

## **The Management of Ethical Dilemmas by Australian Executives: Is what's said and what's done aligned?**

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*Central to the empirical research on ethical-decision making is that moral behavior is predicated on individuals' awareness and recognition of a moral issue (Butterfield et al., 2000; Reynolds, 2006). This research explored the management of ethical dilemmas experienced by Australian executives. It compared how executives responded to dilemmas they actually experienced compared to their intended response to a hypothetical vignette presented in semi-structured face-to-face interviews. The findings suggest that there are key differences in how executives respond to their own dilemmas compared to a hypothetical situation. This paper introduces a background to the research, literature review, data collection methods and research methodology. It concludes with a discussion on the research findings and a summary and conclusions.*

**JEL Codes:** M12, M14

### **1. Introduction**

In this research, participants' recollections of the management of ethical dilemmas and their responses to a hypothetical vignette were compared for congruency. That is, what participants said they would do (hypothetical vignette) compared to what they actually did in the management of their own ethical dilemmas. Senior executives represented by both the public and private sectors in two states of Australia participated in the study. The data collection method consisted of semi-structured face-to-face recorded interviews in which participants were given two tasks. The first consisted of asking participants to recall the management of an ethical dilemma they had experienced in their career. The final task presented participants with a hypothetical vignette outlining a business scenario in which they had to describe how they would manage the situation. The results showed that the management of participants' own ethical dilemmas differs from their management of a hypothetical ethical dilemma.

### **2. Literature Review**

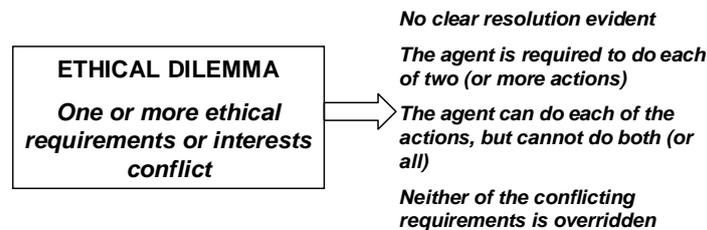
The findings relating to respondents' management of their own ethical dilemmas and responses to a hypothetical ethical vignette, aligned with a dominant theme in the Cognitive Moral Development (CMD) literature. That is, moral judgement and intent do not necessarily translate to what individuals may actually do (Argyris, 1997; Butterfield et al., 2000; Shao et al., 2008; Snell, 1996; Trevino, 1986; Weber & Gillespie, 1998). The literature presented contains a definition of ethical dilemmas, decision-making models and the relevant literature on CMD.

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## **Ethical Dilemmas: Characteristics**

According to Badaracco (2002) moral dilemmas in business involve making choices between non-overriding, conflicting moral requirements; for example, loyalty and honesty. Sinnott-Armstrong (1988) proposed that ethical dilemmas are composed of four key elements. These elements are outlined in **Figure 1** below.



**Figure 1: Components of an Ethical Dilemma**

Source: Adapted from Sinnott-Armstrong (1988)

Geva (2006) raised some key points relating to the nature and management of ethical dilemmas in the business context. She suggested that in the contemporary business environment problems relating to compliance issues are most common and are managed through an organizational code of ethics. Geva (2006) identified two weaknesses in this approach. First, a code of ethics represents a system of rewards and sanctions which are designed to enforce specific standards. However, Trevino and Weaver (2001) and Trevino, Weaver, Gibson and Toffler (1999) pointed out that compliance programs rely on employees reporting breaches. This in itself presents potential ethical dilemmas for the employees, such as conflict between obligation to prevent harm and issues of loyalty to the organization as opposed to loyalty to one's colleagues (Trevino & Weaver, 2001).

The second area of concern identified by Geva (2006) relates to accountability in the management of ethical dilemmas. According to Geva's typology of ethical problems, most organizations apply what is termed 'first-order' accountability to solve ethical dilemmas. That is, they respond to breaches of conduct according to the rule that may have been violated. However, as pointed out by Geva (2006) and supported by De George (1999) failure to achieve moral results is due to leaders thinking in first-order terms. That is, reacting to a breach rather than examining the prevention and cultural aspects of changing the behavior in an organization. For example, falsifying financial records or figures could be managed in a first-order manner by punishing the breach while a higher-order approach would seek to identify and take responsibility for the cultural reasons that may have led an individual to break the regulation in the first place.

