

**Ethical Decision Making by Managers:  
A Policy Capturing Approach**

by

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(ABSTRACT)

Realistic scenarios were evaluated to determine whether participants would make ethical/unethical decisions in the face of various dilemmas. 3 factors were systematically varied throughout 32 different scenarios: accountability, deception, and profitability. A personality variable, locus of control was also explored for its relationship to ethical decision making. Subjects were 25 managers from a national car rental company as well as 21 undergraduate students. In a policy-capturing analysis of the ethical reasoning process, we found neither managers nor students used consistent policies in their decision making. Regression analyses revealed that locus of control orientation did not influence number of ethical decisions made. Implications for the study of ethical decision making are discussed.

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## Introduction

Interest in ethical decision making has slowly increased in the last few decades, due to a number of factors, including a post-Watergate atmosphere, as well as mounting public scorn regarding business behavior (Trevino, 1986). More recently, a series of corporate and governmental scandals revealed insider trading on the stock market, glimpses of high federal officials illegally diverting funds, and the systematic deceit of Congress and the American public during the Iran-Contra affair (Jackall, 1988).

The “iron law of responsibility” states that “those who use power in ways considered socially irresponsible will, in the long run, tend to lose power” (Frederick, Davis, & Post, 1988, p. 36). An example of this precept given by Shepard, Shepard and Wokutch (1991) is that the government will often intervene with regulation following episodes of extreme social irresponsibility on the part of business. Jackall (1988) points out that in response to the threat of government intervention, ethics is swiftly becoming big business through the number of books being published, through the spread of ethics courses in business school curricula, and even, in some corporations, through the development of seminars in ethics for executives. Unfortunately, even with this increased attention, very little theory has been developed to guide training in ethics. This lack of theory has helped to inhibit the systematic development of a research agenda in the area of ethics (Trevino, 1986).

In addition to a lack of theoretical development, psychologists have conducted relatively little empirical research on ethics, perhaps because of the delicate nature and complexity of the area (Trevino, 1986). Until now, the literature on business ethics has remained primarily of a philosophical and not an empirical nature. For example, few researchers have even attempted to define the concept so that it can be investigated

empirically. Therefore, one of the main problems with research in this area is ambiguity regarding the meaning of ethics and ethical decision making.

According to Steiner (1971), ethical behavior in business is conduct that is deemed fair and just, above and beyond constitutional laws and applicable government regulation. Any behavior that is not legal is automatically unethical, but meeting minimal legal standards does not necessarily imply ethical behavior (Hegarty & Sims, 1978). Taking a more specific position, a recent study of employee's perceptions of leader ethics has defined unethical behavior by managers as behaviors that are against the law or against company policy or behaviors that are devised to humiliate, denigrate or otherwise inflict psychological harm on subordinates. The present study used Craig and Gustafson's definition of unethical behavior in an attempt to assess the reasoning process of managers making "ethical" or "unethical" decisions through a policy-capturing approach. However, behaviors that are designed to purposely deceive individuals were also considered "unethical" in the present definition (Craig & Gustafson, 1996).

The few attempts at developing theories of ethical behavior typically reflect either a personality/integrity view or a situational approach. Scarcity of natural resources, inflation, and a high unemployment rate have all been proposed to contribute to the difficulty organizations have achieving multiple goals and remaining "ethical" in their practices: "When the emphasis is on the bottom line, it is not surprising that actions are taken in accordance with the rationalization asserting that the ends justify the means: (Hegarty & Sims, 1978, p. 456). Others argue that moral development of the individual is the most important factor in determining ethical behavior (Fraedrich & Ferrell, 1992).

A small number of researchers have attempted to investigate some of these theories empirically. Baehr, Jones, and Nerad (1993) have found a strong association between

business ethics and internal locus of control, that is, believing oneself to be fully responsible for the outcome of one's decisions. Those who had a strong internal locus of control tended to be more ethical on a business ethics scale than those with a strong external locus of control, those who believe that whatever happens to them is beyond their control. The authors concluded that it is reasonable to assume that, "internals who believe they have some control over business events, and thus see a more direct relationship between their efforts and their financial and other rewards, are less likely to seek excuses to resort to unethical business practices" (p. 305).

Posner and Schmidt (1984) found that managers respect integrity above all other values and regard it as the most important characteristic of prospective managers, even above competence. Other research has shown that ethical integrity is a significant factor in labeling an individual as a leader (Morgan, 1989). For training purposes, Enderle (1987) has developed a management style which he calls, "managerial ethical leadership". He maintains that there are at least three crucial leadership roles that are highly ethical in nature: directorship, which refers to the enforcement of corporate policy; personal influence over subordinates, a function which is related to the field of interactive relationships within the corporation; and responsibility for perceiving, interpreting, and creating reality for their subordinates. In addition, leaders are responsible for the effects of their decisions on the people involved, as well as for the implementation of corporate goals. Given these responsibilities, Enderle (1987) suggests that adopting an ethical leadership style will provide a framework for managers that will help them simplify their decision making.

The realization that ethical leaders are crucial to organizational success has created a need for organizations to distinguish, during the hiring process, who will be an ethical versus unethical manager. In both large and small corporations, this need has caused an

increase in what is known as 'integrity testing' to screen job applicants.

### Integrity testing

Integrity tests have been shown to predict supervisory ratings of overall job performance with a corrected mean operational validity of .41. This moderate predictive validity is second only to the validities of ability tests, work sample tests, and job knowledge tests used in personnel selection (Ones, Viswesvaran, & Schmidt, 1995). Integrity tests actually have higher validity than do many of the more accepted personnel selection tools including biographical information, assessment center ratings, and mainstream personality inventories (Schmidt, Ones, & Hunter, 1992) and have been shown to generalize across jobs, organizations, and settings (Ones, Viswesvaran, & Schmidt, 1995). Furthermore, integrity tests seem to be successful in predicting counterproductive behaviors with operational validities from .29 to .39. These validities imply that personality attributes influence ethical behavior.

In recent years, two distinct types of integrity tests have emerged: overt integrity tests and personality oriented measures. The differential predictiveness of these two kinds of tests is largely unknown; however, the personality measures appear to predict a broader, more general "unethicalness" whereas the overt integrity tests seem better able to predict more traditional antisocial behaviors such as theft and insubordination.

Though these tests appear to demonstrate predictive utility, a number of problems have made their use controversial. As Camara and Schneider (1994) state, "there is little agreement on the behaviors of interest and the precise definitions of integrity.." (p. 115). They claim that the construct of integrity is overly broad. In addition, there is evidence that some integrity tests are biased against highly religious individuals because paper-and-pencil integrity tests relevant to the personality variable of conscientiousness are assessing conventionality and conformity rather than morality per se (Guastello & Rieke, 1991).

This evidence argues against the position taken by integrity test supporters who claim that misclassification errors made by integrity tests are random. Some integrity tests also appear to be correlated with measures of social closeness, traditionalism, and other traits that are not relevant to business integrity (Lilienfeld, Alliger & Mitchell, 1994). According to Camara and Schneider (1994), these problems cause a systematic misclassification of many honest individuals as dishonest.

Issues such as coachability and fakability of integrity tests, reactions of test takers, and company image have also caused concern over the use of these tests in job selection (Ryan & Sackett, 1987). The typical passing rate for integrity tests is 40-70%, which means that for integrity tests to be a viable option for a company, the employer must have a low enough selection ratio to turn away a large portion of the applicant pool (Sackett, Burris, & Callahan, 1989).

Further problems with integrity tests are that they often focus solely on dishonesty and theft, not on ethics defined more broadly and that they provide no insight into the reasons why managers make the decisions they do. However, there is some evidence that the study of business ethics is beginning to incorporate a greater social science perspective (Trevino, 1986) which includes the training of ethics in business schools and the study of ethical decision making.

#### Need for Training in Ethics

Tymchuk (1981) pointed out that ethical codes are not and cannot be articulated for all possible situations because it is impossible to teach people how to deal with each individual dilemma. Nevertheless, it may be possible to teach ethical reasoning processes that allow people to generalize their reasoning skills to new and unique situations. The responsibility for this instruction continues to fall more and more on higher education and

the training of its business school students. Some recent critiques have faulted American business schools for failing to place sufficient emphasis on the teaching of ethics (Leavitt, 1989; Porter and McKibbin, 1988).

In 1990, Monippaullil, Kathawala, Hattwick, Wall, and Shin conducted a survey on 445 American business educators. They found that the majority of these educators were aware of the ethical problems confronted by business. As a whole, they had also given a great deal of systematic thought to these problems. In general, the survey revealed that the respondents tended to entertain a low opinion of the ethical standards and practices of the business world: When these business educators compared the ethical standards of government organizations, religious organizations, typical American families, and universities, with those of business, they thought only the government to be less ethical than business.

The majority of respondents believed that the current, most powerful influence on business executives was the perceived preferences of top management, and the least important influence was managers' educational experiences. However, the respondents were in general agreement regarding the need to integrate ethical issues into business education. Moreover, they believed that ethical training must be incorporated into the entire business educational experience for it to have a strong impact. Leavitt (1989) also believes that the education for business students needs to change. He points out that issues such as leadership, vision, imagination, and values are all critical areas that are recognized, both among managers and educators, as required for successful individuals and organizations, as well for the greater society. Unfortunately, these areas are rarely, if ever, discussed in today's business schools.

As Russell Palmer, dean of the Wharton business school, points out, "We who run

America's business schools are concerned about how people behave in business, and our responsibility to influence positive ethical behavior is considerable and urgent. We must teach not only the skills of management but also the principles of right and wrong" (Palmer, 1986, p. 23 as cited in Shepard, Shepard, & Wokutch, 1991). The teaching of right and wrong is, of course, not always easy; often the decisions managers face are heavily influenced by contextual factors in which moral clarity may be blurred. Therefore, more and more schools are turning toward teaching decision making skills as opposed to teaching moral absolutes.

### Ethical Decision Making

Much of the research on ethical decision making has been conducted in relation to marketing managers. Hegarty and Sims (1978), in a laboratory experiment testing certain determinants of unethical decision behavior, used a simulated marketing task. They evaluated decision making under different contingencies of reinforcement and found that subjects who were rewarded for unethical behavior performed more unethical behavior than did subjects who were not rewarded, thus suggesting a situational explanation for ethical behavior. Unethical behavior was also higher under conditions of increased competition. Additionally, locus of control, economic and political value orientation, and Machiavellianism were found to be significant personality covariates of unethical behavior. Hegarty and Sims also demonstrated that even under the strongest contingencies of reinforcement, some individuals were "perfectly ethical", implying that ethical behavior in practical situations can be a product of fixed individual characteristics (Higgins, Power, & Kohlberg, 1984).

In 1979, Hegarty & Sims conducted a study evaluating ethical decision making under different policy and environmental conditions, once again using a simulated

marketing decision making task. The subjects were 165 graduate business students who were asked to make a series of decisions on whether or not to give a kickback. The results were that subjects who received a letter from the corporate president supporting ethical behavior, behaved more ethically than did subjects who received a letter that did not support ethical behavior. Results from a related experiment demonstrated that profit goals did not significantly influence ethical behavior; however, an organizational ethics policy was found to significantly reduce unethical decision behavior. Once again, Machiavellianism and economic value orientation were positively related to unethical decision behavior, although the impact of the corporate president's letter implies that ethical behavior involves an interaction between the person and the situation.

Trevino (1986) has introduced an interactionist model for ethical decision making, a model which borrows heavily from Kohlberg's (1984) cognitive development approach and focuses on both the person and the situation. In this theory, the "person" refers to individual factors suggested by the study of psychology. The "situation", on the other hand, refers to variables found in the study of organizational behavior and business. As Payne and Giacalone (1990) point out, "little doubt appears that both the person and the situation are complementary and interdependent forces influencing ethical decision making and behavior..." (p. 651).

Similarly, Fraedrich and Ferrell (1992) empirically investigated whether or not marketing managers were consistent in their ethical decision making. They tested five moral philosophy types and found that, depending upon the situation, respondents will sometimes change their value structure or their score on a test of moral philosophy types. These findings suggest that contextual cues play a crucial role in decision making and that unless personnel are given ethical guidance for their decision making, organizations can

expect a wide range of ethical behavior.

In a follow up study, Fraedrich and Ferrell (1992) investigated the impact of perceived risk and moral philosophy type on ethical decision making in business organizations. Three components of economic risk were explored: 1) the magnitude of loss, 2) the chance of loss and 3) the exposure to loss. Results showed that certain moral philosophy types, those who believe in maximizing their own personal good and those who believe in maximizing the good of all, are more likely to alter their ethical decisions when financial risk is introduced, once again demonstrating the apparent interaction between personality and the situation.

Models of ethical decision making have been proposed by a number of individuals. For example, Hunt and Vitell (1986) have created a general model of marketing ethics. This model includes cultural, industrial, and organizational environments as well as personal experiences. Ferrell and Gresham (1985) have created a contingency model of ethical decision making that includes both social and cultural environments. Decision making was hypothesized to be influenced by certain individual factors (i.e. values, attitudes), significant others (i.e. role set configuration), and opportunity (i.e. reward/punishment). In a later study, Ferrell, Gresham, and Fraedrich (1989) attempted to integrate many of these ethical decision making models. Their final model includes all of the above factors as well as organizational culture, individual moderators, individual stage of cognitive moral development, and the economic environment.

