Using Demonstration Experiments to Illustrate the Pitfalls of Unintentional Moral Relativism

James J. Kellaris
University of Cincinnati
james.kellaris@uc.edu

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ABSTRACT: *Unintentional moral relativism (UMR) is a judgmental phenomenon involving inadvertent misapplication of an ethical standard believed to be objective or absolute. It occurs when a decision maker intends to apply an ethical standard, but circumstances change the application of the standard without the decision-maker's awareness, such that the standard is inadvertently misapplied. Research evidence and classroom experience show that even individuals who ascribe strongly to moral absolutes are prone to the pitfalls of UMR. This article offers three examples of experiments that can be done as classroom demonstrations to illustrate proneness to circumstantial biases that can influence students' ethical judgment.*

INTRODUCTION

When Christian students of business ethics are confronted with the idea that their judgment can be prone to relativistic sway, they often bristle with indignant denial. After all, they believe in moral absolutes, and they look to biblical principles to provide their ethical standards and inform their decisions. They wear WWJD bracelets and sincerely intend to apply the Ten Commandments and Golden Rule uniformly across situations to make ethical evaluations and decisions – in business as in life.

Unfortunately, good intent – even firm commitment – is not sufficient to protect one from the pitfalls of relativistic judgment and consequent bad decisions/behaviors. Consider the case of "pre-Cana" (prenuptial) counseling. Imagine if pastors were to ask engaged couples if they intend to cheat on their future spouse. What proportion do you suppose would express an intention to be unfaithful? (Answer: zero! They are in love!) And so the rate of infidelity and divorce should be zero, right? But, sadly, it is not, even within Christian communities. External circumstances, as well as our sinful nature, can interfere with good intentions and skew judgment, leading to bad decisions and regrettable outcomes. To avoid being trapped in the snare of temptation, one must not only disavow evil and embrace good, but also fully understand the dark circumstances under which one can be led astray.

By analogy, the intent to remain faithful to one's beliefs in moral absolutes is not sufficient to protect one from the snare of poor judgment in business. Just as a magnet can pull a compass needle away from true north, one's "moral compass" can be pulled off course by the powerful sway of circumstances. Imagine a yardstick made of a temperature-sensitive material. We assume it to be an objective measure of 36 inches, and it will always appear to be graduated in 36 one-inch units. However, when exposed to cold it will contract to less than 36 inches. When exposed to heat it will expand to more than 36 inches. Woe to the carpenter or seamstress who trusts such a measure! The classroom demonstration experiments that follow illustrate circumstances that can distort the application of ethical yardsticks typically applied by Christian students in

the context of business ethics. This variable yardstick/stray compass phenomenon has been called "unintentional moral relativism" (UMR), a term that can be traced to a Journal of Business Ethics article by Boyle, Dahlstrom, and Kellaris (1998). UMR can be caused by any number of circumstantial judgment biases, as illustrated in the following experiments.

DEMONSTRATION 1: THE CONTRAST EFFECT

One source of UMR is a judgmental bias known as the "contrast effect." According to adaptation level theory (Helson 1948, 1959), a contrast effect occurs when exposure to a prior event establishes a frame of reference used to judge a current event. For example, the same "room temperature" living room may seem cool to someone arriving from a hot kitchen, but warm to someone arriving from the cold outdoors. The same "event" (i.e., room temperature) is judged differently according to the frame of reference established by exposure to prior circumstances.

By analogy, despite one's intention to apply an absolute standard, ethical judgments can differ according to frames of reference established by prior circumstances (Boyle et al., 1998). Imagine an experiment in which the central task is to rate the ethics of a controversial business practice on a ten-point ethical/unethical scale. The controversial practice is something that many students would recognize as being in the mid-scale "gray area" of ethics. (It is legal, but you would not be proud to tell your mother and pastor you did it.) Although instructors may wish to devise their own example of a gray-area practice, and are strongly encouraged to do so, here is an example used by Kleiser et al. (2003), working with students at a state university:

Salesperson M, who works for the XYZ company, frequently invites his customers to baseball games to show his appreciation for their business. The XYZ company encourages "gift giving" as long as the client's company does not have a policy prohibiting such behavior, but forbids gift-giving when the client's company does not allow it. One of M's customers works for such a company where gifts, like dinner or a ball game, may not be accepted. Salesperson M is aware of this policy.

