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**The social organization of managerial definitions of unethical
behavior**

Snyderman, Ellen Ruth, M.A.

The University of Arizona, 1990

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THE SOCIAL ORGANIZATION OF MANAGERIAL DEFINITIONS OF
UNETHICAL BEHAVIOR

by

Ellen Ruth Snyderman

A Thesis Submitted to the Faculty of the
DEPARTMENT OF COMMUNICATION
In Partial Fulfillment of the Requirements
For the Degree of
MASTER OF ARTS
In the Graduate College
THE UNIVERSITY OF ARIZONA

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7/17/90
Date

DEDICATION

To my parents, who have been members of my committee for the past 28 years.

ACKNOWLEDGMENTS

I would like to acknowledge, first and foremost, Cal Morrill for the time and effort he has expended on this thesis during the past year, and without whom this project could not have been executed as efficiently as it was. His dedication to and enthusiasm for this research was overwhelming, and for that I thank him. I also thank Deborah Newton for her assistance on the methodology section of this thesis. Her comments and suggestions proved to be invaluable during the execution stage of the research, and as such any anxiety I felt over having to work with statistics and computer programs was minimized. I would also like to give David Tansik my appreciation for his support and guidance, and for urging me to talk with managers, rather than only reading about them, so that I might gain a better understanding of current managerial thought processes. I also acknowledge William Bailey who, for "old time's sake", agreed during the final months of this project to sit on my committee as a substitute member. Finally, I would like to thank Chris and Bob, who have nothing to do with this thesis but who have kept me in good humor for the past year.

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ABSTRACT

This investigation attempted to ascertain whether managerial perceptions of potentially unethical business conduct, and recommendations for social control, vary according to the social characteristics of the employee committing the behavior. Subjects consisted of management personnel from a variety of industries. Data was gathered via instruments developed for this research. Instruments consisted of (1) a description of an employee; (2) a description of a potentially unethical behavior committed by the employee; and (3) scales for subjects to (a) rate the seriousness of the employee's behavior and (b) recommend the social control they would use against the employee. Perceptions of seriousness did vary significantly with variations in the employee's social characteristics. However, recommendations for social control did not vary with changes in employee characteristics. Thus, whereas observers may judge the ethicality of socially decontextualized behaviors against universally held standards of morality, observers become less adamant about these standards as the behavior becomes more contextualized.

CHAPTER 1

INTRODUCTION

The general public learns about most questionable practices of organizations and their members through the mass media. In a recent issue of The Wall Street Journal, for example, there were numerous reports of inappropriate behaviors committed within organizations. In one story, a chief executive officer admitted to refinishing high-tech nuts and bolts that hold planes together and then passing them off as factory-fresh. According to an assistant U.S. attorney in the case, "It was like taking a Model-T and polishing it up to look like a 1989 Ford" (Wartzman, 8/18/89, p. B6). Another story reports a former top bank officer embezzled \$3.4 million from his bank. Other stories involved a real estate investor, banker, and film producer who pleaded guilty to bank fraud and conspiracy and, finally, a company that has had an entire division accused of overcharging the Air Force more than \$10 million for missile parts.

These and similar behaviors tend to involve large sums of money and managers in powerful positions. However, the majority of American managers have little or no direct involvement in such practices (Mathison, 1988). Consequently, most managers know little of the social contexts in which these behaviors occur, and thus the

standards against which they measure the ethicality of such behaviors are largely based on their belief in the Protestant ethic -- where a person's word is his or her bond, where the integrity of the handshake is crucial to the maintenance of good business relationships, and where hard, honest work will lead to success (Jackall, 1988). These factors result in two related outcomes. First, behaviors publicized as 'unethical' tend to be socially decontextualized because the average American is unfamiliar with the specific social conditions surrounding such behaviors. Second, publicized unethical behaviors appear self evident based on universally held values.

One wonders whether routine, small scale behaviors average American managers observe and label as unethical in their own work places are similarly regarded. One manager's observation that his company does not prosecute senior executives caught with their hands in the "till", but "(nails) the (lads) at the bottom for the same thing" (Bird & Waters, 1987, p. 5) places this possibility in doubt. Another manager's dilemma about how to approach a member of his unit who was a troublemaker but who also had a "...very, very close relationship with (the manager's) immediate supervisor" (Mathison, 1988, p. 778) suggests how increased familiarity with the specific context in which events occur can influence an observer's reactions to those events. When observers are more familiar with the context in which

behaviors deemed unethical occur, it seems that the dimensions of the situation can play a significant role in determining how observers evaluate employee behaviors.

The present research focuses on managerial perceptions of the ethicality of intraorganizational member behavior. Here, ethicality refers to the rightfulness or wrongfulness of a behavior in the moral sense, and as such this paper will not be concerned with member behavior that has legal ramifications, per se. Specifically, this research will examine (1) the relationship between the social conditions under which behaviors occur within organizations and variations in perceptions of the seriousness, or ethicality, of the behaviors and (2) the relationship between the perceived seriousness of the behaviors and variations in the styles of social control used by others in response to the behaviors. In the following sections, previous research on ethics in organizations will be examined, an overview of the approach on which the current research is based will be provided, and hypotheses to test this approach will be posited and tested. The thesis concludes with an examination of the results of these tests and a discussion of the scientific and practical significance of this research.

The Study of Organizational Ethics

The study of organizational ethics can be divided into

descriptive and explanatory approaches. Each of these approaches will be examined in this section, followed by a discussion of the movement of ethics research toward what will be termed a "social conditional" approach. The highlights of these studies are summarized in Table 1, which presents a look at studies of business ethics from the previous three decades. These studies were selected based on their representativeness of larger trends in business ethics.

Descriptive Approaches

Within this perspective researchers have asked whether employees are unethical and, if so, whether employees' perceptions of ethics have changed over time. Baumhart (1961), for instance, asked half the businessmen who were his subjects, "What would you do?" and the other half, "What would the average executive do?" (p. 16) with respect to four scenarios on ethical dilemmas. Baumhart found that while most businessmen believed they would behave ethically they believed the average businessman would not. He argues that because there is sometimes a discrepancy between what people say they think and do, and what they actually think and do, general business practices may more closely resemble what respondents say the average executive would do. Baumhart's respondents also indicated that some executives have a "double ethic" (p. 19), which consists of applying one standard to friends and another to strangers. Baumhart

did not comment on this finding, but it implies that interpersonal relationships between executives may affect how they perceive ethical and unethical behavior. In general, this early finding suggests that the social conditions under which behaviors occur may influence how organizational members perceive and react to such behaviors.

A number of researchers used Baumhart's (1961) study in their own research (Fulmer, 1971; Brenner & Molander, 1977; Posner & Schmidt, 1987; Rosenberg, 1987). Fulmer (1971) studied whether persons already in business were more or less ethical than those who aspired to enter the business world. When asked what they would do if faced with the ethical dilemmas represented in Baumhart's scenarios, graduating M.B.A. students were much more likely than Baumhart's executives to answer that it would "depend on the circumstances" (p. 51). In comparison to the executives, students also showed a smaller gap in their responses pertaining to what they would do in a given situation and what they believed their colleagues would do. Fulmer concludes that "...student respondents reported less definitive standards, tended to see more gray in situations, and, almost without exception, were more tolerant toward various practices which their senior counterparts identified as being undesirable" (p. 55). Again, these findings point to the possibility that the context in which questionable behaviors are embedded affect how others perceive such

behaviors.

Explanatory Approaches

Researchers using explanatory approaches to business ethics seek to account for why organizational members behave ethically or unethically. Such approaches can be grouped into cultural, moral, and decisional approaches. Cultural approaches explain ethical and unethical acts as being caused by the value system of the organization in which the employee works. Moral approaches attribute the behaviors of employees to their personal moral systems. Decisional approaches attempt to show how various factors in an employee's environment, as well as the employee's individual attributes, influence his or her decision to act ethically or unethically.

Hosmer's (1987) study of General Electric (G.E.) illustrates the cultural approach. He argues that the inappropriate managerial behavior recently reported at G.E. resulted from the Strategic Business Unit strategy adopted by senior executives. Using this strategy, executives determine investments and divestments in work units according to the profit return of each unit. Hosmer claims that in such value systems it was inevitable that some G.E. managers would inflate their unit's profit return in order to retain their positions.

In contrast, the moral approach (Rosenberg, 1987) can be illustrated by showing the effect of managers' personal

value systems and personality traits on their ethical behavior. After measuring participants' terminal values (their concern for particular end states), and their tendencies toward Machiavellianism, Rosenberg placed them in teams of competing firms, each of which set goals for such things as productivity and market share. During a computer-based business game, a demand by a foreign official for an unconventional payment was made to each team. Rosenberg found that most participants approved the illegal payment despite their professed ethical values systems and essentially non-Machiavellian tendencies. He also found that their decision rationale was pragmatic in nature. Although those who approved the payment realized the decision involved a breach of ethics, they nevertheless subordinated their ethics to the goals of their firms.

