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PSYCHOLOGICAL TRAPS AND UNETHICAL DECISIONS: THE ROLE OF MIDDLE MANAGER

Master's Thesis by the 2nd year student Concentration — MIB Nikolaos Vavdinos

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ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ
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22/05/2018(Дата)

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ABSTRACT

Master Student's Name	Nikolaos Vavdinos
Master Thesis Title	Psychological Traps and Unethical Decisions: the Role of Middle Manager
Educational Program	Master in Management - MIM
Main field of study	Management
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Academic Advisor's Name	M.A.Storchevoi, Candidate of Economics, Senior Lecturer
Description of the goal, tasks and main results	The present thesis provides explanation of unethical managerial decisions through their relationship with psychological factors and cognitive biases. The research examines the following concepts of psychological traps and cognitive biases (framing trap, status quo trap, anchoring trap, sunk cost trap, authority bias) and connects them with the causes of unethical behaviours. The empirical part of the research represents positive linkages on the concepts of psychological traps and the causes of unethical behaviors. In the end the study suggests several organizational tools and individual techniques to avoid these errors.
Keywords	Behavioral traps; Business ethics; Ethical decision making; Bounded ethicality; Middle managers; Cognitive biases;

АННОТАЦИЯ

Автор	Николаос Вавдинос
Название ВКР	Психология принятия неэтичных решений: роль менеджеров среднего звена
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Описание цели, задач и основных результатов	Представленная магистерская диссертация содержит пояснение неэтичных управленческих решений сквозь призму психологических факторов и когнитивных искажений. Исследование рассматривает определенные понятия психологических ловушек и когнитивных искажений (ловушка фрэйминга, ловушка статуса-кво, ловушка якорения, ловушка невозвратных затрат, подчинение авторитету) и связывает их с причинами неэтичного поведения. Эмпирическая часть исследования отображает положительную взаимосвязь между понятиями психологических ловушек и причинами неэтичного поведения. В конце исследования предлагаются организационные инструменты и инструменты для индивидуумов для избежаниях подобных ошибок.
Ключевые слова	Психологические ловушки; Этика бизнеса; Этичное принятие решения; Ограниченная этичность; Менеджеры среднего звена; Когнитивные искажения

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Chapter 1: Introduction

This chapter will introduce the objective of the research and the importance of studying human factor in decision making and particularly the concepts of psychological traps. Then, it will be discussed the research gap and the academic and managerial contributions of such research. Lastly, in the final part it will be illustrated the research framework.

1.1 Research focus and objective

This study aims to demonstrate the manifestation of psychological traps in which middle managers are subjected. The underlying task is to provide an explicit indication of why professionals are prevented to act ethically and consequently to reach proper moral judgments. The latter elements will be used to form techniques and tools to consistent ethical outcomes and to a stronger organizational ethos. Therefore, the objective of this research is:

To apply concepts of psychological traps to situations of ethical choice of middle managers, to reveal potential causes of unethical decisions and to provide recommendations to avoid these mistakes.

After a wave of corporate scandals, since Enron unethical choices, questions of ethics have taken on significant urgency. The adoption of strict corporate ethics and codes of conduct became an unavoidable feature of each company. However, the condemnations and the outrage continued as a result of managerial unethical decision making processes (Fombrun & Foss, 2004; Sears, 2006). Why ethical lapses are still so frequent in managerial decisions?

Human brain is not the rational machine that individuals tend to imagine. Series of flaws, in the way that people think, have been identified by researchers, posing several questions regarding the misconceptions, the biases or irrational anomalies in the way that individuals process and recognize psychological traps (Hammond, Keeney, & Raiffa, 2006). These ingrained flaws, shortcuts, biases or even bad habits can be a deceptive manner for rational decision making (Carter, 2013). Behavioral economics present exactly this argument that any kind of decision, that involves a bit of risk, is exposed to human biases (D. P. Lovallo & Sibony, 2006). Insights from behavioral studies on the business environment explain that a common flaw - like the ones that are examined in this study - can lead to wrong conclusions or even increase the possibility of betting on bad decision (D. Lovallo & Sibony, 2010).

It is important to note that the research on management focuses solely on the organizational and the contextual aspects, while neglecting the errors that can result from cognitive biases of

individual behavior. This orientation has led to a shortcoming in our understanding of various behavioral constructs (including ethical decision making). The latter gap has led scholars to call for a broader view of the "conceptual toolkit" in order to expand the scope of cognitive imperfections that derive from psychological traps (Ariely, 2008).

Therefore, this thesis moves beyond the dominant rational framework in which scholars have been focusing by examining the harmful effect of psychological traps and biases on managerial decision making and particularly on ethical terms.

Furthermore, studies, both quantitative and qualitative, that focus on the ethical dimension of managerial decision making have exclusively considered on few factors: awareness, judgement, intention or intuition (M. S. Schwartz, 2016). Apart from other variables and factors, this steam of work discarded the possibility that managerial ethical decision making can be influenced by psychological traps. Therefore, this present study:

 adds a new line of enquiry on the dependent variables of managerial ethical decision making by investigating the manifestations of psychological traps on the processes of ethically inconsistent decisions.

Lastly, in order to investigate the effect, the research considers the decision making processes of mid-level professional in various business areas (freight forwarders, brokers/ specialist suppliers, Insurance/Airlines, Luxury/Consulting and Health clubs) and on five different regional clusters (Italy, UK-Spain, France/Venezuela, Brazil and Greece).

1.2 Research gaps and contribution

This master thesis contributes to the field of behavioral and business ethics, particularly into the topic of behavioral traps and unethical reactions, and provides practical contribution to the managerial community.

Ariely (2008) have attempted to broaden the milieu in which hidden traps and irrationality are studied, but no further development regarding unethical decision making have taken place, particularly on mid-level management. Moreover, studies on ethical decisions are based on philosophical principles or on sorting wrong and right decisions to create a framework for the best possible ethical action.

In addition, researches use managerial decision making as a theoretical hook without actually examining the antecedents, the consequences that may be irrational and not fixed or the dynamics of hidden traps in business ethics. One of the major concerns in management is to identify these key factors that can lead to irrational and unethical decision making. Decisions that can destroy businesses and careers, that are sometimes irreparable (Hammond et al., 2006).

To summarize the essential question is to: *understand how middle managers move in unethical decisions?*

Hence, the gap of research is *the emphasis on the root causes of unethical reactions – psychological traps and the dynamics of them*. The study addresses the latter gap and develops a new approach that combines psychological variables and ethical variables.

Considering these causes this research is essential for the following reasons:

    i. First, to demonstrate that regardless the growing body of research, that studied the concept of managerial ethical decision making, *few have looked at the internal stimuli that compel managers to failures.*

    ii. Second, *to highlight the dynamic of psychological traps in relation to unethical reactions.*

    iii. Lastly, *to identify the most relevant biases that mid-level managers face in a corporation and understand the errors that can occur.*

According to D. P. Lovallo & Sibony (2006) should be comprehended that companies cannot afford to ignore the human factor regarding decision making. Managers are more constrained by existing cognitive biases that can mislead them in their decisions making process. Thus, of interest to practitioners and executives will be the differential effect of the traps on the latitude of actions and behaviors for middle managers. This may be of particular interest to corporations that wish to change their processes and their organizational routines and culture debate. Hence, the outlook of this research might support middle managers and executives:

    a. to objectify their understanding of what is happening to them

    b. to compel managers to be more cautious and vigilant

    c. to desensitize the process of decision making

    d. to introduce techniques that can emotionally habituate managers to this type of anxiety

    e. and to suggest tools that can shape a productive decision making culture

1.3 Research framework

One of the most vital elements for any research is the ability to establish a direct and clear relationship between the theory and the exploratory analysis that is employed to better understand and distinct the new theoretical challenges (Boyatzis, 1998). Therefore, the framework adopted in this research is of a central importance as it illustrates how the core

components are theoretically and systematically related to each other and to one another in the aim to establish an evident link to theory. This framework is described in figure 1 below.

Figure 1. Research Framework

Theory	**Theoretical Propositions**
Chapter 2: Literature Review	Chapter 3: Developing the research model
Exploration of the extant literature and the identification of the research opportunities. Showing the gap in the existing literature on psychological trap, middle managers decision making and ethical decision making.	*Development of the research mode and specific linkages that relate the antecedents (ethical decision making variations), implications of managerial psychological traps and the role of the authority bias at moral level.*

Results & Implications	**Operationalization and Field-Work**
Chapter 5 for presentation of findings and 6 for research implications and contributions	Chapter 4: Methodology and research design along with exploratory nature of the research design
Category analysis, presentation and interpretation of the results. Managerial implications and future research.	*Re-conceptualizing of concrete theoretical concepts to a list of topics. Interview design and to assess and understand the phenomenon.*

Majority of the articles included in this study are published in peer-reviewed top journals and are highly cited. The review included some theoretical papers and books though empirical papers are examined as well.

Articles found were mainly published in the: Academy of Management Journal, Academy of Management Review, Harvard Business Review, Strategic Management Journal, Business Ethics Quarterly, British Management Review, Mc Kinsey Quarterly, to name a few. The review considers articles from 1954 to 2017. The latter process resulted in over 120 articles, thus in order to filter the highly-cited ones, it was used google scholar to identify those that have been highly cited out of the initial sample. This filtering led to less than 90 articles. The purpose was to use solely the articles that directly assessed: the importance of middle managers, the psychological traps and authority bias and the aspects of ethicality in decision making.

The relevant literature is reviewed in the following sections by classifying and discussing psychological traps. At the beginning it is provided an overview of the literature, that discusses middle managers' role in decision making, then the selected dimensions of psychological traps and authority bias and finally conducts an overview of all related published studies on ethical decision making.

Chapter 2: The role of middle manager and the roots of psychological traps and ethical decision making

In this chapter, it will be provided the literature review on middle managers and their importance for this study. In addition, the study considers the relevant and recent literature on psychological traps and authority bias. And lastly, it will be presented an overview of ethical decision making: what was being studied in recent years.

2.1 Overview of middle managers in decision making

The role of middle managers in decision making has been widely criticized. According to Jaeger & Pekruhl, (1998) the concept of the middle manager could be essentially discussed. Firstly, as either the essence of being a facilitator manager or as a conventional hurdle within the work force and the board of directors. Within these polar views there is an extensive range of distortions and deceptions which make problematic to define the main circumstances under which basic various decisions are made.

Throughout the specialized works has been reviewed the role that middle managers play in many types of decision making. Firstly, management as a concept traditionally had a top-down process that separated decision makers from actual implementers. However, later on, Wooldridge & Floyd, (1990) strongly suggested that middle managers have an active role regarding both the "thinking" and the "doing" of decision processes within the company. Hence, the contemporary middle manager is a versatile individual who needs to present a myriad of characteristics and capabilities at constant interplay with the aim of fulfilling the various external and internal demands (De Cremer & Tenbrunsel, 2012).

Currie & Procter, (2005) supported that the middle managers' superiority is reflected either by their knowledge that their position provides than their hierarchical authority. The latter, point permits them to stimulate interaction and innovation within various parts of the business processes though at the same time exposing them in several flaws that affect their judgement. Some of the managers, are found to be less involved and effective in the process of decision making than others and undoubtedly this underlines the consequences regarding business performance (Pappas & Wooldridge, 2007). This is the reason for specialized research to investigate this matter in depth and try to identify the most relevant biases that mid-level managers face in a corporation and to reveal the errors that can occur.

Less than a decade, organizational structure within various companies changed, in an effort to rethink the vertical hierarchical structure and thus empower the flexibility of decision

makers within different managerial levels. By doing so, the mid-level managers role has been altered, shifting their job features from the pure implementation of commands from boardroom or monitoring the completion of business processes to the conduction and implementation of change and challenge, formulating and assuming duties, and coaching other individuals in the organization (Pappas & Wooldridge, 2007).

Therefore, it is vital to understand that all aspects of responsibilities of middle managers are subjected to hidden flaws and biases. The latter, reduces their ability to obtain competitive maintainable benefits for the company resulted by prudent decisions. Thus, individual knowledge, core abilities and thinking processes of each middle manager should play a catalytic role in finding hidden traps, correcting them and detecting new opportunities for the organization (Ford, Ford, & D'Amelio, 2008).

Individual and contextual factors

The roles of middle managers are affected as well by various factors that might modify the way they perform in their daily work routine and thus the way that they make decisions. These factors can be either internal individual flaws as mentioned earlier or external contextual factors in their work unit.

External factors may refer to a source of information where middle managers should be looking at to find new opportunities as well as potential threats. This external environment is divided in turn into macro-environment and micro-environment.

It is referred as macro-environment the one that affects the functions of the firm and all other businesses operating under the same conditions. The micro-environment refers to the particular processes within the company and it is conditioned by the intensity and nature of the competition (Johnson, Scholes, & Whittington, 2008). Whereas the decisions made by the organization barely can affect the macro-environment, the micro-environment is more dynamic, complex and more influential.

From a managerial perspective, the latter complexity of the micro-environment contributes with the creation of a really problematic atmosphere to deal with and the success on the development of middle managers' performance is going to depend on their ability to adapt and to react to continuous changes, challenges and pressures. According to Stoker (2006), who revised the matter deeply, it is the internal environment and its changes which influence and determine the personal characteristics required to play the role of middle manager.

Following the lead, Raman (2009) goes on with the "pressure" and "tension" idea underlining that top management and middle management, both suffer from internal pressures because of the conflict of interests that any middle manager is forced to balance. One of the causes for that pressure, he points out, could be low levels of procedural justice. Huy (2002) and Currie & Procter (2005) who stress that attention should be given to middle managers as receptors of pressure and how this might affect their working life and the thinking processes.

As middle managers play a central role bringing about change, this change as a delicate issue for any company has to be led by managers well-trusted within the organization (Detert & Treviño, 2010). Middle managers should be able to impact macro variables as they cascade across systems and also impact micro variables allowing them to cultivate successful change (Raelin & Cataldo, 2011).

Wooldridge, Schmid, & Floyd (2008) suggested that future research should investigate on the psychological foundations of middle management behavior. In particular, to elaborate on links of distort perceptions and decisions that are tied to certain behaviors. And continued their suggestion on individual managerial behaviors connected to the company and group-level processes and activities. Hence, this research focuses on the effect of the concepts of these distortions and their interactions with ethical outcomes.

2.2 The concept of psychological traps in decision making

For half a century, researchers have been studying the way that the mind functions in making decisions. From Simon's (1955) early research the literature acknowledges that decision making usually falls under several factors that are not purely rational. These deviations of decision making have been investigated within several theories, though this research focuses on the model of biases and heuristics. These mental shortcuts *are cognitive mechanisms and subjective opinions that individual use to assist in making decisions.* Daniel Kanheman and Amos Tversky introduced the idea of cognitive biases in 1974. Their research and their model was recognized in 2002 when Kanheman received the Nobel Prize in economics on his specialized model on biases and behavioral psychology.

Researchers have defined the latter domain earlier starting from Ward Edwards (1954) that brought together concepts of psychology, decision theory and economics. One year later Herbert Simon (1955) introduced the term of bounded rationality which actually defines the main problem in which this field of study is focusing. His research acknowledged the inherited limitations of individual thinking processes and also introduced simplifying heuristics that

decision makers cope with. In conclusion, the studies of decision making and judgement in 1950's and 1960's included the following elements:

i. The normative theory of rational belief and choice. The latter theory sets certain standards to which individual behaviors' can be compared.

ii. Particular emphasis on risky choice and the neglect of the issue of decisional conflict.

iii. And lastly analysis on cognitive and psychological terms as well as the neglect of social and emotional factors.

In 1974 Kanheman and Tversky, introduced the theory of heuristics and biases, as earlier mentioned, that was characterized by two main features:

a. Emphasis of cognitive processes described generally as heuristics of judgement. The characteristics of which are used to predict various phenomena of judgment and choice.

b. A method that emphasizes on simple experiments between individuals by focusing on their life experience.

In the next two decades, a "third generation" research approach introduced the concept of contingent weighting where various ways of obtaining a ranking of alternatives produce systematically different orders. Besides the latter theory, several researchers on heuristic and biases have identified a lift of "effects" or psychological traps in making decisions. Some of the heuristics can be described as sensory misperceptions and other take the form of biases or irrational anomalies of the thinking processes. Recognizing that what makes all of them dangerous is their invisibility, as they are hard-wired into the decision making processes. Thus, most individuals fail to recognize and they fall into them. These routines are simple mental shortcuts that can be characterized as navigators through-out a decision making process (Gál, Mrva, & Meško, 2013; Hammond et al., 2006).

