

**Ethical decision-making in the Public-Private Partnership: an alternative view of Reidenbach and Robin's Multidimensional Ethics Scale.**

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## **INTRODUCTION**

This research explores the ethical decision-making process on projects involving private and public agents, which may have different perceptions of ethical conduct. For example, are integrity issues in the development projects a matter of consciousness, or the incentives to be virtuous (for example, rewards and sanctions) are distinct in the public and private context? Unfortunately, studies regarding the different perceptions about ethical decision-making in business seem to be scarce (Craft, 2013). Therefore, this paper explores a theory-building practice of ethical decision-making in PPPs, examining three key aspects.

First, what are the business ethics and ethical decision-making concepts, especially in an organization? The examination of these aspects is relevant since past research advanced a solid theory, although the application of business ethics in organizations seems to follow the same trend of the 'greenwashing' phenomenon perceived in the past years. In this sense, authors like Eastman (2013), O'Sullivan (2012), and Rhodes (2016) criticized the practice of ethics in organizations because ethics is not their primary content or rationale, sustaining that the corporate self-interest remains on top of the agenda.

Second, to what extent did gaps exist between ethical decision-making in public and private agents and organizations? In connection with the previous aspect, paradoxically, ethics is not the primary driver in ethical decision-making. External influences like rewards and sanctions can influence the decision process instead. The application of Rest's four-step model (Rest, 1986), awareness, judgment, intent, and behavior, can be influenced by different organizational contexts. Organizational contexts, in turn, are built with the contribution of ethical infrastructures, in which rewards and sanctions are essential inputs or 'bricks' (Tenbrunsel et al. 2003, Treviño et al., 2006).

Third, how can the current business ethics orientations be adapted to the context of PPPs, which involves agents with conflicting motivation drivers? Reidenbach and Robin's (1990) established multi-dimensional ethics scale (MES) model does not consider those drivers. Instead, Craft (2013) claims to develop new research instruments (or modification of existing ones) to test different aspects of ethical decision-making, especially in complex and more susceptible activities for anti-ethical attitudes like in the context of PPPs.

Consequently, based on Reidenbach and Robin's MES, the purpose of this study is to explore the difference in ethical decision-making of public and private agents in a PPP. The MES initially defined five dimensions of ethical decision-making: justice, relativism, egoism, utilitarianism, and deontology. Through structured interviews with specialists and professionals involved in PPPs, the addition of rewards and sanctions aspects in the original scale shows that it can be enhanced. A exploratory factor analysis of the data collected confirms that the MES considering the rewards and sanctions is more robust to measuring ethical decision-making in the context of PPPs.

### ***Business ethics and ethical decision-making***

Ethics is defined by Petrick & Quinn (1997, p.42) as the "systematic attempt to make sense of individual, group, organizational, professional, social, market and global moral experience in such a way as to determine the desirable, prioritized ends that are worth pursuing, the right rules and obligations that ought to govern human conduct, the virtuous intentions and character traits that deserve development in life, and to act accordingly". Helgadóttir (2008) assumes that ethics can be viewed as having four components: a value-oriented and concerned with what is most important in life; the study of virtues and vices and how an individual chooses

to live his or her life, the existence of rules that guide the right or the wrong conduct and finally consisting on the autonomy and obligations.

The concept of business ethics has been studied intensively throughout the years, focusing on two streams: normative and empirical. The normative is based on nonempirical methods, and the empirical applies adapted techniques from marketing, finance, and other business areas to study corporate and organizational ethics issues. Donaldson & Dunfee (1994) advanced the interconnection of the empirical and normative research proposing the Integrative Social Contracts Theory – ISCT. In the marketing field, Bone & Corey (2000, p.209) found that "consumers and businesspeople systematically differ concerning several factors believed necessary in ethical decision making – ethical sensitivity, values, industry norms and perceived negative consequences".

Since the end of the last century, the study of business ethics in the decision-making within the business field has been primarily discussed considering two prevalent models: the Four-Component Model (Rest, 1986) and the Issue-Contingent Model (Jones, 1991). Rest's model lies on four steps: i) recognize the moral issue; ii) make a moral judgment; iii) decide to place moral issues ahead of others; and iv) act on the moral concerns. These four steps were translated into equivalent four attributes: awareness, judgment, intent, and behavior. Moreover, Jones' model involves six components regarding moral intensity: i) the magnitude of consequences; ii) social consensus; iii) probability of effect; iv) temporal immediacy; v) proximity; and vi) concentration of effect.

Authors like Craft (2013), Loe, Ferrell, & Mansfield (2000), O'Fallon & Butterfield (2005) produced a consistent review of the literature published from 1978 to 2011 on ethical decision-making, and in all the reviews, Jones's model was positively reconsidered. However, these works pointed out that Jones's model and other studies lack empirical research and a solid theoretical basis. For example, a previous review of empirical ethical decision-making studies done by Ford & Richardson (1994), considering the literature published from 1978 to 1992, indicated that most of the research involved individual factors and not all of them at the same time.