#### Reasoning Processes

While the decision making literature may be useful, the current demand is for more process-oriented research which can “augment existing studies of the content of common excuses or justifications for unethical business practices” (Brenner & Mollander, 1977, p.

58). Similarly, research needs to move beyond what organizational members perceive as ethical/unethical behaviors to effective processes through which students or managers arrive at ethical decisions (Payne and Giacalone, 1990). As Hall (1987) has noted, most of the educational materials available for ethics training should “place considerable emphasis on process, not just identification of the relevant issues or singular solutions” (p. 574).

In a study of the relationship between ethical reasoning and ethical behavior, Haas, Malouf, and Mayerson (1988) investigated the choices made by practicing psychologists in the face of specific ethical dilemmas, and the reasons for those choices. Haas et al. (1988) argued that people differ in their views of certain ethical issues and therefore have different reasons for making their decisions. For example, “an action may be undertaken because of fear of punishment, habit conformity, adherence to a professional code, or adherence to some higher principle” (Haas et al., 1988, p. 35). Their respondents, 294 psychologists, displayed a wide range of preferred actions taken in the face of various dilemmas. Interestingly, despite the diversity of responses and rationales, there was also substantial agreement about choices and reasons among the subjects. Haas et al. (1988) interpreted this finding as supporting the existence of a “general professional ethic” among psychologists.

In a similar study, Tannenbaum, Greene, and Glickman (1989) investigated ethical reasoning processes in an organizational consulting situation. The decision was whether or not to accept a consulting project. Tannenbaum et al. (1989) presented 19 psychologists and psychologists-in-training with a series of vignettes in which five decision-relevant factors were systematically varied: deception, coercion, risk, invasion of privacy, and probability of success. In a policy capturing analysis of the ethical reasoning process, Tannenbaum et al. found moderate agreement on whether or not to accept the hypothetical

project but considerable individual differences in the reasons behind the decisions. They also found that older subjects and/or those in faculty positions were more cautious and used more complex reasoning than did younger, student subjects. Out of the 19 individual participant policies, 18 were significantly predicted by the five manipulated factors. Specific policies accounted for 43.3%- 93.7% of the variance in decisions, thus indicating that participants applied their policies fairly consistently across the vignettes.

### Policy Capturing

Policy capturing refers to a procedure that is designed to statistically describe the unique information processes of individuals. This method has been used in a number of different contexts including job evaluation (Madden, 1964; Zedeck & Kafry, 1977), the effect of candidate characteristics on management promotion decisions (Stumpf & London, 1981), clarifying performance appraisal criteria (Hobson, Mendel, & Gibson, 1981; Hobson & Gibson, 1983), the employment interview (Ebert & Callender, 1986), and executive acquisition decisions (Stahl & Zimmerer, 1984). Policy capturing also appears to be useful in identifying and defining existing or potential organizational dilemmas during organizational diagnoses (Madden, 1981).

It is a well known fact of survey research that attitude measurement often lacks validity because people have a tendency to present themselves in socially acceptable ways which may or may not reflect their actual attitudes. Thus, it is important to develop a procedure that will assess attitudes, without being susceptible to the social desirability response bias. According to Madden (1981), "people's tendency to present themselves in socially acceptable ways constitutes a major obstacle to the important property of validity in the measurement of attitudes" (p. 342).

For example, Ferrell and Weaver (1978) polled middle management marketing

managers. Managers reported that they were more ethical than their peers and more ethical than top management; furthermore, they reported that their own ethical standards were higher than those enforced by existing corporate policy. Obviously, all of these managers cannot possibly be more ethical than their peers and possess higher ethical standards. As can be seen here, when asked directly, people often provide meaningless responses (Madden, 1981). Additionally, people are perhaps unable to report accurately which policies they are using in their decision making. Thus, a policy capturing strategy allows a more accurate assessment.

In policy capturing research, the typical scenario involves subjects' a) being presented with a series of vignettes or profiles that have systematically varied stimulus cues, b) being instructed to review each vignette and c) being asked to make a decision for each vignette (i.e., each vignette is rated from 1 to 5, agree/disagree, or accept/reject). Statistical procedures may then be used to compute the relative importance of each of the cues in determining the decisions. Because the analysis reflects a within-subjects design, the sample size for each analysis is the number of vignettes, not the number of participants.

For a single subject, multiple regression may also be used, with the subject's decision rating as the dependent variable and the vignette cues as the independent variables, to detect main effects and interactions for an individual across vignettes: "Solution of the regression equation yields a multiple R which indicates the linear consistency with which the subject made his/her judgments. The predictors with nonzero weights provide a description of the policy structure and the beta weights give an indication of the relative importance of those predictors. Predictors that reflect the presence or absence of interaction effects can easily be generated" (Madden, 1981, p.344). Standardized regression weights for each decision maker can then be compared, clustered, averaged, or treated in other

ways as new data (Stumpf & London, 1981). In addition to these within-subject analyses, analysis of variance can be used to capture main effects and interactions for groups of subjects.

There are certain limitations to using a policy-capturing approach. Researchers basically agree that captured policies do not precisely describe the manner in which raters cognitively combine performance information in making overall ratings: "A high multiple R means that a judge's decisions may be reproduced by a linear, additive combination of predictor variables; however, it does not mean that the judge himself (sic) used a linear, additive method of combining variables" (Hobson & Gibson, 1983, p.641). There is also some concern over the construct validity of captured policies as defined by current methodologies. These questions are primarily due to the artificial rating tasks that are typically presented to participants, tasks which often differ drastically from actual rating settings. Hobson and Gibson (1983) argue that the lack of realism in stimulus materials presents a significant problem in the interpretation of policy capturing results.

Another methodological issue that may detract from the usefulness of policy capturing as a way to describe and represent decisions includes the problem of high intercorrelations among manipulated factors. A number of policy-capturing studies have been done in the area of performance appraisals (Stumpf & London, 1981; Hobson & Gibson, 1983). Dimensions of performance used in these appraisals are often highly correlated. If significant multicollinearity exists with the independent variables, major problems arise when using multiple regression to define and study captured rating policies. Most policy capturing researchers have chosen to deal with this problem by creating artificially orthogonal dimensions for use in representing ratee performance. This practice simplifies the interpretation of regression weights associated with each dimension;

however, this simplicity may be gained at the expense of accuracy in representing the true performance domain (Hobson & Gibson, 1983).

Despite the limitations of this approach, there is still substantial support for policy capturing as a useful tool in assessing the decision process of individuals. In response to concerns about the lack of realism in policy capturing studies, the present study uses realistic vignettes designed specifically to be relevant to the population of managers participating in the study. Also, the three factors chosen to influence decision making in the present study are manipulated orthogonally and do not appear to be highly correlated in the “real world”.

Tannenbaum et al. (1989) suggest that policy capturing should be more widely used to diagnose and compare ethical reasoning processes under various conditions: “Policy capturing results may serve as a useful diagnostic to see whether students are aware of ethical issues and to evaluate training in ethics” (p. 235). This logic might easily be expanded to include managers. Policy capturing may well identify concerns that are salient to individuals’ differential decision making. An examination of individual policies thus allows the researcher to investigate the reasons for individual differences and to focus training on individual people and/or on specific issues. Last, when managers are given more than one scenario, the researcher can assess the extent to which managers are applying their policies consistently across situations.

### The Current Study

The current study applied the ethical decision making research design used by both Haas et al. (1988) and Tannenbaum et al. (1989) to a heretofore uninvestigated managerial domain. In addition, the present study manipulated different elements of ethical situations to further research on the reasoning process of managers faced with ethical decisions.

Vignettes were used to create realistic decisions. The use of vignettes is more similar to a real life decision than is typical survey research. The idea is to present to the respondent a stimulus that is as concrete and detailed as possible. Alexander and Becker (1978) suggest that the use of vignettes will “..produce more valid and more reliable measures of respondent opinion than the ‘simpler’ abstract questions more typical of opinion surveys” (p. 95).

In the present study, three factors were systematically varied throughout a series of 32 vignettes: accountability, profitability, and deception. Potential for physical harm was initially included as a fourth factor; however, serious concerns from the general manager of the company participating in the study forced the elimination of physical harm as a factor.

As explained above, policy capturing will allow an examination of the process of managerial decision making. These factors were chosen because, given the results of previous research, they are hypothesized to influence the managerial ethical decision making process in general. Moreover, they are particularly relevant to the sample used in the present study: car rental managers.

The series of vignettes was designed to create specific and realistic decisions that car rental managers face daily at work. It is expected that the use of vignettes that include appropriate terminology, job content, and the correct level of decision authority will allow for an accurate assessment of actual managerial decision policies and will increase the validity of findings derived from this study. The inclusion of a student sample will help to determine whether or not there are similarities and/or differences in ethics policies and decision outcomes between managers from the car rental industry and a student sample that is unfamiliar with this industry.

As stated above, the three decision factors were chosen because they are particularly

relevant to car rental managers. However, these three factors-- accountability, profitability, and deception-- also have relevance in the general managerial domain.

### Accountability

Accountability for a decision can be diffused throughout an organization, or it can rest primarily on the shoulders of one decision maker. Jackall (1988) discusses accountability in one of his case scenarios: "The good manager is always aware and is always wary. He knows that he has to be able to point the finger at somebody when things go wrong. And he knows that someone can point the finger at him at any time. There's no accountability in the corporation..." (p. 89).

Most research testing the effects of accountability in the field of decision making builds on the cognitive tradition of psychology, studying individual information processing (Kroon et al., 1992). The results show that accountability tends to induce more cognitively complex judgment and decision strategies. Accountability also tends to induce evaluation apprehension which, in turn, facilitates normative behavior (Kroon et al., 1992). Hegarty and Sims (1978) did a study on determinants of unethical decision behavior and found that 'threat of punishment' tended to decrease unethical behavior. They operationalized 'threat of punishment' as "...you are aware of the possibility of legal liability if the kickbacks should become exposed to the public." (p. 452) This definition is similar to the construct of accountability used in the present study.

### Profitability

In a poll by Harvard Business Review, four out of every seven (399 of 698) respondents surveyed claimed that they had experienced a conflict between what was expected of them as efficient, profit-conscious managers and what was expected of them as ethical persons (Brenner, S. & Mollander, E., 1977). Many companies and individual

managers believe, with Milton Friedman (1970), that “there is only one social responsibility of business- to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game...” (p. 126). This creates enormous pressure for today’s managers and appears to be an important factor in managerial decision making.

### Deception

Deception is often cited as an ethical concern for many professionals. In fact, the issue of deception is addressed in the Ethical Principles for Human Participants, the psychology community’s code of ethics, as well as in the American Marketing Association’s research code of ethics. While there is no general business code of ethics, it would follow that deception would once again be of great concern. For example, deception was shown to be a significant factor in the Tannenbaum et al. (1989) study of ethical reasoning processes. Examples of managerial deception might include misleading customers or employees, deliberately taking credit for work that is not one’s own, or accentuating the positives and downplaying the negatives of a new program a manager is promoting in a report to his or her supervisor.

Although the factors that are being examined are not exhaustive, they should provide insight into some of the main factors that contribute to the decisions faced by managers every day. Moreover, the dilemmas used in the present study are representative of actual dilemmas faced by managers in organizations.

### Locus of control

Previous approaches to studying ethics have tended to focus on either situational or personality variables in determining individuals’ ethical/unethical behavior. The present study attempts to assess both. Therefore, in addition to the manipulation of the three

situational characteristics, one personality variable, locus of control (Rotter, 1966) will also be assessed. The inclusion of locus of control in this study will also help determine the extent to which individuals' believe that they are responsible for what happens to them is directly related to ethical versus unethical behavior.

### Hypotheses

- 1) Each of three manipulated factors will significantly predict individual's ethical decisions, thus reflecting individuals' stable decision making processes; however, the same factors will not necessarily be significant for every individual.
- 2) The  $R^2$ 's associated with the managers for which the scenarios were written will significantly exceed the  $R^2$ 's associated with the student's policy capturing equations.
- 3) For both the student and management samples, participants with an internal locus of control will make more "ethical" decisions than participants with an external locus of control.

### Method

#### Participants

25 managers from a national car rental company in Virginia were used in the present study. Each participant is a manager for a car rental office and directly supervises between 2 and 8 subordinates. Each of these managers is responsible for the day to day decisions that affect his or her office. 21 undergraduate students also participated in this study for extra credit in a psychology course.

#### Procedure

All participants were given a packet of materials which included Rotter's managerial locus of control scale (1966), and a series of 32 vignettes. The managerial participants were mailed their packets with a stamped, return addressed envelope. The packet included

a cover letter written by their general manager supporting the project. This letter stressed that the company had no interest in finding out individual results of the study. This letter was designed to encourage honesty in responses. The packet also included a letter from the researcher explaining the purpose of the study and stressing the complete anonymity of all participants (see appendix A). Students were also asked to read and sign an informed consent sheet (see appendix B). The entire packet took approximately 45 minutes to complete for all participants. Approximately two weeks after returning the packets, managers were sent a debriefing letter explaining to them the true purpose of the study. Students were given a similar letter (see appendix C).

