The Determinants of Foreign Managers’ Moral Judgment from the Perspective of Configuration
—in Fuzzy-Set Qualitative Comparative Analysis

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Abstract—Given the increasing concern on ethical issues in China, the purpose of this study is to identify the determinants of moral judgment. They are perceived moral intensity, moral maturity, and moral ideology. A sample survey was conducted in Shanghai, China, which involved 110 domestic and foreign managers who had pursued their MBA degree. Qualitative comparative analysis was applied in data analysis. The results demonstrate that relativism is negatively related to moral judgment, but when managers’ perceived moral intensity or level of moral development is high enough, or idealism is high enough, managers tend to make moral judgment. Asymmetrically, even if managers’ idealism is higher than relativism, and their level of moral development is not low, their low perceived moral intensity is very likely to lead to immoral judgment.

Keywords—moral judgment; perceived moral intensity; moral maturity; moral ideology; qualitative comparative analysis

I. INTRODUCTION

As we all know, food safety issues have achieved great attention over the past ten years. Issues for increased societal focus on ethics in organizations are many. The melamine milk powder severely devastating the baby’s body aroused public doubts about domestic dairy products in 2008, and the long-standing "Leather Milk" incident completely destroyed the public’s trust in domestic milk, of which long-term consumption can cause cancer.

Afterwards, the "Irrigation Oil" incident, clenbuterol event, old “younger gelatin” event, and so on. As business expands globally, cultural and geographical differences in ethical issues become more important. Sure enough, there is a problem with KFC and many other foreign companies reporting on chicken product residues and other problems. Given the frequency of unethical conduct, understanding the nature of managers’ ethical decision-making is an important concern in both academic and organizational setting. Moral judgment has been confirmed to be the significant dimension in managers’ ethical decision-making. Thus, it is essential for us to recognize the determines or factors that contribute to managers’ moral judgment. Previous studies have examined the role of corporate moral values, commitment to ethics codes [9], country differences, gender [16], moral foundations [15], level of moral development [11][19], perceived ethical intensity [1], and moral ideology [6][21]. They all just discussed the several aspects. Due to the existence of limited diversity, the findings cannot be successfully applied into practice. This study aims to identify the interactions of perceived moral intensity, moral ideology, moral maturity to moral judgment. Additionally, we can also explore the reasons of immoral judgment.

A. Perceived Moral Intensity and Moral Judgment

Moral judgment is referred to be the action that managers evaluate moral issues and questions [5][18]. Some researchers have found that perceived moral intensity strongly related to moral judgment [1][10], which is defined that the degree that recognize a moral issue or problem requiring further reflection and evaluation in a certain situation by managers [7][9]. According to Singhapakdi [17] and Ayoun [1], perceived ethical intensity in this study is measured in a similar method as the three items served as an approximation of the full perceived moral intensity construct, (e.i. magnitude of consequences defined as the sum of the harms—or benefits—done to victims—or beneficiaries—of a moral act in question; social consensus defined as the degree of social consensus that whether the will-doing action is evil or good; probability of effect defined as a joint function of the probability that the act in question will actually take place and the act in question will actually cause harms or benefit). Based on the above, we propose the following hypothesis.

Hypothesis 1. Perceived moral intensity is positively related to moral judgment.

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B. Moral Ideology and Moral Judgment

Relativism (teleological) and idealism (deontological) together form the moral ideology [6]. Individual’s concern for the welfare of others on the basis of the application of universal moral principles, norms and laws that have been established on objective reason is called idealism [13]. According to Forsyth, relativism refers to a faith in the rejection of the possibility of formulating or relying on universal moral principles. Universal moral principles instruct people to do good things for people and never do something that harms others. Thus, we have reason to make the following supposes.

Hypothesis 2a. Idealism is positively related to moral judgment.

Hypothesis 2b. Relativism is negatively related to moral judgment.