Loe, Ferrell, & Mansfield (2000) summarized publications on ethical decision-making between 1992 and 1996, adding the Jones' (1991) model to the sample to categorize findings centered on positive models of ethical behavior. They called attention to 'how individuals behave' rather than 'how an individual should behave'. O'Fallon and Butterfield's (2005) review include articles from 1996 to 2003 and returned to the Rest (1996) model keeping Jones' (1991) moral intensity factor. Their findings suggest that investigations involving Rest's *awareness* variable are needed. Further, they highlight that theory development in ethical decision-making should move beyond Rest's (1986) and Jones' (1991) models. Craft's (2013) study concludes that Rest's four steps in ethical decision-making continue to be a foundation in the field, but he claims more investigations focus on organizational variables, real-case application studies, and increasing longitudinal studies.

Recent studies related to the ethical decision-making process explore agency theory in the context of a PPP in international projects (Parker et al., 2018), decisions and business value in PPP (Brogaard, 2018), and engagement of corporations in the ethical business (Kaeb, 2018). Several authors have critically studied business ethics. For example, the term 'critical business ethics' coined by Rhodes (2016) defines that various organizational practices and programs are described and justified in ethical terms, but ethics is not their primary content or rationale. In the same line, authors like Eastman (2013) and O'Sullivan (2012) treated critical business ethics proposing reformulations in the way corporations deploy business ethics as part of their operations.

The study of 'critical business ethics' allowed the identification of three lines of critics, sustaining that the corporate self-interest remains on top of the agenda: i) ethical programs are

engaged when there is a business case to show-off; ii) ethical programs as a form to improve corporate image and identity among stakeholders; and iii) ethical programs used as a tool to ward off demands for external regulation (Rhodes & Pullen, 2017). These criticisms, however, have a static approach: how people experience ethics, as a paradox and dilemma, between choice options should be investigated more intensively (Clegg et al., 2007).

For Craft (2013), consolidated instruments like Value Survey (Rokeach, 1973), Forsyth's Ethical Position Questionnaire (1980), Defining Issues Test (Rest, 1986), and Multi-dimensional Ethics Scale (Reidenbach & Robin, 1990) should be used in innovative ways, as well as in real case contexts. Thus, studies involving business ethics in the public-private relationship and the perception of ethical practice from different perspectives seems to be an essential topic to be investigated, not to mention that adding the impact of the rewards and sanctions to these instruments seems to be a promising research agenda.

### ***Reidenbach and Robin's MES including sanctions and rewards***

Reidenbach & Robin (1990) applied their MES in distinct scenarios to understand that individuals use more than one rationale in making ethical judgments, and the importance of those rationales is a function of the problem situation faced by individuals. The authors recognized that an MES should reflect five normative pillars (normative theories): justice, relativism, egoism, utilitarianism, and deontology. Starting with a 33 item instrument, reduced to 30 across the five philosophies after a panel of three individuals, the MES was initially reduced to 14 items and ultimately to eight items (Reidenbach and Robin, 1990). Evaluation items were submitted to a pretest phase in which 218 business students responded to a 7-point bipolar scale, considering three business ethics dilemmas scenarios. Two additional pretests followed the experiment, and using factor-analytic methods resulted in an eight-item measurement scale.

Loo (2002) applied MES on three 'vignettes' (or scenarios) involving ethical dilemmas but focused on three critical phases: project planning, execution, and termination. Vignettes involved classic dilemmas faced by project management in the course of their activities, like 'how to deal with relevant schedule problems', 'how to deal with the lobby during the selection of human resources?' and 'how to deal with misconduct top-down decisions in a project?'. Then, like Reidenbach and Robin's experiment, 247 management undergraduate students were invited to analyze those situations under the 30 evaluation items.

The results showed significant variances associated with each dimension of the original MES, which reflected the students' differences in evaluating the ethics of the behavior in the case scenario. However, the vignettes presented lacked the situation of the real world, and the management undergraduates have a minimum work experience, which may create misjudgment of the case scenario. This fact is related to some recommendations that emerged from the work of Loo (2002): First, case scenarios should be developed to address real case dilemmas since there is no straightforward approach to ethical decision-making resulting from the application of Reidenbach and Robin's MES. Second, different ethical theories can lead to conflicting decisions. These recommendations align with this study's propositions, presented in the next section, in which MES is enhanced by adding rewards and sanctions to interact with the category of the agent towards an ethical dilemma.

### ***Gaps in the public and private ethical decision-making: rewards and sanctions***

Previous literature mapped the empirical contributions of the relationship between rewards and sanctions and the Rest's four-step model (awareness, judgment, intent, and behavior) from 2004 to 2011 (Craft, 2013). This mapping found that rewards and sanctions studies concentrate on the dependent variable 'judgment', while 'awareness', 'intent', and 'behavior' are less mentioned. Thus, the study of rewards and sanctions appears to be relevant

for analyzing the different perceptions of ethical decision-making in the business between private and public agents: while the former decides based on a profit-driven approach, the latter make decisions based on impacts for the collectiveness (or at least has to make, due to law enforcement).

The public' agent's actions are limited on 'what the law allows them to do', public organizations assess the value produced by their teams based on their mission (Knies & Leisink, 2018), while the private actions frequently follow the 'what the law did not prohibit, is the allowed' logic and assessed in terms of revenues earned. These variables are relevant since people management in public and private sectors may differ (Knies & Leisink, 2018; Potcovaru, 2018). Public organizations are less likely to adopt high-performance work systems (HPWS) due to the lack of market competition and profit-seeking (Kallerberg et al., 2006), while in the private sphere, the compliance rules appear to be less strict. Consequently, 'rewards' appear to be less effective towards public agents, while 'sanctions' may influence them oppositely due to the different contexts of public and private organizations. Therefore, from the supporting literature, proposition 'P1' is formulated.

