



The constancy of ethics amidst the changing world of work[☆]

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Abstract

The dramatic changes of the past 25 years in the nature and conditions of work, including the globalization of organizations and the introduction of a strategic as opposed to employee-centered conception of HR have impacted the ways in which moral problems are *manifested*. But the paradigmatic forms taken by those problems, the character traits and motives needed to recognize them as such, the ethical reasoning used to address them, as well as the substance of the ethical principles on which such reasoning is based are all essentially unaffected and still pertain. Also discussed are distinctions among the variety of behaviors constituting the moral domain (*incivility*, *intentional anti-organizational acts*, and *ethical failings*); micro-versus macro-conceptualizations of “business ethics”; and *formalistic* versus *principled* mechanisms for promoting ethical organizational behavior. Viewed as critical is moral leadership from senior executives in creating salient ethical organizational cultures and climates.

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1. Introduction

Enron, ...*Arthur Anderson*, ...*Tyco*, ...*Worldcom*, ...*Bayou Group Hedge Fund*, ...and others—the names elicit word associations of fraud, embezzlement, deceit, complicities and conspiracy as well as 25-year jail terms. These scandals have certainly affected adversely the reputation of business executives (Stevens, 2004) and exacerbated the view that corporations possess too much power (Bernstein, Arndt, Zellner, & Coy, 2000). (Cf. Rockness & Rockness, 2005, for a review of recent corporate frauds.) But should such instances of criminal activities be our sole or even primary concern? Perhaps, perhaps not. To focus on their staggering costs in financial, social and human terms—the loss of jobs, wealth, reputations, productive resources, retirement security and public faith in our economic institutions—is to inescapably respond in the affirmative. But perhaps the public outcries, the heightened salience of such potential future tragedies and the resulting legislation and climate of compliance will serve to markedly reduce their recurrence. What instances of moral and ethical concern to both the business community and to society at-large are omitted by an obsessive focus on these egregious examples? And, from a practical perspective, are the means of discouraging fraud the same as those facilitating and promoting ethical business and employment practices?

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2. Ethics in the world of work: definitional issues

Any systematic consideration of human activity that presumes to recommend or prescribe behavior (how to perform a particular job effectively, how to behave morally, how to write creatively, etc.) must specify two relevant content domains, one mundane and one more abstract.¹ Domain I, the mundane, exists at the *descriptive* level, refers to the overt sphere of activity, and is usually uncontroversial—even self-evident. For example, if we are considering practical or applied ethics, the mundane domain(s) might be the substantive fields of health care, the practice of law or corporate management to which the principles of medical ethics, legal ethics and business ethics are applied, respectively.² Nevertheless, there may be unsettled definitional concerns related to even the activity domain—perhaps boundary issues introduced by intellectual, legal, societal, scientific or technological advances that expand the field’s purview (such as, perhaps, “the changed nature of work”). There could be no ethical problems concerning the fiduciary responsibilities of managers to shareholders prior to the invention of the publicly owned corporation and the expansion of managerial power; ethical concerns about employers using pre-employment genetic screening for hiring decisions couldn’t arise until after much of the human genome was mapped.

Domain II, the more abstract content domain, is *normative*—shaped by the nature of the goals and objectives of the enterprise, which also largely determine the prescriptive processes by which they are to be achieved and the criteria by which they are assessed. If one is to consider seriously the intention of working productively, or behaving morally, or playing tennis well, the indicators of each of those objectives must be specified as well as, more importantly, the means by which they are to be accomplished. With regard to the study of ethics this has been referred to as “the domain of moral action” (Lefkowitz, 2003, p. 388) and is described later.

2.1. Domain I. The overt sphere of [business] activity

Our focus here is, of course, the world of work—or more precisely, to be dealt with later—the changing world of work. It is possible to assemble a compendium of ethical challenges at the descriptive level as has been done recently for the world of business by surveying working adult MBA students (Power & Lundsten, 2005). Over 700 challenges were elicited (e.g., “over-billing” or “environmental issues”) and sorted inductively into six categories (e.g., “Honesty” and “Complex business issues,” respectively). Readers of this journal may be especially interested in similar compendiums generated specifically for human resource (HR) managers (Mathis & Jackson, 1997; Society for Human Resource Management & Commerce Clearing House [SHRM/CCH], 1991; Wooten, 2001). For the corporate practitioner, this approach may be fruitful in providing relatively specific content for a given company’s compliance code. For example, Dell’s Code of Conduct enumerates 27 potential problems within six broad areas of concern (e.g., “Diversity, Equal Opportunity and Respect,” “Violence, Threats and Weapons,” and “Employee Privacy,” et al., within the category of “Personal Conduct and Our Work Environment”) (Dell, 2002). As a generalizable technique, however, it is likely that many of the perceived salient challenges are population-specific with respect to industry, company, or the occupation, career stage and organizational level of respondents, as well as being time- and culture-bound.

In addition, such listings share a weakness with codes of professional ethics: what is one to do when the dilemma one is facing is not to be found in the code (or compendium of problems)? An alternative approach that is more generalizable, and is more likely to contribute to increased facility in ethical problem solving, is to focus on the meta-issue(s) that define the nature or *form* (as opposed to the manifest content) of the challenges, as described below.

2.1.1. Forms of ethical dilemmas

Building on the work of the developmental psychologist Martin Hoffman (1988), Lefkowitz (2003) offered a categorization of four descriptive paradigms of ethical challenges (with the understanding that one might also encounter combinations of the four).

2.1.1.1. Paradigm I. The opportunity to prevent harm: possessing foreknowledge of someone to be harmed or wronged by a third party. HR Managers and organizational consultants frequently are privy to impending company

¹ *Mundane* in the sense of real and/or worldly, not necessarily routine or uninteresting.

² Which is not to suggest that the principles of medical, legal and business ethics are necessarily different and cannot be represented by a unitary core ethical system (cf. Wilkins, 1996).

policy decisions or personnel actions that may entail some harms or wrong-doing (e.g., the unannounced plan to close a facility on short notice; the intended promotion of someone less qualified than other candidates). Failing to act to prevent the harm/wrong may be motivated primarily by a sense of organizational loyalty rather than by self-serving objectives (although revealing or resisting a contemplated action might entail some personal risk).

2.1.1.2. Paradigm II. Temptation: contemplating a self-serving action that would be unjust, deceitful or potentially cause harm to another. Examples of this sort of unethical action are well known and too numerous to mention. The notorious criminal cases of fraud in the news are generally considered to represent extreme instances, although there may be a better way to characterize them (see below). Other examples may be less extreme instances of acquiescing to inappropriate peer (or superior) expectations in order to “get along.” It has also been observed that self-interested behavior among employees is an aspect of cynicism that develops in response to a corporate culture that emphasizes expediency (Kanter & Mirvis, 1989). Of particular relevance to organizational life are instances in which the potential action(s) are self-serving by proxy—i.e., one’s behavior serves the policies, directives and/or aims of the organization, not one’s own personal interests. Some empirical data suggest that traditionally-oriented managers (i.e., those who believe in the exclusive primacy of shareholder value as a corporate objective) will repudiate unethical behavior that is self-serving but are sanguine about unethical actions taken on behalf of the organization (Mason & Mudrack, 1997). However, given the prevalence of formal performance-based reward systems as well as informal recognition for accomplishing company goals and objectives it is reasonable to question the extent to which the distinction between those two scenarios is a meaningful one.

2.1.1.3. Paradigm III. Role conflict: having competing obligations or responsibilities to two or more persons or other entities such that fulfilling one entails failing to meet the other(s). The moral intensity (Jones, 1991) of such conflicts is in part a function of the nature of the personal relationships between the actor and the others. Every supervisor has experienced this situation, and having a personal relationship with only some of those involved invites the potential for unfair bias. These types of dilemmas are especially problematic for employees who are in internal boundary-spanning positions with responsibilities to multiple departments, or for those like salespersons, who operate at the external boundary of the organization and may have considerable loyalty to long-standing customers, clients or suppliers as well as to their employer.

2.1.1.4. Paradigm IV. Values conflict: facing conflicting and relatively equally important personal values so that expressing one entails denying the other(s) expression. This, of course, is the battlefield on which the conflicts for some executives and organizations play out between the objectives of shareholder value and corporate financial performance (CFP) on one side versus the putative societal obligations of business reflected in the corporation’s social performance (CSP) (Donaldson, 1982). The most recent substantial accumulation of evidence suggests, however, that these objectives may be entirely compatible or even complementary (Guenster, Derwall, Bauer, & Koedijk, 2005; Orlitzky, Schmidt, & Rynes, 2003).

2.2. Domain II. The normative realm of morality

Specifications of the “Domain of Moral Action” derive from the normative ethical theories of moral philosophy (Frankena, 1973), and have been reaffirmed in the psychological study of moral development (Gilligan & Wiggins, 1987; Hoffman, 1988; Kohlberg, 1981, 1984). I believe, however, that applications to practical, professional and business ethics have failed to distinguish adequately among at least three forms of immoral or antisocial behavior, as follows.

2.2.1. Unethical behavior

A particular action—or decision to not act—has ethical implications if the potential consequences of the person’s choice(s) are expected to have significant impact on the welfare of others and may violate one or more traditional *ethical principles*, such as those enumerated below (Wittmer, 2001). Similar descriptions of universal moral principles have been utilized specifically as a “comprehensive framework for making judgments about human resource management ethics” (Schumann, 2001, p. 93). A meta-principle that guides reflections on all of them entails the nearly unanimous rejection by moral philosophers of *unqualified ethical egoism* in favor of *universalism* (Singer, 1995). That is the conviction that ethical behavior concerns more than the expression of self-interest, and that no one’s interests, including (especially) one’s own, count for more morally than anyone else’s unless adequately justified (e.g., by duties or obligations one owes to particular others).