C. Moral maturity and moral judgment

Moral maturity (i.e. level of moral development) is defined to be the extent of “individual’s ability to distinguish right from wrong, to develop a framework of personal moral values, and to learn to act morally” [12]. Cognitive moral development theories have identified three major levels of moral development [8][16]: pre-conventional, conventional and post-conventional. Each level has two stage.

The pre-conventional level, the first level of moral development, is dominated by the “personal interest” perspective. That’s to say, individuals primarily focus on the personal consequence of the course of action. This level has two stages. Stage I is a person obeys the moral rules to avoid punishment and if he or she is aim for personal gains to obey the ethical code is the stage II. At the conventional level, the second level of moral development, individuals focus on maintaining social norm. They compare the course of moral actions to society’s view and expectation, where personal role is acknowledged in a wider social setting. Group loyalty (stage III) and law and order (stage IV) become predominant in moral thinking. This level is featured by “the conformity of one’s behavior and belief to local conventions, the absence of critical thinking, the idealization of authority, and ‘us and them’ mentality” [2].

The highest level of moral development is the post-conventional thinking, where people adopt personal moral ideologies and appeal to broad moral ideals and principles. At this level, social norms that are accepted without serious doubts at the conventional level are fluctuated by their moral purposes. Stage Vis that a person focus on the principles of utilitarianism concerning the general welfare and majority decisions driven by social contracts. Stage VI is that individuals put emphasis on deontological ethical principles, which is driven by the universal ethical principles. As is described by Rest et al., post-conventional level is associated with the ideals of “creating the greatest good for all, guaranteeing minimal rights and protection for everyone, engendering caring and intimacy among people, mandating fair treatment, providing for the needy, furthering the common good, actualizing personhood, and so on”. Therefore, we propose the following hypothesis.

Hypothesis 3. Moral maturity is positively related to moral judgment.

II. METHODOLOGY

A. Measures

Moral judgment is tested with the statement: “Which of the following can better influence your moral judgment?”. Major contemporary normative moral philosophies include three dimensions: moral equity dimension, relativistic dimension, obligation dimension. Fair, just, morally right, acceptable to my family compose moral equity dimension, which relies heavily on lessons from their early training. It will score the lowest. Traditionally acceptable, culturally acceptable make up relativistic dimension, which is subjected to the dictates of society. It will score relatively higher. Violates an unspoken promise, violates an unwritten contract form obligation dimension, which focuses on social contract. It will score the highest among the three dimensions.

The dimensions of moral intensity were measured using items based on Jones [7] and adapted from previous research [16][17]. Magnitude of consequences, social consensus, probability of effect were combined to form a single perceived moral intensity measurement for analysis, as the three items served as an approximation of the full perceived moral intensity construct. Magnitude of consequences was measured with a four-item scale: "Others will be harmed by the manager's decision"; "the overall harm (if any) done as a result of the manager's decision will be small" (reverse-scored); "the results of the manager's decision will be detrimental to other people"; "the manager's decision will have serious consequences for others.". Social consensus was measured using two items: "Other managers in the company would agree with the manager's decision"; "others in the manager's profession would support his/her decision." Probability of effect was measured using three items: "There is a very small likelihood that the manager's decision will actually cause any harm" (reverse-scored); "the manager's decision will definitely harm others"; "the expected effect of the manager's decision is likely to occur." The three items were combined to form a single perceived moral intensity measurement for analysis, as the selected items served as an approximation of the full perceived moral intensity construct. For this study, several marketing ethics scenarios developed by Dornoff and Tankersley [3] and Reidenbach, Donald, and Lyndon [14] were pretested and adapted as general scenarios for measuring the perceived moral intensity. Ultimately, this study select four scenarios used previously by Singhapakdi [17].

The widely accepted Ethical Position Questionnaire was used to measure idealism and relativism [6]. Eight items were adapted in this study. Four statements that represent idealism read, “A person should make certain that their actions never intentionally harm another even to a small degree.”; “Risks to another should never be tolerated, irrespective of how small the risks might be.” “The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.”; “One should never psychologically or physically harm another person.” Four items that measure relativism state, “What is ethical varies from one situation and society to another.”;
“Different types of moralities cannot be compared as to “rightness.”; “There are no ethical principles that are so important that they should be a part of any code of ethics.”; “Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.”.

