



Universität
Zürich^{UZH}

Chair of Foundations of Business Administration
and Theories of the Firm

Implementing CSR: The Role of Individual Behaviour

Seminar in Corporate Social Responsibility, Spring Term 2011

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French TV repeats Milgram experiments

<http://www.youtube.com/watch?v=n78z5d4jfc8>

=> Under what circumstances do people act ethically/unethically?

16.05.2011 Implementing CSR: The role of Individual Behaviour

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Framework for Research Overview

Rest, 1986:

- Moral Awareness
- Moral Judgement
- Moral Motivation
- Moral Behaviour



Moral Awareness

Individual's ethical sensitivity: (Trevino, Weaver & Reynolds, 2006)

- Woman have greater skills
- Can be improved through training

Context (issue related): moral intensity of an issue (Jones, 1991)

- Magnitude of consequences
- Concentration of effect
- Probability of effect
- Temporal immediacy
- Social consensus
- proximity



Moral Awareness

⇒ Issues with high moral intensity are more likely to be identified as ethical issues

Context (organizational) (Butterfield, Trevino & Weaver, 2000)

- Competitive framework
- Use of moral language



Moral Judgement

Cognitive moral development approach (Kohlberg, 1969; Rest et al., 1999)

6 stages of moral judgement in 3 categories:

- 1) preconventional level
 - Obedience to authority, fear of punishment (stage 1)
 - Exchange in relationships (stage 2)
- 2) conventional level
 - Expectations of significant others (stage 3)
 - Rules, laws (stage 4)
- 3) Principled level
 - Looking to principles of justice



Moral Judgement

Less than 20% of Americans reach the third category

Similar age and education trends across cultures

- ⇒ High importance of „ethical infrastructure“ such as ethical codes and policies, training, sanctions, rewards and ethical climate and culture
- ⇒ Recruiting of leaders

(Rest et al., 1999)



Moral Judgement

Contextual factors, e.g. work environment:

- Accounting students and practitioners have lower moral reasoning scores than other professions (Lampe & Finn, 1992)
- In (accounting) firms, managers and partners have lower moral reasoning scores than people on lower hierarchical levels (e.g. Ponemon, 1988)
- Moral reasoning scores are lower when people respond to work related dilemmas (e.g. Weber, 1990)



Moral Judgement

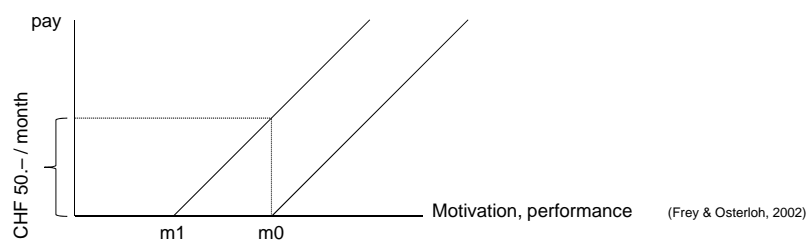
Role of leaders: (Dukerich, Nichols, Elm & Vollrath, 1990)

- Leaders with lower level of moral reasoning depress group performance and group's average moral reasoning score
- People with higher level of moral reasoning are not more often leader of a group
- ⇒ Recruiting
- Leadership is important, but more important is ethical behaviour of peers



Moral Motivation

- Moral judgement must not lead to moral behaviour (weakness of will, thought-action problem)
- Moral behaviour can occur spontaneously
- Example: pay for voluntary work





Moral Behaviour

- A lot of factors have an impact: locus of control, on-the-job pressure, unmet organizational goals, ...

Rewards:

- Rewards for unethical behaviour enhance that behaviour
- Rewards for ethical behaviour do not necessary enhance that behaviour
- People at least don't want to suffer because of their ethical behaviour
- People want violations of ethical expectations to be sanctioned (else higher probability to act unethically)
- Weak sanctions can even enhance unethical behaviour

(Trevino et al., 2006)

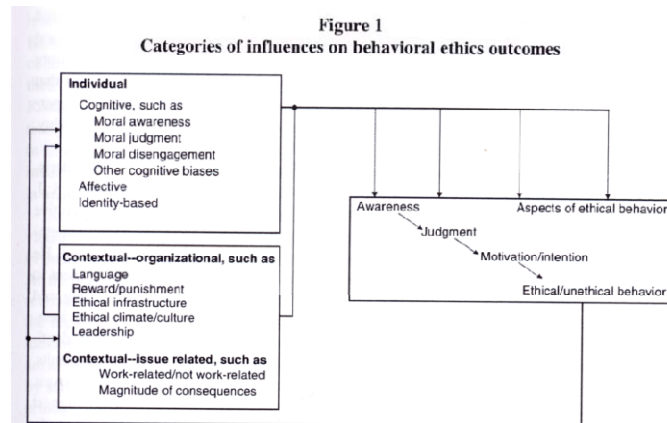


Moral Behaviour

Hierarchy:

- Strong expectations that members obey authority figures leads to higher level of unethical behaviour (see milgram) (Trevino et al., 1999)

Resume



(Trevino et al., 2006)

Why do people act unethically?

