

Factors Affecting Ethical Decision Making in Corporate Setting

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Abstract

Executives in corporate setting face many complex situations that demand ethical decision making from the perspective of society and organizations. Various factors work in the final outcome of ethical or unethical decision making of executives. This paper briefly examines some of the major factors that may affect the decision making of executives in organizations. The intensity of these factors may vary from individuals to individuals, organizations to organizations, and situation to situation.

Introduction

Ethical inquiry of managerial decision making is gaining importance in the backdrop of series of unethical acts being committed by executives of some of the most admired companies of the world. Almost every morning in the newspaper we are exposed to the foul play of some executive or organization. Companies such as Enron, Arthur Andersen, WorldCom, Qwest, Tyco International, Global Crossing, Parmalat, Barings Bank, Systembolaget and Skandia (Carroll and Meeks, 1999; Heath and Norman, 2004; Davies, 2001; Flanagan, 2003; Rosthorn, 2000; Wallace, 2004) have all come to prominence for the wrong reasons. When news of companies like Lockheed, Boeing, General Motors, Ford, Arthur Anderson, and General Dynamics being involved in unethical practices come it makes us wonder that what goes in the mind of executives when they get themselves involved in business practices that by any standard can't be label as ethical. We all know that human-beings are either prone or coerced to perform unethical actions. On the same side, society expects ethical behavior from those who are at responsible position, well-educated, well-off, and have acquired a status in the society. When it comes to unethical decision making some of the questions that come in the mind of a common man is that:

- Does the organizational objective of profitability, or survival, or getting the upper hand on competitors drives the executives toward committing unethical behavior?
- Is it the organizational climate that affects ethical decision making of the executives?
- Is it only the executive personal attributes that is responsible for unethical or ethical

decision making of executives? Or

- Is it the situational or some other environmental factors that has a role to play in ethical decision making of individuals?

Various researches have shown that no one factor could be solely responsible for the unethical decision making of all the executives. This paper does not attempt to focus on any single factor rather an attempt has been made to focus on multiple factors that may affect the decision making of different executives in different corporate settings.

Before coming to the factors let us see what business ethics actually means in literature:

Business Ethics

Understanding business ethics from practical application point of view is a complex exercise not only for business leaders and managers but even for the other stakeholders also. The reason being that it is difficult to decide exactly, what is right and what is wrong, to do in complex business situations faced very often by the decision makers. Theoretically, the field of business ethics struggle between subjectivism, objectivism and relativism.

Lewis (1985) in his study concluded that the four most agreeable ingredients of business ethics are:

- Rules, standards, codes or principles – moral guidelines that, if followed, will prevent unethical behavior.
- Morally right behavior - individual actions that conform to justice, law, or another standard; individual actions in accord with fact, reason, or truth. A business person must constantly deal with the central issue of what consequences will result from his or her actions. That is, she or he must not engage in any practice that would tend to corrupt the integrity of his or her position
- Truthfulness - statements and/or actions that conform with facts or that have the appearance of reality.
- Specific situations - occasions of personal moral dilemma calling for ethical decisions.

On the basis of the above he defined business ethics as:

“Business ethics is rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness in specific situations”.

Some of the other notable definitions of business ethics are:

“Business ethics is the study of business situation, activities, and decisions where issues of right and wrong are addressed.” (Crane and Matten, 2007)

“Business ethics refers to clear standards and norms that help employees to distinguish right from wrong behaviour at work.” (The Ethics Resource Centre)

“Business ethics has to do with the extent to which a person's behaviour measures up to such standards as the law, organizational policies, professional and trade association codes, popular expectations regarding fairness and what is right, plus one's own internalized moral standards”. (William Sauser, 2005)

“Business ethics is disciplined normative reflection on the nature, meaning and context of business activity. As such it deals with comprehensive questions about the justice of the economic context in which business operates and about the nature, function, structure and scope of business in that context, as well as with more specific issues raised by the relationship of business to government, the consumer, its employees, and society at large”. (Hoffman and Moore, 1982)

“Business ethics is a study of moral standards and how these apply to the systems and organizations through which modern societies produce and distribute goods and services, and to the people who work within these organizations. Business ethics, in other words, is a form of applied ethics. It includes not only the analysis of moral norms and moral values, but also attempts to apply the conclusions of this analysis to that assortment of institutions, technologies, transactions, activities, and pursuits that we call business.” (Manuel Velasquez, 2002)

The concept of business ethics actually contains four interconnected elements which is also reflected in the above definitions :

- **Framework-** Set of rules, standards, codes, principles, philosophy etc. to be followed for ethical decision making in business.
- **Internal development of ethical traits-**Development of virtues, values, morality and inner conscience.
- **Situation-** Business situations demanding ethical judgements.
- **Behaviour-** Ethical behaviour from the legal, stakeholder and humanity point of view.

