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Understanding Ethical Diversity in Organizations

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Ethical diversity abounds in organizations. That is, there are diverse beliefs among employees, managers, and executives in organizations as to what are the most ethically appropriate or inappropriate courses of actions to take in their daily workplace situations. Consider the following five examples of ethical diversity, each of which comes from the authors' direct work experience, consulting, or current events reported in the trade and general press. First, from operations management, some employees believe it is ethically right to use the time clock closest to the building entrance when they clock in and out. In contrast, others believe it is ethically right to use the time clock closest to their assigned work areas. Why the divergent ethical judgments? Second, from human resources management, some managers believe it is ethically right to give uniform raises to all employees when raise money is extremely limited. Others believe it is ethically right to continue to give performance-based raises in such circumstances. Why the divergence? Third, from organizational downsizing, some managers believe it is ethically right to focus only on performance evaluations when conducting layoffs, while others believe it is ethically right to consider corporate initiatives and employee personal considerations. Why? Fourth, from risk management and public relations, some executives believe it is ethically right to perform surveillance on employees' nonworkplace conduct, while others believe it is ethically right to limit surveillance to workplace conduct. Why? Fifth, from organizational governance, some executives believe it is ethically right to outsource as much work as possible to firms in foreign countries, while others believe it is ethically right to retain as much work as possible in house. Why?

The answer to all the preceding ''why'' questions is that employee's ethical judgments diverge because of the great diversity in their *personal moral codes*. Some two decades ago, the first author and marketing professor Scott J. Vitell sought to develop a framework that would help marketing students and practitioners understand the kind of diversity in personal moral codes that would lead to divergent ethical judgments. They developed a model of marketing ethical decision making that was first published in the *Journal of Macromarketing* in 1986. Through time, the model and the theory underlying the model came to be labeled in the ethics literature as, simply, the Hunt–Vitell (H–V) model of ethics. Also through time, the model was used extensively in both teaching ethics and guiding research. Subsequently, it was noted by ethics researchers that the theory and model were equally applicable to business ethics in general, and even more generally, to ethics in nonworkplace situations. That is, the H–V model is now viewed by many ethics researchers as a general theory of ethical decision making (and not just a theory applicable to marketing and other business situations). Since its original development, the H–V model has undergone rigorous empirical testing in numerous disciplines and contexts. The results have uniformly supported the theory as being useful in explaining and predicting ethical decision making.

It should be noted that the purpose of the H–V model is to describe, explain, and predict what *are* the actual ethical beliefs, intentions, and behaviors of individuals. The purpose of the model is *not* to provide prescriptive guidance to those who seek assistance in determining what *should be* the most ethically appropriate alternative in decision situations involving ethical issues. Indeed, we acknowledge and agree with the ''is/ought'' dichotomy in philosophy. That is, we agree that how ethical decisions are made (''what is'') does not imply how such decisions should be made (''what ought to be''). Nonetheless, the authors of the H–V model believed then, and continue to believe now, that a better understanding of how ethical decisions are actually made can, through time, result in individuals making better decisions in situations having ethical content.

The purpose of this article is to apply the H–V model to understand the ethical diversity displayed in the answers to the five questions posed in the first paragraph. We proceed by providing a brief overview of the H–V model and then apply the model to each of the five questions. In doing so, we hope to contribute to a better understanding of the ethical diversity in organizations. We hasten to add that we have our own personal moral codes and beliefs as to which answers to each question are most ethically justified. However, our intention here is neither to praise what we believe to be the most ethical answer(s) nor to condemn what we believe to be the most unethical answer(s). Rather, our efforts here are to assist readers in analyzing, explaining, and understanding the diversity in the answers to the five questions and, thereby, contribute to understanding ethical diversity in organizations.