The most recent research identified four well-documented major heuristics of judgment or psychological traps that commonly experience by decision makers: anchoring, status quo, sunk cost and framing. The authors, that did their research on senior managers, found that these traps lead to a failure of evaluating alternatives and that decisions often lead in unfavorable outcomes for both the decision makers and their organization. (Hammond et al., 2006)

In managerial positions the individual is exposed to day-to-day decisions while dealing with psychological traps that are able to undermine business decisions. While no one can actually

rid his/her own flaws the literature suggest that learn to understand the traps and compensate for them is vital. From the experimental research - of MIT Professor Dan Ariely (2008), psychologist of judgement Daniel Kahneman (2012) and others - carried out, four main stability biases or psychological traps are chosen: the anchoring trap, the status-quo trap, the sunk-cost trap and the framing trap (Ariely, 2008; Hammond et al., 2006).

2.2.1   The anchoring trap

Anchoring effects in decision making were first introduced by Slovic (1967), who investigated descriptions of preference reversals. However, the anchoring effect as studied today was mainly introduced by Kanheman and Tversky (1974) in their specialized research on judgement under uncertainty. According to the authors the anchoring effect is:
The disproportionate influence on decision makers' judgements that are biased toward an initial presented value.

Following their study, several researchers have demonstrated how common is to identify anchoring trap in human decision making processes, including general knowledge and probability estimates. General knowledge researchers have identified anchoring traps by asking the participants questions such as the freezing point of a certain liquid and so on, though in a laboratory setting. However, judgment in real-life judgements such as legal judgements, or negotiations and self-efficacy have presented that the effect can be very powerful. What is more impressive is not the robustness of the anchoring trap with different judgements but the fact that the higher the uncertainty, the lower the familiarity and the personal involvement in a problem, the stronger the anchoring effects become (Furnham & Boo, 2011).

In order to understand how the anchoring effect works it is vital to present the psychological mechanisms that contribute to it. Tversky and Kanheman suggested that individuals make insufficient adjustments to arrive to a final estimation based on the initially presented parameter. That means that individuals that are exposed to a higher anchor are prone to insufficient adjustments downward and vice versa. Strack & Mussweiler (1997) explained that the values of anchors serve as a reference point that people use in order to adjust the boundary of a range of values for a specific problem or question. By assuming that, the anchor is more extreme than the boundary value for the range of possible answers.

The current perception on anchoring trap focuses on *confirmatory hypothesis testing* and affirms that anchoring traps result from the activation of certain information that are

aligned with the presented anchor. Hence, decision makers are looking for plausible answers to test their hypothesis in which the anchor value is the most appropriate one and thus activate the aspects that are confirming the initial estimation. Therefore, it has been supported that "confirmatory research" and "selection accessibility" are the main mechanisms responsible for anchoring traps. The literature presents various perspectives though the figure below demonstrates the most important ones:

Figure 2. Views on the explanation of anchoring traps (from Furnham & Boo, 2011)

Perspectives	Existing literature	Descriptions
Anchoring-and-adjustment	Tversky and Kahneman (1974), Epley and Gilovich (2001, 2005)	Anchoring effect serves as a result of effortful adjustment processes, which are insufficient, based on an initially presented value
		Anchor values serve as the reference for people to adjust the boundary of the range of plausible values for the question, presuming that the given anchor is more extreme than the boundary value for the range of plausible answers
Selective accessibility	Chapman and Johnson (1999), Mussweiler and Strack (1999, 2001b), Strack and Mussweiler (1997)	Based on the confirmatory hypothesis testing, individuals test out the hypothesis that the anchor value is the correct answer
		In doing so, judges look for ways that the answer is similar to the anchor value and thus activate aspects of target that are consistent with the anchor to become accessible
Attitude change	Blankenship et al. (2008), Wegener et al. (2001, 2010)	Anchors could directly serve as a cue or indirectly influence the information processing that bias judgments toward the anchors
		Low-elaboration anchoring is resulted especially during non-thoughtful processes; anchors are treated as a "hint" to a reasonable answer
		High-elaborative anchoring involves thorough thinking that engages judges in more effortful information processing with existing knowledge and hence activate the anchor-consistent information that bias judgments

The research did not solely focus on the values of anchors but also considers the human components that may contribute to the susceptibility to the anchoring trap as presented in the figure below:

Figure 3. Human components considered in the anchoring literature (from Furnham & Boo, 2011)

Human factors	Research	Findings
Mood	Bodenhausen et al. (2000), Englich and Soder (2009)	Significant results of affective factor on anchoring effects
		Participants in sad mood are more susceptible to the heuristic bias of anchoring in comparison to their counterparts in neutral or happy mood
Knowledge/experience/expertise	Wilson et al. (1996)	Knowledgeable people are less influenced by anchors presented
	Englich and Mussweiler (2001), Englich and Soder (2009), Englich et al. (2005, 2006), Mussweiler et al. (2000, Study 1), Northcraft and Neale, 1987	Significant results of anchoring effect on individuals with knowledge and experience in the tasks
Motivation/incentives for accuracy/forewarnings	Epley and Gilovich (2005)	Forewarning is effective to diminish the effects of anchoring, only with self-generated anchors
	LeBoeuf and Shafir (2009)	Forewarnings about accuracy raised non-significant result to eliminate the anchoring effect. However, specific warning about insufficient adjustment reduced anchoring effect
	Tversky and Kahneman (1974), Wilson et al. (1996)	Anchoring effects are not eliminated even with incentives and forewarnings
Personality	Eroglu and Croxton (2010)	Participants with high conscientiousness and agreeableness and low extraversion are more susceptible to the anchoring effects
	McElroy and Dowd (2007)	High openness to experience individuals is more influenced by the anchoring effect
Cognitive ability	Bergman et al. (2010)	Anchoring effect decreases with higher cognitive ability
	Oechssler et al. (2009)	No significant results of cognitive ability on the anchoring effect

Lastly, when it comes to business decision making the literature defined the role of anchoring as "a non-objective" procedure, in which the mind gives disproportionate weight to

the first information it receives thus initial impressions or estimations or data anchor subsequent judgments (Dye, Hulme, & Roxbourg, 2003).

"Anchoring can be a powerful tool for strategists. In negotiations, naming a high sale price for a business can help secure an attractive outcome for the seller, as the buyer's offer will be anchored around that figure […]" though *"Anchoring can be dangerous particularly when it is a question of becoming anchored to the past […]"* (DYE et al., 2003).

The latter indicates that in business the most common types of anchors refer to a past event or even trend. And consequently, the anchoring trap reveals how powerful impact has an initial idea or number on subsequent strategic conversations and decision making processes. Kahneman (2012) suggests that solely by thinking the opposite or considering the extreme situations of a problem might an individual reduce or eliminate the anchoring effect.

In conclusion there are more than 40 years of research on the anchoring trap which have illustrated how robust the effect can be. It can be found in an array of decisional tasks within different settings and groups. Though everyone in the area of this study acknowledge that their individual differences regarding the extend that are affected by anchors. Future work should focus on the approach on how anchoring effects affect social group decisions. That can have an important benefit for organizations in order to see their moral impact within personal flaws and the outcomes of them.

2.2.2 The status-quo trap

The theory of status quo trap was firstly introduced by Kanheman and Tversky (1974) though it was explained solely in terms of loss aversion. The term was better described later by Samuelson and Zeckhauser as: *individuals' tendency on doing nothing or maintain one's current or previous decision.*

The above statement includes two main features of status quo:

- ➢ Individuals prefer to maintain the current state of affairs
- ➢ People are not willing to take action and change or adapt this state.

The later features can be explained in terms of loss aversion as stated previously. Since a change entails expected losses and gains and since individuals are loss avert the losses are

weighted more than the gains. Therefore, individuals are prone to accept a decision that the expected gains are slightly higher than the losses.

Another explanation recognizes that status quo requires solely an omission. In other words, even if the alternations yield losses and benefits, omissions are favored. In related research Kanheman and Tversky (1982) have presented the fact that individuals feel a more stressful emotional reaction to situations that involve actions relative to events which have identical outcomes though do not involve actions. Later Paul Landman (1988) extended the latter finding supporting that people feel more thrilled when a positive outcome resulted from action rather than inaction. The anticipation for such positive or negative feelings accounts for status quo bias. And these because it might happen that from a decision under uncertainty the negative feelings are weighted more heavily that the potential positive and that is when status quo appears.

Recent experimental studies, have demonstrated the ubiquity and strength of status quo trap. They proved that the status quo bias can restrain individuals and generate an aversion of ambiguity when the ambiguous option is the status quo (Roca, Hogarth, & Maule, 2006). Undoubtedly, people are resistant to any form of change, a fact that is connected with the fear of altering their status-quo if active steps are undertaken. In other words, the status-quo bias *is aversion to loss as most of individuals are concerned about the risk of losing* than excited by the prospect of gaining. A similar effect, that can explain the latter, is the endowment effect that lead people to hang on to what they already own (DYE et al., 2003).

In managerial decision making that might be formulated as avoiding choosing between A and B. The latter, demands an effort to shift places or ideas thus sticking to the status-quo mainly represents the safer course as it exposes the manager at less psychological risk. The power of this trap is generated by the business itself where sins of commission tend to be punished severely compering to sins of omission, thus status-quo attracts most of managers and holding them from taking a swift action to impose a new one (Hammond et al., 2006).

2.2.3 The sunk-cost trap

The sunk cost trap also known as the suck cost fallacy or effect was firstly introduced in 1974 by Kahneman and Tversky. Though it was better defined by Arkes and Blumer (1985) as the: *"Tendency to continue an endeavor once an investment in effort, time or money is made"*

Psychologists have investigated the sunk cost effect for several decades, using the term under the notion of "irrational escalation of commitment". The sunk cost fallacy can be also found in the literature under the following names or mechanisms:

i. Self-justification

ii. A fixed reference point and loss aversion

The literature also acknowledges the fact that sunk cost traps are also sensitive to framing bias, and are minimized by pointing out the salience of incremental costs. In fact, there is a powerful reverse sunk cost bias when the sum of incremental cost exceeds the total benefit. Another important contribution is that the completion of a certain project psychological replaces the profit goal (Friedman, Pommerenke, Lukose, Milam, & Huberman, 2007).

Non-experimental studies demonstrated the effect of sunk cost trap. The studies underline the important of unobserved components of performance. Baron et al (2001) identified that several companies in United States are more likely to terminate complete projects following the departure of high level managers. The latter has a significant effect on the insensitivity of manager' towards costs sunk by their predecessors.

A peculiar explanation of sunk cost trap refers to it as a selection bias. That can be seen particularly in e-commerce. Schwartz (1999) found that the managers of Wall Street Journal site intentionally slowed the process of login for users in the belief that they would spend more time on the platform.

To summarize sunk cost trap is characterized by two main distinct psychological mechanisms(Friedman, Pommerenke, Lukose, Milam, & Huberman, 2007):

i. Self-justification that brings individuals, that have sunk cost resources, into an unprofitable action to irrationally reconsider their beliefs regarding the profitability of a certain investment. That happens in order to avoid the unpleasant fact that there is a mistake and there are also wasted sunk resources.

ii. Loss aversion that sets individuals in a position that they choose an additional investment whose incremental return happens to have negative expected value though still maintain the belief that exists some chance of a positive return on the overall investment.

Additionally, a common approach of a decision maker in a business environment would be to identify the future consequences of current projects or investments. The sunk-cost fallacy manifest by inducing the attention on historical costs, that are not by any mean recoverable, when considering future courses of decision processes. Or, in other words the decision to invest in a losing account when better options are available.

Frequently, this phenomenon is correlated with the willigness of the manager to admit a mistake. As a result, the fear of acknowledging a poor decision leads to a self-commitment towards past decisions that undeniably are responsible for originating the problematic decisions at a first point. (Kahneman, 2012)

Moreover, it is observed that a corporate culture is able to reinforce the sunk-cost trap. More precisely, depending on the form of penalties that are given for decisions that occurred unfavorable outcome, managers can be motivated to let failed projects drag on over and over again, hoping that they will be able to transform these projects into positive business outcome (Hammond et al., 2006).

2.2.4   The framing trap

The central discussion of rational decision making refers to a logical consistency across decisions without considering the way and the manner in which available choices are presented. Though, the human decisions are challenged by a range of empirical data. Tversky and Kahneman (1974) emphasized in the latter deviation from the rational theory and they introduced the framing effect as the main variant of their theory.

The main premise of framing theory is that a problem can be viewed from a various perspectives and be considered as having implications for several considerations and values. Thus, framing: refers to an activity in which individuals develop a certain conceptualization for a given issue.

And more precisely it can be supported that framing trap *"starts with a convectional expectancy value model of an individual's attitude"*. In this perspective, individual's attitude regarding a certain object, is *"the weighted sum of a series of evaluative beliefs about that object"* (Nelson et al. 1997b).

The typical attitude of a decision maker starts by evaluating various outcomes relative to a neutral reference point. Therefore, the point of the view has a significant effect on whether the problem is framed positively or negatively and thus *"affecting the resulting risk preference of the decision maker"* (Bazerman & Moore, 2008).

In other words, the way in which a problem is framed can be profoundly influenced by the manager's choices. The literature appears to underline two well-documented types of frames that distort decision making, namely:

(a) Frames – gains versus losses: alternative pairs of choices are available that are precisely equivalent but they have been framed in a different way. The choices of people can reveal if the problem is posed in terms of gains or in terms of avoiding losses.

(b) Frames – various reference points: two or more questions can pose the same problem but with different reference point. A simple yet concrete example is generated by the literature below: *"Let's say you have $2,000 in your checking account and you are asked the following question:*

- *Would you accept a fifty-fifty chance of either losing $300 or winning $500? Would you accept the chance?*

- *What if you were asked this question: Would you prefer to keep your checking account balance of $2,000 or to accept a fifty-fifty chance of having either $1,700 or $2,500 in your account?*

  […] While your answers to both questions should, rationally speaking, be the same, studies have shown that many people would refuse the fifty-fifty chance in the first question but accept it in the second. Their different reactions result from the different reference points presented in the two frames. The first frame, with its reference point of zero, emphasizes incremental gains and losses, and the thought of losing triggers a conservative response in many people's minds. The second frame, with its reference point of $2,000, puts things into perspective by emphasizing the real financial impact of the decision […]"(Hammond et al., 2006).

Specifically, in business the peculiarity of this trap is that is closely related and also lead to other biases. The framing trap can establish anchors or even a status-quo, it can be also argued that a frame can highlight sunk costs or lead managers towards a false consensus (Hammond et al., 2006).

2.3 Compliance: The authority bias and procedural (in)justice

In this sub-chapter it will be introduced another bias, slightly different from psychological traps that arises from the interaction between the individual and the environment.

The authority bias was firstly introduced my Milgram's study in 1974. In his experiment Milgram conducted multiple iterations in order to demonstrate the extent to which people will commit heinous acts and the ease with which authority bias: *can coerce decision makers into corrupt actions or better compliance to unfair processes.*

Milgram through his experiment affirms that in a situation where an authoritarian personality demands for obedience instead of the person's character, occurs that the latter crosses the ethical boundaries and harms an innocent person. The theory recognizes a series of factors caused from a situation or a social force that lead individuals to intentional unethical decisions (Milgram, 1974). In fact, studies have found that the ethicality of one person can be affected by the actions seen on somebody's else behavior. (Gino, Ayal, & Ariely, 2009)

Within companies, the implicit and explicit pressure to follow the behavioral processes and norms has significant effect on how individuals can be easily manipulated into conforming to the values of the authoritarian figures or group. That can be explained by:

    a. The individual need to socially identify in a group and in this case in their company

    b. Strong desire to belong

    c. Avoid social exclusion

On the same way the literature acknowledges that authority that uses fair processes can promote perceptions of the induvial involved in a way that they see their organization more neutral and fair. Tenbrunsel (2003) noted that authorities, like organization and managers, are able to have such a strong compliance effect to the employees' perceptions and expectations to act in a moral way or not as well as to established procedural (in) justice. In a similar study, Tyler (2007) found that if the authority figure is exercising its authority within fair conditions, individuals involved tend to think that the rules are legitimate in the decisions making processes and outcomes. Therefore, the employees' decision making values will be activated when evaluating their authority/organization as being ruled in procedurally just ways.

The above studies show that procedural (in)justice judgements potentially can shape rule related behavior and that is mainly explained by the impact of procedural justice on ethical values. These findings support the argument that fair authority behavior on the part of management coerce desirable behavior from employees. Therefore, by acting fairly a company motivates the employee to both follow the policies and avoid engaging in acts that undermine efficiency and effectiveness of the organization.

