An assessment of power abuse under ethics philosophies

By: Geetane Napal
VNAPAL@UOM.AC.MU

Abstract
In this paper, power abuse is assessed under different philosophies of ethics, namely, principles of relativism, duty, and morality. According to the theory of relativism, the moral rightness or wrongness of specific acts or decisions varies between societies. In some contexts, it is not unusual for people in management positions to abuse of the discretion conferred on them, to secure particular benefits. Sometimes, culture condones such behaviour. Traditions, values and norms help establish ethical principles that specific societies follow. Principles of duty and morality, on the other hand, state that decision-makers owe a duty to their stakeholders. Absolute rules are used to rate the ethically of particular decisions or actions. For the purpose of this paper, a survey was conducted and hypothetical situations representing ethical problems of varying nature were presented to the participants. A multi-dimensional ethics scale was used to assess the influence of different dimensions on ethical decision-making. The scale, originally developed by Reidenbach and Robin (1988), consisted of cultural, duty and moral dimensions. The Reidenbach and Robin scale had so far been used in the United States only. By applying it to Mauritian context, the possibility of obtaining different results from those of earlier studies, was envisaged.

Keywords
Moral, culture, relativism, power abuse.

NOTE: For technical reasons some tables have been removed from this article. The missing tables have been merged by **. The Word document including all the tables are available on http://ejbo.jyu.fi/.

Introduction
What constitutes ethical or unethical behaviour tends to differ across cultures. Philosophers refer to different approaches to defining the ethicality of behaviour.

Utilitarian-based approaches judge behaviour by its effects on the overall welfare of everyone involved while under justice-based approaches, behaviour is assessed in terms of whether it imposes a fair distribution of benefits and burdens. It is worth noting, however, that some degree of subjectivity may be associated with the application of these approaches. An action judged ethical by someone making use of one approach may be categorised as unethical by the same individual using another approach or by another person utilising the same approach, hence the principle of relativism.

This paper focuses on power abuse in the context of business. The abuse of power is assessed under notions of duty, morality and relativism. To some cultures, it is not unusual to see people in management positions abuse of their discretion. A discussion of the relevant philosophies of ethics follows.

Literature

Value judgements on specific actions categorised as ‘unethical’ or ‘improper’, are only contextually relevant. Culture will either approve of or condemn particular modes of behaviour according to prevailing norms. After all, ethics is subject to perception. One cannot rationally claim that the ethical values of one particular culture are better than those of another. Values or beliefs prevailing in particular contexts attribute specific meanings to universal principles or moral rules. Whatever action or decision categorised as ‘right’ or ‘ethical’ in a country makes it acceptable as per the moral laws applicable there.

Donaldson and Werhane (1996) claim that, under ethical relativism, moral rightness or wrongness of practices and actions varies from society to society. Davis et al. (1998) lay emphasis on two major concepts, relativism and idealism. They state that individual differences in personal ethical ideology vary with moral judgements, taking into account issue characteristics and socio-cultural background. Under “idealism”, some people idealistically assume that “right” actions regularly lead to desirable consequences. These findings correspond to those of earlier studies (Forsyth, 1992; Singhapakdi, et al. 1995). On the contrary, others envisage the possibility that either undesirable or desirable consequences may follow such actions. Lewis and Unerman (1999) define relativism in terms of the extent to which people believe in and rely on universal moral principles when confronted with ethical issues. Cultural differences in terms of relativism suggest that cultures may cover a similar set of moral rules. However, these cultures may not necessarily apply the same moral principles in all cases (Rossouw, 1998; Trompenaars and Hampden-Turner, 1998).

