

Ethics in Practice: What Are Managers Really Doing?

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Biographies

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Abstract

This study asked managers with different educational backgrounds and experience from variety of industries of a variety of sizes representing both genders and various predominant managerial functions at different levels to ‘describe the skills they think are necessary to perform their jobs effectively’. In particular, they were asked to rank 178 behavioral skills presented under 22 different categories that described different aspects of management. Data were then examined first to determine the importance of ethics/integrity overall in the group of managerial activities and then to explore how specific ethical activities of managers differ across various managerial and organizational characteristics. Findings indicate that ethics is still considered one of the lesser important skills necessary in managers’ daily work. However, once specific ethical activities are analyzed separately, significant differences are found across characteristics of managers, as well as those of the organizations at which they work.

Introduction

There are mixed opinions regarding the factors that determine ethical behavior in organizations. However, one continuous theme is that managers are the most significant element of an organization's ethical culture and consequent member behavior. This research project began with a simple question – what skills do managers think are important to do their job well? How do managers rank these skills in terms of importance in the completion of their work?

The category “ethics and integrity” was one of the 22 skill sets suggested as required for excellent job performance (including leadership, decision-making, initiative, information gathering, planning, interpersonal effectiveness, etc.). It was surprising and disappointing that the managerial sample ranked “ethics and integrity” as 14th out of 22 managerial skill sets utilized (See Table I).

This research investigates this finding more in-depth. Specifically, it addresses the following questions: Is one kind (category) of ethics more important to managers than others? Does the perceived importance of ethics and integrity vary according to job function, experience, level of education, tenure, gender, company size, and industry? Do these factors affect the kinds of ethical skills utilized (personal ethics, codified ethics, ethical analysis, or ethical activism)?

The rest of the paper is organized as follows. The first section surveys recent literature on organizational ethics. This is followed by expectations for our study based on ethics research. Next, organizational and managerial characteristics of the sample are described. A regression model is developed to determine the impact of these characteristics on perceived importance of personal, codified, activist, and ethical analysis categories of ethics/integrity. The results of this model are then discussed.

Review of the Literature

Enron, Tyco, WorldCom, Global Crossing, Quest, Arthur Anderson dominated the headlines much of the fall of 2002. Collectively, they have focused media attention on the ethics of organizations and the business world at large. One of the results of that avalanche of media attention is what Kelly (2005) calls a “massive ethics revolution underway, with companies falling all over themselves to hire ethics officers, announce ethics codes, set up whistle-blower hotlines, and launch ethics training”. Corporations have made ethics and ethical behavior one of their top issues – over 92% (Murphy, 2003); 73% have four written ethics statements – Corporate Credo, Code of Ethics, Values Statement and Internet Privacy Statements. In addition, many devote valuable employee time to training their employees in ethical reasoning and ethical behavior. On another front, many business schools have altered their ethics curricula by increasing the number of courses available that address ethics, ethical decision-making, and social responsibility and have made them requirements rather than electives.

However, there is widespread agreement that just a code of ethics is not enough to assure ethical corporate behavior. As Gellerman (2005) points out “for all practical purposes, they (codes of ethics) are forgotten after a few months simply for lack of emphasis”. In addition, he goes on to say even though studying ethics undoubtedly gives the individual “an intellectual grasp of ethical principles...That such an understanding will beget ethical behavior on-the-job ... is at best dubious”. Anand, Ashforth, and Sashi (2004) believe that “adopting codes of ethics is a positive development, it is not sufficient”. They note that Enron had a well-developed code of ethics. Wotruba (2001) notes that the impact of written codes on managerial behavior and attitudes is still neither clearly documented nor explained. Kelly (2005) suggests that “Rules are for Moral

infants, principles are for moral adults.” Kitson (1996) finds that the effectiveness of corporate codes of ethics is dependent on the day-to-day behavior of managers.

Managers *know* they should emphasize ethics. The one consistent finding in ethics literature and research is that the organization’s leaders *must* take an active role and must be vigilant regarding ethical/unethical practices and behaviors. Maintenance of organizational ethics and integrity is assumed to be among the behavioral skills of manager. However, there is very limited and mixed empirical support for this assumption. The role of manager is undoubtedly a complex one. They are “caught between avoiding the sanctions of the authorities and the displeasure of the stock market... they are thus constantly pushed toward the fuzzy, indistinct line that separates barely acceptable practices from those that are intolerable” (Gellerman, 2005) Boards of Directors are supposed to be the protectors of society against managerial chicanery, but they have been “overly acquiescent and (in too many cases) insufficiently inquisitive about what is really going on in the companies that they supposedly govern”.

