

The role of existentialism in ethical business decision-making

James Agarwal and David Cruise Malloy

Introduction

Models of ethical decision making in business have generally been developed from means- or process-oriented and ends-oriented theoretical foundations (Dunfee, Smith and Ross 1999, Hunt and Vitell 1986, Ferrell, Gresham and Fraedrich 1989, Malhotra and Miller 1998, Murphy 1999). These two approaches have provided the decision-maker with ethical perspectives that focus upon the established principles of ethical conduct and upon the consequences of one's actions. Though there exist many variations and attempts at hybridisation within these two approaches – for example Ross's *prima facie* theory (Ross 1975), essentially they lead toward decisions that are duty-bound (deontological) and/or results-bound (teleological).

The emphasis upon these two approaches in the business context is not surprising as they methodologically suit the business environment. For example, the deontological approach is rule-based: adherence to the individual firm's code of ethics or the profession's code of ethics means that the person is acting deontologically. Similarly, if decisions are grounded in a teleological perspective, then the decision-maker is making a rational calculation that factors in the greatest good for the firm (local utilitarianism) and/or for the commonweal (cosmopolitan utilitarianism) (Victor and Cullen 1987, 1988). This Janus-headed approach has more or less defined the 'theoretical universe' of business and marketing ethics for the practi-

tioner and scholar both implicitly and in recent years explicitly (Brady 1985, Hunt and Vitell 1986, Beauchamp and Bowie 1997, Kavathatzopoulos 1993, Hosmer 1996, Weiss 1998).

In this paper we argue for the inclusion of another theoretical approach to ethical decision-making. We do not argue for the exclusion of the traditional deontological and teleological approaches but for the inclusion and functional awareness of existentialism (i.e. for a three-faced Janus head). The mythical Janus head is the Roman god of the city gates with two faces (Brady 1985). One face looks inward to protect the citizens within the city (or corporate) wall, the other face looks outward to protect the citizens from external harm. To continue with this metaphor, the third or existential face would encourage the decision-maker to look inward individually, introspectively, and meditatively (Heidegger 1966) toward authenticity, freedom, and accountability. Thus, while deontology and teleology have the power to influence behaviour either through group codes of conduct or by adherence to cost-benefit ratios, existentialism promotes the organisational member's sense of individuality, freedom and responsibility. By encouraging each of these three 'faces', it may be possible for member behaviour to reflect organisational principles and organisational goals, as well as their own genuine sense of ethical conduct. In the proposed model of ethical decision-making, we demonstrate how this comprehensive approach can be operationalised.

The purpose of this paper is to present a comprehensive approach to business ethics which will enable the decision-maker to appreciate the inter-relatedness and multidimensionality of ethical behaviour in organisations. We present an integrated model which enables the decision-maker to incorporate existentialism in the ethical decision-making process and to identify the role of moderating factors as the environment through which s/he gains experience. The decision-making process and the moderating factors are illustrated by examining the ethical implications of a business marketing practice, namely, Negative Option Marketing (NOM).

Traditional Theoretical Approaches to Ethical Decision-Making

(i) Teleology

The teleological approach encompasses a number of ethical theories all of which converge on a similar theme – what is ethically *good* is what achieves the ‘best’ end. The nature of this ‘best’ end differs; for example, hedonists argue that the individual’s goal ought to be that which involves the least pain and most pleasure (physical and/or intellectual). Utilitarians, in contrast, insist that the end to be sought is the greatest pleasure or good and least pain or bad for the greatest number. Relativism (e.g. cultural relativism) suggests that the determination of the best end depends entirely upon the situation.

From the perspective of the organisation, the utilitarian theory is the most frequently advocated. It is in fact the philosophical basis for our contemporary notion of democracy as well as the underpinning for microeconomic theory (Hosmer 1996). The utilitarian view can be considered from local and cosmopolitan organisational perspectives (Gouldner 1957, Victor and Cullen 1988). The local utilitarian view is oriented toward the greatest good for the firm, whereas the cosmopolitan view would encompass a broader perspective that extends beyond the firm (i.e., the greatest good for society-at-large). However, the problem with utilitarianism at both local and cosmopolitan levels is that it is often difficult to assess and define

the greatest good. Is it profiting? Is it organisational survival? Is it organisational efficiency? Is it clan-like benevolence among employees? Is it social responsibility?

Despite the difficulty of establishing appropriate goals, this theory does provide an objective method for choosing among ends. Initially termed the ‘hedonistic calculus’, its contemporary terminology is the rational decision making process. This process involves the identification of the problem, the generation of alternatives, the quantitative evaluation of alternatives, the selection and implementation of the ‘best’ alternative, and the evaluation of the performance of this decision. While this process has proved to be an efficient method of resolving many organisational dilemmas, it is often found to be lacking when ethical dilemmas are considered. The impact of utilitarian decisions upon the individual or minority presents a further problem. If the greatest good for the greatest number results in the obfuscation or outright denial of individual rights, then the use of utilitarianism as an exclusive theoretical outlook may not be acceptable to those whose rights are being denied (Racheals 1986).

