2

ETHICAL DECISION MAKING AND ACTION

LEARNING OBJECTIVES

2.1 Defend ethical decision making as both intuition and reason.

2.2 Devise strategies for improving performance on each of the four components of moral decision making and action.

2.3 Apply ethical decision-making formats to resolving moral dilemmas.

CHAPTER PREVIEW

Ethical Decision Making as Reason AND Intuition

Components of Ethical Behavior
- Component 1: Moral Sensitivity (Recognition)
- Component 2: Moral Judgment
- Component 3: Moral Motivation
- Component 4: Moral Character

Decision-Making Formats
- Aristotle's Rules of Deliberation
- The Moral Compass
- The Foursquare Protocol
- Seven-Stage Model: Intention, Action, and Circumstances
- The Five "I" Format

Chapter Takeaways

Application Projects

Now that we've examined ethical competencies and ethical perspectives, we're ready to put them to use. This chapter focuses on both 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.

ETHICAL DECISION MAKING AS REASON AND INTUITION

Understanding the role of both reason and intuition is a good place to start a discussion of moral decision making. That's because there's been a seismic shift in our understanding of how people make ethical choices. 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 intuition and emotions or viewed them with suspicion because they 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.[1]

For instance, neuroscientists highlight the important role that emotional regions of the brain play in ethical thinking. Some researchers employ the medical case study method. Patients who suffer damage to the regions of the brain that govern emotion engage in antisocial and unethical behavior as a result of their injuries. For example, "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. Researchers place study participants in magnetic resonance imaging (MRI) machines and present them with ethical dilemmas. Active brain cells, which require more oxygen than inactive ones, "light up," thus indicating which parts of the brain are functioning when volunteers respond to moral problems. Neuroimaging studies reveal that ethical decision making is not localized in one area 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 intuition, not logic, plays the dominant role in moral reasoning. Jonathan Haidt is a leading proponent of the affective approach to ethical decision making.[2] 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 the 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 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.

A number of experts adopt a dual-process approach to explain how people make ethical decisions. The dual-process theory is based on the premise that there are two, largely separate, systems involved in moral reasoning. One is fast, intuitive, emotional, and subconscious. The other is slower, rational, cognitive, and conscious.[3] Other researchers reject the dual-process approach in favor of an *integrated* perspective, arguing that emotion and reason are much more interrelated. They note that moral decision making activates neural networks that simultaneously trigger reason and feelings.[4] Whether the dual-process or integrated approach offers the best explanation for ethical decision making remains to be determined. Nevertheless, both perspectives come to the same conclusion: Both logic *and* intuition are important to making good decisions. We'll make wiser choices if we recognize the role of intuition/emotion and try to direct its use. In recognition of that fact, I will be introducing research findings from both the cognitive and intuitionist traditions in the next section of the chapter. Intuitions/emotions also play a role in the decision-making formats we'll survey in the final portion of the chapter.

Some ways to make better use of moral intuition/emotion include the following.

1. Tamp down your initial intuitive reaction when necessary. There are times when you may need to control your initial response, for example, by suppressing your anger and stepping back to calm down. Or you may want to pause to reappraise a situation.
2. Recognize that your immediate response is largely the product of outside forces. Ask yourself: Am I rejecting the practice of another country because my culture condemns it, not because it is unethical? Am I accepting deceptive sales practices because my organization has weakened my intuition about right and wrong?
3. "Train" your intuitions. Work to eliminate automatic prejudices against other groups, for instance, and combat the temptation to denigrate colleagues by remembering that they have inherent dignity. Engage in activities that build your social skills, like self-awareness and empathy, along with your moral reasoning competencies. Recognize the human dimension of your decisions.
4. Give priority to intuitions when appropriate. There are times when intuitions should take precedence. For example, deliberate reasoning can sometimes "crowd" out altruism, overriding our initial desire to help. Emotions or intuitions are more important in situations involving life and death, bodily or personal harm, and deeply held beliefs like "do not play God by cloning humans." Cognition is more important when situations call for balancing competing claims and values or demand abstract reasoning, such as when deciding whether it is ethical for your firm to download pirated software.
5. Take steps to incorporate intuition/emotion into your ethical decision-making process. Draw upon both reason and intuition. You may want to record your initial intuitive response and then test it using decision-making formats and other cognitive tools. You can also test your final solution to see if it "feels" right.

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.[5] This portion 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 1: 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 a goal of many ethics courses and programs.

Moral attentiveness plays an important role in the recognition of ethical issues. Moral attentiveness is the predisposition to note the ethical dimension of experiences and events. This trait consists of two components: (1) perceptual moral attentiveness (the tendency to notice morality in everyday life), and (2) reflective moral attentiveness (routinely considering ethics when making choices).[6] Those high in moral attentiveness are more aware of the ethical implications of specific situations, such as conflicts of interest and injustice, and are more likely to analyze them using an ethical framework. They generate better decisions and behave more ethically as a result. Moral attentiveness, while an individual predisposition, is subject to outside influences. Followers are more attentive when they work with ethical leaders in ethical organizations. Business students enrolled in ethics courses also demonstrate higher moral attentiveness.[7] You can determine your level of moral attentiveness by completing Self-Assessment 2.1.

SELF-ASSESSMENT 2.1: MORAL ATTENTIVENESS SCALE

Instructions

Indicate the extent you agree with each of the following statements on a scale of 1 = *Strongly disagree* to 7 = *Strongly agree*.

1. In a typical day, I face several ethical dilemmas.
2. I often have to choose between doing what’s right and doing something that’s wrong.
3. I regularly face decisions that have significant ethical implications.
4. My life has been filled with one moral predicament after another.
5. Many of the decisions that I make have ethical dimensions to them.
6. I rarely face ethical dilemmas.

7. I frequently encounter ethical situations.
8. I regularly think about the ethical implications of my decisions.
9. I think about the morality of my actions almost every day.
10. I often find myself pondering about ethical issues.
11. I often reflect on the moral aspects of my decisions.
12. I like to think about ethics.

Scoring

Reverse your score on Item 6 and then add up your scores. Items 1 through 7 measure the extent to which you recognize moral aspects in your everyday experiences. Items 8 through 12 measure the extent to which you consider and reflect upon moral matters. Scores can range from 7 to 49 on Items 1 through 7 and 5 to 35 on Items 8 through 12. Total possible scores for the combined items range from 12 to 84. The higher your scores are, the more attentive or sensitive you are to moral issues.

Looking Deeper

On which dimension did you score highest? Lowest? Why? What do you learn from this assessment? How do outside factors, such as organizational leadership and the ethical climate of your organization, influence how sensitive you are to ethical issues? How can you improve your tendency to notice and to reflect on ethical issues?

