THE IS AND OUGHT OF BUSINESS ETHICS

Empirical Evidence and Normative Arguments brought into Dialogue

3rd Wittenberg Business Ethics Conference

BOOK OF ABSTRACTS

ABSTRACTS: SECTION TALKS

Moritz Appels

ERASMUS UNIVERSITY

A moral foundations perspective on CEO political ideology

As an integral component of their value systems, CEOs' political ideology has come to be regarded a major predictor of their strategic decision making. Extant work paints liberal CEOs as more morally guided, yet empirical findings remain inconclusive on whether it is a more liberal or a more conservative ideological leaning that leads CEOs to engage in more or less moral behavior in general. We argue that respective inconsistencies are, at least partly, due to a reliance on the theory of political ideology as motivated cognition rather than the consideration of ideological differences from the perspective of moral psychology. Integrating moral foundations theory into the upper echelons perspective, we theorize that liberal and conservative CEOs' engagement in morally significant behaviors may frequently differ only in their underlying moral rationales but not their degree. Specifically, we draw from moral foundations theory and provide evidence that both higher degrees of liberalism and conservatism induce CEOs to increasingly engage in higher degrees of CSR and more evenhanded TMT pay and resource allocation to business units. As such, we offer a new theoretical vantage on CEOs' political ideologies and their organizational ramifications in morally laden contexts.

Markus Beckmann

FRIEDRICH-ALEXANDER-UNIVERSITY

The Practical Syllogism and Moral Psychology: Implications for the Role of Ethics in Moderating Conflict

Moral conflicts emerge from diverging opinions on what we ought to do. This presentation scrutinizes different roles of ethics in moderating discourse surrounding such disagreements. To guide our analysis, the presentation adopts the practical syllogism as a structural framework. This framework combines normative assumptions—i.e., the values and principles we want to uphold—with positive assumptions encompassing feasible choices and situational boundaries, thereby delineating the scope of actionable pathways of what we can do.

Despite its theoretical straightforwardness, the practical syllogism encounters obstacles in real-world applications. A prominent challenge stems from the often imperfect rationality of individual and collective reasoning. Drawing from moral psychology, the presentation highlights that discrepancies in normative assumptions frequently originate from differing moral foundations, significantly complicating consensus-reaching. This issue is further compounded by cognitive biases and other mechanisms that inhibit learning on both individual and collective levels, particularly when moral conflicts foster polarization and establish divisive groupings.

Informed by moral psychology, the practical syllogism serves to identify various reasons and contexts that fuel disagreements on morally intense subjects, aiding in the comprehension of barriers to rational discourse in these scenarios.

The presentation carves out five strategies ethicists can leverage to mediate moral conflicts, delineated through examining distinct configurations where the normative and positive assumptions of rival viewpoints lead to disparate conclusions. These strategies entail: 1. Identifying non-sequitur conclusions. 2. Correcting flawed positive assumptions. 3. Overcoming trade-offs through practical innovations that expand the choice set. 4. Overcoming trade-offs via semantic innovations to reframe values or normative assumptions. 5. Acknowledging (currently) unsolvable trade-offs to facilitate the search for compromise.

The presentation elucidates each strategy with concrete examples, drawing upon moral psychology to foresee potential challenges inherent in each approach. Furthermore, the specific role that ethicists can play to foster solutions differs between the different configurations.

To conclude, we underscore the constructive potential of ethics, guided by the practical syllogism, in fostering structured discourse and collaborative learning. However, it is imperative to dispel the notion of ethicists as impartial adjudicators, acknowledging their susceptibility to the same cognitive biases as others. Consequently, social learning is needed, a collaborative endeavor to recognize and navigate cognitive blind spots while appreciating the limitations intrinsic to individual perspectives. In this light, both the practical syllogism and insights from moral psychology emerge as helpful tools in the nuanced process of moral conflict moderation.

Joseph Conrad

UNIVERSITY OF EDINBURGH

Responsibility for Justice, not Governance: A Youngian Approach to Corporate Political Responsibility

A recent body of literature within ‘Corporate Social Responsibility’ (CSR) scholarship examines the ‘new political role’ of business in the global sphere (e.g., Scherer & Palazzo; Moon, Crane & Matten). CSR scholars note that in an economically globalized world, multinational corporations assume new political responsibilities. They advocate for a politically enlarged conception of corporate responsibility, short “political CSR,” where businesses co-govern the global political sphere and contribute to global regulation. However, political CSR suffers from serious flaws. First, it fails to adequately conceptualize the grounds, content, and scope of corporations’ political responsibilities. Second, it confounds political responsibility with a narrower responsibility to govern. And third, it fails to democratically legitimize corporations’ engagement in global governance.

As a better way of normative theorizing about corporations’ political responsibilities, I suggest building on Iris Marion Young’s influential conception of political responsibility and adapt it to the corporate context. This allows us to adequately conceptualize corporations’ political responsibility, not as a responsibility to govern but for justice. Young develops her conception of political responsibility against the backdrop of structural injustice. For her, political responsibility is a shared, forward-looking responsibility that aims at collective action to transform unjust social-structural processes. This focus on structure is pertinent in the context of corporations who often operate in, and thereby reproduce, unjust economic structures. Indeed, Young's conception of political responsibility addresses the same societal issues that political CSR aims to address, yet it avoids the problems that political CSR faces.

While Young focuses her discussion on the responsibilities of ordinary individuals, I adapt her conception of political responsibility to powerful collective and institutional agents, such as corporations. I do this by first illuminating corporations' social-structural position along Young's four "parameters of reasoning"—power, privilege, interest, and collective ability. Young offers these "parameters of reasoning" for deciding how agents should discharge their political responsibility, and I argue that all four of them give reason for corporations to discharge political responsibility. Second, I offer a friendly critique of Young's work. My critique focuses on three interrelated aspects—power, causation, and the passage of time—and thereby identifies three "points of departure" from Young's work, where we need to adjust her conception of political responsibility to better adapt it to the corporate context.

Young's work on political responsibility has not gone unnoticed among CSR scholars (e.g., Scherer & Palazzo, Tempels et al.). However, CSR scholars apply her work uncritically to the corporate context. Further, they see Young's conception of political responsibility as a way of conceptualizing political CSR and misunderstand it as a responsibility about governance rather than for justice. In contrast, I argue that political CSR, as a way of normative theorizing about corporate political responsibility, should be abandoned.

Giuseppe Danese

University of Padua

Investors' expectations of managerial responses to climate change: An experimental investigation

Shareholders' activism on environmental, social, and governance (ESG) issues is rising (Cundill, Smart, & Wilson, 2018; Sjöström, 2008; Barko et al., 2022, JBE). Among the several ESG issues raised by investors, climate change is increasingly becoming a dominant theme (Covington, Thornton & Hepburn, 2016; Liekefett, Gregory & Wood, 2021; Michelon, Rodrigue & Trevisan, 2020).

Companies in the oil and gas (O&G) industries are facing a variety of pressures from different stakeholders, including regulators at all levels. They are called to adopt (adaptive) responses to this new set of expectations regarding corporate behavior, with increasing demands that companies become part of the solution rather than part of the problem. Such adaptive responses, and the susceptibility of these responses to different kinds of social expectations, are the subject of our inquiry.

Social norms have been defined as regularities of behavior sustained by expectations (descriptive and normative) and possibly sanctions (Bicchieri, 2006; Cialdini & Jacobson, 2021). They are different from moral and legal norms, which are followed irrespectively of expectations (an injunction). They are also "richer" than purely descriptive norms, sustained only by descriptive expectations. The fact that behaviors in organizations might be sustained and possibly changed by expectations makes the social-norm literature helpful.

We want to understand whether managerial behavior can be changed by manipulating social expectations. We also try to understand which expectations are most important (descriptive, normative, or both) and if sanctions are required to support the prescriptions or proscriptions encoded into normative expectations.

Our methodology of choice is a controlled experiment using vignettes (Bicchieri et al., 2014; Sorenson and Taylor 2005). The target population of our inquiry, managers, is hard to access. Hence we use vignettes, i.e., short stories about imaginary characters in specific scenarios. We vary the character's social expectations about what investors approve or disapprove of regarding corporate policies related to the decarbonization agenda. Our participants are asked to predict how much the fictional manager of our vignette invests in green technologies.

We adopt a 2x2 design plus a control. In the control we place no expectations on the fictional managers.

	Supportive normative expectations	Unsupportive normative expectations
Supportive descriptive expectations	(1)	(2)
Unsupportive descriptive expectations	(3)	(4)

The hypothesis is that the dependent variable (the excess investment in green technologies compared to the control) is largest in study 1, followed by studies 3, 2, and 4.

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Julia Grimm, Rebecca Ruehle & Juliane Reinecke

STOCKHOLM UNIVERSITY & VRIJE UNIVERSITEIT AMSTERDAM

Building Common Ground: How Facilitators Bridge Between Diverging Groups in Multi-Stakeholder Dialogue

The effectiveness of multi-stakeholder initiatives (MSIs) in tackling grand social and environmental challenges depends on productive dialogue among diverse parties. Facilitating such dialogue in turn entails building common ground in the form of joint knowledge, beliefs, and suppositions. To explore how such common ground can be built, we study the role of different facilitators and their strategies for bridging the perspectives of competing stakeholder groups in two contrasting MSIs. The German Partnership for Sustainable Textiles was launched in an initially hostile communicative environment, whereas the Fossil Free Sweden Initiative proceeded in a fertile communicative environment. We trace how the facilitators in these initiatives achieved common ground through three bridging strategies – communicative integration, temporal calibration and process alignment – adapted to the communicative environments of these MSIs. In hostile communicative environments, facilitators achieve common ground by steering diverging stakeholder groups towards 'reconciling' their different knowledge bases, language registers and meaning systems to 'meet in the middle' on points of agreement and shared interests. In fertile communicative environments characterised by greater mutual trust, facilitators can steer interactants to 'strategically appropriate' to the language and logic of a particular stakeholder group to win this group's support. Our analysis contributes to a better understanding of how productive multi-stakeholder dialogue can be facilitated.

Ben Grodeck

MONASH UNIVERSITY

No (Intention to) Profit: No Repugnance? Evidence From Online Experiments

We study whether and why people feel repugnance towards harmless transactions that profit off others' misfortune, without causing the misfortune itself. Examples of such transactions include second-hand markets for life insurance and prediction markets for disasters. Repugnance in these contexts can be a constraint on market efficiency. In a series of online experiments (N>2000) that vary in the moral intensity of misfortune—from monetary losses in a game to deaths from road accidents—we find robust evidence of repugnance, measured using costly third-party punishment towards the party profiting from others' bad luck. Intentions to profit from others' misfortune play a limited role in punishment decisions. Repugnance is observed even when profits are associated with good outcomes. Overall, people dislike profit-making that occurs as a result of others' (mis)fortune, suggesting repugnance is mainly outcome-based.

Lauren Kaufmann

UNIVERSITY OF VIRGINIA

On Valuing Women: Advancing an Intersectional Theory of Gender Diversity in Business

In recent years a proliferation of research has supported the “business case” for diversity, in which scholars collect empirical data to demonstrate a relationship between the demographics of employees and organizational financial performance. However, the business case is only one way—and, we argue, the wrong way—of valuing the presence of women in business. In this manuscript we focus on gender-lens impact investing to interrogate the epistemic assumptions underlying the business case for diversity and suggest that these assumptions have the potential to strengthen the very power structures that have historically excluded and marginalized many women. We then present an alternative: an intersectional theory of gender diversity. We argue that intersectionality requires diversity initiatives in organizations to include both the recognition of the interactions of multiple forms of identity and marginalization, and as well as the goal of dismantling the structures and practices which contribute to marginalization. This approach can be adapted to a range of organizational and industry contexts, and it will need to be thoughtfully applied in order to be effective in promoting gender equitable workplaces.