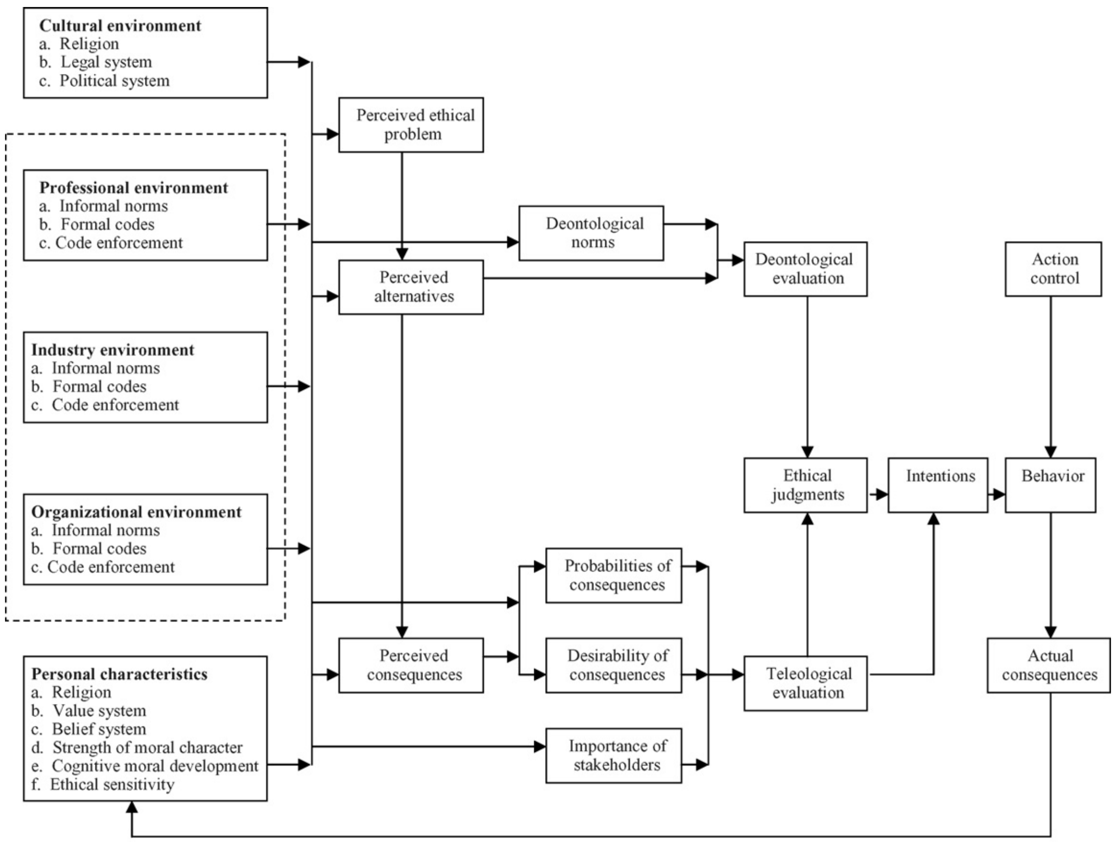
OVERVIEW OF THE HUNT–VITELL MODEL

The purpose of the original article that developed the Hunt–Vitell theory was to provide a general model of ethical decision making that would draw on what are called the ''deontological'' and ''teleological'' ethical traditions in moral philosophy. For deontological ethicists, as exemplified by the eminent ethicist Immanuel Kant, certain features of an act itself, not the *value* it brings into existence, make an action or rule ethically *right*. In contrast, for teleological ethicists, such as the renowned John Stuart Mill, there is one and only one basic or ultimate right-making characteristic of an act: the comparative, nonmoral value of the consequences that are, probably will be, or are intended to be brought into existence. Since its original development, the H–V model has undergone extensive empirical testing. As a result of the testing, as well as the comments of various scholars on the theory, the model has been revised. The discussion here follows the analysis in the most recent revision.

The H–V model, displayed in Fig. 1, addresses the situation in which an individual confronts a problem perceived as having ethical content. This perception of an ethical problem situation triggers the process depicted by the model. If the individual does not perceive some ethical content in a problem situation, subsequent elements of the model do not come into play. Given that an individual perceives a situation as having ethical content, the next step is the perception of various possible alternatives or actions that might be followed to resolve the ethical problem. Because it is unlikely that an individual will recognize the complete set of possible alternatives, the ''decision set'' will be fewer than the universe of total possibilities. Indeed, ultimate differences in behaviors among individuals in situations that have ethical content may be traced, in part, to differences in their decision sets.

Once the individual perceives a set of alternatives, two kinds of evaluations will take place: deontological and teleological. In the deontological evaluation, the individual evaluates the inherent rightness or wrongness of the behaviors implied by each alternative. The process involves comparing each alternative's behaviors with a set of predetermined deontological norms. These norms represent personal values or rules of moral behavior. They range from (1) general beliefs about such things as honesty, stealing,

FIGURE 1 HUNT–VITELL THEORY OF ETHICS



SOURCE: Hunt and Vitell (1986, 1993). Copyright © 1991 by Shelby D. Hunt and Scott J. Vitell.

NOTE: The portion of the model outside the dashed lines constitutes the general theory. The portion inside the dashed lines individuates the general model for professional and managerial contexts.

cheating and treating people fairly to (2) issue-specific beliefs about such things as deceptive advertising, product safety, sales "kickbacks," confidentiality of data in research, respondent anonymity, and interviewer dishonesty. The norms take the form of beliefs of the following kinds: "It is always right to . . .;" "it is generally or usually right to . . .;" "it is always wrong to . . .;" and "it is generally or usually wrong to . . .."

