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## Criteria for Ethical Management in Decision Making

Ashutosh Mehta

Research Scholar Department of Business Studies, Sardar Patel University

### ABSTRACT

*Ethics is valuable topics for today's managers. The ethical domain of behavior pertains to values of right and wrong. Ethical decisions and behavior are typically guided by a value system. In this paper includes four value-based approaches that serve as criteria for ethical decision making are utilitarian, individualism, moral rights, and justice. For an individual manager, the ability to make correct ethical choices will depend on individual and organizational characteristics. An important individual characteristic is the level of moral development. Corporate culture is an organizational characteristic that influences ethical behavior. Strong ethical cultures become more important in turbulent environments because they help people make the right choices in the face of confusion and rapid change.*

**Key words:** *Ethics, value, approaches, influence*

### INTRODUCTION

Ethical behaviour has been a cause of concern since very ancient time. Ethical behaviour in business practice has been developed continuously. In modern time, ethical behaviour has been looked as important aspect of the business success. There are lots of theoretical and empirical studies which explain the factors and variables impacting the ethical behaviour of individual in the organization and hence their ethical decision making, ethical behaviour is evidenced since human civilization had been evolved. India is known as it has rich ethical tradition, which envisioned in the scriptures of the land like Gita, Upanishad etc. Plethora of theoretical and empirical studies is available on ethical behaviour by many professional executives. This have been drawn attention to the ethical approach of business. And today it is seen as a distinct feature of any business. Ethics is the code of moral principles and values that governs the behaviours of a person or group with respect to what is right or wrong. Ethics sets standards as to what is good or bad in conduct and decision making. Ethics deals with internal values that are a part of corporate culture and shapes decisions concerning social responsibility with respect to the external environment. An ethical issue is present in a situation when the actions of a person or organization may harm or benefit others.

### REVIEW OF LITERATURE

Ferrell and Gresham (1985) included individual and organizational factors as contingency and argued that ethical dilemma emerges from the social, cultural environment. He related his model to existence of professional codes, corporate policy, reward and punishment in his contingency frame. In general, theory of marketing ethics showed that perceptions of ethical problems and

consequences gone through the deontological and teleological evaluation lead to ethical judgment and then intention tend situational constraint affect the ethical behaviour.

The four component of ethical behavior, Rest (1986) of behavioral process in which each component is distinct to each other, on the basis of four component model, Trevino (1986) introduced person situation interactionist model, he introduced individual and situational factor as moderated which impact moral judgment to reach to the behavioral stage. As an individual factor he included ego strength field and locus of control. As situational factors he included elements of immediate job context, organizational culture and character of work.

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After that most comprehensive Jones model (1991) was introduced. He introduced a moral intensity as in his issue contingent model and he argues that moral intensity which is the degree that people see that and issue as an ethical one influence every component of moral decision making and behavior, element of moral intensity which impact the behavior is magnitude of the consequence, probability of effect, temporal immediacy, concentration of effects, these important element was ignored by all previous existing models.

Woceshym (2011) proposed a model of ethical decision making, he argued that both conscious and subconscious, intuitive processes operate when decisions are being made. Further, it is argued that the decision maker spirals back and level of forth between the two l processing when identifying moral dilemmas and applying moral principles and accessing and using subconscious, information about them, and argue that rational egoism is the moral code that long term success of companies when integrated with essentials, this model was based on reasoning, intuition and moral principles. Previous all existing model from review of these all existing models and theory, we can ensure that each and every model has been played an important role in the development of the more comprehensive model and moreover it is empirically tested by many researchers. This can be concluded that to reaching ethical decision behaviour it passes from one stage to other and influenced by intervening determinants, which can be categorized as individual, organizational and external factors and their constructs.

## RESEARCH PROBLEM

What are the criteria for ethical management in decision making?

## OBJECTIVES OF THE STUDY

The study has been done towards achieving following objectives

1. To look upon various criteria of the managerial ethics in decision making
2. To know about the ethics of management
3. To provide information for future research works on aspects of managerial ethics

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## RESEARCH METHODOLOGY

The research paper is an attempt of exploratory research, based on the secondary data; Sourced from journals, magazines, articles and media reports. Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

### Criteria for Ethical Decision Making

Most ethical dilemmas involve a conflict between the needs of the part and the whole: the individual versus the organization or the organization versus society as a whole. For example, should a company install mandatory alcohol and drug testing for employees, which might benefit the organization as a whole but reduce the individual freedom of employees? Should products that fail to meet tough FDA standards be exported to other countries where government standards are lower, benefiting the company but being potentially harmful to world citizens? Sometimes ethical decisions entail a conflict between two groups. For example, should the potential for local health problems resulting from a company's effluents take precedence over the jobs it creates as the town's leading employer? What about baseball, where some players evidently benefit from steroid use? Though the substance is banned, there has yet to be an all-out effort to stop the practice, indicating some moral ambivalence about the practice.

Managers faced with these kinds of tough ethical choices often benefit from a normative strategy one based on norms and values to guide their decision making. Normative ethics uses several approaches to describe values for guiding ethical decision making. Four of these that are relevant to managers are the utilitarian approach, individualism approach, moral rights approach, and justice approach.

