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ETHICAL DILEMMAS IN MANAGEMENT: THE ROLE OF STAKEHOLDERS IN THE PROCESS OF ETHICAL DECISION-MAKING

Anne Sachet-Milliat
Professor in Management and Business Ethics
ISC Paris

Overview: The objective of our research is to explore the influence of organization stakeholders on the decision-making process when faced with management related ethical dilemmas. Our research aims to produce a better understanding of the role played by stakeholders, based on works related to the ethical decision-making process and the stakeholders approach, within the framework of the dilemma itself, but also according to the way it is to be solved. The methodology is based on the thematic analysis of cases of ethical dilemmas in management encountered by MBA students during their professional experience. The results of these studies allow us to propose a typology of the roles played by stakeholders in ethical dilemmas.

Keywords: Ethical Dilemma, Ethical Decision-Making Process, Stakeholders, Management, HRM, Narrative Method.

Introduction

The process of ethical decision-making has given rise to numerous publications over the last three decades, particularly in English-language journals specializing in business ethics such as the *Journal of Business Ethics* and *Business Ethics Quarterly*.

Surprisingly, these rarely include studies dealing specifically with the dilemmas encountered by executives in the areas of Management and HRM (Wooten 2001), as compared with the abundant published research on ethical behavior in marketing.

Nevertheless, the exercise of the various management functions, especially in the HRM area, raises a number of ethical questions, which may concern the proper treatment of workers and their rights, equity and organizational justice, or a consideration of the employees' expectations as stakeholders, from the standpoint of the Corporate Social Responsibility¹.

Ethical dilemmas may be defined as situations in which individuals find themselves morally constrained to perform several incompatible actions. Individuals confronted with a dilemma experience conflicts between values and/or principles, which generate obligations which appear to be antinomic (Sinnott-Amstrong 1988). Initially, the general objective of our exploratory research was to adopt the same lines as descriptive works in business ethics and study the organizational and cognitive aspects of ethical decision-making when faced with ethical dilemmas in management, through the analysis of the whole decision-making process. In order to do so, we had asked MBA students specialized in HRM and SD if they could recount one experience of an ethical dilemma encountered within their professional framework. During our investigation, our research objective progressively focused on the role and influence of the organization stakeholders within the framework of the dilemma itself, but also according to the way it was to be solved.

According to Dion and Fortier (2011, p.108), "*the stakeholders approach has become a theoretical and empirical development engine of business ethics*". Freeman's definition (1984, p.46) of a stakeholder as "*any group or individual that may affect or be affected by the execution of an organization's objectives*" has become authoritative in many works dealing with the Corporate Social Responsibility. According to Dion and Fortier, the different definitions listed in literature may be classified within two

¹ Cf. Wooten (2001), Dion and Fortin (2011) for a literature review on the ethical stakes of Human Resource Management

categories (*op. cit.*): those emphasizing business responsibility with respect to certain stakeholders and those focused on the influence of stakeholders on the organization.

In the same logic, works dealing with the link between ethical decision-making process and stakeholders focus on the impact of the decisions made on these stakeholders or on the improvement of the ethical decision-making process through stakeholder management (Colle 2005). To our knowledge, no work has been written that incorporates the specific influence of stakeholders in ethical dilemmas.

The double perspective underlined by Dion and Fortier will be adopted by focusing on the influence of stakeholders on the situational variables of the dilemma and the decision-making process, but also on the impact the resolution of the dilemma may have on certain stakeholders. This interrelation will be analyzed by highlighting the different roles played by the stakeholders in ethical decision-making. Such an approach is in line with Carroll's conception (1993) that defines stakeholders as "*individuals or groups with which the business interacts and therefore from which an issue or an interest of the business is at stake*" (cited by Dion and Fortier p. 109).

The first part of this research will deal with a perspective of the main explanatory situational and cognitive variables of the ethical decision-making process using the stakeholders approach. The second part will present the methodology and the results arising from the thematic analysis of cases of ethical dilemmas in management. Finally, the relevance of the recognition of stakeholders as an influential factor on ethical decision-making will be discussed.

1. The determining factors of the ethical decision-making process

Since the mid-eighties the field of descriptive ethics, the object of which is to explain and predict individual behavior, has developed greatly thanks to the emergence of theoretical models of ethical decision-making.

This field of research experienced a genuine craze, with for the 1996 to 2003 period alone, 174 papers listed in management academic journals by the O'Fallon and Butterfield literature review (2005) on ethical decision-making models.²

These models are inspired by moral philosophy and psychology and generally rely on the analysis framework provided by Rest (1986), who identified four steps in the decision-making process: moral awareness is the recognition of the moral nature of an issue, moral judgment leads to the decision of which kind of action is morally acceptable, moral intent leads to the prioritization of moral values compared to others and moral action corresponds to the execution of the moral intent³. The works give priority to one of the steps and rarely attempt to study the four of them simultaneously (O'Fallon and Butterfield, *op. cit.*).

The main explanatory variables highlighted in these works will be addressed in this study without engaging in any comprehensive and tedious review of the literature. The cognitive aspect of the ethical decision-making process will be further addressed by focusing on the moral reasoning framework of managers and on their value system, these two aspects being useful at a later time in order to interpret student accounts.

