MANAGERIAL ETHICS

Managing the Psychology of Morality

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Preface

Conversations about business often turn to business ethics. The first edition of Managerial Ethics: Morally Managing People and Processes was published by Lawrence Erlbaum Associates in 1998. It explored the ties between businesses and ethics, seeking to better understand the close—but at times uneasy—relationship between the two. The goal of this revision is to extend that investigation by offering updates of three works from the original volume (Chapters 1, 9, and 13), while adding several new authors and new topics to the mix. In particular, the revision broadens its scope by including the insights of several new authors as well as several established European scholars. It expands the scope of topics to include issues relevant to ethics at a more macro level than addressed in the first volume (e.g., ethical leadership, corporate character, and corporate social responsibility). Finally, it offers several scholars from the first edition the opportunity to speak to new issues and challenges they see in the field.

This book is intended to serve three purposes. First, it provides a basic reference volume for current business ethics researchers. Second, it seeks to stimulate new ways of thinking about, and creating interest in, links between management and ethics among those researchers. Third, it hopes to prompt leading management and ethics researchers, those who do not currently study business ethics problems, to consider the implications of each to their current interests. As such, the volume is appropriate for business ethics researchers, a broader audience of management scholars for whom ethics research is rapidly becoming more important, and ethics scholars with interests in management and organizations. In addition, the chapters reflect important practical problems. Therefore, the book is intended not only for students and scholars of business, management, strategy, organizational studies, and organizational psychology, but thoughtful managers as well.

In all, this volume seeks to initiate conversations among researchers with similar interests but different perspectives, thereby creating a symbiotic mix of ethics and management theory that will spark a higher level of sophistication and rigor from both perspectives. The level of work in the chapters is rigorous. However, the authors approach their subjects from a descriptive perspective, so no special mathematical, statistical, or methodological expertise is required.

Each chapter in the book considers an important practical topic in management research like moral leadership, ethical failure, punishment, and corporate social responsibility. Building from a foundation in state-of-the-science management theory, each set of authors considers the ethical
issues and implications involved in that chapter's topic. Each essay thereby integrates these ethical issues with management research and practice in meaningful, theoretically grounded ways.

Following an introductory chapter by Schminke and Priesemuth (Chapter 1, “Management and Ethics: Revisiting Distant Neighbors”) the book is organized into three sections. The first is titled “Ethics From the Top Down.” This section examines broad-based influences on organizational ethics. It opens with a paper by Cropanzano and Walumbwa that provides a review of leadership styles relevant to organizational ethics and behavior (Chapter 2, “Moral Leadership: A Short Primer on Competing Perspectives”). Next, Chun explores the integration of ethics and corporate social responsibility (CSR) (Chapter 3, “Organizational Virtue, CSR, and Performance”). Rupp, Williams, and Aguilera follow by exploring the psychology of firm CSR behavior (Chapter 4, “Increasing Corporate Social Responsibility Through Stakeholder Value Internalization (and the Catalyzing Effect of New Governance): An Application of Organizational Justice, Self-Determination, and Social Influence Theories.” Finally, Mitchell and Palmer propose a new construct in the realm of ethics research, ethical efficacy (Chapter 5, “The Managerial Relevance of Ethical Efficacy”).

The second section of the book is titled “Unethical Behavior: Causes, Consequences, and Comebacks.” This section shifts the focus to ethics at the individual level. It opens with De Cremer’s essay on preventing and dealing with ethical failures (Chapter 6, “On the Psychology of Preventing and Dealing With Ethical Failures: A Behavioral Ethics Approach”). Umphress, Campbell, and Bingham follow with a discussion of a different type of unethical act, that which is intended to benefit others rather than to harm them (Chapter 7, “Paved With Good Intentions: Unethical Behavior Conducted to Benefit the Organization, Coworkers, and Customers”). Next, Hess examines an ethical issue that reaches outside organizational boundaries, by exploring organizational service failures from the customer’s perspective (Chapter 8, “Failures, Losses, and Fairness: The Customer’s Perspective”). Treviño and Weaver then explore punishment in organizations (Chapter 9, “Advances in Research on Punishment in Organizations: Descriptive and Normative Perspectives”), an update of a chapter that appeared in the first volume.

