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## Review

# A critical examination of influential factors on leadership values when addressing ethical dilemmas

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Abstract

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Leaders of this era are frequently confronted with tough decisions in which the distinction between right and wrong in making a conclusive decision is blurred in unclarity. These unclear situations usually involve a tug of war between ethics, morals, and values resulting in ethical dilemmas. With the awakening of a strong awareness to issues concerning social responsibility, leadership, and ethical practices, nurturing ethical decision making has become a high-priority topic among leaders, managers, and even members of organisations. To do this, it is essential to understand the nature of these dilemmas and the parameters that frame the leaders' values in dealing with them. This research papers seeks to investigate the kinds of ethical dilemmas that leaders face nowadays and evaluate the major parameters that influence the framing of their values which guide their decisions. Firstly, what constitutes an ethical dilemma and how does it arise? What arguments and claims do analysts have about ethical dilemmas? What parameters influence the framing of leaders' values that direct their decisions during an ethical dilemma? These are vital questions that need to be answered to properly analyse the connection between decision making in ethical dilemmas and the factors that frame the values of leaders in tackling them.

**Keywords:** Ethical Dilemmas, Ethics, Leaders, Leadership Decisions, Parameters, Values.

## INTRODUCTION

With respect to what is right or wrong, ethics control how people should behave as individuals and as organisations. However, there are situations in which there are no clearly defined rules and regulations on what to do or what decisions to make that are in good standing with ethical values. This is what constitutes an ethical dilemma (Trevino, 2002, p. 23 cited in Christians et al., 2015). Ethical dilemmas are usually present in situations where different values, beliefs and interests regarding numerous stakeholders of an organisation tussle in conflict. Ethical dilemmas confront leaders almost daily as they struggle to balance their own values, ethics, and goals of performance with the policies and practices of

the company or organisation (De George, 2000 cited in Christians et al., 2015). Ethical dilemmas are present at multiple levels: global, national, sectoral, organisational, and even individual. Eventualities arise where one level of ethics may conflict with a higher or lower level such as the conflict between organisational and individual levels (Webb, 2005, p. 33 cited in Christians et al., 2015). The possibilities to be unethical are however limitless; Leaders say a key reason for this is the pressure from stakeholders to perform and deliver. This arises chiefly because of a clash of the elements required by followers from leaders: performance, loyalty, and uprightness (Bazerman, 2008 cited in Christians et al., 2015). Even

though ethics has to do with making the right choices, there are sometimes no obvious one correct way and leaders are shouldered with the responsibility to choose the best in those circumstances. Quite often, these choices create tensions between profits and ethics or between public good and private gain (Gergen, 2001 cited in Okkonen, 2017). Typical situations where ethical dilemmas arise usually involve one or more of these. Decisions that require choices among rules; decisions where there is no ready-made rules or precedent to follow; decisions that require two or more routes of action which are not morally compatible with one another in practice; and decisions that should be taken in one's self-interest but appear to violate moral principles that the leader supports (Badaracco, 2003, p. 89 cited in Okkonen, 2017). As organisations grow, so do the stakeholders with a diversity of cultures and backgrounds and the tendency for variances of perceptions of character. What the organisation may interpret as upright may present a polar difference in the ethical values of some members of the organisation and this invariably results in an ethical dilemma.(Becker, 2002 cited in Christians et al., 2015).

