

## Moral Decision Making of Business Managers in India

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The aim of present article is to understand the perspective of Indian managers in moral decision making. The article examined the theories and researches conducted in the area of moral decision making in organizations and then investigated the moral decision making of Indian Managers. 53 articles, from various journals (International Journal of Psychology, Journal of Business Ethics, Electronic Journal of Business Ethics and Organization Studies and other leading journals) were selected and systematic literature review was done. The review was conducted in two phases. In the first phase, basic concept of moral decision making, definitions, present models and factors in moral decision making, that is the fundamentals of moral decision making were included. In the second phase, Indian managers' engagement in moral decision making; Indian cultural perspective, sources of morality in Indian managers; contextual, individual and organizational factors that have influenced the moral decision making of Indian managers were also critically examined. Review suggested that Indian managers have a different style from the other countries. Vast knowledge gained from religious texts determines the way how Indian manager take moral dilemmas and make moral decision. There are some specific factors such as Karma, Dharma, fear of God, interpersonal relationship, social status which are considered by Indian managers while he/she faces any moral dilemma.

**Keywords:** Moral decision making, Culture, Models of moral decision making.

The issue of morality in business organizations has received a great deal of attention in recent years. It does not mean that we were not aware and concerned about the importance of morality in past, but at that point of time there was slight need to study morality or moral decision making in organization as corruption was not a big threat in past. Now-a-days, corruption is a worldwide problem. There have been a number of scams and scandals in India and abroad in last few years. 2G, CWG and Adarsh housing are very few to name. Such behaviors are related with individual's moral values and moral decision making which determine his behavior. While moral values are formed at early developmental stages, moral decision making is flexible and affected by individual and organizational factors. Understanding the process by which individuals engage in moral decision making and the factors those influence this process is very important to develop strategies for organizational development.

### **Significance of Study:**

Various evidences and researches have shown that immoral practices are costly, not only for the organization; it even dents the whole society and country in both economical and social dimensions. Recent incidents like CWG, 2G, Maruti Plant case at Manesar, Sharda Scam are enough to stand by with above statement. Above cases are the examples of big deals of immoral practices, but there are also cases that show how immoral practices affect small-level industries.

This review contributes in the literature of moral decision making in two ways: first in theoretical context and second in behavioral context. In the theoretical context it adds to the existing knowledge through critically examining the literature till date. In behavioral context, it helps to enhance the better understanding of dispositions of the managers in Indian organizations. It provides valuable information about Indian managers while they face any moral

dilemma as compared to their counterparts of other cultures, so that they can consider those unique dispositions while they work with Indian managers or in Indian culture.

#### **Research questions:**

Essentially, the present study is guided by two objectives: first is to understand the concept of moral decision making. And second is to understand the moral decision making of business managers in India. The following research questions were framed.

- What does moral decision making mean?
- How does an individual make moral decisions?
- What is the role of culture in moral decision making?
- How do Indian managers make moral decisions?

#### **Method**

##### **Research method:**

Systematic literature review method within qualitative tradition was adopted. The whole process was designed to get a comprehensive understanding through the present literature of related construct. Systematic literature review started with a thorough search of research articles and then critical analysis of these articles.

#### **Mind map and keywords:**

Key words appropriate for the present literature were identified. This process involved brainstorming sessions with peer, teachers and other scholars. After having a very knowledgeable discussion, number of key words were selected. These keywords are presented in Table 1.

#### **Features of Articles:**

While searching the internet database, more than 200 articles were found. But, only those articles were included in the review which focused on moral decision making, and culture and moral decision making. Researches having Indian sample were emphasized. Finally, 53 articles were included in present manuscript.

