A moment of truth.

The development of a Process Model for the teaching of business ethics.

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ABSTRACT:

Whilst there are many theories and models related to ethical decision-making, there is still a challenge in engaging students on Business Ethics modules in discourse concerning ethical dilemmas at more than a superficial level. The purpose of this paper is to present a process model that has been developed from research undertaken with twenty-six middle managers in public and private UK based organisations. This model is designed to encourage students to think about and reflect on what they actually did when faced with an ethical dilemma as a way of developing discourse about ethics in the classroom.

Key Words: Business ethics, ethical decision-making, ethical education.

‘A MOMENT OF TRUTH.’

‘A moment of truth’ is taken from an interview with a manager who was describing an ethical incident that they had faced in their organisation. It refers to the point in the incident when the manager realised that they were facing an ethical dilemma. What resonated about this quote was that this was the moment when ethics became salient to the manager, their point of recognition of the ethical issue and, following this moment, they continued to reflect on the incident in depth.

Rasche, Gilbert and Schedel (2013) conducted research into the teaching of ethics on MBA programmes and concluded that ‘ethics remains for the most part an add-on to the curriculum’ but there is some ‘discussion of ethical challenges’ (p. 83) taking place in the classroom. However, as highlighted by Bazerman and Gino (2012, p. 89) ‘little empirical attention has been given to how people actually behave or to how their behaviour can be improved.’

For the last 12 years I have run modules in business ethics with undergraduate and postgraduate students at a UK university. A challenge I have found with teaching business ethics is engaging students in discourse about ethical dilemmas that they are facing or will face in their working lives. The majority appear to struggle with this, often resulting in a superficial analysis of the incident. As a result I have been looking for a model to help develop in-depth exploration of and reflection on ethical dilemmas in the classroom.
There are a number of ethical decision-making models (for example Jones, 1991; McDevitt, Giapponi & Tromley, 2007; Trevino, 1986; Trevino & Nelson, 2014; van de Poel & Royakkers, 2007), but these do not produce an in-depth understanding of the dilemma by the students as the models fail to engage with the individual complexity and judgemental nature of business ethics. To attempt to fill this gap, based on a research study undertaken with middle managers in the UK, a model has been developed as a potential teaching tool for encouraging students, and in particular managers on postgraduate programmes, to explore and reflect on organisational ethical dilemmas that they have faced or will face in the future. The model is designed to encourage discourse and also act as a learning tool by considering the way that students make sense of ethical situations and dilemmas. The development of the model is the focus of this paper, with consideration of how it can be applied within the classroom setting.

The Research Study

The model is based on data from a research study which was undertaken with twenty-six middle managers in organisations. This level of management was chosen for the study because I have worked extensively with middle managers on Executive Education programmes and through this, became aware of the ethical dilemmas that these managers were facing as part of their working lives. The Critical Incident Technique (Flanagan, 1954) was used in the interviews as a means of encouraging the managers to recall incidents where they felt that they had faced an ethical or unethical situation. As Chell (2004, p. 58) identified, ‘people immersed in these situations and circumstances are trying to make sense of them … such accounts constitute their reality, and, arguably, it is the way they view the world which shapes their future actions’, hence the Critical Incident Technique was felt to be an appropriate methodology for obtaining in-depth incidents which were ‘grounded in actual critical events’ (Chell, 1998, p. 71). Through asking the managers questions such as ‘Can you think of any recent situations where it was apparent that there was an ethical dimension?’, ‘What happened?’, ‘How was the situation resolved?’, ‘How do you feel about the situation?’ a total of thirty-six critical incidents were obtained, covering a wide range of ethical issues. From the phenomenological analysis (Hycner, 1985) of the interviews, themes started to emerge relating to the way that the managers described their sense-making of the incidents. These were considered further and developed into a
Process model, which is the focus of this paper and has been developed as a means of encouraging students to think about and reflect on the complexities of ethical dilemmas, in particular to consider not only what happened but also their learning from the incident. Therefore the model focuses on a ‘process’ perspective (what action was taken and why?) rather than a ‘content’ perspective (what was the ethical issue?). As will be shown in the following discussion, although process models of ethical decision-making exist, they have strengths and weaknesses when it comes to applying them in a classroom setting.