Bommer, Gratto, Gravander, and Tuttle's (1987) work illustrates the decisional approach. They believed that to understand employees' ethical and unethical decisions one must take into account more than just value systems and a single personality trait. Consequently, these researchers developed a behavioral model of decision making to demonstrate how managers' decision making processes affects how they perceive external influence factors. Bommer et al. argue that, ultimately, managers' decisions to behave ethically or unethically are based on their perceptions of the contexts in which they must act.

Toward a Social Conditional Approach

While these descriptive and explanatory studies of organizational ethics do indicate that perceptions are influenced by social conditions, the researchers who conducted these studies did not set out with the purpose of finding such results. In contrast, Posner and Schmidt (1987) designed their research with the intent of exploring the relationship between social conditions and perceptions of unethical behavior. They also adjusted their research to reflect an observer, rather than an actor, orientation. That is, rather than asking managers how they and their colleagues would behave in a given situation, the researchers asked managers to indicate what two or three factors they would consider when dealing with others who had committed unethical acts. They hoped that by asking subjects this they would "...move beyond someone else's prescription and understand more fully some of the issues involved in handling 'dynamic' ethical dilemmas" (p. 386). Posner and Schmidt found that managers were interested in finding out about such things as the employee's reason for the behavior, his or her past behavior, the employee's value to the organization, and the employee's seniority. The authors concluded that in these responses "...there is some implication that the action could be understandable, explainable, and hence accepted or tolerated under certain circumstances" (p. 386). The fact that managers were

concerned about whether the employee had committed the offense before, for example, implied that first-time offenders were likely to receive more leniency than those who had prior offenses. "The search seemed to be to find some situational factor, rather than intrapersonal rationale, to explain why this person..." (386) had committed the unethical behavior. Posner and Schmidt's research revealed, as did Baumhart's (1961) and Fulmer's (1971), that individuals' observations of and reactions to unethical dilemmas are influenced by the social relations surrounding the act itself. The next step, therefore, in the study of intraorganizational ethics is to understand how individuals' perceptions of normative behaviors, and their responses to those perceptions, vary with the social conditions in which the behaviors occur. The following section offers an approach that explains such variations.

A General Theory of Social Control

Overview

Black's (1976, 1980, 1984, 1989) theory of social control predicts and explains definitions and reactions to social deviancy without regard for individual motivation, per se. Instead, this theory treats social behavior as discoverable and amenable to explanation by general, social laws. In doing so, it focuses on the differentials in social characteristics of parties involved in an event, and

TABLE 1
An Evolutionary Look at Studies on Organizational Ethics

STUDY	APPROACH	SUMMARY	FINDINGS/HIGHLIGHTS
1) Baumhart (1961)	Descriptive	Assesses managerial opinions on ethics in organizations.	<ul style="list-style-type: none"> * Concerning work practices, executives disagree about what is the ethical thing to do. * Executive-respondents view selves as more ethical than the "average" businessman. * Executives cite many daily problems in which the "economic" solution conflicts with the "ethical" solution. * Executives say top management must lead the way if unethical practices are to be reduced. * Executives believe employees most likely to act ethically are ones with a well-defined personal code and a boss who is highly ethical.

2) Fulmer (1971)	Descriptive	Ethical attitudes of M.B.A. students are compared to Baumhart's (1961) executives.	* Students generally report lower ethical standards than their seniors.

TABLE 1 (continued)
 An Evolutionary Look at Studies on Organizational Ethics

STUDY	APPROACH	SUMMARY	FINDINGS/HIGHLIGHTS
2) Fulmer (Con't)			<ul style="list-style-type: none"> * While student-respondents seemed to possess socially sensitive consciences, they were also well aware of ethical shortcomings in their profession. * Students generally reported less definitive standards, tended to see more gray in situations, and were more tolerant toward various practices than their seniors.
3) Brenner & Molander (1977)	Descriptive	<p>An update of Baumhart's (1961) study; an attempt to provide a "timely snapshot" of current managers and their feelings against a backdrop of how their predecessors felt.</p>	<ul style="list-style-type: none"> * There are disagreements among managers as to whether ethical standards have changed from what they were. * Respondents are somewhat more cynical about the ethical conduct of their peers than were their predecessors. * Most respondents favor ethical codes, although they strongly prefer general precept codes to specific practice codes.

TABLE 1 (continued)
An Evolutionary Look at Studies on Organizational Ethics

STUDY	APPROACH	SUMMARY	FINDINGS/HIGHLIGHTS
3) Brenner & Molander (Con't)			<ul style="list-style-type: none"> * The dilemmas respondents experience and the factors feel have the greatest impact business ethics suggest that ethical codes alone will not substantially improve business conduct.
4) Rosenberg (1987)	Explanatory	Examines effect of managers' value systems and personality traits on ethical decision behavior.	<ul style="list-style-type: none"> * Ethical values, in most instances, were subordinated to the manager's duty to achieve company goals. * The inner conflict between what was professed as right, and what had to be done in practice, was generally resolved on the basis of utility rather than on ethical or moral grounds.
5) Bommer, Gratto, Gravander, & Tuttle (1987)	Explanatory	Developed a model which identifies factors affecting ethical and unethical behavior in organizations.	<ul style="list-style-type: none"> * The decision (ethical or unethical) is dependent on individual attributes, cognitive capabilities, perceived consequences and risks, and the value assigned to consequences.

TABLE 1 (continued)
An Evolutionary Look at Studies on Organizational Ethics

STUDY	APPROACH	SUMMARY	FINDINGS/HIGHLIGHTS
6) Posner & Schmidt (1987)	Social Conditional	Examines managers' perceptions of the ethicality of their organizations, whether managers believe they must compromise their personal principles for the organization's sake, and how they handle ethical dilemmas.	<ul style="list-style-type: none"> * Managers feel their companies are guided for the most part by ethical standards. * Managers sometimes feel they must compromise their personal principles. * When asked to respond to scenarios with ethical implications, a significant number looked for company policies and industry norms to guide their decisions. * About 25% framed their considerations so that 'justifications' could be found for not terminating a subordinate who had hired a competitor's employee in order to gain access to confidential information. These managers tended to seek out generally external 'facts' (e.g., This person is too valuable to terminate.)

uses these differentials to explain how people (actors or observers) will define deviant behavior, how they will perceive the seriousness of such behavior, and how they will respond to the behavior. Black's theoretical framework has been used to explain variations in the definition and handling of criminal behavior (Baumgartner, 1978, 1985; Gottfredson & Hindelang, 1979; Kruttschnitt, 1980-81, 1982; Myers, 1980), the conditions which lead people to use civil law to handle disputes (Silberman, 1987) the choice of conflict management styles of corporate executives (Morrill, 1989), and the definitions of seriousness lay-people apply to crime (Hembroff, 1987).

Despite the affinity of Black's framework to socio-legal studies, he intends it as a general approach to explaining the normative evaluation of virtually any behavior, whether such behavior relates to formal law or not (Black, 1984, p. 27). For present purposes, Black's framework will be used to predict the degree of seriousness organizational members attach to the potentially unethical behaviors of other organizational members, and the subsequent style of social control chosen by the former in response to the latter's behavior. The following sections delineate the central tenets of the approach, first by focusing on social space and social characteristics, and second by focusing on normative definitions and reactions to behaviors.

Social Space

Individual or group social characteristics can be defined by their location in different structures of social relations or, simply, social space. Social space can be characterized along the following five dimensions (Black, 1976): (1) the vertical, or social stratification, dimension, which refers to the distribution of resources in a setting. Individuals or groups may be measured according to both the differences in resources between them, and the differences in resources between the lowest and the highest among them. Differences in resources may be reflected in, for example, differences in wealth, rank, or land; (2) the horizontal, or morphological, dimension, which refers to the kinds of relationships among people or groups.

Relationships may be measured according to relational intimacy (e.g., intimates versus strangers), divisions of labors (e.g., interdependent versus independent relations), and integration into a setting (e.g., many social ties to others versus few social tie to others). Here, individuals or groups may be measured by the degree of differentiation between them on each of these aspects; (3) the organization dimension, which refers to individuals' or groups' capacities for collective action. This dimension can be measured by the presence and number of administrative officers in organizations, the centralization and continuity of decision making in organizations, and the quantity of

collective action itself among organizations; (4) the symbolic dimension, which refers to the values, opinions, and beliefs that comprise the cultural aspect of a social setting. The cultural aspect is both a qualitative construct (i.e., the differences in the kind of culture between symbol systems) and a quantitative construct, or, the amount of different symbol systems and the prevalence of people or groups using them. The culture of a system may be reflected in the languages, concepts, ideas, religions, values, customs, clothing, and volume of folklore and science found in a system; and finally, (5) the social control dimension, which refers to the normative aspect of social life. This dimension defines and responds to deviant behavior, specifying what ought to be: "What is right or wrong, what is a violation, obligation, abnormality, or disruption....It divides people into those who are respectable and those who are not..." (p. 105). Social control is found wherever and whenever people hold each other to standards. By examining the standards pervasive in a social setting it is possible to measure the degree to which individuals or groups deviate from these constructs. Thus, on normative, intellectual, and aesthetic grounds parties may be labelled as intelligent, respectable, or as troublemakers.