Jonathan Keir

KARL SCHLECHT FOUNDATION

‘Not By Science of Any Kind’: John Ruskin’s Unto This Last and Contemporary Business Practice

Obstinately the masters take one view of the matter; obstinately the operatives another; and no political science can set them at one. It would be strange if it could, it being not by science of any kind that men were ever intended to be set at one.

John Ruskin (1862)

Business Ethics as a modern humanistic discipline is partially blinded by a scientistic fallacy: texts more than 20-30 years old are considered irrelevant for academic discourse except insofar as they are cited by leading contemporary scholars in top journals. A book like John Ruskin’s *Unto This Last* (1862) presents both a stylistic and conceptual challenge to business ethicists; instead of showing how Ruskin can be integrated into running debates in the Journal of Business Ethics, Business Ethics Quarterly, Business and Society and other leading fora, this paper proposes a close reading of *Unto This Last* on its own terms before examining the implications of Ruskin’s vision of enlightened merchanthood for 21st-century business practice.

That one of the 19th Century’s greatest minds should regard the four essays on business ethics collected in *Unto This Last* as ‘the best, that is to say, the truest, rightest-worded, and most serviceable things I have ever written’ should make them compulsory reading for students and scholars of the discipline in any subsequent era. The roots of Ruskin’s antipathy towards the reigning ‘political economy’ of his day are well summarised in the following terms:

But he being, on the contrary, an engine whose motive power is a Soul, the force of this very peculiar agent, as an unknown quantity, enters into all the political economist's equations, without his knowledge, and falsifies every one of their results. The largest quantity of work will not be done by this curious engine for pay, or under pressure, or by help of any kind of fuel which may be supplied by the chaldron. It will be done only when the motive force, that is to say, the will or spirit of the creature, is brought to its greatest strength by its own proper fuel: namely, by the affections. [...] The affections only become a true motive power when they ignore every other motive and condition of political economy. Treat the servant kindly, with the idea of turning his gratitude to account, and you will get, as you deserve, no gratitude, nor any value for your kindness; but treat him kindly without any economical purpose, and all economical purposes will be answered; in this, as in all other matters, whosoever shall save his life shall lose it, whoso loses it shall find it. (John Ruskin, *Unto This Last: Four Essays on the First Principles of Political Economy*, New York: Thomas Y. Crowell & Co., 1901(1862)), pp. 10-13)

Ruskin goes on to argue – provocatively for our time - that the 'Merchant' (like the Soldier, Pastor, Physician and Lawyer) requires above all a 'due occasion of death', a reason to sacrifice his life for his vocation:

Observe, the merchant's function (or manufacturer's, for in the broad sense in which it is here used the word must be understood to include both) is to provide for the nation. It is no more his function to get profit for himself out of that provision than it is a clergyman's function to get his stipend. This stipend is a due and necessary adjunct, but not the object of his life, if he be a true clergyman, any more than his fee (or honorarium) is the object of life to a true physician. [...] And because the production or obtaining of any commodity involves necessarily

the agency of many lives and hands, the merchant becomes in the course of his business the master and governor of large masses of men in a more direct, though less confessed way, than a military officer or pastor; so that on him falls, in great part, the responsibility for the kind of life they lead: and it becomes his duty, not only to be always considering how to produce what he sells, in the purest and cheapest forms, but how to make the various employments involved in the production or transference of it most beneficial to the men employed. (Ruskin, *Unto This Last*, pp. 32-33)

Such passages fall on the 21st century – in both their form and content - as if from another world. In this paper we let Ruskin first and foremost speak for himself, but also seek to explore what such 'familying' of the workplace and managerial willingness for sacrifice might look like in contemporary guises.

Christian Kroll & Rebecca Ruehle

UNIVERSITY OF MANNHEIM & VRIJE UNIVERSITEIT AMSTERDAM

Areas of Tensions in Self-Organization & Organizational Democracy. A Qualitative Investigation

Topics like organizational agility (Walter, 2021), self-organization (Laloux, 2014) and the future of work (Balliester & Elsheikhi, 2018) are trending in business practice and motivate corporations to explore new possibilities of organizing and decision-making. The implementation of these ideas often leads to an increased level of freedom, participation, and empowerment of employees, which can be described as a democratization of the firm. Parallel, organizational democracies live alternative ways of organizing (Boes, Welpe, & Sattelberger, 2015; Zeuch, 2015) and are real utopias, which can serve to imagine alternative ways of organizing (Gümüsay & Reinecke, 2022). Further, the international manifesto and movement of democratizing work (Ferreras, Battilana, & Méda, 2022) has recently gained attention in academia and business practice. Consequently, a transformative dynamic towards democratization of organizations can be observed.

In business ethics the idea of democratizing organizations has been proposed by various theorists (e.g., Battilana & Casciaro, 2021; Crane, Matten, & Moon, 2008; Ferreras, 2017; Frega, 2021; Malleson, 2013; Matten & Crane, 2005; Moriarty, 2014; Scherer, Baumann-Pauly, & Schneider, 2013) and criticized by others (Hielscher, Beckmann, & Pies, 2014; Kerr, 2004; Porter & Kramer, 2014; Tomasi, 2013). While the academic debate in business ethics concerning the question of whether organizations should become more democratic is still ongoing (Frega, Herzog, & Neuhäuser, 2019; Landemore & Ferreras, 2016) and remains stuck on ideological grounds (Vallentin & Murillo, 2022), there exists a gap of empirical research investigating democratic organizations. Empirical studies have neither sufficiently explored the implementation of democratic forms of corporate governance nor the organizational-level factors that enable or hinder organizational democracy (Kroll & Edinger-Schons, 2023). Democratic forms of organizing are underrepresented in the public as well as academic debates (Weber, Unterrainer, & Höge, 2020). Moreover, the ambiguities, tensions and paradoxes (Eisenhardt, 2000; K. Smith, Erez, Jarvenpaa, Lewis, & Tracey, 2017; Smith & Lewis, 2011) of democratic and self-organizing are marginalized.

To tackle this research gap, we conducted a qualitative-empirical study with a grounded theory approach (Corbin & Strauss, 1990; Bevan & Carrascoso, 2017; Glaser & Strauss, 2017). The purpose of our research project was to better understand cultural, procedural, and structural aspects as well as dynamics and tensions of self-organization and organizational democracy in business practice. Therefore, we investigated the culture and practices of four businesses characterized by elements of both self-organization and organizational democracy. We conducted 55 semi-structured one-on-one interviews. To achieve qualitative rigor, we applied the Gioia methodology throughout our inductive analysis (Gioia, Corley, & Hamilton, 2013).

Multiple ambivalences and tensions emerged in our sample. Not only was the multitude of tensions we found in our transverse sample surprising, but we also identified general patterns of tensions across the different organizations. Interestingly, the organizations showed an implicit (partially even explicit) awareness of the tensions combined with a constructive usage of tensions for (procedural and structural) organizational innovations. We theorize that managing said tensions is a necessary, albeit difficult task on the continuous path towards the realization of both the ideals of organizational democracy and self-organization. We analyzed, reflected, and categorized how self-organized and democratic organizations distinguish and cope with areas of tensions and condensed the findings into a model.

Based on this ground, we build a model consisting of four unique clusters of tensions. We distinguish between theory inherent tensions (I), inter-theory conceptual tensions (II), tensions transcending conceptual boundaries (III), and macro-tensions crossing the boundaries of the organization (IV). The tensions in the sample can further be differentiated by intensity (A) and locus of control (B). We argue that tensions located in a constructive area can enfold an innovative potential, which leads to creative institutional innovations. Destructive tensions, however, need to be contained, so that they do not enfold a destructive potential and lead to regression.

The categories in our model constitute a valuable foundation for future research in self-organization and organizational democracy by enabling distinctive investigations into certain tensions and pushing the academic debate forward. Further, it enables self-organized and democratic organizations to reflect tensions they face and find constructive and creative solutions, to be able to enfold their full potential on the journey towards self-organization and organizational democracy.

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Marc Lunkenheimer

UNIVERSITY OF APPLIED SCIENCES, NEU-ULM

Just or not just? - A Critical Reflection on the Moral Justification of Automated Personal Pricing

In automated personalized pricing (APP) on the internet, algorithms control prices based on data about the customer, the market and the market environment. In the process, companies optimise revenues by automatically skimming the maximum individual willingness to pay from customers. Is such a practice morally justified?

This study analyzes two recently published positions that attempt to morally justify the use of APP. In analyzing these positions, methodological recourse is made to a practical syllogism. According to this, an action is morally justified if the concrete case of the action falls as a minor premise under a major premise. The major premise stands for a normative judgement, the minor premise for an empirical observation. The normative arguments of the two positions were reconstructed as major premises and falsified with empirical findings as minor premises. It turns out that the normative assumptions of both positions are falsifiable.

Coker & Izaret (2021) state that APP is justified if it creates general welfare effects. They assume that forcing a higher price for a higher willingness to pay and in return forcing a lower price for a lower willingness to pay creates such a welfare effect. This means that offers would be proportionally cheaper for people with lower incomes than for people with higher incomes. Implicitly assumed here is that individual willingness to pay is positively correlated with income. Jacob et al. (2018) shows why poorer customers do not necessarily exhibit price-conscious consumer behavior. They are aware of the potential biases associated with poverty. Another study shows that Saudi Arabia has more price-conscious consumers than Brazil (Witschi et al. 2022). Therefore, welfare effects do not necessarily emerge when prices are designed on the basis of individual willingness to pay.

Major Premise	APP is justified if it creates welfare effects.	$P \rightarrow Q$
Minor Premise	Welfare effects do not necessarily emerge.	$\neg Q$
Conclusion	Therefore, APP is not justified.	$\neg P$ (modus tollens)

Moriarty (2021) argues that APP is justified if the information between retailer and customer about the use of such technology is equally distributed. Thus, a purchase decision is made under conditions of "fair competition". This implies that it is worthwhile for the shopper to invest time in ensuring that their own price awareness is considered a statistically relevant variable by the algorithm. However, people experiencing poverty often have to invest a lot of time in securing their own livelihoods (Harvey & Mukhopadhyay, 2007). As these social groups cannot always afford the time investment, they are very likely to pay a higher price without having a fair chance to counteract. Jacob et al. (2022) also show that even when very poor consumers are able to act price-consciously because they are fully informed, they are often discouraged from doing so. They expect more discrimination in upscale business environments and avoid these, even if there is a better price. The internet promises an environment free of discrimination, where people are charged according to their higher willingness to pay. This means that an equal distribution of information does not necessarily enable "fair competition".

Major Premise	APP is justified when there is fair competition through equally distributed information.	$P \rightarrow Q$
Minor Premise	Equally distributed information alone does not ensure fair competition.	$\neg Q$
Conclusion	Therefore, APP is not justified.	$\neg P$ (modus tollens)

Since the presented argumentation strategy aligns with the theory of critical rationalism, this study also adopts its limitations, which are addressed in this study as well, such as the falsifiability criterion and its limited scope.

