

Electronic
Journal of
Business
Ethics and
Organization
Studies

ejbo

In this issue:

Manuscript Submission and Information for Authors

PAGE 3

David Perkins

Electrononic Performance Monitoring in Call Centers: An Ethical Decision Model

PAGES 4-14

William R. Hanson & Jeffrey R. Moore

Ethical Decision-Making by Business Students: Factors of Influence

PAGES 15-26

Christoffer S. Lammer-Heindel

How Should We Interpret Institutional Duty-Claims?

PAGES 27-34

Christian T.K.-H. Stadtländer

Book Review: Ethics and the Business of Biomedicine

PAGES 35-37

EJBO - Electronic Journal of Business Ethics and Organization Studies

Vol. 18, No. 1 (2013)
ISSN 1239-2685

Publisher:
Business and Organization
Ethics Network (BON)

Publishing date:
2013-03-19

Postal address:
University of Jyväskylä,
School of Business and
Economics, Business and
Organization Ethics
Network (BON),
P.O. Box 35,
FIN-40351 Jyväskylä,
FINLAND

Editor in Chief:
Professor Tuomo Takala
University of Jyväskylä
tuomo.a.takala@jyu.fi

Assistant Editor:
D.Sc (Econ.) Marjo Siltaoja
University of Jyväskylä
marjo.siltaoja@econ.jyu.fi

<http://ejbo.jyu.fi/>

Assistant Editor:
M.Sc (Econ.) Suvi Heikkinen
University of Jyväskylä
suvi.s.heikkinen@jyu.fi

Editorial board

Iiris Aaltio
Professor
University of Jyväskylä
Jyväskylä, Finland

Johannes Brinkmann
Professor
BI Norwegian School of
Management
Oslo, Norway

Zoe S. Dimitriades
Associate Professor
University of Macedonia
Thessaloniki, Greece

John Dobson
Professor
College of Business
California Polytechnic
State University
San Luis Obispo, U.S.A.

Claes Gustafsson
Professor
Royal Institute of Technology
Stockholm, Sweden

Pauli Juuti
Professor
Lappeenranta University of
Technology
Lappeenranta, Finland

Kari Heimonen
Professor
University of Jyväskylä
Jyväskylä, Finland

Rauno Huttunen
Associate Professor
University of Eastern Finland

Tomi J. Kallio
Ph.D, Professor
Turku School of Economics
Pori University Consortium
Pori, Finland

Mari Kooskora
Ph.D, Associate Professor
Estonian Business
School
Tallinn, Estonia

Venkat R. Krishnan
Ph.D, Professor
Great Lakes Institute of
Management
Chennai, India

Janina Kubka
Dr.Sc.
Gdansk University of
Technology
Gdansk, Poland

Johanna Kujala
Ph.D, Acting Professor
University of Tampere
Tampere, Finland

Hanna Lehtimäki
Ph.D, Adjunct Professor
University of Tampere
Tampere, Finland

Merja Lähdesmäki
Ph.D
University of Helsinki,
Ruralia Institute
Helsinki, Finland

Anna-Maija Lämsä
Professor
University of Jyväskylä
Jyväskylä, Finland

Ari Paloviita
Ph.D., Senior Assistant
University of Jyväskylä
Jyväskylä, Finland

Raminta Pucetaite
Ph.D, Associate Professor
Vilniaus Universitates
Vilnius, Lithuania

Anna Putnova
Dr., Ph.D., MBA
Brno University of Technology
Brno, Czech Republic

Jari Syrjälä
Ph.D, Docent
University of Jyväskylä
Jyväskylä, Finland

Outi Uusitalo
Professor
University of Jyväskylä
Jyväskylä, Finland

Bert van de Ven
Ph.D (Phil), MBA
Tilburg University
Tilburg, The Netherlands

EJBO is indexed in Cabells Directory of Publishing Opportunities in Management and Global Digital Library on Ethics (GDLE).

EJBO is currently also listed in "The International Directory of Philosophy and Philosophers". First published in 1965 with support of UNESCO, the listing provides information about ongoing philosophic activity in more than 130 countries outside North America. More information can be found from website: <http://www.pdcnet.org>.

Manuscript Submission and Information for Authors

Copyright

Authors submitting articles for publication warrant that the work is not an infringement of any existing copyright and will indemnify the publisher against any breach of such warranty. For ease of dissemination and to ensure proper policing of use, papers become the legal copyright of the publisher unless otherwise agreed.

Submissions

Manuscripts under review at another journal cannot be simultaneously submitted to EJBO. The article cannot have been published elsewhere, and authors are obligated to inform the Editor of similar articles they have published. Submissions should be sent as an email attachment and as Microsoft Word doc format to:

Editor in Chief

Professor Tuomo Takala
Jyväskylä University School of Business and Economics, Finland
email: tuomo.a.takala@jyu.fi

Editorial objectives

Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the Univer-

sity of Jyväskylä in Finland.

Reviewing process

Each paper is reviewed by the Editor in Chief and, if it is judged suitable for publication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

The process described above is a general one. The editor may, in some circumstances, vary this process.

Special issues

The special issue contains papers selected from

- the specific suitable conferences or
- based on a certain relevant theme

The final selection is made by the Editor in Chief, with assistance from the EJBO's Editorial team or from Conference Editorial team. In the case of conference papers, articles have already been reviewed for the conference and are not subjected to additional review, unless substantial changes are requested by the Editor.

Manuscript requirements

The manuscript should be submitted in double line spacing with wide margins as an email attachment to the editor. The text should not involve any particular formulations. All authors should be shown and author's details must be printed on a first sheet and the author should not be identified anywhere else in the article. The manuscript will be considered to be a definitive version of the article. The author must ensure that it is grammatically correct, complete and without spelling or typographical errors.

As a guide, articles should be between 3000 and 8000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements.

Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

Notes or Endnotes should be not be used. Figures, charts and diagrams should be kept to a minimum. They must be black and white with minimum shading and numbered consecutively using arabic numerals. They must be refereed explicitly in the text using numbers.

References to other publications should be complete and in Harvard style. They should contain full bibliographical details and journal titles should not be abbreviated.

References should be shown within the text by giving the author's last name followed by a comma and year of publication all in round brackets, e.g. (Jones, 2004). At the end of the article should be a reference list in alphabetical order as follows

(a) for books chapter

surname, initials and year of publication, title, publisher, place of publication: Lozano, J. (2000), *Ethics and Organizations. Understanding Business Ethics as a Learning Process*, Kluwer, Dordrecht.

(b) for chapter in edited book

surname, initials and year, "title", editor's surname, initials, title, publisher, place, pages: Burt, R.S. and Knez, M. (1996), "Trust and Third-Party Gossip", in Kramer, R.M. and Tyler, T.R. (Eds.), *Trust in Organizations. Frontiers of Theory and Research*, Sage, Thousand Oaks, pp. 68-89.

(c) for articles

surname, initials, year "title", journal, volume, number, pages: Nielsen, R.P. (1993) "Varieties of postmodernism as moments in ethics action-learning", *Business Ethics Quarterly*, Vol. 3 No. 3, pp. 725-33.

Electronic sources should include the URL of the electronic site at which they may be found, as follows:

Pace, L.A. (1999), "The Ethical Implications of Quality", *Electronic Journal of Business Ethics and Organization Studies EJBO*, Vol. 4 No. 1. Available http://ejbo.jyu.fi/index.cgi?page=articles/0401_2.

Electronic Performance Monitoring in Call Centers: An Ethical Decision Model

David Perkins

Abstract

Ever since it emerged on a widespread basis in the 1990s, electronic performance monitoring of employees has received significant scrutiny in the literature. Call centers have been the focus of many of these studies. This particular study addresses the issue of electronic performance monitoring in call centers from an ethical perspective. The following ethical dilemma is offered: "Is it ethical for a call center manager to evaluate the performance of a call center employee using electronic performance monitoring data gathered on the employee?" Using utilitarian, Kantian, virtue, and covenantal ethical theories, the study proposes an ethical decision model and subsequently applies the model in an attempt to resolve the ethical dilemma. Recommendations for future research are then provided.

Key words

Electronic Performance Monitoring, Call Centers, Virtue Ethics, Covenantal Ethics, Interpersonal Trust

1. Introduction

The efficiency characteristics of classical management theory, which emerged in the early twentieth century primarily under the umbrella of "scientific management", addressed quantitative aspects of organizational effectiveness. Although Fredrick Taylor's "scientific management", which emphasized the importance of work methods to enhance worker productivity by breaking down work into individual tasks, may seem archaic today, it is often considered foundational to the study of organizational efficiency (Wren, 2004).

Indeed, managers in today's twenty-first century call center seem to have embraced the principles of Taylor's "scientific management" in order to achieve optimal productivity in their call center employees (Bain et al., 2002). A call center consists of both technological and human resources that provide the delivery of services over the telephone (Koole and Mandelbaum, 2002). Electronic performance monitoring (EPM) is one approach that has been widely used in call centers to improve employee productivity (Wells et al. 2007). In the late 1980s, the U.S. Office of Technology Assessment studied electronic performance monitoring and surmised that it consisted of the electronic collection, storage, analysis and reporting of information about employees' productive activities (OTA, 1987).

Research suggests that although EPM can improve organizational productivity in call centers (Alder, 1998); however, EPM can also have detrimental effects on employee well-being (Holman, 2002). Studies have attempted to address the contrasting perspectives of call center managers and employees. Most call center studies appear to have focused on the unfavorable impacts upon monitored employees (Milner et al. 2007; Barnes, 2004; Holman, 2003; Holman, 2002; Hawk, 1994). Alder (1998) approaches the issue from an ethical perspective, providing practical recommendations for call center managers. Ambrose and Alder (2000) propose a framework for evaluating EPM. Dorval (2004) addresses the issue from a legal perspective. Other call center research focuses on specific case

studies (George, 2001; Westin, 1992). McNall and Roch (2009) investigate the issue within the framework of a social exchange model.

This study extends the work of Alder (1998) and addresses the issue from an ethical perspective with specific application of ethical theories to resolve the contrasting perspectives of call center managers and call center employees as pertaining to EPM. Specifically by invoking ethical theories, this paper defines a specific ethical dilemma related to EPM in call centers, proposes an ethical decision model, and then applies the ethical dilemma to the ethical decision model. Recommendations for further research are then offered.

It should be noted that since the use of EPM in call centers is widespread in the United States (Wells et al. 2007) and U.S. legal precedent appears to cede to a company's right to improve profitability by using EPM (U.S. Supreme Court, 2010; Rustad and Paulson, 2004-2005; Corbett, 2003), this study is specifically directed to call centers in the United States.

2. Electronic Performance Monitoring

Electronic performance monitoring (EPM) is prevalent in the United States. Research within the past twenty-five years has shown a continual increase in EPM. As of 1987, approximately six million U.S. workers had all or part of their work performance evaluated by data derived from EPM (OTA, 1987). This number jumped to ten million in 1994 (Hawk, 1994) and rose to twenty-seven million by the end of 1999 (Miller, 2003). A 2001 survey by the American Management Association revealed that at least two-thirds of major U.S. firms engaged in EPM, a figure doubling from only five years prior (Corbett, 2003) and encompassing over a quarter of the U.S. workforce (Moorman and Wells, 2003). Other recent studies have indicated that 76% of organizations monitor worker web site activities, 50% review worker computer files, and 36% track employee keystroke activities (Wells et al. 2007).

More recently, the U.S. Supreme Court ruled in favor of workplace monitoring practices of a city government in a case where an employee was using a government issued pager for sending personal use text messages (U.S. Supreme Court, 2010).

3. Call Centers and Electronic Performance Monitoring

A typical call center has been in existence for approximately eight years and employs approximately forty-nine workers. A majority of call centers serve mass market customers. Almost half of all call centers provide customer service, most primarily handling inbound calls (Holman et al. 2007).

A 2001 study revealed that EPM is prevalent in call centers (ICMI, 2002). Approximately 93% of the call centers performed some form of EPM on their employees in 2001, a 5% increase from two years prior. Twenty-five percent indicated monitoring of individual employee phone calls ten or more times per month. Other types of monitoring (email, faxes and web text-chat sessions) were also surveyed. Email monitoring was the most common in internet/telecom (52%), catalog/retail (52%), and financial services (43%) call centers. Call centers also indicated that measuring employee performance (77%) and identifying additional training needs (72%) were the most important reasons for using EPM (ICMI, 2002). Holman et al.'s (2007) survey indicates that EPM is more prevalent in industrialized countries. NAQC (2010) points out that call center monitoring consists of a combination of qualitative and quantitative measures.

4. Statement of the Ethical Dilemma

Call center management goals related to EPM are directed towards employee performance. EPM can allow managers to track quantitative data such as an employee's average call time, the time spent taking calls, the type of calls taken (Holman, 2002), calls per hour, and time between calls (Bain et al. 2002). Secondly, managers can listen to employee conversations with or without their knowledge to gather less quantifiable data (Holman, 2002). Specific measures here can include a detailed analysis of the call content and how successfully the employee relates to customers (Bain et al. 2002). Thus, management goals of EPM help to ensure that employees meet prescribed quantitative metrics along with being friendly and persuasive towards their customers (Holman, 2002).

Despite the benefits EPM offers to call center managers, research suggests that EPM can have detrimental effects on employee well-being. Factors regarding EPM's impact on employee well-being include how the monitoring is administered (Moorman and Wells, 2003) or how captured data is used for performance evaluations (Hawk, 1994). If EPM is perceived to be excessive, employees may feel less satisfied (Alder, 1998; Miller, 2003), feel more depressed, become less active, feel more anxiety (Holman, 2002), and experience greater loss of personal control (Stanton and Barnes-Farrell, 1996). Furthermore, call centers focused on mass consumer markets are likely to have lower profit margins, and therefore take a cost-focused approach to service. This suggests that they are likely to adopt more standardized work practices and performance monitoring, invest less in skills and training, and offer lower pay (Holman et al. 2007).

Thus, EPM in call centers can give rise to tensions between management and employees. The tensions center on management goals of employee performance vs. employees' sense of personal well-being. This brings up an interesting dichotomy.

An EPM system that managers claim can increase employee performance could be the same system that may be perceived as unfair by the employee and thus actually contribute to reduced employee performance. Therefore if an EPM system contributes negatively to individual employee performance in a call center, then there could be ethical implications in using data from that same system to evaluate the performance of the employee. Thus the following ethical dilemma is offered:

"Is it ethical for a call center manager to evaluate the performance of a call center employee using electronic performance monitoring data gathered on the employee?"

5. Ethical Decision Model to Resolve the Ethical Dilemma

Given the offered ethical dilemma, several aspects of ethical theory, i.e., utilitarian, Kantian, virtue, and covenantal, are invoked to provide guidance for resolving the ethical dilemma. The proposed ethical decision model is shown in Figure 1.

5.1 Utilitarian and Kantian Considerations

The first steps in the ethical decision model include parallel tracks of utilitarian and Kantian considerations related to the ethical dilemma. From the manager's perspective, the model applies "act" utilitarianism theory (steps 1 through 5 in Figure 1) in that an act is morally permissible if the consequences of the act produce the greatest amount of benefit for the most persons affected by the act (Tavani, 2007). Specifically, the ethical decision model addresses the following from the perspective of the manager: benefits vs. costs, (Velasquez, 2012), harms imposed, rights exercised, and rights denied (Hosmer, 2010). Managerial goals of achieving the best possible performance levels from the employee form the basis of the utilitarian considerations in this part of the ethical decision model.

Kantian considerations follow the same process as the utilitarian track, except the employee's perspective is considered (steps 6 through 10 in Figure 1). The second formulation of Kant's categorical imperative is applied in that individuals have dignity and should not be treated merely as tools or machines " (Velasquez, 2012) and that employees are valued beyond tools and (Arnold et al. 2012). Specifically, the ethical decision model considers the duties to the individual, harms imposed on the individual, rights exercised by the individual, and rights denied to the individual (Hosmer, 2010). Respect for and dignity of the employee form the basis of the Kantian considerations in this part of the ethical decision model.

5.2 Effectiveness vs. Acceptability of Electronic Performance Monitoring

In the ethical decision model (Figure 1), utilitarian concerns and Kantian concerns can be conflicting, since aspects of "act" utilitarian theory are concerned with actions that bring the greatest good to the greatest number of people, while the second formulation of Kant's categorical imperative is concerned with duties owed to individuals (Hosmer, 2010). The quest for the call center manager to gain more and more EPM information could potentially place increased burdens upon the call center employee (Alder, 1998).

Therefore, the model requires provisions to address this potential dichotomy by assessing the "act utilitarian" effectiveness of EPM (the manager perspective) vs. "Kantian (Second categorical imperative)" acceptability of the EPM actions (the employee perspective) (Godfrey, 2000), as shown in steps 10 through 12 in Figure 1. If both the manager and employee agree

ETHICAL DILEMMA

"Is it ethical for a call center manager to evaluate the performance of a call center employee using electronic performance monitoring data gathered on the employee?"

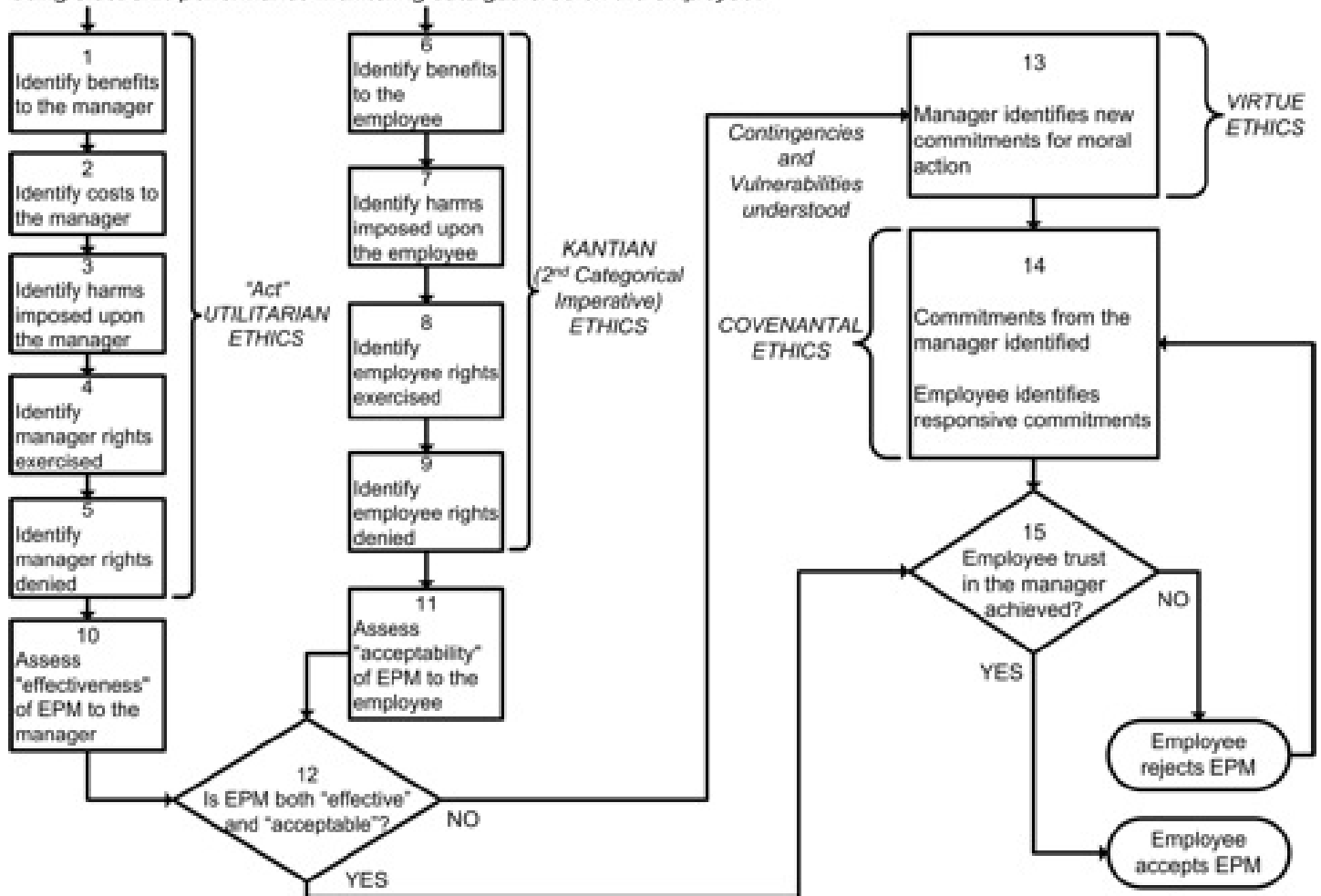


Figure 1 – Ethical Decision Model

that EPM is both effective and acceptable, respectively, then the question of employee trust in the manager is addressed (step 15 in Figure 1). If either the manager or the employee does not believe that EPM is effective or acceptable, respectively, then virtue-based ethics from a managerial perspective is applied (step 13 in Figure 1).

5.3 Managerial Virtue

Virtue theory suggests that the foundation of morality is based on one's character (Arjoon, 2000) and that one who is virtuous acts honorably (Hosmer, 2010). One is virtuous if he/she practices good moral habits (Cavanagh and Bandsuch, 2002) and demonstrates empathy, integrity, and respect (Chun, 2005; Shanahan and Hyman, 2003). Virtue ethics "takes the concept of character ... to be central to the idea of being a good person in business (Solomon, 2003: 44). Moreover, an action is morally right if the acting agent (e.g., a call center manager) personifies a morally virtuous character (Velasquez, 2012). It is within this context that the "act utilitarian" and "Kantian (2nd categorical imperative)" contradictions related to the ethical dilemma start to be addressed within the ethical decision model (step 13 in Figure 1).

To attain the benefits of a mutually reciprocal relationship, someone must make the first move; managers are in the best position to initiate (Whitener et al. 1998). Thus in applying virtue

ethics, the model places direct responsibility upon the protagonist (the call center manager) in that if the manager practices virtuous behavior in applying EPM, such behavior will encourage monitored call center employees toward more favorable performance behaviors (Herman, 1997). Indeed, virtue is one of the most admirable traits of a manager (Whetstone, 2003).