Ultimately the behavior of executives who are responsible to giving direction to the

organization form the important element of ethics in organizations.

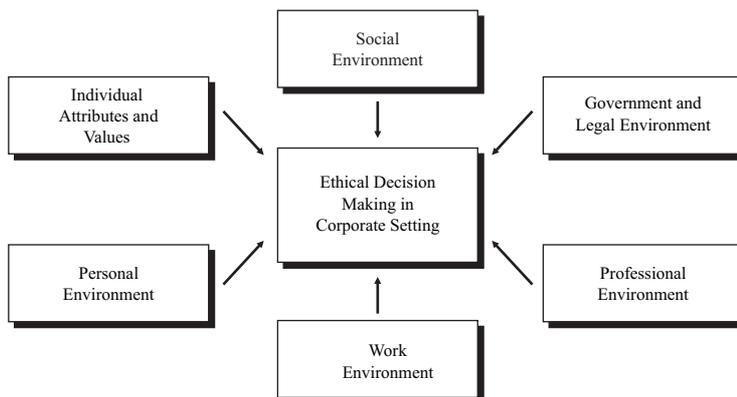
Now we come to the factors that may affect decision making of executives from the perspective of ethics.

Factors Affecting Ethical Decision Making of Executives

An understanding of factors is an effective way in analyzing ethical behavior of executives who are exposed to multiple forces in various complex situations. When an individual faces a situation which involves ethical issues the dynamics of decision making becomes intriguing and complex. The absence of understanding of factors that may affect ethical and unethical behavior in organizations deprives us of the understanding of the underlying causes of decision process.

After going through the literature the model of Bommer et al (1987) is identified as the most comprehensive in this paper and has been explained with some new insights alongwith the old ones. The model includes the following factors that may possibly affect the ethical decision making process of an executive:

- Social Environment
- Government and Legal Environment
- Professional Environment
- Work Environment
- Personal Environment
- Individual Attributes and Values



Social environment

Social environment to which an individual belongs can lead to an internalization of the group's norms, duties, and commitments into the individual and may reflect in the behavior.

Business executives develop in a social environment which consists of shared culture, religion, attitudes, desires, expectations, degree of intelligence, education, belief, lifestyle and customs. This social environment affects in forming of individual values, beliefs, and attitudes of the executives. The level of values that get encultured in the executive could impact the decision making process of an executive. There are enough evidences that show that although values could affect behaviour but in the professional job setting the social values imbibed through the life may not hold good in job when it comes to behaviour in situations calling for ethical judgements. Secondly, over the period of time many ethicists have come to the conclusion that general social values followed in normal life may not act as the guiding principle in complex situations faced by executives in business setting.

However there are enough evidences in literature which indicates that social environment like religion affects the decision making. Religion contributes in framing of social values and does influence behaviour when it comes to ethics and this has been found in many studies. Some studies have emphasized on the component of theology and religion in the ethical framework (Stassen, 1977; Tsaliks and Fritzsche, 1989). In business ethics theoretical role of religion has been discussed by McMohan (1986). It is claimed that throughout the history Judeo-Christian philosophy has influenced ethics in the field of business (McMohan, 1985). A positive correlation of significance has been proved empirically between ethical behaviour in business and religiosity (Kennedy and Lawton, 1998; McNicholos and Zimmerer, 1985). In ethics religion can contribute as a motivating power in a distinctive manner as is mentioned in the work of Fort (1996) and Magill (1992). Further the religion has the ability to contribute in influencing right behaviour in those cases where people have prominent identity with religion (Agle and Weaver, 2002). Right and wrong judgement in behaviour has much to do with the ideology of religion (Rest et al., 1986). The self-control and ethical leadership which was so greatly exemplified by J.N.Tata had deep connection with Zoroastrianism to which he belonged.