Even though managers have known for over a decade that corporate ethics is a *strategic* management issue and should therefore be considered in every facet of business (Shelley, 1994), managers still find it hard to fit it in their daily tasks. Jose and Thibedeaux (1999) found that managers understand that ethics are good for the bottom line, and they believe that the implicit forms of ethics (leadership, corporate culture, management support) are more effective than explicit forms of ethics (codes of ethics, ethics committees, ethic officers). It is still not high on the manager’s check list (to do list).

In fact, many ethics researchers believe that organizations set up situations/cultures that encourage unethical behavior on the part of their employees. For example, Gerber, an ethics consultant, (2005) suggests that “Most unethical behavior is not done for personal gain, it’s done to meet performance goals” for a ethics consultant (Gerber cited by Kelly). Fisher (2000) suggests that employees facing certain situations (to which they have moral objections) do not act on those objections because they feel pressured by their own sense of loyalty or by managerial coercion into accepting organizational acts of which they disapprove.” Gellerman (2005) says that “unethical behavior is, to a large extent, situational. It is not the result of an inadequate understanding of ethics or of faulty lines within one’s character, but of being in the wrong place at the right time”. Carroll and Scherer (2003) suggest, when looking for whom to blame for fraud and corruption, much of the blame “needs to be placed on the greed and dishonesty of many senior managers.” Anand, Ashforth, and Joshi (2004) believe that organizations use rationalization (“I would not report it because of my loyalty to my boss) and socialization (admission to an attractive social cocoon/teams) as “key processes that abet the infiltration and sustenance of corruption in organizations... Newcomers entering corrupt units are induced to accept and practice the ongoing unethical acts and their associated rationalizations”.

Gandossy and Kanter (2002) suggest that because “most of the attention in leadership today is primarily focused on the positive side of corporate life – strategies for getting results through people, the organizational value of giving people more responsibility and accountability, and the virtue of trusting people to do the ‘right thing’. ...managers and leaders are writing off instances of wrongdoing as aberrations” and not assigning any relevance to them. They suggest “*This is a mistake.*” Lamb (1999) believes that ethics will only be implemented effectively throughout an organization only if it is given priority by the CEO.

The questions that drive this research are “Where does vigilance in the pursuit of ethics fit in a typical manager’s day?”; “What behavioral priority would managers assign to ethics?”; Where would they rank it in their list of required managerial skills?” This

study attempts to answer these questions by sampling managers with different job functions, experience, educational level, managerial level, and gender, working in varying sized companies in different industries to make comparisons.

Expectations from the literature

Empirical findings that relate personal and organizational characteristics to ethical behavior are contradictory and confusing. They explore ethics, for example, from the viewpoint of ethical reasoning, ethical cultures, and ethical behavior. There are few, if any, attempts to assert causality. The best we seem able to do is present correlations even they are confusing, conflicting, and confounding.

Pennino (2002) comments that although research on the relationship of tenure of managers to ethical behavior is contradictory (some report higher ethical behavior with longer tenure, other report the opposite), she found (using moral reasoning) that more tenured managers demonstrated lower principled reasoning than their less tenured counterparts. As the number of years of tenure increased, principles reasoning declined. Zabid and Alsagoff (1993) indicate only a slight variation among managers in terms of ethical values by virtue of job position, job specialization, type of business activity, or size of business. Serap and Tezmolmez (1999) find that (other than gender) individual managerial, organizational factors do not have any significant effect on ethical judgments of managers. Weait's (2001) findings suggest private sector workers are less disapproving of unethical behavior than those in the public sector.

As an organizational function, sales and marketing seems to be seen as least ethical. Singhapakdi, Vitell, & Rao (1999) suggest that ethical gaps often exist between marketers and other groups in society. Strout (2002) reveals that 47% of the marketing managers surveyed suspect their salespeople have lied on sales calls and only 16.5% have never heard one of their sales representatives make an unrealistic promise to a customer. Keith, Pettijohn, & Burnett (2003) note (in their study of marketing department employees) that peer ethical behavior exerts a strong influence on the comfort level and the ethical behavior of employees. They note that the strength of this influence overpowers the influence of managers and carries over to the entire corporate advertising environment.

Wiley (1998), in her study of human resources managers, find that regardless of gender, position, or company size – managers ethical behavior is influenced by the behavior of managers more senior than themselves. She also finds that ethical misconduct occurs more often and is more serious in specialty areas such as employment, health, safety, security, and compensation. Gender, industrial category, and company size are found to have a significant impact on how serious the unethical practices were perceived to be.