Source: Reynolds, S. J. (2008). Moral attentiveness: Who pays attention to the moral aspects of life? *Journal of Applied Psychology, 93*, p. 1030. Used by permission of the American Psychological Association.

Noting the presence of an ethical issue is just one element of moral sensitivity. Decision makers must also identify the perspectives of those involved in the situation and come up with creative solutions through the use of *moral imagination*. Doing so generates more beneficial (ethical) organizational decisions.[8] Unfortunately, many smart, well-meaning managers become the victims of tunnel vision. They fail to consider alternative points of view or to change their ways of thinking—their mental models. For instance, supervisors with a managerial mindset believe that they should quickly handle any conflicts between employees. They don't recognize that employees can be involved in resolving such disputes. Leaders with a managerial mindset can trample the rights of workers, preventing them from receiving a fair hearing. Instead of suppressing conflict, managers should determine if conflict is a sign that organizational systems (rewards, procedures, structures) should be changed.[9]

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 develop novel alternatives. Intel developed one such creative solution when it led an effort to end the use of "conflict minerals" in the electronics industry. Groups in the Democratic Republic of Congo (DRC) battle over control of mines producing tin, tungsten, gold, and other minerals used to manufacture cell phones, computers, and other electronic products. Military leaders take the money they make from the mines to finance a brutal war. Intel managers brought together industry groups and local and international nongovernmental organizations to develop a smelter audit system. Under the system, ore is certified as conflict free before the metal is extracted and refined.[10]

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 degrees 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:[11]

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 applicants a job because of their race raises significant ethical concerns; rescheduling employees' 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."[12] For instance, selling a gun to a gang member has a much greater likelihood of causing harm than does selling a gun to a deer hunter.
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 different from us or significantly distant 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 example, 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.[13] In addition to recognizing morally intense issues, decision makers respond more quickly and appropriately. Those faced with intense issues are also more motivated to follow through on their choices. 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 effective 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.

Boost your moral attentiveness. Seek out leaders who model and promote ethical behavior. Join organizations that make ethics a priority. Take ethics coursework.

Speak up. Don't hesitate to discuss problems and your decisions in ethical terms and encourage others to do the same. Describing a situation using moral terms like *values, justice, immoral, character, right*, and *wrong* encourages listeners to frame an event as an ethical problem and to engage in moral reasoning.

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 has moral implications. Remember that you have ethical duties that extend beyond your group or organization.

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 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 (i.e., illegal, against professional standards, opposed by coworkers) or right. As a group, develop shared understanding about the key ethical issues facing your organization. (Be aware, though, that high moral intensity may not always lead to better ethical outcomes—see Contemporary Issues in Organizational Ethics box).

CONTEMPORARY ISSUES IN ORGANIZATIONAL ETHICS

The "Dark Side" of Moral Intensity

Defective products posing a danger to infants and young children are morally intense, involving significant consequences (injury and death), social consensus (widespread agreement that children shouldn't be harmed), a high probability of harm, and more. Why is it, then, that IKEA waited 28 years to recall its kids dressers that weren't attached to a wall, causing a number of injuries and eight deaths? And why did Fisher Price delay the recall of its Rock'n Play Sleeper until 30 infants had died using the product?

University of Iowa professor Melinda Welbourne Eleazar attributes these delays to the fact that crises can reverse the normal, ethical outcomes of moral intensity. She argues "there is a potential 'dark side' of moral intensity reasoning in the crisis context" (p. 74). Instead of responding ethically to the threat, organizations engage in *immoral entrenchment*, which results in greater harm. Immoral entrenchment is made up of three factors:

1. Threat rigidity. Firms get locked in when threatened. They restrict the number of sources they consult and, once they have decided how to respond, they look for information that confirms their choice. At the same time, control over decisions is concentrated in the hands of those at the highest levels of the organization.
2. Collective moral disengagement. Businesses avoid self-sanctions by denying responsibility for harm caused by the product, blaming the customer for the harm, and justifying the harm.
3. Delayed action. Higher moral intensity increases the time it takes a company to respond ethically.

To test her hypothesis, Welbourne Eleazar examined a sample of Consumer Product Safety Commission (CSPC) recalls, looking at how long it took to recall a product based on the harm caused and those harmed (young children vs. adults). Companies were slower to recall products involving the deaths of young children. She then took a closer look at eight firms that recalled products linked to death and injury to small children and found lots of evidence of collective immoral entrenchment. Baby Matters, makers of the Nap Nanny sleeper, justified its failure to act by denying the harm done by the Nap Nanny and minimizing the consequences. The firm provided the CSPC with letters from parents praising the product, reminded the agency that it had donated the product to nonprofits, and argued that parents would turn to more dangerous alternatives if Nap Nappy was pulled from the shelves. The company also blamed parents for misusing the product, stating, "No infant using the Nap Nanny properly has ever suffered an injury requiring medical attention" (p. 84).

Makers of the small magnetic Buckyballs (often swallowed by children who then had to undergo surgery to remove them) fought against a recall until going out of business. Company executives claimed that a recall would take the balls out of the hands of adult users and put the company in danger, which they found "unfair, unjust and un-American." They declared that Buckyballs, "like any other product in your house, if it's used in an unintended manner by an unintended consumer, then of course it has the ability to create an injury" (p. 84).

Immoral entrenchment can be lessened or prevented. Welbourne Eleazar urges boards of directors to put policies in place that outline clear procedures for dealing with crises. Doing so can prevent rigid responses and centralization of decision making. Firms should develop monitoring systems to better identify crisis situations and bring in the perspective of an outsider to broaden the organization's search for information.

Source: Welbourne Eleazar, M. J. (2022). Immoral entrenchment: How crisis reverses the ethical effects of moral intensity. *Journal of Business Ethics, 180*, 71–89.

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, destructive motivations, and mental short circuits.

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.[14] 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.

Preconventional thinking is the most primitive level and is common among children as well as those suffering from 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.[15] 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.[16] *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 setting. Rest and his colleagues contend that decision makers shift upward, adopting more sophisticated moral schemas as they develop. Rest's group identified three levels of moral schemas. The least sophisticated schema is based on *personal interest*. Individuals reasoning at this level are only concerned with what they will gain or lose in an ethical dilemma. They give no thought to the needs of broader society.

Those who reason at the next level, the *maintaining norms* schema, believe they have a moral obligation to preserve social order. They focus on following rules and laws and making sure that regulations apply to everyone. These thinkers are committed to a clear hierarchy with carefully defined roles (e.g., teachers and students, bosses and subordinates, officers and enlisted personnel). The *postconventional* schema is the highest level of moral reasoning. Postconventional individuals reason like moral philosophers, looking behind societal rules to determine if they serve moral purposes. Moral obligations are open to scrutiny (testing and experimentation). Thinking at this level is not limited to one ethical approach, as Kohlberg argued, but encompasses a variety of philosophical traditions. Postconventional thinkers appeal to a shared vision of an ideal society. Such a society seeks the greatest good for the entire community, not just some people at the expense of others, and ensures 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.