Culture also plays a lot of role as is evident from the functioning of Marwaris in Indian trade and business history. Still there is lot of difference in the functioning of Marwaris business corporations and the present day Indian entrepreneurs that have emerged through different social settings.

Government and legal environment

Laws are a part of compliance ethics where it is mandatory for the executives to follow it. The laws provides the legal or compulsory compliance framework to the business in which it has to operate.

According to Bommer et al (1987)

“laws are values and mores of society that have the force of its formal authority. "Legal" and

"ethical" are not necessarily synonymous. Nevertheless, the legal dimension is an important determinant in many ethical decisions."

There are cases where people cross the line of the law and have scant respect for the law within which they have to function. But such people are exceptions. Usually laws are binding force for individuals and organizations to restrict to a compulsory document enacted as a law the transgression of which could lead to not only the penalty but also the public image gets damaged. In a sense a social stigma gets attached and generally people develop the tendency to work within this framework of law. So laws have the ability to impact the functioning of the people in business and behaviour is expected to be influenced by it. However, sometimes it becomes difficult to understand the complexities of business which reflects in not only the framing of the laws but also in its implementation. This is the reason that many times offences related to business are not pursued in the manner as they should be.

Fairness, ethical standards, lobbying, bribery or kickbacks, environmental pollution, consumer cheating, and tax avoidance or evasion are some of the ethical issues which have been practiced by many executives on the basis of lego-politico environment. In India we find that initially regulations were not so rigid when economy was opened up in 1991. Then the Harshad Mehta scam emerged and regulations were strengthened. Executives in the corporate setting get a license to follow a path which may be unethical from the common point of view but legal in the eyes of law. Recent 2G Spectrum scam and Commonwealth Games scam are the examples of how the executives of a company may transgress the line of ethicality just because of the Government and legal systems. Taking a case of Rin and Tide tussle which is of a smaller magnitude but reflect the effect of law on moral thinking and behavior of corporate people. Recently, it was shown in the advertisements of Rin owned by HUL that it is superior to the rival brand Tide owned by P&G when it comes to whitening quality. The advertisement was extensively shown on Television. Lot of hue and cry was created among the industrial fraternity, media and consumers as well. HUL claimed that the ad was in retaliation to P&G's claim that the Tide 'Naturals' brand had natural ingredients. India has been quite liberal as far as advertising laws are concerned. There has been ample of leeway in advertising norms. Any company that advertises its brand has to adhere to the ASCI rules. ASCI rules state that comparison to the rival brand has to be backed by factual information and tested results and secondly in no event should the consumers be deceived due to comparison. Thirdly competitors' products cannot be degraded explicitly or implicitly. On all three aspects, it seems ambiguous for HUL to get a clean chit. With both the companies having filed their cases against each other in their respective courts, one has to wait and watch the outcome of the court proceedings. Now take the case of lobbying, in USA Congress there are lobbyists who work for passing out laws which are in favour of businessmen.

In some countries business executives exerts a huge influence in framing laws that protect

the interests of businessmen and in many cases advantages are taken of the fragile laws. In such situations the possibility of detection of offences becomes very low, and even when they are detected the penalty or the prosecution is low and enforcement agencies become weak (Geis and Stotland, 1980). Moreover, it gives enough motivation to those who are in business to cross the boundaries of the law as the rewards for doing that are much more in comparison to the penalties which could be imposed on prosecution. Similar thing happened during the regime of Ronald Reagan when business laws were made weak with the shifting of priorities of FBI to help the interest of business organizations. Justice Department at that time had deep concerns as they thought that the law provides enough motivations to commit white collar crimes and such crimes are bound to increase (Taylor, 1984).

Then from the law perspective we find people in business who are more driven by their own consciousness and morality that it becomes irrelevant for them whether laws are weak or strong. Ethics comes naturally to them but still the impact of law on ethical decision making of such people can't be ignored as laws provide a minimum basic guideline for them in their decision making.

Professional environment

Professional environment here means the values and norms attached to the profession to which the person belongs. In case of executives the profession is business. In different countries the environment of a particular profession may differ. In America the most general professional values attached to business profession are making efforts to increase the shareholders wealth and increasing the profitability of the company. There are rewards attached to it. Rests of the matters are secondary. In countries like China, the executives are expected to work more in alignment with the Governmental objectives. In America when executives perform well they are compensated handsomely. This is not the case in Japan, China, or India.

