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Examining the Impact of Moral Imagination on Organizational Decision Making

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Abstract

Emerging research suggests that an organization's ability to sustain a competitive advantage is increasingly linked to its successful pursuit of a business strategy that generates mutual benefit where the business is both profitable and functional for the common good. The question remains, however: What are the attributes of decision makers that enable them to realize mutually beneficial outcomes? This dissertation argues that one critical key to solving this question is a better understanding of moral imagination in organizational decision making. To test this hypothesis, a new vignette-based cognitive measure for moral imagination in organizational decision making was created to explore empirically the relationship between moral imagination and mutually beneficial decision making. Overall, findings from 180 respondents supported the hypothesis that individuals, who exercise moral imagination, including the ability for discerning moral issues and developing a range of possible outcomes during the decision-making process, are indeed more likely to generate a mutually beneficial outcome for a situation compared to those who do not exercise moral imagination. Implications and directions for future research are discussed.

Keywords

moral imagination, organizational decision making, mutual benefit, creativity, moral awareness

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Recent media attention highlighting bad behaviors of executives has reinforced the cynical sentiment that "business ethics" is an oxymoron and that companies are merely greedy entities that make decisions based only on their own self-interest, even at the cost of greater public welfare (Paul, 2002; Shannon & Berl, 1997). Looking beyond sensational headlines, it appears that the discourse in management literature and social sciences may also be fueling this negative, Gordon Gekko-ish, "greed-is-good" personification of business (Pressman & Stone, 1987). As Ghoshal reflects, although today's management theories are informed by a wide variety of disciplines, "they have increasingly converged on a pessimistic view of human nature, on the role of companies in society, and of the process of corporate adaptation and change" (2005, p. 82). Furthermore, much of the social science literature, especially economic and strategic theory, has painted a "uni-dimensional continuum (of) self-interest vs. unselfishness"[1] (Rocha & Ghoshal, 2006, p. 587). Some have traced the separation of these two ideas back to Adam Smith who wrote, "It is not from the benevolence of the butcher, the brewer, or the baker that we can expect our dinner, but from their regard to their own interest" (1776, Volume I, Chapter 2, Paragraph 2). Although not all agree that it was Smith's intention to divorce morality and economics, many do acknowledge that his work has been used (and perhaps misused) as the rationale for putting self-interest at the heart of our modern capitalistic economic model while leaving altruism in the shadows (i.e., Lux, 1990). Regardless of theoretical roots, however, selfishness and altruism are still primarily depicted in the social sciences as polar opposites, suggesting that individuals (and by extension companies) must choose between self-interest and helping others (Hinman, 2005). Coupled with the tendency to portray altruism and selfishness as contradictory behaviors, research has also neglected to explore altruism fully. Instead, "science has largely focused on human deficits rather than on the positive side of our nature" (Post, 2003, p. xi). Such dichotomous thinking and myopic research in the social sciences has propagated the idea that if a company acts in societal interests, it is acting against its own interests, and vice versa.

Streams of emerging work are now suggesting that the separation of self interest from others' interests may be a false dichotomy, opening the door to explore the nature of altruism in the business world (i.e., Cameron, 2003; Margolis & Walsh, 2001; Paine, 2003; Rocha & Ghoshal, 2006; World Inquiry, 2006). Instead of seeing self-interest and altruism as opposing anchors of a single continuum, they can be reconceptualized as two independent, yet interactive, variables. A graphical representation of this interactivity in Figure 1 suggests a much wider typology of possible behavioral outcomes.

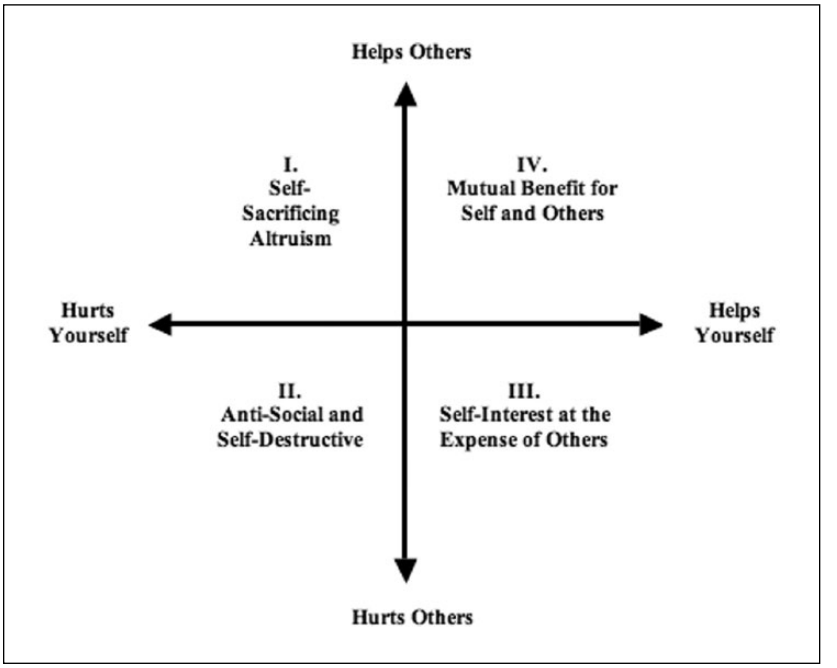

Figure 1. An integrated conception of altruism and self-interest.
This conception is modeled after Hinman (2005), with the primary difference being the labels used for Quadrants II and IV. Hinman referred to Quadrant II as "Not beneficial either to self or others" and to Quadrant IV as "Self-interest and regard for others converge."