Although, since companies are hierarchical, even if there is a culture of fairness and ethos it will be unimportant if the authority is not motivated to act toward a fair objective. In recent years the case of Enron scandal appears to exist more and more within managers. Furthermore, studies show that the employees will comply to the authority though when they

become aware that their organization acts against their values they become less committed to the main ethical norms.

The reality is that the senior or mid-level managers will make the ultimate decision, though the people participating in the process must believe that their views were considered and that they had a genuine opportunity to influence the final decision. Consequently, it occurs that perception of fairness can alter the biases of decision making as mentioned on the previous chapter. Researchers have documented that if the participants believe the process was fair, they are far more willing to commit themselves to the resulting decision even if their approaches did not prevail. Reasonably the experience of procedural justice enhances individual cognitive confidence in the procedures of decision making thus resulted to distort authority biases involved by building commitment and loyalty within teams and towards the company (Kim & Mauborgne, 1993).

These studies present one promising approach to stop employee misbehavior and avoid corporate scandals that have been present in the last years. This approach is to emphasize appropriate work culture in order to motivate employees to act based on a feeling of responsibility and obligation to their own values of morality and also to the norms of the company and thus avoid any authority bias that can enhance bad reactions.

2.4 Recent research on ethical decision-making

The last 20 years several corporate scandals, like Enron and WorldCom, emerged and that promoted the interest of scientific field of business ethics and ethical decision making. Business ethics definition can be found at Ferrell et al. (2008) that presented business ethics as the field that copes with questions about whether specific business practices are acceptable. Or at Trevino et al (2006) who supported that behavioral ethics: *"refers to individual behavior that is subject to or judged according to generally accepted norms of behavior"*

Consequently, and under the definition of business ethics, it is important to state that key players involved in business scandals support that they are not unethical and that they did not have any intention to harm others. The literature supports that many decision makers in the business are aware of their companies' code of conducts but obviously they failed to act with responsibility and in an ethical manner. The latter idea was supported by the simple explanation that these scandals are a responsibility of few bad apples. However, more recent approaches note that ethical failures, in society or in an organization, apply to all individuals and not just few bad apples (Trevino et al 2006). This approach is that based on the idea that:

under the right circumstances all individuals can act unethically and that is the main assumption of behavioral ethics.

Because of the focus on individual behavior it is clear that the studies so far mainly draw work from psychology. Therefore, the use of psychological insights is vital to understand why sometimes good people can do bad things. The study of Bazerman and Banaji (2004) notes on this matter that efforts in order to improve ethical decision making are betted fulfilled at understand psychological tendencies. Thus rather than demonstrating how ethical people should behave the literature suggests to insist on understanding the psychological processes that individual pass through when they make actual decisions (Bazerman & Banaji, 2004).
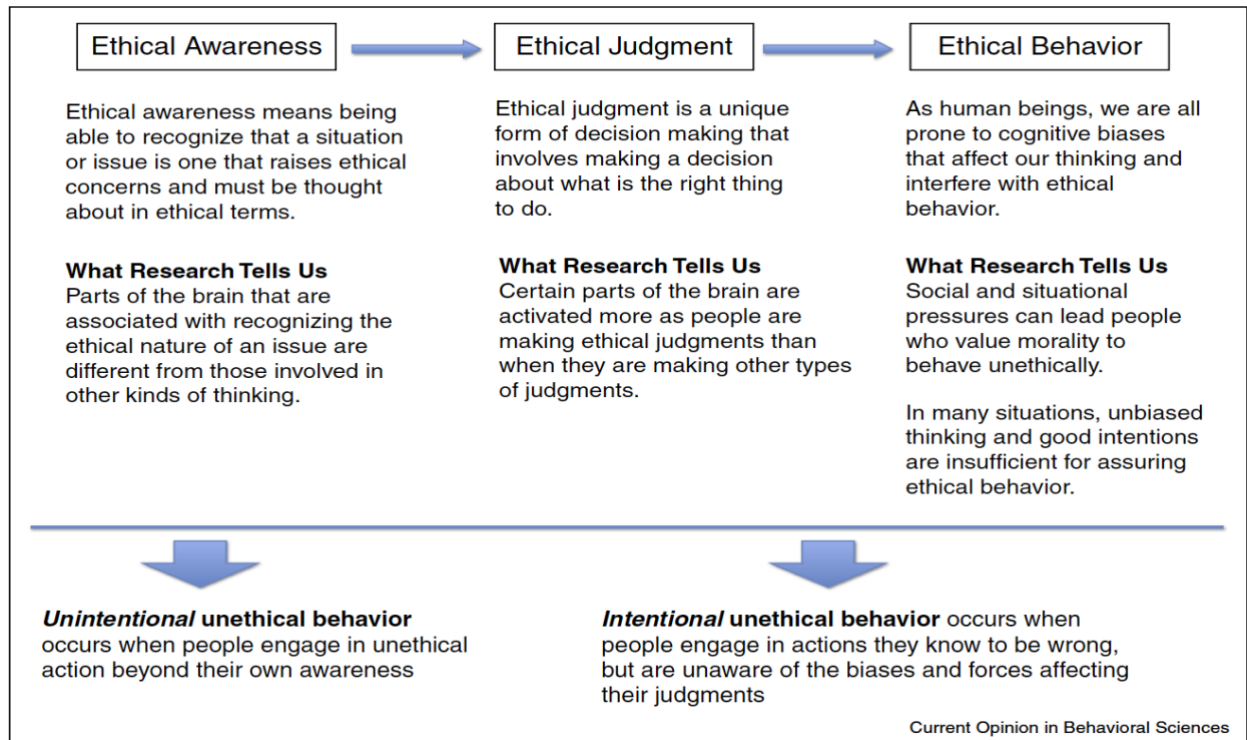
Most individuals within and outside the business environment are aware of the range of behaviors that will never be acceptable in a workplace or in the society. When it comes to people in business this is even more profound as it involves ethical decision rules and appropriate moral behaviors that can be promoted. Regardless the latter element unethical and irresponsible decisions are emerging constantly. In other words, a situation or a specific context can be sufficiently compelling for someone in order to cross ethical boundaries. The theory suggests that understanding these circumstances and enabling leaders to promote morality in their organizations is vital and fundamental idea of behavioral ethics. (De Cremer, Van Dick, Tenbrunsel, Pillutla, & Murnighan, 2011).

One of the most popular approaches on preventing unethical decisions and actions suggests formal educational programs and rules in order to help managers to tackle with trust (M. Schwartz, 2001). Though the theory recognizes the problematic nature of this as ethical awareness is not necessarily achieved through rules and trust management (Ludwig & Longenecker, 1993).

In behavioral ethics scholars have been focusing their research into two main pillars (Gino, 2015):

    i.   The first pillar of study is isolating predictable social circumstances and situational factors which lead to an unethical behavior. In the latter case we mainly recognize behaviors of individuals that are aware of their unethical action though incapable of knowing and recognizing the forces that lead to cross ethical boundaries.

    ii.   The second pillar is about individuals that have an unintentional tendency to engage in unethical actions without being aware of doing it.

Figure 4. The steps involved in ethical decision making (Salvador & Folger, 2009)

Ethical Awareness →	Ethical Judgment →	Ethical Behavior
Ethical awareness means being able to recognize that a situation or issue is one that raises ethical concerns and must be thought about in ethical terms.	Ethical judgment is a unique form of decision making that involves making a decision about what is the right thing to do.	As human beings, we are all prone to cognitive biases that affect our thinking and interfere with ethical behavior.
What Research Tells Us Parts of the brain that are associated with recognizing the ethical nature of an issue are different from those involved in other kinds of thinking.	**What Research Tells Us** Certain parts of the brain are activated more as people are making ethical judgments than when they are making other types of judgments.	**What Research Tells Us** Social and situational pressures can lead people who value morality to behave unethically. In many situations, unbiased thinking and good intentions are insufficient for assuring ethical behavior.

Unintentional unethical behavior occurs when people engage in unethical action beyond their own awareness

Intentional unethical behavior occurs when people engage in actions they know to be wrong, but are unaware of the biases and forces affecting their judgments

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According to the theory, individuals can act unethically while being absolutely unaware of theirs or someone's else unethical behavior (Chugh, Bazerman, & Banaji, 2005). Following this statement, other studies argue that people fail to isolate and recognize conflicts of interest that corrupt their behavior. As a matter of fact when individuals are determined to neglect seeing someone's unethical actions they will not see it (Gino & Bazerman, 2009). Moreover, it is claimed that a person is more likely to condemn someone's unethical decisions when the outcome of his actions is bad rather than considering the same when the outcome is good. (Cushman, Dreber, Wang, & Costa, 2009).

One of the main erroneous assumptions of the literature on ethical behavior is the idea that all individuals are rationally driven to their actions and in accordance to their motives and their intentions while understanding the result of their actions (Dunn, 2004). Individuals are prone to experience both intentional or unintentional unethical choices. Thus, the latter approach considers that there is no elaborated or rational filter process rather than a quick and sudden reaction to an ethical judgement (Haidt, 2001).

Ironically, decision makers are psychological motivated to maintain a framed ethical view of their selves. Though as individuals set their immunity in a higher level than the situation and view as well any positive outcome as appropriate, occurs that they are unable to recognize conflicts of interest and their ethicality lead to sub-ethical actions. This underlines

the illusion of objectivity as a situation is rarely recognized when self-serving biases occur (Chugh et al., 2005).

One other important aspect of the theory states that individuals which potentially perceive a failure or loss in the outcomes of their actions will probably cross the boundaries and engage more to unethical actions in order to avert their loss than the ones who perceive that they are going to gain (Kern & Chugh, 2009). These traps can occur when the individual is requested to react automatically rather than reasonably, as reasoning is fragile to being rushed or fragmented because of time limits for instance (Gilovich, Griffin, & Kahneman, 2002). Therefore, psychological traps give an opportunity to see automaticity in ethical decision making.

Considering the theoretical and empirical research that has been conducted the literature suggests that given the right circumstances likely all of us may commit unethical actions (De Cremer, Mayer, & Schminke, 2010). Hence, the study on psychological tendencies and on influences of the organizational environment may prove particularly valuable in order to understand ordinary unethical behavior (Gino, 2015).

Chapter 3: Bounded ethicality and implications of psychological traps

This second part of literature review focuses on the theory of bounded ethicality and on the five theoretical cases of it. Furthermore, it is presented how psychological traps of bounded rationality, that analyzed previously, might manifest on the cases of bounded ethicality. To do so, certain linkages were created that will be used on the empirical part of this thesis.

3.1 Bounded rationality, bounded ethicality and conjectures on psychological traps

Within societies, in this case corporations, individuals have developed their interactions with others based on various constrains. Yet these constrains are solely useful with the rational active cooperation of the individual (North, 1991). The latter level of coherence or "rationality" of individuals at is core - and based on various scholars - is in doubt. As a matter of fact, it is supported that humans are the opposite of perfectly rational (Ariely, 2008; Kahneman, 2003). This is better described by Herbert Simon as bounded rationality (Simon, 1955).

Bounded rationality, between 1955 and 2000, served as the integrating point of the studied on behavioral decision making. The concept shows that people judgment deviates from rationality. After Simon's work Kanheman and Tverky (1974) provided specific systematic biases involved in the concept of bounded rationality as presented earlier in this thesis.

Individuals are not inclined to recognize inconsistencies, as a result global incoherence regarding actions and outcomes of behaviors can occur for long periods (Sunstein, Kahneman, Schkade, & Ritov, 2002). Similarly, a comprehensive and internally consistent system of ethical intuitions is utopic to consider, as human decision making is highly dependent on immediate context- that is affected by the quality of processes by which decisions are made and executed (Lind & Tyler, 1988) – as well as by consequential unconscious acts of the options that they consider, or as mentioned on chapter 2 the individual psychological tendencies (Kahneman, 2003).

The theory of bounded rationality does not stop solely there but suggests that ethicality is also bounded, malleable and dynamic. The concept of bounded ethicality is part of the concept of bounded rationality. Similarly bounded ethicality refers to the notion that: *"our moral and ethical standards are colored by self-favoring interpretations".* That makes individuals to display easily a behavior that is against the ethical norms (Banaji, Bazerman, & Chugh, 2003).

The idea of bounded ethicality is that people are perceiving themselves as ethical, thus maintain a certain ethical self-image while making unethical decisions. The assumption on the

determinants of human action so far is that all individuals are conscious agents which is clearly refuted based on the latter evidence. The limitations of conscious will, drive individuals not solely in bad decisions but in unethical behaviors (Kern & Chugh, 2009).

In business bounded ethicality: *appears when management make a decision that not solely harms others but also is completely inconsistent with the decision maker's personal values and beliefs.*

Managers engage in these behaviors by developing protective cognitions and behavioral biases that condemn them upon further reflection. When an ethically questionable situation arrives to a manager that is not in essence part of their responsibility, they fail to get involved and justify their inaction as ethical. When it is evident that their inaction can be more harmful than many errors that occur in action (Chugh et al., 2005).

Therefore, in the following part, the research provides specific linkages concerning the implications of psychological traps/tendencies of bounded rationality on the cases of bounded ethicality. By using these manifestations, the research tries to understand how the biases of bounded rationality (psychological traps and authority bas) might play crucial role on shaping ethically (in)correct actions and behaviors.

3.1.1 Implicit ethical attitudes and framing implications

The literature supports that one main case of bounded ethicality is implicit ethical attitudes that are rooted in fundamental mechanisms of thought and are activated automatically. These mechanisms lead individuals to various associations in order to trust their intentions which most of the times are not aligned with their expectations. Implicit attitudes are derived from these unconscious associations that can appear in the workplace just as they do anywhere else (Wilson, Lindsey, & Schooler, 2000).

The majority of people have a certain belief toward their attitudes, thinking that they have the complete control and conscious awareness. This view in the concept of bounded ethicality is challenged by the bias of implicit attitudes. *Implicit ethical attitudes may refer to automatically activated stereotypes*. In some cases, even individuals that have an egalitarian value system are keeping in their minds unflattering stereotypes that are activated without intention or conscious awareness (Macrae and Bodenhausen, 2001).

The presence of such unconscious attitudes on the judgements of an individual set an important bound. They yield bounds on the degree that an individual can guarantee that her own behavior is consistent with the ethical beliefs that she wants to express. One more evidence why human ethicality is bounded. Even if individuals neglect the fact that they behaved in

inconsistent ways, with negative stereotyped behaviors, their explicit intentions are contradicted by the implications of their actions.

Psychologists developed a useful tool on measuring implicit attitudes. The Implicit Associations Test or IAT that mainly measures the strength of a human's implicit associations among two pairs of categories such as good/bad and white/black. The research, with the use of this tool, provided some interesting results. They supported that most individuals have little control over the expression of implicit attitudes regarding certain stereotypes (Banaji et al., 2003). Banaji also supported that implicit attitudes follow an ordinary mental process of:

- ✓ categorization,
- ✓ perception,
- ✓ memory and
- ✓ judgement

Thus, she addressed the issue as "ordinary prejudice". She supported that if ordinary mental processes are part on expressions of prejudice and stereotypes then ordinary managers, executives or other professionals will demonstrate them. In addition, other studies have found that implicit attitudes yield specific ways of behavior. Namely:

- ➢ Discrimination by attributing specific categorizations and judgements
- ➢ Nonverbal behaviors toward certain group of people
- ➢ Spontaneous behaviors

To summarize, implicit attitudes "[…] *are quick, intuitive, automatic, relatively effortless, unintentional and can operate outside of conscious awareness*.[…]" (Marquardt & Hoeger, 2009).

A practical example of implicit unethical racist/sexist attitude in business, can be derived from Morgan Stanley and other investment banks that they fail to recognize gender inequity in their operations. More precisely, in 2004 Morgan Stanley was forced to pay $54 million to settle a sex discrimination case. The company was accused by female managers that it failed to provide equal payment and also promotions as the main body of the managers was consisted by white men that were in charge for each top or mid-level operation. These male managers were unable to recognize the existence of gender discrimination in their decision making processes. Therefore, the company was also obliged to include antidiscrimination trainings for managers and reconsider their attitudes and their attributions in the company (Mcgeehan, 2004).

Another practical example comes from Merrill Lynch and more precisely from a lawsuit of $2.2 millions that was filed by Hydie Sumner. The employee supported that brokerage

managers are unaware of their discriminating processes. She supported that they projected success solely for white male profiles as they corresponded to the categorizations that they had in mind. In her statement said that: *"They have a specific view of what a successful broker or manager will look like, and it is not usually a woman or a black or Hispanic."*(Bazerman & Moore, 2008). The latter implicit attitudes as it is seen can affect the judgement of managers without their conscious awareness and in a manner that might be odd to their personal beliefs.