*P1: The type of agent (public or private) influence the relevant judgment items of an ethical decision making in business;*

This proposition is relevant because some legal systems had been increasing the sanctions imposed on unethical practices of public agents in exchange for increased efforts on preventive actions (Tourinho, 2018). Moreover, according to Treviño et al. (2006), variables like 'rewards' and 'sanctions' can influence the organizational context, including the ethical infrastructure, which in turn influences the awareness, judgment, intent, and behavior steps of the manager's ethical judgment and decisions. The relevant relationship of rewards and sanctions in ethical decision-making was studied by Watson et al. (2009), exploring the individual profile (hedonism, benevolence, universalism, and value for power), rather than organizational aspects that may influence the ethical decision-making process. Hayibor and Wasieleski (2009) and Watson and Berkley (2008) follow the same discussion line focusing on the individual inward-looking approach.

Hwang et al. (2008) and Jeffrey et al. (2004) also discuss the condition of the agent (public or private) and the possible influence of rewards and sanctions by presenting the case study of Auditors and CPA (certified public accountant) holders and their likeability to violate ethical standards. The works of Premeaux (2004), Shafer and Simmons (2011), and Valentine and Bateman (2011) relate the influence of organizational culture and environment on the likelihood of unethical actions. Based on these studies and to explore beyond personal values as those connected to Rest's (1986) dependent variables (awareness, judgment, intent, and behavior), we propose the following proposition' P2':

*P2: The type of agent (public or private) is relevant for Rewards and Sanctions, which influence the ethical decision making*

The exploration of prepositions P1, and P2 demands changes in the original multi-dimensional ethics scale (MES) proposed by Reidenbach and Robin. An adapted dilemma scenario for public-private projects, considering rewards and sanctions questions, should be developed. The proposed questions regarding rewards and sanctions were formulated based on the supporting literature (Hayibor e Wasieleski, 2009; Jeffrey *et al.*, 2004; Premeaux, 2004; Smith *et al.*, 2007; Watson e Berkley, 2008; Watson *et al.*, 2009) and codified as *RS1 to RS10*, as presented in Table 1.

Table 1: corresponding literature and rewards and sanctions questions

Code	Question	Reference
RS1	You would be able to imagine and list many impacts that an act like the narrated could have on society.	Hayibor e Wasieleski (2009)
RS2	People generally believe that asking for small favors (as in the scenario presented) is not correct.	Hayibor e Wasieleski (2009)
RS3	Your decision would be similar if the probability of an audit questioning this act is small, and the chance of a penalty is also small.	Jeffrey <i>et al.</i> (2004), Smith <i>et al.</i> (2007), Watson e Berkley (2008)
RS4	Your decision would prioritize laws and protection of rights in order to avoid any sanctions.	Premeaux (2004)
RS5	You believe that the risk of being caught and the consequences that you would suffer are too relevant.	Premeaux (2004)
RS6	You believe that the Project manager's decision has a tremendous potential benefit and a small associated risk, considering all the parties involved.	Premeaux (2004)
RS7	Given this case, factors such as the possible punishments for the act and the rewards that the Project Manager can achieve for the project's success should not be the drivers for the decision.	Watson <i>et al.</i> (2009)
RS8	You would make the same decision as to the Project Manager if I had the information that this year's bonuses are very tempting for those managers with high performance.	Watson <i>et al.</i> (2009)
RS9	You would have taken the same decision as to the Project Manager if I had found that the questions from the Public Prosecution or the Court of Auditors did not affect past cases.	Watson <i>et al.</i> (2009)
RS10	The recognition for transparent and ethical practices must be greater than the efforts made to punish unethical attitudes.	Hwang <i>et al.</i> (2008) Shafer e Simmons (2011) Valentine e Bateman (2011)

Hence, considering the scope of this study, a proposal of adaptation of the Reidenbach and Robin's MES is presented in Figure 1. In this adaptation, the ethical dilemma and the type of agent have essential roles to discuss the gaps raised in past studies. The former, distinct from other studies that used case scenarios or vignettes, brings an adapted dilemma typical in PPPs.

The latter influences the original dimensions of the MES, proposing the formation of a new set of constructs for each type of agent. Finally, the introduction of rewards and sanctions variables will be essential to understand the motivator of an unethical attitude of public and private agents when facing a dilemma