Hundreds of studies have been conducted using the DIT and its successor, the DIT-2.[17] Among the findings are the following:

- Moral reasoning ability generally increases with age.
- The total college experience, both inside and outside the classroom, increases moral judgment.
- 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.
- 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.
- 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. Canadian prime minister Justin Trudeau illustrates this sad reality. Trudeau, who urged Canadians to embrace diversity, apparently thought that he could hide the fact that he appeared in blackface on three separate occasions. He was wrong. The pictures surfaced in the middle of a hotly contested reelection bid. Trudeau repeatedly apologized for his racial insensitivity and nearly lost the election. His reputation may never fully recover.

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.* 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.[18] The market economy benefits the few at the expense of the many, boosting the salaries of CEOs much faster than the wages of the average employee. (We'll take a closer look at the shadow cast by leader privilege in Chapter 7.) 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 humblest of us tend to greatly overestimate our abilities, as we saw in the discussion of demotivators in Chapter 1. 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. (Case Study 2.1, "Having It All and Losing It All," describes one leader who fell victim to insecurities, greed, and pride.)

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."[19] Failure to take time to contemplate and discuss ethical choices seriously undermines moral reasoning. 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.[20]

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.

Mental Short Circuits

Electrical short circuits occur when electrical current takes an "unintended shorter pathway," following the route of least resistance. Short circuits are dangerous, damaging appliances, causing electrical shocks and even fire. When it comes to ethical decision making, mental short circuits function much the same way. We want to carefully consider ethical issues and do the right thing. Instead, we take unintended shortcuts, taking the quicker, easier path. These cognitive short circuits are also dangerous, producing poor decisions and excusing our poor behavior.

Bounded ethicality describes one set of mental short circuits. Harvard professor Max Bazerman and his colleagues define bounded ethicality as those unconscious psychological processes that cause us to participate in or approve of ordinary unethical behaviors, behaviors that we would normally condemn.[21] In addition to overestimating how ethical we are and underestimating the ethicality of others, some other common biases include the following.

1. *Overlooking other people's unethical behavior.* While we generally judge others more harshly than ourselves, there are times when we excuse others' unethical behavior.[22] We are tempted to forgive the ethical shortcomings of others when we benefit from their choices. Board members handpicked by the CEO are less likely to object to the CEO's decision to divert company funds for personal use. By the same token, we excuse the unsavory off-court behavior of the players of our favorite basketball team if it 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." 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. Overlooking minor infractions like inflating expense reports can lead to ignoring more serious offenses like inflating company earnings.
2. *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.[23] 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 stereotypically "masculine" traits such as independence.

3. *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.[24] A number of universities reserve admissions slots for the sons and daughters of alumni, for instance. Since whites 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.

4. *Judging based on outcomes rather than on decision-making processes.* Employees are typically evaluated based on results, not on the quality of the decisions they make.[25] 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 poorly in the future. In fact, poor decision-making processes eventually produce bad (ineffective, unethical) results. Take the case of the university that depended on the recommendations of a popular administrator when hiring new staff. Relying totally on his advice—which circumvented the usual hiring process involving group input—led to several successful searches. However, the process broke down when the administrator recommended a candidate who was under indictment for embezzling hundreds of thousands of dollars from a local business. An embarrassed university quickly fired the new hire.

Like bounded ethicality, *moral disengagement* is a dangerous mental short circuit. Typically, we feel a sense of guilt, shame, and self-condemnation if we violate our personal moral code. For example, we might believe in honesty but cheat on an exam or think we should care for the less fortunate but cross the street to avoid helping a homeless person. According to former Stanford University social psychologist Albert Bandura, we turn off or deactivate these self-sanctions. This allows us to have a clear sense of right and wrong yet engage in immoral activities. We can then commit unethical behavior with a clear conscience. Moral disengagement takes these forms:[26]

Turning immoral conduct into moral conduct. Strategies or mechanisms for converting bad actions into good ones include

Moral justification. Convincing ourselves that harmful behavior is actually moral and beneficial. For example, paying bribes is justified because doing so keeps foreign sales up and saves jobs; lying about graduation rates protects the university's reputation.

Euphemistic labeling. Softening language to make harmful conduct more acceptable and to reduce personal responsibility. For example, using sanitizing phrases like "collateral damage" to describe civilians killed by missiles; employing the agentless passive voice ("there were layoffs") instead of saying "I laid employees off."

Advantageous comparison. Comparing unethical or criminal acts with more serious offenses. For example, trying to get out of a speeding ticket by arguing that other drivers were going even faster.

Minimizing harm. Downplaying our responsibility for causing the harm. Mechanisms for shifting blame include

Displacement of responsibility. Putting the blame on others. For example, claiming to be following orders when engaging in accounting fraud.

Diffusion of responsibility. Lessening personal accountability by diffusing or spreading out responsibility for immoral behavior. For example, claiming that sabotaging the project of another group was a team decision.

Disregard or distortion of consequences. Hiding from the harm caused by decisions. For example, using drones to bring death and destruction thousands of miles away; ignoring poor working conditions at an overseas supplier.

Devaluating victims. Lessening moral self-censure by taking away the human qualities of those harmed. Devaluation strategies include

Dehumanization. Treating others as less than fully human; deactivating empathetic feelings. For example, viewing members of other groups as infidels, degenerates, or savages; using disparaging terms to describe bosses and coworkers.

Attribution of blame. Excusing unethical behavior by blaming others. For example, accusing the other party of starting the conflict; blaming an investor for putting money into a scam.

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, concentrated 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, such as utilitarianism, the categorical imperative and justice as fairness, for guidance.

Prime the moral pump. Use background cues to activate your personal standards, standards that might otherwise be neglected or ignored. For instance, hang a poster reminding you of the importance of ethical behavior, use a screensaver that reflects an important organizational value, or place a spiritual or religious symbol on your workspace at home.[27]

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 insecurities, ego, and greed in check. Acknowledge and address your self-doubts. 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. Recognize that money can be a dangerous and unsatisfying motivator.

Take a long-term perspective. In an emergency (e.g., when lives are immediately at stake), 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 on to 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.

Do some ethical rewiring. Be alert to the danger of mental short circuits. To reduce the risk of taking cognitive shortcuts that produce poor choices and excuse immoral behavior, try these strategies:

- Don't overestimate your ethical abilities.
- 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 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.