### Reasons for Ethical Dilemmas

Morality is addressed from three key aspects (Rossouw and Van Vuuren, 2006, p.3 cited in Christians et al., 2015): in terms of the common good, personal interests and the interest of others and the essence of ethics is determined by four basic elements: values, rights, duties and moral principles. The three compositions of ethical issues comprise of a genuine ethical dilemma, compliance problem and moral laxity (Stoner, 1997, p. 96 cited in Christians et al., 2015). A genuine ethical dilemma happens when at least two moral prerequisites conflict and there is no explicit goal to the issue. Moral laxity is not about settling conflicting demands of genuine ethical dilemmas nor being ignorant of what is the correct activity, however it represents the absence of solid commitments. Frequently, moral laxity comes about because of disregarding the obligation with the end goal to forestall predictable damage. Be that as it may, occasionally it alludes to slackness, as individuals figure their obligations can be deferred (Rossouw and Van Vuuren, 2006 cited in Christians et al., 2015). As moral laxity happens, good judgment is uncertain, so it is recommended that administrations ought to decrease the complexity of ethical dilemmas by creating specific requirements and state the concrete steps to be taken towards performance of duties (Geva, 2006, p. 134 cited in Christians et al., 2015). Compliance problem, contrary to a genuine ethical dilemma, exists as it is apparent what the correct decision is, but morally right thing to do is forestalled, for instance, by self-interest, short term

thinking, market practices or organizational norms and laws that are against the morality. In this situation, the moral judgment is determinate, but motivation is low to execute a moral act. (Geva, 2006, p. 134 cited in Christians et al., 2015).

### Ethical Leadership Dilemmas

The ethical dilemmas faced by leaders nowadays can be broadly categorized into three classes (Desjardins, 2009 cited in Christians et al., 2015): socio-cultural dilemmas, political dilemmas, and economic dilemmas. Socio-cultural dilemmas stem from societal interactions, for instance; child labour, social and health responsibilities, differences in culture, and abortion. Political dilemmas arise from state and governmental interactions, for instance; cases involving support, funding, natural resources, and political association. Economic dilemmas result from interactions with financial climate in which it operates, for instance; cases involving bribery, wages and salaries, tax evasion practices, and financial interdependency (Yucel, 2010).

### Socio-Cultural Dilemmas

#### Child Labour

In third world countries, child employment has become a widespread custom which stirs up discussions concerning the ethical position of the practice. Enterprises, and by extension, leaders are progressively getting to oversee the conduct of their partners and the composition of their workforce. The convergence of huge companies into underdeveloped nations has created numerous avenues of employment, which may not be conveniently filled by employees of legitimate ages (French and Wokutch, 2005, p.1 cited in Christians et al., 2015). A moral examination of this issue has required the eradication of all types of child employment as a result of the weakness at that phase of their lives and the potential harm it could do to them. However, careful analysis of the issue has prompted a few analysts to see this reaction as baseless, and void of a proper comprehension of the issue. The ruined conditions of numerous citizens of underdeveloped nations require that parents enable their kids to add to the family income, which now and again may be a social duty of say, the first-born child of the family. Likewise, some of these societies are totally dispossessed of the fundamental amenities of basic education and would have been engaged with some type of "business" even before the flood of these organisations (Grootaert and Kanbur, 2000 cited in Christians et al., 2015). In addition, various social researchers like Levison (2000 cited in Christians et al., 2015) have contended

that it is a type of "ethical imperialism" to evacuate the privileges of children in these nations to work, where culture requests it and could prompt social rejection and marginalization. Leaders are faced with the dilemma of having to decide on what side of the coin they will run; to continue in the joint ventures with suppliers who use the services of children or to discontinue with these ventures is an ethical dilemma for the global leader (Wokutch, 2005, p.56 cited in Christians et al., 2015).

### **Social Responsibility Issues**

These days, there is the broadly acknowledged idea that organisations have to have some responsibility towards the well-being of the societies in which they operate. Effective organisations ought to contribute positively to the societies and this necessitates organisations to be delicate to the desires of the people concerning social issues and the environment. Although it has not been demonstrated that socially capable firms will in every case fiscally beat less capable firms, Lichtenstein, Drumwright and Braig (2004 cited in Okkonen, 2017) recommend that "both hypothesis and ongoing exploration proof demonstrate that a partnership's socially dependable conduct can decidedly influence buyers' dispositions toward the enterprise. Others agree that in some cases, social responsibility alters focus on the primary assignment of a company and by extension reduces customer satisfaction levels and, through the lowered satisfaction, harms market value (Xueming and Bhattacharya, 2006, p. 2 as cited in Mihelic et al., 2010).