Contrasted with the deontological process, the teleological evaluation process holds four things to be paramount: (1) the perceived consequences of each alternative for various stakeholder groups, (2) the probability that each consequence will occur to each stakeholder group, (3) the desirability or undesirability of each consequence, and (4) the importance of each stakeholder group. Both the identity and importance of the stakeholder groups will vary across individuals and situations. For example, the stakeholders may (or may not) include one's self, organization, family, friends, customers, stockholders, suppliers, or employees.

Although the H–V model proposes that the teleological evaluation process is influenced by the desirability and probability of consequences, as well as the importance of stakeholders, no specific information-processing rule is advanced by the model. Indeed, the theory underlying the model is that the information-processing rules will differ across different people's personal moral codes. That is, people will differ in (1) the importance they place on various stakeholders, (2) their beliefs as to the positive/negative consequences that different stakeholders will enjoy/suffer, (3) their beliefs as to the likelihood that certain consequences will occur. The overall result of the teleological evaluation will be beliefs about the relative goodness versus badness brought about by each decision alternative, as perceived by the decision maker.

The Core of the Model

The core of the model comes next. The H–V model posits that an individual's ethical judgments, for example, the belief that a particular alternative is the most ethical alternative, are a combination of the individual's deontological evaluation (that is, applying norms of behavior to each of the alternatives) and the individual's teleological evaluation (that is, an evaluation of the sum total of goodness vs. badness likely to be provided by each alternative for all relevant stakeholders). It is possible that *some* individuals in *some* situations will be strict (for example, ''Kantian'') deontologists and, therefore, will completely ignore the consequences of alternative actions. However, the theory maintains that it is unlikely that such a result would be found across many individuals for many different situations. Similarly, though it is possible that some individuals in some situations might be strict (for example, ''Millsian utilitarian'') teleologists, such a situation is unlikely across many individuals for many situations.

The model then proposes that the ethical judgments of people in decision situations influence their behaviors because of ''intentions.'' That is, consistent with empirical research, people generally *intend* to act consistent with their beliefs as to what is their perception of what is the most *ethical* alternative. Therefore, the H–V model proposes that both ethical judgments and intentions will be better predictors of behavior in situations where the ethical issues are viewed as highly important, rather than inconsequential. That is, the model focuses on important problem situations that require significant thinking and evaluation on the part of people, not just those in which people act (react) in a routinized manner.

However, the H–V model also proposes that people's ethical judgments will sometimes differ from their intentions because their teleological evaluations also directly affect their intentions. The arrow in the model directly from teleological evaluation to intentions implies that, though an individual may perceive a particular alternative as the most ethical alternative, the person may intend to choose another alternative because of certain preferred consequences. These significant positive consequences may flow to one's self or to another important stakeholder as a result of choosing what the individual believes to be a less ethical alternative. The theory suggests that when behavior and intentions are inconsistent with ethical judgments, one of the consequences will be feelings of *guilt*. Therefore, two individuals, ''Adam'' and ''Brian,'' may engage in the same behavior, yet only Adam may feel guilty. Whereas Brian's behavior was consistent with his ethical beliefs, Adam knows he has acted inconsistently with his own ethical beliefs.

What is called *action control* in the model is the extent to which an individual actually exerts control in the enactment of an intention in a particular situation. That is, situational constraints may result in behaviors that are inconsistent with intentions and ethical judgments. Researchers have found that, in many circumstances in which individuals did not behave consistently with their ethical beliefs, they did so because they believed that there were environmental circumstances that absolutely prevented them from adopting what they believed to be the most ethical course of action.

After the individual engages in a particular behavior in a decision situation having perceived ethical content, there will be an evaluation of the actual consequences of the alternative selected. As the direct arrow from ''actual consequences'' to ''personal characteristics'' in the model implies, the consequences of decisions provide feedback to the individual. This is how the model proposes that people *learn* to be ethical/unethical. Researchers have found that individuals, through organizational systems of rewards and punishments, will learn to behave in particular ways in decision situations involving ethical issues: rewarded ethical/unethical behaviors will be repeated, punished ethical/unethical behaviors will be avoided.

Personal Characteristics Influence Ethical Decision Making

The H–V model identifies several personal characteristics that influence the decision-making process. An individual's personal religion is thought to influence ethical decision making. *A priori*, compared with nonreligious people, one might suspect that (1) highly religious people would have more clearly defined deontological norms and (2) such norms would play a stronger role in ethical judgments. Indeed, research supports this view.