- Recognize and resist your tendency to excuse your immoral actions.
- Take full responsibility for causing harm.
- Always keep in mind that others are fully human and should be treated that way.

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 result only 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.[28] Self-interest overwhelms their self-integrity. For example, participants in experimental settings say that dividing pleasant tasks or lottery tickets 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 and tickets, 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 house they are selling floods in heavy rains or sits in the path of a proposed highway. Companies may use public relations campaigns and marketing to maintain their ethical reputations while continuing to engage in unethical activities like selling tobacco products and harmful chemicals.

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.

Three factors—rewards, emotions, and duty orientation—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.[29] 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 housing crisis that led to a global recession in 2008, 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. (We'll discuss reward and performance evaluation systems in more detail in Chapter 9.)

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.[30] 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 federal poverty programs 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.[31]

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* emotions that are prompted by the good actions of other people. For instance, someone may act on our behalf, we may run across moral beauty (e.g., acts of charity, loyalty, and self-sacrifice), 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 (see Ethical Checkpoint 2.1.)

ETHICAL CHECKPOINT 2.1

The Power of Elevation

Researchers have long recognized the power of disgust. Repulsion originated as a physical response toward contamination. Tightening of the throat and nausea protected our ancestors from tainted food and parasites. Disgust evolved to have a social dimension as well. For instance, we are repulsed by those we think are tainted by a bad odor, dirt, greed, and overindulgence. We are also disgusted by those who engage in immoral acts like torture and cruelty. Only recently have scholars begun to examine the power of elevation, which is the opposite of disgust. Elevation is the emotional response to witnessing the virtuous actions of others, such as a man jumping off a bus to help an older woman who has fallen, the employee who donates her free airline miles to help a coworker visit her dying mother, or the volunteer who hands out clean socks to people living on the street.

The physiological response to elevation includes a warm feeling in the chest, goose bumps, higher oxytocin levels, increased heart rate, and greater nervous system activity. Elevation is positive emotion that uplifts individuals, who then want to become better persons, to connect more to other people (merge with them), and to help others. They then are more likely to volunteer, to take an unpaid survey, to register as an organ donor, to feel less prejudice, to go beyond their job duties, or to purchase environmentally friendly products.

Elevation experiences often lead to feelings of transcendence (connection with a something larger than the self), greater meaning in life, and reduced depression. The most elevating experiences are sparked by witnessing deeds that require a high level of effort or sacrifice.

Elevation can be deliberately triggered, thus benefiting individuals, groups, and organizations by encouraging prosocial behaviors. To promote elevation in yourself or others, (a) keep a diary or write letters, noting examples of moral beauty; (b) view or read about moral exemplars; (c) demonstrate self-sacrifice for your organization, coworkers, and the community; and (d) experience natural beauty.

Sources:

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Duty orientation is one other factor linked to moral motivation.[32] Duty drives some individuals to make and act on ethical decisions based on their loyalty to the group. To fulfill their obligations, they are willing to give up some of their free choice and to make sacrifices. Duty orientation, in turn, is made up of three dimensions: (1) duty to members, (2) duty to mission, and (3) duty to codes.

Duty to members involves supporting and serving others in the group, even at a cost to the self. Members of combat units are often highly motivated by their loyalty to their fellow soldiers. They are willing to risk their own lives to ensure the safety of other team members. *Duty to mission* is support of the group's purpose and work, going beyond minimum requirements to ensure that the team or organization succeeds (e.g., coming in to work on weekends or learning a new computer program so the team can complete a project). *Duty to codes* involves adherence to group codes and norms. Formal codes of ethics (see Chapter 9) lay out rules for behavior both inside and outside the organization ("treat other employees with respect"; "avoid gossiping about the competition"). Norms are the unwritten guidelines for behavior (e.g., "everyone pitches in to complete the project"; "don't be afraid to ask for help"; "share the credit for success"). Shame comes from violating either formal codes or informal norms. Those with a strong duty orientation believe they have a responsibility to speak up when they have suggestions or concerns that will benefit the organization even if they may be punished for doing so. They are also committed to self-improvement and may seek out performance feedback in order to become a better contributor to the group.[33] (Complete Self-Assessment 2.2 to measure your duty orientation.)

SELF-ASSESSMENT 2.2: DUTY ORIENTATION SCALE

Instructions

Think about yourself as a member of a group that is important to you. Rate your level of agreement with each item as it pertains to you as a member.

My actions demonstrate that I . . .

Statements	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. Put the interests of my team ahead of my personal interests.	1	2	3	4	5
2. Do all that I can to support the organization.	1	2	3	4	5
3. Am faithful to my team members.	1	2	3	4	5
4. Am loyal to my leaders and team.	1	2	3	4	5
5. Accept personal risk or loss in support of the mission/organizational goals.	1	2	3	4	5
6. Make personal sacrifices to serve the mission/organizational goals.	1	2	3	4	5
7. Do whatever it takes to not let the mission/organization fail.	1	2	3	4	5
8. Get the job done under the toughest conditions.	1	2	3	4	5
9. Do what is right always.	1	2	3	4	5
10. Demonstrate personal integrity when challenged.	1	2	3	4	5
11. Will not accept dishonor.	1	2	3	4	5
12. Set the example for honorable behavior for others.	1	2	3	4	5

Scoring

Items 1–4 measure duty to members, Items 5–8 measure duty to mission, and Items 9–12 measure duty to codes. Scores for each dimension range from 4 to 20. Total scores can range from 12 to 60. The higher your score, the greater your sense of duty or obligation to the group or organization.

Looking Further

Do you feel your strongest sense of duty to coworkers, organizational mission, or organizational norms? What is your overall sense of duty? What values and experiences have shaped your duty orientation? Are you satisfied with your scores? What could you do to increase your sense of obligation?

Source: Hannah, S. T., Jennings, P. L., Bluhm, D., Chunyan Peng, A., & Scaubroeck J. J. (2014). Duty orientation: Theoretical development and preliminary construct testing. *Organizational Behavior and Human Decision Processes, 123*, 220–238. p. 227. Used by permission.

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 driven 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.

Do your duty (and help others do their duties). Recognize your responsibility to your colleagues, to group norms, and to the mission of the organization. Put the needs of others and the organization above selfish concerns. Commit yourself to self-improvement to better your performance and that of your group.