Respect for Persons is reflected in the rights of all to be treated with respect and dignity, and to be allowed to exercise one's rights to privacy or confidentiality, autonomy and self-expression. This principle is violated when one is deceived or secretly surveilled, a promise is not kept, a duty not met, or one is coerced into taking unwanted action or accepting an unfair agreement.

Welfare or caring: Beneficence, refers to the obligation to do good, when feasible. This is often viewed as one of the hallmarks of a profession. For example, the preamble to the ethics code of the American Psychological Association (APA) starts "Psychologists are committed to increasing scientific and professional knowledge of behavior and people's understanding of themselves and others and to the use of such knowledge to improve the condition of individuals, organizations *and* society" (APA, 2002, p. 1062; emphasis added).

Welfare or caring: Nonmaleficence. The obligation to refrain from unjustifiably causing harm to another is the ethical principle about which there is most agreement. Its primacy is indicated, for example, by the following: "When conflicts occur among psychologists' obligations or concerns, they attempt to resolve these conflicts in a responsible fashion that avoids or minimizes harm" (APA, 2002, Principle A, p. 1062). As reflected in legal statutes, penalties and remedies, physical harms are generally thought to be the most severe, followed by economic and psychological or emotional harms, in that order (Collins, 1989). The inclusion of emotional harms serves to widen the category to encompass deontological *wrongs*, as well as material harms.

Fairness and Justice is informed by ethical constructs based on the social contract (Donaldson & Dunfee, 1999) and social science concepts of procedural and distributive justice (Blader & Tyler, 2003; Cropanzano, 1993; Cropanzano & Byrne, 2001). It may be defined in Kantian terms at the individual level as each person having an appropriate balance of rights and duties, or at the level of a social system (e.g., organization) by a fair distribution of the system's benefits and burdens among its members. It is known, of course, that the criterion of fairness is culturally influenced by a society's economic and political system (James, 1993)—e.g., *equity* is seen as right and proper from within the culture of U.S. free-enterprise capitalism (i.e., rewards should reflect one's productive contributions to society—what one has "earned"); *equality* is deemed more proper by communal cultures.

Moral Virtue or Character, while not an ethical principle per se, calls attention to the attributes of the person who may be called upon to take an action with ethical implications. It invokes traditional moral virtues like truthfulness, integrity and trustworthiness as well as more recently studied attributes such as *moral sensitivity* (Rest, 1994) and *moral imagination* (Carroll, 1987; Werhane, 1999). The inclusion of these individual difference dimensions offsets the approach in some quarters of viewing professional ethics as entirely a matter of rational decision-making while neglecting the primary influence of the decision-maker.

2.2.2. Intentional organizational misbehavior

Given the incidence of such highly publicized corporate tragedies as those listed at the outset of this essay, much attention has been paid recently by organizational psychology and management scholars (and some practitioners) to the study of what has variously been called *workplace deviance*, *antisocial behavior at work*, *counterproductive or dysfunctional workplace behavior* and "the dark side of organizational behavior" (Griffin & O'Leary-Kelly, 2004; Vaughan, 1999). The empirical research has been reviewed comprehensively and the field conceptually integrated by Vardi and Weitz (2004) under the over-arching rubric of *organizational misbehavior* (OMB). What is the relationship of OMB to ethically transgressive acts or *unethical behavior*?

Whereas there is general agreement among moral philosophers, moral psychologists and applied ethicists that there is a defined domain of ethical considerations, the domain of workplace deviance or OMB is defined ad hoc. That is, it is not denoted a priori by the violation of particular principle(s) or standard(s) of conduct. Its conceptual point of departure is organizational values: OMB is "Any intentional action by members of organizations that defies and violates the shared organizational norms and expectations and/or core societal values, mores, and standards of proper conduct" (Vardi & Weitz, 2004, p. 244). Although societal standards are included in the definition it appears that primacy is given to the violation of organizational over societal expectations. Thus, for example, there are "misbehaviors" that bear no particular societal opprobrium like "attempting to appear incompetent"; and what is even more counter-intuitive, some actions taken against the organization in *defense* of societal/moral standards are also classified as misbehavior, such as whistle-blowing. It would seem advantageous to consider as OMB only those actions occurring in or produced by the organization that violate societal norms and standards like truth-telling. This is the obverse of the approach taken by Robinson and Bennett (1995) who restricted the definition of workplace deviance to the violation of organizational norms only, which then required the acknowledgment of acts which are (organizationally) conforming but unethical as well as those which are deviant but ethical.

A second distinction between these two domains concerns the motivational assumptions in their respective psychological models. The lynchpin in the study of most ethical behavior has traditionally been the occurrence of an *ethical problem* or *ethical dilemma* to be resolved (including the extent to which one even experiences the situation as ethically problematic)—hence the focus on *personal values*, *moral sensitivity* and *ethical reasoning*, whether based on deontological principles or utilitarian calculations. However, in addition to this cognitive dimension of ethics (“What is the right thing to do, and how can it be determined?”) moral philosophers have not been unmindful of the motivational component (“Why should one be ethical?”). The meta-assumption is that the actor is motivated to be ethical; the “dilemma” is generally caused by circumstances, social forces and/or competing motives that threaten to prevent one from finding and taking the most ethical action.

Although this model probably represents the vast majority of significant ethical concerns the relatively low incidence events of unintentional transgressions and clearly intentional misdeeds need to be recognized. Lack of self-insight or insufficient moral sensitivity may contribute to the failure to appreciate the moral implications of a situation, hence to *unintentional unethical behavior* even among the most well-meaning persons and managers (Banaji, Bazerman, & Chugh, 2003). In contrast, the lynchpin in the model of OMB is always the intention to misbehave (cf. Vardi & Weitz, 2004). In fact, two of the three forms of OMB noted by Vardi and Weitz (cf. Pp. 33–34), which involve benefitting the self (OMB-Type S, e.g., stealing) and benefitting the organization itself (OMB-Type O, e.g., falsifying financial records), alternatively might be thought of as *intentional unethical behavior*. (The third type concerns destructive actions: OMB-Type D.)

2.2.3. Discourteous or aggressive antisocial behavior

Moral psychologists have traditionally segmented human social interactions into three broad domains based on their motivational antecedents: egoistic behavior dominated by self-interest; *conventional behavior* that heteronymously reflects society’s rules, customs and expectations enforced by social consensus and sanctions; and autonomous moral behavior reflecting principled adherence to higher level motives. Much behavior, of course, reflects a mixture of more than one type; and a single action may have different motivational antecedents. If I walk up to a person standing alone at a cocktail party and begin a conversation I might be expressing the conventional expectation to be sociable at such events; or I might, in a largely self-serving mode, be interested in meeting this particularly attractive person; or I might have noticed that the person seemed lonely and ill at ease, so I am trying beneficently to make them feel welcome and comfortable. The study of moral philosophy has often had difficulty marking the boundary between actions that are unethical as opposed to merely unconventional (albeit antisocial). If I am standing alone in an elevator and, as the doors are closing, I hear someone out of breath shout “Hold it...please hold the doors” and I do nothing, have I behaved unethically by violating the principles of *Respect* and *Caring*, or have I merely been rude and inconsiderate?

In contrast, the study of workplace deviance, antisocial behavior at work or OMB does not even attempt to make this distinction. Perhaps my hypothetical behavior in the elevator is better understood as an act of OMB, rather than as either unethical or rude? Routine, everyday social conventions are indeed included in the “shared organizational norms...and/or core societal values” the violation of which has defined OMB previously. Thus, a catalogue of OMBs includes a variety of intentional discourteous or rude acts: belittling, damning with faint praise, giving dirty looks, flaunting one’s status, giving the silent treatment, insults and sarcasm, making obscene gestures, yelling, et al. (Vardi & Weitz, 2004, Appendix 2), and incivility is often included as part of “the dark side of organizational behavior” (Pearson & Porath, 2004). However, the construct of OMB probably would be clarified if it were restricted to actions taken against the organization intentionally, including its material and capital resources, physical property, programs and policies, direct stakeholders and its reputation or other aspects of its well being, so that the interpersonal behaviors noted above could be understood primarily as the discourteous or hostile acts they are. (This is consistent with the approach taken by Pearson and Porath (2004), as well).

2.2.4. Summary: the moral domain

I propose, therefore, an imperfect trichotomy of immoral behavior—“imperfect” in that the three types overlap somewhat. That is, some actions might arguably be thought of as exemplars of more than one category. Nevertheless, I will argue later that there is value in the demarcations. Each of them is comprised of actions that vary considerably in degree of seriousness depending primarily on the extent and intensity of the harm or wrongdoing.

- (a) **Incivility: Rude or hostile behavior.** These are *interpersonal* actions that violate norms of conventional social behavior—sometimes constituting passive acts of omission rather than active affronts (e.g., my hypothetical

elevator rudeness). Employees may also be unintentionally discourteous or insulting out of ignorance or neglect—poignant examples coming from managers on overseas assignments to cultures with which they are unfamiliar. Some manifestations of this sort of behavior have been studied under the rubrics of *interactional* or *interpersonal injustice*. If the severity of actual harm or wrong done is distressing enough, it may seem tempting to characterize the hostile behavior as unethical. The hallmark of intentionally unethical behavior is the perpetrator's awareness of his iniquity, notwithstanding some rationalization or other pseudo-justifications.