Although behaviors in Quadrant II (antisocial and self-destructive) or Quadrant III (self-interested at the expense of others) are more likely to generate headlines, there are a growing number of examples of the ways businesses are in fact acting in Quadrant IV as agents of "mutual benefit" in society, with both the business and wider society profiting from the businesses' activities (World Inquiry, 2006). Bright, Fry, and Cooperrider (2006, p. 20) define mutual benefit as actions "where business organizations are both profitable and functional for the common good—a position of integrated strategic focus on both organizational self-interests and stakeholder interests." The concept of "mutual benefit" challenges the separation of altruism and self-interest. The idea of mutual benefit posits that success in the economic and social spheres are not separate, but intertwined, and advantageous outcomes can simultaneously occur for both business and wider society—one does not need to suffer at the other's expense.

Researchers suggest that companies which create mutual benefit by balancing profits and social impact are also doing well financially (Jackson & Nelson, 2004; Margolis & Walsh, 2001; Paine, 2003). Theorists have also begun to suggest that a company's ability to sustain a competitive advantage increasingly rests in part on the ability to move their overall business strategy into Quadrant IV, thus balancing their needs with the needs of a wider array of stakeholders (Hart & Milstein, 2003; Laszlo, 2003; Prahalad, 2004). The question remains: *What are the attributes of decision makers that enable them to realize mutually beneficial (Quadrant IV) outcomes*? The purpose of this dissertation is to begin answering that very question.

Building on the work of Werhane (1999, 1998), Johnson (1993a, b), Moberg and Seabright (2000), and others, the author argues that one critical key to solving this question is a better understanding of moral imagination in organizational decision making. Werhane has proposed that moral imagination coupled with a developed sense of moral reasoning "enables a manager or a company to create decision models that contribute positively to corporate and social well being" (1999, pp. 13-14). Moberg and Seabright suggest that moral imagination "is a form of reasoning that serves as an antidote to decision environments that normally lead to morally defective[2] choices" (2000, p. 845). Extending these arguments, the author reasons that an active moral imagination may be one important ability that differentiates those leaders who make decisions in Quadrant IV, where they are creating mutually beneficial solutions that tap into what Hinman (2005) refers to as a moral "sweet spot"—or the point at which altruism and self-interest coincide.

Prior work has presented various theoretical definitions and arguments as to why moral imagination is an important construct to consider when examining moral decision making (i.e., Johnson 1993; Moberg & Seabright, 2000; Werhane 1999, 1998). Empirical investigations of moral imagination as a holistic construct, however, remain scant within the literature (i.e., Yurtserver, 2006). The purpose of the current research was to help fill this literature gap by providing an empirical investigation of moral imagination. Specifically, this study examined if individuals who exercised moral imagination during a decision-making process were more likely to generate mutually beneficial outcomes (Quadrant IV behaviors) than individuals who did not exercise moral imagination.

Defining Moral Imagination

Although the concept of moral imagination is not new, the specific definition of the term remains somewhat elusive, as various authors have described the

concept slightly different. For example, according to Powers and Vogel it is "the ability to perceive that a web of competing economic relationships is, at the same time, a web of moral or ethical relationships" (1980, p. 40). Larmore defines moral imagination as, "our ability to elaborate and appraise different courses of action which are only partially determined by the given content of moral rules, in order to learn what in a particular situation is the morally best thing to do" (1981, p. 284). Jacobs describes it as, "articulating and examining alternatives, weighing them and their probable implications, considering their effects on one's other plans and interests, and considering their possible effects on the interests and feelings of others" (1991, p. 25). Johnson defines moral imagination as "an ability to imaginatively discern various possibilities for acting in a given situation and to envision the potential help and harm that are likely to result from a given action" (1993, p. 202). In her conceptualization of the moral imagination, Werhane has defined it as "the ability to understand a context or set of activities from a number of different perspectives, the actualizing of new possibilities that are not context dependent, and the instigation of the process of evaluating those possibilities from a moral point of view" (1999, p. 5). Looking across these definitions, it can be argued that moral imagination encompasses the capability of not only being aware of the moral implications of one's actions in a situation, but also reframing a situation and creating moral alternatives to the situation at hand.

Building on these prior definitions, the author conceptualizes moral imagination as a two-fold cognitive process that incorporates moral awareness/moral reasoning and imagination. Thus, for purposes of her dissertation, the author defines moral imagination as follows: *the ability to discern the aspects embedded within a situation and develop a range of alternative solutions to the situation from a moral perspective*. Dissecting this definition results in two distinct processes that one must engage in to demonstrate moral imagination. First, an individual must "discern the moral aspects embedded within a situation," a process referred to here to as "*discerning.*" Then, they must also "develop a range of alternative solutions to the situation from a moral perspective," a process referred to here as "*developing.*" Taking each in turn, the author elaborates below how moral imagination both depends on and extends these various abilities.

Moral Awareness: The Ability to Discern Moral Issues. Exercising one's moral imagination involves an initial step of discerning the moral complexities of a situation, including the possible moral dilemmas and opportunities embedded therein. Such awareness also involves recognizing the potential impact one's actions may have on others. This label is inspired specifically by

Johnson's work on moral imagination where he likens morality to an artistic activity. He suggests that just as we value artists' ability to "notice what we do not see, to imagine possibilities we have not imagined, and to feel in ways we might, but are not now feeling," likewise the work of our morality is "done not in the grasping of moral laws or principles, but in discerning what is going on in the situations we face: who we are and what we desire, what others want and need, how we relate to them, what possible forms our action could take, and what is likely to result from various envisioned courses of action" (1993, p. 210).