The 1980s were accompanied by tremendous economic expansion in America under which a variety of both Fortune 500 and smaller firms prospered. This resulted in huge top management compensation. If we look at the salaries of top executives in 1980's and 90's as mentioned in literature some staggering facts come to light. According to Byrne (1991) the difference between salary of a CEO and an average worker in the US organizations was about 85 times by the end of the decade of 80's and it was only 42 times at the beginning of the decade. In 1991 the average pretax salary of top executives in America was \$ one million in a survey conducted of top 800 fortune companies with salary of few executives was much higher than this average figure of \$ one million. One executive of H J. Heinz got the package of \$75.1 million. The earnings of Roberto Goizueta was \$86 million at Coca Cola and at US Surgical \$118 million was the earning of Leon Hirsch. In 1991 staggering \$322 million was the combined earning of top five CEO's in 1991 (McCarroll, 1992). Even one of the

President of a non-profit organization got the salary of more than \$four lakh which created controversy at that time (Stodghill et al., 1992). Further it came to light in a study conducted in 1992 that average salary of CEO's of large organizations in America in 1992 was more than double the average salary of Japanese CEO's and it was also much higher than the German CEO's (McCarroll, 1992).

Even during the time of recession it has been observed that despite of the fact that profits are going down and many employees have lost their jobs even then in many cases the compensation package of top executives still continue to spiral upwards. There is a big question mark between the linkage of company performance with the executives salary package. It is believed that when organizations are controlled by owners (shareholders and stakeholders) markets force the organization to take decisions that are in the interest of owners but somehow in America the control has shifted from owners to executives who first look at their own interest.

The point here is that ethical issues like executives compensation, promotion, facilities, freedom of expression etc. depends a lot on the professional environment in which the executive has grown or the environment in which he is presently in. Lot of unethical practices that have come in public in recent times in America could be attributed to the professional environment of business activities that exist in America where good financial performances are rewarded in big way. Unethical accounting practices where accounts are manipulated to show high performance of the company could be attributed to the professional environment of America where compensation of executive is linked to financial performance. Japan in contrast face little problem of financial manipulation by executives for personal rewards because compensation is more of a collective issue including the welfare of employees.

It is worth mentioning here that professional environment starts getting encultured right through the type of professional education one receives in colleges or universities. The curriculum and the pedagogy also shapes the professional values of the executive.

Work environment

Work environment relates to the organizational environment in which the executive works. Corporations have their own 'cultures', just as societies do. The culture is reflected in the "...attitudes and values, management styles and problem-solving behavior of its people" (Schwartz and Davis, 1981). Organizations have their own culture and that takes the form of identity. Organizations have a legal right, they have a distinguishable name, they occupy physical space, and they exist with the legitimacy which the society provides. Whetton (2006) defines organizational identity as the "...central and enduring attributes of an organization that distinguish it from other organizations" (p. 220).

Attributes of the organization stems from its vision and mission which form the basis of organization existence and becomes the distinguishing feature and the work environment in the organization gets a salient identity from these attributes. Employees and executives functioning get a structure to follow and within this domain they become actors to be directed by these unique attributes which also contributes toward the competitive weapon for them. Organizational identity gets reflected in the way world look at these organizations and executives along with the other employees are identified with these attributes. The organizational identity of Tata's is different from the organizations of Ambanis and core attributes differ. This organizational identity has not been developed in a day or two. But it has taken years to be formed. This organizational identity is clearly reflected in the functioning of people who work in these two different groups.

According to Whetton (2006) this organizational identity creates a domain within which practices, preferences, functioning develops and a shared and collective thinking emerges in alignment with identity. Organizations in a sense develop a collective belief about what we are, what we stand for, how we developed and evolved, how we should move further, in what way we should behave and what value we should cherish (Hatch and Schultz, 2000; Trice and Beyer, 1993; Schein, 1992). Identity of organization gets a shape with the evolvement of how it solves the problem of adapting to the environment and integrating the various fabrics for its success. This identity automatically becomes the guiding force for anyone who becomes the part of the organization. This identity takes the form of culture and anyone who joins the organization is made to believe this culture as the "correct" way to perceive, think, and feel (Schein, 1992, p. 4). In other words, culture means "...believing what others believe and doing as they do" (Trice and Beyer 1993, p.5).