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Gerhard Minnameier & Tim Bonowski

GOETHE-UNIVERSITY FRANKFURT

Moral Rules as Rules of the Game: The example of an augmented trust game

Moral problems can often be solved by designing institutions so that the underlying social dilemmas can be overcome. However, institutions in this sense are typically designed with the homo economicus in mind and set incentives such that self-interested individuals would comply with what is perceived as morally right. Conversely, we suggest that moral principles themselves can function as institutions and that they come with (non-material) incentives in specific moral currencies (e.g., affection and respect) that would be cheap talk for homo economicus, but are valuable to moral agents.

Trust in the trust game (TG) is a case in point. In games played anonymously and with great social distance, trust and trustworthiness tend to be crowded out. However, the question is why. We suggest that trust and trustworthiness depend on a specific moral norm, i.e., the “golden rule”, and that anonymity prevents players from being able to exchange moral signals of respect (for the trustor’s trust and the trustee’s trustworthiness). Accordingly, we also argue that morality is not simply a question of acting according to one’s internalized values, but acting to uphold a “social norm”, i.e., a rule that comes with external sanctioning mechanisms (rewards and punishments) in moral currency.

The ordinary TG makes rewards and punishments impossible, and these social norms cannot become operative. We test our hypotheses with an augmented trust game in which players can convey standardized messages indicating the fairness of the other player and the appropriateness of their decision. In our experiment (n = 171) with ten TGs and random anonymous matching, we observe that treatment group trustors send higher amounts and trustees being more trustworthy than in the control group. Of the 40 points of initial endowment, trustors sent, on average, 30.07 to the trustees in the treatment group, as opposed to 23.95 in the control group. The proportion of points returned relative to points received was .11 higher in the treatment than in the control group. One of our main results is that equal payoffs in the end are five times more likely in the treatment than in the control group. On top of this, the twice as many trustees in the control group return nothing (in 71 out of 440 games, as compared to 30 out of 420 games in the treatment group). Points earned during the experiment were paid out in real-world currency, guaranteeing incentive compatibility.

Our results add to the literature by showing that a minimal feedback institution (no cost, no monetary consequences) can serve to stabilize cooperation by increasing the subjects' expectation to receive fair amounts from their partners. Ten sequential trust games with random, anonymous partners were played, so players had no reputational or direct strategic incentives. Treatment differences appeared after several rounds, indicating that simple one-shot games are not suitable to identify the effect. In contrast to previous work, which mostly studied the effects of pre-play communication, our experiment does not induce the opportunity for subjects to make contracts, so differences in trust and trustworthiness must be based on perceived norms that are tacitly negotiated in a decentralized manner. We discuss the nature of the norms that arise.

Above and beyond the trust game, the thrust of the overall theoretical approach is that moral norms function as rules of the game, i.e. as institutions that are discovered in what Binmore calls "the larger game of life" and then emerge in coordination in this larger game of life to solve specific social dilemmas. Moreover, these kinds of institutions do not employ material incentives (which would spoil them), but incentives in moral currency.

Ingo Pies

MARTIN-LUTHER-UNIVERSITY

Folk Economics and Folk Ethics as Problems of Moral Reasoning – Ordonomic Inspirations for Business Ethics

Folk economics" is the economic 'theory' of common sense, and analogously „folk ethics" is the moral 'theory' of common sense. Typical of „folk-economic beliefs" are erroneous causal attributions. Typical of „folk-ethical beliefs" are utopian or dysfunctional criteria for moral judgments. The main proposition of this article is that these two sources of positive and normative disorientation should be made an object of research in business ethics in order to scientifically work on the hitherto neglected area of unjustified moral critiques of the market economy – in addition and complementation to the important area of justified moral critiques of the market economy. In support of this proposition, practical syllogisms are used to show that the scientific critique and correction of „folk-economic beliefs" requires a slightly different approach than the scientific critique and correction of „folk-ethical beliefs.

Rebecca Ruehle

VRIJE UNIVERSITEIT AMSTERDAM

The Moral Permissibility of Digital Nudging in the Workplace: Reconciling Justification and Legitimation

Organisations increasingly use digital nudges to influence their workforces' behaviour without coercion or incentives. This can expose employees to arbitrary domination by infringing on their autonomy through manipulation and indoctrination. Nudges might furthermore give rise to the phenomenon of "organised immaturity." Adopting a balanced approach between overly optimistic and dystopian standpoints, I propose a framework for determining the moral permissibility of digital nudging in the workplace. In this regard, I argue that not only should organisations provide pre-discursive justification of nudges but they should also ensure that employees can challenge their

implementation whenever necessary through legitimation procedures. Building on Rainer Forst's concept of the right to justification, this article offers a way to combine contract- and deliberation-based theories for addressing questions in business ethics. I further introduce the concept of meta-autonomy as a capacity that employees can acquire to counter threats of arbitrary domination and to mitigate organised immaturity.

Ulf Schäfer

SDA Bocconi School of Management

The IS and OUGHT of studying collective unethical behavior

Unethical behavior is not only exhibited by individuals but also by collectives. Examples abound: a professional cycling teams doping (Hamilton & Coyle, 2013); a conspiracy to change election outcomes (Levine, 2023); the mistreatment of prisoners at Abu Ghraib (Gourevitch & Morris, 2008); a police unit carrying out genocide (Browning, 1993). In (business) organizations, too, collective unethical behavior underlies corporate scandals such as the Volkswagen Dieselgate scandal (Ewing, 2018), the fake account scandal at Wells Fargo (Masunaga & Koren, 2016), or the Siemens corruption scandal (Schubert & Miller, 2008).

We review the literature on collective unethical behavior. We systematically identified conceptual and empirical studies investigating collective (or group, unit, team, organization, network, widespread) unethical behavior (or unethical conduct, wrongdoing, corruption), and analyzed and assessed relevant papers regarding terminology, conceptualization of the focal construct, research methodology, operationalization of the focal construct, and research design.

We find that we were able to identify only relatively few publications (23 to date) that addressed collective unethical behavior (and its variants), with approximately half making only conceptual contributions. Scholars use a plethora of terms to denote collective unethical behavior (e.g., collective corruption, widespread unethical behavior, unit unethical behavior, team unethical behavior, collaborative wrongdoings). Furthermore, there is yet no generally accepted definition or conceptual framework of collective unethical behavior; even if terminology is identical (e.g., in the case of the relatively frequently used term "collective corruption"), we find that different scholars feature different attributes in their definitions. Though empirical research is quantitatively limited, it exhibits a rather broad range of research designs, from single and multiple case studies, to cross-sectional designs (incl. longitudinal research), to lab experiments. A more detailed investigation of operationalizations and research designs reveals both inspiration and limitation.

We conclude that the current state of collective unethical behavior research is unsatisfactory in that an important phenomenon for business ethics seems to be vastly understudied (and probably undertheorized). We speculate about four explanations for this: First, the current literature's conceptual ambiguity—about every scholar using their own terminology and a lack of consistent conceptualizations—hinders progress in the field. Second, fears among scholars regarding ontological assumptions of a group mind (McDougall, 1920) might deter scholars from investigating *collective* unethical behavior. Third, there might be a widespread lack of awareness among micro level and macro level researchers regarding multilevel methods that allow studying individuals as embedded in collectives at multiple levels. Fourth and last, a mismatch between high “expenditures” of conducting high-quality, multilevel studies of collective unethical behavior on the one side, and conflicting incentives to publish fast and frequently on the other side.

We close by offering our (preliminary) thoughts regarding a framework for conceptualizing collective unethical behavior. Further, we suggest that an understanding of collective intentionality—based on the social ontology provided by philosopher John Searle (Searle, 1990, 2010) and the experimental evidence from ontogenetic studies of anthropologist Michael Tomasello (e.g., Tomasello & Moll, 2010)—may help scholars overcome fears of having to assume *group minds* when studying collective intentions and collective intentions-in-action. Last, we point to a multilevel methodological framework that allows studying unethical behavior of both individuals that are embedded in collectives and collectives that are constituted by their individual members (e.g., Chan, 1998; Kozlowski & Klein, 2000; Nezlek, 2012).

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Lisa Schmalzried

WITTENBERG-CENTRE FOR GLOBAL ETHICS

Care-Based Leadership Ethics: Normative Arguments and Empirical Evidence

Good leadership is crucial to companies as it influences, e.g., why applicants choose to work for a company, do not (internally) quit, and how motivated, productive, and creative they are in their work. However, the question of defining good leadership is not easy to answer. Against the background of divergent and growing demands on leadership and increasing questioning of traditional understandings of leadership, ethics-based leadership theories have become popular since the 1970s like, e.g., the theories of servant, transformational, authentic, ethical, responsible, and relational leadership. These theories primarily describe different ethical leadership styles. However, from a philosophical-normative perspective, the main issue is not to describe a leadership style. In line with classical approaches in applied ethics, the first question is rather which moral issues typically arise in leadership contexts, if any. After identifying such leadership ethical problems, the next question is: which normative approach is suitable for addressing these problems? This paper argues that a care ethical approach is exceptionally well suited to this job. More specifically, it presents a normative argument supporting this claim and shows where empirical findings should become relevant.

As care ethics became an established moral philosophical approach in the 1980s and 1990s, it has also been discussed in economic and business ethics (Fotaki, Islam, and Antoni 2020). Also, leadership ethicists show increasing interest in care ethics (Ciulla 2009; Tomkins 2020). Some discuss care and leadership especially within the nursing and medical sector and the field of education and teaching (Smit and Scherman 2016; Ehrensal and Conroy 2021). Others show that care is part of the self-image of leaders (Levay and Andersson Bäck 2022) and that followers expect care from their leader (Gabriel 2015; Gloor, Krüger, and Pircher Verdorfer 2018). Furthermore, there are connections between care ethics and established ethics-based leadership theories (Nicholson and Kurucz 2019; Simola, Barling, and Turner 2010).

Still, the question remains as to why care ethics should be well or even best suited to answer leadership ethical questions. The clue to answer this question lies in starting with a fundamental definition of leadership as a goal-oriented asymmetric influence relationship taking place in a broader stakeholder context (Schmalzried, Fröhlich, and Vondermaßen 2021). This definition points to vulnerability as one central ethical category of leadership, thereby bespeak typical leadership ethical challenges. Care now can be seen as the normative appropriate answer to vulnerability (Engster 2005; Goodin 1985; Kittay 1999). Hence, the central questions in the leadership realm are: (1) what does care mean in a concrete leadership situation? (2) how can leaders, followers, and stakeholders build care-based leadership relationships? (3) which frameworks support care-based leadership relationships?

To answer these questions, normative reflections on care and caring relationships are essential, as well as empirical studies on concrete leadership situations and the expectations and needs of the involved parties. This claim aligns with two fundamental moments of the ethics of care. First, it is a particularistic normative theory, and second, care ethicists constantly link normative considerations with empirical findings. Hence, starting from a normative argument, empirical findings need to come into play to develop an action-guiding, care-based leadership ethical approach.

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Philipp Schreck

MARTIN-LUTHER-UNIVERSITY

It’s the Thought that Counts: Self-Interest Aversion and Its Relevance for Business Ethics

Many people are convinced that an action can only be morally good if it is well-intentioned. From this perspective, good consequences alone are not sufficient for an action to qualify as morally desirable—it is *intentions* that ultimately matter. Such intention-based moral judgments are in line with deontological normative ethics according to which truly moral actions can only be good if the underlying will is good (Kant 2002:10). Although there are differing views on what constitutes "good will," self-interest is generally not one of them and therefore has no moral quality for deontological judgments, regardless of its consequences. I will use the term “self-interest aversion" to refer to this moral, principled rejection of self-interest as a motive for action.

