The Dynamics of Ethical Decision-Making in Business Settings: Some Implications for the Teaching of Ethics in Business Education

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AUTHOR'S DECLARATION

This is to certify that:

I.   this thesis comprises only my original work towards the Master of philosophy Degree
II.   due acknowledgement has been made in the text to all other materials ued
III.   the thesis does not exceed the word length for this degree
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ABSTRACT

This study investigated ethical decision-making in the context of business settings and the teaching of ethics in business education. Over the past century or so, there has been a general acceptance of the need to teach business ethics in business education. However, close scrutiny shows that it has been patchy, and where it has been taught it is often only as an elective. Nevertheless, ethics is important in the business world and unethical behaviour can exact severe punishment. This suggests it should be taught, but that raises questions of how, and on what theoretical basis? For the past half-century, Kohlberg's developmental theory of moral development has provided the main model in business education, but in the last decade criticisms have come from the social-intuitionist approach and from dynamic systems theory (DST). A dynamic systems approach was used as the main theoretical framework for this study.

The adoption of this approach impacted the research methodology of this study and the interpretation of the data. In terms of method, whereas Kohlbergian and similar cognitivist approaches used hypothetical dilemmas in conducting research, this study employed five scenarios that attempt to mirror real-life ethical dilemmas that arise within a business context. Each scenario contained an ethical dilemma, but it was up to the participant to identify it. In terms of the analysis of data, whereas previous approaches applied supposition-laden scoring schemes based on assumed stabilities (e.g., stages and levels) in development, this study attempted to identify emerging and shifting patterns of decision-making in different contexts. Research was undertaken with 16 MBA students enrolled in a business school in a university in Sydney. The findings of this study appear to provide important clues about ethical decision-making, which could be used in future to design alternative pedagogies and teaching materials, when teaching business ethics in the context of business education.

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CHAPTER ONE – INTRODUCTION

1.1   Learning and teaching business ethics within business education

This educational context of this study is the learning and teaching of business ethics in business education. On 3rd December 2014, Greg Medcraft, the Chairman of the Australian Securities and Investments Commission (ASIC) gave a speech at the Australian National Press Club in which he argued that there is a need for a national examination for financial advisors, to lift trust and confidence in the financial advice sector. His comments were made against the background of what he called "high profile cases of advisors mis-selling financial products". He argued that the examination should be at a university degree level and he emphasised that "most importantly ethics has to be a core component, because ethics is what should be driving good financial advice" (Medcraft, 2014).

Metcraft's call for ethics to be a core component of a national university-level examination for financial advisors raises important questions that are central to this inquiry. We may all agree that the business and financial sectors should be run ethically, but how can ethics be taught in the context of a university-level course; what would be the content of such courses and what pedagogies would be used? Moreover, even if it could be taught successfully, would there be a transfer from the classroom and examination rooms into the highly competitive and diverse business and financial market places, where real people work in real business environments?

In fact, the inclusion of a business ethics component within university courses of business education has a long record, going back some one hundred years (Van Fleet & Wren, 2005; Abend, 2013). Nevertheless, it is also true to say that the record is patchy; often business education courses do not contain an ethics component and when they do it is usually an elective rather than a required component. Also, it not clear whether courses in business ethics really reflect the actual ethical decision-making processes in the business world (Macfarlane & Ottewill, 2004; Wilhelm, 2005).

1.2 The theoretical framework for this investigation

Part of the problem here may be that the teaching of business ethics has often been founded on cognitive rationalist theories, such as those of Lawrence Kohlberg (Kohlberg, 1984) and his neo-Kohlbergian followers, including James Rest (Rest, Narvaez, Thoma, & Bebeau, 2000). These have assumed that ethical decision-making is largely a deliberative rational process, but perhaps ethical decisions are much more intuitive than that (Haidt, 2012). Also, the Kohlbergian approach assumed that our abilities of ethical reasoning and decision-making develop in a fairly orderly and predictable way, but could it be that human development, including moral development is much more messy, variable and context related than this notion of linear development implies (Thelen & Smith, 1994, Kim & Sankey 2009).

Over the past ten years, there have been two main sources of criticism of cognitive rationalist theories of ethical development; from the social-intuitionist approach, as exemplified by Jonathan Haidt (2001, 2008, 2013), and from dynamic systems theory (Kim & Sankey, 2009; Overton, 2006; Reed, 2013; Sankey & Kim, 2013). Both of these theoretical frameworks pay attention to human evolution, both places an emphasis on the human brain, and both recognise the important role that emotion plays in our ethical decision-making. By contrast, these considerations were largely missing in Kohlbergian and neo-Kohlbergian approaches. On the other hand, however, the social intuitionists are dismissive of Kohlbergian cognitivist claims regarding the development of rational decision-making, whereas the dynamic systems approach *is* developmentalist - though its account of development is not rationalist. As the overall intention of this study is to work within a developmental framework, because it is particularly suited to education, this study largely employed a dynamic systems approach, while also drawing on other critical literatures.

If indeed there has been something wrong with the way moral and ethical development has been conceived in the past, as some critics claim, the thought arises that this could have adversely influenced the teaching of ethics in business education. This, in turn, may have

contributed, at least in part, to the patchy nature of ethics courses in business education, because teaching ethics was seen to be problematic, even though it has often been recognised that ethics should be a core component of business education. Given that a new theoretical framework such as Dynamic Systems Theory (DST) is now available to educators, however, this might provide a new and better foundation on which to build a new curriculum initiative in teaching business ethics. It is this possibility that is explored in this thesis, in the hope that future studies could use it to build a new business ethics curriculum with new and interesting pedagogies and teaching materials.

1.3 Purpose and three main objectives of the study

Within the overall framework of DST, the main purpose of this study is to try to investigate a new understanding of ethical decision-making and how it surfaces in business settings, as a new foundation for future research. Given this overall purpose, one main objective of the study is to explore the nature of ethical decision-making when faced with ethical dilemmas in real-life business settings, including the relationships between ethical thinking (whether intuitive or reasoned) and ethical behaviour. This is important because 'thinking' and 'action' were often held apart in the Kohlbergian tradition (Kristjánsson, 2009, 2010; Kim & Sankey, 2009). Lawrence Kohlberg (1969, 1984) largely ignored moral action, placing his emphasis on moral reasoning and, though his later followers included moral action, they saw it as one of four separate components of morality (Rest & Narvaez, 1994). A strong reason for adopting a dynamics approach is that it brings together thought (reasoning) and action as inherently interwoven and not easily separable (Thelen & Smith, 1994).

A second main objective of this study is to include the role of emotions into an understanding of ethical thinking and acting (Treur, 2012; Thompson 2011; Kristjánsson, 2009; Fischer & Bidell, 2006; Damasio, 2000, 2003). This is also highlighted in a dynamics approach, where emotion is usually considered in relation to the neurobiology of the brain (Damasio, 1994; Garvey & Fogel, 2007; Kim & Sankey, 2009; 2010; Kim, 2013), but was largely absent

from the Kohlbergian approach. From the perspective of a dynamics approach, thought is understood as "an in-the-moment unique event, open to a continually changing world, and the product of the intrinsic dynamics of a non-stationary system" (Smith, 2005, p.279).

A third main objective was to build a bridge between the important theoretical basis of the research and educational practice in business education, especially when teaching issues that have a strong ethical dimension. This is also helped by using a dynamics approach where the image of thought and action is characterised as contextually related, exploratory, opportunistic, syncretic in the sense of drawing on multiple influences, and highly variable (Kim & Sankey, 2009). This image contrasts strongly with the kind of image found in the Kohlbergian approach, which views ethical decision-making without giving priority to the context and as developmentally progressive, moving from one relatively stable stage to another higher stage (Kohlberg, 1984; Rest, Narvaez, Thoma, & Bebeau, 2000).

In adopting these objectives it was hoped that this research would enhance our understanding of ethics within the business environment. For example, ethical decision-making in the business world is often exploratory and opportunistic, seeking out the best action to suit the actual circumstance and employing whatever opportunities are at hand. Moreover, feelings, emotions and affections will often intensify within a heightened ethical context, producing a complex mix of influences on making a moral decision and then acting upon it. This study was constantly mindful of the very fluid and context-sensitive, exploratory and opportunistic nature of ethical thinking within the context of business settings, and tried to allow for it to surface as far as possible in framing the research questions and to capture it in designing the research methodology. The research questions also attempted to capture the concern of those who work in business settings, to be seen to function in the best interests of the company, for example in maximising profits, capturing a niche market or enhancing the company's brand.

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1.4 Research questions

There were two main research questions:

1.   What *strategies* might be operating when making ethical decisions in a business context, where the main consideration is acting in the best interests of the company?

2.   What *factors* influence decisions to act in ways that compromise, or are contrary to one's ethical beliefs and values, if these are not congruent with the perceived best interests of the company?

1.5 Significance of the study

In a recent special issue of the *British Journal of Management*, the guest editors identified "the widespread emergence of unethical decision-making and behaviour in management as an important topic for a future research agenda" (De Cremer, van Dick, Tenbrunsel, Pillutla, & Murningham, 2011p. S1). This study is significant in that it was prompted by a similar concern about 'unethical decision-making and behaviour in management', and the need, therefore, to identify factors that are operating when individuals make ethical decisions in a business context. It is also significant in that it is conducting this research agenda within the context of a theoretical framework that provides a very real alternative to previous conceptualisations of ethical decision-making. There is a quite widespread acceptance that previous rationalist approaches within a business context have been flawed (Sonenshein, 2007; Barraquier, 2011; De Cremer et al., 2011) because they overlook the contextual, dynamic and shifting nature of decision-making. However, within the context of business education there are no studies that specially adopt a dynamics approach, even though that approach to moral education has raised interest within education more generally (Kim & Sankey, 2009, 2010; Kim, 2013; Groff, 2013; Steenbeek & van Geert, 2013). Educationally, this study is significant because it is anticipated that this new understanding could be used as a foundation for a new pedagogy and the design of new materials when

teaching business ethics. However, the design of a new pedagogy and accompanying materials is outside the scope of this study. It is hoped it will be a later study, based on the findings of this study.

1.6 Definition of terms related to 'ethical decision making in business settings

Business ethics: Business ethics is a form of "applied ethics that addresses the moral features of commercial activity" (Marcoux, 2008). Or, when focused on the actions of agents within business setting, "the study of those decisions of managers and corporate management which involve moral values" (Gandz & Hayes, 1988, p. 657)

Decision-making: Although it has long been identified with "the rational coordination of beliefs and desires, both in its non-technical, folk-psychological expression" (Lakomski & Evers 2010, p.438), this omits decisions that are made intuitively (Haidt, 2012) or tacitly (Polanyi, 1966;1983). In this study, decision-making is viewed as a process encompassing both thought and emotion, and may be manifested both consciously and subconsciously (Sankey, 2006).

Dynamic Systems Theory (DST): Dynamic Systems Theory is a meta-theory within the study of human development. It views human development, including the development of thoughts and actions, in all its different forms, as "resulting from the process of *emergent self-organisation* that requires only an initial value bias, not moral blueprints in the head or in the genes…" (Kim, 2013, p. 13).

Emotions: Emotion "is the process that emerges from the dynamic interaction among these components as they occur in relation to changes in the social and physical context…From a dynamic systems perspective, coherent emotions can be conceived of as relatively stable patterns that are continually constructed by complex and dynamic process of interaction among the components" (Fogel 1992 cited in Thelen and Smith1994, p. 320). Emotions are viewed as an "emergent, self-organized process, emotions like cognitions are fluid context-sensitive, nonlinear, and contingent" (Thelen and Smith 1994, p.320).

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Moral sensitivity: Moral sensitivity is "the caring dimensions of moral development" (Dunn, 2006 p.333). Jagger (2011) says moral sensitivity "is the ability to identify the salient aspects of a moral dilemma, ... and it involves the ability to see the implications of actions outside one's environment—to view the issue within the context of the broader social picture" (p.15). Narvaez (1996) divides "the concept of moral sensitivity in two parts—moral perception and moral interpretation" (p.2). Perception incorporates "elements of *attention* as well as affective responses such as attraction, empathetic response and mood" (Narvaez, 1996 cited in Jagger, 2011, p. 15), while interpretation "is the conscious realisation that a moral situation exists and a judgment is required" (Jagger, 2011, p. 15).

Social Intuitionist Model: The Social Intuitionist Model affirms that "people engage in moral reasoning primarily to seek evidence in support of their initial intuition and also resolve those rare but difficult cases when multiple intuitions conflict" (Haidt, 2008, p.69).

Moral Values: Moral values are "guiding principles, beliefs, sensitivities, held and displayed by individuals or groups in respect to how they relate to and deal with others and the world" (Sankey & Kim, 2016). They "are desirable, abstract, trans-situational goals that serve as guiding principles in people's lives and as criteria they use to select, justify and evaluate actions, people, and events" (Schwartz 1992, cited in Kuczynski and Navara 2006, p.301).

1.7 The structure of the thesis

In what follows, in Chapter 2, the relevant background literature is discussed. Chapter 3 outlines the research methodology including the design of the research instrument and the process of data analysis. Chapter 4 discusses the findings of the empirical study in terms of the data garnered from the participants in response to 5 scenarios, the analysis of the data and its interpretation. Chapter 5 discusses the research findings in terms of their novelty and the possible implications this study might have for teaching ethics in the context of business education. It also considers the limitations of the study.

CHAPTER TWO – RELEVANT BACKGROUND LITERATURE

2.1 History of business education and the teaching of business ethics

The establishment of the first schools of business occurred at the end of the nineteenth-century in America. The University of Pennsylvania established the first formal school of business in 1881 (Van Fleet & Wren, 2005; Abend, 2013). The Harvard Business School was created in 1908 (Cruickshark, 1987). The Harvard program started at a graduate level with a five-year experimental authorization under the wing of the department of Economics (HBS Timeline). By 1912, there were 13 business programs in the United States. A century later, in 2010, it had grown to 1,495 programs (Herrington & Arnold, 2013). Business education in America expanded significantly in the first two decades after the Second World War. This period of growth also witnessed many changes in U.S. business education, including new channels for transferring knowledge, and the whereabouts of new business knowledge in industry (Amdam, 2008). European business schools were much influenced by the American schools, such that the term 'Americanization' was used to describe the relationship that existed between American and Western European business schools for this period (Amdam, 2008). In Europe, a rapid growth of undergraduate business programs and MBA programs occurred in the second half of the twentieth century, especially between the 1960's - 80's (Locke, 1996; Amdam, 2008).

The inclusion of a business ethics component within university courses of business education also has a long record, going back some one hundred years (Van Fleet & Wren, 2005; Abend, 2013). Ethical issues in business began to be perceived as a public problem at the end of the nineteenth-century, at much the same time as the establishment of the first schools of business. In 1904, Colonel Harris Weinstock in the University of California, Berkeley instituted a series of lectures with the title "The Morals of trade" (Abend, 2013, p.180). In 1907, also at the University of California, Berkeley, John Brooks spoke on 'The Conflict between Private Monopoly and Good Citizenship' (Brooks, 1909). In 1908, Yale University offered a series of lectures through their Sheffield Scientific School which ex-graduate Edward D. Page named

the "Page Lecture Series", having lectures on "ethics of production, competition, credit and banking, public service, and corporate and other trusts" (Abend, 2013, p.181). The following year, in 1909, the title of the lectures was 'Every-Day Ethics', with lectures on "journalism, accountancy, lawyer and client, transportation, and speculation" (Abend, 2013, p.181).

The new undergraduate business programs and MBA programs established after the Second World War were often accused of distancing themselves from business practice (Locke, 1996; Amdam, 2008), though business ethics became a particular focus of concern in some courses. In 1958, for example, the Harvard Business School approved an elective course "Business, Society, and the Individual". Thirty years later, in 1988, it introduced its first required (compulsory) module, "Decision Making and Ethical Values" (Ciulla, 2011, p.341).

In the 1970's, in America, John Rawls' (1971) *A Theory of Justice* was especially influential in relating ethics to economic and business issues. In the 1980's books by De George (1982), *Business Ethics* and by Velasquez (1982), *Business Ethics: Concepts and Cases* supported courses on business ethics in philosophy departments and business schools. In addition to these philosophical approaches in America, a cognitive developmental approach began to take precedence from the 1970's onwards, influenced by the work of Lawrence Kohlberg and colleagues. James Rest, a student of Kohlberg, notes that: "The popularity of Lawrence Kohlberg's ideas about morality began to rise with the student protests of the late 1960s, with opposition to the Vietnam War, and with the Civil Rights Movement" (Rest & Narvaez, 1994, p. 1). In 1994, Fraedrich, Thorne, and Ferrell observed that many researchers in business education have used Kohlberg and Rest's Defining Issue Test (DIT) scale to investigate morality. At much the same time, Nelson and Obremski (1990), Trevino and Youngblood (1990), and Goolsby and Hunt (1992) noted that managers and executives have used the Kohlbergian approach for in-service employee training. This approach relied heavily on the resolution of hypothetical ethical dilemmas, and this was perceived as having particular relevance within business education. Ethical dilemmas arising within business practice could

be studied, for example, through discussion and role-play as a learning activity, and as an assessment exercise.

The study undertaken for this thesis used a modified version of the dilemma approach. It focused on scenarios that potentially raise moral dilemmas, though these were not explicitly identified as such. Rather than presenting a dilemma (as in the Kohlbergian approach), participants in this study were asked to respond to business-related scenarios, and it was up to the participant to identify whether they perceived ethical dilemmas or not. Moreover, in the Kohlbergian approach the participant was an outside observer of action, whereas in this study the participant is drawn into the scenario by playing the role of a company employee, who is asked to make a decision based on the best interests of their company. This method will be described more fully in the following chapter.

Currently, the prevalence of business ethics components in present-day courses of business education is best described as 'patchy'. A 2005 review of the top fifty business schools in the US found that of 36 undergraduate programs investigated only nine required a class in ethics (Wilhelm, 2005). However, in MBA programs, 21 out of fifty required a stand-alone course in business ethics, four had business ethics integrated in some form in the curriculum, and fifteen programs had business ethics as electives offered by the schools. Only ten programs did not require ethics education or offer it as an elective (Wilhelm, 2005). By contrast, in 2001, in the UK, only 14 of 164 (8.54%) institutions made reference to ethics in their statement of aims and objectives (Macfarlane & Ottewill, 2004).

In Australia, at the Australian National University, there is not an ethics component in the undergraduate Bachelor of Business Administration program, though there are optional ethics components in the MBA programs. If one specialises in Business and Government, there is an optional course, 'Ethics and Public Policy'. In specialising in leadership there is a required course within the program; either 'Managing Business Ethically' or 'Business Ethics'. For the MBA program at the University of Melbourne, students are required to take two courses, 'Social Responsibility and Ethics', and 'Decision Making'. At the University of Sydney, the

undergraduate Bachelor of Commerce program has a major in International Business in which there are 21 options, one of which is 'Ethical Issues in International Business'. In the MBA program, there is an elective unit of study, 'Business Sustainability'.

Where business ethics is currently taught in business education, the Kohlbergian cognitive developmental approach has continued to be influential. For example, Ion Copoeru (2012) states that for educators, researchers and practitioners currently in search of valuable tools for making "reasoned decisions in various corporate ethical climates…One of the most popular approaches of this kind is based on Kohlberg's theories of moral development" (p. 40). In 1990 James Weber stated that Kohlberg is "perhaps the most important psychologist in the field of moral development" (Weber, 1990, p.688). Mary Arnold (2000) acknowledges that Kohlberg came to "revolutionize the study of morality, and his moral stage theory is generally acknowledged to have dominated the field ever since" (p.366).

Following the initial work of Lawrence Kohlberg, a Neo-Kohlbergian approach emerged in the last two decades of the twentieth century, initiated by James Rest, Darcia Narvaez, Muriel Bebeau, and Stephen Thoma, which focused on devising a tool to measure moral reasoning quantitatively. The best-known example is James Rest's (1979) Defining Issues Test (DIT). Subsequently, Rest (1986) proposed a Four-Component Model of moral functioning (Rest, Narvaez, Thoma, & Bebeau, 2000). Basically, the Neo-Kohlbergian camp employed factor-analysis of large-scale data from the DIT studies, which led to a three-schema theory (Personal interests, Maintaining norms, and Post-conventional thinking), replacing Kohlberg's six stages of moral development (Rest, Narvaez, Bebeau, &Thoma, 1999).

Scott Sonenshein (2007) noted that the Neo-Kohlbergian approach flourished in business education "because of their cumulative research agenda and the absence of well-developed alternative theoretical perspectives" (p.1022). In particular, three prominent models are well known as examples that adopted the rationalist assumption: "managers as philosophers model" (e.g. Fritzsche & Becker, 1984; Hunt & Vitell, 1986), "person-situation model" (e.g. Trevino, 1986; Trevino & Youngblood, 1990), and "issue-contingent model" or "moral

intensity model" (e.g. Jones, 1991). However, despite the continued use in business education of Kohlberg and more especially the Neo-Kohlbergian theory (Gaudine & Thorne, 2001; Herington & Weaven, 2007; Weber & McGivern, 2010; Jagger, 2011; Crossan, Mazutis, & Seijts, 2013), within mainstream developmental science the cognitive developmental approach has been subjected to considerable criticism, which will now be considered.

From this brief history we seem to be faced with a major educational problem. On the one hand, there is evidence that the inclusion of an ethics component within business education is recognised as important, but on the other hand its inclusion within courses is patchy. Moreover, the Kohlbergian and neo-Kohlbergian approaches based on a cognitive rationalist account of moral decision-making, that have dominated the teaching of business ethics for more than half a century, are now viewed as rather problematic. An important aim of this thesis is to explore an alternative approach to moral development, in the belief that this may eventually lead to a more dynamic pedagogy and the design of appropriate teaching materials. It is therefore important to know why Kohlbergian theory is now considered by some critics to be problematic.

2.2. The cognitive developmental approach to ethical decision-making and its critics

From the beginning, there were critics of the Kohbergian cognitive developmental approach. For example, Carol Gilligan (1982) argued from a feminist perspective that Kohlberg's theory is based on a limited notion of morality, as justice, and that this is a male-oriented model. However, Moshman has noted "systematic overviews of the vast literature on gender difference in moral development have not supported her categorical claims regarding male and female moralities" (Moshman, 2011, p.79).