In the same way framing trap are appeared to be active factor of automaticity, engaging the individual in implicit mental processes. Thus, cognitive pitfalls of framing traps are indicators of the conditions in which decision makers are prone to ethical peril (Kern & Chugh, 2009). As mentioned earlier, framing refers to an activity in which individuals develop a certain conceptualization for a given issue in the same way that implicit ethical attitudes create processes of stereotyped behaviors. And more precisely the trap can be defined as *"the weighted sum of a series of evaluative beliefs about an object"*. (Nelson et al. 1997b)

Hence, this thesis acknowledges that the framing trap impose greater constrains on implicit ethical attitudes and more precisely increase their effect toward ethical failures. Therefore, the first *Linkage* is expressed as follows*: The more a manager is prone to framing problems the more likely she/he will depend on implicit ethical attitudes.*

Psychological traps   **Cases of bounded ethicality**

3.1.2   Egocentrism and status quo

A second concept of bounded ethicality is egocentrism and it was introduced by Chugh, Banaji and Bazerman (2005). The authors suggested that *egocentrism in ethical decision making arise form self-interested reasoning that precedes an evaluative moral judgment*. These egocentric tendencies influence dramatically ethical behavior and decision making as individuals are not aware that they behave unethically.

Moreover, one important element of egocentrism is that it tampers experience so to ensure that a certain situation is maintained, though admits no conscious belief that such interference happened. Epley & Caruso (2004) supported that the latter limitation of conscious will is vital for the success of egocentrism. In addition, they support that memory or experience

is distorted with events that have been "self-relevant" versus "not self-relevant", and consequently positive construal of such experiences.

The egocentric bias is seen in various situations, namely:

> "[..] when individuals tend to overestimate the extent to which others will share their attitudes, beliefs, knowledges and emotional reaction […]" (Epley, Keysar, Van Boven, & Gilovich, 2004),

> "[…] the extent to which others notice and attend to their behavior […]" (Gilovich, Medvec, & Savitsky, 2000) and

> "[…] the extent to which their internal states are transparent to others […]" (Gilovich et al., 2000).

Several studies have founded also that individuals have a tendency to focus on their own contributions to a joint effort. These self-serving judgements regarding solutions on certain problems or allocations of credit or blame, lead to conclusions that can be unfair. Specifically, people tend to determine their preference to a specific outcome on the basis of their status and ego. Egocentrism not solely motivates to claim more based on self-relevant events but also over claim resources. Such behaviors can pose social dilemmas or situations which each individual of a certain group or business team has short-term incentives to act in an egocentric, self-interested way (Chugh et al., 2005).

A practical example of egocentrism can be seen on Enron's case. Anderson auditors have been found guilty for interpreting data in a self-interested way in order to maintain their client. Even if audit companies' managers are supposed to investigate their client's books in an unbiased manner it appears that they tend to act favorably to their ego. For example, they might sell to them consulting services or even seek jobs offers from the clients. In conclusion, the examples shows that the auditors viewed data in a self-interested way in order to maintain their dependency on their clients and that lead on a non-independent auditing system and on the disaster that followed with Enron (Bazerman & Moore, 2008).

Accordingly, status quo trap is highly inherited to individual' psych as a desire to protect ego from any form of damage or even judgement (Hammond et al., 2006). Psychological experiments have shown that managers are magnetically attracted to status quo as a result of potential damage or loss. Moreover, status quo traps are a consequence of a tendency to justify previous commitments by subsequent commitments. Thus, managers are even more pulled to status quo when there is an alternative to what they have been experienced regarding an event or situation. Consequently, ego as a part of experience or position or role is highly valued as a magnetic consequence of status quo (Gál et al., 2013).

The above analysis shows that status quo trap may influence on egocentrism drastically. More precisely the second *Linkage* can be presented as follows: *The more a manager is prone to status quo problems the more likely to be controlled from egocentrism.*

Psychological Traps   **Cases of bounded ethicality**

| **Status quo** | → | **Egocentrism** |
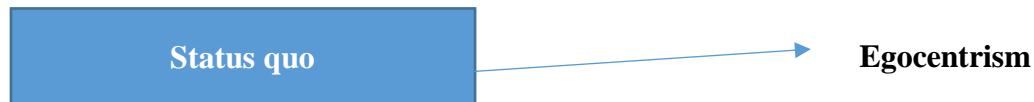
3.1.3 Ethical uncertainty and anchoring trap

Before the introduction of ethical uncertainty and the connection of anchoring to this ethical dimension it is important firstly to consider the elements of the trap. The latter structure is considered as it facilitates the process on creating the linkage between ethical uncertainty and anchoring.

Anchoring is a fundamental psychological trap and it is caused by insufficient adjustments as final actions are assimilated toward an initial presented estimation (Tversky & Kahneman, 1974). The literature suggests that gradual adjustments on the estimation of a decision can lead to slightly shift from the anchor, though these adjustments stop when individuals are no longer sure if they should go farther (Kahneman, 2012).

Therefore, uncertainty perpetuates the adjustments, leaving small space on the directions away from the anchor, leading decision makers to constantly move closely to the anchor. Moreover, adjustments are hard and effortful process in which most decision makers and particularly managers are less prone to follow. That is because their mental resources are heavily depleted with information related to digits (Epley & Gilovich, 2001).

Following Kahneman (2012) research, the latter element is no sufficient to describe anchoring traps as adjustments are intentional and conscious processes, though as observed anchoring traps often do not correspond to a subjective experience. Thus, the role of associative coherence is a more compelling component of anchoring traps, suggesting that the puzzle of anchors is related to priming effects that selectively stimulate compatible evidence (Englich, Mussweiler, & Strack, 2006; Kahneman, 2012).

The psychological processes that lead to anchor traps make individuals more inclined to suggestibility than the self will ever perceive. Accordingly, few individuals are able to draw

attention on their gullibility. Kahneman (2012) suggests that a way to avoid anchors is by "thinking the opposite". In other words, negating the biased medley of thoughts and focus on what exists further than the uncertainty point.

Similarly, ethical uncertainty that is the third component of bounded ethicality seems to be driven from:

➢ *one's conception of compulsory "oughts" and also*
➢ *the effect of description that an action or behavior falls under.*

The first variable is strongly correlated with the epistemic state of the decision maker and the sense to follow the objective sense of "ought". Though, the latter element of ethical decision-ought falls under the process of subject-ought. That is related to the given cognitive situation of the agent that captures the idea of "ought" on the time of acting. Thus, in the moments of clear uncertainty, that determines the individual's responsibility for an action. Hence, the ethical aspects are determined by consequential considerations or adjustments. Every ethical theory recognizes that ethical processes are settled by the adjustments of their consequences (Jackson & Smith, 2006).

The second variable arises from the content of intentions. Behaviors that arise from uncertainty can fall intentionally under one description but not under another. That means that once a degree of belief irrupts into the picture of what is ethical certain and uncertain the action falls under this description. There are several theories involving ethical certainty under intentional description of actions and intentions but no theory about what is absolutely ethically uncertain (Bykvist, 2017; Jackson & Smith, 2006).

To apply a general idea on ethical uncertainty the theory assumes that the decision maker cares about avoiding doing the wrong thing but she is uncertain regarding the ethical status of the behavior. Most likely because of the adjustments around the anchor of "ought" that sometimes require great self-sacrifice (Barry & Tomlin, 2016). That is where a "decision-ought" and a "subjective-ought" create further ethical uncertainty.

Two main scandals in business that fall under the elements of ethical uncertainty is the HSBC and Wells Fargo ethical failures in 2015 and 2016 respectively. HSBC was accused for tax evasion scandal in Swiss as managers tried to inquire customer's tax affairs. That felt under the description of a greater good that could lead the business elsewhere based on manager's and companies' explanations but it does not alter the uncertainty of such moral behavior. Accordingly, Wells Fargo managers attended to meet their sales targets by setting up accounts without the consent of their customers. The explanation given form the managers was that this

could give an advantage to the bank over it competitors. The sense of objective "ought" that adjusted the ethical processes of such decision lead to a compete ethical mistake. Therefore, the uncertainty or the illusion of ethos can be very dangerous for companies (Skapinker, 2016).

Continuing the rational process in which both anchors and ethical uncertainty occur and presented in this analysis, a third *Linkage* is that: *the more managers are staying close to their anchors the more likely to suffer from ethical uncertainty*

Psychological Traps   **Cases of bounded ethicality**

| Anchoring | ⟶ | **Ethical uncertainty** |

3.1.4 Cognitive ethical dissonance and sunk cost trap

A fourth element of bounded ethicality is cognitive ethical dissonance. Cognitive ethical dissonance: *is prompted oxymoronically by the individual temptation to profit from unethical behaviour and her/his aspiration to uphold a certain ethical self-image.* In other words, the discrepancy between one's actual behaviour and one's attitudes and values. (Festinger & Carlsmith, 1959)

Research shows that individuals that perceive themselves as highly trustworthy are more prone to bend the ethical limits, most likely lie and cut corners in order to benefit (Bazerman & Tenbrunsel, 2011). The latter authors, pointed out that when confronted ethical dilemmas individuals usually stand for their principles though most fail to examine unethical action under an objective light, indicating how completely bounded our rationality and we can support ethicality are. In other words, how decision makers behave dishonestly enough to benefit and honestly enough to mitigate their perception on their own integrity and ethicality (Mazar, Amir, & Ariely, 2008). Beside the cognitive inconsistencies regarding criteria of what is right and wrong, research identifies dissonance when there is a threat to the self and consequently cutback on ethical standards (Barkan, Ayal, Gino, & Ariely, 2012).

The literature underlines various components that arise when cognitive ethical dissonance occurs:

- *Shuffling facts* and distorting the truth as inventing an outcome evokes more comfort than reporting one (Fischbacher & Föllmi-Heusi, 2013).

- Another element is *self-serving altruism* that turns wrong behaviours to right ones, thus if a lie benefits another person or event, it can be justified and reframed as altruistic (Erat & Gneezy, 2012).

- A particular element of cognitive ethical dissonance is *ethical licensing*. The latter means that individuals perceive that previous right deeds provide them with ethical credits and thus reduce any threat to ethical self-image (Sachdeva, Iliev, & Medin, 2009).

- When ethical dissonance is already experienced the literature suggests that more elements positively contribute to a vicious circle of ethical failures. One way is to *self-inflict* more pain, more guilt, thus the experience of more guilt and pain paradoxically leads to emotional relief of past unethical events (Inbar, Pizarro, Gilovich, & Ariely, 2013).

- Engage to *partial confession* of the unethical event is another variable where the wrongdoer admits partially the fact in order to restore his ethical self-image but not enough in order not to be embarrassed or punished irreversibly (Peer, Acquisti, & Shalvi, 2014).

- Lastly, *moral hypocrisy* and distancing are ways to involves at a greater level to ethical dissonance. Both are related to asymmetries regarding lenient judgments of self-violations and explicit condemnation of others violations (Rustichini & Villeval, 2014).

A strong example of cognitive ethical dissonance and more precisely of ethical licensing phenomenon can been seen in Volkswagen scandal. Managers agreed to equip 11 million cars with a software that is able to cheat emissions test. In fact, the emissions were up to 40 times higher than it is allowed in United States. Managers in America were aware of this issue and still proceeded. Suddenly, a company that claimed to be the first in CSR policies in the auto motive industry found to act against it. The company became a reflection of its manager's decisions. VW managers acted unethically in the light of previous ethicality (Vlachos, 2017).

The later agony that is given from cognitive ethical dissonance can be found in sunk-cost traps as well. Individuals tend to make decisions justifying previous events and consciously or not, are unwilling to admit a bad decision. *The sunk cost fallacy is mainly caused by the escalation of commitment to failing attempts* (Arkes & Blumer, 1985).

Particularly, in managerial decision making, the presence of sunk cost traps leads to incentives that are misaligned with the role and the position of the company (Kahneman, 2012).

According to Kahneman (2012) sunk costs trap holds people into doomed decisions and unpromising and unhappy situations. Moreover, this inconsistent behavior of insisting in doomed decisions is present in various researches where anticipated negative consequences foster further commitment to the chosen failed decision (Staw, 1976).

Therefore, based on the analysis, the research supports that sunk cost trap might present the following Linkage with cognitive ethical dissonance: *The more managers are prone to the sunk cost trap the more likely will suffer failures of cognitive ethical dissonance.*

Psychological Traps   **Cases of bounded ethicality**

| **Sunk-cost** | → | **Cognitive ethical dissonance** |
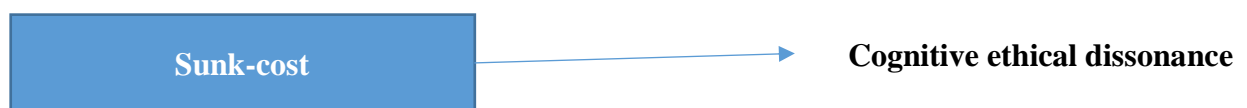
3.1.5   Ethical erosion and the authority bias (procedural (in)justice)

In this last segment the research is focusing on the authority bias and its manifestation on gradual ethical erosion.

As described in chapter 2, the authority bias was introduced my Milgram's study in 1974. In his experiment Milgram conducted multiple iterations in order to demonstrate the extent to which people will commit heinous acts and the ease with which **authority bias:** *can coerce decision makers into corrupt actions or better compliance to unfair processes.*

The principle of authority bias entails that each group of stakeholders has the desire to belong and identify herself in a group avoiding any kind of exclusion from processes. As Tyler (2007) found, if the authority figure is exercising its authority within fair conditions, individuals involved tend to think that the rules are legitimate in the decisions making processes and outcomes. Therefore, the employees' decision making values will be activated when evaluating their authority/organization as being ruled in procedurally just ways.

The above studies show that procedural (in)justice judgements potentially can shape rule related behaviour and that is mainly explained by the impact of procedural justice on ethical values. However, several studies acknowledge the necessity to create a dichotomy of this principle, thus the research refers to justice of process and to justice of outcome (Jackall, 1988). Both depend on the situation and are and should be adjustable when there are different conclusions, thus individuals should determine which of them is more suitable for each context. Nevertheless, even if the latter requirement is met the principle of justice needs to consider a

second element in which no rights can be violated thus, an action it is prescribed solely by regards of the rights of all whom it affects essentially (Vlastos, 1984).

Accordingly, procedural justice *is the level on which the dynamics of any decision process are considered to be fair which in the business environment involves criteria of engagement, clear explanation and clarity of expectations*. Reasonably the experience of procedural justice enhances individual cognitive confidence in the procedures of decision making thus resulted to distort authority biases involved by building commitment and loyalty within teams and towards the company (Kim & Mauborgne, 1993).
Additionally, the perception of high levels of procedural justice do not built solely cognitive confident in the decision makers but also a sense of loyalty, commitment, trust and social harmony (Kim & Mauborgne, 1998).

In the same way to authority bias**, ethical erosion**, that is the last element of bounded ethicality, *occurs while being exposed to situations that promoted unethical behaviors*. And it can be characterized by the following elements:

i. the *slippery slope fallacy* of mutual unethical cooperation and also
ii. *ethical dilemmas* that lead to deterioration of ethical self-identities.

The slippery slope fallacy affects the acceptance of unethical procedures and behaviors leading gradually to ethical erosion (Gino & Bazerman, 2009). Similarly, ethical dilemmas in contextual situations can shape one's views by reducing the salience of a certain identity and particularly ethical self-identity (Treviño, Weaver, & Reynolds, 2006).

A practical example on ethical erosion that in this case can be significantly connected with authority bias can be derived from Yukos/Khodorkovsky case. The case among other included illegal privatization of a company and an academic institution and evasion of corporate tax obligations and personal tax. Besides the authority figure of Khodorkovsky that was accused for a number of criminal cases and characterized by amnesty international as a prisoner of conscience, a number of managers' and employees' cases surfaced as well. Yukos was presented as the most transparent Russian company before the scandal (Tricker & Tricker, 2014).

What Yukos case shows is that an authority bias that acts unethically can lead to the slippery slope fallacy and to gradual ethical erosion of a whole group of managers and employees. Hence, the analysis allows to create the last Linkage in which*: the authority bias and consequently procedural (in)justice may lead to gradual ethical erosion*.

| Authority bias | → | **Ethical erosion** |

For clarity, a summary of all research linkages are provided in Figure 5, that includes the anticipated effect of each linkage:

Figure 5. Linkages of psychological traps and flaws of bounded ethicality

Linkages on Psychological traps manifestations on the cases of bounded ethicality
The more a manager is prone to framing problems the more likely she/he will depend on implicit ethical attitudes
The more a manager is prone to status quo problems the more likely to be controlled from egocentrism
The more managers are staying close to their anchors the more likely to suffer from ethical uncertainty
The more managers are prone to the sunk cost trap the more likely will suffer failures of cognitive ethical dissonance
The authority bias and consequently procedural (in)justice may lead to gradual ethical erosion.