- (b) **Organizational misbehavior (OMB)**. OMBs, as redefined here, violate societal norms so that compliance with an organization's immoral policies should be considered misbehavior—or perhaps as unethical. They differ from incivility in that they are targeted directly at the *organization* or *institution*, rather than other persons per se (i.e., they are primarily anti-organizational as opposed to antisocial or asocial in intent). They may range from relatively minor incidents (e.g., theft of a trivial amount of office supplies; defacing company property; bad-mouthing the company at a social gathering), to more serious (e.g., cheating on one's expense account; sabotaging production machinery), to fraudulent criminal schemes and embezzlement on a grand scale. (Many of these, although perpetrated primarily against the organization, obviously also cause immense damage to persons: shareholders, employees and retirees as well as other stakeholders.) OMB may be differentiated from most unethical behavior in that it invariably refers to *intentional* acts motivated by egoistic self-dealing, self-aggrandizement and/or greed or sometimes as retaliation for perceived slights and injustices or inequities in a company's reward structure or discipline procedures.

Differentiating between some forms of OMB and “intentional unethical behavior” may be difficult, although the latter may have targets other than the organization and its direct stakeholders. The embezzlements that have so shocked the world in recent years were designed and perpetrated by persons who intended to steal from their companies, and so are better understood as criminal misbehavior (“OMB-Type S”) than as unethical lapses. That is not to deny that there were others complicit (lower level managers, auditors, financial services consultants, attorneys) who succumbed to the temptations or pressures to “look the other way”—i.e., some who might have had motives to do the right thing, but who failed to live up to their own ethical aspirations. To characterize their actions as ethical failings rather than as serious OMB depends on the attributions one makes regarding the intentionality of their primary motivations. The distinction is sometimes difficult to make; some actions may fit more or less appropriately in either category.³

- (c) **Unethical behavior**. Most—but not all—unethical behavior seems best understood as a personally unwelcome failure or lapse on the part of someone whom we presume to be motivated to do the right thing.⁴ This assumption is in accord with philosophical traditions (e.g., a Kantian emphasis on doing one's duty; a contractarian emphasis on achieving a just agreement; a consequentialist search for maximizing the aggregate good or minimizing harm). It is consonant with empirical support for models in psychology that emphasize the attempt to enhance one's “moral identity” or maintain “moral balance” as the motivational drivers for ethical behavior (Damon, 2004; Nisan, 1991); and it conforms to numerous models of ethical reasoning in which one is presumed to search for the best, most satisfying or morally justifiable solution to an ethical dilemma. In addition, on one side of *ethical failings* we recognize the occurrence of *unintentional ethical transgressions* perhaps due to failure to appreciate the moral implications of a situation (Banaji et al., 2003), and on the other side, quite *intentionally unethical actions* frequently instigated on behalf of the organization (cf. Mason & Mudrack, 1997) such as product misrepresentations and deceptive sales practices (Carson, 2001).

2.2.5. Conflicts of interest

Where does the issue of *conflict of interest*—often considered a central component of professional ethics (Davis & Stark, 2001)—fit in this tripartite taxonomy? The short answer is that the varieties of conflicts of interest include OMB, the four forms of ethical dilemmas discussed above, as well as intentional and unintentional ethical behavior. Davis and Stark (2001, p. 8) define a conflict of interest as a situation in which a person is expected to exercise judgment on behalf of another, but has some other interest that will tend to interfere with the proper exercise of that judgment. The definition is broad enough to encompass ethical dilemmas that I have referred to earlier as Paradigms I, II, III or IV.

³ In any case, the question of the criminality of the behavior is an independent matter.

⁴ This is not meant to suggest that misgivings or feelings of guilt or inadequacy are inevitable consequences. The person may be sanguine about having taken the very best—most ethically defensible—action possible under the circumstances.

Carson's (2004) expansion of the definition notes that the expectation of good judgment on behalf of the other may originate from legal or ethical (i.e., fiduciary) obligations or merely from duties associated with holding an office or position. For example, to some scholars, top corporate managers "are so strongly motivated to render favorable reports on their stewardship that they neglect their fiduciary responsibilities to investors" (Staubus, 2005).

Carson (2004) states further, "Conflicts of interest often, or perhaps generally, involve compromising the judgment of someone who is supposed to act on behalf of another party" (p. 162)—implying that the actor *is* motivated to fulfill his responsibility—thus putting such conflicts of interest clearly in the category of ethical dilemma. But he also indicates, "In most cases in which individuals consciously pursue personal interests that conflict with their official duties they need to deceive others in order to succeed.... Often, the wrongness...consists largely in the extensive dishonesty and deception..." (p. 168). Those cases point to conflicts of interest that are better understood as instances of intentionally unethical behavior or as OMB (if directed against the organization).

Within the realm of professional conflicts of interest Stark (2004) clarifies the distinction between conflicts that arise (a) as a result of maintaining the same or similar role(s) vis-a-vis more than one principal, versus (b) having multiple roles with respect to a single principal (or more). The first situation is potentially represented by a retail stockbroker with a limited amount of a hot new IPO to apportion among her clients; or by an organizational consultant who is approached by a potential new client that is a competitor of a long-term existing client organization. The second situation is illustrated by the HR consultant in the U.S. who is asked to diagnose and evaluate an organization's status or "vulnerability" to a possible Title VII (of the 1964 Civil Rights Act) employment discrimination complaint, and would also like to be retained to perform the personnel selection work that might be found putatively necessary by that critique.

2.2.6. Implications of the taxonomy

Is there value to be added by this disaggregation of organizationally relevant immoral and/or noxious behavior to three primary (albeit potentially overlapping) forms? Or are they distinctions without a difference? The question is best considered after acknowledging a certain level of contradiction and confusion that provides the context for any attempt to understand business ethics. The U.S. public appears to be soured on corporations and the executives that run them (Bernstein, et al., 2000; Stevens, 2004) but the amount of misconduct actually observed in organizations has not changed much in over a decade (Ethics Resource Center [ERC], 2005). Even though the presence of an ethics training program in an organization appears to have a positive effect on employees' perceptions of their companies' ethical context (Valentine & Fleischman, 2004) and more and more organizations have formal ethics and compliance training programs (ERC, 2005), the willingness of employees to report observed misconduct has declined (ERC, 2005; Nitsch, Baetz, & Hughes, 2005). Corporate codes of conduct are generally thought to be important components in promoting ethical behavior, so that the absence of one at Worldcom—and the reputed scorn of its CEO Bernard Ebbers for ethics codes (Schwartz, 2004)—prior to the discovery of the fraud in 2001 is considered illustrative. Yet it is also known that at the time of the Enron Scandals that company had a 62-page code of ethics that had been circulated widely along with a four-page cover memorandum from the CEO, Kenneth Lay.

Space limitations preclude reviewing the literature on the behavioral effects of corporate codes and training programs, organizational culture, climate and leadership, academic courses, and other factors. Suffice it to point out that a considerable amount of attention has been paid. However, most of that theoretical, philosophical and empirical work has not differentiated among the categories of asocial, antisocial or immoral actions noted here. For example, in a comprehensive review of the empirical ethical decision-making literature over seven years, the results of 174 articles were summarized according to which of four dependent variables was the focus, one of which is [ethical] behavior (the others are [ethical] awareness, judgment and intent) (O'Fallon & Butterfield, 2005). However, a very wide variety of outcomes were aggregated in the category of unethical behavior. No attempt was made to ascertain whether the relationships observed for the many independent variables represented in the primary studies might be moderated by the type of "unethical behavior" examined. If the taxonomy is meaningful it should have some practical utility or heuristic value: e.g., future research should reveal that the three behavioral domains have somewhat different antecedents and may require different means of promoting good/discouraging bad behavior.

One might readily speculate about the extent to which dispositional as opposed to situational antecedents are salient in the manifestation of intentional antisocial, anti-organizational or unethical acts (Bass, Barnett, & Brown, 1999; Henle, Giacalone, & Jurkiewicz, 2005), in contrast with what has been referred to here as ethical failings. Although ethical codes have frequently been criticized as ineffectual (Bersoff, 1994; Kallenberg, 2002), perhaps it is unreasonable to expect such codes—which may have great educative and aspirational value but be deficient in

mechanisms to assure compliance—to have much impact on the incidence of intentional fraudulent behavior. Referring to the recent spate of corporate frauds, Rockness and Rockness (2005) caution, “The parallels of the 1920s, the 1980s and the past decade are strong and raise serious doubts as to whether ethical behavior can be legislated” (p. 35).⁵ On the other hand, codes and legislation may provide needed examples and justifications for those seeking guidance in their ethical decision-making—i.e., those who are attempting to ascertain and do the right thing (Coughlan, 2005).

3. Ethical decision-making

This section concerns our willful struggles to cope with ethical dilemmas; it does not pertain to intentionally unethical or hostile motives and actions nor to unintended transgressions of conventional or principled normative expectations.

So, how is the foregoing knowledge framework to be used? Answers to that question invoke systematic procedures to avoid and/or solve ethical problems, about which much has been written and that can be considered only briefly here. Various decision-making models, checklists, flowcharts and decision-trees have been reviewed by Pryzwansky and Wendt (1999) and Wittmer (2001). The two-level model presented here in abbreviated form is adapted from Lefkowitz (2003). Like all such models it does not much apply to a consideration of intentionally uncivil, hostile or fraudulent behavior; it can be helpful to only those who are motivated to do the right thing.