Research on business ethics has highlighted the fact that ethical decision-making results from the interaction of individual and situational variables (Hunt and Vitell 1986, Trevino 1986, Bommer *et al.* 1987). Generally speaking, the models emphasize the influence on the individual of institutions and the social environment. They are differentiated by the level at which they focus, and five levels may be distinguished: societal, industrial, organizational, workplace, and personal (Marnburg 2006).

² Several authors propose literature reviews of the numerous works related to the descriptive ethics school of thought: Ford and Richardson before 1994, Loe *et al.* before 2000, O'Fallon and Butterfield on the 1996-2003 period and Hireche between 1996 and 2005.

³ We will not establish any distinction between ethics and moral here and will use, following the example of Anglo-Saxon authors in the field of business ethics, the adjectives ethical and moral to qualify the decision, the reasoning or the ethical behaviors.

Although both the formal and informal nature of the organizational context seems to exert a dominating influence on the adoption of unethical behaviors by employees within companies, psychological, social, and demographic characteristics also play a role in explaining why, when faced with the same ethical dilemma, some people will resist the temptation or pressure exerted on them, while others will yield.

We will not discuss the numerous studies concerning the influence of demographic variables on the ethical decision-making process here, as our study focuses on the organizational and cognitive aspects of ethical decision-making.

1.1. Situational variables

Several levels of variables may be perceived depending on their greater or lesser degree of proximity with the individual faced with an ethical issue.

Trevino (*op. cit.*) identified the immediate work environment (reinforcement using sanctions or rewards, external pressure related to deadlines, cost, competition), organizational culture (normative structure, social influence of peers, obedience to authority, accountability of managers regarding their actions), and characteristics of the work itself (complexity of the roles played, resolution of ethical conflicts).

As for Bommer and *al.* (*op.cit.*), they distinguish the governmental system (laws, regulation and legal system), professional level (codes of conduct, role of professional associations, work environment, corresponding to the Trevino organizational level since it deals with culture, policies and objectives of the organization, and personal environment related to private life outside the organization (peers and family).

Generally, the models highlight the influence of institutions and the social environment of the individual. They vary depending on the level of focus. Five levels can be identified: societal, industrial, organizational, work and personal (Manburg, *op.cit.*).

The variables most often used in empirical literature related to ethical decision-making are ethical codes, culture and the ethical environment, the sanctions/rewards system. These three variables are generally positively correlated with ethical behaviors, the type of industry and the size of the organization in which results are the most mitigated (O'Fallon and Butterfield, *op. cit.*).

The influence of stakeholders on the ethical decision-making process can be inferred from the interpretation of the explanatory situational variables of that process in the light of the stakeholders approach. At the societal level we can find stakeholders such as the State and the different regulatory bodies defined as *normative* stakeholders by Dowling (2001) or *supervising* stakeholders by Fassin (2009), local communities, *diffused groups* (Dowling *op. cit.*) At the industrial level are competitors, other normative groups such as professional organizations, customers and suppliers. At the organizational level are shareholders, directors, the chain of command, work colleagues. Finally, the personal level features the individual, who in our research is called the protagonist of the dilemma, and who directly faces the dilemma and will take a decision to solve it. Works related to the cognitive aspect of the ethical decision allow a better understanding of how people think when faced with ethical dilemmas.

1.2. The cognitive aspect of ethical decision-making

An important step of the ethical decision-making process by an individual faced with a dilemma lies in their perception, of both the situation and of the way the norms governing their behavior shall apply. Ethical judgment precedes behavior and explains it to a large extent.

The cognitive aspect of ethical decision-making can be addressed by normative business ethics works through two different perspectives: ethical philosophies as the individual's thought framework during the ethical decision-making process, and individual values.

1.2.1 Ethical philosophy

Kohlberg's moral development model (1969), inspired by the works of Piaget on the stages of child development, explains how the moral thinking of a child reaches higher and higher stages as it grows up.

The concept of *ethical philosophy*, defined as the set of norms and behavioral principles of an individual completes Kohlberg's approach on moral development stages.

Different works tend to identify ethical philosophies influencing moral judgment. Normative models range from two ethical, deontological and teleological philosophies (Hunt and Vitell 1986) to much more complex typologies such as McDonald and Pak's (1996), which distinguish eight different ethical philosophies (Self-interest, Utilitarianism, Categorical Imperative, Duty, Justice, Neutralization, Religious conviction, Light of day) which seems to have become a reference.

Individuals usually resort to a combination of several ethical philosophies in order to solve a dilemma, even when one of them prevails (Hunt and Vitell *op.cit.*, Mc Donald and Pak, *op.cit.*).

The results of more than two decades of research on the ethical decision-making process validate a majority of the hypotheses according to which deontology has a positive influence on that process, whereas in the teleological approach the results are generally negatively correlated with the ethical decision (O'Fallon and Butterfield, *op. cit.*).

Nevertheless, the heterogeneity of the results of the different empirical studies on managers' ethical thinking frameworks shows that the operationalization of normative approaches is not obvious (McDonald and Pak, *op. cit.*, Zarkata-Fraser 2000).