**EXISTING ETHICAL DECISION-MAKING MODELS**

Ethical decision-making has been the subject of academic research into behavioural ethics since the 1960’s (for example Baumhart, 1961). Bazerman and Gino (2012, p. 85) define behavioural ethics as ‘the study of systematic and predictable ways in which individuals make ethical decisions and judge the ethical decisions of others.’ They contrast this to the more traditional and normative perspective on ethics which focuses on ‘an evaluation of actions from a moral point of view, in an attempt to answer how people should behave’ (2012, p. 86). As Trevino and Youngblood stated, behavioural ethics can be seen to have two foci; ‘moral reasoning (the cognitive processes people use in making ethical decisions)’ and ‘moral behaviour (what individuals do in ethical dilemma situations)’ (1990, p. 378), but pulling these two foci into a model of ethical decision-making has presented challenges.

One of the first models to be published was by Trevino in 1986 who stated that ‘ethical decision-making in organizations is explained by the interaction of individual and situational components’ (1986, p. 602). Trevino’s ‘Person-Situation Interactionist Model’ proposed that a combination of ‘individual variables’ (ego strength, field dependence and locus of control) and ‘situational variables’ (job context, organisational culture, characteristics of the work) can be used to explain ethical decision-making in organisations. Trevino has since refined the model, identifying three stages of individual ethical decision-making, these being ‘ethical awareness’, ‘ethical judgment’ and ‘ethical behaviour’ (Trevino & Nelson, 2014, p. 20). The focus of the model is on the influences that can have an impact on an individual’s ethical judgment and this has been divided into two sets of characteristics: individual (individual differences and cognitive biases); and organisational (group and
organisational pressures, and organisational culture) (2014, p. 20). The individual differences are broken down further into ‘ethical decision-making style, cognitive moral development, locus of control, Machiavellianism and moral disengagement’ (2014, p. 75) and here we seem to be getting to the heart of the model, but also its complexity as these terms are not ones that students will always relate to. Hence the model can appear simple in one form (three stages of ethical decision-making) but complex in the way that the individual influences are defined. Also, the model presupposes that there will be recognition of the ethical issue (ethical awareness) which will lead to ‘ethical action’. This has also been highlighted as a weakness as discussed below.

The debate on ethical decision-making was further developed by Jones (1991) when he added a new perspective, encapsulated in his ‘Issue-Contingent Model’. Jones argued that models, such as that of Trevino (1986), did not consider the moral issue itself, starting with its existence and then proceeding to look at how it is resolved. For Jones (1991, p. 371) it is the issue, and in particular its ‘intensity’ that needs to be considered before looking at the decision-making process, as ‘characteristics of the moral issue itself, collectively called moral intensity, are important determinants of ethical decision-making and behaviour’. Jones proposed that ‘moral intensity will affect the recognition of moral issues through its impact on the individual’s recognition of the consequences of decisions’ (1991, p. 380). This introduced questions of whether students recognised that there was an ethical issue and what caused this recognition.

In 2000 Butterfield, Trevino and Weaver returned to the debate regarding ethical behaviour within decision-making, focussing on the influence of ‘issue-related and social context factors’ on moral awareness. They proposed that ‘moral awareness is a critical first step in an unfolding ethical decision-making process because issue interpretation is likely to set the premises within which subsequent thought processes take place’ (2000, p. 983-984). They concluded that ‘managers can contribute to moral awareness by encouraging employees to take responsibility for the consequences of their actions and to be ethically concerned when a decision or action is likely to have negative consequences for others’ (2000, p. 1008). Therefore it was identified, that the model would need to have some consideration of when it became apparent that there was an ethical dilemma.
Dukerich, Waller, George and Huber (2000) based their research on how managers define moral and non-moral problems on Jones’s components of moral intensity. Their findings highlighted that ‘moral problems tended to involve people and personal feelings more than did non-moral problems … When discussing moral problems, managers frequently recounted how they were personally affected by the problem’ (2000, p. 34). So there is recognition that personal feelings and emotions are part of the ethical decision-making process.