What Johnson terms the "subtle discernment and discrimination of what is important in the situation" (1993, p. 210), the author refers to as "discerning," similar to what others have referred to as "moral awareness."[3] According to Rest, moral awareness involves interpreting a "particular situation in terms of what actions [are] possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effects on their welfare" (1986, p. 3). Rest's (1979, 1986) seminal works provided the argument that moral awareness is a necessary first step in the ethical decision-making process. Subsequent research on moral awareness has been mainly rooted in theories of social cognition (Butterfield, Treviño, & Weaver, 2000; Reynolds 2006). Grounded in the work of Bandura (1977; 1986), social cognitive theory (SCT) poses that human behavior is determined by the interaction of individual cognition, actual behaviors, and the environment. In their work on SCT, Fiske and Taylor (1990) suggest that when a person is making a decision, they begin by encoding (i.e., processing and taking into their cognition) pieces of information from the environment, but they do so on a selective basis. In other words, not all aspects of the environmental stimuli are taken into one's awareness and processed when they make a decision, but rather certain elements are ignored and others are focused on because of their saliency, vividness, and accessibility (Fiske & Taylor, 1990). Extending the ideas in SCT, moral awareness has been further "conceptualized as a special kind of encoding process in which the individual pays attention to incoming information and categorizes it as a moral issue" (Butterfield, Treviño, &Weaver, 2000, p. 984).

Many studies have suggested that individuals can vary across their ability to recognize moral issues (Butterfield, Treviño, & Weaver, 2000; Cohen, Pant, & Sharp, 2004; Reynolds, 2006; Shaub et al., 1993). Thus, while "moral awareness is a critical first step in an unfolding ethical decision making process because issue interpretation is likely to set the premises within which subsequent thought processes take place" (Butterfield, Treviño, & Weaver, 2000, pp. 983-984), everyone does not necessarily perceive moral issues in

the same manner. Where one person may determine that a situation involves a moral issue, another individual may not even recognize the existence of a moral issue within those exact same circumstances. This is of particular relevance in the context of business because, as Jordan (2005, p. 13) argues, "many difficult decision-making situations are morally ambiguous, meaning that they can be viewed from a strategic perspective, a moral perspective, or a perspective that involves a combination of both."

Building on these arguments, the author reasons that having the ability to "discern" the moral dilemmas and opportunities embedded within a situation is a critical prerequisite for an individual to create mutually beneficial solutions in a given situation. An individual must first be able to perceive or distinguish the moral issues in a situation, because if they are not "encoding," or becoming aware of, the moral issues in a situation, they will not be able to act beyond their own self-interest. Extending this logic, the author argues that having the ability to discern moral aspects of a situation will be one factor that differentiates individuals who are able to create mutually beneficial outcomes for a situation compared to those who do not. Therefore, the first hypothesis that the dissertation explores is as follows:

> *Hypothesis 1:* Individuals who demonstrate a greater ability to discern the moral aspects of a situation will have a greater likelihood of arriving at a mutually beneficial outcome for that situation compared to those who demonstrate lower levels of discerning.

Creativity and Imagination: The Ability to Envision Possibilities. While a certain level of moral awareness may be necessary for an individual to act in a morally imaginative manner, simply being able to discern the moral issues in a situation does not explain why some people are able to develop creative alternatives to a morally challenging situation, an ability the author has defined as another critical component for moral imagination. Thus, to be morally imaginative, one cannot stop merely at the recognition of moral issues within a situation, but rather the individual must engage in additional thinking processes of "developing," or creating alternative solutions to a situation.

Although it has not been traditionally linked with moral awareness, some have suggested that imagination is critical to any examination of morality. As Johnson (1993) claims, the role of imagination is missing in current conceptions of morality, stating:

> Moral reasoning is basically an imaginative activity, because it uses imaginatively structured concepts and requires imagination to discern

> what is morally relevant in situations, to understand empathetically how others experience things, and to envision the full range of possibilities open to us in a particular case. (pp. ix – x)

Although research suggests that creativity[4] is an important factor in the creation of effective organizations and managers (Mott, 1972; Scratchley & Hakstain, 2001) and even a healthy society (Mumford & Gustafson, 1988), the construct of creativity remains an elusive construct with no single definition or measurement (Basadur & Hausdorf, 1996; Besemer & O'Quin, 1993). Within the plethora of definitions that exist for what constitutes creativity, most refer to an individual's ability to generate something (including ideas) that are both novel and useful (Smith, Hill, & Barber, 1989; Unsworth, 2001). Across the various definitions, the concept of divergent thinking has dominated the conceptualization of creativity as a cognitive ability (Scratchley & Hakstain, 2001). Introduced by Guilford (1950), divergent thinking, or the ability to generate diverse and novel approaches to a situation, has become all but synonymous with creativity in much research (Scratchley & Hakstain, 2001). Studies have found that divergent thinking measures predict performance on creative problem-solving tasks (i.e., Plucker & Renzulli, 1999) as well as creative achievement (Mumford et al., 1998). Thus, given both the conceptual and empirical interconnectedness of divergent thinking to creativity, the author uses divergent thinking as a proxy for creativity.