## **Ethical Decision-Making**

The focus on ethics in decision-making acknowledges that there is a choice of behavior involving human values (Ruggiero, 2004). Researchers from many disciplines, such as organizational psychology and behavior, have sought to understand not only *what* influences the decisions of individuals, but also gain insight to *how* they resolve their ethical dilemmas

(McDevitt, Giapponi & Tromley, 2007). Therefore, how leaders manage ethical dilemmas is an important context in which followers form perceptions relating to ethical leadership (Brown & Trevino, 2006b). This supports the social learning theory proposed by Bandura (1986), who argued that individuals learn by observing the behavior of others and from the consequences of that behavior to others. Rost (1995) noted that most people do not use ethical frameworks to judge morality. Rather, they draw on life experiences, personal values and perhaps religious convictions. This is illustrated by Beu, Buckley and Harvey (2003), who stated that while there may be basic moral norms, the dynamic business environment brings with it challenges which cannot be readily answered by moral rules. Ethical decision-making, therefore, is not straightforward and individuals may examine and behave differently when confronted by similar ethical dilemmas.

### **Classical Decision-Making**

The traditional approach to understanding individual decision-making is based upon classical decision-making theory or the rational economic model. According to Huczynski and Buchanan (2001), this model encompasses concepts such as scientific reasoning and empiricism and involves decisions based on evidence, logical argument and reasoning. It focuses on a normative view of how decisions *ought* to be made and assumes the decision-maker is objective, rational and adopts orderly and logical processes to make decisions. As suggested by Beach (1996), classical theory does not address the question of making correct decisions; it merely addresses the question of making decisions correctly. Further it also assumes the decision-maker has all the information at hand to make an informed choice. Another example of decision-making theory was developed by Kahneman and Tversky (1979). Their prospect theory was based on research that found individuals placed different weights on gains and losses and are willing to take more risks to avoid losses than to realise gains. To 'win' it seems, is a priority, but moral dilemmas may not have a clear and satisfying outcome. In essence, there may not be a winner.

### **Ethical Decision-Making Models**

Central to the empirical research on ethical decision-making is that moral behavior is predicated on individuals' awareness and recognition of a moral issue (Butterfield et al., 2000; Covrig, 2000; Jones, 1991; Reynolds, 2006; Trevino, 1992a). The models presented acknowledge moral behavior is related to individual's awareness and recognition that a moral issue does exist (Butterfield, Trevino & Weaver, 2000; Covrig, 2000; Jones, 1991; Rest, 1986; Reynolds, 2006; Trevino, 1986, 1992a). While the models provide some explanation for different aspects of moral reasoning, researchers agree that the relationship between moral reasoning and behavior is not well understood (Church, Gaa, Naianr & Shehata, 2005; Trevino, 1986; Shao et al., 2008). The following section presents examples of decision-making models, along with a presentation on seminal literature on cognitive moral development (CMD).

**Rest (1986)** proposed a four-stage model of ethical decision-making: recognizing a moral issue, making a moral judgement, establishing one's moral intent and implementing a course of action in response to a moral issue. While this model established some important aspects of ethical decision-making, it does not take account of the complexity of moral decision-making. O'Fallon and Butterfield (2005) raise an important question relating to the first step in Rest's (1986) model, moral awareness. That is, what factors or influences precede an

individual's moral awareness of a situation? As stated by Reynolds, (2006, p. 241) '[t]he stages of moral decision-making may not be discrete elements of a formulaic thought process but may actually be interrelated in a very complex way such that the stages or moral intent, moral judgement, and moral behavior influence moral awareness as much as or more than moral awareness influences them.'

**Trevino (1986)** proposed an interactionist model which posits that ethical decision-making arises from a combination of individual and situational factors. An example of one of the individual moderators in Trevino's model is locus of control (LC), which represents the level of control individuals perceive to have of the events over their lives. Relevant to this research is the proposal that an internal LC is positively related to ethical leadership (Brown & Trevino, 2006b). Situational factors in the model include job context and organizational culture. Conversely, individuals who have an external LC, view their circumstances and life events as being beyond their control and determined wholly by external conditions.