Be it a department, or a group or any individual; the organizational culture is likely to have an impact on them. Individuals irrespective of their backgrounds and personal identities are prone to be affected to a particular extent by the organizational identity or culture in their decision-making. Organization is an artificial person and decisions are taken by real persons. Executive's decision making in the organizational setting will tend to align with the larger moral identity of the organization for consistency. This may be one of the reason that unethical behaviour could take place in the organizations without somebody being aware of that although he being the part of the decision.

Organizational identity, organizational culture, organizational systems, and organizational morality have the ability to affect the ethical or unethical decision making of an executive or any other employee. This reality can't be denied.

In their book about the fall of Arthur Andersen, Toffler and Reingold (2003) described how a once ethical corporate culture changed to unethical in 1990's. Arthur Andersen who founded the

company was completely devoted to set up the highest ethical standards for the company. He had the unfailing desire to set up a company which think straight and talk straight. Very early in his business he faced a situation of cooking up of the accounting data of a company which he refused. Unfortunately he died in 1947 but luckily his company built on strong ethical principles followed his mission and valued the values of his which could be labeled as integrity, trust, and ethical standards of highest order. The company's basic business was auditing built on strong ethical principles. Later on in the 1990's consulting business of the company which was an expansion of the company got the boost and overshadowed in compensation and glamour terms of its core auditing business. The domination of the consulting business over the auditing led to the relook at the values of Arthur Andersen in the auditing unit. Integrity and trustworthiness which were the core values of the company got replaced with self-aggrandizement, greed, and a sense of entitlement among the executives and the habit of overcharging the clients and other unethical practices crept in. This led to the downfall of the strong ethical values which formed the basis of growth of Arthur Andersen and ultimately ended up with public shame and disgrace with the Enron episode.

Going to the developments at Enron it too developed the culture of extreme narcissist identity (Duchon and Burns, 2007) and found the partner in the form of Arthur Andersen going on the same path. A culture was cultivated at Enron where lavishness, wastefulness, and show-off for self-aggrandizement was considered as normal. This was completely visible in a case when company installed itself in an architecturally grand (and expensive) building, and it was proud to pay \$100 million for the naming rights to the Houston Astros baseball team's stadium. Company got involved in wrong investments at the whim of few executives who were unwilling to listen to anyone and the culture of unethical practices got dominant with common sense completely missing.

We could say that multiple factors affect the decision making in the actual work environment where there are stated policies, vision, mission, and alongwith that the situation which may demand to divulge from what was planned or has been the historical stand of the company. Conflict is common in the decision making of corporate people. This very often leads executives to pay more heed to the most dominant factor facing the organization and ultimately that factor guides the decision making. That is the reason why the short term goals very often dominates the decision making as most of the executives are not willing or they do not have the spine to face the challenge and stick to the basics sacrificing some of the short term gains for more everlasting principles. So many unethical acts what we observe today are basically the outcome of inability of sacrifice from the executives who are more satisfied to reap the benefits of sacrifice undertaken by someone in building a reputed organization as was the case with Arthur Andersen. Emphasis on short-term profitability which leads to unethical actions can have substantial long term negative effects, to the point of threatening the corporation's very existence. Good examples of this can be found in the insufficient

standards concerning the handling of asbestos by Johns-Manville and the operation of the Three Mile Island nuclear power plant (Wheelen and Hunger, 1984).

There are many organizations who have formal code of conduct and policies regarding the ethical behaviour but the question arises that do these codes and policies have the real impact at the workplace. Organizations also conduct training programmes to inculcate the habit of ethical behaviour in the employees. Historically there are evidences that stated policies and codes of conduct if implemented properly do have an impact on the ethical behaviour of employees. For example, in a simulated decision-making exercise, a letter from the fictitious company's president supporting ethical behavior and warning of dismissal for unethical behavior resulted in increased ethical behavior (Hegarty and Sims, 1979; Staff, 1979).

The conduct of top management also decides the ethical culture of organization in a big way. They have significant power over the behavior of employees (Freedman et al., 1981; Milgram, 1963 and 1965).

Personal environment

Personal environment here means family and peer groups-an environment related to personal life outside the organization.

Most models of ethical decision-making behavior have recognized the importance of family or peer groups in framing behavioral norms. Jones' (1991) issue-contingent model refers to the importance of social consensus and social desirability of particular ethical behaviors of which family and peer group is a part. Trevino's (1986) interactionist model notes the impact of peer groups and normative structures. Since ethical decision-making is a function of the internalization of positive norms of behavior, the role of family and peer groups could not be neglected.