Donaldson and Werhane (1996) define cultural relativism as a counterclaim that ethical practices differ across cultures. This theory states that universal principles are applied in accordance with prevailing norms and beliefs. Similarly, Thorne and Bartholomew-Saunders (2002) consider cultural factors as key determinants of moral views within a particular society at a particular point in time. Research carried out by Ferrell and Gresham (1985) and Hunt and Vitell (1986) give evidence that societies have cultures that differ in terms of physical setting, economic and technological development, education levels, amongst other criteria. The norms of corporate social responsibility are likely to differ across distinct contexts. In fact, research conducted by Adams and Maine (1998) and Lewis and Unerman, (1999) shows that broad ethical principles adopted by specific societies would depend on shared social and cultural backgrounds of the people. There is a consensus that social and cultural variables are likely to vary across societies and sometimes among
individuals, thereby influencing moral values and ethical thinking (Beauchamp and Bowie, 1983; Green, 1994; Lewis and Unerman, 1999; Thorne and Bartholomew-Saunders, 2002; Velasquez, 2001). Although people in a society may have been subject to similar broad cultural experiences, detailed moral codes may still differ in the same society. This justifies the view of Donaldson and Werhane (1996), that is, moral relativists go beyond the claim of cultural relativists, namely that perceptions as to what is right or wrong are guided solely by culture.

Ferrell and Fraedrich (1997) refer to two main teleological principles, that is, egoism and utilitarianism. Both are founded on consequences, that is, any act or decision is justified on the basis of its consequences. In their article, Reidenbach et al. (1991) emphasise that the theory of egoism states that people “should” behave as egoists rather than “they do” behave as such. This school of thought relies heavily on ideas of prudence, self promotion, best self interests, selfishness, and personal satisfaction. An act is considered as ethical as long as it promotes the individual’s long-term interests. An individual may also help others, and even give gifts if he/she believes that those actions are in his/her best interests (Reidenbach, Robin, and Dawson, 1991).

Of the two teleological principles, utilitarianism is the most popular theory applied to business decisions. According to Buchholz and Rosenthal (1998), this principle assumes that, when faced with alternatives, the option that leads to the highest level of utility should be selected. “Utilitarianism is the teleological theory which states that individuals should act so as to produce the greatest possible ratio of good to evil for all of society” (Reidenbach, Robin, and Dawson, 1991, p. 91). More recent papers (Velasquez, 2001; Singhapakdi et al., 2001) consider utilitarianism as a universal theory that looks at the consequences of specific actions for all stakeholders. Donaldson and Werhane (1996) give the example of the common universal principle relating to ‘public good’, namely that “social institutions and individual behaviour should be ordered so that they lead to the greatest good for the greatest number” (p. 92).

Davis et al. (1998) define utilitarianism as a concept that rates an action in terms of its utility, that is, the greatest good for the greatest number. Cavanaugh (1990), however, claims that this norm is not necessarily the dominant criterion in 90 percent of all business decisions (reported by Davis et al., 1998). Adams and Maine (1998) argue that it is more rational to apply the principle of utility to pertinent social rules in the broad sense than to individual cases. Most researchers, amongst whom, Buchholz and Rosenthal (1998), and Donaldson and Werhane (1996) distinguish between act utilitarianism and rule utilitarianism. Act utilitarianism is applicable to individual cases, that is, the ‘act’ that maximises utility for individuals must be adopted in all similar situations. This philosophy compares with what Ferrell and Fraedrich (1997) regard as ‘egoism’. Egoism “defines right or acceptable behaviour in terms of the consequences for the individual” (Ferrell and Fraedrich, 1997, p. 54). On the other hand, rule utilitarianism refers to long-term best possible benefits, focusing on all stakeholders (Adams and Maine, 1998; Green, 1994; Velasquez, 2001). Rule utilitarianism states that some acts are wrong to conduct although they may have good consequences. The concept rule utilitarianism and act utilitarianism are alike with regard to relativism, though not relativistic in that they have one standard, one ‘rule of rules’, one supreme norm, applicable to all times and situations (Hospers, 1999). Buchholz and Rosenthal (1998) emphasise the importance of “rules of thumb”. These can be developed, the objective being to maximise utility in identical situations. This approach helps save time rather than make people think through consequences likely to be encountered in different situations.

While utilitarians/consequentialists focus on the outcomes of decisions, other philosophers highlight the actual worth of specific decisions, arguing that consequences are secondary.