An individual's particular value system is also thought to impact the decision process. Consider, for example, ''organizational commitment'' as one such value. Research has linked organizational commitment to decision makers' beliefs that ethics should be a long-term priority of organizations. Similarly, research on the H–V model finds that organizations that have high ethical values will, subsequently, have employees who are more committed to the organization's welfare. The positive outcomes of organizational commitment raise an important ethical question: is it possible that individuals exhibiting high organizational commitment (even *because* of the organization's ethical values) will then place such great importance on the welfare of the organization that they may engage in questionable behaviors if such behaviors are thought to be beneficial to the organization? To date, no research has answered this question.

Consider ''belief systems'' in the personal characteristics box in the model. The notion of belief systems focuses on the individual's set of beliefs about the world, how the world does (and does not) operate. The kinds of beliefs that the model proposes as important are those that reflect how the individual believes the world ''works.'' To what extent does an individual believe that all people are motivated solely by self-interest? To what extent does a person believe all others are guided by what philosophers call ''ethical egoism?'' The model proposes that how an individual believes the world actually works will guide the individual's behavior by influencing the perceived consequences of alternative decisions and their probabilities. For example, consider those managers who are Machiavellian in their beliefs about the world. Such managers would view employees as dishonest, not to be trusted, easily susceptible to flattery, lazy, and cowardly. Therefore, Machiavellian managers would view others solely as objects to accomplish their own objectives.

What is called *strength of moral character* in the ethics literature has also been found to influence the relationship between intentions and behavior. Tracing back to Aristotle's virtue ethics, professors Oliver Williams and Patrick Murphy emphasize the important function of role models in organizations. They argue that these role models assist in developing managers who have attributes associated with a virtuous moral character (that is, one having such virtues as perseverance, courage, integrity, compassion, candor, fidelity, prudence, justice, public-spiritedness and humility). Thus, those individuals with high moral character would have the moral strength to behave in organizations in a manner consistent with their ethical judgments.

Cognitive moral development as a personal characteristic has received much attention in the ethics literature. That is, it has been thought that certain kinds of managers in organizations, for example marketing managers, may engage in unethical behaviors more so than other managers because their personal moral codes are not highly developed from a cognitive standpoint. Higher stages of cognitive moral development imply a greater capacity to reason through complex ethical situations. Empirical research, however, has not supported this unflattering view of marketing. After investigating the cognitive moral development of a large sample of marketing managers, researchers find that marketing practitioners compare favorably with other social groups in their levels of cognitive moral development. Moreover, researchers find that marketers scoring high on measures of cognitive moral development – and, thus more likely to be sensitive to ethical issues and to reason through ethical issues – are as successful in their careers as those marketers who score low in cognitive moral development.

As a final personal characteristic, some people are, quite simply, more *ethically sensitive* than others. That is, when placed in a decision-making situation having an ethical component, some people never recognize that there is an ethical issue involved. Recall that the model starts with the perception that there is some ethical problem involved in the situation. The systematic study of ethical sensitivity has progressed the furthest in the areas of dentistry, professional counseling, accounting, and marketing. In marketing, for example, John R. Sparks and the first author explored the ethical sensitivity of practicing marketing researchers. They found that marketing research practitioners *learn* to be ethically sensitive when they are successfully socialized into the marketing research profession. That is, it is through the socialization process that marketing research practitioners learn the ethical norms of the marketing research profession.

Researchers investigating ethical sensitivity consistently find a negative relationship between relativism and ethical sensitivity. That is, those professionals who have personal moral codes that reflect a relativistic orientation are, in general, less ethically sensitive than those whose codes are more absolutist. Two factors may account for this finding. First, relativists' disbelief in moral absolutes may reduce the likelihood of ethical violations ''standing out'' among other issues. In a world in which all issues are relativistic shades of gray, ethical issues may just blend in with everything else. As a second explanatory factor, because relativists may consider ethical issues in general to be less important than nonrelativists, relativist professionals may lack ethical sensitivity.

Surprisingly, the research by Sparks and Hunt also found a significant, negative relationship between ethical sensitivity and formal training in ethics. One potential explanation for this surprising finding is that, rather than strengthening beliefs in the existence of morally right and wrong behavior, existing ethics education programs, similar to the position of those emphasizing ''value free'' education, may be serving only to strengthen relativistic views.

All ethical theories stress the role of culture in influencing ethics. Likewise, the H–V model stresses the importance of *Cultural Environment* in influencing the process of ethical decision making. As components of culture, the H–V model suggests that researchers focus attention on religion, legal systems, and political systems.