In contrast to intention-based judgments, ethical justifications of the market economy typically refer to the system's *consequences*; such justifications largely do without evaluating the intentions of market participants. According to this perspective, individuals may follow their self-interest and— thanks to the coordinating function of competitive markets —collectively cause desirable, though unintended, effects (Hayek 1998). In a nutshell, proponents of market mechanisms stipulate that self-interest is perfectly legitimate if it collectively leads to socially desirable outcomes (Homann 2002; Smith 1776).

When individuals make ethical judgments, the two perspectives above may come into conflict when intention-based moral judgments get in the way of appreciating desirable outcomes. Self- interest aversion may prevent individuals from fully appreciating socially desirable, market- based outcomes, *because* these were (collectively) caused by actions of self-interested agents. In particular, observers might like and support an otherwise identical outcome *less* if it has been brought about by self-interest, rather than by "good intentions."

Various experimental studies have provided evidence that people evaluate the very same outcome differently depending on what intention they assume is behind the action that causes the outcome. For example, different variants of proposer-responder studies found that how much respondents reward or punish proposers for identical outcomes depends on the intention responders assume proposers have (Charness/ Levine 2007; Cox/ Deck 2005; Falk et al. 2008; McCabe et al. 2003; Nelson 2002; Schächtele et al. 2011). Based on these findings, I have conducted experiments to examine whether self-interest aversion extends to the evaluation of third-party interactions, and whether individuals support (someone else's) socially desirable interactions less when these actions are caused by self-interest (unpublished work in progress). The goal of these experiments is to analyze under what conditions self-interest aversion might motivate people to reject actions that yield socially desirable outcomes but have been motivated by self-interest.

In line with the aim of WIBEC to explore the possibilities of integrating positive and normative research in business ethics, my presentation will discuss empirical evidence related to self- interest aversion, and reflect upon its relevance for business ethics.

Jeffery Smith

SEATTLE UNIVERSITY

Boeing and the Ethics of Co-Regulation

This paper initially examines the fallout of the Boeing 737MAX case on the ethical responsibilities of firms who are involved in their own regulation. The Boeing case illustrates how firms are often partners in regulation, providing material information, making technical determinations, and exercising discretionary judgments that are used by government to make regulatory decisions. Using this case as a point of departure, I argue that such regimes of "co-regulation" can be justified on two, mutually reinforcing grounds. The first takes co-regulation to be an instance where the authority of the state is delegated to private, market actors. This implies that norms of responsible co-regulation emerge from the legitimate exercise of this delegated authority by business firms. The second takes co-regulation to be a non-ideal, administrative feature of governance in a democratic state. This implies that norms of responsible co-regulation emerge from the need to assure that business firms do not corrupt the regulatory process. A discussion of these two grounds provides a précis for a normative theory of co-regulation that can provide a fuller story as to why businesses have responsibilities beyond simple regulatory compliance while also building bridges between literatures in legal theory, political philosophy and business ethics.

Andreas Suchanek

HHL LEIPZIG GRADUATE SCHOOL OF MANAGEMENT

What ought I not to do?

In a free society, the notion of an “ought” might seem to be misplaced. Why should free subjects subordinate themselves to a demand which can be perceived as a constraint on one’s freedom – esp. in a situation where a disregard of this constraint is perceived as individually advantageous?

A possible answer can be based on insights from contract theory: The freedom of the individual is, in a sense, societally enabled (Buchanan 1984). Thus, it can be thought to be granted under the constraint of using it appropriately: The “ought” expresses an imperative to contribute to the maintenance of preconditions of sustainable social cooperation for mutual advantage, in particular by avoiding to use one’s freedom in a way that implies illegitimate harm.

And yet: Why should individuals follow this ethical imperative if they perceive it advantageous not to do so?

For this problem of justification, which is well known in ethics, a new answer is attempted. According to this perspective, “ought” refers to an *enabling order*, in which individuals are *embedded* and to which they are *(legitimately) expected to contribute*. To do so can be interpreted as an *investment* for various reasons. For a good society, it is crucial to maintain an understanding and recognition of these reasons – as well as functioning rules – in order to persist.

Wiebke Syzmczak

UNIVERSITY OF HAMBURG

Peter to Pay Paul? Prosociality, Incentives and Agency Costs

In this article, we present experimental evidence on the common presumption that managerial prosociality is a source of agency costs when the material interests of owners are in conflict with the material interests of a third party. Leaving normative arguments aside, we investigate the descriptive validity of this claim when agents have full discretion over their effort investment as well as the social impact of the firm. In our experimental design, discretionary choices can range from donations of profits ("donations") to the exploitation of a third party to increase profits ("rent seeking"). The results inform the normative debate about optimal incentives in delegated social dilemmas, including the discussion about the appropriate objective of the firm.

Background

In their seminal contribution on the contractual view of the firm, Jensen and Meckling (1976) argue that agency costs, i.e., discrepancies between actual and optimal outcomes resulting from delegation, are positively related to managers' charitable preferences and negatively related to managerial ownership stake. In the same vein, Jensen and Murphy (1990) argue that making managerial compensation conditional on performance can alleviate problems of incomplete contracts (Hart, 1988). This view builds on the assumption that the appropriate objective of business is pure profit maximization (Friedman, 1970), and suggests that managerial prosociality is a consumption preference that can be satisfied by making charitable contributions. Both assumptions have been challenged in recent years. However, casual evidence on the effect of managerial prosociality and financial incentive alignment in delegated decisions with externalities is largely missing. This study fills this gap to inform the debate about optimal incentives paying dues to the rising importance of corporate externalities.

Experimental design

Our experimental design extends the gift-exchange framework proposed in Fehr, Klein, and Schmidt (2007) by allowing agents to make transfer payments between their principals and a passive third party after choosing their effort levels. Similar to Fehr, Klein, and Schmidt (2007), we differentiate three treatments with different incentives: *Trust contracts*, *Incentive contracts*, and *Bonus contracts*. Moreover, we induce property rights by providing all players - the principal, the agent, and the third party - with an initial endowment. Transfer payments can be positive (transfers from the principal to the third party, "donations") as well as negative (transfers from the third party to the principal, "rent seeking"). Our extension captures two important aspects of corporate strategy decisions: (i) it implements a trade-off between the material interest of the principal and a passive party, and (ii) it allows agents to cause both positive as well as negative externalities on behalf of the principal. In order to investigate the role of agent prosociality in this context, we elicit self-reported charitable preferences as well as social value orientations of all participants using the SVO slider measure proposed by Murphy (2011).

Results

Our results show that agents' willingness to donate to charity is not significantly related with financial agency costs (lower profits or higher shortfall between endogenous profit targets and actual profits) in the treatments with Trust contracts and Bonus contracts but is associated with higher agency costs in the Incentive condition. Similarly, agents' willingness to donate to charity does not predict systematic differences in externalities in the Trust and Bonus condition but does so in the Incentive condition. Using our alternative independent variable SVO reveals no systematic differences in profits or agency costs between proselfs and prosocials for any of the treatment conditions. Whereas all types (donors and non-donors as well as proselfs and prosocials) generate negative externalities on average across all treatment conditions, average externalities are significantly more negative for non-donors and proselfs.

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Matthias Uhl

TECHNICAL UNIVERSITY INGOLSTADT

An empirical approach to the risk distribution of autonomous vehicles

Deterministic dilemmas resembling the trolley problem still predominate ethical discussions on autonomous vehicles (AVs). This has been criticized as it neglects that road traffic is not deterministic, but risky. Connected AVs may be considered a chance for managing traffic risk more deliberately than impulse-driven manual traffic allows. By focusing on unavoidable accidents, however, the recent ethical perspective sets accident probability to one and solely discusses accident severity. This may be understandable, because risk was traditionally located in the realm of rationality and attributed to decision theory instead of ethics that focused on actual harm. At the other extreme, the engineering perspective is essentially guided by accident avoidance and therefore questions the relevance of the ethics of unavoidable accidents altogether. The focus of engineering is on minimizing accident probability. Both perspectives neglect that any maneuver in regular road traffic constitutes a redistribution of risks which is a function of both accident probability and accident severity.

To incorporate moral folk intuitions into the ethical debate, laypeople's choices in trolley problems with AVs have been elicited. These results can be transferred to regular traffic situations if one interprets them as statistical trolleys. If a certain traffic situation occurs million times, accidents will be unavoidable in the aggregate. Our aim is to investigate individual choices under risk explicitly by letting people take moral decisions in regular road traffic. By looking at safety distances, we can directly study the rationale with which people manage the trade-offs between accident probability and accident severity without assuming one of the components away. Driving algorithms factually distribute risks in road traffic among different road users when determining their safety distance between them. It seems more sensible to reflect on the principles underlying this distribution of risk through an ethical discourse than to leave it to the explicit or implicit judgments of car manufacturers.

Using an interactive, graphical representation of different traffic situations, we measured participants' preferences on driving maneuvers of AVs in a representative survey in Germany. A driving algorithm whose training data is based on the value judgments of a representative sample of the population could be interpreted as a tool for building aggregate consensus. Our participants' preferences deviated significantly from mere collision avoidance. To reflect the moral intuitions of the German population an algorithm would have to account for the number of potential victims and the type of road users in the AVs' driving behavior. Interestingly, our participants were also willing to take risks themselves for the benefit of other road users suggesting that the social dilemma of AVs may lessen in a context of risk. Even if people are asked to imagine that they are in the passenger's role, they state their willingness to accept a higher accident probability for themselves if this decreases the probability of a more severe accident for other people. This is noteworthy with respect to the social dilemma of autonomous vehicles that has been identified in the context of unavoidable accidents. It also provides another reason to shift the ethics of AVs from the extreme case of unavoidable accidents to the regular case of mundane traffic maneuvers.

Vittorio Cerulli & Manon Filler

FRIEDRICH-ALEXANDER-UNIVERSITY

A trend or a fad? An outlook on possible futures of corporate purpose across industries

The quest for a corporate purpose is spreading fast across companies. While other constructs of business delivering stakeholder value are already familiar to business leaders, such as: "Base of the Pyramid" (Prahalad & Hart, 2002), "Shared Value" (Porter & Kramer, 2011) and "Inclusive Growth" (George, McGahan, & Prabhu, 2012), the construct of corporate purpose has found a special place in everyday business language, gaining outstanding traction among practitioners. Business leaders are attracted by purpose because it captures a firm's reason for being, explains what value the business creates for its stakeholders and establishes a pathway for sustainable change (George et al., 2021). A corporate purpose therefore articulates the good a company contributes to society (Bhattacharya et al, 2022).

As highlighted by business leaders such as Paul Polman (ex. CFO of Nestlé and ex. CEO Unilever), Klaus Schwab (CEO of World Economic Forum) and Larry Fink (CEO of Blackrock), corporate purpose is directly linked to how successfully a business addresses societal issues. In his 2020 letter to CEOs, Larry Fink sent a clear message: "A strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society. Ultimately, Purpose is the engine of long-term profitability for Business."

Nevertheless, there are uncertainties about how corporate purpose will develop in the future as the current management literature has not yet explained if and how purpose will evolve because it has been focused on defining the concept (Ellsworth, 2002; Hurth et al., 2018; George et al., 2021). Therefore, the study addresses the research questions: What forces are shaping the management practice of corporate purpose? Where would we see most changes in ten years? What specific practice is most likely to change? Finding answers to those questions is relevant for policy makers, business leaders and academics who are relying on purpose to deliver value for society and are interested in the topic.