Gender and ethics are perhaps the most confounding. Forte (2004) finds that women managers are more principled (using moral reasoning). Serap and Tezmolmez (1999) find in their study of Turkish managers that ethics scores differ significantly in terms of gender – female managers have higher scores. However, Weait (2001) suggests that women are more liberal/lax in their ethical views than men. In 1996, Mason and Mudrack find evidence that women appeared to be more ethical. Examining ethical behavior more finely, Kinicki and Kreitner (2005) cite research that when college students were asked about their own ethics, 59% admitted cheating – 66% of the men, 54% of the women. But only 19% say they would report a classmate for cheating – 23% men and 15 % women. This would suggest that women might behave more ethically themselves, but would take less responsibility for others' ethical behavior. Although two

of Enron's whistle blowers were women, Gutner (2002) in his study of 300 whistle blowers finds no relationship between whistle-blowing and gender.

Sample characteristics

Data was collected through surveys completed by managers of MBA students. Organizational and managerial sample characteristics are given in Tables II and III, respectively.

Approximately half (46%) of the managers in the sample work in large companies with 10,000 or more employees. About 20% of the managers work in mid-size companies (1,000-4,999 employees) and 20% of the managers work in small companies (less than 100 employees). The majority of the sampled managers work in the manufacturing industry (60.5%). Fifteen percent of the sample are employed in the health care industry; 6% of the sample work in each the Financial/Insurance/Real estate industry and the utilities industry.

Overwhelmingly, the majority of managers in the sample is male (79.4%). Fifty seven percent of them hold graduate degrees, and 35% hold bachelor's degrees. Ninety nine percent of the sample has had "some college" education. A third of the responding managers work in production, about 24% of them work in administration, and 22% work in engineering. The other functional areas comprise less than 10% of the respondents each. Almost half of the respondents are mid-level managers (46%), whereas a slight majority (52.4%) identified themselves as executives. Over 85% of the managers have been with their current company over 5 years: 32% of the managers have held their current position for 1-4 years, 29% have held their position for 5-9 years, and 22% have held their position for 10-19 years.

Descriptive Statistics

Table IV gives the average ratings for aggregate ethics. Accordingly, organizations with 500-999 employees have the lowest aggregate ethics ratings, while those with less than 100 have the highest. The industries with the lowest ratings are financial/insurance/real estate and mining/construction. Those with the highest ratings are in wholesale or retail trade, and entertainment. The finance/accounting functional area has the lowest overall ratings, whereas personnel/HR has the highest. There is no obvious relationship between ratings for aggregate ethics and experience neither at this level nor with the company. It is also observed that ratings are lower for female managers, and that the ratings get lower with increases in the level of education. However, a regression analysis is necessary to verify if these observed variations in ratings are significant or not.

Regression Model

Ethical Categories

Elsewhere in the literature, and in an earlier, similar study, ethics and ethical behavior were separated into four categories: personal ethics, codified ethics, analytical ethics (ethical analysis), and activist ethics (Mortensen, Smith, and Cavanaugh, 1989). Each category measures a different set of ethical concerns. They are categorized and measured into personal ethics, codified ethics, analytical ethics (ethical analysis), and activist ethics. Personal ethics involves not compromising one's own standards, providing others with complete information, and considering other when making decisions. Codified ethics involves knowing what is acceptable and unacceptable and adhering to the laws

and established standards. Ethical analysis involves evaluating decisions in terms of long-range impact on society and contemplating ramifications of ethical dilemmas. Activist ethics addresses ones unwillingness to accept dishonest and questionable activity as well as being willing to act as ‘whistle-blower’ when unethical practices arise. (See Table V)

The Model

Multivariate generalized least squares regression is carried out where the dependent variables are the average responses of ethics concerns that fall under each of the ethical categories described above. The independent variables are the responses to background questions. The following model is developed to analyze the impact of each managerial and organizational characteristic on the perceived importance of ethics categories:

$$\begin{aligned}
 Ethics_i = & \alpha_i + \sum_{k=1}^5 \beta_{i1}^k Size_j^k + \sum_{k=1}^8 \beta_{i2}^k Industry_j^k + \\
 & \sum_{k=1}^6 \beta_{i3}^k Function_j^k + \sum_{k=1}^2 \beta_{i4}^k Education_j^k + \sum_{k=1}^2 \beta_{i5}^k Level_j^k + \sum_{k=1}^1 \beta_{i6}^k Gender_j^k + (1) \\
 & \beta_{i7} Level.Experience_j + \beta_{i8} Company.Experience_j + \varepsilon_{ij}
 \end{aligned}$$