According to principles of deontology, individuals have a duty to satisfy the legitimate claims or needs of others. These claims are determined by applying logic to an ethical principle, bearing in mind that one owes many diverse duties to others (Reidenbach, Robin, and Dawson, 1991). Ferrell and Fraedrich (1997) refer to deontology as “non-consequentialism”, “ethical formalism”, or “ethics of respect-for-persons” (p. 57). The principle of deontology states that decisions should be judged on the circumstances in which they are made, rather than by their consequences. Deontology is the study of duty. In philosophy, it means specifically ethics based on duty regardless of consequences. Slim (1997) claims that the concept is regarded as often too binding and simplistic in handling individual cases, but influential in framing cases and setting non absolute rules in handling sets of cases and in defining frameworks. Slim compares strategic choices and tactical ones. Strategic choices are concerned with whether to engage at all in a situation whereas tactical ones focus on how to operate when involved in a particular situation. Slim adopts a partly deontological ‘mission-bounded’ approach for some strategic choices and a (act-) consequentialist ‘compass’ for some tactical choices.

While consequentialist ethics assesses courses of action in terms of their outcome, deontological ethics refers to rules stated in terms of other features of the courses of action, notably whether they represent fulfilment of an agreement or other duty or right, and/or involve the treatment of others with due respect. For the purpose of our survey, these principles were used to rate particular instances of unethical conduct on the part of middle/senior management, in business situations.

Research Setting

Like in many developing nations, certain types of unethical behaviour are commonly encountered amongst people of the Mauritian business community. This includes the aspect of power abuse on the part of business executives. Such acts lead to an infringement of stakeholders’ rights. On-going debates on the call for ethical conduct, through training in ethics, raise an interesting point. In spite of the consensus to educate the average citizen to promote ethical conduct, acts of unacceptable conduct still prevail amongst the powerful, both in public and private sectors. The problem of rule application persists, and the question as to how to tackle unethical conduct at that level is left unanswered.

Methodology

For analysis purposes, the multi-dimensional ethics scale developed by Reidenbach and Robin (1988) was used. Reidenbach and Robin (1988) applied deontological, teleological (utilitarianism and egoism), relativistic principles and justice theory to develop a multi-dimensional ethics scale. Initially a thirty-item multi-dimensional ethics scale was developed based on various theories of ethics, namely, justice, deontology, relativism, utilitarianism and egoism was developed (Kujala, 2001). The thirty-item scale was later reduced to an eight-item measurement instrument:
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In the studies conducted in the United States, a data-reduction technique was used to further reduce the eight items to three dimensions, that is, a broad-based moral equity dimension, a contractualism dimension, and a relativism dimension (Kujala, 2001). The moral equity dimension comprises “fair”, “just”, “morally right” and “acceptable to family” while the relativism dimension is composed of “traditionally acceptable” and “culturally acceptable” items. The third dimension is the contractualism one and it relates to “does not violate an unwritten contract” and “does not violate an unspoken promise” (Reidenbach, Robin, and Dawson, 1991). According to Reidenbach and Robin (1990), the multidimensional nature of the ethics scale can potentially provide information as to why a particular act is rated as unethical. Similarly, the scale can predict whether an act or decision is perceived as fair or just, or whether it violates certain cultural or traditional values.

Although, so far, the Reidenbach and Robin scales have been applied only in a Western context, in the field of marketing ethics, there is no indication in the existing literature that the scales should be limited to the area of marketing ethics. Different forms of the multidimensional ethics scale have been used in empirical studies in the area of ethics. Cohen et al. (1993, p. 25) claim that the R & R original scale may provide the basis of multidimensional scales, but a scale must be constructed and validated for each application.

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Results and Discussion

a. Factor Analysis

Scenario 1

JM has been employed at ABC Insurance Company for years. Having made so many contacts over the years, he feels confident to start a side-business. He offers his potential customers a preferential rate, hoping they would eventually bring him business in future. In the meantime, he is using ABC’s name to “promote” the reputation of his own business. Considering that:

1. He has been serving ABC faithfully for years,
2. There are limited prospects for him there, and
3. He feels frustrated working for them,

How would you rate JM’s action?

The above case refers to an employee who launches a side-business, and in so doing, poaches his employer’s customers.