### **Abortion**

The practice and legalization of abortion remains one of the most controversial issues in medical ethics (Furedi, 2000 cited in Christians et al., 2015). In 2008, The President of USA, Barack Obama, was faced head-on with the dilemma of the legalization of abortion. On one hand, he had to tussle with arguments for abortion which insist on the mother's right to her body and her freedom of choice insisting that any form of infringement is a blatant violation of her civil rights. These people claim that women, just like everybody else, deserve the right and autonomy to act in accordance with their personal convictions, and to decide what is best for their bodies and lives and not coerced into unwilful reproductive decisions by the government (Schwarz, 2007, p 185 cited in Christians et al., 2015). They insist upon the moral justification of abortion when performed in consent with the pregnant woman especially in cases where the woman did not consent to the intercourse that led to the pregnancy in the first place like rape (Singer, 2003, p165 as cited in Mihelic et al., 2010). These people also opine

that the mother's life may be threatened by ectopic and deformed pregnancy and a threat to the mother's life is equally a threat to the baby's life. They argue that a child is better of not being born than to be born by a neglecting mother who did not want the child in the first place, and then the child will grow up to be a menace to the society, and the vicious cycle continues (Bechwith, 2007 cited in Christians et al., 2015). On the other hand, leaders struggle with anti-abortion arguments from people who insist that it is a selfish and immoral act and must be prohibited by the government. They apply principle of universalizability which demands that one makes similar ethical judgments about the same situation regardless of the people involved. This principle asserts that if anyone supports abortion, then that person should also be open to being aborted and this is logically incoherent, hence, stripping the unborn child of the right to make this choice is immoral (Loyola, 2002 cited in Jones, 2007). Should the life of a person therefore be terminated by procedures by others? Some people have interpreted that the developing foetus can be considered a person, when the foetus is viable and capable of independent existence if removed from the environment of the uterus. There is a difference between killing or destroying something and preventing something from coming into existence. Preventing something coming into existence denies a future of value, and so does destruction (Todorović and Leskovac, 2012, p.87 cited in Christians et al., 2015). The position and opinion a leader especially one in the health sector, holds on this subject can often result in ethical dilemmas when dealing with employees from different socio-economic backgrounds.

### **Political Dilemmas**

#### **Political Support and Funding**

Leaders of worldwide organisations are encompassed by political issues which they can't run away from. Because of a country's laws and boundaries, it is extremely unlikely that an organisation can be impartial to the political circle of the nations they work in. Issues, for example, like the endorsement of working licenses, tax regimes are intensely impacted in a few nations by the political circle. Moral issues of political impact by global companies have been all around recorded. The involvement of the organisation in divided legislative issues in its offer to increase undue preferences, home or on board are issues that a leader faces. Although these could be spelt out in legal language, the moral issues included remain unclear even in the best case scenarios (Armstrong, 1992 cited in Christians et al., 2015). Political gestures like gifts and lobbying are often present in these situations in attempt to gain a good standing with the political powers that be and this heavily poses itself as

an ethical dilemma in politics.

### **Political Association**

Campaigning, political gifts, making political commitments or basically captivating in political action itself is a situation realized by globalization. In spite of the fact that there are clear laws and consistent systems set up for workers, leaders need to assume liability for the activities they are in favor of. Although keeping up close relations with a specific dimension of government might be viewed as applying political impact, Caterora and Graham (2005 cited in Christians et al., 2015) noticed that it might be critical for some organizations, especially those in the Republic of China to keep up political unions, in overseeing nearby labourers because of the administration's effect on these professionals. This is however not the case in Germany or the United States.