### Measures

Locus of control scale. A locus of control scale was developed by Rotter in 1966 (see appendix D). On this 29-item scale, individuals with an “internal control orientation” believe that they are fully responsible for the outcome of their decisions. These people believe that there is a direct relationship between their effort and the rewards they will receive. Individuals with an “external control orientation”, on the other hand, believe that whatever happens to them in their lives is beyond their control and is a matter of fate, destiny, or luck. This scale implies that someone with an external orientation is less likely to take responsibility for both ethical and unethical decisions. Rotter described the I-E scale as an additive scale. The items represent an attempt to sample I-E beliefs across a range of situations, such as interpersonal situations, school, government, work, and politics. The additive nature of the test has resulted in a moderate but uniform set of internal consistency estimates from .65 to .79 (Rotter, 1966). In general, the test-retest reliability for the test appears adequate. Rotter (1966) reported reliabilities for several samples that vary from .49 to .83, depending upon the time interval and the sample

involved. There do not appear to be any systematic findings regarding sex differences in the I-E scale.

Sample items include “Becoming a success is a matter of hard work; luck has little or nothing to do with it”, “When I make plans, I am almost certain that I can make them work”, etc. Individuals are asked to select a statement from pairs of statements that they more strongly believe to be true.

Ethical Vignettes. In each of 32 vignettes which were presented in randomized order, 3 attributes of each ethical decision were manipulated as part of a 2x 2x 2 randomized block factorial design: manager’s accountability for the decision, profitability of the decision, and deception (see appendix E). The use of a balanced factorial design creates zero correlation among the three factors and therefore simplified the comparison of statistical and subjective weights.

These vignettes were particularly relevant to the population of car rental managers that were used in the study. Interviews with current car rental managers not participating in the study were used to create real-life decisions that these managers face on a daily basis. A pilot study conducted on the student sample assessed whether 1) the vignettes were seen as true ethical “dilemmas” and 2) whether or not the high/low manipulations of each factor were adequately operationalized.

For the actual study, each participant was asked to read the series of 32 vignettes. Each vignette contained the three factors, each factor manipulated as either high or low in each ethical dilemma. Immediately after reading each vignette, participants were asked to decide what action they would take in this situation. For each of the 32 vignettes, one response was considered “unethical” and one “ethical”. After the last decision was made, each participant was asked to assess how much weight (out of 100%) each of the three

factors contributed to their decisions.

The managers were asked to return their packets in the stamped envelope within two weeks of the date of receipt. They were reminded that no individual identification would be possible from either the packet or the envelope. Student packets were collected by the researcher with no identification of individuals possible.

### Pilot Study

A pilot study was conducted on 12 graduate students in the psychology department of Virginia Polytechnic and State University (see appendix F). The pilot study addressed two issues: 1) whether each of the 32 vignettes was seen as an “ethical dilemma” and 2) whether the high/low manipulations of each of the three factors were adequately operationalized.

Twenty-seven of the 32 vignettes were seen as “ethical dilemmas” by at least 75 percent of the participants. Five of the vignettes were not seen as dilemmas by at least 75 percent of individuals. The difficulty in creating “ethical dilemmas” for all the vignettes was primarily due to particular combinations of factors such as occur when most factors are considered “good” (i.e. low profitability, low deception, low accountability). Other studies have acknowledged this problem and have simply accepted that certain combinations of factors may make it difficult if not impossible to create decisions that represent ethical dilemmas (Haas et al., 1988; Tannenbaum & Glickman, 1989). Thus, for the five vignettes that were not seen as ethical “dilemmas”, either decision chosen by a participant was considered to be “ethical” and was coded as such.

Participants were asked to rate how high/low each factor was perceived to be in each of the 32 vignettes on a 5 point Likert-type scale with “1” representing low and “5” representing high. Mean ratings of less than “2” for low and greater than “4” for high were

considered acceptable operationalizations, and factor manipulations meeting these criteria were accepted as written. Two accountability manipulations, four deception manipulations, and one profitability manipulation did not meet the criteria for adequate operationalizations. These manipulations were re-worded to provide clearer manipulations. Over all of the participants, the average ratings for each of the factors were satisfactory (see appendix G).

### Analyses

Policy-capturing research has typically been examined using either multiple regression or analysis of variance (ANOVA) in order to assess the linear relationship between a set of predictors and a dependent variable. However, the correct use of multiple regression/ANOVA requires a number of assumptions that are not met by the present data because both the independent variables and the dependent variable are dichotomous, the assumptions that the residuals are normally distributed about the predicted DV scores (normality), that residuals have a straight line relationship with predicted DV scores (linearity), and that the variance of the residuals about predicted DV scores is the same for all predicted scores (independence of residuals) may not be met (Tabachnick & Fidell, 1989). Violation of these assumptions do not invalidate an analysis so much as weaken it.

A modified regression approach has been proposed to analyze dichotomous data. A log linear (logit) model which uses a maximum likelihood estimation procedure instead of a least squares procedure has been suggested (Tabachnick & Fidell, 1989). Logit analysis is designed especially for use with qualitative data and may answer similar questions to that of regression/ANOVA.

Nevertheless, the logit model differs from multiple regression in several ways. First, logit allows predictions to be expressed in terms of an odds ratio. The odds are the ratio of the probability that an event will occur to the probability that the event will not

occur. Second, interpretation of results from logit analysis is not as straightforward as for multiple regression/ANOVA, and there are no measures that are directly equivalent to  $R^2$ .

Goodman (1978) was the first to show that even in data sets where independent variables and dependent variables are dichotomous, either multiple regression/ANOVA or logit analysis may be an appropriate analysis as long as certain conditions are met. He used data from a military study done by Stouffer et al. (1949) to compare results from logit analysis and dummy variable regression analysis. The study attempted to predict camp preference (North or South) as a function of three dichotomous explanatory variables. He found that the parameters generated by both models represented substantively meaningful quantities. Both models fit the data well, although the logit model fit the data better than the regression model did. He concluded that in the case where the DV has only two categories and the responses are split relatively evenly between the two categories (say no more extreme than 25/75%), either analysis is appropriate since the results of logit analysis are usually quite close to those of multiple regression/ANOVA with a dichotomous DV. If the splits are more extreme and there are more than two categories for the DV, logit analysis may be the better choice because it has no parametric assumptions that are likely to be violated (Goodman, 1978).

Preliminary analyses were run on individual policies using both analysis of variance and logit analysis. No differences in the significance of findings were found. For these reasons and for ease of interpretation, the complete data set was examined using analysis of variance. The analysis used for hypothesis 1 was a 2x2x2 ANOVA for each participant. For each individual,  $n$  is equal to the number of vignettes. The three manipulated factors acted as predictors. Decisions on the vignettes acted as the criterion.  $R^2$ 's were computed for each participant's overall policy, thus reflecting how consistent the

participant was in considering the factors for each decision. Because a different scenario was used in each of the vignettes, it was also possible to determine whether or not manager's policies were cross-situationally consistent. Also,  $\eta^2$ 's were computed for each factor and for the factor interactions, thus indicating the weight given to a factor or an interaction in making a decision. The  $\eta^2$  is analogous to a squared correlation (Cohen, J., 1973), and eta is comparable to regression weights when the regressors are independent of each other, as was the case in the current research (Zedeck & Kafry, 1977). Pearson correlations were also computed in order to compare the self-reported factor weightings of participants with the factor weightings derived from the analysis of variance. Eleven correlations could not be computed due to a lack of variance in importance of cue ratings. This analysis assessed how much insight individuals had into their own policies.

In addition to the analyses conducted at the individual level, group differences were assessed with respect to the stability of policies between the managerial sample and the student sample in order to test hypothesis 2. The stability was tested by using a  $t$ -test to compare the mean  $R^2$  of the managerial sample (across subjects) to the mean of the student sample.

To test hypothesis 3, a median split on locus of control scores created two groups of individuals: those with an internal locus of control orientation and those with an external locus of control orientation. For each sample, the number of ethical decisions made within each of these two groups was compared using a  $t$ -test analysis.

## Results

### Descriptive analyses

Descriptive analyses were assessed for both samples. For the student sample, the mean number of ethical decisions was 25.95, with a median of 27 out of 32 possible ethical

decisions. For the management sample, the mean number of ethical decisions was 21.96 with a median of 22. Using an alpha level of .05, managers made significantly fewer ethical decisions than students ( $t(44)=3.72$ ,  $p<.05$ ). Also, the range of the number of ethical decisions for managers was larger than for students. For students, number of ethical decisions made ranged from 19 to 31. Manager number of ethical decisions ranged from 12 to 29.

### Hypothesis 1

Hypothesis 1 stated that each of three manipulated factors would significantly predict individual's ethical decisions. To test this hypothesis, a 2x2x2 (accountability, deception, and profitability) analysis of variance was conducted for each participant, with the decision for each vignette (ethical=1; unethical=0) as the dependent variable. The predicted variance in ethical decisions, accounted for by managers' decision policies, ranged from 0 to 26.2 percent. Only two of the manager's policies were significant overall: manager 17 and manager 24 (see appendix G). For manager 17, 24.8% of the variance in ethical decision making was captured by the individual's policy, with a three-way interaction of accountability by deception by profitability's accounting for a significant amount of the variance. For manager 24, 26.2 percent of the variance in decision making was accounted for. Two interactions, accountability by deception and accountability by profitability were both significant ( $p<.05$ ). Despite the relatively consistent policies of these two individuals, the remaining managers' policies accounted for little or no variance in their decision making. In fact, eleven of the remaining 23 policies yielded  $R^2$ 's that equaled zero.

Similar findings were observed in the student sample, with individual policies predicting between 0 and 28.9 percent of the variance in ethical decision making. Again,

two of these policies were significant overall (see appendix G). Student 3's policy accounted for 31.1 percent of the variance in ethical decision making, with two-way interactions between deception and profitability accounting for the significance. Student 10's policy was also a significant predictor of his/her decisions, accounting for 28.9 percent of the decision variance. For this individual, the accountability by deception interaction in his/her decision making was significant. Again, similar to what was found in the managerial sample, seven of the remaining 19 student participants had  $R^2$ 's equal to zero.

Examination of the policy capturing tables shows that for the individuals that did not have significant policies, a number of them did use certain factors or interactions significantly in their decision making. For example, only one individual in both samples had a significant main effect for one of the factors: deception. The most common interactions used in decision making were the accountability by deception interaction, used by 7 participants, and the accountability by profitability interaction, used by 4 participants.

Pearson correlations were computed for the self-reported weightings of the three factors and the statistically derived factor weightings for each participant. Results for the management and student sample showed that for both samples correlations ranged from -1.00 representing no insight into the rank ordering of factor importance to 1.00 which represents perfect insight into the relative importance of the factors (see appendix G). It was interesting to note that the only correlations that were significant were correlations of 1.00 and -1.00. This lack of significance is due to the low power of the analysis for a single individual.

## Hypothesis 2

Hypothesis 2 stated that the  $R^2$ 's associated with the managers for which the

scenarios were written would significantly exceed the  $R^2$ 's associated with the student's policy capturing equations. The average  $R^2$  for the management sample was 7.5 and the average  $R^2$  for the student sample was 7.94. Because the difference between these two averages was not significant, hypothesis 2 was not supported.

### Hypothesis 3

Hypothesis 3 stated that for both the student and management samples, participants with an internal locus of control would make more "ethical" decisions than participants with an external locus of control. For the student sample, the median score on the locus of control scale was 12 out of 22. Lower scores represent an internal locus of control orientation and higher scores represent an external locus of control orientation. A median split assessed the difference between the number of ethical decisions for individuals with an internal locus of control versus the number of individuals with an external locus of control orientation. Externals displayed a mean of 26.22 and a standard deviation of 3.44. Twelve students were considered to have an 'external' locus of control orientation. Nine internals displayed a mean of 25.75 and a standard deviation of 3.27. Results of a t-test revealed that there were no significant differences for number of ethical decisions made between groups  $t(19) = .75; p > .05$ . This relationship was also analyzed using a regression analysis, with locus of control score as the independent variable and number of ethical decisions as the dependent variable. Again, the effect of locus of control was not statistically significant,  $F(1, 23) = .01, p > .05$ . Thus, hypothesis 3 was not supported for this sample.

For the managerial sample, the median score on the locus of control scale was 7. A median split separated managers into two groups: internals and externals. A t-test was then assessed the difference in the number of ethical decisions between the two groups. Twelve externals exhibited a mean of 22.5 and a standard deviation of 2.58. Thirteen internals

exhibited a mean of 21.46 and a standard deviation of 4.84. Once again, the group difference was not significant,  $t(23) = .52$ ;  $p > .05$ . Because a regression analysis with locus of control as the independent variable and number of ethical decisions as the dependent variable also revealed no significant association, ( $F(1,19) = .10$ ,  $p > .05$ ), hypothesis 3 was not supported for the managerial sample.

