like racism, oppression, and poverty. Disgust encourages us to set up rewards and punishments to deter inappropriate behaviors like betrayal and hypocrisy. Contempt generally causes us to step back from others who, for instance, are disrespectful or irresponsible.

Gratitude, awe, and elevation are *other-praising (positive)* emotions that are prompted by the good actions of other people. For example, someone may act on our behalf, we may run across moral beauty (acts of charity, loyalty, and self-sacrifice, for example), or we may hear about moral exemplars. Gratitude motivates us to repay others; awe and elevation encourage us to become better persons and to take steps to help others.

#### *Tips for Increasing Your Moral Motivation*

*Put moral integrity above moral hypocrisy.* Reduce the cost of ethical behavior (reward whistle-blowers instead of punishing them, for example). Put principle above self-interest. Promote transparency, which makes it harder to hide choices; for instance, make sure that both buyers and sellers, employees and management, have access to the same data. Reject the tendency to justify your unethical behavior by identifying the costs of your immoral choices. And take a hard look at yourself and your motivations, making sure that you are motivated by your moral standards and not solely by the desire to look good.

*Seek out ethically rewarding environments.* When selecting a job or a volunteer position, consider the reward system before joining the group. Does the organization evaluate, monitor, and reward ethical behavior? Are rewards misplaced? Are organizational leaders concerned about how goals are achieved?

*Reward yourself.* Sometimes ethical behavior is its own best reward. Helping others can be extremely fulfilling, as is living up to the image we have of ourselves as individuals of integrity. Congratulate yourself on following through even if others do not.

*Harness the power of moral emotions.* Moral emotions can be powerful motivators, pushing you to act on your ethical decisions. Recognize their power and channel them toward worthy goals like helping others and serving the common good. (Case Study 3.1 provides you with a chance to apply tips from the first three components of Rest's model to an ethical dilemma.)

### CASE STUDY 3.1

#### Managerial Decision

You are the plant manager of a chemical firm north of Midland, Michigan. The fumes from your plant are toxic and usually blow in a northeasterly direction into Ontario, Canada. The fallout from the fumes is killing the forests in the wind's path.

Your plant's employees are all partially handicapped. Yours is the only firm in the state that goes out of its way to hire the handicapped. Without these jobs, at least 300 of them could not find work elsewhere. There is a 70% chance that 140 of the 300 would see their families break up. The cost of putting scrubbers in the smokestacks is prohibitive. The firm will shut down the plant as inefficient if the pollution has to be cleaned up.

You are 61 years old and one year away from retirement. You have no savings, since your spouse has severe allergies and takes care of your 30-year-old handicapped child. If the plant closes down, you will be terminated with a \$100,000 lump sum retirement fee. If you can last until retirement, the firm will give you \$35,000 per year for the rest of your life. There's a 90–100% likelihood that your age and skills would not enable you to find another job in the area. Your spouse's allergies demand that you live in the area.

The Canadians have commissioned a scientific study that has arrived at the following conclusions:

1. Your plant alone is the major cause of forest devastation in a 100 square-mile area of Ontario.
2. The cost in lost timber is \$100,000 per year. (The loss of jobs to your handicapped workers who probably could find other employment would cost them \$1 million in wages per year.)
3. There is an 80% chance that the 300 Canadians living in that wooded area of Ontario will have their lives shortened by five years if the pollution continues for six more months. About three of those Canadians will develop cancer because of the pollution (if it continues) and die painfully. All of the 300 Canadians in that area live in a religious commune.

The Canadians demand that you clean up or shut down. The U.S. government refuses to interfere. The firm's CEO says the decision is yours. Before recording your decision below, consider the following questions:

1. What factors make this a morally intense issue? How do these factors influence your perception of the situation?
2. What destructive motivations might influence your decision?
3. What cognitive biases could undermine your choice in this scenario?
4. What steps can you take to avoid these cognitive biases?
5. What role should moral emotions play in this decision?

Given that you must choose only one of the following options, which would you choose? Why? How do your answers to the five questions above influence your decision to keep the plant open or to close it?

1. Keep the plant open. \_\_\_\_\_
2. Shut the plant down. \_\_\_\_\_

SOURCE: Van Es, R., French, W., & Stellmaszek, F. (2004). Resolving conflicts over ethical issues: Face-to-face versus Internet negotiations. *Journal of Business Ethics*, 53, pp. 171–172. Used by permission. (Questions not in the original source.)