where the dependent variable is the importance of each ethics concern type i . $Size_j^k$ are dummy variables the firm size of manager j . There are six categories for firm size, and “10,000 or over” is the reference category. The sample managers worked in nine different industries, which are captured by $Industry_j^k$ dummy variables. Wholesale trade industry is the reference industry. $Function_j^k$, $Education_j^k$, $Level_j^k$, $Gender_j^k$ are used to capture the impact of varying managerial characteristics. These refer to different functional area of the managers, their level of education, their managerial level, and their gender, respectively. The benchmark manager is male with some college education, works at a mid-level position in sales/marketing. The last two variables are quantitative. They are in the model to capture the impact of manager’s experience at the current position with the current company, respectively.

Findings

According to the preliminary results displayed in Table V, the valuing of the components of codified ethics is the most uniform, has the least variance, of all of the ethics categories – the range is 4.00-4.32. Managers tend to know and to follow the rules fairly consistently. Ethical analysis ranks the lowest and also has low variability – answers range from 2.26-2.94. It would seem the respondents do not spend a lot of time considering ethical implications of what they and their subordinates do. Answers range from 3.45-4.23 for activist ethics. Respondents believed they were more willing to be a whistle blower and would not accept unethical behavior at a higher level than they would systematically analyze or evaluate decisions. Personal ethics shows the widest variation – range 2.74-4.35. Respondents are least likely to “compromise their own standards of behavior” (4.35). However, their interactions (with regard to ethics) with others are considerably less important (3.91-3.54). It would seem that, although they intend to behave ethically themselves and not compromise their personal beliefs, they are not as

likely to take responsibility (or action) with regard to the ethical behavior of people around them.

Results of the regression model above are summarized in Tables VI and VII. Separate regressions are also run for each ethical concern. Although the results of these are not individually presented in a table, some significant findings are mentioned in what follows.

Organization size

In general, in terms of organizational size, there is insignificant variation in managers' ratings among all ethical categories. However, managers from mid-sized organizations (500-999 employees) have two significant variations: they value personal ethics lower by approximately two rating scales than managers from large organizations (10,000 or more employees) and they value ethical analysis two ratings points lower than companies for 10,000 and more employees. Specifically, "providing accurate information", and "recognizing and tolerating others' values" scored significantly lower for managers from mid-sized organizations. In addition, although insignificant in general, managers from mid-sized organizations value one of the codified ethics "adhering to regulations when taking action" lower than the sample by two scales. Lastly, organizations with 1,000-4,999 employees have 0.4 lower rating for codified ethics category.

Organizations' industry

Managers from the finance/insurance/real estate, health care, manufacturing, mining/construction and utilities industries scored significantly lower in both personal and codified ethics. Representatives from the education industry also valued codified ethics significantly lower by about two scales. While there were no significant differences across all industries in terms of ethical activism, utilities and (especially) mining/construction industries had significantly lower ratings in the category of ethical analysis. Across all ethics categories, mining/construction seems to be the industry with the lowest scores. Although not significantly different in overall personal ethics, respondents from the education and retail trade industries perform significantly lower in "providing accurate information" by four and five scales, respectively.

Manager's gender

Surprisingly, female managers in our sample value personal and codified ethical concerns significantly lower than their male counterparts. They fare especially lower in "not compromising own standards" and "providing accurate information" in personal ethics, and the codified concern of "adhering to regulations". Female managers' ethical activism is slightly and insignificantly higher than male managers. In contrast, male managers take ethics into account in decision making insignificantly more.

Manager's level of education

Generally speaking bachelors or graduate degrees seems to have an insignificant negative impact on personal ethics, and insignificant positive impact on other ethical categories relative to managers with only some college education. The negative impact is significant for the personal ethic of "providing accurate information" for managers with bachelor degrees, of "considering interests of others when making decisions" for managers with graduate degrees, and of "recognizing others' values" for both groups. Both of these

degrees have a positive significant impact on only “adapting to social changes” under personal ethics, and on “evaluating decisions based on long term effects” under ethical analysis.