Drawing on Institutional Theory (IT), the paper focuses on how corporate purpose will change in the next ten years due to external and internal forces. IT offers a new lens to understand the internal and external perspectives leading to the rise and adoption of purpose. As described by Kessler (2013), IT assumes that organizations adopt new practices because they resonate with social and community values, even if the practices may defy economic rationality. From IT, different scenarios are developed, and an innovative real-time Delphi technique is applied (Beiderbeck et al., 2021; Gnatzy et al., 2011) to facilitate an expert discussion and gain insights on the futures of corporate purpose in Europe. By outlining future scenarios, the study extends prior research.

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Marco Tulio Daza

UNIVERSIDAD DE NAVARRA

Facebook’s privacy practices, a business ethics philosophical analysis: compliance, integrity, and excellence

This paper analyzes Facebook's privacy and data protection practices through the lenses of compliance, integrity, and excellence. As one of the world's largest technology companies, with nearly 40% of the global population using its services, Facebook's data collection and advertising practices give rise to ethical concerns regarding user privacy, autonomy, and dignity. Given the universal recognition of privacy as a fundamental human right, it is relevant to examine how Facebook's practices align with legal frameworks, ethical principles, and their contribution to human flourishing.

Compliance refers to adherence to established legal principles and regulations relevant to privacy and data protection. An assessment of the company’s fines and penalties for violating data protection regulations in the EU and US was conducted. While profit-seeking within legal boundaries is justified, the company has faced scrutiny, with fines totaling $8.8 billion for unauthorized data sharing, misleading authorities, violating children's rights, illegal data transfers, using "dark patterns," and data breaches. Facebook's recurrent privacy violations and accrual of record fines in both the US and EU underscore the company's persistent failure to achieve meaningful compliance with regulations.

Nevertheless, even full legal compliance cannot effectively mitigate other risks, including evolving privacy policies, societal polarization, mental health concerns, security vulnerabilities, and government access requests. Therefore, an integrity analysis evaluates whether Facebook's internal policies balance stakeholder interests, create shared value, and establish trust-based relationships.

However, this aggressive focus on maximizing shareholder profits has directly conflicted with adequately protecting user privacy and balancing the interests of its broader stakeholder ecosystem. Investigations into Facebook's practices have surfaced the company's routine usage of dark patterns to surreptitiously nudge users into "consenting" to tracking and data collection. Furthermore, the company has repeatedly overridden informed consent requirements and misrepresented its data practices to users, severely eroding public trust. For Facebook to begin rectifying these issues, implementing comprehensive integrity-oriented strategies will be essential to rebuild fractured stakeholder relationships.

The concept of excellence entails organizations actively promoting virtuous practices and ethical decision-making to foster human dignity and flourishing. This paper puts forth a virtue ethics framework, contending that Facebook must cultivate greater transparency, responsibility, trustworthiness, respect for user privacy, robust data security safeguards, and a pervasive ethos of privacy-focused innovation. Fostering employee education regarding privacy risks, along with an organizational culture of care and responsibility for user well-being, is imperative. Additionally, providing users with meaningful control over their data, implementing privacy by design, and encouraging responsible platform use should be priorities.

In conclusion, Facebook's history is marked by penalties for legal violations and a tarnished reputation, but the repercussions of its data practices extend beyond these issues, causing broader societal harm.

The path forward for Meta involves the adoption of virtuous practices that have the potential to transform the company into a trustworthy technological infrastructure. By actively embracing virtuous practices, Meta can contribute significantly to human well-being. It can achieve this by continuing to facilitate communication, supporting the growth of businesses, enhancing educational opportunities, and fostering cultural exchange. This transformation is essential for rebuilding public trust and ensuring a positive impact on society.

For Facebook’s users, it is crucial as individuals to cultivate awareness regarding the inherent limitations of technology. Users should strive to employ Facebook in a virtuous and responsible manner, understanding the potential consequences of their online actions.

Human flourishing, being a state attainable only when collectively pursued, places the onus of virtuous practices on Meta, its users, third-party advertisers, and data brokers alike. This shared responsibility is imperative for fostering the ethical and responsible utilization of technology.

Zsolt Garai

University of Pecs

Oughts in Co-Creation of Value in IT Services

In this paper I examine the ethical significance of a conceptual innovation related to co-creation of value in service sciences. I present this innovation both as instrumentally efficacious in designing services and as an expression of ethically engaged considerations in business discourses.

To understand better the “service logic” behind the concept of co-creation of value, I first reconstruct the need for such a reform within and about the communication of service provider and buyer of the service, and I argue that, under some interpretation, the concept cannot play the role we expect from it. I illustrate the differential application of these interpretations in the specific domain of best practice documentation of IT Services, namely in ITILv3 and ITILv4. The terminological move from “client as final source of definition of value” to “co-creation of value with the customer” represents and acknowledges some values previously shared in the past, or to be grasped in the future cooperation between service

provider and the customer.

Then, to frame and clarify some philosophical underpinnings behind the concept, I relocate the idea into a rather ancient concept of cooperative action and friendship. In a thought experience I take partnership between service provider and client as a candidate for exemplifying a type of friendship, as it is conceived in Aristotle’s ethics, that is a partnership that is always at least useful (self-regarding) for participants, but potentially virtuous (self and other regarding) when flourish in actual workings based on value co-creational processes. Due to this ethical analogy, I identify some presuppositions about collectively shared or created moral or ethical “oughts”, manifested or implicit in these processes.

To understand better the nature of these oughts I take three particular domains of their discourse and application and filter out their ethically relevant caveats for each.

1 Granting a well-defined shared knowledge – good partners ought to clarify their respective readings about their (internal) guiding principles, detailed processes, plans, and analyses of their environments from their point of views – Caveat: Deadlock problem of identities, memberships, fidelities arise in borderline discourses.

2 Deciding together on technological innovations – one of the main expectations that an outsourced, managed IT service should meet is to grant continuous technological development, by which it enables augmented efficacity in client’s processes – Caveat: without achieving trust via communication in co-creative processes the risk of “empty”, expensive ought of innovation arises. This, in turn, may cause a regress toward a mainly utility-based partnership-type.

3 Building up a tradition [of cooperation] from virtuous solutions in fast paced environments – to put in another way: efforts to make the [common] good durable via establishing commonly followed rules. Caveat: codification of good practices of cooperation may become objectual obstacles before granting continuous dynamic practical perception of the partners about each other.

Finally, in analyzing specific case studies from IT Service operation that exemplify above situations I raise the question of the nature of practical and moral reasoning manifested in these applications. Following Ryle and MacIntyre, I present “intelligence” as an inbuilt, natural incentive in human and, consequently, in organizational behavior: to take all past action or solution as a lesson for plans and for their particular executions is the basic condition to meet in discourses and decisions in above cases. In redescribing future instruments and ends of action during innovative efforts of co-creative discourses seems to lead inevitably to moral (re)specification of them.

Quirin Kissmehl

HOCHSCHULE KONSTANZ (HTWG)

Value creation by means of (ethical corporate) culture– a theoretical framework from a relational point of view

Research problem & relevance

The phenomenon of (ethical) corporate culture has been increasingly influencing the debate on effective corporate governance for some time, both in theory and in practice. In addition to structures, policies and procedures for corporate governance compliance, the U.S. Sentencing Guidelines have referred to the importance of an ethical corporate culture since as early as 2004: „To have an effective compliance and ethics program […] an organization shall […] promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.“ (Cf. US Sentencing Guidelines 2021). According to the guidelines, an effective compliance program requires a strong commitment from the company's management to implement an appropriate compliance culture – „from the middle and the top“ (Cf. US Department of Justice 2020).

In 2010, the UK Bribery Act also referred to this responsibility of corporate management: „The top- level management of a commercial organization (be it a board of directors, the owners or any other equivalent body or person) […] are in the best position to foster a culture of integrity where bribery is unacceptable” (Cf. UK Ministry of Justice 2011).

This growing importance of culture in the current debate on corporate governance is also reflected in corporate practice: The approach of organizing corporate compliance purely as a staff function which had been pursued for many years in many companies failed – and it was bound to fail. Effective compliance and integrity management as key elements of corporate governance appear to become a leadership task and a key element of ethical corporate culture design, which requires new approaches, both in practice and in theory.

The recommendations for a High-Quality Ethics & Compliance Program issued by the Ethics & Compliance Initiative, for instance, focus on leadership and culture as one of the key design elements: „Culture is understood to be the largest influencer of business conduct; therefore, developing and sustaining a strong ethical culture is essential for protecting and sustaining the organization. Leaders are recognized as primary drivers of that culture“ (Cf. Ethics & Compliance Initiative 2016).

Also, it is worth looking at the new edition of the German IDW auditing standard for the audit of Compliance Management Systems (CMS), which has been in existence since 2011 and is currently under revision. The draft states that the adequacy and effectiveness of a CMS are essentially characterized by an authentic compliance culture as an integral part of the corporate culture, which is influenced, among other things, by the integrity, responsible and value-oriented behavior of the members of management at all management levels in accordance with the rules to be observed, as well as by the management style and personnel policy of the company (Cf. IDW EPS 980 n.F. (10.2021)). For the first time, the draft of the new edition contains precise recommendations for regular, conscious reflection on cultural framework conditions in the sense of operationalizing compliance culture, for instance by organizational embeddedness at the management level (Cf. IDW EPS 980 n.F. (10.2021)).

Regarding the relevance of culture, ISO Standard 37000 (Governance of Organizations - Guidance), published in 2021, states: „In an organization, the governing body should set the tone for an ethical organizational culture. While all individuals contribute to this culture, what the governing body says, does and expects is critical in setting the tone for the whole organization. Leadership is therefore a critical issue […]" (Cf. ISO 37000:2021). According to this guidance, good governance is based on leadership, values, and a framework of mechanisms, processes, and structures, and means that decision-making within organizations is based on a corporate ethos and culture, as well as norms, practices, and behaviors. Again, clear leadership responsibilities are defined: "[…] governing bodies will hold management to account and ensure that the culture, norms and practices in the organization align with the organization's purpose and values" (Cf. ISO 37000:2021). This shall lead to organizations being in a better position to understand the expectations of their stakeholders.

The link between corporate culture and the shareholder perspective can also be found in the introduction to ISO standard 37301 (Compliance management systems - Requirements with guidance for use), published in 2021. For long-term success, organizations shall introduce and maintain a culture of compliance that takes into account the needs and expectations of the various stakeholders. According to the norm, anchoring compliance in the behavior of employees depends first and foremost on leadership at all levels and clear values of an organization (Cf. ISO 37301:2021).

Here, both ISO guidelines refer to one of the main objectives of corporate integrity management: The consideration of material value expectations of relevant stakeholders, because and insofar as they are dependent on them and, reciprocally, are influenced by their decisions and actions (Cf. Grüninger and Pforr 2019, p. 726; See also Schöttl 2018).

This objective also forms the starting point and core element for fulfilling the European Corporate Sustainability Reporting Directive (CSRD), namely in the concept of assessing material impacts, risks and opportunities (double materiality), which can hardly be achieved without the active involvement of stakeholders.

Corporate culture itself also plays an important role within this context of ESG. In the course of CSRD, the European Financial Reporting Advisory Group (EFRAG) has drafted European Sustainability Reporting Standards (ESRS) which provide clearly defined reporting obligations through so-called disclosure requirements. According to the ESRS G2 (Business Conduct, draft version), these disclosure requirements include "corporate initiatives to establish, develop and promote a corporate culture" (Cf. ESRS G1 draft 2022, G1-1 §5, p. 4.). The objective of this obligation is to "provide an understanding of how the administrative, management and supervisory bodies are involved in forming, monitoring, promoting, and assessing the corporate culture" (Cf. ESRS G1 draft 2022., G1-1 §6, p. 4). According to the draft reporting standard, organizations may consider disclosure of how the undertaking's leadership provides direction to promote a corporate culture as well as disclosure of specific incentives or tools for its employees to foster and encourage its corporate culture (Cf. ESRS G1 draft 2022).

