Chapter 2
ETHICAL DECISION-MAKING: PERSONAL AND PROFESSIONAL CONTEXTS
"This above all: to thine own self be true, and it must follow, as the night the day, Thou canst not then be false to any man." – Shakespeare

"To be nothing but yourself, in a world which is doing its best to make you everybody else, means to fight the hardest battle which any human being can fight, and never stop fighting."
– e.e. cummings

"From here that looks like a bucket of water, but from an ant's point of view, it's a vast ocean; from an elephant's point of view, it's just a cool drink; and to a fish, of course, it's home."
– The Phantom Toll Booth, by Norton Juster

“I am not afraid of storms, for I am learning to build my ship.”
– Louisa May Alcott
CHAPTER OBJECTIVES

After reading this chapter, you will be able to:

1. Describe a process for ethically responsible decision-making.
2. Apply this model to ethical decision points.
3. Explain the reasons why “good” people might engage in unethical behavior.
4. Explore the impact of managerial roles on the nature of our decision-making.
OPENING DECISION POINT: WHAT WOULD YOU DO?

- You find the iPod . . .
  - What would you think about as you sat there trying to decide what to do?
  - What are the key facts that you should consider before making a decision, as either the person who discovered the iPod, the friend, or the judicial board member?
  - Is this an ethical issue? What exactly are the ethical aspects involved in your decision?
  - Who else is involved, or should be involved, in this decision? Who has a stake in the outcome?
OPENING DECISION POINT: WHAT WOULD YOU DO?

- What alternatives are available to you? What are the consequences of each alternative?
- How would each of your alternatives affect the other people you have identified as having a stake in the outcome?
- Where might you look for additional guidance to assist you in resolving this particular dilemma?
AN ETHICAL DECISION-MAKING PROCESS: CLICK TO EXPLORE EACH ELEMENT

- Determine the facts
- Identify the ethical issues involved
- Identify stakeholders and consider the situation from their point of view
- Consider the available alternatives – also called “moral imagination”
- Consider how a decision affects stakeholders, comparing and weighing the alternatives, based on:
  - Consequences
  - Duties, rights, principles
  - Implications for personal integrity and character
- Make a decision
- Monitor and learn from the outcomes
DETERMINE THE FACTS

- It is essential to make an honest effort to understand the situation, to distinguish facts from mere opinion.
- Knowing the facts and carefully reviewing the circumstances helps in resolving disagreements at an early stage.
- Social sciences can help in determining the facts surrounding our decisions.
- How would this apply to the Opening Decision Point (the iPod)?
IDENTIFY THE ETHICAL ISSUES INVOLVED

- This requires the ability to recognize a decision or issue as an ethical decision or ethical issue.
- In certain situations, issue identification becomes the first step and determining the facts becomes the second step.
- In many business situations, what appears to be an ethical issue for one person will be perceived as a simple financial decision by others.
IDENTIFY THE ETHICAL ISSUES INVOLVED

- How does one determine that a question raises an ethical issue at all? When does a business decision become an ethical decision?
  - We need to recognize that business or economic decisions and ethical decisions are not mutually exclusive.
  - Being sensitive to ethical issues is an important characteristic that needs to be cultivated in ethically responsible people.
  - We need to ask how our decisions will impact the well-being of the people involved.
- To the degree that a decision affects the well-being of the people involved, it is a decision with ethical implications.
IDENTIFY THE ETHICAL ISSUES INVOLVED

- **Normative myopia**: Shortsightedness about values.
  - It is the inability to recognize ethical issues.
- In business contexts, it can be easy to become so involved in the financial aspects of decisions that one loses sight of the ethical aspects.
- Normative myopia does not occur in business alone.
- **Inattentional blindness**: Results from focusing failures.
- **Change blindness**: Means by which ethical issues might go unnoticed.
IDENTIFYING STAKEHOLDERS

- Stakeholders: All of the groups and/or individuals affected by a decision, policy or operation of a firm or individual.

- Making more reasonable and responsible decisions:
  - Consider issues from a variety of perspectives other than one’s own and other than what local conventions suggest.