By applying virtue ethics, the call center manager could "conceive new possibilities in an attempt to reframe the problem and avoid an unbearable situation that calls for arbitrary decisions" (Geva, 2000: 790). Thus, the ethical decision model addresses the ethical dilemma from the virtue-based managerial perspective in that call center management is called upon to identify new options for moral action (Geva, 2000).

5.4 Covenantal Ethics

In the manager-employee relationship, each side can encounter contingencies (i.e., uncontrollable actions of the other party) that result in vulnerabilities to the other party (Herman, 1997). In the ethical decision model, unresolved harms and rights denied take the form of contingencies as they flow out of the "act utilitarian" and "Kantian (Second categorical imperative)" portions of the model. These contingencies lead to vulnerabilities on the other side. To resolve these contingencies, the ethical decision model requires the manager to take the first step and attempt to address the issues from a virtue-based perspective.

Virtuous management actions then flow into a more two-sided, cooperative approach towards resolving the ethical dilemma through covenantal ethics (Step 14 in Figure 1).

Virtue-based manager behaviors lead to management commitments to the employee. These actions can be followed by subsequent employee commitments to management as shown in Step 14 in Figure 1. This may result in a specialized manifestation of a relational contract, i.e., a covenantal relationship (Barnett and Schubert, 2002) which is based on the mutual commitment to the welfare of both parties and a shared set of values (Van Dyne et al. 1994). A covenantal relationship is meant to protect the uniqueness of respective parties (Pava, 2001), show respect and concern for each other (Childs, 1995), provide a framework for collective decision-making (Stueart and Wilbanks, 1974), and strive for a healthy working relationship (Barnett and Schubert, 2002). A covenantal relationship can also provide a mediating role for building loyalty (Van Dyne et al. 1994). In addition, a covenantal relationship between a manager and an employee can foster employee behaviors that will have lasting benefits to the organization (Barnett and Schubert, 2002).

Thus in the ethical decision model, covenantal ethics attempts to subjugate any contingencies and vulnerabilities in the manager-employee relationship as pertaining to EPM. Covenantal ethics then requires accepting rather than vanquishing contingency elements in the relationship and shouldering the burdens of cooperation (Herman, 1997). In the ethical decision model, Herman's (1997) conceptualization of covenantal ethics is thus applied: (1) Commitments from the call center manager to the employee are identified; (2) Commitments (i.e., responses) from the call center employee are identified.

Furthermore, an inherent quality of a covenantal relationship is that "covenantal partners can disagree about the particulars without threatening the existence of the relationship" (Van Dyne et al. 1994: 768). This has direct implications for the ethical decision model in that the manager and the employee can disagree about the specifics of EPM and yet not adversely threaten their working relationship. The ethical decision model proposes that covenantal ethics provides the best means for the manager and the employee to cooperate with each other in a respectful way (Pava, 2001) in order to address any contingencies and vulnerabilities arising from EPM. In addition, from an organizational perspective, developing a covenantal relationship with employees can benefit the overall functioning of an organization (Barnett and Schubert, 2002), including a call-center organization.

5.5 Employee Trust in Management

For the final step of this phase of the ethical decision model to be fulfilled and flowing from the covenantal portion of the ethical decision model, employee trust is needed when EPM is used in the performance appraisal process (Childs, 1995) (step 15 in Figure 1). The ethical decision model presumes that employee trust in management is a key goal in the presence of an EPM system, since it demonstrates a commitment to building relationships of trust (Van Dyne et al. 1994). Employees can have distinct levels of trust in people at different levels of management within the same organization (Perry and Mankin, 2007). As discussed by Burke et al (2007), factors related to trust in organizational leaders include managerial competence (Mishra, 1996), support (Dirks and Ferrin, 2002); benevolence (Burke et al. 2007), and reliability (Mishra, 1996). Another factor includes the ability to provide compelling organizational direction (Hackman, 2002).

Yet with respect to EPM, trust in one's immediate manager

is even more critical, since the direct manager will have personal interaction with the employee as pertaining to EPM results. Historical studies have conceptualized trust in one's immediate manager as interpersonal trust, primarily in terms of the perceived character of the manager (Wheless and Grotz, 1977), reliable behavior of the manager (Rotter, 1980; Zaheer et al. 1998) as related to receiving rewards (Rempel et al. 1985), how safe the employee feels with respect to the manager (Wheless and Grotz, 1977), and how dependable the manager is (Rempel et al. 1985).

Interpersonal trust contextualized as a form of vulnerability has also been addressed in early literature. Specifically, interpersonal trust involves expectations of behavior of another person under conditions of vulnerability (e.g., within a manager-employee relationship) and risk (Currall and Judge, 1995). Zand (1972: 230) states that interpersonal trust is a "conscious regulation of one's dependence on another that will vary with task, the situation, and the person." Expanding upon this conceptualization, Mayer et al (1995: 712) argued that trust is "a willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that party." This suggests that the trustor (i.e., the call center employee) takes some risk since he/she is willing to accept a certain degree of vulnerability, e.g., when the employee is the subject of EPM. Indeed, Colquitt et al's (2007) study indicates a moderately strong relationship between trust and risk taking. Thus, interpersonal trust is an optimistic expectation (e.g., reliability and rewards) of the behavior of another person under conditions of personal vulnerability and dependence (Hosmer, 2010).

Ultimately, management's goal of an EPM system is to improve employee performance. There is support in the literature that employee trust in one's manager can result in improved employee performance. Dirks and Ferrin (2002) found that trust in one's immediate manager was most strongly associated with work attitudes, organizational citizenship behaviors, and employee performance. Mayer and Gavin (2005) reported that when employees have high levels of trust in their managers, they will focus more on work tasks, which suggests favorable employee performance outcomes. Madjar and Ortiz-Walters (2009) confirmed earlier research that an employee's trust in his/her manager was directly related to routine performance behaviors. Ning et al (2007) reported that an employee's trust in his/her immediate manager has positive influences on employee performance.

Therefore, the ethical decision model presumes that if employee trust in the manager is not achieved with respect to EPM, then the employee will reject EPM and not necessarily perform at his/her potential. Step 14 in Figure 1 is performed again in order for the manager-employee to readdress the contingencies and vulnerabilities arising from EPM in order for employee trust to increase. Once employee trust in the manager is achieved with respect to EPM, then the employee will accept EPM and have greater opportunity to perform at his/her potential. Overall, the organization will benefit.

6. Application of Ethical Decision Model to the Ethical Dilemma

Based on available call center research, the ethical decision model will now be applied to EPM in call centers, specifically as pertaining to the call center manager and the call center employee.

6.1 "Act" Utilitarian Considerations – The Manager Perspective

Referring to Steps 1 through 5 in Figure 1, "act" utilitarian considerations center on benefits and costs to the manager (Steps 1 and 2), harms imposed upon the manager (Step 3), manager rights exercised (Step 4), and manager rights denied (Step 5).

Regarding manager benefits and costs (Steps 1 and 2 in Figure 1), research literature shows that from the "act" utilitarian perspective, EPM directly benefits business organizations (including call centers), indirectly benefiting customers (reduced prices and better customer service) and the society at large (a more stable workforce) (Hawk, 1994). EPM can relieve managers of the tedious tasks related to employee oversight (Dorval, 2004; Stanton, 2000) increasing productivity (Lee and Kleiner, 2003). More specifically, EPM can also act as a tool for managing resources, be used to develop better training programs, and plan workloads (Aiello, 1993). It has also been suggested that EPM could help avoid legal liability and security breaches (Lee and Kleiner, 2003; Alder, 2001).

Call centers provide the organization with the opportunity to reduce costs, improve customer service, and provide greater opportunities for revenue generation using inside sales personnel (Holman, 2003). It is no surprise then that a tool such as EPM has been applied in call center organizations in order to maximize operational efficiencies. EPM can support increased call center performance through metrics tracking (Bain et al. 2002). Indeed at General Electric, customer satisfaction increased by 96% as a result of implementing an EPM system of employees who handled customer service calls (Alder, 2001). Installation of a call accounting system at a California firm resulted in a productivity increase equivalent to seven and one-half man-weeks per month (Hawk, 1994). Call center managers can also view EPM-derived performance data in real-time, thus having virtually instant access to call center employee performance throughout the workday (Richardson and Belt, 2000). One EPM system has even been applied to evaluate employee voice quality using speech recognition and pattern matching technology (Zweig et al. 2006).

In terms of using EPM data for performance evaluations, the "act" utilitarian perspective shows that benefits to management primarily relate to providing more insight into employee performance and using the obtained data to improve productivity. Feedback from EPM data can increase employee productivity since call center management can determine what mistakes an employee makes and provide advice to improve productivity (Lee and Kleiner, 2003). Call center management can also benefit from the use of EPM-derived performance evaluation data as a basis for promotion criteria and the public display of metrics as means of encouraging motivation in others (Bain et al. 2002). The result is that EPM can provide call center managers with greater control (Aiello, 1993), since EPM data provides more insight into employee performance.

Referring to Step 3 in Figure 1, harms to the manager in using EPM data for employee performance evaluation primarily center on employee reactions to monitoring that result in reductions in employee productivity. Hawk (1994) found that the more managers relied on EPM data to appraise employee performance, the less satisfied employees were with the fairness of the evaluation process. This could have direct implications in employee productivity in a call center. Yet, the call center manager may be relegated to the fact that call center employee turnover is a given and not exceedingly costly to the organization. Indeed, a recent study reported that U.S. call center annual employee turnover rate was 28%, and that annual employee turnover costs in U.S. call centers were equal to or comparably lower

in industrial countries such as the United Kingdom, Ireland, and Canada (Holman et al. 2007). Thus, harms to the company might not be as pronounced since a call center manager may assume that frustrated employees may leave the company and eventually be replaced by employees whose productivity will not be negatively impacted by EPM.

Referring to Step 4 in Figure 1, the primary right exercised by management in using EPM data for employee performance evaluation center on the right to improve productivity and ultimately greater profitability. The monitoring of metrics can lead to greater opportunities to motivate call center employees to increased productivity. Some sample metrics include speed of answer (Anton and Gustin, 2000), time spent taking calls (Holman, 2002), average call time, time between calls (Bain et al. 2002), after call work time (Anton and Gustin, 2000), and number of calls processed per employee per day (Holman et al. 2007). Thus, the key right exercised by the call center manager is increased overall call center employee performance through metrics tracking (Bain et al. 2002).

Referring to Step 5 in Figure 1, there is little empirical data regarding rights denied to management as a result of using EPM data for employee performance evaluation. Moreover despite the ethical issues of EPM monitoring, U.S. legal precedent appears to uphold a company's right to improve profitability by using EPM (Rustad and Paulson, 2004-2005; Corbett, 2003).

6.2 Kantian (Second Categorical Imperative) Considerations – The Employee Perspective

Referring to Steps 6 through 9 in Figure 1, Kantian (Second categorical imperative) considerations center on benefits to the employee (Step 6), harms imposed upon the employee (Step 7), employee rights exercised (Step 8), and employee rights denied (Step 9).

Despite the potentially unfavorable implications of EPM upon the call center employee, research does indicate that employees can also benefit from EPM (Step 6 in Figure 1). EPM may increase employee satisfaction because employees perceive that EPM results contribute to more objective performance appraisals and improved performance feedback (Moorman and Wells, 2003). Alder (2001) contends that employees electronically monitored in bureaucratic cultures may respond more favorably to EPM. Employees can also benefit from EPM as it enables them to improve their performance and develop new skills. In addition, well-being can be improved as employees derive satisfaction from the knowledge of their improved performance and from being better equipped to cope with work demands (Holman, 2002).

Pertaining to Step 7 in Figure 1, research indicates that the primary harms to the EPM-monitored call center employee relate to employee health. Hawk (1994) found that health problems occurred to a greater extent in electronically monitored employees when EPM measured a large quantity of behaviors. Specifically, opponents of EPM claim that it contributes to lowering work-life quality by making work less interesting, challenging, satisfying (Alder, 1998), and stressful (Barnes, 2004). Milner et al (2007) reported that the intensity of performance monitoring was significantly related to emotional exhaustion of call center employees. Holman (2003) noted that the perceived intensity of EPM was positively associated with anxiety, depression and emotional exhaustion of call center employees. Moreover, high levels of anxiety brought about by excessive monitoring in call centers may also cause people to devote their cognitive resources to dealing with their anxiety, rather than focusing on providing quality service and thereby not performing to their full poten-

tials (Holman, 2002).

Pertaining to Step 8 in Figure 1, a primary employee right exercised (i.e., right made more certain) associated with management using EPM data for employee performance evaluation center on more objective data made available for the performance evaluation process (Moorman and Wells, 2003). The data could be perceived as less ambiguous and thus give the employee a more impartial evaluation. Indeed, it is possible that call center employees may view EPM as a performance improvement opportunity. Grant et al (1988) reported that customer service employees who viewed performance standards as attainable showed little concern about being monitored electronically; Grant et al also suggested that monitoring should play an increased role in productivity. Workers handling processed magazine subscriptions over the telephone indicated that they preferred the more objective feedback from an EPM system rather than to feedback from their supervisors (Earley, 1988). It is also possible that EPM provides the opportunity for call center employees to “develop and defend their own definitions of professionalism and good performance” (Lankshear et al. 2001: 605). Moreover, employees in process-driven bureaucratic cultures may be more accepting of EPM in the performance evaluation process (Alder, 2001).

Pertaining to Step 9 in Figure 1, a primary employee right denied (i.e., right made less certain) associated with the call center manager using EPM data for call center employee performance evaluation relates to fairness. The U.S. Office of Technology Assessment’s 1987 report (OTA, 1987) points out that EPM would be opposed or resented by employees if the employees perceived that the monitoring was unfair or if it was implemented without their participation. In fact, Hawk (1994) reported that increased reliance on EPM can result in less satisfied employees regarding fairness in the employee performance evaluation process. Furthermore given the aforementioned harms to the call center employee, using EPM to measure performance could be deemed as unfair by the call center employee.

6.3 Effectiveness vs. Acceptability

Steps 10 through 12 in Figure 1 pertain to the manager’s perceived effectiveness of EPM vs. the employee’s acceptance of EPM. If both the call center manager deems EPM as effective and, concurrently, the employee deems EPM as acceptable, then the question of employee trust in the manager is addressed (step 15 in Figure 1).

Yet as suggested in Steps 1 through 9 of the ethical decision model, there could be a myriad of conflicting perspectives with respect to EPM call centers. Areas of contradiction in terms of effectiveness vs. acceptability center on management’s desire for increased productivity from EPM-based performance appraisal processes vs. the corresponding negative employee reactions to EPM primarily due to health impacts and fairness. The key issue here is that if increased monitoring by the manager, for productivity reasons, results in the employee rejecting it as a basis of performance appraisal, due to health issues and perceived fairness. Indeed, call center employees will use coping mechanisms to deal with a perceived unfavorable EPM environment. Such coping mechanisms may affect their motivation, hence negatively impacting their performance (Stanton, 2000). As Godfrey (2000: 2) states, EPM activities are not “intrinsically acceptable or unacceptable. They become so because of employee perceptions.”

With respect to covenantal ethical theory (Herman, 1997) in the manager-employee relationship, each side can encounter contingencies (i.e., uncontrollable actions of the other party)

that result in vulnerabilities to the other party. In the ethical decision model, unresolved harms and rights denied take the form of contingencies as they flow out of the “act utilitarian” and “Kantian (Second categorical imperative)” portions of the model. These contingencies lead to vulnerabilities on the other side.

Herman’s (1997) covenantal ethical theory can be applied to call center manager-employee relationship in terms of EPM. For example, the call center manager may use undesirable EPM performance appraisal processes. This is a managerial action that is not directly controllable by the call center employee. Specifically, it represents a contingency encountered by the call center employee. As a result, the call center employee becomes vulnerable to this managerial action. In response to potential health and fairness issues arising from the EPM process, the call center employee may overtly and/or covertly reject EPM in its current form. This is an employee action that is not completely and/or directly controllable by the call center manager. Specifically, it represents a contingency encountered by the call center employee. As a result, the call center manager becomes vulnerable to this employee action.

Thus if either the manager or the employee does not believe that EPM is effective or acceptable, respectively, then virtue-based ethics from a managerial perspective is applied (step 13 in Figure 1). The ethical decision model requires that the call center manager take the first step and attempt to address the issues from a virtue-based perspective. Step 13 requires the call center manager to understand the factors influencing the EPM performance appraisal process and modify it to make the process work in such a way to achieve employee acceptability, while still retaining the managerial benefits that EPM provides in the performance appraisal process. Virtuous management actions then flow into a more two-sided, cooperative approach of resolving the ethical dilemma through covenantal ethics (step 14 in Figure 1).

6.4 Virtue Based Commitments from the Call Center Manager

Pertaining to Step 13 in Figure 1 from a virtue-based managerial approach, the call center manager can begin to demonstrate more concern for the monitored employees (Whitener et al. 1998) by striking the right balance between a rule-based EPM process and a more open and trusting EPM process (Godfrey, 2000). Specifically, virtue-based managerial commitments to the employee require the call center manager to identify new options for moral action that attempt to mitigate the harms and rights denied to the call center employee. Three aspects of virtue – empathy, integrity, and respect – (Chun, 2005; Shanahan and Hyman, 2003) could be practiced by the call center manager in terms of EPM. As informed by call center literature, these virtue-based managerial characteristics (empathy, integrity, and respect) can take the form of the following commitments to the call center employee:

1. Empathy → Managerial Commitment One → The call center manager could empathize with call center employees in terms of being monitored and allow them to participate in the implementation of the EPM system. The goal would be to have an EPM system that is mutually satisfying to both parties.

2. Integrity → Managerial Commitment Two → The call center manager could be supportive and not punitive towards call center employees when using an EPM system (Alder, 1998). This means the call center manager could act with integrity when applying the EPM system to measure employee performance.

3. Respect → Managerial Commitment Three → The call center manager could respect the perspectives of the call center employee and allow them to challenge EPM-derived data when used for the purpose of performance evaluation.

In reality, the call center manager should be willing to cede control in the EPM performance measurement process, even though it may be difficult for the manager to give it up (Houlihan, 2000). Within the general framework of these virtuous managerial actions, i.e., empathy, integrity, and respect, the call center manager can begin the process of making commitments to the employees in terms of EPM usage in the performance evaluation process. The goal is to gain favorably responsive commitments from the monitored call center employees. The covenantal ethics portion of the ethical decision model picks up from this point.

6.5 Covenantal Ethical Considerations – The Call Center Manager-Employee Relationship

With the three call center manager commitments to the employee identified, responding employee commitments to management, based on available EPM call center research, can be addressed.

6.5.1 Employee Response to Managerial Commitment One

Managerial Commitment One recommends that the call center manager could empathize with call center employees in terms of being monitored and allow them to participate in the implementation of the EPM system.

It is generally understood from human resource management literature that performance measurement practices that encourage high employee involvement often lead to improved employee performance (Batt, 2002). Employee involvement in EPM implementation whenever possible is a key employee commitment in his/her covenantal relationship with the call center manager. Indeed, call center research shows that when provided the opportunity to participate in the implementation of EPM, call center employees are more satisfied with EPM and ultimately employees performance better.

In a study of 200 telecommunications employees, Westin (1992) reported favorable employee results when employees were involved in the development of an EPM system. Alder and Tompkins (1997) indicated that if employees participate in the design and implementation of the EPM system, EPM will lead to improved individual performance. Batt's (2002) call center study found that a direct use of employee-centric individual discretion and learning lead to positive results in terms of sales. In fact, based on a study of five call center organizations, George (2001) suggested that managers can use EPM in ways that employees can tolerate it and possibly even approve of it. Moreover, Chen and Ross (2005) argue that employees should be afforded the opportunity to alter monitoring processes if they are perceived as being unfair.

More narrowly focused studies shed light on how an employee's sense of personal control affects overall satisfaction and performance. Smith et al (1992) reported that telecommunications employees felt less job control when they were electronically monitored, as compared to those who were not electronically monitored. Indeed, giving call center managers complete control over the design and implementation of an EPM system may reduce subordinates' personal control, resulting in unfavorable effects on worker attitudes and performance (Stanton and Barnes-Farrell, 1996).

In summary, the call center employee must become involved

in EPM implementation when given the opportunity to do so. This represents an employee commitment to the call center manager within their covenantal relationship and helps to provide a framework for collective decision-making. The call center manager's willingness to cede some control in the EPM implementation is matched by increased employee involvement, leading to higher employee satisfaction, and ultimately greater levels of employee performance.

6.5.2 Employee Response to Managerial Commitment Two

Managerial Commitment Two recommends that call center manager be supportive and not punitive towards call center employees when using an EPM system.

When EPM is applied as a development tool in a supportive way, favorable call center employee responses can occur. Ambrose and Alder (2000) propose that employees who receive constructive feedback based on EPM data will perceive the performance appraisal process as being more interpersonally sensitive and thus procedurally fair. In study of 347 call center employees, Holman (2003) reported that EPM can reduce stress in monitored employees if EPM is conducted in a developmental manner. Miller (2003) also suggests that EPM feedback combined with establishment of an employee development plan will be associated with greater appraisal satisfaction than would delivery of EPM feedback alone.

Favorable call center employee reactions to EPM can also occur if the call center manager acts as a supporting facilitator with respect to EPM, as opposed to using EPM punitively. EPM-derived data should be used to facilitate greater levels of performance, in place of being used punitively (Alder, 1998), and thus micromanagement practices such as "insisting that calls are handled within an exact time and excessive call scripting should be resisted" (Holman, 2002: 46). Indeed, more employee interaction with the call center manager can help alleviate the stress one may experience when being monitored electronically (Hawk, 1994). Based on a survey of call center employees, Holman (2002) recommends that monitoring practices should have a supportive and facilitative style. In fact, DeTienne et al (1993) suggests that employees be told what employee actions will be monitored, when employees will be monitored, and how the performance data will be used.

Other supportive call center manager actions can result in positive employee responses. In study based on ninety-one interviews of employees who were involved in the handling of phone calls, Chalykoff, and Kochan (1989) reported that use of constructive feedback and supervisor consideration behaviors was positively related to employee satisfaction of the EPM system. Holman's (2002) survey of call center employees found that a low level of monitoring in conjunction with a supportive team leader had favorable effects on employee well-being. EPM should measure fewer behaviors and evaluate only those behaviors most germane to indicating employee productivity and work quality (Hawk, 1994). Finally, EPM can facilitate greater levels of performance by matching the right call center employee to the right call center job (Houlihan, 2000).