#### **First Phase of Literature Review:**

##### **History**

Research on morality in organization is growing, but morality is a much misunderstood and controversial area of academic inquiry and professional practices. In nineteenth century, British industrialist such as Robert Owen considered moral concern to bear on the improvement of working conditions for their employees; he was the first industrialist to recognize how the growing factory system was demeaning to workers and first to criticize employment of young children. Owen claimed that showing concern for employees is profitable for organization and would relieve human misery

**Table 1. Keywords selected for search of literature**

Concepts	Keywords
Morality	Morals, Ethics, Values, Principles, Justice, Normative, Code Of Conduct, Customs, Ideology, Law, Responsibility, Accountability
Moral Decision making	Heuristics, Decision-Making, Stereotyping, Self-Fulfilling Prophecy, Reasoning, Judgment, Choice, Assessment, Evaluation, Dilemma, Rational, Rules, Intention.
Culture	National Culture, Diversity, Multinational, Multicultural, Attitudes, Beliefs
Culture and Moral decision making	National Culture, Diversity, Multinational, Multicultural, Attitudes, Beliefs, Heuristics, Decision-Making, Stereotyping, Self-Fulfilling Prophecy, Reasoning, Judgment, Choice, Assessment, Evaluation, Dilemma.
Indian Culture and Moral Decision Making	India, Hindustan, Hindu Culture, Muslim Culture,

too. Before the middle of the twentieth century, writers on management such as Mary Parker Fellett (1925) and Chester Barnard (1938) had addressed the moral aspects of management in business and other organizational settings. There is also significant active concern over morality in Japan, South East Asian and Australian regions both in teaching and research (Maclagan, 1998). In 1980, *The Journal of Business Ethics* and *Business and Professional Ethics* were introduced from North America. *Business Ethics: A European Review* followed about a decade later; they also played a major role in nourishing study of morality in organizations.

#### ***Variety of perspectives on morality:***

There are various perspectives to look at morality which are different from each other. In general, it can be claimed that there are two most well-known and major kinds of perspectives to understand morality, known as Teleological and Deontological. Teleological perspective is interested in utility of consequences, while Deontological perspective is interested in purity of intentions or motives. These perspectives arose in different context and addressed different moral problems in different ways so the configuration of morality is quite different in both perspectives.

Kant's views on ethics are known as Kantian Deontology. His approach typically contrasted with the teleological approach. Teleological approach fundamentally believed that all ethical acts are goal oriented. Any act only could be ethical if it ends with goodness for self. On the other hand, deontological approach suggested that only consequences cannot determine an act as ethical or non-ethical. Consequences are only a part or state of whole mechanism of any act. This whole mechanism defines any act as ethical, not only the consequences. An act has many features and goes through many phases from beginning to end. All these features and phases collectively make an act ethical or non-ethical. If all phases and features are supportive except the consequence, we should not identify any act as un-ethical.

#### ***Moral Decision Making in Organizations:***

Till now, we have only discussed the history of morality in business and two perspectives on morality. But the question of what moral decision making really means is unanswered yet. On the question of importance and relevance, there are both theoretical arguments and empirical evidences present to support the assumption that managers (and others) in organizations face moral issues and dilemmas (Maclagan, 1998). During its daily routine, every organization faces various financial, production, operational, customer/employee satisfaction, social and other issues. Sometimes they can be different in nature as a simple matter of choice or related to management/administration style. But other time these issues may turn into moral issues, threat to moral standards of any individual or organization. Sometimes the issue itself does not have a moral concern, but the manner of handling this issue brings it in to conflict with moral values or standards.

Trivino (1986) stated that "managers engage in discretionary decision making behavior affecting the lives and well-being of others (p. 601)". Thus, they are involved in ethical decision making. Questions about what is right or wrong, just and unjust, fair and unfair have become vital in business world. Now-a-days, organizations are not just known as an entity to make financial profit; they are integral parts of society with their social responsibility. As moral values are necessary for existence and development of any society, they are also essential for stability and enduring growth of every organization. With help of short cuts and unethical means, any organization can only reach nearby goals or success but not everlasting brilliant future. These immoral means can crush all future perspectives.

#### ***Models of Moral Decision Making:***

##### ***Rest's (1986) model of moral decision making***

Research work in moral decision making is often concerned with two different issues; one is the process involved in decision making, and second, factors influencing moral decision making. The first line of research is significantly influenced by the work of Rest. Rest (1986) proposed a model of moral decision making.