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When they assessed this case, respondents separated the notion of morality from the relativistic dimension. The results show a clear pattern of loadings under a three-factor solution. In this case, the two “duty” scales load onto the third factor, implying that those concepts were less important to respondents as they evaluated the ethicality of the scenario. Operating a side-business without the consent of one’s employer constitutes a lack of loyalty and, therefore, is clearly an unethical act. If principles of deontology are applied, this act would be strictly condemned. The employee based himself on the concept of “act utilitarianism” to justify his conduct. The act can therefore be considered as “acceptable” as long as it promotes the perpetrator’s long-term interests. Based on the results, and under the same rationale, this act can be associated with the Mauritian culture. The perpetrator would justify it on the basis of the limited prospects offered by his present job, leading to dissatisfaction and frustration. To the ethicist, this type of justification does not, in the least, however, condone unethical options like running a side-business secretly. The three-factor structure has been adopted, considering the clear loadings under each dimension. It may be worth noting that the justice dimension is well represented, with high values appearing under both “fair” and “just”. The three-factor solution explains 88% of variation.

Scenario 2

Victor has been employed for some 15 years and is still a “junior.” He knows that his chances for getting promoted are average. He contacts a politician, related to a close friend of one of his neighbours. The politician intervenes to do Victor justice. Three months later, Victor gets a major promotion. He is relieved, because, so far he had been thinking that two of his colleagues had a better chance than him.

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How would you rate Victor’s action in soliciting outside influence?

This scenario involves an employee who solicits political influence to get a promotion, knowing that other colleagues are better qualified than him.

In Scenario 2, the “fair”, “just”, “acceptable to family” items
load heavily on Factor 1, which seems driven by cultural relativism. The ethical issue presented in Scenario 2 provides a clear example of favouritism, that is, an unethical practice prevalent in small communities. In spite of the presence of a strong element of corrupt practice there, the moral equity scales are highly related to the relativistic factor. This implies that the practice of requesting a favour is justified on the basis of prevailing norms, although other societies may rate this action as totally unethical. There is clear representation of both factors in the scenario. The moral equity scales load heavily on Factor 1, the relativistic and culturally driven dimension. Conceptually, the overlapping of moral scales with relativistic ones implies that a particular culture defines what is ethical, and guides the decision-maker as to what is right and wrong. This, in turn, allows the classification of certain practices as fair or just within the culture. Relativism is the belief that ethical and moral values are situational, depending on the time and place, and the way people see things in a specific context. The contractualism scales load separately under Factor 2, the duty-driven dimension. In this case, the two-factor solution explains nearly 68% of the variation in the way respondents handled the scales. This, again, is a significant percentage variation explained with only two factors.

Scenario 3

As manager of AMS Travel Agency, Mervyn receives all applications for projects run overseas. A major project, which would involve an overseas posting, is coming up soon. Mervyn usually screens all applications and sends the best ones to head office for approval. Lately he has undergone a lot of frustration and decided that a break abroad could only do him good. He opts to inform head office that no application has been received and proposes to personally take on the project. This means being away from work for six months and giving his assistant a golden opportunity to step in for him.

Since Mervyn has been so unhappy for a while, how would you rate his decision to go under the excuse that his assistant would get a golden opportunity to step in for him?

This case refers to someone who abuses of the discretion conferred upon him, as manager, and in so doing, violates his social duty towards his staff. The manager pretends that he received no application for projects run overseas because he wants to go abroad himself, rather than send another staff member.

Two-factor analysis offers the solution, accounting for 75% of the variation (Appendix 2). In this particular scenario, the ethical dilemma facing respondents relates to abuse of managerial power/discretion. The moral scales load heavily onto the cultural ones, giving evidence that people associate this type of behaviour with the Mauritian culture. A logical conclusion is that cultural relativism accepts this attitude on the part of the manager, although universal principles would strongly condemn it. The two-factor solution shows high loadings under the moral relativistic dimension and the contractualism dimension. There is a consistent pattern of moral items loading on the relativistic factor.

