

People and Profits

The Importance of Ethical Understanding

In the Workplace

Fall 2013

High Point University

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The Importance of Ethical Understanding in the Workplace

Business ethics is a hotly contested topic in today's society. Some people argue that the only ethical responsibility a business has is to earn a profit without breaking the law (Friedman 1970). But others believe that businesses have a larger set of ethical responsibilities to their workers, customers, suppliers, communities, and so on (Hartman 2013). In either case the first task of ethics is simply to describe the ethical issues at play in the workplace. The primary task of this research project is to understand this first critical aspect of ethics: what ethical issues do people in the local business community face. Only with this understanding can one then ask how people make ethical decisions. Thus, a corollary task of the research project is to understand how High Point Chamber of Commerce (HPCC) members go about solving the ethical issues they regularly confront. There can be no doubt that ethics drastically influences how people perceive others and make decisions.

As the business world changes so too do the ethical challenges that businesses face. The undergraduate business students who participated in this study did so in order to learn firsthand the kinds of ethical issues they will face in the coming years. And they learned some of the best ways to solve such issues. They are the future leaders of the economy, and communities must begin to prepare them now to face the complex ethical challenges of the global, interconnected future.

Project

In the fall 2013 semester, a High Point University (HPU) Business Ethics class conducted an Institutional Review Board-approved study in partnership with the HPCC. The Principle Investigator on the project was Dr. Joe Blosser, the course instructor, and each of the eighteen students in the class were certified to be research assistants. The students conducted interviews, transcribed the data, coded the data, and authored this white paper. A partnership between Dr. Blosser and the HPCC was established in spring 2013, and after creating a draft of the questions to be asked in the qualitative interviews, Dr. Blosser received input from the HPCC leadership before finalizing the interview questions. The HPCC also supplied Dr. Blosser with contact information for its membership.

The participating Business Ethics class was also a Service Learning course, in partnership with HPU's Service Learning Program. Thus, the class intended to add value to both the community partner and to student learning outcomes. From a teaching perspective, the research project was intended to help students learn from real-life ethical cases, and not just case studies in textbooks. Students were able to convey with increased intensity and interest the importance of ethical decision-making because they saw how important it was to the business people they interviewed.

As a community High Point needs to be invested in how business people make their decisions. The ethical conduct of local businesses depends on and shapes the ethical conduct of a community's citizens. This research study focused on the ethical decision-making process of forty individual HPCC members. And the data from the study should provide the HPCC with a clearer picture of the ethical issues its members face, how they

go about making ethical decisions, and how the HPCC can better support its members through targeted workshops, seminars, and other resources.

The research project officially began when the HPU students began contacting local business people. Students emailed or called HPCC members asking if they were interested in participating in the study. The students contacted 137 HPCC members. Many HPCC members had to respectfully decline due to scheduling conflicts (e.g., the furniture market), and other businesses simply did not want to participate in the study. Data collection continued from early September through the beginning of November, by which time students had conducted forty comprehensive interviews.

Students gathered the data through in-depth interviews, based on a standardized set of questions (see Appendix). All the interviews were recorded and then transcribed by the student interviewers. Transcripts were then checked for accuracy. Once the transcripts were verified, they were coded by five different research teams. Each team coded a different aspect of the interview and focused on a different set of questions. One team was responsible for synthesizing the findings of the four other groups and drawing general conclusions. The teams worked together to produce a final presentation, which was made before several members of the HPCC, and this white paper. It is anticipated that Dr. Blosser will use the data to produce further presentations and articles.

The HPCC is dedicated to promoting unity and success for businesses in the community. HPU hopes to help the HPCC preserve the honor and integrity of all members and insure their prosperity not only economically, but also ethically. HPU is thankful for the HPCC's help in the project, and HPU looks forward to future collaborations.