To contribute to this specific debate, the intended research aims to conduct fundamental research on the phenomenon of (ethical) corporate culture, especially regarding its effects on value creation from a relational point of view. Despite a wide range of research, this is a broad field that is still difficult to operationalize. First of all, this may be because there are innumerable understandings of the concept of culture (Cf. Keller 1982; Baumann Montecinos 2022). According to Hartnell et. al. (2011), another major problem is that the organizational value effects of corporate culture lack an underlying comprehensive theory (Cf. Hartnell et al. 2011) which makes summaries, interpretations, and valuable contributions to the discussion difficult (Cf. Lee et al. 2016., p. 5443), especially if it is not possible to reconcile the underlying theories or find common implications due to methodological limitations. This is where the planned research would like to focus on.

(…)

Method and analysis

The main focus of the planned research is the analysis of value creation by means of (ethical) corporate culture from a relational point of view. At first, a theoretical model is to be derived and presented that illustrates how corporate culture and the management of cultural complexity as a leadership task (i.e. the management of cultural differences and commonalities) contribute to creating and maintaining the (1) willingness and the (2) ability to cooperate and therefore (3) achieve corridors of chances for cooperation in multivalent networks of relations. Further, the research

program seeks to examine (4) what specific relational costs are incurred, and (5) how corporate culture and the management of cultural complexity create jointly generated relational rents.

The explanatory model to be developed, which is grounded in relational economics, will then be illustrated in the further course of the research work within the framework of a single-case study approach and thereby assessed regarding meaningfulness and robustness. The author aims that this will provide a theoretical explanation model that is also able to comprehensively frame and interpret empirical findings on the influence of culture on value creation from previous research, which should enable follow-up contributions to the discussion by deriving common implications. Most importantly, the explanatory model should allow some practical implications to the debate on effective corporate governance, especially concerning the design of an ethical corporate culture that allows for corridors of chances for cooperation.

Artur Klingbeil

MARTIN-LUTHER-UNIVERSITY

Overtrust in AI Advice

Hans Rusinek

UNIVERSITY OF ST. GALLEN

Meaningful Work & Corporate Purpose - The contested space of meaning at work. An investigation of an automotive company in transformation using Cultural (Business) Ethics Marco

While knowledge workers are struggling to have an experience of meaningful work, they have recently been confronted with coordinated ‘meaning offers’, the managerial practice of corporate purpose. Both phenomena of meaningful work and corporate purpose, seen here juxtaposed as meaning-making and meaning-giving, express how the once private question of finding meaningfulness, which I understand with Wolf as the experience where subjective attraction meets objective attractiveness, finds itself in a contested space of meaning at work. This contested space also shows how organisations in the Anthropocene, an instance of meaning-breaking, come under pressure to legitimise themselves and fail to derive meaningfulness from internal logics alone, they depend on recourse to a larger socio-ecological role, which purpose statements aim to do.

This contested space of meaning at work is currently undertheorized: Researchers on meaningful work call for a multilevel perspective on the phenomenon, including the social processes involved in the construction of meaningful work, covering not only meaning-making, but also -breaking and -giving. At the same time, in the debate on corporate purpose, there is a research gap regarding interpretative employee perspectives: studies mostly taking a CEO perspective overestimate how smoothly organisational sensemaking can be orchestrated from the top. That is why I am interested in the following:

- How are the circulating (extra-)organizational narratives on meaningful work affecting the personal, but precisely not independent, experience of meaningful work?
- What justificatory practices are used in meaning-giving attempts and to what extent do they stand up to normative analysis?
- To what extent does the contested space of meaning invite a combined approach of normative and empirical methods?

An investigation on the crisis of meaningfulness in the Anthropocene, on the attempt to manage meaningfulness, and on the negotiation of these experiences towards an authentic individual experience, is an investigation on the handling of moral arguments, on games of giving and taking reasons in organizations. Hence, it is a study on the threshold between empirical research of Organizational Studies and normative argumentation of Business Ethics.

Addressing the potential synergies identified by Grant and Michaelson between both disciplines on the topic of meaningful work, I collected data using a well-established approach of Organizational Studies, Narrative Sensemaking, and analyze data using Cultural Business Ethics, looking at the justification practices in the de/re/formation of meaningful work and the opening of resonance spaces to come to a shared organizational understanding.

For that, I spent my field research at Volkswagen AG, a company that employs almost every ten thousandth person on earth, claims to be responsible for 2% of global emissions, and now attempts a collective change of heart: from car manufacturer to mobility provider. For that, it has created a purpose campaign.

I interviewed stakeholders from two (overlapping) groups: Managers, trying to give meaning, and employees struggling to internalize this meaning. I held workshops in which the question of meaningful work was worked out together. I have observed a "Purpose Activation" team for 10 months. And I evaluated data on how these questions are discussed in shareholder events, the intra- and internet.

ABSTRACTS: RESEARCH IDEA PITCH

Miguel Abellan-Ossenbach

LEUPHANA

Markets, social responsibility and the replacement logic

Competitive markets have at least three characteristics that can affect moral behavior (e.g., Falk and Szech 2013; Irlenbusch and Saxler 2019). First, a market transaction requires two parties (buyer and seller). Thus, if the market exchange involves a moral tradeoff, market participants may share the individual feeling of responsibility and guilt with their counterpart. Second, the very existence of a market for a certain good provides information about the adequacy and rightness of trading this good. In particular, observing the behavior of other people in a similar market situation permits to infer social norms, to focus on the pursuit of self-interest and to overlook the moral appropriateness of the market exchange. Third, competitive markets can activate the replacement logic. Following the rationale "if I don't, somebody else will" (Bartling and Özdemir 2023), participants in the market may prefer to make a trade that increases their monetary payoff rather than let someone else make the same trade (Sobel 2010). Thus, if the market transaction presents a moral trade-off, market participants may justify their morally wrong behavior with individual powerlessness in the face of other's morally wrong behavior (Falk et al. 2020: 2206). Some scholars have examined the replacement logic in non-market games (e.g., Bartling and Özdemir 2023; Falk et al. 2020; Fischbacher et al. 2009) and find that the activation of the replacement logic strongly depends on the existence of social norms of moral conduct and on the beliefs about individual pivotality. Meanwhile, Ziegler et al. (2022) compare single-unit markets with multi-unit markets — as only the latter can give rise to the replacement logic — and find that this logic explains the full erosion of moral standards and norm compliance in multi-unit markets.

The experiment we plan to conduct ties to this literature and offers an alternative approach to study social responsibility (i.e., the willingness to sacrifice individual profit in order to prevent a negative externality of trade) and diffusion of pivotality in markets. Four reasons justify this alternative approach. First, research on the replacement logic is primarily based on a non-market context. Second, the few studies including a market context (e.g., Bartling and Özdemir 2023, Ziegler et al. 2022) refer to auctions, have a very complex structure and use donations to charity as the moral tradeoff of the market exchange. Third, results on the effect and size of the replacement logic are inconclusive so far. Fourth, a clean comparison of the replacement logic in a market versus a non-market situation is still missing.

Building on the market paradigm in Bartling et al. (2015), we develop a stylized market experiment consisting of sellers, buyers and third parties not involved in the market transaction but harmed by it. In this market, there is a product that causes a negative externality on the third party (i.e., a loss of welfare) if the buyer finally purchases the product.[1] We consider a posted-offer market: sellers first select the price for the

[1] Bartling et al. (2015) call this design feature "production on demand" technology because it is the exchange that creates the externality. If no exchange, the loss of welfare for the third party does not happen.

product; buyers then enter the market and can either buy the product or not. We record market interactions in 24 consecutive market rounds. Together, we compare two situations: (1) a baseline condition with only one buyer in the market (T1); (2) a treatment condition where a second buyer enters the market if the first buyer decides not to buy the product (T2). Thus, the buyer in the baseline condition is fully pivotal because if he does not buy the product the corresponding third party does not suffer the loss of welfare. Meanwhile, the first buyer in the treatment condition is no longer pivotal because if he refrains from consumption, another buyer may enter the market and make the same trade. Therefore, the first buyer in the treatment condition may prefer to buy the product himself rather than let the second buyer make the same trade. After all, if he does not buy, the second buyer may do so. As a consequence of this, we hypothesize that the first buyer in the treatment condition will buy the product with a negative externality on the third party more often than the first (and sole) buyer in the baseline condition.

We consider two additional treatments to compare the strength of the replacement logic in a market versus a non-market context. For that purpose, we frame the offers within the two market treatments as allocations and avoid any market framing. Consistent with this, the allocators (in the role previously assumed by the buyers) have to choose between two allocations: one in which the third party does suffer a loss of welfare and one in which the third party does not suffer it. Here we compare two situations again: (1) a baseline condition with only one allocator (T3); (2) a replacement treatment where a second allocator can choose one of the two allocations if the first allocator chooses the allocation with no loss for the third party (T4). Thus, while the allocator in the baseline condition is fully pivotal, the first allocator in the treatment condition is no longer pivotal.

Taken together, we suggest three hypotheses: (1) market framing reduces social responsibility (T1 vs. T3); (2) the replacement logic also takes place in a non-market context (i.e., in the allocation game) (T3 vs. T4), but (3) the replacement logic is more pronounced in a market versus a non-market context (T2 vs. T4).

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Fabian Corver

UNIVERSITY OF GRONINGEN

Methodological Foundations for Corporate Sustainability: the Concept-Conception Approach versus Reflective Equilibrium

This paper aims to provide a methodological lens towards addressing the task of constructing the concept of corporate sustainability. It does so by appealing to two methodological ideas: the concept-conception distinction and reflective equilibrium. While the project of conceptualizing the concept of corporate sustainability has been going on for decades, recent literature reviews of the concept claim that scholars have failed to provide a proper theoretical foundation and conceptual clarity (Meuer et al. 2020; Pazienza et al. 2022). I propose that a more explicit focus on a “methodology of concepts” is required in order to tackle some of the conceptual difficulties found in the study of corporate sustainability. I argue that recent proposals that seek to identify the “essential attributes” and/or “constitutive dimensions” of corporate sustainability (e.g., Meuer et al. 2020; Pazienza et al. 2022) fail to address the phenomena of theoretical and normative disagreement involved in constructing the concept of corporate sustainability. Hence, I suggest that more efforts are required in determining and understanding the ultimate source of the persisting conceptual problems in the study of corporate sustainability. More concretely, I propose that attention ought to be paid to the concept of corporate sustainability as part of a system of concepts as opposed to treating the concept in isolation.

1. The Concept of Corporate Sustainability

I begin by introducing the concept of corporate sustainability via the notion of sustainable development. This view characterizes the concept of corporate sustainability as the direct transfer, application, and/or extension of the concept of sustainable development to the corporate level (Bansal 2005; Ashrafi et al. 2020; Nunhes et al. 2020; Pazienza et al. 2022). On this view, sustainable development is understood as a macro- or societal-level construct while corporate sustainability is recognized as a micro- or firm-level construct (Landrum 2018, 3). I suggest that beyond these introductory remarks, however, surprisingly little agreement exists. Thus, in the literature on corporate sustainability, one can expect to find dozens of competing definitions and meanings of the concept (see Meuer et al. 2020 for an overview). Responding to this lack of conceptual convergence, some scholars have endorsed the claim that the concept of corporate sustainability is ‘defective’. The disorders found present in the study of corporate sustainability include “conceptual opacity” (Lankoski 2016), “conceptual confusion” (Nunhes et al. 2020), “conceptual ambiguity” (Valente 2012; Swarnapali 2017; Meuer et al. 2020), “conceptual vagueness” (Shah & Rahim 2019), and “conceptual unclarity” (Pazienza et al. 2022). I propose that a greater clarity in terms of one’s methodological commitments may avoid some of these conceptual problems.