Trevino (*op.cit.*) considers that normative theories were not designed to predict behaviors since they reflect an ideal that does not necessarily correspond to the moral judgment process experienced by stakeholders facing real ethical dilemmas.

Hireche Baiada (2008), pointed out that quantitative and positivist methodologies generally used in normative and also descriptive works were disconnected from real work situations and did not succeed in grasping the ambiguity and the changing aspects of ethical decision-making over time. Hireche, building on an ethnographic approach in line with Jackal (1988) works, showed that ethical judgments were built in a negotiation process with work colleagues. Her works underline the collective dimension of the resolution of an ethical dilemma while normative works only focus on its individual nature.

We can therefore infer that stakeholders not only step in as a variable of the dilemma context but also at the stage of its resolution.

This work will now pursue the analysis of the cognitive dimension of ethical decisions through the study of managers' values that influence their moral judgment.

1.2.2 Values and ethical behavior

According to Rokeach (1973) "*A value is a deep and rather stable belief in the superiority of a mode of conduct or a life objective.*" By mode of conduct the author means the usual ways of behaving towards others and things, and by life objective, a situation the individual is trying to reach.

The theory of social adjustment describes values as a type of social cognition facilitating the adjustment of the individual to his environment (Fritzsche 1995). They play a key role because they generally influence attitudes and behavior. As a matter of fact, values contain elements of judgment that brings someone to discriminate what is fair, good or advisable for him or herself.

In essence, an ethical dilemma implies a conflict of values and/or norms, since the values of the individual himself may be in contradiction with each other or with the values of the organization to which the individual belongs. The resolution of the dilemma presupposes the organization of these values and norms into a hierarchy. Each person has his own way to prioritize values, what Rokeach calls the system of values. That system may vary over time depending on new personal experience.

A number of studies on the ethical decision-making process integrate values as explanatory variables (Ferrell *and al.* 1989, Fritzsche 1991 and 2004). Individuals faced with ethical dilemmas are influenced by different kinds of values that several researchers tried to classify, the most used and illustrious typologies being that of Rokeach (*op. cit.*) and Schwartz (1992). Stern et al. (1998) proposed an amended and abridged version of Schwartz's, presenting four categories of values: *Altruistic values*, *traditional (or conservation) values*, *self-enhancement (or egoistic) values*, *openness to change values*.

Several works showed that some values seemed to be associated with an ethical behavior, for instance the need for achievement (Glover *and al.*), altruistic values (Fritzsche and Oz, 2007), while others have a negative influence such as values revolving around personal development (Fritzsche and Oz, *op.cit.*). Furthermore, they corroborate that discriminating variables differ depending on the ethical issue the manager is facing.

It is more complicated to determine the influence of stakeholders on individual values, since the latter build up throughout the existence of a person during the socialization process. Stakeholders will essentially be instrumental in the emergence of conflicts between personal values and organizational values.

Even if the link between cognitive and behavioral dimensions is not systematic, taking into account the cognitive dimension allows for a better understanding of the ethical decision-making process of an individual. As a matter of fact, someone will comprehend an ethical dilemma through the lens of his own ethical philosophy and values. Depending on his moral development level, the person will prove more or less self-demanding regarding ethical standards to apply to his actions.

2. Analysis of ethical dilemmas in management

After having completed an inventory of the main situational and cognitive variables influencing ethical decision-making in business ethics literature, the objective of this exploratory research will be to identify the influence of stakeholders on the decision-making process while faced with ethical dilemmas in management. Initially, the research objective was to analyze the whole process of ethical decision-making but it was refocused on the role of stakeholders in that process, as this theme of research proved to be more salient when analyzing our data.

2.1. Data collection methodology

In opposition to most descriptive and normative research in business ethics relying on quantitative and positivist methodologies often based on scenario methods, we chose to analyze genuinely-experienced management dilemmas, using a narrative approach.

The methodology used in this study is partly inspired by that adopted by Marnburg (*op. cit.*) within the framework of his study on the perception of ethical dilemmas by students in the field of tourism. The approach of this work nevertheless differs on several points: it includes, in addition to the narration of the ethical dilemma itself, the way individuals solved their problem; it relies on truly experienced, non-imaginary dilemmas and finally, the account is individual and not a group account. It was considered that the perception of a dilemma and its resolution were based on a personal experience and features particular to each individual.

The narrative method has the advantage of allowing the persons studied to freely express their thoughts and opinions, in their own words (Czaeniawswka 2011). This method seems particularly well suited to reconnaissance studies where the objective is simply to identify phenomena and not to seek generally-applicable results, which is the case in our own study of Management dilemmas.

As part of a course entitled "Ethics and Management", given to MBA HR and MBA DD students in a French business school during 2010 and 2011, each student was asked to construct an ethical dilemma. These two specializations were selected in light of the importance accorded to the teaching of management and HRM in those two programs, and the probability that many of the students had already had some professional experience (as interns or employees) in management or in HRM.

The instructions given were as follows: *"Taking the position of a manager, describe a situation in the area of management which you would not want to face in a company, because it would pose a problem in terms of ethics. In other words, you are asked to describe an ethical dilemma, indicating the context of the situation (what activity sector, what kind of company), and the persons or groups of persons involved.*

*Next, describe how you would react to this situation: what would your personal decision be; what, in your opinion, would be the most ethical decision; and why?"*It was verbally mentioned that students could relate accounts experienced by them or close relatives or friends or failing this, could imagine a fictional situation.