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 (we'll take an in-depth look at character development in Chapter 3), but it is also related to individual differences. Those with confidence in themselves and their abilities are more likely to persist. So are individuals with a high degree of self-control.[34] *Self-control* describes the capacity or capability to regulate our thoughts, feelings, and behavior, to change the way we might naturally act in order to achieve our long-term interests. Exercising self-control means (a) following the rules, even the ones we don't like, (b) delaying gratification, and (c) overriding selfish, destructive impulses like the urge to steal, to procrastinate, to cheat, and to drive while high. Self-control is linked to a host of positive outcomes, including, for example, higher grades, better interpersonal relationships, and less binge eating and alcohol abuse. Lack of self-control, in contrast, is related to a number of criminal and unethical behaviors, such as physical violence, cheating, lying, theft, fraud, and reckless driving. Prisons are filled with those who gave into destructive impulses.

Self-control is both a trait and a state. The amount of self-control varies between individuals, with some of us having a greater ability to regulate our behavior across a variety of situations. For instance, some students are better at getting up for early classes, studying instead of playing video games, and making sure they get in regular workouts. However, while the baseline of self-control varies among individuals (trait), the exercise of self-control varies by the situation (state). That's because our capacity for self-control is finite and subject to a process called *ego depletion*. In ego depletion, our resources for self-control, particularly our ability to make and carry through on ethical choices, are drained. Factors that cause ego depletion in the organizational setting include stress, fatigue, poor sleep habits, demanding cognitive tasks, long work shifts, tough bosses, and irate customers. Researchers report that depleted employees are more likely to engage in such undesirable behaviors as withdrawing from work activities, cheating, and ignoring work safety procedures.[35]

Like self-control, *moral potency* encourages decision makers to persist. Moral potency describes a psychological state of ownership.[36] Those who feel a sense of responsibility for their personal ethical actions and those of colleagues see their groups, organizations, and communities as extensions of themselves. This increases their obligation to act in an ethical manner. A sales manager who identifies strongly with her company, for example, may see sales tactics as representative of her own ethicality. She has a strong motivation to see that her sales force doesn't mislead customers. Moral courage and moral efficacy reinforce moral ownership. Moral courage provides the impetus to act despite external pressures and adversity. Moral efficacy is the belief or confidence in the ability to act. The sales manager might want to fire a high-performing sales representative for lying to customers but likely won't do so unless she believes that she has the support of her bosses or if she believes she can effectively confront the individual.

Successful implementation of an ethical plan also demands that persistence be complemented by competence. A great number of skills can be required to take action, including 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.[37] Coles traveled with a group of physicians who identified widespread malnutrition among children of the Mississippi Delta. They brought their report to Washington, D.C., 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.

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.

Develop your moral potency. Foster ownership in yourself and others. Consider your group or organization as an extension of yourself, which reflects on your ethicality. Clarify the ethical duties associated with your organizational role; emphasize personal responsibility for acting on these responsibilities. Identify with professional codes and values and encourage others to the same. Develop moral courage by looking to courageous role models. Build in cues—mission statements, codes of ethics—that promote courageous action. Develop moral efficacy by taking on increasingly difficult ethical challenges and then reflect on how you handled them.

Build your self-control. Because self-control is a broad ability, regulating your behavior in any setting (e.g., sticking to a weight loss program or deciding to take a tough class outside your major) can help you better master destructive impulses and take ethical action.

Take time to recharge. Recognize the factors that can deplete your ability to exercise self-control. Combat ego depletion by taking longer and more frequent breaks away from your desk or working shorter hours.

Get a good night's sleep. Sleep is important to refreshing self-control. Lack of sleep (quantity and quality), on the other hand, contributes to cheating and other unethical behavior on the job. Tackle tasks involving ethical choices when you are well rested.

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.

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 section half of the chapter. You can test these guidelines by applying them to the scenarios described in Case Study 2.2.

Aristotle's Rules of Deliberation

Philosophy professor Edith Hall is convinced that, when it comes to making decisions of all kinds, we should look to Aristotle for guidance (see Chapter 1). Hall extracts a "formula" or set of rules for deliberation from Aristotle's works.[38] *Deliberation*, for Aristotle, involves choosing the best means or course of action to achieve our goals—to solve an ethical dilemma, to make a strategic decision, to live a flourishing life. Decisions reached through deliberation commit us to a future course of action. Deliberation requires that we take moral responsibility for our choices. There is no guarantee that we will make the right decision, but we need to follow a process that maximizes our chances of a successful outcome. Hall identifies the following as Aristotle's guidelines for deliberation:

> *Rule 1: Take your time.* Don't decide in haste or impulsively. (See our earlier discussion of how time pressures undermine moral judgment.) "Sleep on it" when it comes to important decisions. Your anger at your boss may subside overnight, for instance, or the next day you may decide to talk with colleagues before confronting your manager. This rule is more important than ever, given email and social media, which facilitate instant responses. Resist the temptation to immediately press "send," ending a job, contract, or relationship.
>
> *Rule 2: Verify all information.* Separate truth from opinion or rumor. Beware of disinformation, rumors, attacks, and conspiracy theories masquerading as "news" on Facebook and other social media platforms. Be suspicious of the results of studies sponsored by drug manufacturers.
>
> *Rule 3: Consult an expert advisor (and really listen to that person).* Turn to a knowledgeable source and take that person's advice whenever possible. Be sure the advisor has nothing to gain or lose from your choice. Remember that friends, family members, and coworkers, rather than being disinterested, may have a stake in your decision.
>
> *Rule 4: Look at the situation from the perspective of all those who will be affected.* Consider all the stakeholders who might be impacted by your choice. Take a decision to transfer manufacturing overseas to save money, for instance. This decision impacts not only employees but also their families, suppliers, local businesses and schools, regional governments, and others.

Rule 5: Examine precedents. Consider what has happened in the past with the objective of learning from previous experience. How has the organization handled previous layoffs, for example, and what was the result? How has it treated whistle blowers? How has it responded to members who break the company's code of ethics?

Rule 6: *Determine the likelihood of different outcomes, and prepare for each one.* A course of action can generate a variety of outcomes. In the case of shifting manufacturing overseas, such a move could provoke a strike by workers, generate negative publicity in the local press, bring condemnation from state and national governments, mean the end of tax subsidies, and damage the firm's socially conscious reputation. Be prepared to prevent or respond to each of these possible developments.

Rule 7: *Factor in luck.* Aristotle, like many other Greek philosophers and playwrights, was very aware of the role that bad luck plays in decision making. Good people die young, the evil prosper, competitors unexpectedly enter the market, the stock market suddenly crashes, and other unfortunate events occur. Misfortune can't be eliminated but can be anticipated. Developing worst-case scenarios—the CEO dies, the project fails, the company gets caught in a trade war—may keep you from an ill-fated course of action. If nothing else, recognizing the role of luck can better prepare you to deal with failure. When an outcome fails due to chance, there is no need to blame yourself for lack of effort.