2. Disagreement as the Source of Conceptual Problems

I argue that the source of disagreement about the concept of corporate sustainability can be traced back to both theoretical and normative issues. First, on the theoretical front there is an issue about theory-dependent claims that are included in a range of definitions of corporate sustainability. The primary example of this is the fact that many definitions of corporate sustainability will explicitly appeal to the notion of 'stakeholders' and/or 'future stakeholders' (e.g., Dyllick & Hockerts 2002; Funk 2003; Valente 2012; Hahn et al. 2014; Ruiz-Palomino et al. 2021). Hence, on this view, the intelligibility of the concept of corporate sustainability presupposes some version of stakeholder theory. I suggest that whether, and to what extent, this is appropriate will depend upon one's methodological commitments. Second, on the normative front there is an issue about determining the normative foundations of the notion of corporate sustainability. One common way to do this is by appealing to the idea of intra- and intergenerational justice. I propose that this normative demand of intra- and intergenerational justice plays (often implicitly) an active role in both positively and negatively determining the content of the dimensions of corporate sustainability. I conclude this section by suggesting that both theoretical and normative disagreement is to be expected in the study of corporate sustainability and that therefore one's methodological approach should focus on facilitating 'productive disagreement'.

3. A Concept-Conception Approach

One methodological idea I invoke for dealing with the fact of theoretical and normative disagreement is that of the concept-conception distinction. I will in particular look at John Rawls's (1999) treatment of this distinction. In Rawls's A Theory of Justice, he argues that his conception of 'justice as fairness' can be understood as an interpretation of the concept of justice. Thus, according to him, the concept of justice can be common to a variety of competing conceptions (or interpretations). In terms of concept formation and development, this approach is therefore committed to certain concepts being fixed and static (Brun 2022, 7). I raise the question: 'Is there a fixed and static concept of corporate sustainability that can be reasonably identified?'. Following the Rawlsian procedure, I will suggest that there are a variety of concepts of corporate sustainability that one may decide to hold fixed in order to stimulate further theoretical inquiry. I suggest that this methodological idea could therefore be a useful heuristic that can lead to genuine pluralism.

4. A Reflective Equilibrium Approach

Next, I turn to the methodological idea of reflective equilibrium. I will in particular draw from a reflective equilibrium approach developed by Brun (2022). While the concept-conception distinction focuses on determining a fixed and static concept of corporate sustainability, the reflective equilibrium approach is concerned with assessing whether there is a 'shared starting point' in terms of one's initial commitments to the subject of corporate sustainability. I look at several candidates that can serve as initial commitments that are widely shared in the study of corporate sustainability. These include among them some potential 'paradigmatic cases' as well as theory-dependent commitments. I argue that the reflective equilibrium approach can be beneficial to the study of corporate sustainability due to the fact that it explicitly connects the scientific activities of concept formation and theory development. I conclude by sketching one potential strategy that is focused on developing a 'system of corporate sustainability concepts'.

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Hans Hempel

MARTIN-LUTHER-UNIVERSITY

Exploring Managerial Decision-Making in Expert Systems: The Interplay of Self-Interest and Outcomes

In decision-making situations, individuals often face a trade-off between their self-interests and socially desirable outcomes. While individuals may benefit from maximizing their own interests, socially desirable outcomes require individuals to consider the welfare of others. Based on an experimental investigation of aversion against self-interest at the expense of social welfare, this paper applies this perspective to strategic decision-making in the context of expert systems. The aim is to investigate whether managerial decision-makers will constrain expert systems at the expense of their company to maximize their own interests.

The complexity of decision-making processes and the role of self-interest versus (social) outcomes are well-documented in the literature. Charness & Levine (2007) explore experimentally, how individuals react to intentions and outcomes. It is observed in their study that individuals often value intentions more than the actual outcome, suggesting that the intention behind a decision significantly influences how this decision is perceived. Similarly, Falk et al. (2008), Nelson (2002) and McCabe et al (2003) provide evidence for the importance of intentions in interactions, arguing that models based solely on material payoff distribution cannot fully capture human behaviour. One important observation from the work of Schächtele et al. (2011) is that people tend to punish bad behaviour a lot, but they don't often reward good behaviour. While there is a strong reaction against harmful intentions (negative reciprocity), the response to helpful intentions (positive reciprocity) is observed significantly less. However, a study from Cox & Deck (2005) finds that the level of social distance influences the level of positive reciprocity, indicating that reciprocity is not just about punishing harmful actions but also about rewarding beneficial ones under certain conditions. This highlights the importance of situational factors in shaping reciprocal behaviours, underscoring the need to understand these dynamics in different contexts to predict and guide behaviour effectively.

Collectively, these studies emphasize the importance of perceived intentions, fairness, and social context in decision-making processes. Building on these insights, the proposed research aims to extend this understanding into the realm of managerial decision-making involving expert systems. Expert systems are in this context defined as computer programs that use artificial intelligence to replicate the decision-making capabilities of human experts in specific domains. Based on a knowledge basis of domain-specific information and logical rules, these systems seek to solve complex, well-defined problems, especially in areas where human expertise may be limited or costly. However, their capacities are limited by the quality and quantity of information provided, and they lack human-like adaptability and learning capabilities, so they must continue to rely on human judgment and expertise in many areas. The focus is to investigate how these factors operate in an environment characterized by technological advancement and evolving power dynamics. Specifically, this study aims to determine whether managerial decision-makers, when given the power to do so, will deliberately constrain the performance of expert systems for a personal gain, even if it comes at the expense of their organization. This represents a critical extension of our understanding of self-interested behaviour, particularly within the context of rapidly evolving technological interfaces and increasingly complex organizational structures. Unlike altruism, the decision environment is not entirely voluntary, since the expert system appears as an external shock and giving up self-interest is not rewarded with the warm-glow effect of altruistic acts, but with a decrease in both salary and authority.

To test this, an experiment will be conducted in which participants in the role of managers are randomly assigned to a treatment and control group. Participants are told they have to perform an analytical task that an expert system can complete faster and with perfect accuracy. In round 1, participants perform the task and receive payment based on their performance. In round 2, the expert system performs the task, and participants receive a fixed payment. In the treatment group however, participants can increase their payoff by restricting the expert system and performing the task themself. Participants in the control group can´t influence the expert system in round 2.

The hypothesis is that participants in the treatment group will restrict the expert system at the expense of the company, to receive a higher payoff compared to participants in the control group. The performance and payoff differences between the treatment and control groups reveal the impact of managerial self-interests on the company´s welfare.

The results also show, how ability, measured in round 1, affects the decision to restrict the expert system in round 2 in the treatment group.

The experiment can help to understand whether decision-makers will allow for socially preferable decisions to be made at their expense. More specifically how individuals will balance self-interests with socially desirable outcomes, in the context of expert systems. The findings can help managers and other stakeholders to design management systems, that take into account the decision-makers interests as well as the interests of their company.

In conclusion, this research proposes a unique exploration of the dynamics of self-interest and intentions in decision-making involving expert systems. By observing whether decision makers themselves are willing to allow socially beneficial decisions to be made at their own expense without experiencing the 'warm-glow', new insights into the fine balance between self-interest and organizational welfare will be provided. The findings could have significant implications for the design of management systems, taking into account both the decision-makers' interests and the broader objectives of the company. Moreover, the results may offer strategies to foster positive reciprocity and mitigate the negative impacts of self-interest in decision-making processes. The outcome of this research promises to add a valuable perspective to the ongoing discussion about decision-making dynamics in our complex and technologically advanced world.

Hendrik Niehoff

MARTIN-LUTHER-UNIVERSITY

Self-set salaries and moral self-regulation

Whether and to which degree financial incentives increase employee motivation and performance remains an unresolved question in management accounting research (Bonner et al. 2000). While numerous studies provide evidence for a correlation between the wage level and employee effort (Fehr et al. 1993; Charness and Haruvy 2002; Fehr and Goette 2007), the provision of monetary incentives or the implementation of control measures hasn’t shown to necessarily enhance employee’s performance. This may particularly apply to employees who are intrinsically motivated—namely, to individuals who derive enjoyment directly from the work they do (Deci and Ryan 1985). In these cases, control measures or financial incentives can sometimes have the opposite effect, diminishing motivation and, in consequence, performance (Falk and Kosfeld 2006; Fehr and Falk 2002). These observations suggest that there might be a need to reconsider traditional strategies for boosting employee effort and performance. A growing body of evidence originating from the field of employee empowerment suggests that increasing the degree of autonomy for workers can foster a greater sense of responsibility and job satisfaction (Maynard et al. 2012; Yin et al. 2019). By allowing employees more freedom, their motivation can naturally increase, leading to improved productivity. In particular, it has been argued that the democratization of organizations may increase employee satisfaction, effort and performance on multiple dimensions (Harrison and Freeman 2004).

One way to democratize the workplace is to delegate wage decisions to the employees themselves (Semler 1989; Tuna 2008). There already exists a substantial body of literature on wage delegation, ranging from the basic understanding of the concept

(Charness et al. 2012) to studies focusing on wage delegation under the influence of social comparison (Charness et al. 2016) or the influence of wage delegation on employee creativity (Brück et al. 2021). A common finding within this research stream is that employees perceive a higher degree of autonomy and responsibility in the case that the employer delegates the wage decision. These aspects are also of relevance when it comes to the topic of employee’s unethical behavior, for example in the form of job autonomy (Lu et al. 2017), responsibility in combination with the concept of locus of control (Kish-Gephart et al. 2010) or the self-determination theory in general (Deci and Ryan 1985). Given these factors, it seems logical to hypothesize a potential relationship between wage delegation and unethical behavior.

For a more comprehensive understanding of this potential association, reference can be made to previous research that has examined the impacts of various wage structures on unethical behavior. Past studies in this field, primarily conducted within the framework of the agency theory have examined the effects of relative performance pay (Harbring and Irlenbusch 2011; Flory et al. 2016), upfront payment (List and Momeni 2020), unexpected wage increases with different timings (Ockenfels et al. 2015), or surprise bonuses (Flory et al. 2016) on unethical behavior in an organizational context. A common finding across all these studies is the identification of the gift exchange effect, in the form of positive reciprocity, as an important factor (Falk and Fischbacher 2006). Furthermore, research regarding the role of moral self-regulation in the organizational context could be of interest in this context (Sachdeva et al. 2009, List and Momeni, 2021). This could involve examining the relationship between a morally commendable act - in this case, combining a low salary with high performance – and the subsequent opportunity for unethical behavior in the context of moral licensing. On the other hand, the investigation of a high salary coupled with low performance, followed once again by the opportunity for unethical behavior within the framework of moral cleansing, might also be of interest.

A broader look at how the previously named factors - autonomy, responsibility, positive reciprocity, and moral self-regulation - might affect a potential link between wage delegation and unethical behavior could provide a promising research approach. Finally, an investigation of wage delegation specifically under the influence of social comparison and moral licensing, could also represent an interesting position in terms of its connection to unethical behavior (Charness et al. 2016, Lasarov and Hoffmann 2020, Charness et al. 2014).