Manager’s functional area

Although generally insignificant, relative to sales/marketing managers, those in charge of production or administration or finance/accounting perceive all ethics categories as important, with the exception of ethical analysis by finance/accounting managers. In contrast, managers whose main function is information systems insignificantly rated all categories lower. The only significant differences in comparison to sales/marketing managers are the importance of both personal and codified ethics by production managers, and codified ethics by managers in administration. Although the insignificant overall rating of personal ethics by finance/accounting managers, certain personal ethics concerns are perceived significantly lower than others. These managers value “adapting to social change” by a significant two scales lower, and “not compromising own standards”, and “providing accurate information” 1.5 to 2.5 scales higher respectively, relative to sales/marketing managers. Similarly, managers in administration rated “providing accurate information” significantly higher than their counterparts by two scales, whereas those in information systems rated “adhering to regulations when taking action”, significantly lower by about two points.

Manager’s level

Overall, relative to mid-level managers, 1st line supervisors generally perceive ethics insignificantly less important. In contrast, executive managers perceive ethics as more important, significantly so in activist ethics and ethical analysis categories. Other significantly lower ratings are observed in personal ethic of “not compromising own standards” for 1st line supervisors, and of “providing accurate information” for both 1st line supervisors and executives relative to mid-level managers. In addition, 1st line supervisors regard “adapting to social change” significantly higher than mid-level managers.

Manager’s experience at present level

Manager’s value of ethics increases with his or her experience at the current managerial level only in the category of personal ethics. Although managerial level experience increases the perceived importance of other ethical categories, these increases are insignificant in overall. The only exception is the codified concern of adhering to regulations when taking action.

Manager’s company experience

In all ethics categories, except for personal ethics, the experience of manager’s with the company seems to have an insignificant positive impact in these categories perceived importance. The opposite is the case for personal ethics category. The only personal ethics category with significant negative impact of this kind of experience is “providing accurate information”. Although the overall impact on codified ethics ratings is insignificant, experience with the company seems to significantly lower the importance of “adhering to regulations when taking action”, and to significantly increase the “importance of knowing what constitutes acceptable or not”.

Sensitivity analysis

Although Cronbach α measures how well an aggregate variable represents each of its parts, it does not provide any information if and how the results of a regression model such as the one used in this paper would change if ethics concerns are categorized differently or omitted.

There are 5 ethics concerns that make up the personal ethics category. Similarly, the aggregate ratings for other ethics categories are comprised of ratings of more than one ethics concern. In this section, we explore the sensitivity of the regression results described above to the composition of ethics categories. Several regressions are run by removing the ratings for each concern only one at a time from the aggregate rating for each ethics category. Results of these sensitivity checks are presented in Table VIII.

Accordingly, the results for personal ethics category are fairly robust. The results discussed for this category are not driven by only one concern. The removal of each concern did not affect the main significant factors in terms of size (500-999 employees), industry (Financial/Ins./Real Estate, Health Care, Manufacturing, and Mining/Construction), gender, functional area (Production), or experience at this level.

For codified ethics category, concern C3 (adhering to laws and regulations when planning or taking action) seems to be the driving force of results mentioned earlier as its removal from this category renders significant differences observed earlier across industries (except for Mining/Construction), gender and function area insignificant.

The only significant factor for activist ethics category was executive management under job level. The sensitivity analysis suggests that this result is primarily driven by concern Ac2 (willing to “blow the whistle” on unethical practices).

Lastly, while executive management under job level, and mining/construction under industry are robust for ethical analysis category, variances observed with size, and in the utility industry is primarily caused by concern An1 (Evaluating decisions based on their long-term effects on society)

Summary/Conclusions

The managerial sample reported in this research is both typical and atypical of findings elsewhere. They use more codified ethics than other categories. Their personal ethics are more concerned with their own adoption to change and to not compromise their own standards, but not to share honest information, tolerating others' values or considering the interests and rights of other. Although they believe they would take action to stop unethical behavior, they do not spend much energy on considering the long-term ramifications of their decisions on society. It is pleasing to note that respondents from all industries believe ethics to be important; it is noteworthy that mining/construction and utilities (both highly regulated industries) found it to be least so. In terms of gender, this sample reacted contrarily to most research – the women were identified as being less ethical than their male counterparts. Perhaps enrollment in an MBA program has a homogenizing gender effect. Education seems to have a positive effect on most ethical categories (not personal). Managers whose assignment is closest to the customer - production and administration - have the highest score in terms of codified ethics (they obey the rules) and personal ethics. Given that the data were collected in the summer of 2003, and Enron, Arthur Anderson, Tyco (etc.) made headlines in the fall of 2001, one might have expected ethical awareness to be much higher on manager's list. This expectation did not materialize.