In summary, there are a number of positive employee responses when the call center manager is perceived as being supportive. These employee responses are manifested as employee commitments to the call center manager within their covenantal relationship. The call center manager's willingness to not use EPM punitively, but rather as an employee development tool, is matched by increased call center employee satisfaction and, ultimately, greater levels of employee performance.

6.5.3 Employee Response to Managerial Commitment Three

Managerial Commitment Three recommends that the call center manager respect the perspectives of call center employees and allow them to challenge EPM-derived data when used for performance evaluation.

The call center manager's respect for the employee's assessment of EPM-generated performance data can help to perpetuate their covenantal relationship. A sense of fairness is built into the EPM process, helping to protect the uniqueness of the employee within the covenantal relationship (Pava, 2001). Greenberg (1986) found that soliciting input prior to the employee's evaluation and allowing employees to challenge the evaluation were key determinants in employee's perception of fairness in the performance appraisal process. In a study conducted with 251 call center employees, Moorman and Wells (2003) reported if workers perceive opportunities to challenge the interpretation and use of the feedback derived from the EPM system, then they perceived the EPM system as a fair method of monitoring performance.

Several studies indicate other benefits when call center employees are allowed to challenge the data. Hawk's (1994) research concluded that employees whose managers allowed them to challenge EPM performance data experienced less stress and had fewer health problems. Building on Hawk's (1994) findings, Ambrose and Alder (2000), in their conceptual study, suggest that formal mechanisms should be put in place to allow employees to challenge EPM data as it becomes available. Specifically, Ambrose and Alder (2000: 206) propose that "employees will perceive opportunities to challenge the computer monitoring system as more legitimate when performance feedback occurs quickly after performance than when feedback is delayed." Ball (2001) also suggests that employees should be given the opportunity to challenge EPM data.

Thus, another key employee commitment in his/her covenantal relationship with the call center manager is that the employee should recognize that he/she can challenge the performance data. This process is dependent on the call center manager's virtue-centric respect for employee opinions (Murphy, 1999). Yet, the employee must not abuse the opportunity, despite that fact that covenantal partners can disagree without threatening the existence of their relationship (Van Dyne et al. 1994). A key employee commitment to the call center manager within their covenantal relationship is the employees' commitment to challenge data in a responsible and realistic manner.

6.5.4 Summary of Covenantal Ethical Considerations

The ethical decision model suggests that EPM can thrive in call center within the framework of a covenantal relationship between the call center manager and the employee. Empathy, integrity, and respect, three aspects of virtue (Chun, 2005; Shanahan and Hyman, 2003) lead to managerial commitments to the employee which, in turn, lead to favorable performance responses (i.e., commitments) from the employee. A call center employee's perception of fairness in respect to EPM is critical in terms of the employee's performance response (Ambrose and Alder, 2000). In fact, Wells et al (2007) reported that when employees perceived EPM as means to improve their performance, they viewed EPM as fair. The employees also "reported higher job satisfaction, organizational commitment, and a felt obligation to reciprocate" Wells et al (2007: 133). Thus within a call center, a covenantal relationship between a manager and an employee can foster employee behaviors that will have lasting benefits to the organization (Barnett and Schubert, 2002).

However as shown in Step 15 in Figure 1, achieving employee trust in the call center manager with respect to use of EPM for performance appraisal is the ultimate goal in the ethical decision model. The final portion in the ethical decision model picks up from this point.

6.5.5 Employee Trust in the Call Center Manager with respect to EPM

A final key aspect of a covenantal relationship is that both parties demonstrate commitment to building relationships of trust (Childs, 1995; Van Dyne et al. 1994). As shown in Step 15 in Figure 1, if employee trust in the call center manager is achieved with respect to using EPM for performance evaluation, then EPM is being used effectively and both parties can benefit. If employee trust is still not achieved, the call center manager and the employee must continue to subjugate any other contingencies and vulnerabilities in their relationship as pertaining to EPM (Herman, 1997). This process continues until employee trust in the manager is achieved.

The ethical decision model suggests that employee trust in management with respect to EPM is the desired goal. As previously discussed, there are favorable organizational outcomes when employees trust their managers (Dirks and Ferrin, 2002; Mayer and Gavin, 2005; Ning et al. 2007; Madjar and Ortiz-Walters, 2009). However, what does this mean with respect to EPM in call centers and associated employee performance results? In other words, does high employee trust with respect to EPM lead to the employee performance goals that call center managers ultimately wish to achieve?

There appears to be minimal call-center-specific research available on the role of employee trust with respect to EPM and call center performance. Westin (1992) reported that if the trust relationship between call center employees and management is jeopardized as a result of electronic monitoring, EPM can be adapted to address the associated problems. Yet ultimately, an understanding of how increased employee trust in management translates to greater performance in the electronically monitored call center employee is needed.

One recent call center study sheds light on this subject. In a study of 257 call center representatives, McNall and Roch (2009) investigated the role of employee trust and EPM within a framework of a social exchange model. Social exchange is based on reciprocity between parties (Blau, 1964), similar to the reciprocal nature of covenantal ethics (Childs, 1995; Herman, 1997; Barnett and Schubert, 2002). McNall and Roch (2009) reported that call center employee trust in the manager was directly related to both employee satisfaction and job performance. Within the context of EPM, McNall and Roch (2009) showed that if employee trust can be attained in terms of how EPM is implemented, greater levels of employee job performance is achievable within a call center.

Thus there are indications of the importance of call center employee trust in management when EPM is used for the measurement of employee performance. More call center studies as pertaining to trust and EPM are needed. Yet drawing upon covenantal ethical theory if employee trust in management is achieved, the covenantal relationship between call center employees and call center management can help to subjugate the contingencies and vulnerabilities in their relationship as pertaining to EPM. The result would be a more cooperative and thus more mutually satisfying EPM-based performance appraisal process.

7. Responding to the Ethical Dilemma

We come back to the ethical dilemma offered at the beginning of this study:

"Is it ethical for a call center manager to evaluate the performance of a call center employee using electronic performance monitoring data gathered on the employee?"

When viewing this ethical dilemma through the lens of various ethical theories as documented in this study, the answer can be "yes." The contrasting "act utilitarian" perspectives of productivity from the call center manager versus the "Kantian (Second categorical imperative)" perspectives of individual well-being from the call center employee setup the ethical dilemma. The challenge of EPM in call centers is resolving the divergent management and employee perspectives. As discussed in this study, virtue-based managerial actions are the starting point. A covenantal relationship between call center management and call center employees then provides the mechanism to achieve an optimal EPM process that will ultimately be both effective for management and acceptable to employees. Ultimately, the goal of the covenantal relationship is that call center employees trust the call center manager in terms of using EPM for performance evaluation.

8. Recommendations for Future Research

The dichotomous "act utilitarian" manager and "Kantian (Second categorical imperative)" employee positions as pertaining to EPM in call centers have been well-documented in the litera-

ture (Alder, 1998). Yet, there appears to be minimal research available in terms of conceptualizing the issue from other ethical theoretical perspectives. This study attempted to do so. Additional research should be conducted to gain further insights.

Specifically, empirically-based call center research is recommended with respect to virtue-based managerial actions and achievement of a covenantal relationship between call center management and call center employees as related to EPM. Chun (2005) and Shanahan and Hyman (2003) provide two related conceptualizations of virtue ethics. These conceptualizations can be adopted to gain greater insight into call center employee responses to virtue-based managerial actions as pertaining to EPM.

Furthermore, Van Dyne et al's (1994) conceptualization of covenantal ethics, later applied by Barnett and Schubert (2002), could be used as way to gain more insight into a covenantal relationship between a manager and an employee in call centers where EPM is used. Alignment with Herman's (1997) conceptualization of covenantal ethics is also recommended. Ultimately, any research related to covenantal ethics should attempt to focus on employee trust as pertaining to EPM in call centers. McNall and Roch's (2009) work in terms of trust and EPM in call centers provides some key insight in this area.

Regardless of the type of studies conducted, any future call center research should attempt to gain additional perspectives into making EPM-based performance evaluation a process that is mutually satisfying to both the call center manager and the call center employee.

Bibliography

- Aiello, J. R. (1993). "Computer-based work monitoring: electronic surveillance and its effects." *Journal of Applied Social Psychology*, Vol. 23 No. 7, pp. 499-507.
- Alder, G. S. (1998). "Ethical issues in electronic performance monitoring: A consideration of deontological and teleological perspectives." *Journal of Business Ethics*, Vol. 17 No. 7, pp. 729-743.
- Alder, G. S. (2001). "Employee reactions to electronic performance monitoring: A consequence of organizational culture." *Journal of High Technology Management Research*, Vol. 12 No. 2, pp. 323-342.
- Alder, G. S. and Tompkins, P. K. (1997). "Electronic performance monitoring: An organizational justice and concertive control perspective." *Management Communication Quarterly*, Vol. 10 No. 3, pp. 259-288.
- Ambrose, M. L., and Alder, G. S. (2000) "Designing, implementing, and utilizing computerized performance monitoring: enhancing organizational justice", in Ferris, G. (Ed.) *Research in Personnel and Human Resource Management*, JAI, Press Greenwich, CT, pp. 187-220.
- Anton, J. and Gustin, D. (2000), *Call Center Benchmarking: How Good is Good Enough*. Purdue University Press, West Lafayette, IN.
- Arjoon, S. (2000). "Virtue theory as a dynamic theory of business." *Journal of Business Ethics*, Vol. 28 No. 2, pp. 159-178.
- Arnold, D., Beauchamp, T. L., and Bowie, N. E., (2012), *Ethical Theory and Business*, 9th edition. Pearson, Upper Saddle River, NJ.
- Bain, P., Watson, A., Mulvey, G., Taylor, P., and Gall, G. (2002). "Taylorism, targets and the pursuit of quantity and quality by call center management." *New Technology, Work & Employment*, Vol. 17 No. 3, pp. 170-185.
- Ball, K. (2001). "Situating workplace surveillance: Ethics and computer performance monitoring." *Ethics and Information Technology*, Vol. No. 3, pp. 211-223.
- Barnes, A. (2004). "Diaries, dunnies and discipline: Resistance and accommodation to monitoring in call centres." *Labour & Industry*, Vol. 14 No. 3, pp. 127-137.
- Barnett, T., and Schubert, E. (2002). "Perceptions of the ethical work climate and covenantal relationships." *Journal of Business Ethics*, Vol. 36 No. 3, pp. 279-290.
- Batt, R. (2002). "Managing customer services: human resource practices, quit rates, and sales growth." *Academy of Management Journal*, Vol. 45 No. 3, pp. 587-597.
- Blau, P. (1964), *Exchange and Power in Social Life*. John Wiley & Sons, Inc., New York.
- Burke, C. S., Sims, D. E., Lazzara, E. H., and Salas, E. (2007). "Trust in Leadership: A multi-level review and integration." *Leadership Quarterly*, Vol. 18 No. 6, pp. 606-632.
- Cavanagh, G., and Bandsuch, M. (2002). "Virtue as a benchmark for spirituality in business." *Journal of Business Ethics*, Vol. 38 No. 1/2, pp. 109-117.
- Chalykoff, J. and Kochan, T. A. (1989). "Computer-aided monitoring: It's influence on employee job satisfaction." *Personnel Psychology*, Vol. 42 No. 4, pp. 807-829.
- Chen, J. C. V. and Ross, W. H. (2005). "The managerial decision to implement electronic surveillance at work: A research framework." *International Journal of Organizational Analysis*, Vol. 13 No. 3, pp. 244-268.
- Childs, J. M., Jr. (1995), *Ethics in Business Faith at Work*. Augsburg Fortress, Minneapolis.
- Chun, R. (2005). "Ethical character and virtue of organizations: An empirical assessment and strategic implications." *Journal of Business Ethics*, Vol. 57 No. 3, pp. 269-284

- Colquitt, J. A., Scott, B. A., and Lepine, J. A. (2007). "Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance." *Journal of Applied Psychology*, Vol. 92 No. 4, pp. 909-927.
- Corbett, W. R. (2003). "The need for a revitalized common law of the workplace." *Brooklyn Law Review*.
- Currall, S., and Judge, T. (1995). "Measuring trust between organizational boundary role persons." *Organizational Behavior and Human Decision Processes*, Vol. 64 No. 2, pp. 151-170.
- Detienne, K. B., and Abbott, N. T. (1993). "Developing an employee-centered electronic monitoring system." *Journal of Systems Management*, Vol. 44 No. 8, pp. 12-15.
- Dirks, K. T., and Ferrin, D. L. (2002). "Trust in leadership: Meta-analytic findings and implications for research and practice." *Journal of Applied Psychology*, Vol. 87 No. 4, pp. 611-628.
- Dorval, D. (2004). "Should employers have the ability to monitor their employees electronically?" *Schmidt Labor Research Center Seminar Paper Series*. University of Rhode Island.
- Earley, P. C. (1988). "Computer-generated performance feedback in the magazine-subscription industry." *Organizational Behavior and Human Decision Processes*, Vol. 41 No. 1, pp. 50-64.
- George, J. F. (2001). "Computer-based monitoring: Common perceptions and empirical results." *MIS Quarterly*, Vol. 20 No. 4, pp. 459-480.
- Geva, A. (2000). "Moral decision making in business: A Phase-Model." *Business Ethics Quarterly*, Vol. 10 No. 4, pp. 773-803.
- Godfrey, B. T. (2000). "Electronic work monitoring: An ethical model." in *Selected Papers from the Second Australian Institute Conference on Computer Ethics (2000)*, pp. 18-21.
- Grant, R. A., Higgins, C. A., and Irving, R. H., (1988). "Computerized performance monitors: Are they costing you customers?" *Sloan Management Review*, Vol. 29 No. 3, pp. 39-45.
- Greenberg, J. (1986). "Determinants of perceived fairness of performance evaluations." *Journal of Applied Psychology*, Vol. 71 No. 2, pp. 340-342.
- Hackman, J. R. (2002). *Leading teams: Setting the stage for great performances*. Harvard Business School Press, Boston, MA.
- Hawk, S. (1994). "The effects of computerized performance monitoring: An ethical perspective." *Journal of Business Ethics*, Vol. 13 No. 12, pp. 949-956.
- Herman, S. W. (1997). *Durable Goods, a Covenantal Ethic for Management and Employees*. The University of Notre Dame Press, Notre Dame, IN.
- Holman, D. (2002). "Employee well-being in call centres." *Human Resource Management Journal*, Vol. 12 No. 4, pp. 35-50.
- Holman, D. (2003). "Phoning in sick? An overview of employee stress in call centres." *Leadership & Organization Development Journal*, Vol. 24 No. 3, pp. 123-130.
- Holman, D., Batt, R., and Holtgrewe, U. (2007). *The global call center report: International perspectives on management and employment*. The Global Call Center (GCC) Project.
- Hosmer, L. T. (2010). *The Ethics of Management*. 7th edition. McGraw Hill-Irwin, New York.
- Houlihan, M. (2000). "Eyes wide shut? Querying the depth of call centre learning." *Journal of European Industrial Training*, Vol. 24 No. 2-4, pp. 228-240.
- ICMI (Incoming Calls Management Institute). (2002). *Call Center Monitoring Study II Final Report*. Call Center Press, Annapolis, MD.
- Koole, G. and Mandelbaum, A. (2002). "Queueing models of call centers: An introduction." *Annals of Operations Research*, Vol. 113 No. 1-4, pp. 41-59.
- Lankshear, G., Cook, P., Mason, D., Coates, S., and Button, G. (2001). "Call centre employees responses to electronic monitoring: Some research findings." *Work Employment Society*, Vol. 15 No. 3, pp. 595-605.
- Lee, S., and Kleiner, B. H.. (2003). "Electronic surveillance in the workplace." *Management Research News*, Vol. 26 No. 2-4, pp. 72-81.
- Madjar, N., and Ortiz-Walters, R. (2009). "Trust in supervisors and trust in customers: Their independent, relative, and joint effects on employee performance and creativity." *Human Performance*, Vol. 22 No. 2, pp. 128-142.
- Mayer, R. C., Davis, J. H., and Schoorman, F. D. (1995). "An integrative model of organizational trust." *Academy of Management Review*, Vol. 20 No. 3, pp. 709-734.
- Mayer, R. G., and Gavin, M. B. (2005). "Trust in management and performance: Who minds the shop while the employees watch the boss?" *Academy of Management Journal*, Vol. 48 No. 5, pp. 874-888.
- McNall, L. A., and Roch, S. G. (2009). "A social exchange model of employee reactions to electronic performance monitoring." *Human Performance*, Vol. 22 No. 3, pp. 204-224.
- Miller, J. S. (2003). "High tech and high performance: Managing appraisal in the information age." *Journal of Labor Research*, Vol. 24 No. 3, pp. 409-424.
- Milner, K., Fisher, J., and Latif, J. (2007). "Perceptions of electronic performance monitoring and burnout in a south african call centre." *Ergonomics*, Vol. 19 No. 2, pp. 31-41.
- Mishra, K. (1996) "Organizational responses to crisis: The centrality of trust", in Kramer, R.M. and Tyler, T.R. (Eds.) *Trust in Organizations*. *Frontiers of Theory and Research*, Sage, Thousand Oaks, pp. 261-287.
- Moorman, R. H., and Wells, D. L. (2003). "Can electronic performance monitoring be fair? Exploring relationships among monitoring characteristics, perceived fairness, and job performance." *Journal of Leadership and Organizational Studies*, Vol. 10 No. 2, pp. 2-16.
- Murphy, P.E. (1999). "Character and virtue ethics in international marketing: An agenda for managers, researchers, and educators." *Journal of Business Ethics*, Vol. 18 No. 1, pp. 107-124.
- NAQC (2010), "Issue paper: Call center metrics: Best practices in performance measurement and management to maximize quitline efficiency and quality", *North American Quitline Consortium*, pp. 1-34.
- Ning, L., Y. Jin, and Mingxuan, J. (2007). "How does organizational trust benefit work performance?" *Frontiers of Business Research in China*, Vol. 1 No. 4, pp. 622-637.
- OTA (Office of Technology Assessment). (1987), *The Electronic Supervisor: New Technology, New Tensions*, U.S. Government Printing Office, Washington, DC.
- Pava, M. L. (2001). "The many paths to covenantal leadership: Traditional resources for contemporary business." *Journal of Business Ethics*, Vol. 19 No. 1-2, pp. 85-93.
- Perry, R., and Mankin, L. (2007). "Organizational trust, trust in the chief executive and work satisfaction." *Public Personnel Management*, Vol. 36 No. 2, pp. 165-179.
- Rempel, J. K., Holmes, J. G., and Zanna, M. P. (1985). "Trust in close relationships." *Journal of Personality and Social Psychology*, Vol. 49 No. 1, pp. 95-112.
- Richardson R., and Belt, V. (2000). "Taking calls to Newcastle: The Regional Implications of the Growth in Call Centres." *Regional Studies*, Vol. 43 No. 4, pp. 357-369.
- Rotter, J. B. (1980). "Interpersonal trust, trustworthiness, and gullibility." *American Psychologist*, Vol. 35 No. 1, pp. 1-7.
- Rustad, M. L., and Paulsson, S. R. (2004-2005). "Monitoring employee e-mail and internet usage: Avoiding the omniscient electronic sweatshop: insights from europe." *University of Pennsylvania Journal of Labor and Employment Law*, Vol. 7 No. 4, pp. 829-904.

- Shanahan, K. J., and Hyman, M. R.. (2003). "The development of a virtue ethics scale." *Journal of Business Ethics*, Vol. 42 No. 2, pp. 197-208.
- Smith, M. J., Carayona, P., Sandersa, K. J., Lim, S-Y., and Legrande, D. (1992). "Employee stress and health complaints in jobs with and without electronic performance monitoring." *Applied Ergonomics*, Vol. 23 No. 1, pp. 17-27.
- Solomon, R. C. (2003). "Victims of circumstances? A defense of virtue ethics in business." *Business Ethics Quarterly*, Vol. 13 No 1, pp. 43-62.
- Stanton, J. M. (2000). "Reactions to employee performance monitoring: Framework. review and research directions." *Human Performance*, Vol. 13 No. 1, pp. 85-113.
- Stanton, J. M., and Barnes-Farrell, J. L. (1996). "Effects of electronic performance monitoring on personal control, task satisfaction, and task performance." *Journal of Applied Psychology*, Vol. 81 No. 6, pp. 738-745.
- Tavani, H. T. (2007), *Ethics Technology, Ethical Issues in an Age of Information and Communication Technology*. John Wiley & Sons, Inc., Hoboken, NJ.
- United States Sumpreme Court. (2010), "Syllabus, City Of Ontario, California, Et Al. V. Quon et al. Certiorari to the United States Court". United States Sumpreme Court [17 June 2010], Available at <http://www.supremecourt.gov/opinions/09pdf/08-1332.pdf>
- Van Dyne, L., Graham, J. W., and Dienesch, R. M.. (1994). "Organizational citizenship behavior: construct redefinition, measurement, and validation." *Academy of Management Journal*, Vol. 37 No. 4, pp. 765-802.
- Velasquez, M. G. (2012), *Business Ethics: Concepts and Cases*, 7th edition. Pearson, Upper Saddle River, NJ.
- Wells, D. L., Moorman, R. H., and Werner, J. M.. (2007). "The impact of the perceived purpose of electronic performance monitoring on an array of attitudinal variables." *Human Resource Development Quarterly*, Vol. 18 No. 1, pp. 121-138.
- Westin, A. F. (1992). "Two key factors that belong in a macroergonomic analysis of electronic monitoring: employee perceptions of fairness and the climate of organizational trust or distrust." *Applied Ergonomics*, Vol. 23 No. 1, pp. 35-42.
- Wheless, L. R., and Grotz, J. (1977). "The measurement of trust and its relationship to self-disclosure." *Human Communication Research*, Vol. 3 No. 3, pp. 250-257.
- Whetstone, J. T. (2003). "The Language of Managerial Excellence: Virtues as understood and applied." *Journal of Business Ethics*, Vol. 44 No. 4, pp. 343-357.
- Whitener, E. M., Brodt, S. E., Korsgaard, A. M., and Werner, J. M. (1998). "Managers as initiators of trust: An exchange relationship framework for understanding managerial trustworthy behavior." *Academy of Management Review*, Vol. 23 No. 3, pp. 513-530.
- Wren, D. (2004), *The History of Management Thought*, 5th edition. John Wiley & Sons, Inc., Hoboken, NJ.
- Zaheer, A., Mcevily, B., and Perrone, V. (1998). "Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance." *Organization Science*, Vol. 9 No. 2, pp. 141-159.
- Zand, D. E. (1972). "Trust and managerial problem solving." *Administrative Science Quarterly*, Vol. 17 No. 2, pp. 229-239.
- Zweig G., Siohan, O., Rambhadran, B., Povey, D., Mangu, L., and Kingsbury, B. (2006). "Automated quality monitoring for call centres using speech and nlp technologies." *Proceedings of the Human Language Technology Conference of the NAACL, Companion Volume*, pp. 292-295.