(ii) Deontology

The deontological approach also subsumes a number of different perspectives that share a common theme. This theme is the duty to abide by principles (Beauchamp and Bowie 1997, Raphael 1989, Weiss 1998). For example, the social contract theory argues that members of society collectively agree upon certain norms of behaviour (Dunfee et al. 1999, Rousseau 1762/1979). If someone steps outside the acceptable societal standard, he or she is acting unethically according to the pre-established agreement. A professional code of ethics is an example of a social contract. A second example of deontology is divine deontology (Brody 1983). Here divine authority in the form of religious texts and its accompanying doctrine (e.g., the Bible) gives rules, commandments, or principles for us to abide by. We can know what is ethical by following the rules of God. A third type of deontology is Kantian deontology (Racheals 1986, Raphael 1989). This perspective

views universal ethical principles and duty as that which any rational person could determine using his or her intuitive ability to reason ethically (Kant's (1788/1977) categorical imperative).

The deontological perspective can be observed at both local and cosmopolitan levels. Deontology at both levels provides the decision-maker with a consistent and cognitively uncomplicated task: when a dilemma arises, it can be dealt with by referring to the appropriate rule. Unfortunately, organisational life is not that simple; dilemmas which cannot be easily or immediately resolved by the local or cosmopolitan rulebook occur on a daily basis. Jaspers, referring to decision-making situations, states that 'in vain a way out is sought either in obedience to rules and regulations or in thoughtlessness' (Jaspers 1975: 167). In such cases the decision-maker is left abandoned by deontology. By default, the decision-maker may then return to the traditional teleological perspective of the cost-benefit ratio (i.e., the hedonistic calculus). In either case, the attempts to resolve dilemmas by objective methods may fail to meet the demands of the particular situation and the demands of the decision-maker *qua* sentient being (Sartre 1957, Kierkegaard 1988, Hodgkinson 1996).

Kierkegaard argued that the great ethical systems of deontology or teleology do not help the individual in an existential position (i.e. in any situation in which one must choose) because they are too objective and lacking in the truth of humanity. He considered the utilitarian doctrine to be dehumanising, and rejected deontological positions because they absolved individuals of responsibility. For example, he stated that 'on principle a man can do anything, take part in anything and himself remain inhuman and indeterminate... everything becomes permissible if done on principle' (Kierkegaard 1962: 74). True and authentic decision-making requires that the individual acknowledge his or her subjectivity as participating in choice rather than as agent of an external locus of control (Jasper 1975).

Teleological and deontological perspectives allow the individual to rely upon either the externally derived (or organisationally programmed) rule or the results of a rational calculation. In both these cases the individual

becomes an inauthentic 'agent' for an external cause (the firm's internal/local formal and informal culture).

Existentialism

Existentialism is an eclectic school of thought (Kaufmann 1975). Though existential writers differ dramatically, two common conceptual threads exist which tie together their ideas regarding the nature of ethical conduct. The first is the belief in the freedom of the individual to create his or her 'essence'. Sartre stated that the individual's 'existence precedes essence' (Sartre 1957: 15). This implies that we first exist as humans and we then become whom we decide to be through our free will or choice. Existentialists argue that as a function of our capacity to exercise free will we are the sum of our decisions. The bottom line is that the business professional is a person first, then he or she chooses to assume any one of the many roles that may constitute his or her essence (Werhane 1999).

The second component of existentialism is the notion of responsibility for one's actions. What has been labeled the 'terrible freedom,' the 'agony of thinking,' 'anguish', or the 'torment of choice,' points to the anxiety experienced as a result of acknowledging responsibility for personal behaviour. Kierkegaard speaks of the tendency for individuals to hide behind the group (or the policy) when making a 'decision' in order to avoid accountability. For example, he states that 'a crowd in its very concept is the untruth, by reason of the fact that it renders the individual completely impenitent and irresponsible, or at least weakens his sense of responsibility by reducing it to a fraction' (Kierkegaard 1975: 95). In the organisation 'existentialism' would be manifested as a culture and climate that fosters opportunity for individual choice, creativity, and accountability, perhaps where individual authentic goals and values were congruent with organisational goals and values (Liedtka 1989).

Existentialism, it may be argued, is essentially a personal decision-making philosophy because it is based upon individual choice and the anxiety

surrounding the recognition of the freedom and accountability of that choice. Guignon suggests that

'The existential notion of authenticity embodies certain ideal character traits – such as courage, integrity, clear-sightedness, steadfastness, responsibility, and communal solidarity – which can contribute to the formation of a character capable of making meaningful choices in concrete situations. The authentic agent might be better equipped to evaluate different ethical standpoints and their applicability to specific contexts of action than the slavish rule-follower or the cool cost/benefit calculator'. (Guignon 1986: 88)

Kierkegaard (1988) provides one of the most poignant examples of choice and the accompanying angst in his description of the Biblical story of Abraham and Isaac. In this story, God asks Abraham to sacrifice his only son as an indication of his faith. Kierkegaard describes the mental anguish of Abraham as he travels to the appointed location of his son's sacrifice and prepares for the child's death. From the perspective of hedonism, Abraham certainly feels that his son's death will cause great pain; from the perspective of utilitarianism and social contract deontology, the community will certainly agree that this act would be nothing short of brutal murder; from the perspective of Kantian deontology, such an act could not coincide with the categorical imperative. Therefore, Abraham finds himself in the 'existential position' having to choose and act with the assistance or in spite of the guidance from external sources. He chooses to sacrifice his son (and accept the potential wrath of the community and his own emotional suffering), God intervenes, and Abraham's faith in God is secure and his son lives. Abraham's commitment is transrational (Hodgkinson 1996) – it represents an existential 'leap of faith'.