#### Component 4: Moral Character

Carrying out the fourth and final stage of moral action—executing the plan—requires character. Moral agents must overcome active opposition, cope with fatigue, resist distractions, and develop sophisticated strategies for reaching their goals. In sum, they must persist in a moral task or action despite obstacles.

Persistence can be nurtured like other positive character traits (see Chapter 2), but it is also related to individual differences. Those with a strong will, as well as confidence in themselves and their abilities, are more likely to persist. So are individuals with an internal locus of control.<sup>37</sup> Internally oriented people (internals) believe that they have control over their lives and can determine what happens to them. Externally oriented people (externals) believe that life events are beyond their control and are the product of luck or fate. Because internals take personal responsibility for their actions, they are motivated to do what is right. Externals are more susceptible to situational pressures. As a consequence, they are less likely to persist in ethical tasks.

Successful implementation demands that persistence be complemented with competence. A great number of skills can be required to take action, including, for instance, relationship building, organizing, coalition building, and public speaking. Pulitzer Prize–winning author and psychiatrist Robert Coles discovered the importance of ethical competence during the 1960s.<sup>38</sup> Coles traveled with a group of physicians who identified widespread malnutrition among children of the Mississippi Delta. They brought their report to Washington, DC, convinced that they could persuade federal officials to provide more food. Their hopes were soon dashed. The secretaries of agriculture and education largely ignored their pleas, and Southern senators resisted attempts to expand the food surplus program. The physicians were skilled in medicine, but they didn't understand the political process. They got a hearing only when New York Senator Robert Kennedy took up their cause. A highly skilled politician, Senator Kennedy coached them on how to present their message to the press and public, arranged special committee meetings to hear their testimony, and traveled with them to the South to draw attention to the plight of poor children.

When it comes to implementing our choices, knowing how to stand up for our values is a particularly important competency. All too often we know what is right but fail to speak up due to peer pressure, opposition, fear, and other factors. We go along with inflating quarterly revenues, overselling product features, and lying to donors. Mary Gentile, director of the Giving Voice to Values program housed at Babson College, argues that the first step to acting on personal moral standards (developing our “moral muscle”) is to conduct a thought experiment.<sup>39</sup> Ask, “What if you were going to act on your values—what would you say and do?” Gentile then outlines seven assumptions or foundational concepts that equip us to act on our ethical choices:

1. *Certain values are widely shared.* Identifying commonly held values like compassion, courage, integrity, and wisdom can help us clarify our differences with others, understand their positions, and communicate our values more effectively. Shared values can also provide a foundation for working together to do the “right” thing in a variety of cultural settings.

2. *Acknowledge the power of choice.* Most of us can think of a time when we acted on our ethical convictions or, conversely, failed to do so. Telling the stories of these events reveals that we have the power to choose. Such narratives help us identify those factors that contributed to success (enablers) or failure (disablers). Some common enablers include finding allies; approaching the right audiences at the right time; gathering information; asking questions; understanding the needs, fears, and motivations of the audience; and reframing (offering a new interpretation of a situation, as in redefining ethical misbehavior as a financial risk and turning competition into a win-win negotiation). Disablers are often the absence or the reverse of enablers. We fail because we act alone, don’t have enough information, misunderstand our audiences, and so forth.

3. *Treat values conflicts as normal.* Expect disagreements about moral choices in your organization—they are a natural part of doing business. Recognizing that fact should keep us from being surprised and help us remain calm. We’ll find it easier to appreciate the viewpoints of other parties instead of vilifying them. We can develop strategies for dealing with the most common conflicts we’ll face in our work.

4. *Define your personal and professional purpose.* Before values conflicts arise, ask, “What am I working for?” Consider the impact you want to have in your job and career. Reflecting upon why we work and the mission of our organizations can provide us with new arguments to use when voicing our values. We’ll feel more empowered to speak up, and others may be attracted to our purpose.

5. *Play to your personal strengths.* We are more likely to speak up if we create a self-story or personal narrative based on self-knowledge. Voicing values then arises out of our core identity and our desired self-image. Consider your purpose, the degree of risk you are willing to take, your personal communication style, where your

loyalties are, and your image of yourself. (See Self-Assessment 3.2 for a list of questions that can help you identify each of these factors.) Your self-story should build on your strengths, helping you to see that you can make hard choices and follow through on your decisions.

6. *Find your unique voice.* There are many ways to speak out about values in the work setting. For example, you might directly confront your boss or prefer to ask questions instead. Or you might work within the existing hierarchy or go outside the regular chain of command. Find and develop your unique voice by reflection on your experience, practice (each time you speak up, you build moral muscle), and coaching from mentors and peers.