Rule 8: *Don't drink and deliberate.* Deciding under the influence of drink or other intoxicants like marijuana can lead to intemperate choices. Commit yourself to moderation in drink as in all other areas of life.

The Moral Compass

Ethics professor Lynn Paine offers a four-part "moral compass" for guiding managerial decision making.[39] 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 meaningful 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 and duties are relevant to this situation. 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.

The Foursquare Protocol

Former Catholic University law professor and attorney Stephen Goldman offered another decision-making format designed specifically for use in organizational settings. He called his method a *protocol* because it focuses on the procedures that members use to reach their conclusions.[40] 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 compared 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 instance, 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.

Seven-Stage Model: Intention, Action, and Circumstances

University of Navarra, Spain, business ethics professor Dominic Mele outlines three elements that are part of every ethical decision: (1) intention (the morality or the purpose or goal of the decision), (2) action (the morality of the action chosen to reach the purpose or goal), and (3) circumstances (the morality of the consequences of the action and important situational factors). Defensible ethical decisions are directed to good ends, are guided by ethical principles that promote human good, and consider the possible negative side effects of the choice. With these elements in mind, Mele offers a seven-stage model that is particularly useful when making moral judgements that could result in harm.[41] His model can also be used to judge past ethical decisions. We might determine that our organization ignored better alternatives, acted out of the wrong motivation, overreacted, and so on.

Stage 1: Is there a better course of action? Will there be fewer bad effects if we choose another course of action? Creativity and professional expertise can often lead to a better alternative, avoiding an "either-or" choice. For example, reducing the length of work shifts might be superior to laying off much of the workforce.

Stage 2: Is the intention honest? Be willing to do good; honestly determine what the negative consequences might be; tolerate unavoidable bad effects only if they are outweighed by the good generated by the action.

Stage 3: Is the action intrinsically wrong? Reject immoral actions that involve, for instance, fraud, deception, and lack of respect for dignity and human rights.

Stage 4: Is the action contrary to a fair law? Don't take actions forbidden by laws passed by legitimate authorities, which specify ethical duties and maintain social harmony.

Stage 5: Does the action respect other moral responsibilities? Strive to do good; avoid negative effects as much as possible. Consider who will be affected (employees, customers, communities), for good or bad, by the decision.

Stage 6: Will bad secondary effects be minimized? Take reasonable steps to minimize the negative impact of the choice, for example, by improving safety measures for those doing dangerous work, providing generous severance packages during layoffs, and so forth.

Stage 7: Are unavoidable bad effects disproportionate? The need to perform the action must be proportionate to the harm caused by taking the action. Weigh the moral good and bad that will flow from the action. For example, an employee who occasionally arrives late to work may deserve minor discipline (a reprimand) but firing the worker could be excessive.

The Five "I" Format

The easily memorized five "I" format integrates key elements of the earlier formats as well as the insights of scholars who study group decision making[42] Your instructor may ask you to adopt this format to resolve ethical issues throughout the course. The steps of the model are described in this section and summarized in Ethical Checkpoint 2.2. To demonstrate the format, I'll use the example of a decision facing Greg Smith, the CEO of a small manufacturing firm. He must decide how to respond to the declining work performance of the firm's longtime receptionist, Margaret Simpson. The face of the company to visitors and employees alike, Margaret has become cold and distant, often coming to work late. Years earlier CEO Smith used her as an example of what the company "family" is all about. Now there are complaints about Margaret's rude comments and brusque manner. The CEO took her aside to confront her about her poor performance but to no avail. If anything, Margaret is more unpleasant than ever.

1. Identify the Problem

Identification involves recognizing that there is an ethical problem to be solved and setting goals. 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? CEO Smith has warm feelings for Margaret given the fact that she has been with the company since it opened and took late paychecks during the first two years of operations. He must make this decision soon because her behavior is hurting employee morale and offending customers and vendors.

The question he must answer is *What action should I take with Margaret?*

2. Investigate the Problem

Investigation involves two subprocesses: problem analysis and data collection. Identify your initial reaction based on your feelings and intuitions. Then "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.

CEO Smith must consider employees, vendors, and customers when deciding what to do about Margaret. He runs the risk of alienating employees and outsiders if she stays on. He is loyal to Margaret and feels sick at the thought of hurting her, but he has a duty to other workers and the firm as a whole. Concern for employees is one of the firm's core values. Any decision he makes should treat Margaret fairly and with compassion while, at the same time, keeping the best interests of the company in mind. From a utilitarian perspective, letting Margaret go would likely produce the greatest good for the greatest number. However, the CEO wants his decision to reflect respect for Margaret (Kant), both be fair to the receptionist in this case and set a fair standard for future personnel decisions (Rawls), and demonstrate benevolence (Confucianism, altruism). In gathering more information, CEO Smith discovers that Margaret plans to retire in three years but that her retirement savings have dropped due to a recent recession. He assumes that her behavior in her current position will not improve.

3. Innovate by Generating a Variety of Solutions/Answers

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. When it comes to what to do about Margaret, the most obvious alternatives are to immediately fire her or to keep her on in her current position. Yet, there may be a more creative way to resolve the issue. CEO Smith could move her to a less public role or offer a financial bridge to retirement, asking her to quit now while continuing to pay into her retirement account for the next three years.

4. Isolate a Solution/Answer

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, revisit your initial intuitive reaction, 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. Be prepared to explain and defend your answer to the question you posed in Step 1. For CEO Smith, both immediately firing Margaret and keeping her in her current position are undesirable options. Retaining her is costly and unfair to her colleagues while firing her appears disloyal and uncompassionate. Finding a "backroom position" where she would have less contact with the public and coworkers is the most desirable option since it would allow her to work toward retirement while reducing the costs of retaining her. Offering a bridge to retirement would allow her to leave immediately on her own terms but would be more expensive. A combination of backroom position and retirement bridge might be possible by, for example, letting her work for another year before she retires early with the company continuing to pay retirement benefits for another two years.

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 all team members know their future responsibilities. When it comes to Margaret Simpson, CEO Smith needs to determine if there is a position that she can fill and what he can offer in the way of a retirement package. Then he needs to meet with the receptionist to discuss a transfer and/or to outline a retirement option. In any case, he needs to make it clear to Margaret that she cannot stay in her current role and must immediately accept the transfer and/or the package.

ETHICAL CHECKPOINT 2.2

"I" Format

1. Identify the Problem

   Objective: Recognize the problem and set goals.

   Output: Compose a one-sentence description of the question you seek to answer.

2. Investigate the Problem

   Objective: Analyze the problem and collect data.

   Outputs: State initial reaction.

   List stakeholders,

   List loyalties, values, and duties.

   Create set of criteria or standards for evaluating solutions.

   Apply ethical perspectives (e.g., categorical imperative, utilitarianism).