The third and final part of the book, titled “New Theoretical Perspectives,” presents a series of thought-provoking new directions in ethics research. Folger and Cropanzano open this section by examining moral emotions in the context of social hierarchies (Chapter 10, “Social Hierarchies and the Evolution of Moral Emotions”). In the following chapter, Price looks to the evolutionary psychology literature to address long-standing criticisms of a central tenet of justice research: equity theory (Chapter 11, “Free Riders as a Blind Spot of Equity Theory: An Evolutionary Correction”). Next, Mayer addresses the shortcomings of ethics research in terms of
its nearly exclusive focus on proscriptions of unethical behavior (Chapter 12, “From Proscriptions to Prescriptions: A Call for Including Prosocial Behavior in Behavioral Ethics”). In the closing chapter of this section, also an update from the first volume, Schminke, Caldwell, and Vestal emphasize the importance of considering nonrational models of ethical decision making (Chapter 13, “A Review and Assessment of Ethical Decision Making Models: Is a Garbage Can Approach the Answer?”).

In all, these chapters reflect a three-pronged approach to improving our understanding of business ethics. Three of the chapters (Chapters 1, 9, and 13) provide the opportunity for authors from the first edition to update and extend their thoughts on issues represented in that edition. Two of the chapters (Chapters 2 and 10) demonstrate the evolving interests of authors from the first edition, as they press into new areas of inquiry. The remaining chapters reflect the thoughts of a new set of geographically diverse scholars, many of whom were not yet engaged in managerial ethics research at the time the first edition appeared. In all, the collection represents an ideal melding of “cagey veterans” and younger scholars, as they explore both new venues and more established issues, seeking a better understanding of each.

One of the greatest strengths of business ethics research lies in the variety of backgrounds of those interested in knowing more about it. Where else could we find moral philosophers, industrial psychologists, political scientists, and organizational sociologists hard at work exploring the same issues? These scholars bring to the table an intriguing mix of skills and viewpoints, many of which may be quite different from—and complementary to—those trained in management. However, this diversity also creates a weakness. Researchers from such different backgrounds may either be unable or unwilling to talk to and work with each other in understanding more about the issues. There is a need to bridge that gap and to initiate conversations in which the theoretical and empirical approaches from all sides might be better integrated. This book attempts to do that.
Acknowledgments

Producing a volume like this truly “takes a village.” I wish to thank each of the authors for their contributions, and the cheerful and timely manner in which they produced and revised them. I also thank Erin Flaherty and the other members of the Routledge/Psychology Press/Taylor & Francis editorial and production staff who had a hand in this effort. To a person, they were at all times professional, helpful, and in good spirits, all of which are needed throughout a process like this. I thank the early reviewers of the proposal for this project for their extremely helpful insights: Manuel London of the State University of New York at Stony Brook, Karl Aquino of the University of British Columbia, and Scott J. Reynolds of the University of Washington. Finally, I offer a very special thank-you to Anne Duffy, my senior editor on this and the previous edition of Managerial Ethics. She’s the best.
In the year 2000, Enron was firmly entrenched as one of the most admired firms in America. *Fortune* magazine had consistently named it the most innovative company in the U.S. as well as one of the 100 best companies to work for. Similarly impressive honors surrounded firms like WorldCom, Tyco, Arthur Andersen, Adelphia, and AIG as well. All were highly respected companies delivering quality, innovative products and services across a variety of markets. Ten short years later, the ethical, financial, and legal scandals that devastated these and other firms demonstrate that this has been perhaps the most turbulent decade for business ethics ever.

Shortly before this epidemic of ethical failure began, the first edition of *Managerial Ethics* went to press (Schminke, 1998). (Of course, we caution the reader to avoid the “post hoc ergo propter hoc” fallacy of false cause!) The goal of the first edition was to initiate conversations among researchers from a variety of backgrounds who shared an interest in business ethics. The authors who contributed to it addressed the theoretical, empirical, and practical implications of ethical issues including privacy, performance monitoring, selection, punishment, quality, politics, manipulation, technology, and decision making. In all, it was a very strong collection. Many of these authors, and the work they produced, laid the foundation for considerable improvements in our understanding of managerial ethics.

Now, just over a decade later, the need for continued attention to the challenges of business ethics remains clear. This second edition of *Managerial Ethics* derives from that need. Its goal is to press further into the theoretical and practical problems posed by modern business ethics. In doing so, this new edition reiterates and updates some of the foundational material provided in the first edition. However, it probes important new areas as well. It does so by blending the perspectives of authors from the previous edition with a set of new voices. The result is a compilation of theoretical,
Recurring Challenges in Business Ethics Research

Throughout its history, research in business ethics has faced a consistent set of challenges. Many of these emanate from the nature of relationships among business ethics issues and the scholars interested in those issues. Popper’s (1972) observations on the structure of social systems provides some insight about the nature of these relationships.