The students had been introduced to the concepts of ethics, values, standards, philosophic approaches, and ethical dilemma during a preliminary session that combined lectures on theory with the solution of a dilemma in the field of marketing, so as not to influence the type of management dilemma selected. Since the topics discussed might be sensitive, it was also made clear that data concerning their names and even the names of the firms described would not be disclosed.

Among the 61 accounts collected, 20 recounted imaginary situations, 12 situations inspired by reality and 29 real cases. It was chosen to focus on the analysis of truly experienced situations and we finally selected 25 accounts, 4 real cases not dealing directly with ethical dilemmas and therefore rejected.

Table 1: characteristics of the sample and the themes of the dilemmas

Case n°	GENDER	AGE	Exp	MBA	POSITION	FIELD	SIZE	THEME of the dilemma
1	M	31	1	HR	Consultant	Consulting firm	BB	Whistle blowing – favoritism to colleague
2	M	57	22	SD	Consultant	Consulting firm	N/A	Management – layoff
3	M	53	25	SD	Sales and marketing manager	Industry	SB	Management - layoff
4	F	32	7	SD	Public Relations manager	Media agency	Group	Disclosure of confidential information on income
5	M	39	11	SD	Medical information officer	Pharmaceutical company	Group	Management - layoff
6	F	23	2	SD	Purchase manager	Electronics dealer	N/A	Management - harassment - layoff
7	F	31	6	SD	General manager	Hospitality industry	SB	Management - work conditions
8	M	36	11	SD	Outsourcing manager	Telecom equipment	Group	Disclosure of confidential information - income
9	M	41	8	SD	Marketing manager	Mass retail	Group	Disclosure of confidential supplier information
10	F	38	13	SD	NGO operation manager	Hospitality industry	SB	Whistle blowing - colleague violation
11	F	24	1	SD	Information system director	Automotive industry	Group	Whistle blowing - colleague violation
12	M	23	1	HR	HR officer	Temporary employment	SB	Management - transfer - layoff
13	F	23	1	SD	Executive assistant*	Electrometallurgy	Group	Whistle blowing - employer violation
14	M	24	1	SD	Union and works council representative	Mail order	BB	Whistle blowing - colleague violation (WC member)
15	F	22	1	SD	Recruitment officer	Recruitment company	SB	Management - discrimination in hiring
16	F	23	2	SD	Site foreman	Public works	N/A	Information manipulation
17	F	48	22	SD	Associate director	Public Relations	SB	Management - resignation
18	F	33	9	SD	Public Relations officer	Tourism public institution	N/A	Public Relations - Conflicting personal and professional values
19	M	27	3	HR	Sales agent	Banking	Group	Aggressive sales methods
20	F	25	1	HR	Sales employee	Commerce	VSB	Whistle blowing - colleague

								violation
21	F	31	7	HR	Sales	Publishing	SB	Management-recruitment
22	M	24	1	HR	Sales employee	Commerce	VSB	Whistle blowing - employer violation
23	F	38	14	HR	Recruitment officer	IT department	SB	Management - promotion
24	F	37	14	HR	Consultant	Consulting firm	SB	Management – disclosure of confidential information
25	F	46	22	SD	Unit director	Marketing study	Group	Management - colleague sanction

*Note: the positions are those occupied by the MBA students at the time they faced the ethical dilemma, except for 3 cases in which the account was not directly experienced by the student (protagonist of the dilemma). In this case the position mentioned is that of the protagonist of the dilemma.

Age-wise the sample is rather heterogeneous, varying from 22 to 53 years with an average of 33. The length of the professional experience ranges from 1 to 25 years with an average of 8 years. The sample is also extremely diversified according to positions held and the level of responsibilities, the size of the companies and the fields involved. The types of dilemmas can mainly be grouped into issues related to Human Resources management (wrongful dismissal, transfer, discrimination, harassment, etc.), whistle-blowing on violations and behavior, disclosure of confidential information, manipulation.

2.2 Main results

The 25 narratives collected were subjected to analysis of the thematic content, with the initial intention of answering the following questions: What situational variables are perceived by students as the most significant in a case of ethical dilemma? How do they reason when faced with such dilemmas?

2.2.1 Categories of thematic analysis of the narratives

The manual coding of the narratives was performed with the qualitative data analysis software QDA miner⁴. The paragraph was used as analysis unit.

The analysis is based on an interpretative categorization relying on the models of ethical decision-making previously studied and also on the themes that emerged during the coding work.

The categories of analysis can be gathered into two main groups, those related to the context variables of the dilemma and those related to ethical reasoning when faced with the dilemma. The thematic analysis led us to define the following analysis categories regarding the context variables: the characteristics of the business, the position and missions of the protagonist of the dilemma and his or her personal attributes, the organizational factors (remuneration system, work climate, etc.), the extra-organizational factors and the stakeholders involved.

Regarding the ethical reasoning, the categories aggregate the values (relying essentially on the typology proposed by Stern et al. (*op. cit.*) and the ethical philosophies used in order to solve the dilemma (using the typology proposed by Mc Donald and Pak (*op. cit.*)).