Divergent thinking comes into play during the "Developing" process of moral imagination, where an individual is actively creating new possibilities for a given situation in their mind. The more possibilities one can imagine when faced with a business dilemma, the more likely that one of those possibilities will result in mutual benefit for the company and wider society. Therefore, the second hypothesis tested is as follows:

> *Hypothesis 2:* Individuals who demonstrate a greater ability to develop a range of alternative solutions for a situation will have a greater likelihood of arriving at a mutually beneficial outcome for that situation compared to those who demonstrate lower levels of developing.

Moral Imagination: Greater than the Sum of its Parts. Although both the ability to discern moral issues and develop creative alternatives may impact one's ability to create mutually beneficial solutions for a situation, it is the author's contention that neither of these abilities exercised in isolation are enough to be morally imaginative as defined here. Rather, it is the unique convergence of these abilities that results in moral imagination. Thus, similar

Table 1. Framework for Ethical Decision Making.

		Developing ability:	
		Creating alternative solutions to a morally challenging situation	
		Lower	Higher
Discerning ability: Recognizing the moral complexities of a situation as well as the potential impact one's actions have on others	Higher	Aware, but unimaginative	Morally imaginative
	Lower	Unaware and unimaginative	Imaginative, but unaware

to the typology of different types, decision-making outcomes illustrated in Figure 1, one can also conceptualize discerning and developing as two separate abilities that individuals can be high or low on, producing a new typology of approaches to ethical decision making.

Summarizing Table 1, for an individual to be considered morally imaginative, he or she must demonstrate both a discernment of moral issues and development of a range of moral alternatives. Werhane (1999) reiterates the idea that moral reasoning and awareness coupled with imagination are needed to exercise moral imagination, stating that without imagination, "one might remain mired in a particular situation," but without moral reasoning and awareness, "one could slip into moral fantasy" (p. 111). If an individual is able to generate creative alternatives, but lacks the ability to recognize the moral implications of his or her actions, he or she risks embodying what Seabright and Schminke (2002) refer to as *immoral imagination*, where creativity is actually applied to unethical acts. As Johnson summarizes, imagination without moral awareness, or a grounding in moral principles, "is arbitrary, irresponsible, and harmful" (1993, p. x). On the other end of the spectrum, if an individual is aware of moral issues, but lacks imagination, moral awareness and moral principles may "become trivial, impossible to apply, and even a hindrance to morally constructive action" (Johnson, 1993, p. x). Unfortunately, there are also individuals who may be lacking ability along both dimensions, leaving them both unable to discern moral issues and unable to generate solutions to dilemmas they face.

Moral imagination is thus greater than the sum of its parts. While looking at an individual's ability to discern moral issues and develop creative

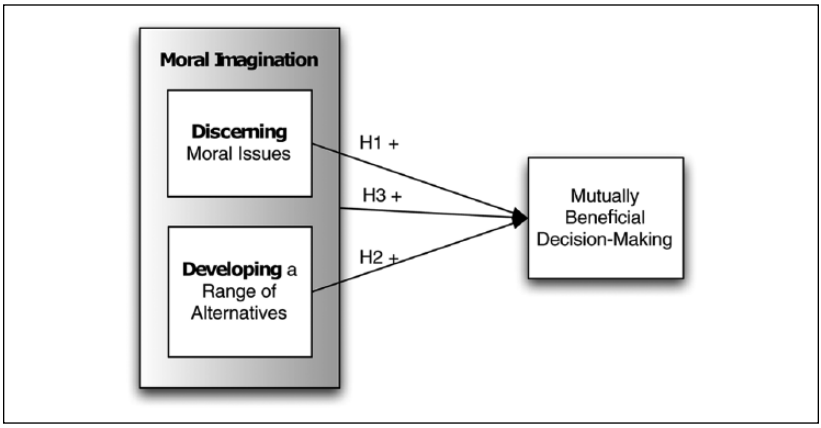

Figure 2. Theoretical model for moral imagination and mutually beneficial decision making.

alternatives in isolation helps us begin to understand mutually beneficial decision making, it is these two abilities in combination that provide the most powerful predictor for an individual's ability to create mutually beneficial solutions for a situation. Individuals who demonstrate only a singular ability to discern moral issues or develop creative alternatives—or who show neither ability—will be less likely to generate mutually beneficial solutions compared to individuals who demonstrate both of these abilities together. Thus, the third hypothesis tested is as follows:

> *Hypothesis 3:* Individuals who demonstrate both the ability to discern moral aspects and develop creative alternatives for a situation will have a greater likelihood of arriving at a mutually beneficial outcome compared to those who demonstrate either ability in isolation or not at all.

Looking collectively at the relationships suggested by these three propositions, one can begin to create a conceptual model of moral imagination and its relationship to mutually beneficial decision making, illustrated in Figure 2.

Methods

Respondents included 180[5] MBA students (53% female, 47% male) from business schools across the United States. With approximately 70% of the

respondents working either full or part time, having an overall average of 13.3 years of work experience, the sample represents the diverse variety of individuals currently working in organizations today. Data collection was done via an online survey. After granting their consent to participate, participants were asked basic demographic questions. Participants were then asked to read two business dilemma vignettes and respond to open-ended questions designed to evaluate their demonstration of moral imagination, as well as the type of decision-making outcome they generated, which are elaborated on below.