The point to be taken from this metaphor is that the individual can gather a great deal of information regarding the resolution of a particular dilemma, but there remains a chasm between conceptual resolution and behaviour. Negotiating this chasm is the source of the existentialist 'fear and trembling'. The 'existentialist position' is a hesitation and not a paralysis. Once behaviour is

initiated, the existentialist is prepared to accept responsibility for all teleological and deontological outcomes. This is authentic choice.

In the ethical decision-making process which we now propose, teleology, deontology and existentialism have fundamental and explicit roles. The following section provides a framework that will enable the individual decision-maker to make ethical decisions by understanding the significant role that each of the three ethical approaches play and by considering a comprehensive set of moderating variables (see Figure 1).

Ethical Decision-Making Process

This decision-making process is based upon the traditional rational decision making process (Drucker 1967, Nutt 1984) and the process developed by Rest (1984). The rational decision-making process generally incorporates five stages which include problem definition, creating alternatives, selection of the best decision based upon a cost-benefit ratio, the implementation, and evaluation of the decision. From the perspective of moral decision-making, Rest (1984) contends the process includes four stages – recognition of the dilemma, judgement, intention, and behaviour. While the rational decision-making process is detailed, it does not provide the decision-maker with an overt prescription to consider ethical aspects of the resolution. In contrast, Rest's process does encourage the decision-maker to consider the resolution from an ethical/moral perspective. Its weakness, however, is that it lacks comprehensiveness. In the decision-making process which follows here, these two processes have been synthesised. In addition, teleological, deontological and existential theory has been incorporated into the stages to allow for more complex and ethically oriented choice.

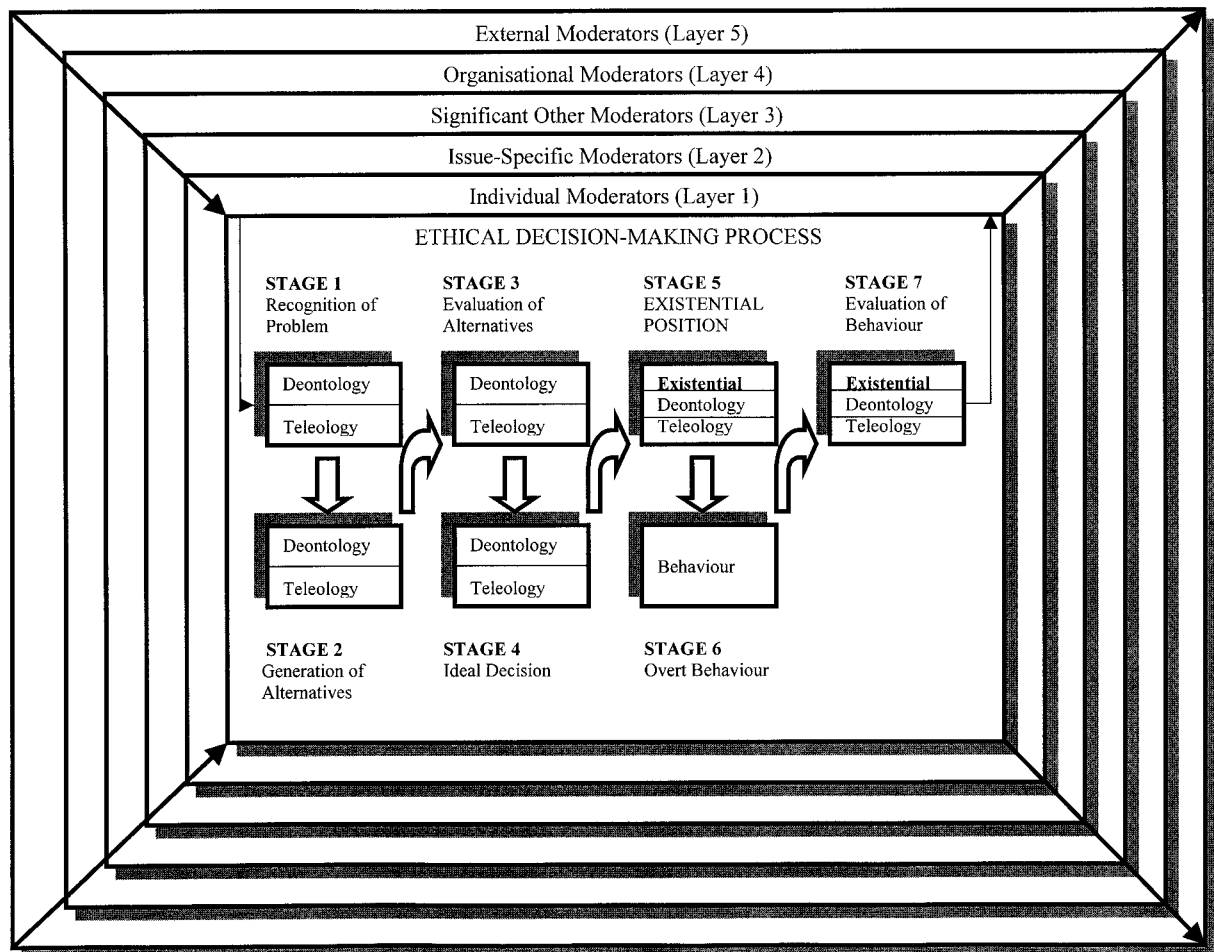
In the first four stages, teleological and deontological perspectives guide the individual's information gathering and the selection of an ideal alternative. The questions raised in these initial stages will cover various aspects. Is this an issue of means or ends? What alternatives would result in the best end for the firm? What is the greatest

good for the clients and public? What policy is at stake? Does a new policy or procedure have to be developed in order to resolve this particular dilemma? The intent at this stage is to arrive at the alternative that best satisfies teleological and deontological criteria, a decision that satisfies ends and means – a ‘good’ and ‘right’ decision (Hitt 1990).