3.1. Level I. Practicing good “moral hygiene”: anticipating and preventing problems

Canter, Bennett, Jones, and Nagy (1994) emphasize the importance of developing and maintaining the knowledge base on which ethical reasoning rests. They listed six steps that I have modified and to which I have added a seventh:

1. **Be familiar with applicable ethical codes.** Depending on the circumstances, these may consist of codes promulgated by one’s professional or trade association, an industry-wide group, one’s employer, or an international non-governmental organization.
2. **Be familiar with applicable laws and regulations.** For some professionals, these may include laws regulating licensure; for HR professionals they entail statutes and regulations governing various aspects of employment practices (e.g., the Americans With Disabilities Act, or the *Uniform Guidelines on Employee Selection Procedures*); for financial managers (and others) they may include the Sarbanes–Oxley Act, Federal Sentencing Guidelines and the Foreign Corrupt Practices Act.
3. **Know the policies, norms and expectations of the organization in which you work.** This helps assure appropriate and competent behavior, in keeping with the organizations’s expectations; and may reveal potential conflicts between one’s personal values and the normative expectations of the institution.
4. **Engage in continuing ethics education.** Attend courses and workshops, read books on applied ethics, subscribe to publications that cover business ethics and issues of corporate compliance, etc. Make sure that ethical issues get discussed among employees and colleagues and so become salient matters in your organization.
5. **Try to identify potential ethical problems.** This will be facilitated by several of the foregoing steps and by keeping in mind generally-applicable moral principles such as the five presented earlier (Respect for Persons, Beneficence, et al.).
6. **Learn a method for solving ethical dilemmas in complex situations.** Level II, below, presents an abbreviated version of such a method of systematic problem-solving.
7. **Maintain a mind-set of “ethical watchfulness.”** In great measure this admonition, which originates with Pryor (1989), is simply a coalescing of the first six steps, but it implies the operation of significant individual-difference components related to one’s *moral values*, *moral identity* and *moral sensitivity*. It is simply the fact that ethical issues are more (and less) important to some of us than others, constitute a more (and less) central place in our psychological self-identities, and so some of us are more (and less) likely to even become aware of an ethical dilemma or potential ethical issue unfolding around us.

⁵ It is consistent with the approach taken here, however, to point out that specifying the particular ethical behavior at issue is crucial. For example, civil rights and voting rights legislation, wage-and-hour legislation, and anti-trust legislation have indeed served to promote ethical behavior toward minorities, women, older workers, children and consumers.

3.2. Level II. Taking moral action: ethical decision-making

Elsewhere, I have enumerated 11 discernable (albeit overlapping) steps that comprise four broad phases of ethical problem-solving, as indicated below (Lefkowitz, 2003). Nevertheless, Ladenson's criticism (Gellermann, Frankel, & Ladenson, 1990) is well-taken: "In the case of any approach that analyzes the ethical decision-making process primarily in terms of a determinate, well-defined, and ordered sequence of steps, there is a near total lack of fit between subject matter and method" (p. 90). Consequently, the linear ordering of steps and phases is best understood as a didactic necessity; the process might be initiated in mid-sequence; the ordering may differ from the sequencing presented; and the actual decision process is likely to be an iterative and cyclical repetition of some of the steps.

3.2.1. Problem identification (two steps)

A preliminary assessment of the structure and complexity of the problem needs to be made, along with a determination of whether the difficulties indeed constitute an ethical dilemma. Are the consequences of choices to be made likely to affect significantly the well-being of others and are there moral principles involved, such as actions contemplated that would obviate people's autonomy by deceiving them about pertinent matters?

3.2.2. Information gathering (two steps)

Solving an ethical dilemma, no less than any other kind of problem-solving, depends on having as accurate a picture as possible of the facts of the case—the antecedent conditions that have given rise to it, the current circumstances affecting possible choices to be made, and the anticipated likely consequences of alternative courses of action and inaction. In other words, how serious is the problem; what is its *moral intensity* (Collins, 1989; Jones, 1991)? Antecedent conditions and current circumstances are frequently based on unconfirmed assumptions and/or represent incomplete or distorted views of the situation; similarly, particular sets of expected consequences may represent tenuous conjecture, thus providing an inadequate basis on which to initiate a thoughtful process of ethical reasoning.

3.2.3. Problem analysis and choice (five steps)

Which of the typical paradigms of ethical dilemmas are involved? Has one been presented with putatively good reasons to violate confidentiality or abrogate a commitment? Perhaps some other conflict of interest has arisen? And as discomforted as one might feel, might there be a ready solution available from a written code of conduct or other applicable documentation or from a social consensus among knowledgeable and empathetic colleagues who have been consulted.

If no ready solution is available one will have to engage more analytic processes, which necessitates acknowledging one's own beliefs, values and self-serving biases as they might affect one's reasoning, as well as any extrinsic pressures being brought to bear. At this point, however, one should be in a position to implement the more structured aspects of ethical reasoning—generating a list of potential options along with their anticipated consequences, so they may be evaluated and the best choice adopted. The evaluation of alternatives invariably focuses on the anticipated consequences associated with each of them for all affected stakeholders, including oneself. The criteria for evaluation typically emphasize minimizing harms or principled wrongs to be done and/or maximizing the aggregate good. Helpful guidance in conducting this process is offered by several instrumental values: (a) *universalism*, or *equality of interests*—consists of giving appropriate consideration to all those affected, with clear justification if some people's concerns are to be given greater weight than some others'; (b) *right-reasoning*—dictates that the reasons substantiating the chosen alternative provide a better justification than those supporting the other options. In particular, is one comfortable that one's own self-interest is not a major determinative factor?; (c) *universalizability*—suggests that I would advise others in this situation to make the same choice I have made. On a less conceptual level, does the choice pass the *Wall Street Journal test*? Would I be pleased and proud if, following implementation of my choice, my actions were reported on the front page of the WSJ?

3.2.4. Following through

Most of us work in large organizations or other complex social systems in which the implementation of a choice frequently requires a skill set different from the one by which the choice was made. Consequently, if appropriate and feasible the decision should be discussed prior to implementation with key stakeholders who will be affected by it. This may reveal nothing more serious than some mundane practical problems in implementation, or it might reveal

considerable antipathy on the part of others that needs to be dealt with, or additional information might be forthcoming that warrants a reconsideration of the initial choice. After implementation, the effects of the actions taken should be evaluated. Additional corrective actions may be needed for which one must accept responsibility. And most important, what has been learned that will be useful next time? “It may be unreasonable to expect an entirely satisfactory resolution of every ethical dilemma, but producing increasingly skilled efforts to do so should be the objective” (Lefkowitz, 2003, p. 412).

4. Applying these moral concerns to the changed and changing world of work

All of the foregoing provide a set of conceptual tools for a practical understanding of moral concerns. Granted, the sphere of activity (“Domain I”) needs to be specified, so if Domain I is defined as “The Changed and Changing World of Work” what are the important ethical implications of these changes? The answer as far as I can tell is that there are few, if any.

“The Domain of Moral Action” (Domain II) is relatively well articulated: i.e., we can distinguish, albeit with some uncertainty and overlap, among three behavioral categories of concern—interpersonal incivility, intentional misbehavior directed at the organization, and unethical behavior; the moral principles that render a problem ethical in nature, thus focusing our attention appropriately, have long been recognized (e.g., nonmaleficence; respect for people’s autonomy); the generic forms of ethical dilemmas encountered by those trying to do the right thing are known (such as having a conflict of interest); and a variety of rational decision-making systems for preventing and, if necessary, coping with those dilemmas are available. These conceptual and operational tools are no less applicable to emerging new problems than they are to older and/or more recurring problems. As implied early in this essay, most if not all spheres of human activity undergo continuous social, intellectual, legal, scientific and/or technological change. At times, the pace of change in an area may accelerate or seem to accelerate so that it becomes more salient—as has been true for the world of work and the nature of jobs and corporations over the past 25 years.

The thesis advanced here is that those changes in the qualities and conditions of work may impact the manifest nature of the ethical and moral problems to be expected, but the domain of moral action is unaffected. That is, *how we go about trying to be ethical remains the same*. More specifically, the individual difference characteristics (such as one’s personal values, moral sensitivity and character) that are major influences on whether and how one perceives and experiences a moral dilemma are unaffected, as are the rational means by which one copes with ethical dilemmas and the moral principles that guide such right-reasoning. That is what is meant by “the constancy of ethics amidst the changing world of work.” The changes are occurring only in Domain I.⁶ It is not unlike the remark attributed to Albert Einstein following the first atomic reaction in 1942: “Everything has changed, except our way of thinking.”⁷

Can such a counter-intuitive thesis be put to some test? If the putative changing and changed aspects of work could be described, it might be possible to reflect on the ethical implications of each. Fortunately, a number of scholars have recently turned their attention to the issue of work and workplace change, so that we might assemble such an enumeration. The following brief list is offered as merely illustrative of the changes. It is based in part on the work of Cascio (1995), Dunnette (1998), Harris (2005) and Kraut and Korman (1999), to which I have added a recent contentious issue—genetic screening.

4.1. Some examples of the changed and changing world of work

4.1.1. Globalization

International economic competition has pressured organizations to be even more efficient and productive than was always the case (Cascio, 1995). This has been approached structurally by massive and repeated downsizing and relocations to cheap labor markets, and functionally by increased pressure and consequent role strain on employees (Buckley et al., 2001). Among the outcomes have been a dramatic diminution in job security, job tenure and the notion of a “career” with one or even just a few organizations over one’s work life. Yet, at the same time, organizations are no less demanding of commitment and loyalty from employees. An important feature of the situation has been observations that most organizations are profitable when they decide to downsize, and the downsizing frequently fails

⁶ That is not to underestimate, however, how difficult it sometimes might be to understand these changed real-world circumstances and to appreciate their ethical implications.