Independent Variable: Assessing Moral Imagination. Responses to two vignettes adapted from Jordan's (2005) study on moral awareness were used to analyze respondent's exhibition of moral imagination, including their demonstration of discerning and developing. A vignette-based measure was determined to be the best approach for assessing these cognitive processes because vignettes put respondents in a situation where they are not "thinking in the abstract" but are provided "a context from which they can base their decisions" and they help provide researchers with insight into the respondent's decision-making process (Morrison, Stettle, & Anderson, 2004, p. 319). After reading the vignettes, participants were asked to respond to four questions:

1. Briefly list as many ways as you can think of to take action on this situation.
2. Briefly list the underlying issues that are important to consider when deciding on which of the above actions to take in this situation.
3. Briefly list who you think will be impacted by your decision and how they will be impacted.
4. Of the possible actions you generated, indicate which is best and briefly explain *Why* this choice/option is better than the others you thought of.

Using a very specific rubric (detailed in Table 2), each open-ended response was scored on a 4-point Likert-type scale across six dimensions—two dimensions for discerning, two dimensions for developing, and two dimensions for type of decision-making outcome (which is discussed below in relation to the DV). Given the educational nature of the dissertation process, the author served as one of the two coders for this process. Although there have been some criticisms of researchers coding their own data (i.e., Wade, 2010), others have suggested that a researcher's "closeness" with the

Table 2. Coding Rubric for Moral Imagination and Decision-Making Outcome.

Moral imagination component		0 points	1 point	2 points	3 points
Discerning the embedded moral dilemmas and moral opportunities within a situation	Issue awareness	Moral implications are given no consideration and/or only strategic issues are listed	One moral implication[1] is listed	Two moral implications are listed	Three or more moral implications are listed
	Impact awareness	Lists 0–1 stakeholder groups[2] as being impacted	Lists two different stakeholder groups are listed as being impacted	Three different stakeholder groups are listed as being impacted	Four or more different stakeholder groups are listed as being impacted
Developing a variety of alternative possibilities for the situation	Fluency	Lists 0–1 possible solutions	Lists two different possible solutions	Lists three different solutions	Lists four or more different possible solutions
	Flexibility	No responses are listed	Only one category of responses are listed (i.e., only doing various external PR, or only doing various internal investigations)	Two different categories of responses are listed (i.e., doing both internal investigation and external PR)	Three or more different categories of responses are listed
Determining a mutually beneficial course of action based on moral and strategic evaluation of the solutions generated	Company benefit	Solution only has a negative impact on the company	Solution has no benefit to the company, but does not have negative impact (neutral impact to company)	Solution provides benefit to the company by addressing the immediate strategic concerns of the company	Solution provides benefit to the company by addressing both the immediate and long-term strategic needs of the company
	Social benefit	Solution has negative impact on wider society	Solution has no benefit to wider society, but does not have negative impact (neutral impact to society)	Solution provides benefit to society by offering disclosure or minimum action on the moral issue at hand	Solution provides benefit to society by offering support and/or resources to multiple stakeholder groups (including stakeholders beyond the company) regarding the moral issue(s) at hand

data actually adds to the value and accuracy of the study (Creswell, 1997). Given the potential for researcher expectations to bias the data, a graduate student from another institution trained in qualitative data analysis served as the second coder to help ensure reliability of findings. Using Cronbach's alpha as a test, overall interrater reliability was $\alpha = 0.882$.

Discerning was coded along two dimensions of awareness: Issue Awareness (ISA), which reflected respondents' ability to recognize moral issues within the situation; and Impact Awareness (IMA), which reflected respondents' ability to recognize who else would be affected by their actions. Issue Awareness was coded specifically by using responses to Question No. 2 (i.e., "list the underlying issues . . ."), where higher scores indicated an awareness of more moral issues within the situation.[6] Responses to Question No. 3 (i.e., "who you think will be impacted . . .") were used to determine Impact Awareness, where higher scores indicated a greater awareness for different stakeholder groups who would be impacted by the decision being made.

Developing was assessed using two dimensions from established divergent thinking measures, namely the Torrance Tests of Creative Thinking (Torrence, 1966): Fluency (FLU) and Flexibility (FLX). Fluency refers to the volume of ideas generated (i.e., the sheer number of ideas produced) and flexibility refers to the number of different categories of ideas generated (i.e., listing a full recall for a product and a partial recall for a product would count as two ideas from a fluency perspective, but only be one *type* of idea (i.e., a recall strategy) from a flexibility perspective). Both fluency and flexibility were coded using responses given to Question No. 1 (i.e., "list as many ways . . .").

Once the coding was complete, composite scores were computed for each respondent. To calculate discerning scores, average scores were calculated for ISA and IMA by summing the scores for each of these dimensions for vignette No. 1 and vignette No. 2 and then dividing by two: (ISA for vignette 1 + ISA for vignette 2)/2 = ISA average. Then an overall composite score for discerning was created by summing the averages for ISA and IMA (Discerning = ISAavg + IMAavg). Similarly, to calculate the score for Developing, average scores were calculated along the two dimensions along which it was coded (i.e., FLU and FLX) by summing the scores for each of these dimensions for vignette No. 1 and vignette No. 2 and then dividing by two: (FLU for vignette 1 + FLU for vignette 2)/2 = FLU average. Then an overall composite score for Developing was created by summing the averages for fluency and flexibility (Developing = FLUavg + FLXavg).