The ethical decision-making process can also be identified through the themes dedicated to values conflicts, the different solutions considered by the protagonist of the dilemma, the role of stakeholders, the decision considered the most ethical and the behavior finally adopted. The consequences of the decision on the protagonist of the dilemma and on the stakeholders have also been taken into account.

The presentation of the results of the thematic analysis of the accounts will focus on the stakeholders involved both in the context of the dilemma and its resolution and on the main situational variables of the dilemma. The review of the results will be quantitative, mentioning the frequency of appearance of the

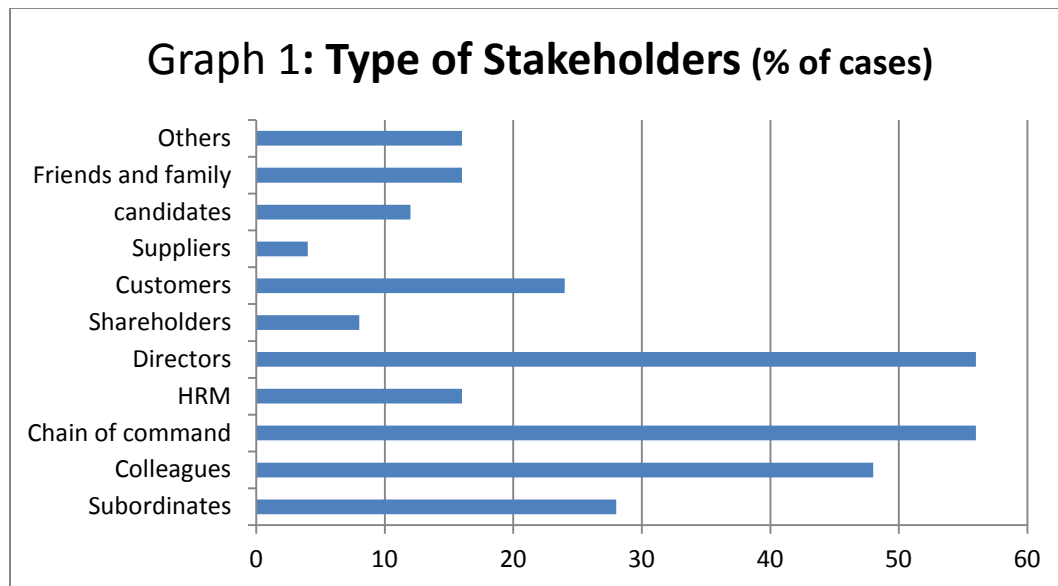
⁴ QDA Miner is a qualitative data analysis software published by the Canadian company Provalys Research, and is similar to the Nvivo software in its functionality.

themes in the cases when the latter is significant and qualitative, illustrating them with *verbatim* quotes from the accounts.

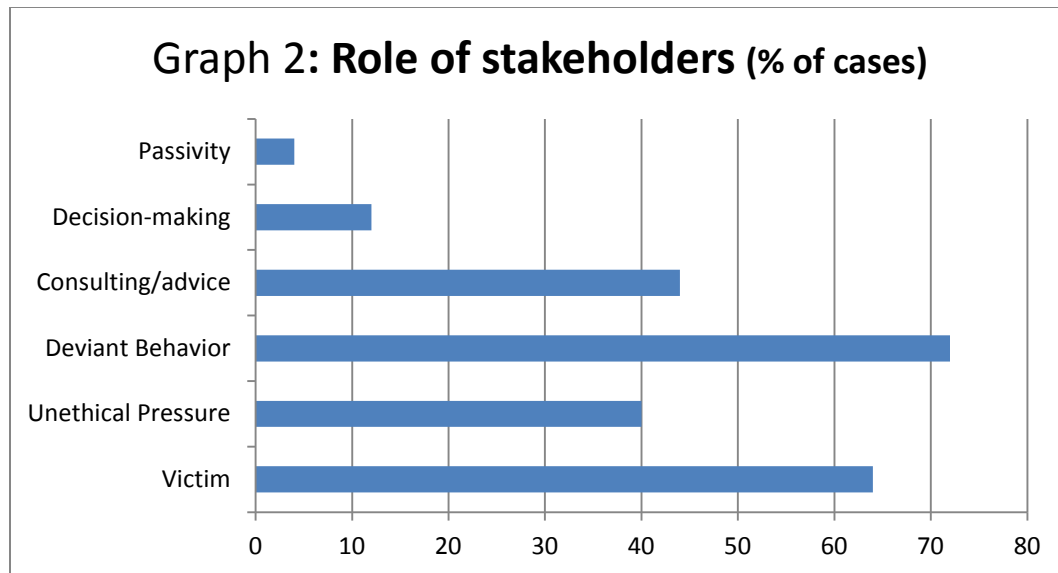
2.2.2 Type and role of stakeholders involved

The stakeholders involved in the analyzed ethical dilemmas vary greatly. The data collected in the "stakeholders" category being very comprehensive, they have been coded at a second level that allows us to highlight the types of stakeholders and the role played in the dilemma.

"Stakeholders" includes both players internal to the business: colleagues, subordinates, the chain of command, HRM, director and external players or organizations such as suppliers, customers, competitors, candidates, local communities, friends and family.