In conclusion, by offering the typology of five processes of bounded ethicality – implicit attitudes, egocentrism, ethical uncertainty, cognitive dissonance and ethical erosion – as they related to psychological traps, this chapter aims to clarify how psychological processes play into the dynamic nature of bounded ethicality and can enhance unethical behaviors.

Therefore, in this chapter, the **first task** was: *to understand the processes relevant to bounded ethicality*.

And the **second task** was: *to fill the gap between the cases of bounded ethicality and the concepts of psychological traps by creating specific linkages*.

Studying these phenomena make difficult the research topic both because accessing quality data is an unending challenge and because studding ethics and psychological tendencies as dynamic phenomena requires gathering this difficult to access data over time as well. However, this chapter surfaced different paradigms and processes which are relevant to both the theories of research. The new approach provides additional opportunity to try to model bounded ethicality in new ways. The diffusion of the bounded ethicality processes and the psychological tendencies have much to promise particularly in the ethical decision making literature.

In the next chapters it will provided a better understanding of the linkages. As the present study adds a new line on the theory of behavioral ethics, this part of analysis was significantly challenging. That is because there are no explicit connections on the examined concepts and cases provided by existed researches. Therefore, the aim is to reveal potential linkages by using elements of the theory of psychological traps and of the cases of bounded ethicality. More evident explanation on how the concepts of psychological traps are connected with ethical failures and on how they manifest on the cases of bounded ethicality it is illustrated on the analysis of the findings. In the chapter of analysis specific examples are presented on the manifestations of each linkage.

Chapter 4: Methodology

This chapter and particularly the following segments demonstrate the nature of knowledge and the tools that would be utilized in order to access the linkages. Accordingly, the following sub-chapters focus:

1. First, on presenting the methodology and the research paradigm adjusted for this research.
2. Second, the study discusses in depth the research design, operationalization techniques, interview design, sample of participants and the coding techniques.
3. Lastly, finishes by discussing the limitations.

4.1 Methodology and research paradigms

The stream of this study is based on qualitative, explorative and descriptive approach as and uses in-depth, open-ended interviews.

Qualitative methods have been significantly important in management studies and particularly behavioral management researches as they capture and communicate the participant's stories. The purpose is to gather information and discuss the findings that are useful. Understanding participant's stories is useful to the extend which these stories illuminate the outcomes and the processes of decisions. The core of this research is to understand:

➢ what the individuals create of the reality around them,

➢ how they interpret what they encounter and

➢ how they assign meanings and/or values to situations.

In this research, the author is concerned about the lenses through which individuals perceive events, expectations and meanings regarding a situation. The approach that is chosen tries to elicit:

✓ the participants' views of their working environment and

✓ the events that they experienced or observed.

Hence, the study is focusing in contending and overlapping versions of reality and include as many truths as possible (Rubin & Rubin, 2011).

Similarly, the fact that it is not considered one universal truth that does not mean that generalizability is not reached. What the research is ought to understand is everyday *moderatum* generalizations and if they are conceived then it is known the consistency of the reality within which they reside (Williams, 2000). The interpretation of an utterance lead to an understanding of why it happened (Bryman, 2003).

The objective of the qualitative assessment is to focus on depth the theoretical linkages that are purposed in this study in the aim to understand how they manifest under specific situations, individuals and moments in time in order to reveal this theoretical gap on ethical decision making (Rubin & Rubin, 2011).

The qualitative paradigm will significantly help in answering the overall research question not quantify the phenomenon though understand the context in which it manifests. Consequently, the research was conducted *using in-depth open ended semi structured interviews*. Semi structured topical interviews are important data technique in order to explore questions of what, when, how and why. Even if the interviews follow a list of topics, that were prepared in advance, the style of the interview were more responsive by adding questions in order to obtain detailed and in-depth answers (Rubin & Rubin, 2011).

The sample size in qualitative research is much smaller than the one in quantitative. This is because in-depth interview method is not concerned with making generalizations to a larger population and does not rely on hypothesis testing but mostly is more emergent in its process.

While the majority of experts in qualitative research are avowing to state how many interviews are enough there is variability that suggest a minimum. A significant number of research articles recommend that *anywhere from 5 to 50 participants are adequate*. This range is considered adequate as (Dworkin, 2012):

➢ allows for thorough examination of the elements that address the research question and to separate conceptual categories of interest

➢ maximizes the possibility that enough data have been collected to clarify relationships between conceptual categories and identify variation in processes,

➢ maximizes the chances that negative cases and hypothetical negative cases have been explored in the data.

This study involves looking at top mid-level managers in large multinational companies. Apart from the biases linked with the collection of data from these participants, it is also challenging to gain useful number to interview, especially within the wide heterogeneous geographical context of this study (Brazil, UK, Italy, France/Venezuela, Greece).

Therefore, due to the geographical spread, the time constrains, as well as the individual factors of each participant, it was very challenging to get sufficient and credible sample. Luckily, after several reminders five people were interviewed for this research, including 2

pilot interviews, that is enough to demonstrate balance and thoroughness of the examined aspects (Rubin & Rubin, 2011).

The factor of heterogeneity of the population that the sample was drawn is vital to capture the variability in experiences and views in regard to the examined linkages (Baker, Edwards, & Doidge, 2012). Although, a level of homogeneity exists when it comes to the managerial level of the participants, the range of responsibilities, the age (40 to 50) and the multinational level of each firm.

Participants Profile:

- Communications Manager in international insurance company from Swiss (Sao Paolo)
- Client Engagement Manager in multinational of luxury goods from France (Paris)
- Regional Manager in multinational specialist supplier from UK (Madrid)
- Operations Manager recently corporate director in multinational logistics/freight forwarded from Italy (Florence)
- Regional Club Manager in international chain of luxury health clubs from UK (Athens)

4.2 Research design approach based on aims and objectives

The study aims to understand better "what", "when", "how" and "why" in terms of bounded ethicality processes and the manifestations of certain psychological traps in them. The qualitative research in this case is more reasonable as it raises various experiences and views within the decision making scene of middle management. As such, the study follows abductive reasoning in order to create necessary linkages and re-conceptualize the represent the relationship between the theoretical frameworks and existing research.

Here, the research incorporates both the deductive a priori template of themes - which are constructed based on preliminary scanning of the theoretical perspectives - and the data-driven inductive reasoning (Schurz, 2008). The process of the research based on the research questions and objectives follows the below hybrid structure shown in figure 6.

Figure 6. The Abductive Research Process
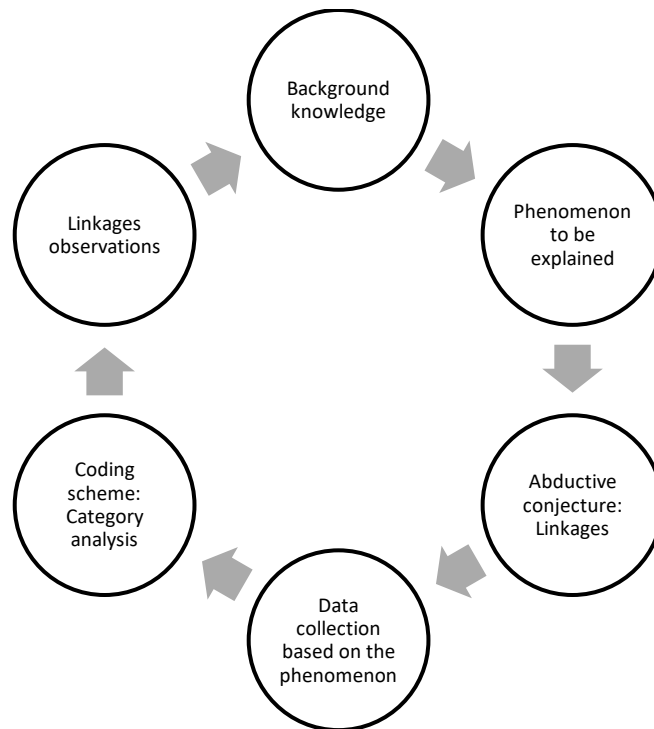
4.3 Primary sources of data

The literature acknowledges that primary data refer to the ones that are collected by the researcher whereas secondary are provided by other professional sources that are vital as the main research cannot involve everything in the collection (Bryman & Bell, 2015). More precisely, primary data are collected using a list of topics discussed with private sector middle managers in in-depth semi structured interviews via Skype to capture the context of the linkages.

The data were collected the first trimester of 2018 and all managers were interviewed by skype in their offices as it was requested to them and to their company. The average time that each interview lasted around 50 to 70 minutes depending on the answers of the participants. The data were recorded and later transcribed and /or translated since some of the interviews were in Greek and Portuguese.

4.4 Interview design

In this part we will present the interview design of the research, the list of topics and the coding scheme.

Mainly three types of topics/questions are formulated for this research:

- ➢ attitudinal in order to identify how middle managers feel on certain topics of fair procedures within their company and also to estimate long-standing beliefs on certain procedural issues. These questions are formulated to obtain reflections and thick descriptions and not fixed statements. In this first segment there are also scaling questions in order to evaluate fairness and procedural justice within their close working environment and their organization overall.

- ➢ The second type of topic/questions are tour questions that request to provide a broad description of their activities and also behavioral that refer to the frequency of a specific behavior regarding common decision making processes and ethical decision making processes. These questions are able to help respondents remember events where their values or their decisions abilities were tested.

- ➢ Lastly, inspired by (Hammond et al., 2006) book, the researcher develops a list of questions related to each psychological trap trying to foresee or identify tendencies of the individuals on the examined hidden traps.

The objective of the interviews is to investigate in depth how middle-level managers cope with justice issues in decision making and to make connections with the chosen literature on hidden traps in order to discover the context of the manifestations of the traps in ethical decision making. In this way it can be possible to understand and isolate complex behaviors and their motivators in ethical decisions making (Belk, Fischer, & Kozinets, 2012).

Each manager identified characteristics regarding decision making process in three topics:

a. general background and procedural justice;
b. decision making process segmented into four different pillars:
    a. Anchoring trap
    b. Status quo trap
    c. Framing trap
    d. Sunk cost trap
c. challenging decision making related to ethics at workplace and procedural justice;

The interview protocol was designed to encourage participants to share basic background information and also to evaluate transparency and fairness of processes in their current company or in their previous working experience and the current close working environment.

In a second phase, they are asked to provide information about their general decision making processes at work with each question designed to identify the examined traps.

The interview then progressed through separate questions about ethical decisions making at work and concludes with questions about the interviewee's process of making decisions related to their actual organizational structure and their perception of justice within the work place.

The logic behind the protocol of the interviews is that by not following a continuous stream for describing the process of decision making would minimize the need of the participant to fall in social desirable biases for self-improvement (Fernandes & Randall, 1992). This type of interplay (experience, induction, deduction) sets a vital element for allowing news issues to emerge (Glasser & Strauss, 1967).

All interviews are transcribed in order to facilitate the collection of the data for this study. The purpose is to gather data and isolate the ones that determine the examined re-conceptualizations of the theories and themes thus the data analysis is based on an abductive research design. While thematic analysis is utilized to understand the given information regarding the participants decision making process (Boyatzis, 1998).

The process is separated into three segments:

- Transcription and isolation of themes: the objective is to identify and isolate thoughts thus the interviews were ranged from simple words and phrases to entire sentences.

- Coding the data according to the each thematic. The coding scheme is presented on findings.

- Determine patterns by comparing within and across categories. In essence, distinguishing key factors in which the examined linkages are identified.

Figure 7. Coding scheme development (Boyatzis 1998)

1. Randomly number subjects and remove names from transcripts. Record pertinent information in records. Make transcripts blind
2. Read through transcripts and create outline for each subject on each question. Create sub-samples here (e.g., those who recognized ethical decision and those who did not)
3. Use outlines to identify themes in each sub-group of subject responses. Specific definition isn't necessary here, just any glimmer of themes
4. Re-write themes that are consistent across subjects in subsample; possible labels may come up here
5. Themes that show distinctions between sub-samples are rewritten again for clarity and parsimony. Re-read original transcripts—each theme should clearly be either present or absent
6. Develop the code: Assign a label to each theme; define it clearly; record indicators "Coded when subject stated abc…" or "xyz…"; note differentiation in each subject (NOT sub-sample but all subjects)—i.e., subjects 1 and 5 showed theme, subjects2, 3, 4, 8 did not show them

4.5 Limitations

One of the main limitations of qualitative research is the difficulty to generalize the findings for a greater population.

Due to lack of time and resources, the primary research conducted is solely based on in-depth interviews. Furthermore, a boundary condition of the study is the level of induced ethics. Processing effects of extremely high levels of emotions in ethical behavior are not examined, which unavoidably limits the findings.

In the first step, the analysis of perceptual traps can be restrictive for the validity of the qualitative analysis as the idea of choice and biases can differ even individually, as a result a holistic view might be limited. Moreover, the execution of the interviews provides a valuable insight on the way these middle level actors perform different roles within the organizations. Though can be restrictive for the accuracy of the existing situation within companies and the perception of procedural justice and morality.

As mentioned before, the lack of time, and lack of contact with such persons, considers such kind of information unavailable and therefore it should be considered as a limiting factor to the outcome of the research. The latter factors, indicate the need to emphasize on well-structured questions for the in-depth interviews and consequently a profound support of the results with academic research models and the given literature so far.

Chapter 5: Presentation of findings and discussion

In this chapter all interview results are collected and combined with the theoretical constructs. Firstly, it is presented a general overview on the key elements of the findings as well as a table on the themes and the categories in which the analysis was based. On a second and last step, each theme and sub-category is examined with the relevant case of bounded ethicality as it was stated on the analysis from chapter 3. The purpose is to present one by one how the linkages manifest on the participants' behavior.

5.1 Findings

The key question in this study is to: *To apply concepts of psychological traps to situations of ethical choice of middle managers, to reveal potential causes of unethical decisions and to provide recommendations to avoid these mistakes.*

The analysis of the in-depth interviews yielded around 110 pieces of nominal data which were organized in five categories that represented the interview themes and then analyzed based on the linkages created thus organized into the five constructs of bounded ethicality.

As mentioned, the five categories of data pertained to the philosophy of each question and of the collected information accordingly. The primary focus of the interviews had to do with the information relating to authority bias and extensively in procedural (in)justice with several sub-categories like nepotism, ethical values and so on and also with specific influences of psychological traps on the decision making process.

Any relationship between the themes and ethics was anticipated and - as observed – resulted from each subject's responses and that was as well the intent of the research. The discussion of the themes is intended to underline key findings on traps and organizational fairness, mainly as they pertain to the theoretical linkages and the existing research on ethical decision making. In Figure 8 are illustrated and includes all theme names, category names and sub-categories as well as examples from participants' responses for each theme. In the table there are fragments of the arguments of each participant that correspond to each sub-category.

This method of combing the data facilitates the separation of each answer and the categorization of them on the concepts that were used for the design of the interviews that correspond to the concepts of psychological traps and the authority bias.

Figure 8. Themes and categories derived from interviews

Themes & Sub-categories	*Part.*	*Examples*
Framing		
General Problems	#2	"No. I just take it as it is. Because it is easier"
Contribution on problem framed	#2	" I'll make sure that whatever calculations they did is accurate"
by peers/colleagues	#4	"I will give my support. That's for sure."
Gains vs Losses		
Gains/Positive outcome	#2	"Yes, I'll take this risk. [...] It's inevitable."
Losses/negative outcome	#1	"I think this is difficult to handle. I'll try to do anything to avoid losing something."
Reference Points	#3	"I would refer back to my boss or my colleague down here in the office. "
Status quo		
Unconventional situations	#1	" […] a decision could be more assertive instead of thinking in a bad way"
Endowment effect		
Familiarity & comfort	#2	"I would stick to what the current status of a decision offers"
	#3	"I would stick to the principle decision made"
Anchoring		
Anchored by others		
First reaction to a problem	#4	"I coordinate with our people and I hear their opinion, their thoughts. "
Anchoring others		
Communicating subjective	#1	"As much as possible. As much as they have the information, it's easier to analyze, and the risk of having a bad decision is lower"
estimations		
Anchored by own experience	#2	"I make assumptions and then I build this estimate. Based on my experience "
Thinking the opposite or extremes	#1	"I try to avoid the extremes. I think extremes are not good at all "
Sunk cost		
Escalation		
The hole paradigm	#4	"I would try to dig"
Negative assessment	#2	"No. it's not easy for anybody to admit mistakes. It's stressful!"
Admitting mistakes	#4	"I prefer not to be criticized but I know that it can happen"
Devil's advocate	#4	"No, I don't have such a person, luckily"
Self-esteem		
Support subjective views	#2	"Yes. Because it's what we all do. Because at the end you do what you believe is right"
Authority bias		
Awareness	#1	" probably are not as transparent as from outside"
Justice of process from I to 5		
Current company	#5	"Three. Because there are too many procedures (in which transparency does not exist)"
Previous working experience	#3	"Three. The whole industry is based on levels of trust. This is an industry open to abuse'"
Close working environment	#5	"Four., I can never be 100% sure that everything is done in full transparency."
Justice of outcome		
Right violation & nepotism	#1	"Yes, but I try to control myself as much as possible.'"
Personal experience	#3	" managing people. Because they can get upset for no reason, or for valid reasons."
Ethical values		
Directly stated or not	#1	"Non-directly, yes. There is no guidance."
Dilemmas	#2	"Instead of making our guide aware, I got the opportunity to learn all this valuable data."
Positive outcomes vs ethicality	#2	"I think people would bend the rules a little I guess. If there is a positive outcome of bending the rules."