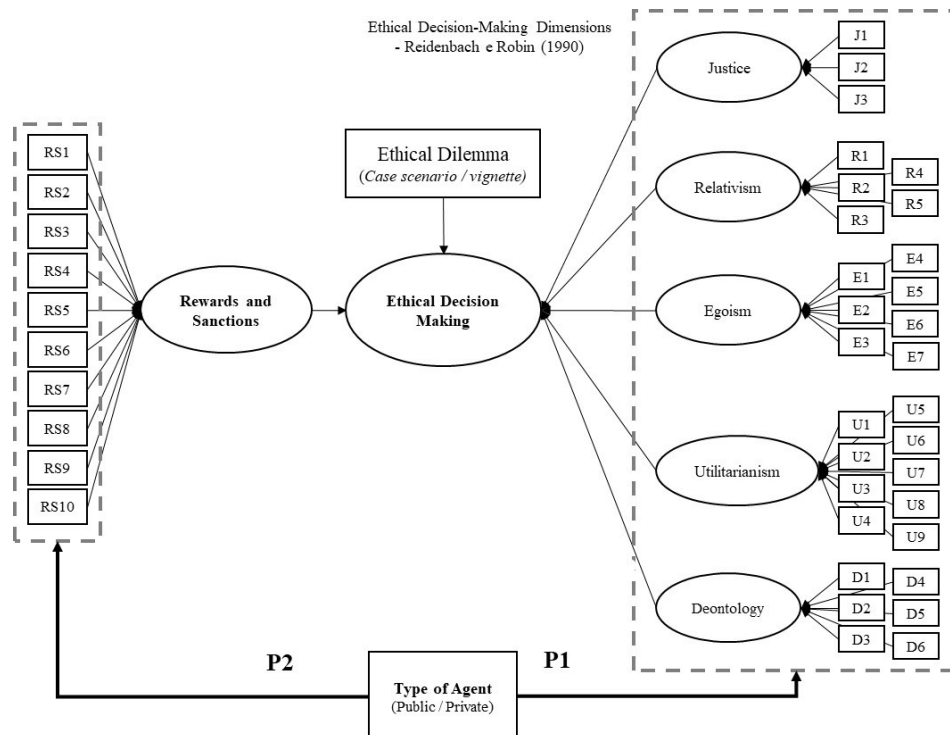


Figure 1: Proposed adaptation of Reidenbach and Robin MES.

## RESEARCH METHODS

The study used semi-structured interviews and exploratory factor analysis for the proposal of the enhanced MES during the three research phases—the first phase, regarding the construction and validation of the dilemma scenario and the questionnaire including rewards and sanctions aspects. The second involves the conduction of semi-structured interviews to evaluate the adapted dilemma scenario. Finally, the third phase of the research involved applying a questionnaire based on Reidenbach and Robin's MES questions enriched by rewards and sanctions attributes. Professionals with experience in managing PPPs participated in this phase to collect qualified opinions on ethical decision-making in business, reflecting the reality faced by companies.

It is a distinct procedure comparing with past research of Reidenbach and Robin (1990) and Loo (2002), who applied the MES to business management students without experience in relevant business decision making. The questionnaire has the objective to collect data for the proposal of an adapted MES, in which the original dimensions (justice – J1 to J3, relativism – R1 to R5, egoism – E1 to E7, utilitarian – U1 to U9, and deontology – D1 to D6) could be combined with rewards and sanctions variables (RS1 to RS10) to form new constructs. The new construct proposals are in line with propositions *P1* and *P2*, which aim to understand the different aspects that influence the ethical decision-making of public and private agents (Figure 1).

### *Sampling Process*

The selection of respondents in all phases of the research considered professionals with experience in managing projects involving PPPs. Participants of the research were gathered based on a snowball sampling (also called chain-referral or link tracking), following the procedures of Gile & Handcock (2010) and Illenberger and Flötteröd (2012). Initially, 'insiders' were selected to start the collection procedure, selected from a specific group. Next, a set of respondents (seeds) answered the questionnaire and named others they have a relationship

constituting Tier 1. These respondents of their network constitute Tier 2. Finally, the procedure was repeated until the network was exhausted. This procedure, especially the selection of initial 'insiders' were necessary to reach unknown members of more qualified specialists, who integrated the interview session in the second phase of the research as recommended by (Atkinson & Flint, 2001).

Finally, another 112 respondents participated in the final round of the study and were selected randomly from the LinkedIn professional network. The selection of respondents followed the criteria of experience in managing PPP (a minimum of five years) and the parity between public and private participants to avoid a bias in the findings.

***Construction and validation of dilemma scenario and semi-structured interviews***

The experiments of Loo (2000), Reidenbach, and Robin (1990) analyzed the reaction towards an ethical dilemma based on a private-private relationship, which may not reflect the perception of public and private agents in the context of a PPP project. Therefore, an alternative ethical dilemma case scenario is proposed, as shown in Table 2 below:

Table 2: Adapted ethical dilemma case scenario

<p><b>1. The Problem</b></p> <p>A manager of a massive infrastructure project is facing a delay in the execution of the civil construction schedule. The environmental license, which should be approved this week delayed despite the submission of all documents timely. The lack of this environmental license may delay the whole project in a couple of weeks. After a tough negotiation with stakeholders and sponsors, there were changes in the schedule, meaning that a new stressful situation should be avoided.</p>
<p><b>2. Action Courses (the alternatives)</b></p> <p>The following actions courses are suggested: a) leave as it is and wait for the license approval in the coming days (following-up the responsible public agency); b) contact an old colleague from college times and call for help to prioritize your demand.</p>
<p><b>3. The implications</b></p> <p>The strategy to contact an old friend can eliminate the project delay risk and avoid a stressful situation of a new schedule change request. However, the project manager has a piece of information that the Federal Prosecution Service and the Federal Audit Office strengthened the audit procedures, and some department colleagues were questioned for past projects, although bribery or financial transactions were not involved.</p>
<p><b>4. The Decision</b></p> <p><i>The project manager decides to contact his colleague, understanding that bribes or payment of values are not involved in this request, and project risks are too high to be assumed.</i></p>

