

# THE ETHICS OF MAXIMIZING AND SATISFICING: HOW DECISION MAKING STYLES IMPACT MORAL JUDGEMENT

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## ABSTRACT

At its core, business ethics is all about making good decisions. Business leaders are frequently required to make challenging decisions that have significant consequences for employees and stakeholders. Thus, business ethics has become an increasingly important topic for the public and business community. Past research has identified a variety of personal characteristics that influence ethical decision making. For example, age has been positively correlated with ethical sensitivity (Chan & Leung, 2006), and individuals over 30 have been found to be more ethical than those under 30 (Krambia-Kapardis & Zopiatis, 2008). Females generally show higher levels of ethical reasoning ability than males (Herington & Weaven, 2008). Those with an internal locus of control are more likely to accurately identify ethical issues (Chan & Leung, 2006). And business leaders who adopted an idealistic ethical ideology were better at identifying unethical sales practices (Valentine & Bateman, 2011).

A recent development in the psychology of decision making may enhance our understanding of what influences individuals to make ethical business decisions. Simon (1972) coined the term bounded rationality to describe information processing limitations that hinder a decision makers' ability to find the best option. Recently, research has built on Simon's earlier work by recognizing that individuals differ in their preference toward finding the best solution. Maximizers tend to search exhaustively to find the best outcome. Satisficers, on the other hand, are more likely to settle for options that are "good enough" (Schwartz 2002). These differences in decision making style (maximizing or satisficing) have been associated with a variety of personal and organizational outcomes (see Schwartz et al. 2002; Nenkov et al. 2008; Diab et al. 2008; Lai, 2010 for review).

This study fills a gap in the literature by investigating the previously unexplored relationship between maximizing and satisficing decision-making styles and ethical judgments. It also examines the role of idealistic (vs. relativistic) ethical values in mediating the relationship. The data from 190 upper level business students suggests that maximizers are significantly more likely to judge an ethically ambiguous situation as unethical than satisficers. Underlying this effect, we find that maximizers (vs. satisficers) have a more idealistic ethical ideology (Forsyth 1980), which makes them more likely to judge ambiguous situations as unethical. The literature is reviewed in the next section to provide a theoretical foundation for the hypotheses and research model. Then, methods, results, and implications are discussed in relation to the current study.

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