Over the past few weeks, this customer has been less than pleased with XYZ company. During the close of a recent sales call, the customer said to M, "I understand XYZ has season tickets to the baseball games. Is there any possibility that we could catch a game?" Believing that going to the game would secure future sales, M invited the customer to the ball game. Three days later, the customer placed a major order with XYZ company.

Prior to rating the practice on an ethics scale (Dabholkar & Kellaris, 1998), half of the class is asked to read a brief newspaper report about a recent homicide (or some other exemplar of extremely unethical behavior). The other half is asked to read a brief account of the life of Mother Teresa (or some other exemplar of good behavior). The two readings should be of similar length and assignment of students to readings should be random. Optionally, some students can be assigned to a control group that sees just the scenario, with no priming material. Rating of the controversial business practice should follow immediately after the reading:

Please indicate your opinion of salesman M's actions as described in the preceding scenario by circling an appropriate number on each of the following scales.

In my opinion, his actions were:

Ethical 10 9 8 7 6 5 4 3 2 1 Unethical

If the instructor tabulates the average ethical rating for each group – those primed with a negative exemplar of behavior and those primed with a positive exemplar — it is likely you will find that the very same controversial business practice seems more ethical to the "homicide group" and less ethical to the "Mother Teresa group." Voila — UMR. This is what Boyle et al. (1998) and Kellaris et al. (1996) found, and it is consistent with the author's experience using this demo in his classroom. If we apply an absolute standard consistently, we should always arrive at the same judgment. But, as this experiment demonstrates, judgment can be skewed circumstantially by inadvertently adopted frames of references. A variation on this experiment would be to ask students if they would hire the salesman in the scenario rather than rating his actions on an ethics scale (Sivadas et al., 2003). Follow-up discussion could focus on identifying and adopting appropriate frames of reference, as well as potential consequences of adopting inappropriate frames of reference. Once the principle of UMR is understood, the instructor can challenge students to generate and critique frames of reference, as well as to identify inappropriate reference points and their potential pitfalls for Christians.

DEMONSTRATION 2: THE FRAMING EFFECT

Another source of judgmental bias that can lead to UMR is the "framing effect" (Tversky & Kahneman, 1981). The framing effect occurs when a choice option is described (or

"framed") in a way that makes it seem subjectively more attractive. Despite being objectively the same quantity, a glass described as "half full" may seem more attractive than a glass described as "half empty." That is because whereas one description emphasizes what one stands to gain, the other calls attention to what one stands to miss. Naturally, people are attracted to gains and averse to loss. Research by Kellaris et al. (1994) shows that the framing effect is sufficiently strong to lure the unwary into favoring the less ethical of two choice options.

Here is an adaptation of a classic demonstration of the framing effect (Tversky & Kahneman, 1981) as applied to a choice with ethical content. All students should be presented with the following scenario:

Imagine that you are the CEO of a large company. You just found out that a major competitor will be entering your market. Reliable forecasts estimate that to remain profitable, you may have to lay off 6,000 employees. You must choose a plan to deal with this situation. You have narrowed your choices down to two alternatives. (Assume that the forecast and the estimated consequences of the alternative plans are accurate.)

Students should be assigned randomly to one of two groups. Group 1 should see this version of the choice decision:

PLAN A: This plan is somewhat controversial. It stretches the limits of legality, but if it is adopted, 2,000 employees can definitely be retained.

PLAN B: If this plan is adopted, there is a 1/3 probability that all 6,000 employees can be retained, and a 2/3 probability that no employees can be retained.

Group 2 should see this version of the choice decision:

PLAN A: If this plan is adopted, 4,000 employees will definitely lose their jobs.

PLAN B: This plan is somewhat controversial. It stretches the limits of legality, but if it is adopted there is a 1/3 probability that no employees will lose their jobs, and a 2/3 probability that all 6,000 employees will lose their jobs.