Environmental Factors Influence Ethical Decision Making

The boxes in the model labeled ''Industry Environment,'' ''Professional Environment'' and ''Organizational Environment'' specifically orient the model toward ethical situations for businesspeople and the professions. The H–V model proposes that all industries, professional associations, and organizations have complex sets of norms, some of which are often formalized in codes, but most of which are informal norms communicated in the solving of actual workplace problems (and observing how others solve such problems). These norms, therefore, form a framework by which individuals are *socialized* into their respective organizations, professions, and industries. Much work needs to be done in identifying the extant informal norms across different industries and professional associations. For example, to what extent do the norms related to human resources in the steel industry differ from those in the chemical industry or advertising? It would seem that these differing sets of informal norms would play prominent roles in influencing which deontological norms an individual would consider as governing moral reasoning in specific decision contexts.

UNDERSTANDING THE DIVERSITY OF ETHICAL JUDGMENTS

We turn now to addressing how the H–V model helps us understand the diversity of ethical judgments held by various employees. The H–V model provides a framework for explicating employees' personal moral codes and for answering the question: why do employees' ethical judgments differ? According to the H–V model, employees' differences in personal moral codes result from differences in:

- the rules for combining the deontological and teleological evaluations;
- the deontological norms held;
- the relative importance of particular norms;
- the rules for resolving conflicts among norms;
- the rules for interpreting the applicability of norms in particular situations;
- the importance of weights assigned to particular stakeholders;
- the rules for combining the teleological components;
- the perceived positive consequences for particular (e.g., highly important) stakeholders;
- the perceived negative consequences for particular (e.g., very unimportant) stakeholders;
- the perceived probabilities of positive and negative consequences for particular stakeholders.

We now apply the framework to the five questions posed in the first paragraph. In addressing each question, we shall provide additional, specific information concerning the context in which the decision takes place.

The Operations Management Question

Is it right to clock in and out of work using the time clock closest to the building entrance, or is it right to use the time clock closest to the assigned work? Recall that the H–V model begins with the perception of an ethical issue. Some employees may differ in their ''time clocking'' behaviors because they do not perceive an ethical issue in this decision situation. However, many retail stores, hospitals, and large manufacturing plants that require employees to electronically scan their badges for timekeeping purposes have multiple time clocks. The question of where to clock in can be important. Consider, for example, retail operations facilities. Such facilities may have time clocks near the entrance for cashiers, at several locations on the sales floor (shopping area), in the stock room, and in the loading dock areas. Because of the emphasis on lean manufacturing, efficiency, and a redeployable workforce, most of the electronic time keeping systems used at these and other types of operations are universal. That is, an employee can use any one of them to make a time punch.

Therefore, a brief five-minute walk from the building entrance to the assigned work area would occur (at least) when employees: (1) arrive at work, (2) leave for their morning 15 minute, law-required break, (3) come back from their morning break, (4) leave for lunch, (5) come back from lunch, (6) leave for their afternoon 15 minute, law-required break, (7) come back for their afternoon break, and (8) leave for the day. In all, the five-minute walk is actually closer to 40 minutes of time per employee per work day. For example, 40 minutes at an assumed $8 hourly wage for a five-day workweek, multiplied by 52 workweeks in a year, is about $1387 per employee annually. Thus, for a retail store with 250 employees, this would be approximately $347,000 dollars per year – a significant financial impact.

The decision as to which time clock to use is not just economically significant, it contains ethical content, including considerations of which deontological norms and which teleological stakeholder outcomes should be included. The H–V model points out that some employees will be sensitive to the ethical content in the question and some employees will not be. Furthermore, the H–V model can be used to analyze the choices of employees whose different personal moral codes lead them to different conclusions.

For instance, consider ''Jane,'' who concludes that she should use the time clock closest to her work area inside the building. She might do so believing (deontologically) that it is inherently wrong for people to ''steal'' this five minutes of walking time from the company. Her beliefs might be attributable to her personal characteristics, a synthesis of particular cultural, family, religious, and organizational norms that contributes to her personal moral code. These norms convince her that (1) stealing is wrong and (2) clocking in from a distant location is stealing. She might also believe (teleologically) that using the time clock closest to her work area would likely (1) have a positive financial effect on the company to which she feels an organizational commitment, and (2) be consistent with, or improve, her view of herself. That is, she would feel good about herself. She might also view that to do otherwise would probably have a strong, negative consequence for herself (such as a reprimand or termination).

Now consider ''Nancy,'' who believes that the most ethical choice is to use the time clock closest to the building entrance. She might do so believing (deontologically) that it is inherently wrong for the company to ''steal'' this five minutes of time from *her*. Like Jane, her beliefs might be attributable to her personal characteristics, a synthesis of the particular cultural, family, religious, and organizational norms that contributes to her personal moral code. These norms convince her that (1) the walk is five minutes lost to her personal life because of her employment, and thus, (2) she should be compensated for it by the organization. She might also (teleologically) come to her decision because she believes clocking at the entrance to the building would have a significant, positive impact on her and other hourly wage people who are less well off than the average stockholder of the organization. Indeed, because she identifies with hourly wage employees (''they are like me''), hourly wage earners become a more important stakeholder for her than the organization's shareholders. She might also hold, teleologically, that any potential disagreement between her and management about which time clock to use, if it were to occur, would probably result in only a minor reprimand. Thus, it can be seen that the combination of different (deontological) norms and (teleological) stakeholder outcomes by Jane and Nancy can lead to their ethical diversity.