Arguably, a deeper problem lies with the way the Kohlbergians conceptualised moral decision-making, in that they start with cognition, involving a personal construction of general epistemological categories. Development is said to occur through time due to change, conceived as a shift from Pre-Conventional to Conventional and then to Postconventional moral

thinking (Rest, Narvaez, Bebeau, & Thoma, 1999). From this perspective, moral decision-making is conceived as a conscious, deliberative, rational act of mind, and moral development is conceived as largely linear, moving upwards and onwards towards a clearly identifiable and largely predictable end-point – Kohlberg's Stages 5 and 6 that comprise what he and the Neo Kohlbergians refer to as the Post-Conventional level of moral reasoning and moral-decision-making.

In the past twenty years or so, the shortcomings of the Kohlbergian account of moral decision-making and stage-development have been highlighted. Psychologist Robert Siegler (1997) criticized the rigid stage progression of Kohlberg's model, and pointed out that at Kohlberg's sixth stage, the person making a choice guided by his/her own principles may call on standards that could be questioned, meaning their choice may not be a reasonable one. Trevino (1986) states that Kohlberg's model is limited to cognition, not behaviour, and that although moral judgment is needed; it is not a condition for moral behaviour. Bartlett (2003) pointed out that the Kohlbergian studies "show generally weak, if statistically significant, links to both ethical decision-making and subsequent behaviour", (p.225). He also noted that Kohlberg's theory is biased towards urban Western democratic cultures. Moreover, the important role of emotions in decision-making is largely missing from the Kohlbergian model, whereas in the past two decades, the interweaving of emotion in rational thinking and decision-making has been recognised in mainstream neuroscience (Damasio, 1994, 2000) and more recently in the context of moral education (Sankey & Kim 2013; Kim, 2013).   In regard to business education, Crane and Matten (2010) notes the Kohlbergian theory was developed in a non-business context, where the interviewees were not a representative sample of business people and were also predominantly males.

It is now generally agreed, even among former supporters of Kohlberg, such as Daniel Lapsley and Darcia Narvaez that Kohlberg's standard model "no longer animates the leading edge of developmental science" (Lapsley & Narvaez, 2005, cited in Lapsley & Hill, 2008, p.314). Lapsley & Carlo, (2014) have observed that Kohlberg's theory "lost its urgency... as

alternative models of intellectual development gained currency" (p.1). Moreover, "the insistence that stages be defined as structured wholes, for example, or that developmental sequence be invariant proved difficult to sustain empirically" (Lapsley & Carlo, 2014, p.1). Therefore, they concluded, "after 50 years the Standard Model of moral development looks a bit shop worn" (Lapsley & Hill 2008, p.314).

2.3 The Social Intuitionist model of moral decision-making

In the wake of this general awareness that the Kohlbergian model of ethical decision-making has become problematic, two main alternatives in moral psychology have appeared in the present century: the Social-Intuitionist (SI) approach of Jonathan Haidt (2001, 2012) and Dynamic Systems Theory (DST); a recent new theoretical framework or paradigm in developmental science (Thelen & Smith, 1994) and in moral development theory (Kim & Sankey, 2009). DST provided the main theoretical framework for this thesis, though it has to be noted that there are some overlaps between the SI account and DST. For example, both refer to the biological origins and evolution of morality and both place a strong emphasis on emotion in decision-making. In what follows, I will first give a brief introduction to Haidt's thesis, and then provide a more detailed presentation of DST.

In arguing against the Kohlbergian cognitive developmental approach to ethics, Haidt (2001) has proposed what he calls a social intuitionist approach to moral decision-making. Haidt believes that the previous strong emphasis of Kohlberg and other moral psychologists on moral development and rational decision-making was a mistake. Morality, he believes is not primarily rational, rather it is intuitive. He says that moral decision-making "is caused by quick moral intuitions and is followed (when needed) by slow, ex post facto moral reasoning" (p.817). We act first and reason afterwards (Haidt, 2001). This would seem consistent with Krohn's (1985) claim that "the practicing marketer and businessperson must often make quick decisions without benefit of prolonged speculation" (p.65). Haidt has more recently argued for five "universal cognitive modules upon which cultures construct moral matrices" (Haidt, 2012,

p.124), each of which corresponds to an adaptation to an ecological context and each is said to have a characteristic emotion. In discussing Haidt's claims, Patricia Churchland points out that the practice of "itemizing fundamental virtues has a venerable history in philosophy" (Churchland, 2011, p.112). However, although she concedes that "Haidt's project is laudable" (p.113), she also notes that he provides no supporting evidence from "molecular biology, neuroscience, or evolutionary biology to support his substantive claims" (p.114) that there are these five fundamental intuitions, five universal cognitive modules. This is a telling criticism because Haidt claims to have rooted his theory in evolutionary science and neuroscience.

Kennett and Fine (2009) have also questioned Haidt's intuitionist claims, pointing out "that there can be no 'real' moral judgments in the absence of a capacity for reflective shaping and endorsement of moral judgments" (p.77). Greene, Somerville, Nystrom, Darley, and Cohen (2001), combine both the cognitive rationalist and the intuitive models, arguing that people use controlled cognitive processes once they've had their initial quick and automatic responses for such moral judgements. Sankey & Kim (2013) are critical of Haidt's dismissal of moral *development*, though they agree with Haidt that our actions are frequently intuitive and our reasoning sub-conscious (Lakoff & Johnson, 1999). Moreover, it "is often post-event, a narrative we tell to explain and justify our actions, but not actual reasons or causes; these are quite literally out of mind" (Sankey, 2011, p.419). The emphasis on moral *development* is especially important within the context of moral or ethical education and therefore for this thesis; for if there is no moral development it is difficult to see how there could be any moral learning, and vice versa – the two seem to go hand in hand.

2.4 Dynamic Systems Theory (DST), as a new theoretical framework or paradigm in human and moral development and decision-making

Over the past two decades developmental science has advanced considerably, especially under the influence of DST. Dynamic Systems or Complexity Theory (CT) had its origins in

mathematics, physics and chemistry (Mitchell, 2011) before entering biology (Sole & Goodwin, 2000). It was taken up in developmental psychology by pioneers such as Esther Thelen and Linda B. Smith (1994) in their seminal study of the development of cognition and action. It has since been applied to many other areas of human development (Overton, 2006), such as emotional development (Lewis & Granic, 2002; Camras & Witherington, 2005), language development (Evans, 2009), and moral development (Kim & Sankey, 2009).

According to Thelen and Smith (2006) development should "be understood as the multiple, mutual, and continuous interaction of all the levels of the developing system, from the molecular to the cultural, and as nested processes that unfold over many timescales from milliseconds to years" (p.258). Change happens within many systems where components interact within different time scales, where behaviour unfolds within seconds to longer time scales for learning and development (Spencer et al., 2012). A core idea of this approach is that human development, in all its different forms, is the product of emergent self-organizing processes within continually active, dynamic living systems. These systems are often referred to a Non-linear Dynamic Systems (NDS) (Van Geert, 2009) because the underlying mathematics is non-linear, encompassing variability.

With regard to the development of decision-making, DST offers two important insights that also have implications for research methodology. First, decision-making results not only from the long-term dynamics of a persons' history of learning, but also from the 'here-and-now' dynamics of a given task, including its goal and context. The core assumption underpinning traditional developmental theories, including Kohlberg's moral development, is that "knowledge or abilities are stored 'things' that are timeless and exist outside their here-and-now performance" (Thelen & Smith, 2006, p. 278). That assumption drove researchers to focus on the stabilities of development (as exemplified in the idea of 'stages' of development). Moshman (2011) noted that Kohlberg's theory "fails to address the specifics of moral functioning in context and underestimates the impact of situational factors on behavior" (p. 76). In contrast to Kohlberg and the cognitive rationalists, DST posits that learning and

development, and by extension decision-making, are highly contextually related, exploratory, opportunistic, syncretic (in the sense of drawing on multiple influences), and highly variable (Thelen & Smith, 1994, Kim & Sankey, 2009).

Thus, from a dynamic systems view, decision-making results from "a process driven by constant dynamic coupling of an organism to an environment" (van Geert, 2009, p. 259). Moreover, whereas instabilities were systematically excluded in the Kohlbergian model, "as 'noise' in the system" (Thelen & Smith, 1994, p. 145), in a dynamics account, "behavioural instability is particularly important for understanding development, because it is frequently associated with transitional events" (Howe & Lewis, 2005, p. 249). In "experimental psychology 'noisy' data are bad data" and are usually discarded "as they do not produce statistically reliable effects" (Thelen & Smith, 1994, p. 67). In terms of research, Fischer and Bidell (2006) suggest, "designing research to analyse dynamic variation leads to new insights about the stabilities inside the variability" (p.389). This present study attempted to identify emerging and shifting patterns and both stabilities and instabilities in the processes of ethical decision-making in different business contexts, represented by five different business scenarios.

Second, DST offers the concept of *attractors* that can be useful as a conceptual and analytical tool when analysing stabilities and instabilities in a micro process. In this study, the strategies or default positions adopted by the research participants, in response to the scenarios, approximate to attractors. Within the literature, the identification of behavioural strategies or actions with attractors is common. For example, Thelen and Smith in their seminal research into babies locomotion and learning to walk, is interpreted in terms of attractors (Thelen & Smith, 1994, pp.121-125). Dynamic systems are to be found everywhere in the natural world. Technically, human beings and "all biological systems, belong to a class of systems that are both *complex* and that exist *far from thermal equilibrium*" (Thelen & Smith, 1994, p.51). Such systems are said to be 'open systems', in contrast to 'closed system' that are inherently stable and where nothing new can emerge; closed systems are not open to development and change. In contrast, an 'open system' may also be stable, but is open to development and change, which

occurs as a result of drawing energy from the environment (in the form of food in animals) into the system and after doing work, is dissipated back into the environment. Open systems are therefore called dissipative systems (Prigogine & Stengers, 1984). They can also be self-organising, where with sufficient energy and variability; new ordered structures may appear as if from nowhere. Self-organisation systems will "settle into one or a few modes of behavior (which themselves may be quite complex) that the system prefers over all the possible modes" (Thelen & Smith, 1994, p.56) and this behavioural mode is an attractor state; "a stable place where the system settles" (p.53).

Attractors may have varying degrees of stability and instability. One common way to picture this is to imagine balls situated on hills and in valleys. A ball situated on the top of the hill is highly unstable, representing an unstable attractor, with plenty of potential energy so that a small push will send it down into the valley. On the other hand, a ball in a steep valley will need a large energy boost to push it over the top of the hill. If the energy is not sufficient it will soon return to the bottom and become settled again. It is then in the position of a stable attractor. In a less steep valley, less energy is required to push it over the hill. It is therefore in the position of a less stable attractor, and is more easily moved to other attractor valleys that may be nearby. Using this kind of image, Thelen and Smith (1994) pictured development as "a series of changes of relative stability and instability" and as an individual's trajectory through "multiple and changing points of attraction, which coalesce and dissolve with time" (p.122). With regard to thought and action, Van Geert (2009) states, that "the goals or intentions that guide a person's action are self-organizing attractor states under the control of the entire dynamic system of organism-environment" (p.253). Using the idea of attractor states as a metaphor, we can imagine someone with a very firmly fixed point of view to be residing in a deep and stable attractor, and this will influence their reaction to ethical scenarios and what they perceive to be ethical dilemmas. On the other hand, those with less fixed points of view or those willing to explore other options when considering how to act may be said to be in a shallow and less stable attractor states. In this study, in regard to ethical decision-making, whether the attractor was

deep and stable or shallow and less stable was correlated with the scenario context, as perceived by the research participant.

Although the importance of variability, and stabilities and instabilities in decision-making, formed an important part of the research design of this study, it was not the original intention to use the notion of attractors when analysing the data. This was mainly because it was thought that the sample would probably not be large enough to identify attractors. However, in analysing the data, close scrutiny of the responses of the participants showed that, despite their individually different responses to the scenarios, they all tended towards one or a few out of a total of five attractor states that emerged from the data. This result will be described more fully in Chapter 4.

2.5 Recognising the merits of the Kohlbergian paradigm

In the previous section, a number of contrasts have been drawn between the Kohlbergian and Dynamic Systems approaches to moral development. These differences were explored in some detail by Kim and Sankey (2009), when they argued for DST as an alternative paradigm to replace what they saw as the shortcomings of the Kohlbergian approach. However, it is important to note that the differences should not be allowed to overshadow the similarities, and there are three important similarities in particular that should be mentioned in the context of this thesis, in addition to the fact that both approaches are developmentalist, as noted above. First, an important aspect of the Kohlbergian approach was a rejection of moral relativism. Adopting a DST approach could be viewed as somewhat relativistic, but not necessarily so. Second, although DST largely rejects the notion of relatively stable developmental stages, this does not mean that the modes of moral reasoning that Kohlberg identified as occurring at different stages are also considered to be wrong. Third, the Kohlbergian use of moral dilemmas as a research tool is equally available in the context of DST, though the methodological approach will be different. In DST, for example, there is a strong focus on the 'individual'

response, which will often be studied over longitudinal time, rather than seeking cross-sectional, group-average data as neo-Kohlbergians frequently do. This study used dilemma situations that were embedded in business-related situations and data was collected on an individual basis, though not over longitudinal time. The first two points of similarity mentioned above, regarding moral relativity and developmental stages, will now be explored in a little more detail.

Following the Second World War and the horrors of the Holocaust, Kohlberg's major concern was to identify a way of condemning the atrocities that could not be answered by an appeal to moral and cultural relativism. Relativists believe that moral judgements are always relative to time, place and culture. If that is so, then the Nazis could always claim, as they did at the Nuremberg Trials, that their actions were entirely consistent with their beliefs. Those opposed to the Nazis might well disagree with Nazi beliefs, but, so the argument goes, this does not make them wrong it only makes them different. Kohlberg believed that this relativistic defence is morally bankrupt. He was even more worried that "the prevailing social science systems (behaviourism, psychoanalysis)… could provide no resources by which to combat genocidal ideologies. Indeed, positivist social science and Freudian psychoanalysis, each in its own way, assumed the relativity of moral values" (Lapsley, 1996, p.41).

It needs to be stressed that this research study rejects moral relativism, even though the idea that the context and situation impacts moral decision-making is a fundamental part of DST. To come straight to the point, within the business context 'insider trading' is universally considered to be unethical. No account of the context or situation in which it occurs makes any difference to whether a case of insider trading is deemed to be unethical, even though the context and situation may add detail to how and where it occurred. In other words, context and situation cannot be used to justify a particular unethical action. This is a matter of principle, but of course it does not provide an account of why insider trading is wrong. That judgement has to do with unfair practice, or more bluntly with cheating. Cheating in the business context is considered wrong because it betrays trust and undermines confidence, which is generally

believed to lead to chaos in the market place. It is appreciated that this could be treading into difficult philosophical questions that are beyond the scope of this thesis, but the key point, as emphasised above, is that in arguing that context and situation have a major bearing on moral decision-making, this thesis is not defending moral relativism. Within the business community worldwide, ethical standards are fairly well delineated, even though they are often violated.

With regard to the second point, Kohlberg offered six stages of moral development, operating at three different levels of moral reasoning. Moshman (2011) notes that according to Kohlberg, "morality is neither innate nor learned. Rather, its development involves active construction of a succession of cognitive structures, each able to resolve conflicts and contradictions produced by previous ways of thinking about moral issues" (p. 70). Moshman lists the six stages as: Stage 1- Heteronomous Morality; Stage 2- Individualism and Exchange; Stage 3- Mutual Expectations; Stage 4- Social System; Stage 5- Social Contract; Stage 6- Universal Ethical Principles (Moshman, 2011, pp. 71-74). Stages 1 and 2 are at the Pre-conventional Level, Stages 3 and 4 are at the Conventional Level and 5 and 6 are at the Post-conventional Level of moral reasoning. The basic notion is that is that children advance through these stages in order. As noted earlier, a dynamics approach views the notion of developmentally progressive stages as problematic, but that does not imply that the various forms of reasoning are invalid. It simply asserts that they cannot be assigned to the putative 'stages'. Thus as Moshman (2011) points out "children as young as 3 or 4 years old, contrary to Kohlbergian expectation, already distinguish morality from social convention" (p.75). In other words very young children can recognise the difference between the Conventional Level and Post-conventional Level of moral reasoning. This finding cannot easily be accommodated within a strictly Kohlbergian paradigm, though it can within DST. The main point for this thesis is that it is expected that participants in the research will display some or all of the modes or reasoning identified by Kohlberg, even though they are educated adults.

2.6 The role of emotion in ethical decision-making

A major advantage of the social intuitive and dynamics approaches is that both emphasise the role of emotion in ethical decision-making, as do a number of other recent approaches, such as Kristjánsson (2009, 2010). Fischer and Bidell have argued, "emotions have reclaimed centre stage in the study of human action and thought" (Fischer & Bidell, 2006, p. 370). Antonio Damasio played an important role in reinstating emotion into human thought and decision-making with his 1994 book *Descartes' Error*. In this book he describes his parents that had suffered damage to the pre-frontal lobes of the brain and compared them with Phineas Gage, a well-known case from the 19th Century. What he found in all these patients was that the ability to reason was preserved, but they had lost the ability to incorporate emotion into their rational thinking. This finding was contrary to what had previously been believed, dating back to Descartes and others in the seventeenth century that human thinking and decision-making has to be non-emotional if it is to be truly rational.

In investigating this further, Damasio used Kohlberg's Moral Judgment Interview test with a patient he called Elliot, who had damage to his ventro-medial prefrontal cortex. The result indicated that Elliot retained "a capacity to conceptualize means to achieve social objectives, to predict the likely outcome of social situations, and to perform moral reasoning at an advanced developmental level" (Damasio, 1994, p. 48). However, despite this performance when tested on a standardised moral reasoning task, the patient's decision-making in real life was defective. Damasio argued that a lack of emotion, resulting from pre-frontal lobe brain damage, prevented the patient from "assigning different values to different options, and made his decision-making landscape hopelessly flat" (p. 51).

This suggests that reason and emotion are closely intertwined. Rational choices and decisions according to this view "depend as much on the exercise of emotion and feelings as on logical deliberation" (Sankey, 2006, p. 171). Following on from these and similar studies, Kim has argued for the notion of 'emotional rationality', where "rationality and emotion go hand in hand; not only as manifested in what we think and do at the macro-level, but also at the

micro-level of the functioning brain" (Kim, 2013, p. 21). She sees this as especially important in the context of moral or ethical education, and this idea played an important part in designing the scenarios used in this study. Moreover "emotions help to direct our reasoning into the sector of knowledge that is relevant to the current situation or problem" (Immordino-Yang & Damasio, 2007, p.8). Damasio considers that feeling "is the perception of a certain state of the body along with the perception of a certain mode of thinking and of thoughts with certain themes" (Damasio, 2003 p. 86).

2.7 Problems in teaching business ethics in business education

In this chapter, so far, the historical and theoretical backgrounds for teaching ethics in the context of business education have been discussed. In particular the chapter has identified that the teaching of ethics has a long history but is nevertheless patchy, and that it has often been heavily reliant on Kohlbergian and neo-Kohlbergian developmental theory, which is now considered problematic. There is however, a practical problem regarding teaching ethics in business education; it is not clear how best to go about it. In other words, the problem is a curriculum and pedagogical problem; should it be a compulsory or elective subject in business education or should it be integrated into other modules, and what teaching methods would be most appropriate? Also, who should teach it, what kinds of expertise and background do the teachers or lecturers need? These kinds of questions have been around as long as business ethics has been taught, as can be seen from the brief history provided at the start of this chapter, but they become especially important once the background assumptions about moral development and how ethical judgements and decision are made change in response to changing theory.

The aim of this thesis is to begin to examine how ethical decisions are made in business settings, given the theoretical changes that have occurred over the past two decades or so, including the theoretical insights that have emerged from SI and more especially DST. It is not within the scope of this thesis to design a new curriculum, pedagogy and teaching materials, but it is intended that this thesis will lay a foundation for exploring these in a further study.

Therefore, although this thesis is concerned with the changes in theory that are occurring and with investigating how participants in a small empirical study actually made decisions in the face of business-related scenarios, the practical, educational curriculum and pedagogical issues were always in mind. As a lecturer in business education, I do not want to wander too far from the practicalities of teaching ethics in business education. Moreover, from the perspective of the business sector, the justification for teaching ethics in the context of business education is that it will make a difference in the context of business practice, in the real world. In other words, what is learnt in the lecture or seminar room will carry over into business practice. It is important, therefore, to briefly consider the context of business education and how the teaching of ethics is currently perceived and taught.

According to Hudson (1912), an ethics teacher must be committed: "a teacher who cannot render the first course in ethics interesting enough to make every student glad that he took the subject, simply ought not to be teaching elementary ethics at all" (p.459). Byron (1977) argues, "ethics is really a human construction project concerned with the building of that inner dwelling which is character" (p.32), while Bruess and Pearson (2002) note "one of the goals of higher education has always been the development of morality and character among students" (p.38). Hosmer (1988) suggests, "the primary function is to teach ethical systems of analysis, not moral standards of behaviour" (p.10), while Jones (1989) says that business ethics teachers must present the language of 'ethics' in a way that enriches students' moral development. So, according to these scholars, the teaching of ethics should be concerned with building moral character and enriching moral development in students, not by focussing on standards of moral behaviour, but rather the language of ethics, and it should be taught in a way that is enjoyable.

These would seem to be sound ideals, and they informed the construction of the scenarios for this study, but the key pedagogical question remained, how to teach it? For effective teaching of business ethics, Sims and Felton (2006) say the teacher should of course design and deliver relevant material, but first need to consider four vital questions: "what are

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the *objectives* of the course?, what kind of *learning environment* should be created?, what *learning processes* need to be employed to achieve the goals?, and what are the *roles of the participants* in the learning experience?" (p.311). Out of these four, establishing a conducive learning environment and a focusing on learning processes (pedagogy) are clearly important to most educators, whereas setting course objectives has been a major emphasis in behaviourist approaches. What is clearly missing from the list are the teaching resources needed to teach business ethics. It is a main assumption of this study that good, meaningful resources for teaching ethics have been lacking in business education. In fact, it is believed that what is needed are new resources and new pedagogies to accompany those resources. Fundamentally, the assumption is that ethics cannot be taught by transmission, with the aim of instilling ethical beliefs into the minds of students. It is hard to see how such an approach could work for one rather obvious reason that students are unlikely to take ownership of what they are meant to be learning. However, in order to start the process of curriculum reform and materials design, it is important to discover a lot more about ethical decision-making in business settings. This is a main aim of this study, in the hope that this will provide a foundation for new approaches.