- 1) Person: Bad Leaders and Followers (Kellerman, 2004)
 - Technically or ethically bad leaders
 - Bad Followers (naives, watcher, offenders, servants) as leverage
 - Leadership is a relationship => leaders and followers are responsible



Why do people act unethically?

2) Person: Moral Disengagement (Bandura, 1999)

- Moral disengagement frees people from self-sanctions and guilt
- Cognitive reconstruction of behavior: Corruption -> saving jobs; child labour -> possibility to have an income; in comparison to its utility it's ok
- Minimizing the link between one's actions and the consequences: "the boss told me to do so"; "if not me, somebody else would do it"
- Focus on targets' unfavorable acts / seeing the targets differently: "they knew about the consequences"; "their fault"



Why do people act unethically?

3) Situation I:

- Milgram (Milgram, 1974)
- Children on Halloween in KKK-clothes (Fraser, unpublished)
- Zimbaros Prisoners Experiment: (www.prisonexp.org)
 - Roles, deindividuation, dehumanisation, anonymity
 - Need to be part of a group



Why do people act unethically?

4) Situation II: (Staffelbach, 2010)

- Strategic Situation: pressure to succeed, time pressure -> stress, mental overload
- Organizational Structure: e.g. outsourcing (diffusion of responsibility)
- Organizational Culture: risk awareness, learning processes, peer pressure: selective cognition, codecision against knowledge



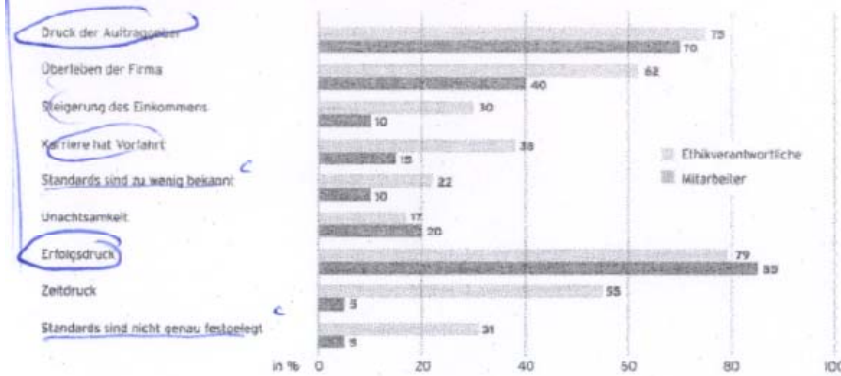
Why do people act unethically?

5) Kognition: some toxic patterns (Staffelbach, 2010)

- Time preferences: pay now > health risk in the future
=> „Dirty deals“
- Attribution: accident = destiny or accident = human failure
=> we don't have to have better health protection
- If consequences are not visible, deferred, not fully in my responsibility or socially not sanctioned
- Moral excuses: Socialdarwinism, Machiavellism, conformism, legalism

Why do people act unethically?

Ursachen für die Verletzung moralischer Standards:
Vergleich Mitarbeiter vs. «Ethikverantwortliche»



(Wieland, 2002, p. 88)

Why do people act unethically?

Moralisches Niveau	Analyseebene		
	I Individuum (individual)	L Team, Organisation (local)	C Allgemeinheit (cosmopolitan)
E Egoismus (egoism)	EI Eigeninteresse (self-interest)	EL Organisationsprofit (company profit)	EC Effizienz (efficiency)
B Fürsorge (benevolence)	BI Freundschaft (friendship)	BL Teaminteresse (team interest)	BC Soziale Verantwortung (social responsibility)
P Prinzipienorientierung (principle)	PI Persönliche Moral (personal morality)	PL Regeln und Prozesse (rules, standards, procedures)	PC Gesetze und Berufskodizes (laws, professional codes)

(Victor & Cullen, 1988, p. 101-125)



Thank you for your attention!



Discussion

- Manager have lower moral reasoning scores than employees on lower hierarchical levels. Why?
- Moral reasoning scores are lower when individuals respond to work related dilemmas. Why?
- Harvey, 2000: „At best the formal structure should not undermine the ethical actions of workers“. On the other hand, only 20% base their ethical decisions on principles. What is the role of formal structures such as compensation practices, performance and evaluation systems, decision making assignments etc. ?