Scenario 4

The staff of CML often get the opportunity to travel and interact with overseas colleagues. MB, the director, has a tendency to reserve some destinations for himself, simply because junior staff may not be experienced enough to make a good impression.

Assuming the destinations referred to are particularly attractive, participants were requested to rate MB’s decision using the multi-dimensional ethics scale.

The above hypothetical situation presents a director who chooses to go on mission on all glamorous world destinations while he leaves less attractive ones to junior staff. The theme of Scenario 4 compares with that of Scenario 3. This type of abuse of discretion conferred upon individuals of a certain status is quite common in Mauritian context, as it is in other countries of the developing world. Since, from a cultural point of view, such a decision would be considered as acceptable, staff would refrain from expressing any form of dissatisfaction about this type of action on the part of management. On the other hand, again as part of the Mauritian culture, there is no obligation on the part of top management to account for their choices or decisions to their staff. In the absence of this element of accountability, management decisions are communicated on a top-down basis to lower levels of staff. At the same time, some people consider decisions of this nature as the prerogative of management, even though this gives rise to unequal opportunities amongst personnel.

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Here, as well, the two-factor structure offers an appropriate solution. It explains 74% of the variation. The loadings are logical and easy to interpret, Factor 1 representing justice and cultural dimensions (fair, acceptable to family, just, traditionally acceptable, culturally acceptable) and Factor 2 representing the duty dimension (violates unwritten contract/unspoken promise).

b. Regression

Regression analysis was run to determine whether the R & R scale is a good predictor of ethical thinking in this study. The aim was to confirm whether the scale items (that represent the different dimensions that people think about when they are judging the ethicality of an act/decision) are useful ways of predicting the person’s answer to whether the scenario or action is morally right or wrong in his/her judgement. The following table gives a summary of the adjusted R squared factors for each scenario:

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In regression, the key statistic is R squared. It reveals the percentage of variation in ‘overall ethicality’ that is explained by either two or three factors. If the independent variables perfectly predict the overall ethicality, then R squared would be 1.00. If the independent variables (the two or three factors) are not good predictors at all, then R squared is close to zero. In a study like this particular one, an R squared over 0.50 is very good. The more R squared approaches 1.00, the more powerful the regression model. The R squared figure is adjusted to take account of sample size.

Three-factor analysis for Scenario 1 accounted for 88% of the variation. Factor 1 (relativistic scale) explained 55% of the variation, Factor 2 (justice scale) explained an additional of 25% and Factor 3 (duty) accounted for 8%. In regression analysis, Factor 1 (the cultural factor) is the most powerful predictor in the ethicality measurement, explaining nearly 42% of the variation while Factor 2 explains an additional 15% for a total R squared on the regression model of 56.9%. Clearly, cultural and justice factors explain most of the variation while the duty scale is not significant enough to be retained in the regression model.

The regression results are presented below:

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In Scenario 2, Factor 1, the relativistic scale explains only 39.1% of the variation in the ethicality measurement. In fact, the total R squared on the regression model is 39%. Factor 1 (the cultural factor) is clearly the only predictor in this case. When factor analysis was run, with a two-factor solution, Factor 1 (rel-
ativistic dimension) accounted for 49% of the variation while Factor 2 (duty dimension) explained only 18.5% of the variation. Respondents did not consider the duty factor as important in their assessment of this particular scenario. The contractualism factor did not explain enough variation to be significant and therefore was not retained in the regression model. This gives further evidence of the cultural acceptability of political intervention as a means of guaranteeing career advancement:

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In Scenario 3, Factor 1, the relativistic scale explains 58.4% of the variation and Factor 2 explains an additional of 1.5% in the ethicity measurement, for a total R squared on the regression model of 59.9%. Factor 1 (the cultural factor) is clearly the most powerful predictor in Scenario 3. Under factor analysis, Factor 1 (relativistic dimension) explained 56% of the variation while Factor 2 (duty dimension) explained 19% of the variation. Respondents have been guided by both cultural and duty considerations in their evaluation of this ethical issue.