Experienced project managers in the public sector and university professors evaluated the scenarios based on three criteria and a binary scale: realism of the scenario (realistic / not realistic); relevance of the case (relevant / not relevant); and clarity of the written scenario (entirely clear / may raise some doubts). A 'realistic', 'relevant', and 'fully clear' scenario was the only accepted evaluation to accept the dilemma scenario in the experiment. The approved dilemma scenario has 30 evaluation items (*versus* the original 33 item questionnaire) and enriched by ten questions based on the rewards and sanctions (RS1 to RS10) relationship of Rest's four-component model, using a 7-point bipolar format scale. An electronic survey platform consolidated the questionnaire to simplify the distribution, reply, and data compilation activities.



Two respondent groups, the private sector, and the public sector were established. The former comprises project managers, project coordinators, and project team members currently working in the private sector with PPPs in infrastructure, educational, services, and agribusiness industries. The latter, project members, coordinators, and managers, work in the federal, state, and municipality ministries, secretaries, and autarchies involved in designing and implementing projects.

Eight specialists, appointed by those previously selected as 'seeds', composed the panel during the snowball section in the first data collection. Those eight specialists with more than ten years of experience managing PPPs were considered adequate due to their professional and academic backgrounds. In addition, to respect the sample's parity, we considered four specialists from the private sector and another four from the public sector.

Before the interview sessions, specialists received a material containing the purpose of the research and summary graphs containing the results of the data collection from the first phase. Based on this preliminary information, we required the group to reply to the same questionnaire and provide their opinion comparing their answers with the first phase results. Additionally, an open question about their perspectives on ethical decision-making in a public-private relationship closed the session. The final version of the questionnaire considered the comments from specialists before being submitted to respondents.

### ***Questionnaire application and factor analysis***

The questionnaire was submitted to 346 professionals in the professional social network groups, respecting the parity of public and private agents. Returned questionnaires were distilled, excluding professionals who did not have at least five years of working experience and did not have experience in the public-private environment. As the following step, the sample size was tested based on (Bollen, 1989; Hair Jr. et al., 2006; Marsh et al., 1998), and the validity of the sample was verified based on Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity (BTS). Factor extraction employs Principal Components Analysis (PCA), and the number of factors determined through Kaiser Criterion (*eigenvalue* > 1) and finally applying orthogonal Varimax rotation, which is the most commonly applied in an experiment like proposed in this work (Tabachnick and Fidell, 2007).

Finally, in order to identify the potential new constructs for each category of agents (public and private), the authors created four groups of variables resulting in four different groups of constructs: i) rewards and sanctions for public agents (***PubRS***); ii) rewards and sanctions for private agents (***PriRS***); iii) Reidenbach and Robin dimensions – public agents (***PubRR***); and iv) Reidenbach and Robin dimensions – private agents (***PriRR***), as shown in Figure 2 below.

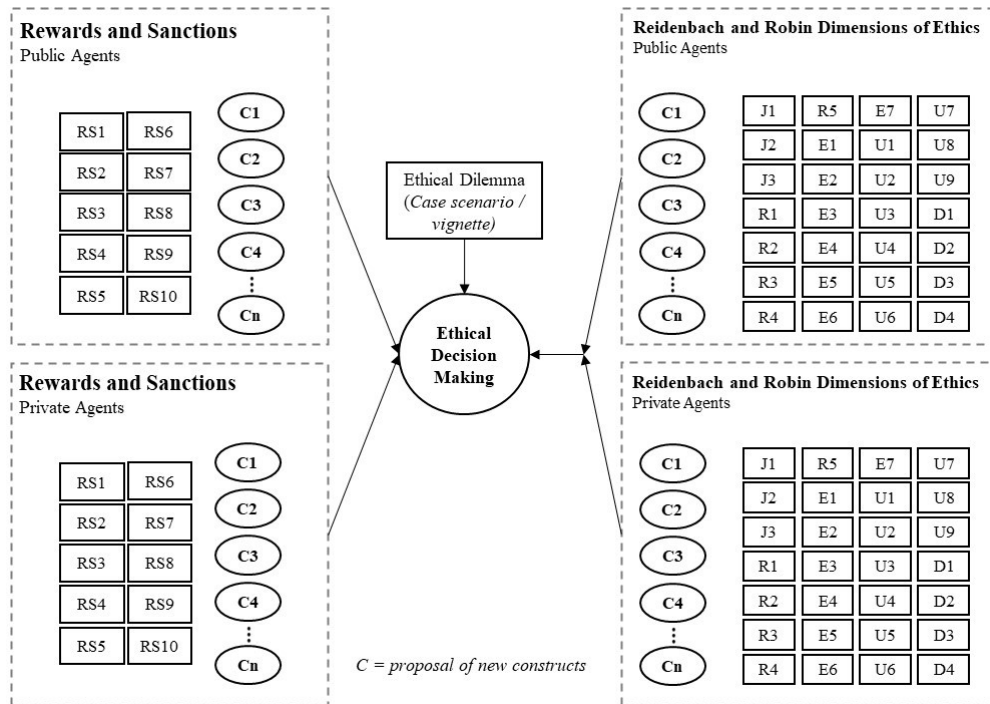


Figure 2: Proposed adaptation of Reidenbach and Robin MES.