A comparison of mean locus of control scores between the student and managerial samples revealed that managers had significantly lower locus of control scores than students,  $t(44) = 2.70$ ,  $p < .05$ . Because managers were significantly more internally oriented than students and made significantly fewer ethical decisions than students did, an overall comparison of locus of control orientation and ethical decision making across the two samples was not considered to be appropriate.

#### Discussion

The primary hypothesis of this research was not supported. Neither individuals in the managerial sample nor participants in the student sample appeared to base their decisions on policies composed of the three manipulated factors. These results were puzzling in light of the consistent findings in previous policy capturing research that individuals use stable policies in their decision making (Madden, 1981).

However, there are a number of possibilities for the present lack of findings. First, most policy capturing studies have used a single scenario that remains constant while the factors embedded in it are manipulated for each scenario. The present study attempted to use 32 different, realistic scenarios while simultaneously manipulating the three independent factors as high or low. Multiple scenarios were used to determine whether or not policies would be cross-situationally consistent. The lack of findings may be partially explained by the influence of these individual scenarios on decision making as opposed to

the impact of individual factors within each scenario. For example, there was high agreement as to whether or not individuals would make an “ethical” or “unethical” decision on many of the 32 vignettes, leading to a restriction of range that made it difficult to observe significant effects for the predictor.

In addition, it is interesting to note that there was only one significant main effect across both samples. One individual had a main effect for deception. There were no participants for whom main effects of either accountability or profitability were significant. This result was unusual because most policy capturing studies have found that individual’s decisions are more likely to reflect main effects than interactions. In the present study the accountability x deception interaction was significant for seven participants, and the accountability x profitability interaction was significant for four. This finding implies that although accountability was probably an important factor in the decision making of many of the participants, its strongest effect occurred in interaction with the other factors.

It is also important to note that 50 percent agreement on a vignette is the maximum amount of disagreement possible with a dichotomous variable. There was at least 75 percent agreement on 18 of the 27 vignettes in the management sample. The five vignettes that were not seen as ethical “dilemmas” were not included in this analysis. The student sample yielded slightly higher agreement of 75 percent or greater agreement on 20 of the 27 remaining vignettes. These findings suggest that individuals may have been responding to the “situation” described in the vignette more strongly than they responded to the individual factors.

The second potential problem with the present research is that the pilot study demonstrated that the manipulations of the factors were adequate; nevertheless, there may have been problems with the strength of these manipulations. The decision to use realistic

vignettes made it difficult to create strong factor manipulations in each of the 32 vignettes. Also, the three factors that were used-- profitability, deception, and accountability-- although relevant to managerial decision making, may not have been the only relevant factors being considered by the participants. For example, in a number of the scenarios, factors such as customer satisfaction or employee morale may have also been a consideration when individuals were making their decisions. In fact, a post hoc content analysis of the 32 vignettes revealed that the scenarios could be categorized into three main subject areas: those dealing with employee issues (9 vignettes), car maintenance issues (7 vignettes), and customer service issues (16 vignettes). It is possible that the nature or content area of the scenario may have influenced individual decision making. Therefore, exploratory analyses were performed on the management sample to assess the extent to which individuals may have had consistent policies within a particular content domain. One-way ANOVAS were performed for each participant. However, only customer service vignettes were analyzed with the three manipulated factors as independent variables and the decision (ethical/unethical) as the dependent variable because too few vignettes composed the categories of car maintenance and employee issues. The results of the analyses on the customer service vignettes showed that five managers showed an increase in their  $R^2$  when only the customer service vignettes were used. Unfortunately, due to the low power of the analysis as well as the limited variance on the criterion, none of these policies reached significance. Although it is impossible to tell what effect the particular content areas of the vignettes had, it is reasonable to assume that, for at least some individuals, the content of the vignette (i.e. customer service) had a greater effect on their decision-making than did the individual factors.

The use of vignettes with only the factors of interest in them would, from an

internal validity perspective, have been more appropriate. However, such a design would have been incompatible with using a variety of cross-situation scenarios. Therefore, although using a single scenario would have increased experimental control, this strategy would have failed to address one of the major criticisms of policy capturing research in the past: that single scenarios are abstract and, by providing limited information, restrict the generalizability of the findings. In short, the research tradeoff seemed to be between maximizing either internal or external validity at the expense of the other.

The difficulty in finding an acceptable definition of ethical and unethical behavior may have further contributed to this problem. Perhaps an expanded definition of ethics would allow for more relevant factors to be included in the scenarios and would thereby provide a more comprehensive representation of the decision making process.

Another contributing factor to the lack of significant findings may have been the use of a dichotomous dependent variable in addition to all dichotomous independent variables. The use of a continuous dependent variable (i.e. ratings from 1 to 5) would have allowed for more variance on the dependent variable, thereby making it easier to find effects if any were, in fact, present. A review of Table 2 and Table 3 shows that although very few individual policies were significant, there were a number of differences in which factors were influencing decision making for each individual. More variance on the dependent variable may have allowed for more of these differences to become significant.

Some of the problems inherent in policy-capturing research can be explained with the use of a model developed by Egon Brunswik (1952). This model, the lens model, provides a framework for better understanding the judgment process. The lens model demonstrates that achievement is actually a function of the statistical properties of both the environment and a person's response system (Slovic & Lichtenstein, 1971). The basic

premise is that each predictor or factor contributing to a particular judgment has a specific degree of relevance to the true state of the world (criterion value).

For example, because we are almost always unable to assess precisely the “true” judgment process, we use a linear representation of the judgment in an attempt to mirror the “true” process. We can then correlate the “true” process with the linear representation and assess the accuracy of our analysis. Clearly then, the most informative strategy would be to conduct a policy-capturing analysis of the ethical decision making process of managers and then compare the results with the “true” process of their decision making.

However, because it contained no measure of the actual process, the present study examined only half of Brunswik’s equation in its policy-capturing analyses. Thus, it could not be determined whether individuals in the current study actually used consistent policies in their decision making (policies that were not captured by the methodology used here) or they were not using stable policies at all. This lack of a criterion is a weakness that is also shared by other policy-capturing approaches to understanding decision making.

#### Locus of control

The hypothesis associated with locus of control - - that individuals with an internal locus of control would make more ethical decisions than would individuals with an external locus of control orientation -- was not supported; however, analysis of the results revealed some interesting findings. Students were more externally control oriented than were managers. The median locus of control score was five points higher for students than for managers. As Lefcourt (1981) points out, it is not easy to estimate a “typical” locus of control score. Scores vary significantly from study to study, from population to population, and from one point in time to another. The present results are consistent with this finding.

In Rotter's original (1966) article, mean scores ranged from 5.48 to 10. At first, I-E Scale means were skewed in the internal direction, especially for college populations, in which means tended to be about 7.5 to 8.5. Over the years, these means have moved in the external direction at least two to four points (Lefcourt, 1981). The means score for the present college sample was 11.2, consistent with the move toward externality.

There appears to be something particular to "being a manager" or "being a student" that influences the control orientation of individuals. It may also be possible that more internally oriented individuals self-select to managers or that "managing" itself increases an individual's internal locus of control orientation because managers do, in fact, have more control over external events in their daily lives than students do and because managers are held responsible for decisions that affect the lives of others. Future research should examine other personality variables that may influence ethical behavior and, at the same time, be more stable than locus of control across populations.

### Implications

There is not currently a formally proposed relationship between ethical decision making and managerial performance. However, the extent to which this relationship exists is an intriguing question for further study. The present study was designed to begin looking at the influence of both the situation and the person in determining ethical decision making. The managerial sample that was used was particular to the car rental industry where ethics seems to be of great concern. Although the present policy capturing results were disappointing, the study does have some important implications for the study of ethics.

First, responses to a questionnaire may not be the same as how people actually behave: "These responses are likely to be more positive than the behavioral responses

which occur when managers are under pressure and confronted with conflicting information and competing loyalties” (Posner & Schmidt, 1984, p. 203). However, even given a response bias in favor of “ethical” decisions, both managers and students were willing to admit to making “unethical” decisions when faced with particular ethical dilemmas.

Second, the differences found between the management sample and the student sample in locus of control orientation, willingness to make unethical decisions, and which patterns of factors were most used during decision making have implications for the further study of business ethics. Researchers pursuing the study of ethics should be aware that there may be important differences in findings when using different samples (i.e. students vs. managers). Further research needs to address what these differences are and why they exist.

Third, individuals differed greatly in the extent to which they were aware of the importance of the factors they were using during decision making. Previous policy-capturing research has shown that individuals are typically unaware of the factors they are using in their decision making. It may be interesting in future research to determine what personal characteristics may be associated with greater or lesser insight into one’s decision making policy. Is it the case that individuals who are aware of the policies they are using are also the same individuals who have the most consistent policies? Are there personality variables associated with awareness of one’s decision making policy?

It also seems obvious that an appropriate and acceptable definition for ethical and unethical behaviors has not yet been developed. While the current study expanded previous definitions to include deceptive acts, future definitions may need to include more relevant factors. It seems crucial to the success of the ethical decision making literature for

researchers to eventually agree upon a single definition of ethics that can be used to build upon previous research in the area.

The study of business ethics is a vaguely defined area that has been largely neglected. Despite the limited significant results found in the present study, research on ethical decision making and the reasoning process of individuals during decision making are both worthwhile research endeavors that should be pursued.

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**APPENDIX A**  
**LETTER TO MANAGERS STRESSING ANONYMITY**

## LETTER TO MANAGERS STRESSING ANONYMITY

Dear manager:

I would like to thank you in advance for your participation in this study. I am currently working on my Masters thesis in Industrial/Organizational psychology at Virginia Polytechnic Institute and State University. I am interested in examining the process of **decision making** in managerial populations, in general, and in car rental managers, in particular. I have received permission from your General Manager, to request your participation in this study which should take no more than one hour of your time.

Enclosed you will find two surveys: a 29-item questionnaire and a series of 32 car rental scenarios. Each scenario will provide a brief description of a particular dilemma. You will be asked to make a decision for each of these scenarios based on a limited amount of information. Please read the questions **carefully** and answer as honestly as possible. You should answer the questions with what you most likely would do in a particular situation, NOT what you believe you would be expected to do.

All of the responses will be completely **ANONYMOUS** which means that there will be no identification of individual responses possible. Also, individual surveys and decisions will not be seen or used by anyone affiliated with \_\_\_\_\_ nor will the \_\_\_\_\_ name be associated with the results of this study at any time. Enclosed is an addressed, stamped envelope which you may use to return the completed materials. Please do not place your name anywhere on the surveys or on the envelope.

Thank you for taking the time out of your very busy schedule to fill out this survey. There is a limited number of individuals participating in this study; therefore, your participation is crucial. If at all possible, please try to return the completed materials by February 13, 1996.

I would like to remind you that participation in this study is completely voluntary. You are free to decline participation without any consequence from your organization.

If you have any questions regarding your participation in this study, please feel free to call Nicole Jalbert at (540) 951-9673 or Dr. Sigrid Gustafson at (540) 231-3133.

Thank you,

Nicole M. Jalbert

This study has been approved by the Internal Review Board at Virginia Tech (Ernest Stout, Chair, IRB, (540) 231-9359

**APPENDIX B**  
**STUDENT INFORMED CONSENT FORM**

## **INFORMED CONSENT FORM**

TITLE OF EXPERIMENT: Ethical Decision Making by Managers: A policy capturing approach  
EXPERIMENT # 95-287

### **1. PURPOSE OF EXPERIMENT**

You are invited to participate in a study about managerial decision making.

### **2. PROCEDURE TO BE FOLLOWED IN THE STUDY**

To accomplish the goals of the study, you will be asked to fill out two scales. The first will consist of 29 questions. Next, you will be asked to read a series of 32 vignettes which will each pose a hypothetical situation. You will be asked to act as the manager of a car rental company and to decide what you would do in each of the situations.

### **3. ANONYMITY OF SUBJECTS AND CONFIDENTIALITY OF RESULTS**

Participation in the present study will be completely anonymous. Researchers will be unable to distinguish anyone at the individual level.

### **4. DISCOMFORTS AND RISKS FROM PARTICIPATING IN THE STUDY**

There are no risks to you from participation in this study.

### **5. EXPECTED BENEFITS**

This study hopes to further the study of managerial decision making

### **6. FREEDOM TO WITHDRAW**

You are free to withdraw from participation in this study at any time without penalty.

### **7. EXTRA CREDIT**

For participation in this study, you will receive 1 extra credit point toward Introduction to psychology or any other psychology course with instructor approval.

### **8. USE OF RESEARCH DATA**

The information from this research may be used for scientific or educational purposes. It may be presented at scientific meetings and/or published and reproduced in professional journals and books, or used for any other purpose that Virginia Tech's Department of Psychology considers proper in the interest of education, knowledge, or research.

### **9. APPROVAL OF RESEARCH**

This research project has been approved by the Human Subjects Committee of the Department of Psychology and by the Institutional Review Board of Virginia Tech.

**INFORMED CONSENT FORM (CONTINUED)****10. SUBJECT'S PERMISSION**

I have read and understand the above description of the study. I have had an opportunity to ask questions and have had them all answered. I hereby acknowledge the above and give my voluntary consent for participation in this study.