The Human Resources Management Question

When funding is very limited, is it right to give pay raises that are equally distributed across all employees, or is it right to continue to give raises based on performance? In times of economic hardship, an organization may only have enough funds for, say, an overall raise of two percent. Under such circumstances, how would a manager decide whether to give all employees a two percent raise or, alternatively, to give some employees four percent or five percent and some employees one percent or no raise at all? The question contains ethical content regarding the manager's beliefs about the guiding rules and principles of work and rewards, as well as the manager's consideration of how different answers might impact different stakeholders of differing importance.

For instance, consider ''Karl,'' who believes that he should distribute uniform raises to all his employees. He might do so believing (deontologically) that it is inherently right to be fair toward all employees.

And for him, fairness dictates that (1) everyone is entitled to a cost of living adjustment and (2) performance-based raises should be given only after such adjustments are made. Furthermore, he might hold that an employee should not be rewarded or penalized for the actions of others. Therefore, because the employees collectively constitute a team, and performance is, therefore, more team-based based than individual-based, raises should be given equally across the employees. At the same time, Karl might (teleologically) come to his decision that uniform raises are right because they would advantage him by (1) reducing the number of complaints from employees who believe that performance-based raises were unfair and (2) increasing his average ratings from his employees.

Now consider ''Paul,'' who concludes that the most ethical choice is to give raises to all of his employees based on performance. He might do so believing (deontologically) that it is inherently right to ''reap where one sows'' and, thus, that pay should be based only on performance. In his moral code, to do otherwise is discriminating against those who perform better, and all such discrimination is inherently wrong. At the same time, he might (teleologically) come to his decision because he believes that performance-based raises would (1) advantage him because they would reduce the number of employees' complaints, (2) likely *not* result in a decrease in his ratings (because he believes that nonrewarded employees would not hold grudges), and (3) result in a better chance that high performing employees would stay with the organization, thereby increasing the department's performance.

The Organizational Downsizing Question

Is it right to base layoffs only on performance evaluations, or is it right to take into account either personal employee circumstances or corporate initiatives? As to personal employee circumstances, these could include the physical, family, financial, and emotional circumstances of the employee, for example, the age of the employee, how close the employee is to retirement, the size of the employee's family, how many family members are employed, health status of the family members, whether the employee just purchased a new home, and the whether the employee is committed to the organization.

As to corporate initiatives, the manager could also take into account organizational goals. For example, given a choice of keeping one of two employees, how would one choose between keeping an Equal Employment Opportunity Commission (EEOC) qualifying individual who at least meets the minimum requirements of the job versus keeping a nonqualifying employee who is a better performer at the job requirements? Or, how should one choose between focusing (or not focusing) on laying-off employees who are at the top of their pay bands to improve the financial performance of the organizations? Personal circumstances and corporate initiatives could be viewed as separate alternatives to consider, or conjoined with a host of other factors.

For instance, consider ''Kimberly,'' who concludes that layoffs should be based only on job performance. She might do so believing (deontologically) that it is inherently fair to base rewards (such as not being laid-off) on performance, because of her cultural belief in a ''Protestant Work Ethic.'' Further, she might believe that taking into account any corporate initiatives, including, for example, meeting EEOC-mandated guidelines, is inherently discriminating against particular employees and that *any* form of discrimination is inherently wrong. She might also (teleologically) come to her decision believing that performance-based layoffs would likely (1) decrease the level of guilt or ''layoff survivor sickness'' by retained employees and managers, (2) decrease the possibility of violence toward her or others she cares about by those who are laid-off, (3) result in her being promoted because of subsequent improvements in organizational performance, (4) increase the value of her stock options, and (5) maintain her feelings of fairness and self-worth.

Now consider ''Mary,'' who concludes that the most ethical choice is to include personal employee circumstances in layoff decisions. She might do so believing (deontologically) that she has an inherent responsibility to take care of the less fortunate. That is, one has duties toward those employees, for example, who are young, old, sick, poor, in debt, or who otherwise disadvantaged. Because she believes those with large families or excessive personal debt are disadvantaged, they inherently deserve special care. At the same time, Mary might (teleologically) come to her decision believing that (1) she will have a more productive work team (because the employees who are retained through her decisions will show appreciation through harder work), (2) the employees who are laid-off are in better circumstances (vs. those she kept) to find employment, (3) the organization will benefit from those individuals who Mary kept, (4) the stockholders will probably be either better off (or, at the least, minimally impacted), and (5) she will feel good about herself for laying-off a higher-scoring, singe, college student, instead of a lower-scoring, single, working, mother.