He identified four different sequential steps through which an individual takes a moral decision. This process starts when an individual recognizes the moral issue. Recognition of moral issue is influenced by moral sensitivity of the issue. The next stage is known as ethical judgment, during this stage individual decides what course of action is right or wrong. Ethical judgment is not an easy task; people use various strategies to make judgment and cognitive moral development of individual plays an important role here. The next stage is ethical intention that refers to the degree of commitment to ethical judgment. Ethical intentions determine the probability and degree of effort an individual would put to follow the ethical judgment. And the last stage in this model is ethical behavior. Ethical actions are the consequence of ethical intentions. Rest mentioned that each step in this model are conceptually different and have unique identity. Success or failure of any stage does not mean complete success or failure. Potential of one or two stages can also result in moral actions.

#### ***Trivino's (1986) Person Situation Interaction model***

Trivino (1986) proposed a model of ethical decision making, known as person-situation-interaction model. A major contributor of this model is Kohlberg's theory of cognitive moral development which provides theoretical base, definitions and measures to Trivino's work. Trivino's work is unique and much praised as it was the first attempt to integrate the individual and situational variable into single framework and focuses on the interaction between both. This model posits that ethical decision making in organizations can be explained by the interaction of individual and situational components. Trivino argued that individual variables such as cognitive moral development of an individual can determine the ethical judgment. But ethical decision making could not be explained completely until we consider the situational factors. This model considers ego strength, field independence and locus of control as individual factors. Also situational factors like immediate job context, organizational normative structures, obedience to authority, reinforcement to contingencies are considered.

#### ***Jones' (1991) Model of Moral decision making:***

An issue-contingent model of ethical decision making in organizations was proposed by Jones (1991). This model is different in the sense of introducing the role of ethical issues. Previous models focus only on individual and situational factors. But characteristics of involved moral issue itself were ignored. Jones offered a new set of variables named as moral intensity. He argued that every factor and stage in ethical decision making is influenced by moral intensity. Jones said "the purpose of this model is to introduce concepts not present in prior models and to offer a model that supplements, but does not replace, other models (p. 367)". Every moral issue does not have same property and intensity. Moral intensity varies from issue to issue and this makes a significant difference in moral decision making. Jones defined moral issue in terms of "the action or decision must have consequences for others and must have involved choice or volition, on the part of the actor or decision maker (p. 367)". In this definition, Jones emphasized on the person (decision maker); in his terms a moral agent recognizes the moral issue. Moral intensity of issue is a central theme of issue-contingent model of moral decision making. It captures the significance of issue. Moral intensity is not an one-dimensional construct; it involves six characteristics of moral issue, such as, magnitude of consequences, social consensus, and probability of effect, temporal immediacy, proximity, and concentration of effect.

#### ***A model of ethical decision making: the integration of process and content---***

#### ***McDvitt, Giapponi & Tromley (2007).***

This model of ethical decision making that integrates the process and content theories is basically based on the Janis and Mann's (1977) work on conflict and decision making (McDvitt et al., 2007). McDvitt et al. (2007) extended the conflict theory model of decision making; they argued decision making in conflict is similar to decision making in moral dilemma, as both situations have two or more alternatives and decision maker has to prefer one on the other. Before this work, there are established process and content theories which focus on

the mechanism and influencing factors in moral decision making. This work becomes a melting point of both process (e.g. Rest, 1986 and Jones, 1991) and content (e.g. Trivino, 1986) based theories. McDevitt et al. used the seven steps of Janis and Mann's model to integrate the factors and process engaged in moral decision making. Firstly, this model describes the factors in moral decision making and then describes the factors influencing the decision makers during the process. Factors are basically divided into three categories; individual factors, contextual factors and external environment. Individual factors include ego strength, locus of control, religious belief, gender and age. While situational factors cover the job context and organizational context; peer pressure, management expectations and competition for scarce resources get position as contextual factors. Organizational context, culture, authority and the responsibility for consequences, reward system, motivation and pressure to meet financial goal are considered as potential factors. External environment includes industry norms, political and legal rules, and professional codes of ethics, societal norms, personal and family obligations. This model is divided into two phases; first phase is considered for the less complex dilemmas. While more complex dilemmas are dealt in the second phase. During the first phase decision maker tries to solve the issue on the basis of risk involved and the justification. But if decision maker does not find appropriate solution he enters into the second phase; where he completes the information search and defines the problem and drafts the alternative solution.