Author

David Perkins, DBA
Associate Professor of Business
Ken Blanchard College of Business
Grand Canyon University
Phoenix, Arizona USA
dperkinsdba@cox.net

David Perkins, DBA is an Associate Professor of Business in the Ken Blanchard College of Business at Grand Canyon University in Phoenix, Arizona, USA. He has 17 years of industry experience and has held Project Manager and Project Analyst positions at MicroAge, National Computer Systems, Motorola and General Dynamics. Dr. Perkins holds a Doctor of Business Administration (DBA) degree in Management from Anderson University in Anderson, Indiana.

Ethical Decision-Making by Business Students: Factors of Influence

William R. Hanson
Jeffrey R. Moore

Abstract

Business and university stakeholders ask what institutions of higher education are doing to improve student ethics. Our research produces a theoretic model offering insight into a comprehensive process of influences to business student ethical decision making, and its implications for the purposeful moral development of students. Using qualitative, grounded theory methods, we asked 27 business juniors and seniors how the university environment influences their ethical decision making in university life. The resulting model reveals five major categories found within this process: internalized ideals and beliefs, institutional expectations, influential stakeholders, university experiences, and academic context. Implications suggest the need for a comprehensive university plan of student development engagement by leveraging all aspects of university experience (academic, job, service, and social contexts). Recommendations include the active involvement of external agencies in the development process, and the integration of the student body in limited institutional rule making and policy.

Keywords

Ethical decision making, ethics influence factors, university business students, qualitative research, grounded theory

1. Introduction

Industry faces serious issues regarding the ethical behaviour of its leaders. So much so, that higher education stakeholders voice their unease about the cause of moral scandal by business leaders and demand that universities help do something about it. One result: a steady research effort directed toward university business schools to determine root causes, and the intervention methods needed to influence the ethical development of students (Audi, 2009; Caldwell, Karri, & Matula, 2005; Henle, 2006; Moosmayer, 2012; Nicholson & DeMoss, 2009).

Research efforts directed toward university business schools already recognize increasing acts of academic dishonesty and other unethical student behavior plaguing institutions in America (Cano & Sams, 2011; McCabe, Butterfield, & Trevino, 2006; Smyth & Davis, 2004). In particular, McCabe and colleagues (2006) express alarm at the level of cheating by undergraduates in business schools, noting greater occurrence by these students than those in any other academic unit. There is also research pointing to the fact that most business students acting dishonestly in school, also behave dishonestly in the work place (Sims, 1993). These findings suggest that American business students are increasingly acting in self-interest, making decisions that are ethically incompatible with traditional aspects of teamwork, service and higher-order ethical conduct outlined in Lawrence Kohlberg's model of moral development (i.e., moving from rule-based behavior and serving self-interest to recognition of group and community responsibilities; see Reimer, Paolitto, & Hersh, 1983). Clearly, research findings hold serious implications for the future of business leaders and the well being of organizations.

Past research efforts in student moral decision making, while valuable in their own right, are often focused on a small group of variables deemed to be important in scientific study and selected by the researcher. Less prevalent, are discovery

oriented approaches that take a systems-wide perspective—casting a large net to identify other variables that may be significant in organizational behavior, yet often not addressed. In particular, these might include contextual factors, frequently lost in common research settings due to the traditional nature of “sterile environment” experiments. Contextual factors are so critical to organizational reality that some researchers believed they are vastly under-utilized (Aadland, 2010; Moberg, 2006).

This study opens the door to the ideas and perspectives of business school students in order to learn more about factors they believe influence their decision making, and how these factors work as a comprehensive process within an institutional context. We do this using a qualitative method designed to produce analytic generalizations. The purpose of this paper then, is to build a theoretic model elaborating how a university environment influences ethical decision making by business undergraduates, and to conceptually describe how these factors are operationalized. While there is plentiful research literature on individualized topics of behaviour and decision making involving cheating, plagiarism and honor codes, few provide a wider focus incorporating collective relationships between the student, university structure and institutional stakeholders (Hanson, 2010; Kelley, Agle, & DeMott, 2005; Kelley & Chang, 2007). In so doing, we believe this work contributes to a more complete understanding of business student ethical decision making within a collective-based ethics system and holds implications for research in business organizations.

2. University intention and student influencers

Various stakeholders, to include members of society, the Association to Advance Collegiate Schools of Business (AACSB) and university educators feel existing efforts to prepare students ethically are not enough, and to some degree, that business schools teach world views

counter to moral motive—where money, power and fame are the ultimate goal (Folse, 1991; Giacalone & Thompson, 2006). Some schools are even accused of fostering higher levels of student narcissism—where decisions are overly focused on ends of self-interest (Bergman, Westerman, & Daly, 2010). Who can blame such critics? Traditional reform practice promotes piecemeal implementation of selectively focused programs—like developing a code of conduct or integrating an ethics component into existing curriculum, or enforcing compliance measures. Individually, the value of some of these programs is questioned (Bowden & Smythe, 2008). Indeed, rather than bastions of ethical enlightenment and development, literature questions whether universities are simply a business and students the consumers (Valey, 2001), thus representing the “values of the market” (Sawyer, Johnson, & Holub, 2009: 10).

We do know a wide range of factors that, taken individually, influence student ethical decision making. They range from national culture (Lin & Ho, 2008), the institution itself (Pascarella & Terenzini, 2005), institution type (Astin & Antonio, 2004; Evans, Trevino, & Weaver, 2006), individual university units (Astin & Antonio, 2004; Blasco, 2009; Bowen, Bessette, & Chan, 2006; McCabe, et al., 2006), faculty and staff role-modeling (Kelley et al., 2005), the academic major (Brown, et al., 2010; Kroncke, Smyth, & Davis, 2009; Smyth & Davis, 2004), peer group contexts (Auer-Rizzi & Berry, 2000; Gentile, 2010), beliefs (Ho, 2009; Wilson, 2008), teaching and training (Bowden & Smythe, 2008), and more. These studies are valuable contributions to learning about various aspects of ethical decision making. Keep in mind, many of these findings were generated within a controlled research setting excluding contextual factors and not designed to “discover” a large set of elements that compose an institutional ethics system.

3. University Efforts Toward Student Moral Development

In the last two decades American universities have responded to pressures to focus on ethical development by adding lectures, integrating content, or creating stand-alone ethic courses for the undergraduate curriculum. However, in a study involving institutions within the AACSB, international-accredited business school curricular efforts fail to meet student needs for the workplace (Nicholson & DeMoss, 2009). Kelley et al. (2005) reinforce concerns that ethics curriculum efforts are actually in decline, citing factors such as finding few faculty qualified to teach ethics content, institutional pressures to streamline curriculum requirements, and superficial stakeholder focus (as cited by Cornelius, Wallace, & Tassabehji, 2007).

The issue of student ethics development is far larger than determining curricular needs and teaching methods. While universities frequently discuss ethics related issues and address clear violations of policy and rules, they often are not purposeful in leveraging their infrastructure to create a comprehensive ethical environment (Kelley et al., 2005). In particular, Kelley and Chang (2007) stress the need for faculty training in ethics development and the necessary resources to adequately prepare students. Also, McCabe et al. (2006) suggest that significant improvement in student behavior rests on institutional efforts which include a larger process of institutional ethical community building. Involving students in university issues develops them ethically—sending a message of institutional commitment, and encourages student participative responsibilities (McCabe, et al., 2006).

4. The Student and the University System

Research shows that the student university experience plays a significant role in moral development (Chickering & Reisser, 1993; Pascarella & Terenzini, 2005). Three keys to this influence process emerge from research. First, student ethical behavior can be raised to a higher level of moral development while attending the university. Students arrive with an alterable level of ethical maturity (Astin & Antonio, 2004; Bowen, et al., 2006). Planned or not, the institution and its members both influence the character and behavior development of students (Blasco, 2009; Dey & Hurtado, 1995/1999; Kelley et al., 2005; Pascarella & Terenzini, 2005; Weidman, 1989/1999). Second, student behavior is influenced by their beliefs and attitudes (Roig & Marks, 2006; Wilson, 2008) and how they see and understand the beliefs and behavior of others. For instance, as role models, university member behavior emits constant ethical sense-making for students (Caldwell, et al., 2005; Hanson, 2010; Hughes, 2009; Kelley et al., 2005). Third, active student ethical development is needed to prepare students for the workplace. Few would argue that students entering employment will face significant ethically-related decisions (Gentile, 2010; Hughes, 2009). Simply put, knowing that student ethical identity is malleable and shaped by the institution and its agents, and that students enter with various cultural attitudes, values, and beliefs, it must be purposefully aligned with social and job related ethics needs. To do this, institutions need to identify and better understand those factors that influence moral development and ethical decision making. This research is meant to take a step in that direction.

5. Research questions

The research question guiding this study is, “How does the university environment influence ethical decision making by business university undergraduates?” Supporting questions include:

1. What factors influence ethical decision making in business university students?
2. How might specific factors influence the student?

As a qualitative study seeking student perceptions, both the term *university environment* and *ethical decision making* are defined by the meaning participants attribute to them. Questions involving “how” favor a discovery-oriented research approach to elaborate a process (Strauss & Corbin, 1990)—in this case, how ethical decision making is influenced.

This work rests on the epistemological stance of constructionism, where meaning is generated through student interaction with other people and institutional elements, emerging collectively, and represented as patterns of cultural behavior (Crotty, 2003). As related to university life, cultural context and interrelationships play a prominent role in student sense making.

6. Research design and methods

In examining the process of ethical decision making by business undergraduates, this research incorporated a grounded theory strategy (Charmaz, 2008; Creswell, 2003; Strauss & Corbin, 1990, 1998, 1997). Grounded theory uses—in this case, those elements students identify as influencing ethical aspects of their decisions, and how those elements relate contextually. Simply put, we want to know what elements in a university setting in-

fluence student decisions and how that influence process works. This strategy (a) is discovery oriented, (b) grounds the resulting theoretic model in participant realities, and (c) directly links corresponding meaning to the future direction of universities in efforts at ethical development and community building within student life.

6.1 Setting, sample, and participants

The research for this study took place at a small private, religiously affiliated university in the southeastern United States. The undergraduate population included 1,570 traditional students, of which 234 were business majors. The initial sampling was purposeful, targeting 20 to 30 participants (Creswell, 2003; Strauss & Corbin, 1990, 1998). Consequently, the resulting theoretical sample consisted of 27 volunteers from two different business courses representing business management majors. There were 19 male and 8 female participants, each signing a statement of informed consent. All participants met two sampling criteria: (a) enrollment as a traditional, full-time business student and (b) classified as either a junior or senior. Reasoning for junior or senior standing was based on the assumption that these students hold more university experiences and institutional knowledge than first- or second-year students. This is important, since qualitative researchers are to pursue sources rich in data, rather than selecting a sample representative of the population at large (Strauss & Corbin, 1990).

6.2 Data collection

Data collection involved interviews, observations, and the investigation of related artifacts (Strauss & Corbin, 1990). The primary author employed written interviews using open-ended, semi-structured questions (Kerlinger & Lee, 2000; Smith & Osborn, 2008). Questions are derived from relevant literature (theoretic sensitivity), and designed to answer the research questions. (The interview instrument is located in the appendix.) Follow-up interviews with 10 of the participants gathered new insights and pursued emerging themes.

Both authors also used observation of institutional activities and the investigation of institutional artifacts associated with participant meaning. Most activities and artifacts were identified from student interviews and later investigated to achieve fuller understanding of student expression. Activities included those of the classroom, chapel, and general campus interaction. Review of artifacts furthered interpretation of the data as well. These included specific policies that students mentioned as holding significance—like the student dress code, and things such as the student handbook and online web pages regarding university values.

6.3 Data Analysis

The primary author conducted the analysis using the grounded theory coding process described by Strauss and Corbin (1990)—open, axial, and selective. Recognized as an overlapping, recursive process, it is a lengthy exercise of comparing

and organizing data into emerging categories and subcategories based upon related properties and dimensions. Known as the constant comparison method, the researcher asked questions of the data throughout the study thereby clarifying categorical and thematic relationships (Strauss & Corbin, 1990). Adhering to this rigorous coding method aids understanding of shared participant commonalities and their interrelatedness. The resultant theoretic abstraction, grounded in participant commonalities, imbues findings with explanatory power (Charmaz, 2008; Parry, 1999, 2003). Indeed, the full force of grounded theory lays in its conceptual generalization.

In this study, we analyzed all 27 interviews by sentence to ensure research thoroughness and data saturation. Open coding identified 353 meaning units, representing a wide avenue of expressions of influence in ethical decision making. Next, we began by sorting meaning units into like-groupings based upon shared properties. We originally composed 16 tentative themes or categories, but after letting data sit for a period of time, rethinking and reviewing original meaning units, we began to resort units and change and combine categories to make more sense of the data. We were in the axial coding phase, “making connections between a category and its subcategories” (Strauss & Corbin, 1990: 97). This phase entailed placing meaning units within a category into subcategories by seeking greater definition of detail among their shared properties. For example, rather than just determining a set of factors belonged to university experiences, we defined these further—like those tied to university service, jobs, and residence experiences. Our result: five detailed categories, each composed of a handful of comprehensive subcategories. Next, we moved into the selective coding phase.

During selective coding the central category surfaced by placing findings into a narrative account (Strauss & Corbin, 1990). At this point, we adjusted and polished categorical relationships among the five categories. To remain grounded in participant perspectives, initial findings were shared with students for feedback and conceptual elaboration. As a result, the member check produced minor adjustments to the model. The authors met multiple times, discussed the work, shared perspectives, raised and answered questions, and reworked the paper over an eight-month period.

6.4 Trustworthiness

Research rigor and triangulation of methods are some of the hallmarks of the grounded theory methodology. We achieved research rigor by adhering to a set of well-accepted methods outlined by Strauss & Corbin (1990). We employed this rigor help guide development of our primary research question, gaining the theoretic sensitivity needed to garner an informed approach to relevant issues, construct the research design, interpret various forms of data, and compose findings that contribute to theory building. We also applied triangulation of data collection means to obtain data robustness (Creswell & Miller, 2000; Strauss & Corbin, 1990). Table 1 consolidates research methods contributing to research trustworthiness.

Stage	Means
Collection	Interviews; observations (physical layout, class activities); artifacts (website, student handbook, policies, and demographic data)
Analysis	Coding notes; member check; procedural rigor
Findings	Peer debriefing; field notes; thick, rich descriptions; theoretical sensitivity

Table 1. Research trustworthiness: methods for all stages of research

7. Findings

The five major categories playing a prominent role in influencing business student ethical decision making within university life are *Internalized Ideals and Beliefs*, *Institutional Influences*, *Influential Stakeholders*, *University Experiences*, and *Academic Context*. Each category represents a set of interrelated subcategories displayed in Table 2. While some of these general themes have already been linked in literature to student ethical decision making, we both validate and elaborate these constructs and show how they relate to the student’s decision making process. Table 2 answers the first supporting research question by providing a holistic pattern of inextricably linked factors that influence ethical decision making.

Student perceptions of influences to ethical decision making exposed the kinds of factors important to them. Emerging from their stories was a dynamic process of reciprocal engagement and reasoning with ethically related properties when faced with a decision. At the core of this process exists evolving internalized ideals and beliefs that work in conjunction with four other categories of influence. A form of co-evolution, this interaction represented a continuing shift in meaning and understanding by those parties involved (Dey & Hurtado, 1995/1999; Weidman, 1989/1999). Figure 1 presents the university environment influence model for undergraduate business student ethical decision making.

Data supporting the second question, “How do specific factors influence the student?” are found in the narrative that follows.

Internalized Ideals & Beliefs	Institutional Influences	Influential Stakeholders	University Life Experiences	Academic Contexts
<i>University based context</i>	Christian environment	Faculty	Service experience	Academic pressures
Values	Religious events	Administrators	University jobs	Group work
Institutional ethics expectations	Formalized instruments	Sport coaches and teams	University residence	
<i>Imported into university life</i>		Friends and peers		
External family considerations				
External job considerations				

Table 2. Factors influencing the ethical decision-making of business students

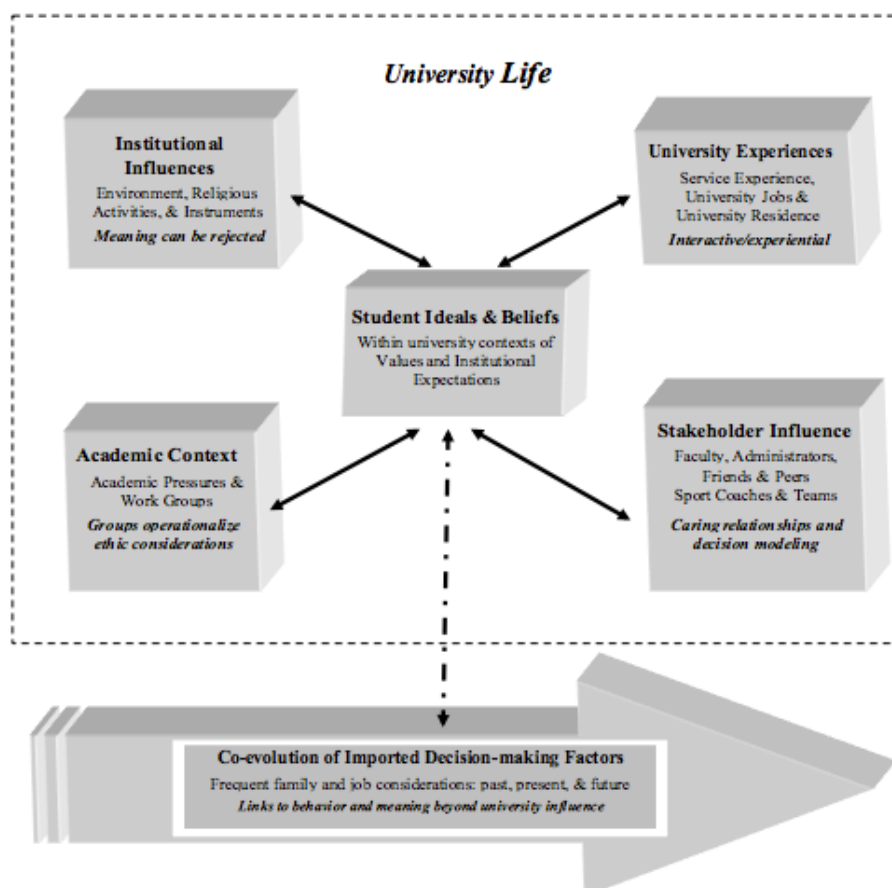


Figure 1. University influence model for ethical decision making by undergraduate business students is an ongoing relationship where both students and influencers change over time.

7.1 Student internalized ideals and beliefs

Student ideals and beliefs are at the core of student decisions and can be broken into two groups. The first group of ideals and beliefs exist and evolve within the university based context and the second grouping involves those imported from external sources during university life. The primary difference, from an institutional perspective, is that the first group might be shaped strongly by university input (structure and content), whereas the external sources, less so. The first group of ideals and beliefs are based upon university experiences. They are about the students themselves and “their” university—who they are as a university student and what they expect from their institution. In many ways this experience is very personal, yet at the same time it involves shared commonalities among fellow students. Meaning cannot be removed from a university context of three to four years of co-evolution with the institution, where they are shaped by the school and the school is shaped by them (Pascarella & Terenzini, 2005; Weidman, 1989/1999).

The second group of ideals and beliefs—those imported into university life, are linked to on-going family and off-campus job considerations. During their university decision making process, students refer to these two sets in terms of reflection on past, present and future consideration. Students say they play an active, evolving role in student meaning making. They are imposed upon campus based meaning without control by university agents.

7.1.1 University-based context ideals and beliefs

7.1.1.1 Student values. Students clearly recognized a select set of values most important to their decision making; these values included *honesty*, *integrity*, and *trust*. Students also implicitly or explicitly expressed why these were important. Dimensionally, many simply cited them as part of their identity—as a part of who they were or an embedded belief. For example, one claimed that, “I value honesty. That influences my decision to be ethical. I expect honesty because I am honest.” Others elaborated how values were important to relationships. One explained that, “[My] decisions consider who it affects, and how it affects me.” A second student stated that “Trust is [a] very important value. I want people to be able to trust me, and me to be able to trust them.” One more explained, “Honesty—people being able to trust you with information, and having that reputation of being trustworthy.”

Students also expressed intrinsic constructs related to the outcome of ethical behavior, such as self-respect, fulfillment, joy, and others. For example, one said she wanted to be ethical because of, “The joy I get from knowing [what] I did was right.” Another insightfully elaborated on life after university, explaining:

I have a pressure of life after my schooling is over with. I want to know and have the satisfaction of knowing I didn't cheat and lie my way through college. My life isn't defined by now, but by the things I want to accomplish later—those pressures of doing well after college.

These and other expressions displayed reasoning that incorporated expressions of values important to ethical decision making, ranging from what was important to them personally, to recognizing values important to their social role—the *morality within relationships*.