   Collect important additional information.

   Make assumptions based on current knowledge.

3. Innovate by Generating a Variety of Solutions/Answers

   Objective: Generate possible answers—options, courses of action—to answer the question posed in Step 1

   Output: Make a list of possible solutions.

4. Isolate a Solution/Answer

   Objective: Settle on a solution using the products of the investigation stage.

   Outputs: Be able to explain why you rejected the alternatives.

   Describe and explain final answer.

   Compare final answer with initial intuitive response.

5. Implement the Solution

   Objective: Follow through on the decision.

   Outputs: Make an action plan.

   Describe assignments in writing.

CHAPTER TAKEAWAYS

- Ethical decisions are the product of both reason and emotion/intuition. Draw upon both when making moral choices.
- Moral behavior is the result 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 being attentive to moral issues, challenging your current ways of thinking, and looking for innovative ways to solve problems. 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 mental short circuits that lead to unethical choices and excuse unethical behavior. These include bounded rationality (unconscious biases) and moral disengagement tactics that reduce the discomfort we feel when violating our personal standards.
- 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, if you harness the power of moral emotions, and if you have a sense of duty toward your group and organization.
- Build your self-control, which enables you to (a) regulate your own behavior to follow rules when needed, (b) delay immediate gratification, and (c) override selfish, destructive impulses. Replenish your resources for self-control when they are depleted by stress, fatigue, and other factors.

- To succeed at implementing your moral choice, you'll need to take ownership or responsibility for your personal behavior and that of your colleagues, exercising moral courage if necessary, and believing in your own ability to influence events. You'll also need to master the organizational context and develop the necessary implementation skills.
- Decision-making formats can help you make better moral choices. Which format you use is not as important as approaching moral problems systematically. Aristotle provides a set of rules for deliberation, the moral compass factors ethical considerations into every organizational decision, the foursquare protocol ensures that decisions are reached fairly, the seven-stage model minimizes the harm done by our decisions, and the five "I" format incorporates elements of the first four sets of guidelines.

APPLICATION PROJECTS

1. How do you use both emotions and reason when you make moral choices? Provide examples.
2. Use the tips in the chapter to develop an action plan for improving your moral sensitivity, judgment, motivation, and character.
3. Select a moral issue (book bans, climate change, immigration reform, data privacy) 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 of bounded rationality described in the chapter poses the most danger to moral judgment? Defend your choice in a small-group discussion. Or, as a group, provide examples of moral disengagement in action.
6. How would you rate your overall level of self-control? What situational factors deplete your self-control? How might you strengthen your self-control and recover from ego depletion?
7. Do you feel a strong sense of ownership in your school or work organization? Why or why not? How could you further strengthen your sense of ownership, your moral courage, and moral efficacy? Write up your conclusions.
8. 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.

9. Using the material presented in this chapter, analyze what you consider to be a poor ethical decision made by a well-known figure or organization. What went wrong? Why? Present your conclusions in a paper or in a presentation to the rest of the class.

10. Develop your own set of guidelines for ethical decision making. Describe and explain your model.

CASE STUDY 2.1

HAVING IT ALL AND LOSING IT ALL: GINA CHAMPION-CAIN AND THE LARGEST WOMAN-RUN PONZI SCHEME IN U.S. HISTORY

San Diego entrepreneur Gina Champion-Cain appeared to have it all—a successful business empire, beauty, charisma, positions on several nonprofit and corporate boards, a home near the bay and a stable marriage. Young women looked to her as a role model. She was named a "Woman of Distinction" by *San Diego Woman* magazine. The City of San Diego honored her for her philanthropic efforts by declaring a "Gina Champion-Cain Day."

In 2019, Gina's picture-perfect public image was shattered. The Securities and Exchange Commission and the FBI accused her of funding her businesses and lifestyle through a massive financial fraud. Champion-Cain created a scheme based on making "bridge" loans to businesses applying for California liquor licenses. (These licenses can cost more than $100,000.) The money was to be safely held in an escrow account at Chicago Title, one of the country's largest title insurers. Applicants would repay investors when the applications were approved, generating a handsome rate of return. Little did investors know (1) that there was no need for these loans (the state rarely required money well in advance of granting the licenses), (2) that the loan applicants were fictitious, and (3) that Gina used the escrow funds as her personal piggy bank to support her money-losing restaurant, vacation rental, and retail businesses.

As in other Ponzi schemes, Champion-Cain used money from new investors to pay off previous investors. Most were thrilled with high rate of return and, instead of taking out their funds, rolled them over into future loans. Her $450 million fraud is the largest woman-led Ponzi scheme in the nation's history. (Women acting alone account for only 121 of the over 3,200 Ponzi schemes of the past 30 years.) In 2021 Champion-Cain pled guilty for masterminding the fraud, which lasted for seven years, as well as for obstructing justice by hiding and destroying evidence sought by federal prosecutors. When handing down a 15-year sentence, the judge called her scheme a "monumental crime" that demonstrated "tremendous callousness" and "extreme avarice."[1] The chief financial officer of one of Champion-Cain's companies was sentenced to four years in prison for using the escrow funds to bail out her other businesses. Two employees at Chicago Title, who enabled the entrepreneur to dip into the escrow account, were fired and may face criminal charges. (Chicago Title contributed $180 million to reimburse victims.) Those who recruited outside investors face litigation. Most of Champion-Cain's 800 employees lost their jobs as the government shut down her businesses. Gina's husband of 32 years sued for divorce.

How could a woman who seemingly had so much take such a wrong path? Gina herself provides some answers in the book *I Did It*, based on a series of interviews conducted in prison. She was driven by a toxic mix of

Self-doubt. Underneath the façade, Gina was haunted by the thought she was really a fraud. "I was seen by many as a 'woman who had it all.' I was an example of making it in a 'man's world,'" she notes. "But perception and reality often diverge; it only appeared that way. It took maximum effort on my part to continue to appear to have it all when I really didn't have it all, and to present a front to the world that wasn't real" (p. 211).

Greed. Stolen money not only allowed Champion-Cain to prop up her business empire, it was proof she was successful. In addition to serving as a scorecard, wealth met her desire for power and celebrity: "What we (entrepreneurs) really want is the power and the fame. It's being known and respected and held in high regard" (p. 215). Gina laments the fact that she could never be satisfied with what she had. "And when is enough, enough?" she asks. "Maybe the day before you die, but otherwise, never" (p. 11).