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Simon Merz

MARTIN-LUTHER-UNIVERSITY

Delegation and Trust Behavior towards Automated Leadership in Subjective Performance Evaluation

Automation describes technology that carries out data selection, information transformation, process control, and decision-making (Lee & See, 2004). With the recent advances in artificial intelligence (AI) and machine learning (ML), organizational practices and workflows are becoming increasingly automated. AI/ML-based information systems artifacts (henceforth, called models) take over decisions originally used to be made by human managers (Lee, 2018). They perform management tasks in various areas such as asset management (Helms et al., 2021), project management (Holzmann et al., 2022), and human resource management (Tambe et al., 2019). The capability to make decisions autonomously, i.e., without human intervention, and to accept and also transfer rights and responsibilities to humans provides them with an inherent agentic character (Baird & Maruping, 2021). Consequently, models are not only passive tools used by human agents but rather are able to take the lead, too (Baird & Maruping, 2021; Wesche & Sonderegger, 2019). This development entails that models take over leadership functions and thus human agents become subordinates, reversing the hierarchical structure of typical leadership constellations. The emerging phenomenon of automated leadership describes »a process whereby purposeful influence is exerted by a computer agent [i.e., model] over human agents to guide, structure, and facilitate activities and relationships in a group or organization« (Wesche & Sonderegger, 2019). For example at Uber Inc., a mobility as a service provider, a model takes over leadership functions such as task allocation or performance feedback by processing customer pickups, monitoring drivers, providing feedback, and incentivizing drivers (Wesche & Sonderegger, 2019).

However, only scarce research explicitly addresses the new role of models as leaders of humans and the resulting reconceptualization of leadership (Harms & Han, 2019; Höddinghaus et al., 2021; Wesche & Sonderegger, 2019). Therefore, we aim to empirically investigate the certain effects of automated leadership, considering two perspectives. First, the question arises of how the human subordinates or followers behave to an automated leadership agent. Here, we focus on trust behavior as the latter is crucial for successful leadership (e.g., Höddinghaus et al., 2021). Second, we are interested in whether a senior human leader (upper management) is inclined to delegate a certain leadership function to the model that acts as a surrogate of a human leader on middle management level. Thus, we focus on delegation behavior as the second variable. Consequently, we consider both the decision-making and the decision-recipient level by analyzing the delegation behavior of the human leader as well as the trust behavior of the followers, i.e., people affected by the decision.

Several leadership functions exist (Fleishman et al., 1991; Wesche & Sonderegger, 2019). While some leadership functions such as acquiring information are more related to skills associated with models, others such as motivating personnel resources tend to be associated with human skills. For our anticipated study, we decided to focus on a leadership function that requires human-associated skills but which is already been carried out by models. Subjective Performance Evaluation (SPE) reflects the leadership function of utilizing and monitoring personnel resources and involves a moral dimension of decision-making that is hard to quantify. However, models are built to perform SPE (e.g., Ahmed et al., 2022). Therefore, we consider this specific task appropriate to analyze trust and delegation behavior as it is morally sensitive and can be reasonably performed by both human and automated leadership agents.

The following figure summarizes the conceptual framework of the study used to specify the research design in the next step.

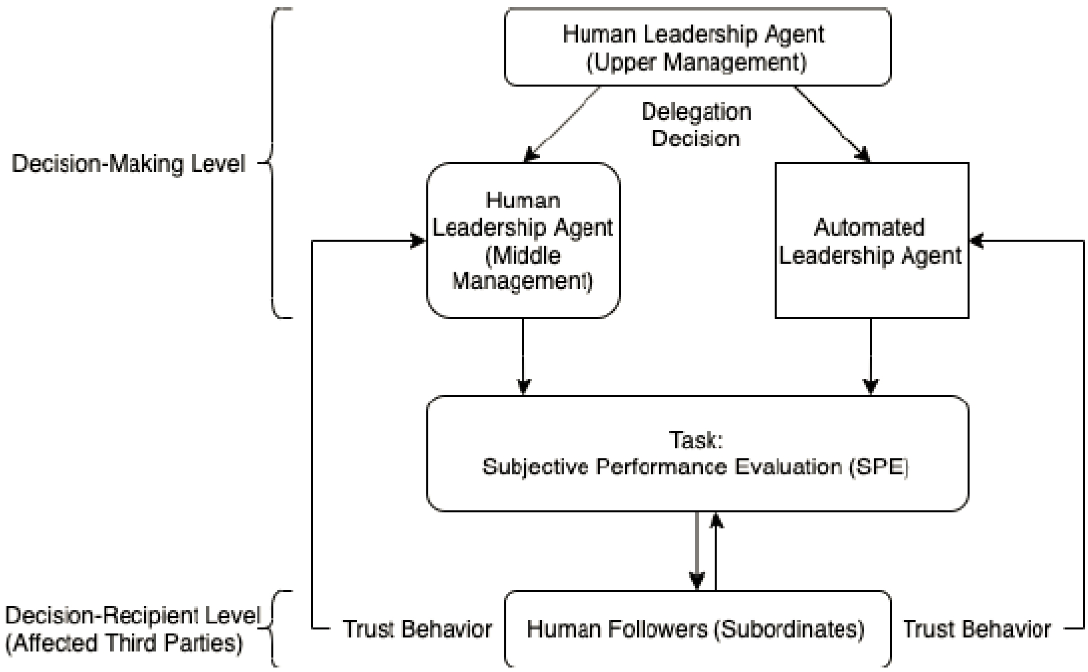

Figure 1. Proposed Conceptual Framework for Research Design

Methodologically, we plan to conduct an economic experiment complemented with survey questions to measure participants' behavior and attitudes. Foremost, we draw on the experimental design of Gogoll and Uhl (2018) to measure delegation and trust as behavior. Their experiment consisted of three parts, with the first part involving delegation and the last part involving a trust game. To depict SPE in an economic experiment, we plan to adopt the experimental set-up from Sebald and Wall (2014). They used a clicking task to indicate performance that was subjectively evaluated in the next step of their experiment. In our case, participants holding the role of the followers would perform a clicking task which is subsequently evaluated by participants using the strategy method. By implementing parts of the experimental design of SPE from Sebald and Wall (2014) into the research design of Gogoll and Uhl (2018), we aim to test (not yet formulated) hypotheses regarding delegation and trust behavior of different actors involved in automated leadership. Perceptions of participants indicated in additional survey questions can provide further insides into the specific behavior of human leaders and subordinates.

With this proposed study, we contribute empirically to the emerging phenomenon of automated leadership (Harms & Han, 2019; Höddinghaus et al., 2021; Wesche & Sonderegger, 2019). More specifically, we follow the call of Höddinghaus et al. (2021) for additional empirical studies of how humans respond to the emergence of automated leadership.

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Lily Tappe

UNIVERSITY OF HAMBURG

Tracking Epistemic Vice in Organisations via the Group Discussion Method

The following set of questions stands in the background of this paper:

1) How do the actions of individuals relate to the actions of the collective they constitute?

2) Who is the appropriate addressee when assigning blame or responsibility, and how could this responsibility be executed?

I want to engage with these questions with a specific focus on the role of corporate culture. Using the Aberfan-Disaster as a paradigmatic example in the preceding chapters, I argue that corporations can cause harm through irreducibly collective epistemic vices. Corporate epistemic vices are dispositions to form false beliefs or remain ignorant about relevant facts rooted in the corporation's structure or culture (Meyer 2023, Baird and Calvard 2019). Thereby I endorse a non-reducible account of collective epistemic vice and rely on the idea that failings constituted by a corporation's structure and culture are irreducibly collective.

Now consider the following challenge through the influence of corporate culture:

Imagine the failure to prevent the Aberfan-Disaster can be traced to a single employee B. If he had done his job carefully and thoroughly, he would have realised that a collapse was imminent and could have warned the workers and the village. This scenario picks up both of the upper questions. It shows how B's failure relates to the overall failure of the NCB and brings up whether he as an individual should be held responsible or the NCB as a collective agent. I suggest that this scenario might trigger intuitions against treating this as a collective matter since it was clearly one person failing to fulfil their task responsibly. However, imagine now that B is one of many safety and stability officers at the NCB. Let us assume that it is common practice among these officers to merely look briefly at the issue and conclude that “all is well”. Their reports have not usually been paid much attention, and they are told not to make mountains out of molehills – nothing terrible has ever happened on a spoil tip; finding a problem might only lead to complications and financial loss.

With this addition in mind, our intuition might go back to viewing B’s failure as part of a more collective issue at the NCB. It seems to indicate that the NCB’s corporate culture enforces a sloppy, epistemically vicious way of dealing with information on safety issues. The theoretical framework and explanation I want to invoke to grasp this phenomenon draws from a role-based understanding of how individuals become part of a collective (e.g. Zheng 2018). Further, it uses the idea that employees take up mental models as part of their organisational role (Hormio 2018; Werhane 2002).

My hypothesis is that epistemic vices can be part of the mental model we “inherit” from the group we are in. For the specific case of epistemic vice creating culpable ignorance in an organisation, this would mean that the individual’s epistemic failure is embedded in a collective failure. It is due to a disposition that the individual has distinctly through their role as part of this collective. Accordingly, this would mean that even in cases like B’s, the appropriate addressee of blame and responsibility would be the organisation as a collective agent because it cultivated the disposition that has caused the harmful ignorance as part of its culture.

To defend this hypothesis, I want to explore an empirical method that could be used to identify epistemic dispositions (vices or virtues) as part of the corporate culture. The documentary method is an established method of qualitative research. It aims to identify “structure or patterns of orientation” incorporated or shared among a group of people, i.e., mutual values, norms or assumptions (Bohnsack 2010, 106). I claim that epistemic vices that are part of an organisation’s culture and joint modus operandi can be expected to fall under such structures of orientation targeted by this method.

A collaboration with the NRW police academy (HSPV) and Institute for Organisational Pedagogy in Kiel gives me the opportunity to test whether epistemic dispositions can be traced as part of the corporate culture. The documentary method will be used in a group discussion setting with students at the HSPV to analyse whether epistemic dispositions are taken up when entering and training for the role of police officers. The discussions will be repeated yearly for 3 to 4 years throughout the participants’ time in training and first year in practice and complemented by a quantitative study using the epistemic vice scale (Meyer, Alfano, de Bruin 2021)

Suppose the documentary method can identify epistemic dispositions as a part of corporate culture. This could be used in a twofold way: Firstly, it could be used as empirical support of the non-reductivists’ case for irreducibly collective corporate responsibility. It would help answer questions 1 and 2 by linking individuals’ actions to the collective via the corporate culture. Secondly, it could enrich our toolbox for examining and understanding specific cases in applied epistemology and business ethics.

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ORGANISATORS AND SUPPORTERS

Organised by

Wittenberg Centre for Global Ethics e.V.

Schlossstrasse 10

06886 Lutherstadt Wittenberg

bema, Friede-Springer Stiftungslehrstuhl für
Unternehmensethik & Controlling
Große Steinstraße 73, 06108 Halle (Saale)

Organisation Team

Prof. Dr. Philipp Schreck, Martin-Luther-Universität Halle-Wittenberg

PD Dr. Lisa Schmalzried, Wittenberg Center for Global Ethics

Cassandra Grützner, Martin-Luther-Universität Halle-Wittenberg and doctoral program „Ethics and Responsible Leadership in Business"

Simon Merz, Martin-Luther-Universität Halle-Wittenberg and doctoral program „Ethics and Responsible Leadership in Business"

Oleg Fedoseev, HHL Leipzig Graduate School of Management and doctoral program „Ethics and Responsible Leadership in Business"

E-Mail: conference23@wcge.org

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