The admonition to managers to take responsibility for their corporation's ethical behavior resonates more than ever. Thomas, Schermerhorn, & Dienhahrt (2004) warn us "the once fashionable notion that business ethics could be safely relegated toward the bottom of the corporate "things-to-do" list exists no longer". Rather, they suggest that "ethical behavior in business is something to be created. Executives must accept their leadership responsibilities to define ethical behavior and to pursue it relentlessly as a top-priority goal". And, the task is/will be getting harder. Corporate life is more and more involved in diverse employees, outsourcing production, global partnerships, e-business, and international competition; it is much more complicated to establish, oversee, and maintain a highly ethical corporate culture.

Emerson and Conroy recently (2004) surveyed business students and found them to be significantly less accepting of the ethically questionable situations. To the extent that these current students are future business leaders, they found these results to be encouraging. In the 1980s, we were bombarded by tales of Corporate Raiders – Bosky, Milkin, Keating, etc. In 2001, we heard about Kozlowski, Ken Lay, etc. The admonition is for managers to prevent another round of corporate scandals. To do this, managers at every level of the organization will need to increase their attention to ethical behavior.

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TABLE I

Mean item responses for each skill

Rank	Skill	Mean	Cronbach α
1	Managerial leadership	4.15	0.69
2	Decision making	4.14	0.71
3	Initiative	4.09	0.68
4	Information gathering and problem solving	4.06	0.67
5	Practical learning	3.98	0.74
6	Assigning and delegating	3.95	0.81
7	Career development	3.90	0.74
7	Organization and coordination	3.90	0.68
9	Oral communication/presentation	3.86	0.94
10	Interpersonal effectiveness	3.79	0.79
11	Planning	3.77	0.82
12	Group interaction skills	3.72	0.83
13	Concern for quality and customer satisfaction	3.69	0.83
14	Ethics and integrity	3.66	0.85
15	Training and development of others	3.60	0.88
16	Valuing diversity	3.57	0.88
17	Disposition to lead	3.55	0.85
18	Innovation and creativity	3.53	0.83
19	Controlling Employees	3.40	0.86
20	Work-life balance	3.35	0.79
21	Written communications	2.69	0.89
22	Extra-organizational awareness	2.45	0.86

Note: Item responses are “Not a Part” (0), “Minor Part” (1), “Somewhat Minor Part” (2), “Moderate Part” (3), “Somewhat Major Part” (4), and “Major Part” (5).

TABLE II

Organizational sample characteristics

<i>Size:</i>	Less than 100 employees	20.6%
	100-499 employees	9.5%
	500-999 employees	3.2%
	1,000-4,999 employees	19.0%
	5,000-9,999 employees	1.6%
	10,000 or more employees	46.0%

<i>Industry:</i>	Manufacturing	60.5%
	Health Care	14.5%
	Financial/Insurance/Real Estate	6.5%
	Utilities	6.5%
	Education	5.0%
	Wholesale trade	1.8%
	Retail trade	1.8%
	Entertainment	1.8%
Mining/Construction	1.8%	

TABLE III

Managerial sample characteristics

<i>Gender:</i>	Male	79.4%
	Female	20.6%
<i>Level of Education:</i>	Some college	7.9%
	Bachelor's degree	34.9%
	Graduate degree	57.1%
<i>Functional Area:</i>	Production	30.2%
	Administration	23.8%
	Engineering / R&D	22.2%
	Sales/Marketing	9.5%
	Finance /Accounting	7.9%
	Information Systems	4.8%
	Personnel / HR	1.6%
<i>Job level:</i>	1 st line supervision	1.6%
	Middle management	46.0%
	Executive management	52.4%
<i>Experience at this level:</i>	Less than 1 year	6.8%
	1-4 years	32.2%
	5-9 years	28.8%
	10-19 years	22.0%
	20-29 years	6.8%
	30 years or over	3.4%
<i>Experience with the company:</i>	Less than 1 year	5.1%
	1-4 years	8.5%
	5-9 years	28.8%
	10-19 years	22.0%
	20-29 years	20.3%
	30 years or over	15.3%