Popper (1972) distinguished between social systems that are like clocks and those that are like clouds (Cropanzano & Schminke, 1997; Guzzo & Shea, 1990). Clocks are rational, orderly, machines. Their parts move in predictable ways and in predictable relationships to the other parts. Alternatively, clouds are neither predictable nor orderly. To the extent that they have “parts,” they do not move in clearly defined or predictable ways in relation to the other parts. From a distance, they may appear to be substantial objects with clear boundaries. However, up close they are fuzzy, flexible, organic creations. This metaphor for social systems also describes research systems; some are like clocks and others are like clouds. Business ethics research is more cloudlike than clocklike. From a distance, it appears to be a singular, solid, substantial thing. But up close it is fuzzy, flexible, and organic.

One of the greatest strengths of business ethics research lies in the diversity of those interested in knowing more about it. Where else could we find moral philosophers, industrial psychologists, political scientists, management scholars, organizational sociologists, and behavioral economists, all exploring the same issues? Scholars from these and other disciplines bring to the table an intriguing mix of skills and perspectives.
doing so, they reflect a common interest in questions regarding business, ethics, and the relationship between the two. However, with this strength also comes a weakness. Researchers from such diverse backgrounds often find it difficult to communicate with one another in meaningful ways. Nowhere has this been truer than with business ethics.

Over the years, scholars have addressed the natural conflicts that arise between those with different perspectives on the field of business ethics. Much of this work echoes two central challenges facing business ethics scholars. First, how might we best integrate the two very different areas—business and ethics—that provide the scholarly foundation for the field? Second, how might we create closer ties between business ethics research and real business settings? Helping to overcome those challenges is the central agenda for this volume.

The First Challenge: Integrating Business and Ethics Scholarship

Business ethics research consists of two distinct subdisciplines. Scholarship in business, which is primarily descriptive and based in the social sciences, addresses the question of “what is.” Scholarship in ethics, which is primarily normative or prescriptive and based in moral philosophy, addresses the question of “what ought to be.” Historically, these two approaches represented distinct areas of inquiry, and the literature points to a number of issues that inhibit efforts to integrate them.

One roadblock to integration is fear. For example, Victor and Stephens (1994) note that historically, philosophy and social science have exhibited a sort of division of labor with respect to business ethics. Philosophers address normative issues and social scientists, descriptive ones. However, forces in each area impede attempts to integrate the two. For example, philosophers fear a creeping “naturalistic fallacy” in the face of advancing empiricism. That is, they fear that discoveries of “what is” may come to define our thinking of “what ought to be.” Similarly, social scientists express concern over breaking ranks with a positivist tradition, which asserts that facts are distinct from values. If “truth” cannot carry with it any value judgments, how can empiricists consider addressing questions regarding “what ought to be?”

A second roadblock to integration is differences in purpose. For example, Fleming (1987) notes that there is “an almost complete lack of integration between normative and descriptive research efforts” (1987, p. 21) in business ethics. He predicts the two may eventually converge by developing distinctive contributions to practicing managers. That is, the normative
approach would evolve into an instructive tool, identifying what constitutes moral behavior, how it is learned, and how it may be converted into business practices. The descriptive approach would develop predictive competence, to be implemented into practical business decision making.

A third roadblock to integration lies in the background of scholars in each area. For example, Treviño and Weaver (1994) distinguish between business schools’ concentration on the business perspective of business ethics, and philosophy and theology departments’ focus on the ethics perspective. They point out that researchers from each area differ in a number of important ways, including academic background, language, and underlying assumptions, as well as how they use, apply, and evaluate theory. Although Treviño and Weaver reiterate previous calls for unity, they note that these calls for integration have, for the most part, failed to provide clear guidance as to what an integrated field would look like or how it might be accomplished.

The challenges presented by these roadblocks continue to play out in business ethics research. Consider several recent attempts to understand business ethics at a more global level via literature reviews. O’Fallon and Butterfield’s (2005) review of the ethical decision making literature, Treviño, Weaver, and Reynolds’ (2006) review of the behavioral ethics literature, and McClaren’s (2000) review of the sales management literature each represent well-crafted reviews of substantial bodies of work. However, each embraces only the social science side of the mix. (For an exception, see Nill and Shibrowski’s (2007) review of the marketing ethics literature, which includes both normative and positive aspects of the literature.)

Of course, decisions to limit reviews in this way are understandable. Space limitations often require that attention be focused on specific subsets of relevant literatures, and in this sense, business ethics research may be a victim of its own success. An ABI/Inform database search (limited to scholarly journals in business and economics only) reveals more than 3500 articles in which the word “ethics” appears in the title, and this is for work published just in the the past decade! Thus, creating a manageable subset of the literature requires that authors make some coarse initial cuts on that literature. For better or worse, that cut often entails separating the philosophical or normative from the social science or descriptive and addressing only one or the other. However, such decisions influence how (and how often) business ethics scholars successfully integrate sound philosophy and social science in their work.