In order to demonstrate the practical utility of this model and to illustrate the role of existentialism in the decision-making process, Negative Option Marketing (NOM) was chosen as a running case study. NOM is the situation where a promoter tenders to the customer some product or service and declares that acquiescence or silence on the part of the customer constitutes acceptance. There are at least three different types being used

today. Type I is where there is an ongoing relationship between the buyer and seller based on the buyer’s affirmative agreement to participate in a negative option plan (as in ‘book of the month’ clubs). Type II combines an ongoing positive choice exchange relationship (as in credit card billing) with occasional negative option offers: the buyer agrees with the adhesion contract that empowers the seller to make secondary negative exchange offers to sell additional products or services from time to time. Type III is similar to Type II except that there is no adhesion contract and therefore no customer agreement. It is the Type III NOM plan that has generated most controversies and complaints since it is difficult to determine intent given the exchange partner’s silence (Spriggs and Nevin 1996). Today, Type III

Figure 1. An Integrated Framework of Ethical Decision-Making: Process and Moderators



NOM practices can be found in industries such as cable television, financial services, and entertainment.

(i) Recognition of the Problem (Stage 1)

In the context of NOM, the problems could be defined in the following questions. Does NOM amount to infringement of consumers' rights namely, the right to safety, the right to be informed, the right to choose, and the right to be heard? Similarly, does the buyer's silence amount to product acceptance and purchase intention? The problem may be viewed from each of the two philosophical perspectives.

From the teleological perspective, the problem may involve the consequence of the action (NOM) from a cost-benefit point of view. A utilitarian would analyse the maximum good caused to maximum people such as production and transaction related efficiencies to the seller. For example, one transaction-related efficiency for the seller accrues if the acceptance rate of the product is greater than 50 percent. In other words, if more than half the customers want to purchase a seller's product, NOM minimises the number of explicit responses the seller must process since the number of (silent) acceptances is greater than the number of (affirmative) rejections. Similarly the buyer enjoys transaction-related efficiencies such as paying a lower price due to lower search cost since the seller performs the search process for the buyer. The downside (cost) may be the legal and ethical issues and public policy implications of this system.

From the deontological perspective, the problem may involve the policies and procedures of the firm, industry standards, and state and federal regulations. For example, according to the contract law, exchange is based on a contract between the buyer and the seller in which an offer by the seller is accepted by a buyer's affirmative, explicit response to that offer. In the absence of explicit acceptance, the common rule is that no contract exists if the buyer remains silent except in a limited set of circumstances. Similarly, the right to be informed and the right to choose are two important and relevant consumer rights in most NOM complaints.

(ii) Generation of Alternatives (Stage 2)

At this stage, several alternatives may be generated which may be examined from the two theories. Teleological alternatives would consider how the best end result could be achieved. How does the marketer maximise organisational and transactional efficiencies and thus customer retention? How is it possible to avoid lawsuits and the possibility of a total (or even restricted) ban on NOM? For example, one way might be for marketers to focus on high volume buyers with a history of 'silent' acceptance. (According to contract law, a buyer's silence or inaction is valid acceptance if previous dealings indicate that silence or inaction is acceptable). Another way to retain customers may be to charge an exit fee and thereby raise the exit barrier. The deontological alternative might involve development or modification of policies to address the problem, from total or partial banning of NOM at one extreme to self-regulation (a market driven system that punishes deceptive practices and rewards pro-efficiency uses of NOM) on the other.

(iii) Evaluation of Alternatives (Stage 3)

Once alternatives have been generated, the marketer must evaluate each option to determine which alternative best meets the teleological and deontological criteria. For example, consider the option of charging an exit fee to retain customers into the NOM plan. The teleologist would argue that such an option protects the sellers especially when the seller's cost savings are dependent on predictable volume and the buyer's early termination raises the seller's cost. The deontologist would argue that exit barriers have the potential for anti-competitive behaviour that may lead to monopolistic or oligopolistic types of competition and would therefore be a violation of federal trade regulations. Moreover, this solution also has the potential to raise the capital cost for the new seller who would want to absorb the buyer's exit penalty.

(iv) Ideal Decision (Stage 4)

Presumably, the alternative that most closely satisfies the two ethical criteria would be selected

as the ideal decision. Whether this ideal decision is acted upon or remains conceptual is determined by the subsequent stage in the process. Consider the decision that the buyer must be made aware of the NOM plan which is bundled with existing positive exchange relationships. According to teleological criteria, education and awareness help foster positive exchange relationships that are beneficial to both seller and buyer. Whether or not the buyer holds on to the NOM plan is matter of buyer's choice. According to deontological criteria, education and awareness is a self-regulation mechanism that fits well with the broad market-based system as well as with other regulatory systems. The deontologist would have to address whether or not buyer indifference amounts to lack of responsibility. Therefore, on the basis of the two criteria, buyer education and awareness qualifies as the best decision which later needs to be refined to address issues related to awareness.