Weber and Mcgivern’s [19] Moral Reasoning Inventory (MRI) was adopted to measure moral development. Participants were asked to first read two hypothetical business scenarios and then answer a set of questions, which might be considered in making a decision about the moral dilemma presented in each scenario.

B. Method

A sample survey was conducted in Shanghai, China, which involved 110 domestic and foreign managers who had pursued their MBA degree. There is 106 valid recycling questionnaires, and the ratio of recovery efficiency is 96%.

The traditional statistical technique based on independence of explanatory variables, linear relationship between conditions and outcomes and symmetry causal relationship analyzes the marginal "net effect" of independent variables on dependent variables and can not explain the complex causality, such as the interaction between independent variables. Structural equation models (SEM) used by many scholars, but the process is quite complicated and the procedure is tedious. As the result, the probability of applying into practice is low. There has been new hope since Yunzhou [20] introduced correctly QCA into the field of domestic management. Configuration comparative analysis(CCA) treat each case as a conditional configuration to realize a systematic comparative analysis of complex cases. Qualitative comparative analysis premised on CCA propose that different casual paths may lead to the same outcome and aims to solve the problem of the casual complexity, such as the multiple concurrent causality, casual asymmetry and so on, which can help us understand the interaction of perceived moral intensity, moral ideology, and moral development to moral judgment.

Fuzzy-set QCA (fsQCA) combining qualitative and quantitative evaluations is proposed to explain the changes of variables on degree or level, in which values belongs to the set [0, 1] (‘1’ represents the condition is fully present; ‘0’ describes the condition is fully absent, ‘0.5’ shows the largest fuzziness, where you aren’t sure that weather the condition will be present or absent at all, any coherent figures above 0.5 is more in than out, and figures below 0.5 means more out than in and so on). For n conditions, there are 2^n logically possible configurations and rows in a truth table. Because of the limited diversity problem, maybe only several configurations in the truth table are available in fact and the unobserved configurations are called logical remainders. The number of conditions that can be introduced in a QCA model is limited. Once increase the number of condition, the configurations may grow exponentially. All conditions within a configuration are related by the ‘and’ Boolean operator (represented by the . sign). ‘Or’ Boolean operator (represented by the + sign) is used to combine all configurations leading to the corresponding outcome. The core of QCA lies in the Boolean minimization procedure, which allows reducing complexity by simplifying initial solutions into more parsimonious expressions which include logical remainders.

C. Model

The model in this study contains one outcome variable and four explanatory conditions. The definition and binary coding of each variable is described below. For all variables, expert judgments or a statistical criteria were used for dichotomization. This study implements the liketeter scale [1,7] to grade and choose 4 as the threshold.

III. Results

In a first step, the first two conditions are coded with ‘1’ and ‘0’, which represent respectively the presence and absence of the corresponding variable. According to liketeter scale between the value 1 and 7, 4 has been chosen to be the threshold to distinguish ‘1’ and ‘0’. The membership scores of the rest conditions and the outcome are calculated based on the principles of fsQCA through setting the ‘fully in’ value with 7, the ‘fully out’ value with 1 and the ‘largest fuzzy’ value with 4. In a second step, create the truth table by distinguishing outcome and conditions.

Then, Input the threshold, so that software can delete rows when the rows width number less than it. Because configurations are fundamental analytical units in Boolean algebra, a low frequency of occurrence of a particular configuration is not a reason to exclude it from the explanation and it must be rooted in the theories and experience. Meanwhile, set the threshold of consistency (0.85) in order that when the row’s consistency is above it, endow the row’s outcome with ‘1’(otherwise with ‘0’). In a third step, conduct the standard analyses. The software minimizes the observable configuration in the form of complex solution, and shows the parsimonious solution added all of the logical remainders. According to the theories and the experience, choose conditions are present or absent, which will determine the intermediate solution. If there’s no reason to make the choice, the defaults are always the ‘present or absent’. Generally, the intermediate solutions are considered to be the most valuable. Notably, outcome and non-outcome should be separately explained due to the causal asymmetry.