⁷ Cf. Cascio (1995, p. 931).

to improve productivity or profitability (Cascio, 1995, 2002; Henry, 2002; McElroy, Morrow, & Rude, 2001). Some attendant ethical issues entail the extent of the organization's duty and obligations to long-term employees; the justification of reductions-in-force relative to implementing less drastic high-performance HR programs; the fairness of individual layoff determinations (Gilliland & Scheppers, 2003; Kim, Emmett, & Sikula, 2001); and for many managers and HR professionals, acquiring the competencies necessary to work in other cultures.

4.1.2. *Increased use of contingent workers*

In the service of efficiency, to the extent feasible organizations are stripping their workforces by retaining primarily those most directly connected to the core business and outsourcing and/or using contingent workers as much as possible. The dramatic increase in “non-standard employment” has been fueled mostly by those workers who are forced by circumstances and/or employers to do so involuntarily (Kalleberg, 2000). Many employers have, under the conditions of “at-will employment,” dismissed full-time employees and hired back the same people at lower wages and with virtually no benefits such as health care. Employers have shown little or no compunction about unilaterally shredding the social contract that has long shaped much of employee relations, thus implicating issues of justice (Bonache, 2004).

4.1.3. *The nature of “the job”*

In their desire to be more quickly responsive to market changes organizations are restructuring work to entail fewer fixed role requirements and to require greater flexibility, independence and a wider variety of competencies from employees (Brannick & Levine, 2002; Cascio, 1995). These changes seem to align with normative calls for respecting workers' dignity, autonomy and trustworthiness (Bonache, 2004; Kim et al., 2001). For similar reasons, some employees are more likely to find themselves working in a “team” environment which places an emphasis on interpersonal as well as technical skills, and on having trust in the other group members, which renders even mere civility a “business necessity” (Levine & Sibary, 2001). Another salient issue attendant upon the increased use of team-based work systems is the fairness of compensation for all members (see below).

4.1.4. *Increased technology*

Not only are most of the business people one observes in airports and on airplanes in continual electronic contact with their organization and customers, the same technology has probably resulted in a like number no longer having to travel at all in order to maintain the same level of effectiveness that once required frequent world-wide trips. In addition to the increased use of teams, noted above, has been the increase in “virtual teams,” which might include employees who are “telecommuting” from home, as well as from the office (Waung, 2004). In the manufacturing sphere, increased technology has resulted in a decline in the amount of “hands on” production work and a corresponding increase in jobs that design, setup, control and service the sophisticated machines that do the work directly. The unanticipated consequences of technology are not always positive. The extent to which the widespread proliferation of personal computers has led to the promised freedom from drudgery is debatable; but we do know that it has led to dramatic increases in new ailments like Computer Vision Syndrome and Carpal Tunnel Syndrome.

4.1.5. *Performance monitoring*

Although, as noted above, a strong trend has been the increased autonomy and less direct supervision experienced by many workers, conversely many others—typically at lower level and/or repetitive jobs—are subject to real time performance monitoring (Alder & Ambrose, 2005). (Who is not familiar with the caveat that “for quality assurance, this call may be monitored?”) Delivery trucks on their routes are tracked and idle time assessed, and every stroke on a computer keyboard can be recorded—whether or not the employees involved are aware of the surveillance (Brannick & Levine, 2002). In fact, businesses are exempt from many of the privacy-protecting restrictions of the federal Electronic Communications Privacy Act (Waung, 2004).

4.1.6. *Compensation systems*

Many of the changes noted (increased use of technology, greater range in requisite competencies for individuals, increased work in teams, more contingent workers, etc.) have significant implications for pay practices (Heneman, 2002; Lawler, 2000). Under the same competitive pressures noted above, organizations have been moving (a) to reduce fixed costs and render more employee compensation as contingent on performance—whether measured directly by productivity or indirectly such as by indices of customer satisfaction, and (b) from traditional “job based” compensation

systems to more “person based” systems reflecting the individual’s range of competencies (Cascio, 1995; Klaas, 2002). However, most incentive based compensation is still keyed to the individual notwithstanding the increased team structure of work. And even if team-based systems are to be used questions remain to be resolved regarding whether to recognize individual contributions and, if so, assuring simultaneously equitable compensation for each individual as well as for each team (Barber & Simmering, 2002). Thus, as always, issues of fairness predominate—whether viewed from the individual perspective or systemically.

4.1.7. Personnel assessment

Numerous questions have been raised regarding current dissatisfactions pointing to needed improvements in personnel selection (Guion, 1998). The structural and functional changes noted in the foregoing areas suggest that greater emphasis has to be placed on the pre-employment assessment of personality attributes such as interpersonal competencies, effectiveness under the stress of turbulent conditions and when working either autonomously with relatively little direct supervision—or under potentially continuous surveillance (Cascio, 1995; Dunnette, 1998). Unfortunately, the effectiveness or validity of pre-employment measures of such attributes are not at the level of the more traditional measures of cognitive abilities, and they are more likely to elicit adverse reactions from examinees on grounds of perceived irrelevance and invasiveness (Cropanzano & Wright, 2003). And it is still an open question whether the electronic administration of such measures designed and validated as paper-and-pencil instruments impacts their utility. Moreover, the very procedures by which such measures are validated assumes that the jobs (and the people in them) are more stable than is now frequently the case. Additional assessment issues with potential ethical implications include testing for substance abuse and “integrity testing” (Bolin & Heatherly, 2001). Parallel issues pertain to the post-employment appraisal of employee performance, and underlying all of these concerns is the ethical issue of the accuracy and fairness of assessment procedures (Buckley et al., 2001).

4.1.8. Genetic screening for employment

Because health care costs in the U.S. are mediated and in part borne by employers, some of them have seen an obvious financial benefit to screening job candidates for genetic susceptibility to conditions that might ultimately result in lost productivity and long-term medical expenses (Chakraborty, 2004). This cutting-edge issue affords a good opportunity to review the ethical issues and reasoning constituting Domain II.⁸ A number of positive arguments can be advanced in favor of this practice: (a) with regard to the existence of toxins or other noxious workplace conditions, current employees who may be especially susceptible can be reassigned, thus benefitting their health and sparing their families the consequences of serious disease, reducing employer’s health care costs and lost productivity due to lost work days, and benefitting society, as well; (b) with regard to applicants for employment, if the toxic conditions are not readily or economically amenable to improvement, those who are particularly susceptible to the resulting illness or disease should not be hired—for both their benefit, and the employer’s. In fact, one might argue that the employer has an ethical obligation to avoid placing such persons in those potentially harmful circumstances; (c) in the context of a free-enterprise system, and given all the potential positive benefits, employers should have the right to do genetic screening; it wouldn’t violate workers’ rights any more than psychological ability testing or reference checking since they are free to seek employment elsewhere; and (d) in the same Libertarian mode, providing individuals with genetic information would allow them to make more fully informed choices, themselves, about their own welfare including where to work.

Against these putative benefits are arrayed quite a number of reasons that argue persuasively against the practice. Many of them entail learning about the nature of DNA screening.⁹ For example: (a) genetic screening is not akin to pre-employment psychological testing. Professional HR administration and legal standards agree that assessing only “job-related” attributes that involve the applicants’ current capacity to perform or to learn the job are appropriate. DNA testing yields information about potential future conditions; (b) HR professionals, as well as society at-large, also agree that basing hiring standards on attributes that are not under the individual’s control, such as sex, ethnicity, age, or disability is inappropriate. One’s genetic makeup surely fits within this proscription; (c) in the overwhelming majority of cases,

⁸ As noted earlier (cf. Step 2 of practicing good “Moral Hygiene”), a competent and ethically sensitive HR professional should first become familiar with applicable laws and regulations. Although a draft *Genetic Privacy Act* has never become federal law in the U.S., it has spawned more than 30 state laws prohibiting discrimination in employment based on the results of genetic tests; and 29 states have laws requiring informed consent for DNA testing and/or for disclosing DNA information. But for didactic purposes this article is restricted to the non-legal issues only.

⁹ Recall that the second phase of the model of ethical problem solving presented previously (Information Gathering) encompasses making sure of the underlying facts on which one’s ethical deliberations are to be based.

genetic screening is not diagnostic of any disease or condition, but merely assesses degree of risk or susceptibility—and susceptibility has nothing to do with ability to perform the job. Moreover, there are real issues of accuracy with many of the tests—producing finite proportions of false positives and false negatives; (d) predispositions to diseases may be associated with particular ethnic backgrounds (e.g., sickle cell anemia in people of African descent, or Tay–Sacks disease in Ashkenazi Jews), so genetic screening could result in stigmatizing certain groups. The concern is that these workers will be treated not as individuals, but as “risk groups” of “genetic rejects” who are held responsible for their conditions and permanently denied medical and health insurance—most of whom would never actually develop the conditions for which they’ve been rejected; (e) for most genetic disorders, there’s a wide gap between the ability to diagnose them and the ability to treat them successfully, so the genetic knowledge is of dubious medical value to the individual employee. In fact, it could have significant harmful psychological and social effects. Therefore, it should be treated as private information and whether or not individuals learn this information should be a voluntary, informed choice of their own; (f) arguing that the applicant is free to avoid an employer’s mandatory DNA testing by looking elsewhere for employment seems disingenuous: it violates moral principles of respect for persons, their privacy rights, and their rights to autonomy. As a practical matter, the only reason that the argument is even tenable is that DNA testing is not now widespread. According to experts in this area, it would be ethically permissible to offer *voluntary* genetic testing under some circumstances if the program met certain conditions, including guaranteed continued access to group health insurance (MacDonald & Williams-Jones, 2002).