The Demographics of Interview Participants

Being able to see the demographic breakdown of the interview subjects shows the relationships certain characteristics have on the way in which members of the community make their ethical decisions. The demographics in business are shifting. With a growing demand for specific skills and not enough supply to meet it, employers are looking for different skills sets than they previously did. Women have benefited as their talents are being seen as increasingly useful to companies around the world (Rosin 2010). In the HPU study, 65% of the interviewees were male and 35% were female. This gender breakdown is not reflective of the gender breakdowns of the workforce as a whole, and it reflects the relatively small sample size of the study. In 2011, the U.S. Bureau of Labor Statistics reported that 47% of all employed people over the age of 16 were women, who were highly concentrated in the quickly growing service sector.

A plurality of those interviewed were in service-based industries, with large numbers also in the non-profit and textile sectors. The average size of the interview subjects' companies was about 100 employees. Over half of those interviewed were between the ages of 49-67 (57%), and more than two thirds of the participants were upper-level management or the CEO of their respective company. There was a direct relationship between age and the level of management, showing that the more time someone spends within a company or a specific industry the greater the chance they have to attain a higher level in their respective field. The study revealed numbers that were reflective of an older workforce, and one that is comprised mainly of men in the upper echelons of management. This coheres with more national data: "Consider the most highly paid executives of Fortune 500 companies [today]-those with titles such as

chairman, president, chief executive officer, and chief operating officer. Of this group, only 6% are women” (Eagly 2011).

A slight majority of those interviewed had taken a business ethics course. But of the 23 who had taken a course, only 12 – or just over 25% of all respondents – took a collegiate-level business ethics class. The other interview subjects likely participated in a business ethics seminar conducted by their employer or outside firm. The study revealed that 75% of interviewees who have taken an ethics class felt that it helped them make an ethical decision in the last two years. In fact, every person whose business ethics class discussed religion or faith as part of the curriculum used insights from their religion to make more ethical decisions at work, which represented 9 people or just under half of those who took a business ethics class. Less than a quarter of respondents felt that business ethics courses had little to no impact on making more ethical decisions in the workplace.

Religion played a key role in the interview subjects’ reported ethical decision-making. 93% of the interview subjects identified themselves as religious, with a plurality identifying as part of a mainline protestant denomination. Only one participant identified as part of a non-Christian religion. Over three quarters of those who attended religious services on a weekly or nearly weekly basis believe that it is important for people to learn how to make business ethics decisions from their religion. The people who used information from their religion to help make ethical decisions were the ones who attended services on a more frequent basis. A study conducted by Longenecker, McKenney, and Moore (2004) on the impact religious intensity has on ethical judgment confirms the HPU study’s findings. Those who place a high importance on their

religious tradition also exercise more stringent ethical judgment (Longenecker, McKenney, and Moore 2004). The HPU study revealed that 80% of religious individuals said that their local religious leaders have addressed the role their religion should play in how they make their workplace decisions. Of all the religious traditions in the study, Catholics and Evangelical Christians hear about faith at work with over twice the frequency of the other religious groups.

The demographics suggest some of the limitations of the study. First, the disparity between the genders of the interview subjects does not conform with national data. Second, the study focused primarily on upper-management, so the findings may not be replicable for all levels of employees. Third, the study has a heavy bias toward Christian, and especially Protestant, religious believers. Though the numbers are likely not out of the ordinary for a mid-sized southern city, they are not representative of the overall national population. Finally, all interview subjects were members of the HPCC, which is a self-selective group. One might expect members of a Chamber of Commerce to have more outward, community-focused, visions of business ethics.