A further ethical decision-making model was proposed in 2007 by van de Poel and Royakkers. Directed towards both students and managers, their ‘Ethical Cycle’ has the goal of providing ‘a structured and disciplined method of addressing moral problems’ (2007, p. 1) and goes beyond the models proposed by Trevino (1986, 2014) and Jones (1991). Their model starts with a ‘case’ or situation that the manager then turns into a ‘moral problem statement’ in stage 2. This involves developing a question that expresses the moral dilemma, but van de Poel and Royakkers (2007, p. 4) recognise that it ‘often will not be possible to formulate the moral problem precisely when the ethical cycle is started’, which brought in consideration of whether there is a retrospective recognition of ethical dilemmas where recognition does not occur until the incident is resolved. Also, if the student cannot develop the ‘moral problem statement’, how do they progress in the model? The next stage that van de Poel and Royakkers (2007) identify is that of ‘problem analysis’, where the problem is described and the elements that are relevant to the problem are considered. Stage 4 of the model is where the ‘options for actions’ are identified and possible solutions are generated. It is after this point that van de Poel and Royakkers (2007, p. 6) see ethical judgment as taking place, where the managers use ‘both formal and informal moral frameworks’ to evaluate the options and decide on the appropriate action. At this point the manager might return to stage 3, the analysis of the problem to consider whether all the relevant factors have been identified. Once the manager feels that their judgment is appropriate, the cycle proposes that they reflect on this ethical judgment as a means of achieving ‘a well-argued choice among the various options for actions’ (2007, p. 6). The Ethical Cycle contains a further loop at this stage, as the managers are encouraged to consider further ‘options for actions’. Only when the manager is satisfied that they have selected the most appropriate action will they reach the final stage of the cycle, that of ‘morally acceptable action’ (2007, p. 6).
Poel and Royakkers stress that this is not a linear process, but that the feedback loops indicate the iterative nature of ethical decision-making. They see the purpose of the ethical cycle as enabling an individual to ‘give reasons for [their] choice’ (2007, p. 6). This implies that central to the model is the justification for decisions and they view the decision-making process as something that can be structured. Although van de Poel and Royakkers (2007, p. 3) refer to ‘intuition’ and ‘emotion’ as playing a ‘heuristic role in judging moral cases’, these are not central to the cycle, and this is a weakness of the model as it fails to consider the individual aspects and ensuing complexity of ethical decision-making faced by many individuals. As with the models proposed by Trevino (1986) and Jones (1991) the Ethical Cycle is a normative model, with its focus on ‘what should you do?’ Whilst the model developed in this research has a normative perspective, it also is to be used as a teaching tool and so has a behavioural perspective as it needs to consider ‘what did you do and why?’ As van de Poel and Royakkers (2007, p. 1) state ‘moral problems cannot be thoroughly described beforehand; the problem will unfold itself during the process of solving’.

The final perspective relating to ethical decision-making to be considered in this paper is the ‘Model of Ethical Decision Making’ by McDevitt et al. (2007). This model integrates ‘the complexity of the decision process used by individuals facing ethical dilemmas’ with ways for managers to ‘develop policies that enhance the likelihood of ethical behaviour in their organisations’ (2007, p. 219). The focus of this model is not only on ‘what influences the decisions of individuals’ but also ‘how they derive solutions to their dilemmas’. Therefore it considers ‘the process and content of the information search that a manager might complete when faced with an ethical dilemma’ (2007, p. 219-220). In this way, the model appears to have a normative perspective whereby it implies that certain decisions, based on reason, will lead to ethical or unethical behaviour. Of note for this paper is that there is no reflective aspect to the model. However, it does consider that ethical decision-making can cause conflicts. McDevitt et al.’s (2007) model is designed for the managers to apply when they are facing an ethical dilemma, and because of this, it is not apparent how the model would encourage reflection and learning about ethical situations, both of which are important aspects of the model in this research. Overall, it is felt that McDevitt et al.’s (2007) model is prescriptive and presents ethical decision-making as a process of risk-assessment, rather than one of awareness and judgement.
The above discussions on ethical decision-making models have highlighted the strengths and weaknesses of a number that currently exist. From the considerations and based on the data obtained from interviews with middle managers, a process model of the experience of ethical situations has been developed and will be presented below.

**DEVELOPMENT OF THE PROCESS MODEL**

During the analysis of the content of the critical incidents presented by the managers in the research study, it became apparent that they were taking the opportunity to reflect on their decisions. This developed into an analysis of the process of sense-making of the ethical incidents of the managers and differed from the analysis of the content, in that the focus is on the way in which they made the decision and their reflections on the decision, rather than what the decision was concerned with. Therefore the process model, which is presented below, is more reflective than normative, and its intention is not to provide guidance to students about how to make an ethical decision - rather it is to highlight the different influences and outcomes which the managers either identified or indicated during their process of talking about ethics and the incidents: their sense-making.

The intention of the model is to be complementary to existing work on process, rather than replacing existing models. It is hoped that the sense-making aspect of the model presented in this research will introduce a further perspective to the debate concerning ethical decision-making.

Five stages emerged during the analysis process of the critical incidents that demonstrated the sense-making process of the managers:

**Stage 1: The Point of Realisation** – in their re-telling of the incident, when did the manager realise that there was an ethical issue? This relates to the actual incident itself; at what point in the incident did they see an ethical dimension? For some it was an immediate realisation while in other examples it was a more gradual realisation. For a third group it was a retrospective realisation, where it was not until after the incident had taken place that the managers saw that there was an ethical issue, hence this has been positioned at the end of the process on the model.