Perceptions of the Seriousness of Behaviors

All individuals and groups can be characterized along

these dimensions and one's social identity is the cumulative product of each dimension. This social identity gives the individual or group a location in social space. Direction is determined by one's location relative to the locations of those with whom one is interacting.

Who is doing what to whom determines how observers perceive the seriousness of behaviors they have defined as deviant. Black (1976) claims that, all else held constant, upward deviance is perceived as being the most serious type of act. In order of decreasing seriousness is deviant behavior between high ranked parties (whether individuals, groups, or entire organizations), deviant behavior between low ranked parties and, finally, downward deviance. An example of this can be found using wealth, one aspect of the stratification dimension. Here, offenses committed by less wealthy people against people with wealth are perceived by observers as being the most serious types of deviance, with the perceived seriousness increasing as the gap in wealth becomes greater. Conversely, offenses committed by wealthy parties against less wealthy parties are perceived by observers as being the least serious types of deviance, with perceived seriousness decreasing as the distance in wealth increases.

This same pattern is found using aspects of each of the other four structural dimensions. Accordingly, offenses committed by marginal parties against integrated parties

(morphological dimension) are perceived as being most serious, followed by deviant behavior between integrated parties, deviant behavior between marginal parties and, finally, deviant behavior by integrated parties against marginal parties.

Individuals committing offenses against organizations (organizational dimension) are perceived as being the most serious, followed by deviant behavior by one organization against another, one individual against another, and an organization against an individual.

Offenses committed by less educated or less conventional parties against more educated or more conventional parties (symbolic dimension) are more serious than vice versa, and offenses between educated and conventional parties are more serious than offenses between less educated and conventional parties.

Finally, the most serious act is one committed by parties that are not respectable against respectable parties (social control dimension), followed by offenses between respectable parties, offenses between less respectable parties, and offenses by respectable parties against parties who are not respectable.

Styles of Social Control

Responses to deviant behavior represent social control, and who is doing what to whom also determines how observers

respond to behaviors deemed serious. A key assumption of Black's (1976) approach is that variations in social control cannot be understood apart from social settings. Holding all else constant, the structure of social relationships determines not only the perceived seriousness of behaviors, but also the subsequent style of social control used against deviants.

Black (1976) posits four styles of social control: (a) penal, (b) compensatory, (c) therapeutic, and (d) conciliatory. The penal style prohibits certain conduct, and it enforces its prohibitions with punishment. In cases of violation, the guilt or innocence of the offender must be determined. The compensatory style is used when a complainant alleges that someone is his or her debtor, with an unfulfilled obligation. While the penal style solves problems with punishment, compensatory demands are solved by payment of the debt. The therapeutic and conciliatory styles of social control are methods of social repair and maintenance that offer assistance for people in trouble. The therapeutic style is used when the deviant is perceived as a victim in need of help. Help for the victim is sought to enable the victim to return to normality. The conciliatory style is used to resolve a conflict between disputants and to bring back social harmony. The conflict is solved by finding a resolution agreeable to the disputants.

In reality, states Black (1976), social control may deviate from these styles in their pure form, combining one another in various ways (p. 5). However, in most cases the elements of each style cluster together and it is possible to identify the dominant style. Like perceptions of seriousness, styles of social control vary from setting to setting. As Black contends, the style of social control used varies

...with the stratification of social life, its morphology, culture, organization, and social control. One setting has more punishment than another, or more compensation, therapy, or conciliation. One person is punished, while another must pay for his damage; one is sent to a mental hospital, while another talks the matter over and finds way to make peace. One is condemned, another incurs a debt; one is given sympathy, while for another life goes on as before. (p. 6)

This approach, then, uses the differentials in social characteristics that exist between people to predict and explain how, when all else is held constant, individuals will define, perceive, and respond to the behaviors of others. Although many researchers have used Black's approach in studies of legal phenomena (illustrations of which have been cited previously), few have used the

framework in non-legal contexts (Morrill, 1989, Baumgartner, 1984). This research utilizes Hembroff's (1987) study of the social embeddedness of the seriousness of crime as a bridge between the study of normative violations relative to law and those relative to private organizations. Hembroff's study, while set outside of organizational contexts, has significant heuristic value for the present investigation.

The Social Embeddedness of Seriousness

Hembroff (1987) proposed and tested five hypotheses based on some of Black's (1976) original propositions. In order to obtain judgments from subjects about the seriousness of several acts embedded in systematically varied contexts, he constructed 32 scenarios using the social dimensions and two types of acts: theft and assault. While all dimensions were represented, not all were represented in all scenarios and not every operationalization adequately captured each dimension's conceptual definition. Hembroff's victims and offenders were either individuals or businesses, and he operationalized the five structural variables following Black's operationalizations. Hence, stratification was operationalized in terms of victim's and offender's social class; morphology was operationalized in terms of the social integration of the victim relative to the offender; organization was operationalized in terms of the collective number of people representing the victim relative to the

number of people representing the offender; the symbolic dimension was operationalized in terms of the conventionality of the act and the reason for the act; and social control was operationalized in terms of respectability of the victim.

Hembroff (1987) found clear support for his hypotheses concerning the symbolic and morphological dimensions. Acts committed by more conventional offenders were judged to be less serious than acts committed by less conventional offenders, and acts committed against marginal victims were judged to be less serious than acts committed against socially integrated victims. He found partial support for his prediction that acts committed against respectable victims would be judged to be more serious than acts committed against less respectable victims. Hembroff suggests the results would be stronger on the dimension had he operationalized the normative construct to more clearly differentiate respectable from unrespectable victims. He found no support for his hypothesis regarding organization, and again attributes this to his weak operationalization of the organizational size of the victims. He submits that the differences in degrees of organization between the two types of victims (two businesses) were "...insufficiently large to make a meaningful difference to the subjects" (p. 344). Findings on the final dimension, stratification, also yielded partially disconfirming results. Hembroff found

that deviance between classes, in either direction, was judged to be more serious than deviance within classes.

In this investigation, the hypotheses Hembroff (1987) developed from Black's (1976) propositions have been adapted to predict and explain how organizational members judge the seriousness, or ethicality, of the behavior of other members of the workforce. The relationship between perceptions of seriousness and perceptions of ethicality is explained by Warr (1989). Warr noted the lack of analytic consensus regarding the meaning of the perceived seriousness of offenses, and conducted a series of studies to determine how lay-people label the seriousness of crimes. He found that perceived seriousness is based on two dimensions. The first dimension reflects a factual assessment of the consequences to the victim, or, harmfulness. The second dimension reflects the normative evaluation of an act. That is, individuals look at an act with respect to its moral gravity or wrongfulness. Thus, in assessing the seriousness of a behavior individuals are also assessing how ethical or unethical they believe the act to be. Additional hypotheses are posited to predict the subsequent style of social control members will use in response to the behaviors. Throughout this discussion, organizational members judging the behaviors will be referred to as 'judges' and those engaging in the behaviors will be referred to as 'employees.'

Hypotheses

Perceived seriousness.

- H1: A behavior committed against the organization by a high ranking employee will be perceived by judges as less serious than when the same behavior is committed by a low ranking employee.
- H2: A behavior committed against the organization by an employee who is relationally close to coworkers will be perceived by judges as less serious than when the same behavior is committed by a relationally distant employee.
- H3: A behavior committed against the organization by a highly organized employee will be perceived by judges as less serious than when the same behavior is committed by a less organized employee.
- H4: A behavior committed against the organization by a highly educated employee will be perceived by judges as less serious than when the same behavior is committed by a less educated employee.
- H5: A behavior committed against the organization by a highly respected employee will be perceived by judges as less serious than when the same behavior

is committed by a less respected employee.

Styles of social control.

H1: In situations where employees are highly ranking judges will be more likely to recommend remedial styles of social control; where employees are low ranking judges will recommend accusatory styles of social control.

H2: In situations where employees are relationally close to coworkers judges will be more likely to recommend remedial styles of social control; where employees are relationally distant judges will recommend accusatory styles of social control.

H3: In situations where employees are highly organized judges will be more likely to recommend remedial styles of social control; where employees are less organized judges will recommend accusatory styles of social control.

H4: In situations where employees are highly educated judges will be more likely to recommend remedial styles of social control; where employees are less educated judges will recommend accusatory styles of social control.

H5: In situations where employees are highly respected judges will be more likely to recommend remedial styles of social control; where employees are less respected judges will recommend accusatory styles of social control.

CHAPTER 2

METHODS

In the following sections perceived seriousness, the two styles of social control, and the five structural dimensions which give the employee a particular social identity will each be operationalized. Next, the scenarios used to describe the employee's social identity and his/her behavior will be discussed. Specifically, the process used to determine the high and low conditions for each of the dimensions will be provided, and an explanation will be given of how the behavior depicted in the scenarios was selected. Finally, a description of the study's participants, procedure, and outcome measures will be highlighted.