7. *Anticipate reasons and rationalizations for unethical behavior.* Consider the most likely arguments that others will use to support immoral behavior. Two common arguments are “Everyone does this, so it’s really standard practice” and “This action doesn’t really hurt anyone.” Then consider how you might best respond. The “everybody is doing it” argument is an exaggeration because (1) not everyone engages in the practice and (2) if it were standard practice there wouldn’t be law or policy against it. The “nobody is hurt” rationalization overlooks the fact that some practices are wrong (stealing, for example) no matter how small their impact.

#### *Tips for Fostering Your Moral Character*

*Take a look at your track record.* How well do you persist in doing the right thing? How well do you manage obstacles? Consider what steps you might take to foster the virtue of persistence.

*Believe that you can have an impact.* Unless you are convinced that you can shape your own life and surroundings, you are not likely to carry through in the midst of trials.

*Take personal responsibility.* Resist the temptation to excuse your unethical behavior or to shift the blame to someone or something else.

*Watch your language.* Avoid euphemisms that mask or sanitize poor behavior. Recognize the power of talk to dehumanize others.

*Master the context.* Know your organization, its policies, and important players so you can better respond when needed.

*Be good at what you do.* Competence will better enable you to put your moral choice into action. You will also earn the right to be heard.

*Develop your voice.* Anticipate values conflicts and prepare for them. Identify those factors that enable you to speak out or prevent you from doing so. Find the approach that works best for you and practice it to build your moral muscle. Develop arguments to overcome justifications for immoral behavior.

## SELF-ASSESSMENT 3.2

### Key Self-Knowledge Questions

According to the Giving Voice to Values program, answering these questions can help you build your self-knowledge, resulting in a self-story that will help you voice your values. Based on your answers to these questions, develop a list of your strengths that can equip you to stand up for your values.

### Questions of Personal Purpose

- What are your personal goals?
- Your professional goals?
- What is your personal purpose for your business or other career?
- What impact do you want to have through your work? On whom?
- What do you hope to accomplish?
- How do you want to feel about yourself and your work, both while you are doing it and in the end?

### Questions of Risk

- Are you a risk taker, or are you risk averse?
- What are the greatest risks you face in your line of work?
- What levels of risk can and can't you live with?

### Questions of Personal Communication Style and Preference

- Do you deal well with conflict, or are you nonconfrontational? Under what circumstances?
- Do you prefer communicating in person or in writing?
- Do you respond best in the moment, or do you need to take time out to craft your response?
- Do you assert your position with statements, or do you ask questions to get your points across?

### Questions of Loyalty

- Do you feel the greatest loyalty to family, work colleagues, your employer, or other stakeholders, such as customers?
- How do different conditions and different stakes affect your sense of loyalty?

### Questions of Self-Image

- Are you most comfortable in the role of a learner or of a teacher?
- Are you most comfortable in the role of an autonomous, individual contributor or a team member?



- Can you think of circumstances where you have surprised yourself?
- What may have been unique or different about those circumstances, such that they drew out a different side of yourself?

SOURCE: Condensed from Gentile, M. C. (2010). *Giving voice to values: How to speak your mind when you know what's right*. New Haven, CT: Yale University Press, pp. 116–117. Used by permission.

## Decision-Making Formats

Decision-making guidelines can help us make better moral choices both individually and as part of a group or organization. Formats incorporate elements that enhance ethical performance while helping us avoid blunders. Step-by-step procedures ensure that we identify and carefully define ethical issues, resist time pressures, acknowledge our emotions, investigate options, think about the implications of choices, and apply key ethical principles. I'll introduce five decision-making formats in this the second half of the chapter. You can test these guidelines by applying them to the scenarios described in Case Study 3.2. You'll probably find one format more interesting and useful than the others. Which format you prefer is not as important as approaching moral problems systematically.

### Kidder's Ethical Checkpoints

Ethicist Rushworth Kidder acknowledged that ethical issues can be “disorderly and sometimes downright confusing.”<sup>40</sup> They can quickly arise when least expected, are usually complex, may lack a clear cause, and generally have unexpected consequences. However, Kidder argued that there is an underlying structure to the ethical decision-making process. Following his nine steps or checkpoints can help you cut through the confusion and generate a well-grounded solution.

#### *Checkpoint 1: Recognize That There Is a Moral Issue*

In this step, determine if there are ethical considerations in the situation that demand attention. Sort out genuine ethical issues from those involving etiquette, personal taste, or custom. I may be irritated at someone who burps at the next table at my favorite restaurant. However, such behavior is not morally wrong but rather a breach of etiquette or a reflection of cultural differences.

