



An Empirical Study of Unethical Behavioral Conducts to Understand Why Managers Fail to Do the "Right" Thing

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Abstract: The primary goal of this report is to investigate the relationship between management decision-making behavior and ethics. This report will delve into two aspects: one is to examine how managers are aware of ethical consequences when making choices; the other is to analyze why good managers may also be ethically transgressive due to personal and contextual reasons.

Keywords: unethical behavior, manager decision, moral leadership

1. Introduction

In a broad sense, ethical conducts in management refers to how leaders utilize their own character to create a moral and productive workplace. To be an ethical leader, one must act in an ethical and meaningful manner so as to genuinely lead and encourage others (Cropanzano & Walumbwa, 2020). At present, the prevalence of unethical conducts in commercial organizations have resulted in a loss of public trust and economic upheaval. Because of the potential negative consequences of unethical behavior, it is vital to understand how managers assess whether their decisions are ethical or unethical, and why some good managers may sometimes act unethically. Doing the right thing is a characteristic that enables leaders to be directed by their intuition, principles, values, and goal achievement. Doing the right thing is frequently contentious, but genuine leaders are not frightened by opposing viewpoints, as most managers are. While it is necessary to be conscious of anxieties, leaders cannot be dominated by the external environment. Instead of "just doing it", managers as leaders need to distinguish and then "do the right thing". Even though unethical actions have become increasingly frequent, even well-respected managers are prone to making unethical judgments owing to a variety of societal reasons. This report aims to clarify how managers know they are doing the right thing and why choose the unethical side. It first discusses assessment of what is right or wrong, then illustrate why good managers may do bad things .

2. Managers' assessment of what is "right" or "wrong"

Understanding how to develop ethical choices is the first step for managers to make more ethical choices. When a manager makes a choice, the process typically involves four distinct stages: moral awareness, judgment, disengagement, and rejection. According to Kohlberg, moral evolution entails the establishment of progressively complicated cognitive justifications for moral judgments (Mathes, 2019). Kohlberg classified six stages of moral growth into three levels – pre-conventional, conventional, and post-conventional – each encompassing two stages (see Figure 1). Each stage represents a moral philosophy or moral worldview distinct from the factual content and issues of ethical decision making (Bain & Gray, 2007).

From the manager's perspective, the first step toward making an ethical choice is contingent upon the first step - Moral Sensitivity (awareness of an ethical dilemma). Managers cannot resolve or avoid ethical dilemmas unless they first recognize that they exist. Occasionally, some managers may delude themselves into believing they are acting morally when, in fact, they are not, a process known as ethical fading

Managers can choose to unroll the following questions using the Rotary International's Four-Way Test (Bazerman & Sezer, 2016).

Is it true?

Is it equitable to all parties?

Does it foster goodwill and the development of stronger friendships?

Is it in the best interests of all parties involved?

However, it lacks the comprehensiveness of a systematic moral philosophy for ethical dilemma. To assure fairness and justice for all parties, we must engage in extensive discussion. When confronted with a problem, managers often evaluate it