Operational Definitions

Seriousness

Perception of the seriousness, or ethicality, of the employee's behavior was operationalized based on Warr (1989). Thus, seriousness was operationalized as the perceived wrongfulness of the employee's behavior and the behavior's harmfulness to the organization.

Style of social control

The styles of social control that judges could

recommend were operationalized based on Black's (1976) original formulations. For parsimony, they were dichotomized into two categories, again, following Black. Thus, penal and compensatory methods were considered accusatory styles of social control, while therapeutic and conciliatory styles of social control were considered to be more remedial, or non-accusatory, in nature.

Structural dimensions

The five structural dimensions were also operationalized based on Black's (1976) original formulations. The stratification dimension was represented by the formal rank of the employee. The high, low, and middle conditions of the employee's rank reflected the breakdown of managerial positions argued in Posner and Schmidt (1987). Hence, an employee referred to as a senior executive in the scenarios represented the high condition on the rank variable, an employee referred to as a supervisor represented the low condition, and an employee referred to as a middle manager represented the middle condition on this variable.

The morphological dimension was represented by the relational distance of the employee to others in the company. Condition levels for the relational distance variable were chosen intuitively. An employee who frequently interacts with coworkers reflected the high

condition on the relational distance variable (e.g., was relationally close to coworkers), an employee who rarely interacts with coworkers was in the low condition, and an employee who was acquainted with a number of coworkers represented the middle condition on the relational distance variable.

The organization dimension was represented by the number (if any) of team projects on which the employee works. Condition levels for this variable were also chosen intuitively. Thus, an employee who is participating on numerous team projects is in the high condition, an employee who is not participating on any team projects is in the low condition, and an employee who is participating on a couple of team projects is in the middle condition for the organization variable.

The symbolic dimension was represented by the educational level of the employee, with an employee who has an M.B.A. being in the high condition, an employee who has only a high school diploma being in the low condition, and an employee who has a bachelor's degree in General Business representing the middle condition.

Finally, the social control dimension was represented by the employee's respectability in terms of his/her performance in the company. The conditions for the employee's respectability were based on Posner and Schmidt's (1987) research. Some of their manager-respondents, upon

reading a scenario in which an employee had committed a potentially unethical act, wanted to know something about the importance of the employee to the organization before they would condemn or condone the employee's behavior. Posner and Schmidt submit that "These responses seemed particularly calculating as if to say: 'We would tolerate certain (unethical) behaviors from our high performers more than we would from marginal or average performers'" (p. 387). Thus, an employee who received the highest performance ratings from superiors was in the high condition, an employee who received poor performance ratings was in the low condition, and an employee who received average performance ratings represented the middle condition for this variable.

Construction of Scenarios

Overview

To obtain responses from judges about the seriousness of the employee's behavior, and the style of social control judges would recommend in response to the behavior, scenarios were created that systematically varied the social space in which the employee acted. In all scenarios the employee acted alone and the victim was the organization for which the employee worked. Additionally, variables associated with the employee were manipulated while the victim was held constant. To maintain isomorphism with real

life settings all five variables associated with the employee were represented in all scenarios; however, only one of these variables were manipulated per scenario. That is, in each scenario four of the employee's variables were held at their middle position while the fifth was manipulated to reflect either a high or low condition of the variable.

The behavior engaged in by the employee was held constant across all scenarios. When the type of behavior is the same but the social structural locations of the offenders or victims vary, then judgments about and responses to the events should also vary in the manner discussed previously. Thus the perceived seriousness of the employee's behavior, and the style of social control recommended in response to the behavior, should vary according to the characteristics of the employee rather than varying according to the behavior itself.

Employee's Social Characteristics

Individuals were recruited to assess whether conditions for the five structural variables were sufficiently differentiated. It is necessary that respondents be able to discern differences in conditions because, according to Black (1979), it is people's observations of such differences that contributes to their changing perceptions of and responses to events when the same behavior is

committed under changing social conditions.

Persons (all management personnel) called for jury duty in the Pima County Courthouse, Tucson, Arizona were selected as subjects for this manipulation check and asked to rate a description of an employee. This subject pool was used because of the normally distributed subject demographics contained in the pool. Males accounted for 52% of this sample, and ages for all subjects averaged 48 years ($n = 93$). Subjects had been in their current management positions for an average of 6 years, while the average for total years in management posts was 14 years. Each subject was given a description of an employee that included all five social characteristics: rank, relational distance to coworkers, education, participation on projects, and performance ratings. In each description four of the variables were controlled at middle positions while one was manipulated to reflect either a high or low condition. A list of statements describing each dimension were provided, together with corresponding Likert-type scales ranging from 1 (strongly agree) to 7 (strongly disagree). If the manipulation was viable, responses would be polarized toward either a 'strongly agree' or a 'strongly disagree'. An example of a survey used for these manipulation check is provided in Appendix A.

Results of these manipulations check resulted in 10 unique scenarios, each of which appears in Appendix B. The

condition levels used in the scenarios were chosen based on an agreement between rater perception and intended manipulation. Agreement between rater perception and intended manipulation was assumed when the mean score for all responses was equal to or less than '3' for questions where a response of '1' was desirable, and when the mean score of all responses was equal to or greater than '5' where a response of '7' was desirable.

Employee Behavior

A number of steps were taken to determine the behavior used in the scenarios. First, the organizational ethics literature was scanned for reports by business people on unethical behavior committed both by and against superiors, subordinates, customers, suppliers, and organizations (Mathison, 1988; Bird & Waters, 1987; Hosmer, 1987; Waters, Bird, & Chant, 1986; Fleming, 1985; Brenner & Molander, 1977; Baumhart, 1961). Second, a convenience sample of management personnel employed on the East Coast were interviewed via telephone to learn of behaviors they had personally observed or were aware of that they considered unethical. Next, a 25-item Likert-type survey, which is displayed in Appendix C, was developed to assess respondents' perceptions of the ethicality of behaviors engaged in by employees of a fictitious organization. Twenty of the behaviors listed in the survey were culled

from the literature and the interviews and five were created by the researcher. Because the employee in the actual scenarios would always act alone and the victim would always be the organization for which the employee worked, only incidents synonymous with this situation were listed in the survey.

Surveys were sent to an upper-level manager at a large telecommunications firm located in the Southwest for the employee behavior manipulation check. Access to this organization was accomplished via personal ties the researcher has with this manager, and thus these particular respondents were selected for convenience reasons as well. The manager administered 31 of the surveys to management personnel at the company. Males accounted for 37% of this sample and the average age for all respondents was 44 years. Subjects had worked in their current management positions for an average of 4 years, while being employed in managerial positions for an average of 13 years. Respondents were asked to rate the behaviors on a scale of 1 (very ethical) to 7 (very unethical). While responses to most of the behaviors were polarized toward either end of the scale, the mean of the following behavior was a 4.9 (SD = 1.9): Employee has obtained a job in another organization and attempts to recruit other employees before leaving current position. This behavior, which was appended to the employee scenarios in the actual study, was chosen

because it would allow study subjects the opportunity to evaluate a behavior as ethical or unethical without strong preconceived notions of its normative character.

The Study

Subjects

Subjects consisted of 200 management personnel from a variety of industries: retail (20%), consumer services (13%), engineering/research and development (7%), management consulting or business services (7%), manufacturing (5%), banking, investment, and insurance (1%), transportation and public utilities (1%), and advertising (1%). The remaining subjects listed themselves as working in 'other' business sectors including university services, city government, health care, software manufacturing, law enforcement, and the U.S. Postal Service.

The management level of the subjects ranged from supervisory to executive. Most (51%) held middle management positions while fewer labored in supervisory (41%) and executive (8%) posts. The amount of time respondents had worked in their current positions ranged from 1 to 21 years, with 70% holding their positions for 5 years or less and 20% residing in their current job for only 1 year. The total number of years subjects had worked in management positions ranged from 1 to 30, with 73% being employed in management for 12 years or less.

Males accounted for 58% of the sample. For all subjects ages ranged from 21 to 63, with 80% of these between 30 and 55 years. The group was fairly educated, as 68% held a two and/or four year college degree. The rest held high school diplomas (17%) and advanced degrees (15%). Participant income ranged from less than \$20,000 to more than \$50,000 per year, with the majority (76%) earning between \$20,000 and \$49,999 per year. The instrument used to collect subject demographics can be seen in Appendix D.

Procedure

Each of the 10 sets of surveys (e.g., the 'high' condition for the rank variable; the 'low' condition for rank; the 'high' condition for relational distance, etc.) was completed by a different group of 20, randomly selected respondents, each of whom completed only one survey. Surveys were administered in one of three ways. First, the researcher administered surveys to a group of managers who were taking a class sponsored by the university. Second, university students were enlisted to take surveys into their organizations and administer them to coworkers in management positions. Third, surveys were mailed to managers who were asked to return the surveys in an envelope provided for that purpose. On all surveys, a cover letter indicated that the subject had been selected to complete the survey because of the position he or she held in his or her organization, and

therefore it was important that the subject answer the survey independently of others. This statement was provided in order to discourage subjects from enlisting the aid of others (especially non-management personnel), as doing so would contaminate the data.

