The Missing Element in a Leader's Decision Making Process

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A leader's ethics, character, and moral compass guide them in making decisions, but there is another imperative that leaders must have in making decisions – ethical self-awareness.

The Missing Link in Making Business Decisions

Ethical self-awareness is understanding *why* you make the decisions you do – what rationale did you use to come to the conclusion and what potential flaws may exist in your reasoning? Individuals often have their own biases and blind spots in which ego and fear may unconsciously get in the way of good decisions. Behavioral ethics research provides insight into *why* good employees behave unethically, **how** they reach moral choices, and **when** unethical behavior is more likely.

Self-Interest, Biases, Blind Spots, and the Ego

In my last article, I talked how cognitive frame biases, situational influences, and dispositional character make unethical decisions more likely.

- Incentives can lead individuals to act with self-interest and distort judgment.
- A bias against a person, a group, a department or even regulations may cause an individual to rationalize an unethical decision due to perceived unfairness.
- Fear may cause individuals to make poor decisions. When an individual is faced with a threatened loss, such as falling short of expectations or quota, they are willing to take on more risk.

Asking a simple question such as "Is my decision based on fear or threatened loss," is an objective way to ensure objectivity in the decision-making process. Leaders need to understand what real-world rationalizations look and sound like to recognize and neutralize them in their decision-making process.

Looking at Decisions as Ethical Decisions and Not Just Business Decisions

Having ethical self-awareness helps leaders to understand the potential flaws (self-interest, biases, blind spots) in their decision making and will lead them to have a moral aspect in their business decision making.

SUMMARY

We can all argue we want to further develop ethical leaders, but the real problem is that leaders don't often recognize the potential for the biases and blind spots that can distort their judgment when making a business decision. Companies should incorporate behavioral ethics into their leadership development curriculum and value-based ethics and compliance programs by educating leaders on the importance of ethical self-awareness within the decision-making process. Training should reflect what real-world rationalizations look and sound like to help neutralize common biases when making business decisions.

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About DMH Ethics & Compliance Advisors:

[DMH Ethics and Compliance Advisors](#) is a recognized leader in ethics & compliance consulting and specializes in the development, design, and delivery of real-world ethics and compliance training.

DMH understands that today's organizations look for leaders that model ethical behavior and understand the compliance-related risks of an organization. DMH founded the **[Ethical Leadership Academy](#)** to help leaders understand ethical challenges, provide insight into ethical decision making and take actions necessary to reinforce a culture of integrity.

To contact DMH about opportunities, or to see an example of the training, email mholloway@dmhbiopharm.com.