

# CORNELL HR REVIEW

## TRAINING ETHICAL DECISION MAKERS

*Dana M. Radcliffe*

Corporate ethics training, to be effective, must go beyond informing employees of laws and policies the firm expects them to comply with. Rather, its chief goal should be to equip and encourage employees to make sound ethical decisions.<sup>1</sup> Therefore, human resources managers who design and implement ethics training need to pay special attention to the nature of ethical decision making. This article identifies several aspects of ethical decisions that should be taken into account in devising or modifying an employee training program. It then offers some suggestions about what these features entail for ethics instruction.

### **Ethical Decision Making**

We make ethical decisions every day, but few of us stop to reflect on just what this familiar activity involves. Here are some proposals about what such reflection reveals.<sup>2</sup>

*(i) An ethical decision is the act of an individual, grounded in his unique personal perspective.*<sup>3</sup> Decisions are mental acts guided by our mental states, especially certain beliefs and desires, which serve as the decisions' "reasons" or "grounds." Normally, when someone seeks to influence our decision making, they do so by trying to produce in us beliefs and desires that will lead us to make the hoped-for decisions. For example, a politician intends to motivate people to vote for her by getting them to believe she is the best candidate and to desire her victory. Thus, our ethical decisions too are guided by and grounded in our beliefs and desires, and influencing our ethical decision-making requires influencing the reasons for our choices. On ethical issues, as rational agents, we want such efforts at persuasion to rely on arguments rather than psychological manipulation.

*(ii) Ethical decisions are choices that could harm the interests of others—one's stakeholders.* We tend to think of ourselves as facing an "ethical" decision when our choice in a given situation could harm someone else. Anyone who has an interest that could be hurt by the decision is a stakeholder in it. When an ongoing relationship exists between a decision maker and others affected by his actions, the latter can be described as stakeholders of the former. The stakeholders of an employee, for instance, include (among others) shareholders, superiors, subordinates, teammates, and customers—as well as his family and friends.

*(iii) Ethical decision situations are marked by obligations tied to the individual's roles and relationships.* A basic fact of our lives in society is that we occupy diverse roles and have many relationships of various kinds. Attached to those roles and relationships are assorted obligations we have to others whose welfare is affected by what we do. Some of

these obligations we place on ourselves, as when we make promises or enter into contracts. There are others we don't choose, such as the duty to take care of one's elderly parents. Moreover, our roles—including our jobs—and relationships are defined, at least in part, by the obligations connected with them. Being a corporate manager, for example, carries the obligation to serve the best interests of shareholders (within limits).

*(iv) Obligations derive from numerous social norms, which sometimes results in conflicting obligations for the decision maker.* A person's having obligations to others is due to the existence of applicable norms that require or prohibit certain types of behavior. In today's world, individuals usually fill a number of roles and form relationships of widely varying types and durations. Hence, our social interactions are circumscribed by myriad obligations stemming from a multiplicity of norms. These include laws, regulations, contracts, codes, and policies. Inevitably, we encounter moral choice situations in which we confront competing obligations. These cases can be painful, and deciding which obligation should trump the others in the circumstances can be exceedingly difficult.

*(v) Ethical decision making in business, as in other areas of life, is governed by general ethical principles.* The norms that determine our obligations also include common ethical principles—norms that represent deeply entrenched intuitions many people, in different cultures and communities, have about how we should treat each other. While these principles often guide decision making, they generally do so as tacit, unquestioned assumptions. Notable examples are the injunctions to be truthful, to keep one's word, and not to expose others to serious risk without their consent. These norms can be seen as the “glue” that holds society together or, alternatively, as provisions of the social contract which makes business and all other organized cooperation and competition possible.

*(vi) Ethical issues are often hard to recognize.* All too often, people fail to grasp that they are making decisions that affect others in ways that warrant evaluation from a moral point of view. Thus, key executives at Bridgestone/Firestone were slow to recall defective tires because they saw the growing number of claims only as a financial concern for the company, not as a safety issue for their customers.<sup>4</sup> Such ethical blindness is not unusual. According to Harvard ethicist Lynn Sharp Paine, “Many leaders of corporate ethics programs say the vast majority of the problems they must deal with originate with decision makers who simply didn't see the issues, or didn't see them clearly enough.”<sup>5</sup> A host of factors can contribute to individuals'—and groups'—failing to perceive the ethical significance of their choices. In recent decades, this has become a fertile area of research in psychology and organizational behavior, part of a broader scientific quest to understand the influences that lead people to act unethically.<sup>6</sup>

### **Some Implications**

The preceding observations have some practical upshots for employee development:

*(1) Ethics training should engage employees as decision makers, facilitating extensive dialogue among session participants, prompting them to examine critically their own and*

*others' responses to ethical issues posed by real-world cases.* Ethical issues call for careful evaluation of different courses of action from a variety of perspectives, with participants actively assessing—and debating—possible grounds for the decision makers' alternatives. Citing Socrates and Confucius as exemplary moral teachers, Lynn Paine observes that they “sought to guide behavior not by issuing directives but by engaging their listeners in a collaborative process of discussion and deliberation. . . . These masters knew that moral insight is more apt to come from live interchange among informed and inquiring minds than from lists of abstract principles.”<sup>7</sup> This ancient truth still holds today.