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In Scenario 4, Factor 1, the relativistic scale explains 56.2% of the variation and Factor 2 explains an additional of 1.9% in the ethicity measurement, for a total R squared on the regression model of 58.1%. Factor 1 (the cultural factor) is clearly the most powerful predictor in this scenario. Factor analysis explained 74% of the variation, Factor 1 (relativistic dimension) accounting for 60% while Factor 2 (duty dimension) explained an additional 14% of the variation.

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The objective under regression analysis was to determine whether the measurement technique, here the R & R scale, is a good predictor of ethical thinking. Regression is a predictive technique. The conclusion is that the R & R scale works in Mauritius. In other words, the scale explained much of the variation in the way the sample surveyed rated each scenario in terms of global ethicity. For each scenario, the saved factors are used to try and predict the answers to the overall ethicity.

Conclusion

Based on the above results, a strong cultural factor accounted for the responses to three out of four of the scenarios. There is evidence of the significance of relativistic factors that explained the responses to the scenarios. The data pertaining to previous studies were all from the Western World, more specifically, the United States. The application of the R & R scale in Mauritius presented a new opportunity, considering that the scale, so far applied to marketing ethics in the developed world, was being used in a developing economy in the context of business more generally.

Respondents were exposed to four scenarios and they evaluated each case somewhat differently, depending upon the seriousness of the ethical problem. Generally speaking, however, the results give evidence of the strong reliance on cultural factors and confirm that moral evaluations are specific to situations. While earlier studies emphasized the idea of implicit contract and promise as being inherent in the evaluation of an ethical problem, this theory does not hold in the case of Mauritius. In each of the scenarios that composed the survey, there is a contractual/duty dimension that is complementary to the moral dimension.

In three of the scenarios (Scenarios 2, 3 and 4), a two-factor solution was obtained, as participants associated notions of morality with the Mauritian culture. In Scenario 1, on the other hand, a three-factor solution proved to be more appropriate. This may be because the act of poaching one’s employer’s customers carries a heavy risk, if one were to consider the likely consequences of the act. This explains why participants demonstrated a different pattern of responses, drawing a clear distinction between notions of morality and cultural/traditional acceptability. In all four scenarios, principles of deontology would condemn the acts in question straightforwardly, as in each case the perpetrator of the act violated his social duty, thereby violating the rights of his stakeholders.

One of the most significant findings of this study is the importance of the cultural/relativistic factor in explaining ethical judgments. This explains the high loadings of the moral equity scales on the relativistic and culturally driven factor in three of the four scenarios, where the two-factor solution accounts for quite a high percentage of the variation. The results obtained constitute a particularity of the Mauritian study, as this pattern has never emerged in earlier applications of the R & R scale in the United States of America. This gives evidence that the model of ethical decision making in Mauritius, a developing nation, is different from the one used in the developed world. It can be said that these survey results emphasise the strength of the cultural/relativistic dimension on ethical thinking in Mauritian context, reflecting the state of emerging economies with an individualistic culture.

The findings of the Mauritian survey show that although the abuse of power on the part of one’s superior is considered as an unethical practice, this act is sometimes viewed as culturally acceptable. If education and training in ethics do impact on ethical thinking, how does one extend the reasoning to cover decision-making, in the context of business? A formula must somehow be devised to encourage ethical conduct amongst policy-makers, both in public and private sectors. If stakeholders are to be treated fairly, the law must be applied uniformly to citizens, irrespective of social status.

References

Geetanee Napal

Contact details
8A Boulevard Cowin
Beau Bassin
Mauritius

Email
emapharm@intnet.mu
vnnapal@uom.ac.mu

Geetanee Napal is a senior Lecturer in Management, Faculty of Law and Management, University of Mauritius. Holder of a Bachelor of Business Studies (Trinity College, University of Dublin), and a Masters in Business Studies, specialising in Human Resources Management, University College Dublin. Areas of research include ethics in the context of developing economies. Published books on corruption and change management, and papers on ethics in the context of developing nations (journals include Business Ethics: a European Review, Blackwell Publishers, and International Journal of Knowledge, Culture, and Change Management). Lead researcher and sole author of the Transparency International National Integrity Study for Mauritius”, 2004.