

Ethical Decision Making Based On The Literature Review Of Ford & Richardson 1962 - 1993

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Abstract

The objective of this study is to review ethical judgments of Accountants from 1962 to 1993. The research uses the literature review of Ford and Richardson, 1994 on the empirical ethical decision making. The results show that ethical factors individual, situational, organizational influencing ethical decision making (EDM) are organizational effects, organizational size, and peer group influence and Machiavellinism is also the significant factor in individual EDM.

Keywords: ethical decision making

Introduction

Based on a review of the research development on comprehensive ethical decision making (ethical decision making) it can be identified theories that have developed and are found the phenomenon of two groups of thoughts (Winata, 2016). The first group is Jones (1991) with the idea of four phases of ethical decision making based on Rest (1986). Rest (1986) bases on Kohlberg (1968), while Kohlberg also bases his theory on the approach to the development of child psychology studied by Piaget (1932).

The next group of thoughts is the group led by Fishbein and Ajzen (1975) which was continued by Ajzen (1985), then by Ferrell and Gresham, (1985) who linked with the problems interdependent on ethical decision making, thus revealing the Contingency Framework theory for understanding Ethical Decision Making. This study looks at the first group of thoughts by Jones (1991), Rest (1986), Kohlberg (1968), and Piaget (1932) indicating deductive phenomena because many represented the thoughts on Normative Theory. The second is the group by Fishbein and Ajzen (1975) followed by Ajzen (1985), then Ferrell et al., (1985) indicating inductive phenomena because of using positive theory.

Research on business ethics broadly can identify three factor groups, namely (1) individual factors, (2) situational factors and (3) organizational factors. Situational factors can be related to individual situations and individual situations in the organization.

Based on the groups, several findings identify that perceptions of group behavior influence more unethical behavior compared to respondents' own beliefs, and group references between organizations tend to have less influence on behavior (Ford and Richardson, 1994).

The research that focuses on the review by Ford and Richardson (1994) has not limited its summary on the period and level of ethical decision making for the study conducted by researchers, but can identify that the longest-reviewed study is a study by Baumhart (1961) that examines to what extent is the ethics of a businessman.

The limitation on the number of individual and situational factors found in the identification of the significance of the results of this research (Ford and Richardson, 1994), is as follows:

1. The grouping by the researchers above into the stages of ethical decision making (ethical awareness, ethical considerations, ethical intentions and ethical behavior) is not certainly in accordance with the intention of the results of the previous empirical research by the previous researchers, so wrong grouping might occur. The next research thus is recommended to use previous empirical research data, so that the grouping is more possible for the selection of more subjective individual and situational factors.
2. The selection of certain individual and situational factors based on the frequency of significant research results is used to limit the extent of data analysis which makes it possible that more important factors are not selected than the selected factors.

Ford and Richardson (1994) revealed 102 research conclusions, in their review they grouped individual variables into: religion, nationality, gender, age, education, type and position of work, work experience, Machiavellianism, orientation of personality

values, locus of control, conflict, peer group influence, rewards and sanctions, code of ethics, organizational influence, organizational size, type of industry and business competition. Some individual variables namely gender, type of education and age have been much investigated for their effects on ethical decision making (ethical decision making) or EDM. But in terms of gender there are only 6 significant conclusions from a total of 13 studies of the construct variables.

Likewise, the age and education variables that split evenly between significant research results and insignificant research results. Organizational variables such as code of ethics, rewards and sanctions, peer group influence, organizational influence and size, and the position of an individual in the organization are dominated by significant conclusions. This based on this review motivates me to raise again Ford and Richardson's research (1994) which reveals organizational factors or organizational variables as situational factors that need to be considered for the influence of moderation in EDM.

LIBRARY NOTES

Ethical Decision Making

EDM is a normative and paradoxical theory, and the model is descriptive decision making. Normative theory explains that individuals make good decisions, while paradoxical theory is something that is contrary to normative theory. Descriptive models explain empirical facts that occur as a basis for individuals to make decisions (Suartana, 2010; Winata 2016).