2.7.1 Approaches to teaching ethics in business education

Historically, the most common method used to teach business ethics *has* been through lectures, and by stipulating ethical principles and various ethical theories, sometimes illustrated by case studies of ethical dilemmas, in the hope that students somehow develop ethical awareness and decision-making skills (Nguyen, Basuray, Smith, Kopka, & McCulloch, 2008). Feldman and Thompson (1990) suggest that business ethics should be taught through lectures, case studies, and by inviting a guest speaker. In order to motivate students to consider what happens in the business world, McWilliams and Nahavandi (2006) suggest the use of live cases in which "students select an on-going or current event that involves ethical violations and write a case about it" (p.421). However, Cagle, Glasgo and Holmes, (2008) state that there is evidence that suggests the case study approach may not improve students' ethical standards. Moreover,

although it is common to see business scholars using hypothetical projects to show how people might behave, critics have pointed out that this is a far cry from how ethical decision-making occurs in the real world of business (Bennis & O'Toole, 2005).

The suggestion therefore is that whatever approach is taken it has to be of relevance to actual business settings. This is what seems to lie behind the idea of inviting a guest speaker or using dilemma situations and case studies, in the recommendations above. However, behind the issue of relevance, there is the deeper issue of how lessons learnt in any course on business ethics might somehow carry over into the business world, such that they influence business peoples' ethical decision-making. Reflection on the limitations of past approaches seems to indicate that ethical behaviour is not something that can be instilled, not least because of the complexity of real business settings and more importantly the complexity of human persons and their decision-making. If this study was going to use scenarios, they had to be designed so that they could begin to open up and address the complexities of decision-making processes in real business settings.

2.7.2 Non-verbal communication and emotion

One important aspect of the complexity relevant to this research was the need to somehow capture more than the verbal and/or written response to the scenarios, and the questions participants would address in response to the scenarios. This is especially important in regard to the emotional aspects of the responses, when they are expressed non-verbally in body language. It is increasingly acknowledged "the body is also a medium of emotional expression. Indeed, research on emotional body language is rapidly emerging as a new field in cognitive and affective neuroscience" (de Gelder, de Brost, & Watson, 2015, p.149). Moreover,

in the last decade there has been an interest in the study of bodily expressions as these communicate emotional information (de Gelder, 2009).

In the nineteenth century, Darwin noted that emotional responses within the body had a link to our emotional reactions and our postural responses as we react within an environment. It is now claimed that our "faces, bodies, and voices are the major sources of social and emotional information" (Huis In't Veld, van Boxtel, & de Gelder, 2014, p.1), and that our facial expressions are being modulated by the expression on our body (Meeren et al. 2005; van den Stock et al. 2007). A recent study on the perception of emotion in body expressions concluded "that current evidence supports the notion that signals from whole-body expression activate brain systems that underpin reflexive as well as decision-based action preparation" (De Gelder, de Brost, &Watson, 2015, p.149).

Lewis (2012) has provided a guide for body language whose characteristics vary widely. The body expresses most commonly through our facial expressions and their prominent features are the mouth, lip, nose, cheeks, and eyebrows. Within the eyes there we find expressions within our pupils, ways of looking, eye contact, eyes in interaction, eye movements and gazing. We also use the head and torso to communicate information using our neck, head gestures, and the use of our torso. Our arms, hands and palms communicate information; for example, if the arms are crossed or folded. We also have different arm positions and we make gestures with our elbows. With our hands we have common hand signals, we also make gestures with our fingers and our hands in motion. We make gestures with our palms, we also have palm positions and communicate when we handshake.

Subramani (2010) points out that non-verbal communication can speak louder than words, for example a "clenching fist, shaking a finger, pointing, biting fingernails, tugging at hair, squirming, rubbing chin, smoothing hair, folding arms, raising eyebrows, pursing lips, narrowing eyes, scratching head, looking away, hands on hips, hands behind head, rubbing nose, rocking, sticking out tongue, tugging earlobe, and waving" (p.265). With regards to

posture, our legs dictate certain postures, as well as our standing position, sitting position, conventional sitting position, varied sitting postures, our feet and our walking gestures.

From these and other recent studies, it was clear that this study would need to capture both the verbal and non-verbal responses of the participants. However, the non-verbal expressions can be fleeting and it was therefore decided that video recording would need to be part of the overall research design and methodology. It is to issues of methodology that we now turn in the following chapter.

CHAPTER THREE – METHODOLOGY

3.1 Research design

3.1.1 The nature of ethical decision-making and the research design

The research design is framed within a dynamic systems account of development and moral decision-making. Thelen and Smith (1994) maintain that, from a dynamics perspective, "higher cognition is developmentally situated. It grows from and carries with it the history of its origins" (p.321). From this developmental perspective, as discussed in the previous chapter, moral decision-making is conceived as highly contextualised (related to a given situation and time), exploratory, opportunistic, syncretic (drawing on multiple recourses), and variable (Kim & Sankey, 2009). Incorporating these variable factors into the research design and methodology presented a number of challenges. On one hand, it was clear that one way to engage participants in ethical decision-making in the research process would be to use dilemma situations, which is similar to the approach adopted by the Kohlbergians. On the other hand, however, in contrast to the Kohlbergian approach, it had to somehow capture the dynamic, shifting and contextually situated nature of decision-making, which is so clearly evident in business settings.

For example, in the Kohlbergian approach, respondent participants in the research process might be introduced to the 'Heinz Dilemma'. A man called Heinz, who has little money, is desperate to purchase drugs to treat his wife who is dying of cancer. The chemist who invented drug will not give him the drug at a reduced cost or allow him to pay over time. Heinz becomes desperate and breaks into the chemist shop and steals the drug. The research participant is then asked 'is he right or wrong to do that, and WHY'? In this research method, it is the reasoning (the why question) that is important, not so much the judgement about whether Heinz is right or wrong to steal the drug. There are a number of assumptions in this method that conflict with a dynamics approach. First, it is assumed that ethical decision-making is an act of deliberative reasoning, such that the research participant's immediate reactions or feelings in response to the dilemma are not considered important. However, from a dynamics perspective, as noted in the previous chapter, decision-making may initially be intuitive, in

which case any reasoning that occurs may be after the decision to act, in order to rationally explain the action. The immediate feelings and response are therefore important in a dynamics approach.

Second, for the Kohlbergians, the answer given in response to the dilemma was generally considered to be anchored to the respondent's main stage of moral development, which is assumed to be relatively stable. Thus for example, in the Kohlbergian analysis, a respondent who says Heinz is wrong because he is breaking the law would be classified as Stage 4, at a Conventional Level of moral reasoning. In the Kohlbergian approach, the analysis is focused on identifying the specific 'stage' of thinking. However, in a dynamics approach, the Kohlbergian stages are viewed as problematic, and the decision-making process is considered to be potentially unstable, opportunistic and highly context sensitive. The expectation from a dynamics perspective would be that under questioning, especially if the context is slightly altered, the respondent's answer would be much less stable than it first appears.

Also, in the Kohlbergian paradigm, the participant plays a role of 'judge' who decides whether the perpetrator's action is right or wrong from a third-person viewpoint. In reality, especially in business settings, somebody actually facing an ethical dilemma is unlikely to take such an 'objective' stance. One main problem is that the hypothetical dilemma story leaves the respondent, as decision-maker, out of the context, which makes it difficult for the respondent to engage emotionally with the dilemma. However, a dynamic systems perspective emphasises that emotional engagement is always important in any act of decision-making, whether it is intuitive or deliberatively reasoned. Somehow these more dynamic, intuitive, immediate, personal and emotional factors needed to be built into the research design; at least that had to be the aim.

3.1.2 Deciding a suitable research design

In practice, given the challenge of incorporating these factors into the research design, and after a lot of deliberation, it seemed the best way to proceed was to find a way of embedding the ethical dilemmas within a realistic business scenario that participants from business studies could easily identify with. In other words, unlike the Kohlbergian approach where participants are directly faced with an ethical dilemma, in this case they would be faced with a typical business scenario, that implicitly contained an ethical dilemma. Given that this research is not concerned with identifying putative developmental 'stages' of moral reasoning, the research could instead try to trigger an immediate first-person response to a pressing situation and use deliberative reasoning as a way of probing the participant's response. In practice, this would mean designing an ethically neutral lead-question, to gain an initial response to the scenario, to be followed by a subsequent discussion to tease out the participants' decision-making processes, including any possible instabilities in their thinking. Also, rather than positioning the participant outside the scenario, as an objective and unemotional observer, they could be brought within the scenario, as a member of a business company, who is asked to say what they would do *in the best interests of the company*. These and similar considerations were built into the research design, as will be explained later in this chapter, when introducing and discussing the research instruments.

However, it was also recognised that this approach might be thought to contain an element of deception, in that the participants are not being told the full nature of the scenario. In fact, the Ethics Review picked up on this issue. In response it was argued that this research is not using deception, as no false information is being given to participants. Admittedly, the scenarios are controversial (as indeed ethical situations often are in the business world) and there is certainly an ethical element involved in the scenarios, which participants are not being primed to notice. Although this might be said to represent incomplete disclosure, it was hoped and expected that some respondents *would* notice the ethical dimension as a natural part of their response, without receiving any further information. In fact, this is what happened in the

research process. Moreover, if participants did not notice the ethical component in the scenario, the design included the provision that the researcher would introduce it when participants were invited to discuss what factors played out in their thinking, in opting for their chosen actions, including the extent to which the ethical dilemma was identified and whether it informed their decision-making.

3.2 Research participants

3.2.1 Research participant demographics

This study involved a sample of 16 MBA/Masters Students from a Business School located in Sydney, Australia, all of whom volunteered to take part. The demographics of the participants are given in Table 1, below. Each individual participant's background information is reported in Appendix J.

From the total of 16 participants that took part in this study, ten were males (62.50%) and six females (37.50%). In terms of their marital status, only two people (12.50%) reported that they are married, thirteen participants haven't married (81.25%) and one participant had divorced. Eleven participants reported that their age is between 20 and 30 (68.75%), three (18.75%) in the 31-35 age-range with the other two (12.50%) in 36-45 age range. With regard to their most recent degrees, thirteen participants (81.25%) reported that their previous degrees were related to business, including Accounting, Business communications, Commerce, Economics, Finance, International business, Law, Management, Marketing. Three participants studied majors for their previous degrees that were not directly related to business; which were including Chemical engineering (N=1), Mechanical engineering (N=1) and Philosophy (N=1). In terms of current employment, five participants (31.25%) reported that they are not working, as they were full-time enrolled in the MBA or Master of Management programs. Eleven participants (68.75%) were in employment; two (12.50%) were employed in casual work, two (12.50%) in part-time work, and seven participants (43.75%) in full-time work. For the details of each participant's current employment and work experience, please see Appendix J.

Table 3.1. Summary of Participants Demographics

Items	Categories		Frequency (percentage)
Gender	Male		10 (62.50%)
	Female		6 (37.50%)
Marital status	Never Married		13 (81.25%)
	Married		2 (12.50%)
	Divorced		1 (6.25%)
Age range	20 - 25		6 (37.50 %)
	26 - 30		5 (31.25%)
	31 - 35		3 (18.75%)
	36 - 45		2 (12.50%)
Most recent degree	Single Major	Accounting (2) Business communications (1) Chemical engineering (1) Commerce (2) Economics (1) Finance (1) Law (1) Mechanical engineering (1) Philosophy (1)	11 (68.75 %)
	Double Major	Accounting & Finance (1) Government relationship & International business (1) Management & Finance (1) Marketing & Management (1) Politics & Law (1)	5 (31.25%)
Current employment status	Casual		2 (12.50%)
	Part-time		2 (12.50%)
	Full-time		7 (43.75%)
	Don't work (full-time students)		5 (31.25%)

3.2.2 Recruitment process

Recruitment of participants was conducted with students on courses of Master of Business Administration (MBA), Master of Management, and Master of Marketing. In the first lecture, at the start of the semester for each of these courses, the first five minutes was given to the researcher to present the research project (please see Appendix G). It was arranged that the lecturer would introduce the researcher to the class as a research student from The University of Sydney, who is interested in researching: '*Decision making in business settings: Some implications for business education*'. A three-minute PowerPoint presentation to introduce the

research project was given to create students' interest (please see Appendix G). Students also received a flyer (Appendix A), providing a brief overview of the project and a box where those wishing to receive further information could provide their name and contact details (e.g. email address and mobile number). These were collected in a box at the end of the respective class. After this five minute presentation the researcher left the class.

Throughout this process, strict attention was paid to avoiding coercion. Students who returned the handout saying they were interested and giving their contact details were sent a 'Participant Information Statement' (Appendix. B). If, on the basis of this additional information, they wished to participate they were asked to sign a Consent Form (Appendix C) and to indicate a preferred time for the interview meeting. They also received a Demographics Questionnaire Form (Appendix F) on which those who decided to participate could provide their age, gender, marital status, level of education, past business experience if any, and current employment position. This actually comprised Part 1 of the research process. It was hoped that using this open invitation approach would recruit between 15-20 participants. In the event, as noted above, 16 respondents participated in the project.

3.3 Research Instruments

3.3.1 Five scenarios

Following the principles of the research design discussed earlier, nine scenarios were originally designed for the main data collection. The following five steps were taken when designing suitable scenarios and developing them into research materials.

Step 1. Deciding factors and contexts that will be incorporated into the scenarios: The researcher first considered what would make the scenarios emotionally engaging and personally challenging. To probe the important factors that business people consider, when confronting difficult ethical decision-making tasks, the researcher designed one scenario and ran a discussion during a class he taught at one business school in Sydney. In this scenario, the students were invited to consider a senior business colleague's request, which is ethically

compromising but may lead to a promotion. Students were asked to tell the researcher what considerations first came to their mind when facing this scenario. A careful examination of the students' responses revealed that most considered issues were: career progression, monetary reward, power and influence, ethical values, family and religious beliefs and other personal values. Subsequently, these factors or issues were carefully incorporated into the scenarios and the probing questions used in the study.

Step 2. Identifying 9 scenarios: In order to identify a realistic business scenario that participants from business studies could easily identify with, a careful search was undertaken of journal articles, teaching materials used in business ethics courses and current or recent news reports. As a result, a total of nine possible scenarios were identified. Together they provided a range of potentially attention-catching scenario situations. Individually, they each provided a different context in which to embed the ethical dilemma.

Step 3. Selection of 5 scenarios: In order to narrow the initial nine scenarios down to five, as a workable sample, an expert review was conducted with ten academic staff members of a Business School in an Australian university, though not the university used to conduct the research. The ten staff members were asked which five scenarios they would choose if they were conducting this study. In the event, there was considerable agreement among the reviewers over which five should be used in the study.

Step 4. Drafting an initial question for each scenario: As noted, the scenarios were designed to represent a realistic business situation. Each scenario then had an initial question that asked the participant to respond to the scenario in what they considered to be in the best interests of their company.

For example, in Scenario 1 the participant would be handed an A4 sheet that asks her/him to: "imagine you are the general manager for a company. You are holding interviews for a new position in your company. You become aware that one of the interviewees comes from your main competitor company".

The participant was allowed a short while to absorb the situation, before being asked: "In order to maximize the best interest of the company, would you ask the interviewee for information about the company he currently works for?"

Notice, that this question is not asking the participant to identify this as an ethical dilemma, it is presented as a *business* dilemma, and it is one that is often plays out in real life business situations. But it certainly is an ethical dilemma. The drafting of this initial question was looking for an immediate response. Subsequently, the participant would be asked additional probing questions, based on what they had answered, to get her/him to rationalise their response. In this discussion, the participant would not simply be asked the reason for their answer (decision) or whether they wish to change what they initially said, additional factors would also be introduced. If, for example, the participant said she/he would not ask the interviewee for information, perhaps for ethical reasons, it would be suggested that others in the company, including senior members, might view this as a lost opportunity. Is it not in the best interest of the company to gain some inside knowledge on such occasions? If, on the other hand they answered they would ask the interviewee, they would be questioned about the ethical dilemma and how much they would be willing to disclose what they had done to others in the compact, or friends or family.

In framing these more probing questions, Wygant's (1997) six common issues considered in relation to resolving everyday dilemmas generally guided the questions. Namely: 1. Consequences for other people, 2. Consequences for self, 3. Maintaining honesty and integrity, 4. Honouring religious values and commitments, 5. Conforming to social norms or law, 6. Honouring and respecting the opinions and desires of parents and community members.

Step 5. Designing hand-outs for the participants: Each of the five scenarios was printed in a text box, on a single sheet of A4 paper. Images were inserted in order to catch the attention of the participant. The scenarios are provided in Appendix H and a summary table is provided below.

Table 3.2. Summary of the Five Scenarios

Scenario number	Given role	Context	Reference
1	General Manager	Interviewing an applicant from a main competitor company offers a chance to gain an advantage	The main idea was taken from: Zinkhan, G.M., Biesi, M. & Saxton, M. J. (1989). MBA's changing attitudes towards marketing dilemmas: 1981-1987. *Journal of Business Ethics, 8,* 963-974.
2	Production Manager	Product Manager encouraged to misrepresent a product to boost sales	The main idea was taken from: Zinkhan, G.M., Biesi, M. & Saxton, M. J. (1989). MBA's changing attitudes toward marketing dilemmas: 1981-1987. *Journal of Business Ethics, 8,* 963-974.
3	Assistant Product Manager (ASP)	Purchasing Manager buying in low grade materials for use in a high quality product	The main idea was taken from: 'The Nonuser Celebrity Endorser' from the Arthur Anderson Case Studies in Business Ethics. Carnegie Mellon Tepper School of Business. (n.d.). Marketing mini-cases. Retrieved from: http://wpweb2.tepper.cmu.edu/ethics/ AA/mktg07-case.pdf
4	Director	Chairman uses his authority to favour inside trading within a company	Taken from: Ahmed, N., Mitchell, S., & Chessell, J. (2014, January 31). Myer sought $3b merger With DJ's. *Sydney Morning Herald.* Retrieved from: http://www.smh.com.au/business/myer-sought-3b-merger-with-djs-20140130-31pq9.html
5	Advertising Manager	Advertising Manager encourages celebrity to advertise product that he cannot endorse due to health issues	Taken from a scenario 'Elite Furniture' from the Arthur Anderson Case Studies in Business Ethics. Carnegie Mellon Tepper School of Business. (n.d.). Marketing mini-cases. Retrieved from: http://wpweb2.tepper.cmu.edu/ethics/ AA/mktg18-case.pdf

3.4 Research Procedure

3.4.1. Data collection

Part 1. The demographics questionnaire:

As noted above, the participants' demographics were collected using the Demographics Questionnaire Form (Appendix F). Participants received this form via email when they signed a Consent Form and indicated a preferred time for the interview meeting. By completing the form, the participants provided their age, gender, marital status, level of education, past business experience if any, and current employment position. They brought the completed form to the interview venue and handed it in to the researcher before the interview commenced.

Part 2. The scenarios and interview procedure

Introducing the Scenarios: The interviews were held on campus, within the university where the participants were studying. These interviews were face-to-face and videotaped, one at a time, in the belief that "it is easier to hear and recognize what people are saying if you can *see* them saying it" (Gillham, 2005, p. 89). Each interview took about one hour. When the interviewee entered the room they were warmly greeted and thanked for participating in the research process. They were told that they were going to be shown five scenarios, printed on prompt cards, and allowed to imagine the scenario before being asked a question (Appendix H). Having given their answer, the scenario and their answer would be discussed. Every effort was made to make the participant relaxed, though, in line with normal business practice, the researcher wore a formal suit.

The videoing of the interviews required some adjustment regarding the positioning of the camera and the seating of the interviewer and interviewee. In the first session, there were two interviews. When reviewing the recording the researcher noticed that the face of the interviewee was in a position that revealed only the right-hand side (one half) of their face as the interviewee faced the interviewer. This seating and camera potion it would therefore not

show a full view of the participant's facial expressions and body language in situations when, for example, the interviewee answered a question with some confidence, but their body language expressed otherwise. In order to capture most of the facial expressions and body language, the interviewee seating arrangement had to be modified, so that the video data collected would reveal both the verbal and non-verbal communication, including facial expressions, shifting of posture and fall of shoulders, etc.

The probing interview: Participants were invited to reflect on their thinking and decision making process in opting for their chosen actions. In the process of the interview the researcher clarified the ethical issues involved in each scenario. The participants were encouraged to identify key beliefs and values that they saw as crucial to uphold in relation to the business related scenario. The researcher also tried to probe whether their responses to the scenario were mainly intuitive, guided perhaps by personal or family priorities, or the result of deliberate reasoning. The aim of the interview was to try to gently uncover, through what the participant said and also through their non-verbal communication, what they were recruiting as a resource for thinking and acting, whether there was a degree variability in their thinking, whether they were following a clear guiding principle or their thinking was more fuzzy, and so forth.

3.4.2. Data analysis

Transcribing the video-recorded interview: The researcher transcribed the video-recorded interviews into text data in MS-word format. During the transcribing process, the researcher added colours to the text, where he identified potentially significant responses, so that these could be more easily identified during the actual analysis process.

Development of codes: In this study, the researcher followed the qualitative data analysis procedure suggested by Matthew Miles and Michael Huberman (1994). The methodological aim was to avoid filtering the decision-making process through "supposition-laden assessment devices" such as compliance with Kohlbergian stages, thus allowing an arguably "more

phenomenologically pure understanding" to emerge (Wygant, 1997, p.1025). Also, in the data analysis, in line with a dynamics approach, there was an additional focus on both the stabilities and instabilities in the responses given and how the instabilities may be reflected in hesitancy and body language, for example, in the process of reply. Therefore, the researcher's focus was given to identify an analysis framework that captures 'dynamic stabilities and instabilities' as well as various factors and contexts that triggers these stabilities and instabilities.

As a result of careful reading of the interview scripts and in-depth conversation with the Supervisor, the following codes structure was drawn from the data. Table 3.3 provides an overall thematic structure of the data in relation to the research questions. Also, the table provides a description of each code, explaining what each code means and what kind of responses are labelled with the given code. During the process of identifying the codes and their structure, following Miles and Humerman's (1994) principles, the researcher ensured that: i) the codes accurately reflect what is being researched (validity); ii) each code is distinct, without overlap with the others (mutual exclusiveness), and; iii) all relevant data should fit into a code (exhaustiveness). Details about the statements organised under their appropriate code and the relationship between the codes will be illustrated in the next chapter (Chapter 4) when discussing the important findings from the data.