#### *Checkpoint 2: Determine the Actor*

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

### Checkpoint 3: Gather the Relevant Facts

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

### Checkpoint 4: Test for Right-Versus-Wrong Issues

Determine if there is any wrongdoing in the case. Four tests can be applied to make this determination: (1) The legal test asks if lawbreaking is involved. If so, then the problem becomes a legal matter, not a moral one. Resolution will come through legal proceedings. (2) The stench test relies on intuition. If you have a vague sense of unease about the decision or course of action, chances are it involves right-versus-wrong issues. (3) The front-page test asks how you would feel if your private decision became public by appearing on the front page of tomorrow's newspaper. If that thought makes you uncomfortable, then you had better choose another alternative. (4) The mom test asks how you would feel if your mother or some other important role model got wind of your choice. Once again, if such a thought makes you queasy, you had better revisit your choice.

### Checkpoint 5: Test for Right-Versus-Right Paradigms

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

- *Justice versus mercy.* Norms of fairness and equality often clash with the desire to extend mercy and forgiveness. Consider the dilemma of the professor who catches an honors student cheating on an exam. According to university regulations, the student should automatically receive a zero on the test, which would cost him his scholarship. The student then appeals to the instructor for partial credit. The professor wants to be fair to other class members who didn't cheat and to mete out the necessary punishment. Nonetheless, she feels sympathy for the student, who appears to be a first-time offender with a great deal to lose.
- *Short term versus long term.* Short-term advantages often come at the expense of long-term benefits. For instance, shifting money from research and development into marketing may generate more immediate sales but undermine a company's future by cutting off the flow of new products and ideas. Ethical decision makers balance immediate needs against long-range consequences. The economic benefits of cutting timber in national forests, for example, must be weighed against the long-term costs to the environment.

- *Truth versus loyalty.* This ethical tension pits our loyalty to friends, family, groups, and organizations against our desire to tell the truth. It arises when we have to determine whether to speak up or to lie to the boss to protect a coworker, to keep quiet about safety violations at the plant or to go public with our allegations, or to award a contract to a friend or to another supplier with a better bid.

#### *Checkpoint 6: Apply Resolution Principles*

Once the options or sides are clear based on Checkpoints 4 and 5, apply the ethical perspectives described in Chapter 1.

#### *Checkpoint 7: Look for a Third Way (Investigate the “Trilemma” Option)*

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

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

#### *Checkpoint 8: Make the Decision*

Exhausted by wrestling with the problem, we may overlook this step. Yet no decision, no matter how well grounded, is useful unless it is put into action. Kidder argues that this step requires moral courage. Such courage, along with our ability to reason, sets us apart from the animal kingdom.

#### *Checkpoint 9: Revisit and Reflect on the Decision*

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

### **The Lonergan/Baird Method**

Twentieth-century philosopher Bernard Lonergan (1904–1980) believed that all humans follow the same basic pattern of cognitive operations in order to make sense

of the world.<sup>41</sup> People act like natural scientists. First they observe at the physical or *empirical* level (perceive, sense, move, speak). Next they process this information on an *intellectual* level by asking questions, expressing relationships, developing hypotheses, and coming to an understanding. Then they put together arguments and come to a judgment on the truthfulness and certainty of the hypotheses or propositions at the *rational* level. Finally, individuals move to the *responsible* level. At this stage they determine how to act on their conclusions, evaluating various courses of action and then carrying out their decisions. These processes can be condensed into the following steps: Be attentive. Be intelligent. Be reasonable. Be responsible.

Ethics expert Catharyn Baird uses Lonergan's method as a framework for making ethical choices, developing a set of questions and guidelines for each of his four levels.<sup>42</sup>

### *Step 1: Be Attentive—Consider What Works and What Doesn't*

The first stage sets the parameters of the problem by asking these questions.

- Who is the ethical actor? An individual or organization must carry out every ethical decision. Make sure the person or group with the authority to carry out the decision makes the final determination.
- Who are the stakeholders in the conflict? All moral decisions have a relational component. Consider all the stakeholders who could be impacted by the choice. In a company this would be shareholders, employees and customers, competitors and vendors, and members of the larger community. (I'll have more to say about stakeholders in Chapter 12.)
- What are the facts of the situation? Be aware of personal biases and try not to prejudge the situation. Describe the situation in neutral language. Consider the history of the issue, important players, conflicts between parties and so on.