Behaviour of any individual has the ability to be affected by the peer group referred (Kulik and Ambrose, 1992). For instance, there may be a situation where a country has a liberal attitude towards the practice of bribery. In that scenario it is expected of an individual to follow the same attitude. But if an individual has a peer who is looked upon with deep respect and regards and is the primary referent when it comes to ethics and values the probability is that the individual's attitude and behaviour toward bribery would be more in alignment with the values of the peer instead of what is generally followed in the country.

Ajzen and Fishbein (1980) had also discussed the relevance of peer groups and in their theory they have mentioned: "According to our theory, the more a person perceives that others important to him think he should perform a behavior, the more he will intend to do so"

(p. 57). There are many more studies which have revealed that behavioural intentions and the actual behaviour of people have strong relationships with the thinking of peer groups important in their lives. Illegal, immoral, and deviant behaviours of youth and adolescents have also been found to have significant correlation with the peer group to which individuals have been associated (Halberstam, 1972; Grasmick and Green, 1980; Allison, 1971; Janis, 1972; Burkett and Jensen, 1975).

The moral development of people from the childhood to adulthood has been found to be guided and influenced by peer group and family environment (Cohen, 1976; Bandura, 1971, 1977; Clausen, 1968). Although Kagan (1984) argues little bit different and goes for more genetic argument instead for the affect of environment on individual behaviour. Still there are sufficient number of studies that have come to the conclusion that family environment and the peer groups plays a vital role in shaping of the moral values in people and that also reflects in the behaviour.

There has also been considerable research on the behavioral consequences of work-family conflict. Cascio (1991) indicated that work-family conflict is negatively related to work productivity. Absenteeism has been linked to work-family conflict as well (Goff et al., 1990; Haynes et al., 1984). Job dissatisfaction has been found to be related to work-family conflict (Burke, 1988; Kossek and Ozeki, 1998; Thomas and Ganster, 1995). Moreover, other studies have found relationships between work-family conflict and anxiety (Matthews et al., 1996), burnout (Burke, 1988), lower organizational commitment (Wiley, 1987) and work stress (Burley, 1995; Small and Riley, 1990). Furthermore, many researchers have examined spillover effects of work-family demands.

There are enough evidence to prove the impact of family and peers in the decision making of the corporate people.

Individual attributes and values

The individual attributes and values is the component which is considered as one of the most influential factor affecting behaviour of corporate people. Attributes and values have a very enduring effect on the ethical reasoning of people. A personal value system is viewed as a relatively permanent perceptual framework that shapes and influences the general nature of an individual's behavior. Values are similar to attitudes, but are more ingrained, permanent, and stable in nature. [They are] closer to ideology or philosophy. . . . (England, 1967, p. 54). Rokeach (1973, pp. 5, 12) defines a personal value system as "an enduring organization of beliefs," that are "general plans employed to resolve conflicts and to make decisions." Values are considered as "constructs representing generalised behaviours or states of affairs that are considered by the individual to be important." (Yukl, 2002, p. 133). In work place

settings values can affect decisions about whether to join an organisation, organisational commitment, relationships with co-workers and decisions about leaving an organisation. Values both consciously and unconsciously mobilize and guide how we make decisions and the kinds of decisions we make (Gini, 2004, p. 34). Values influence attitudes and the strength of attitudes (Boninger et al. 1995). Attitudes direct individual behaviour. The ethical conflict in the mind of executive often occurs when there is a conflict between the organizational values and the individual personal values. Sometimes the resolution of the dilemma may violate one or another of the executive's personal values.

How a person working in corporate setting view leisure, dignity, achievement, autonomy, money, job satisfaction, influence, security, power, creativity, success, prestige, ambition, ability, obedience, trust, aggressiveness, loyalty, prejudice, compassion, skill, cooperation, tolerance, conformity, and honor depends a lot on his personal attributes and values he holds.

Ethical judgements of individuals depends a lot on their own moral and ethical ideology and this personal ideology makes a lot of difference (Schlenker and Forsyth, 1977; Forsyth, 1980; Forsyth, 1992). Individuals seek guidance in the situations of ethical dilemmas from the framework of their own set of values, beliefs and morals and this guidance from ethical ideologies may have an effect on behaviours (Forsyth and Nye, 1990).