4.1.9. Moral implications of the changes

None of these changed conditions or practices (or contemplated practices) compel a dramatic reconsideration of our understanding of incivility, OMB or unethical behavior. Even though there are many ethical issues implicated in these altered conditions (as well as other changes and anticipated changes not enumerated), I submit that the form of the ethical problems as well as the substance of the ethical principles and the procedures for addressing them are as they have been. That is, these contemporary matters still invoke such perennial problems as: conflicts of interest or self-serving temptations; the extent of the organization’s duty or obligations to its direct and indirect stakeholders; respecting the privacy and dignity and enhancing the autonomy of employees; organizational justice issues concerning the fair distribution of the rewards and burdens meted out by companies; the validity and fairness of HR policies and systems as reflected in various personnel actions; etc. Nothing new and significant has been added except the ways in which these ethical concerns are manifested. Therefore, the most salient ethical matter raised by the dynamic nature of the work world is recognizing the ways in which the *manifestation* of ethical dilemmas are impacted by the changed conditions. And it is personal attributes such as one’s moral values, sensitivity and ethical vigilance (also unaffected by the changed conditions) that contribute to the ability to identify those new dilemmas.

The foregoing discussion has been largely circumscribed by an individualistic perspective—e.g., a focus on ethical decision making. But much of relevance would be left out if the contributions offered by more macro orientations to moral and ethical issues were not recognized.

5. An organizational and societal perspective

For many scholars and practitioners, including those whose perspective is predominant in Europe, business ethics has less to do with individual decision-making and corruption than with systemic issues of fairness and social justice and the organization’s representation of the core values of the world’s moral community. Only a brief engagement with these issues is possible here, but it seems especially appropriate to do so with particular attention to the role played by HR. I will suggest that there exists a tension between two potentially opposing conceptualizations of HR, strategic vs. employee-centered, and that those intraorganizational dynamics recapitulate two longstanding competing views of the societal role of big business itself, maximizing shareholder value vs. social responsibility.

5.1. The challenge of strategic human resource management

Readers of this journal who are of a certain age may remember the generally low esteem in which HR was held in the corporate world not so many years ago.¹⁰ The HR function was viewed as having little, if anything, to do with the core

¹⁰ These are personal observations based almost entirely on experiences in U.S. organizations.

business of the organization and so was disparaged frequently as a barely tolerated “cost center.” HR managers often were not trained professionally (except in certain “technical” areas such as compensation) and often were appointees from other functional areas of the organization who were placed where it was thought they could do the least harm (often during the latter stages of their careers when they were deemed no longer adequate in their senior line positions), and they were afforded little respect. That seems no longer to be the case in the U.S., as reflected in the compensation of HR leaders (Marquez, 2005). What accounts for the shift? Many would likely attribute it in no small measure to the markedly greater respect afforded the field consequent upon the promulgation of a new proactive conceptualization of HR, *strategic human resource management* (SHRM). “The evolution of the IR/HR department’s role has included keeping records, advocating employees’ rights, insuring legal compliance, facilitating change, and partnering strategically with top management” (Giannantonio & Hurley, 2002, p. 493). The strategic alignment of HRM with the organization’s mission has even been adopted as an organizing policy by federal government agencies (U.S. Office of Personnel Management, 1999).

Almost 25 years ago Devanna, Fombrun, and Tichy (1981) provided an elaborated and coherent presentation of some notions that had been stirring for some time. They observed that “most human resources management functions are run at the operational level” (p. 54)—referring to what would later be known as “technical HRM” (Way & Johnson, 2005, p. 5). The reasons, they believed, lay both with general managers who saw no need to consider the organization’s human side in their strategic planning, and with the HR function itself, which they viewed as “generally not competent enough to be of much value at the strategic level” (p. 54). In contrast they advised that the HR function needed to be concerned with managerial-level issues (medium time frame) and, most important, strategic-level issues (longer term broad policy and systems issues).

The various definitions of SHRM are rather consistent. Wright’s and McMahan’s (1992) is illustrative: “the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals” (p. 298). “Clearly, within the realm of research on Strategic HRM, at least within the U.S., consensus seems to have emerged around maximizing organization performance as the major goal to be achieved” (Wright, 1998, p. 188). (Cf. Brewster, 2004, for a consideration of the applicability of SHRM to European models.) Wright goes on, in the same vein, to describe how the accumulation of knowledge and especially theories of SHRM “potentially can provide an exponential increase in our knowledge base regarding how people can endow firms with competitive advantage” (p. 188). Among the many theoretical issues discussed by Way and Johnson (2005), of particular relevance here is the lack of construct validity of organizational effectiveness as the avowed aim of SHRM. They offer four defensible dimensions of effectiveness: HR outcomes (e.g., turnover, retention), organizational outcomes (productivity, quality), financial accounting indices (e.g., sales growth, ROA) and capital market indicators. The HR outcomes are justified because of their impact on productivity and financial outcomes: “HR outcomes mediate the relationship between SHRM and the other dimensions of organizational effectiveness” (p. 3). On a similar tack, industrial–organizational psychologists have focused on demonstrating the utility in financial terms of their interventions and systems (Cascio, 1991).

Might there be a potential dark side to this recently acquired respect and sense of relevance for HR professionals? Can the strategic perspective be taken too far? Are employees and their well-being to be valued only to the extent that their contributions to the bottom-line are demonstrable? After all, corporate philanthropy has come more and more to constitute “strategic giving” (Carroll & Buchholtz, 2003; Schwartz & Carroll, 2003). Apparently, even ethical concerns may be strategically co-opted: “Because we increasingly recognize that the effective management and utilization of human resources can be an important source...of sustained competitive advantage..., we need to consider different ways that we can implement integrative human resources innovations to impact on the bottom line, and this includes ethical considerations” (Buckley et al., 2001, pp. 11–12) (also see Dunfee, 1987). But care seems warranted: one need not deny that ethical and profit motives may be compatible, or even that ethical practices may have positive bottom line consequences, to nevertheless object to profitability as a necessary precondition for moral action.

To the extent that individual employee motives are not isomorphic with the organization’s financial objectives, has HR abdicated its traditional role of employee advocacy and become an adversary? Even if the role of HR is not uniformly adversarial, there may still be a dehumanizing cause for concern. Werhane (1999) has decried “the language of employment” in which “...when we downsize, we downsize groups of employees, not individuals” (p. 242). Perhaps as a reaction to the potential dark side of SHRM, some have begun advocating for a new (or renewed) employee-centered conception of management such as “employee relations ethics” (ERE) (Sikula, Olmosk, Kim, & Cupps, 2001). This orientation espouses a credo that explicitly advances human resources as the most valuable of organizational assets—of intrinsic as well as instrumental worth. And although it is acknowledged that profits and

ethics are interdependent and not mutually exclusive “moral maximization rather than profit maximization” (p. 13) should prevail as the dominant theme.

5.2. *Fairness and justice: ethical organizational cultures*

To whom should an employee turn if she feels unfairly mistreated at work? One’s reflexive response might be “to her immediate supervisor, of course,” but what if the supervisor has been instrumental in creating the circumstances at issue? Abusive managers are certainly not unknown in corporate life (Vredenburg & Brender, 1998). In any event, the appropriateness of that reaction may be contingent on the quality of the particular dyadic relationship and other contextual factors. Is there a more normative suggestion to offer? Since relatively early in the past century it has generally been thought that “An HR manager’s job requires that he or she confront issues of fairness and perceived injustice in the workplace. The management of human resources entails making (or at least giving advice on) decisions that affect those humans whom the organization considers to be among its resources—that is, its employees” (Skarlicki & Folger, 2003, p. 1). In a like vein Weaver & Trevino (2001) observed,

Among organizational functions, it is HR that most typically is associated with employee interests and perspectives, as HR focuses on the impact of policies and structures on employees. HR also is more likely to be perceived as having expertise in the kinds of issues that employees define as matters of ethics, such as questions of equitable compensation. These issues may be quite different from those ethics issues on which management focuses (e.g., conflicts of interest, employee theft). Thus an ethics program is more likely to be perceived as fairly administered when HR clearly is associated with it. (p. 126)

It seems clear that HR professionals encounter ethical issues of organizational injustice from both direct and indirect sources. Policies developed and to varying degrees directed by HR, especially those involving personnel actions such as selection, promotion, performance evaluation and compensation decisions, frequently raise issues of fairness. Indirectly, corporate decisions that emanate primarily elsewhere in the organization (whether or not HR may have been consulted) such as those concerning the closing of facilities and reductions-in-force have ramifications for which HR managers are often held responsible. Moreover, as suggested by Skarlicki and Folger above, dealing with OMB, incivility and unethical conduct on the part of others in the organization has traditionally been part of the HR manager’s portfolio.

Based on the importance that is now ascribed to an organization’s culture in promoting ethical conduct (Darley, Messick, & Tyler, 2001; Douglas, Davidson, & Schwartz, 2001; Fudge & Shlacter, 1999; Victor & Cullen, 1988), it is not surprising to encounter calls for HR to lead the way in the promulgation of ethical organizational cultures (Hatcher, 2002). For example, Schumann (2001) advances the case for moral principles as providing a critical framework for all HR management, and Gibson (2000) advances similar views concerning “Kantian capitalism” as a basis for a multiple stakeholder approach. Buckley et al. (2001) note that because ethical issues pervade virtually all HR systems (e.g., staffing, compensation and retention decisions) they provide a logical means of promoting an ethical culture in organizations. Weaver and Trevino (2001) emphasize that the potential success of corporate ethics programs is dependent in great measure on how fairly the company treats its employees. In other words, such programs are more effective when they are integrated with the organization’s routine activities that provide the essence of an ethical culture—including decision-making processes, leader behavior and reward systems. Similarly, Manville and Ober (2003) advocate creating “a company of citizens”: “If human capability is becoming the key differentiator in the global economy, we must go beyond just thinking about heads and hands” (p. 19).