**Toward a More Integrated Field**

Kahn’s (1990) essay on creating an agenda for business ethics research may help to address the question of how to facilitate greater integration in the business ethics literature. Like others, he distinguishes between
the normative (prescriptive) and contextual (descriptive) traditions in the field. He argues that at present the two areas resemble distinct circles in a Venn diagram that overlap little, if at all. Because the two areas rise from relatively distinct underlying disciplines, little shared ground exists between them. Further, individuals possess strong theoretical and methodological ties to their primary disciplines. As scholars attempt to reinforce their own areas, those areas may become even more impenetrable to others. Researchers continue to be inadequately grounded in at least one of the two disciplines, often differing significantly in how they identify ethical issues in business. Therefore, the shared ground is not likely to grow and may even shrink! He relates one author’s comments regarding the dilemma facing business ethics researchers:

[Researchers] in applied ethics are in the inherently comic position of carrying water from wells they haven’t dug to fight fires they can’t quite find. (1990, p. 313)

Kahn (1990) sketches four images—conversation, history, vision, and community—that he believes outline an ideal ethical system. Members of such a system would talk to each other. They would respect and understand each others’ historical roots. They would provide clear and imaginative ideas. Finally, they would work within the larger community toward shared goals. These images provide a sound basis for integrating business ethics researchers. That is, they would be an interactive community of scholars, with diverse historical (academic) backgrounds and imaginative ideas, working toward a shared goal of understanding and creating more ethical organizations and business systems.

In all, most business ethics scholars agree that the question is not whether the two traditions represented by the philosophical and social science roots of business ethics should interact. They should. The more important question is what that integration should look like. That is, when the circles in the Venn diagram overlap, what should be going on in that shared territory? This is an important question for the development of the business ethics literature.

**Parallel, Symbiotic, and Integrative Approaches**

Weaver and Treviño (1994) propose three categories for thinking about the relationship between normative and empirical approaches in business ethics research: parallel, symbiotic, and integrative views. The three views represent a continuum of how tightly integrated normative and empirical approaches can be (or to take a more normative perspective, should be).

*Parallelism* suggests that normative and empirical approaches are, and should remain, distinctly separate paths to understanding business ethics.
issues. Both practical and conceptual conflicts drive this view (e.g., differences in training and methodology, and differences in whether “is” or “ought” represents the correct question to be asked). *Symbiosis* reflects a cooperative, collaborative relationship between normative and empirical approaches. Shared research agendas and theoretical foundations may guide and inform the progress for each path of inquiry. Finally, *integration* represents an even stronger melding of normative and empirical approaches. Moving beyond simply sharing theoretical or methodological models, the integrative view seeks to create a unified hybrid theory of business ethics by melding the theoretical foundations of each area.

In the end, Weaver and Treviño (1994) view symbiotic inquiry as the most promising, a position Donaldson (1994) echoes. Donaldson rejects parallelism, acknowledging that research in business ethics should include both normative and empirical insights. However, he also strongly rejects integration, stating that “the temptation to [fully] integrate must be boldly resisted” (p. 157). He argues that such a move to combine the fundamentally different normative and empirical approaches is akin to “combining triangularity and circularity” (p. 157). Further, he believes that such a combination would lead to confusion within and without the field and, eventually, irrelevance for the entire discipline. In the end, he supports a balanced, symbiotic approach.

In the main, business ethics scholars generally suggest that a symbiotic relationship between normative and empirical approaches is not only possible, but desirable. However, the real issue is broader than a simple debate between normative empirical foundations. Not all of philosophy is normative. Not all of social science is empirical. Therefore, integrating the two is more complicated than simply applying sound empirical research methods to test ethical theory. For a truly sustainable symbiosis to emerge, business ethics researchers need to think beyond how one perspective’s research methodology or intellectual processes can inform the other’s thinking. We need to rethink the relationships between our basic theoretical models.