- Thinking and reasoning from a narrow and personal point of view virtually guarantees that we have not understood the situation fully.
IDENTIFYING STAKEHOLDERS

- A major challenge to ethical decision making:
  - Decisions involve the interests of multiple stakeholders.

- Ethical decisions involve dilemmas:
  - There are many perspectives and interests at stake.
APPLICATION: IDENTIFYING STAKEHOLDERS

- Try shifting your role:
  - Rather than being in the position of the person who discovers the I-Pod, what would you think of this case if you were the person who lost it?
  - How does that impact your thinking?
  - What would your judgment be if you were the friend who was asked for advice?
Let’s try it again:

- Consider the situation faced by Enbridge in the wake of its oil spill (discussed in chapter one).

- In this situation, some executives might think:
  - How the oil spill would affect their own personal well-being.
  - How the company’s profits and reputation would be affected.
  - A decision that considered only the managers’ or shareholders point of view would not be a responsible decision.
CONSIDER THE AVAILABLE ALTERNATIVES

- Creativity in identifying options: Moral imagination.
  - Moral imagination: Element that distinguishes good people who make ethically responsible decisions from good people who do not.
- Do not consider only the obvious options with regard to a particular dilemma, but also the much more subtle ones that might not be evident at first blush.
APPLICATION: EXPLORING ALTERNATIVES

- Consider the case of discovering a lost iPod.
  - One person might decide to keep it because:
    - She judges that the chances of discovering the true owner are slim.
    - If she doesn’t keep it, the next person to discover it will.
  - Another person is able to think of some alternatives:
    - One could return early for the next class to see who is sitting at the desk.
    - One could check to learn who the previous class teacher was and ask that teacher for help in identifying the owner.
Compare and Weigh the Alternatives

- Create a mental spreadsheet that evaluates the impact of each alternative you have devised on each stakeholder you identify.
  - Most helpful way to accomplish this task is to try to place oneself in the other person’s position.
- Understanding a situation from another’s point of view.
- Weighing the alternatives will involve the following consequences to all the relevant stakeholders:
  - Likely
  - Foreseeable
  - Possible
COMPARE AND WEIGH THE ALTERNATIVES

- A critical element of this evaluation will be the consideration of ways to mitigate, minimize, or compensate for any possible harmful consequences or to increase and promote beneficial consequences.

- Additional factor in comparing and weighing alternatives
  - Consideration of the effects of a decision on one’s own integrity, virtue, and character.
MAKING THE DECISION

- To be accountable in our decision making, it is not sufficient to deliberate over the process.
- We should learn from our experiences.
To be accountable in our decision-making, we have a responsibility:

- To evaluate the implications of our decisions.
- To monitor and then learn from the outcomes.
- To modify our actions accordingly when faced with similar challenges in the future.
WHY DO “GOOD” PEOPLE ENGAGE IN “BAD” ACTS?

- There are many ways in which responsible decision making can go wrong:
  - People can simply choose to do something unethical.
  - Well-intentioned people fail to choose ethically.
- Stumbling blocks to responsible decision-making and behavior
  - Cognitive or intellectual.
According to the model of ethical decision making, a certain type of ignorance can account for bad ethical choices.

- Ignorance can be willful and intentional.
- After you discover a lost iPod, you might rationalize to yourself that no one will ever know, that no one is really going to be hurt, that if the owner was so careless, they deserve to lose their iPod.
- You might try to justify the decision by telling yourself that you are only doing what anyone else would do in this circumstance.
- You might choose not to think about it and try to put any guilty feelings out of your mind.
EXPLAINING “BAD” ACTS?

- Cognitive barrier: Considering only limited alternatives.
- Responsible decision making would require that we discipline ourselves to explore additional methods of resolution.
- Simplified decision rules are most comfortable to us.
  - Having a simple rule to follow can be reassuring to many decision-makers; even if it may not be the best possible decision.
- We often select the alternative that satisfies minimum decision criteria: Satisficing.
- Other stumbling blocks
  - Motivation
  - Willpower
DECISION POINT:
IF GRISHAM IS RIGHT . . . .