All of these exhortations are compatible with the Sikula et al. (2001) ERE credo noted earlier. Yet, a recent survey of more than 1100 HR executives in which they rated their degree of concern regarding 41 HR issues suggested a preeminent concern for the SHR perspective. Among the top-nine rated issues (all rated 1 S.D. or more above the Mean) were: managing change, performance/productivity, skills shortages, rising healthcare costs, turnover and strategic HRM. The following rated below the overall Mean score: affirmative action, age discrimination, child care, elder care, employee privacy, glass ceiling, reverse discrimination, women in the workforce and workplace violence (Giannantonio & Hurley, 2002). Similarly, a survey of 96 industrial–organizational psychology practitioners revealed that their highest rated value ideals for the field, from among a list of 31, were increasing effectiveness and efficiency, enhancing productivity, and promoting quality of products and services (Church & Burke, 1992). Rated near the bottom of the list were humanizing the workplace, promoting autonomy and freedom, promoting democratic systems and policies, establishing systems based on equality and emphasizing individual welfare over the organization’s. The

putative tension mentioned earlier between the “strategic ethic” and the “employee-centered ethic” appears to have been resolved by HR practitioners in favor of the former.

5.3. Corporate citizenship and social responsibility

For more than two centuries the intersection of moral philosophy, political philosophy and political economy has been dominated by two conflicting accounts of the role of business in society—including the relationship between business and government (cf. Lefkowitz, 2003 for a review). The classical Western model of free-enterprise capitalism views maximizing shareholder value as the only legitimate responsibility of the corporation—reflecting the social-contractual and property rights of shareholders to come together for that purpose, with as little intrusion as possible from government as long as they abide by the law and basic ethical precepts of not infringing on the rights of others. Because maximizing shareholder value is accomplished by efficiently and productively creating goods or services, and because competition among organizations to do so putatively maximizes total utility, society benefits overall and the entire system is justified morally. A public corporation is viewed as having those economic responsibilities, and as few legal and ethical responsibilities as is absolutely required by law or custom in order to accomplish its economic aims. In fact, in the famous words of Milton Friedman (1970), for management to do more than maximize profits for shareholders is “approaching fraud” (p. 124).

In contrast, the rationale for the revisionist *corporate social responsibility* (CSR) viewpoint is that the modern corporation’s power to do great good or harm morally necessitates considering all of its direct and indirect effects on society. In addition, because the corporation is created by the state, and is granted benefits both by the state (e.g., limited liability for its owners and managers) and by the communities in which it resides (e.g., clean air, police and fire protection, transportation infrastructure), it accrues reciprocal obligations to contribute to overall well being by engaging in positive *corporate social performance* (CSP) and being a good *corporate citizen*. In the words of James Post (2002), “companies need a *social license to operate*” (p. 148, emphasis in the original). Two themes are apparent: as major institutions of society, organizations have a responsibility to (a) do good and contribute to the solutions of societal problems; and (b) take into account the interests of their many constituencies—those who are impacted directly and indirectly by their actions, i.e., their *stakeholders*. In other words, organizations are conceived to be citizens and good *corporate citizenship* (CC) may be displayed by constructive CSP, notwithstanding considerable ambiguity regarding the CC construct (Matten & Crane, 2005; Moon, Crane, & Matten, 2005).

The forces of globalization have rendered the CSR perspective more tenuous, contentious and, I would argue, more critical in several ways. First, each multinational corporation (MNC) “has its own home-based ‘administrative heritage’...and predisposition toward certain interpretations of CSR” that may conflict with various host country cultures that emphasize different aspects of CSR (Arthaud-Day, 2005, p. 3). In particular, second, is the issue of whether MNCs owned by members of developed economies and operating in developing economies have any special additional obligations toward citizens of the host countries even though those duties are ordinarily thought to be the responsibility of the governments (Hsieh, 2004). For example, “States have the primary responsibility to promote, secure the fulfillment of, respect, ensure respect of and protect human rights recognized in international as well as national law, including ensuring that transnational corporations and other business enterprises respect human rights” (United Nations, 2003, p.2). Nevertheless, many businesses have acknowledged such obligations (Annan, 1999; World Business Council for Sustainable Development, 2005). Even though “There is a growing consensus that with the large aggregates of money and power, multinationals have moral obligations as corporate citizens to assist the poor in the global community...the extent of these obligations is unclear” (Williams, 2004, p. 771).

Third, the startling growth of the MNCs in size, power, wealth and trans-regional locations has changed dramatically the terms of the politico-economic debate. Many observers have concluded that a congruence of interests between these corporations and the nations in which they reside can no longer be assumed and the transnational operations of the companies are beyond the regulatory powers of individual nation-states (Cassel, 2001; Cragg, 2000; Danley, 1994; Post, Frederick, Lawrence, & Weber, 1996). Cavanagh (2004) gives a “mixed” report card, at best, to each of three extant mechanisms regarding their success in promoting “the sort of global justice that will benefit most world citizens” (p. 638): international treaties and agreements (e.g., NAFTA; Kyoto Global Warming), global codes of conduct (e.g., Sullivan Principles; U.N. Global Compact), and voluntary self-restraint. Similarly, Williams (2004) discusses the lack of “adequate accountability structures” (p. 770) of the UN Global Compact. Consequently, as I have noted previously, “expanded individual moral sensitivity and ethical leadership from the top of the organization will

become more and more important as determinants of ethical action, commensurate with the likely continued diminution of external governmental and other regulatory controls on corporate behavior” (Lefkowitz, 2003, p. 280). Similarly, focusing on a broader level of analysis, others have emphasized the necessary transformation of the concept of CC to one of *corporate global citizenship* (CGC) (Tichy, McGill, & St. Clair, 1997) or *global business citizenship* (GBC) (Logsdon & Wood, 2002). These matters have broached the next topic.

5.4. Corruption, corporate governance and the regulatory environment

In recent years in the U.S. governmental attention to corporate scandals has resulted in serious legislation, an attendant concern for compliance and an increase in both internal corporate ethics officer positions as well as an “ethics industry” of consultants to aid businesses in achieving compliance (Hyatt, 2005a,b). There have been three primary initiatives:

5.4.1. The Foreign Corrupt Practices Act

The boundaries of MNC social responsibility, global citizenship and corruption overlap poignantly in the economically developing countries. Studies by the International Monetary Fund (IMF), the World Bank (TWB), the European Bank for Reconstruction and Development, and others have documented the substantial inverse relationship between the level of corruption (and poverty) in a country and the amount of investment in it as a percentage of GDP (Kaikati, Sullivan, Virgo, Carr & Virgo, 2000). One can hazard the causal inference of a vicious cycle in which poverty influences the level of corruption which (along with its social, economic and political correlates) adversely affects the amount of foreign investment which, in turn, entrenches poverty. Indeed, Transparency International (TI), a well known private anticorruption group, is predicated on the belief that “Fighting corruption: reduces poverty and diminishes social injustice; builds democracy and open government; brings transparency to international trade and commerce; strengthens global security; [and] promotes sustainable development and protects the environment” (TI, 2004).¹¹

In 1977 the U.S. took the lead in fighting bribery as a customary and expected way of doing business internationally with the passage of the Foreign Corrupt Practices Act (FCPA). However, it was met with considerable antipathy by U. S. companies who claimed it put them at a severe competitive disadvantage, so that amendments passed in 1988 substantially diluted its enforcement scope, “enhancing the environment for bribing foreign officials and making prosecution of violations of the FCPA more difficult” (Kaikati et al., 2000, p. 214). Accordingly, these authors indicate that the number of cases brought under the law have been modest although some multilateral initiatives under the auspices of the Organization for Economic Cooperation and Development (OECD), the WTO and the Organization of American States (OAS) have been enacted. The problem with these efforts, as pointed out by Kaikati et al., is that they deal exclusively with the “supply side of graft.... [But] where bureaucrats in developing countries are paid a pittance and wield power over profitable markets, the window for corruption is wide open” (p. 221).

5.4.2. U.S. federal sentencing guidelines

In a continuation of the emphasis on a legalistic approach to promoting ethical behavior the U.S. Sentencing Commission (USSC), which had been created in 1984, and which had promulgated in 1987 a complex set of federal sentencing guidelines (USSC, 2005) for individuals convicted of federal offenses, created a parallel set of guidelines for organizations in 1991. The original mandate of the commission was to establish detailed guidelines for sentencing individuals appropriately, fairly and consistently. As applied to organizations, judges were being asked to consider in their sentencing of corporations guilty of a federal crime whether the company had taken meaningful steps to prevent and uncover such potential violations. “The requirements set forth in this guideline are intended to achieve reasonable prevention and detection of criminal conduct for which the organization would be vicariously liable” (USSC, 2005, Chap. 8, Part B, *Commentary*).