TABLE IV

Descriptive statistics of aggregate ethics ratings

<i>Organizational characteristics:</i>		<i>Mean</i>	<i>Standard Dev.</i>
<i>Size:</i>	Less than 100 employees	3.97	0.57
	100-499 employees	3.69	0.53
	500-999 employees	3.00	0.35
	1,000-4,999 employees	3.40	0.90
	5,000-9,999 employees	3.83	N.A.
	10,000 or more employees	3.64	0.69
<i>Industry:</i>	Manufacturing	3.62	0.66
	Health Care	3.78	0.70
	Financial/Ins. /Real Estate	3.29	1.21
	Utilities	3.48	0.49
	Education	3.97	0.65
	Wholesale trade	4.50	N.A.
	Retail trade	4.33	N.A.
	Entertainment	4.42	N.A.
	Mining/Construction	3.33	N.A.
<i>Managerial characteristics:</i>			
<i>Gender:</i>	Male	3.69	0.68
	Female	3.45	0.79
<i>Level of Education:</i>	Some college	4.08	0.54
	Bachelor's degree	3.75	0.69
	Graduate degree	3.52	0.71
<i>Functional Area:</i>	Production	3.73	0.61
	Administration	3.96	0.66
	Engineering / R&D	3.45	0.74
	Sales/Marketing	3.42	0.66
	Finance /Accounting	3.12	0.81
	Information Systems	3.58	0.82
	Personnel / HR	4.42	N.A.
<i>Job level:</i>	1 st line supervision	3.75	N.A.
	Middle management	3.61	0.78
	Executive management	3.67	0.65
<i>Experience at this level:</i>	Less than 1 year	3.60	0.62
	1-4 years	3.46	0.86
	5-9 years	3.52	0.57
	10-19 years	4.12	0.50
	20-29 years	3.90	0.70
	30 years or over	3.75	0.59
<i>Experience with the company:</i>	Less than 1 year	3.81	0.50
	1-4 years	3.57	0.47
	5-9 years	3.68	0.67
	10-19 years	3.54	1.02
	20-29 years	3.65	0.63
	30 years or over	3.91	0.53

TABLE V

Mean item responses for each ethics category

<i>Category</i>	<i>Mean</i>	<i>Concerns</i>
Personal	2.74	Adapting to Social Changes (<i>P1</i>)
Personal	3.54	Considering the interests, goals and rights of others when making decisions (<i>P2</i>)
Personal	3.91	Recognizing and tolerating the values of others (<i>P3</i>)
Personal	3.91	Providing accurate and complete information to employees, critics, and the public (<i>P4</i>)
Personal	4.35	Not compromising one's own standards of behavior (<i>P5</i>)
Codified	4.00	Adhering to established organization standards of behavior (<i>C1</i>)
Codified	4.23	Knowing what constitutes (un)acceptable practice (<i>C2</i>)
Codified	4.32	Adhering to laws and regulations when planning or taking actions (<i>C3</i>)
Activist	4.23	Refusing to accept dishonest or questionable actions (<i>Ac1</i>)
Activist	3.45	Willing to "blow the whistle" on unethical practices (<i>Ac2</i>)
E. Analysis	2.26	Evaluating decisions based on their long term effects on society (<i>An1</i>)
E. Analysis	2.94	Systematically analyzing the ethical and moral ramifications of problems or issues (<i>An2</i>)

TABLE VI

Regression results on organizational characteristics

	<i>Personal</i>	<i>Codified</i>	<i>Activist</i>	<i>Analysis</i>
<i>Intercept</i>	5.37 (0.00)	5.24 (0.00)	4.82 (0.02)	2.88 (0.11)
<i>Size:</i>				
Less than 100 employees	-0.17 (0.33)	0.12 (0.36)	0.35 (0.32)	0.28 (0.35)
100-499 employees	-0.06 (0.46)	0.15 (0.39)	-0.01 (0.50)	0.35 (0.37)
500-999 employees	-1.88 (0.01)	-0.41 (0.27)	1.05 (0.23)	-2.16 (0.06)
1,000-4,999 employees	-0.15 (0.33)	-0.41 (0.09)	-0.08 (0.45)	-0.59 (0.17)
5,000-9,999 employees	-0.38 (0.30)	-0.06 (0.47)	1.19 (0.20)	0.10 (0.48)
<i>Industry:</i>				
Education	-1.67 (0.11)	-1.86 (0.07)	-2.30 (0.18)	-0.92 (0.35)
Entertainment	-0.65 (0.32)	-0.71 (0.30)	-1.75 (0.26)	-0.41 (0.44)
Financial/Insurance/Real Estate	-2.07 (0.05)	-2.13 (0.03)	-2.30 (0.16)	-1.34 (0.27)
Health Care	-1.93 (0.06)	-1.60 (0.08)	-1.62 (0.25)	-1.86 (0.20)
Manufacturing	-1.80 (0.04)	-1.61 (0.04)	-1.74 (0.17)	-1.88 (0.15)
Mining/Construction	-2.84 (0.03)	-3.48 (0.01)	-3.10 (0.14)	-5.84 (0.02)
Retail Trade	-1.84 (0.12)	-1.00 (0.24)	-0.34 (0.45)	0.86 (0.38)
Utilities	-1.76 (0.05)	-1.62 (0.05)	-1.79 (0.18)	-2.47 (0.10)

Notes: Intercept shows the average response for male mid-level sales/marketing managers with some college level education, and no experience at this level of management nor with their current company, who are working for a wholesale company with 10,000 or more employees. The coefficients indicate the change in the average response when managerial or organizational characteristics change.