Outcome Measures

Seriousness Scale. The judges' perceived seriousness of the employee's behavior was measured by a 20-item semantic differential scale. Based on Warr's (1989) findings that perceived seriousness is composed of judgments of harmfulness and morality, a scale was devised for the present research that consisted of 10 items representing each dimension. This scale, which is evident in Appendix E, produced an alpha reliability of .94.

Styles of Social Control. The recommendations judges were likely to make in response to the employee's behavior was measured by a 20-item Likert-type scale. Ten items in the scale represented Black's (1976) accusatory methods while ten items represented his remedial styles of control. Alpha coefficients for the two sets of items were .75 and .55 respectively. This scale is located in Appendix F.

CHAPTER 3

RESULTS

Hypotheses Tests

Table 2 contains t-test comparisons of the mean scores of the high and low conditions for each of the five structural dimensions.

Employee Characteristics and Perceived Seriousness

Each of the following hypotheses predicted a relationship between a particular characteristic of the employee and judges' perceived seriousness of the behavior committed by the employee against his or her organization:

Hypothesis 1 was concerned with the formal rank of the employee. The t-test confirms that there is a significant difference in perceived seriousness of employee behavior when the employee is a supervisor versus when the employee is a senior executive ($t = 3.05$, $df = 38$, $p < .01$).

Hypothesis 2 predicted that the employee's relational distance to coworkers would affect the perceived seriousness of employee behavior. Results of the t-test confirm the hypothesis and indicate that there is a significant difference in perceived seriousness when the employee is relationally distant from coworkers versus when the employee is relationally close to coworkers ($t = 3.30$, $df = 38$, $p < .01$).

Hypothesis 3 tested the relationship between the

employee's level of organization and perceived seriousness. The t-test confirms the hypothesis and indicates that there is a significant difference in perceived seriousness when the employee is not participating on any team projects versus when the employee is participating on numerous team projects ($t = -2.41$, $df = 38$, $p < .05$).

Hypothesis 4 posited a relationship between the employee's level of education and judges' perceived seriousness of the employee's behavior. Results of the t-test confirm the hypothesis and indicate that there is a significant difference in perceived seriousness when the employee has only a high school diploma versus when the employee has an M.B.A. ($t = 3.08$, $df = 38$, $p < .01$).

Hypothesis 5 concerns the respectability of the employee. Results of the t-test confirm the hypothesis and indicate that there is a significant difference in perceived seriousness of the employee's behavior when the employee has little respect from coworkers versus when the employee has much respect from coworkers ($t = 3.43$, $df = 38$, $p < .01$).

Employee Characteristics and Styles of Social Control

Each of the following hypotheses predicated a relationship between a particular characteristic of the employee and the style of social control judges would recommend in response to the employee's behavior:

Hypothesis 1 was concerned with the employee's rank.

Results of the t-test partially confirm the hypothesis, revealing that there is a significant difference in the degree to which judges recommend remedial styles of social control for low rank versus high rank employees ($t = -3.14$, $df = 38$, $p < .01$); however, under the same conditions there is no significant difference in judges' recommendations of accusatory methods.

Hypothesis 2, hypothesis 3 and hypothesis 4 predicted, respectively, that the employee's relational distance to coworkers, the employee's level of organization, and the employee's educational level would affect the style of social control recommended by judges. Results of these t-tests failed to confirm the hypotheses, showing no significant differences between any of these characteristics and judge's recommendations of either accusatory or remedial styles.

Hypothesis 5 was concerned with the respectability of the employee. Results of the t-test partially confirm the hypothesis, indicating a significant difference in the degree to which judges recommend accusatory styles of control when the employee is not very respected versus when the employee is highly respected ($t = -2.04$, $df = 38$, $p = .05$); however there is no significant difference in recommendations of remedial methods when tested against level of employee respectability.

Supplementary Analysis

Table 3 contains the results of Pearson product-moment correlations which were conducted to test the relationships between the judges' (1) characteristics of age, education, management level, current position, income, and total years in management, (2) their perceptions of the seriousness of the employee's behavior, (3) their likelihood of making recommendations for accusatory styles of social control, and (4) their likelihood for making recommendations for remedial styles of social control.

As can be seen in the table the judges' perceived seriousness of the employee's behavior has a low negative relationship ($r = -.24, p < .01$) with judges' recommendations that the employee be handled with an accusatory style of social control. The relationship between perceived seriousness and recommendations for remedial styles of social control is almost the same ($r = -.18, p < .01$). As well, there is a low positive relationship ($r = .14, p < .05$) between accusatory and remedial recommendations.

Only one characteristic of the judges, total years in management, reveals a relationship with perceived seriousness. Here, there is a low positive correlation ($r = .19, p < .01$) between the two variables. Recommendations for remedial methods of social control also correlate with only one of the judges' characteristics, showing a low

positive correlation ($r = .14$, $p < .05$) with judges' total years in current management position. Recommendations for accusatory social control correlates with two judge characteristics, management level and total years in current management position. The correlations are both low and negative, and are $-.11$ ($p = .056$) and $-.15$ ($p = .016$), respectively.

TABLE 2
T-test comparison of means for low and high conditions for the five structural variables for (a) PERCEIVED SERIOUSNESS, (b) ACCUSATORY styles of social control, and (c) REMEDIAL styles of social control.

A: T-test comparison of means for low and high conditions of the five structural variables for PERCEIVED SERIOUSNESS of employee's behavior.

VARIABLE	<u>Low Groups</u>		<u>High Groups</u>		t	p
	m	sd	m	sd		
1. Rank	5.4	.85	4.5	.99	3.05	<.01
2. Relational Dist.	4.9	.85	3.8	1.3	3.30	<.01
3. Organization	4.4	1.3	5.1	.70	-2.41	<.05
4. Education	4.8	.91	3.7	1.3	3.08	<.01
5. Respect	4.6	.68	3.5	1.3	3.43	<.01

B: T-test comparison of means for low and high conditions of the five structural variables for ACCUSATORY styles of social control.

VARIABLE	<u>Low Groups</u>		<u>High Groups</u>		t	p
	m	sd	m	sd		
1. Rank	4.4	1.2	4.5	.99	-.13	NS
2. Relational Dist.	4.7	.99	5.2	1.1	-1.69	NS
3. Organization	4.5	1.1	4.8	.85	-.56	NS
4. Education	4.0	.69	4.5	1.3	-1.64	NS
5. Respect	3.7	.64	4.4	1.4	-2.04	<.05

TABLE 2 (continued)

Table 2c T-test comparison of means for low and high conditions of the five structural variables for REMEDIAL styles of social control.

VARIABLE	<u>Low Groups</u>		<u>High Groups</u>		t	p
	m	sd	m	sd		
1. Rank	3.4	1.1	4.5	.97	-3.14	<.01
2. Relational Dist.	3.8	.70	3.9	.92	-.35	NS
3. Organization	3.8	.92	3.9	.84	-.38	NS
4. Education	3.8	.72	3.4	.53	1.96	NS
5. Respect	4.0	.52	3.8	.82	.84	NS

TABLE 3

Intercorrelations among judges' characteristics, perceptions of seriousness, recommendations for accusatory styles for social control, and recommendations for remedial styles of social control.

VARIABLES	1	2	3	4	5	6	7	8	9
1. Seriousness	1.00								
2. Accusatory	-.24**	1.00							
3. Remedial	-.18**	.14*	1.00						
4. Age	.06	-.09	.01	1.00					
5. Education	-.07	.06	.03	.18**	1.00				
6. Mgmt. Level	.04	-.11*	.06	.32**	.42**	1.00			
7. Years in Current Pos.	.05	-.15**	.14*	.34**	.10	.28**	1.00		
8. Income	-.003	.06	.09	.32**	.40**	.47**	.21*	1.00	
9. Total years in Mgmt.	.19**	-.07	.09	.64**	.19**	.28**	.37**	.34**	1.00

*P < .05, one-tailed.

**P < .01, one-tailed.

CHAPTER 4

DISCUSSION

The primary goal of this investigation was to ascertain whether or not managerial perceptions of potentially unethical business conduct vary according to the social characteristics of the person committing the behavior. A second, related goal was to determine whether the style of social control recommended by managers in response to an employee's deviant behavior would also vary with the employee's characteristics.

To accomplish these goals hypotheses were derived from Black's (1976) general theory of social control to assess whether differentials in social characteristics predict how managers perceive and react to the ethical seriousness of behavior. This research is the first to apply and empirically test Black's propositions in an organizational context. In the following sections the results of this investigation will be discussed.

Hypotheses Tests

Perceived Seriousness.