7.1.1.2 Institutional ethics expectations. Students also articulated perceptions and concerns of institutional understanding when describing influences to ethical decisions. While students did not establish a direct, causal link to specific ethical or unethical acts, they clearly related their expectation of university

behavior as an influence in their decisions. These perspectives included expectations of university *rule-enforcement*, *fairness*, and *ethical behavior* by both institutional agents and peers. Students attributed feelings of the degree of fairness to instances where violations were either resolved or not resolved, or the way infractions were dispensed (often involving the type or degree of punishment). For example, some felt that the institution did a “bad job discussing and handling dress code.” One said the school should be “tougher.” Another observed that, “Violations of dress code result in little discipline.” When punishment for unethical behavior is meted out, one student summed up the general feeling that, “Everyone should get the same punishment.” Unfortunately, this did not align with what many students believed, one saying “Some students get away with things for being who they are.” In other words, the university should respond *when*, and in *ways* students believed they should. This is important, as Tyler (2005a) points out that when organizational members do not believe institutional leaders make fair decisions, members are more likely to make decisions based on self-interest. Participants held high expectations for their peers. As individuals, they believe the student body did not actively consider ethics in decision making and had problems resolving ethical issues. For example, one student exasperatedly declared that, “I believe the majority of students do not resolve ethical issues well.” She reasoned that, “I think many students do not consider ethics because they are focused on what they want and what will benefit them.”

Expressed dissonance between student expectations and their perceptions indicate a possible need for institutional sense making on the nature of policy, student development, and the fulfillment of university responsibilities. Also, by incorporating their peers in ethical expectations, participants underscored that student-body cultural norms are expected to be congruent with ethical institutional behavior. This aspect was one of the most punctuating aspects of *institutional ethics expectations*. Implications are twofold. First, that leader sense making, which addresses institutional reasoning for policy, should also address the enforcement and variation in punishment, and might bring student mental models into closer congruence. Secondly, engaging students in ethical decision making and resolution of ethics-related issues, as well as raising their moral awareness as a collective, will foster a more ethically centered student body.

7.1.2 Decision-making factors imported into university life

Business university students recognized that they bring fundamental values, experiences, and expectations to university life. While we made no inquiries of family or experiential backgrounds, and repeatedly focused on university-related influencers in ethical decision making, participants inserted references to external influence throughout the interviews. Specifically, students import ideals and beliefs tied to *family considerations* and *job considerations* while attending the university and these influence their ethical decisions. The origin of these internalized ideals and beliefs were clearly expressed as external to university, but imported into university meaning throughout undergraduate life. Participants frequently linked this input to ethical decision making involving ongoing relationships, as well as past and current job experiences, and thoughts about future employment needs. Unlike the other factors in our model, the institution has little ability to shape the impact of such external influence. This realm of influence might be the most challenging for the university to manage.

7.1.2.1 Family considerations. Family considerations included those beliefs and ideals nurtured in the past as well as those

holding current relevance in family and social relationships external to university life. These represented religiously affiliated and other values embedded in upbringing and childhood experience (e.g., respect, kindness, compassion, dignity, and honesty). Often they were regenerated by continued interaction with the family while attending school, or they continued to develop during the university experience. For example, one student highlighted dignity, explaining, "...this developed through my schooling at [the university] as well as my personal life." Another explained that honesty was important to decision making, some of which was based upon "...how I was raised." One student noted that family-based considerations were important to university decisions: "My family influences my decisions because it reflects on them." For many, students were concerned about how their family would be affected by their ethical decision making while attending the university. Continued interaction with family reinforces existing values or shapes evolving values.

7.1.2.2 Job considerations. Job considerations were also important for ethical decision making. Some interviews attributed past and current experiences to developed values and necessities, while others included remarks on future needs such as job references or life-long contacts. Ethical decision making was predominantly influenced by concerns for risks to future opportunities, loss of earning potential, the ability to achieve job-related success, as well as a general concern for their future life experience. Students tied ethics behavior to future relationships, recognizing the danger unethical behavior posed on job references. Interestingly, while one student expressed feelings that impending pressure to seek employment could be helpful, the process of selling oneself to an employer was counter to ethicality.

7.2 Institutional influences

The university system defines and constructs institutional influences. Meaning, essential in decision making, has the potential to be imposed by institutional forces, rather than emerging from a process of actor collaboration; it might be accepted—even welcomed and compatible with student expectation—or rejected as some students did when articulating the rejection of certain rules. In this case, students recognized implicit, informal institutional aspects, as well as the more explicit policies, rules, and rituals. Important institutional influences to student ethical decision making materialized as three distinct subcategories: (a) the Christian environment (institutional expressions and behavior), (b) mandatory religious activities (expressed cultural values), and (c) formalized instruments (rules and policies).

7.2.1 Christian environment

Institutional environment plays a distinct role in student ethical decision-making. By and large, the Christian environment is expected and sought by students in this study. That it is "imposed" is a matter-of-fact for most students, and they hold certain anticipations for requisite institutional behavior. In this study, the university environment was composed of two tightly entangled properties. One property contained student perceptions of university value and behavior congruence, that is, validation that the university represented itself as expected. In this case, participants believe that Christian values were exuded by the university. Students acknowledged elements such as the incorporation of religious affiliation, organizational values and assimilation of employees sharing Christian beliefs. For them, it enabled or strengthened ethical decision making. One explained, "The Christian environment and affiliation shows

me that this university strives for the best." Another student expressed congruence saying, "The standard that every faculty and staff has to be Christian show me that they care about their faith."

A second property emerging from participant realities was cognitive recognition that engagement with environmental elements enabled ethical outcomes. Further, students acknowledged that decision making was directly affected by assorted types of engagement with university elements and personalized individual outcomes. Evidence reveals how this influenced student ethical decision making considerations. One student explained, "The environmental culture makes it easier to not do something unethical." Another clearly recognizes and welcomes this influence saying, "Pressures to go to church and live a Christian life help me."

7.2.2 Religious activities

Many participants noted that university religious activities played an important role in ethical decision making. A chapel exists on university grounds and actively touches the student's ethical life. One revealed, "Chapel is an event that helps me do the right things." Another stated that, "Chapel keeps me on the right track." The university includes many religiously affiliated activities and events, and a number of students cited how they directly affected their values. For example, one student remarked that, "Campus worship and on-campus worship events help me stay fueled for integrity." While mostly accepted, there is evidence that not every facet of institutional expectation was embraced. One participant flatly complained that, "[The university] must not expect everyone to be enthralled with chapel. Not everyone here is a Christian, and they need to stop nagging everyone about conduct in chapel. It promotes rebellious attitudes." Another student objected that, "In my personal case, I am a Catholic. I do not think I have to follow another [denomination]." The common thread that ties these events and activities together are shared Christian values and expressions. While intertwined with the university environment, they by themselves do not represent the entire essence of institutional context, but clearly one strongly associated with other more ambiguous environmental elements.

7.2.3 Formalized instruments

Research participants identified formal instruments, such as the rules and policies of the university, playing an important role in ethical decision making. There was a majority consensus that in some manner these instruments were influential, one saying, "All sources [that influence my decision making] in some way relate to rules—codes, policies, etc." Another student believed that, "Rules from whatever source [influence my decision making]." And a third stressed the overall impact of these instruments, saying "The school's values and codes...set the ethical tone for the whole university." Particular institutional instruments cited as playing a strong role in university life included the institution's dress code, integrity policy, and the student handbook. For example, one student stated the handbook was important in "... making sure I know the rules so I can follow them."

The dimensions of meaning for why some of these instruments are important to students range from self-sustainment to acquiring knowledge to meet university expectations, to utility in the context of academic work, and to a need for enforcement or role-modeling to fulfill job-related roles.

7.3 Influential stakeholders

Stakeholders influential to student ethical decision-making included (a) faculty, (b) administrators, (c) sport coaches and teams, and (d) their friends and peers. While these members were not surprising influencers in the life of the university student, it was the relationships developed outside the classroom that were cited as the most powerful.

7.3.1 Faculty

Faculty in particular played an influential role in participant ethical decision making. One student summarized quite simply, saying, "I ...think the faculty has great influence over its students." Students respected attributes such as faculty knowledge, experience, encouragement, and expectations. This faculty-student relationship was broad in nature—beyond the classroom, involving job-related and other contexts. For example, one participant, when asked what influenced ethical decision making, revealed that "Professors who've been my supervisors with work (there have been two). I respect and value their opinions and outlook on life." Students stressed that while faculty worked to attain a relationship of influence, unethical behavior was a quick way to lose credibility with them. Properties of strong faculty-related influence were attributed to: concern for students, role modeling, raising student moral consciousness, and student accountability.

Faculty gained strong influence, in part, by the perception of concern for students. Common examples included those such as, "Teachers who show they care," or, "Professors and staff show the hard work and care about students; this makes me care about my grades." Another student explained, "Faculty making sure I'm ready for the business world, while making sure I learn the material and keep up with classes." Students also noted the importance of role modeling in this relationship, one saying "Faculty lead by example."

Participants also observed that faculty actively raised student moral consciousness with ethics promotion, development, and the establishment of standards. One student explained "My professors...every day in class, they stress ethical behavior" and another, "The faculty of the College of Business influence my ethical decision making. They set high standards for ethical behavior." Finally, another important element of faculty influence was accountability—holding students to high standards. This was expected; one student stated, "My supervisors and professors are suppose to hold me to a higher standard." Another elaborated, "Professors influence me to make ethical decisions in my school work because they hold me accountable." As a result, one reported, "[Faculty] push me to be the best I can."

7.3.2 Administrators

Some students recognized the important ethical role of administrators in university life—one student contending that, "Administrators set the ethical tone for the whole university." Another stated influence stemmed from administrators because "...staff shows the hard work and care..." Participants also identified acquired influence related to administrators who hold others accountable as well—faculty, students, and other stakeholders.

7.3.3 Sports coaches and teams

University sport coaches and teams are an important source of influence to team members. They serve as role models, sources of personal validation, and sources of recurring relational obligations. These relationships are tied in part, to the athletic department—departmental codes and policies specific to

sports-team members. Students tied to sports teams recognized they represent a distinct class of students, inheriting additional obligations (and consequences) between the department and each other. For instance, looking at role-model relationships, one student noted that, "I follow [the coaches] examples of how they follow rules and treat people." Another student simply stated, "Sports teams are a part of influence. They are who we look up to."

7.3.4 Friends and peers

These two groups were heavily entangled—because participants seem to use them interchangeably, and because descriptions on the kind of influence were so similar that it was impossible to break them apart. Expectedly, participants noted the significance of friends and peers in ethical decision making. One affirmed, "Friends are a big influence [in] decision making. They are the people I am around the most, so they are a big impact." Other students acknowledged a kind of partnership in ethical influence relationships, with one explaining, "My friends influence me, and vice versa." Another remarked, "If I expect more of classmates, then chances are, they expect more of me as well."

Yet, students also recognized that friends could steer them in an unethical direction. For example, one noted, "Friends pressure you the most to do right or sometimes wrong." Another held a different, yet related perspective of peers, commenting, "I often reflect on [peers] so that I don't make the same bad choices." Participant remarks coalesced around dimensional influence outcomes ranging from steering, guiding, correcting, motivating, and developing ethical decisions.

7.4 University life experiences

University life experiences were another major factor cited by students in ethical decision making. Largely influenced through institutional mechanisms, these experiences are "lived" by the students. These experiences included those of (a) service experience, (b) university jobs, and (c) university residence.

7.4.1 Service experiences

Service experiences were represented in multiple ways—tutoring, serving community events, assisting university activities, and daily acts. In many ways this participative context grounds student relationships with others, raising moral consciousness and operationalizing moral consideration. Students describe collaborative outcomes as, "Helping the community with events makes me feel part of the community" and, "By serving others, [the institution] helps us realize how to give to others what you would want to receive in return." A third explained, that for her, "Tutoring allows me to help many students, and help them when no one else can."

7.4.2 University jobs

University related work also possessed high ethical expectations as far as students were concerned. Many cited university jobs as an experience requiring operationalization of ethics in the workplace—from both an employee perspective and leadership perspective. Experiences emanate from a relational context within work. In an employee role tightly linked to a relationship of confidentiality. One student explained, "My on-campus jobs—one has me grading student papers and seeing their grades." Sources of ethics consideration with operational needs in university job role, range across dimensions of influence by the expectations of others, representation as an agent of the organization, belief in caring for others, and seeing themselves as a role model for others.

7.4.3 University residence

University residence emerged as an ethical decision making influencer for a smaller number of students. While some students living on university grounds felt rules governing residences were too strict, it was still considered a tangible asset. One student noted that, "I am not from around here [and] would have no place to go if I got in trouble." Also, others note ethical sway stemming from attachment to fellow residence members, and also being located in a place that reinforced ethical behavior. One student stated, "Residence life...helps me be ethical." Another claimed, that as a role model, it possessed influence since "Residen[ts] from my hall...are watching me and whatever I do, they will follow."

7.5 Academic context

Students found meaning in the university academic context. There was respect for educational opportunity and for class structure as a channel providing the impetus to finish course work and graduate. Also, participants felt they were influenced by various academically related units—such as the Center for Academic Success, the tutoring lab, and the library. In many ways these units served as catalysts for academic achievement. From interviews emerged two major academically-related considerations that influenced ethical decision making: (a) academic pressures and (b) working in groups. Academic pressures seem focused on self, whereas group work fostered student focus on the consideration of others, and emplaced an ethical reflection for student action.

7.5.1 Academic pressures

Academic pressures included striving for general academic success, completing homework/assignments, passing exams, class participation, and attaining grades. Some students referred to pressure of a general nature by saying, "My grades [are] a big pressure to make my decisions" as well as, "Class participation is a big pressure for me to be on top of the class." Others noted pressure as a productive factor. For example, one student stated, "Pressure from assignments and class work is good because I develop stronger work ethic..." Another said, "Completing homework also pushes my need to do the right thing—no cheating." Yet others expressed the pressure to be unethical, represented by the following perspective. "The pressure teachers put on you to complete all your assignments. This can sometimes pressure you into copying others work." Does this imply a curvilinear balance of pressure—from gently encouraging the ethical, to increasing pressure to such a high degree that it encourages the unethical?

7.5.2 Working in groups

Working in groups involved consideration of others in the pursuit of common goals, hence rising student moral consciousness. Team work and interaction created a relational bond between students. For example, one student remarked, "[Working in groups] makes me respect others people's outlooks more." Others explained the way in which this shared relationship created a sense of moral consideration. For example, one said, "Group projects help me realize my role and place in benefiting the whole team." Another explained, "Completing group work pushes me to maintain ethics as well as personal values." Finally one clarified by saying, "Working in class teams is the one that reflects me most because one unethical decision can harm the whole group."

8. Discussion

This study focused on revealing those factors students believed influenced ethical decision making and how this played out within the context of university life. Earlier, we noted influences to student ethical behavior found in literature—some of which seem to appear in our categorical titles (for example, beliefs). How does this seemingly related finding contribute to our discussion and the significance of the research? First, some factors noted in earlier research were not necessarily tied specifically to ethical decision making. Secondly, of those factors that are tied to decision making, ours is more detailed and placed within a model of interrelatedness to each other. These factors are broken into specific subcategories—each unique, as they represent a set of interrelated elements that cannot be broken out as a stand-alone factors. System processes act as wholes, not as single parts. For example, student beliefs influencing ethical decisions are based upon those they bring to the institution, those that flow in from external sources while attending the university (like jobs and other external relationships), and those of the university experience itself—these are *co-joined* and evolve together. Thus, this work contributes to building a more complete theoretic model of the factors that students believe influence their ethical decisions. Grounded theory generalizes findings to theory building—not as inferences representative of a particular population.

At the center of their ethical decisions, students refer to ideals and beliefs—many of which have co-evolved with other institutional elements, and where family and job considerations continue to merge into developmental processes throughout their university life. Through engagement with the environment created by the institution, student interpretation of the congruence between what the university "says" through stated values and policies, and what the university "does" (or does not do) has a direct impact on their ethical decisions, as does the observed behavior of stakeholders, university experiences, and members within an academic context.

This research opens the door to important aspects of business student influencers in ethical decision making. In turn, it offers opportunity for universities to more actively shape student moral identity by leveraging these conceptual elements collectively. For example, Moosmayer (2012) calls for an institutional-wide, purposeful effort to influence student values; he also addresses how other stakeholders fit into this endeavor. This, along with a larger scale plan is important. At the same time, our research counters institutional tendencies to favor moral behavior influence through formal instruments or punitive measures for their violation. Instruments such as policy and rules do play an important role in student sense making, yet reliance on these is simply rule-following and oftentimes considered to be morally limiting (Bird, 1996; Tyler, 2005b). Hence primary reliance on formal instruments poses limits to higher levels of moral development within universities, and risks backlash as detected in this study by student frustrations interpreting rules as too many or too unrealistic. Unwanted backlash can also be fueled by student perceptions of institutional member failure to ethically role model, hold others accountable, or provide time to establish professional relationships with students. We propose university ethics intervention measures move beyond academic integration of moral principles and dilemmas in the classroom (Pascarella & Terenzini, 2005), to one where *all* group activities are viewed as a set of relationships in which moral development is facilitated.

To maximize student moral development, we see three avenues for institutional movement: (a) creation of an institutional strategic plan to develop student ethical identity, (b) incorporation of factors that operationalize ethics development—beyond rules and punishment, and (c) promotion of enablers giving faculty and others moral influence in student development.

First, institutions must have a strategic plan to intentionally develop the internalization of an ethical identity in students, and align ethic factors to gain impact on student ethical decisions. They must move beyond piecemeal efforts not bound to a larger plan. Also, we noted what we believed to be student misunderstandings or lack of understanding of institutional expression (e.g., unfairness in punishment, reason for rules) that might be easily explained given the requisite time and effort by university leaders. This might mean that along with the “larger plan” that leader sense making and support structures could be directed toward student motives and rationalization, possessing important implications for university alignment of ethic influences.

Second, university contexts must engage student moral considerations with others to operationalize ethics—that is to raise development to higher levels. Evidence in this study points to powerful contexts of *working in groups* (i.e., academic or activities) and *holding supervisory roles* (university or external jobs) that help students think about others. Unchallenged to think of others, students focus primarily on their own interests and needs. Evidence within this study displayed many cases of student moral motive in relation to rule violation and consequence to themselves, making ethical reinforcement egocentric (i.e., if I cheat, I may not graduate). It is when students identify interpersonal responsibilities they begin to incorporate the relational function of ethics in a social context and raise their moral consciousness. For example, students recognized the value and importance of trust in groups to long-term outcomes, thereby linking behavior to second-order relational consequences (e.g., role-modeling for others, not letting the group down, etc.).

Third, faculty and friends hold the most influence regarding student ethical decisions. Important to note are student expressions that those institutional members displayed concern, and *enforced accountability*, and were therefore morally influential. This is congruent with recent literature pointing out the consequences of failing to do so (McCabe, et al., 2006). Not only does failing to enforce violations stifle individual ethical behavior, but it pushes the student collective away from aiding reinforcement of ethics instruments and collective cooperation. Another major role for faculty is to frequently reference student to the rights of both making choices and accepting consequences for those choices (Wilson, 2008).

This study offers a grounded theory elaborating dynamic relationships between university-based factors and business student ethical decision making; it contributes conceptual findings to a broader range of study than examining cause-and-effect relationships involving specific student infractions such as cheating or plagiarism. Instead, it places results in a complete context of university life and the influencers shaping ethical decisions.

9. Limitations and future research

The setting of this research was a religiously affiliated university and existing research states that these institutions may have an unfair advantage in moral legitimacy (Evans, et al., 2006). These universities are also believed to possess advantages in character development because they incorporate ethics-based activities that develop student moral awareness (Astin & Antonio,

2004). While that may be true in the sense noted by the authors, we point to an important counter-weight emerging from this study—the heavy reliance on rules. Our research revealed a large number of cases where students acted to comply with rules for reasons of self interest—to avoid punishment and consequences (e.g., loss of job opportunity, residence or diploma). As noted earlier, focus on rule compliance, common in religious institutions, does not equate to an optimal level of ethical decision making (see Kohlberg’s moral development model as cited in Reimer, Paolitto, & Hersh, 1983). We suggest that true ethical identity formation is better based on relationship to, and with, others. (I do something for or with others because I want to rather than because I have to; or I do something because it is the right thing to do because of relational obligation rather than only rule obligation.) This level of moral development requires applying reason to ethical principles in specific contexts which sometimes translates into behavior not guided by rules, or even that which might go against stated policies and rules in order to do the “right thing”. We wonder if these latitudes of behavior are generally not accepted in rule-based institutions. Furthermore, we ask if university members are typically more focused on compliance to rules, rather than ethical decision making and moral development? Further research in this vein is recommended.

In addition, while non-religious institutions may be limited in religious activities and rituals directed toward religious beliefs, this does not preclude integration of spirituality and other cultural activities that reinforce moral awareness and development—particularly in the context of groups. Future research might focus on identifying those spiritual activities, organizational rituals and ceremonies that are fruitful in producing higher levels of moral awareness and development.

10. Implications and conclusions

Seen as a moral enterprise of universities, it is the educator’s challenge to reinforce and develop higher levels of student moral development, and pull students away from tendencies to revert to egocentric perspectives and simple rule following. First is the implication that universities can raise student moral development by engaging students in structured academic, job, service, and social contexts that recognize ethical decisions and consequences. This comprehensive development process includes the identification of related ties whereby all institutional members actively nurture student recognition of relationships and obligations, the way ethics is operationalized in these relationships, and the resulting shared outcomes. For example, in service roles, recognized shared outcomes between student and those served could be structured as a formal activity involving both groups (e.g., ceremonies). Another example might entail group academic assignments related to decisions and consequences. Hughes (2009: 35) underlines the importance of this engagement:

Students will only develop ethical sensitivity, reasoning or practice through opportunities to consider the ethical implications of their own and others’ actions; to apply frameworks and processes to ethical decision-making and to reflect on and evaluate the basis of their own ethical choices in a range of authentic contexts.

Second, universities must integrate and actively involve relevant external agencies in what McCabe et al. (2006) refer to as ethical community building. Community building focuses on relationships among stakeholders in a form of continuous dialog that works through differences and produces common

understanding (Geva, 2000). In conjunction with development of student ethical identities, these communities exhibit neither apathy for others or dogmatic compliance to rules. For example, although we attempted to avoid discussion of beliefs and ethics external to the university experience, in the end we felt forced to integrate family and job considerations because students stressed their role in their ethical decisions; to do otherwise would ignore the important role both parents and job experiences play *during* the university experience. One focus point might include student internships—where business and other organizations also play a role in student development—a potential treasure trove for future research.