(v) The Existential Position (Stage 5)

At this point in the decision-making process, the decision-maker is faced with the 'existential position'. The 'existential position' (Jasper 1975) is presented as a stage at which the data gathered and the ideal choice must be mediated through an existential 'filter.' The choice is to act upon the data gathered (the facts gleaned from deontological and/or teleological analysis) independent of free will or to incorporate further the path of free will. Hodgkinson states the decision making 'is the most ordinary, familiar, and human of activities. It is also the most philosophical because it raises at once the imponderable issue of free will' (Hodgkinson 1996: 50).

We argue that the existential position provides a deeper understanding of this pre-action stage than does the traditional use of intent (Rest 1984, Hunt and Vitell 1986). It is here that the individual determines what, in fact, he or she will do as an individual responsible for all of humanity as opposed to an exclusive agent of an external authority (e.g., an employee of Company X). The individual has at least three options if there exists a conflict between what is good for the organisation and what is right for the organisation on the

one hand, and what is authentic for the individual on the other (Hirschman 1970). First, the individual can choose to accept the 'ideal' decision that is good and right despite its lack of authenticity. However, this would be, according to Sartre, acting in 'bad faith.' For the existentially oriented individual (and for Kohlberg's post-conventional individual) this would result in a great deal of dissatisfaction, guilt, and anguish (Kohlberg 1984). Second, an individual could voice disapproval and make an authentic decision that does not accord with the deontologically and teleologically 'ideal' decision. The difficulty here is that organisational ends and means may be compromised. The individual would, however, be making a statement that they should in fact be compromised (i.e., bad ends are being sought and/or the wrong means are being used). Third, the individual may choose to exit the decision-making situation altogether, and thus choose not to choose.

In the NOM situation, the existentialist may argue that both the seller and the buyer need to exercise free will and responsibility. Free will is engendered when the buyer faces a competitive market with multiple sellers. The buyer is free to exit the relationship with the current seller and enter another relationship with a different seller if not satisfied with the negative option concept. However, in a monopoly situation, buyers are often left with no choice and therefore a lack of free will. Similarly, while the seller is responsible for anti-competitive actions and restriction of consumer choice, the buyer is also responsible for being aware of the negative option selling methods so that the positive exchange relationship (on which the negative option exchange is predicated) does not terminate as a result. In other words, high volume buyers who have historically availed of negative option exchanges (and thus enjoyed transaction efficiencies) have a responsibility and obligation to continue the exchange relationship with the seller so as to maintain the seller's projected future stream of revenues.

The existentialist may consider the possibility of providing information to the buyer to make the best responsible decision. Based on the existentialist criteria, education and awareness would

ensure free will and responsibility of the buyer and the seller. This may mean clear and conspicuous disclosure of the material terms of the NOM plan. While awareness may be a critical issue in determining responsibility, other factors such as buyer indifference or high cost of rejection of the negative option may perpetuate the problem.

The decision-maker, now knowing what is the ideal decision, may or may not choose to implement it based upon his/her intention. As with each stage of the ethical decision-making process, a variety of factors may influence the intent (Trevino 1986). For example, the marketer may feel pressure from internal sources (ideology, culture, and climate) not to react to 'alarmists' complaining that NOM is unethical and illegal. As a result, although a decision to act proactively to promote awareness may be the ideal decision, it may not be implemented.

(vi) Overt Behaviour (Stage 6)

Stage six is the result of the decision-maker's activity in stages one through four as mediated by the 'existential position'. The decision-maker may continue with existing policy and dismiss any claims of unfairness and oppression to buyers until such time as regulatory bodies propose new legislation. Until such time as regulations are updated to reflect current market practices, the decision to continue a NOM plan may be characterised as being primarily teleological rather than existential and/or deontological, since this will bring substantial production- and transaction-related efficiencies to both buyer and seller.

(vii) Evaluation of Behaviour (Stage 7)

The final stage evaluates the overt action in terms of each ethical approach. Was it authentic (existential)? Was it right (deontological)? Was it good (teleological)? A decision that satisfies each criterion represents effectiveness as well as personal commitment and accountability. However, this stage may also demonstrate that a 'comprehensive decision' was not made. In the context of NOM, the resulting decision may be described as deontologically right if one accepts the premise that existing policies and procedures are sufficient.

The decision may not be teleologically good as 'the greatest good for the greatest number' principle may not be served if the number of buyer complaints grow. Finally the decision does not meet the existential criteria. From the perspective of the buyers, they are not educated and made aware of the available information with which to make informed and responsible decisions. From the perspective of the decision-maker, only he or she will know whether or not the behaviour was authentic.

Regardless of the outcome, for this person the experience of decision-making and the subsequent existential, deontological, and teleological analysis of behaviour contributes to the sum of experience that makes up an individual's essence. The decision will have changed the person. From the existential perspective, it is of utmost importance that the person is aware of this change, however subtle, because it will contribute to the way in which future ethical choices are approached. For example, suppose a person has made a decision that meets organisational demands and yet is inauthentic. If this person is guilt ridden as a consequence of his or her own 'bad faith', then in the future there may be a heightened awareness of the significance of authentic choice.

For the organisation, this process encourages each decision-maker to consider a wider array of perspectives than the traditional cost-benefit analysis when making ethical decisions. It encourages decision-makers to exercise the personal free will that is typically submerged in organisational agent states. Such freedom and responsibility may result in personal growth and enhanced organisational commitment (Barnard 1968, Hodgkinson 1996). Finally, it may lead to a 'better' organisation that can move beyond the morally primitive stage to a more enlightened existence in which both individual and organisational means and ends can be congruent and authentic (Malloy and Fennell 1998).