The first set of hypotheses tested the relationship between five of the employee's social characteristics (rank, relational distance, organization, education, and respect) and managerial perceptions of the seriousness of the

employee's behavior. Specifically, it was posited that when the employee committed a potentially unethical behavior against his or her organization manager-subjects would perceive the behavior as less serious when the employee is 'high' on these variables than when the employee is 'low' on these variables. T-test results confirm four of the hypotheses, showing a significant difference in perceived seriousness, and in the expected direction, when the employee is in the high versus low conditions for rank, relational distance, education, and respect. The fifth hypothesis showed variance in an unexpected direction, however, indicating that subjects perceived the employee's behavior as more serious when the employee had more organization (involved on more team projects) than when the employee was less organized (not participating on any team projects). This reversal actually makes sense, however, given the nature of the employee's behavior. That is, because an employee who is involved on numerous team projects would necessarily come in contact with more workers than would an employee who is not participating on any team projects the former can do more damage, in terms of recruitment activities, than can the latter. Thus, in hindsight, it is not surprising that managers considered the behavior of the more highly organized employee more serious than the same behavior when committed by a less organized employee.

Styles of Social Control.

The second set of hypotheses tested the relationship between the same five variables and the style of social control subjects would recommend in response to the employee's behavior. It was expected that subjects would recommend remedial social control for employees in the high conditions and accusatory control for employees reflecting low conditions.

Results of t-tests partially confirmed one hypothesis in the expected direction. A second hypothesis revealed a significant difference in type of recommendation, but in an unexpected direction. For the remaining hypotheses there was no significant difference in subjects' recommendations. In regard to the first hypothesis, there was a significant difference in the degree to which subjects recommended accusatory methods when employee respect was manipulated. As expected, subjects indicated they were more agreeable to subjecting the employee to accusatory methods when the employee was in the low respect condition than when the employee was in the opposite condition. No significance was found, however, in respondents' recommendations for remedial methods when respect was manipulated. As for the second hypothesis, there was a significant difference in the degree to which managers recommended remedial methods for high versus low rank employees.

This unexpected direction, again, might be attributed to

the type of behavior engaged in by the employee in the scenarios. It would not be unreasonable to assume, for instance, that high ranking employees associate primarily with high ranking coworkers, while low ranking employees associate primarily with low ranking coworkers. As such, a high ranking employee is likely to recruit those the company considers more valuable and more difficult to replace than might be recruited in the lower ranks. Thus although subjects perceived the behavior of the low rank employee to be more serious they may have made harsher recommendations for the high rank employee because the damage these people can do to their organizations, when compared to their counterparts, can be much greater.

Impact of respondent characteristics on judgments of seriousness and recommendations for social control

Social control, claims Black (1976), varies with the social structural dimensions of whoever has a role in the case. Thus, in the present research the parties who played a role in the 'case' included not only the employee in the scenario and his or her organization, but also the managers who responded to the surveys. Data on the managers, therefore, was collected to determine whether there were any significant relationships between subject characteristics and (1) variations in perceptions of seriousness and (2) recommendations for styles and strengths of social control

when the employee committed the same behavior under changing social conditions. Correlations were conducted to test for such relationships.

The correlation results were mildly encouraging, as three of six respondent characteristics (total years in management, total years in current management position, and management level) showed relationships with perceptions of seriousness or recommendations for social control. However, these relationships did not reveal overwhelmingly strong trends, and in a few instances the results were contradictory to expectations. First, there was a significant and positive, though weak, correlation between respondents' total years in management and perceived seriousness of the employee's behavior, indicating that the longer one is in management the less forgiving one becomes of improper business conduct. This result supports Fulmer's (1971) findings that new managers (e.g., graduating M.B.A.s) are more tolerant of practices experienced managers (e.g., Baumhart's (1961) executives) consider undesirable. This result also confirms the prediction of one of Baumhart's respondents, who claimed that "embryonic executives" (Fulmer, 1971, p. 55) would become more ethical as they become more experienced, learning that good ethics, in addition to being right, are also usually rewarded materially.

Only one respondent characteristic, total years in

current management position, correlated significantly with recommendations for remedial methods of social control. The correlation was positive and weak, indicating that the longer respondents had resided in their present management roles the more likely they were to recommend that someone should 'work' with, or help, the employee as a way of resolving the issue.

A third relationship showed that both the respondents' management level and total years in current management position correlated significantly with accusatory recommendations. This correlation, which was negative and weak, complements the positive relationship between total years in management and recommendations for remedial control. As just discussed, the longer respondents' had been in management positions the more likely they were to recommend remedial control. This third correlation supports that finding, revealing that the longer respondents have been managers, and the higher they are on their respective managerial ladders, the less likely they are to recommend accusatory methods such as punishing the employee or forcing him or her to repay the company in some manner.

A fourth significant correlation revealed a weak, positive relationship between recommendations for remedial control and recommendations for accusatory control. This result is in direct contradiction with the expectations in this research which assumes an inverse relationship between

the two styles, such that where accusatory control increases, recommendations for remedial control decreases and vice versa. Finally, there were significant weak, negative correlations between perceived seriousness and both recommendations for accusatory and remedial styles of control. Again, these results contradict the expectations of a direct relationship between perceptions of seriousness and recommendations for social control, such that as seriousness increases so too does accusatory recommendations, with less seriousness correlating with recommendations for remedial control.

Directions for Future Research

Future investigations on managerial perceptions of unethical behavior can improve upon the present research in three ways. First, manipulation checks should be conducted to determine whether the remedial and accusatory styles of social control provided for respondents as methods for handling employees are isomorphic with social control methods actually used in organizations. The absence of these manipulation checks in the current research may have contributed to the primarily nonsignificant results in the tests of the relationships between employee characteristics and recommendations for social control, as respondents may not have been able to discern differences between remedial and accusatory methods.

A second improvement on the methodological structure of

this investigation would be to depict a behavior in the scenarios that is committed by an employee who is still very much embedded within the organization, rather than by one who is about to exit the company. A reason manager-respondents showed no strong feelings as to how the employee should be handled may have had more to do with the fact that the employee was leaving anyway than with their perceptions of the seriousness of the employee's behavior. It may be the case that, if the employee was staying with the company and could continue to impact upon company activities, the type of social control to which this employee would be subjected would directly vary with perceptions of seriousness.

Finally, in future investigations researchers might consider using employee behaviors that have been rated as being unethical in the manipulation check rather than using, as was done in this study, a behavior about which respondents are unsure. According to Black (1976), social control defines what is deviant and the more social control to which a behavior is subject, the more deviant the behavior. Thus, survey respondents may have been simply confirming what respondents to an earlier manipulation check concurred -- the recruiting act is not deviant and thus, regardless of who committed the behavior, it should not be subject to social control. As one study respondent commented:

I personally don't see anything wrong or improper with his (sic) actions. This type of thing occurs within our department all the time. If you start your own business, or go to work for someone else, human nature dictates that you will want to recruit and surround yourself with familiar and competent people who you know will get the job done. That's just business.
(Supervisory manager, law enforcement)

Conclusion

Scientific Significance

Almost thirty years ago Baumhart (1961) noted that most works on business ethics were based on the experience of one person or on intuitive reasoning. Few authors, he claimed, had approached business ethics empirically by surveying the ideas, problems, and attitudes of business practitioners. Baumhart used such an empirical approach for his own study and he hoped that his data would prompt top management to reexamine its thinking and practices.

While the impact of Baumhart's (1961) work on management is unclear his study has provided the springboard for many social scientists interested in business ethics (Fulmer, 1971; Brenner & Molander, 1977; Posner & Schmidt, 1987; Rosenberg, 1987). The present investigation built upon these previous works. However, unlike these prior

works, which inductively asked subjects the factors they consider when making judgments about the potentially unethical behaviors of others, this investigation proceeded deductively, drawing upon a general theoretical framework that presumes the factors considered in making such judgments. Specifically, this framework specifies how and under what conditions particular social factors influence observers' assessments of and responses to the seriousness, or ethicality, of behaviors. This investigation, then, differed from its predecessors in that, rather than labelling a behavior as unethical and asking organizational members what they would do about it, it investigated when organizational members will label behaviors as unethical. In doing so this investigation advocated an approach that, while tested in a variety of other contexts, was untested in the organizational ethics domains.

One issue that needs to be addressed is the 'attitudes versus behavior' argument. While Black's (1976) theoretical framework focuses on variations in the behavioral aspects of social control -- social control, for instance, such as law, witch hunting, discipline in organizations, or psychotherapy -- the present investigation tested only the recommendations subjects would make as a response to the employee's act. As such, it has attempted to assess subjects' attitudes about how this employee should be approached but it has not determined how subject-managers would actually behave should

the situation arise in their organizations. What, then, is the usefulness of a study that measures only attitudes and recommendations when it is framed by a theoretical approach that clearly emphasizes behavior?

There are a number of reasons why a study such as this is useful. First, via empirical testing this study has shown that perceptions of seriousness do vary according to differentials in social characteristics -- something that was only hypothesized by Black (1976) and subsequently assumed in many of the studies that used his approach. As well, this study picks up where Hembroff (1987) left off. Hembroff found full support for a relationship between only two of the variables that contribute to an actor's social identity and perceptions of the seriousness of an actor's behavior. The present study, though, goes beyond bivariate relationships and shows full support, in the expected direction, with four of the variables. Too, while Hembroff's scenarios included only two or three of the five variables, all five variables were represented in the scenarios in this study. Thus, the scenarios in this investigation created a more realistic picture from which respondents could draw information about the actor's social identity.