I further understand that if I participate I may withdraw at any time without penalty. I understand that should I have any questions regarding this research and its conduct, I should contact any of the persons named below.

Primary researcher: Nicole M. Jalbert 951-9673

Faculty advisor: Dr. Sigrid Gustafson 231-3133

Chair, IRB: Ernest Stout 231-9359

Subject's signature \_\_\_\_\_ Date \_\_\_\_\_

Subject's ID \_\_\_\_\_

**APPENDIX C**  
**DEBRIEFING STATEMENTS**

## MANAGER DEBRIEFING STATEMENT

Dear manager:

I would like to take this opportunity to thank those individuals who chose to participate in the decision making study and to briefly describe the purpose of the study as well as some of our predictions as to what we will find.

Up until this point in time, relatively few researchers have investigated business ethics or ethical decision making. The current legal and social climate of business has created some renewed interest in encouraging responsible business practices. The present study attempted to explore the reasoning processes of individuals during decision making and to see whether four factors were significant predictors of “ethical”/“unethical” behavior: potential for physical harm, accountability, profitability of the decision, and deception. These four factors were chosen because they have been shown to be relevant to managers in general and appear to be specifically relevant to car rental managers in specific. Past research has shown that individuals tend to develop stable policies when they are making decisions. For example, one individual may be particularly sensitive to situations where the potential for physical harm is high but relatively indifferent to situations where deception is a concern.

As the last question in the packet, individuals were asked how much weight they put on each of the four variables in making their decisions. The question was asked in order to assess the extent to which individuals were aware of the particular policies they were using. Past research has shown that individuals do, in fact, develop consistent decision policies; however, they are typically unaware of the policies that they are using.

The scale that was filled out in the beginning of the session, the locus of control scale was used because past research has shown that locus of control or the extent to which individuals believe they have control over their lives and work lives may be related to scores on a business ethics scale. In the present study, we wished to see if an individual’s score on the locus of control scale was related to the number of “ethical” decisions that were made. We expect to find that individuals who have an internal locus of control (they believe that they are fully responsible for their business decisions) will tend to make more “ethical” decisions than those individuals who score with an external locus of control (they tend to believe that many of the events that occur in both their personal and business lives are beyond their control).

If you have any questions regarding your participation in this study, please feel free to call Nicole Jalbert at (540) 951-9673 or Dr. Sigrid Gustafson at (540) 231-3133.

Thank you,

Nicole M. Jalbert

This study has been approved by the Internal Review Board at Virginia Tech (Ernest Stout, Chair, IRB, (540) 231-9359)

## STUDENT DEBRIEFING STATEMENT

You have just participated in a study designed to investigate the reasoning processes of individuals making ethical decisions. The vignettes that you read were designed to create realistic scenarios for a sample of car rental managers that will also be used in this study. Students have been used to compare results between these two samples.

Up until this point in time, relatively few researchers have investigated business ethics or ethical decision making. The current legal and social climate of business has created some renewed interest in encouraging responsible business practices. The present study attempted to explore the reasoning processes of individuals during decision making and to see whether four factors were significant predictors of “ethical”/“unethical” behavior: accountability, profitability of the decision, and deception. These three factors were chosen because they have been shown to be relevant to managers in general and appear to be specifically relevant to car rental managers in specific. Past research has shown that individuals tend to develop stable policies when they are making decisions. For example, one individual may be particularly sensitive to situations where the potential for physical harm is high but relatively indifferent to situations where deception is a concern.

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The scale that was filled out in the beginning of the session, the locus of control scale was used because past research has shown that locus of control or the extent to which individuals believe they have control over their lives and work lives may be related to scores on a business ethics scale. In the present study, we wished to see if an individual’s score on the managerial locus of control scale was related to the number of “ethical” decisions that were made. We expect to find that individuals who have an internal locus of control (they believe that they are fully responsible for their business decisions) will tend to make more “ethical” decisions than those individuals who score with an external locus of control (they tend to believe that many of the events that occur in both their personal and business lives are beyond their control).

If you have any questions regarding your participation in this study, please feel free to call Nicole Jalbert at (540) 951-9673 or Dr. Sigrid Gustafson at (540) 231-3133.

Thank you,

Nicole M. Jalbert

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APPENDIX D  
ROTTER (1966) LOCUS OF CONTROL SCALE

## ROTTER (1966) LOCUS OF CONTROL SCALE

This is a questionnaire to find out the way in which certain events in our society affect different people. Each item consists of a pair of alternates lettered a or b. Please select the one statement of each pair (and only one) which you more strongly believe to be the case by circling the corresponding letter. Be sure to select the one you actually believe to be more true rather than the one you think you should choose or the one you would like to be true. This is a measure of personal belief; obviously there are no right or wrong answers.

In some instances you may discover that you believe both statements or neither one. In such cases, be sure to select the one you more strongly to be the case. Also, try to respond to each item independently when making your choice; do not be influenced by your previous choices.

**Remember:** Select that alternative which you personally believe to be more true!

I more strongly believe that :

1.     a. Children get into trouble because their parents punish them too much.  
       b. The trouble with most children nowadays is that their parents are too easy with them.
2.     a. Many of the unhappy things in people's lives are partly due to bad luck.  
       b. People's misfortunes result from the mistakes they make.
3.     a. One of the major reasons why we have wars is because people don't take enough interest in politics.  
       b. There will always be wars, no matter how hard people try to prevent them.
4.     a. In the long run, people get the respect they deserve in this world.  
       b. Unfortunately, an individual's worth often passes unrecognized no matter how hard he tries.
5.     a. The idea that teachers are unfair to students is nonsense.  
       b. Most students don't realize the extent to which their grades are influenced by accidental happenings.
6.     a. Without the right breaks one cannot be an effective leader.  
       b. Capable people who fail to become leaders have not taken advantage of their opportunities.
7.     a. No matter how hard you try, some people just don't like you.  
       b. People who can't get others to like them, don't understand how to get along with others.
8.     a. Heredity plays the major role in determining one's personality.  
       b. It is one's experiences in life which determine what they're like.

9.
  - a. I have often found that what is going to happen will happen.
  - b. Trusting to fate has never turned out as well for me as making a decision to take a definite course of action.
10.
  - a. In the case of the well-prepared student there is rarely if ever such a thing as an unfair test.
  - b. Many times exam questions tend to be so unrelated to course work that studying is really useless.
11.
  - a. Becoming a success is a matter of hard work; luck has little or nothing to do with it.
  - b. Getting a good job depends mainly on being in the right place at the right time.
12.
  - a. The average citizen can have an influence in government decisions.
  - b. This world is run by the few people in power, and there is not much the little guy can do about it.
13.
  - a. When I make plans, I am almost certain that I can make them work.
  - b. It is not always wise to plan too far ahead because many things turn out to be a matter of good or bad fortune anyhow.
14.
  - a. There are certain people who are just no good.
  - b. There is some good in everybody.
15.
  - a. In my case, getting what I want has little or nothing to do with luck.
  - b. Many times we might just as well decide what to do by flipping a coin.
16.
  - a. Who gets to be the boss often depends on who was lucky enough to be in the right place first.
  - b. Getting people to do the right thing depends upon ability; luck has little or nothing to do with it.
17.
  - a. As far as world affairs are concerned, most of us are the victims of forces we can neither understand nor control.
  - b. By taking an active part in political and social affairs the people can control world events.
18.
  - a. Most people don't realize the extent to which their lives are controlled by accidental happenings.
  - b. There really is no such thing as "luck".
19.
  - a. One should always be willing to admit his mistakes.
  - b. It is usually best to cover up one's mistakes.
20.
  - a. It is hard to know whether or not a person really likes you.
  - b. How many friends you have depends upon how nice a person you are.
21.
  - a. In the long run, the bad things that happen to us are balanced out by the good things.
  - b. Most misfortunes are the result of lack of ability, ignorance, laziness, or all three.

22.
  - a. With enough effort we can wipe out political corruption.
  - b. It is difficult for people to have much control over the things politicians do in office.
23.
  - a. Sometimes I can't understand how management arrive at the promotions they give.
  - b. There is a direct connection between how hard I work and the rewards I receive.
24.
  - a. A good leader expects people to decide for themselves what they should do.
  - b. A good leader makes it clear to everybody what their jobs are.
25.
  - a. Many times I feel that I have little influence over the things that happen to me.
  - b. There's not much use in trying too hard to please people; if they like you, they like you.
26.
  - a. People are lonely because they don't try to be friendly.
  - b. There's not much use in trying too hard to please people; if they like you, they like you.
27.
  - a. There is too much emphasis on athletics in high school.
  - b. Team sports are an excellent way to build character.
28.
  - a. What happens to me is my own doing.
  - b. Sometimes I feel that I don't have enough control over the direction my life is taking.
29.
  - a. Most of the time I can't understand why politicians behave the way they do.
  - b. In the long run the people are responsible for bad government on a national as well as a local level.

APPENDIX E  
VIGNETTES

## VIGNETTES

**Please read the following vignettes carefully. Please respond by circling the item which is most like the action you would take in a particular circumstance. Do not respond the way in which you believe you should respond.**

1. You are the manager of X car rental company. As manager of a car rental office, you are responsible for coordinating all of your employees. You are particularly busy one day and all of your rental representatives are busy. You have drivers that work for you and their jobs are to pick up customers and/or cars; however, company policy states that they are not allowed to write tickets or actually rent the cars. On this particular day, you have a customer that needs to have a car delivered for a long-term corporate deal which means that it is highly profitable. You have heard that other managers, when faced with a similar situation, will write the ticket and send the driver to rent the car. They reason that this isn't hurting anyone and it is good customer service. However, having drivers rent cars is completely against company policy and if upper management found out, you would be held responsible. If you were the manager, what would you do?

send driver

don't send driver

2. You are the manager of X car rental company. There has been a recall made on one of the cars on your lot. Left unfixed, the car may not run properly. A customer comes in and would like to rent that particular car for a highly profitable, long term deal. If you decide to rent the car, you will not tell the customer that the car has been recalled. If anything were to happen while the car was on rent, you would be held responsible by upper management for not getting the car fixed. If you were the manager, what would you do?

rent the car

don't rent the car

3. As manager of X car rental company, your most productive employee has a reputation for having a short temper with problem customers. He has already had one customer complaint and one written warning about his attitude. You have overlooked it so far because he is very efficient and produces very high profits for your office. However, you are ultimately responsible for the actions of your employees and upper management will hold you responsible for any more customer complaints. Verbal warnings have not had an effect and your next option is to give him another written warning which may be cause for his dismissal.

If you were the manager what would you do?

Give him a written warning

Don't give him a written warning

4. As manager of a rental car office, you are able to drive a car home each night from work.

Today, on your way in to work, you noticed that the car you were driving was overdue for an oil change. You had planned to get the oil changed during the day but didn't get around to it.

Now, it is time for you to go home and since you didn't want to rent the car, it is the only one left for you to drive home for the weekend. Company policy stresses that cars should not be driven when they are in need of any kind of maintenance. However, you would have to wait an hour if you wanted someone to come pick you up. Upper management has no way of knowing what car you have driven home and therefore you will not be held responsible for your decision.

If you were the manager, what would you do?

drive the car home

don't drive the car home

5. You are the manager of X car rental company. You have just noticed that one of the few cars left on your lot has a loud knocking noise coming from the engine. Another car rental office in your company calls up and desperately needs to get cars to rent. You do not want to send them all of the good cars on your lot because then you will have none left to rent. You do not know how bad the engine damage is but you do know that it could potentially be serious. If you decide to send this car to the other office, you will not tell them of the engine noises and hope that they catch it themselves. If anything were to happen, you would not be held responsible by upper management since officially you have no knowledge that anything is wrong with the car. Giving cars to another office is expected but it does not affect your offices profitability. If you were the manager, what would you do?

send the car

don't send the car

6. You are the manager of X car rental company. An employee comes in late on Monday morning, a very busy day for the office. As the manager, you have the option of "writing the employee up" which is a written reprimand that will go into his file. This decision is completely at your discretion and you will not be held responsible by upper management. This decision will not affect the office profitability. If you decide to write the employee up, you will tell him and discuss the reasons why.

If you were the manager, what would you do?

write the employee up

don't write the employee up

7. You are the manager of X car rental company. One of the last cars on your lot for the day is in need of an oil change. A customer would like to rent the car for a low profit, 3 day rental.