Finally, based on their Developing and Determining scores, respondents were grouped into one of two groups: those who demonstrated moral imagination and those who did not. As detailed in above, to be deemed "morally

imaginative" a respondent needed to demonstrate both discerning and developing abilities. Individuals who were determined to have low scores for either discerning or developing (i.e., having an average score of less than 4 on either dimension[7]) were grouped into the "nonmoral imagination" group, and those determined to have high scores on *both* of these dimensions (i.e., scoring 4 or higher on both dimensions) were grouped into the "moral imagination" group.[8] Of the usable respondents, 20 (10.9%) were found to be in the morally imaginative group, meaning that they had higher scores for *both* discerning and developing. The majority of respondents, 154 (88.6%), were in the nonmoral imagination group, indicating that they had a low score on either discerning or developing, or both.

Dependent Variable: Assessing Decision-Making Outcomes. To operationalize the typology of possible decision-making outcomes described earlier in Figure 1, responses to Question No. 4 (i.e., "indicate which is best and briefly explain why this choice is the best . . .") were coded along two dimensions: Company Benefit (CB), or how much their solution positively impacted the needs of the organization (a proxy for self interest), and Social Benefit (SB), or how much it positively impacted the needs of wider society (a proxy for altruism). See Table 2 for the specific rubric used for coding these dimensions.

Once the coding was complete, average scores were calculated for the two dimensions along which decision making was coded (CB and SB) using a process similar to the one used to calculate the moral imagination score detailed above. First, average scores for each dimension were calculated by summing the scores for vignette No. 1 and vignette No. 2 and then dividing by two: (CB for vignette 1 + CB for vignette 2)/2 = CB average. Next, the average scores for CB and SB were used to group respondents into one of four possible groups per the typology of possible decision making illustrated in Figure 1. Average scores of 2 and above were deemed to be "high" for either dimensions because such scores meant that participants' decisions were consistently rated in top 50% of possible responses on the coding rubric.[9] Respondents' decision-making outcomes were then grouped as follows:

1. Self-sacrificing = low overall average company benefit and high overall average social benefit
2. Antisocial/Self-destructive = low overall average company benefit and low overall average social benefit
3. Self-interested at other's expense = high overall average company benefit and low overall average social benefit

Table 3. Discerning Averages by Type of Decision-Making Outcome.

Type of decision	N	Mean	Standard deviation	Standard error	Minimum	Maximum
Mutually beneficial	60	2.6167	1.34154	.17319	.00	6.00
Self-sacrificing	6	2.2500	1.54110	.62915	.00	4.00
Self-interest	84	2.0476	1.12641	.12290	.00	4.50
Antisocial	18	1.3056	0.89342	.21058	.00	3.00
Total	168	2.1786	1.25646	.09694	.00	6.00

4. Mutually beneficial = high overall average company benefit and high overall average social benefit

Of the usable respondents, 6 (3.6%) were grouped in the "self-sacrificing" category based on their decision-making outcome; 18 (10.7%) were grouped in the "antisocial" category; 84 (50%) were grouped in the "self-interested" category; and 60 (35.7%) were grouped in the "mutually beneficial" category.

Results

The first hypothesis aimed at exploring if there was a correlation between an individual's ability to discern moral aspects of a situation and their ability to create mutually beneficial solutions for that situation. A one-way ANOVA was run to examine the differences in demonstrated ability for discerning moral issues by type of decision-making outcome. Supporting Hypothesis 1, a significant difference was found in demonstrated abilities for discerning by type of decision-making outcome, $F(3, 167) = 6.162$; $p = .001$. As predicted, individuals who generated mutually beneficial outcomes did in fact have the highest mean discerning average, 2.62 ($SD = 1.34$), compared to all the other types of outcomes generated. Summarized in Table 3, individuals who demonstrated other types of decision-making outcomes had lower discerning averages: the self-sacrificing group had a mean of 2.25 ($SD = 1.54$); the self-interest group had a mean of 2.05 ($SD = 1.13$); and the antisocial group had a mean of 1.31 ($SD = 0.89$).

The second hypothesis predicted there would be a positive relationship between an individual's ability to develop a range of possible solutions for a situation and their ability to create mutually beneficial solutions for that situation. Another one-way ANOVA was run to examining the differences in demonstrated ability for developing a range of alternative solutions for a situation by type of decision-making outcome. Supporting Hypothesis 2, a

Table 4. Developing Averages by Type of Decision-Making Outcome.

Type of decision	*N*	Mean	Standard deviation	Standard error	Minimum	Maximum
Mutually beneficial	60	4.1250	1.34550	.17370	0.50	6.00
Self-sacrificing	6	4.6667	0.87560	.35746	3.50	6.00
Self-interested	84	3.8155	1.29359	.14114	1.00	6.00
Antisocial	18	2.8333	1.21268	.28583	1.00	5.50
Total	168	3.8512	1.34427	.10371	0.50	6.00

significant difference was found in demonstrated abilities for developing by type of decision-making outcome, $F(3, 167) = 5.425$; $p = .001$. However, somewhat different than predicted, individuals who generated mutually beneficial outcomes had the second highest mean developing average 4.13 ($SD = 1.35$). The highest developing mean score was actually found in the self-sacrificing group, with a mean of 4.67 ($SD = 0.88$). Summarized in Table 4, individuals who demonstrated other types of decision-making outcomes had lower developing averages; with the self-interest group demonstrating a mean of 3.82 ($SD = 1.29$); and the antisocial group had a mean of 2.83 ($SD = 1.21$).