**A Meta-Business Ethics View**

Meta-ethics concerns the development of ethical theories and the relationships between different theoretical systems and disciplines (Fleming, 1987). We propose that a *meta-business ethics* view of the field is an appropriate path for advancing our understanding of business ethics. That is, a theoretical symbiosis must precede any meaningful and enduring methodological and empirical symbiosis. Thus, business ethics researchers must first identify and map the relationships between ethical and social science theories in order to discover and capitalize on synergies between the two.
Striking examples of the efficacy of such an approach already exist in the literature. Perhaps the best known of these involves Kohlberg’s (1984) work on moral development. Kohlberg wedded an array of ethical theoretical bases (egoism, utilitarianism, deontology) with Jean Piaget’s emerging social science theories of cognition and developmental psychology. This and related work (e.g., Rest, 1986) has exerted a more profound impact on research on ethical decision making than perhaps any other. That is no accident. It demonstrates that well-crafted theory that first integrates ethics and social science at the theoretical level provides a foundation on which significant additional work may build. For example, Rest’s Defining Issues Test, which draws heavily on Kohlberg’s work, has itself spawned over 500 studies (Rest, 1994). Kohlberg’s work has exhibited “legs” not in spite of its theoretical duality, but because of it.

We believe this symbiotic theoretical approach holds the greatest promise for researchers seeking to make meaningful, lasting, contributions. Davis (1971) notes that the most significant research, that which gets noticed and has a lasting impact is, at its core, interesting. And it is interesting because it violates some (but not all) key assumptions of its audience. Research that denies no assumptions may be disregarded as “ho hum,” while research that denies all assumptions risks being dismissed as irrelevant (Campbell, Daft, & Hulin, 1982). Joint theoretical approaches to business ethics research are likely to reach that middle ground. On the one hand, research conceived, conducted, and distributed within either philosophy or social science is obviously more likely to conform to the theoretical and methodological assumptions of that field. It is therefore less likely to break with core assumptions of the field. On the other hand, research conceived and conducted within one field, but then distributed across the other, will likely violate so many basic assumptions of the target audience as to be dismissed out of hand. However, crafting symbiotic theoretical approaches may strike closer to Davis’s notion of moderate assumption violation. Thus, each area maximizes its opportunities to create not only new, but meaningful, research contributions.

A number of promising joint theoretical approaches surfaced in the literature in the 1990s. For example, Donaldson and Dunfee (1994) united the organization studies constructs of bounded rationality and satisficing with the philosophical concepts of social contracts in creating their theory of integrative social contracts. Greenberg and Bies (1992) considered utilitarian, egoism, and Kantian approaches to ethics and their relationship to how we theorize about issues surrounding organizational fairness, rewards, and punishment. Ciulla (1995) melded normative theories of ethics with traditional models of leadership to shift the question from “what is leadership?” to “what is good leadership?” Others combined ethical theory with the economic concept of agency theory (Bowie & Freeman, 1992; Noe & Rebello, 1994), decision and attribution theory (Decker, 1994),
business strategy (Singer, 1994) and social psychology theories of impression management and cognitive distortions (Payne & Giacalone, 1990). A reader familiar with the current business ethics literature will recognize many of these papers as the platform from which considerable additional work emerged over the past decade.

Fortunately, joint theoretical approaches continue to emerge in the literature. Research on moral identity (e.g., Shao, Aquino, & Freeman, 2008), ethical leadership (Brown, Treviño, & Harrison, 2005), and ethics education (Donaldson, 2008) have all benefitted from theoretical foundations based solidly in both philosophical and social science domains. Approaches like these provide the greatest chance of creating truly symbiotic partnerships between ethicists and social scientists in the quest to understand business ethics.

In all, business ethics research has suffered from a lack of common ground between the business and ethics scholars who seek to understand its intricacies. However, longstanding critiques in the literature appear to be having a positive impact on the development of the field. More scholars, and more areas of scholarship, are benefitting from genuinely symbiotic approaches to research. When theoretical foundations from ethics and business are successfully wedded, they create a groundwork upon which new, interesting, and important research streams may thrive. The chapters in this book provide additional examples of just this type of symbiotic, meta-business ethics theorizing.

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**The Second Challenge: Business Ethics in Real Business Settings**

The second theme that emerges from an examination of the field of business ethics reflects a long-standing interest in forging closer ties with real business settings and issues (Jackson, 2006; McDonald, 2000; Shaupp & Lane, 1992). The chapters that follow address this concern as well. As such, it is useful to explore more deeply how we might define success on this front.

In an essay entitled “What’s the Matter With Business Ethics?” Stark (1993) wondered why professions like law, medicine, and government have had much greater success than business in integrating ethical philosophy with practitioners’ daily concerns. Most major corporations are active in integrating ethics into their organizations. However, many observers still lament what seems to be a misfit between the type of expertise and advice business ethics scholars bring to their organization and the organizations’ needs.

