

# Emotion as an ethical compass in sustainability decisions



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# Ethical challenge in strategic trade-off decisions

- Strategic sustainability decisions are characterized by strategic importance, high stakes involving several stakeholders and often demand companies to move beyond what already exists
- Ethical dilemmas are ever present in uncertain conditions where multiple stakeholders, interests, and values are in conflict and laws are unclear (Trevino, 1986).
- Prior research has approached dilemmas in strategic sustainability decisions mainly through hard measures and rational criteria (Feito-Cespon et al., 2016; Rezaee, 2017).

# Research gap

- Frameworks for strategic sustainability decisions neglect a large part of the reality: those decision aspects that acknowledge the the role of emotion (Dane and Pratt, 2007; Schwartz, 2016).
- Problem: there is no machine where the manager could feed in the details of a trade-off dilemma and out would pop the right and good ethical answer

RQ: How emotions affect strategic sustainability decisions?

# Empirical setting/Method

- Drawing on semi-structured interviews, we analyse the role of emotion in strategic sustainability decisions at the level of manager's lived experiences
- Sample: 26 Finnish trailblazer companies that "make a path through new or unsettled terrain upon which others may follow" (Shepherd and Patzelt, 2017)
- Selection criteria:
  - \* companies which have fewer than 250 employees, and have either an annual turnover not exceeding EUR 50 million, or an annual balance-sheet total not exceeding EUR 43 million (Source: Statistics Finland)

First Order Codes	Second Order Codes	Third Order Codes		
Dilemma in switching to recycled materials Dilemma related to health and safety issues Dilemma related to true sustainability	Dilemmas with ecological and social mission	1. Sensitizing		
Dilemma in sacrificing profits in the short run Dilemma attached to focusing on quality rather than costs Dilemma attached to regulations and technology	Dilemmas in short-term goal setting			
Dilemma attached to societal value Dilemma related value conflicts with collaborators Dilemma related with stakeholders and investors	Dilemmas with conflicting interests			
Joy enhances understanding detailed analysis Excitement signals future possibilities Excitement enhances clarity in holistic evaluation	Positive emotion		2. Sensing	
Without feeling there is no willingness to change Without feeling incomplete information stays incomplete Without feeling there is no real commitment	Lack of emotion			
Avoiding expected pain accelerates the willingness to change Fear indicates risks regarding expected performance Gut feeling that shows optimal direction overrides fear	Negative emotion			
Best feeling signals rightness of the choice Exctatic feeling relates to not following the crowd Excitement signals doing the right thing	Rightness/goodness			3. Selecting
Feeling associated with wrongness prevents from making the decision Feeling related to uncertainty is a warning	Badness/wrongness			

# 1.Sensitizing

# Exemplary quotes featuring dilemmas with environmental and social mission

*“Ethical dilemma can emerge if we need to decide when to substitute our current package materials with more ecological but more expensive recycled materials”- M7*

*“Do we need to be very sustainable or is it ok to be somewhat sustainable? Is it acceptable to use 5% fossile ingredients in the product development, or should we instead try to eliminate non environmental raw materials totally?” – M6*

# Exemplary quotes featuring dilemmas with goal setting

*“In our daily practices we try to make choices that are based on quality rather than costs. This leads to a cost structure that is perhaps not so nice, but it is the way it goes.” – M12*

*“Sometimes the progress is slower than expected. Technologies are yet not able to separate all components of the waste. Even if we would be tempted to do something radical, without the necessary permits we won't execute our plans.”- M13*

# Exemplary quotes featuring dilemmas with conflicting interests

*“We are very careful when choosing collaborating partners, and make sure that there are no value conflicts involved.” – M16*

*“How to solve the ethical dilemma in decision making if a key stakeholder thinks that coal (cheaper, but harms the environment) is a better choice than wood (more expensive, but more ecological?” – M3*

## 2.Sensing

# Illustrative quotes featuring positive emotion

*“Feeling enhances your own understanding on the quality of the analysis conducted. Joy of success is a key driver in sustainable performance.”*  
- M15

*“You can feel good during decision making if you are excited about the future possibilities or if you can validate facts. Afterwards it feels great if we know that we can accomplish those projects we have started.”*  
-M22

# Illustrative quotes featuring the lack of emotion

*“Although we could do it technically, but if there is no feeling involved, would it be wise to do it after all? Feeling is the final element in validation.”-M5*

*“Without feeling there are no results. Nobody works for the money. People will not commit to decisions that do not involve emotions.” –M9*

# Illustrative quotes featuring negative emotion

*“If we buy a new machine, we can produce packaging materials with less plastic, and use less energy. In the long run, it would feel really painful to stick with old machinery. We need to embrace big changes, and environmental protection is essential.” –M21*

*“Strategic decision making is about risk taking, believing in success, and evaluating whether you can perform or not. I sense fear if I make a promise, and can't keep it.”-M14*

## 3. Selecting

# Illustrative quotes reflecting signals of goodness/ rightness

*“Mixing different criteria in decision making can guide you to choose the best possible option. However, it is not only about an ecstatic feeling reflecting the way things should be ideally. Rather, the rightness can also be related to not following the crowd.”-M3*