## FINDINGS

### *Evaluation of Case Scenario and Semi-Structured Interviews*

As for the reality of the case scenario, 76% (13/17) agreed that the scenario is realistic with real-life situations, 88% (15/17) agreed that the scenario is relevant, and 94% (15/17) considers that the scenario was clearly explained. None of the respondents considered that the ethical dilemma case scenario was unclear, irrelevant, or unreal. However, our methodology targeted 100% case scenario approval in terms of reality, relevance, and clarity, and therefore, the analysis of the comments regarding the case scenario was essential for its reformulation. A revised version of the case scenario resulted from those comments and was used for the evaluation in phase 2. explained below with changes and additions underlined (Table 3).

Table 3: revised case scenario - fragments

<p><b>1. The Problem</b> (No changes)</p>
<p><b>2. Action Courses (the alternatives)</b> (no changes)</p>
<p><b>3. The implications</b></p> <p><i>(...) and some department colleagues were questioned for past projects, although bribery or financial transactions were not involved. <u>Administrative misconduct issues are even discussed.</u> On the other hand, this is an extremely relevant project in the governmental program due to the positive impact in job creation, investment attraction, and the potential to develop a region that needs investment. From the project manager's particular point of view, the success in this project will grant a great bonus at the end of the year, plus the great impression within the company and to the market.</i></p>
<p><b>4. The Decision</b></p> <p><i>The project manager decides to contact the college's colleague, understanding that <u>the risks are manageable compared with the positive and negative impacts involved in the project.</u></i></p>

Gathered data in this phase were presented according to descriptive statistics and discussed with specialists to identify a trend regarding the perception of private-public agents in the dilemma case scenario. Qualitative inputs regarding the project manager's decision in the ethical dilemma were obtained from applying the first questionnaire. For a respondent from the private sector, *"ethical dilemmas should also consider the cultural background of the transaction. For instance, if one applies the same case scenario in a Chinese business background, completely different results could be obtained due to the Guanxi culture,"*. This feedback may be relevant for deepening studies in the future. Another comment from the public sector reveals, *"it is completely lawful to use networking in order to understand the difficulties of a project and so, to contact the environmental department to ask about government priorities. Nevertheless, of course, if money is involved, I am totally against any contact or influence"*.

A different line of opinion from a public agent argues, *"the objectives may, sometimes, overcome the process. In this case, we should evaluate other variables, such as the generation of income, jobs, economic development, and so on. We also should draw a line between asking for help in a legally instructed process and ask for license approvals. Although this may look obvious, the difference is not well understood by people"*.

Results indicate an effective ethics management close to what Treviño & Brown (2004) proposed as a guideline: i) understand the existing ethical culture: and in this sense be sensitive to the different environments involving the public and private sector; ii) consistent communication of ethical standards, and iii) focus on the reward system. In particular, the reward system should be better developed, because as perceived in the study, there are signs that the sanction and rewards systems work differently in each context of public and private organizations.

The private sector has fewer limits to create and introduce attractive reward systems. On the other hand, the public sector has legal limitations to introduce a career plan or year-end bonus for transparent actions. In this sense, sanction based on current laws seems to be more effective as a tool to avoid misconduct in projects. It means that public and private management have some dissimilarities in managing people and ethical issues (Boyne G., 2002; Boyne et al., 1999; Knies & Leisink, 2018; Potcovaru, 2018). Hence, project managers leading projects with public and private agents must be aware of such nuances, and in some cases, be the 'champion that makes ethics implementation happen' (Murphy, 1988), otherwise the management of stakeholders and resources may turn into a challenging task.

### ***Survey with Specialists***

The main objective of this phase was to capture the opinion of specialists about a complex or uncertain topic, which is in a preliminary exploratory stage, like the one proposed in this work. One of the objectives of employing this method is to obtain a consensual opinion of specialists' which can be considered feedback on future events (Linstone & Turoff, 1975).

Regarding questions 1 to 3 ('Justice' dimension), specialists commented that *'respondents perceive that the project manager's decision is a negative act, but fair/unfair, just/unjust are subjective evaluations. Nothing is unfair or unjust, and so we can find a misunderstanding about the antagonism of public interest and private interest'*. Another opinion sustained this point, arguing that *'I am not favorable to such a prioritization act. However, the vision of what is fair or unfair, just or unjust, is a matter of evaluation based on the concrete case. Of course, in the presented case, the situation is in a grey zone, but in general, it seems that the project manager's friend aid will bring more benefits for the group rather than damages. So, isn't it fair?'*

As for questions 4 to 8, which regards the 'Relativism' dimension, respondents understand that the attitude acceptance towards other people is irrelevant because *'is a tentative*

to be politically correct, which in my opinion is inexistent. The correct application of the norm in the concrete case, weighted by the relevance of public interest, should guide the decision in the project management in our reality'. Comments from questions 9 to 15, which regards to 'Egoism' dimension, 'the dimension could not be reflected very well in the respondents' opinion. Although some of the questions have different means, the overall result is quite similar for both agents. It let us think that 'egoism' is not an absolute concept. It depends on the reference of each agent. Additionally, 'it strengthens the idea that such dimensions are just a reference and the concrete case (or adapted case) should be a reference to build the proposal of new 'dimensions''.