They play various roles in the dilemmas, such as actual or potential victim, unethical pressure, consulting/advice, decision and co-decision, adoption of unethical behavior, passivity.



The cross-matching of "stakeholder types" and "roles" leads to multiple combinations, each role being potentially played by different stakeholders. The most salient roles will be presented in the ethical dilemmas: the people allegedly guilty of unethical behaviors (41 examples, 18 cases) come first, followed by victims (40 examples, 16 cases) and consulted stakeholders (21 examples, 11 cases), then unethical pressure (16 examples, 10 cases).

Thus **actual or potential victims** may be:

- **subordinates:**
 - victims of wrongful dismissal: "*Manipulation was used in this case to get rid of her quick before the layoff plan, which came a lot cheaper while putting my credibility at stake*", (case n°5),
 - of harassment: "*Furthermore, because of his impulsive nature and of his lack of understanding of the purchasers' decision-making during the whole process, he [the boss] would indulge in any kind of adverse and hurtful comments about his employees, borderline harassment and threats*" (case n°6)
 - bad work conditions: "*Overtime pay is very often 'forgotten' by M. K., and if one claims it, one gets into his bad books for the whole month.*" (case n°22), "*In order to do so, I performed a social audit, the results of which was quite a catastrophe: appalling work conditions for workers*" (case n°7)
- **manipulated customers:** "*Aggressive sales techniques with customers and bad consulting*" (case n°19), "*S. K. lies to its customers pretending that all our products are made by us, or by a laboratory owned by us, when a majority of our products come from representatives and large companies*" (case n°22)
- **managers in the chain of command** that directors wish to remove: "*The boss sent for me a few weeks before the supposed date of return [from maternity leave] of my manager to propose the following: get rid of my manager and promote me to recruitment manager*" (case n°23)
- **discriminated candidates:** "*Consultant A: 'That won't do, he [the candidate] has too much experience, that won't do with the customer'*" (case n°15).

Unethical or fraudulent behaviors are committed by:

- **Directors:** "S. K. also lies about its cooks who are presented as "true Italians". In fact they are Sri Lankans who work from 6.30 am to 7.30 pm, 6 days a week without any breaks and are paid less than the minimum wage (1000 euro/month)" (case n°22).
- **Chain of command:** "Ethical problems soon came to the surface. M. G., who considers himself as someone important because of his social background and public notoriety in a small "bourgeois" town (such as Metz) only shows up at his office once in a while [...]" (case n°13)
- **Workers:** a union representative who embezzles money: "At that stage, it seems likely that an agreement might have had been reached between the representative [union] and the equipment retailer in order to inflate the Works Council invoice compared to the actual price paid and to split the difference." (case n°14), a saleswoman who has her hands in the till (case n°20), an employee who downloads pornographic movies (case n°11).
- **Customers:** "The customer received him but finally refused to get him a position." (case n°15)

Unethical pressure is generally exerted by:

- **The chain of command:** "The management being pushy, and the agency selling products it is not familiar with, make me think there is an important ethical problem" (case n°19). "At the time, I was directly threatened with dismissal since my investment in sustainable development bothered several members of the board" (case n°5).
- **Directors:** "After I declined the proposal he let me know that I was closing the door to any potential career advancement in his company and that it was only postponing my manager's dismissal" (case n°23).
"That day, during a meeting of the management, the boss, at the end of our sales meeting, verbally asked me to do everything in my power to make one of our senior technical sales reps leave (the oldest one)." (case n°3)
- **Sometimes customers:** for instance, the company employing the recruitment agency pushes the consultant to discriminate according to age (case n°15)

The stakeholders consulted by the protagonist of the dilemma are:

- **the chain of command, the HRM or the director:** "I immediately told my boss who soon understood the risks our mission represented for our customer's staff " (case n°3), "discussions with the general directors, the consultant and myself took place confidentially to find out what to do for the sake of our profession but also for the sake of our reputation." (case n°24),
- **colleagues:** "Then I discussed my wish to blow the whistle on S. K. with my workmates but they warned me against the irreversible consequences of my action" (case n°22)
- **friends and family:** "I sometimes tell my father about it, and he gave me sound advice that evening" (case n°20).

The people consulted then become stakeholders in the ethical decision-taking, influence it more or less directly, or even become decision makers themselves. In most of the cases studied, the person who was consulted was the manager or the director.

The results of this exploratory research allow an outline of the typology of the roles played by the different stakeholders in the studied dilemma. This typology will have, of course, to be refined by future in-depth research.

Proposition for a typology on the role of stakeholders involved in ethical dilemmas in management.

Main protagonist of the dilemma: individual or group facing the ethical dilemma and in a situation in which a decision must be made to solve it.

Victim: individual or group for which the dilemma has or may potentially have a negative impact depending on its resolution.

Unethical pressure⁵: individual or group exerting more or less direct unethical pressure on the protagonist of the dilemma.

Violator: individual or group adopting unethical or fraudulent behaviors (other than unethical pressure) that have a direct impact on the context of the dilemma.

Advisor: individual or group consulted by the main protagonist of the dilemma to help them solve the dilemma.