Ego. In one email cited by prosecutors, Champion-Cain calls curious investors (those who had doubts about how the liquor license loans worked) "too stupid to understand the program," threatening to "fire" them as investors. She then goes on to say, "I have plenty of dudes dying to give me money, honey!!! (p. 66). Gina was convinced that many of her male investors were out to have sex with "this nice, sexy, charming woman." At one point she compares herself to a queen in a beehive: "I confess that at times I felt like a Queen Bee in a game of drones. I really liked the attention and being loved. I wanted to keep my drones happy. It's probably my fatal flaw" (p. 82).

Sticking it to the male establishment. Striking back at sexism not only drove Gina but also lured other women to join the scheme. "We took a certain delight in what we did, just us girls against the world—the world that wouldn't lend us money for legitimate real estate projects, that wouldn't invest in my restaurants, . . . the world that treated smart women with disdain" (p. 66). Gina describes engaging in such a giant fraud as "dangerous" and "sexy."

Redemption and retribution. Champion-Cain wanted to redeem herself and take revenge on those who underestimated her. "It seems to me that one of the haunting issues in human nature is the feeling of being underestimated or diminished—not being seen for your true value or capabilities." She goes on to say, "It's what motivates many of us: the twin desires of redemption and revenge, as in 'I want to show these bastards what I'm really worth'" (p. 138).

Gina still seems to justify her fraud even though she pled guilty and took responsibility for her actions. She claims she wasn't "stealing." Instead, she always intended to repay the loans. She remains convinced that she could have done so if given enough time. The disgraced entrepreneur points out that she used some of her money and influence to help others and employed an army of workers. She argues that investors share some of the blame for investing "recklessly and acting without reasonable caution" (p. 177).

Discussion Probes

1. What are healthier ways to "keep score," to measure our success, other than money?
2. How do we know when we have enough?
3. How much responsibility, if any, should investors take for falling for the scam?
4. Do you think Champion-Cain is truly sorry for what she did?
5. What steps can we take to prevent ourselves from being driven by destructive motivations?

Notes:

[1] *San Diego business leader Gina Champion-Cain sentenced to 15 years for massive Ponzi scheme and obstruction of justice.* (2021, March 31). U.S. Attorney's Office, Southern District of California.

[2] All other quotes taken from Senturia, N., & Bry, B. (2022). *I did it—Gina Champion-Cain*. Westside Productions.

Sources:

Pomorski, C. (2022, January 21). *The charismatic developer and the Ponzi scheme that suckered San Diego*. Bloomberg.

Stone, K. (2022, August 20). Jailed Ponzi schemer Gina Campion-Cain being sued for divorce in San Diego. *Times of San Diego.*

CASE STUDY 2.2

Scenarios for Analysis

Scenario 1: To Geotag or Not to Geotag?

Juanita Cortez operates the social media travel site "eyeonthewildwest." She travels the western United States, exploring locations not covered in most guidebooks and brochures. She blogs and creates podcasts about her adventures and posts pictures of the places she visits. Juanita generates revenue through ads, acting as a spokesperson for several outdoor brands, commissions from sales based on leads from her site, and her e-travel guides. Because she attracts thousands of followers, Juanita was able to leave her corporate position to become a full-time influencer. Unfortunately, her success and that of other travel influencers has come at a significant cost to the environment. Geotagging—posting the coordinates of photos—on Instagram can attract thousands to fragile locations, leading to overuse as hordes of visitors erode trails, trample plants, trespass on private land, damage fences, and so on. Worse yet, some visitors misbehave, leaving trash, feeding wildlife, and even injuring (or killing) themselves taking selfies. The Leave No Trace Center for Outdoor Ethics and the tourist board of Jackson Hole, Wyoming therefore urge visitors not to geotag their photos.

Juanita realizes that since she often visits remote, fragile sites, posting tags could ruin the very places she loves and wants to share with her followers. Leaving this information off her pictures will encourage followers to explore on their own. On the other hand, Juanita believes that others have a right to explore these sites. She also worries that not tagging her photos will reduce traffic to her site (and reduce her revenue) as many of her followers are seeking detailed information about unique places.

Discussion Probe

Should Juanita geotag her photos?

*Case inspired by Josh McNair of the George Fox University DBA program.

Scenario 2: Phony Online Reviews

Aaron Goldberg is project manager for a local construction company. During a recent housing boom, Goldberg couldn't find skilled workers for his residential building projects. Quality suffered as a result. Clients posted scathing online reviews, complaining about everything from construction delays and leaky roofs to crumbling cement driveways and doors that wouldn't shut. The firm responded quickly to address the problems and, now that the housing boom has cooled, has been able to hire enough qualified tradespeople. There have been no recent complaints, but the negative reviews are still online, threatening the future of the business. In response, company owners want employees to recruit family members and friends to post fake reviews praising the firm's workmanship.

Discussion Probe

Should Aaron recruit family and friends to post phony positive online reviews?

Scenario 3: Dentists as Code Breakers

Dentist Yudang Liu works for a large health maintenance organization (HMO), specializing in oral surgery. HMO members rarely have to pay out-of-pocket costs for routine medical treatment, surgeries, and hospitalizations. That's not the case for dental care. The plan covers regular dental cleanings, X-rays, and fillings, but patients pay most of the cost of bridges and crowns as well as for root canals, extractions, implants, and other surgical procedures. Plan administrators have developed a set of billing codes for charging patients. Typically, dentists enter one code for routine procedures like root canals and extractions. They are to add codes to the bill if they do additional work, such as draining an infected tooth or gum.

Dr. Liu followed HMO billing codes closely at first. However, he soon discovered that he was asking patients to pay hundreds of dollars for additional procedures that might take only a minute or two. Liu knows that other oral surgeons in his office, in order to save their patients money, don't add billing codes in these cases. Instead, they perform the additional procedure and only submit the billing code for the scheduled surgery.

Discussion Probe

Should Dr. Liu stop adding billing codes for minor surgical procedures?

Scenario 4: Guns Above the Law?*

Hal Houston is the sheriff of a rural county. When Hal took office, he took an oath to uphold the laws of his state. However, voters in the state's urban population centers often pass measures that citizens in his county, as well as neighboring rural counties, strongly oppose. A stricter gun law is just the latest example of this urban–rural split. The new law requires permits, firearms training, and background checks for all gun sales. It also outlaws possession of magazines containing more than ten rounds. Urban voters hope this measure reduces the number of guns on the streets, which has led to a spike in murders. Rural residents, many of whom are avid hunters, see these restrictions as a violation of their constitutional right to bear arms. Like his neighbors, Houston, too, takes issue with the new measure, believing it to be unconstitutional as well as poorly written and expensive to implement. Other rural sheriffs say that they will refuse to enforce the new gun law. The state sheriffs association reminds members that they have a duty to enforce all laws, even the ones they object to.

Discussion Probe

Should Sheriff Houston enforce the new gun law?

*Based on actual events.