# ARIE RESHEF

**Sir Harry Solomon School of Management, Western Galilee College, Israel**

# ETHICAL REGULATION IN BUSINESS MANAGERS  DECISION MAKING

## Abstract:

Recently there has been increasing interest in understanding how decisions that have ethical components are made in organizations and what considerations are taken in resolving these ethical issues. In each and every day business leaders must make ethical  decisions that involve choises between two or more courses of actions, each of which is a complicated bundle of  ethical responsibilities, personal commitment, moral hazard and practical pressures and constrains (Badaracco 1997). On the personal level those managers has to reconcile between  the requirement  of  achieving and preserving managerial success (professional self) and between ethical demands of which they, as  responsible  persons and distinguished member of  the community (moral self) , are ,or ought to be aware. (Ulrich &  Thielemann  1993).
Consequently there is an urgent  need  to understand more fully the ethical decision making process of business leaders in complex competitive environment they face every day.
The objectives of the current study are:

A. To explore, how do  business leaders, reconcile between achieving managerial and economic success, with ethical demands and responsibilities in a competitive turbulent business environment.
B. To describe decisions patterns of business managers in resolving ethical issues.

The moral balance model (Nisan,1991) offers a description of the principles underlying moral choice. Decisions concerning moral behavior (and judgments of other's moral behavior) are affected by the perceived moral status of the actor and include some sort of quantitative weighing of the morally relevant actions performed by the actor in the recent past. Accordingly, a moral decision as to whether to allow oneself or another, to deviate from what is  perceived as correct moral behavior, will be affected by one's perception of actor's moral balance.In an open interview  40 Israeli CEO were asked to describe two moral issues they encountered during the present working year and to explain the reasons for course of actions they chose for resolving those issues. content analysis of the interviews reveals narratives which are consistent with the propositions of moral balance model. The results suggest that when making moral evaluations and decisions, business leaders take into account, previously relevant behavior by considering their own level of moral balance within a given time span. The present study provide comprehensive explanation of moral decision making of business leaders in a complicated  business environment and explain the role of emotions in those decisions. A new updated  model of ethical decision making  in  business contexts, is suggested by the author.

## Keywords:

Ethical regulation, Business ethics, Ethical decision making

**JEL Classification:** A13