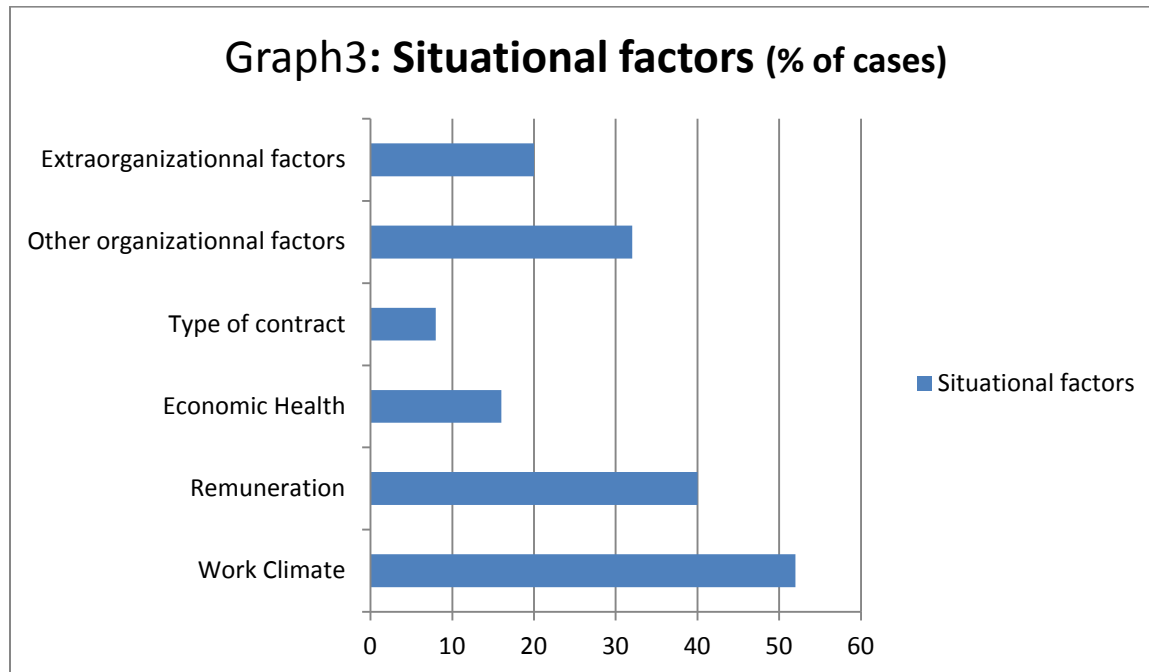
Decision-maker: individual or group taking part in the decision adopted to solve the dilemma either as co-decision-maker for the main protagonist or as final decision-maker.

Passive: individual or group involved by the dilemma but taking no part in the action.

2.2.3 Main situational variables

The thematic analysis of the narratives allows us to highlight the influence, as perceived by MBA students, of the following organizational variables in decreasing order of importance: role of the chain of command (64% of the cases), the remuneration/assessment/target system (36% of the cases), work climate (40% of the cases) and to a lesser extent the economic health of the business (8% of the cases), and finally, various other factors such as the absence of training, employment contract, etc.

This presentation will not go back over the role played by the chain of command, as the latter was highlighted in the previous part dedicated to stakeholders, but it should be noted that this variable is far ahead of other organizational factors in terms of importance in the context of the dilemma.



The remuneration and assessment system, along with target setting seems to come as a supplementary factor to reinforce the pressure exerted by the chain of command: *"But how are we supposed not to use information that may help you get ahead when your yearly bonus is based on performance and you hold essential information that will save you weeks of business intelligence work?"* (case n°9), *"She therefore suffers from important pressure in terms of targets and is not backed on any of*

⁵ It does not exist the english equivalent of the french word « commanditaire », in the sense of the person behind a deviant behavior

them by the management". (case n°13).

The work climate refers to atmosphere, work conditions and culture. The climate is considered negatively and is partly responsible for unethical pressure in half of the cases where that variable is mentioned: *"In January 2010, the company was experiencing a period of Stalinist purges and every second day we would find out about another dismissal for misconduct (case n°5), "The work conditions were rather appalling (pressure from employers, bad atmosphere between employees, culture of secrecy, etc.), the turnover was extensive in the sales team."* (case 21).

Inversely, the atmosphere was perceived as positive in the other half of the cases involved: *"The atmosphere in the company was warm and the population was rather young, real live wires."* (case 8), *"The work is interesting and motivating and the company offered a dynamic that was good enough for me to feel like working for it"* (case 12). In these cases the dilemma is experienced as a critical incident that disturbs the atmosphere at work and may spoil it.