A. Analyze the Outcome

Truth table 1 is followed for analyzing conditional configurations that can contribute to the outcome.

<table>
<thead>
<tr>
<th>PMI</th>
<th>IDE</th>
<th>REL</th>
<th>LMD</th>
<th>Num.</th>
<th>MJ</th>
<th>consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>66</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>1</td>
<td>0.93</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0.78</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>0.94</td>
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<tr>
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<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0.88</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0.82</td>
</tr>
<tr>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0.93</td>
</tr>
</tbody>
</table>

PMI = perceived moral intensity. IDE = idealism. REL = relativism. LMD = level of moral development. MJ = moral judgment. Consistency indicates the degree to which the conditions’ membership scores are consistently less than the outcome’s membership scores.

TABLE I. TRUTH TABLE FOR THE OUTCOME
1) Complex Solution: Complex solution (table 2) is resulted from observed configurations that we have found in researches.

All configurations are listed above to explain the outcome. When perceived moral intensity and idealism are both high, managers’ high relativism may not prompt managers to make unethical judgment. Even if managers’ relativism is high, they will tend to make moral judgment. When managers’ idealism and relativism are both high, only if their level of moral development is high, they are more likely to make moral judgment.

The minimization of ‘1’ configurations yielded the following result.

\[ MJ = PMI \times IDE \times REL + (PMI \times LMD) \times IDE \times REL \times LMD \]  

(1)

B. Analyze the non-outcome

Similarly, truth table (table 5) is followed for analysing conditional configurations that can contribute to the non-outcome.

<table>
<thead>
<tr>
<th>TABLE II. COMPLEX SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configurations</td>
</tr>
<tr>
<td>PMI<em>IDE</em>REL</td>
</tr>
<tr>
<td>PMI<em>IDE</em>LMD</td>
</tr>
<tr>
<td>PMI<em>REL</em>LMD</td>
</tr>
<tr>
<td>IDE<em>REL</em>LMD</td>
</tr>
<tr>
<td>Solution Consistency</td>
</tr>
</tbody>
</table>

b) Note: PMI=perceived moral intensity. IDE=idealism. REL=relativism. LMD=level of moral development. MJ=moral judgment. Consistency indicates the degree to which the conditions’ membership scores are consistently less than the outcome’s membership scores.

When managers’ level of moral development is high, they are more likely to make moral judgments. Even if managers’ relativism is high, they will tend to make moral judgment. When managers’ idealism and relativism are both high, only if their level of moral development is high, they are more likely to make moral judgment.

2) Parsimonious Solution: Parsimonious solution (table 3) included the unobserved configurations, that is logic remainders, which is not enough for explaining the determiners of managers’ moral judgment because of their excluding too many variables and only left several variables. As we can see from the table 3, it depicted that idealism and level of moral development are both positively related to moral judgment, which is consistent with prior researches.

<table>
<thead>
<tr>
<th>TABLE III. PARSIMONIOUS SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configurations</td>
</tr>
<tr>
<td>IDE</td>
</tr>
<tr>
<td>LMD</td>
</tr>
<tr>
<td>Solution Consistency</td>
</tr>
</tbody>
</table>

c) Note: PMI=perceived moral intensity. IDE=idealism. REL=relativism. LMD=level of moral development. MJ=moral judgment. Consistency indicates the degree to which the conditions’ membership scores are consistently less than the outcome’s membership scores.

3) Intermediate solutions: The intermediate solutions followed are the same as the complex solutions due to our unable to distinguish which condition will be present or absent.