Careful records are kept of all maintenance schedules by upper management and you will be held responsible if they realize this car is overdue for an oil change and it has been rented. If you decide to rent the car, you will not mention that the car is in need of an oil change to the customer. If you were the manager, what would you do?

rent the car

don't rent the car

8. You are the manager of X car rental company. A customer who is under 25 comes in to rent a car for a highly profitable, one month deal. You are aware that some managers will purposely not disclose the extra under-25 daily charge that is added to the cost of the rental since people are often reluctant to pay this charge. If upper management finds out that you are adding charges that have not been explained to the customer, you will be held responsible. If you were the manager, what would you do?

explain the charge

don't explain the charge

9. You are the manager of X car rental company. A customer returns a car rental after hours. The next morning you mistakenly close the ticket out on the wrong day, thus charging the customer for an extra day's rental. After the ticket is closed, you realize your mistake. The customer has already left the country and you have to decide whether you should refund his credit card for the extra money. This would be very low profit for your office; however, you know that there is little or no chance that you could be held responsible by upper management because the mistake will go unnoticed unless you choose to correct it. If you were the manager, what would you do?

refund the money

not refund the money

10. You are the manager of X car rental company. One of the cars on your lot has some minor damage, but nothing that could cause any potential harm to a driver. Another office calls to ask if they can have some cars from your lot since they are running very tight. You tell them that this car does have damage on it and the other office still wants the car. The renting of

cars with damage of any kind on them is against company policy and therefore you could be held responsible by upper management. This decision will have no effect on your office profitability. If you were the manager, what would you do?

give the office the damaged car

don't give the office the damaged car

11. You are the manager of X car rental company. A customer calls in and wants a car for a 2 month, highly profitable rental; however, he cannot make it into the office before closing time. He does not wish to wait until tomorrow and he offers to give you a substantial amount of money if you will rent him the car after hours. The practice of taking any money from customers is against company policy and you would be held responsible by upper management if anyone were to find out. If you were the manager, what would you do?

take the money

don't take the money

12. You are the manager of X car rental company. A customer from out of the country comes in to rent a car. He does not speak very good English. He asks for a long term car rental. You know that you could increase the rental rates for this individual and increase the profits on this already highly profitable deal. This deception will not be found out by either the customer or upper management and therefore you will not be held responsible. If you were the manager, what would you do?

increase the rates

don't increase the rates

13. You are the manager of X car rental company and you have just received a call from a customer requesting a one-day rental because her car is in the shop. The only car on the lot has a minor dent in it. You explain this to the customer and the customer does not mind at all. Even though it is not good public relations to have a car driving around that has a dent in it, there is no company policy against it and you will not be held responsible by upper management. The profits from this one day rental are minimal. If you were the manager, what would you do?

rent the car

don't rent the car

14. You are the manager of X car rental company. It is the end of a busy day and there are no cars left on your lot for you to drive home. You call your Airport location which is about 15 minutes away. They have a car for you to drive home but the only way for you to get the car

would be for you to ask a customer to drive you over there on their way home. This is against company policy; however, the customer is more than willing to drive you. If upper management were to find out, you would be held responsible. This decision will have no effect on the profitability of your office. If you were the manager, what would you do?

take a ride with your customer

don't take the ride

15. You are the manager of X car rental company. You have been made aware that there was a recall made on one of the cars on your lot, although you have never received official word of this recall. Left unfixed, the car may not run properly. A customer comes in and wants to rent that particular car for a highly profitable, long term deal. If you decide to rent the car, you will not tell the customer that the car has been recalled. If anything were to happen while the car was on rent, you would not be held responsible by upper management because you were never officially informed of the recall. If you were the manager, what would you do?

rent the car

don't rent the car

16. You are the manager of X car rental company. You have been trying for a long time to set up a corporate account with a company that is located 30 minutes away. They are willing to sign with you if you will be able to deliver all the cars they rent to them. This will be difficult for your office to handle due to limited manpower; however, they will be renting at least 15 cars a week which will mean extremely high profits for your office. You will not be held responsible by upper management for either decision. If you were the manager, what would you do?

take the account

don't take the account

17. As manager of a car rental office, one of your responsibilities is to get car dealerships to use your rental cars instead of owning their own fleet of rental cars. One dealership you have been working with has 50 loaner cars. You have been working to convince them to sell these cars and use your company instead. You keep telling them how they will be saving lots of money by doing this and in return the increase in business will mean high profits for your company. While most of the time car dealerships will have substantial savings by using your company, you have noticed while going over numbers of this particular company that, in fact, the dealership would most likely either lose money or not gain any money if they sell their cars. However, the deal would mean huge profits and fleet growth for your office. There is no way

you could be held responsible by upper management if the dealership ended up losing money by selling their fleet.

If you were the manager, what would you do?

continue to convince the dealership to sell.

tell the dealership they may lose money and they should probably not sell their cars.

18. You have two hourly employees that like to leave the office on or before quitting time each day. As a manager, you are aware that overtime takes away from overall profits; therefore, you send these employees home early as often as you can. This is a decision that is completely at your discretion and you would not be held responsible either way by upper management. Your employees appreciate the arrangement even though they are aware that they are allowed to leave early only in order to save the company money. In the long run, this is probably a highly profitable practice since personnel costs make up a large amount of your expenses. However, managers of some other offices do not agree with this practice because they think, that as management trainees, these employees should have to work long hours with few, if any breaks.

If you were the manager, what would you do?

continue to let the employees leave early

don't let employees leave early

19. You have just received a phone call from the personnel office of a rental group out of state in the same company. Personnel is calling to find out what recommendations you have for one of your employees who has put in for a promotion in this other group. This employee is a hard worker but has a lot of problems. He is constantly making mistakes he shouldn't be making anymore, he does not sell insurance waiver which is an important part of his job, and he does not have a very good rapport with the customers. You do not believe he is management material; however, he is a good person and he tries hard. You know that if you gave him a good recommendation he would probably be promoted and that his promotion would 1) make him happy and 2) open up a slot in your office for a better employee. On the other hand, if you give the other office an honest recommendation, you will probably have this employee in your office for a very long time. There is really no way you could ever be held responsible by upper management for your recommendations, regardless of what you say. This decision will have no effect on your office profitability.

If you were the manager, what would you do?

give a good recommendation

give an honest recommendation

20. You are the manager of X car rental company. You have been extremely busy today and you have rented all of the available cars on your lot. A frequent customer comes in and is desperate to rent a car for 3 hours; it is an emergency. You have one car left on your lot that has a dent in the hood. You have been told by the insurance department of your company (in the corporate office) that you cannot rent that car. An adjuster is on her way to assess the car. This is not a high profit deal, but the customer is well aware of the dent, and the car is otherwise in perfectly good shape. If you decide to rent the car, it may be good customer service but you will be held responsible by upper management if the adjuster shows up while the car is on rent.

If you were the manager, what would you do?

rent the dented car

don't rent the dented car

21. You are the manager of X car rental company. You are at the counter when a customer comes in needing to rent a car for a one day deal. There is something about the customer that you do not like. You can't put your finger on it, but you do not want to rent a car to this person. You have one car on your lot that you could rent to him. However, you know that you could tell him that there is a reservation for the car and that you cannot help him. This practice is against company policy and if anyone finds out, you will be held responsible by upper management. This rental is a low profit deal for your office.

If you were the manager, what would you do?

rent the car

don't rent the car

22. You are the manager of X car rental company. You have just received payment from one of your corporate accounts and you realize that they have significantly overpaid their bill. Keeping the money and not informing the client of their mistake would mean high profits for the month. However, if upper management found out, they would hold you responsible for your decision. If you were the manager, what would you do?

keep the money

don't keep the money

23. You are the manager of X car rental company. In an effort to increase profits for the office, it

has been suggested that you may want to reduce your staff size by letting go of some of your car washers and/or drivers. While it would mean more work for the existing staff, it would mean high profits for the office. If you were to do this you would explain to those employees who are being fired that they are only being let go for financial reasons. This decision is completely at your discretion and therefore you could not be held responsible for your decision by upper management. If you were the manager, what would you do?

fire some employees

don't fire any employees

24. You are the manager of X car rental company. At your company, it is practice to check all of the cars for spare tires before every rental is put on the road. A customer comes in and rents a car for a 1 day, low profit rental. You are extremely busy and no one else is in the office with you. The customer asks whether or not there is a spare tire in the car. Even though you have not checked, you are tempted to tell the customer there is a tire in the car. If you take the time to check the car, there are other customers that will have to wait for you. If something were to happen and there were no tire in the car when you said there was, upper management would hold you responsible. If you were the manager, what would you do?

check for the tire

don't check for the tire

25. You are the manager of X car rental company. You have two employees in your office that are eligible for an office award. One employee really deserves the award: he is a much better worker, rarely needs instruction, and is a self-motivator. The other worker is much less motivated and often makes mistakes. You are tempted to give the award to the less motivated employee since you know that his morale has been low lately. If you did do this, you would tell the better employee why you gave it to the less deserving employee. This decision will have no effect on your office profitability. This decision is at your discretion and therefore you will not be held responsible by upper management for your decision regardless of what it is. If you were the manager, what would you do?

give award to employee who deserves it  
morale

give award to employee with low  
morale

26. You are the manager of X car rental company. A customer has just called your office in order to compare prices for a long term, highly profitable rental. The customer is asking questions



car with cruise control for a long term, highly profitable rental. He states that if he cannot get a car with cruise control he will leave and go to your competitor. The only car left on your lot that has cruise control is available. However, you have been told by a number of customers that the cruise control only works intermittently. You are afraid if you tell that the cruise may be broken then he will leave and you will lose the deal. If you decide to give him the car and not tell him that the cruise control may break, you will not be held responsible by upper management because you have no official knowledge of the broken cruise control. If you were the manager, what would you do?

rent the car without informing the driver of the broken cruise  
tell the customer about the broken cruise and risk losing the deal

30. You are the manager of X car rental company. While at the counter, a customer comes in to request a highly profitable, 3 month car rental. As part of company policy, you must request a driver's license from the individual. When you do this, you find that the individual's license is expired. The individual explains that it is important that he rent the car and that he will get a new license as soon as he leaves the office. You are tempted to allow the rental; however, you know that if upper management found out that you allowed a rental to an individual with an expired driver's license, you would be held responsible. If you were the manager, what would you do?

rent the car

don't rent the car

31. You are the manager of X car rental company. As manager, you are responsible for the hiring of new employees. You are presently looking for part-time help. Company policy prohibits overtime for part time employees. The individual you are interviewing is perfect for the job; however, he is concerned about potential overtime possibilities. You are afraid to tell him that there is no possibility for overtime so you are tempted to imply that if he is hired, he may be able to work some overtime in the future. Since you are not making any promises about overtime, you cannot be held responsible by upper management. If you were the manager, what would you do?

Imply that there may be overtime possibilities in the future

tell the individual there will be no overtime and risk him not taking the job

32. You are the manager of X car rental company. One of your best employees has been having some personal problems lately which seem to be interfering with his work. He has been making numerous small mistakes and you have just received two customer complaints about him. Your area manager has just called to talk to you about a complaint she has received about this employee. She asks you if you have also been receiving complaints about this individual. You are tempted to deny receiving any complaints since you know these mistakes are not indicative of his true performance. There is little doubt that she will write your employee up formally if you inform her of all of the recent complaints. If you do not tell your area manager about the complaints and upper management finds out about them, you will be held responsible. This decision will have no effect on office profitability. If you were the manager, what would you do?

tell area manager about complaints

don't tell area manager about complaints

**\*\*Final Question: When deciding each of the above vignettes, approximately how much weight do you believe you gave to each of the three factors listed below when making your decisions? (Make sure your numbers add up to 100 percent)**

**Accountability to upper management** \_\_\_\_\_

**Potential deception** \_\_\_\_\_

**Potential for profitability** \_\_\_\_\_

**Please do not put your name anywhere on this packet. Place materials in the enclosed stamped envelope and send as soon as possible. If you would like to find out the results of the study or if you have any question, please feel free to call Nicole Jalbert at (540)951-9673 or Dr. Sigrid Gustafson at (540)231-3133. THANK YOU FOR YOUR PARTICIPATION!!**

**APPENDIX F  
PILOT STUDY**

### PILOT STUDY

Please read the following vignettes carefully. After each of the vignettes, you will be asked whether the decision in question is an "ethical dilemma". You will also be asked to rate to what extent each of three factors affecting each decision is either high or low: deception, profitability of the decision, and accountability for the decision.

1. You are the manager of X car rental company. As manager of a car rental office, you are responsible for coordinating all of your employees. You are particularly busy one day and all of your rental representatives are busy. You have drivers that work for you and their jobs are to pick up customers and/or cars; however, company policy states that they are not allowed to write tickets or actually rent the cars. On this particular day, you have a customer that needs to have a car delivered for a long-term corporate deal which means that it is highly profitable. You have heard that other managers, when faced with a similar situation, fill out the rental agreement and send the driver to rent the car. They reason that this isn't hurting anyone and it is good customer service. However, having drivers rent cars is completely against company policy and if upper management found out, you would be held responsible. If you were the manager, what would you do?

send driver

don't send driver

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1      2      3      4      5

no dilemma

large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

2. You are the manager of X car rental company. There has been a recall made on one of the cars on your lot. Left unfixed, the car may not run properly. A customer comes in and would like to rent that particular car for a highly profitable, long term deal. If you decide to rent the car, you will not tell the customer that the car has been recalled. If anything were to happen while the car was on rent, you would be held responsible by upper management for not getting the car fixed. If you were the manager, what would you do?

rent the car

don't rent the car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1

2

3

4

5

no dilemma

large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception

1

2

3

4

5

low

high

accountability

1

2

3

4

5

low

high

profitability

1

2

3

4

5

low

high

3. As manager of X car rental company, your most productive employee has a reputation for having a short temper with problem customers. He has already had one customer complaint and one written warning about his attitude. You have overlooked it so far because he is very efficient and produces very high profits for your office. However, you are ultimately responsible for the actions of your employees and upper management will hold you responsible for any more customer complaints. Verbal warnings have not had an effect and your next option is to give him another written warning which may be cause for his dismissal.