### *Step 2: Be Intelligent—Sort Through the Data*

Begin to make sense of the information gathered in Step 1 by asking:

- Is this an ethical question? Some issues involve conflicts between core values while others are aesthetic (matters of taste) or technical (differing strategies for completing a task or reaching a goal).
- For this question, what is the very specific issue to be resolved? Put the problem in the form of a question if possible. Identify which values are in conflict in this particular situation. According to Baird, many conflicts arise along two axes. The first axis is autonomy versus equality. Those who favor autonomy believe that individuals should have as much freedom as possible to determine how they live. They demand privacy on the job and resist workplace restrictions on cell phone and Internet use. Those valuing equality want to make sure everyone is treated fairly. As employees they are concerned that the workload, profits, and benefits are fairly distributed. Baird's other continuum is rationality versus

sensibility. Those who put a priority on rationality know what is expected and follow the rules. They focus on safety and economic security (minimum wage laws, overtime rules). Those who value sensibility, on the other hand, are flexible, adapting to each new situation. They don't want to be tied down by a long-term commitment to any one organization.

Choosing among options is the final component of Step 2. The best solutions creatively integrate competing interests and values. Consider the example of a company that decided that all employees needed photo ID cards for security reasons. One longtime employee, a Muslim woman, objected to having her picture taken without her veil. In order to balance her right of autonomy against the corporate need for security, the firm had two pictures taken—one with her in a veil and another without. A woman photographer took the facial photo. Only female security guards were allowed to check her facial ID card.

### *Step 3: Be Reasonable—Evaluate the Options*

Making responsible decisions involves critical evaluation of the options:

- Follow the analytical rules that bring the best result. Hone your critical thinking skills. Rigorously examine all assertions and assumptions; make sure that supporting evidence is accurate and relevant. Apply the same critical standards to your own reasoning as you do to the reasoning of others.
- Evaluate the problem against core principles and values. Apply ethical perspectives like those described in Chapter 1. Don't just choose your favorite approach but imagine how other perspectives apply.
- Reasonably apply moral principles and values. Consider how best to carry out the decision. Employ both the head and the heart, reason and emotion, to make responsible choices. Use imagination to envision an outcome that balances competing interests and values.

### *Step 4: Be Responsible—Act With Courage*

To act responsibly, incorporate the following:

- Correct for bias through ethical maturity. Ethically mature individuals use reason effectively, nourish relationships, make proper use of power, and strive for integration that models ethical wholeness to others.
- Attend to the common good. Consider how your actions will impact the larger community and generations to come.
- Act with courage. Make the most thoughtful choice possible given the limited information available. Remember, “choosing not to act *is* acting.”<sup>43</sup>

The Lonergan/Baird model involves continuous improvement based on a constant cycle of action and reflection. Mature ethical agents act and then evaluate the results of

their decisions. They determine which principles and strategies worked well and which did not. Based on their reflection, they are better equipped to tackle the next moral issue.

### The Moral Compass

Harvard ethics professor Lynn Paine offers a four-part “moral compass” for guiding managerial decision making.<sup>44</sup> The goal of the compass is to ensure that ethical considerations are factored into every organizational decision. Paine believes that we can focus our attention (and that of the rest of the group) on the moral dimension of even routine decisions by engaging in the following four frames of analysis. Each frame or lens highlights certain elements of the situation so that they can be carefully examined and addressed. Taken together, the lenses increase moral sensitivity, making it easier for organizational members to recognize and discuss moral issues.

#### *Lens 1: Purpose—Will This Action Serve a Worthwhile Purpose?*

The first frame examines end results. Proposed courses of action need to serve worthy goals. To come up with the answer to the question of purpose, we need to gather data as well as make judgments. Consider what you want to accomplish and whether your goals serve a worthy purpose. Examine possible alternatives and how they might contribute to achieving your objectives.

#### *Lens 2: Principle—Is This Action Consistent With Relevant Principles?*

This mode of analysis applies ethical standards to the problem at hand. These guidelines can be general ethical principles, norms of good business practice, codes of conduct, legal requirements, and personal ideals and aspirations. Determine what norms are relevant to this situation and important duties under these standards. Make sure any proposed action is consistent with organizational values and ideals.

#### *Lens 3: People—Does This Action Respect the Legitimate Claims of the People Likely to Be Affected?*

This third frame highlights the likely impacts of decisions. Identifying possible harm to stakeholder groups can help us take steps to prevent damage. Such analysis requires understanding the perspectives of others as well as careful reasoning. Determine who is likely to be affected by the proposed action and how to respect their rights and claims. Be prepared to compensate for harm and select the least harmful alternative.