The process of decision making includes steps in investigating the situation, developing alternatives, evaluating alternatives and choosing the best alternatives and implementing the decision and their follow-up (Stoner, 1982). The decision-making process described in these four stages is called the rational problem solving process.

Broadly, the ethical decision-making process described in the stages is similar to the management decision-making process (Stoner, 1982; Jones, 1991). Ethical awareness is similar to situation identification, ethical consideration identical with the creative process of developing decision alternatives that are evaluated or considered further. Then the developed decision alternatives are evaluated or reviewed to obtain the best alternative. This process can pick out action alternatives to be implemented as the best alternatives. The already-proven decision making alternatives have power at the stage of ethical intention. Furthermore, the implimentation of the best decision alternatives chosen are the ethical behavior in ethical decision making (Winata, 2016).

The definition of ethical decision making by Carlson, Karmar and Wadsworth, (2002) is as "a process carried out by individuals who use their rationale to determine whether a particular issue is right or wrong." There are many factors related to the ethical decision making process, more than thirty factors made up of individual factors, organizational factors and variables that have not been revealed in detail which influence the four stages of ethical decision making. (Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005; Jin, 2012; and Craft, 2013).

Ethical decision making is an important aspect of success and continuity of one's professional career and has a big impact on the continuity of the company through a profit growth generated. The company's profit growth is the number of records of

accounting occupations or financial profession. Whatever is more important in ethical decision making, there can be no successful company without working together by elevating the personality attitudes of ethical individuals.

In an ongoing corporate profit growth, an ethic can be carried out properly, and when the company's profit growth stops, then the implementation of ethics starts to be disrupted. That is, decision making is under uncertainty (Christensen & Kohls, 2003).

Definition of ethical decision making:

Ethical decision making is defined as "a process in which individuals use their rationale to determine whether a particular issue is right or wrong" (Carlson et al, 2002). Whereas ethics may be described as a systematic effort to understand ethical concepts and recommendation or proposals in order to maintain the principles and theories regarding right and wrong behavior. In the Merriam Webster Collegiate Dictionary cited by Barlaup et al., (2009) there are four basic notions of ethics:

- (1) Certain disciplines regarding what is said good or bad about ethical duties and obligations.
- (2) A set of ethical principles and values.
- (3) A theory or system of ethical values.
- (4) Certain principles of governance that must be implemented by individuals or groups.

Jones (1991), based on Rest (1986), repropose a theoretical framework that is likely to be the most important writing on the ethical decision making process in an organization. The process illustrates four stages of sequential ethical decision making about how stages of cognitive theory from individuals in the context of dealing face an ethical dilemma.

Rest (1986) argues that each stage is contextually different and that a success at one particular stage does not mean success at a later stage. Business researchers from different fields, such as marketing, accounting, and management, who come from different countries have used this framework in every research they do, although there are some researchers who only examine with a focus on one or two stages only in ethical decision making (Barnett, Bass, Brown & Hebert, 1998; Akaah 1996; Eynon, Hill & Stevens, 1997; Yetmar & Eastman, 2000; Douglas, Davidson & Schwartz, 2001; Eastman, Eastman, and Tolson, 2001; Ergeneli & Arikan, 2002; Singhapakdi, 2004; Gaffikin & Lindawati, 2012).

O'Fallon and Butterfield (2005) re-summarized Cherry and Fraederich's (2000) research, which reveals that individuals will engage in unethical actions related to certain ethical considerations, namely beneficial social and economic impacts. Meanwhile individuals who face a higher business risk show less ethical intention to engage in less ethical behavior.

RESEARCH METHODS

This research was conducted by collecting the results of article reviews, discussions and library visits, reading books on business ethics, especially on ethical decision making, which were reviewed by Ford and Richardson 1994 regarding:

- a. Ethical decision making by individuals, especially ethical decision making for the period 1962 - 1993.
- b. The frequency of significance of ethical decision making independent variables or construct variables in ethical decision making by individuals, to get the construct of the most widely researched ethical decisions that are consistent over time and between different researchers.