Qualitative data analysis: Using the table below, a data analysis template was designed. The researcher created one table for each participant by inserting phrases or sentences from the given person's interview transcripts to the cell labelled with an appropriate code. At the end of each phrase, the timing of the given statement was recorded indicating when the interviewee said each statement (for example, please see Appendix K).

Table 3.3. Summary of Coding Structure

Themes	Code	Description
Decision making strategy	Seeking a moral/ethical compass	In an attempt to analyse the moral/ethical issues relevant to a given scenario, the participant may refer to specific values or may refer to their 'inner conscience' or 'emotional feeling'. The participant is aware and sensitive to the ethical issues, which the participant may be able to explicitly identify, or he/she may be simply sensing a degree of emotional unease.
	Taking another person's perspective	The participant attempts to view the problem and/or consequences from another person's perspective. This may be an example of exercising empathy, or it may be a strategy to pass the responsibility/blame to another.
	Reward-Risk analysis	The participant attempts to compare or trade-off anticipated rewards to self or to the company with anticipated risks or costs in the form of possible penalties to self or others. This may be motivated by a desire to exercise care to others, or enlightened self-interest.
	Checking against their perceived role	The participant attempts to assess whether the given scenario and/or question is within their area of responsibility or their company duties. The decision-making may not be theirs to take, in which case it should be left to those whose role requires them to address such issues.
	Indecisiveness	Not being able to indicate a decision because, for example, the participant says she/he requires more information either in the interview or in a real-life situation. Or, in real-life the decision would depend on how the participant feels (senses) the variabilities of that particular situation. In the artificial research situation these cues are not available.
Influencing factors	Moral/ethical values	Specific values, inner conscience or emotional feeling
	Regulations	Board's regulations and guidelines, laws
	Company's profit	Anticipated profit, Company's survival, Company's name value or brand image
	Power-relationship/authority	Relationship between the interviewee and other members of the profession
	Personal concern	Family's view, personal benefit, face-keeping, feeling justified

After assigning relevant statements under their appropriate codes, and in order to identify dynamic relationships and patterns among the codes, two graphical representation techniques were applied to the subsequent analysis; both techniques were underpinned by the

Dynamic Systems Theory, or Complex Systems Theory. First, to capture the stabilities and instabilities in each participant's decision-making process, a 'decision-making trajectory' was generated for each individual. From a dynamic systems perspective, a decision-making process may be viewed as a journey through the hills and valleys of "attractor basins" (Thelen & Smith, 1994; Kim & Sankey, 2009; Sankey & Kim, 2010; Albantakis & Deco, 2011). In this study, five main attractors were identified in relation to the decision-making strategies that the participants adopted. On the decision-making trajectory, each strategy was represented as one attractor, and the patterns of shifts across these five attractors were captured in time-sequence.

Reliability of the analysis: To ensure the reliability of the coding, the researcher calculated Cohen's kappa (Cohen, 1960). Cohen's kappa measures the proportion of decisions where different coders agree. The kappa measures can range "from negative values to no less than -1, with 1 signalling *perfect agreement* and 0 indicating *agreement no better than chance*" (Liebetrau, 1983 cited in Hruschaka et al., 2004, p. 313). To check initial intercoder reliability, the researcher and his supervisor coded two participants' data (approximately 12.5% of total data) independently, and made comparison between their analysis results. The initial intercoder agreement was substantial showing all, except one code, have a kappa bigger than .7. However, the code 'perspective-taking' showed very poor intercoder agreement in the first round of analysis. Close investigation showed that the researcher had included 'taking the role of a prospective employee' within the 'perspective-taking' code. In this methodology, however, they should only be considered to be 'perspective taking', if the participants are imagining what others would think or say (e.g. stakeholders, customers, celebrity), or when they are attempting a risk-benefit analysis. This was subsequently corrected in the data analysis process, with the result that the 'perspective-taking' code also reached an acceptable level of reliability.

3.5. Ethical Considerations

Earlier in this chapter, reference has been made to ethical considerations of coercion when recruiting the students to be participants. Also, in regard to the way the scenarios were presented to the participants and whether the adopted method was using an element of deception. It was noted that every effort was taken to avoid coercion in the recruiting process, and that the methodology was not incorporating deception, as no false information was being given to participants, though it did involve a degree of partial disclosure. Participants were told when first introduced to the research project that it was concerned with '*Decision making in business settings: Implications for business education*'. This is entirely correct, though it does not say that the decision-making of most interest is ethical decision-making. Moreover, the way the scenarios were presented to the participants was that they were concerned with business dilemmas; they were not specifically told that they were ethical business dilemmas. In fact this degree of partial disclosure was a crucial aspect of the methodology, because the researcher wanted to discover whether and how quickly the ethical issue embedded within the business scenario would be recognised and would influence the responses of the participants. The researcher and his supervisor considered that this was acceptable ethical research practice and, although questioned by the Ethics Committee when granting ethics approval for the study, the approval was granted (please see Appendix D and E).

The other very important ethical consideration was the use of video recording. There were two key aspects; first the need to be entirely transparent about the video recording and seek the permission of the participants in advance of their agreeing to participate, and; second providing guarantees that this use of video recording would protect the privacy of participants and would only be employed for purposes related to the research project (please see Appendix B and C the Participant Information Statement & Consent Form).

CHAPTER FOUR – RESULTS

4.1   Introduction

The previous chapter provided the details of the research process, data collection and approach adopted for the data analysis. This chapter presents the findings of the empirical study, attempting to answer the two research questions as given in Chapter 1. These are:

1. What *strategies* might be operating when making ethical decisions in a business context, where the main consideration is acting in the best interests of the company?

2. What *factors* influence decisions to act in ways that compromise, or are contrary to one's ethical beliefs and values, if these are not congruent with the perceived best interests of the company?

In what follows, Research Question 1 will be addressed in Section 4.2 and Research Question 2 will be addressed in Section 4.3.

As mentioned earlier, in the previous chapter, the main aim of data analysis was to identify emerging patterns of decision-making strategies and existing causal relationships within the whole data. This is analytic work, rather than descriptive work, where the researcher teases out patterns, identifying and analysing their significance. In this chapter, when presenting the findings from the data analysis, this analytic approach has been taken. Each section will begin by providing an overall 'big picture' that emerged from the analysis in regard to the decision-making strategies and influential factors, rather than starting with a descriptive analysis of the results of each scenario and each participant. Subsequently, this overall big picture will be refined, by adding supplementary conditions and contexts, where the identified strategies and influencing factors are either attenuated or strengthened. In this phase of analysis, findings from inter-scenario analysis and inter-individual analysis will be carefully scrutinised.

4.2   Strategies operating in decision-making in a business context

4.2.1   Five main decision-making strategies (attractors)

Although the results of the study displayed contextual and individual variability, close scrutiny of the participants' responses revealed five main decision-making strategies. They are: (i) Seeking a moral/ethical compass, (ii) Taking another person's perspective, (iii) Reward-Risk analysis, (iv) Checking against their perceived role and (v) Indecisiveness. In the language of dynamic systems, as noted in Chapter 2, these five strategies were operating as main attractors in the decision-making landscape.

Table 4.1. Number of statements assigned to each strategy and overall percentage of adopted strategy at a group level

Participants	Strategies (attractors)				
	Seeking a moral/ethical compass	Taking another person's perspective	Reward-Risk analysis	Checking against their perceived role	Indecisiveness
P1	1	3	3	5	2
P2	3	5	1	2	1
P3	2	4	17	2	1
P4	6	9	8	1	2
P5	10	3	4	2	
P6	3	4	4	3	1
P7	2	10	5	3	
P8	5		4	6	5
P9	1	5	4		1
P10	1	8	4	2	
P11	1	6	4	2	
P12	1	7	6	3	
P13	3	3		3	1
P14	2	10	5	2	
P15	3	10	5	2	
P16	5	4	4	2	1
Frequency (%)	49 (17.56%)	97(34.77%)	78(27.96%)	40(14.34%)	15(5.38%)

Table 4.1, above, provides a detailed breakdown of the distribution of the participants' responses across all five scenarios, set against the five key attractors that emerged from the analysis. In what follows, the details presented in the Table will be discussed, taking each of the attractors in order and providing examples that illustrate the use of the strategy.

Seeking a moral/ethical compass:

Defined as: *In an attempt to analyse the moral/ethical issues relevant to a given scenario, the participant may refer to specific values or may refer to their 'inner conscience' or 'emotional feeling'. The participant is aware and sensitive to the ethical issues, which the participant may be able to explicitly identify, or he/she may simply be sensing a degree of emotional unease.*

Although, as previously emphasised, the participants were not primed to seek ethical issues in the scenarios, all participants sought a moral/ethical compass (orientating their decision-making) in at least one of the five scenarios. As noted in the Table 4.1, 49 statements (17.56%) out of a total of 279 statements were assigned to 'seeking a moral/ethical compass'. Although not as prevalent as 'taking another person's perspective' and 'reward-risk analysis', the analysis result indicates that each participant is at least sometimes aware and sensitive to the ethical issues. In some cases the participant explicitly identified the moral/ethical dilemma, though for other participants it was more vague - indicating a sense of emotional discomfort or unease with the situation presented in the scenario.

Occasionally, participants explicitly refer to specific ethical principles or values. For example, when being asked whether he would seek additional information from the interviewee from a competing company (Scenario 1), Participant 4 identified his ethical responsibility involved in job interviewing, saying "I think you still have quite a *strong ethical responsibility* to do what you do is the right thing in terms *not breaching any confidentiality* or anything like that" (P4, 5:57-6:04 min.).

Other examples were identified from interviews with Scenario 4, where participants are given an approval by his/her Chairman to purchase shares in the company. Both Participants 4 and 5 explicitly answered that purchasing company's shares is unethical. As Participant 5 studied law for his previous degree, the interviewer had to ask additional probing questions (or destabilisers) to discern whether his initial decision not to use his privilege resulted from his fear of punishment or risk that may follows breaching relevant laws (e.g. consumer protection laws such as the *Competition and Consumer Act 2010*). When participant 5 was nudged to change his initial position, he strongly reaffirmed his initial position, saying: "*Ethically*, I still wouldn't be comfortable purchasing shares" (P5, 27:30-27:35 min.). He also added: "That *'privilege information'* isn't, shouldn't be used for that reason and is appropriate for everyone to have that information before I would had the option to use it, that's my word" (P5, 29:37-29:50 min.). In the same scenario, Participant 4 also expressed his hesitance to use privilege information by saying: "It's ethical to buy shares but it's *not ethical* to buy shares when you are in possession of *information that is not available to the market*" (P4, 34:29-34:44 min.). It was obvious that Participant 4 was also aware of that using privilege information is against the existing law. He added: "I mean realistically, in the realistically *in the real world* if, if I were at Westpac and have *confidential information and buy shares I would go to jail*. Say you wouldn't, you would never do it" (P4, 35:31-35:44 min.).

In contrast to these explicit examples of participants seeking a moral compass, others were less explicit, perhaps simply sensing a degree of emotional unease, rather than explicitly referring to specific ethical issues. In Scenario 2, when Participant 8 was asked to imagine herself as a production manager, and change the instruction on the label to increase profits, Participant 8 said: *I am going against what I believe in* and that *I am not okay with that*" (P8, 19:59-20:14 min.). Although she did not explicitly mention specific ethical issues, she refers to her own inner conscience or emotional discomfort in attempting to find her own moral/ethical compass.

Taking another person's perspective:

Defined as: *The participant attempts to view the problem and/or consequences from another person's perspective. This may be an example of exercising empathy, or it may be a strategy to pass the responsibility/blame to another.*

Frequently, the participant attempted to view the problem and/or consequences from another person's perspective, particularly those who may receive impact of his/her decision. As noted in the Table 4.1, 97 statements (34.77%) out of a total of 279 statements were assigned to 'perspective-taking'. With this being the highest percentage, the table shows that the 'perspective-taking' was the most frequently adopted strategy during the decision-making process. This indicates that participants frequently attempted to put themselves into others' shoes, to put others' feelings and thoughts into their consideration. For example, when being asked whether he would seek additional information from the interviewee from a competing company (Scenario 1), Participant 3 first viewed the issue from the interviewee's perspective, saying: "It doesn't mean *he (job interviewee)* will respond, doesn't mean he will answer. *He might have a very strong set of principles* which he believes" (P3, 7:59-8:05 min.).

However, it needs to be noted that participants' 'perspective-taking' strategy may often be limited, and does not necessarily lead to an ethically considerate decision. Hence, as noted in the definition, this may be an example of exercising empathy, or it may be a strategy to pass the responsibility/blame to another. Also, the extent of considering others fluctuated across different scenarios. For example, Participant 3, who showed consideration for the interviewee in Scenario1, exhibited very limited perspective taking in Scenario 5. When he was asked to encourage a celebrity to advertise product that he cannot endorse (Scenario 5), the participant said he would use the enticement of monetary reward to encourage the celebrity to compromise his principles or beliefs, saying: "I think there will be two things that I will use to *persuade him, money is one* that I just mentioned earlier (P3, 38:38-38:42 min.)…If that's the case I'll probably have to pay quite a bit of money for him to, for him to endorse the product... *if I give*

him a fair bit of money then it might cause him to think otherwise" (P3, 39:48-39:53 min.). In his response, the participant displays very little empathy for the compromising situation he is willing to put the celebrity into.

Reward-Risk analysis:

Defined as: *The participant attempts to compare or trade-off anticipated rewards to self or to the company with anticipated risks or costs in the form of possible penalties to self or others. This may be motivated by a desire to exercise care to others, or enlightened self-interest.*

Throughout the interviews, across all scenarios, the second most adopted strategy was attempting to compare or trade-off anticipated rewards to self or the company with anticipated risks or costs in the form of possible penalties to self or others (78 statements out of 279, 27.96%). As explained in Chapter 3, when being introduced to each scenario, the participants were requested to make a decision based on 'the company's best interests' and they were not primed to seek potential ethical dilemmas. The aim was to mirror normal business settings in which gauging benefits against risk is a common strategy (for example, in judging insurance costs and setting the price of goods), and is thus a strategy that business professionals are naturally attracted to. However, it needs to be noted that in relation to resolving ethical dilemmas, this type of strategy may be motivated by a desire to exercise care to others, or it may simply be enlightened self-interest.

Participant 14's responses given to the Scenario 1 shows that reward-risk analysis may be motivated by enlightened self-interest. In the given scenario, he, as a general manager, would have been able to ask the interviewee for additional information about his company's competitor. However, Participant 14 insisted that he would not request sensitive information from the interviewee. At a surface level, it seemed Participant 14 was considerate of the interviewee. However, when the researcher asked a few probing questions, it became evident that Participant 14 was exercising a 'reward—risk analysis'. In other words, he response resulted from a comparison between potential benefit that gained information may bring and

potential risk of using unverified information provided by one person (an interview) from a competing company. Participant 14 said: "If I made decisions based on *information that I couldn't even* verify, you're taking somebody's word. How can you know that is correct and then I go and make a decision and it *cost the company millions of dollars* based on what somebody told me in an interview. It would be *very hard to justify* that's why you just don't do it" (P14, 4:44-5:02 min.).

Interestingly, in Scenario 1, a few participants perceived potential risk that may arise from hiring a candidate from a competing company. It appeared that, for them, this potential risk was viewed much more significant than any other issues including whether to seek extra information from the candidate or not. Participant 10 affirmed that he would not take a risk of hiring a candidate from a competitor, saying: "So I don't want a person from them (competitors) to come to my organization to *spy on my organization"* (P10, 1:53-1:59 min.)... "Just because you are from competitor I don't have to take you in because you are going to *do the same thing l*ater on after working for some time, you'll go to the same competitor and say hey I worked in this Company" (P10, 3:04-3:16 min.). Participant 7 also expressed his hesitation, explaining potential risk he perceived: "not really hire someone and you don't even know if they are a mole coming inside the company and trying to get something out from the company and then going back to their original company you know, so *it's just unsafe"* (P7, 2:18-2:32 min.).

However, when perceiving the possible accessibility of reward participants sometimes reconsidered their original 'reward-risk analysis' results. Remaining with Scenario 1, when the interviewer attempted to destabilise his initial position by suggesting the information may be so valuable that it could make a difference to the financial status of the company, Participant 10 softened his initial position, saying: "If the *information provided* by the potential employee is going to *make a significant financial difference* to my organization and get benefitted, then I will probably *listen to him for sure"* (P10, 6:33-6:45 min.). Using the metaphor of a balance, the participant is shifting the balance from following the standard interview protocol to asking additional information that is not relevant to an interviewee's suitability for a position in the

company. Likewise, when the researcher asked whether he will stick to his original position even if the company experiences 'financial difficulties', Participant 7 also changed his initial position, saying: "Experiencing financial difficulties, that *I would re-think a bit* because I would be more *willing to take that risk* in, in hiring this person, just because there might be a chance for the company to actually get something out of this person and implemented to our process and actually become a turnaround financial crisis" (P7, 4:02-4:31 min.). However, it needs to be re-emphasised that both participants still use 'reward-risk analysis' as a strategy.

Checking against the role:

Defined as: *The participant attempts to assess whether the given scenario and/or question is within their area of responsibility or their company duties. The decision-making may not be theirs to take, in which case it should be left to those whose role requires them to address such issues.*

When facing difficult situations, the participants attempt to assess whether the given scenario and/or question is within their area of responsibility or their company duties. This strategy was not adopted as frequently as the previous three strategies (40 statements, 14.34%), however, it was noticeable when the scenarios involve hierarchical relationships. The decision-making may not be theirs to take, in which case it should be left to those whose role requires them to address such issues (*passive role*). If it is his/hers to take, then participants generally took an *active role*, and did not try to evade their responsibilities.

This strategy was particularly apparent when participants engaged with Scenario 3, where the participant, placed in the role of an assistant product manager, notices that purchasing manager is buying low-grade padding following the top management's order. When asked whether it is ok to advertise that the company is using high-quality materials, Participant 7 first pointed out her own position and checked the scope of her responsibility, by saying: "Since *my position is only the assistant product manager* I feel like there is nothing much I can do" (P7, 20:48-20:56 min.)... The idea has come from the top. It would be *out of my area of responsibility*

to tackle that issue" (P7, 24:56-25:12 min.). However, in the same scenario, the same strategy 'checking against the role' often resulted in a very different course of action. In Scenario 3, Participant 10 took an *active role* and his response was charged with concern and warned the company, saying: "So I will probably *complain* and say that he has to *take some kind of decision* at the earliest opportunity before it *affects the company"* (P10, 17:36-17:45 min.).

However, some participants took requests from senior members for granted, because of their seniority, so they did not express doubts when requested to compromise ethical standards. This tendency was evident in response to Scenario 4 in which a company director suggested 'insider trading'. Participant 10 greeted the offer of 'insider-trading' positively, so the interviewer tried to make him to reconsider his position, but without success. The interviewer asked Participant 10 to view the suggestion from the view of a member of the Board. However, the participant repeated his position, saying: " If the chairman comes up to you and says that you can purchase shares. It means that he actually wants you to grow within the organization and *he wants to provide you compensation for the hard work you've done*" (P10, 26:54-27:15 min.).

Indecisiveness:

Defined as: *Not being able to indicate a decision because, for example, the participant says she/he requires more information either in the interview or in a real-life situation. Or, in real-life the decision would depend on how the participant feels (senses) the variabilities of that particular situation. In the artificial research situation these cues are not available.*

Although 'indecisiveness' was identified in only 15 statements (5.38%) across all scenarios, its status as a main attractor is supported by the fact that it reveals something about the way the participants were responding to the scenarios, in both their rational deliberation and post hoc rationalisation of an initial intuitive response. A response of 'indecisiveness' indicates that, in real-life business settings, decision-making is often dependent on how the participant senses the options in a given situation. This tendency was noticeable when Participant 8 was

engaged with Scenario 1. She expressed indecisiveness as she struggled between business practices and her personal beliefs, saying: "But again if I were to put the business objectives before my own ah it's hard to say with that one. *I don't know if I will be able to do it*" (P8, 4:33-4:47 min.)... "That's so tricky because it goes against what I believe in*"* (P8, 5:02-5:23 min.)... "*It might depend on* where my company is financially, if it's in a bad position then *maybe in that case I might*, but again it would be a really tough decision for me" (P8, 5:54-6:09 min.).

Within the same scenario Participant 3 said "I will probably start by asking him what are his views on his company and observe how he responds, his body reactions, how his body language tells me what is he willing to say... So I think *it really depends, it really depends on what sort of, how much feel feeling I get* that he will divulge the information" (P3, 9:13-9:30 min. – 9:47-9:56 min.). Across all participants, however, this strategy was the least used. This means that participants were generally willing to state a fairly decisive position in response to the situations presented in the scenarios and the questions asked in the interviews.

4.2.2   Interrelationship between decision-making strategies and contexts in scenarios

According to a dynamic systems account of moral decision-making, context matters. Analysis of the data produced by this study revealed that there is an interrelationship between decision-making strategies (attractors) used by the participants and the context given in each scenario. In other words, the five strategies (attractors) are not used evenly across the five scenarios. Rather, certain strategies were more likely to be used in a given scenario, leaving the other strategies less used in that scenario. This likelihood varied across the five scenarios. Table 4.2 provides comparisons of the number of statements assigned to each strategy (attractor) across the five scenarios. In addition to the number of statements and percentages, each cell also provides the list of participants who recruited each strategy (attractor) in response to the given scenario.

Scenario 1 was concerned with interviewing an applicant from a main competitor company that offers a chance to gain an advantage. This provided a context in which the

majority of participants' statement (35.14%) were concerned with seeking a moral/ethical compass, closely followed by statements taking another person's perspective (32.43%). As both kinds of statements are strongly associated with adopting an ethical stance, it is noteworthy that when the two scores are taken together, this scenario called for the strongest ethical response. As noted in the Table 4.2, except three participants (Participant 7, 11, 12), all other thirteen participants mentioned moral or ethical issues at least once. By comparison, this result is in stark contrast to Scenario 3, where only three statements across all participants were classified as seeking a moral/ethical compass (4.11%).

In response to Scenario 2, where a Product Manager is encouraged to misrepresent a product in order to boost sales, the majority of participants' responses were split between taking another person's perspective (40.00%) and reward-risk analysis (28.57%). Seven statements from six participants' responses (20%) were nevertheless classified as seeking a moral compass.