Now consider ''Theresa,'' who concludes that the most ethical choice is to take into account organizational initiatives in layoff decisions. She might do so believing (deontologically) that it is inherently right, or even necessary where possible, to correct the wrongs of the past. That is, her cultural norms imply that those who are socially disadvantaged of no choice of their own should be elevated to an equal playing field. At the same time, Theresa's decision might (deontologically) involve a guiding belief (from her professionalization and educational experiences) that her first responsibility is to work toward stated organizational goals and initiatives. Corporate initiatives could take many forms, including (1) EEOC compliance or (2) the identification of hostile, unproductive employees who are difficult to fire because of the likelihood of reprisal lawsuits, but could be let go during layoffs. At the same time, Theresa might (teleologically) believe that incorporating corporate initiatives into the layoff decisions would (1) advantage her because she would be seen by those who could promote her as a good leader who understands the vision of the organization, (2) improve, or at least maintain, the organization's following of governmental regulations such as EEOC racial and gender percentages, (3) not result in a decrease in quantity or quality of production, and (4) decrease the probability of lawsuits brought by troublesome individuals because they are laid-off rather than fired.

The Risk Management and Public Relations Question

Is it right to perform surveillance on employees' nonworkplace conduct, or is it right to limit surveillance to workplace conduct? Nonworkplace conduct could include such behaviors as employee conversations about their work with others, especially with competitors or the media, attending ''adult'' entertainment shows, consuming products such as alcohol or drugs, and using competitors' products or services.

For instance, consider ''Kevin,'' who concludes that surveillance of employees' nonworkplace conduct is appropriate. He might do so believing (deontologically) that it is inherently right for managers or executives to protect the shareholder value with which they have been entrusted. He might also believe that, as employees move up within an organization, they represent the organization to the public, much like celebrity endorsers of products. Therefore, employees have an inherent responsibility to act consistent with organizational rules even when ''off the clock.'' He might also believe it is right to investigate when employees are committing civil or criminal infractions by sharing trademark or confidential information with the media or competitors. Failing to investigate these violations might be viewed as negligent and inherently wrong. At the same time, Kevin might (teleologically) come to his decision believing that certain outcomes are more likely for certain stakeholders that have particular importance for him, including: (1) protecting shareholder value, (2) being recognized by superiors for fulfilling his responsibilities, and (3) providing a positive message to other employees that the organization places importance on employee ethical conduct.

Now consider ''Dennis,'' who concludes that the surveillance of employees' nonworkplace conduct is inappropriate. He might do so believing (deontologically) that it is inherently wrong to conduct surveillance that invades the privacy of others. At the same time, Dennis might (teleologically) come to his decision because he believes that certain outcomes are more likely for stakeholders that have particular importance for him, including: (1) avoiding the negative media attention that would result from the discovery of nonworkplace surveillance, (2) avoiding the legal costs, fines, and prison time resulting from possible civil and criminal cases, and (3) improving, or at least maintaining, employee morale.

The Organizational Governance Question

Is it right to outsource as much work as possible to firms in foreign countries or is it right to retain as much work as possible in house? Executives and senior management face strategic decisions, including what products or services to procure from the market versus which to keep within the organization. For example, high technology firms might produce either hardware or software and provide technical support for their (or others') products. Hardware may include products such as laptops, desktops, and servers as well as design components such as motherboards, hard drives, external drives, monitors, and memory. Software may include computing languages or software applications. Technical support may include laptop support, desktop support, and server support. Some of these hardware, software, and technical support functions are deemed ''mission critical,'' are very profitable, provide competitive advantages, have externalities, or require path dependencies of organizational competence to perform correctly. Others are not critical, less profitable, do not provide competitive advantages, do not have externalities, or have path dependencies. There are ethical issues involved in these outsourcing/insourcing decisions.

For instance, consider ''Carla,'' who concludes that it is ethically right to outsource as much work as possible to foreign countries. She might do so believing (deontologically) that it is inherently right to maximize stockholder value by sourcing products from the least expensive global source. She might believe that favoring any country (such as the U.S.A.) more or less than another (such as India or China) is discrimination, and that such discrimination is inherently wrong. Additionally, she might believe she has a duty to help those who are less fortunate, and that those outside the United States are, on average, less fortunate than those inside the United States. At the same time, Carla might (teleologically) reason that outsourcing jobs to companies in foreign countries with lower wage costs would (1) result in personal recognition from superiors, (2) provide an organizational return on labor profitability that is consistent with benchmarked firms in the same industry (who are outsourcing the functions globally), (3) increase the value of her stock options, (4) increase employment opportunities for workers overseas whom she cares about, and (5) not decrease employment opportunities for Americans (because she believes displaced workers can quickly find comparable jobs).