### Utilitarian Approach

The utilitarian approach, espoused by the nineteenth-century philosophers Jeremy Bentham and John Stuart Mill, holds that moral behavior produces the greatest good for the greatest number. Under this approach, a decision maker is expected to consider the effect of each decision alternative on all parties and select the one that optimizes the satisfaction for the greatest number of people. Because actual computations can be complex, simplifying them is considered appropriate. For example, an economic frame of reference could be used by calculating dollar costs and dollar benefits. A decision could be made that considers only the people who are directly affected by the decision, not those who are indirectly affected. The utilitarian ethic is cited as the basis for the recent trend among companies to police employee personal habits such as alcohol and tobacco consumption on the job, and in some cases after hours because such behavior affects the entire workplace. Similarly, many companies argue that monitoring how employees spend their time on the Internet is necessary to maintain the company's ethical climate and workplace productivity. If employees are viewing pornographic sites, visiting racist chat rooms, or spending hours shopping or day trading online, the entire organization will suffer.

The utilitarian ethic was the basis for the state of Oregon's decision to extend Medicaid to 400,000 previously ineligible recipients by refusing to pay for high-cost, high-risk procedures such as liver transplants and bone marrow transplants. Though a few people needing these procedures have died because the state would not pay, many people have benefitted from medical services they would otherwise have had to go without. Critics claim that the Oregon decision does not fully take into account the concept of justice toward the unfortunate victims of life-threatening diseases. The justice approach will be discussed later in this section.

## **Individualism Approach**

The individualism approach contends that acts are moral when they promote the individual's best long-term interests. Individual self-direction is paramount, and external forces that restrict self-direction should be severely limited.<sup>20</sup> Individuals calculate the best long-term advantage to themselves as a measure of a decision's goodness. The action that is intended to produce a greater ratio of good to bad for the individual compared with other alternatives is the right one to perform. In theory, with everyone pursuing self-direction, the greater good is ultimately served because people learn to accommodate each other in their own long-term interest. Individualism is believed to lead to honesty and integrity because that works best in the long run. Lying and cheating for immediate self-interest causes business associates to lie and cheat in return. Thus, individualism ultimately leads to behavior toward others that fits standards of behavior people want toward themselves.<sup>21</sup> One value of understanding this approach is to recognize short-term variations if they are proposed. People might argue for short term self-interest based on individualism, but that misses the point. Because individualism is easily misinterpreted to support immediate self-gain, it is unpopular in today's highly organized and group-oriented society. Dozens of disgraced top executives from WorldCom, Enron Corp., Tyco, and other companies demonstrate the flaws of the individualism approach.

## **Moral Rights Approach**

The moral rights approach asserts that human beings have fundamental rights and liberties that cannot be taken away by an individual's decision. Thus, an ethically correct decision is one that best maintains the rights of those people affected by it.

Six moral rights should be considered during decision making:

1. The right of free consent. Individuals are to be treated only as they knowingly and freely consent to be treated.
2. The right to privacy. Individuals can choose to do as they please away from work and have control of information about their private life.
3. The right of freedom of conscience. Individuals may refrain from carrying out any order that violates their moral or religious norms.
4. The right of free speech. Individuals may criticize truthfully the ethics or legality of actions of others.
5. The right to due process. Individuals have a right to an impartial hearing and fair treatment.
6. The right to life and safety. Individuals have a right to live without endangerment or violation of their health and safety.

To make ethical decisions, managers need to avoid interfering with the fundamental rights of others. For example, a decision to eavesdrop on employees violates the right to privacy. Sexual harassment is unethical because it violates the right to freedom of conscience. The right of free speech would support whistle-blowers who call attention to illegal or inappropriate actions within a company.

## **Justice Approach**

The justice approach holds that moral decisions must be based on standards of equity, fairness, and impartiality. Three types of justice are of concern to managers: distributive justice, procedural justice, and compensatory justice. Distributive justice requires that different treatment of people not be based on arbitrary characteristics. Individuals who are similar in respects relevant to a decision should be treated similarly. Thus, men and women should not receive different salaries if they are performing the same job. However, people who differ in a substantive way, such as job skills or responsibilities, can be treated differently in proportion to the differences in skills or responsibility among them. This difference should have a clear relationship to organizational goals and tasks.

Procedural justice requires that rules be administered fairly. Rules should be clearly stated and be consistently and impartially enforced. Compensatory justice argues that individuals should be compensated for the cost of their injuries by the responsible party. Moreover, individuals should not be held responsible for matters over which they have no control.

This theory does not require complex calculations such as those demanded by a utilitarian approach, and it does not justify self-interest as the individualism approach does. Managers are expected to define attributes on which different treatment of employees is acceptable. Questions such as how minority workers should be compensated for past discrimination are difficult. However, this approach does justify as ethical behavior efforts to correct past wrongs, play fair under the rules, and insist on job-relevant differences as the basis for different levels of pay or promotion opportunities.

## **FINDINGS & SUGGESTION**

High ethical standards can be affirmed and communicated through public awards and ceremonies. Heroes provide role models that can either support or refute ethical decision making. Culture is not the only aspect of an organization that influences ethics, but it is a major force because it defines company values. Other aspects of the organization, such as explicit rules and policies, the reward system, the extent to which the company cares for its people, the selection system, emphasis on legal and professional standards, and leadership and decision processes, can have an impact on ethical values and manager decision making.

## **CONCLUSION**

Ethical organizations are supported by three pillars: ethical individuals, ethical leadership, and organizational structures and systems, including a code of ethics, ethics committees, chief ethics officers, training programs, and mechanisms to protect whistle-blowers. Ethical and socially responsible companies perform as well as and often better than those that are not socially

responsible. Social entrepreneurship is burgeoning as new leaders create innovative organizations that blur the boundaries between business and welfare. These organizations may or may not make a profit, but the overriding goal is to improve society.

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