5.1.1 Implicit ethical attitudes and framing trap

An analysis of the first theme reveals the presence of implicit attitudes. This appears as the main characteristics of the latter are present in the responses of the participants. As mentioned earlier in the literature analysis one main key characteristic of implicit ethical attitudes is automaticity and thus yield specific forms of behaviors (Wilson et al., 2000). One of the main characteristics is spontaneous stereotyped reactions. The latter manifests on the participants' responses as managers 1,2 and 3 react similarly when a problem is framed in terms of gains and losses thus if a given situation results positive outcomes regardless the context

and the consequence participants answered that they will take the risk. More precisely manager 2 responded:

"Yes, I'll take this risk. Because you have to take risks in order to gain something. It's inevitable." On the other hand, is the decision is posed in term of losses manager 1 mentioned that: *"I think this is difficult to handle. I'll try to do anything to avoid losing something."*

First, it is observed and confirmed the theory of framing in which people are biased from estimations of outcomes as they seem to develop a certain conceptualization of an outcome because it was judged as positive or negative. Second, and most crucial for this research the subjects were unaware of the ethical dimensions of their responses reacting automatically, intuitively and without putting effort to the framed situation confirming the theory of implicit ethical attitudes of spontaneous behaviors.

When it comes on reframing given general problems or problems that are stated under specific point of views, in this case solely financial, participants 2 and 4 are not providing any form of contribution or alternative to the framed situation. The literature recognizes the latter fragility of managers to be biased by financial frames on certain decision making processes. The lack of vigilance in these situations is contradicting their role as middle managers. They are responsible to change and reformulate duties and challenges and not simply monitoring the decision processes (Pappas & Wooldridge, 2007).

Accordingly, implicit ethical attitudes yield non-verbal behaviors and effortless attitudes. The fact that the situation was framed in a certain manner increased the implicit attitude of the participants towards a stereotyped effortless reaction. Framing trap theory states that reference points can become anchors of the frame as they pose the subjects to search the same question though most likely in homogenous environment that will result the same outcome. The latter, activates implicit mental processes that derive from instincts.

Similarly, participants 1, 2, 3 and 4 mention the necessity to use reference points in the same context and likely with the same point of view. Particularly, participant 3 mentions that:

*"I would refer back to my boss or my colleague down here in the office. If we **feel** that we're going down a path that's not going to be **profitable**, we won't go down that path".*

The latter, first reveals that the frame is posed again on financial aspects, no other angle is viewed. Additionally, the participant mentions feelings thus a tendency or intuition towards a specific outcome - even if the reference points are seemingly different. Thus, the framing bias activates instincts even more. On the same manner, implicit ethical attitudes are intuitive

and operate in similar ways as the produce behaviors whereas the individual attributes specific categorizations and judgements outside his/her conscious awareness.

On the other hand, manager 5 presented an attitude that can be argued is more closely to what one can do to avoid frames on homogenous environments and thus decrease implicit ethical behaviors. Participant 5 mentions:

"I refer to other people yes, but most of the time there are no people from the company or at least close working environment that advise me. Because I want people who have an objective picture, different from my everyday life. People who are not emotionally influenced by everyday life. They face life more clearly and not based on certain intuitions."

It can be argued that through the interviews it is evident the fact that framing is able to increase the effects of implicit ethical attitudes on individuals' behavior. The first *Linkage* in which: *The more a manager is prone to framing problems the more likely she/he will depend on implicit ethical attitudes* is confirmed. There is an effortless attitude towards framed problems that inevitably leads to implicit ethical behavior. And in which the participants might be totally unaware.

Similarly, as it was presented on chapter 3, managers of Morgan Stanley had a certain framed idea of a successful broker and that lead them to categorizations based on gender or race. That does not mean that the managers personal beliefs are based on these categorizations though the framed idea of what is consider a success story in their industry lead them to unethical gender considerations.

5.1.2 Egocentrism and status quo trap

Liable results are yielded as well from status quo trap categories and the effect of the trap on egocentrism. In particular, it was mentioned in the literature analysis on chapter 3 that individuals are even more pulled to status quo under an unconventional situation that offers necessary space to upset the status quo. Participants 1 and 3 are prone to this bias as incompatible situations, that set their status quo in peril, can be adjusted to what they perceive it should be attributed to them or to their company. In parallel, as egocentrism states, they adjust situations to their feeling of deservingness that is dominant in their own environment. For example, manager 1 states that:

"If you are in the middle of a situation that makes yourself not comfortable. I say that the companies are 'fomenting'... Thus, a decision could be more assertive, serving you and the company instead of thinking in a bad way".

That indicates that if an individual feels uncomfortable because the current status quo is exposed to a shift - but the organizational structure instigates towards an assertive way of thinking - then the managers are inclined to what is favorable for their part, to what actually they deserve to keep or to get. On that note participant 3 mentions:

"you can choose to be difficult and regal in order to reduce losses but my bigger picture in this current position, is will I make profit in the long term? Why should I shift? you've got people to recognize the value of your brand or yourself and you persevere forward with it. As soon as people got trust in it you will turn that into a benefit for you and the company eventually."

Patterns of status quo bias are underscored in the second thematic which includes decisions that provide comfort and familiarity. The theory of psychological traps presents the magnetic relationship of individuals on retaining their current position that provides certain level of comfort to them (Hammond et al., 2006).

In this research, the latter phenomenon is present as the endowment affect that sets the exact same requirement that people hang on what they already own (DYE et al., 2003). The latter is revealed directly in managers 1, 2 and 3. More precisely participant 1and 2 respectively recognize that:

"I would be comfortable with the first situation, and I'll go ahead, I have to guarantee that I'm absolutely comfortable with that"

"I would stick to the what the current status of a decision offers".

Lastly, participant 3 refers to that "*I would stick to the principle position, yes. The reason for that is that you need to achieve the balance for yourself. They need to make a living but you need to make a living as well. That's the reason why I would make a decision like that."*

As explained previously on egocentrism, the tendency to trust the feeling of familiarity on a given situation is triggered subsequently and thus interpreted egocentrically (Epley & Caruso, 2004). Therefore, it is evident from the data that the participants are attached to their status quo bias and by that they are increasing the effect of egocentrism on them. Hence, the second Linkage: *The more a manager is prone to status quo problems the more likely to be controlled from egocentrism* is reliable.

Returning to the business scandal on egocentrism from chapter 3, Anderson's managers interpreted the data of Enron's in a way that their status quo is not upset. That means that the

consulting services that they offered to Enron are not altered and they still retain their option to job offers in their client's company. Clearly, the idea of relying to the current state of affairs with Enron lead them to an egocentric behavior and thus resulted to a huge scandal that left exposed both companies.

5.1.3 Ethical uncertainty and anchoring bias

Similarly, the analysis continues on the consistency of the linkages regarding anchoring. This trap is heavily related to insufficient adjustments towards an initial estimation or assumption which is based mainly on a past event (Tversky & Kahneman, 1974).

In the data, it is observed that participants 2 and 4 as well as 1 are anchored by their own experience and they create their estimations based on these assumptions. More precisely, manager 2 mentioned that:

"I make assumptions and then I build this estimate. Based on my experience".

Accordingly, the subject falls intentionally under one description that is based on a past event which is part of his personal experience. The theory of ethical uncertainty suggests that under such descriptions the degree of belief regarding what is ethical certain irrupts (Bykvist, 2017). The latter can apply also when the decision maker is providing his own estimations to others. Based on (Hammond et al., 2006) the more information regarding subjective estimations are given to third parties the more likely the individual will be anchoring them.

In the research, participants 1, 2, 3 and 4 support that they tend to share as much as possible their estimations, namely 2 states that:

"Yes. Definitely as much as possible, so that others understand my point. Because otherwise they are not going to be able to give me solutions right, intelligent solutions".

Whereas, solely manger 5 stated something very different that in fact supports the existing theory on how to avoid anchoring others. More precisely it is stated that: *"It depends on who you have, to whom you give information, and based on the subject."*[1]

Moreover, the last category of the coding refers to "thinking the opposite or the extremes" which according to Kahneman is the way to avoid anchors. That is underlined in the

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[1] Participant 5: *"Many times you do not have to give too much information to the group of people you are addressing, because they will get confused or scare them even more by your own estimations. If it is something that can be treated differently and everyone can have the complete picture because this will help to achieve our goal, then I provide all the information. It depends on the subject and the people you are addressing to."*

literature as individuals tend to move around the anchor constantly related to a certain medley of thoughts or as supported in this research by certain "ought" (Epley & Gilovich, 2001).

Correspondingly, ethical uncertainty as mentioned on previous chapter is driven by compulsory "ought" (Jackson & Smith, 2006). Hence, it is observed from mainly participants 1, 3 and 4 that they ought to react in a certain manner when considering alternatives. By doing adjustments, manager 4, around an ought situation of hers is not considering the extremes, thus anchors herself and rejects the decision-ought which to be expected by her. In other words, she does not consider a holistic response to given problems that her company expects. More precisely, participant 4 states that:

"No, I never consider the extremes, because I am just an employee." whereas subject 4 in a different part of the interview contradicts the above statement: *"the company expects for me to propose alternatives and actually the most unlikely to happen"*.

Therefore, it is likely that under anchors participants' uncertainty regarding ethical beliefs is increased. The third Linkage states that: *The more managers are staying close to their anchors the more likely to suffer from ethical uncertainty* and that is confirmed based on the participants' reactions.

Similarly, it was presented in chapter 3 the example of Wells Fargo. Regional managers of Wells Fargo did not consider the consequences of setting up accounts without the consent of their clients which exposed them to an ethical uncertain situation. The fact that they stayed closer to the anchor of meeting sales target of previous year in order to be more competitive left them exposed to an ethical uncertain situation. Even if the company tried to avoid great pitfalls of other big banks, even if they provided incentives for their managers in order to increase cross-selling, the company did not clarify the terms in which their managers could process their decisions making. Hence, the company did not justify which actions are ethical certain or uncertain and that left them exposed to the scandal that followed.

5.1.4 Cognitive ethical dissonance and sunk cost trap

The concept of sunk cost is activated due to escalation of commitment to failing attempts (Arkes & Blumer, 1985). The latter characteristic is present in the majority of the participants. Firstly, in the question - inspired by the famous quote of investor Warren Buffet - "If you find yourself in a hole what is most likely to happen?" participants 1, 2, 3 and 4

answered that they will continue digging confirming the sunk cost trap whereas again manager 5 responded in a different way:

"If there is light above me, I will go up, I will not continue digging. But if I continue digging means going to the light, I will continue to dig. However, stopping and doing nothing is not an option?".

The hole example reveals the tendency of individuals to escalate unhealthy situations. Similarly, stretching the truth or shuffling the facts irrupts while constantly digging to evoke more comfort regarding an outcome of a situation (Fischbacher & Föllmi-Heusi, 2013). The analysis considers "self-serving altruism" as another construct of cognitive ethical dissonance where wrong behaviors can be justified as right when they benefit one's view of self-image or when they are assigned to benefit another individual or situation (Erat & Gneezy, 2012).

In the research, the latter is indirectly seen through answers of subjects on the question regarding problems that lie on a wounded self-esteem. Particularly, participants 1,2,3 and 4 instinctively they are looking an approval to justify that an action was correct though by presenting it subjectively as the right one – manager 2:

"my decision should be confirmed to a common sense of people that I will share because it's what we all do. Because at the end you do what you believe is right even if it is not aligned with the common sense. It's fine because you can benefit others"

In this sense is observed that a personal decision should be justified by others as right first because the individual needs support that serves his self-image and also indicates the rightfulness of the decision. Although, it can be wrong but again since it serves the subjective will and probably others, it can be characterized as right in their mind. Though it is not indicated by the participants if it actually happened to be wrong or unethical. Therefore, it is not clear if they presented a wrong behavior as right to serve their self-image as the theory of self-serving attitude supports, definitely though they are subjected to sunk cost trap. One more element of ethical dissonance recognized previously is moral hypocrisy. The latter refers to a distant behavior regarding judgements of a mistake or incapacity of admitting self-violations (Rustichini & Villeval, 2014).

The agony of admitting mistakes activates as well sunk cost traps and in the data it is found that participants 1, 2, 4 and 5 are unable to admit mistakes or in some cases even to receive any form of criticism. Manager 5 stated:

"I'm having a very hard time, which I have been working on lately, to accept when I'm wrong" while manager 2 said *"No. it's not easy for anybody to admit mistakes. It's stressful."*

Moreover, in the question "Having a person or more to play devils' advocate built better reasoning for your decisions? If yes, why?" participant 4 answered:

"No, I don't have such a person, luckily. I prefer not to be criticized" while subject 1 strongly stated *"why should I have to handle with her or him? I would have a catch-up with this guy or this woman, try to come to an agreement, and try to understand why he or she is behaving against me like this".*

Indeed, most of the subjects are neglecting negative assessment which increases their distant attitude. Therefore, from the analysis it comes that the participants are subjected to sunk cost traps and also their behavior in this situation falls under the processes of cognitive ethical dissonance. In conclusion, the fourth Linkage where: *The more managers are prone to the sunk cost trap the more likely will suffer failures of cognitive ethical dissonance* is confirmed.

In the same way, the example of Volkswagen of ethical licensing can be explained here on the basis of the latter linkage. The engineering managers failed to develop a machine acceptable to the standards of emissions in America. Instead they kept investing in a production of 11 million cars that had a mechanism that could cheat the emissions test. The sunk cost fallacy is present in this scandal as the managers kept following an investment that was wrong from the beginning, that was against the laws of a country and all that because they did want to accept their failure to develop a production line that was adjustable to the requirements. This resulted to an ethical self-licensing effect engaging a whole group of managers in virtuous acts in the light of previous ethicality. Volkswagen was considered first in CSR policies in the auto motive industry till that point.

5.1.5 Authority bias and ethical erosion

In this last chapter the analysis is focused on one of the most critical variables of this study – authority bias and the procedural (in)justice effect. The following constructs are examined: the perception of fairness, the ethical values, the justice of outcome and process are integral constructs of procedural justice that were identified as subcategories of authority bias and procedural (in)justice during the coding process of the interviews.

Firstly, when it comes to awareness of the structure and the processes of each company none of the participants were profoundly aware and some of them completely unaware whereas, others were merely informed when they entered the company and then changed their perception. Participant 1 says:

"we all have information from outside, but can be different when you start your own work. Knowing some other new things from the company that probably are not as transparent as from outside" during the interview subject 1 expressed ambivalently on this matter with clear hesitation to expand his thoughts. Whereas participant 2 and 4 added:

"I got the job through networking. Organizational structure and procedures weren't my concern" and *"I was totally unaware"* respectively. Whereas subject 5 says:

"When I joined this company I didn't knew about the way it worked, the only thing I knew and was the biggest motivation for me to join, was that it was the best of its kind in Greece."

To summarize, it is observed a clear unawareness of what subjects evaluate to be the structure of their company and the procedures in their work unit, as well as lack of attention on how they understand fairness and transparency as participant 1 mentioned. Based on theory of authority bias and consequently procedural (in)justice demonstrating to the employees a fair authority behavior can coerce a desirable behavior from them as well. It is observed that the managers have complete unawareness of the credibility of the authority figures and their company in a bigger picture.

