The Role of Ethics and Empathy in managerial decision-making

1. Introduction

Managerial decision-making is the process managers use to identify issues, gather helpful information, weigh possibilities, and make decisions that produce successful results. Hence, choosing the best course of action to accomplish a particular goal or purpose involves using analytical and critical thinking skills. Nowadays, people are generally growing more aware of how their decisions affect others and the environment. That leads to ethics and empathy in business becoming increasingly more significant today, affecting every working individual. This literature review explores the role ethics and empathy play in management and how they affect decision-making.

2. Literature review

Like everyone else, managers make many decisions each day. Making decisions when only considering oneself is difficult, while managers face decisions that impact employees, departments, and sometimes even the whole company. That is why managerial decision-making is the most complex process they must face.

Ethics in managerial decision-making

According to Beauchamp et al. (2004, Chapter 1), ethical theory brings clarity, depth, and accuracy to discussions about morality by focusing on justifying morally right actions. In other words, ethical theory helps better understand what makes specific actions right or wrong and provides a framework for reasoning about ethical issues. While some individuals rely on their values to guide their behavior, others look to the norms and expectations of their community or faith. This idea is supported by Bazerman and Moore (2008, Chapter 7), who examine the study of "implicit attitudes" and how they affect the subconscious mind in the form of stereotypes. They explore the study case of prejudices based on race conducted by the Implicit Association Test. The test concluded that both white and black people show favoritism towards the white race as it is stereotypically and discriminatingly displayed as better.

Thus, ethical beliefs are often deeply rooted in upbringing, culture, religion, and own experiences, which may not correlate with the ethical standards of others. Put it differently, people have different opinions about what constitutes morally acceptable and what does not. Bazerman and Moore (2008, Chapter 7) imply that even if managers try to make ethical decisions, their subconsciousness might limit them. This can lead to favoritism and discrimination in the workplace without managers even realizing what they are doing wrong.

Empathy in managerial decision-making

Dietz and Kleinlogel (2014) conducted a study on 112 university students of social psychology. The aim was to assess the effect of empathy on employee pay reduction instructed on managers by higher authorities in the company. The findings indicate that managers with more empathetic feelings would be less likely to comply with demands to reduce employees' pay when asked by a superior. This is because compassionate managers can identify with and feel the worry their staff would feel if their salaries were reduced. However, compassion might be one of many reasons for the non-compliance. Batson et al. (2009) analyze the correlation between empathy and altruism, which is the act of selfless help without expecting any benefit in return. In comparison, empathy is a feeling that does not have to result in action like altruism. They imply that we still get a subconscious benefit in return when deciding with altruistic intent. In my understanding, in the example of a manager helping employees in need, even if the manager does not expect anything in return, they still feel content with themselves, not feeling the guilt of inaction, and they get the employee's admiration and loyalty. Batson et al. (2009) also state that "empathy is not

felt for everyone in need, at least not in the same degree." (p. 422), which would imply that not only ethics but also empathy can lead to favoritism.

Lack of ethics and empathy in the fast fashion industry

It is no secret that the fast fashion industry is a clear example of an extreme lack of ethics and empathy in higher management. The industry's success is based on fast adaptiveness to new trends in fashion and cheap selling prices. However, behind the success are worldwide brands that use cheap labor force, mainly in Asian factories that violate basic human rights or needs and where employees have no certainty of safety. (Morgan & Ross, 2015) In 2013, the collapse of the Rana Plaza building in Dhaka, Bangladesh, resulted in the most fatal disaster in the history of garment manufacturing. The tragedy claimed the lives of over 1100 people, making it the deadliest industrial accident ever recorded. Despite receiving orders from the authorities to close the building, the management disregarded the safety concerns and continued operations, putting profit above the welfare of their workers. (Hobson, 2013; Morgan & Ross, 2015)

3. Conclusion

In conclusion, considering ethics and empathy, not only profit, in decision-making leads to a more comfortable working environment and shows managers in a better light, creating admiration. Therefore, employees are more likely to stay loyal to the company and create bonds with their colleagues. However, deciding what is morally correct and who we feel empathy for is mainly done by subconsciousness. As a result, ethics and empathy can lead to discrimination and favoritism in the workplace. On the other hand, the lack of ethics and empathy can cause hardships for employees and, in extreme cases, can even lead to their passing, like in the fast fashion industry. In the end, the responsibility to decide what values to follow and what is essential and crucial for the business is up to the manager. They must choose whether to prioritize the loyalty of their employees or profit. In my opinion, the ideal is to have a perfect balance between both. A company can only work correctly with employees, but it is as tricky as a company without profit.

4. Resources:

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