

Guest Editors' Introduction On Understanding Ethical Behavior and Decision Making: A Behavioral Ethics Approach

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ABSTRACT: Behavioral ethics is an emerging field that takes an empirical, social scientific approach to the study of business ethics. In this special issue, we include six articles that fall within the domain of behavioral ethics and that focus on three themes—moral awareness, ethical decision making, and reactions to unethical behavior. Each of the articles sheds additional light on the specific issues addressed. However, we hope this special issue will have an impact beyond that of the new insights offered in these articles, by stimulating even more research in this burgeoning field.

INTRODUCTION

THE NUMEROUS SCANDALS IN BUSINESS, such as those at AIG, Tyco, WorldCom, and Enron, have made all of us concerned about the emergence of unethical and irresponsible behavior in organizations. Our apprehension about these high-profile scandals has swelled as individuals like Bernie Madoff and Rod Blagojevich have become household names. Widespread corruption in business, politics, and religious institutions ironically has promoted interest in the field of business ethics.

Business ethics generally deals with evaluating whether practices exercised by employees, leaders and organizations as a whole can be considered morally acceptable (Ferrell, Fraedrich, and Ferrell 2008). From this evaluative perspective it is clear that the contemporary ethical failures are simply not acceptable. Ever more so, business practices need to change—and this change will not be easy. To make these changes happen we need to increase our understanding of why individuals within organizations engage in unethical behavior and decision-making. Complicating this task is the fact that many individuals apparently seem to conduct unethical actions in ways they are unaware of, as many of them, after having acted unethically, often mention that they are not bad people (Bazerman and Banaji 2004; Boozer 2002). How is it that good people, or at least people who think themselves good, can engage in bad behavior? In our view, one approach that can help us understand such questions is the *behavioral ethics* approach.

Overall, most business people know that there is a range of behaviors that are not acceptable in both the workplace and the marketplace. This observation tells us

that business people typically show awareness about how decisions should be made and which behaviors should be displayed (e.g., rules that are communicated by the company's code of conduct). Despite this awareness, irresponsible and unethical behaviors and decisions still emerge. How can we explain this? Early explanations focusing on the underlying causes of these ethical failures promoted the idea that most business scandals were the responsibility of a few bad apples (De Cremer 2009). This assumption is intuitively compelling and attractive in its simplicity. Further, at a practical level it facilitates identification and punishment of those deemed to be responsible. However, recent research has focused instead on how ethical failures witnessed in society and organizations are not the result of so-called bad apples but rather involve a complex mix of individual and contextual factors (Bazerman and Banaji, 2004). This research suggests most all of us may commit unethical behaviors, given the right circumstances. This idea is one of the major assumptions used in the emerging field of behavioral ethics.

BEHAVIORAL ETHICS AND PSYCHOLOGY

Treviño, Weaver, and Reynolds (2006: 952) recently defined behavioral ethics as the study of "individual behavior that is subject to or judged according to generally accepted moral norms of behavior." In the present special issue, we rely on this definition and its focus on the actual behavior of the individual. Doing so invites insights drawn from work in psychology. Psychological perspectives can help us to deepen our understanding of why it is the case that apparently good people sometimes do bad things (see also Bazerman and Banaji 2004; Messick and Bazerman 1996). This special issue illustrates the value of a psychological approach to understand ethical behavior and decision making, through six articles that address three general themes: moral awareness, ethical decision making, and responses to unethical events. All report empirical studies. However, each article has been crafted such that the non-empirically trained reader will be able to read and profit from the theoretical material and general discussions of study findings. In the next sections, we briefly describe these three themes and their importance in arriving at a better understanding of what drives decision makers in situations where ethical challenges are present.

THE THREE THEMES OF THE SPECIAL ISSUE

The first theme involves the issue of when people are more likely to be aware of the moral implications of their actions. Rest (1986) defines moral awareness as "identifying what we can in a particular situation, figuring out what the consequences to all parties would be for each line of action, and identifying and trying to understand our own gut feelings on the matter" (3). Many researchers view moral awareness as an interpretative process wherein an individual recognizes that a moral problem exists in the situation one is involved in (Reynolds 2008). It is argued that if such recognition is present then the individual should realize "that his or her potential decision or action could affect the interests, welfare, or expectations of the self or

others in a fashion that may conflict with one or more ethical standards” (Butterfield, Treviño, and Weaver 2000: 82). In the present special issue, we use the concept of moral awareness in a more narrow way, suggesting that moral awareness occurs when an individual is aware that his/her actions affect the interests and welfare of others in negative ways (see Tenbrunsel and Smith-Crowe 2008 for a similar argument). More precisely, two articles in the special issue address the issue of moral awareness understood in this fashion.

In “Leaving a Legacy: Intergenerational Allocations of Benefits and Burdens” (pp. 7–34), Kimberly A. Wade-Benzoni, Harris Sondak, and Adam D. Galinsky examine how the role of one’s legacy can influence moral awareness. Specifically, results from six experiments demonstrate that allocating burdens to future generations heightens ethical concern and intensifies moral emotions. Thus, thinking about one’s legacy affects one’s awareness of the moral implications of passing along burdens to future generations.

Brent McFerran, Karl Aquino, and Michelle Duffy, in “How Personality and Moral Identity Relate to Individuals’ Ethical Ideology” (pp. 35–56), examine moral personality and moral identity as precursors of ethical ideology, which they treat as a stable and salient concern for living an ethical life. Understood this way, high integrity is tantamount to being chronically morally aware. Findings from two field surveys reveal that moral personality and moral identity are associated with ideology and that ideology mediates the relationship of moral personality and moral identity to prosocial behavior and to the tendency to morally disengage.