Among other variables mentioned, can also be found:

- **Unstable employment contracts (2 cases)** : *"As it was my trial period I could not afford to add to the rumors, nor help them circulate"* (case n°1) *"The job market is difficult for recent graduates with no experience and I had only just arrived in the company, so I feared being laid off "* (case n°23),
- **Existence of a charter (1 case)** : *"All users of IT means who belong to the company must observe an internal charter and of course respect the fundamental principals defined by the French freedom of information act (ICT) [...] All employees undertake to observe the ethical charter of the company when signing their contract."* (case n°11),
- **Different variables of the HR policy**: *"No training was offered regarding new products with the exception of marketing material"* (case n°19). *"When all analysis elements are gathered, especially loyalty and honesty towards the company, involvement, results, experience and age, cost of employment and training of a new candidate. It is unthinkable and unjustified to terminate the employment of such a quality employee"*. (case n°3)

Some narratives include **extra-organizational variables**:

- **Cultural**: *"he had to take cultural differences in Brazil into account, what can and what cannot be done"*(case n°10).
- **Legal**: *"The freedom of information act protects the individual, as an IT manager I cannot open and search employees' computers "* (case n°11)
- **Sectorial**: *"Nevertheless when you investigate the construction industry further, it is important to underline a few facts. As a matter of fact, the Construction industry is the largest employer in France."* (case n°16)
- **Policies**: *"My other country of origin is a country governed by an hereditary monarchy that confiscated all the power for itself"* (case n°18)

3. Discussion

The situational factors highlighted in the thematic analysis of the narratives of ethical dilemmas are consistent with those appearing in descriptive models of ethical decision-making (Trevino, *op. cit.*, Bommer and al., *op.cit.*, etc.) The different analysis levels identified in these models can be found in the results of this study: societal, notably including the cultural, legal or political, sectorial, organizational and personal environment. Extra-organizational levels have nevertheless little been taken into account in the narratives, while essentially emphasizing organizational factors, notably the role of directors and of the chain of command, of the pay/assessment system and of the work climate. It should be noted that the influence of ethical codes is only mentioned in one case, although it is one of the most tested variables in empirical studies on ethical decision-making (O'Fallon and Butterfield).

The results are uncommon in that they highlight the role played by the different stakeholders in ethical dilemmas.

Until now, works focused on the impact of the ethical decision process on stakeholders and on the way the management of the stakeholders could improve that process (Colle 2005). To our knowledge, no research incorporates the specific influence of stakeholders in ethical dilemmas. This approach also helps to provide an answer to one of the criticisms against the theory of stakeholders, namely the fact that it was designed according to only one of the stakeholders, the managers (Dion and Fortier *op.cit.*). Here, the center of gravity shifts towards the protagonist of the dilemma who may be a mere employee holding a management position with responsibility or not.

If the stakeholder types highlighted remain traditional (the latter can be classified as internal or external to the organization), the proposal to classify their role (victim, backer, violator, advisor, decision-maker, passive party) is more innovative.

The analysis of the stakeholder role in the ethical decision-making process echoes our prior works on unethical pressure practices exerted on managers to secure their involvement in organizational violations (Sachet-Milliat 2005). It also refers to Hireche (2008) research which showed that ethical judgment was not an isolated process but the result of a negotiation with work colleagues.

The results of our research clearly underline the interaction between situational and individual variables highlighted in the above models of ethical decision-making. The existence of unethical pressure is not a sufficient condition to provoke the adoption of unethical behaviors. In the ten cases where that type of pressure was identified, only one individual adopted an unethical behavior, while the others adopted an ethical solution. Even if we have not developed the cognitive aspect for the sake of conciseness in the analysis of the results, we can note that a majority of the people who took part in that study favored a Kantian framework of thinking and altruistic values, which can explain their resistance to unethical pressure (Sachet-Milliat 2006, Fritzsche and Oz, *op.cit.*).

The choice of an ethical behavior was made at the cost of personal sacrifice on the protagonist's part: a third of the people questioned chose to resign or ended up resigning, the relationship with the chain of command turned sour, as another protagonist was demoted and two dismissed.

Conclusion

In our opinion, this study presents several points of interest. Firstly, management and HRM has never been, at least to our knowledge, the object of empirical works on ethical decision-making, except one comparative study on the ethical orientations of HR, finance and marketing managers (O'Higgins and Kelleher 2005), as opposed to other management fields such as marketing which have widely inspired causal models of the descriptive branch of business ethics. Secondly, in most cases the methodologies used to test the factors influencing ethical decision-making rely on the scenario method. If the latter allows the observation of thinking modes when faced with dilemmas that are generally described summarily, it cannot be inferred that the behavior would be adopted in real-life situations. Using the account method allows the study of decision-making in context and the analysis of real-life situations that are a lot more complex. Thirdly, this research allows the improvement of descriptive works dedicated to the analysis of stakeholders, by proposing a typology of the roles of the latter in the process of ethical decision-making.

The main limits of this exploratory study lie in the fact that the panel of the study is small, mostly French students from two MBA courses. The results can therefore not be generalized to all management dilemmas. It would be interesting to extend this investigation towards a multicultural panel, with various positions and management responsibilities. In particular, the analysis of dilemmas specific to managers higher up in the chain of command would probably highlight the role of shareholders, as the latter were only mentioned twice in the cases studied. The study could also be improved through qualitative interviews with managers to obtain more detailed data on the context of the dilemmas, the stakeholders involved and the modes of ethical thinking. Finally, the different works on the segmentation of stakeholders (Igalens and Point 2009) could be used to refine this analysis of the roles of stakeholders in ethical dilemmas, a step that is still at an exploratory stage. The works of Mitchell and *al.* (1997) which proposed a categorization based on the three criteria of power, legitimacy and emergency seem an especially fertile ground.

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