*(2) The dialogue should be driven by decision-oriented questions.* As good teachers well know, the best way to stimulate thoughtful, probing discussion is through questions, particularly questions that invite participants to take the point of view of a decision maker and explore—through vigorous exchanges—what the decision maker should do and why. Equally important, such discussion demonstrates to employees what Paine calls “the power of questions to engage people’s moral faculties” and helps habituate them to asking incisive questions in ethical decision making.<sup>8</sup> Of course, rules and principles are important, but their greatest value is in helping decision makers identify and frame ethical issues, which can then be scrutinized using trenchant questions.<sup>9</sup>

*(3) Discussion questions should focus on decision makers' obligations to stakeholders.* For the most part, ethical deliberation is a matter of deciding what we “owe” our sundry stakeholders—what our obligations to them are, given our own roles and our relationships to those stakeholders. Consequently, in-class dialogue—setting a pattern for employees' post-training decision making—should be informed by such questions as “Who are my stakeholders?”, “How will my decision affect them?”, and “What do I owe them?”

*(4) Instructors should emphasize that the norms that govern business decision makers include not only laws and policies but also common ethical principles that apply to social interactions generally.* People in business are frequently tempted by the idea that, if an action is “technically legal” and doesn’t violate explicit company policies, it’s ethical.<sup>10</sup> Another popular canard is that an employee’s overriding obligation is to maximize profits for shareholders, regardless of the impact on other stakeholders. Ethics trainers should, through dramatic examples and analogies, impress on employees that business activities are not exempted from evaluation in light of general ethical principles that hold in every domain where the actions of some people could harm others.

*(5) Instructors should devote considerable class time to ethical choice situations in which decision makers have conflicting stakeholder obligations.* Ethical dilemmas—choice situations in which we have competing obligations—are a fact of life. When we experience them in the workplace, the stakes—for ourselves and for others—can be quite high. Furthermore, often it is not at all clear which of the conflicting obligations should take priority. To resolve ethical dilemmas in ways that are publicly defensible, we have to give close attention to the facts, rely on our imagination to envision options and consequences, and employ as best we can our skills in logical analysis. Employees will

be much better prepared to handle ethical dilemmas when they have had ample practice in the classroom.

*(6) A main goal of ethics training should be to enable employees to recognize ethical issues when they arise, including making them aware of psychological and organizational factors that can prevent such recognition—and how to counter them. Throughout the training, when the instructor introduces a new case study, she should ask, “What are the ethical issues here?” and “What makes them ethical issues?” Also, some training time should be used to acquaint employees with research findings on psychological and organizational phenomena that often keep people from seeing the ethical import of their choices.<sup>11</sup> This should include discussion of measures that can be taken to avoid ethical “blind spots.”<sup>12</sup>*

### **Conclusion**

The health of a company depends in no small part on the quality of the decision-making by its employees, from top to bottom. Because a firm’s operations affect the interests of an array of stakeholders, it is vital—to the company and its stakeholders—that employees can be trusted to identify ethical issues and resolve them responsibly. Achieving that result should be the primary aim of corporate ethics training, whose design should align with that end. ❧

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1. This is in line with the Federal Sentencing Guidelines’ stipulation that an effective compliance and ethics program “promote[s] an organizational culture that encourages ethical conduct and a commitment to compliance with the law.” *2010 Federal Sentencing Guidelines Manual*, §8B2.1.(a)(2). [http://www.ussc.gov/guidelines/2010\\_guidelines/Manual\\_PDF/Chapter\\_8.pdf](http://www.ussc.gov/guidelines/2010_guidelines/Manual_PDF/Chapter_8.pdf)
  2. As will be readily evident to the reader, my analysis of ethical decisions is philosophical rather than scientific. For a comprehensive summary of recent empirical research on the topic, see Ann E. Tenbrunsel and Kristin Smith-Crowe, “Ethical Decision Making: Where We’ve Been and Where We’re Going,” *Academy of Management Annals*, Vol. 2, No. 1, 2008, 545-607. See also Linda Klebe Treviño and Gary R. Weaver, *Managing Ethics in Business Organizations: Social Scientific Perspectives* (Stanford University Press, 2003).

3. Of course, we speak of organizations' and groups' making ethical decisions, but, ultimately, even corporate decisions trace back to the ethical choices of individuals, apart from which the corporate choices don't occur.
4. Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance* (McGraw-Hill, 2003), 199.
5. *Ibid.*, 206.
6. On psychological traps, see the now-classic article by David M. Messick and Max H. Bazerman, "Ethical Leadership and the Psychology of Decision Making," *Sloan Management Review*, Vol. 37, No. 2, 1996, 9-22. For a recent overview of the psychological research, see Max H. Bazerman and Ann E. Tenbrunsel, *Why We Fail to Do What's Right and What to Do about It* (Princeton University Press, 2011). A penetrating study of organizational influences on ethical misconduct that fueled the 2008 financial crisis is presented by Donald Langevoort in "Chasing the Greased Pig: A Gatekeeper's Guide to Psychology, Culture and Ethics Risk-taking in Financial Services," 96 *Cornell Law Review* 1209, 1246 (2011).
7. Paine, 201-202.
8. Paine, 201.
9. Paine, 202.
10. Perhaps the most famous—and most notorious—articulation of this view appears in Albert Carr, "Is Business Bluffing Ethical?," *Harvard Business Review*, Vol. 46, January-February 1968, 143-153.
11. See especially Ann E. Tenbrunsel and David M. Messick, "Ethical Fading: The Role of Self-Deception in Unethical Behavior," *Social Justice Research*, Vol. 27, No. 2, 2004, 223-236. In this seminal article, the authors argue that self-deception comes about through various "enablers," including language euphemisms, the slippery-slope of decision making, errors in perceptual causation, and constraints induced by representations of the self.
12. Valuable resources here include Bazerman's and Tenbrunsel's *Blind Spots: Why We Fail to Do What's Right and What to Do about It* and Ann E. Tenbrunsel, Kristin Smith-Crowe, and Elizabeth E. Umphress, "Building Houses on Rocks: The Role of Ethical Infrastructure in Organizations," *Social Justice Research*, Vol. 16, No. 3, 2003, 285-307.