

5. Was it ethical during the 1990s for automobile manufacturers to attempt to accommodate an ever-increasing consumer appetite for SUVs with their low fuel efficiency? Was it good business?
6. A noted business executive said, "A company's first obligation is to be profitable. Unprofitable enterprises can't afford to be socially responsible." Do you agree? How does this idea relate to the bottom-of-the-pyramid concept?
7. Do you believe it is ethical for companies to compile portfolios of personal information about their Web site visitors without informing them? What about organizations monitoring their employees' e-mail? Discuss.
8. Which do you think would be more effective for shaping long-term ethical behavior in an organization: a written code of ethics combined with ethics training or strong ethical leadership? Which would have more impact on you? Why?
9. Lincoln Electric considers customers and employees to be more important stakeholders than shareholders. Is it appropriate for management to define some stakeholders as more important than others? Should all stakeholders be considered equal?
10. Do you think bottom-of-the-pyramid business practices can really have a positive effect on poverty and social problems in the developing world? Discuss.

## ch5

## MANAGEMENT IN PRACTICE: EXPERIENTIAL EXERCISE

### Ethical Work Climates

Think of an organization for which you were employed. Answer the following questions twice: The first time, circle the number that best describes the way things actually were. The second time, answer the questions based on your beliefs about the ideal level to meet the needs of both individuals and the organization.

Disagree    ①    ②    ③    ④    ⑤    Agree

1. What was best for everyone in the company was the major consideration there.  
1 2 3 4 5
2. Our major concern was always what was best for the other person.  
1 2 3 4 5
3. People were expected to comply with the law and professional standards over and above other considerations.  
1 2 3 4 5
4. In the company, the first consideration was whether a decision violated any law.  
1 2 3 4 5
5. It was very important to follow the company's rules and procedures there.  
1 2 3 4 5
6. People in the company strictly obeyed the company policies.  
1 2 3 4 5
7. In the company, people were mostly out for themselves.  
1 2 3 4 5
8. People were expected to do anything to further the company's interests, regardless of the consequences.  
1 2 3 4 5

9. In the company, people were guided by their own personal ethics.  
1 2 3 4 5

10. Each person in the company decided for himself or herself what was right and wrong.  
1 2 3 4 5

### Scoring and Interpretation

Subtract each of your scores for questions 7 and 8 from the number 6. Then, add up your score for all 10 questions: Actual = \_\_\_\_ . Ideal = \_\_\_\_ . These questions measure the dimensions of an organization's ethical climate. Questions 1 and 2 measure caring for people, questions 3 and 4 measure lawfulness, questions 5 and 6 measure adherence to rules, questions 7 and 8 measure emphasis on financial and company performance, and questions 9 and 10 measure individual independence. A total score above 40 indicates a highly positive ethical climate. A score from 30 to 40 indicates above-average ethical climate. A score from 20 to 30 indicates a below-average ethical climate, and a score below 20 indicates a poor ethical climate. How far from your ideal score was the actual score for your organization? What does that difference mean to you?

Go back over the questions and think about changes that you could have made to improve the ethical climate in the organization. Discuss with other students what you could do as a manager to improve ethics in future companies for which you work.

SOURCE: Based on BartVictor and John B. Cullen, "The Organizational Bases of Ethical Work Climates," *Administrative Science Quarterly* 33 (1988): 101-125.