#### *Lens 4: Power—Do We Have the Power to Take This Action?*

The final lens directs attention to the exercise of power and influence. Answers to the questions raised by the first three lenses mean little unless we have the legitimate authority to act and the ability to do so. Consider whether your organization has the authority, the right, and the necessary resources to act.

Paine uses the example of a failed product introduction to illustrate what can happen when organizational decision makers don't take moral issues into account. In the early 1990s, Lotus Development and Equifax teamed up to create a product called Lotus Marketplace: Households. This compact disc and software package was designed to help small businesses create targeted mailing lists from their desktop computers. For \$695, purchasers could draw from a database of 80 million households (created from credit information collected by Equifax) instead of buying one-time mailing lists from list brokers. Businesses could then tailor their mailings based on income, gender, age, marital status, and lifestyle.

Criticism began as soon as the product was announced to the public. Many consumers didn't want to be included in the database due to privacy concerns and asked if they could opt out. Others worried that criminals might misuse the information—for instance, by identifying and then targeting upper-income single women. The system didn't take into account that the information would soon be outdated and that data could be stolen. The two firms tried to address these issues by allowing individuals to remove their names from the list, strengthening privacy controls, and improving security. Lotus and Equifax failed to sway the public, and the project was scuttled. Equifax subsequently stopped selling credit information to marketers.

### The Foursquare Protocol

Catholic University law professor and attorney Stephen Goldman offers another decision-making format designed specifically for use in organizational settings. He calls his method a *protocol* because it focuses on the procedures that members use to reach their conclusions.<sup>45</sup> Following the protocol ensures that decisions are reached fairly.

#### *Protocol Element 1: Close Description of the Situation*

Ethical decision making begins with digging into the facts. Goldman compares the process to how a physician generates a diagnosis. When determining what is wrong with a patient, the doctor gathers information about the patient's symptoms and relates them to one another to identify the problem. In the same way, we need to get a complete account of the ethical "patient," or problem. Gather data and identify the relevant facts.

#### *Protocol Element 2: Gathering Accumulated Experience In Similar Situations*

Doctors rely on their past experience when treating patients; organizational decision makers should do the same. Use important ethical principles but, at the same time, look to past experiences with similar problems. How did the organization respond to cases of sexual harassment in the past, for instance? Explore how other managers have responded to related dilemmas. To be fair, similar cases should be treated the same way. Also consider how others will talk about your decision. Remember that how you respond to the issue will shape the group's ethical culture going forward. For example, if you excuse those who engage in sexual harassment now, you can expect more cases of harassment in the future.

### *Protocol Element 3: Recognize the Significant Distinctions Between the Current Problem and Past Ones*

Identify the important differences between the current situation and past incidents. Some distinctions are insignificant, while others are critical. The ability to discern which is which separates average ethical decision makers from the really good ones. For example, companies may want to modify their drug policies in light of the fact that some states have legalized the use of medical and recreational marijuana.

### *Protocol Element 4: Situating Yourself to Decide*

Once the facts are gathered and sorted, it is time to make the choice. To “situate” yourself to make the decision, consider three factors. First, what, if any, self-interest do you have in the choice that might compromise your judgment? You might have a financial stake in a course of action, or you may be faced with disciplining an employee who is also a friend. Second, imagine that you are on the receiving end of your decision, which is likely to be costly to some groups. Consider how you would respond if you were to be laid off, for instance. Third, determine what your moral instincts or intuitions are telling you to do. For example, does your gut tell you that it is wrong to lay off those with the longest tenure? That protecting the organization’s diversity by retaining minority employees is the right thing to do? Use your instincts to test the choice you make through the application of ethical principles like utilitarianism.

## **The Five “I” Format**

Remembering all of Kidder’s checkpoints, Paine’s and Baird’s subsidiary questions, or all the details of Goldman’s protocol would be difficult without referring to a book or a handout. Sometimes, we need to make decisions without access to our notes. For that reason, I offer the easily memorized five “I” format as a guide. This approach incorporates elements of the first two models into the following sequence:

### *1. Identify the Problem*

Identification involves recognizing there is an ethical problem to be solved and setting goals. Check in with your feelings and clearly identify the problem. Describe what you seek as the outcome of your deliberations. Will you be taking action yourself or on behalf of the group or organization? Developing recommendations for others? Dealing with an immediate issue or setting a long-term policy?