Stark (1993) suggested that business ethicists must shoulder much of the blame. Historically, business ethics has tended to be too general, too...
theoretical, and too impractical to be of much use to practicing managers. It is perceived as too general, often attempting to address meta-issues like the moral justification for capitalism or broad corporate social responsibility issues, rather than the workaday concerns of organizational members. It is thought to be too theoretical in that it often couches ethical issues in lofty terms like formalism, and utilitarianism, teleology, and deontology. Managers are left to wonder how these relate to everyday work experiences. Finally, it is seen as too impractical in that it does not give very clear guidance to managers trying to behave morally in a complex world with often-conflicting business, personal, family, and moral pressures.

In response, Stark proposed a “new” business ethics. This approach may be more business friendly in that it allows for conflict to exist between individuals’ ethics and their pursuit of personal and organizational interests. It seeks to guide managers as they try to behave ethically and socially responsibly, without jeopardizing their careers or companies. It calls “the creation of actionable strategies for the pragmatists” (1993, p. 48) the most critical task in business ethics.

In more recent years, others have made similar observations, questioning how researchers might contribute more to understanding what Treviño and Weaver (1994) refer to as morally significant business practices, with particular emphasis on practices (e.g., Jackson, 2006; McDonald, 2000). Still other scholars have taken the cause even a step further. Not content to simply call for a more practical study of business ethics, Kahn (1990) proposed a multidimensional research agenda for business ethics that integrates practice with theory. He suggested that researchers should pursue research questions that reflect philosophical ethical principles, organizational context, and a balance between philosophic ideals and pragmatic work demands. His model not only tolerates but embraces the potential conflict between ideal ethical settings and pragmatic workplace pressures. He noted that ethical principles and organizational contexts carry equal relevance to those struggling to live morally, and that meaningful ethical systems will be created where those forces intersect.

Perhaps the most direct call for a more applied approach to business ethics research was offered by Robertson (1993), who provided three directives that relate directly to this issue. The first is to provide an increased normative focus for ethics research. She noted investigators’ common reluctance to address the “what ought to be” issue because of questions about what exactly constitutes ethical behavior. Yet she correctly noted that normative decisions have always played a role in descriptive research; experimental treatments often reflect implicit normative ethical positions. (For example, studies may assume that kickbacks, padding expense accounts, “churning” clients’ investment portfolios, and so on, are unethical.) Even such basic decisions as what issues are worth studying carry normative overtones (Forsyth, 1980).
The second directive is to emphasize behavior as the key dependent variable. Robertson (1993) believes that since the purpose of business ethics research is to discover the meaning and causes of ethical behavior, then behavior should be the focus. Moral attitudes and moral reasoning may represent important determinants, but behavior is key. Because managers commonly seek assistance in understanding what to do, this suggestion addresses those concerns.

The third directive is to build links to managerial and public policy applications. Robertson (1993) contends that the ultimate purpose of business ethics research is to guide higher-quality ethical decision making. Therefore, researchers’ focus must be on how to make research results useful to those in positions to influence policy, like providing assistance in creating corporate codes of ethics.

Over the past decade, researchers have been quite successful meeting the second of these challenges, an increased focus on behavior. Ten years ago the term behavioral ethics was not in common use in the literature. However, by 2005 sufficient research—and interest in that research—existed to motivate the editorial team of the Journal of Management to invite a review of the literature for their annual review issue. For many, the publication of the Treviño et al. (2006) review of behavioral ethics legitimized the area as a valid component of the business ethics literature. Several of the chapters that follow explicitly embrace a behavioral ethics label. We believe this focus on ethical behavior, its causes, and its consequences, cannot help but improve the picture in terms of the first and third issues as well: a more applied approach to business ethics research that will lead to improved managerial applications.

Of course, this issue of increased applicability of research goes beyond business ethics; it emerges in organizational studies in general. For example, Daft and Lewin (1990) stated that “organization studies have been a recurrent source of disappointment for practitioners” and “the body of knowledge published in academic journals has practically no audience in business or government” (p. 1). Campbell, Daft, and Hulin (1982) identified several characteristics of significant research in organizational studies. Three of these in particular provide sound guidance for business ethics researchers committed to exploring and understanding real business issues:

1. **Significant research is an outcome of investigator involvement in the physical and social world of organizations.** Investigators should go into organizations, talk to managers and practitioners, and use these contacts to inform their thinking about worthwhile research subjects.

2. **Significant research focuses on real problems.** Abstract academic notions are useful. They provide theoretic guidance and under-
standing. But research that addresses real problems of real people in real organizations carries the greatest chance of enduring.

3. Significant research reaches into the uncertain world of organizations and returns with something clear, tangible, and well understood. Investigators might view organizational actors and actions through lenses thick with theory and jargon. However, the final product should be precise and ordered and most importantly, usable.