While the process itself provides considerable direction for the decision-maker, more information is needed in order to make comprehensive ethical decisions. Such information includes the many variables that influence the decision-maker to make authentic choices. These variables or 'moderators' are explored in the following section.

Ethical Decision-Making Moderators

Moderators may influence ethical decision making in three ways. They may affect the extent to which an ethical issue is recognised (Rest 1984, Jones 1991). They may affect the content and form of the individual's ethical orientation (Sinclair 1993). Finally, moderators may affect the ethical decision making process itself (Ferrell et al. 1989).

The decision-making process also influences the moderators. Existentialists will argue that each decision we make adds to what we are as human beings, therefore each decision will contribute to the first layer of moderators termed 'individual nature'. Similarly, other layers will be influenced by individual decisions. For example, decisions at the individual level can profoundly influence corporate performance, organisational culture and climate as well as societal norms and perceptions.

The framework contains five categories of moderator which are presented as layers surrounding the 'core' ethical decision-making process. These layers identify the individual's nature, the characteristics of the issue, and the influence of significant others, the organisation, and the external macro-factors.

(i) Individual Moderators (Layer 1)

The first layer is the most fundamental because it represents the 'essence' of the decision-maker (i.e., the sum of experiences and decisions). This includes the ethical orientation, the level of cognitive moral development, as well variables such as gender, ethnicity, and education. Generally, the nature or the essence of the individual will determine how the decision-making process is approached, the relative intensity of the 'existential position,' and the extent to which an authentic decision is fully understood. For example, an individual who is in Kohlberg's conventional stage in terms of the capacity to reason and who is generally utilitarian in ethical and political orientation may not realise at all the enormity of the 'existential position.' Once the cost-benefit analysis is complete or the vote is counted, the decision is made and there is no 'leap of faith': for this individual the numbers don't lie and the majority is never wrong. The conventional deontological decision-maker may

be equally unaware of the 'existential position' and, abiding by the external locus of control, may dutifully follow orders.

On the other hand, the post-conventional existentialist will take seriously the 'existential position' and though armed with teleological calculations and deontological guidance may still experience tremendous angst prior to initiating a truly authentic decision. It is this angst and the awareness of the freedom and responsibility that the decision-maker has that will cause the existentialist to question the statistics, question the implicit wisdom of the majority, and question policy and duty (Guignon 1986). The end result may or may not be the same in these examples. But only the person who has paused at the edge of the existential position and considered the enormity of the impact of the impending decision will have made a truly authentic choice.

(ii) Issue-Specific Moderators (Layer 2)

The second layer surrounding the ethical decision-making process details the characteristics of the ethical dilemma at hand. Factors relating to the relative intensity (proximity, magnitude, consensus, concentration, probability, and immediacy) (Jones 1991, Morris and McDonald 1995) and the strategic and tactical significance (Fritzsche 1991) of the issue influence the decision-maker to modify his/her behaviour to suit the perceived demands of the ethical dilemma. An issue deemed by the individual to be ethically intensive and organisationally strategic may result in behaviour significantly different in method and content from one perceived to be ethically neutral and organisationally moot. In addition, it will also result in a heightened level of existential introspection. In the case of issues relating to NOM, the magnitude of the consequence of the decision can be potentially enormous, involving lawsuit damages and jeopardy of the firm's reputation. However, the proximity of the decision-maker to the issue is perhaps personally or emotionally distant unless a strategic relationship exists with the key affected buyer groups

(iii) Significant Other Moderators (Layer 3)

Research suggests that personal (Bommer et al. 1987, Dubinsky and Loken 1989), intra-organisational

(Cote and Goodstein 1999, Dunfee et al. 1999, Jensen and Wygant 1990, Fritzsche 1991, Schminke and Wells 1999, Weaver and Trevino 1999), and extra-organisational (Stead et al. 1990) 'significant others' can influence individual behaviour. Much of this research is premised upon behavioural theory which points to social modelling (Bandura 1986) and reward and punishment structures as key variables. However, the extent to which significant others influence behaviour will also be a function of the ethical and cognitive orientation of the individual. For example, a post-conventional existentialist is less likely to be influenced by the behaviour of peers than is a conventional teleologist. For the latter, the support or censure of family, friends, co-workers, peers, and/or a variety of extraneous stakeholders may provide incentives to behave in a prescribed ethical or unethical manner. In the case of an issue such as NOM there may be some within the organisation who favour addressing the question of the unethical content of NOM plans, although they may lack the definitive information necessary to support action. Alternatively pressure may come from various consumer-protection lobby groups outside the organisation.

(iv) Organisational Moderators (Layer 4)

The extent to which an organisation fosters personal growth or perceives the individual mechanistically will be dependent on the organisation's stated or unstated philosophy, the formal and informal culture, the code of ethics, the socialisation process, the decision maker's immediate job context, and the organisation's reward and punishment structure. Each of these factors influences the individual to make decisions in an organisationally prescribed manner (Trevino 1986, Stead et al. 1990, Jones 1991, Sinclair 1993, Denison 1996) or alternatively encourage the individual to take personal responsibility for all decision-making behaviour and outcomes. Organisational moderators include the ideology, culture, and climate of the organisation. For example, the cable industry has traditionally been a regional monopoly (although this is now changing): the organisational culture would therefore have a tendency to adopt prac-

tices that capitalise on buyers' restricted choice. In the past, the cable industry has used bundling and unbundling of services along with NOM plans (often erratically) without giving choice to buyers, and adopted a consensual method of decision-making to insure industry-wide harmony.