One-tail p-values are given in parentheses.

Significant changes at 90% confidence level are marked in bold.

TABLE VII

Regression results on managerial characteristics

	<i>Personal</i>	<i>Codified</i>	<i>Activist</i>	<i>Analysis</i>
<i>Intercept</i>	5.37 (0.00)	5.24 (0.00)	4.82 (0.02)	2.88 (0.11)
<i>Gender:</i>				
Female	-0.61 (0.03)	-0.40 (0.09)	0.30 (0.30)	-0.40 (0.25)
<i>Level of Education:</i>				
Bachelors	-0.18 (0.35)	0.23 (0.30)	0.28 (0.38)	0.70 (0.21)
Graduate Degree	-0.23 (0.30)	0.18 (0.33)	-0.42 (0.31)	0.28 (0.37)
<i>Functional Area:</i>				
Production	0.87 (0.05)	0.74 (0.06)	0.32 (0.37)	0.48 (0.30)
Administration	0.61 (0.14)	0.75 (0.08)	0.64 (0.28)	0.21 (0.42)
Engineering / R&D	0.35 (0.25)	-0.08 (0.43)	-0.33 (0.37)	0.12 (0.45)
Finance /Accounting	0.52 (0.25)	0.06 (0.46)	0.05 (0.48)	-0.35 (0.40)
Information Systems	-0.60 (0.26)	-0.78 (0.19)	-0.32 (0.43)	-0.55 (0.38)
Personnel / HR	- -	- -	- - - -	
<i>Job level:</i>				
1 st line supervision	-0.61 (0.22)	-0.39 (0.30)	-0.27 (0.43)	0.60 (0.34)
Executive management	0.01 (0.49)	-0.24 (0.14)	0.61 (0.09)	0.65 (0.08)
<i>Experience at this level:</i>				
	0.05 (0.05)	0.03 (0.11)	0.02 (0.38)	0.04 (0.18)
<i>Experience with the company:</i>				
	-0.02 (0.16)	0.00 (0.40)	0.01 (0.35)	0.03 (0.24)

Notes: Since the only observation in the Personnel / HR functional area is also the only observation in the Entertainment industry, the coefficients for the latter given in Table V can also be interpreted as the coefficient for the former.

TABLE VIII

Results of the sensitivity analysis

<i>Org. characteristics:</i>	<i>Personal</i>					<i>Codified</i>			<i>Activist</i>		<i>Analysis</i>	
	<i>P1</i>	<i>P2</i>	<i>P3</i>	<i>P4</i>	<i>P5</i>	<i>C1</i>	<i>C2</i>	<i>C3</i>	<i>Ac1</i>	<i>Ac2</i>	<i>An1</i>	<i>An2</i>
<i>Size:</i>												
Less than 100 employees												
100-499 employees												
500-999 employees	-	-	-	-	-							-
1,000-4,999 employees								-				
5,000-9,999 employees												
<i>Industry:</i>												
Education	-	-	-			-	-					
Entertainment												
Financial/Ins. /Real Estate	-	-	-	-	-	-	-					
Health Care	-	-	-		-	-	-					
Manufacturing	-	-	-	-	-	-	-					
Mining/Construction	-	-	-	-	-	-	-	-			-	-
Retail Trade	-				-							
Utilities			-	-	-	-	-					-
<i>Man. characteristics:</i>												
<i>Gender:</i>												
Female	-	-	-	-	-	-	-					
<i>Level of Education:</i>												
Bachelors												+
Graduate Degree	-											+
<i>Functional Area:</i>												
Production	+	+	+	+	+	+	+					
Administration	+	+				+	+					
Engineering / R&D												
Finance /Accounting	+											
Information Systems												
Personnel / HR												
<i>Job level:</i>												
1 st line supervision	-											
Executive management									+		+	+
<i>Experience at this level:</i>												
	+	+	+	+	+	+	+	+				
<i>Experience with the company:</i>												
	-							+				

Notes: The results under each concern show the significance of organizational and managerial characteristics listed for the aggregate ethics category after its removal. ‘+’ denotes a significant positive coefficient and ‘-’ denotes a significant negative coefficient at 90% level of confidence.