**Jones (1991)** identified the moral intensity of an issue being an important determinant in individuals' recognition of a moral issue. That is, '[b]ecause high-intensity moral issues are salient and vivid, they will be more likely to catch the attention of the moral decision-maker and will be recognized as having consequences for others, a vital component of recognizing moral issues' (Jones, 1991, p. 381). In an organizational context, moral intensity is often associated with situations which involve decisions which may adversely affect the wellbeing of employees. That said, the moral intensity of an issue does not necessarily mean that some individuals will recognize its relevance in any given situation.

### **Cognitive Moral Development**

Seminal work in CMD was undertaken by Piaget (1932), and later by a student of Piaget's, Kohlberg (1969, 1981). While both theorists based their research on children and adolescents, the fundamental theories still form the basis for contemporary research in CMD. Based on the work of Piaget (1932), a theory and framework to classify CMD was advanced by Kohlberg (1969, 1981). This model and its components has become the basis upon which much of the empirical work relating to the development of ethical decision-making models was drawn and developed. Kohlberg's CMD model has been cited in literature as related to the moral development of leaders (Beu et al., 2003; Gowthorpe, Blake & Dowds, 2002; Harding, 1985; Trevino, 1992b; Watson, Berkley & Papamarcos, 2009).

Kohlberg's model is grounded on the principle that moral judgements are a function of cognition. In his model, individuals' moral decision-making consists of: recognizing a situation as having a moral issue; making a moral judgement relating to an issue; establishing a moral intent; and engaging in moral behavior (Kelley & Elm, 2003). Kohlberg proposed a six-stage framework of moral development. Each stage represents a level of socio-moral development; that is, the characteristic level from which an individual formulates moral judgements. For example, in the first stage, the pre-conventional level, individuals have not yet come to understand and uphold socially shared moral norms and expectations and do not recognise the interests or rights of others as being shared with their own. In contrast, individuals at the post-conventional stage understand and generally accept society's rules and the moral principles that underlie these rules. 'These principles in some cases come into conflict with society's rules, in which case the post-conventional individual judges by principle rather than convention'(Colby & Kohlberg, 1987, p. 17). The model is presented in **Figure 2**.

STAGE	CHARACTERISTICS	
ONE	<i>Obedience and punishment – obeys rules to avoid punishment</i>	} PRE-CONVENTIONAL
TWO	<i>Instrumental purpose and exchange – obeys rules only to further his or her own interests</i>	
THREE	<i>Conformity and mutual expectations – adapts to the moral standards of his or her peers</i>	} CONVENTIONAL
FOUR	<i>Social accord and system maintenance – adapts the moral standards of society, particularly its laws</i>	
FIVE	<i>Social contract and individual rights – the individual is aware of the relativity of values and upholds rules because they conform to the social contract</i>	} PRINCIPLED
SIX	<i>Universal ethical principles – the individual chooses his or her own ethical principles and follows them even if they run counter to laws</i>	

**Figure 2: Kohlberg’s Six-Stage Model of Cognitive Moral Development**

Adapted from Jones (1991)

### Limitation of Cognitive Moral Development

Kohlberg’s CMD model has been criticised in two areas. Firstly, the model is concerned with the capacity to make moral judgements from a normative position. That is, what ought to be done in a given scenario, not what is actually done (Snell, 1996). This closely aligns with the criticism that leadership, and with it the ethicality of leaders, has been predominantly examined from a philosophical or normative perspective, how leaders ought or should behave. The second criticism relating to Kohlberg’s model suggests that the stages of CMD are less hierarchical and flexible than first proposed. Researchers posit moral reasoning may not always be as predictable or carefully applied by individuals as reflected in the model. Some, for example, suggest individuals take ‘shortcuts’ which lead to biases in judgements (Beach, 1998) or rely on personal intuition (Haidt, 2001). Therefore, an individual who has developed at the conventional stage of CMD may, in the presence of contextual and other influencing factors, operate at a lower stage of development (Trevino, 1992b; VanSandt et al., 2006; Jones, 1991).