(v) External Moderators (Layer 5)

The final layer of moderators are those which exist in the broad realm of society, politics, economics, and technology. This set of moderators, like each of the preceding four, forms the context through which an individual's essence is formed. These external variables may influence the decision-maker directly or may be mediated through the organisation, through interpersonal relationships, and through the social consensus on moral intensity of ethical dilemmas (Ferrell and Gresham 1985, Hunt and Vitell 1986, Bommer et al. 1987, Stead et al. 1990, Malhotra and Miller 1998). We see the importance of this in the case of NOM. Legally, NOM practice is under examination, and regulations in some key sectors such as banking and telecommunications are being tightened. Technology also influences the nature of the decision process. For example, satellite transmitted TV provides an alternate technology to cable transmission. The presence of new substitute technology is generating increased competition, which strengthens consumer choices and weakens NOM plans.

Conclusion

This paper presents a theoretical and practical perspective on the role of existentialism in ethical decision-making in business. The authors argue that traditional approaches to ethical decision-making have employed teleological and deontological theories at the expense of the existential perspective. This, they suggest, has been a curious omission as all business decisions eventually are reduced to an individual taking action. In terms of the existential metaphor, the individual stands at the edge of the decision abyss armed with the available knowledge of the best ends and the best means and with this information must make a leap of faith – he or she must choose. This leap cannot

be prescriptive. Only the individual decision-maker can choose authentically.

The implications of this are profound not only for the individual professional but also for the firm. The individual is faced with the realisation that he or she is 'condemned to be free', that is, condemned to consider making a decision authentically. While this realisation may appear to be obvious, Sartre (1957) argues that humans spend much of their life fleeing from this realisation, content to ignore the responsibility that such freedom necessarily implies. This realisation opens the possibility of an authentic awareness that would, as Guignon (1986) argued, make the individual a better decision-maker. The individual would take seriously more personal and organisational actions and have a greater understanding of the responsibility for all outcomes of behaviour. This authentic relationship between the individual and his or her role as a business decision-maker will foster a greater sense of commitment and awareness to the missions and goals of the firm.

From the perspective of the firm, the implication of such decision-making behaviour is daunting as individuals are being encouraged to reflect and act upon their own values as opposed to those of the organisation. This perspective may seem antithetical to most approaches to organisational behaviour which encourage conformity and clan-like unitary cultures (Sinclair 1993). However, despite the organisation's fear of 'fostering' the freedom of its members the result may be a body of highly and intrinsically committed members who experience cognitive and moral consonance rather than role occupancy dissonance (Hodgkinson 1996, Werhane 1999).

To conclude, we argue that the existential perspective has an important role to play in the organisational life of the individual, the firm, and the public as recipient of the individual-organisational moral conduct. It is hoped that this paper conveys an awareness of the existential position which allows the decision-maker to make a truly comprehensive ethical choice, one that is teleologically good (it accomplishes desired goals), deontologically right (it abides by just policies and principles), and existentially authentic (the individual is true to himself/herself and is accountable to all of humanity).

References

- Bandura, W. 1986. *Social foundations of thought and action: a social cognitive theory*. Englewood Cliffs, New Jersey: Prentice-Hall.
- Barnard, C.I. 1968. *The functions of the executive*. Cambridge: Harvard University Press.
- Bommer, M.G., Gravender, J. and Tuttle, M. 1987. 'A behavioural model of ethical and unethical decision-making'. *Journal of Business Ethics*, 6, 265–280.
- Brady, N.F. 1985. 'A Janus-headed model of ethical theory: looking two ways at business/society issues'. *Academy of Management Review*, 10, 568–576.
- Brody, B. 1983. *Ethics and its applications*. New York: Harcourt Brace Jovanovich Inc.
- Beauchamp, T.L. and Bowie, N.E. 1997. *Ethical theory and business*. Englewood Cliffs, NJ: Prentice-Hall Inc.
- Cote, J. and Goodstein, J. 1999. 'A breed apart? Security analysts and herd behaviour'. *Journal of Business Ethics*, 18, 305–314.
- Denison, D.R. 1996. 'What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars'. *Academy of Management Review*, 21, 619–654.
- Drucker, P. 1967. 'The effective decision'. *Harvard Business Review*, January–February, 92–98.
- Dubinsky, A.J. and Loken, B. 1989. 'Analyzing ethical decision-making in marketing'. *Journal of Business Research*, 19, 83–107.
- Dunfee, T.W., Smith, N.C. and Ross, W.T. Jr. 1999. 'Social contracts and marketing ethics'. *Journal of Marketing*, 63, 14–32.
- Ferrell, O. C. and Gresham, L. G. 1985. 'A contingency framework for understanding ethical decision-making in marketing'. *Journal of Marketing*, 49:3, 87–96.
- Ferrell, O. C., Gresham, L. G. and Fraedrich, J. 1989. 'A synthesis of ethical decision models for marketing'. *Journal of Macromarketing*, 9, 55–64.
- Fritzsche, D. J. 1991. 'A model of decision-making incorporating values'. *Journal of Business Ethics*, 10, 841–852.
- Gouldner, A. 1957. 'Cosmopolitans and locals: towards an analysis of latent social roles'. *Administrative Science Quarterly*, 2, 291–306.
- Guignon, C. 1986. 'Existential ethics'. In Demarco, J. and Fox, R. *New directions in ethics: the challenge of applied ethics*: 73–91. New York: Routledge and Kegan Paul.
- Heidegger, M. 1966. *Discourse on thinking*. New York: Harper Torchbooks.
- Hirschman, A. O. 1970. *Exit, voice and loyalty*. Cambridge: Harvard University Press.