Identifying the Ethical Issues Business People Face

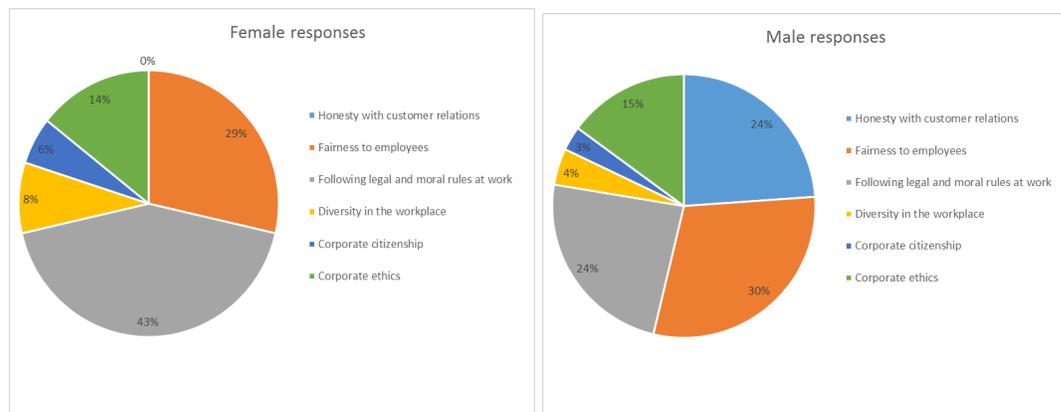
Whether working for a small business, in a restaurant, or in a large investment group, there are ethical issues to be faced. The more extreme ethical issues encountered in the study included drinking on the job, stealing from customers, and domestic violence issues in employee's home lives. Some of the most commonly cited ethical issues were employee theft, confidentiality, and employee termination.

The most commonly cited ethical issue was employee theft. Interview subjects spoke of employees stealing merchandise, equipment, and even money from their own

company. Other commonly cited issues dealt with fairness with employees and following legal and moral rules at work, which comprised 67% of all the responses.

The research team expected healthcare to arise frequently when interview subjects were asked to name ethical issues they encounter at work, and researchers regularly prompted the interview subjects to discuss it as one of their ethical issues. But few business people wanted to talk about it, and no one mentioned the issue unprompted. This raised questions for the research team: is healthcare really not as big of an issue as the national media makes it sound, are businesses dealing with it as ordinary business and not as a remarkable topic, and/or do business leaders not see healthcare as an ethical issue, but perhaps a political or pragmatic one?

The research team was interested to discover if there were any differences between how men and women make decisions in the workplace. Kidwell, Stevens, and Bethke (1987) found only minor differences in what male and female managers considered to be ethical.



The HPU study also found much consistency, except that 43% of female respondents named ethical issues that fell into the category of following legal and moral rules at work,

but only 24% of the male respondents identified ethical issues falling into this category. Even more striking was the fact that female respondents said nothing about honesty with customer relations, when it appeared 24% of the time among males.

Should the HPCC decide to offer ethical courses, seminars, or other resources to its members, there are a wide array of ethical issues that need to be addressed. A more comprehensive list of the research findings can be provided to guide the HPCC in selecting which ethical issues it wants to address.

Ethical Decision-Making Frameworks

After identifying the ethical issues HPCC members face, the study next sought to discern the ethical frameworks people use to solve ethical issues. A team of five researchers (including the principal investigator) categorized every interview as falling into one of the major business ethics frameworks: rule or act utilitarianism, right-based thinking, or virtue ethics. The study showed that the majority of the interview subjects were split, almost evenly, between utilitarian and virtue ethics.

Before the research began, the researchers hypothesized that the majority of business people make their decisions based on utilitarian principles, focusing on creating the greatest outcomes for the majority of people. The study proved the hypothesis true, but also showed that virtue ethicists were not far behind. Both utilitarians and virtue ethicists make decisions based on their consequences, but their methods often differ.

Two kinds of utilitarians appeared in our study: act utilitarians and rule utilitarians. Act utilitarians make their decisions based on tools like pro-and-con lists, which help them figure out which decision will give them the best results. In contrast, rule utilitarians base their decisions off of the rules that are already in place, assuming

that the rules were created to ensure the greatest benefit to the majority. In both cases, business people attempt to calculate how their decisions will best benefit the majority of their customers or the community. Utilitarianism's major flaw, however, is not thinking about the minority. Utilitarians feel fulfillment when they provide the greatest good for the greatest number of people.