- If Grisham is correct, and we are destined to unintentionally cross lines, perhaps it is critical to begin to make our lines more clearly drawn.

- Try this exercise – in your head, consider your response to the following questions:
  - What values are most important to you? What are you willing to sacrifice to maintain your own values? What is important? What are your priorities?
  - What do you stand for, personally and professionally?
  - Are there any values that would you quit a job over?
  - What would you be willing to die for?
USUAL SUSPECTS FOR EXPLAINING UNETHICAL CONDUCT

- Enormous amounts of corporate executive compensation.
- Lack of oversight of corporate executive decisions.
- Significant distance between decision makers and those they impact.
- Financial challenges.
- Set of ethical values that has not yet caught up to technological advances.
The most serious challenge we all face.....

Making ethically responsible decisions throughout one’s life.
Social circumstances can make it easier or more difficult to act in accordance with one’s own judgment.

Within business, an organization’s context sometimes make it difficult for even the best-intentioned person to act ethically, or it can make it difficult for a dishonest person to act unethically.

Responsibility for the circumstances that can encourage ethical behavior and discourage unethical behavior falls to the business management and executive team.
MANAGERIAL ROLES

- The decision-making model introduced in this chapter develops from the point of view of an individual who finds herself/himself in a particular situation.
- Personal integrity lies at the heart of such individual decision-making:
  - What kind of person am I?
  - What are my values?
  - What do I stand for?
MANAGERIAL ROLES

- Within a business setting, individuals must consider the ethical implications of both personal and professional decision making.

- Every individual fills a variety of social roles and these roles carry with them a range of expectations, responsibilities, and duties.
  - Some of our roles are social: friend, son/daughter, spouse, citizen, neighbor.
  - Some are institutional: manager, teacher, student body president.
  - Some are professional: attorneys, accountants, auditors, financial analysts.
Decision-making in these contexts raises broader questions of social responsibilities and social justice.
ROLES & RESPONSIBILITIES: APPLICATION

- Consider how different roles might impact your judgment about the discovery of the iPod.
- Your judgment about the iPod might differ greatly if:
  - You knew that your friend had lost it.
  - You were a teacher in the class.
  - You were a member of the campus judicial board.
ROLES & RESPONSIBILITIES IN BUSINESS

- In a business context, individuals fill roles of employees, managers, senior executives, board members.

- Managers, executives, board members have the ability to create and shape the organizational context in which all employees make decisions.
  - Hence, they have a responsibility to promote organizational arrangement that encourage ethical behavior and discourage unethical behavior.
Try to determine the facts:

- Knowing that the iPod functioned perfectly would be good evidence for concluding that it was left behind accidentally rather than intentionally discarded.
- Knowing the actual cost of the iPod would also be evidence that it is something likely to be highly valued and not something easily abandoned.
- The situation raises ethical issues of rights, happiness, personal integrity and honesty.

It involves two major stakeholders: the iPod’s true owner and you.
DISCUSSION OF OPENING DECISION POINT: WHAT WOULD YOU DO?

- Any decision you make will have broader implications:
  - It will encourage or diminish a campus culture of trust and honesty.

- Consider the following perspectives:
  - Imagining yourself in the position of the student who lost the iPod/ the student who might sit in judgment at a campus judicial hearing.
  - Imagining the results of keeping the iPod and then having that fact discovered and publicized.
  - Considering the number of hours someone might have to work at an on-campus job in order to earn enough money to buy another iPod.
  - Reflecting on the type of person who keeps another’s property and to ask yourself if this is who you really are and want to be.
CHAPTER TWO VOCABULARY TERMS

- After examining this chapter, you should have a clear understanding of the following key terms and you will find them defined in the glossary:
  - Bounded ethicality
  - Change blindness
  - Ethical decision-making process
  - Inattentional blindness
  - Moral imagination
  - Normative myopia
  - Perceptual differences
  - Personal and professional decision making