Now consider ''Roberta,'' who concludes that it is ethically right to keep as much work as possible in house. Her patriotism convinces here that it is (deontologically) right to ''save American jobs for Americans.'' She might also believe (deontologically) that she has a duty to focus on the long-term organizational intellectual capital embedded in employees (rather than the organization's short-term financial performance). Further, she may believe that it is simply wrong to fund or sponsor any employment of individuals working overseas in facilities that have sub-American workplace (''sweatshop'') conditions. At the same time, Roberta might (teleologically) reason that retaining the jobs in house would (1) increase (or at least maintain) the morale, trust, and commitment of current employees, (2) increase shareholder confidence, and (3) protect organizational competences from being lost to the organization. Furthermore, she cares greatly about the welfare of her firm's employees and cares not at all about workers in other countries.

CONCLUSION

Of course, there are numerous arguments other than the preceding ones that defenders and opponents might use to argue for the rightness or wrongness of the various ethical positions regarding the five questions introduced in the first paragraph. The point we emphasize is that the H–V model contributes to understanding all such arguments. All such arguments can be categorized and further explicated by means of the concepts and processes displayed in the H–V model. More generally, because the ethical diversity in organizations comes from differences in employees' personal moral codes, which, in turn, are formed from differences in employees' deontological norms and teleological beliefs, all such arguments can be explicated – and thus *understood* – by use of the H–V model.

Having begun this article with five questions, we conclude with three: (1) What kinds of personal moral codes do employees of your organization have now? (2) Are these the kinds of personal moral codes that your organization desires? (3) What communications, policies, and procedures should be introduced, changed, or deleted to contribute to making the answer to question two ''yes?'' Based on the authors' experience, we offer five suggestions for organizations seeking actions that further the goal of making the answer to question two ''yes.'' First, we suggest that organizations conduct research to investigate the nature of the workplace situations in which employees believe that they confront their most difficult ethical problems. For example, the first author and professors Larry Chonko and James Wilcox surveyed marketing research firms and found researchers' most difficult ethical problem to be ''research integrity.'' That is, can managers trust that researchers' figures are accurate, that no relevant information is being withheld, and that the research design is not being shaded to support desired conclusions? In a separate study, they found that the most difficult ethical problem that marketing *managers* face is bribery. That is, how do managers deal with vendor gifts, under the table money, and questionable commission payments? The purpose of research such as the two preceding examples is to provide information on the kinds of situations that organizational codes of ethics should address.

Second, we suggest that organizations use existing (or develop) ''grass roots'' meetings to explore extant moral codes. It is the authors' experience that many grass roots meetings result in a few bullet points on an easel pad regarding improvements in physical environment conditions, communication practices, and employee benefits. We believe that employees can contribute valuable information about their moral codes that is seldom sought or recognized in extant grass roots meetings. Third, organizations should provide an ethics' ombudsman for employees. Details of the ethics ombudsman program should be accessible to employees online and through posters prominently displayed in facilities. Effective ombudsman programs require atmospheres of trust. So, both organizational policies and practice should stress that no negative consequences will occur to employees from using the ombudsman service for either counseling or reporting. Fourth, to gain insight into employees' moral codes, organizations should use existing employee data – such data being suitably aggregated – from prehiring testing, ongoing employee development activities (such as Myers-Briggs testing), and annual training modules. Many organizations already have documents that contain this information because of statute of limitations or other policies. While the hiring, training, and development documents are often kept in human resource (HR) managers' filing cabinets for promotion and legal purposes, such information can also be aggregated and used by managers to assess employees' moral codes.

Finally, and perhaps most importantly, organizations should assess the consistency between their desired employees' moral codes and the examples set by their highly visible leaders. Many of the recently publicized corporate scandals have involved the questionable practices of highly visible, organizational leaders. But, long before leaders' questionable actions reach the public ear, long before the filing of civil and criminal lawsuits, and long before customers and suppliers decide to take their business elsewhere, observed inconsistencies between organizations' formal codes of ethics and the actions of their highly visible leaders will inform, shape, and potentially cement undesirable employee moral codes. Inconsistencies between highly visible leaders' actions and their organizations' codes of ethics promote a kind of ethical diversity that is inimical to organizational health. Although understanding ethical diversity – the objective of this article – is good, accepting *all* forms of ethical diversity is neither good for organizations nor the societies in which they are embedded.

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