**Stage 2: Responses to the Realisation** – what did the manager then do? For some managers the response was immediate, and they took action either to stop what was happening or physically
remove themselves from the situation. Other managers took a longer time to consider what action to take.

**Stage 3: Conflicts of Interest that Arose** – were there any conflicts of interest? Some managers faced a personal conflict of interest and for others it was a conflict with the organisation.

**Stage 4: Outcomes from the Incident** – what was the outcome for the manager and for others connected to the incident? In a number of the incidents the managers presented the outcome as being ethically satisfying, but in other incidents the outcome was viewed as being ‘sad’, ‘damaging’ or ‘upsetting’.

**Stage 5: Reflections on the Incidents** – what learning was raised by reflecting on the sense-making from the incidents, in particular the way in which the managers expressed their feelings about what happened? As part of the reflections, there was consideration of the *perspectives on ethics* that had been expressed during the interview. Was the manager very clear about what is right and wrong (a black and white perspective) or were they more instrumental (ethics is based on organisational factors and not their responsibility)? Was their perspective situational (ethics is changeable and dependent on individuals or situations)?

Underlying the above stages were *emotions* as expressed by the managers, and these seemed particularly salient at the times when they were responding to the realisation of an ethical dimension, looking at the outcome of the incident and reflecting on the incident. The debate concerning the impact of the promotion of reason over emotion as a means for making decisions has been developed through the work of Bauman (1993) and ten Bos and Willmott (2001) with differing views on the place of rules and reason, and of emotion as a guide for moral action. However, the existence of emotion as an important part of talking about ethical incidents cannot be ignored.

The model, which has been called a Process Model of Experience of Ethical Situations, is presented in Figure 1.
On the face of it, the model could be seen as being causal and sequential, which would imply that it has a normative perspective, and that there is almost a rational process to the stages that the managers presented when working through their incidents. Hence it would not portray the messiness and complexity of ethical situations. However, it is through a consideration of the emotions expressed by the managers that a fuller perspective on the incident becomes apparent. Emotion underpinned the way they responded to the situations and their reflections.

The Model in Practice

A critical incident from the research study will now be used as an example to illustrate the way that the model can be used to explore an ethical dilemma. This incident, as told by Christopher, is concerned with the temptation to cover up a shortfall in the budget of his department. Christopher has just taken over as Head of a Department and is meeting with his Finance Manager, Helen, to discuss the departmental budget. He described the situation as follows:

Just about four weeks ago I was sitting down with a colleague, Helen, who looks after the finances and, complicated little scenario, but effectively there are different ways that you can deal with European funding and there are clear and explicit rules to follow. Well, there’s a dispute with a contractor which I’ve inherited and it is still continuing, where they did a piece of work encouraged by the previous Head of Department, and were told that they would be paid in the subsequent year. The rules of this European money don’t allow for this to be done so we’ve had a series of different meetings with the contractor where I’ve been saying ‘oh no, we can’t do this’, and then I got to a situation where, as myself and Helen were reviewing the quarter return submission to the European funding to get money out of them, we suddenly had a shortfall in the submission about what we were able to claim. It’s a shortfall of about £7,000. Well within our context that’s massive. I’m only just getting into the job so anything I can produce is a win, it’s wonderful. So I was sitting there with Helen and she looked at me and said ‘what do you want to do about the shortfall? I have the claim ready to submit, we could claim £30,000. What would you like to do?’ I said ‘well, OK Helen, I’m sure we could try’ and I went off with a ream of different creative thoughts about what we could do to increase the submission claim, and each of those ideas was outside the governing principles,
and she said ‘yes we could do that, yes we could do that, but of course that isn’t in line with the claim’. And I remember saying to her something like ‘in what way would it come out in the audit?’ and she looked at me, she just sort of stared at me and it was a moment of truth for her and it became a moment of truth for me. It suddenly made me stop and I said to Helen ‘no, no, no, you’re quite right, you are absolutely right, submit the claim as it is and we’ll live with the shortfall’. I walked away from the meeting with a sweaty, clammy feeling of that was a moment. With the pressure of everything going on and the sort-of political stink around this thing, I suddenly realised that I had the power, I could do it but I must follow these procedures otherwise I’m breaking a rule. I haven’t done anything wrong and we can only do what we’re able to do. I’m not trying to make it sound like what an honourable person I am. What I’m trying to say is how easy it was to be drawn, almost sort of beguiled, into doing it.