Practical significance

This investigation has practical as well as well as

potentially scientific significance. First, there may be concern over the applicability of this study's results due to the common belief that there is sometimes a discrepancy between what people say they think and do, and what they actually think and do (Baumhart, 1961). While this may, in fact, be true such a belief does not negate the relevance of the findings to dynamic organizations. What Black is predicting, and what is being tested here, is not that individuals will always act as they say but, rather, that when individuals have access to social information their perceptions and reactions to events will vary according to the social characteristics of those involved. Thus, if in future research it can be shown that respondents' recommendations for social control do vary in expected ways, then it may certainly be assumed that such variations also occur in the work place.

Jackall's (1988) research supports the contention that managerial behavior changes as social relationships are reorganized. As noted previously this investigation indicates that, under controlled conditions, perceptions of the seriousness of events do indeed change when observers are exposed to changing social information. Thus it appears that whereas observers may judge the ethicality of socially decontextualized behaviors against universally held standards of morality, observers become less adamant about these standards as the behavior becomes more contextualized.

There appears to be a discrepancy, then, between the ethical standards advocated by the general public as it views events from a distance and the ethical standards managers actually invoke within the confines of their department or organization. This ethics gap exists, suggests Jackall (1988), because the moral choices managers make are inextricably tied to their personal fates. Furthermore, for managers to succeed their moral choices must be based on the ethic that emerges in the bureaucracy of their work places. In other words, there are standards for morality in the world at large and then there is morality in the corporation. And what matters on a day-to-day basis for managers, says Jackall, are the moral "rules-in-use" (p. 6) shaped by the constraints of the organization. Jackall explains:

As it happens, these rules vary sharply depending on various factors, such as proximity to the market, line or staff responsibilities, or one's position in a hierarchy. Actual organizational moralities are thus contextual, situational, highly specific, and, most often, unarticulated. (p. 6)

Another conclusion of practical significance concerns the utility of corporate codes of ethics. Cressey and Moore (1983) report that two broad forms of authority are cited in corporate codes -- metaphysical principles and

legal-political principles. The most commonly cited metaphysical principle is that virtue is its own reward. The legal-political principle cited most often is what Cressey and Moore refer to as a social contract. That is, as citizens corporations are responsible for pursuing their private interests only within the "rules of the game" set forth by the larger society. All employees, it is emphasized, are to work in ways that will maximize the firm's income, but they are directed to do so within the rules that the corporation's top executives have extracted from the principles of the social contract. Cressey and Moore conclude that good corporate citizenship and metaphysical morality are viewed as mutually reinforcing virtues and are the foundation of the ethical standards set by corporate executives (p. 59-60).

The problem, though, is that if indeed managers do not base their intraorganizational decisions on the fixed standards of morality extolled by these codes then the codes may be of little use as guides for intraorganizational behavior. Berenbeim (1987), in fact, found that senior managers report difficulty in winning acceptance for the codes. Berenbeim's report, which is based on research conducted by The Conference Board, a business information service whose purpose is to assist senior executives in arriving at sound decisions, reveals a common complaint by employees with respect to the codes. The complaint, given

by executives' colleagues and subordinates, is that the codes are "mere rhetoric and public relations" (p. vii). This response seems to support Jackall's (1988) contention that what is advocated as 'right' and what is necessarily practiced in the work place are two different things.

A final conclusion of practical significance which may be derived from this research concerns corporate due process. According to Ewing (1989), the business world is experiencing a rise in such processes. While its definition may vary among companies, corporate due process essentially refers to the grievance resolution systems put in place by organizations to enable employees to appeal inequities. The use of such in-house disputing processes is also noted by Morrill (1989), Green (1982), Wray (1982), and Westin (1982). Ewing claims that although such systems currently exist in only a few organizations - perhaps 40 to 60 nationwide - corporate due process is perhaps one of the fastest developing trends in industry. While the need for formal grievance systems is obvious - Ewing states that in a typical year up to 20% of the work force goes to personnel specialists with complaints of unfair treatment - the legitimacy of such programs can be questioned if based on the results of this investigation. That is if, as it appears, the ethicality of one's behavior is determined not by the behavior itself but rather by the social characteristics of those involved, corporate due process can

offer satisfactory resolutions only to those who possess a certain social identity. If this is the case, then for some organizational members the prospects of organizational justice may remain elusive.

APPENDIX A

MANIPULATION CHECK SURVEY

Case Background

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has acquired a number of close friends within the organization. The manager frequently interacts with these co-workers both during and after work. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

Directions

The items below are designed to assess your overall perception of this employee. There are no right or wrong answers. For each statement please indicate whether you agree or disagree as follows:

- Circle a 1 if you **Agree strongly**.
 Circle a 2 if you **Agree**.
 Circle a 3 if you **Agree slightly**.
 Circle a 4 if you **neither agree nor disagree**.
 Circle a 5 if you **DISagree slightly**.
 Circle a 6 if you **DISagree**.
 Circle a 7 if you **DISagree strongly**.

	<u>Agree</u> <u>Strongly</u>						<u>DISagree</u> <u>Strongly</u>
1. This employee is near the bottom of the firm's managerial hierarchy.	1	2	3	4	5	6	7
2. This employee has allies at the organization.	1	2	3	4	5	6	7
3. This employee is involved in few task-related activities with coworkers.	1	2	3	4	5	6	7
4. This employee is rather distant from other employees.	1	2	3	4	5	6	7
5. This employee has a lot of formal schooling.	1	2	3	4	5	6	7
6. This employee is a highly regarded worker in the company.	1	2	3	4	5	6	7

	<u>Agree</u> <u>Strongly</u>						<u>DISagree</u> <u>Strongly</u>
7. This employee's formal position is one of high rank.	1	2	3	4	5	6	7
8. This employee is isolated from coworkers on a social basis.	1	2	3	4	5	6	7
9. This employee is involved in the private lives of coworkers.	1	2	3	4	5	6	7
10. This employee has an excellent reputation in the firm.	1	2	3	4	5	6	7
11. This employee is highly educated.	1	2	3	4	5	6	7
12. This employee is relatively high on the firm's organizational chart.	1	2	3	4	5	6	7
13. This employee participates in workgroups.	1	2	3	4	5	6	7
14. This employee relates to colleagues on a social basis.	1	2	3	4	5	6	7
15. This employee is educated.	1	2	3	4	5	6	7
16. This employee has little respect from others in the company.	1	2	3	4	5	6	7
17. This employee is familiar with colleagues on a personal level.	1	2	3	4	5	6	7
18. This employee is involved in collective decision-making activities.	1	2	3	4	5	6	7

APPENDIX B

EMPLOYEE SOCIAL CHARACTERISTICS

1. Relational Distance = High:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has acquired a number of close friends within the organization. The manager frequently interacts with these co-workers both during and after work. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

2. Relational Distance = Low:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks but rarely interacts with co-workers beyond what is required by the job. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

3. Rank = High:

One of the employees at Westfield Corporation is a senior executive in charge of the firm's intercontinental operations. The executive obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This executive is currently participating on a couple of team projects, including a quality circle project comprised of employees from the local branch office. The executive has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

4. Rank = Low:

One of the employees at Westfield Corporation is a supervisor in charge of 10 assembly line workers. The supervisor obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This supervisor is currently participating on a couple of team projects, including a quality circle project comprised of employees from the local branch office. The supervisor has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

5. Respect = High:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a bachelor's degree in General Business and typically receives the highest performance ratings from superiors.

6. Respect = Low:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a bachelor's degree in General Business but typically receives the lowest performance ratings from superiors.

7. Education = High:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a Master of Business Administration (M.B.A.) degree and typically receives average performance ratings from superiors.

8. Education = Low:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This manager is currently participating on a couple of team projects, including a quality circle project comprised of employees from the branch office. The manager has a high school diploma and typically receives average performance ratings from superiors.

9. Membership = High:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. This manager is currently participating on numerous team projects, including the company's Strategic Planning Conference which involves regional managers from around the country. The manager has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

10. Membership = Low:

One of the employees at Westfield Corporation is a middle level manager in charge of a branch office. The manager obtained this position by being promoted through company ranks and, in the process, has become acquainted with a number of people within the organization. At the moment, this manager is not participating on any team projects. The manager has a bachelor's degree in General Business and typically receives average performance ratings from superiors.

APPENDIX C

ETHICALITY OF BEHAVIORS

This survey is for a study on business practices being conducted at the University of Arizona. All responses are confidential - you are not required to provide your name or place of employment. Your assistance in answering this questionnaire is greatly appreciated.