The *second* theme focuses on the issue of ethical decision making and in particular, the form that ethical decisions will take. For example, when allocating valuable resources between oneself and another party, will people easily adhere to a commonly accepted equality-rule (Messick 1993) or will decision-makers perceive other allocations as the moral thing to do? Tenbrunsel and Smith-Crowe (2008) argue that moral decision making processes may indeed lead to either ethical or unethical decisions. One important determinant is what the decision-maker aims to achieve, that is, his or her intentions (Rest 1986). The intention of the decision maker is fueled by his or her motives, which can take, for example, the form of self-interest or fairness. These motives can be shaped by the type of interaction one is involved in (competitive or cooperative in nature), the culture one is educated in, the ethical infrastructure of the organization and even the cognitive biases that represent the human condition. Overall, two articles in the special issue address the issue of ethical decision making.

“An Instrumental Account of Deception and Reactions to Deceit in Bargaining” (pp. 57–73), by Lukas Koning, Eric van Dijk, Ilja van Beest, and Wolfgang Steinel, examines ethical decision making within the context of deception in bargaining. Results from two experiments reveal that although bargainers will use deception to reach their goals, if there is an alternative approach to reach their goals they are less likely to engage in deception. Specifically, drawing on social value orientation theory, they find that proselves (i.e., individuals who aim to maximize their own outcomes in bargaining situations) are more likely to engage in deception than prosocials (i.e., individuals who aim to maximize joint outcomes in bargaining situations) when they

are recipients of an allocation. Also, recipients are more likely to excuse deception when the allocator is lower in power.

In “The Price of Equality: Suboptimal Resource Allocations across Social Categories” (pp. 75–88), Stephen M. Garcia, Max H. Bazerman, Shirli Kopelman, Avishalom Tor, and Dale T. Miller also examine ethical decision making within the context of allocation decisions. In four experiments, they find that people prefer to maximize profits when interacting with someone in their own social category (e.g., gender, university affiliation) but chose equal but suboptimal allocation outcomes when interacting with someone from a different social category. This research reinforces the notion that one’s social identity can influence ethical decision making.

Finally, the *third* theme addresses how people respond once unethical events have emerged. Although many organizations attempt to prevent the emergence of unethical decisions and actions, it is clear that these events nevertheless will occur. This raises the question of how people respond to unethical events. In addressing this question, two approaches can be distinguished. The first approach is to study the extent to which self-interested versus other-regarding concerns play a role in responses to unethical outcomes. Unethical events can happen to one personally or one may observe how another person is treated badly, and an important question is whether people will do something about unethical events out of self-interested or other-regarding concerns. This question is an important one from the perspective of organizations. Indeed, many tasks are conducted within teams and groups and we need to know whether people will report wrongdoing when others are the victim of irresponsible and unethical acts. If this is the case then it is easier within organizations to build moral communities that are intrinsically motivated to maintain high moral standards on the work floor.

Deborah E. Rupp and Chris M. Bell, in “Extending the Deontic Model of Justice: Moral Self-Regulation in Third-Party Responses to Injustice” (pp. 89–106), draw on the deontic model of justice to examine reactions to others’ unethical behavior. Results from a laboratory experiment reveal that the decision to punish someone who engages in unethical behavior is associated with retributive ruminations, whereas the decision not to punish is associated with moral self regulatory concerns. This research highlights factors that influence whether one decides to punish another for unethical behavior, and also provides an interesting extension and refinement of the deontic punishment literature.

The second approach focuses on how to remedy emerging ethical failures, that is, how to deal with things when they have gone wrong. How can we deal with violations of morally accepted rules and standards in a way that maintains trust (and by consequence ethical beliefs)? Indeed, when accepted moral standards are violated, trust will suffer. Trust is defined—in a psychological way—as the idea that people have confidence that others will act out of goodwill and take the interests of all into account (De Cremer, Snyder, and Dewitte, 2001; Mayer, Davis, and Schoorman, 1995). Unfortunately, to date, very little attention has been devoted to this issue of restoring trust after ethical failures.

In “Explaining Unfair Offers in Ultimatum Games and Its Effects on Trust: An Experimental Approach” (pp. 107–126), David De Cremer, Eric van Dijk, and

Madan M. Pillutla examine the most effective way to address an ethical failure once it has occurred. Findings from two experiments indicate that after an allocator makes an unfair offer, the recipient is more likely to desire an explanation when the intentions of the allocator are uncertain. Further, apologies are more effective in restoring trust than denials, particularly when the intentions of the other party are uncertain. This research highlights the importance of trust restoration after one engages in an unethical act.

CONCLUSION

This special issue provides a sample of articles within the emerging field of behavioral ethics. These articles are not meant to provide a comprehensive portrait of the field of behavioral ethics, but rather a subset of areas of inquiry and viable research methods. Specifically, this special issue focuses on three domains of behavioral ethics: moral awareness, ethical decision making, and reactions to unethical behavior. We hope this special issue will stimulate further thinking, and in turn, further research, in the blossoming field of behavioral ethics.

Behavioral ethics studies like these have the capacity to influence our thinking about a variety of common ethical issues in organizations. For example, behavioral ethics research suggests that understanding what constitutes fair bargaining requires that we understand the characteristics of the individuals involved, such as whether they are members of the same social group or not. The implications of this for managing issues like stakeholder relations are profound. Similarly, behavioral ethics research shows that it is difficult to recover from ethical failure, but perhaps more importantly, it uncovers the reasons why it is difficult, such as the extent to which the intentions of each participant in a negotiation are clear or unclear. Understanding such nuances may be important for repairing or even maintaining sound organizational relationships during ongoing events such as difficult contract negotiations. In all, behavioral ethics research represents a potentially powerful approach, a useful additional arrow in our quiver of tools for understanding business ethics.

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