### Theory of Action

One theory which has particular relevance to this research is Argyris and Schon’s (1974) theory of action. This theory proposes that individuals have theories of how they will behave and manage their relationships with others. Just as Festinger’s (1962) theory of cognitive dissonance proposes that individuals have a strong desire to reduce ambiguity in their relationship with others, Argyris and Schon’s (1974) theory also reduces ambiguity. Central to their theory is that individuals hold two theories of action: one, espoused theory or what individuals propose they would or intend to do in a particular situation; and two, theories-in-use or what individuals actually do in response to a situation. According to Argyris (1997) individuals tend to adopt strategies to maintain the theories-in-use which they use. One

example, as Argyris and Schon (1974) suggested, is speaking in the language of one theory (espoused) while acting in the language of another (theories-in-use). Therefore '[w]e become selectively inattentive to the data that point to dilemmas; we simply do notice signs of hostility in others, for example' (Argyris & Schon, 1974, p. 33).

### **3. Methodology and data collection method**

Patton (1990) asserts that the decision relating to which methodology to use requires the researcher to decide what information is most needed and most useful in a given inquiry, and then employ the methods best suited to producing the needed information. In particular, the role of the researcher in a qualitative study is as part of a primary data collection instrument and that necessitates the identification of personal values, assumptions and biases. This is in contrast to a quantitative research process in which the researcher's values are omitted from the study and which relies upon the reporting of 'facts' from the evidence gathered in the study (Creswell, 1994).

A qualitative methodology has been adopted in this study because it allowed the researcher to study issues pertaining to the management of ethical dilemmas in rich detail and great depth (Hitchcock & Hughes, 1989; Patton, 1990). Most importantly, inductive logic will prevail in a study in which 'categories will emerge from informants, rather than are identified *a priori* by the researcher' (Creswell, 1994, p. 48). Thus, data collection is not constrained by pre-determined categories of analysis, ensuring that the emerging themes are representative of respondents' experiences and interpretations (Coll & Chapman 2000).

Questions were presented to the respondents through the principal research method of semi-structured interviews. The application of a data collection method (the vignette) was used to examine the management of ethical dilemmas experienced by respondents against responses to a hypothetical vignette. The adoption of this data collection method fitted most readily with the use of a qualitative methodology. Wolcott (1988) recognizes the significance of subjective experience that, in general, is characterised by great depth. Given that quantitative methods require the use of a standardised approach so that the experiences of people are limited to certain pre-determined response categories, it was considered that such a methodology was less useful than a qualitative methodology, for the purpose of this research. The use of the semi-structured interview method, although consisting of set questions, allowed variation and individual input by participants and minimisation of pre-determined responses. In this study, the responses contained within the collected data were descriptive, spontaneous and personal. Therefore, if respondents wished to contribute personal experiences, which were not directly related to the questions, the researcher included these, if they provided some context and insight into the phenomenon of ethical leadership.

#### **Vignette**

The vignette was the data collection method applied in this research. Argyris (1993, p. 2) confirms the need, in an interview situation, to provide what he terms 'the production of valid knowledge' which is actionable in everyday life. The use of vignettes, 'helps to standardize the social stimulus across respondents and at the same time makes the decision-making situation more real' (Alexander & Becker, 1978, p. 94). Moreover, vignettes have been shown

to be appropriate for assessing ethics-related phenomena (Cavanagh & Fritzsche, 1985; Trevino, 1992c). As highlighted by Kodish (2006, p. 464), 'leadership is a complex, dynamic, and paradoxical combination of traits, behaviors, principles, and relationships'. The use of vignettes assisted in establishing an environment in which the validation of espoused theory, as opposed to reported theory-in-use, was possible. According to Alexander and Becker (1978), if a vignette is used, participants are less likely to consciously bias their responses for the purpose of gaining social approval of the researcher. The vignette also provided a strategy for establishing congruence or otherwise between what participants said about the management of ethical dilemmas and how they, in reality, managed a dilemma.

For the purpose of this research, one question in the semi-structured interview involved the presentation of a vignette in which the incident detailed was as concrete and detailed as possible (Alexander & Becker, 1978). The vignette provided a means to explore respondents' management of ethical dilemmas and a clear illustration of what actions and processes they took in response to the vignette. Participants were required to make a judgement and/or decision relating to the hypothetical situation detailed in the vignette, included below.