In terms of expected utility, the choice options are objectively the same within versions (2,000 jobs saved = 1/3 * 6,000 jobs saved) and between versions (2,000 retained = 4,000 lost). Prospect theory predicts that people will prefer certain gains over probabilistic gains, but probabilistic losses over certain losses. Hence, despite the objective equivalence of the plans, the expectation is that people given the choice decision framed in terms of gains (first version) should prefer Plan A; those given the choice decision framed in terms of loss (second version) should prefer Plan B. The twist here is that the plans framed more favorably are also the more ethically controversial! Will any students fall for the framing effect even when the more attractively framed option is less ethical? A simple cross-tabulation of "version" (gains/losses) by "choice" (plan A/B) will reveal the answer. In a similar experiment, Kellaris et al. (1994) found that as many as half of the sales professionals they surveyed preferred the less ethical option when it was framed attractively. A recent administration of this demo experiment at a Christian University found that 5 of 23 students in Group 1 preferred Plan A and 10 of 23 students in Group 2 preferred Plan B, despite these choices being ethically controversial.

DEMONSTRATION 3: THE NUMEROSITY BIAS

Yet a third source of UMR-causing bias stems from the tendency to use decision heuristics — mental shortcuts — to simplify decision tasks. The use of heuristics is more likely when one is under time pressure to come to a quick decision or when the complexity of a decision taxes cognitive resources and thus motivates shortcuts. One common heuristic on which people rely is to count the number of items presented rather than evaluating content on its merit. This is known as the "numerosity effect" (Pelham et al., 1994). When the "items" are reasons to do or not do something, one might find multiple "lame" (weak) reasons to be more compelling than a few sound, strong reasons due to their mere number. Sweeney and Kellaris (2008) found that ethical ratings of a controversial act were lower among people presented with 12 (versus three) reasons not to do the act, despite the 12 reasons being somewhat superficial. Conversely, ethical ratings of the same act were higher among people presented with 12 (versus three) reasons to do the act.

To illustrate the numerosity bias to students, ask them to read a controversial (mid-scale) business practice as in Demonstration 1 above. Before asking for ethical ratings, present half of the students with three reasons to do what the actor in the scenario did. Building on the Kleiser et al. scenario cited above, Sweeney and Kellaris (2008) presented this list: "1. This is a perfectly legal, well-accepted relationship-building technique. 2. The customer asked to be taken to the game. 3. There were no negative consequences." Present the other half of students with the same list, continuing with: "4. In fact, there were positive consequences. 5. Salesman M was just doing his job. 6. It's just a ball game, not an expensive gift. 7. Everyone does this. 8. Refusal could have damaged the relationship. 9. It was not a tangible gift, such as money or a TV set. 10. Salesman M did not make the initial overture. 11. XYZ bought those

season tickets for a reason. 12. The tickets might have gone unused and been wasted." (Taken from Sweeney & Kellaris, 2008.) Optionally, some students can be assigned to a control group that sees the just scenario, without the list of justifications.

The expected result is that those given 12 justifications for performing the act described in the scenario will rate the act as more ethical; those given only three justifications will rate the act as less ethical. This is, in fact, what Sweeney and Kellaris (2008) observed. However, in one administration of this demo at a Christian University, the reverse effect was obtained. Reading 12 justifications made students suspicious ("me thinks thou doest protest too much") and more critical. Nevertheless, the point is that if students apply an absolute standard, judgment should not be swayed in either direction by reading a list of justifications.

A variation of this experiment would be to generate lists of three and 12 reasons not to do the act described in the scenario, in which case the expected results (those obtained by S & K) would be a lower average ethical rating for the group exposed to the longer list. If Christian students were not prone to this judgmental bias, one would expect the means of both groups to be identical (or statistically similar). Moreover they should not differ from a control group who saw and rated the scenario without seeing three or 12 justifications.

A FEW PRACTICAL TIPS...