- Hitt, W. 1990. *Ethics and leadership: putting theory into practice*. Ohio: Battelle Press.
- Hodgkinson, C. 1996. *Administrative philosophy: values and motivations in administrative life*. Oxford: Pergamon.
- Hosmer, L.T. 1996. *The ethics of management*. Homewood, Illinois: Irwin.
- Hunt, S. D. and Vittell, S. J. 1986. 'A general theory of marketing ethics'. *Journal of Macromarketing*, 6, 5–16.
- Jasper, K. 1975. 'Existenzphilosophie.' In Kaufmann, W. *Existentialism from Dostoevsky to Sartre*: 158–232. New York: Times Mirror.
- Jensen, L.C. and Wygant, S.A. 1990. 'The developmental self-valuing theory: a practical approach for business ethics'. *Journal of Business Ethics*, 9, 215–226.
- Jones, T.M. 1991. 'Ethical decision-making by individuals in organizations: an issue contingent model'. *Academy of Management Review*, 16, 366–395.
- Kant, I. 1788/1977. *Critique of practical reason*. Indianapolis, IN: Bobbs-Merrill.
- Kaufmann, W. 1975. *Existentialism from Dostoevsky to Sartre*. New York: Times Mirror.
- Kavathatzopoulos, I. 1993. 'Development of a cognitive skill in solving business ethics problems: the effects of instruction'. *Journal of Business Ethics*, 12, 379–386.
- Kierkegaard, S. 1962. *The present age*. Translated by A. Dru. New York: Harper & Row.
- Kierkegaard, S. 1975. 'The first existentialist'. In Kaufmann, W. *Existentialism from Dostoevsky to Sartre*: 83–121. New York: Times Mirror.
- Kierkegaard, S. 1988. *Fear and trembling*. Translated by A. Hannay. London: Penguin Books.
- Kohlberg, L. 1984. *The psychology of moral development*. New York: Harper & Row.
- Liedtka, J.M. 1989. 'Value congruence: the interplay of individual and organizational value systems'. *Journal of Business Ethics*, 8, 805–815.
- Malhotra, N.K. and Miller, G.L. 1998. 'An integrated model for ethical decisions in marketing research'. *Journal of Business Ethics*, 17, 263–280.
- Malloy, D.C. and Fennell, D.A. 1998. 'Ecotourism and ethics: moral development and organisational cultures'. *Journal of Travel Research*, 36:4, 47–56.
- Morris, S. A. and McDonald, R.A. 1995. 'The role of moral intensity in moral judgements: an empirical investigation'. *Journal of Business Ethics*, 14, 715–726.
- Murphy, P.E. 1999. 'Character and virtue ethics in international marketing: an agenda for managers, researchers and educators'. *Journal of Business Ethics*, 18, 107–124.
- Nutt, P.C. 1984. 'Types of organisational decision processes'. *Administrative Science Quarterly*, 29, 414–450.
- Racheals, J. 1986. *The elements of moral philosophy*. New York: Random House.
- Raphael, D.D. 1989. *Moral philosophy*. Oxford: Oxford University Press.
- Rest, J. 1984. 'The major components of morality'. In Kutines, W.M. and Gewirtz, J.L. *Morality, moral behaviour, and moral development*: 24–40. New York: John Wiley and Sons.
- Ross, W. D. 1975. 'The right and the good'. In Struhl, K.J. and Struhl, P.R. *Ethics in perspective*: 100–107. New York: Random House.
- Rousseau, J.J. 1979. *The social contract*. Middlesex: Penguin Books.
- Sartre, J.P. 1957. *Existentialism and human emotions*. New York: The Winston Library.
- Schminke, M. and Wells, D. 1999. 'Group processes and performance and their effects on individuals' ethical frameworks'. *Journal of Business Ethics*, 18, 367–381.
- Sinclair, A. 1993. 'Approaches to organisational culture and ethics'. *Journal of Business Ethics*, 12, 63–73.
- Spriggs, M.T. and Nevin, J.R. 1996. 'Negative option selling plans: current forms versus existing regulations'. *Journal of Public Policy and Marketing*, 15:2, 227–237.
- Stead, W.E., Worrell, D.L. and Stead, J.G. 1990. 'An interactive model for understanding and managing ethical behaviour in business organisations'. *Journal of Business Ethics*, 9, 233–242.
- Trevino, L.G. 1986. 'Ethical decision-making in organizations: a person-situation interactionist model'. *Academy of Management Review*, 11, 601–617.
- Victor, B. and Cullen, J.B. 1987. 'A theory and measure of ethical climate in organisation'. *Research in Corporate Social Performance and Policy*, 9, 51–71.
- Victor, B. and Cullen, J.B. 1988. 'The organisational basis of ethical work climates'. *Administrative Science Quarterly*, 33, 101–125.
- Weaver, G.R. and Trevino, L.K. 1999. 'Compliance and values oriented ethics programs: influences on employees' attitudes and behaviour'. *Business Ethics Quarterly*, 9, 315–336.
- Weiss, J.W. 1998. *Business ethics*. Orlando, FL: Harcourt Brace & Company.
- Werhane, P.L. 1999. *Moral imagination and management decision-making*. New York: Oxford University Press.