Results of questions 16 to 24 signs that 'some uncertainty regarding the position of respondents. I think that this is not a matter of satisfaction bonus. It is about what needs to be done and public administration, in the limits of its rules, should confirm the public interest when prioritizing a project'. Moreover, 'sometimes it is complicated to align the demands of so many people involved in a project, and that is why the evaluation of risk-cost-benefit of action tends to be preferable in other to maximize the welfare of the collectiveness, although there is a social cost for it.

Furthermore, questions 32 to 41 regarding sanctions and rewards show the public administrator that 'people are excessively concerned about the level of sanction. In a project, the action/decision of project management is not punished while covered by appropriate justification and motive'. However, a public agent argues that 'even when the proof documents are gathered, and you have all actions appropriately covered by justification and motive, you can be cited in a lawsuit just because your name was included as a team member of a project. It means that you will not avoid costs with lawyers on top of the wasted time with audiences and so worth. That is why public service's pace can be much slower than the privates.

Opinions from specialists regarding the results of the questionnaire highlights the proposal that ethical decision-making towards an ethical dilemma can be influenced by a diverse set of variables like quality and type of the agent, cultural background, compliance maturity of the organization or environment in which the agent is inserted, response to a reward or sanction based on social position. Thus, for example, a public agent with prestige and social status in the society, like a judge or a tax auditor, can have a higher pre-conventional level of moral development compared with a professional from the stock market (because while the former is formally trained on moral and ethics subjects, the latter usually is not). Those aspects and findings are also discussed in the works of Hayibor and Wasieleski (2009), Hwang et al. (2008), Jeffrey et al. (2004), Shafer and Simmons (2011), and Watson et al. (2009).

Our findings suggest that although Reidenbach and Robin's MES is robust to ethical decision-making, this model's innovations and enhancements are required. Furthermore, findings are in line with the suggestion of Craft (2013), who argued that the development of new instruments is needed in the study of ethics. Thereby, some ideas to enhance the current instruments will be discussed in the following section.

### ***Exploratory Factor Analysis and Proposal of Constructs: MES dimensions, rewards, and sanctions***

The correlation matrix of Reidenbach and Robin's MES applied to the private agent (PriRR), and the public agent (PubRR) resulted in the exclusion of questions E3, E5, and E1, E3. The application of principal components analysis resulted in five factors explaining 72,22% of the total variance in *PriRR* and six factors explaining 69,81% of the total variance in *PubRR*. It was followed by rotated factor loadings – *varimax*, which resulted in three factors and 14 components for *PriRR* (Table 4), and two factors and seven components for *PubRR* (Table 5).

The same procedure was adopted for rewards and sanctions data for the private agent (*PriRS*) and the public agent (*PubRS*), resulting in the exclusion of questions RS7 and RS10,

and RS2, RS2, RS4, RS5, RS6, and RS7. The application of principal components analysis resulted in two factors explaining 60,41% in *PriRS* and two factors explaining 80,37% of the total variance in *PubRS*. It was followed by rotated factor loadings – *varimax*, which resulted in two factors and 14 components for *PriRS* (Table 6), and two factors and four components for *PubRS* (Table 7).

Table 4 – Rotated factor loadings and unique variances – *PriRR*

Variable	Factor1	Factor2	Factor3
U4	<b>0,925</b>	- 0,132	0,118
J1	<b>0,881</b>	- 0,230	0,019
U2	<b>0,871</b>	- 0,068	0,134
R5	<b>0,868</b>	- 0,163	0,016
J2	<b>0,867</b>	- 0,221	0,076
R4	<b>0,863</b>	0,055	0,058
E4	<b>0,858</b>	- 0,179	0,120
R2	<b>0,818</b>	- 0,182	0,038
E6	<b>0,743</b>	0,177	0,054
E7	<b>0,634</b>	0,039	0,274
E5	- 0,042	<b>0,744</b>	- 0,232
E2	- 0,342	<b>0,596</b>	0,155
D2	- 0,624	<b>0,507</b>	0,118
E3	0,062	- 0,050	<b>0,927</b>

Table 5 – Rotated factor loadings and unique variances - *PubRR*

Variable	Factor1	Factor2
R4	<b>0,895</b>	- 0,042
R5	<b>0,879</b>	0,060
J1	<b>0,855</b>	0,036
R2	<b>0,783</b>	- 0,216
U4	<b>0,769</b>	0,022
E4	<b>0,742</b>	- 0,293
E3	- 0,012	<b>0,980</b>

Table 6 – Rotated factor loadings and unique variances – *PriRS*

Variable	Factor1	Factor2
RS9	<b>0,901</b>	- 0,039
RS8	<b>0,849</b>	0,035
RS6	<b>0,809</b>	- 0,245
RS2	0,120	<b>0,849</b>
RS5	- 0,441	<b>0,659</b>
RS1	- 0,235	<b>0,639</b>

Table 7 – Rotated factor loadings and unique variances – *PubRS*

Variable	Factor1	Factor2
RS8	<b>0,914</b>	0,041
RS9	<b>0,904</b>	0,015
RS3	<b>0,556</b>	- 0,633
RS10	0,144	<b>0,911</b>

The above results show that the original five dimensions (justice, relativism, egoism, utilitarianism, and deontology) can not be applied to the study of ethical dilemmas in projects involving public and private agents, especially PPPs. Consequently, propositions P1 - *The type of agent (public or private) influence the dimensions of ethical decision making in business*, and P2 - *Rewards and Sanctions are influenced by the type of agent (public or private) in an ethical decision making*, are valid and new constructs (or dimensions) can be proposed for the modified MES of Reidenbach and Robin, as presented in Figures 3 and 4.