Here, we have discussed different models of moral decision making. There are models those identify process of moral decision making and different stages involved in this process. And lastly, an integrated model which has traits of both content and process based models. Integrated model serves well to understand the concept of moral decision making in a comprehensive view. However, there are opportunities to further enhance the utility of this integrated model (Priya Nair Rajeev, 2011). Further antecedent and consequences of moral decision making can be studied through this model. Big five personality factors, performance pressure, competition,

organizational loneliness are the factors those can be considered in this model.

### ***Second Phase of Literature Review:***

#### ***Culture:***

The word culture has many different meanings. For some it refers to an appreciation of good literature, music, art, and food. For a biologist, it is likely to be a colony of bacteria or other microorganisms growing in a nutrient medium in a laboratory Petri dish. However, for anthropologists and other behavioral scientists, culture is the full range of learned human behavior patterns. The term was first used in this way by the pioneer English Anthropologist Edward B. Tylor in his book, *Primitive Culture*, published in 1871. Tylor said that culture is "that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by men as a member of society. (p.1)"

#### ***Culture and moral decision making:***

The following section focuses on the literature concerning cultural differences in moral decision making. Researches in moral decision making from different countries were studied and an attempt was made to understand it comprehensively.

Moral decision making is a very complex process. Apart from cognitive, motivational, emotional, behavioral aspects, it also includes many other psychological constructs such as, learning (reward and punishment), contextual behavior and personality. All these constructs are influenced by culture. Markus and Kitayama (1991) reviewed the literature on culture and cognition; he found that people from different culture have differences in the variety of cognitive process. They argued that perception and judgment of a person about world or society is highly influenced by ones culture. Same argument was also made by Ji, Peng, and Nisbett (2000). Their research on culture, control and perception of relationship in the environment shows that people from China possess greater knowledge about their peers than their American counterparts. This result was discussed and explained in the light of culture. As China has a collectivist culture, Chinese people pay close

attention to others and their associated context. While America has an individualistic culture, so, American citizens tend to give more attention to them; they care less about their peers and are less attentive to engaged context. Nisbett, Peng, Choi and Norenzagan (2001) explained the differences in the cognitive processes of people from individualistic culture that emerged from Greek tradition where more emphasis is given to individual or person. People from individualistic culture use more analytic approach than people from collectivistic culture. They analyze objects and events to their personal characteristics without considering the context in which object or event takes place. People from individualistic culture tend to isolate events from its context and then use the information for their cognitive process. As far as Collectivistic culture is concerned, it is found mostly in the Asian countries such as India, Japan, China and Sri-Lanka. In collectivistic cultures people appreciate "context" and these contextual properties play a major role in their cognitive processes. Collectivistic culture focuses in harmony and interpersonal relationships. Social context is highly appreciated as objects or events get evaluated in a particular social context. Collectivistic culture relies on every event that has happened in some social context and this social context influences the event in a strong manner. So, if someone who wants to understand the event properly, should consider the social context.

Extensive work has been done by Joan Miller (1992) in the field of culture and issue of morality. His work started with the inquiry that whether culture has an impact on moral judgment and behavior. He argued that there could be two possibilities; either, people from different culture may rate the moral issue in the same manner and pattern of their behavior or response would be different. He found significant cultural differences. In some cases behavior of people from different culture can be same. This might be the case of some sort of universal moral values and expectations. These issues might be mandated and believed equally in different culture. But as we already discussed earlier there are strong reasons to believe that people from different culture may judge the

moral issue in different way and respond in the way as they judge the moral issue. To examine the above perspective, Miller, Bersoff and Harwood (1990) studied the moral reasoning of American and Indian (Hindu only) adults and children about social responsibilities. They chose these cultures because one (American) culture is a good example of individualism and other (India) is a fine example of collectivism. As expected, results showed the difference in the moral consideration of Indian and American sample. For Indian participants, a broad range of social responsibilities carried an absolute moral obligation, regardless the magnitude of need. Consideration of interpersonal relationship played an important role while making a judgment in situation of social responsibility for Indians. For American participants, social responsibility was determined by the need, magnitude and possibilities without considering the relationship with victims or any other social relationship.