*The organization in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organization who are keen to proceed. The success of this contract is likely to have favorable consequences for your future career prospects. What would you do?*

## **4. Findings**

### **The Management of Ethical Dilemmas by Respondents: Theories-in-Use**

The data relating to the management of ethical dilemmas experienced by participants (theories-in-use) was represented by four principal themes; namely, *accountability*, *relationship-centredness*, *courage* and *withdrawal*. The data, which emerged relating to the four themes, indicate that respondents' decision-making is complex and dynamic in nature. Most particularly, no single approach is applied to either examine or resolve dilemmas. There are normative ethical theories that propose some principle or principles for distinguishing right actions from wrong actions (Shaw & Vincent, 2004). However, one single ethical theory could not be applied to each of these four themes. This recognizes, according to Williams (1985, p. 16), that 'we are heirs to a rich and complex ethical tradition, in which a variety of different moral principles and ethical considerations intertwine and sometimes compete'. Therefore, in the context of this research, the findings presented reflect the action taken by respondents to manage their ethical dilemmas. The four themes are outlined below.

#### **Accountability**

The theme *accountability* emerged from data and described the type of action most commonly taken by all respondents in this research. The management of ethical dilemmas included in the theme *accountability* emphasised the rules, regulations or policies that were applied to and governed specific situations. The qualifying category *compliance* encapsulated the actions most commonly described by respondents and which were used to assist in

making judgements about ethical dilemmas they faced. Most importantly, a process of verification was fundamental to these respondents to ensure their course of action complied with the organization's adopted *accountability* measures. That is, their primary concern was to substantiate and validate the specific rules that governed the circumstances relating to their ethical dilemma. As part of the process, many respondents sought independent advice on the matters pertaining to the circumstances of the situation.

Respondents also emphasised the importance of formal documentation of their decision-making as an important aspect of *compliance*. Therefore, adhering to formal documentation protocols and complying with the rules that governed their particular situation, was a fundamental approach taken by respondents. For example, recollections relating to documentation included respondents who maintained detailed written records about the action they took to resolve their ethical dilemmas. Many respondents viewed documentation as an official record to provide evidence that the management of the dilemma was done in an accountable and transparent manner. Integral to the processes of *compliance*, respondents also recalled that the process of documentation provided a basis for ensuring the decision-making process took account of their core values.

### **Relationship-Centredness**

The theme *relationship-centredness*, with the qualifying category *collaborate* emerged from data to describe the action of respondents when confronted by ethical dilemmas. Respondents whose recollections aligned with the theme *relationship-centredness* focused on the character of individuals and the nature of the relationships with people involved in the management of the dilemmas. Importantly, the resolution of dilemmas was closely aligned with respondents acknowledging the importance of building relationships with stakeholders and relying on the reputation and strength of these relationships to resolve dilemmas.

The category *collaborate* represented the type of action most often reflected in respondents' descriptions of the management of ethical dilemmas that aligned with the theme *relationship-centredness*. Many respondents emphasised the importance of resolving their ethical dilemmas by being able to *collaborate* with stakeholders who may be affected by the circumstances of the situation. The process of *collaboration* was viewed as an important opportunity to build empathy and respect for the position held by key stakeholders affected by the situation. Many respondents also cited the importance of building trust with individuals or organizations in the management of ethical dilemmas. Trust closely aligns with respondents' recollections of ethical leaders being individuals who have a reputation for trustworthiness.

### **Courage**

The third theme that emerged from data to qualify how respondents in this research managed their ethical dilemmas was *courage*. The most distinguishing feature in respondents' descriptions for this theme was their emphasis on maintaining a level of confidence and determination in their own judgements and principles governing the nature of the ethical dilemma. In essence, the theme *courage* described respondents who adopted a determined and tenacious position relating to the management of their dilemmas. Commonly, their action involved decisions which may have been met with disapproval or resistance from others. The demonstration of *courage* was recalled as having the 'courage of one's convictions'. Respondents adopted a commitment to particular principles or values, and although an acceptable conclusion to their dilemmas was important, the means by which the dilemma was

managed took precedence. Two categories qualified the theme *courage* and they were *advocate* and *report*.

Once the rules or policies which governed the situation were verified, the category *advocate* described the action of respondents who were prepared to put forward their argument in defence of the position they wished to take in the resolution of the ethical dilemma. Many respondents used expressions such as 'plead my case' or 'make recommendations' when describing their commitment to *advocate* their position on the circumstances of their situation. This process often took place in an official environment such as the organization's governing board or a group made up of senior executives from various divisions within the company.