### **Economic Dilemmas**

#### **Bribery**

This is conventional, insignificant scale gift, which includes the installment of little entireties of cash or supports, by and large to foreign authorities to either accelerate government activity to profit the organisation, or bigger scale pay off, made to government bodies to impact strategies, which may profit the organization as well. Studies have demonstrated that these types of gift are not constrained to money related motivating forces alone, they could be extended to giving chances to travel at the organization's cost, costly entertainment and luxurious meals which may be splendidly lawful among the general public yet absolutely unfavorable to the ethos of the organization (Yücel, 2010). A noteworthy consideration for leaders is that, distinctions in culture can present potentially mistaken assumptions identified with the fundamental customary prerequisites of the host society. Some money related exchanges, which might be seen as fixes in a few social orders, might be morally suitable or even seen as a need in other societies (Yücel, 2010). For instance, the conventional leaders of host networks of the oil creating territories of Angola often require a type of budgetary "blessing" from individuals coming to put resources into their territory. While this is the norm there, such endowments may appear to be questionable in the United States.

#### **Wages**

It has been alluded in current writings that one of the real factors that affected the rise of globalization was the

benefit of cheap labour to bring down costs for work. Although the coming of companies and providers of work may imply that leaders can't properly scrutinize how these providers carry out their work, this can't be accepted as a reason any longer as it could prompt a corrupt open recognition for the organisation (Islam and Deegan, 2008 cited in Christians et al., 2015). As it is the duty of the leader to build investor esteem, the difficulty of whether to contribute to nations with shoddy work and pay these wages at the privately acknowledged rate or not, and in this way exploiting the underdevelopment of these zones could be seen as dishonest. In any case, different researchers recommend that as the principle point of a leader is to expand benefits, exploiting these lower work costs, so far as its lawfulness can be demonstrated is totally moral (Cacioppe, Forster and Fox, 2007 as cited in Mihelic et al., 2010).

### **Financial Interdependency**

Cross-fringe money related trades are portrayed by contrasting dimensions of national and corporate quality and shortcoming. Partnerships situated in nations with more noteworthy quality deliver in better terms and conditions amid arrangements, consequently making an unequal playing field for their neighborhood rivals. Leaders of companies with higher livelihoods, which are situated in more secure markets can request, and get, concessions. For instance, the arrangement of credit for a long haul ventures effortlessly available to the more grounded partnerships in worldwide trades (Yücel, 2010). This will in reality render neighborhood contenders indebted, and there are no set tenets for the count or redistribution of the expenses of such emergencies aside from those verifiably directed by deviated control relations. Dymski (2005). In the business world, this isn't strange as there are organisations with greater money related sponsorship that promptly gain favors, and the occupations given by these transnational organisations can balance the loss of work and make solidness, and financial contribution to the host network. The leader needs to choose a proper instrument to tackle this predicament.

### **Influential Parameters on Framing Leadership Values**

Values represent specific modes of conduct of an individual that involves judgmental decisions of what is right and what is wrong or undesirable (Today, 2015, p. 1 cited in Christians et al., 2015). Five elements are crucial that shape the virtues and values of leaders in the event of an ethical dilemma (Blanchard and Peale, 2005):

- Pride and Self-esteem: Leaders with a dearth of self-esteem will hardly elicit respect and esteem from their

followers (Yucel, 2010). Ethical leaders demonstrate a healthy level of pride which does not fringe on the strong egoistic tendencies of humans. They demonstrate a level of self-confidence which in turn earns them the trust of their followers. This self-confidence and pride holds them to higher standards in their ethical dealings.

- **Patience:** During the process of implementation of strategies and plans to enable an organisation achieve its goals, leaders are faced with hindrances from both the internal environment and the external environment and sometimes even friction from lack of cooperation from followers. Overcoming these obstacles usually takes time and patience is a key element needed to avoid making premature knee-jerk decisions.
- **Prudence:** This entails the exercise of sound judgement in affairs of a practical nature. It is a model of ethical actions guided by an inherent moral compass of the leader developed through a habitual practice of shunning unethical decisions even in pressing situations.
- **Persistence:** When efforts are being made to achieve a goal, it is inevitable to encounter few barriers during its execution. Persistence is that quality that a leader possesses that maintains the drive to strive at achieving the goals even if it requires personal risks and sacrifices. Persistence lies in trying to overcome the practices of justifying unethical traditions when one feels overwhelmed by pressures resulting from pressures from followers to perform.
- **Perspective:** This is the ability of a leader to know what is really important in any given situation to reach the desired goal.