On a second question participants were asked to evaluate in a scale from 1 to 5 the justice of processes in three different levels, on their current company, on their previous experience in the industry and their close working environment/their team. Regarding the current working environment manager 5 supports *"three. Because there are too many parts - there are too many procedures executed with transparency, but in others this does not exist."* [2]

Whereas participants 1 and 4 are more anchored in their answers as they both evaluate with three though they try to justify by coming back to what the company is and the difficulties of it, revealing the significant effect that authority bias has on them. More precisely, manager 1 states:

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[2] Participant 5: *"And the way things are done, is not based on procedures, or the procedures followed - which I will not call them procedures - do not involve transparency or justice. They contain personal considerations, personal sympathies or dislikes, personal interests."*

"It is a group of three or four business units. In some countries, we have just two business units. In some other countries, four. It depends on the strategy that the group has. In general, I think to operate a very complicated structure as we have and working in general well, we can give three".

Here, it is important to state that the majority of the participants they were interviewed in their office environment. Thus, they may felt uncomfortable to give clear and justifiable responses and their evaluation and explanation might be biased. The pressure of the surroundings is demonstrated as well on Milgram's (1974) experiment where participants were subjected to the authority bias, and the pressure of the surrounding lead them into unethical actions. To summarize, the outcome of the evaluation of processes in the company of each participant inclines to three with two answers at four.

Moving to their evaluation of their previous experience managers 4 and 5 since they both started and continued in their current companies did not give different evaluations, participant 2 having an experience in multinational companies in South America and more precisely in Venezuela he continued to the other questions by mocking the question in an ironic manner. Whereas managers 1 and 3 stated respectively:

"I could say around three.[3] […] when you have the potential to establish yourself working for a company, the process, tends to become more fair actually." and *"It's a three. The whole industry is based on levels of trust. This is an industry that is open to abuse."* respectively. To summarize this part, it is evident that again the evaluation of the fairness of processes is significantly low inclining more towards three.

Lastly, when it comes to the close working environment the parameters change and the subjects appear optimistic while contradicting themselves with previous statements. It is appeared that the current company and the past working experience or the whole industry are evaluated to around three whereas their team receives five. Solely manger 5 is more restrained by stating that it is: *"four. Because I can never say five, I can never be 100% sure that everything is done in full transparency."* [4]

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[3] Participant 1: *"During these almost 20 years in the market, I got the opportunity to work for several companies. I got the potential to work for an American company, for two Europeans company, and one Japanese also. All those companies have a very well organized structure that you might consider that whole process is fair, but in fact not the whole process is fair."*

[4] Participant 5: *"This is something too perfect, if it is from one to five. So the perfect one is a bit difficult - even to believe it - to define it and say it is five. You will always have some doubts."*

Therefore, as a general observation it can be argued that it is evident that the standards of evaluation of processes change when they come closer to their self-image, the more distant the question is from them the more objective or harsh are in their responses.

In this part, they are analyzed two categories as coded from the interviews: rights violation and nepotism in the general processes of each company and more in –depth examples of a personal experience of an event or procedure that its process and outcome posed strong emotions to the subjects. When it comes to rights violation and nepotism managers 1,3 and 5 mentioned that they observed unjustifiable outcomes that in some cases created ambivalent emotions and reactions. Particularly, participant 1 stated:

"Yes I experienced, but I try to control myself as much as possible." [5] and participant 3 adds *"From a managerial point of view, if an issue happens it's completely out of your control and upsetting"*.

The theory of authority bias states that compliance to the unfairness is strongly yielded by the desire to avoid any social exclusion from the group. Similarly, ethical erosion that evokes through the slippery slope effect, suggest that individuals nonverbally cooperate in injustice. A more insightful response comes from participant 5: *"Now we're talking about the mother company. […] There is no transparency, there. […] But that is - that is what we said earlier, you think in the long run what ultimate consequences this will have. That is, I prefer to make things, to be creative, to develop them, and the success of these things will necessarily come out. Now if you take it, afterwards, you will arrogate it and present it as yours, that is something that I cannot avoid. I have no way of protecting it."* [6]

The participant 5 even if she is exposed to unfairness and corrupted behaviors coming from authority figures she supports a more positive approach compering to the other participants. She is not inclined to the slippery slope fallacy though she is exposed to an ethical dilemma on how to cope with this. It evident that the authority figures leave her no choice rather than comply to the unfairness.

In the case of Participant 5 it was added an additional question regarding where she sees profit when her ideas are arrogated by others and she continued: *"The direct profit today*

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[5] Participant 1: *"It is hard to be mad and try to behave as shouting and by-laws, or these kind of things. People will consider you immature."*

[6] Participant 5: *"The only way to protect and safeguard it, is to make it widely known from the beginning before you come and get it from me. That it is mine, anyway. And then you will come and get it, necessarily, you will protect it, you will put a nice label over it and a nice logo, and you will say it is yours, I cannot avoid that. But history has proven, in the long run, everyone knows who has done the job, everyone knows to whom they owe some gratitude, and in the end everyone accepts it. You must see the profit every time."*

is that I have a position that I earned, because I did a lot of work that some people arrogate it […] Inevitably and necessarily and while there was so much resistance to evolve, some things are what they are, and they all admit it. You do not immediately see much profit, though in the long run the profit comes because you gain experience. You have responsibilities that go beyond the limits of the role, because you do everything and you are for everything. This is an experience that is not paid." [7]

It is important to include this perception as she subjected to the slippery slope fallacy even if she exposed to the authority bias. Instead, she sees a positive outcome derived from (in)justice towards her objectives in the company. The latter will be used to provide later recommendations on how to suffer less the authority bias and eventually avoid unethical decisions.

The main complaint of participant 5 focused on the silent inaction of the company in these cases of unfair behaviors, leaving the impressions that the company lets managers to arrogate others' ideas as they seek for the general profit of the implementation of a decision though do not provide a safe environment of fair process on the changes and the decision making.

Participant 5 states that: "*if the company wanted to intervene, it would have intervened. The company is made up of people. The company is not impersonal. So, people who could intervene, if they want to intervene and they can, at any time. If they do not, that means that they do not want to. But they know. The company is not an intangible thing.*"

Whereas in the same mangers 2 and 4 are contradicting previous statements by supporting that it is very difficult to see nepotism or rights violation in their companies when it can be argued that their recruitment process cannot be seen as fair to other mangers or employees. Participant 2 recruited via networking and 4 was a friend of the CEO from which she was interviewed in order to enter the company. Linked to the previous statements and moving to personal experience of unfair outcomes manager 1 says that:

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[7] Participant 5: "*You see one thing that from day one is born, from scratch, and you give it shape. You form it, and because these people cannot give shape, it is proven that they cannot, they give you the opportunity because you can do it. No matter if they want subconsciously to take it from you, you know that. From the beginning, you know it. But you have what is yours, no one can steal it. It depends, it's up to everyone's personality because at the beginning you can be in shock. About six years ago, when I started doing this job, but today because you know what is reality and you've been shielded, it has no moral impact because it cannot affect you. It cannot damage you, since it has not altered you, it will not damage you now. Simply, it's a lasting battle, but as time goes on because you become more capable of fighting, it has less losses for you and more losses for the opposite. This is how it's done.*"

"I became really mad in a specific situation[8] *[…] in that kind of situation, you have to control yourself and try to manage as much as possible to avoid any struggling."*

While subject 5 continues more in-depth explaining that *"there is no difficult decision or event that created strong emotion, there is perhaps a situation and handling that situation, that was not pleasant. You confront an already established situation, and you know that you will face many obstacles, it is not very pleasant*[9]*. […] But, of course, after that you remain with the internal tension and the conflicts that have been created when you try to change a fixed state, established within years".*

Therefore, it is observed that as participant 1 and 5 stated there are established situations that are difficult and unpleasant to handle. These situations set the subjects to a significantly uncomfortable situation where they need to decide if they are going comply to the processes as they were forced by authority figures or if they are going to make a difference and start to implement a change as subject 5 did.

In the last category of the analysis the subjects were asked to answer a list of questions that are linked to ethical values and dilemmas that they might face and are connected with their perception and evaluation of fairness in their industry and in their company. As mentioned previously in the theory, high levels of procedural justice are able to build cognitive confidence and thus commitment, trust, loyalty and other principles that can create a stable social fabric in the work unit (Kim & Mauborgne, 1998).

As a start point the subject were asked to identify if ethical values, regarding decision making, are directly given through guidance by the company or not. More precisely if actually the company gives space to question the ethical consistency of decisions and the equilibrium and as well the emotional impact on the decision maker. Participants 1, 2 and 4 are supporting that there is no direct answer with subject four stating that:

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[8] Participant 1: *"[…] and I started to yell on the telephone, and I hit my table. If I'm wearing shoes from another senior executive or from another senior guy watching me proceeding like this, behaving like this, I would consider that this guy that is behaving like is very immature."*

[9] Participant 5: *"[…] Yes, I faced in my job, a situation that was unhealthy, we couldn't obtain the performance and the proper statistics in a particular project that I was handling, due to the fact that some people who were related to this project did not do their job properly. Not only they did not do their job properly, but they were trying to do it - they were also trying to hurt the work of their colleagues. To present their colleagues as incompetent, inappropriate and to sabotage the work of others. There was a difficult situation I had to deal with, because we are talking about people who were in the company for a long time, they had their connections that they believed would protect them and of course it was a difficult situation for me, because it was a double-edged knife, because i could get exposed and dismissed, in case I did not achieved what I expected. Depends, of course, on what everyone believes, I decided that it should be done, it has to be done regardless of consequences and outcomes, I handled the case, I spoke in front of our managers, I told my opinion exposing my name, officially, something that has never been done before, I said that this should be done with this particular way, that this person makes the situation difficult, and should be removed from the specific project, that I think that the best thing we have to do is this, in order to get the results we wanted to. Fortunately, of course, not as easy as it seems now that we are discussing it, we finally ended up following my proposal, and the results were spectacular"*

"Not directly. Prefer not to answer. Too complicated, prefer not to answer, sorry" while manger 2 supports:

"Non-directly, yes. There is no guidance. there's this some information that is provided to all the employees about how they should behave in certain situation, et cetera".

Whereas participant 3 presents a different angle in this matter *"No, it's directly given for me. Specific guidance, that you're taught when you start in any industry how to do things and the rules of how you do things[10] […]. There is a set of moral guidance and rules which aren't written down, which is some of them are black and white trading laws. […] [11]There needs to be a lot of honesty, otherwise, you can't work. If you can't work, you can't make money. If you can't make money, then no one gets a job. It's pretty straightforward."*

To summarize this aspect reveals that for the majority of the subjects there is no direct guidance regarding the ethical requirements of a decision and even if there is, it is part of an unwritten law that it can be communicated or not. The latter, confirms the linkage of authority bias and ethical erosion as non-guidance can lead to acceptance of events as they appear. Hence, leading to slippery slope fallacy. Moreover, it poses various dilemmas as the individual waive the borders of ethicality.

In the analysis they are identified various ethical dilemmas because the organizational context led in questioning the levels of trust and the ethical processes that one follows. Or even questioning their actions that can be characterized as not ethical, thus they posed the subject into a dilemma though on parallel the outcome of the actions were actually justified as right by the company itself.

Specifically, regarding the first variant manger 5 explains that *"There were people in my workplace who promoted certain people and some other people did not promote them at all, that is, they did not give them an opportunity, or they created obstacles [12][..] There could be a dilemma, to intervene or not."[13]* whereas participant 4 adds *"saying bye-bye to an employee*

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[10] Participant 3: *"The industry has an unwritten code of how to work. It's basically a trading environment. There is the right way to do it and the wrong way to do it. The wrong way to do it, you don't get very far at all, and the right way to do it you can be successful. Throughout my career, I have learned the correct way. I've seen the pitfalls, I've seen the wrong way, and I've chosen the correct way of buying and selling products Our company, we have handbooks for staff, we have procedural policy, whistle-blowing policies, we have conflict of interest policies. We have policies for driving vehicles, with van and mobiles. It's all meant to protect the employer as well as in protect the employee, but a lot of people, if you give them many handbooks, people just don't read them"*

[11] Participant 3: *"Verbally you buy. Contractually you buy. Yes, there is a set of rules, and in order to operate ethically within our industry, there needs to be trust. There needs to be a level of honesty."*

[12] Participant 5: *"In my view, the people who were promoted did not have the skills, or they had far less skills than those who were neither promoted or were prevented."*

[13] Participant 5: *"For me there was no moral dilemma. I intervene - in my opinion this ought to be done, I have defended people who should get the opportunity, people who offer work, offer to the company, really offer to the world, these people must take opportunities and should be helped to evolve and they get better and do the job better, so I have to confront and fight the so-*

it's very painful, but also making our job losing money because of this is painful as well. This is a very complicated type of dilemma.".

In the second variant where the subject actually passed the ethical limits though as it was mentioned earlier, the action was justified by the company and actually rewarded – participant 2 states[14] that authority bias and the need to comply to his company's objectives coerce to profit from an unethical behavior. Again it evident than an authority's unfair objectives lead to an ethical dilemma on exposing one's self to a corrupted action. Another evidence that authority bias may lead to gradual ethical erosion as personal beliefs are altered in the demand of an authority's beliefs.

In the last category the participants were asked to reflect on positive outcomes. In other words, if a positive outcome is able to bias their or others moral immunity. Participant 2 responded that:

"I think people would bend the rules a little I guess. If there is a positive outcome of bending the rules" and participant 5 supports the same view that :

"Of course. It has happened several times, […] to see people who, when they acquire a particular position, change completely. They change their moral code, change their behavior, change their attitude, change everything due to some positive outcomes" [15]

This last statement as all the statements analyzed by category are leading to the confirmation that authority bias may lead to gradual ethical erosion. Therefore, the last linkage: *The authority bias and consequently procedural (in)justice may lead to gradual ethical erosion*

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called system, because it is a subsystem of the system, that is, it is a very small group of people who due to the fact that they have power in their hands, they can do damage to careers. To destroy people, block people or promote people who are not suitable and appropriate for these positions. There was no moral dilemma, basically. There could be, I could say that i did not see, I could contribute to this, and to join the system like I saw happening. I could do the same to some people whom I would have more sympathy and to reject some other people who while they are capable, do not flatter me, do not belong to my favorite people - something like that. No, my decision was to do so, I know that my career would had been much easier, would grow much faster, I would have been promoted much faster on the company, but I decided to do the opposite. What I thought was right. To go against the system, talk about people who are worth the effort to evolve, to take a stand about unhealthy situations, the way they work, and to move on in the way that I think is the most appropriate one."

[14] Participant 2: *"I remember that years ago I was visiting a guide and I found a binder with a lot of information from a competitor, it turns out that another company had visited at the same time and they had left a whole bunch of sensitive information that would have been very interesting for us to learn about. My boss wanted them so instead of making our guide aware of this, I got the opportunity to learn all this valuable data. And my company was quiet happy with this, though I regret".*

15 Participant 5: *"In my opinion, the important reasons are two or three. First, they feel - deep inside them they know that for the particular position they occupy, they have not the appropriate qualifications - in fact they are not qualified, they are incomplete and precisely because they want to keep the new position they took, necessarily or with a purpose, they approach the people with power, namely their line manager or the one who hired them or the team that put them in that position, they become, consciously or unconsciously, the tools of these people and the humiliation of these people and pawns of their desire and their goals, in order to be able to keep the position they have acquired and which they know deeply that they have obtained it without having the proper qualifications."*

is valid and confirmed. It is observed that low levels of procedural (in)justice can increase substantially slippery slope fallacy unconsciously or consciously or even with complete awareness of doing. Moreover, individuals exposed in contexts of low procedural justice imposed by an authority figure, they face increasingly more moral dilemmas than if the things were presented differently.

In a similar way, the Yukos/Khodorkovsky example presented on chapter 3 can be justified by the latter linkage. Khodorkovsky's authority figure created clear lack of fair processes. His unethical behavior posed pressure to the managers and left no gap of doubt for his actions instead promoted such behaviors from his employees. The impact of such authority figure on managers is significantly relevant to unethical behaviors. As seen from Yukos paradigm cases of complete ethical erosion came with Khodorkovsky's criminal cases. It is therefore evident that an authority figure who acts in corrupted ways is able to lead to ethical dilemmas that can be fatal for manager's values and beliefs.

Chapter 6: Conclusions and implications

This study confirms the linkages that were drawn from psychological traps and authority bias in relation to the processes of bounded ethicality. As seen in the analysis of the findings these traps depend on various external and internal conditions. Building on this logic, this study has extended the institutional framework of managerial ethical decision making. As it identified new linkages on the cases of bounded ethicality and on the concepts of psychological traps and authority bias that can lead to unethical decisions.