The third hypothesis was designed to investigate if the simultaneous demonstration of both discerning and developing would result in the greater likelihood of arriving at a mutually beneficial decision compared to those who demonstrate either ability in isolation or not at all. Given that both the variables for moral imagination and decision-making outcomes are categorical, a cross-tabulation was run to explore the relationship between these two variables. A significant χ^2 test allows for the rejection of the null hypothesis that there is no relationship between the moral imagination group and decision-making outcome, thus lending support to the argument that these variables are related, (χ^2 (3 *df*) = 1.114, $p < .011$). Hypothesis 3 is further supported through examination of the expected and observed counts in each for the moral imagination group by type of decision-making outcome (see Table 5). As predicted by Hypothesis 3, the distribution of scores indicates that respondents in the morally imaginative group were more likely to be in the mutual beneficial decision-making group as well, with the majority of the participants in the morally imaginative group (68.4%) also found to be in the group that created the most mutually beneficial solutions to the situations.[10] This is compared to the 31.8% of those in the nonmorally imaginative group who created mutually beneficial solutions. The majority of the nonmorally imaginative group, however, was found to generate solutions to the business dilemma that were in their own self-interest (52.7%), compared to the only 26.3% of the morally imaginative individuals who were also found to

Table 5. Decision-Making Outcome by Moral Imagination Group.

	Moral imagination grouping		
Type of decision-making outcome	Morally imaginative	Nonmorally imaginative	Total
Mutually beneficial			
Observed	14	47	60
Expected	6.8	53.2	60
%	68.4	31.8	35.9
Std. Residual	2.4	–0.8	
Self- sacrificing			
Observed	1	5	6
Expected	0.7	5.3	6
%	5.3	3.4	3.6
Std. Residual	0.4	–0.1	
Self-interested			
Observed	5	78	83
Expected	9.4	73.6	83
%	26.3	52.7	49.7
Std. Residual	–1.4	0.5	
Antisocial			
Observed	0	18	18
Expected	2.0	16	18
%	0	12.2	10.8
Residual	–2.0	2.0	
Total			
Observed	20	148	167
Expected	20	148	167
%	100.0	100.0	100.0

generate self-interested focused solutions. Also interesting is the fact that no one in the morally imaginative group was found to generate responses that were considered antisocial/self-destructive whereas 12.2% of those in the nonmorally imaginative group were also found in this category.

Discussion

Overall, findings support the argument that individuals who exercise moral imagination during a decision-making process, including the ability to discern

moral issues and develop a range of possible outcomes, are more likely to generate mutually beneficial outcomes for a situation compared to those who do not exercise moral imagination. These findings lend support to the growing body of work that suggests that ethical decision making begins with (or is at least impacted by) an individual's ability to recognize moral issues in a situation (Butterfield, Treviño, & Weaver, 2000; Jones, 1991; Rest 1979; 1986), and that creativity may be an important variable impacting how an individual responds to an ethical situation (i.e., Narvaez & Lapsley, 2005).

Limitations. In its attempt to explore previously untested measures, the current study is not without drawbacks. First, the current sample poses specific limitations both in terms of its size and composition. Although the sample size was large enough to conduct these initial exploratory analyses, future studies of these constructs should be applied to even larger samples to test the reliability of current findings. Also, future studies may want to expand the sample beyond MBAs to help make results generalizable across populations. It is necessary to explore if the current findings hold true when applied to nonbusiness populations, including individuals with other types of professional training.

There are other limitations given that the measures used were all vignette-based, open-ended questions. As Morrison, Stettler, and Anderson state, "vignettes assume that respondents will give the same answers for the vignette as if the situation actually applied to them. Furthermore, vignette usage assumes that respondents will understand circumstances that may be outside their experience or knowledge" (2004, p. 320). Although such assumptions were made in this research, it could be argued that vignettes still pose an artificial measure of the cognitive process being investigated. Other measures such as participant observations, in-depth interviewing, and longitudinal studies may provided even clearer understanding of the decision-making process that individuals use when faced with a potentially challenging ethical situation. Other limitations with the moral imagination and decision-making measures include their newness and thus untested validation, thus further testing and development of the instruments is needed. The content of the vignettes used, the number of vignettes used, the coding method applied, and the way that scores were calculated are all subject to further exploration to see if other approaches would lead to even more accurate assessments of the abilities in question.

Implications and Future Research. Despite the limitations of the current study, this investigation has interesting implications for business practice, education, and research. As stated by Etzioni nearly two decades ago, "There is a moral dimension in all business decisions." (1991, p. 335). Thus, if we assume that utilitarian-based mutually beneficial decision making is the

preferred outcome for business practitioners, the current findings suggest that creating a culture that fosters individuals' ability to discern moral issues and develop a range of alternatives will help promote such outcomes. For example, incorporating the evaluation of these abilities into performance appraisals may help begin to shift employees' awareness toward the importance of developing and demonstrating these skills. Designing trainings, and other programs such as mentoring or coaching that specifically focus on cultivating moral imagination, may also help strengthen an employee's ultimate ability to create mutually beneficial decisions.

For business education, the findings have implications at both the curricular and philosophical levels. Working under the assumption that we can cultivate the abilities for discerning moral issues and developing a range of alternatives through practice and reflection, pedagogy needs to be developed that most effectively helps students build and reinforce these skills. This could range from designing experiential learning activities to using case studies that promote discerning and developing skills. Creating and sharing best practices across programs will also begin to move business education programs toward becoming institutions that help their students cultivate moral imagination in their decision-making processes. Such programs could help address the myriad of criticisms business education programs continue to face (Bennis & O'Tolle, 2005; Emiliani, 2004; Giacalone, 2004; Gioia, 2002).

