

Ethical Decision Making Considering Stakeholder Interest

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Abstract

A focus on short-term profit as an exclusive measure of business success has led to an erosion of stakeholder trust and opened the door for ethical misconduct. This study explored attributes of ethical conduct by business leaders and developed a process for decision making taking stakeholder interest into account.

Problem



General business problem - The focus on short-term results to the exclusion of long-term sustainability that considers stakeholder interest spurred misconduct resulting in lost trust and ethical misconduct.

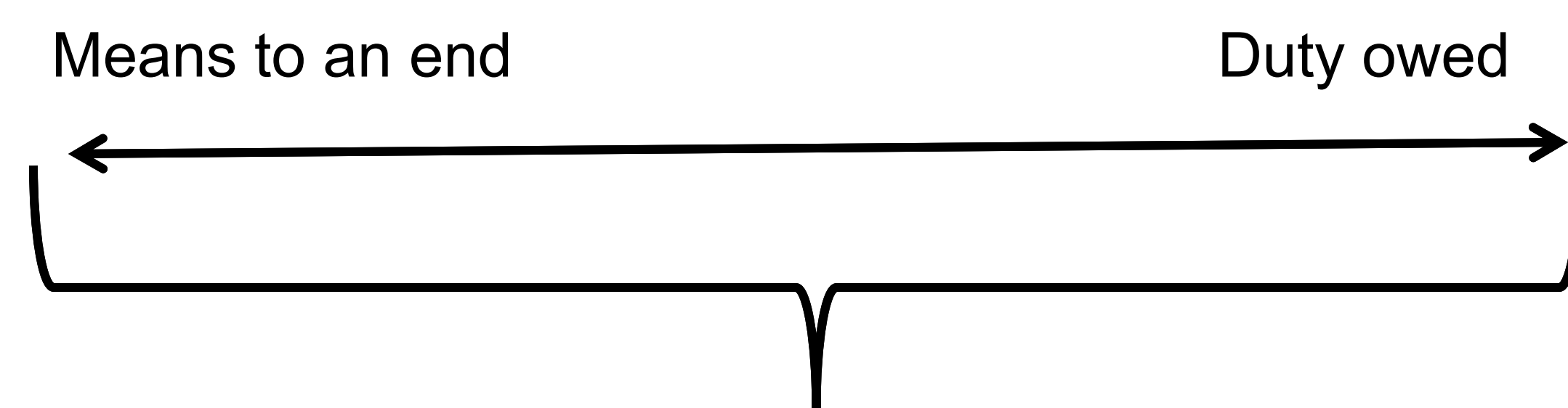
Specific business problem - The attributes of ethical conduct must be defined as it relates to decision making and a process must be outlined detailing how decisions are made taking stakeholder interest into consideration.

Purpose

1. Qualitative study using a phenomenological design
2. Provide business leaders with a method for ethical decision making
3. Positively influence corporate leader behavior, resulting in ethical decisions that takes all stakeholders' interest into consideration.

Relevant Literature

Ethical Continuum



Perspectives in the Development of Ethics in Business

- Aristotle's - virtue ethics
- Kant - ethical absolutes
- Hume – theory of justice
- Mills – moral sanctions
- Friedman, Gilbert and Hartman– stakeholder approach

Research Questions

What are the attributes of decision making when there are ethical implications affecting stakeholders?

1. What factors in your background influenced the formation of your values?
2. What personal attributes do leaders in your organization exhibit that constitutes ethical behavior?
3. How is the ethics code applied to day-to-day business decision making?

Procedures

3 separate individual interviews with 20 middle- to senior-level corporate executives from the eastern portion of the United States.

Sampling strategy:

- Explored patterns that led to the development of meanings and themes regarding a specific phenomenon (Moustakas, 1994; Ryan & Bernard, 2003).

•In depth understanding of the nature and causes of a leader's propensity to behave ethically and make ethical business decisions.

Data Analysis

1. Phrases and words used to explain or describe experiences with ethical decision making were identified as a code
2. Particular attention was paid to recurring phrases and words.
3. Themes emerged.
4. Frequency was calculated.

Findings

- Values formed in the home are rooted in religion; supported by teachers, peers, the culture of the military, and from organizations
- Honesty was the most important attribute leaders' exhibit representing ethical behavior.
- Doing the right thing and treating employees fairly suggested integrity
- Transparency, respect for others and good communication skills were important attributes of ethical leadership.
- Ethical behavior was noted as an expectation and is to be exhibited by every member of the organization.

Limitations

1. Participants' responses to questions were based upon their perceptions, feelings, and beliefs and was limited by these factors.
2. Limited to those individuals with whom I am affiliated.

Conclusions

Ethical decision making is based on

- a) honesty and integrity in interactions that are internal and external to the organization,
- b) doing the right thing the right way for both stakeholders and the organization;
- c) weighing the benefits and risk to stakeholders and the organization and,
- d) transparency when acting and communicating.

Social Change Implications

1. Mutual symbiosis between corporations and the broad interest of society begins with ethical considerations in business decision making
2. Measures and processes for making decisions, must be in place so employees have clear guidelines to follow that consider stakeholders interest.
3. Incorporating ethical attributes into a code of ethics and ethics program has positive implications for individuals, communities, organizations, institutions, cultures, and influences social change