In all, the business ethics literature has been both persistent and consistent in its assessment of the main challenges we face as we look to the future. For business ethics research to be useful, it must eventually touch business. But to do that in a sustainable way, it must be grounded in sound theory that integrates ethics and social science perspectives. The chapters that follow in this book attempt to do both.

Outline of the Book

As with the first edition, the purpose of this book is twofold. First, it seeks to initiate conversations among researchers with similar interests but different perspectives. By doing so, it aims to create a symbiotic mix of ethical and managerial theory, one that will allow us to take our research to a higher level of sophistication and rigor from both perspectives. Second, it attempts to focus those conversations on topics of interest to today’s managers. The chapters cut across theoretical and practical arenas, and address individual as well as systemic issues. Some will be controversial. However, all address current, relevant issues that affect the people and processes that make up organizational life.

The book is organized into three sections. The first is titled “Ethics from the Top Down.” This section examines broad-based influences on organizational ethics. It opens with a paper by Cropanzano and Walumbwa that provides a review of leadership styles relevant to organizational ethics and behavior (Chapter 2, “Moral Leadership: A Short Primer on Competing Perspectives”). This chapter demonstrates the power of managers in influencing ethical behavior in the workplace. The authors suggest that four leadership research paradigms—ethical leadership, servant leadership, spiritual leadership, and authentic leadership—share central concerns for moral issues. They provide overviews of each paradigm and explore how each of the four perspectives provides insight into the nature of moral management.

Next, Chun explores the integration of ethics and corporate social responsibility (CSR) (Chapter 3, “Organizational Virtue, CSR, and Performance”).
She argues that the rationalist assumptions of Kantianism and utilitarianism have not been fully satisfying for understanding corporate social responsibility (CSR), and suggests that adding virtue ethics to the mix may provide significant additional clarity. She explores the link between organizational virtue and nonfinancial performance and presents a case study to illustrate the process by which this occurs.

Rupp, Williams, and Aguilera follow by exploring the psychology of firm CSR behavior (Chapter 4, “Increasing Corporate Social Responsibility Through Stakeholder Value Internalization [and the Catalyzing Effect of New Governance]: An Application of Organizational Justice, Self-Determination, and Social Influence Theories). The authors draw on justice theory to shed light on different motives of stakeholders that may hinder or facilitate CSR. In addition, self-determination theory provides insights on how autonomy or competence may increase CSR behavior of firms.

Finally, Mitchell and Palmer propose a new construct in the realm of ethics research, ethical efficacy (Chapter 5, “The Managerial Relevance of Ethical Efficacy”). Drawing on Bandura’s concept of self-efficacy, the authors argue that whistleblowers, such as Sherron Watkins of Enron and Cynthia Cooper of Worldcom, possess a characteristic beyond good morals alone that drive them to ethical action, even when facing long odds. The chapter identifies antecedents, consequences, and cognitive processes related to ethical efficacy, and describes the broad-based managerial relevance of the construct.

The second section of the book is titled “Unethical Behavior: Causes, Consequences, and Comebacks.” This section shifts the focus to ethics at the individual level. It opens with De Cremer’s essay on preventing and dealing with ethical failures follows (Chapter 6, “On the Psychology of Preventing and Dealing With Ethical Failures: A Behavioral Ethics Approach”). This chapter provides insights about the shift in ethical research from a prescriptive approach, which deals with people upholding moral principles when faced with an ethical dilemma, to a descriptive approach, involving how people actually act when faced with an ethical dilemma. De Cremer uses these two perspectives to explain individuals’ engagement in unethical behavior. In addition, the chapter seeks to understand the motives involved in unethical actions as well as how best to remedy these ethical failures.

Umphress, Campbell, and Bingham follow with a discussion of a different type of unethical act, that which is intended to benefit others rather than to harm them (Chapter 7, “Paved With Good Intentions: Unethical Behavior Conducted to Benefit the Organization, Coworkers, and Customers”). The authors explore antecedents and motivations for these “prosocial” unethical behaviors, including those based on social exchange, social identity, and mood perspectives. They conclude by outlining the
theoretical and practical implications of this alternative type of unethical behavior at multiple levels of analysis.

Next, Hess examines an ethical issue that reaches outside organizational boundaries, by exploring organizational service failures from the customer’s perspective (Chapter 8, “Failures, Losses, and Fairness: The Customer’s Perspective”). This chapter provides new insights for the service failure–recovery paradigm by offering an improved understanding of the inequity that is felt by customers after a service failure. It examines the variety of losses a customer can experience by introducing a multidimensional conceptualization of loss types. Furthermore, it proposes three theoretical models of recovery that may enhance an organization's ability to restore customers’ perceptions of fairness, satisfaction, and loyalty.