Namely, the linkages are confirming that the more people are exposed to each of the examined traps the more likely to fall under the cases of bounded ethicality. More precisely it was observed that:

➢ **Sunk cost trap and cognitive ethical dissonance**:

The more the participants are holding on a past situation more likely to profit from unethical behavior and from her/his aspiration to uphold a certain ethical self-image.

➢ **Anchoring trap and ethical uncertainty:**

The participants that moved around a certain anchor in their answers they felt under the description of the action and the compulsory "oughts" they need to fulfil.

➢ **Framing trap and implicit ethical attitudes:**

Participants that are subjected to framed bias are likely to generate automatically stereotypes.

➢ **Status quo trap and egocentrism:**

Participants that are attracted to the current state of affairs and do not want to change this state are likely to have short terms incentives and act in an egocentric, self-interested way.

➢ **Authority bias (procedural in-justice) and ethical erosion:**

Participants that comply to an authority's (company) unfair processes are being exposed to situations that promoted unethical behaviors and dilemmas.

It is worth noting that the authority bias, under lack of procedural justice, may lead gradually to apathy as seen from participants 1,2 and 4 as they become less sensitive to moral violations when these occur repeatedly in their work unit.

It is also demonstrated that the cognitive pitfalls might grow gradually depending on the choices of the individual though they are not occurred abruptly.

6.1 Contributions and Managerial implications

This part aims to present the general contributions and implications of this research. The main goal is to suggest techniques which middle managers can use in order to become firstly aware of each trap and then try to avoid them. On a second level, certain tools are presented that top management and executives can use to create a productive decision-making culture as well as to protect their organizational ethos.

In order to do so, recommendations are derived from the participants' insightful experiences. Moreover, these suggestions are aligned with existing theories that present similar ideas. The aim is to formulate techniques to avoid each of the examined traps individuals and to present tools that top management can make use to control on certain degree theses distortions.

The present research contributes to the behavioral management and business ethics fields, particularly behavioral traps and managerial ethical decision making, by moving beyond the narrow focus of the rational approach and discovering important antecedents of ethical decision making by incorporating behavioral traps. As such, the findings of this study have several important implications.

Most of the managers have the belief that they are ethical individuals and they do not engage in unethical behavior not even exposed to it as seen from the research. Therefore, most of them they question why should they spent time on taking lessons on how they will behave ethically. Though the concepts presented in this research highlight that ethical concerns are likely to have escaped from the attention of honest and dishonest managers as seen on the findings. In fact, the majority of the participants are subjected to unseen biases that increase unethical behavior. Therefore, the general implication of this study is provide an insight on the decision making processes from a different angle and thus to *foresee which biases can lead to unethical choices*. That can help organization to focus on the psychological tendencies in order to improve individual and organizational ethics.

Another notable domain in which the psychological linkages will be echoed is in *managerial' attributions*. Logically, managers – and particularly middle ones – of firms that are subjected to these linkages, would be accorded less importance than others, simply because they are seen as having a smaller effect on firms' outcomes as well as consistency of these outcomes on ethical level. As such, an important implication of the acknowledgment of such biases would let top managers to assist middle managers' gullibility on these biases.

Moreover, it is fair to state that due to the privileged position that middle management offers as well as all the personal characteristics required, a far greater level of responsibility is actually compulsory. Thus, it is imperative to recognize that middle managers could considered and *be mindful of the biases* that are examined for implementing transformational changes rather than the ethical apathy that was observed as their position is increasingly demanding. In other words, vigilance is a main diver of conscious ethical decision making processes and the lack of it activates the biases and consequently unethical behaviors   (Banaji et al., 2003).

Improving individual decision making

When it comes to practical managerial techniques in order to avoid these biases it is provided below a list of techniques that can reduce the impact of each concept of psychological trap.

Anchoring:

- ➢ It is important to seek information from a variety of sources that might be outside the work unit or the working team in order to broaden the reference point from which a solution of a problem starts.
- ➢ Sharing too much information on the estimations and the ideas and tentative decisions can anchor the individuals that are in the department. Being mindful to whom managers solicit information is crucial.
- ➢ When a problem is initially presented it is better to start by processing it privately before ask consultation because at the beginning it will be easy to be anchored by others.
- ➢ Relevant to the previous technique when examining privately a problem it is important to use several starting points rather than staying on the first line of the thoughts that occur as it seen that the participants are spontaneous in their reactions.

Status quo: To start, maintaining the current state of affairs sometimes can be the best alternative as seen from the participants, though choosing not to change this, because simply it provides comfort, needs to be avoided.

- ➢ It is important not to overestimate the cost on shifting from the current state of affairs and exaggerate on effort if the status quo needs to change.

- Filtering again personal objectives sometimes might be important, even if egocentrism is enhanced by status quo, because maybe the status quo is incompatible with personal beliefs.
- Considering status quo as non-existed and taking it as an alternative can actually reveal the pitfalls of it. Simply, setting a status quo default would just increase the effect of egocentrism and thus lead to more unethical decisions.

Sunk cost: consciously it is vital to set aside any sunk costs because they will simply escalate the problem and as it was proved managers can end up profiting from unethical decisions.

- It is important for managers, as participant 5 stated, not to stop their activity but if it had bad consequence that by admitting it injures their self-image it is vital for them to admit why these decisions distress them and deal with it rather than escalating it.
- Moreover, it is important for managers to make judgement explicit part for each decision and not wait to second guested by others. Thus, consider how to argument for a choice.
- It is important also to seek individuals that are not committed or involved in a decision, as different arguments can reduce the sunk cost fallacy.

Framing: the framed bias can undermine any kind of choice as it was confirmed that automatically increases stereotyped categorizations and judgements that can lead to unethical options.

- As derived by participant 5 it is important to not automatically accept initial frame. Looking for distortions than simply accept will reduce the effect.
- Part of reframing is for a manger to be neutral and combine in the changes both gains and losses rather than stick to how the problem was firstly framed.
- Subordinates in the work unit might work on financial results, it is important to yield profit for the company though foresee the long-run effects is part of the role of middle managers and thus challenge the problem through various frames.
- It is vital as well individually and by the organization to remind constantly the fundamental objectives, written and unwritten as subject 3 supported, to make sure that the way that managers frame the problem to advance the objectives.

Authority bias was linked in the analysis with procedural (in)justice exposing managers to unethical behaviors. Two primary ways to reduce the effect is:

➢ Managers should establish their own credibility and demonstrate it inside their teams to avoid misconceptions. Subject 5 sacrificed her position to do so and she did not simply accept unethical processes. Hence, she achieved to formulate and to provide changes.

➢ Lastly, a third-party authority might increase the credibility of the processes or the choices. Demonstrating this figure will decrease the personal and in-group ethical dilemmas.

Improving organizational tools

On the company level, the main tools that are suggested in the present research should focus not on codes of ethics, which are present to all participants' companies, rather than to certain indirect goals that can help to reduce the traps.

Taking under consideration that all participants in this research are exposed to the traps and are easily misinterpreting the true issues that they face, executives should consider two main goals:

- identify and measure the degree of the company's vulnerability to human error
- determine the real issues

In order to achieve the latter goals and after they pass the diagnostic process, executives can make use of various tools to reduce the effect of the traps and their outcome on the ethical image of the company.

➢ The company can keep track of middle managers' expectations against current decision outcomes in order to isolate the central processes of decision making. *Avoid framing biases and thus implicit ethical behaviors*:

    o To receive deep business outcomes companies can make use of periodic testing of *IAT* for measuring implicit ethical behaviors.

    o Additionally, short and simple *periodic ethics survey* can be used in order to identify misconducts. Managers should be asked whether they observed misconduct, if they managed to report it and if not why they failed to do it and lastly, if they were pleased from how the problem was resolved. The results should be published in each business unit.

    o Lastly, *internal peer review* of two or three officers from other business units can be used in order to track how central decision making

processes differ and why and utilize this as a training tool and as a reminder of fundamental principles. The results should be also published in the web page.

➢ Moreover, executives could make use of an independent opinion on initial assessments of key decisions. They could assign crucial problems to an external committee. The latter tool can reduce any emotional attachment to the process of decision making and thus avoid *sunk-cost trap and cases of cognitive ethical dissonance*.

  o *Designation Ethics Committee* of external consultants that can identify conflicts of interest and they will disclose any misconduct.

➢ Mid-level managers, as it is seen for the participants, they are assigned with a smaller or moderate risk, thus companies might set different criteria that are more tolerant and thus help to reduce push factors that can lead to the traps. As it was observed the higher the pressure on the outcome of the projects the bigger the effect of the *anchoring trap and ethical uncertainty*.

  o *Sentencing Guidelines* based on the following criteria: the procedures that managers face, the training that they received so far, their compliance to the ethics programs, their reporting attitude and their team effectiveness.

  o *Helpline Reporting System* to reduce concerns regarding ethics issues and also report anonymously wrongdoing. The latter can facilitate the formulation of correct anchors for future decisions.

➢ Most of the participants, that were subjected to the biases and thus more likely to make unethical choices, were highly paid comparing to those that were less prone to the biases. It can be argued that top management should pay attention to these individuals as they tend to behave above the rules in order to maintain their short term wealth at the expense of long term corporate health. To avoid the latter *status quo fallacy and consequently egocentrism* that derives from money, these issues can be addressed by:

  o *"Balanced scorecards"* taking under consideration both short-term performance and long term decisions.

➢ Executives should request from middle managers the "next-based" ideas that include any possible alternative that can reveal opportunities. It is observed a default manner on presenting ideas based on the pressure that an authority senior

manager sets. The latter can be fatal for the robust effect of *authority bias and consequently lead to gradual ethical erosion.*

- o Use of a *Business Conduct Steering Committee* consisted by senior executives from major business areas (Sears, 2006). This Committee can request and review ideas and initiatives as well underline emerging gaps on the results of them. Their role is to make accurate public disclosures in order to maintain the level of fairness and act as a third authority figure between senior and mid-level managers. That is to enhance that idea that processes are properly executed.

The above tools might be useful in case the organization has a culture that can support them, otherwise the effectiveness of them cannot be guaranteed. In order to achieve this and based on the participants' insights it can be proposed that the company should:

I. Create a non-confrontational process that can make all management levels to challenge their peers. A method could be to set a *mid-level seminar in which individuals can advocate another's strategy*.

II. Focus on collectively reflect on past decisions and mistakes. Mid-level managers should capture that such a debate is useful in order to learn from their mistakes and not to avoid or hide them.

III. And lastly, appointment of Chief Business Officers that can monitor these processes as other major companies did such as Dell and Texas Instruments (Fombrun & Foss, 2004).

To summarize, the present research and the suggested techniques and tools on individual and organizational level are as vital as any other strategic tool. Organizations cannot bear to disregard the psychological traps in the process of ethical decision making. Top management should establish a culture that offers the necessary space for a constructive debate if companies aim to avoid any harm on their organizational *ethos*.

6.2 Future research

An idea for future research is the diffusion of these traps and the development of hypothesis that can test their overlapping tendencies. It can be observed from the interviews that many of the traps are interdependent, such as framing with status quo and anchoring or status quo with sunk costs. Consequently, explore and quantify the manifestations of these

relationships on the conceptualized framework of bounded ethicality might expand the existing theory into new directions. The task implemented in this research can be an example of how behavioral errors not solely lead to erroneous general decision making but are components that can increase moral pitfalls.

Future research might also diffuse procedural justice as a third variable and how this creates linkages with the traps – it was observed that procedural justice might have even bigger contribution to psychological traps than it was examined in this study – and how this manifests in each construct of ethicality.

To summarize, it is recommended to future researches to investigate these manifestations of behavioral traps as well as potential anchors, such as lack of procedural justice, to demonstrate the moral lock-in effect. While other traps may also play a role in enhancing the contrasts of bounded ethicality, the findings strongly exhibit that anchoring, framing, status quo, suck cost and authority bias are a prominent conceptual fulcrum that affect the moral process and outcome of decisions. By uncovering this relationship, this study was able to identify an important linkage by which the latter elements impact decision making performance.

Understanding how behavioral traps function on ethical level remains an under-researched topic in the literature. Though this thesis represents an attempt to address this gap, there are several avenues for future research to consider. A greater understanding of the antecedents, consequences and the role psychological traps that play at the ethical-level, sheds fresh lights on the differences in managerial practices and the transferability/generalizability of these practices.

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APPENDIX

Table 1

List of topics	Interview question format
General background and procedural justice	a. Can you tell me a little bit about yourself and your current job? b. What do you remember about what first attracted you to get involved? What was the role of the organizational structure in this decision? (probe on procedural justice) c. In a scale between 1 to 5 how would you evaluate the justice in the procedures of your company? / previous working experience / close working environment? d. What are some of the activities/roles that they are performing often/on a daily basis? e. Could you tell me about the steps or process you typically use to make decisions on a daily basis?
Decision Making Process	a. Let's talk about a specific decision in some depth. Can you tell me about a decision that was particularly difficult for you to make at work in the past year? Describe the issue b. What made this decision difficult for you? c. What did you do to make the decision?
a. Anchoring trap	a. Do you usually stick on the first line of thoughts that occur to you when a problem arrives in your hands? b. Do you examine a problem first by your own before consulting others? c. Do you seek opinions on all levels and use a variety of people as a reference to your decisions? d. When counselling or communicating your ideas or estimations do you give as much information as possible or not as much? e. Consider that you have an estimation for a given issue that requires your decision, would you consider the extremes? (If yes, why?)
b. Status quo trap	a. When elements of a current problem that need your immediate decision are incompatible with the objectives of your position and your role in the company, how you manage to serve both requirements? b. If a well-defined situation/choice provides comfort to the company and to your role are you still going to think of an alternative? (If yes, how do you identify the counterbalances?) c. Coming back to the previous question, would you force yourself to identify the best option for your decisions or you would most likely stick to what you current status quo offers you?

c. Framing trap	a. When a problem arrives to you would you reframe it? Why? b. If a problem is posed in terms of gains would you take a risk? Why? c. If the problem is presented to you in terms of losses what is more likely to happen? d. Imagine that your subordinates examine possible decisions on given problem emphasizing on the broader financial impact of the decision? How would you examine this? What would be your contribution? e. Regarding your motives: would you support that gathering information is one of your tactics or look for evidence that support what you think is more likely to happen?
d. Sunk cost trap	a. When you find yourself in a hole, are you going to stop digging or keep it going? b. Do you consider in your decision making process that criticism is an explicit consequence of it, do you keep in mind how would you explain a decision of yours to others if needed? c. Having a person or more to play devils' advocate builds better reasoning for your decisions? (If yes, why?) d. Would you support that you seek information that comforts your instincts regarding a decision or not at all and why?
Challenging decision making related to ethics at workplace and procedural justice	a. Have you had to make any difficult ethical decisions? Can you tell me about the process you used for that? b. What made this decision difficult for you? c. Can you tell me more about what happened related to the decision? What was asked of you? What did you feel was expected of you? Did you get anyone else involved? Can you tell me more about that? d. Are positive outcomes able to bias your or others moral immunity? e. Should managers consider three questions when taking decisions: Is it legal? Is it balanced? How will it make me feel about myself? f. Do you feel that the organizational structure of your company allows you to do these questions? g. Should organizations simply set aspirational ethical values? h. Would such an approach benefit your job? i. How important would you say procedural justice is to you right now?

Table 2

INFORMED CONSENT DOCUMENT

My name is Nikolaos Vavdinos. I am a student/researcher at GSOM Graduate School of Management. My contact information and that of the professor who is supervising this work is provided below. If you have any questions about this ethics review process or substance of the research please feel free to contact my professor Maxim Storchevoi, email: storchevoy@gsom.pu.ru, for clarification.
Nikolaos Vavdinos, email: nikolasvavdinos@gmail.com Phone number: +7xxxxxxxxxx

I am exploring decision making processes and I am interested in business ethics.

I am therefore asking if you would agree to participate in my research by answering a series of questions that will be taped and/or recorded.

If you feel uncomfortable or concerned about this interview, please let me know and we can either not continue with the interview or reschedule at a time that is more appropriate.

Please understand that you do not have to participate in this research, and that you can terminate your participation at any time during the course of the interview. Also feel free to skip any particular question and move on the next one at any time during the research.

If you agree, I will record our conversation to facilitate my data collection and future analysis. This research is confidential and no individuals or organizations will be identified without their written consent. Any information that could reveal your identity or that of your organization will be excluded from any future papers or research reports that are written based on this research.

Participant:
I am fully aware of the nature and extent of my participation in this project as stated above and the possible risks from it. I hereby agree to participate in this project. I acknowledge that I have received a copy of this consent statement.

_____   _____
Signature of participant   Date

_____   _____