The final category that qualified the theme of *courage* was *report*. This closely aligned with the theme of *accountability*. The category *report* referred more closely to the role of external independent authorities. Examples of these included tribunals, licensing and regulatory boards and professional bodies, which conduct formal inquiries involving activities such as reported misconduct or corruption. These bodies have legislative powers to conduct formal inquiries and for the most part, their activities are controlled and monitored by the government. For these bodies to investigate such alleged activities, a formal complaint is required. An individual or group, either within or outside an organization, may initiate this action. In the context of this research, respondents sought the attention of such bodies with reports of activities within their own organization they believed warranted formal and independent investigation. Some respondents recalled they needed to adopt a tenacious and persistent approach to these situations. When internal investigations had not addressed their concerns they were hopeful their concerns would be viewed as sufficiently serious by these independent bodies to set up a formal inquiry. The chances of this occurring were increased if the activities of the organization were also the concern of stakeholders, such as community interest groups. The respondent believed that an inquiry was also a means to have his or her reported actions vindicated by an independent body.

## **Withdrawal**

The final theme *withdrawal* emerged from data to describe the action of respondents when confronted by ethical dilemmas. Respondents' descriptions for the theme of *withdrawal* concentrated on their preparedness to literally 'walk away' from both the situation and/or the organization. Integral to this action was a strong declaration by respondents that they would have no further involvement in the resolution of the dilemma without specific aspects being altered to meet their concerns. Many respondents expressed they were prepared to resign from the organization if the manner in which the dilemma was being managed could not be re-negotiated.

The qualifying category *renounce* represented respondents' public declaration about their willingness to sacrifice their own professional and personal interests if the nature of the ethical dilemma compromised their principles. Importantly, this qualifying category emphasises the public nature of respondents' management of their *withdrawal* from the situation and/or the organization. That is, knowledge of the respondent's sentiments and formal position in relation to the situation were made public. In this way other members of the organization were left in no doubt why the respondent chose to resign from his or her position. This action differed from respondents who may have left the organization and cited, for example, that they were leaving to 'pursue other opportunities' or 'personal reasons'. In

these cases, other individuals may have suspected the reasons for the *withdrawal*, but not been entirely certain because the respondent had chosen not to publicly *renounce* his or her position and the details that led to departure from the organization.

Many respondents described being in a situation in which the choice to uphold their principles and values also meant that opportunities to further their career aspirations, could be placed in jeopardy. In these circumstances, respondents who chose to remain in their organizations either lost the role they were occupying or were relegated to a position that did not carry the same responsibilities or status as their previous role. In essence, they lost their positional power because of their commitment to principles, which did not align with other members in the organization. Some respondents were prepared not only to *renounce* their role and future career opportunities, but also resign and leave the organization rather than compromise their position on the situation being examined.

### **Summary: The Management of Ethical Dilemmas: Theories-in-Use**

The first task concluded with an examination of the management of ethical dilemmas by respondents. The themes of *accountability*, *relationship-centredness*, *courage* and *withdrawal* emerged from the data to qualify the key approaches respondents adopted in the resolution of their dilemmas. When the total responses were examined relating to these four themes, *accountability* and *relationship-centredness* represented the most commonly applied actions in the management of ethical dilemmas.

### **Management of Ethical Dilemmas by Respondents: Espoused Theories**

The concluding task in this research was presented to all respondents in the form of a vignette. The task was designed to explore the course of action respondents said they would take, if they were responsible for the management of the circumstances in the vignette. That is, respondents' *espoused theories* or what they said they would do. The following vignette was presented to all respondents:

The organization in which you are a senior executive has recently been involved in a lucrative business proposal. You have been given principal responsibility for its development. The negotiations are with both private and government entities. You discover that the contract does not fully comply with mandatory compliance policies. This view is not shared by other executives within your organization, who are keen to proceed. The success of this contract is likely to have favourable consequences for your future career prospects. What would you do?