<table>
<thead>
<tr>
<th>TABLE IV. INTERMEDIATE SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configurations</td>
</tr>
<tr>
<td>PMI<em>IDE</em>REL</td>
</tr>
<tr>
<td>PMI<em>IDE</em>LMD</td>
</tr>
<tr>
<td>PMI<em>REL</em>LMD</td>
</tr>
<tr>
<td>IDE<em>REL</em>LMD</td>
</tr>
<tr>
<td>Solution Consistency</td>
</tr>
</tbody>
</table>

d) Note: PMI=perceived moral intensity. IDE=idealism. REL=relativism. LMD=level of moral development. MJ=moral judgment. Consistency indicates the degree to which the conditions’ membership scores are consistently less than the outcome’s membership scores.

All configurations are listed above to explain the outcome. Each raw describes the possible configuration to explain the outcome. When perceived moral intensity and idealism are both high, managers’ high relativism may not prompt managers to make unethical judgment, and the higher of managers’ level of moral development, the more likely managers make moral judgment. When managers have both high perceived moral intensity and level of moral development, even if managers’ relativism is high, they will tend to make moral judgment. When managers’ idealism and relativism are both high, only if their level of moral development is high, they are more likely to make moral judgment.

All configurations are listed above to explain the non-outcome. Each raw describes the possible configuration to explain the non-outcome. The results show that if managers show high relativism and low idealism and low level of moral development, regardless of their perceived moral intensity, they are more likely to make unethical judgment. When managers’ idealism is low and relativism is high, even if their perceived moral intensity is high, managers are unlikely to make moral judgment. Even if managers’ idealism, relativism, and level of moral development are all high, only if they show low perceived moral intensity, they cannot make moral judgment.
All configurations are listed above to explain the non-outcome. Each raw describes the possible configuration to explain the non-outcome. The results show that if managers show high relativism and low idealism and low level of moral development, regardless of their perceived moral intensity, they are more likely to make unethical judgment. When managers’ idealism is low and relativism is high, even if their perceived moral intensity is high, managers are unlikely to make moral judgment. Even if managers’ idealism, relativism, and level of moral development are all high, only if they show low perceived moral intensity, they cannot make moral judgment.

The minimization of 0-configurations yielded the following result.

\[ \text{solution consistency} = 0.901533 \]

3) Intermediate Solutions:

<table>
<thead>
<tr>
<th>Configurations</th>
<th>Consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI<em>~IDE</em>REL</td>
<td>0.965471</td>
</tr>
<tr>
<td>~PMI<em>IDE</em>REL*LMD</td>
<td>0.864398</td>
</tr>
</tbody>
</table>

Note: PMI=perceived moral intensity. IDE=idealism. REL=relativism. LMD=level of moral development. M=moral judgment. Consistency indicates the degree to which the conditions’ membership scores are consistently less than the outcome’s membership scores.

IV. DISCUSSION

There are many ways for managers to make moral judgment. This study conclude that managers show high perceived moral intensity and idealism, regardless of their high relativism or high level of moral development at the same time, they will make moral judgment. We can surprisingly see from the results, as long as managers’ idealism is higher than relativism, if their perceived moral intensity or level of moral development is high, they will make moral judgment. Of course, if managers perceived moral intensity, idealism, and level of moral development are all high, they usually make moral judgment. As we all know, relativism is negatively related to moral judgment. Nevertheless, although managers’ relativism is high, their level of moral development and perceived moral intensity are both high can also contribute managers to make moral judgment.

This study also find several ways of managers’ immoral decision-making. To some extent, managers showing both low idealism and high relativism usually lead to immoral decision-making. If their level of moral development is low, they cannot almost make ethical judgment. Even if their perceived moral intensity is not low, they are more likely to make unethical moral judgment. When managers’ idealism is slightly higher than their relativism, if their level of moral development is not high enough, and plus their low perceived moral intensity, they still cannot make moral judgment.

Based on the empirical study, results have made a major breakthrough compared with the evidence of previous studies. However, there still exists limitations of this study.

For further study, researches can integrate idealism and relativism into one variable to analyze managers’ tendency to idealism or relativism to moral decision-making. Further researches can also add moral foundation to promote their interaction to come to conclusion.

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