Directions

Westfield Corporation (a fictitious organization) has an employee code of conduct that states the behaviors expected of employees. Although the behaviors listed below are not condoned by the company, Westfield employees have from time to time engaged in such behaviors. The following scale is designed to assess your perceptions of the **ethicality** (rightfulness or wrongfulness) of the behaviors engaged in by Westfield employees. Remember that ethicality is only a matter of opinion, and it is **your** opinion that is being solicited.

- Circle a 1 if you think the behavior is **very ethical**.
 Circle a 2 if you think the behavior is **ethical**.
 Circle a 3 if you think the behavior is **somewhat ethical**.
 Circle a 4 if you are **not sure**.
 Circle a 5 if you think the behavior is **somewhat UNethical**.
 Circle a 6 if you think the behavior is **UNethical**.
 Circle a 7 if you think the behavior is **very UNethical**.

	Very <u>Ethical</u>						Very <u>UNethical</u>
1. Employee borrows company car for personal use.	1	2	3	4	5	6	7
2. Employee takes home supplies (paper, pens, staples) for personal use.	1	2	3	4	5	6	7
3. Employee uses computer time for personal use.	1	2	3	4	5	6	7
4. Employee copies, for personal use, computer software packages bought by the company.	1	2	3	4	5	6	7
5. Employee exaggerates business expense reports.	1	2	3	4	5	6	7
6. Employee has coworker punch employee's time card out for 1 hour while employee takes a 2 hour lunch.	1	2	3	4	5	6	7

	<u>Very Ethical</u>						<u>Very UNethical</u>
7. Employee orders items for personal use at company expense.	1	2	3	4	5	6	7
8. Employee is moonlighting.	1	2	3	4	5	6	7
9. Employee is constantly using phone during working hours for personal business.	1	2	3	4	5	6	7
10. Employee brings spouse to office on weekends so spouse can use copy machines.	1	2	3	4	5	6	7
11. Employee slants proposal, rather than providing all facts, because he/she is emotionally committed to a position.	1	2	3	4	5	6	7
12. Employee uses speech-writing staff not to help the company but for boosting his/her own position within the company.	1	2	3	4	5	6	7
13. Employee adjusts sales figures for his/her sales team in order to show a more favorable outcome than has actually been achieved.	1	2	3	4	5	6	7
14. Employee discloses to the health and safety commission a company-related problem that has previously resulted in a fatality.	1	2	3	4	5	6	7
15. Employee projects cash flow without substantial evidence in order to obtain a higher loan than the project can realistically amortize.	1	2	3	4	5	6	7
16. Employee, on company time, uses personal computer for bowling league correspondence.	1	2	3	4	5	6	7
17. Employee makes personal, long-distance telephone calls from company phone.	1	2	3	4	5	6	7

	<u>Very Ethical</u>					<u>Very UNethical</u>	
18. Employee searches for job in other organizations on company time.	1	2	3	4	5	6	7
19. Employee has obtained a job in another organization and attempts to recruit other employees before leaving current position.	1	2	3	4	5	6	7
20. Employee allows others who are late or who take partial days leave to report less than the actual time absent.	1	2	3	4	5	6	7
21. Employee postpones or misses meetings to attend to his/her sideline business.	1	2	3	4	5	6	7
22. Employee hires friend who is not as qualified as other candidates.	1	2	3	4	5	6	7
23. Employee on shift rotation has time to complete tasks but leaves them for employees on next shift.	1	2	3	4	5	6	7
24. Employee does not charge customer who is a friend or relative for all items being purchased.	1	2	3	4	5	6	7
25. Employee openly denounces policies of organization.	1	2	3	4	5	6	7

APPENDIX D

DEMOGRAPHICS

The following questions are necessary to separate your answers from other people who have responded to this questionnaire.

1. What is your gender? Male___ Female___
2. What is your age? ___
3. What is the highest level of education you have obtained?
___ high school diploma
___ 2 or 4 year college degree
___ Masters or Ph.d
4. Which of the following best reflects the level of management and/or supervision at which you are currently working?
___ Supervisory manager
___ Middle manager
___ Executive manager
5. How long have you worked in your current position?
___ Yrs. ___ Mths.
6. What is the industry in which you are currently employed?
___ Manufacturing, consumer or industrial goods
___ Engineering, research and development
___ Management consulting and business services
___ Banking, investment, insurance
___ Retail or wholesale trade
___ Transportation, public utilities
___ Advertising, media, publishing
___ Consumer services
___ Other: Please specify _____
7. What is your income group?
___ Under 20,000
___ 20,000 - 29,999
___ 30,000 - 39,999
___ 40,000 - 49,999
___ 50,000 and over
8. What is the TOTAL number of years you have worked in full-time managerial/supervisory positions (include positions at organizations other than the one in which you are currently employed)? ___ Yrs.

APPENDIX E

PERCEIVED SERIOUSNESS SCALE

The items below are designed to assess your overall perception of this employee's attempt to recruit Westfield employees to work for the new firm. There are no right or wrong answers. You are to indicate your opinion about how this employee's behavior has effected Westfield by circling a 1, 2, 3, 4, 5, 6, or 7. If you are unsure or neutral, circle a 4.

THIS EMPLOYEE'S BEHAVIOR IS:								
Not injurious	1	2	3	4	5	6	7	Injurious
Right	1	2	3	4	5	6	7	Wrong
Harmful	1	2	3	4	5	6	7	Harmless
Moral	1	2	3	4	5	6	7	Immoral
Dishonorable	1	2	3	4	5	6	7	Honorable
Improper	1	2	3	4	5	6	7	Proper
Unethical	1	2	3	4	5	6	7	Ethical
Not damaging	1	2	3	4	5	6	7	Damaging
Decent	1	2	3	4	5	6	7	Indecent
Detrimental	1	2	3	4	5	6	7	Not detrimental
Inadmissible	1	2	3	4	5	6	7	Admissible
Hurtful	1	2	3	4	5	6	7	Not hurtful
Tolerable	1	2	3	4	5	6	7	Intolerable
Inappropriate	1	2	3	4	5	6	7	Appropriate
Thievish	1	2	3	4	5	6	7	Not thievish
Inoffensive	1	2	3	4	5	6	7	Offensive
Acceptable	1	2	3	4	5	6	7	Unacceptable
Vandalistic	1	2	3	4	5	6	7	Not vandalistic
Abusive	1	2	3	4	5	6	7	Not abusive
Not impairing	1	2	3	4	5	6	7	Impairing

APPENDIX F

SOCIAL CONTROL INVENTORY

In this section you are to indicate your feelings about the actions that might be taken against this employee for his/her attempt to recruit Westfield employees to the new firm. For each statement please indicate whether you agree or disagree as follows:

Circle a 1 if you **Agree Strongly**.

Circle a 2 if you **Agree**.

Circle a 3 if you **Agree Slightly**.

Circle a 4 if you **Neither Agree nor Disagree**.

Circle a 5 if you **Disagree Slightly**.

Circle a 6 if you **Disagree**.

Circle a 7 if you **Disagree Strongly**.

	<u>Agree</u> <u>Strongly</u>				<u>Disagree</u> <u>Strongly</u>		
1. Westfield should withhold any awards the employee has earned but not yet received.	1	2	3	4	5	6	7
2. Westfield should ask the employee for an apology.	1	2	3	4	5	6	7
3. Westfield should report the employee's behavior to the other firm.	1	2	3	4	5	6	7
4. Westfield should seek open communication with the employee.	1	2	3	4	5	6	7
5. Westfield should negotiate a compromise with the employee.	1	2	3	4	5	6	7
6. Westfield should reduce the employee's salary for the remainder of his/her service.	1	2	3	4	5	6	7
7. Westfield should make an arrangement whereby the employee restitutes Westfield for workers he/she has recruited to the other organization.	1	2	3	4	5	6	7
8. Westfield should send this employee to some sort of therapy.	1	2	3	4	5	6	7
9. Westfield should explain to the employee the inappropriateness of his/her behavior.	1	2	3	4	5	6	7

	<u>Agree</u> <u>Strongly</u>						<u>Disagree</u> <u>Strongly</u>
10. Westfield should prohibit the employee from continuing to recruit its workers.	1	2	3	4	5	6	7
11. Westfield should help the employee understand the company's view of his/her behavior.	1	2	3	4	5	6	7
12. Westfield should fire the employee.	1	2	3	4	5	6	7
13. Westfield should take the employee to court.	1	2	3	4	5	6	7
14. Westfield should ask the employee to compensate the company for damages.	1	2	3	4	5	6	7
15. Westfield should work with the employee to restore the relationship between itself and the employee.	1	2	3	4	5	6	7
16. Westfield should demand that the employee remain with the company until his/her current work obligations are fulfilled.	1	2	3	4	5	6	7
17. Westfield should work with the employee to find a mutually acceptable resolution.	1	2	3	4	5	6	7
18. Westfield should remove the employee from all team projects for the remainder of his/her service.	1	2	3	4	5	6	7
19. Westfield should explain to the employee how he/she could improve his/her behavior as a Westfield employee.	1	2	3	4	5	6	7
20. Westfield should enroll the employee in an outplacement counseling session.	1	2	3	4	5	6	7

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