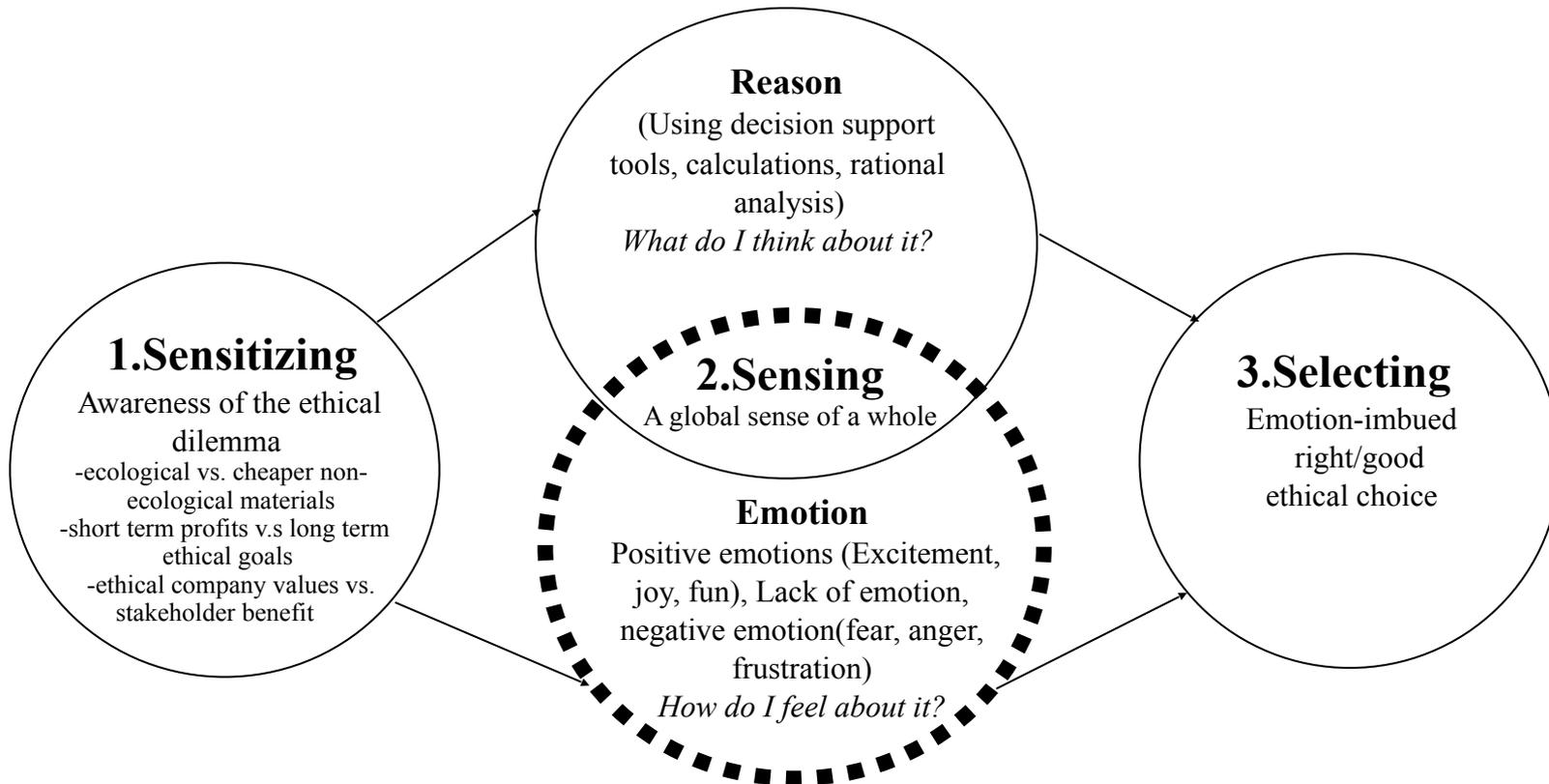
*“When you are in the brink of making the commitment decision, you know that you are about to do the right thing if you feel excited”. –M4*

# Illustrative quotes reflecting signals of badness/ wrongness

*“In decision making feeling is related to uncertainty indicating that now we are betting on the wrong horse.” – M23*

*“In our company people can show their feelings to their fellow co-workers also in those situations when something fails. Such attitude brings life to our company and unleashes our creative energy.” –M12*

# Towards a new model of emotion-imbued sustainability decision making



# Contribution

- Merging the oral expressions of the managers with theoretical insights from ethical decision making, we have shown how emotion and reason together can inspire managers to realize their ethical images in strategic sustainability decisions.
- Emotions reflect not only self-centered feelings, but also a moral perspective, thus improving the ethical quality of strategic decisions. Through their capacity to act as a ethical compass, emotions take effect through three interrelated, but distinct elements: sensitizing, sensing and selecting.
- Emotion fuels this emerging context of sustainable transformation, which serves as a great example of a transition toward a better future where the economy serves society so that it respects to the planet (Markman et al., 2016).

Thank you for your attention.

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<https://www.lut.fi/web/en/school-of-business-and-management/mikkeli/projects/reasons-and-emotions>

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