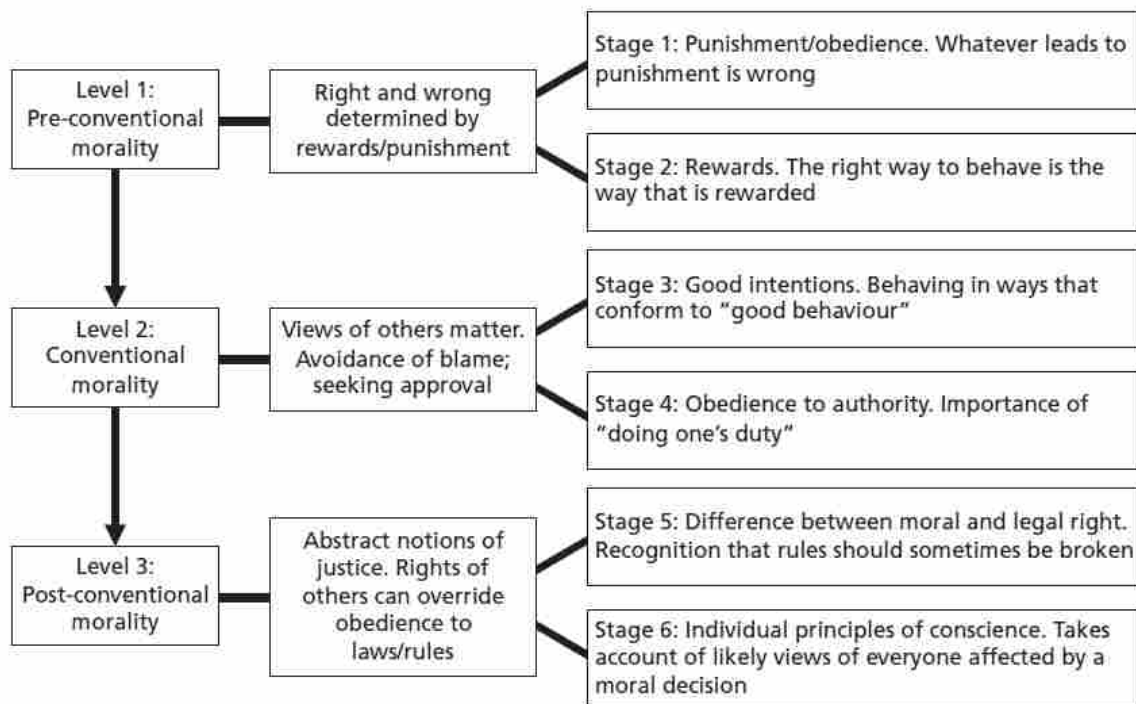


Figure 1. Kohlberg's Theory of Moral Development (M. Jose, 2016)

from all relevant angles, compile a list of feasible solutions, prioritize them, and select the one that makes the most sense. Doing the right thing is done because it benefits the most people and gives the most moral clarity. This is what employees want managers to do – to make the best choice possible for all. However, right actions are justified by a concern for the largest group of people's best interests, mutual respect, and virtuous behavior. Thus, understanding the ethical basis instills greater confidence in managers and workers alike when it comes to implementing a systematic process of logical, ethical decision making. Additionally, ethical theory assists employees to comprehend why they may arrive at conflicting ethical judgments on a given issue and acts as a bridge toward establishing a shared understanding.

The six ethical theories (see Figure 2) represent successive rungs on the moral ladder, with each subsequent circle broadening one's perspective by considering the interests of a broader group of stakeholders. The manager must next outline the ethical implications of each alternative and select the alternative that has advantages that reflect the above ethical theories. These include job stability (egoism), peer management loyalty (social group relativism), and benefits to the organization and shareholders (utilitarianism). Violating regulations and laws (cultural relativism), disregarding consumers, regulators, the environment, and persons with respiratory problems (deontology) and dishonesty are all examples of unethical conducts (virtue ethics).

The last phase in the decision-making process needs managers to prioritize options based on their strengths and weaknesses and identify ways to mitigate the chosen option's flaws (Park, 2011). However, when deciding, managers must consider the effect of various external elements, which frequently influence their ability to make the best decision.

3. Good managers may also steal the "forbidden fruit"

Managers make the correct judgments from many angles, but there are nonetheless good managers who perform unethical and socially destructive activities in practice. When a manager who is generally ethically competent begins to make ethically wrong judgments, it may have a negative impact on their team and the firm. Generally, a competent manager's inability to make judgments can be attributed to the following factors:

- a dearth of real-world or leadership experience
- stress in one's personal life
- time constraints
- a high level of stress and overwork
- the pressure from senior leadership