Treviso and Weaver then explore punishment in organizations (Chapter 9, “Advances in Research on Punishment in Organizations: Descriptive and Normative Perspectives”). In this update of a chapter that appeared in the first volume of Managerial Ethics, the authors guide us from the conventional behaviorist view of punishment to recent research theories that focus on cognitive and affective states of observer and participant. Finally, the chapter provides a normative perspective on punishment in organizations based on philosophical and criminological writings about punishment in society.

The third and final part of the book, titled “New Theoretical Perspectives,” presents a series of thought-provoking new directions in ethics research. Folger and Cropanzano open this section by examining moral emotions in the context of social hierarchies (Chapter 10, “Social Hierarchies and the Evolution of Moral Emotions”). By taking an evolutionary perspective on behavioral ethics, the authors seek to answer two questions. First, are humans by nature hierarchical or egalitarian? Second, why are some moral norms associated with emotions whereas others are not? The ethical perspective of deonance and social hierarchies are integrated to understand how emotions relate to moral dictates in society.

In the following chapter, Price looks to the evolutionary psychology literature to address long-standing criticisms of a central tenet of justice research: equity theory (Chapter 11, “Free Riders as a Blind Spot of Equity Theory: An Evolutionary Correction”). In particular, he develops evolutionary perspectives that address concerns about equity theory’s inability to deal effectively with overreward situations. He argues that an evolutionary perspective may help to explain why free rider problems commonly occur at all organizational levels and how solving these problems may be a key to improving organizational productivity.

Next, Mayer addresses the shortcomings of ethics research in terms of its nearly exclusive focus on proscriptions of unethical behavior (Chapter 12, “From Proscriptions to Prescriptions: A Call for Including Prosocial Behavior in Behavioral Ethics”). Mayer argues that for the ethics domain
to thrive and grow, scholars should turn their attention to prescriptions involving ethical and prosocial behavior as well. This chapter provides a set of guidelines for how ethics research might be more closely integrated with work on prosocial behavior, and outlines the practical and managerial implications of doing so.

In the closing chapter of this section, Schminke, Caldwell, and Vestal emphasize the importance of considering nonrational models of ethical decision making (Chapter 13, “A Review and Assessment of Ethical Decision Making Models: Is a Garbage Can Approach the Answer?”). This update of a chapter that appeared in the first edition of Managerial Ethics reviews recent models of ethical decision making, most of which rest on an assumption of linear, rational, decision making. It reiterates the potential value of considering nonrational models in general, and the “garbage can” approach in particular. Finally, it reviews briefly the broad range of domains in which the garbage can approach to decision making has been applied, and develops a model for its application to managerial ethics.

In all, these chapters reflect a three-pronged approach to improving our understanding of business ethics. Three of the chapters (Chapters 1, 9, and 13) provide the opportunity for authors from the first edition to update and extend their thoughts on issues represented in that edition. Two of the chapters (Chapters 2 and 10) demonstrate the evolving interests of authors from the first edition, as they press into new areas of inquiry. The remaining chapters reflect the thoughts of a new set of scholars, many of whom were not yet engaged in managerial ethics research at the time the first edition appeared. In all, the collection represents an ideal melding of “cagey veterans” and younger scholars, as they explore both new venues and more established issues, seeking a better understanding of each.

Closing

The central goal for this edition of Managerial Ethics is to continue where the first edition left off, by enacting a reflect and connect strategy for business ethics researchers. That is, the authors in this volume challenge readers to reflect on their own and others’ approaches to exploring ethics issues, and to connect those pursuits with those other fields and, eventually, to the business world itself. Campbell, Daft, and Hulin (1982) are correct to remind us that true innovation rarely comes from inside one’s own field (cf., Stein, 1974; 1975). Rather, the most effective strategies for discovering new and meaningful ideas come from both interaction with other disciplines and contacts with the “real” world. This book’s purpose is not simply to
encourage more research in business ethics; research not worth doing is not worth doing well. Rather, the goal is to unfreeze our thinking about our own and other theoretical bases and biases, to identify situations in which theory—ethical and managerial—may guide our thinking when exploring both what is and what ought to be, and to ground that work in real organizational settings. The result may be research that is important to academics and practitioners, shaping both theory and practice (Kahn, 1990).

The past decade has been a turbulent one indeed, for managers and managerial ethics. We hope this book will play a significant role in helping ethics scholars (both current and potential), ethics students, and ethics practitioners lead the way in thinking about these increasingly important issues.

References


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