Different people have different ethical ideologies. Usually there are two categories of ethical relativism and idealism. The individuals who have a relativist approach of ethical ideology they do not believe in universal and generally accepted norms of ethics and follow the path on situation basis. Their morality and ethics is more driven by circumstances. On the other hand those who belong to idealist category they are believer in the universal ethical principles and rules and are expected to be more influenced by it (Forsyth, 1980; Schlenker and Forsyth, 1977, 1992). Idealist usually try to ensure that there actions do not harm others and welfare of the society should be ensured. They believe in doing more and more good for others and society and seek positive consequences for larger cause. Whereas relativist are more pragmatic and ready to compromise even if there are some harmful consequences of their action when it is perceived by them that ultimately greater good would result through their actions (Forsyth and Nye, 1990; Forsyth, 1992).

Regarding the moral development, Kohlberg (1969, 1971) has given a very effective model in which three stages have been identified in the evolution of moral development in individuals. These three stages are:

1. Pre-conventional
2. Conventional
3. Post-conventional

Each stage has two sub stages. In pre-conventional stage an individual morality is based on the fear factor rather than the societal norms. Morality is more based on physical needs and depends lot on the family to which person belongs. In the second stage which corresponds and starts with around ten years of age of an individual, moral development gets motivated and driven by the societal norms. The right and wrong discrimination gets developed on the criterion which is generally followed by the society. In the last stage which is post-conventional, an individual does not outrightly reject the moral values prevalent in the society but becomes mature enough to question it and looks for more reasoning based on his own inner conscience and logical reasoning. Ethics, values, morality, and norms become a personal issue with acceptance and rejection largely depending upon his own judgement rather being blindly guided by outside force.

The instrument for measuring moral reasoning developed by Kohlberg has been used in many studies. For instance Maqsd (1980) in his study evaluated the effect of personality characteristic on the locus of control of individuals related to morality. Rotter (1966) has described locus of control as one's reliability on his own judgement (internal) in comparison to the reliability on others for reinforcement. It was found by Maqsd that in the post-conventional stage individuals internal locus of control is more dominant in moral reasoning. Similar results have been found in some other studies (Johnson and Gomly, 1972; Adams-Weber, 1969). Studies measuring the relation between personality and moral reasoning have been a common phenomenon and significant relation has been found. Various personality reflections like anxiety, despotism, and irrationality have been linked with variations of moral reasoning between individuals (Elliott, 1976).

Moral reasoning has also been studied in relation to variables like education, age, and sex (demographic variables) for predicting it. A number of authors (Lyons, 1982; Braverman et al., 1972) have studied the effect of sex differences on moral level. They found that females tend not to progress to post-conventional morality as often as males because of differential societal pressures on females, even though at younger ages females tend to be more advanced in terms of moral reasoning (Freeman and Giefink, 1979). Age and education level also are related to moral reasoning. Older individuals tend to score lower on moral reasoning scales, while the more educated tend to score higher (Dorzbach, 1975; Rest, 1976; Crowder, 1976; Coder, 1975).

Ward and Wilson (1980) have studied the effect of motivational orientation (safety vs. esteem). They found that esteem-motivated individuals do not submit to group pressure, that is, they display a consistent moral posture across situations.

There have been many studies in criminology that attempt to identify characteristics that distinguish criminals from non-criminals (Lykken, 1957; Frost and Frost, 1962; Peterson et

al., 1961). For example, Mednick and co-workers (1977) found that criminals exhibited the following characteristics: low intelligence, poorer impulse control, emotional immaturity, lack of ability to learn by experience, poorer work habits, and lower nervous activity. Aubert (1952) found that individuals at the corporate level who behave unethically have in general a negative attitude toward legal regulations, although they admit that certain types of law are necessary. Moreover, many who have been convicted of "white collar" crime do not perceive that they have behaved inappropriately (Gels, 1973).

Individual attributes do seem to relate to the level of moral reasoning and ethical decision making.

Conclusion

It can be concluded that there are multiple factors that contribute to the ethical or unethical decision making. This multiplicity of factors makes the actual assessment of ethical decision making in corporate setting complex. However these factors provide a framework within which the ethical decision making of the individual could be analyzed to get a fair idea. The impact of various factors vary and in all probability it can be concluded the dominant factor at the time of decision making would be biggest force in deciding the course of action or the decision of the individual in the corporate setting.

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