The context provided by Scenario 3 was a Purchasing Manager buying in low-grade materials for use in a high quality product. This saw some 30 responses (41.10%) that assigned the problem beyond the scope of the participant's perceived role. A total of fourteen participants attempted to check whether the given issue is still within his or her roles, and only two participants (Participant 3 and 9) took other strategies as their main approaches to the scenario. The context in this scenario certainly provided a get-out-of-jail card to participants seeking to avoid facing the ethical dilemma. Even so, 23 (31.51%) responses were concerned with risk-reward analysis, which weighs up the possible rewards to the company with anticipated risks or costs in the form of possible penalties if the company is found out. Moreover, some 14 (19.18%) statements were classified as taking another person's perspective, particularly that of customers in this scenario.

Scenario 4 envisaged a context in which a Chairman uses his authority to favour inside trading within his company. As might be expected, this very risky scenario elicited reward-risk analysis as the most frequent response (34.78%), though this was quite closely followed by statements concerned with taking another's perspective (30.43%). Somewhat surprisingly,

given that this is a major cause of criminal investigations in the business world, only four participants (Participant 4, 5, 11 & 16) were concerned with seeking a moral compass, and the actual number of statements assigned to this strategy is only six (13.04%). It is interesting to speculate that though this is considered to be criminally wrong, it is not necessarily viewed as ethically wrong among those operating in business settings. However, having said that, this is a very small sample and it does not provide a basis for making such a universal general statement.

The context provided by Scenario 5 was an Advertising Manager who encourages a celebrity to advertise his company's product that he knows this celebrity should not really endorse due to its link with health issues. Here, overwhelmingly, every participant attempted to take another person's perspective. A total of 32 statements (60.78%) were assigned to taking another person's perspective, with 12 statements (23.53%) concerned with reward-risk analysis. The concern is with placing a person (the celebrity) in a situation where he is to be rewarded for making advertising claims he knows to be false. With the numbers of celebrity-based advertising on television alone, one wonders how many times this is repeated in real-life business situations. But participants also appreciated that this can be risky, even if it has potential rewards in increased sales of the product. The risks are not only to the company, but also to the celebrity if it becomes known he has advertised a product he does not really endorse. Table 4.2 provides a full summary of the response statements when coded for each scenario, as discussed above.

Table 4.2 Distribution of statements coded to each strategy within each scenario

Scenario	Strategies (attractors)				
	Seeking a moral/ethical compass	Taking another person's perspective	Reward-Risk analysis	Checking against their perceived role	Indecisiveness
1	26 (35.14%) P1, 2, 3, 4, 5, 6, 8, 9, 10, 13, 14, 15, 16	24 (32.43%) P1, 3, 4, 7, 8, 9, 10, 12, 14, 15, 16	17 (22.97%) P1, 3, 4, 6, 7, 10, 14, 15		7 (9.46%) P3, 6, 8, 9, 13
2	7 (20.00%) P3, 6, 7, 8, 12, 16	14 (40.00%) P2, 6, 7, 9, 11, 12, 13, 14, 15	10 (28.57%) P1, 3, 4, 11, 12, 14, 16	2 (5.71%) P8, 11	2 (5.71%) P4, 8
3	3 (4.11%) P2, 5, 6	14 (19.18%) P1, 2, 3, 4, 5, 8, 9, 10, 12, 14, 15	23 (31.51%) P3, 4, 8, 9, 10, 11, 12, 14, 15, 16	30 (41.10%) P1, 2, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16	3 (4.11%) P1, 2, 4
4	6 (13.04%) P4, 5, 11, 16	14 (30.43%) P2, 4, 6, 12, 13, 14, 16	16 (34.78%) P1, 2, 3, 5, 6, 8, 12, 14, 15, 16	8 (17.39%) P3, 6, 8, 10, 15	2 (4.35%) P8, 16
5	7 (13.73%) P4, 5, 8, 13, 14, 15, 16	31 (60.78%) P1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16	12 (23.53%) P3, 4, 5, 7, 8, 12, 15		1 (1.96%) P1
Frequency (%)	49 (17.56%)	97(34.77%)	78(27.96%)	40(14.34%)	15(5.38%)

To sum up, the findings presented in this section clearly demonstrate that the participants do not use the five strategies (attractors) evenly across the five scenarios. Rather, certain strategies were more likely to be used in a specific scenario, leaving the other strategies less used in that scenario. These findings imply that the decision-making strategy adopted will be impacted by the given contexts or situations. This is in keeping with expectations from a dynamic systems perspective. When investigating babies' motor development, Thelen and Smith (1994) concluded, "behaviour is assembled by the nature of the task, and opportunistically recruits *(selects)* the necessary and available organic components (which themselves have dynamic histories) and environmental support" (Thelen & Smith, 1994, p.73). It appears that the decision-making process in business contexts is not very different from what

has been discovered from motor development, both are 'context-sensitive' and are 'assembled by the nature of the task'.

4.2.3. Individual differences in stabilities and instabilities

As noted in Chapter 3, to capture the stabilities and instabilities in each participant's decision-making process, a 'decision-making trajectory' was generated for each individual. Dynamic Systems Theory, or Complex Systems Theory, underpinned this graphical representation technique. On the decision-making trajectory, each strategy was represented as one attractor, and the patterns of shifts across these five attractors were captured in time-sequence. In this section, to discuss individual differences in the stabilities and instabilities, three examples of trajectories are provided, one of Participant 3 (Figure 4.1), one of Participant 5 (Figure 4.2), and one of Participant 8 (Figure 4.3).

In Figures 4.1 and 4.2, the *x*-axis represents time and the *y*-axis represents the type of decision-making strategy (attractor) adopted. Each dot represents each sentence that was allocated to each decision-making strategy (attractor). To specify i) the scenario to which each sentence was responding and ii) the sequence order of the different sentences within one scenario, each sentence (dot) has its own identification, S*ij* (*i*=scenario number; *j*=sequence order within one scenario). For example, S*23* means the given sentence was sampled from responses to Scenario 2, and it was the third sentence among those assigned to specific codes. On the *y*-axis, each number represents each decision-making strategy (attractor) as follows: 1 = 'Seeking a moral/ethical compass', 2 = 'Taking another person's perspective', 3 = 'Reward-Risk analysis', 4 = 'Checking against their perceived role', 5 = 'Indecisiveness'.

Figure 4.1 shows that Participant 3 mainly adopts 'Reward-Risk analysis' when making his decisions. Occasionally, he recruits other strategies. However, across all five scenarios, he tends to stick to 'Reward-Risk analysis', meaning that 'Reward-Risk analysis' forms a deep and stable attractor, or main attractor, on his decision-making landscape. From the observation of what Participant 3 said, it was evident that he was aware his main strategy is 'Reward-Risk

analysis'. During the interview on Scenario 2, he said: "I think it really depends on how much profit do I get in return for. I think it really goes back to ethics versus the potential reward. Again it's really I look at it where *all my decisions are based on cost versus benefit*" (P3, 14:44-15:02 min.). He continued to exercise 'Reward-Risk analysis' in Scenario 3 and 5. In Scenario 3, he insisted that he would persuade the purchasing manager to by high-quality material. But, Participant 3 was not concerned with values such as company's honesty or transparency, but he was rather concerned with 'long-term profit'. He said, "If you continue with this low grade, you will definitely end up with *more financial trouble*, *your financial situation will definitely deteriorate*" (P3, 28:26-28:34 min.). He also added "I will tell him (the purchasing manager) please buy high grade material because *that will maximise your profit, in the long term*" (P3, 29:07-29:12 min.).
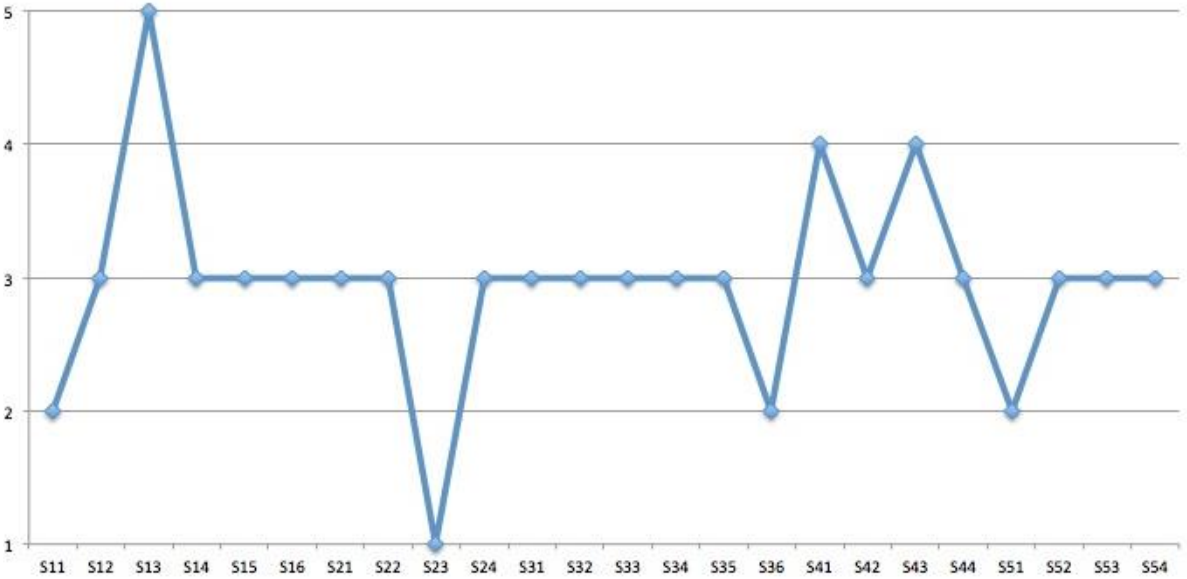

Figure 4.1. Participant 3's trajectory of shifting decision-making strategies

Figure 4.2 shows that Participant 5 more frequently seeks a moral/ethical compass compared to Participants 3 and 8, the two other examples given in this section. Occasionally,

Participant 5 recruits other strategies such as 'taking another person's perspective', 'reward-risk analysis'. However, across all five scenarios, he tends to return to his moral/ethical principles after considering other issues prompted by the interviewer. This means that 'Seeking a moral/ethical compass' forms a relatively deep and more stable attractor on his decision-making landscape, when compared to the other attractors.

This tendency was apparent from the first scenario. When asked whether he would ask additional information from the interviewee, he said "*Ethically I don't feel comfortable* with that (opportunity to ask for sensitive information), no *I wouldn't feel comfortable* with that" (P5, 2:58-3:08 min). Although he was not able to articulate why asking for additional information is ethically wrong, he used his 'emotional feeling' as a guide in the first scenario. In Scenario 4, when he was given opportunity to buy his company's share, he first expressed his emotional uneasiness as in Scenario 1, by saying: "*Ethically*, *I still wouldn't be comfortable* purchasing shares" (P5, 27:30-27:35 min.). After a few probing questions were given, Participant 5 explained why he feels ethically uncomfortable, by saying: "That *'privilege information' isn't, shouldn't be used* for that reason and is appropriate for everyone to have that information before I would had the option to use it, that's my word" (P5, 29:37-29:50). In Scenario 5, when he was asked to encourage a celebrity to advertise a product that he cannot truthfully endorse because it had previously damaged his health, he first used 'taking another person's perspective' strategy by viewing the problem from the celebrity's perspective. Participant 5 said, "If I was the celebrity *I would want to know that the health issue I had was at the very least a rarity*, not common place" (P5, 34:08-34:17 min.). In the end, this perspective taking led him to seek an ethical or moral principle relevant to the scenario. He ultimately said: "So in taking the second person perspective again if that was me *I would have an ethic and moral issue before a financial issue*" (P5, 37:17 – 37:26 min.).
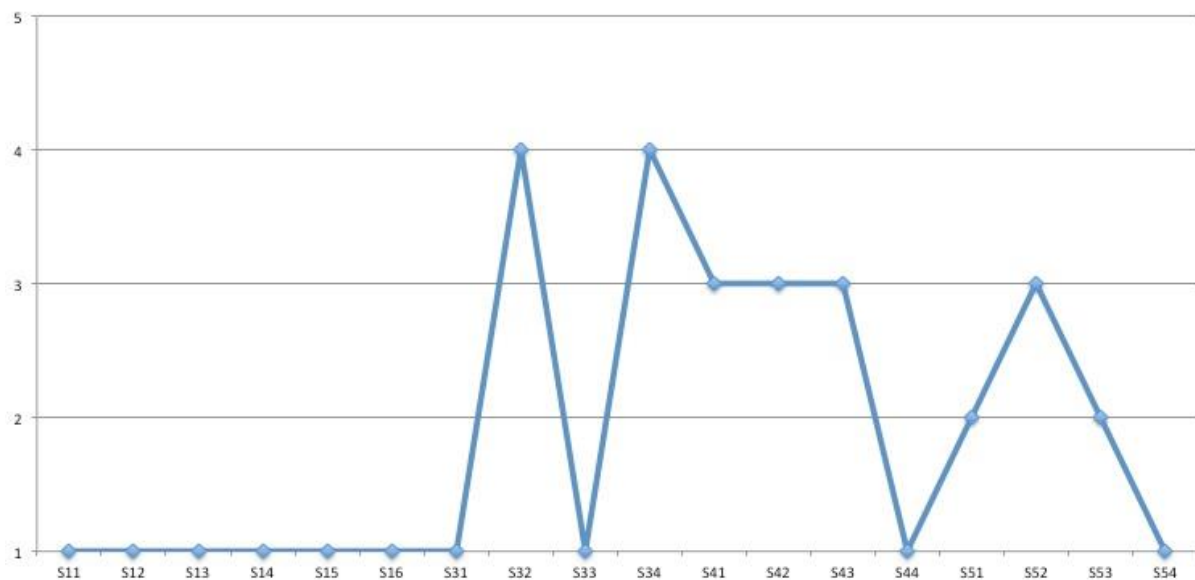
Figure 4.2. Participant 5's trajectory of shifting decision-making strategies

Figure 4.3 indicates that Participant 8 does not have one prevailing attractor, so her decision-making strategies easily vacillate from one to another in response to probing questions given by the interviewer. She was frequently shifting her strategy from one to another, meaning that all five attractors are rather shallow and unstable. In addition to this instability, she tended to be indecisive on several occasions. In Scenario 1, she had to withhold her decision-making as she could not imagine what the problem would be like in real-life situations, by saying: "But again, if I were to put the business objectives before my own, *ah it's hard to say with that one*. I don't know if it depends on, no *I still don't know if I will be able to do it*" (P 8, 4:33-4:47 min.). She also added "*I don't know* maybe in that case I might, but again it would be a really tough decision for me" (P 8, 5:54-6:09 min.). In Scenario 2, when she was asked to put misleading information to increase the company's profit, she first attempted to assess whether the given scenario and/or question is within her area of responsibility. As a result, she seemed to accept what was requested by the senior member, by saying: "*If that were his or her final say then* you know it would be I guess it would be to put two applications" (P8, 13:08 – 13:26 min.). However, after a few minutes of further discussion, she became indecisive, saying: "Ah this is so difficult. If it were to help keep the jobs of the employees and keep the business you

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know continuing then maybe. *That's my final answer, 'maybe'. I don't know, I really don't know if I could do it*" (P8, 19:12-19:58 min.).
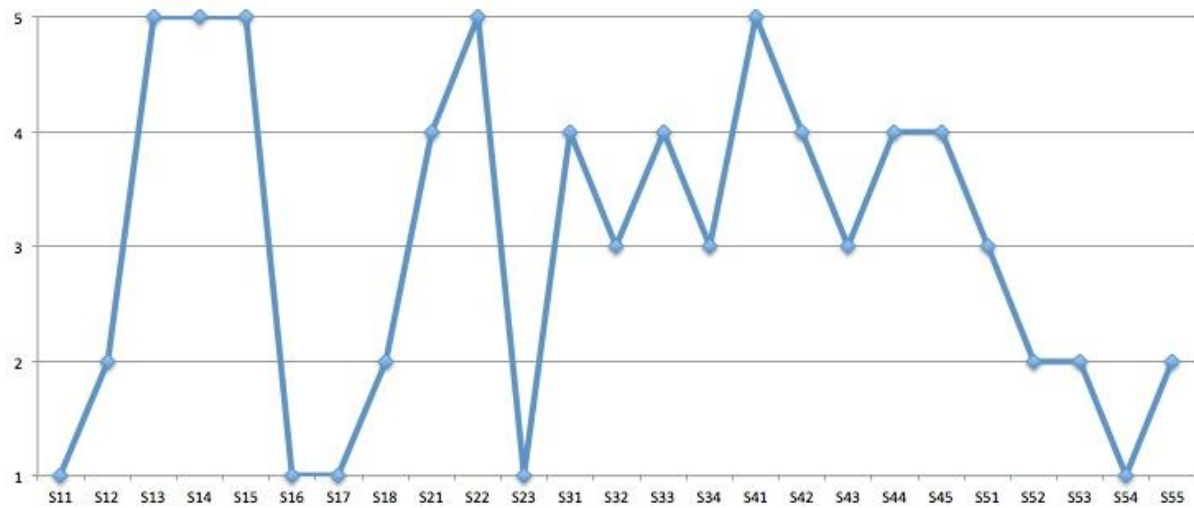
Figure 4.3. Participant 8's trajectory of shifting decision-making strategies

This section has introduced five main decision-making strategies that were revealed from the participants' responses. They are: (i) Seeking a moral/ethical compass, (ii) Taking another person's perspective, (iii) Reward-Risk analysis, (iv) Checking against their perceived role and (v) Indecisiveness. In the language of dynamic systems, as noted in Chapter 2, these five strategies were operating as main attractors in the decision-making landscape. Inter-scenario comparison has revealed that certain strategies were more likely to be used in a specific scenario, leaving the other strategies less used in that scenario and that the decision-making strategies are impacted by the given context or situation. In the last part of this section, the focus of analysis was given to individual differences in the stabilities and instabilities. The three examples of trajectories provided in 4.2.3 illustrated that there is massive individual differences in their main attractors and their relative stabilities. The following section will closely examine the factors that influence decisions.

4.3   Factors that influence decisions in a business context

In this section, the focus of analysis will be given to the *factors* that influence decisions when deciding to act in ways that compromise, or are contrary to, strongly held ethical beliefs and values. Whereas, the previous section was concerned with the decision-making strategies, or the way each individual participant frames the problem, this section will be concerned with critical or decisive factors that are involved in the final selection of the course of action. This section does not include frequency analysis of the statements assigned to each factor. Rather, the analysis will be concerned with the participants' replies to questions, in an attempt to capture the subtleties of the ways in which these factors are operating.

Company's profit: The most dominant factor that operated in the participants' decision-making was consideration of 'company's profit'. This is not surprising when considered that, as discussed in the previous section, the most frequently adopted strategy by the participants is 'Reward-Risk analysis'. A number of participants viewed the main issues of the given scenarios as nothing more than the strategic decisions to increase profits. For example, during the interview with the Scenario 2, Participant 4 showed no hesitation in providing misleading information on the product instruction. He confidently said, "So two applications will most probably make sure that you've got close to a hundred percent success rate I guess and *it increases profits so I'd say two*" (P4, 15:10-15:24 min.). When he responded to Scenario 3, this ethical compromisation motivated by profit increase was more noticeable. When he was asked whether it would be acceptable to use low-grade padding, he answered, "I guess you know it happens regularly, but I guess you got to do what you got to do *to get your profits up*" (P4, 26:58-27:18 min.). He was aware that using low-grade material is ethically compromising, because the company is highly regarded and trusted by its customers. However, he justified his decision using the fact that what his company is intending to do is not an uncommon practice, by saying: "You got a *company in financial trouble* that is trying to *cut costs, increase profits*;

I guess you know (the company) is doing something to get away. They are doing something *to increase profits* in a sneaky fashion which *it's unethical*, but I guess *not uncommon*" (P4, 29:41-30:08 min.).

Likewise, Participant 15 explicitly said he is willing to compromise ethics for the sake of the company's increased profit. In Scenario 1, when he was asked whether he would ask additional information from the candidate, his most important consideration was the profit that the information might bring. He said, "I, as a general manager want to contribute to the *success of my firm in terms of profitability* and that is probably better possible when I have some, more *information available about the market* that's my reason" (P15, 5:19-5:30 min.). And then, he made his own distinction between two types of decisions, 'ethical decision' and 'economical decision', by saying, "Probably I would say is not the best decision in terms of *ethical decision* but is one as I said probably *maximizes the value of the firm*, probably the *most economical decision* that while it's not necessarily the most *ethical one*" (P15, 6:40-7:00 min.)". Finally, he affirmed that economic success takes priority by saying, "It will lead to a better *profitability of the firm*, better *economic success of the firm* that's how I try to justify to the board, but the board would possibly agree with me" (P15, 7:28-7:38 min.). Participant 15 continued to use the same distinction and gave priority to the company's profit in Scenario 2 and 3.

Very few participants suggested that it is not necessary to make such a dichotomy between 'ethics' and 'profit', or that both should go in tandem. In Scenario 1, Participant 11 appeared to indicate problems in chasing short-term profit by saying, "In the short term we can get some information but it would not work for long *...the public will know that the company is not moral one* and those that chose *the company will face more loss in the future*" (P11, 7:07-7:14 min.). She also advocated moral leadership necessary in business, saying, "A leader (in) place with some *illegal ways*, some *immoral ways*, *it would destroy the reputation of my company* and we would not be the leader in the long run" (P11, 3:20-3:36 min.). However, during the interview with the next four scenarios, she considered profit as the most important issue, as indeed many other participants did.

Power-relationship: The second prominent factor was the relationship between the interviewee and other members of the professions. As noted earlier, some participants took requests from senior members for granted, because of their seniority, so they did not express doubts when requested to compromise ethical standards. This tendency was evident in response to Scenario 4 in which a company director suggested 'insider trading'. When Participant 7 was given Scenario 4, she said, "The chairman *has approved for me* to actually purchase the shares of the company (P7, 30:27-30:34 min.)… *I've been given the approval* and *it's my right* " (P7, 32:23-32:35 min.).

With the same scenario, Participant 10's response clearly indicated that that he did not identify any ethical dilemma, therefore he responded by saying: "The chairman comes up to you and says that you can purchase shares. It means that he actually wanted you to grow within the organization and *he wants to provide you compensation* for the hard work you've done" (P10, 26:54-27:15 min.).   It was apparent that Participant 10 took what was said by the chairman in the scenario literally and saw the offer of 'insider trading' as a reward.