Third, the student body should become involved in limited institutional rule making and policy. If much of university efficacy is gained and retained through congruent institutional expression and requisite representation, this implies that ethical community building, done properly, would involve students in building rules, principles, and values congruent with their beliefs. This further implies students are more likely to follow through on, and aid reinforcement of, instruments congruent with their beliefs. Yet, at the same time, these instruments must also be actively supported by other university members, a shortfall already found in literature (Hanson, 2010; Kelley et al., 2005). So too, consideration for these instruments is that they not be used to the extent they supplant student decision making and development. And worst of all, as noted by Bowden and Smythe (2008), they can be actively rejected if viewed as instruments of management control. As business leaders, students will be expected to do more than rule creation and enforcement; they must understand and manage cultural norms and devise unique person-centered programs to minimize unethical activity (Gentile, 2010).

In conclusion, we expect that as the university increases the alignment of its agents and resources to the positive moral development of their students, business and society will receive a higher quality citizen and employee. Moral development necessitates healthy partnerships in a chaotic environment where creativity, entrepreneurial and leadership skills are improved to deal with challenging ethical environments where the mere compliance to rules is not sufficient to do what is right or make ethical decisions.

Acknowledgement

We thank Dottie Weigel, who helped us clarify various aspects of our paper.

References

- Aadland, E. (2010). "In search of values – reporting from eight Norwegian organizations." *Electronic Journal of Business Ethics and Organization Studies*, Vol. 15 No. 2, pp. 22-30.
- Astin, H. S. and Antonio, A. L. (2004). "The impact of college on character development." *New Directions for Institutional Research*, No. 122, pp. 55-64.
- Audi, R. (2009). "Objectivity without egoism: Toward balance in business ethics." *Academy of Management Learning & Education*, Vol. 8 No. 2, pp. 263-274.
- Auer-Rizzi, W. and Berry, M. (2000). "Business vs. cultural frames of reference in group decision making: Interactions among Austrian, Finnish, and Swedish business students." *Journal of Business Communication*, Vol. 37 No. 3, pp. 264-292.
- Bergman, J. Z., Westerman, J. W. and Daly, J. P. (2010). "Narcissism in management education." *Academy of Management Learning & Education*, Vol. 9 No. 12, pp. 119-131.
- Bird, F. (1996). *The Muted Conscience: Moral Silence and the Practice of Ethics in Business*, Quorum Books, Westport.
- Blasco, M. (2009). "Cultural pragmatists? Student perspectives on learning culture at a business school." *Academy of Management Learning & Education*, 8 No. 2, pp. 174-187.
- Bowden, P., and Smythe, V. (2008). "Theories on teaching and training in ethics." *Electronic Journal of Business Ethics and Organization Studies*, Vol. 14 No. 2, pp. 19-26.
- Bowen, C., Bessette, H., and Chan, T. C. (2006). "Including ethics in the study of educational leadership." *Journal of College & Character*, Vol. 7 No. 7, pp. 1-8.
- Brown, T., Sautter, J., Littvay, L., Sautter, A. and Bearnes, B. (2010). "Ethics and personality: Empathy and narcissism as moderators of ethical decision making in business students." *Journal of Education for Business*, Vol. 85 No. 4, pp. 203-208.
- Caldwell, C., Karri, R. and Matula, T. (2005). "Practicing what we teach – Ethical considerations for business schools." *Journal of Academic Ethics*, Vol. 3 No. 1, pp. 1-25.
- Cano, C. R. and Sams, D. (2011). "Advancing cognitive moral development: A field observation of college students." *Journal of Academic and Business Ethics*, Vol. 3, pp. 1-16.
- Charmaz, K. (2008) "Grounded Theory", in Smith, J. A. (Ed.) *Qualitative psychology: A Practical Guide to Research Methods* (2 ed.), Sage, Los Angeles, pp. 81-110.
- Chickering, C. W. and Reisser, L. (1993), *Education and Identity* (2 ed.), Jossey-Bass, San Francisco.
- Cornelius, N., Wallace, J. and Tassabehji, R. (2007). "An analysis of corporate social responsibility, corporate identity, and ethics teaching in business schools." *Journal of Business Ethics*, Vol. 76 No. 1, pp. 117-135.
- Creswell, J. (2003), *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (2 ed.), Sage, Thousand Oaks.
- Creswell, J. and Miller, D. (2000). "Determining validity in qualitative inquiry." *Theory into Practice*, Vol. 39 No. 3, pp. 124-130.
- Crotty, M. (2003), *The Foundations of Social Research*, Sage, Los Angeles.
- Dey, E. L. and Hurtado, S. (1995/1999) "College impact, student impact: A reconsideration of the role of students within American higher education", in Bess, J.L. and Webster, D. S. (Eds.) *Foundations of American Higher Education*, Pearson Custom Publishing, Boston, pp. 81-93.
- Evans, J., Trevino, L. and Weaver, G. (2006). "Who's in the ethics driver's seat? Factors influencing ethics in the MBA curriculum." *Academy of Management Learning & Education*, Vol. 5 No. 3, pp. 278-293.
- Folse, K. A. (1991). "Ethics and the profession: Graduate student training." *Teaching Sociology*, Vol. 19 No. 3, pp. 344-350.
- Gentile, M. C. (2010). "Keeping your colleagues honest." *Harvard Business Review*, Vol. 88 No. 3, pp. 114-117.
- Geva, A. (2000). "Moral decision making in business: A phase-model." *Business Ethics Quarterly*, Vol. 10 No. 4, pp. 773-803.
- Giacalone, R. A. and Thompson, K. R. (2006). "Business ethics and social responsibility education: Shifting the worldview." *Academy of Management Learning & Education*, Vol. 5 No. 3, pp. 266-277.
- Hanson, W. (2010). "Faculty ethics logic of a religiously affiliated university." *International Journal for Educational Integrity*, Vol. 6 No. 1, pp. 29-46.
- Henle, C. A. (2006). "Bad apples or bad barrels? A former CEO discusses the interplay of person and situation with implications for business education." *Academy of Management Learning & Education*, Vol. 5 No. 3, pp. 346-355.
- Ho, Y. (2009). "Associations between the religious beliefs and ethical-reasoning abilities of future accounting professionals." *Social*

- Behavior & Personality: An International Journal, Vol. 37 No. 5, pp. 673-678.
- Hughes, C. (2009). "The assessment of ethics." *International Journal for Educational Integrity*, Vol. 5 No. 2, pp. 29-38.
- Kelley, P., Agle, B. and DeMott, J. (2005). "Mapping our progress: Identifying, categorizing and comparing universities' ethics infrastructures." *Journal of Academic Ethics*, Vol. 3 No. 2, pp. 205-229.
- Kelley, P. and Chang, P. (2007). "A typology of university ethical lapses: Types, levels of seriousness, and originating location." *The Journal of Higher Education*, Vol. 78 No. 4, pp. 402-429.
- Kerlinger, F. and Lee, H. (2000), *Foundations of Behavioral Research* (4 ed.), Wadsworth-Thomson Learning, United States.
- Kroncke, C., Smyth, L. and Davis, J. (2009). "Student perceptions of business ethics: Using cheating as a surrogate for business situations." *Journal of Education for Business*, Vol. 84 No. 4, pp. 229-238.
- Lin, C. Y. and Ho, Y. H. (2008). "An examination of cultural differences in ethical decision making using the multidimensional ethics scale." *Social Behavior & Personality: An International Journal*, Vol. 36 No. 9, pp. 1213-1222.
- McCabe, D. L., Butterfield, K. D. and Trevino, L. K. (2006). "Academic dishonesty in graduate business programs: Prevalence, causes, and proposed action." *Academy of Management Learning & Education*, Vol. 5 No. 3, pp. 294-305.
- Moberg, D. J. (2006). "Best intentions, worst results: Grounding ethics students in the realities of organizational context." *Academy of Management Learning & Education*, Vol. 5 No. 3, pp. 307-316.
- Moosmayer, D. C. (2012). "Model of management academics' intentions to influence values." *Academy of Management Learning & Education*, Vol. 11 No. 2, pp. 155-173.
- Nicholson, C. Y. and DeMoss, M. (2009). "Teaching ethics and social responsibility: An evaluation of undergraduate business education at the discipline level." *Journal of Education for Business*, Vol. 84 No. 4, pp. 213-218.
- Parry, K. (1999). "Enhancing adaptability: leadership strategies to accommodate change in local government settings." *Journal of Organizational Change Management*, Vol. 12 No. 2, pp. 134-156.
- Parry, K. (2003) "How? and Why? Theory emergence and using the grounded theory method to determine levels of analysis", in Dansereau, F. and Yammarino, F.J. (Eds.) *Multi-level Issues in Organizational Behavior and Strategy*, Vol. 2, Elsevier Science/JAI Press, New York, pp. 127-141.
- Pascarella, E. T. and Terenzini, P. T. (2005), *How College Affects Students: A Third Decade of Research* (Vol. 2), John Wiley and Sons, San Francisco.
- Reimer, J., Paolitto, D. P. and Hersh, R. H. (1983), *Promoting Moral Growth: From Piaget to Kohlberg* (2 ed.), Longman, New York.
- Roig, M. and Marks, A. (2006). "Attitudes toward cheating before and after the implementation of a modified honor code: A case study." *Ethics & Behavior*, Vol. 16 No. 2, pp. 163-171.
- Sawyer, K., Johnson, J. and Holub, M. (2009). "Decline in academe." *International Journal for Educational Integrity*, Vol. 5 No. 2, pp. 10-28.
- Sims, R. L. (1993). "The relationship between academic dishonesty and unethical business practices." *Journal of Education for Business*, Vol. 68 No. 4, pp. 207-212.
- Smith, J. A. and Osborn, M. (2008) "Interpretative phenomenological analysis", in Smith, J. A. (Ed.), *Qualitative Psychology: A Practical Guide to Research Methods*, Sage, Los Angeles, pp. 53-80.
- Smyth, L. and Davis, J. (2004). "Perceptions of dishonesty among two-year college students: Academic versus business situations." *Journal of Business Ethics*, Vol. 51, 63-73.
- Strauss, A. and Corbin, J. (1990), *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*, Sage, Newbury Park.
- Strauss, A. and Corbin, J. (1998), *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory* (2 ed.), Sage, Thousand Oaks.
- Strauss, A. and Corbin, J. (Eds.) (1997), *Grounded Theory in Practice*, Sage, Thousand Oaks.
- Tyler, T. (2005a) "Managing conflicts of interest within organizations: Does activating social values change the impact of self-interest on behavior. In D. A. Moore, D. M. Cain, G. Loewenstein and M. H. Bazerman (Eds.) *Conflicts of Interest: Challenges and Solutions in Business, Law, Medicine, and Public Policy*, Cambridge University Press, New York, pp. 13-35.
- Tyler, T. (2005b) "Fairness and effectiveness: How leaders lead", in Ciulla, J., Price, T. and Murphy, S. E. (Eds.) *The Quest For Moral Leaders: Essays on Leadership Ethics*, Edward Elgar, Northampton, pp. 113-130.
- Valey, T. (2001). "Recent changes in higher education and their ethical implications." *Teaching Sociology*, Vol. 29 No. 1, pp. 1-8.
- Weidman, J. (1989/1999) "Undergraduate socialization: A conceptual approach", in Bess, J.L. and Webster, D. S. (Eds.) *Foundations of American Higher Education*, Pearson Custom Publishing, Boston, pp 114-135.
- Wilson, B. A. (2008). "Predicting intended unethical behavior of business students." *Journal of Education for Business*, Vol. 83 No. 4, pp. 187-195.

Appendix

Interview protocol: ethical decision making by business students

1. What are the top three values that influence your ethical decision making as it relates to university life? Where do these values come from (i.e., personal, peer group, university, business college)?
2. What are the top three university-based agencies or groups that influence your ethical decision-making as it relates to university life? Consider why you do the right things on campus—who influences you? Why are they important to you?
3. What are the top-three university-based things (artifacts) that influence your ethical decision making as it relates to university life? How or why does it influence you?
4. What are the top three university-related tasks or events most associated with your need to do the right thing as it relates to university life?
5. What top three campus-related pressures influence your ethical decision making as it relates to university life? Are they pressures that encourage you doing the right thing or do the wrong thing? How? Why?
6. What are your top three concerns regarding doing what is right at your university?
7. What else do you think is important to mention about making everyday student ethical decisions? Why?

Authors

WILLIAM R. HANSON, Ph.D.*

Anderson University, College of Business
316 Boulevard
Anderson, SC 29621 USA

Phone: 864-557-0453, E-mail: whanson@andersonuniversity.edu

William Hanson serves as adjunct professor at Anderson University, teaching undergraduate courses in Leadership Management, and MBA graduate courses in Leadership and Ethics. He is the author of various leadership and ethics related articles, the latest published by the British Journal of Healthcare Management, titled "Complexity and leader competencies in healthcare." Drawing on over 25 years of leadership experience, he has provided leadership consulting services to a wide range of organizations across industries, including military, medical, educational, and agricultural organizations.

JEFFREY R. MOORE, Ph.D.

Anderson University, College of Business
316 Boulevard
Anderson, SC 29621 USA

Phone: 864-784-3849, E-mail: jmoore@andersonuniversity.edu

Jeffrey Moore serves as a full time associate professor of management at Anderson University, teaching human resource management and international business and trade, and MBA graduate courses in executive management and international business. He is an author and conference participant in the 2012 Indian Institute of Science, International Conference on Technology Management in Bangalore, India. His latest publication is by Springer Publications India entitled: "Reducing voluntary turnover through improving employee self-awareness, creating transparent organizational cultures, and increasing career development." His focus internationally is on helping organizations develop healthy, creative and flexible workplaces in the IT and service sectors.

How Should We Interpret Institutional Duty-Claims?

Christoffer S. Lammer-Heindel

Abstract

It is rather natural to suppose that what we mean when we say that an institutional organization has a moral duty is parallel to whatever it is that we mean when we say that an individual has a duty. I challenge this interpretation on the grounds that it assumes that institutional organizations possess those characteristics or abilities requisite for moral agency—an assumption which I argue is highly suspicious. Against such an interpretation, I argue that we have very good reasons to suppose that the term ‘has a duty’ is used equivocally across individual and institutional contexts. In other words, the meaning of an institutional duty-claim is quite different than that of an individual duty-claim, so much so that we ought to recognize that institutional duty-claims are not really duty-claims at all.

Keywords

corporate personhood, moral duties, institutional obligations

1. Introduction

It is rather commonplace to speak about institutional organizations as though they have moral duties and obligations. For example, in the context of an examination of payments made by BP to Gulf Coast residents following the Deep Water Horizon Oil Spill, the United States Congress’s Congressional Research Service explained that in addition to “a legal obligation under the Oil Pollution Act” to issue payments to affected residents, “BP has a moral duty stemming from its responsibility for the spill” (Sherlock, et al., 2010, p. 5). And, writing for the *Financial Times* about the implications of recent changes to the economy, Laurence Fink (2012) has argued, “Companies have a moral responsibility to help both full-time and part-time employees to save enough.”

What, precisely, do we mean when we make such claims? How should we analyze such statements? The natural way to answer these questions is to clarify what we mean when we say that an *individual* has a duty to act in a certain way and to draw a parallel between individual and institutional duty-claims. After all, it is apparent that an *individual* duty-claim such as, “John Doe has a moral duty to compensate the victims of his accident,” and the *institutional* duty-claim, “BP has a moral duty to compensate the victims of its oil spill,” share the same basic form: a subject *S* is said to have a duty to do *a*. Presumably, then, what we mean when we say that an institutional organization has a duty parallels whatever it is that we mean when we say that an individual person has a duty.

This, we might suppose, is a plausible candidate for a “commonsense” interpretation of institutional duty-claims, at least insofar as it appears to be fairly straightforward and unsophisticated. Moreover, it preserves the sense in which the term ‘has a duty’ and its cognates are used univocally, rather than equivocally, across both individual and institutional contexts.

In spite of its initial appeal, I wish to challenge this interpretation by showing that it is, in the end, an interpretation that carries with it some highly sophisticated

theoretical baggage—baggage which I think we ought to leave behind. Against the straightforward interpretation, I will suggest that we have very good reasons to suppose that the term ‘has a duty’ is used equivocally across individual and institutional contexts. More precisely, the meaning of an institutional duty-claim is quite different than that of an individual duty-claim, so much so that we ought to recognize that institutional duty-claims are not really *duty*-claims at all.

2. An Analysis of Individual Duty-Claims

The interpretation of institutional duty-claims which I shall be criticizing supposes that they are strictly parallel to individual duty-claims. Let us, then, briefly examine what we mean when we say of an *individual* that she has a duty.

Etymologically, the term ‘duty’ is associated with the Latin term for debt; thus, what one has a duty to do may be, and often has been, understood to be a function of what one owes to someone, or what is proper given one’s station or position. Duty-claims are thus a kind of normative claim: to say that one has a duty to do some action *a* or pursue some goal *g* is at least to say that one is *justified* in doing *a* or pursuing *g*—i.e., one has a justifying reason to do *a* or pursue *g*.

Of course, when a claim of the form, “*S* has a duty to *a*” is interpreted as expressing the fact that *S* has a justifying reason to *a*, it would not be incoherent or contradictory to go on and admit that *S* also has justifying reasons to abstain from or omit doing *a*. This is owing to the fact that a person can, presumably, have a variety of reasons for acting in a variety of ways, not all of which can in fact be acted upon and some of which may conflict with one another. In his influential book, *The Right and the Good*, W.D. Ross usefully distinguished between what he called “*prima facie duties*” and one’s “*duty sans phrase*.”

I suggest ‘*prima facie duty*’ or ‘*conditional duty*’ as a brief way of referring to the characteristic (quite distinct from that of being a duty proper) which an act has, in virtue of being of a certain kind (e.g. the keeping of a promise), of

being an act which would be a duty proper if it were not at the same time of another kind which is morally significant. Whether an act is a duty proper or actual duty depends on all the morally significant kinds it is an instance of. (2002, pp. 19-20)

Ross goes on to explain that a *prima facie* duty is not itself a duty in the proper sense, “but something related in a special way to duty” (2002, p. 20). The way in which *prima facie* duties are related to duties in the proper sense is that *prima facie* duties are simply reasons for action which figure into deliberation as input, whereas one’s duty proper is whatever is supported by the preponderance of these reasons—i.e., the output of moral deliberation is what we take to be our duty *sans phrase*. Whether a particular *prima facie* duty is also one’s duty proper will depend on whether there are stronger, conflicting reasons to act in some other way; if there are not, then this *prima facie* duty would thereby also be one’s duty proper. Ross is rightly inclined to reserve the term ‘duty’ to denote that which is supported by the preponderance of reason—that course of action which, all things considered, is what one ought to do. Thus, when we say of a person that she has a duty to do something, we ought to take ourselves to mean that she is required or bound to act in that way; more precisely, she is justified in undertaking the action and she lacks sufficient justification for failing to undertake the action. If one is merely justified in doing *a*, but not unjustified in failing to do *a*, then one does not have duty to do *a*. In such a case, *a* would be merely optional, not what is *owed* to another and not what is *proper* given one’s station.

Before moving on, let me make two additional important points. First, when we say, “*S* has a duty to *a*,” we imply that *S* has (at least in principle) *access* to some consideration which would justify *S* doing *a*. If a person cannot access the consideration which counts in favor of her acting, quite obviously she does not have a reason, does not have a duty to act, and hence the allegation that she does would be erroneous, or false. To be sure, a third party may have reasons to suppose that *S*’s doing *a* would be justified. For example, it may be good (in the sense of being productive of value) if *S* did *a*. But if *S* does not have epistemic access to the fact that her doing *a* would be justified in some sense or another, she cannot, strictly speaking, be said to *possess* a justifying reason to *a*. This reveals, at least in part, why we do not think that non-human animals, infants, or individuals with profound mental disabilities have duties or obligations: we are not confident that they have access to reasons which would justify action; they cannot comprehend any reasons they might otherwise be imagined to have for acting in particular ways, or at least we do not take ourselves to be justified in supposing that they do. The point here is that duty-claims are not to be analyzed merely in terms of reasons (justification) available for action, but rather in terms of reasons (justification) which the subject has (or at least epistemically *ought* to have) access to. This preserves the sense in which when we say of a person that she has a duty to do something or another we mean to suggest that she is in some sense required or bound to act in that way; she is bound by reason—that is, she is bound by the reasons which she in fact has or can reasonably be expected to have.

The second point is related to the first by way of implication. It is simply this: there is a significant difference between the claim, “It would be good if *S* did *a*,” and the claim, “*S* has a duty to *a*.” While the latter is a duty-claim, the former is what I shall call a value-claim: it expresses the notion that a certain state of affairs—perhaps the mere doing of *a* on *S*’s part, or perhaps the consequences of *S* doing *a*—would be valuable in some sense. The latter claim is not a claim about the value of a certain state of affairs. It is, rather, a claim about the person *S*—namely,

what *S* has reasons (justification) to do. Significantly, non-moral agents such as toddlers and non-moral entities such as water heaters and cars can be the subjects of a value-claim, so long as there is some relevant sense in which these beings or entities can “do” things. However, only a rational agent can be the proper subject of a duty-claim.

3. Problematizing Institutional Duty-Claims

It follows from the preceding remarks that in order for a thing *S* to be said to truly have duties it must be the sort of thing which can cognitively access whatever justifying reasons there might be in favor of action. *S* must, in other words, have beliefs or relevantly similar psychological states. This is to say that *S* must be what is called an intentional agent (French, 1984); that is, *S* must be a thing which exhibits intentionality or has intentional states. While it is clearly not the case that all intentional agents have access to justifying reasons—squirrels, for example, seem to be intentional agents—necessarily, if one does have access to justifying reasons for action, one is an intentional agent. Of course, in addition to being intentional agents, in addition to having access to justifying reasons for action, moral agents must also be responsive to or capable of acting on the reasons they have. Hence, if a being is in principle or in fact incapable of acting on the reasons it has (or which we suppose it has), it may be an intentional, though not a moral agent.

In light of the aforementioned remarks, my central argument, which takes the form of a dilemma, may be succinctly stated as follows. (1) Either institutional duty-claims have the same meaning and signification as individual duty-claims or they do not. (2) If they do, then either (a) we must assume that institutions, like individuals, possess and are capable of acting upon reasons for action, or (b) if they are not so capable, we must adopt an error-theoretical perspective according to which all attributions of duties to institutions are meaningful but false. (3) If, however, institutional duty-claims do not have the same meaning as individual duty-claims, then we must admit that such claims involve an equivocation on the term “has a duty.” I will argue that (a) is unsupported—i.e., that we are not justified in assuming it to be true. We are thus left with one of two options: we either admit that institutional duty-claims are false, or we admit that they involve an equivocation. I will also argue that we ought to reject (b) and admit that institutional duty-claims involve an equivocation of terms, which is easily avoided by “translating” them into value-claims.