Virtue ethicists argue that all actions a person makes seek a specific end, and every decision a person makes forms that person's character. Virtue ethicists rely on their backgrounds and their mentors to guide them through tough decisions in a workplace. Patrick E. Murphy (2007) argues that "On-going marketing relationships depend on mutual economic benefit between the partners but then relationships usually go beyond the cost-benefit calculations associated with consequences-oriented approaches" (41). Though focused on consequences, like utilitarians, virtue ethicists often embrace more stakeholder-style models of business in which they take into consideration relationships and a wider range of corporate influences. It is not surprising that the results reveal that most business people are utilitarians, using pro-con lists and empirical data to make decisions. It was interesting to find that there were almost as many virtue ethicists, who use sources such as mentors, religion, or community members to help them make decisions.

Though the majority of interviewees were classified as utilitarians and virtue ethicists, a few were grouped as rights-based thinkers. These participants made their decisions based on a sense of duty or responsibility. They were less focused on consequences, than on doing the right thing or using the right procedures.

Solving Ethical Issues

HPCC members make ethical decisions in a number of different ways. The interview team coded the participants' responses to a question that asked them how they solved a particular ethical issue that they had faced this year. Participants revealed that when making difficult decisions they rely on their religion, cultural backgrounds, education, personal morals, legal consequences, and respect. Many business people seem to have contradictory responses though. For instance, in one question they would note the importance of religion to their ethical decision-making, but when asked to describe how they solved an actual ethical problem, they would not mention religion. It seems likely thought that among those interviewed, religion and personal morals play a more definitive role in ethical decision-making than the teachings of an ethics class.



Interview subjects were asked what had the greatest impact on how they made ethical decisions in the workplace. Though there were a large variety of responses, the predominate answers received focused on religion, personal morals, and cultural background, which includes the environment in which the interviewees were raised and

their family members. Though religion was frequently cited, the research team is still unclear of its efficacy. For example, though the study revealed that 50% of those who took a business ethics course stated that the course they were enrolled in discussed faith, no one mentioned in the follow up question that religion was something business ethics courses *should* teach. Such contradictions raise a question as to whether or not interviewers only answer the way they think they should, rather than the way in which they truly feel.

As another example more than half of the business people had taken a business ethics course of some form or another, while the rest had not been exposed to any formal ethics training. The twenty-one participants who had taken a course also stated that within the last two years they had used information learned from those classes to make ethical decisions in their workplace. But when the participants answered open-ended questions, none of them directly used information common in business ethics textbooks.

When participants were asked whether religion had played a role in how they made ethical decisions in the workplace in the past two years, 89% said yes. Further, when asked if others should use religion in making business ethics decisions, 75% of respondents said it was “important” or “very important.” But in the open-ended questions where business people talk about how they made actual ethical decisions, only 45% even mention religion and a meager 13% actually used religious sources in their response. Thus, interview subjects chose not to discuss ethical issues in which religion was an important factor, they were unable to separate out the influence religion has on their ethical thinking, and/or they only paid lip-service to the value of religion in business ethics. If religion is truly seen as valuable, then religious leaders and lay people need to

work on ways to make it more evidently useful in business ethics. These findings open the door to a more in-depth debate on whether or not religion and ethics can coincide to help business people make their decisions.

While some participants stated that their decisions were based on either material learned through their ethics course or material absorbed through their personal upbringing and religion, many mentioned both. This brings forth the question of whether or not business ethics courses, religion, and personal backgrounds are mutually exclusive to one another. While they do not always coincide, the study suggests that in more cases than not, they all contribute to ethical decision-making. For example, one participant's response to "how do you make ethical decisions" showed how intertwined the sources people use to make ethical decisions really are: "Family upbringings, religion, educational institutions are all influences. It's who we are as people throughout experiences. At a very young age I witnessed my father get up from his seat on a train and offered it to a woman, and I was like, 'well that's the right thing to do.' My decision-making comes from stuff like that."