Finally, if we are to foster moral imagination and mutually beneficial decision making, additional research is needed to explore what factors impact an individual's discerning and developing abilities (both at the personal and organizational level), as well as the interaction between these two constructs. For instance, although the current study lumped together all individuals who were not morally imaginative (i.e., were low on discerning or developing, or both), we can further explore the nuances of the typology summarized in Table 1 above, theorizing and investigating how each "type" of decision-making process relates to the different types of decision-making outcomes. For example, are unaware and unimaginative individuals the most likely to generate antisocial/self-destructive outcomes? What kind of outcomes do the other "types" most often generate? What will help move people into the "morally imaginative" quadrant? In addition to exploring these questions, other research is also needed to better understand how discerning and developing skills evolve over the course of one's life, how different experiences (both personally and professional) impact these abilities, and how situational factors (i.e., ethical climate, time constraints, and so on) also impact moral imagination and mutually beneficial decision making.

Although the current study focused on the individual level of analysis, further theory-building and supporting research can also begin to apply the concepts of moral imagination and mutually beneficial decision making to groups and organizations as a whole. First, looking at groups and teams, even more questions emerge, including the following: How does team collaboration impact the demonstration of moral imagination? Do collaborative processes lead to greater demonstrations of discernment and mutually beneficial outcomes? How does team composition (homogenous, heterogeneous, small, large, and so on) impact their ability to generate mutually beneficial outcomes? Furthermore, research is needed to examine how mutually beneficial decisions are ultimately enacted once they are reached. Just because an individual (or team) can cognitively arrive at a mutually beneficial outcome does not guarantee that their idea is translated into successful action. The factors, both individually and contextually, that support the enactment of the mutually beneficial decision is yet another area of inquiry ripe for exploration.

As any future research unfolds, Johnson (1993) claims that **"**one thing is clear—if we take moral imagination seriously, we are going to have to do some radical rethinking of our culturally inherited notion of morality. We are going to have to take as our principle task, not the formulation of moral laws, but the cultivation of moral imagination," (p. xii). These words ring true whether applied to practice, education, or research.

Author's Note

Lindsey N. Godwin successfully defended this dissertation on March 31, 2008 and was officially awarded a PhD on May 17, 2008 from the Department of Organizational Behavior at Case Western Reserve University's Weatherhead School of Management. Her dissertation committee was chaired by Ron Fry, and also included David Cooperrider, David Kolb, and Peter Whitehouse.

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Notes

1. The author uses "unselfishness" and "altruism" and "benevolence" as interchangeable terms in this context.

2. Although Moberg and Seabright do not specify what a "morally defective choice" is, the author suggests that behaviors that fall in Quadrant I, II, or III could all potentially be considered "defective," as such behaviors are decisions that do not take into account the needs of at least one important stakeholder group—either "self" or "other" is neglected.
3. For this context, the author treats the terms *discerning* and *moral awareness* as interchangeable, referring to an individual's ability to recognize the moral dilemmas and opportunities embedded within a situation. This term has also been referred to as *ethical sensitivity* and *ethical perception*.
4. Given the narrow semantic distinction between the two, the author uses both "creativity" and "imagination" interchangeably to refer to an individual's ability to envision possibilities that do not currently exist.
5. Based on their scores on Social Desirability Scale (Ray, 1984), which was included in the online survey, 14 participants were removed from subsequent analysis.
6. For coding purposes, the author used Jordan's (2005) definition of moral components to include how much the issue raised relates to the following: (a) well-being of the people in power, (b) well-being of nonpowerful people, (c) well-being of the community or society affected by the decision, and (d) ethical and moral responsibility of the corporation.
7. This score was determined as the cut point because it indicated their responses had been coded consistently in the bottom half of possible responses on the coding rubric.
8. A simple summation of these two dimensions would not have accurately indicated that they were demonstrating both discerning and developing abilities. A summation could result in an individual with a high discerning score, but a low developing score being treated the same as an individual with moderate scores on both developing and discerning. Rather, I was interested in looking at those respondents who demonstrated a higher level on *both* dimensions for them to be considered morally imaginative as defined for this study.
9. Refer back to the coding rubric to see that a score of "2" on company benefit indicated that the, *solution provides benefit to the company by addressing the immediate strategic concerns of the company* and a score of "2" on social benefit indicated that the *solution provides benefit to society by offering disclosure or minimum action on the moral issue at hand*. For either dimension, a score lower than 2 indicated that the *solution did not show any benefit to the company or to society*. As such, an average score of "2" or higher was determined to be the appropriate cut off to indicate those who showed benefit to the business or society in their responses.

10. Examination of the positive residual in the mutually beneficial cell also shows that if the two variables were not related, then we would expect to see only seven of the morally imaginative respondents in that group, but the observed count of 14 was double that expectation.
11. The author used Jordan's (2005) definition of moral components to include how much the issue raised relates to the following: (a) well-being of the people in power, (b) well-being of nonpowerful people, (c) well-being of the community or society affected by the decision, and (d) ethical and moral responsibility of the corporation
12. Responses that list "all stakeholders" as being impacted were rated as a 1 because of lack of differentiation between stakeholder groups (could just mean stakeholders within the company, not necessarily beyond)

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