Regulations: Knowledge of existing regulations, guidelines and laws certainly prevented the participants from being entirely profit-motivated. However, very few people exhibited explicit knowledge of existing regulations, so for many participants this did not appear as a noticeable factor. However, throughout the interview with Participant 14, existing regulations and guidelines significantly impacted his choice of action. In Scenario 2, when he was requested to alter the product instruction, he said, "*ASIC* will literally come down and get you for *'misleading information'* (one/two applications) which is a *big fine* and if this company is looking for profits, the last thing you want is *a law suit* coming your way for *misleading, misrepresenting* the product" (S2, 9:28-9:40 min.). In Scenario 4, he was firm again, saying: "You got actual profits, which is *sensitive information* so you are *not allowed to trade these by*

law or anyone doesn't matter that the company actually gives you permission (to buy shares)" (S4, 22:10-22:20 min.).

The variable impact of regulations on decision-making can be seen in the responses of the participants that have stayed in Australia for a relatively short time. In Scenario 2, Participant 7, an international student from Thailand, was conscious that if changing the application instructions, there could be legal consequences in the Western World. However, when she was asked to view the issue in Asian context, she said, "I would feel *less guilty if it was in Asia*, due to the *cultural differences* and the *legal consequences* and with like the characteristic of the Asian culture alone that's like 'ah never mind I got tricked' you know, doesn't matter that much" (P7, 13:44-14:05 min.)..." I would possibly like *to change* to two application, but *only in Asia"* (P7, 14:06-14:27 min.).

Personal concern: This code includes one's concerns with his/her family's view, personal benefit, keeping face or feeling justified. The study shows that personal concern has a mixed impact and the extent of impact varies across 16 Participants. Many participants seemed to make a clear distinction between a professional decision and the personal domain. The idea seems to be that the business world operates according its own rules, and it is unnecessary or even inappropriate to share issues from one's professional life with people in one's personal domain. This distinction was clearly made in Participant 10's responses. In Scenario 1, when he was asked whether he will seek his family's or friends' views on the issue, he clearly said that: "First of all I won't negotiate any kind of business transactions with the *family* or *friends* because *family and friends are different from business*" (P10, 10:09-10:18 min.). This principle underpinned his responses in both Scenario 2 and 3, and he thought discussing the issues with his family members and friends actually breaches confidentiality in the business context. In Scenario 2, he said, "No, because if I tell *my family members*, it's like *a breach of my confidentiality* that I have signed with the company. I can't say anything about my company to my family members" (P10, 15:24-15:35 min.).

However, for some people, keeping consistency and integrity between their professional life and personal life was seen to be important. In Scenario 3, Participant 11 said, "We may claim the low grade padding as high quality, *personally* I am not in favour of this kind of decision and *will not feel comfortable to let my family or friends know this kind of decision*, so I'm afraid I'm lying in my initial response yeah" (P11, 23:57-24:12 min.). Participant 7 said, "I wouldn't feel comfortable at all *because if my family and friends knew that* this is that action that I took, *they will feel really disappointed in me* because um one of the main**,** *one of the main values that I was taught is to have ethic*, in any context and especially in business" (P7, 6:31-6:58 min.).

CHAPTER 5: DISCUSSION

This thesis began by recalling that, in December 2014, Greg Medcraft, Chairman of the Australian Securities and Investment Commission (ASIC), had called for a national, university-level examination for all financial advisors, in which ethics is a core component. The reason, he argued, is that ethics should be driving good financial advice and such an examination will help to restore trust and confidence in the financial sector. In Chapter 2, it was noted that, in fact, there is a long history of more than a hundred year's of teaching ethics in the context of business education. However, it is a chequered history. Sometimes, in some universities teaching ethics in the context of business education has been seen as important; at other times and in other places it has been viewed as less important. However, most business educators believe it *should* be important, though there is also wide-spread recognition that one of the main problems of teaching ethics in business education is that it is not clear how best to go about it. In other words, a main problem is a pedagogical problem of how best to teach ethics in business education. An underlying aim of the research undertaken in this study is that it might begin to point the way to an alternative pedagogy for teaching ethics in business education. Given the theoretical background of this study and the research findings provided in the previous chapter, the main question now is whether, in fact, this study has begun to provide such an alternative? This question will be taken up later in the current chapter.

It was also noted previously, in Chapter 2, that from a dynamics perspective, decision-making results from both the long-term dynamics of a persons' history of learning, and also from the 'here-and-now' dynamics of a given task, including its goal and context. This means that not only learning and development, but also ethical decision-making, are highly contextually related, exploratory, opportunistic, and highly variable. These claims appear to be corroborated by the findings of this study, where the responses of participants to the scenarios were often contextually related, exploratory, opportunistic, and highly variable. However, as described in Chapter 4, it was found in analysing the data that, although there was considerable

individuality and variability in response to the scenarios and the interviews, participants tended towards one (or sometimes more than one) strategy out of a total of five strategies that emerged from the data, and these five strategies were operating as attractor states. The notion of attractor states was previously discussed in Chapter 2, and the ways in which participants tended to default to five attractors has been described in detail in Chapter 4. These strategies/attractor states were identified as: Seeking a moral/ethical compass; Perspective taking; Reward-risk analysis; Checking against the role, and Indecisiveness. In considering this finding, is now important to make two important points of clarification about the status of these five attractors, as they arose in this study.

5.1 Attractors, stability and instability

The first point of clarification is that this thesis is not claiming special status for these particular attractors, and certainly not a universal status. From a dynamics perspective the expectation is that attractors will emerge, but precisely what those attractors are in any given situation will be dependent on a number of relevant contexts operating at the time. Attractors are therefore not necessarily, or even mainly, stable entities; they are often unstable to 'varying degrees' (Thelen & Smith, 1994, p. 60). As noted earlier, one common way to picture attractor instability is to imagine a ball perched on top of a hill and a lot of stored potential energy; it is highly unstable and with just a small push it will roll down the hill. By contrast a ball situated in a deep valley will require a lot of energy to shift it; it is therefore said to be in a deep and stable attractor. Balls in a much more shallow valley require less energy to shift them out of the valley. It is situated in a shallow attractor that has a degree of stability. On being pushed it may move out of its valley into a neighbouring valley without spending much time on the hillock in between. Moreover these patterns of behaviour are not in anyway pre-programmed, nor are they entirely predictable. They are often influenced by multiple factors that are

themselves in a process of constant change. In the literature, the notion of a mountain stream is used as a metaphor to convey these ideas. As Thelen and Smith present it:

> "At some places, the water flows smoothly in small ripples. Nearby may be a small whirlpool or a large turbulent eddy. Still other places may show waves or spray. These patterns persist hour after hour and even day after day, but after a storm or a long dry spell, new patterns may appear. Where do they come from? Why do they persist and why do they change? No one would assign any geological plan or grand hydraulic design to the patterns in a mountain stream. Rather, the regularities patently emerge from multiple factors: The rate of flow of the water downstream, the configurations of the stream bed, the current weather conditions that determine evaporation rate and rainfall, and the important quality of water molecules under particular constraints to self-organize into different patterns of flow" (Thelen & Smith, 2006, p. 263).

The key idea in this, for our discussion is that attractors may be both stable and unstable and they may form and reform over longitudinal time.

5.2 Attractors and Kohlbergian stages

The second point of clarification concerns the notion of attractors and Kohlbergian stages. This study was partly set in opposition to the Kohlbergian and Neo-Kohlbergian paradigm of moral development, not least because it has played an important role in shaping the approach to business ethics and the teaching of ethics in business education. An important aspect of the Kohlbergian framework is that the stages are closely associated with research findings over more than half a century. In claiming, as this thesis does, that the five attractors emerged from research, begs the question of whether the attractors are related to Kohlbergian stages. From a dynamics perspective, as discussed in Chapter 2, the Kohlbergian notion of developmental stages is considered problematic. However, it might be tempting to assume that in adopting the notion of attractors this study is simply playing a word game, adopting the word attractors instead of the word stages. That temptation is to be strongly resisted. In fact, such a suggestion would overlook the fact that Kohlberg's stages of moral reasoning are the product

of a deep philosophical study of morality, including a close study of the work of Emmanuel Kant. The attractors that emerged from this study cannot claim any such status. However, it should also be noted that from a dynamics perspective the Kohlbergian notion that stages operate as 'structured wholes' in the mind is also seen as problematic; for many in dynamics theory there are no such structures or schemas (Kim & Sankey, 2009). What actually emerged from this study is five main strategies that participants actually adopted in responding to the scenarios and interview questions. In the language of dynamic systems these strategies were operating as main attractors.

On the other hand, in Chapter 2, it was stated that although those following a dynamics approach will view the idea of discrete stages as very problematic, that does not imply that the forms of 'moral reasoning' identified by Kohlberg are problematic – its just that they are not tied to the putative 'stages'. In fact, this study found that aspects of Kohlberg's forms of moral reasoning were present in the responses of the participants. It is worth briefly looking at some examples. For the purpose of this discussion the description of Kohlberg's stages found on page 520 of McDevitt and Ormrod's (2010) textbook on *Child development and Education* will be used. They identify the stages as: Stage 1 Punishment – avoidance and obedience; Stage 2 Exchange of favours; Stage 3 Good boy/good girl; Stage 4 Law and order; Stage 5 Social contract, and; Stage 6 Universal ethical principles. As previously noted, these stages are said to occur at three distinct levels: Stages 1 & 2 are at Level 1 Preconventional Morality; Stages 3 & 4 are at Level 2 Conventional Morality, and; Stages 5 & 6 Postconventional morality.

In the interview responses to the five scenarios, participants in this study displayed all of the forms of reasoning identified by Kohlberg except Stage 6, which is thought to be extremely rare even in adults. Within business settings, examples of imprisonment of monumental cheats such as Bernie Madoff, who defrauded his clients of almost $65 Billion, are well known and the avoidance of punishment (Kohlberg's Stage 1) is therefore frequently a guiding principle in decision-making. It surfaced on a number of occasions in this study. For

example, in Scenario 4 (concerned with insider trading) Participant 14 was asked what factors were in his mind when thinking it through, he answered: "I'd be thinking I don't want to go to jail, as simple as that". In Kohlbergian terms, Stage 1 is the child-like perception that what is wrong can be defined by what will be punished. At an adult level, it might be argued that Participant 14 is not exactly saying that insider trading is wrong *because* it will get punished; nevertheless he claims that the avoidance of punishment is the underlying principle guiding action. He says; "If you are going to make millions of dollars because you know the share price will rocket, well you can't because you will get busted for insider trading and this is one of the key things we live on" (P14, 23:14-23:20 min)..

In Kohlberg's Preconventional level of moral reasoning (Stages 1 & 2) a key defining principle is 'consequences to oneself'. At Level 2, children are said to be guided by reciprocity (mutual benefit – you scratch my back, I'll scratch yours), but this is also to be found in business settings. In fact reciprocity is the basis of a lot of business deals. However, none of the scenarios chosen for this study were concerned with this kind of 'trade-off' situation, so it did not directly surface in the interviews. However, Kohlberg's Stage 3 (at a Conventional level of moral reasoning) was apparent in many of the participants' interview answers. Here the guiding principle is the need to please others, especially authority figures and persons of high status, and to maintain relationships through sharing, trust and loyalty. This means taking other peoples perspectives and intentions into account when making decisions.

In the interviews, participants were initially asked to consider the 'best interests of the company' in forming their decisions. However, one line of questioning was to contrast that focus with a focus on what other colleagues would think of the participant's decision, and then whether they would tell family members. In Scenario 2, for example, participants were faced with a situation where it was known one application of a shampoo is sufficient, but the sales manages suggest putting 2 applications on the label, to boost consumption. Many participants said that the best interest of the company requires maximising profits and on that basis they

would go along with the suggestion to put two applications on the label. Participant 5 initially said: "If I want to maximise the profit percentage for the company I have to put two", but shortly afterwards stated "if there is an ethical and moral consideration as well, it's a very tough one" (P5, 12-51 – 13:00 min.), but excused his action saying the label is only advisory. Later he said he would be comfortable letting colleagues know, but laughing he said "I'd struggle with family and friends". Participant 13 was uncomfortable informing colleagues. He said he would put two applications but when asked to explain his actions to the Company Board, he became less confident. He wanted know whether the Board knew about this suggestion. In other words, he began to see that his decision, based on the best interests of the company, might be out of step with the Company Board and he was keen to please the Board.

It is interesting that, in all the responses, only one person on one occasion picked up that 'acting in the best interests of the company' might actually mean acting ethically. Nevertheless, this brief analysis has shown that all participants noticed the ethical dimension embedded in the five scenarios and their responses to the questions asked in the interviews certainly displayed aspects of Kohlbergian forms of ethical reasoning. This was evident from what Kohlberg classified as Stage 1 up to and including stage 5 at the Postconventional level of ethical reasoning, where it is not sufficient to acknowledge the existence of rules about what is socially acceptable, because they are the law (Stage 4). Rather, the rules provide a framework for decision-making and what matters above all other considerations is acting ethically (Stage 5). In the Kohlbergian system the various forms of ethical reasoning that he identified are tied to a developmental stage progression, where one moves through stages in an invariant order. This study found that while one cannot situate the participants' into discrete developmental stages based on their responses, there are aspects of each stage operating across the range of answers provided. However, it should also be noted that in Chapter 2 of this thesis it was stated that the notion of 'moral reasoning' as the basis of moral action has also been subjected to criticism, not only from a dynamics perspective but also the social intuitionists such as Jonathan

Haidt. In real-life ethical decision-making, we often act first and reason afterwards, if we reason at all. The participants in this study, as documented in the previous chapter, displayed elements of intuitive (gut-feeling) and reasoning in their responses to the scenarios.

5. 3 Limitations of this study

The limitations of this study are those that apply to any small-scale study, but there are also additional limitations that arise from the way the study was conducted and reflections on how it might be done differently in a more extended study. The most obvious limitation is that, with a sample of only 16 participants, it is not possible to generalise and make universal statements based on the findings of this study. The findings of this study, discussed above, tell us only how this group of 16 participants, from one university in Sydney, Australia, over a specific period of time, responded to the 5 scenarios and the questions they were asked in the interviews; that is all. There are a number of elements in the statement of limitation just made - the small sample, where it was drawn from, where it was located, and the timing of the study. Each of these have a bearing on the limitations of this study, both individually and taken as a whole.

The sample size was mainly determined by the number of participants that it was possible to recruit. The initial aim was to try to recruit 15-20 participants, as this was thought to be a manageable number, based on the length of time each interview would take and the available time - given the student's timetable commitments that determined the time they would have available. The sample that volunteered was at the lower end of the hoped for sample, but proved to be sufficient for the purpose of this limited study. For example, it was sufficient to show considerable variability in the responses the participants made to the scenarios, as predicted by the dynamic systems framework of the study. It was also sufficient to yield five strategies that acted as attractors. Nevertheless, as noted above, one cannot confidently predict

that the same strategies/attractors that emerged in this study will emerge from a subsequent similar study. That is consistent with dynamics theory, which stresses the inherent unpredictability of emergent entities. However, though the precise strategies/attractors are unpredictable, the theory does predict that strategies/attractors will emerge in such a study, and that is what this study found.

The participants in this study were all university students at one university. That means that these students have been selected by the university to enter their business school as a student. In other words, despite a considerable amount of individual variation in their age and past experience, for example, they are nevertheless a group that has been selected. The study was concerned with decision-making in business settings. The participants in this study were all students on a business course and some had experience of real-life business settings, but that is as close as this study was able to get to business settings. Whether the results would be similar if taken into the business workplace or not cannot be known. However, the context of this study was also concerned with the teaching of ethics in business education, and this sample was therefore very relevant to that context.

The study was conducted in Sydney, Australia in the second half of 2014 and, as indicated at the start of this thesis, that place and time was especially alive to issues of unethical behaviour in business settings. Specifically, all the major banks in Australia had been implicated in issuing financial advice to customers that was not in the customers' interests but rather the financial interests of the advisors and the banks. In short, they had been accused of unethical conduct. In this study it was found that all participants exhibited at least some awareness of the ethical dilemma embedded within each of the five scenarios. However, it cannot be concluded from this study that participants will normally show such awareness. It is possible that, in another study, in a different place and time, participants that are not situated in the context of a well-known and widely publicised case of unethical business conduct might be less aware of the ethical dilemma.

All of the above issues have an impact on the limitations of this study, and these are quite normal for most studies of this kind. However, there are additional limitations that relate to the way the study was designed and how the researcher conducted the study. The design of this study could not simply replicate earlier studies that have a similar focus. The decision to use a dynamics systems framework required a lot of new thinking. So far as the researcher and his supervisor are aware, no similar study related to ethical decision-making in business settings and the teaching of ethics in business education have used a dynamic systems approach. Dynamic Systems Theory is relatively new in the context of developmental psychology and particularly moral development. The history of DST in psychology has strands that go back half a century or more, but it is usually recognised that the seminal work of Esther Thelen and Linda B. Smith (1994), was a major turning point. That book formed the foundation of a paper published in the *Journal of Moral Education* by Minkang Kim and Derek Sankey (2009), which argued for DST as a new paradigm in moral development. That paper formed an important foundation for this study, but although it hinted at how it might be applied in research it did not attempt to provide clear guidelines; that was not its purpose.

If one looks at studies using DST in mainstream psychology, many are conducted over longitudinal time and focus on the individual. This study could not be conducted over longitudinal time, due to the limits set on the time for completing a higher degree. However it did focus on individuals and the research avoided cross-sectional sampling and group average results, which dynamic systems researchers such as Fogel and colleagues (2008) have criticised. Previous studies of ethical decision-making, especially those conducted within the Kohlbergian paradigm did use cross-sectional group average scores.

One other limiting factor was the inexperience of the researcher, particularly in conducting the interviews. As noted, the interviews were video recorded. This helped considerably in interpreting the meanings expressed by the participants as they attempted and sometimes struggled to articulate their thoughts. Audio recording can pick up the spoken words,

the tone of voice, the hesitations and nervous laughs, for example, but it doesn't capture the body language, which can also be very informative. There was nervousness on the part of the interviewer as well, as he attempted to respond to what was being said and take the discussion forward. On reviewing the recording it was obvious that interviewer nervousness and inexperience led to a number of lost opportunities to maximise the conversations. However, overall the data they produced was sufficient for this study.

The greatest loss was in not maximising the metacognitive aspects that were intended to be built into the research interview process. Participants were asked the reasons for their answers, but they were not probed and made to reflect deeply enough on their own thinking and decision-making processes. It is believed that more could be done in this regard, if a future study was conducted. This has implications for the educational aspects of this study, which will be taken up in the following concluding section.

5.4 A new foundation for teaching ethics in business education?

As noted earlier, an underlying aim of this study was to begin to point the way to an alternative pedagogy for teaching ethics in business education. At the start of this thesis the hope was expressed that, given that a new theoretical framework such as DST is now available to educators, this might provide a new and better foundation on which to build a new curriculum initiative in teaching business ethics. However, as also noted, working out the curriculum and pedagogical implications of this new direction is beyond the scope of this thesis and also, it should be added, the current expertise of this researcher. That agenda would be for a future study. Nevertheless, it is claimed that at a general practical level, this study has begun to point the way to an alternative pedagogy for teaching ethics in business education, as hoped.

When examining the literature on the teaching of ethics in business education, in Chapter 2, it was found that the most common method used to teach business ethics has been

through lectures that set out various ethical principles and theories, sometimes illustrated by case studies of ethical dilemmas. The main hope in adopting this kind of approach was that students would somehow develop ethical awareness and decision-making skills. Other scholars have suggested that this kind of approach can invite a guest speaker and use case studies, though some commentators noted a lack of evidence that using case studies will do much to improve students' ethical standards. A key concern, identified in the literature, was that courses in business ethics should be relevant to the real world of business and should be interesting. If they are not relevant and interesting, students will not take them seriously.

These concerns were at the forefront of this research, especially in adopting the scenario-based approach, in designing the scenarios and setting the interview questions. What this study found, as is clear from the data, is that the participants in this study certainly found the scenarios relevant and interesting and the interviews challenging. None of the participants expressed the view that their involvement in this study had been a waste of their time. As the researcher, I also found the interviews interesting and challenging in stretching my thinking. This is not to claim that the scenarios developed for this study were perfect in any way, but it can be claimed that they worked well as a spur to engaging with ethical questions in business settings. On reflection, the key to this was the decision that was taken, when planning the study, to use scenarios that provide a context and not directly base the interviews on ethical dilemmas.

What this seems to suggest, as a basic, practical teaching suggestion, is that students will engage with these kinds of carefully planned and targeted scenarios. That means making sure that the scenarios do reflect real-life business settings with issues that students can appreciate they might actually encounter. For curriculum planning, the source of such scenarios is not difficult to find, it is on the news and in the newspapers on a fairly regular basis. The truth is that ethical issues are not marginal to business conduct, as Metcalf said, as recorded at the start of this thesis, they "should be driving" good business practice. However it often does not and, as a result, the business world and especially the financial sector loses trust and

confidence. It should therefore not be too difficult to make the teaching of business ethics relevant, ethics is centrally relevant to good business practice, and this study seems to show that the participants (who were students) found the approach through scenarios that capture the real world of business is interesting. What needs to be done now is to produce teaching materials based on the scenario-approach and test and refine them in business education.

It is important to note, in contrast to the view that somehow we should instil ethical values and principles in students' minds, that a scenario-based approach is based on *decision-making* in business settings. It is acknowledged in this study that ethical decision-making is not only a cognitive rational process, but is often intuitive. In the real world, we often act first and think thorough why we acted the way we did after the event. This idea, we noted in Chapter 2, is common to both a dynamic systems approach and a social intuitive approach, though admittedly for different reasons. The challenge in classrooms and lecture rooms is to somehow allow for both kinds of responses in the pedagogical and curriculum approaches that are adopted. This is for another study, but the responses of the participants to the scenarios sometimes exhibited a more intuitive first response that became a more reasoned response as a result of the interview questions.

Earlier the notion of metacognition was mentioned, and although this was not well exploited in this study, it would need to be given much more emphasis when designing teaching materials. In this study, the discussion ended when participants had been questioned on the answers they had given. The interviewer was seeking reasons for their adopted strategies in the face of the scenarios and questions, but in a teaching situation, the probing would need to go deeper. Teachers would need to go behind the stated reasons to find possible reasons for the stated reasons. It is thought that this would be important if the learning conducted in an educational setting was to carry over into the thinking and actions of the students when they go into the business world. The point is that the reason people act unethically is not necessarily an underlying lack of awareness of the ethical issues and principles, it is a lack of perception and

action – experiencing a situation that calls for an ethical response and then acting ethically. Giving lectures on ethical principles, inviting outside speakers and even case studies of ethical violations will possibly do little to get to the perception/action response.