#### ***Indian culture and moral decision making:***

India has been a terrain of rich cultural diversity and literature. Many priceless work in the area of ayurveda, yoga, science, astrology and mathematics; has been gifted to the world by prominent Indian scholars. Scholars from the rest of the world accept the quality and uniqueness of Indian culture and Indian writings. In every part of India, one can find people who belong to different ethnic, religious or cultural background that makes India itself a veritable melting point of cultures. As Indian culture is very diverse in nature and complex to understand; culture of organizations situated in India are also have same property (as organizational culture is a part of national culture). Indeed, culture of an organization is determined by the national culture where it is situated or functioning and from the background of the employee. So, to understand the management issues and to resolve organizational troubles (e.g. moral decision making) in India, it is essential to understand the Indian culture (Kumar, & Sethi, 2005). This article aimed to critically examine the research work focused on Indian culture and moral decision making. So that unnoticed cultural factors (such as focus on Karma-Yog, Swah-Dharma, satisfaction of Chitta) can be

identified. This article also aims to point out the issues which are more prominent in India than other countries.

Fusilier and Durlabhji (2001) criticized the western theories and methods which ignore the cultural values that Indian managers may apply in their business activities, they said that Indian employees come from a very different background; and various religious texts (e.g. Ramayan, Kuran, Mahabharat, Guru Granth Shahib) have a prominent effect on their value system. They found strong evidence of cultural values such as yogic spirituality, non-attachment, inter-connectedness with others, non-violence, tolerance and sense of duty. These moral values are not considered in the western culture. He also found some respondents who espoused values in different direction from the Indian tradition. But it can be justified through the argument of over exposure of western knowledge to Indian managers. It is very common practice in India and other developing countries that knowledge coming from the western or developed countries is considered as more reliable and validated than its own traditional knowledge. Business management is a discipline where one does not only learn how to manage physical assets or machinery but more importantly how to manage those who work for the organization. Consideration and understanding of deep rooted value system of these people is very essential to manage the whole organization and organizational effectiveness. These arguments are also supported by some other scholars. Gupta (1994) argued that there is a controversy regarding the appropriateness of universal theories of organizations and management for explaining work behavior in India. Bhargave (1993) also pointed out, organizational behavior researches done in India has placed heavy dependence on the West regarding definition of problems and use of methods (Fusilier & Durlabhji, 2001). This tendency to accept and imply the western knowledge is not good at all. Therefore, western knowledge must be reassessed before applying it to Indian organizations. There is of course, great contribution by western scholars (Rest, Kohlberg, Trivino, Hunt & Vittel and so on) who did a great job by posing their work in the field of moral decision making. But re-evaluation of these models in Indian context is required. If we

continue with the western knowledge only, some practical problem will arise. For example, Suar (1992) did a study on work values on Indian managers. He administered the work value inventory (an instrument which was developed and validated in western culture) without any modification. Thus, as a result the unique underline assumptions and values were not identified. Srinivas (1995) claimed that Indian organizations are not able to sustain the long term goal because here the cultural context is often ignored by business managers. There are many other scholars who identified this problem and considered the Indian cultural perspective in their researches. For example, efforts have begun to develop indigenous theories of leadership and organizational behavior (Singh, 1994).

### Conclusion

To achieve the objectives of present study, an extensive review of relevant theoretical and empirical literature was performed. Several theories of moral decision making were assessed with an attempt to draw a better understanding of these theories.

In this paper an attempt has been made to draw attention to the concept of moral decision making of Indian managers. In Indian literature, morality has been expounded as an essential practice. In Indian literature, there are many evidences which focus on the moral practices in life as well as business. Theory of Karma is very highlighted and believed in Indian business context. Dharma as a dutifulness (not as religion or religious practice) is highly appreciated. Dharma counsels that business needs to exist in harmony at every level of human life; not only in materialistic aspect. Business should fulfill the needs of individual, society, and nation. And most importantly satisfaction of soul (Chitta) is necessary. Indian culture believes in benefit of all, not only for few corporate owners. Overall result shows that moral decision making of Indian managers is highly influenced by the cultural norms, teaching of religious texts and words of religious teachers (Gurus).

### Limitations

One major limitation of the present article is that Meta analysis could have given a better result. An empirical research also can

be designed to assess the unique influencing cultural factors in moral decision making of Indian managers.

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