If you were the manager what would you do?

Give him a written warning

Don't give him a written warning



Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

5. You are the manager of X car rental company. You have just noticed that one of the few cars left on your lot has a loud knocking noise coming from the engine. Another car rental office in your company calls up and desperately needs to get cars to rent. You do not want to send them all of the good cars on your lot because then you will have none left to rent. You do not know how bad the engine damage is but you do know that it could potentially be serious. If you decide to send this car to the other office, you will not tell them of the engine noises and hope that they catch it themselves. If anything were to happen, you would not be held responsible by upper management since officially you have no knowledge that anything is wrong with the car. Giving cars to another office is expected but it does not affect your offices profitability. If you were the manager, what would you do?

send the car

don't send the car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma			large ethical dilemma	

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high



Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1      2      3      4      5  
 no dilemma                      large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

8. You are the manager of X car rental company. A customer who is under 25 comes in to rent a car for a highly profitable, one month deal. You are aware that some managers will purposely not disclose the extra under-25 daily charge that is added to the cost of the rental since people are often reluctant to pay this charge. If upper management finds out that you are adding charges that have not been explained to the customer, you will be held responsible. If you were the manager, what would you do?

explain the charge

don't explain the charge

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1      2      3      4      5  
 no dilemma                      large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high

accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

9. You are the manager of X car rental company. A customer returns a car rental after hours. The next morning you mistakenly close the ticket out on the wrong day, thus charging the customer for an extra day's rental. After the ticket is closed, you realize your mistake. The customer has already left the country and you have to decide whether you should refund his credit card for the extra money. This would be very low profit for your office; however, you know that there is little or no chance that you could be held responsible by upper management because the mistake will go unnoticed unless you choose to correct it. If you were the manager, what would you do?

refund the money not refund the money

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma				large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

10. You are the manager of X car rental company. One of the cars on your lot has some minor damage, but nothing that could cause any potential harm to a driver. Another office calls to ask if they can have some cars from your lot since they are running very tight. You tell them

that this car does have damage on it and the other office still wants the car. The renting of cars with damage of any kind on them is against company policy and therefore you could be held responsible by upper management. This decision will have no effect on your office profitability. If you were the manager, what would you do?

give the office the damaged car

don't give the office the damaged car

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

1

2

3

4

5

no dilemma

large ethical dilemma

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception

1

2

3

4

5

low

high

accountability

1

2

3

4

5

low

high

profitability

1

2

3

4

5

low

high

11. You are the manager of X car rental company. A customer comes in without a reservation. You explain to him that you may not have a car available for him for a couple of hours since there are people ahead of him with reservations. The man is desperately in need of a car for a 2 month, highly profitable rental but he does not wish to wait for an available car. He offers to give you a substantial amount of money if you can find him a car quickly. The practice of taking any money from customers is against company policy and you would be held responsible by upper management if anyone were to find out. If you were the manager, what would you do?

take the money

don't take the money

**Is this an ethical dilemma? yes no**

If yes, how much of an ethical dilemma is it ?

1	2	3	4	5
no dilemma			large ethical dilemma	

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low			high	
accountability	1	2	3	4	5
	low			high	
profitability	1	2	3	4	5
	low			high	

12. You are the manager of X car rental company. A customer from out of the country comes in to rent a car. He does not speak very good English. He asks for a long term car rental. You know that you could increase the rental rates for this individual and increase the profits on this already highly profitable deal. This deception would most likely never be found out by either the customer or upper management and therefore you will not be held responsible. If you were the manager, what would you do?

increase the rates	don't increase the rates
--------------------	--------------------------

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1	2	3	4	5
no dilemma			large ethical dilemma	

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low			high	
accountability	1	2	3	4	5
	low			high	

profitability	1	2	3	4	5
	low				high

13. You are the manager of X car rental company and you have just received a call from a customer requesting a one-day rental because her car is in the shop. The only car on the lot has a minor dent in it. You explain this to the customer and the customer does not mind at all. Even though it is not good public relations to have a car driving around that has a dent in it, there is no company policy against it and you will not be held responsible by upper management. The profits from this one day rental are minimal. If you were the manager, what would you do?

rent the car don't rent the car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1	2	3	4	5
no dilemma				large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

14. You are the manager of X car rental company. It is the end of a busy day and there are no cars left on your lot for you to drive home. You call your Airport location which is about 15 minutes away. They have a car for you to drive home but the only way for you to get the car would be for you to ask a customer to drive you over there on their way home. This is against company policy; however, the customer is more than willing to drive you. If upper management were to find out, you would be held responsible. This decision will have no effect on the profitability of your office. If you were the manager, what would you do?

take a ride with your customer don't take the ride



deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

16. You are the manager of X car rental company. You have been trying for a long time to set up a corporate account with a company that is located 30 minutes away. They are willing to sign with you if you will be able to deliver all the cars they rent to them. This will be difficult for your office to handle due to limited manpower; however, they will be renting at least 15 cars a week which will mean extremely high profits for your office. You will not be held responsible by upper management for either decision. If you were the manager, what would you do?

take the account

don't take the account

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1	2	3	4	5
no dilemma				large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

17. As manager of a car rental office, one of your responsibilities is to get car dealerships to use your rental cars instead of owning their own fleet of rental cars. One dealership you have been working with has 50 loaner cars. You have been working to convince them to sell these cars and

use your company instead. You keep telling them how they will be saving lots of money by doing this and in return the increase in business will mean high profits for your company. While most of the time car dealerships will have substantial savings by using your company, you have noticed while going over numbers of this particular company that, in fact, the dealership would most likely either lose money or not gain any money if they sell their cars. However, the deal would mean huge profits and fleet growth for your office. There is no way you could be held responsible by upper management if the dealership ended up losing money by selling their fleet.

If you were the manager, what would you do?

continue to convince the dealership to sell. tell the dealership they may lose money and they should probably not sell their cars.

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma			large ethical dilemma	

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low			high	
accountability	1	2	3	4	5
	low			high	
profitability	1	2	3	4	5
	low			high	

18. You have two hourly employees that like to leave the office on or before quitting time each day. As a manager, you are aware that overtime takes away from overall profits; therefore, you send these employees home early as often as you can. This is a decision that is completely at your discretion and you would not be held responsible either way by upper management. Your employees appreciate the arrangement even though they are aware that they are allowed to

leave early only in order to save the company money. In the long run, this is probably a highly profitable practice since personnel costs make up a large amount of your expenses. However, managers of some other offices do not agree with this practice because they think, that as management trainees, these employees should have to work long hours with few, if any breaks. If you were the manager, what would you do?

continue to let the employees leave early

don't let employees leave early

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

**1        2        3        4        5**

**no dilemma**

**large ethical dilemma**

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

19. You have just received a phone call from the personnel office of a rental group out of state in the same company. Personnel is calling to find out what recommendations you have for one of your employees who has put in for a promotion in this other group. This employee is a hard worker but has a lot of problems. He is constantly making mistakes he shouldn't be making anymore, he does not sell insurance waiver which is an important part of his job, and he does not have a very good rapport with the customers. You do not believe he is management material; however, he is a good person and he tries hard. You know that if you gave him a good recommendation he would probably be promoted and that his promotion would 1) make him happy and 2) open up a slot in your office for a better employee. On the other hand, if you give the other office an honest recommendation, you will probably have this employee in your office for a very long time. There is really no way you could ever be held responsible by upper management for your recommendations, regardless of what you say.

If you were the manager, what would you do?

give a good recommendation

give an honest recommendation

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1

2

3

4

5

no dilemma

large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception

1

2

3

4

5

low

high

accountability

1

2

3

4

5

low

high

profitability

1

2

3

4

5

low

high

20. You are the manager of X car rental company. You have been extremely busy today and you have rented all of the available cars on your lot. A frequent customer comes in and is desperate to rent a car for 3 hours; it is an emergency. You have one car left on your lot that has a dent in the hood. You have been told by the insurance department of your company (in the corporate office) that you cannot rent that car. An adjuster is on her way to assess the car. This is not a high profit deal, but the customer is well aware of the dent, and the car is otherwise in perfectly good shape. If you decide to rent the car, it may be good customer service but you will be held responsible by upper management if the adjuster shows up while the car is on rent.

If you were the manager, what would you do?

rent the dented car

don't rent the dented car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1

2

3

4

5

no dilemma

large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

21. You are the manager of X car rental company. You are at the counter when a customer comes in needing to rent a car for a one day deal. There is something about the customer that you do not like. You can't put your finger on it, but you do not want to rent a car to this person. You have one car on your lot that you could rent to him. However, you know that you could tell him that there is a reservation for the car and that you cannot help him. This practice is against company policy and if anyone finds out, you will be held responsible by upper management. This rental is a low profit deal for your office.

If you were the manager, what would you do?

rent the car

don't rent the car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1	2	3	4	5
no dilemma				large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

22. You are the manager of X car rental company. You have just received payment from one of

your corporate accounts and you realize that they have significantly overpaid their bill. Keeping the money and not informing the client of their mistake would mean high profits for the month. However, if upper management found out, they would hold you responsible for your decision. If you were the manager, what would you do?

keep the money

don't keep the money

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

1          2          3          4          5

no dilemma

large ethical dilemma

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

23. You are the manager of X car rental company. In an effort to increase profits for the office, it has been suggested that you may want to reduce your staff size by letting go of some of your car washers and/or drivers. While it would mean more work for the existing staff, it would mean high profits for the office. If you were to do this you would explain to those employees who are being fired that they are only being let go for financial reasons. This decision is completely at your discretion and therefore you could not be held responsible for your decision by upper management. If you were the manager, what would you do?

fire some employees

don't fire any employees

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

1          2          3          4          5

no dilemma

large ethical dilemma

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

24. You are the manager of X car rental company. At your company, it is practice to check all of the cars for spare tires before every rental is put on the road. A customer comes in and rents a car for a 1 day, low profit rental. You are extremely busy and no one else is in the office with you. The customer asks whether or not there is a spare tire in the car. Even though you have not checked, you are tempted to tell the customer there is a tire in the car. If you take the time to check the car, there are other customers that will have to wait for you. If something were to happen and there were no tire in the car when you said there was, upper management would hold you responsible. If you were the manager, what would you do?

check for the tire

don't check for the tire

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

1	2	3	4	5
no dilemma				large ethical dilemma

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

25. You are the manager of X car rental company. You have two employees in your office that are eligible for an office award. One employee really deserves the award: he is a much better worker, rarely needs instruction, and is a self-motivator. The other worker is much less motivated and often makes mistakes. You are tempted to give the award to the less motivated employee since you know that his morale has been low lately. If you did do this, you would tell the better employee why you gave it to the less deserving employee. This decision will have no effect on your office profitability. This decision is at your discretion and therefore you will not be held responsible by upper management for your decision regardless of what it is. If you were the manager, what would you do?

give award to employee who deserves it

give award to employee with low morale

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it ?**

1

2

3

4

5

no dilemma

large ethical dilemma

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception

1

2

3

4

5

low

high

accountability

1

2

3

4

5

low

high

profitability

1

2

3

4

5

low

high

26. You are the manager of X car rental company. A customer has just called your office in order to compare prices for a long term, highly profitable rental. The customer is asking questions about how your company compares to your leading competitor. You are tempted to downgrade the competitor by giving information that is not completely true. You are afraid if you tell the truth then you will lose this deal. You know this is a bad business practice and if upper management were to find out, you would be held responsible. If you were the manager, what would you do?

tell the truth about the competitor and risk losing the deal downgrade the competitor in order

to make your company look better

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma			large ethical dilemma	

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low			high	
accountability	1	2	3	4	5
	low			high	
profitability	1	2	3	4	5
	low			high	

27. You are the manager of X car rental company. At the close of business today a customer calls in and requests a car for tomorrow for a highly profitable, 3 month deal. The only problem is that the customer needs the car by 5 am in the morning, 3 hours before the office officially opens. It is your discretion whether or not you want to send an employee in when the office is closed to put a customer on the road and therefore upper management will not hold you responsible for your decision. If you were the manager, what would you do?

send an employee to rent the car

tell the individual you can only rent the car if he comes in during office hours

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma			large ethical dilemma	

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

28. You are the manager of X car rental company. When you arrived at work this morning, you found that one of your employees left the door to the office unlocked when he left last night. Upon questioning you find out that it is one of your best employees, one who rarely makes mistakes, that left the door unlocked. Last week a different employee made the same mistake and you highly reprimanded him and gave him a written warning. He had made a number of serious mistakes that you had overlooked and you felt it was time to do something. You do not wish to write up the present employee, you would much rather speak to him quietly; however, you are wary of appearing to give preferential treatment to any of your employees. If you decide not to write up the present employee and upper management finds out that you have been inconsistent with your punishments, you will be held responsible for your decision. This decision will have no effect on office profitability. If you were the manager, what would you do?

give a written warning                      speak to the individual privately

**Is this an ethical dilemma? yes no**

**If yes, how much of an ethical dilemma is it?**

1	2	3	4	5
no dilemma			large ethical dilemma	

**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high

profitability	1	2	3	4	5
	low				high

29. You are the manager of X car rental company. A customer comes into the office and wants a car with cruise control for a long term, highly profitable rental. He states that if he cannot get a car with cruise control he will leave and go to your competitor. The only car left on your lot that has cruise control is available. However, you have been told by a number of customers that the cruise control only works intermittently. You are afraid if you tell that the cruise may be broken then he will leave and you will lose the deal. If you decide to give him the car and not tell him that the cruise control may break, you will not be held responsible by upper management because you have no official knowledge of the broken cruise control. If you were the manager, what would you do?

rent the car without informing the driver of the broken cruise  
tell the customer about the broken cruise and risk losing the deal

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it?