RESULTS AND DISCUSSION

Results:

Ford and Richardson (1994) first conducted a review with 102 research conclusions in their review grouping individual variables into religion, nationality, gender, age, education, type and position of work, work experience, Machiavellianism, personality value orientation, locus of control, conflict, peer group influence, rewards and sanctions, code of ethics, organizational influence, size organization, type of industry and business competition. Some individual variables, namely gender, type of education and age have been investigated for their effects on ethical decision making or EDM. But in terms of gender there are only 6 significant conclusions from a total of 13 studies of this construct variable.

Likewise, the age and education variables split equally the results of significant and insignificant research. Whereas organizational variables such as; code of ethics, rewards and sanctions, peer group influence, organizational influence and size, as well as the position of an individual in an organization are highly dominated by significant conclusions.

The things mentioned above encourage Ford and Richardson (1994) to reveal that organizational factors or variables are mainly situational factors that need to be considered as influential factors that can interact or moderate the relationship of individual factors in EDM.

The order of significance can be seen in Table 1-A & B: Recapitulation of Ethical Decision Making 1962 - 1993 by Ford & Richardson.

Table 1 A: Recapitulation of Ethical Decision Making 1962 - 1993 by Ford & Richardson.

No.	Construction Variable	The Results Of Research
1	<i>Religion</i>	3
2	<i>Nationality</i>	5
3	<i>Gender</i>	13
4	<i>Age</i>	8
5	<i>Type of Education</i>	8
6	<i>Years or level of Education</i>	6
7	<i>Employment</i>	5
8	<i>Years of Employment</i>	4
9	<i>Machiavellian</i>	2
10	<i>Neuroticism, Extroversion dan Value Orientation</i>	1
11	<i>Locus of Control</i>	2
12	<i>Rule Conflict dan ambiguity</i>	1
13	<i>Acceptance of Authority</i>	1
14	<i>Peer Group Influence</i>	5

15	<i>Top Management Influence</i>	4
16	<i>Rewards dan Sanctions</i>	4
17	<i>Codes of Conduct</i>	9
18	<i>Type of Ethical Conflict</i>	2
19	<i>Organizational Effects</i>	5
20	<i>Organizational Size</i>	3
21	<i>Organizational Level</i>	6
22	<i>Industry Type</i>	3
23	<i>Business Competitiveness</i>	2
		102

Table 1 B: Recapitulation of Ethical Decision Making 1962 - 1993 by Ford & Richardson.

No.	Significant	No Significant	Statement
1	1	2	<i>Tidak Konsisten</i>
2	3	2	Tidak konsisten
3	6	7	Tidak konsisten
4	4	4	Tidak konsisten
5	4	4	Tidak konsisten
6	4	2	Tidak konsisten
7	3	2	Tidak konsisten
8	2	2	Tidak konsisten
9	2		Konsisten
10	1		Tidak dapat dijelaskan
11	1	1	Tidak konsisten
12		1	Tidak dapat dijelaskan
13		1	Tidak dapat dijelaskan
14	4	1	Tidak konsisten
15	3	1	Tidak konsisten (1 temuan bervariasi)
16	4		Konsisten
17	7	2	Tidak konsisten
18	1	1	Tidak konsisten
19	5		Konsisten
20	3		Konsisten
21	4	2	Tidak konsisten
22	1	2	Tidak konsisten
23	1	1	Tidak konsisten
	64	38	

Sumber: Disajikan kembali berdasarkan Robert C. Ford dan Woodrow D. Richardson (1994); *Ethical Decision Making (EDM) – A Review of the Empirical Literature*; Journal of Business Ethics 13: 205 – 221, 1994; Kluwer Academic Publishers – Netherlands Co

Source: Represented based on Robert C. Ford dan Woodrow D. Richardson (1994); *Ethical Decision Making (EDM) – A Review of the Empirical Literature*; Journal of Business Ethics 13: 205 – 221, 1994; Kluwer Academic Publishers – Netherlands

Limitation

Due to the difficulty in finding the related articles from the publisher the researchers only use the data based the literature review by Ford dan Richardson, 1994.

The continuity analysis of significant factors on ethical individual decision making (consistent and inconsistent) may not be the appropriate method to identify that the factors can be dominant in influencing decision making. Expert opinions on ethics could be further studies and evaluated.

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