In thinking about how to address this problem in the process of decision-making, the researcher was kindly given advance access to a chapter of a book that will be published in early 2016. The chapter is by Sankey and Kim (my supervisor) and is called *Cultivating morality in an age of neuroscience*. In this chapter they talk about cultivating moral sensitivity and moral awareness in terms of cultivating moral or ethical 'connoisseurship', which is based on Michael Polanyi's (1966) writings about *The Tacit Dimension* of knowing and acting. It needs to be noted that this notion is primarily perceptual and not cognitive – if cognition is understood in terms of mental processes of deliberation and evaluation. It is akin to tasting and sensing, not thinking through. The idea is that moral decision-making is not primarily deliberative (as Rationalists suppose), nor is it randomly intuitive (as social intuitionists such as Haidt suppose), but rather a *sensing* of what is appropriate, given the totality of the context. It seems to this researcher that this is the kind of idea that is needed in the business world. Most business people and even business students understand the ethical principles and the expectations of society, but what they may lack is a fine-tuned sense of ethical connoisseurship – the ability to discern what is needed and what should be done.

The image is of wine connoisseur who is born with the necessary sense of taste and smell but who develops them through constant experience and rehearsal so that it is possible to make very subtle discriminations between wines in terms of quality. They see much the same happening in moral development. Sankey and Kim(2009) argue that all life is underpinned by what they call a 'predilection to value', a value bias that exhibited by all life forms that discriminates between what is beneficial to the organism and what is not, what is better and what is not so good. Children, they claim come into the world able to make those kinds of basic value discriminations that are essential to the maintenance of all life on this planet. They are

not saying we are genetically programmed for morality, simply that all life is underpinned by the ability to discriminate better from worse, nutrients from toxins. Without that, they point out nothing could survive. Building on this starting point, throughout life human beings have the capacity to develop ethical awareness and sensitivity, as a connoisseur develops wine-tasting skills.

To illustrate their point they cite the story of a highly experienced fireman in charge of a fire crew who, when tackling a fire, sensed something was not right and he immediately evacuated the crew. Moments later, the floor of the building collapsed because of a hidden fire in the basement below. When interviewed later, he said he acted on a 'sixth sense,' but when questioned further it became apparent that he was also attending to specific cues, including the feeling that the room was hotter than expected, given the type of fire being tackled, and it was not responding, as expected, to the water being applied. Commenting on the same story, Woodward and Allman (2007) conclude that his actions were the result of "implicit learning on the basis of past experience which leads to a normatively appropriate 'intuition' but without extensive deliberative reasoning and indeed with little awareness of the processes that generate the intuition or the cues on which it is based" (p.190). Sankey and Kim suggest that moral intuition displays similar characteristics. In this case, they say, "there was not 'extensive deliberative reasoning,' but neither was it entirely absent. The fireman's actions were not unreasonable; he had reasons even though at the moment of the decision they were not in his mind" (Sankey & Kim, 2016). Arguably, what is really needed in business education are courses that that help to develop students' ethical connoisseurship and, if that is the aim, the suggestion of this study is that a scenario-based approach might begin to address that need.

In such an approach, students in business education would not only encounter different real-life scenarios in the course of their study, they would also analyse their decision-making processes in response to the scenarios. They would be encouraged to notice the attractors they adopt as strategies in response to the scenario and the ethical dilemma it poses and deconstruct

their own thinking and intuitive responses as far as they are able. Through repeated experience, over time, they will begin to develop the skills of acting in response to perceived situations, combining intuition and rational deliberation, as witnessed in the case of the fireman.

Conclusion

The main concern of this thesis is ethical decision-making in the context of business settings. The two main reasons for this concern, outlined in this thesis, are 1), the call to include business ethics as a core component of business education, in response to alarming examples of unethical behaviour, especially in the financial sector and 2), the realisation that we do not have the necessary theoretical, pedagogical and curriculum resources to address that call. This realisation is supported by the track record of teaching ethics in business education over the past century or more. Whereas it was found that there have been courses provided by some universities, these have often been marginalised as electives, and many courses in business education do not include ethics. This picture matched this researcher's experience as a lecturer in business education. When this study looked at what is being said by scholars in business education about how best to teach ethics, the overall picture was one of vague notions around the idea of instilling ethical principles. This thesis is based on the assumption that this is nowhere near enough, even if it might have merit in some circumstances, for example in regard to business law. But, knowing the law is no guarantee of acting within the law, and ethical decision-making, as Kohlberg so clearly saw, is much more than following the law.

A second guiding assumption of this thesis is that if we are to begin to address the educational issues (pedagogy and curriculum), we first need to understand something of the process of ethical decision-making in business settings, especially what *strategies* might be operating when deciding to act in a business context, when the main consideration is acting in the best interests of the company and, what *factors* influence decisions to act in ways that compromise, or are contrary to, ethical beliefs and values, if these are not congruent with the perceived best interests of the company? These two provided the research questions for this thesis. The empirical study conducted for this thesis has begun to shine some light on these key questions, but it is not claimed that it has provided anything like comprehensive answers. What was found is that participants in this study tended to adopt default strategies that, in the language

of dynamic systems theory, were operating as attractors (Research Question 1). Moreover, across the sample, it was found that there were five predominant attractors. Under questioning, with some individual participants, these appeared to be relatively stable within the context of a given scenario, though they could be unstable across scenarios. For other participants, a degree of instability was detected even within a given scenario.

When participants were directed towards setting their own beliefs (perhaps as indicated in their first response to a given scenario) against the perceived best interests of the company (Research Question 2), the most common strategy/attractor was to weigh up the perceived costs and benefits in coming to a decision. The social intuitionists place a strong emphasis on the idea that in ethical/moral setting we usually act first and reason afterwards, if at all. The dynamics theory also recognises that we may often act intuitively, but emphasises that the even if reasons are not at the forefront of the mind that does not mean that reasoning plays no part, it may well be operating tacitly and below the lever of conscious awareness. In response to Research Question 2, this study found a considerable level of explicit reasoning. It could be argued that this is because the research methodology encouraged reasoning and not an intuitive response, but it could equally be argued that in the real world, acts of ethical misconduct are often premeditated and planned, which indicates they are not simply intuitive reactions to situations as they arise – though some may be.

The overall conclusion of this study is that ethical decision-making in business settings is both intuitive and rational and these processes, taken together, lead to default strategies that act as main attractors. If these findings were to be replicated in further studies, this may well begin to provide a basis for developing a new approach to teaching ethics in business education. In particular, the scenario-based approach that was used for this study could lend itself to the development of new teaching materials and a new pedagogy. As discussed in the previous chapter, the aim in using this kind of approach would be to develop rehearsal and repetition, a level of ethical awareness and sensitivity, ethical connoisseurship, that would impact behaviour

– in the way demonstrated by the story of the fireman when he acted intuitively, but also reasonably in the face of a crisis situation.

To come straight to the point, if it really is important to teach ethics in business education, as many people including myself believe, a scenario-based approach would seem to provide a promising approach that will be interesting and relevant to students. It will need to be a core component on the business education curriculum so that it is given sufficient time to develop ethical connoisseurship. If that level of ethical awareness and sensitivity is guiding the adoption of strategies, one would hope and expect that these would act as deep and stable attractors, guiding action. It is hoped that, in a small way, this study has begun to shine a light on the process of decision-making in business settings that could be used to explore the educational implications in more detail, in another study, but that is for the future.

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Request for Information Form

Name: …………………………………………………………………..

Email: …………………………………………………………………

Mobile: …………………………………………………………………...

I am interested in your research project "Decision Making in Business Settings: Implications for Business Education"

I would like to receive the Participant Information Statement, giving more information about participating in the research.

I understand that receiving this information does not indicate I am willing to participate. If I decide to participate, I will return a consent form that I will sign.

For your voluntary participation you will receive as a token of appreciation a gift voucher for you to choose, either from Woolworth or Coles.

*Your email address and mobile will not be used for any purpose other than to send you a participant information statement.

Participant Information Statement

THE UNIVERSITY OF SYDNEY

Faculty of Education and Social Work

ABN 15 211 513 464

Dr. Minkang Kim

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Education Building A35
The University of Sydney
NSW 2006 AUSTRALIA
Telephone: +61 2 9351 6627
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Decision Making in Business Settings: Implications for Business Education

PARTICIPANT INFORMATION STATEMENT

(1)   What is the study about?

You are invited to participate in a study of decision-making in business and its implication for teaching business education. The study is being conducted within the framework of dynamic systems theory. It is hoped that this study will ultimately result in new teaching materials for use in business education.

(2)   Who is carrying out the study?

The study is being conducted by EDGARDO MARTINEZ, as part of a Master of Philosophy degree at The University of Sydney, under the supervision of Senior Lecturer Dr. Minkang Kim.

(3)   What does the study involve?

The study involves a face-to-face interview, where the participant will look at 5 scenarios one by one and provide their opinions as to the best course of action in the given situation.
The venue where interview will be held is:

The University of Sydney Business School
Level 17, Stocklands Building
133 Castlereagh Street

For research purposes, the interviews will be video recorded, but these will not be used for any other purpose other than this study.

(4)   How much time will the study take?

The interview will take approximately 60 minutes.

(5)   Can I withdraw from the study?

Yes. Being in this study is completely voluntary - you are not under any obligation to consent and - if you do consent - you can withdraw at any time.

You may stop the interview at any time if you do not wish to continue, the audio recording and video recording will be erased and the information provided will not be included in the study.

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(6)   Will anyone else know the results?

No. All aspects of the study, including results, will be strictly confidential and only the researchers will have access to the information.
A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report*.

(7)   Will the study benefit me?

The main benefit will be learning about research procedures through participating in a study. Upon finishing the study you will be provided with feedback in a form of a summary of the findings, where you will see your input into this project. As a token of appreciation, a small reward in the form of a gift voucher for you to choose, either from Woolworth or Coles worth $ 20.00 will be offered to those participating.

(8)   Can I tell other people about the study?

Not until all the interviews are completed (estimated as 30th November 2014). The reason being is that there is a possibility that the person you talk to may be also taking part in this study and it is preferred that each participant expresses his or her own opinion / voice.

(9)   What if I require further information about the study or my involvement in it?

When you have read this information, EDGARDO MARTINEZ will discuss it with you further and answer any questions you may have. If you would like to know more at any stage, please feel free to contact Edgardo Martinez, email: *emar2840@uni.sydney.edu.au* Mobile 0439412222

(10)   What if I have a complaint or any concerns?

Any person with concerns or complaints about the conduct of a research study can contact The Manager, Human Ethics Administration, University of Sydney on +61 2 8627 8176 (Telephone); +61 2 8627 8177 (Facsimile) or ro.humanethics@sydney.edu.au (Email).

This information sheet is for you to keep

Participant Consent Form

THE UNIVERSITY OF
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PARTICIPANT CONSENT FORM

I, ...[PRINT NAME], give consent to my participation in the research project

Decision Making in Business Settings: Implications for Business Education

In giving my consent I acknowledge that:

1. The procedures required for the project and the time involved have been explained to me, and any questions I have about the project have been answered to my satisfaction.

2. I have read the Participant Information Statement and have been given the opportunity to discuss the information and my involvement in the project with the researcher/s.

3. I understand that being in this study is completely voluntary – I am not under any obligation to consent.

4. I understand that my involvement is strictly confidential. I understand that any research data gathered from the results of the study may be published however no information about me will be used in any way that is identifiable.

5.   I understand that I can withdraw from the study at any time, without affecting my relationship with the researcher(s) or the University of Sydney now or in the future.

6.   I understand that the interview will be video recorded to analyse my responses, including my body language, as I frame and modify my answers to questions asked. I also understand that the video recordings will not be used for anything other than this study.

7.   I understand that I can stop the interview at any time if I do not wish to continue, the audio and video recording will be erased and the information provided will not be included in the study.

8.   I consent to:

- Audio-recording   YES   ☐   NO   ☐
- Video-recording   YES   ☐   NO   ☐
- Receiving Feedback   YES   ☐   NO   ☐

If you answered YES to the "Receiving Feedback" question, please provide your details i.e. mailing address, email address.

Feedback Option

Address: _____

_____

Email: _____

....
Signature

....
Please PRINT name

....
Date

Letter of Approval from the HREC

Research Integrity
Human Research Ethics Committee

Monday, 5 May 2014

Dr Minkang Kim
School Development & Learning; Faculty of Education & Social Work
Email: minkang.kim@sydney.edu.au

Dear Minkang

I am pleased to inform you that the University of Sydney Humanities Low Risk Subcommittee has approved your project entitled "**Decision Making in Business Settings: Implications for Business Education**".

Details of the approval are as follows:

Project No.:   2014/220

Approval Date: 5 May 2014

First Annual Report Due: 5 May 2015

Authorised Personnel: Kim Minkang; Martinez Edgardo; Walker Richard;

Documents Approved:

Date Uploaded	Type	Document Name
15/04/2014	Advertisements/Flyer	Advertisement Script
15/04/2014	Advertisements/Flyer	Request for Participant Information
15/04/2014	Interview Questions	Interview Scenarios and Questions
15/04/2014	Participant Consent Form	Participant Consent Form
15/04/2014	Participant Info Statement	Participant Information Statement
15/04/2014	Recruitment Letter/Email	Email to volunteers
15/04/2014	Recruitment Letter/Email	Letter to the Unit Coordinators

HREC approval is valid for four (4) years from the approval date stated in this letter and is granted pending the following conditions being met:

Special Condition/s of Approval

- It will be a condition of approval to receive written approval from the relevant UTS unit co-ordinators and the Associate Dean before researchers commence this study.

Condition/s of Approval

- Continuing compliance with the National Statement on Ethical Conduct in Research Involving Humans.

- Provision of an annual report on this research to the Human Research Ethics Committee from the approval date and at the completion of the study. Failure to submit reports will result in withdrawal of ethics approval for the project.

- All serious and unexpected adverse events should be reported to the HREC within 72 hours.

- All unforeseen events that might affect continued ethical acceptability of the project should be reported to the HREC as soon as possible.

- Any changes to the project including changes to research personnel must be approved by the HREC before the research project can proceed.

- Note that for student research projects, a copy of this letter must be included in the candidate's thesis.

Chief Investigator / Supervisor's responsibilities:

1. You must retain copies of all signed Consent Forms (if applicable) and provide these to the HREC on request.

2. It is your responsibility to provide a copy of this letter to any internal/external granting agencies if requested.

Please do not hesitate to contact Research Integrity (Human Ethics) should you require further information or clarification.

Yours sincerely

J a Cashmore

Associate Professor Judith Cashmore
Chair
Humanities Low Risk Subcommittee

This HREC is constituted and operates in accordance with the National Health and Medical Research Council's (NHMRC) National Statement on Ethical Conduct in Human Research (2007), NHMRC and Universities Australia Australian Code for the Responsible Conduct of Research (2007) and the CPMP/ICH Note for Guidance on Good Clinical Practice.

An Approval of the Modification from the HREC

Research Integrity
Human Research Ethics Committee

Thursday, 18 September 2014

Dr Minkang Kim
School Development & Learning; Faculty of Education & Social Work
Email: minkang.kim@sydney.edu.au

Dear Minkang

Your request to modify the above project submitted on 21 Aug 2014 was considered by the Executive of the Human Research Ethics Committee at its meeting on 17 September 2014

The Committee had no ethical objections to the modification/s and has approved the project to proceed.

Details of the approval are as follows:

Project No.: 2014/220

Project Title: Decision Making in Business Settings: Implications for Business Education

Approved Documents:

Date Uploaded	Type	Document Name
11/09/2014	Participant Consent Form	Participant Consent Form
11/09/2014	Participant Info Statement	Participant Information Statement

Please do not hesitate to contact Research Integrity (Human Ethics) should you require further information or clarification.

Yours sincerely

Dr Helen Mitchell
Chair
Human Research Executive Committee

This HREC is constituted and operates in accordance with the National Health and Medical Research Council's (NHMRC) National Statement on Ethical Conduct in Human Research (2007), NHMRC and Universities Australia Australian Code for the Responsible Conduct of Research (2007) and the CPMP/ICH Note for Guidance on Good Clinical Practice.

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Demographics and Background Information Questionnaire

Part I

Demographics and Background Information

The information from this survey is used to help identify important background information when analysing the interview data. Please **i)** mark appropriate answers which describe you best (e.g. _X_) *or* **ii)** write your own answers. Please remember that all of your answers are confidential and cannot be traced back to you. Please answer as completely as possible.

1. What is your gender?

1) Male __   2) Female __   3) _____

2. What is your current marital status?

1) Never married ___   2) Married ___   3) _____

3. To which age range do you belong?

20 – 25 ___   26 – 30 ___   31 – 35 ___

36 - 45 ___   46 - 55 ___   56 and above ___

4-1. When and where did you complete your most recent degree?

_____ (year e.g., 2010) _____ (city, state and country)

4-2. What was your major field of your study?_____ (major e.g., Accounting)

5. Were you born in Australia? YES ___   NO ___

If not, how long have you lived in Australia?   _____ years

6. What is your present employment status?

Casual work ____   Part-time work ____   Full-time work ____

At present I don't work ____

7. Do you have any past work experience?

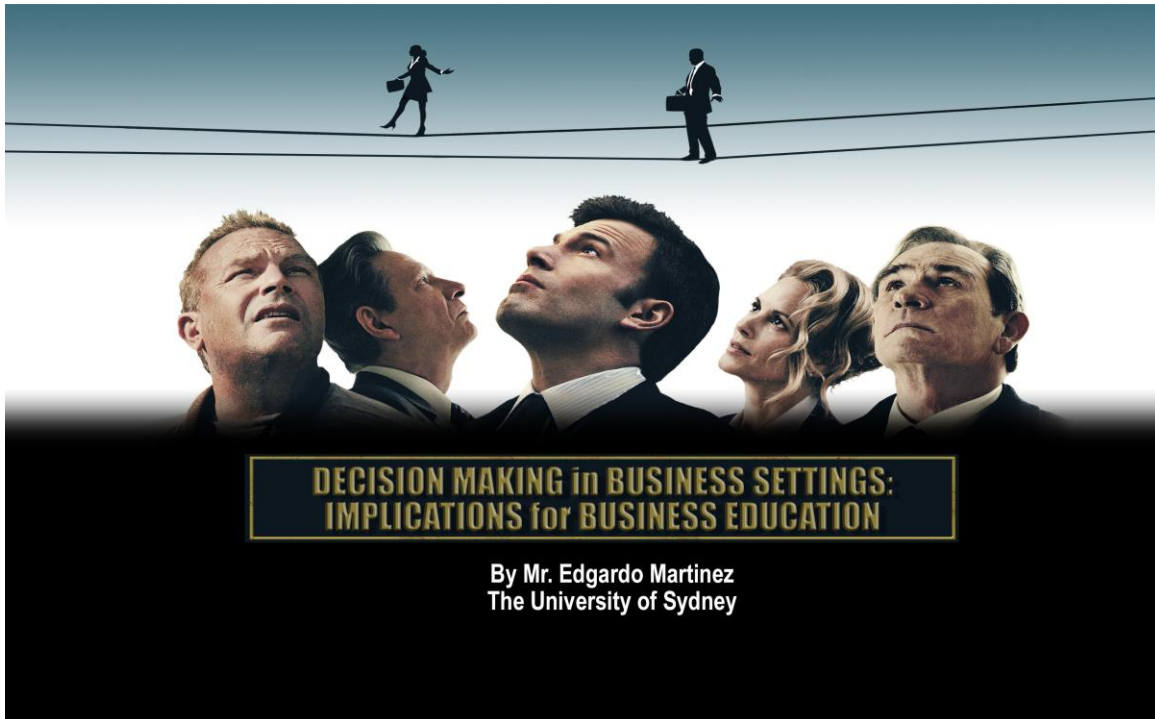**If you have previous work experience, please provide the following information:**

* Country or city where you worked

* Kinds of business or company name

* Main duties

* Number of months or years

Sketch for presentation

Good morning

For the last seven years I have been teaching business education at UTS.

But I am also studying for the M.Phil degree at Sydney University – in the Faculty of Education and Social Work.

I was born and brought up in Peru, but studied for the MBA in the US.
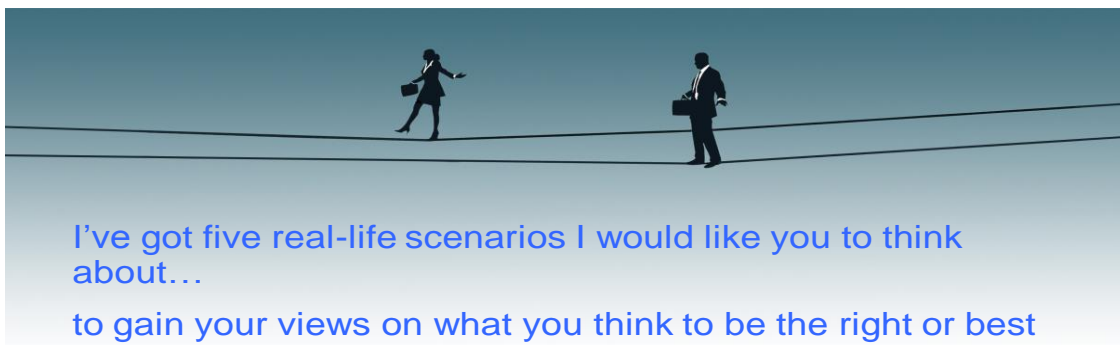
I am interested in real life decision-making in business settings…

how we decide what is best to do in different business situations, and what is best not to do.

Although everybody knows that decision-making is a constant part of business life…

why we decide to do what we do, and how we decide, is not well known.

So, I'm wondering if you could help me to begin to find out.

I've got five real-life scenarios I would like you to think about…

to gain your views on what you think to be the right or best course of action.

The interviews will be face-to-face, one at a time, so only you will know what you have said to me.

For example:

With your agreement, I would like to video-record the interviews, so that I have a clear record of your responses to the scenarios.
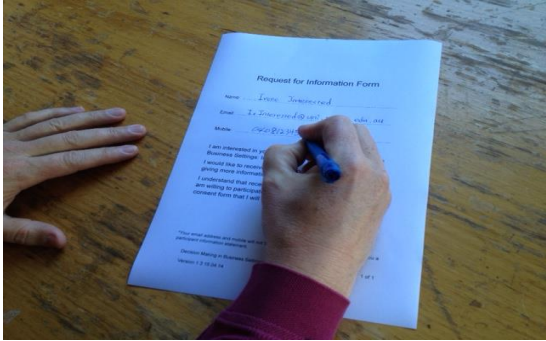
I promise, the recording will not be used for anything other than this study.