Rather than relying on just business ethics courses, the interview subjects spoke to the value of using multiple overlapping sources to inform their ethical decisions. Amitai Etzioni (1991) believes that such well-rounded individuals have a better way of handling moral dilemmas than those who do otherwise: "The suggestion that business schools should teach ethics often invites a two pronged opposition: that ethics is a personal matter, a student should acquire from his or her family, community or church, not in a university, and that the most a business school can do, if it is to engage in such an endeavor at all, is to teach moral reasoning, so a student could reason his or her way out

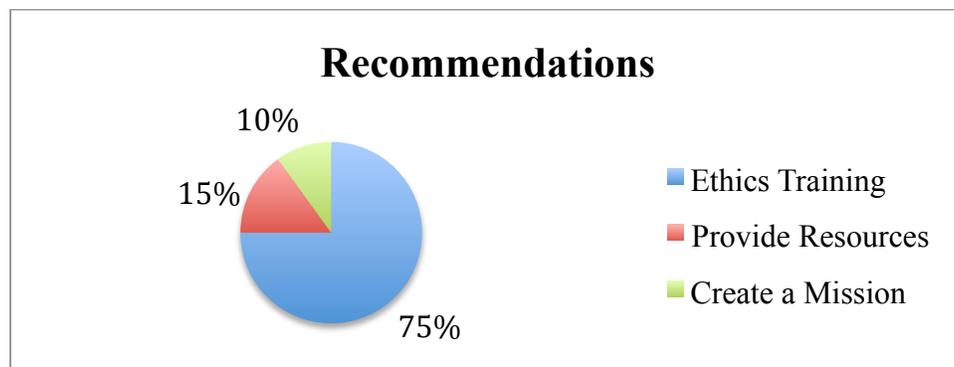
of conflicting moral claims, rather than teach particular moral positions” (363-364).

Thus, if the HPCC does adopt business ethics seminars or courses, the research seems to indicate that such courses should deal with helping businesspeople incorporate the ethical sources they already have into particular sound moral approaches.

Although religion played a major role in our findings, aspects such as cultural backgrounds, education, personal morals, legal consequences, and respect all played into how business professionals made their decisions. While all of these aspects have importance, ethicists such as Etzioni (1991) advocate that a business ethics course can be uniquely beneficial.

Conclusion and Recommendations

The final question every interview subject was asked was, “is there anything the Chamber of Commerce could do to help prepare you or your employees to make more ethical decisions in the workplace? If so please tell us what we can do.” Out of the forty interviews conducted, most answers were consistent with solutions such as: intentional ethics training and discussion, provide resources, or rethink the Chamber’s mission.



As far as ethics training courses goes, most of the responses suggested that it was the HPCC's role to offer classes for the business community. The reality is that most businesses do not feel obligated to offer their own continuing education classes on business ethics. Fourteen respondents believed that a seminar would help them with their ethical decision-making. Eight interviewees said that something more sustainable, over a longer period of time, like a course, would be more helpful.

Many of the interview subjects stated that although they do not actively seek ethical courses for their businesses, if the HPCC were to offer them to its members, they would certainly enroll. One interviewee explained that the HPCC should have "a speaker just talk about the importance of ethics, cause again I would say 99% of people out there don't need to be trained on what does it mean to be ethical, they just need the emphasis, the reminder...or hear stories so that when they get in a situation it's more front of mind than back of mind or aware, more conscious of it." According to this subject, something less formal and more of a reminder would be helpful, because it is not an issue of unethical people in our community, but rather it is an issue of people overlooking certain decisions. We feel that a constant reminder and examples of the importance of ethics will discontinue people's accidental neglect of issues they face on a day-to-day basis.

Many of the interview subjects believed that having an occasional seminar or workshop hosted by the HPCC would boost the community's awareness of not only what is ethical, but also the importance of ethics. Most respondents answered that the people around them influence their decisions, and whether this is a negative or positive influence depends on the people around them. By offering this form of additional education, the HPCC could add a positive influence to the entire business population.