4. The Case for Institutional Moral Agency

In the previous sections I argued that an individual duty-claim ought to be interpreted as expressing the notion that its subject possesses and is capable of acting upon justifying reasons for action. I went on to explain that this implies that the individual is a rational agent, for only rational agents are able to possess and act upon justifying reasons for action. The question to which I now turn is whether we are justified in supposing that *institutions* are agents in the sense required for them to be the subjects of duty-claims.

A significant number of scholars have argued that we are so justified. According to those who defend what is variously known as *corporate* or *institutional moral agency* or *moral personhood*, institutional organizations ought to be viewed as moral agents in their own right (see, e.g., Erskine, 2003; French, Nesteruk, and Risser, 1992; Soares, 2003; Wendt, 1999; Wendt 2004).

Most notably, Peter French (1984) has argued that corporations are “full-fledged members of the moral community,” which have “whatever privileges, rights, and duties as are, in the normal course of affairs, accorded to all members of the moral community” (p. 32).

On this view, corporate bodies such as businesses and states have certain goals and they weigh information, and upon this basis they may be said to form intentions to act. The organizational structures and policies that allow for this kind of supposedly deliberative action render corporations teleological or goal-directed systems whose behavior in the world is not properly characterized as a “spontaneous convergence of individual interests” (Erskine, 2003, pp. 23-24; see also, French, 1983). Unlike crowds or mobs, business corporations and governments, for example, may be said to purposively enact policies and expend resources, much in the way individuals purposively seek to satisfy their desires and goals. Insofar as they are voluntary actors who are responsive to reasons, institutions are said to be moral persons.

At the most basic level, French’s argument for institutional moral agency may be understood as unfolding in two steps. First, he argues that corporations are intentional agents, or beings which can form and then act on the basis of intentions. Second, he argues that anything which is an intentional agent is a moral person. Neither of these claims is obvious, so French spends a great deal of time defending each. I will briefly examine the arguments provided for both.

The argument for the first claim—that corporations are intentional agents—may be understood as resting on the assumption that an entity *S* is an intentional agent if and only if (i) *S* has intentional states such as beliefs and desires, and (ii) *S*’s actions are explicated by reference to these intentional states (French, 1984, pp. 39-40). If we wish to explain why an intentional agent did something, we will presumably appeal to her desires and the beliefs she has about how to satisfy those desires. If we are to believe that corporations or institutions are intentional agents, it must be shown that they have intentional states and that it is by reference to these states that we can explicate the institution’s actions. French’s strategy is to identify certain crucial features of institutions which serve as the functional equivalents of what, in human beings, we refer to as beliefs and desires. These functional equivalents are rather obvious, even if they are ultimately inadequate: whereas we have beliefs, institutions create, manage, store, and access *information*; whereas we have desires or ends which we aim to pursue, institutions have goals which are codified in the form of policies or become operative within corporate culture (French, 1984).

On French’s view, the relevant point is that corporations have “corporate internal decision structures” (CID structures), which do two important things: they organize personnel, defining the relationships that exist between offices or departments, and they articulate what is known as “corporate policy” (French, 1984, pp. 41ff). Part of what this involves is setting the rules which govern the exchange of information, recommendations, orders, etc. between the officers or the personnel of a corporation (French, 1984, pp. 42-3). These rules should be understood as primarily creating role responsibilities and duties; they create *individual* responsibilities and duties only in a derivative sense. While it is true that the chief financial officer in a corporation is responsible for risk management, it will only be true that Jane Doe is responsible for risk management if she occupies the role of chief financial officer; if John Roe instead occupies the office, he will have this responsibility.

To say that a CID structure also articulates corporate policy

is to say that it establishes the “recognition rules” according to which a decision or act is judged to have been done for corporate reasons. For a decision or act of an *individual* to be properly described as the *corporation’s* decision or act, French argues it must accord with what is called “the basic belief of the corporation,” or the corporation’s most basic policy (French, 1984, citing Buzby 1962).

By focusing on CID structures, we are to notice at least two things. First, it is the CID structure which incorporates the individual actions of the members of the corporation in such a way that they may be said to be collectively pursuing corporate goals or engaging in corporate projects. It is because a CID structure of a certain sort is in place that individual persons engage in some of the acts they do (i.e., their “official acts”), and it is only because a particular set of rules is in force that individual actions “count” as official acts (e.g., the raising of hands in a particular context counts as voting). Second, the CID structure allegedly allows us to attribute intentionality to a corporation. Suppose, for example, a sufficient number of relevant individuals (e.g., board members) vote in a certain way; this typically counts as the corporation deciding to do something. Now suppose that such a decision is implemented:

[W]hen the corporate act is consistent with an instantiation or an implementation of established corporate policy, then it is proper to describe it as having been done for corporate reasons, as having been caused by a corporate desire coupled with a corporate belief and so, in other words, as corporate intentional. (French, 1984, p. 44)

What French takes to be importantly relevant to the issue of institutional moral agency is that CID structures give rise to information processing and decision-making procedures which are potentially *distinct* from those which isolated individuals would otherwise engage in, and these in turn result in decisions which are not properly attributable to the involved individuals. His point is that insofar as an institution has an internal decision-making procedure, there is a sense in which *it* deliberates. “When operative and properly activated,” he explains, “[a] CID structure accomplishes a subordination and synthesis of the intentions and acts of various biological persons in a corporate decision” (French, 1984, p. 41). In other words, it *incorporates* their individual actions and intentions, and it does so in such a way that the personal interests or parochial concerns a particular employee or executive might have get “diluted” by the subordination process (French, 1984, p. 44). Indeed, it is not difficult to imagine a situation in which the individual members of an institution who participate in decision-making may, as a group and under the influence of institutional roles and rules, reach a decision that no particular individual finds appealing. In such cases, we may say that the institutional decision diverged from the individuals’ own preferences.

We may summarize the key elements of the aforementioned argument in the following way. In subsequent sections, I will refer to this as the argument for intentional agency. As we will see, criticisms of this argument will focus on the second premise.

(1) An institutional organization is an intentional agent if and only if (i) it has intentional states such as beliefs and desires, and (ii) its actions may be explicated by reference to these intentional states.

(2) (i) Institutional organizations have intentional states (institutional *beliefs* take the form of information; institutional *desires* are codified in the form of policies or the operative goals within corporate culture), and (ii) it is by reference to an institution’s beliefs and desires that we explicate an institution’s actions.

(3) Thus, institutional organizations are intentional agents.

French's argument in favor of the notion that anything which is an intentional agent is a moral person is rather complicated and drawn out—something which perhaps should not be surprising given the fact that the claim is rather unintuitive. I say that it is unintuitive because it is commonly supposed that *not* all agents are moral agents. For example, many people believe that most if not all mammals are agents: dogs, cats, beavers, bears, and horses are regularly thought of as agents, since they seem to be the sorts of things which engage in action. In other words, they are all thought to be things which have intentional states (e.g., desires or volitions) which lead them to behave in at least some of the ways they do. This is a point which has been made by Thomas Donaldson (1982):

Some entities appear to behave intentionally which do not qualify as moral agents. A cat may behave intentionally when it crouches for a mouse. We know that it intends to catch the mouse, but we do not credit it with moral agency... One seemingly needs more than the presence of intentions to deduce moral agency. (p. 22; quoted in French, 1984, p. 165)

French himself claims that even if we admit that cats and other animals act in ways that seem to suggest that they can engage in intentional behavior, they are not “full-blooded intentional actors,” since they do not seem capable or free to select their mode of behavior in light of reasons for action (French, 1984, p. 166). It has not gone unnoticed in the literature that his treatment of this issue is underdeveloped and perhaps deeply erroneous (Wall, 2000). However, the task of clearing up this aspect of his argument need not concern us. What must be noted is simply that he takes the view that a thing is an intentional agent only if it is *very* much like a human being in terms of its ability to engage in deliberative behavior that is backed up by reasons. As he puts it, to say a thing is a person is just to say it is a thing whose behavior is explicable by appeal to “a coherent set of true empirical generalizations,” viz., those of folk psychology (French, 1983, p. 249). Once the particular way in which French is using the term “intentional agent” is understood, his assertion that anything which is an intentional agent is a moral person becomes less problematic, since it amounts to little more than the claim that anything which is very much like a normal (adult) human being is a moral person. The significance of this claim arises when we notice how it figures into his overarching argument: in claiming that corporations are intentional agents, French is presumably suggesting that they not only have intentional states such as beliefs and desires (or the functional equivalent of those states), but that they are capable of or free to select a mode of behavior in light of reasons for action.

5. Evaluation of the Argument for Institutional Moral Agency

French's argument for corporate *moral* personhood has received a great deal of critical scrutiny. Since the argument for moral agency hinges on the soundness of the argument for intentional agency, I will focus only on those criticisms that have called into doubt the second premise of the argument for *intentional agency*. To call the second premise into question is to challenge the claim that we are justified in supposing that institutions meet the necessary conditions for intentional agency. Various commentators have done just this, arguing that we have little to no reason to suppose that corporations or institutions really “desire” anything, or “possess reasons,” or “have an interest” in anything.

Let's consider first the issue of institutional goals. French is of the view that corporations may be said to have reasons for action because “they have interests in doing those things that are likely to result in the realization of their established corporate goals...” (French, 1984, p. 45). Moreover, a corporate or institutional “decision” can only be recognized as a corporate decision (as opposed to the decision of mere individuals) if it comports with what is called the “basic belief of the corporation.” This is a term French found in the work of G.C. Buzby, who argued that the interactions, decisions, and goals of individuals involved in a corporate enterprise give rise to or serve to create a corporate “image” that serves as the basis for making judgments concerning whether a putative corporate policy may be attributed to the corporation itself. Buzby suggests that when a more particular policy does not comport with a corporation's basic policy, “it is no longer the policy of that company” (French, 1984, p. 43; citing Buzby, 1962, pp. 5-12). The point is that when a policy or decision made by individuals within the corporation does not comport with the basic goals of the corporation, that policy or decision is more properly attributable to the individual decision-makers and officers, rather than the corporation itself. This view, of course, assumes that corporations do, in fact, have goals or basic policies that *are* properly attributable to the corporation itself. More generally, it assumes that the corporation has a personality which is not immediately reducible to the personalities of its individual member-constituents.

It is here that we ought to take pause. Although French anticipates that his readers may fall under the spell of an “anthropocentric bias” when they reflect on the claim that corporations have goals and desires, he does little to convince us that we are in an epistemic position to grant that corporations and institutions literally have intentional states of this sort which are not reducible to the goals and interests of involved individuals. Michael Keeley (1981) has stated the difficulty facing French's view rather nicely. We must, he points out, distinguish between the goals people have *for* an organization and the notion that there are goals *of* an organization. The goals *for* an organization are goals or preferences possessed by natural people (we might refer to them as the stakeholders). We need not restrict ourselves to shareholders (owners) or employees when we survey the various goals people have for corporations. As Keeley notes, many people in various different positions in a community often have goals or at least expectations concerning any particular institution or corporation. While owners may view a corporation as having the goal of making a return on their investment, employees may view it as having the goal of providing a stable and livable wage. Consumers, of course, tend to describe the goal of a corporation in terms of the services or goods which it makes available in the marketplace (Keeley, 1981, p. 150). The goals *of* an organization would be those that we claim the organization itself (somehow) possesses. French's view requires that there be goals of an organization—i.e., outcomes intended by the organization itself. Keeley raises the skeptical worry that we have no way of determining what these alleged goals are *except* by reference to the goals actual people have for the organization. We can identify the goals for an organization by surveying the various stakeholders and participants in the organization. But, Keeley argues, “it is not apparent that the... goals of an organization... can be identified by any means” (Keeley, 1981, p. 150). Even if we suppose that the goals of an organization can be found in official documents (e.g., charters, annual reports, etc.), we need only recognize that these documents and statements were crafted by individuals and presumably they describe participants' goals for the organization. Or to put the matter in

slightly different terms, we seem wholly justified in supposing that these documents do express or describe some participants' goals, yet we lack any epistemic reason to suppose they express or describe the corporation's own goals. There appears to be a gap between claims about what individuals want and what a corporation wants, and the present point is that this gap cannot be bridged by amassing further evidence about what individuals want or the goals they have.

Keeley imagines that a defender of institutional agency might insist that we can figure out what the organizational procedures are which govern organization behavior and infer from those the "operative" (but perhaps unarticulated) goals of a corporation or institution. From these, we can then derive organizational intentions. But of course, inferring from behavior what the "rules of the game" are (whether they are articulated or not) does not reveal that the organization itself has intentions, nor does it reveal anything by way of what "the game itself intends" (Keeley, 1981, p. 151).

Edmund Wall (2000) has presented a criticism of a similar form, pertaining to the claim that institutions themselves, rather than individuals, make decisions. In response to this claim, Wall points out that we must distinguish between two importantly different claims: on the one hand, we might say that a group of people may arrive at a joint intention by following an agreed-upon process of deliberation; on the other hand, we might say that there is some entity which is not identical to the group of individuals which employs a process of deliberation. A group of individuals may have a decision-making procedure amongst themselves which, in fact, directs their individual actions so that certain results can be achieved, but that does not imply that there is some entity beyond those individuals which actually makes decisions (Wall, 2000, p. 189).

A similar thing can be said about the alleged "beliefs" of an institution, which are said to take the form of the information which is processed within an organization. Although the members of an organization may process and synthesize information, form beliefs, frame conclusions, etc., we need not suppose that some further entity has done any of those things.

Each of the aforementioned criticisms challenges the notion that we have reasons to suppose that institutions possess the cognitive or intentional states requisite for agency. They are compatible with an even broader objection. In a nutshell, the objection is that we have no epistemic reasons to suppose that institutions are conscious as opposed to non-conscious, and since we necessarily imply that a being is conscious when we claim that it is an intentional agent, we ought to be highly suspicious of the claim that the being in fact has the intentional states it is alleged to have.

It is well-known that we owe our notion of intentionality—that is, the *directedness* or *aboutness* of mental phenomena—to the late-19th and early-20th century German philosopher, Franz Brentano. Brentano (1995) famously claimed that desires, judgments, perceptions, emotions and so forth are mental as opposed to physical states insofar as they are intentional states, or "acts of presentation" (pp. 60-61). Whereas physical states cannot really be *about* anything (except when *taken* to be about other things by conscious beings), mental states standardly *are* directed toward or about things, states of affairs, or properties (simple pain and pleasure are obvious examples of mental states that seem to lack this kind of directedness). Such intentional states are inescapably conscious states; there is no sense in which one state can be about another state (or thing or property) without it being about that other thing (etc.) for someone. Now, as I indicated above, we may suppose that *S*

is an intentional agent if and only if (i) *S* has intentional states such as beliefs and desires, and (ii) *S*'s actions are explicated by reference to these intentional states. It seems to me that the possession of an intentional state on *S*'s part entails in some sense that *S* is conscious: *S* cannot be said to have an intentional state unless *S* is a conscious being. If we are unjustified in supposing that a thing is a conscious being, I take it we are thereby unjustified in supposing that it is an agent. This point accords with common sense; we would reject the possibility that trees, for example, are agents not primarily on the grounds that they do not *do* anything—we regularly talk about what trees do—but rather on the grounds that trees do not have beliefs, desires, or other conscious mental states. While we can speak about the states of a tree bringing about certain outcomes, and in that limited sense make true claims about what trees do, we do not take ourselves to be justified in claiming that their doings are caused or properly backed up by mental states.

With this in mind, I wish to suggest that recognition of the fact that we are not in an epistemic position to ascribe to institutions the sort of consciousness which the agency theorist requires can serve as a check on their claims concerning the possession of intentional states by institutions. In that way this "consciousness objection" serves to undermine the force of the arguments provided in defense of institutional moral agency.

The consciousness objection proceeds by making a claim about institutions which is similar in form to the claim made above about trees. While we can speak about the internal decision-making structures that (at least partially) constitute an institution bringing about or making possible certain outcomes, and thus in this limited sense we can make true claims about what institutions do, we are not justified in claiming that the outcomes of individuals acting within an institutional structure are caused by mental states of the institution itself (rather than the mental states of its participants, stakeholders, or other relevant individuals).

The matter is very different when we consider the individuals themselves. We feel confident and justified in claiming that certain of the things which individuals do are caused by their mental states for at least two reasons. First, and perhaps most intuitively, we rely on a kind of analogical reasoning. Each of us believes that certain of our *own* actions are caused by antecedent mental states. For example, I have typed this English sentence because a moment ago I found myself desiring to provide an example of behavior on my part that is caused by one or more conscious mental states—in this case, a desire, as well as the belief that typing this sentence will cause my readers to recognize the sort of phenomena currently under discussion. When I see other people engaging in behavior which is very similar to my own, I justifiably (though fallibly) conclude that their behavior is also caused by conscious mental states. The second reason we are justified in claiming that certain of the things which individuals do are caused by their mental states is related to the first in an important way. In addition to recognizing an analogy between my own case and the case of another, I also recognize that I have no other viable explanation available to account for the other's behavior. When I read my students' essays, for example, the only viable explanation I have available to account for the fact that they have handed me sheets of paper containing markings that I interpret as English words strung together in sentences and paragraphs is that they had a certain understanding of my expectations concerning what they were to do over the weekend as well as certain desires and beliefs concerning how to meet those expectations. Of course, to say that I lack a viable *alternative* explanation for this behavior is not to preclude me

from admitting that there is some *further* explanation or account to be given concerning the underlying causes or states of affairs that make it the case that my students have the mental states I imagine them to have. I need not import any philosophical preconceptions concerning mental substances, mental properties, or the reducibility or irreducibility of mental states to brain states, or so on. And I need not necessarily deny that any such further account may be true.

Returning to the case of the institutions, we find ourselves lacking either of these two bases for ascribing conscious mental states. While we can and do construct narratives in which we anthropomorphize institutions, we do not find ourselves observing the behavior of institutions in a way that would justify drawing an analogy between our own inner mental life and the possible inner mental life of the institution. What we *do* see are fellow human beings acting. This speaks to the second issue: since the only behaviors we observe when we look to see what an institution is doing are the behaviors of our fellow human beings, we have a ready-at-hand explanation for these institutional goings-on. Namely, we can appeal to the same sorts of psychological explanations which we would use to account for our own behavior. What is to be taken note of is the fact that we are not justified on pain of inexplicability to suppose that institutions themselves have an inner mental life. We can explain institutional goings-on by appeal to facts about individuals and their relations. In the case of these individuals, by contrast, we *are* justified on pain of inexplicability in supposing that they each have an inner mental life. We take it that observations of at least some of their behaviors require attributing to them conscious mental states.

Against this line of argumentation, a defender of the institutional agency theory will argue that the “doings” or “decisions” of a corporation are not always immediately attributable to particular individuals, but rather to the institutional structure which is to be taken as the core or essence of the institution. Hence a robust and fully adequate explanation of corporation “action” does place us in the position of needing to posit that the institution possesses intentional states, else these institutional outcomes would be unexplained. Let us carefully examine how this story is supposed to go to see whether this conclusion is inescapable.

The first task is to explain the sense in which certain doings or decisions are not properly attributable to individuals. As we saw, French correctly supposes that when individuals find themselves within an institutional structure, their personal values, desires, and beliefs can be effectively silenced or rendered inoperative through the incorporating efforts brought about by the policies and rules which govern their official activities. For example, it is not uncommon for academics to accept positions at private colleges which are associated with religious organizations to which the academic herself does not belong. While the individual may not share the values or beliefs which the institution as a whole is expected to promote, it often remains possible for her adequately to fulfill the role of, say, a philosophy or history professor in the institution, and even to contribute in a role-specific way to the promotion of the institution’s religious goals (e.g., by offering certain courses relating to the religious worldview promoted at the institution). Similarly, those who are familiar with Bernard Williams’s (1973) criticisms of utilitarianism will be familiar with his hypothetical situation concerning a chemist, George, who is morally opposed to the use of biological weapons, and yet finds himself presented with the opportunity to take up a position in a weapons manufacturing facility. Williams fully accepts that George could, conceivably,

fulfill the role-specific duties associated with such a position despite his personal commitments (Smart and Williams, 1973, pp. 97-98). Although situations like this may raise interesting problems concerning moral integrity—a point which Williams makes—the following point seems largely beyond doubt: as long as a role is defined by rules that govern behavior and activity, not beliefs or values, then it is largely unimportant which particular beliefs or values an individual occupying the role happens to have. Such an individual can usually be caused to act in ways that she otherwise would not have were she not placed in the institution in precisely that way. If an institution is understood primarily as a set of offices or roles, and the behavior of those who fill these offices or roles is governed in this manner, it is both conceptually and practically possible for individual officers within the institution to make decisions that diverge from the decisions they would have otherwise made.

Let’s carefully note what is being said here. The foregoing considerations simply reveal that it can end up being the case that a group of individuals, standing in the relations made possible by the rules and policies under which they operate, will, individually or in tandem, reach decisions and bring about outcomes that they would not have reached or brought about were it not for the fact that these rules and policies were in place. The defender of institutional agency wishes to suggest that this evidences the fact that some of the decisions and actions of individual corporate actors are thus more properly understood as being caused by the institutional arrangement, rather than the individuals themselves. We need not and should not deny any of this; institutional arrangements clearly *do* play a causal role in influencing individuals’ actions. That having been said, I do not see how an appeal to the joint activity of individuals or their responsiveness to institutional circumstances and demands justifies us in making attributions of even the most rudimentary or lowest forms of consciousness or intentional states to institutions. As long as institutions are populated by conscious, intentional actors, explanations of corporate outcomes are forthcoming which make reference to their beliefs, desires, and so forth.

The agency theorist’s case may, at least on the face of it, be strengthened by considering a thought-experiment. If it can be shown that it is conceivable that an institution could continue to operate without relying on individuals at all, that might seem like persuasive evidence in favor of attributing intentional states to that institution. Patricia Werhane (1985) has offered a fictional scenario that may be put to precisely this end. (Note, however, that this is not the purpose to which Werhane herself puts this fictional account. Like me, she is engaged in criticism of French’s view, and she uses this scenario to conclude that institutions are not free agents.)