The presence of these elements or the lack thereof has a monumental effect on how a leader handle ethical dilemma. Other parameters that could influence a leader's values in a time of ethical dilemma are his/her future orientation, locus of control, assertiveness, humane orientation, self-monitoring, and risk taking qualities (Today, 2010 cited in Kaczor, 2014).

### **Interaction of Values and Leadership Ethical Dilemmas**

How people perceive the world influences the way they react to certain events and situations (Bollmer, 2002 cited in Ahmad, et al., 2005). It is therefore anticipated that, the way individuals react and respond to ethical dilemma and conflicts in the workplace may be occasioned by a dispositional determinant such as "belief in a just world". Although this concept was advanced in the western context, there are some efforts made by researchers to assess this theory in eastern cultures such as Taiwan and Japan (Chi and Lo, 2003. Tanaka, 1999 cited in Ahmad et al., 2005). By definition, this concept is a belief that this world has a mechanism whereby people will be rewarded or punished proportionate to the good or

evil that they have done (Tanaka, 1999). Thus, people expect to see good behaviours rewarded and bad ones punished as a basic need of human nature (Lerner, 1980 Christians et al., 2015). as a result of the above predisposition, people who believe in this theory, "the just world believers" will continue to uphold justice and in the long run, people will be punished for the wrongs that they have done.

In 2003, a study conducted by Chi and Lo showed the significant effect of BJW (Belief in Just World) on respondents' justice perceptions. According to other studies, people often use different modes of ethical reasoning in response to different ethical issues (Weber, 1990 cited in Buller et al., 1999) and the way they appreciate the world around them (whether the world is just or unjust) (Bollmer, 2002 cited in Ahmad et al., 2005).

How managers react to certain issues may be influenced by both ethical dilemma and BJW. Thus, it is anticipated that strong just world believers are more likely to lean toward rights and justice reasoning when experiencing dilemma, whereas weak just world believers are more likely to employ utilitarian approach in response to ethical dilemmas. Previous researches have shown that, personal beliefs and egoism have marked impact on individuals' ethical judgement and egoism (Wyld and Jones, 1997, p. 8 cited in Jones et al., 2007). The two variables have been treated independently by most previous studies without incorporating them together and assessing their effect on ethical reasoning. In attempting to integrate these two constructs together and examining their impact on ethical reasoning, it is anticipated that strong and weak just world believers tend to use varying modes of ethical reasoning in justifying decisions that are associated with self-interest and organisational-interest (Glover et al., 1997, p.3 cited in Buller, et al., 1999).

### **CONCLUSION**

In conclusion, dilemmas, as the name implies are challenges to which the solutions fall within gray areas of moral boundaries, where the solution is not apparent and are intricate in nature whereby the execution of one would result in a breach of the other. The key reason for dilemmas is a clash of values and morals at individual and organizational levels and a lack of well-defined codes of conduct in every possible eventuality. The major categories of dilemmas are socio-cultural, political and economic dilemmas which encompass issues like bribery, abortion, political associations, wages, and social responsibility issues. The manner in which a leader reacts to ethical dilemmas is largely affected by the values he/she possesses, and these values are in turn influenced by parameters like pride, self-esteem, persistence, and humane orientation. Despite the dramatic surge in handling ethical decision-making, very

little practical research has been carried out to analyse the pattern of ethical reasoning among leaders and managers. The dearth of studies in this area are owed to the complexities involved in understanding the topic (Trevino, 1999 cited in Christians et al., 2015). Nevertheless, research on ethical reasoning and the various criteria used to justify leadership decisions need to be conducted in order to fully grasp the intricacies of the subject. Adequate research into the implications of the chosen decisions in a dilemma should be carried out to study the effectiveness of codes of conduct, as well as ethical developments and training (Jones, 2000 cited in Jones, 2007).

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