The responses to the management of their own ethical dilemmas as described in the first task, represented participants' *theories-in-use* or what they *actually* did when confronted with the ethical dilemmas they had experienced themselves. The responses to the vignette, examined what alignment existed between what respondents said they actually did when confronted by an ethical dilemma (*theories-in-use*) as opposed to what they said they would do (*espoused theories*) in the hypothetical situation presented to them. Similar themes emerged from the data to describe how participants responded to the hypothetical vignette. However, the distributions across the four themes; *accountability*, *withdrawal*, *courage* and *relationship-centredness* differed between what was espoused and what was actually done when confronted with ethical dilemmas. Each of these themes is now examined, highlighting the similarities and differences between the findings of the two tasks of this research.

## **Accountability**

The theme of *accountability*, which emerged from data, described the action most commonly taken by all respondents when asked to respond to the vignette. The category to qualify respondents' action was *compliance*. Respondents, who adopted *accountability* in response to the vignette, were principally concerned with the policies, rules and regulations which may have applied to the scenario. Importantly, respondents emphasised that their decision-making was to be fully and officially documented. While *accountability* represented the most common theme for both tasks, a much greater proportion of respondents *espoused* that they would follow or investigate the *accountability* measures required for the rules relating to the vignette. Respondents' questioning and examination of the compliance policies was the focus of their response when presented with the vignette. In relation to their own ethical dilemmas, respondents' recollections reflected more variation in the type of action they considered.

## **Withdrawal**

The theme of *withdrawal*, which emerged from data relating to the vignette, was also represented differently from respondents' management of their own ethical dilemmas. The greatest difference between respondents' action in response to their own ethical dilemmas (*theories-in-use*) and the vignette (*espoused theories*) was a greater commitment and willingness for *withdrawal* from the situation represented in the vignette. Some respondents across all sectors of this research were emphatic that the only option for them when presented with the vignette was *withdrawal*. Many of these respondents made an instant judgement relating to the details depicted in the vignette and without any further consideration or examination of the details, expressed that they would refuse to participate in the scenario.

This was in contrast to respondents' reported action in the management of their own dilemmas. There was a greater preparedness to examine a number of avenues in the resolution process before contemplating *withdrawal*. Overall, respondents' language used in response to the vignette was expressed in an unequivocal manner. Many respondents approached the vignette from the perspective that their interpretation of the scenario was assumed correct and the opposing views of other executives needed to be challenged. In contrast, when respondents managed their own dilemmas, they commonly expressed that they would seek confirmation and advice on the rules or policies governing their particular circumstances. In addition, the respondents who chose *withdrawal* for the management of the scenario outlined in the vignette were much more forthcoming in expressing their views about the potential personal or professional costs of their choice of action. That is, they acknowledged that their actions would impact on their career prospects but this did not sway them away from the decision they made to withdraw. This was in contrast to respondents who chose *withdrawal* in the management of their own ethical dilemmas. While they were prepared to renounce their position and risk personal and professional loss in relation to the vignette, most respondents did not view resignation, or the risk of their professional status, a viable option in the management of their own ethical dilemmas.

## **Courage**

The categories *advocate* and *report* qualified the theme of *courage*, which also emerged from the data on responses to the vignette. These categories specifically related to actions by

respondents, which involved arguing and defending their position with the other executives who held an opposing view on the circumstances outlined in the vignette. Notably, many respondents expressed a strong commitment that their interpretation of the scenario was correct and the other executives who wished to proceed were incorrect. Therefore, in the vignette scenario, respondents emphasized the importance of persuading other executives to adopt the position of not proceeding with their chosen action. In contrast, in the resolution of their own dilemmas, respondents were also concerned about establishing whether any policies relating to governance were contravened. However, this represented only one aspect of a number of options considered in the process.

### **Relationship-Centredness**

The theme of *relationship-centredness*, together with the category *collaborate*, emerged from the data to qualify respondents' actions in relation to the vignette. However, respondents placed greater emphasis and importance on *relationship-centredness* in the management of their own ethical dilemmas as opposed to action articulated in response to the vignette. The theme of *relationship-centredness* was the least chosen action by respondents when presented with the vignette. The most commonly chosen action was *accountability* and *withdrawal*. Respondents sought to advocate or negotiate their own position when presented with the vignette. They were committed to presenting their position to the board of directors and, if necessary, would 'walk away' rather than compromise their viewpoint. In essence, their actions were expressed in a far more emphatic and determined manner. That is, if the circumstances depicted in the vignette did not comply with policies, then they considered *withdrawal* as the option they would choose.