So drawing on Figure 1, the first question to ask is when did the manager realise that there was an ethical dimension to their situation? When was his point of realisation? Christopher does not initially appear to be considering the ethical implications of the situation. He described how he ‘went off with a ream of different creative thoughts about what we could do to increase the submission claim and each of those ideas was outside the governing principles.’ However, it was when he found himself asking the finance manager how it would appear in the audit that he had a ‘moment of truth’, and realised that there was an ethical issue to what he was suggesting. Hence, Christopher is viewed as having a gradual point of realisation, as ethics did not appear to be influencing his decision-making at the start of the incident, but the ethical dimension became apparent when the manager was already engaged in the situation.

The next stage of the model considers the response to the realisation and Christopher took immediate action as ‘it suddenly made me stop and I said to Helen no, you’re quite right, you are absolutely right, submit the claim as it is and we’ll live with the shortfall’, and so he was viewed as having an immediate response. At this point, the model encourages the identification of any conflicts of interest, either personal and/or organisational, which are a result of the response. For Christopher, there was an indication of a conflict caused by his position within the organisation, as he wanted to remove the budget shortfall and stated that ‘I’m only just into the job so anything I can produce is a
win, its wonderful’. However, it is not clear at this stage if there is a personal conflict of interest and if his personal values have been challenged.

The outcomes of this response were positive for Christopher, as he felt that this decision was the ‘ethically correct’ one, and that the department would ‘live with the shortfall’. As he stated at the end of his description of the incident ‘I haven’t done anything wrong … we can only do what we’re able to do. I must follow these procedures otherwise I’m breaking a rule.’ His reflections on this incident were that it is easy to be drawn into doing something that could be viewed as unethical, either by circumstances or by other people: ‘I’m not trying to make that sound like what an honourable person I am. What I’m trying to say is how easy it was to be drawn, almost sort of beguiled into doing it.”

Considering Christopher’s perspective on ethics, he states at a different point in the interview that he has a black and white perspective: ‘I was thinking about when you asked me earlier if I agonised about decisions and I can see that ethics can lead you into agonising or great simplicity, black and white. I think I tend to veer on the black and white.’ He views ethics as being concerned with ‘things that you believe are correct and right and you should stand by them almost regardless of the consequences.’ This perspective also relates to his response to the realisation of the ethical issue in that, as discussed above, he had a sudden response and took immediate action.

Underlying the response, outcomes and reflections are emotions, and for Christopher the emotion was that of relief, especially after his response to the realisation of the ethical issue. He talks about walking away from the meeting with ‘a sweaty, clammy feeling of that was a moment’ and this emotion of relief carried through to his reflections, where he is not trying to be an ‘honourable person’, but wanted to illustrate how organisational pressures can lead to a manager making a decision to behave in an unethical way.

This example illustrates the way that the model helps to develop the sense-making of the students as, by considering their incidents in relation to the stages identified in the model, it is hoped to encourage them to explore and reflect on their decisions and use this as a learning platform.

**APPLYING THE PROCESS MODEL IN THE CLASSROOM**
The model is not solely intended to provide students with a process to guide them through ethical dilemmas but it also will help them to learn through their reflection, hence it is seen as having an experiential as well as a reflective aspect. It is intended that teaching sessions will incorporate this model as a means of introducing students to a way of thinking and talking about their ethical dilemmas. It is hoped that by working through the five stages the students will develop confidence in thinking about and reflecting on situations that sometimes seem difficult. As stated in the introduction to this paper, engaging students in discourse about ethical incidents in the classroom can be a challenge.

The model will be used predominantly with postgraduate students with work experience. In this way, they can refer to their own critical incidents and apply the model as a means of reflecting on and learning from these incidents. The way the teaching sessions would be approached is to request the students to think about an incident that they have faced which has an ethical dimension prior to the session. The model would be introduced to the class at the beginning of the session and the students would then be given time to apply the stages to their incident. They would then be put into groups of 4 to 6 students and encouraged to share their incidents within the group. Other members of the group would be asked to help them in their reflection of the incident through questions relating to the five stages of the process model. The session would end with feedback from each group on their key learning from the use of the model and also an opportunity for 1 or 2 members of the class to share their incidents and reflections with the whole group.

With a greater insight into their experience, the student can explore their relationship with ethics and from this develop learning on their process of thinking about ethics. Hence the intention of the model is not to instruct students on how to make an ethical decision; rather it is to explore the process that they experience when facing an ethical dilemma. As Bazeman and Gino (2012, p. 101) concluded: ‘behavioural ethics sees an opportunity in helping students and professionals better understand their own behaviour in the ethics domain and compare it to how they would ideally like to behave’. This summarises the potential learning aspect of the model: when is their ‘moment of truth’, the point where they stop and reflect on their ethical behaviour?
REFERENCES


Figure 1: A Process Model of Experience of Ethical Situations