### *2. Investigate the Problem*

Investigation involves two subprocesses: problem analysis and data collection. “Drill down” to develop a better understanding of the problem. Determine important stakeholders as well as conflicting loyalties, values, and duties. Develop a set of criteria or



standards for evaluating solutions. This is the time to introduce important ethical perspectives. You may decide that your decision should put a high value on justice or altruism, for instance. In addition to analyzing the issue, gather more information. Knowing why an employee has been verbally abusive, for example, can make it easier to determine how much mercy to extend to that individual. You will likely be more forgiving if the outburst appears to be the product of family stress (divorce, illness, rebellious children). There may be times when you can't gather more data or when good information is not available. In those cases, you'll need to make reasonable assumptions based on your current knowledge.

### *3. Innovate by Generating a Variety of Solutions*

Resist the temptation to reach quick decisions. Instead, continue to look for a third way by generating possible options or alternative courses of action that could reach your goals and meet your criteria.

### *4. Isolate a Solution*

Settle on a solution using what you uncovered during the investigation stage. Evaluate your data, weigh loyalties and duties, consider the likely impact on stakeholders, and match the solution to your ethical criteria. The choice may be obvious, or you may have to choose between equally attractive or equally unattractive alternatives. When it comes to decisions involving truth and loyalty, for instance, there is no easy way out. Lying for a friend preserves the relationship at the expense of personal integrity; refusing to lie for a friend preserves the truth but endangers the relationship. Remember that you are looking not for the perfect solution but for a well-reasoned, carefully considered one.

### *5. Implement the Solution*

Determine how you will follow through on your choice. If you are deciding alone, develop an action plan. If you are deciding in a group, make sure that every team member knows her or his future responsibilities.

## Chapter Takeaways

- Both logic and emotions play a role in ethical decision making.
- Moral behavior is the product of moral sensitivity, moral judgment, moral motivation, and moral character. You'll need to master each of these components in order to make and then implement wise ethical decisions.
- You can enhance your ethical sensitivity through active listening, being attentive to your emotions, challenging your current ways of thinking, looking for innovative ways to solve problems, and discussing decisions in moral terms. Increase the moral intensity of issues by emphasizing their consequences and by pointing out that there is widespread agreement that they are problematic.

- Your moral judgment can be impaired if you look only to others for guidance or blindly follow the rules of your organization. Try to incorporate universal ethical principles into your decision-making process.
- Beware of major motivational contributors to defective decision making: insecurities, greed, and ego.
- Recognize the unconscious cognitive biases that lead to unethical choices. These include (1) overestimating your ethicality, (2) forgiving your own unethical behavior, (3) overlooking other people's unethical behavior, (4) implicit prejudice, (5) favoring members of your own group, and (6) judging based on outcomes rather than on the quality of the decision-making process.
- You will be more likely to put ethical values first if you resist the temptation to engage in moral hypocrisy, if you are rewarded for putting moral considerations first, and if you harness the power of moral emotions.
- To succeed at implementing your moral choice, you'll need to be both persistent and competent. Believe in your own ability to influence events, master the organizational context, develop the necessary implementation skills, and learn to give voice to your values.
- Decision-making formats can help you make better moral choices. Which format you use is not as important as approaching moral problems systematically. Kidder's ethical checkpoints can help you cut through the disorder and confusion surrounding ethical issues; the Lonergan/Baird method builds on the process that individuals use to make sense of the world; the moral compass factors ethical considerations into every organizational decision; the foursquare protocol ensures that decisions are reached fairly; and the five "I" format offers a shorthand approach that incorporates elements of the first four sets of guidelines.

## Application Projects

1. Use the suggestions in the chapter to develop an action plan for improving your moral sensitivity, judgment, motivation, and character.
2. Compare your answers to the vignettes in Self-Assessment 3.1 with those of ethics researchers. How do your responses compare to theirs? What factors did you consider when making your determination? Can someone cause harm without violating moral standards? Answer key: Vignette 1: harm caused/ethical violation. Vignette 2: harm caused/no ethical violation. Vignette 3: little harm caused/ethical violation. Vignette 4: no harm/no violation.
3. Select a moral issue, and evaluate its level of moral intensity using the components described in the chapter. Or choose an ethical dilemma that you think deserves more attention. What steps could you and others take to increase this issue's level of moral intensity?