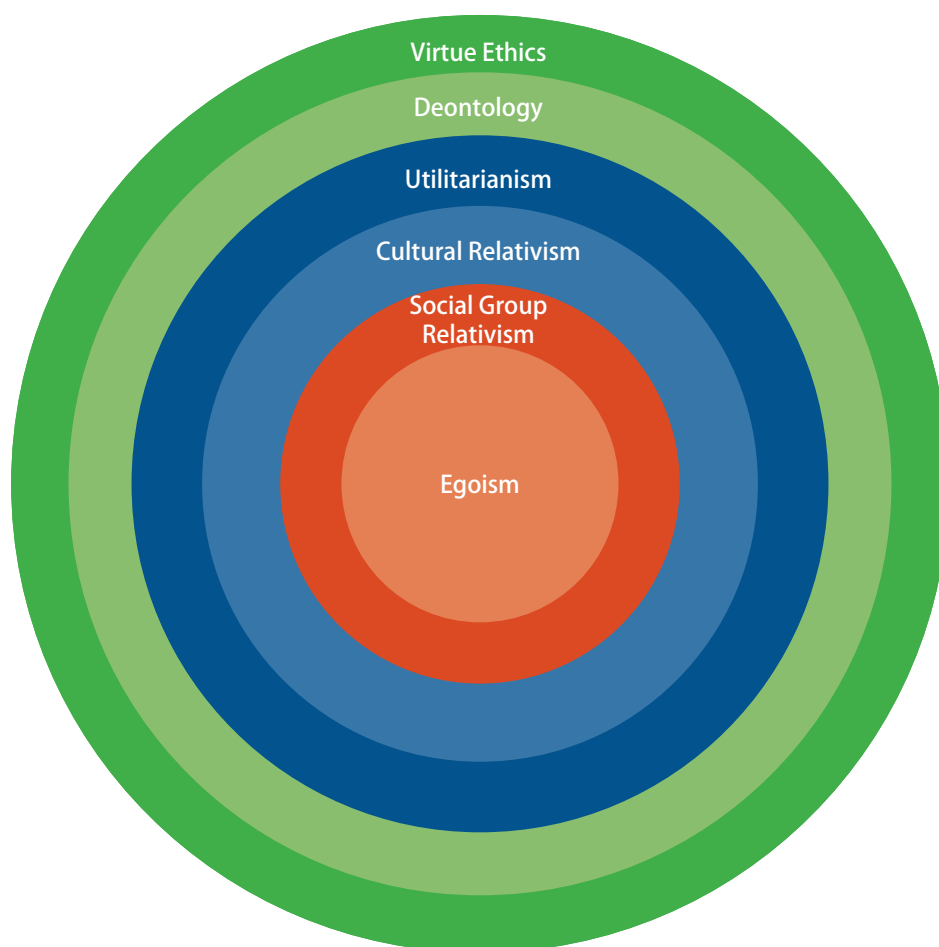


Figure 2. An Integrated ethical decision-making model (Park, 2011)

- peer pressure from team members
- a lack of strong personal ideals
- a lack of a dependable decision-making process
- an unbalanced relationship between ego and power
- the relationship between emotion and logic

Bandura's social cognitive theory of the moral self postulates that moral thinking is connected to moral behavior via affective self-regulation processes. But humans do not act autonomously as moral agents and are susceptible to the social reality they find themselves in (Bandura 2002). Social reality has facilitated managers' moral disengagement from decision-making. The ambition to bribe the way to higher business value, for example. Moral disengagement can arise due to responsibility transfer or diffusion. For example, the assumption that a person is acting in the capacity of a legal authority may obscure a person's moral agency (merely obeying the orders of authorities directed by legitimate powers (simple submission) or group accountability, rather than something for which individuals are individually accountable (Craig Smith et al., 2007). This may potentially result in ethics breaches and further lead to corruption in management in companies. There is also a belief that obeying authority harmfully impacts the possibility of future corporate infractions. Managers anticipate obedience to authority to diminish personal accountability, which has an impact on result expectations and managers' capacity to make good judgments and then achieve profit maximization. Profit maximization and illegal behavior are inextricably linked: They entail the interaction between top management objectives and intermediate management efforts to interpret those objectives. This may potentially lead to managers running the danger of overextending themselves because of the demands placed on them by the superiors.

When it comes to reducing compliance, the second reason managers frequently make bad judgments is the idea that unethical activities are in the individual's or company's best interest. Ambitious managers seek strategies to draw attention to an aspect of themselves that distinguishes them as mavericks. As a result, some of them often strive to outdo their predecessors and colleagues. Some may conclude that it is not difficult to appear completely in the short term by avoiding

activities that have a long-term payoff –for instance, skimming the surface of maintenance, training, or customer service to give a context that results in a significant advantage to the organization (Gellerman,1986). Managers must be clear when making choices that organizational loyalty or the promotion of interests will not be accepted as an explanation for acts that endanger organizational reputation. Thus, conveying regulatory reform is critical, with particular emphasis paid to the way in which ethical criticism is communicated. This is a critical manner of approaching ethical and legal limits that policymakers might use to their advantage (Smith et al., 2007). Finally, it is managers' responsibility to realize in a clear and practical manner that excellent ethics will always be the cornerstone of achieving business success.

4. Conclusion

As a manager, one must be conscious that while making ethical judgments, one's ethical instincts demand a greater level of ethical consideration. For managers, the first stage is to compile a list of the alternatives under consideration. The second stage is to apply it to the decision-making process and examine the issue from diverse ethical viewpoints, including those impacted by the decision. Lastly, managers should determine the most viable solution by weighing the advantages and cons. Furthermore, to avoid making ethically unjustifiable judgments, ethical assessments and result expectations play a critical mediating role in impeding potentially harmful business decisions through formal consequences that threaten to influence unlawful decisions via ethical evaluations of behavior. Additionally, the illegitimacy of authority adherence emphasizes the need for measures that encourage managers to challenge unethical commands. This report demonstrates the critical nature of legitimizing the use of ethics in corporate discourse and decision-making. If managers are unaware of the law or the legislation does not ban unethical actions, promoting awareness of the ethical components of the corporate environment enhances the possibility of preventing unethical behavior.

As such, a more ethical approach for managers to make decisions is for them to carefully listen to disputing workers, base their viewpoints on one of the six ethical theories, and classify others. Then, managers may utilize that ethical theory to address employees' concerns and choose the best solution.

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