You do not need to know anything about the actual scenarios to participate, they will be familiar real-life situations, so easy to understand.

Overall, it will take about 60 minutes.

If you would like to join in, please fill out the form and place it in the box at the door as you leave.

If you do that, **I will email you more information** about the research, and you will have an opportunity to decide whether or not you would like to participate.

I think you will find it interesting, but, of course, if you are not happy you can withdraw at any time

Filling out the flyer is not saying 'yes' to participating…

it's just saying '**I might be interested** and would like more information'.

So please think about it and fill in the form if you would like to find out more.
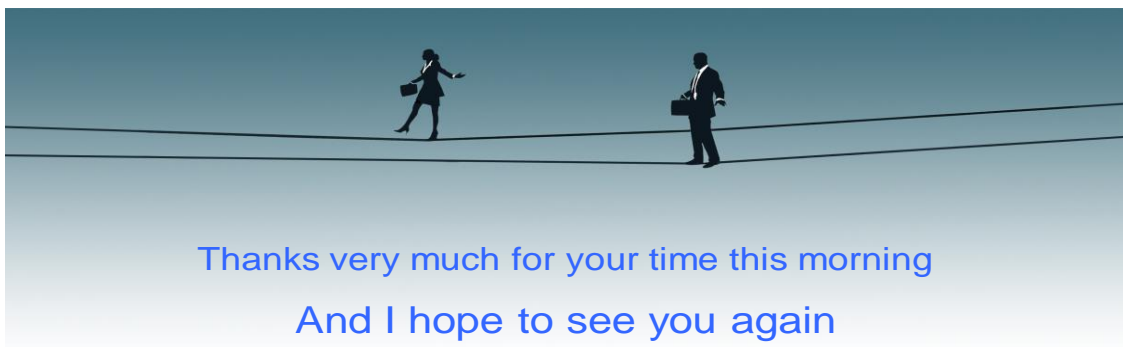
Thanks very much for your time this morning

And I hope to see you again

Five Scenarios used in the Interview

Scenario 1

Imagine you are the general manager for a company.

You are holding interviews for a new position in your company.

You become aware that one of the interviewees comes from

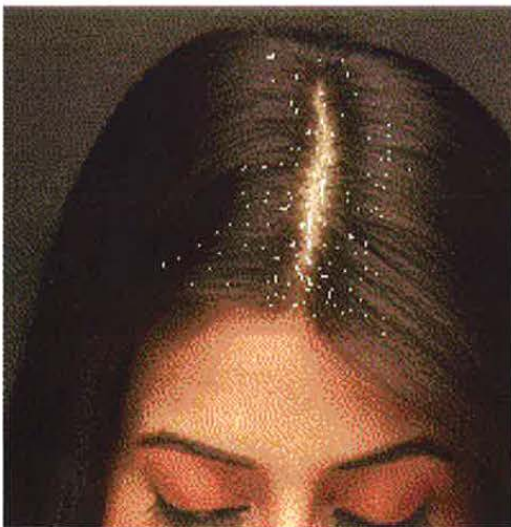your main competitor company.

Scenario 2

You are the production manager of a company that produces an anti-dandruff shampoo.

The shampoo proves effective with just one application.

However, the sales manager approaches you and suggests you change the instruction on the label to say 'recommend two applications' to increase profits.

Dandruff

Scenario 3

You work as an assistant product manager in a highly regarded upholstered furniture store.

The purchasing manager is buying low grade padding, and then you discover that the order to buy low grade padding came from top management.

Scenario 4

You are a director of a retail company.

In 48 hours the quarterly sales figures are to be released and the profits made are above expectation.

Your chairman has given you approval to purchase shares in the company.

Scenario 5 (A)

You are an advertising manager.

You are hired to make a TV commercial for an important company. You know an ideal celebrity who would be excellent to market the product. However, when you approached the celebrity he says he once used the product which caused him health issues, therefore he now no longer uses it.

Still, you want to persuade him to do the TV commercial.

List of Probing Questions

Scenario 1 Questions

In order to maximize the best interest of the company, do you think it would be appropriate to ask the interviewee for information about the company he works for or worked for? (Please explain)

In thinking about the action you took, what factors were most important in your mind as you thought through your responses? (Please explain)

In reflecting on your response now, do you think you were right in taking the course of action you took? (Please explain)

How would you feel if this person leaves your company?

How would you justify your actions, if they were leaked to the Company Board?

Is it ethically acceptable to take advantage from your competitor by employing one of their past employees for the information they may give you? (Please explain)

Does your answer to this question prompt you to change your original decision? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your recruitment strategy? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in this way? (Please explain)

Could you explain why you decided to change (or not to change) your initial course of action, when responding to my questions in our discussion?

NO

Don't you think this opportunity is unique in itself? (Please explain)

If your competitor would be in your position would he not take this opportunity to take such advantage? (Please explain)

Isn't business about being competitive and the purpose is to have an edge and be a leader in the market place? (Please explain)

To add: The Company is experiencing financial difficulties. Does this make a difference to your answer? (Please explain)

In thinking about the action you took, what factors were most important in your mind as you thought through your responses? (Please explain)

Is it ethically acceptable to take advantage from your competitor by employing one of their past employees for the information they may give you? (Please explain)

In reflecting on your response now, do you think you were right in taking the course of action you took? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in this way? (Please explain)

Could you explain why you decided to change (or not to change) your initial course of action, when responding to my questions in our discussion?

Scenario 2 Questions

So imagine that you have to make a decision on this, the label is going to read one application is right or two applications are right. If you are trying to maximize the best interest of the company, should you put one application or two on the bottle?

In thinking about changing the label, what factors did you take into consideration as you thought through your responses? (Please explain)

In thinking of your responses now, do you think you were right to make such change to the label? (Please explain)

How would you justify the change on the label, if the Company Board were notified?

Is it ethically acceptable to change a label in order to increase sales for the company? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your motives to change the label? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in this way? (Please explain)

Does the answer to this question prompt you to change your original decision? (Please explain)

Could you explain why you decided to change (or not to change) your initial decision, when responding to my questions in our discussion?

If not wanting to change label

To add: The Company is in some financial trouble. Does this make a difference to your answer?

Will this matter if the general manager has a particular view about maximizing profits anyway?

Does this make a difference to your answer?

In thinking of your responses now, do you think you were right to make such change to the label? (Please explain)

Is it ethically acceptable to change a label in order to increase sales for the company? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your motives to change the label? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in this way? (Please explain)

Does the answer to this question prompt you to change your original decision? (Please explain)

Could you explain why you decided to change (or not to change) your initial decision, when responding to my questions in our discussion?

Scenario 3 Questions

Thinking in the best interest of the company and given your professional need to act as a team-player in the company, how would you justify the use of low grade padding if questioned by your product manager? (Please explain)

(Somehow, the product manager has not been informed)

"But in this company says it always uses top grade materials.
In its advertising material it says it uses a high quality/ top grade material. Does that make a difference?" (Please explain)

Does this mean we have to change our advertising?
Are you aware that this is common practice in other businesses?

In thinking about your response now, do you think you were right in justifying the use of low grade padding? (Please explain)

To add: The Company is in some financial trouble. Does this make a difference to your answer?

Will this matter if the general manager has a particular view about maximizing profits? (Please explain)

Does this make a difference to your answer?

How would you justify the use of low grade padding, if these were reported to the Company Board?

Is it ethically acceptable to use low grade padding when claiming otherwise? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' regarding the use of low grade padding when manufacturing furniture? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in this way? (Please explain)

Does your answer to this question prompt you to change your original decision? (Please explain)

Could you explain why you decided to change (or not to change) your initial position, when responding to my questions in our discussion?

If not wanting to justify

To add: The Company is in financial trouble. Does this make a difference to your answer?

So are you saying that you would question top management for their actions on using low grade materials? (Please explain)

Will this matter if the general manager has a particular view about maximizing profits?

(Please explain)

Is it ethically acceptable to use low grade padding when claiming otherwise? (Please explain)

Scenario 4 Questions

What action would you take?

In thinking about the action you said you would take, what factors were most important in your mind as you thought it through?

In thinking on your response now, do you think you took the right course of action? (Please explain)

If the shareholders somehow found about your actions, how would you justify your decision if questioned by the shareholders?

In your position as a member of the board, given the circumstances, is it ethically acceptable to consider the purchase of company shares? (Please explain)

Does your answer to this question prompt you to change your original decision? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your chosen actions within the company? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in the way you did? (Please explain)

Could you explain why you decided to change (or not to change) your initial position, when responding to my questions in our discussion?

If not purchasing shares

You say you are going to let this opportunity slip by and not purchase shares you've been given a green light by the chairman of the board? (Please explain)

If another member of the board were given this opportunity what do you think would happen? (Please explain)

If you have the opportunity to reconsider your decision, what is the course of action that you would take? (Please explain)

In your position as a member of the board, given the circumstances, is it ethically acceptable to consider the purchase of company shares? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your chosen actions within the company? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in the way you did? (Please explain)

Could you explain why you decided to change (or not to change) your initial position, when responding to my questions in our discussion?

Scenario 5 Questions

In the best interest of the company, how might you approach the celebrity to encourage him to endorse the product?

In thinking about the approach you said you would take, what factors were most important in your mind as you thought it through? (Please explain)

In thinking on your response now, do you think you took the right course of action? (Please explain)

How would you justify your decision, if it were leaked to the Company Board?

Is it ethically acceptable to approach an individual to endorse your company products when the individual no longer uses them due to health reasons? (Please explain)

Does your answer to this question prompt you to change your original decision? (Please explain)

Would you feel comfortable letting colleagues know the 'how' and 'why' of your actions and/or tactics in attempting to sign up that celebrity to endorse company products? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in the way you did? (Please explain)

Could you explain why you decided to change (or not to change) your initial position, when responding to my questions in our discussion?

If not wanting to approach celebrity

I believe you have been hired to make an instant impact on the market, is that correct? (Please explain what you is your view)

You've been given the opportunity to market this exclusive company; therefore what do you think you ought to do? (Please explain)

To add: This celebrity will mean sales pick up. The Company is facing financial trouble.

Does this make a difference to your answer?

Would you feel comfortable letting colleagues know the 'how' and 'why' of your actions and/or tactics in attempting to sign up that celebrity to endorse company products? (Please explain)

Would you feel comfortable letting family and close friends know why you acted in the way you did? (Please explain)

Could you explain why you decided to change (or not to change) your initial position, when responding to my questions in our discussion?

Participant Information Summary

ID	Gender	Marital status	Age range	Most recent degree	Current employment status	Other important information
1	Female	Never married	26-30	Accounting	Full-time	Australian, previous degree in Canberra, 2012, Work at ISIS Foundation in Sydney, 1 year
2	Female	Divorced	36-45	Law	Full-time	Australian, previous degree in Sydney, 2014 Owns financial services company for 8 years
3	Male	Never married	26-30	Accounting & Finance	Full-time	International student, from China previous degree in Melbourne, 2006, Work at Deloitte as external auditor, 2 years
4	Male	Never Married	31-35	Chemical Engineering	At present doesn't work	Australian, previous degree in Sydney, 2003 Work at Westpac, Director, rates trading (capital markets), 3 years (year off for MBA)
5	Male	Never married	31-35	Politics & Law	Full-time	Australian, previous degree in

						Hobart, 2006 Work at Attorney General's Dept. Legislative advice, 8 years
6	Male	Never married	26-30	Commerce	Full-time	Australian, previous degree in Armidale, 2012, work in IBM, 5 years
7	Female	Never married	20-25	Business Communication	Casual work	International student, from Thailand, previous degree in Prathumthani, Thailand, 2011
8	Female	Never married	20-25	Government Relations & International Business	Part-time	Australian, previous degree in Sydney, 2013 Admin work 8 months
9	Female	Married	26-30	Economics	At present doesn't work	International student, from Colombia, 1 year in Australia, previous degree in Bogota, Colombia, 2013
10	Male	Never married	26-30	Commerce	Part-time	International student from India, 18 months in Australia, previous degree in Sydney, 2013 Australian construction Marketing Internship, 5 months

11	Female	Never married	20-25	Philosophy	At present doesn't work	International student from China, less than a year in Australia, previous degree in China, 2013
12	Male	Married	36-45	Mechanical Engineering	Full-time	Australian, 11 years in Australia, previous degree in Sydney, 2005 Work at Woolworth as Logistics & Retail, Program Manager, 7 years
13	Male	Never married	20-25	Accounting	At present doesn't work	International student from China, 4 months in Australia, previous degree in Toronto, Canada, 2013
14	Male	Never married	31-35	Finance	Full-time	Australian, 26 years in Australia, previous degree in Sydney, 2013 Work at Origin Energy, 4 years
15	Male	Never married	20-25	Management & Finance	At present doesn't work	International student from Netherlands, 6 months in Australia, previous degree in Maastricht, Netherlands, 2013

| 16 | Male | Never married | 20-25 | Marketing & Management | Casual work | Australian, previous degree in Sydney, 2013 Work in Learning & Development |

An Example of Data Analysis Summary (Participant 8)

Area	Code	Statements
Decision making strategy	Seeking a moral/ethical compass	From **an ethical perspective** I'd like to say no I would not and I think at the end, even though I know might benefit me financially, for example benefit the company financially, I think **my ethical values will win** out in the end, so **my moral values will add** (S1, 1:42-2:10 min.). **My personal values, what I think it's morally and ethically okay,** the wellbeing of my employees because I am the general manager and I think as that **I have to consider what is best for my employees** and its actually the company as well, so it does come down to **my own ethics** (S1, 7:10-7:32 min.). I still think that's ethically not the best action to take but I also know that I have **responsibilities as a general manager** of a company to act in the best interest of my company and my employees and because of that I am okay with that action that I've taken (S1, 10:25-10:41 min.). It seems quite silly because is just you know you put down two instead of one. Essentially, I mean **I am going against what I believe in** and that I am not okay with that (S2, 19:59-20:14 min.). It's a lie I guess in the sense that the celebrity does not use it all the time but, I would be okay with it knowing that the **product does not harm**, would not harm more or everyone that used it you know (S5, 41:37-41:53 min.).
	Perspective-taking	(+) I would like to think that **my competitor follows similar sets of values as myself** but it's hard to say if they would've or wouldn't, but I would personally not feel comfortable taking that step (S1, 3:41-3:50 min.). (+) I also think that a company has responsibility to its customers to **provide the correct information** and even though it might increase the profits (S2, 11:59-12:08 min.). (-) I still I think that you **could have a play on words** so the **celebrity** won't necessarily have to say 'I use it all the time' (S5, 37:51-37:59 min.). (+) At the end of the day the celebrity is not comfortable doing it saying 'I' then **I don't think I would push it as much** (S5, 39:54-

		39:59 min.). (-) I know that in the commercial **the wording would be adjusted** to make it so that **we are not technically lying** to our customers and the celebrity is obviously agreed to do it (S5, 44:41-44:50 min.).
	Reward-Risk analysis	It's easy to or easier to justify to your customers saying because you generally use high grade padding and you say it's top quality padding and you can just say, but again I guess **you can also lie and say it** (S3, 22:26-22:42 min.). If you want to continue using low grade padding I think you can **change your advertising to make it seemed like a good quality product** without saying its top quality padding (S3, 23:32-23:43 min.). Because I have shares in the company now I would be in a way more inclined to **work better as a director of a retail of the company** (S4, 32:11-32:21 min.). I mean there is always a **disclaimer saying not suitable for everyone** so it may be the case that it may not be suitable for this celebrity (S5, 36:52-36:58 min.).
	Checking against the role	If the **general manager** himself or herself wanted to put down two applications, I would argue against it but if that were his or her final say then you know **it would be I guess it would be to put 'two applications'** (S2, 13:08-13:26 min.). How will I explain that to my product manager that we are buying low grade padding, I would tell him that **it was not my decision** (S3, 21:26-21:36 min.). I will do what I can to ensure that quality products are being used but if **the decision has come from top management** and there is nothing I can do about it (S3, 23:02-23:16 min.). I would mention that **my chairman gave me approval** (S4, 31:59-32:02 min.). I will just say **the chairman gave me approval** that's why I bought shares (S4, 32:49-32:52 min.). The chairman has given me approval, I don't mean I would question him asking why he would specifically want me to purchase shares, **whilst giving me approval to purchase shares** (S4, 34:27-34:40

		min.).
	Indecisiveness	But again if I were to put **the business objectives before my own** ah it's hard to say with that one. I don't know if it depends on, no I still don't know if I will be able to do it (S1, 4:33-4:47 min.).
		That's for business ah **this is so tricky because it goes against what I believe in** (S1, 5:02-5:23 min.).
		It might depend on where my company is at financially, if there are in a bad position then you know asking I don't know **maybe in that case I might**, but again it would be a **really tough decision** for me (S1, 5:54-6:09 min.).
		If I were to put down two to save the **company from bankruptcy** for example then if it were to help. Ah this is so difficult if it were to help keep the jobs of the employees and keep the business you know continuing then maybe. That's my final answer 'maybe' I don't know, **I really don't know if I could do it** (S2, 19:12-19:58 min.).
		So this **is all correct information** right so (S4, 30:16-30:19 min.).
Influencing factors	Moral/ethical values	Yes you would gain an insight into how the **strategy of the company, how internal processes work** but again ethically it doesn't, it goes against my green it goes against my values (S1, 2:29-2:43 min.).
		It might **depend on where my company is at financially**, if there are in **a bad position** then you know asking I don't know maybe in that case I might, but **again it would be a really tough decision** for me (S1, 5:54-6:09 min.).
		Yes if for example **the information I get from this interviewee** is going to help me to stay afloat or help me improve my situation then I might (S1, 6:22-6:32 min.).
		If **they (job interviewee)** are a good fit for my company as well, then I will employ them on the basis that **they can bring something other than that information to the company** as well (S1, 7:55-8:04 min.).
		It's essentially lying to people and telling them like it's if I were to say put two applications, that would be **solely basing it on profits**

		on money and as a company you also have responsibility to your customers to provide them with the correct information (S2, 17:30-17:50 min.).
		You can change the way you advertise it **in a way that makes it 'ethical'** because you are **not telling them something about the product** when it's not that so (S3, 26:37-26:49 min.).
		We highlight the different features of the product without referring to the padding; I don't see any issue with that. I mean, **there is a slight issue with that** but I would feel okay doing that (S3, 28:02-28:13 min.).
	Regulations	
	Company's profit	But again if I were to put **the business objectives before my own** ah it's hard to say with that one. I don't know if it depends on um, no I still don't know if I will be able to do it (S1, 4:33-4:47 min.).
		I think the way that I would be okay in making that decision is knowing **that if I didn't take that information** from this interviewee, knowing that **other employees will be jobless** for example. I think that's how I'd make myself feel okay with that decision. (S1, 6:37-6:47 min.).
		My personal values, what I think it's morally and ethically okay, the wellbeing of my employees because I am the general manager and I think as that **I have to consider what is best for my employees and its actually the company as well**, so it does come down to my own ethics (S1, 7:10-7:32 min.).
		If **they (job interviewee)** are a good fit for my company as well, then I will employ them on the basis that **they can bring something other than that information to the company** as well (S1, 7:55-8:04 min.).
		I still think that's ethically not the best action to take but I also know that **I have responsibilities as a general manager** of a company **to act in the best interest of my company and my employees** and because of that I am okay with that action that I've taken (S1, 10:25-10:41 min.).
		I also think that a company has responsibility to its customers to **provide the correct information** and even though **it might increase the profits** (S2, 11:59-12:08 min.).

		It's essentially lying to people and telling them like it's if I were to say put two applications, that would be **solely basing it on profits on money** and as a company you also have responsibility to your customers to provide them with the correct information (S2, 17:30-17:50 min.). I think back to advertising if the **company were in a financial difficult situation**, if you have a good marketing/advertising scheme I think you can still continue to sell the low grade padding without actually saying 'top quality padding' (S3, 25:48-26:05 min.). I might also mention that it **might also increase profits** having the celebrity there (S5, 41:54-41:58 min.).
	Power-relationship	
	Personal interest	I would try really hard to **not ask them (job interviewee)** about that company S1, 2:50-2:54 min.). If the employee is **a good for the company** both **personality wise and experience wise** then yes I will hire him and I will go ahead with it (S1, 8:54-9:05 min.). Essentially you are lying to customers, you're putting false information which is not correct so I would vote against putting two applications **when one works just as well** (S2, 14:55-15:09 min.). I think customers would be more inclined to buy our product because **it says one is just as good as two.** So if they would then compare to use one that says two applications and then they try our one and they only have to use it once and **they (customers)** say that works just as well if not better, then I think they will be more inclined to **keep purchasing our shampoo instead of theirs (competitors)** (S2, 16:37-16:56 min.). So you could **manipulate (advertising) I guess** in a way to make it seemed like is using quality products or is it a quality product without exactly saying is a top quality product (S3, 23:44-24:00 min.). If it wasn't advertised as top quality padding then I'd be okay with it because we're not telling customers what, we are not telling customers what it is or what it's not. I would be okay with it in the

| | | sense that **we are not lying to them** (S3, 23:49-25:00 min.).

It's not ethically okay to do that because it comes back to **the lying component** (S3, 26:31-26:36 min.).

I am **going to be greedy** about this then I would ask I would question how much more the profits are above expectation (S4, 30:35-30:45 min.).

The profits of the company will directly in a way **benefit me** (S4, 32:23-32:28 min.).

In a company situation or in a **workplace environment (telling colleagues)** I would not take steps that I'm not comfortable telling others about (S4, 33:41-33:49 min.).

The chairman has given me approval, I don't mean I would question him asking why he would specifically want me to purchase shares, **whilst giving me approval to purchase shares** (S4, 34:27-34:40 min.).

I think the **image on the celebrity** would be more than sufficient to advertise the product instead of saying 'I' (S5, 39:08-39:18 min.).

Just the wording of the commercial **I think would be the 'key'** there (S5, 43:03-43:09 min.).

Probably won't specifically mention **(colleagues)** that I asked him or her to say 'I' when doesn't apply to that case. I think I would omit that from it ... **I probably tell them the truth** and be like no they don't use it every day only because of their specific situation (S5, 43:27-43:53 min.). |