One might imagine a corporation that was operated solely by robots and computers. Such an organization, let us call it Robotron, would have a charter and legal status. It would operate like other corporations. It would own property, manufacture products, conduct marketing, correspond with other corporations and with customers, replace obsolete equipment, develop new product lines, write proxy statements, answer SEC inquiries, etc. Robotron would have stockholders and pay out dividends. It could draw up rules for robot-corporate behavior, and could develop corporate goals and a hierarchy. The rules and structure of its electronic decision-making could be such that one might call Robotron an intentional system. (p. 38)

It would clearly be inappropriate to claim that statements concerning the beliefs, desires, and actions of Robotron are reducible to statements concerning the present members of Robotron, and this is due to the simple fact that Robotron has no

members which are individual human beings. Moreover, in this case, like in the cases of other institutions, it would be inappropriate to conclude that the institutions' "doings" or decisions are random. So, does this thought-experiment thereby count as a case in which it would be appropriate to ascribe to the institution itself—to Robotron—conscious mental states? Should we conclude that Robotron has intentional states? I think not. Indeed, I think this thought-experiment may help us see precisely what is at issue in this controversy.

Robotron clearly does things, at least in one sense of that phrase. Things happen in the world as a result of Robotron remaining in operation; goods are produced and released in the market, money is deposited into shareholders' accounts, and so on. The appropriate and clearly justified way of stating what is going on here is that Robotron's organizational structure, the input of resources, and so forth cause certain outputs, and there is clearly a causal relationship between the outputs and Robotron (that is, the organizational structure, the policies, rules, and goals that largely constitute Robotron). Yet notice that this merely establishes that corporate outputs may be given a mechanistic explanation, and such a mechanistic explanation does not imply agency. Here again we find ourselves utterly without grounds upon which to believe that Robotron has conscious mental states, for the mechanistic explanation is a wholly adequate explanation. There is no explanatory gap that must be filled by positing that Robotron has internal mental states.

To head off a possible objection, let me note that none of this should be construed as denying the potential utility of using intentional language to describe and predict institutional outcomes. As a way of defending the notion that institutions are intentional agents it is sometimes argued that the language of collective intentionality has predictive power. It is well known that Daniel Dennett (1989) has advocated adopting an "intentional stance" when we are trying to predict future behavior of a complex system. Dennett explains what is involved in adopting this stance:

first you decide to treat the object whose behavior is to be predicted as a rational agent; then you figure out what beliefs that agent ought to have, given its place in the world and its purpose. Then you figure out what desires it ought to have, on the same considerations, and finally you predict that this rational agent will act to further its goals in the light of its beliefs. A little practical reasoning from the chosen set of beliefs and desires will in most instances yield a decision about what the agent ought to do; that is what you predict the agent will do. (p. 17)

Dennett is careful to note that it is not the case that all systems whose behavior is susceptible to being cast in intentional language in fact have intentional states. However, it has become somewhat popular for defenders of institutional intentional agency to rely on the predictive power of the intentional stance when making their case. Deborah Tollefsen (2002), for example, uses this "interpretationalist" approach to defend the notion that corporations are "true believers." But such an approach takes too narrow of a view. What is at stake in the debate over intentional agency is not whether it is sometimes or even oftentimes useful to describe institutional behavior using the language of intentionality. It is, rather, whether we are ultimately justified in supposing that the attributions of intentional states ought to be construed literally. The availability of mechanistic or quasi-mechanistic explanations speaks strongly against us being so justified. When we contemplate the doings of institutional organizations and when we contemplate the doings of our fellow human beings we do not find ourselves in precisely the same epistemic position. In the case of the former,

we are not justified on pain of inexplicability in supposing that they have an inner mental life.

Let us now return to the "straightforward" interpretation of institutional duty-claims according to which they have the same meaning and signification as individual duty-claims. If my argument is sound, we must notice that this interpretation requires that we affirm precisely the view which I have just rejected: in order for attributions of duty-claims to turn out to be (literally) true, it must be the case that institutions have mental lives. The aforementioned objections to the argument for intentional agency constitute the basis upon which we can formulate a *reductio* argument against this view. This forces us into the position of having to adopt one of two alternative interpretations. The first is what I referred to at the outset as the error-theory: we could *admit* that the "straightforward" interpretation captures the *meaning* of institutional duty-claims, but given the implausibility of the argument for intentional, we could *also* admit that all such institutional duty-claims will turn out to be (literally) false. The second option is to entertain the possibility that when we say that institutions have duties we *do not* mean anything so implausible; putative institutional duty-claims are sometimes true and yet they do not have the same meaning and signification as individual duty-claims. This second alternative strikes me as the more appropriate of the two. I will thus conclude by briefly sketching an interpretative framework of this sort.

6. An Alternative Interpretation

Whereas the analysis of institutional duty-claims which I have been criticizing only *seemed* straightforward and commonsensical, the alternative that I wish to propose is *genuinely* straightforward and commonsensical. It is simply this: when someone says of an institutional organization that it has a duty to do *a* or bring about *g*, they simply mean that a possible organizational structure which will result in *a* being performed or *g* being pursued would be *good*; that is, it would be productive of value. For example, when one says that BP has a duty to compensate the victims of the Gulf Oil Spill, this may be interpreted as expressing the claim that BP being organized in a way that would allow for this outcome to be achieved would be valuable or is desirable for moral reasons.

Of course, such a claim typically carries with it the implicit suggestion that not only would it be good, but that it thereby ought to be brought about. To continue with the example, when it is said that BP has a duty to compensate victims of the oil spill, we should understand ourselves to be saying that *we* (or some other relevant party or parties) ought to make it the case that BP carries out such an action or pursues such a goal. When a putative institutional duty-claim is used in this way it is not really about the duties of the institution (for, as we have seen, we lack good reasons for supposing that institutions are the sorts of things that can have duties); rather, it is a claim about the kinds of institutional structures that we (or other relevant parties) are morally justified in putting into place. In other words, the statement, although it appears to be about the institution's reasons for action, is actually better understood to express a value-claim—that is, a claim about the utility or value of modifying the institutional structure—which serves as a basis for a claim about the reasons people, working either individually or in tandem, have for acting. Such assertions express the reasons we have for crafting institutional policies and conferring upon individuals who occupy offices within our institutions new and perhaps hitherto unusual duties, obligations,

and rights. The plausibility of this interpretive framework rests upon the recognition that it captures everything which we want and need to say when we engage in ethical discourse concerning institutional organizations.

References

- Brentano, F.C. (1995), *Psychology from an Empirical Standpoint*, Routledge, New York.
- Buzby, G.C. (1962). "Policies—A Guide to What A Company Stands For." *Management Record*, Vol. 24, pp. 5–12.
- Dennett, D.C. (1989), *The Intentional Stance*, MIT Press, Cambridge.
- Donaldson, T. (1982), *Corporations and Morality*, Prentice-Hall, Englewood Cliffs.
- Erskine, T. (2003) "Assigning Responsibilities to Institutional Moral Agents: The Case of States and "Quasi-States", in Erskine, T. (Ed.) *Can Institutions Have Responsibilities? Collective Moral Agency and International Relations*, Palgrave Macmillan, New York, pp. 19–40.
- Fink, L. (2012). "Companies Have a Moral Duty to Help Workers Save." *Financial Times*, 28 Feb. Available <http://www.ft.com/intl/cms/s/29de9e58-61fd-11e1-807f-00144feabdc0,Authorised=false.html>.
- French, P.A. (1983). "Kinds and Persons." *Philosophy and Phenomenological Research*, Vol. 44, pp. 241–254.
- French, P.A. (1984), *Collective and Corporate Responsibility*, Columbia University Press, New York.
- French, P.A. (1995), *Corporate Ethics*, Harcourt Brace, Fort Worth.
- French, P.A., Nesteruk, J., Risser, D.T. (1992), *Corporations in the Moral Community*, Harcourt Brace Javanovich College Publishers, Fort Worth.
- Keeley, M. (1981). "Organizations as Non-Persons." *Journal of Value Inquiry*, Vol. 15, pp. 149-155.
- Ross, W.D. (2002), *The Right and the Good*, Oxford University Press, Oxford.
- Sherlock, M.F., Lunder, E.K., Liu, E.C., and Klein, H.S. (2010). "Tax Issues and the Gulf of Mexico Oil Spill: Legal Analysis of Payments and Tax Relief Policy Options." Congressional Research Service. Available <http://www.fas.org/sgp/crs/misc/R41323.pdf>.
- Smart, J.J.C., Williams, B.A.O (1973), *Utilitarianism. For and Against*, Cambridge University Press. Cambridge.
- Soares, C. (2003). "Corporate Versus Individual Moral Responsibility." *Journal of Business Ethics*, Vol. 46, pp. 143-150.
- Tollefsen, D. (2002). "Organizations as True Believers." *Journal of Social Philosophy*, Vol. 33, pp. 395–410.
- Wall, E. (2000). "The Problem of Group Agency." *Philosophical Forum*, Vol. 31, pp. 187–197.
- Wendt, A. (1999), *Social Theory of International Politics*, Cambridge University Press, Cambridge.
- Wendt, A. (2004). "The State as Person in International Theory." *Review of International Studies*, Vol. 30, pp. 289–316.
- Werhane, P.H. (1985), *Persons, Rights, and Corporations*. Prentice-Hall, Englewood Cliffs.

Author

Dr. Christoffer S. Lammer-Heindel, Instructor of Philosophy, Loras College, 1450 Alta Vista Street, Dubuque, Iowa 52001, USA. E-mail: christoffer.lammer-heindel@loras.edu. Dr. Lammer-Heindel received his PhD in Philosophy from the University of Iowa in 2012. His primary research interests center on matters of ethics and social-political philosophy. He has taught a variety of applied ethics courses, and he is currently teaching critical reasoning and contemporary philosophy.

Book Review: Ethics and the Business of Biomedicine

BOOK REVIEW

Christian T. K.-H. Stadtländer

Ethics and the Business of
Biomedicine

Denis G. Arnold (Ed.)

(Cambridge University Press,
Cambridge, United Kingdom; 2009;
ISBN 978-0-521-74822-3) U.S.
\$32.00 (Softcover)

Keywords

Ethics, Professionalism, Biomedicine,
Business, Health Care, Organizations

Ethics and the Business of Biomedicine is a collection of essays about various ethical issues that have been observed in contemporary biomedicine. Most of us have an understanding about what ethics means, but we often find it difficult to provide a clear definition. A complicating factor is that societies change over time and so does our ethical consciousness. A brief review of definitions for the term *ethics* indicates these changes, and Arnold's book provides a specific example for changes in our understanding of ethics in biomedicine. Pickett et al. (2000, p. 611) define the term *ethics* as follows: "The rules or standards governing the conduct of a person or the members of a profession: [e.g.,] *medical ethics*." *Ethical* then means "Being in accordance with the accepted principles of right and wrong that govern the conduct of a profession." Pojman (2006, p. 2), starts out by defining *morality* as a term which refers to "certain customs, precepts, and practices of people and cultures." He uses the term *ethics* to refer to the whole domain of morality and moral philosophy, whereas the latter term relates to the philosophical or theoretical reflection on morality. In moral philosophy, he writes, we attempt to analyze concepts and terms such as *right* and *wrong*, *permissible*, *ought to be*, *good*, and *evil*. In other words, we seek to establish principles of "right behavior" that may serve as action guides for individuals and groups. Goodpaster and Matthews (1989, p. 156) go further by discussing ethics in relation to corporations. They believe that an organization as an entity "can and should have a conscience," and that corporations "should be no more and no less morally responsible than ordinary persons" for their conduct. Finally, Schicktanz, Schweda, and Wynne (2012, p. 129) emphasize that the term *ethics* extends to "a whole field of social roles and practical functions" whereby "Its aim is seen in the optimization of decision making processes on different political levels and in various areas of professional practice." All these definitions indicate that the term *ethics* is used today in a much broader sense than originally thought. However, what remained the same over the years is the fact that ethics is about beliefs and practices.

In the biomedical field, terms such as *medical ethics* and *bioethics* are used, often interchangeably, in relation to various issues, including the doctor-patient relationship, conduct of biomedical research, and application of new technologies, to name only a few. Arnold's book *Ethics and the Business of Biomedicine* combines viewpoints from scholars of biomedical and business ethics to discuss topics in health care. Thus, I would define this form of ethics as *health care ethics*. Arnold and contributors discuss issues such as changes in professionalism in a time when health care delivery has shifted from a service orientation to a market-driven, profit seeking, and industry-dominated enterprise. The authors analyze, for example, the current crisis in professionalism in regard to health care, the effects of business-friendly public policies on health care delivery, and the impact of costs and profits on just health care. Furthermore, they analyze the influence of industry on ethics practices in a global environment by interpreting the behavior of pharmaceutical corporations in developing countries. The scholars not only engage in a captivating discussion of these rather sensitive issues, but they also provide normative guidance regarding the ethical delivery of health care.

The book contains an introduction and eleven chapters. The text is supplemented by a few black-and-white figures (e.g., stakeholder maps for health care organizations and a model of organization ethics), as well as a comprehensive bibliography and an index I found functional for key word searches. The introduction describes the framework for the discussions: (1) Justice and markets in health care; (2) patients, profits, and pharmaceuticals; and (3) organizational ethics and medical professionalism. It is mentioned in the introduction that these issues are at the center of current public debates, which makes this book an important and timely publication.

In Chapter 1, titled "Medicine and the market," Daniel Callahan wrote: "To enter the jungle of medicine and the market is not only to encounter many choking vines and dense undergrowth, but also to move through a climate alternatively marked by cool, technical winds and hot,

ideological cyclones." He asked what the role of self-interest is in communities, particularly in the health care community. He analyzes the tensions between the traditional altruistic values of medicine and the self-interest of market thinking. Callahan discusses three forms of health care in developed countries: (1) The American System, (2) the European System, and (3) the Canadian System. He points out that the latter two are more similar to each other in that they have a commitment to universal and equitable care and are based on collectivistic values (i.e., solidarity). Callahan does not doubt that the market promotes prosperity while fostering independence and entrepreneurship, but he also sees its importance in strengthening democracy. He cautions, however, that we should not conclude that because the market in general is a beneficial force for societal good, the market is also qualified to organize and run health care systems. In the following chapter, Norman Daniels points out that the for-profit business of biomedicine not only produces drugs and medical devices, but it is also involved with the financing and delivery of most medical services. He analyzes the implications of this involvement in light of the theory of justice for health. Daniels states: "As long as a system can meet the objectives of justice rather than frustrate them, then the theory is open to variations in its organization and financing. If, however, specific business-friendly proposals undercut achievement of those goals, then those proposals must be seen as unjust."

The third chapter is about patents. Paul T. Menzel discusses whether or not patents are an efficient and internationally fair way for funding research and developing new medicine (i.e., R&D). He provides basic moral arguments for the support of intellectual property rights and discusses ideas about reforming patents. He looks, for example, at an approach called "R&D-Plus," in which the patent system is replaced with international financing through a global fund. Tom L. Beauchamp makes the following statement in Chapter 4: "The industry as a whole stands accused of a sea of injustices and corruptions, including aggressive and deceptive marketing schemes, exploitative uses of research subjects, a corrupting influence on universities, a shameful use of lobbying, suppression of vital data, bias and amateurism in the presentation of data, conflicts of interest that bias research investigators, and corruption of the clinical judgment of medical students and practicing physicians." His discussion focuses primarily on the exploitative uses of research subjects; more precisely, on the recruitment, enrollment, and unfair payment of vulnerable human subjects in clinical research, in particular those who are economically disadvantaged.

Chapter 5 deals with marketing practices of the pharmaceutical industry and how certain aspects of marketing can threaten health care. Jason E. Hubbard evaluates the accusations that pharmaceutical companies are engaging in manipulative, deceptive, and exploitative practices in order to increase their profits. He analyzes the controversial practice of direct-to-physician (DTP) marketing, which is also known as "detailing." This type of marketing includes (1) advertising in medical journals, (2) handing out small gifts (e.g., calculators, camera bags, and stationary, as well as purchasing meals, etc.) to physicians and office staff, (3) offering all-expenses-paid trips to continuing medical education conferences, and (4) paying physicians to serve as consultants for drug companies, advisory board members, or public speakers, thus essentially using them as so-called "thought-" or "opinion-leaders." In Chapter 6, the editor, Denis G. Arnold, continues the discussion of marketing by looking at the ethics of direct-to-consumer (DTC) pharmaceutical advertising. He evaluates the role of prescription drug advertising, for example, through television commercials and points out that

critics of this type of advertising believe this practice undermines the relationship between physicians and patients, and drives up the cost of prescription drugs. On the other hand, drug companies argue that DTC advertisement empowers consumers, does not impact prescription drug prices, and thus consider it beneficial for both patients and the pharmaceutical industry. In the seventh chapter, Carl Elliott points to the fact that over the past several years various enterprises in bioethics have become financially linked to pharmaceutical and biotechnology industries. He discusses the role of bioethicists as advisors and consultants to industry companies, the practice of bioethics centers to seek operating support and grant funding from industry, and even ethical oversight of biomedical research. In other words, he discusses whether or not pharmaceutical and biotechnology industry ties represent a conflict of interest for bioethicists.

"Two cheers for the pharmaceutical industry" is the title of Chapter 8. Richard T. De George looks at the various contributions of the pharmaceutical industry, such as developing life-saving, life-prolonging, and life-enhancing drugs (e.g., antibiotics, antihypertensive drugs, diuretics, beta-blockers, ACE inhibitors, and others). The author points out that life expectancy at birth in the United States has increased from 68.2 in 1950 to 77.7 in 2005, and that the industry not only helped increase the longevity of life but also found cures for many diseases. He argues that industry has a significant impact on reducing health care costs by shortening the time of hospital stays and by finding treatments for many illnesses that previously required hospitalization. Furthermore, industry helped decrease the number of days missed by employees.

In the ninth chapter, Mary Rorty, Patricia Werhane, and Ann Mills provide an interesting discussion about the "three faces of medicine:" *Medicine as an art; medicine as a science; and medicine as a business* (the latter rhetoric was most recently added to our image of medicine). They discuss various changes that took place over the past decades, including (1) the move of medicine into organizations, (2) the changes in the mechanisms of reimbursement for care, and (3) the strengthening of the interactions between business, medical research, and patient care. The authors believe that these changes do not necessarily mean the end of medical professionalism as outlined in the Hippocratic Oath, nor does it mean the abandonment of research and patient care to commercialism. The authors discuss how medicine is addressing these changes and recommend a re-examination of the traditional ethics of medicine in light of the contemporary challenges. They suggest a systems-based approach for the reconciliation of potentially conflicting values and the introduction of organization ethics programs. In Chapter 10, George Khushf adds to this discussion by analyzing the theoretical foundations for organizational ethics. He describes various specific "radical" changes that are happening to health care, including (1) deskilling (i.e., services once performed by specialists are now being performed by generalists), (2) the hiring of health services researchers by hospitals to provide profiling and develop guidelines and clinical pathways, (3) the introduction of so-called "case managers" who in some contexts replace physicians as coordinators of care, and (4) the fact that institutions are emerging as active agents of health care, whereby administrators play a role in configuring clinical practice. He asked how we can make sense of all these changes and discusses possible responses.

The final chapter (Chapter 11) is titled "A crisis in medical professionalism: time for Flexner II." Daniel Wikler introduces the reader to Abraham Flexner's "Medical Education in the United States and Canada." This report was published in 1910

for the Carnegie Foundation for the Advancement of Teaching and is widely credited with giving medicine in America and Canada its good name. He points out that the report led to the transformation of medicine by linking the profession to university science. He believes that “weak science” is not the problem in America today; it is the integrity of modern American medicine – the epidemic of conflict of interest that corrupts the medical mission and the profession’s ideals. The author suggests that we revisit Flexner’s report and update it. He believes that convening a “Flexner II” commission can help assess the magnitude of the current threats to medical professionalism and that the commission can also recommend any needed reforms.

In my opinion, Arnold’s book provides the reader with an excellent, in-depth analysis of a broad array of topics that fall into the category of health care ethics. The presentation of these topics shows how complex and interactive biomedicine and the delivery of health care are today. It becomes clear that modern health care is much broader than medicine as many more players are involved. Furthermore, this book reveals that the discussion about ethical issues in this field is still in its infancy and needs to be expanded in the future in order to provide adequate responses to the many challenges.

In conclusion, I believe *Ethics and the Business of Biomedicine* will not only be of interest to those individuals involved in the creation and delivery of health care but also to those who receive the care. In my opinion, this book should become a “must read” for all professionals who are directly or indirectly involved in biomedical research and the delivery of health care. These include, for example, physicians, nurses, scientists, health care administrators, business leaders (in particular in the pharmaceutical and biotechnology industries), and health care policy makers. This book is also an excellent text for students who study ethics and are interested in examining the roles and interactions of various stakeholders in complex systems, using the health care system as an example.

References

- Goodpaster, K.E. and Matthews, J.B., Jr. (1989), “Can a Corporation Have a Conscience?”, in Andrews, K.R. (Ed.), *Ethics in Practice: Managing the Moral Corporation*, Harvard Business School Press, Boston, MA, pp. 155-167.
- Pickett, J.P., et al. (2000), *American Heritage Dictionary of the English Language* (4th ed.), Houghton Mifflin, Boston, MA.
- Pojman, L.P. (2006), *Ethics: Discovering Right and Wrong* (5th ed.), Thomson/Wadsworth, Belmont, CA.
- Schicktanz, S., Schweda, M., and Wynne, B. (2012), “The Ethics of ‘Public Understanding of Ethics’ – Why and How Bioethics Expertise Should Include Public and Patients’ Voices”, *Medicine, Health Care and Philosophy*, Vol. 15, pp. 129-139.

Author

Christian T. K.-H. Stadtländer

Ph.D.
3828 Fairway Terrace
St. Paul
Minnesota, 55125-5021
U.S.A.
Email: ctkstadtlander@msn.com

Christian Stadtländer received his M.S. and Ph.D. from the University of Hanover, Germany, his M.P.H. from the University of Alabama at Birmingham, U.S.A., and his M.B.A., M.I.M., and M.A. from the University of St. Thomas, Minneapolis-St. Paul, Minnesota, U.S.A. His current research interests include ethics and leadership, strategic management, and organizational behavior.