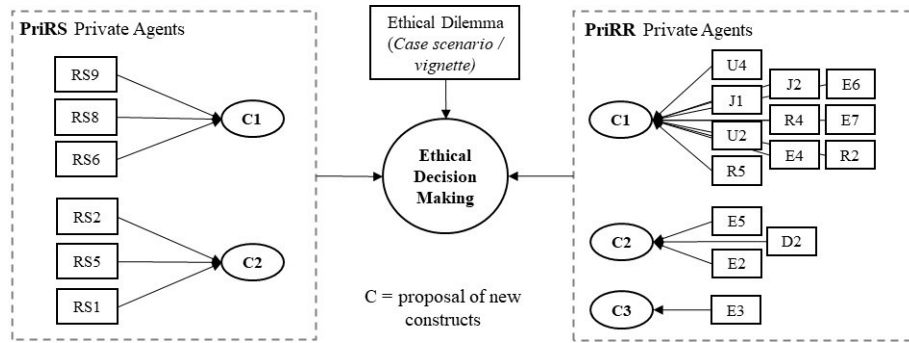


Figure 3 – proposal of constructs – variables PriRR and PriRS – private agents

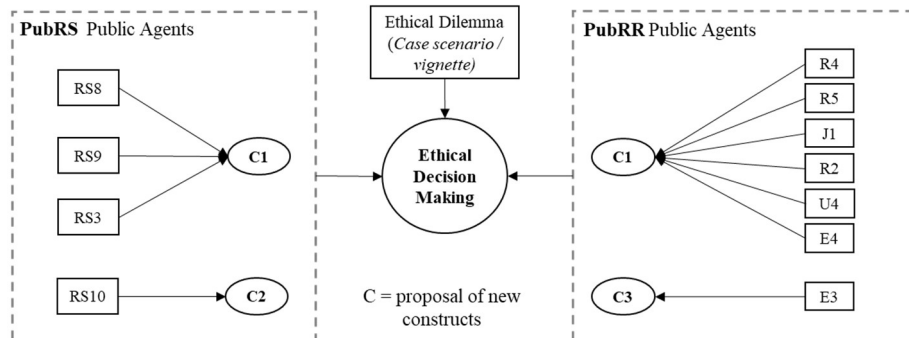


Figure 4 – proposal of constructs – variables PubRR and PubRS – public agents

These new constructs proposals resulted in a concentration of original egoistic and utilitarianism variables among the three constructs in *PriRR*, while in *PubRR*, the predominance of original relativism dimension variables is evident. The relativism dimension concentrates on aspects of ethical decision-making, which considers ethics as non-universal, adapted to each culture and context of the dilemma. As for rewards and sanctions variables, *PriRS* and *PubRS* variables RS5, RS8, RS9 are related to tangible cause-effects of an unethical attitude (for example, the occurrence of a formal auditing process from governmental instances).

### FINAL CONSIDERATIONS

Results and findings allow us to suggest that public and private agents act differently in terms of ethical decision-making in business. This difference in the perception of ethics is not solely related to a particular profile, educational, or social background. It may also be related to the exogenous variables ruling the public and private agent's work environment. For example, public agents of some countries are ruled by Administrative Improbability Acts. Thus, theoretically, any action or sign of action that may result in illicit enrichment, damage to the treasury, or misconduct will result in substantial financial penalties, loss of public rights, and other sanctions. Besides, there are no tangible incentives (like yearly bonuses) for the public agent to improve their organization's financial performance.

On the other hand, private agents are strongly motivated to act based on financial rewards, quick job promotions, frequently seeking higher amounts of bonuses and paychecks. This different perception is responsible for creating gaps in the course action of the agents, opening the path for lobbyists, bribery, and corruption, as noticed in recent years. Hence, the ethical issue, which should be central in the discussion about decision-making in the business, is relegated to a marginal level. Instead, a decision is taken based on 'business case result' and 'improvement of corporate image,' which is not sustainable to develop ethics in business.

Different perspectives of ethical decision-making among public and private agents suggest that commonly used instruments like Reidenbach and Robin's MES (multi-dimensional

ethic scales) could be enhanced and adjusted in order to reflect a real problem situation. Accordingly, based on the findings of this study, the original framework of Reidenbach and Robin can be further enhanced, and new constructs (or dimensions of ethical decision-making in the original proposal) can be extracted for each type of agent (public or private). This new construct is a proposal for further studies. In addition, confirmatory analysis, such as structural equation modeling (SEM), can be employed in the proposed model.

As for research limitations, this study is performed in a specific geographic region – Brazil – in a delicate moment of the country's history, which may be influenced by recent corruption scandals of 'car-wash operation.' Therefore, expanding the sampling to other territories and replicate the survey to other countries to compare results. Furthermore, the addition of other dilemma scenarios based on real case experiences, on top of the one proposed in this study, will also improve the ethical dilemma's clarity, relevance, and reality.

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