In smaller classes, results of a demonstration experiment can be tabulated instantly by asking students to (1) complete the exercise, (2) identify which group they are in, then (3) shout out the number they circled (Demonstration 1 and 3) or which plan they chose (Demonstration 2). The instructor can record results and tabulate them by hand or assign one student to be the class "statistician." In large classes the instructor can collect students' responses, enter them in a spreadsheet or analytic program such as SPSS or SAS, and report the results at the next class meeting.

These demonstration experiments have produced the expected pattern of results reliably over multiple iterations. Nevertheless, sometimes the results of an experiment are obfuscated by the responses of outliers. In experiments involving ethical ratings, some students may refuse to make any distinction between slightly and extremely unethical acts. Premeditated murder is wrong and "borrowing" a paperclip from an office without permission or replacement is also wrong; hence, both acts may be rated as a one on the 10-point ethical(10)/unethical(1) scale by some individuals. Should that occur in your demonstration, consider excluding such outlier responses from the calculation of the group average. This is justifiable on the grounds that means are highly sensitive to outlying observations, outlier responses are atypical and hence not representative of the majority, and may reflect a misunderstanding of or refusal to perform the experimental task which calls for use of the 10-point scale (not just its endpoints).

Another hazard to watch out for is that the heuristic bias in Demonstration 3 can melt away or even reverse direction with ample critical thinking. In one case, students at a Christian university who were exposed to lists of three or 12 positive justifications found themselves disagreeing with the justifications. Whereas the longer list had potential to generate more disagreement, students exposed to 12 positive justifications produced lower average ethical ratings than students exposed to three positive justifications. On the surface, this appears to be a failed experiment. However, the lesson here is still valid: if the application of absolute, Christian ethical principles is consistent across circumstances, the various groups in the experiment should have produced statistically similar results. In fact they did not. Results vary across lists whether the lists provoke agreement or disagreement with the justifications presented.

If class size is very small, an alternative to conducting the above demonstrations in class would be to assign students to collect data from fellow students and share results in class. This could be done in other, larger classes either during class time (with prior consent), or as students enter/exit a class. Alternatively data could be collected in a dormitory, dining hall, at a chapel, or other convocation.

CONCLUSION

Like drivers who believe that traffic laws apply to all the other motorists on the road, students often seem to believe that judgmental bias is a problem to which the ethical decisions of others are prone. The demonstration experiments offered here are designed to illustrate that (1) human judgment is prone to subjective, circumstantial bias, (2) whereas Christians are equipped with human brains, our ethical judgment is not immune to such biases, and (3) despite sincere intent to apply moral absolutes when making ethical judgments, our subjective judgment can be swayed circumstantially by reference points, frames, reliance on heuristics, and other sources of bias.

The good news is that being aware of sources of bias can mitigate their deleterious effects on judgment. UMR is

a fragile enemy that runs from minds fully engaged and armed with information. As Christian business educators, it would seem imperative that we "arm" our students with this information in a way that convinces them of its value and motivates them to take it to heart. In my experience, preaching in the classroom has limited impact. A single, dramatic demonstration experiment, by contrast, can be a highly effective way of getting an important message through. The author has found that self-generated evidence is a powerful teaching tool for chipping away at the natural resistance of a youthfully over-confident, "surely not I, Lord" mentality.

Some additional points of discussion might include questioning from a Christian perspective the very idea of ethical "gray areas" and scalar ratings represented in these exercises. One might also question the idea of making ethical judgments on the basis of outcomes ("consequentialism"), as in Demonstration 2. Christian ethics, rooted in scriptural injunction, is in essence deontological (Hunt & Vitell, 1986). Ends do not justify means when the means are per se unethical. Are there other subtle examples of importation of values (Jung & Kellaris, 2001) underlying the experiments? Students can be challenged to address this question to foster critical thinking and to map the significance of the experiments onto a Christian ethical framework. Yet another direction for discussion would be the roles of individual and cultural differences in shaping ethical responses (Jung & Kellaris, 2004).

Although these demonstration experiments are intended for use in business ethics classes, they could also be used in any introductory business class (e.g., marketing or management), in a business statistics class, or in a marketing research class as a methodological illustration with ethical implications, or in a psychology or consumer behavior class to illustrate psychological principles with ethical implications.

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