Additionally, the HPCC could educate the youth of today in order to insure ethical decision-making in the future. The research suggests that aiding ethical decision-making at the youngest ages could have great value: “Developmental cognitive neuroscience experiments have established that many fundamental processes which underpin thinking, reasoning and learning are present and fully functioning at birth or become available within the first 4-5 years of life” (Whitebread and Bingham 2013, 4). One interview subject expressed a similar emphasis, noting that the HPCC could “lend or reach out and give support to elementary schools, where the children are impressionable and learning right vs. wrong.” This idea stems from the belief that if you teach children how to make ethical decisions, it will become a habit that will last into their professional careers. The channel for the HPCC to do something like this might be a more formal partnership with Junior Achievement (JA). By teaching the JA courses, adult members of the HPCC would have good ethical thinking reinforced, and by taking the courses, young students could be taught how to make good decisions. If the HPCC gets involved at this stage in people’s lives, they will be able to make a difference, stress ethical importance, and get involved with the people who will be the work-force and the leaders of the future.

A small fraction of the subjects who were interviewed suggested that the HPCC should reconsider what its mission is. Two of these interviewees were slightly confused as to what the HPCC had to do with business ethics, but one of them thought the HPCC’s mission should be rewritten to focus on ethics. All three respondents believed that if the HPCC were to create a clear and concise mission, it would provide it more clarity on the service it can and should provide to members.

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This whitepaper was co-authored by the research assistants, who were students in the Business Ethics, Service Learning class.

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Resources

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Appendix: The Interview Question Protocol

1. What is your gender?

Male Female

2. What is your age range?

18-31 32-48 49-67 67+

3. What is the size of the company you work for?

1-25 26-50 51-250 251-500 501-1000 1000+

4. What management level do you fall under at your company?

Owner or
CEO/CFO

Other top
management

Mid-level
management

Low-level
management

Self-employed

5. What type of business or industry are you in generally?

- Agriculture
- Education
- Entertainment and Leisure
- Food Services
- Furniture
- Health Care
- Manufacturing
- Non-Profit
- Retail
- Textiles/Clothing Production
- Transportation
- Other

6. Have you ever taken a business ethics class?

- Yes
- No

7. What level was the course?

- Undergraduate
- Graduate
- Continuing Education/Not-for-credit

8. In the last two years, have you used any information learned in that class to help you make an ethical decision at work?

- Yes
- No

9. Did your business ethics course discuss religion or faith?

- Yes
- No
- I don't remember

10. Respond to the following statement: I think it is important that business people take business ethics courses to help them make more ethical decisions at work.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

11. What, in your experience, are the most important things a business ethics course should teach?

12. Are you part of a religious tradition?

- Yes
- No

13. Of what religious tradition are you a part?

- Judaism
- Buddhism
- Hinduism
- Islam
- Catholicism
- Evangelical Christian
- Mainline Protestant
- Other Christian
- Other

14. How frequently do you attend worship services for your religion?

- Weekly or nearly weekly
- Monthly or nearly monthly
- Several times a year
- Once or twice a year
- Every few years

15. In the last two years, have you used any information learned from your religion to help you make an ethical decision at work?

- yes
- No

16. How frequently do your local religious leaders address the role that religion or faith should play in your work life and decisions?

- Weekly or nearly weekly
- Monthly or nearly monthly
- Several times a year
- Once or twice a year
- I don't remember

17. Respond to the following statement: I think it is important that business people learn from their religious traditions to help them make more ethical decisions at work.

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

18. What, in your experience, are the most important things a religious tradition can teach about business ethics?

19. Name a few of the ethical issues you have encountered in the last year at your place of work.

20. Focus on one of these ethical issues and describe how you handled it. How did you make your decision? Did you turn to any resources (e.g., books, people, religion, philosophy, news, other businesses, etc.)?

21. What do you believe has the biggest impact on how you make ethical decisions in the workplace?

22. Is there anything the Chamber of Commerce could do to help prepare you or your employees to make more ethical decisions in the workplace? If so, please tell us what we can do.