1	2	3	4	5
no dilemma				large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

30. You are the manager of X car rental company. While at the counter, a customer comes in to request a highly profitable, 3 month car rental. As part of company policy, you must request a driver's license from the individual. When you do this, you find that the individual's license is expired. The individual explains that it is important that he rent the car and that he will

get a new license as soon as he leaves the office. You are tempted to allow the rental; however, you know that if upper management found out that you allowed a rental to an individual with an expired driver's license, you would be held responsible. If you were the manager, what would you do?

rent the car

don't rent the car

Is this an ethical dilemma? yes no

If yes, how much of an ethical dilemma is it ?

1

2

3

4

5

no dilemma

large ethical dilemma

Please rate how high/low you believe each of the three factors are in this vignette:

deception

1

2

3

4

5

low

high

accountability

1

2

3

4

5

low

high

profitability

1

2

3

4

5

low

high

31. You are the manager of X car rental company. As manager, you are responsible for the hiring of new employees. You are presently looking for part-time help. Company policy prohibits overtime for part time employees. The individual you are interviewing is perfect for the job; however, he is concerned about potential overtime possibilities. You are afraid to tell him that there is no possibility for overtime so you are tempted to imply that if he is hired, he may be able to work some overtime in the future. Since you are not making any promises about overtime, you cannot be held responsible by upper management. If you were the manager, what would you do?

Imply that there may be overtime possibilities in the future

tell the individual there will be no overtime and risk him not taking the job

Is this an ethical dilemma? yes no



**Please rate how high/low you believe each of the three factors are in this vignette:**

deception	1	2	3	4	5
	low				high
accountability	1	2	3	4	5
	low				high
profitability	1	2	3	4	5
	low				high

**THANK YOU FOR YOUR PARTICIPATION!!**

**APPENDIX G**  
**TABLES**

**Table 1.**  
**Average Mean Ratings of Independent Variable Manipulations in Pilot Study**

<u>Factor</u>	<u>High</u>	<u>Low</u>
accountability	4.23	1.95
deception	4.22	2.09
profitability	4.27	1.67

Table 2.  
Eta<sup>2</sup>'s for Participant Policies: Managers

Factor	Participant													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Accountability(A)	0	.46	0	.46	.40	0	0	1.7	5.1	2	0	0	2.7	2.5
Deception(D)	0	.46	0	.46	.40	1.5	2.7	1.6	.55	2	2.2	0	2.4	2.7
Profitability(P)	0	.46	1.9	.46	10.8	1.6	0	1.6	5.1	2.2	2.2	1.9	0	10.3
A x D	0	.46	1.9	.46	10.8	6.3	10.2	6.7	.55	0	2.0	1.9	2.4	2.7
A x P	08	12	7.2	4.3	3.9	6.3	2.4	0	5.1	8.3	18.7	7.3	10.3	10.3
D x P	0	.46	0	12	.40	1.5	10.2	0	.55	0	8.3	0	0	10.3
A x D x P	08	12	0	.46	.40	6.3	2.7	1.7	5.1	2.2	0	1.9	10.3	0
Model: R <sup>2</sup>	16	26.5	12.8	18.8	27.3	23.8	28.2	13.3	22.3	16.7	33.3	12.7	28.2	38.5
Adjusted R <sup>2</sup>	0	5.2	0	0	6.1	1.6	7.3	0	0	0	13.9	0	7.3	20.5
# of ethical decisions	24	23	22	23	21	18	26	20	25	24	24	22	26	26
Correlation	.	.	-.19	.	-.50	.97	*1.00	.21	-.98	.19	.28	.28	.50	-.37

Note. Correlation refers to Pearson's correlation between self-reported factor weightings and the factor weightings derived through analysis of variance. Correlations that could not be computed are represented by (-).

\*p<.05. \*\*p<.01

Table 2.  
Eta<sup>2</sup>'s for Participant Policies: Managers (cont.)

Factor	Participant														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Accountability(A)	.42	1.6	1.7	1.1	.41	.41	0	.41	2.4	0	0				
Deception(D)	3.9	6.7	1.7	1.1	.41	.41	1.5	.41	0	6.3	1.7				
Profitability(P)	.42	6.7	0	1.1	.41	.41	0	3.9	2.6	6.3	0				
A x D	.42	<b>14.9*</b>	1.9	1.1	3.9	.41	<b>14.0*</b>	3.9	0	<b>14.2*</b>	0				
A x P	<b>21.2*</b>	1.7	7.3	1.1	<b>21.2*</b>	10.8	6.25	10.8	<b>22.9*</b>	<b>14.2*</b>	1.7				
D x P	.42	6.7	0	10.3	3.9	3.9	1.6	.41	0	1.5	0				
A x D x P	.42	1.7	<b>29.0**</b>	1.1	3.9	3.9	1.6	.41	0	0	1.9				
Model: R <sup>2</sup>	27.3	40	41.8	17.2	34.2	20.3	25.0	20.3	28.2	42.9	5.5				
Adjusted R <sup>2</sup>	6.1	22.5	<b>24.8*</b>	0	15.0	0	3.1	0	7.3	<b>26.2*</b>	0				
# of ethical decisions	21	12	22	29	21	21	16	21	26	14	22				
Correlation	*1.00	.50	.	.	.	.	-.80	*-1.00	-.97	-.92	-.80				

Note. Correlation refers to Pearson's correlation between self-reported factor weightings and the factor weightings derived through analysis of variance. Correlations that could not be computed are represented by (.).

\*p<.05. \*\*p<.01

Table 3.  
Eta<sup>2</sup>'s for Participant Policies: Students

Factor	Participant													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Accountability(A)	3.7	6.6	.71	4.3	3.4	0	2.0	0	0	.39	8.3	8.3	3.1	.71
Deception(D)	0	6.6	6.6	.46	3.7	0	2.1	6.9	2.7	.39	0	2.2	3.1	.71
Profitability(P)	14.3*	.71	6.6	.46	3.4	6.9	8.3	6.9	0	.39	2.0	8.3	3.1	.71
A x D	3.4	18.5*	6.6	23.6**	14.3*	6.9	8.3	0	10.2	32.8**	8.3	2.1	3.1	6.6
A x P	3.7	.71	6.6	.46	0	0	2.0	0	2.4	.39	2.0	8.3	3.1	.71
D x P	0	.71	18.5**	4.3	0	0	2.1	6.4	10.2	.39	2.1	2.1	3.1	6.6
A x D x P	3.7	.71	.71	.46	3.4	6.9	0	0	2.7	10.1*	2.1	2.1	3.1	6.6
Model: R <sup>2</sup>	28.6	34.8	46.7	34.3	28.6	20.0	25.0	20.0	28.2	44.9	25.0	33.3	22.6	23.0
Adjusted R <sup>2</sup>	7.7	15.8	31.1*	15.1	7.7	0	3.1	0	7.3	28.9*	3.1	13.9	0	.5
# of ethical decisions	28	22	27	23	28	30	24	30	26	19	24	23	31	27
Correlation	-.70	.81	.50	-.76	*1.00	-.30	-.40	-.91	-.50	.	.97	*-1.00	.	.

Note. Correlation refers to Pearson's correlation between self-reported factor weightings and the factor weightings derived through analysis of variance. Correlations that could not be computed are represented by (-).

\*p<.05. \*\*p<.01

Table 3.  
Eta<sup>2</sup>'s for Participant Policies: Students (cont.)

Factor	Participant									
	15	16	17	18	19	20	21	20	21	21
Accountability(A)	1.7	.55	1.9	.41	1.1	3.4	1.1	3.4	1.1	1.1
Deception(D)	0	.55	0	.41	1.1	14.3*	10.3	14.3*	10.3	10.3
Profitability(P)	0	.55	1.9	.41	1.1	3.4	10.3	3.4	10.3	10.3
A x D	7.3	.55	7.2	3.9	1.1	3.7	1.1	3.7	1.1	1.1
A x P	0	.55	1.7	1.9	10.3	0	1.1	0	1.1	1.1
D x P	1.7	.55	7.2	3.9	1.1	3.4	10.3	3.4	10.3	10.3
A x D x P	1.9	.55	0	0	1.1	0	1.1	0	1.1	1.1
Model: R <sup>2</sup>	12.7	4.0	20.0	10.9	17.2	28.6	35.6	28.6	35.6	35.6
Adjusted R <sup>2</sup>	0	0	0	0	0	7.7	16.9	7.7	16.9	16.9
# of ethical decisions	22	25	22	28	29	28	29	28	29	29
Correlation	.50	.	-.98	.	.	.90	.32	.90	.32	.32

Note. Correlation refers to Pearson's correlation between self-reported factor weightings and the factor weightings derived through analysis of variance. Correlations that could not be computed are represented by (-).

\*p<.05. \*\*p<.01

# NICOLE M. JALBERT

## PERSONAL INFORMATION

Date of Birth: April 13, 1972  
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 Virginia Polytechnic and State  
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## EDUCATION

- M.S. Virginia Tech, Expected December 1996  
 Major field of study: Industrial/Organizational Psychology  
 THESIS: **Ethical Decision Making by Managers: A Policy-Capturing Approach**  
 Major advisor: Dr. Sigrid Gustafson
- B.S. Ithaca College, May 1994  
 Major field of study: Applied Psychology

## ACADEMIC EXPERIENCE

- 1995 - present *Director* - Undergraduate Advising Office,  
 Department of Psychology, Virginia Tech. Duties include  
 advising undergraduate majors on course work, graduate  
 schools, and other career options. Attend college fairs for  
 high school students as a representative of the psychology  
 department at Virginia Tech. Transfer students into and  
 out of the psychology department, and coordinate the  
 psychology department's graduation ceremonies.

1994-1995 *Graduate Lab Instructor* - Department of Psychology, Virginia Tech. Developed and taught two Introductory to Psychology undergraduate labs. Designed and delivered lectures, graded exams and essays. Advised and tutored students.

## APPLIED EXPERIENCE

1995 *Research Analyst*- Academic Assessment Office, Virginia Tech. Evaluated teaching/learning initiatives and other University-implemented projects using survey research techniques. Disseminated findings of research projects via campus-wide newsletter. Analyzed and presented research findings to department and university executives.

1995 *Research Analyst/Programmer* - State Council for Higher Education (SCHEV), Richmond, Virginia. Analyzed large, state-wide university and college data sets. Generated reports of findings and presented to SCHEV executives.

## RELEVANT GRADUATE COURSES

Organizational Psychology I and II  
 Industrial Psychology I and II  
 Research Methods  
 Statistics for the Social Sciences I and II  
 Advanced Psychometric Theory  
 Quantitative Topics in Applied Psychology: IRT

Psychological Measurement  
 Cognitive Psychology  
 Social Psychology  
 Multiple Regression  
 Seminar in Leadership

## HONORS/AFFILIATIONS

Psi Chi National Psychology Honor Society (president, 1993-1994)  
 Who's Who of American Colleges and Universities (1994)  
 Student member of the American Psychological Association  
 Student member of the Society for Industrial-Organizational Psychology

## RESEARCH PAPERS AND PRESENTATIONS

Jalbert, N.M., & Gustafson, S. (1996). Ethical Decision Making by Managers: A Policy-Capturing Approach. Paper submitted to the Twelfth Annual Conference of the Society for Industrial and Organizational Psychology, San Diego, CA.

McCall, M., Fogel, A., Jalbert, N., & Klimasewski, K. (May, 1994). Attractiveness in the checkout line: Who gets carded? Paper presented at the annual meeting of the Midwestern Psychological Association, Chicago, IL.

McCall, M., Reno, R.R., & Jalbert, N. Attributional Reciprocity in the self and other. Paper submitted for publication

## **COMPUTER SOFTWARE EXPERIENCE**

Experience using SPSS/PC, SPSS-x, and SAS statistical packages. Experience using Word, Wordperfect, Pagemaker, and Powerpoint in both IBM and Macintosh environments.

## **REFERENCES**

Available upon request.

A handwritten signature in black ink that reads "Nicole M. Jalbert". The signature is written in a cursive style with a large initial 'N' and 'J'.