4. Describe how your college career has influenced your moral development. What experiences have had the greatest impact?
5. Which of the cognitive biases described in the chapter poses the most danger to moral judgment? Defend your choice in a small group discussion.
6. How do you use both emotions and reason when you make moral choices? Provide examples.
7. Apply one of the decision-making formats to an ethical dilemma found at the end of this chapter or to another one that you select. Keep a record of your deliberations and your final choice. Then evaluate the format and the decision. Did following a system help you come to a better conclusion? Why or why not? What are the strengths and weaknesses of the format you selected? Would it be a useful tool for solving the ethical problems you face at school and work? Write up your findings.
8. Using the material presented in this chapter, analyze what you consider a poor ethical decision made by a well-known figure. What went wrong? Why? Present your conclusions in a paper or in a presentation to the rest of the class.
9. Develop your own set of guidelines for ethical decision making. Describe and explain your model.

### CASE STUDY 3.2

#### Scenarios for Analysis

##### Scenario 1: Is It Better to Ask Permission or to Ask Forgiveness?

Anselmo Escobar is the owner of Stately Homes, a small residential contracting firm. Stately Vistas is the company's biggest project yet. Escobar is anxious to begin building this new subdivision after a series of costly delays caused by a backlog in the city zoning office. He plans to remove nearly all the mature trees in the area so that he can build more homes and recoup his losses. However, the contractor knows this move will be unpopular with current residents, who believe that the trees enhance the neighborhood and improve property values.

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

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

*What should Escobar do?*

### **Scenario 2: When the Good News Is Bad News**

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

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

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

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

### **Scenario 3: Mercy for Margaret?**

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

Sadly, Margaret's job performance has begun to slip. Over the past few months she has often been late to work and has become cold and distant. Outsiders and coworkers alike complain about how difficult the new Margaret is to deal with. They resent her rude comments and brusque manner. Earlier this month president Smith took the receptionist aside to confront her about her poor performance but to no avail. If anything, she is more

unpleasant than ever. Smith did discover, however, that Simpson plans to retire in three years but that the value of her retirement savings plan has declined dramatically.

Smith knows that he must come to a decision about Margaret soon. In fact, she would have been fired earlier if she had been most any other employee. However, the T Rex executive knows that the choice is a difficult one given Margaret's loyal service, her age and lack of retirement savings, and his desire to foster a family-like atmosphere at the plant.

*What action should Smith take?*

#### **Scenario 4: Making Losers Into Winners**

Laura Salmon was recently elected as president of the board of the South Side Youth Soccer Association. South Side, run by volunteers, operates a soccer program for kids ages six to 12 in four suburban communities. The organization collects fees from parents and then uses those funds to pay operating costs. Most of the monies go toward renting playing fields, hiring officials, and buying uniforms. In addition, the association purchases trophies that go to the members of the winning teams.

Trophy expenditures make up a relatively small portion of South Side's budget but are causing the biggest headache for Laura. A group of parents is pressuring the board to expand the award program. All players would receive a trophy for participating, even if their teams had a losing record. Supporters of participation trophies argue that children should be rewarded for their efforts and treated equally, not divided into winners and losers. They point to other youth sports and music programs that guarantee that every child receives an award. Another group of parents is adamantly opposed to participation trophies. They argue that too much recognition can cause children to underachieve, that young children are motivated by the fun of playing and don't need awards, and that kids need to learn how to lose gracefully. The board is scheduled to meet next week to decide whether or not to expand the award program for the coming year. The other members are looking to Laura for guidance on this issue.

*Should Laura recommend that the award program be expanded to include all participants?*

#### **Scenario 5: Guns and Coffee**

Thomas Odonga is the owner of Hot Coffee, a small coffee shop located downtown in a major U.S. city. Hot Coffee does a brisk business despite being surrounded by coffee stores operated by Starbucks, Peets, and other major chains. A number of locals want to support small businesses like Hot Coffee, and Odongo actively supports community activities. However, national debate over gun control has put Hot Coffee at risk. Gun laws vary from state to state, but businesses have a right to ban weapons on their private property. Peets bans all guns from its premises. Starbucks requests that gun

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owners voluntarily refrain from bringing their weapons into their stores but doesn't forbid them from doing so, noting that weapons make other customers uncomfortable.

Now Hot Coffee customers are asking Thomas about his gun policy. He stands to lose business no matter what choice he makes. Community leaders—who regularly meet at his shop—want to limit guns to prevent them from falling into the hands of criminals and gang members. Odongo is sympathetic to their position because his brother was wounded during a robbery. Nevertheless, the right to bear arms is considered a birth right by the majority of the state's citizens. A number of Hot Coffee's most loyal customers have permits to carry concealed weapons.

*What should be Hot Coffee's gun policy?*

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