Respondents' management of their own ethical dilemmas demonstrated a clear commitment to the principles or rules in their decision-making (*accountability*). However, it was the emphasis respondents placed on *relationship-centredness* that differed from their response to the vignette. That is, the nature of the relationships respondents had with others was clearly important. For many respondents these relationships became the means of exploring their options. Clearly, respondents were not prepared to contravene mandatory policies, but they were committed to working with others to examine possible solutions. Respondents demonstrated a commitment to go beyond the 'letter of the law' in resolving a complex situation:

### **Summary: The Management of Ethical Dilemmas: Espoused Theories**

The themes of *accountability*, *withdrawal*, *courage* and *relationship-centredness* emerged from the data as qualifying themes of what respondents said they would do if confronted with the ethical dilemma represented in the vignette. *Accountability* represented the most dominant theme followed by *withdrawal* and *courage*. *Relationship-centredness* was the least represented theme in the responses to the vignette. Overall, respondents demonstrated a greater willingness for *withdrawal* from the scenario depicted in the vignette. This action included a greater preparedness to accept the effect that *withdrawal* would have on future career rewards or opportunities.

## **Respondents' Theories in-Use and Espoused Theories: Alignment**

The following section examines the extent to which alignment existed between respondents' *theories-in-use* or what they *actually* did in response to the management of ethical dilemmas and *espoused theories* or what they *would* do. When all respondents in this research were considered, those whose action related to *accountability* demonstrated the strongest alignment between their *espoused* action and the action they adopted in the management of their own ethical dilemmas (*theories-in-use*). These respondents remained consistently committed to the rules or protocols relating to how they approached the management of both their own ethical dilemma and the vignette.

The theme of *relationship-centredness*, represented the smallest percentage of alignment between respondents' *theories-in-use* and *espoused theories*. Respondents' references to *relationship-centredness* in the resolution of their own ethical dilemmas (*theories-in-use*) were a significant consideration, but this did not align with their responses to the vignette (*espoused theories*). Respondents were more mindful of personal and professional relationships associated with the management of their own ethical dilemmas. This is consistent with findings related to the nature of respondents' own ethical dilemmas. Respondents expressed the management of relationships as the most challenging aspect in the management of their own dilemmas. When respondents' action in relation to *courage* was examined for both the management of their own dilemmas and the hypothetical vignette, the degree of alignment was also low. That is, when confronted with their own dilemmas, respondents demonstrated greater determination to 'stand firm' on their choice of action. However, when this action was compared to their responses to the vignette, the level of alignment did not reflect the commitment to demonstrate *courage*. The theme of *withdrawal* also showed a low incidence of alignment. Many respondents *espoused* they would consider *withdrawal* when presented with the vignette. However, in the recollection of their own experienced dilemmas, relatively few actually chose *withdrawal* in the resolution process. Overall, there was evidence of misalignment between what respondents said they did and what they said they would do in the management of ethical dilemmas.

## **5. Summary and Conclusions**

In this research, four themes emerged from data representing respondents' management of both their own ethical dilemmas and the scenario depicted in the vignette, namely; *accountability*, *relationship-centredness*, *courage* and *withdrawal*. Respondents' recollections of the management of ethical dilemma and their responses to a hypothetical vignette were compared for congruency. This research showed there was incongruence between respondents' actions in response to their own dilemmas and the hypothetical vignette presented in the interview. This is supported by literature that confirms individuals' intent and actual behavior may not align. Specifically, respondents demonstrated a greater willingness to build relationships in the management of their own dilemmas compared with their espoused action when presented with the hypothetical vignette. In relation to the latter, respondents were more willing to withdraw from the scenario depicted in the vignette and demonstrated less commitment to building relationships.

Respondents predominantly adopted rule-based ethical theories in the management of the ethical dilemmas. One was rule utilitarianism in which individuals conform to rules that will

give the most desirable outcome to the greatest number of people. The other consists of a deontological basis for decision-making that centres on the means by which decisions are considered. This research demonstrates that decision-making is complex, especially when choices are required to be made which involve competing moral principles. Further research which explores ethical decision-making may provide more insight for managers in organizations when faced with these situations. The business environment is complex and making the right decisions is a fundamental component to a viable and successful business.

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