In considering the amount of fine that would be imposed on a guilty corporation four factors are mentioned that should increase the amount, and two mitigating factors are noted. One of the latter is “the existence of an effective

¹¹ Coincidentally, the week in which I am writing this section it was announced (Polgreen, 2005) that the government of Chad, which is tied for last place in TI’s ranking of 159 countries on level of perceived corruption (ranked from least to most corrupt) (TI, 2005), was reneging on the terms of a multi-billion dollar loan from TWB. The loan had been obtained and used to build an oil pipeline for oil exports the proceeds from which were to be earmarked mostly for poverty reduction and a “future generations fund” to benefit Chadians when the estimated billion barrels of oil was depleted. The government is about to alter the law embodying the agreement in order to double the amount of money to be funneled to its general budget and to increase military spending.

compliance and ethics program” in which the organization shall “exercise due diligence to prevent and detect criminal conduct; and otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law” (USSC, 2005, Chap 8, §8B2.1). It is important to recognize that the *Guidelines* defines *compliance and ethics program* restrictively as “a program designed to prevent and detect criminal conduct” only. It goes on to spell out what is minimally required of a company to demonstrate the “due diligence” noted above: seven attributes such as providing incentives to perform in accord with the compliance and ethics program, and appropriate disciplinary measures for engaging in criminal conduct or for failing to take reasonable steps to prevent or detect criminal conduct.

Dispassionate observers outside the U.S. have concluded that the *Guidelines* have had a positive impact on the establishment or enhancement of corporate ethics programs (Izraeli and Schwartz, 2005). That conclusion is supported by the latest large-scale survey findings of the Ethics Resource Center, which reports an increase in the existence of formal ethics and compliance programs in U.S. businesses (ERC, 2005). However, the ERC also reports that notwithstanding the increase in number of programs, the overall level of employees’ reports of observed misconduct and felt pressure to compromise one’s standards have not diminished in recent years. They conclude that formal programs have their impact in relatively weak ethical cultures and that “once a strong culture is in place, formal programs do not have much of an impact on outcomes” (ERC, 2005, p. v).

5.4.3. The Sarbanes–Oxley Act

By far the most salient statutory influences in the landscape of corporate compliance in the U.S. have been a series of enactments following the traumas of the 2000 stock market crash and the Enron and Worldcom debacles of 2001 and 2002. As summarized and evaluated recently by Clark (2005), this “bandwagon process” consisted of four phases: (1) the federal Sarbanes–Oxley Act of 2002 (widely referred to colloquially as “SOX”), which empowered the Securities and Exchange Commission (SEC) to impose a variety of new rules and procedures; (2) new listing requirements for companies traded publicly on the New York Stock Exchange (NYSE), imposing new corporate governance rules; (3) the creation and growing influence of detailed corporate governance rating systems by private enterprises; and (4) a change in the stringency of judicial opinions in the state of Delaware, where more than half of all American public companies are incorporated. The nature of these changes can only be mentioned here; the interested reader should refer to Clark’s (2005) excellent overall review and a review of SOX by the American Institute of Certified Public Accountants (AICPA, 2005) and by Rockness and Rockness (2005).

5.4.3.1. Auditing procedures. Many of the governance changes are aimed at reducing potential conflicts of interest on external auditors that might lead to their being less than diligent monitors of the companies being audited—e.g., by precluding them from selling non-auditing consulting services to those firms. Other changes are aimed at enhancing the accuracy and stringency of audits, including the somewhat notorious SOX § 404 and § 302. The former requires attestations by management and the auditors about the effectiveness of the internal financial controls of the company and has consequently led many companies to undergo major expenditures to improve those controls. The latter requires the CEOs and CFOs of corporations to certify the appropriateness, accuracy and completeness of quarterly and annual reports and that they are responsible for the effectiveness of their companies’ internal controls.

5.4.3.2. Boards of directors. Many changes concern attempts to enhance the independence and improve the effectiveness of corporate boards. These include, e.g., requiring that: a majority of directors are independent (i.e., external, without a close relative who is an employee of the company); all members of a board’s audit committee are independent directors and are “financially literate”; and regularly scheduled executive sessions be held in which managers and other insiders are not present.

5.4.3.3. Financial disclosure. A great deal more financial information is now required to be disclosed publicly (e.g., information about special entities and financial arrangements not appearing on balance sheets—as per the Enron frauds).

The jury is still out on questions concerning the effectiveness of these changes or their benefits relative to the increased costs of compliance. Some public commentators are very positive and enthusiastic about their value (Nocera, 2005) while some reviewers are more skeptical and “mixed” in their evaluations (Clark, 2005; Rockness & Rockness, 2005), believing, for example, that “Although U.S. firms are certainly talking more about corporate governance, they seem more involved with window dressing than in changing business conduct” (Koehn, 2005, p. 140). Good quality empirical data are hard to come by as required compliance with the laws and regulations precludes the existence of

“control groups” for comparison purposes. Clark (2005) emphasizes that the drafters of such statutes as we have been discussing “should explicitly acknowledge, at every opportunity, that reform is a work in progress, not something to be gotten over with once and for all” (p. 42). That would also be in keeping with a perspective that views the restoration of public trust in our business institutions as transcendent and the most important criterion.

6. Conclusion

This arena is characterized by a number of dualities. First, there exist two relatively distinct but not entirely orthogonal conceptions of “business ethics” analogous to what was referred to in the last generation as “micro-organizational behavior” and “macro-organizational behavior.” The former, individualistic perspective, focuses on the moral and ethical character, motives and behavior of individuals and I have argued here that further clarification is warranted in this domain to distinguish between (a) the violation of norms of conventional interpersonal behavior (incivility, etc.), (b) intentional anti-organizational acts violative of normative expectations (e.g., fraud), and (c) unethical behavior per se—the failure, in response to moral dilemmas, to abide by well articulated moral principles, whether rule-based or utilitarian in nature. Within this perspective great emphasis is generally placed on resolving ethical dilemmas by means of rational decision-making.

The macro conceptualization is informed not only by moral philosophy but by social and political economy as well, concerned with the proper role of the organization—especially the large corporation—in society. And it is represented by a duality of its own: the well-known dialectic between classical 18th-century Liberal (now, Libertarian) notions of free-market capitalism in the service of productivity, financial performance and shareholder value, versus an acknowledgment of additional corporate responsibility and duties to society extending to their multiple stakeholders and guided by ideals of corporate citizenship, fairness and social justice. More and more, however, it seems that these two ostensibly competing sets of objectives may be complementary (Guenster et al., 2005; Orlitzky et al., 2003).

The third duality is an intraorganizational reflection of the second: a bottom-line conception of the HR function as no less *strategic* than the organization’s core business, versus an employee-relations ethic or employee-centered HR. While a certain amount of friction may be inevitable at the operational level, these two versions of HR seem no less potentially complementary than the putatively conflicting societal roles of the corporate entity have proven to be. Whereas the employee-centered approach emphasizing the trustworthiness of employees may be more compatible with the development of an ethical organizational culture little attention has been paid to how it might articulate effectively with the dominant SHRM perspective.

The fourth duality refers to alternative organizational integrating mechanisms by which both individual ethical behavior and responsible corporate citizenship are to be promoted and the obverse discouraged—the *formalistic* and the *principled*. Both sets of mechanisms aim at promoting ethical organizational climates and cultures as the mediating processes by which those objectives are to be obtained. The first of these constitutes the formalistic approach of codes, regulations and legal statutes, which rely on the positive reinforcement of morally desirable actions and punishment or the threat of punishment to deter misbehavior. This approach tends to focus primarily on “micro-ethics”—i.e., the behavior of individuals. Baucus and Beck-Dudley (2005) note its limitations: (a) at best, “reward systems elicit temporary compliance but do not create lasting change in behavior or reasoning” (p. 360)—i.e., they are ineffective in creating ethical cultures and climates; (b) formal organizational reinforcement systems (e.g., performance appraisal and compensation) rarely incorporate ethical behavior as standards—i.e., they do not meet their own preconditions for establishing ethical cultures; and (c) such systems convey the message that employees will not behave ethically on their own—i.e., they promote *counternorms*, not those intended (Jansen & Von Glinow, 1985). The more one studies human motivation, looks at the available empirical data, observes the behavior of people at work and reads the work of scholars who have given the matter much thought (cf. Rockness & Rockness, 2005) the more convinced one has to be that codes, regulations and laws are insufficient to promote ethical cultures and behavior. Even the most stringent of laws, bearing the direst of penalties (e.g., SOX; U.S. Sentencing Guidelines) are unable to eradicate fraud. There will likely always be a very small irreducible proportion of nascently dishonest executives sufficiently susceptible to the allures of wealth, power and self-aggrandizement that they will act as though immune to such sanctions. But to dwell on that unfortunate conclusion is to miss the more important point regarding how small that group is in comparison with the majority of organization members who can be trusted to be law-abiding, responsible, trustworthy and reasonably caring. Our concern should be focused on the substantial number of employees whose actions are influenced by the ethical climate, culture and leadership of the organization.

Principled integrating mechanisms pertain to the establishment and maintenance of an ethical organizational culture and climate by non-structural means, invoking the salience of moral values and leadership. The importance and effectiveness of creating an organization in which ethical behavior is a shared normative expectation seems no longer in doubt (Darley et al., 2001; Dickson, Smith, Grojean, & Ehrhart, 2001; Douglas et al., 2001; Fudge & Shlacter, 1999; Victor & Cullen, 1988). Some have pointed out the relationship of that objective to an HR approach that treats employees as capable, intrinsically motivated and trustworthy, and aims to create an organization that is both psychologically enriching and conceived as an ethical community (Baucus and Beck-Dudley, 2005; Vogt, 2005). The received wisdom among business ethicists is that leadership is key. Some have focused on the guidance needed for and by boards of directors (Schwartz, Dunfee, & Kline, 2005) or for the profession of management in general (Lowman & Finkelman, 2005). Wiley (1998) has pointed out the ethical leadership role to be played by HR managers in organizations. But most attention has been paid to the role of senior executives in promoting ethical values and providing ethical role models—both positive and negative: “While numerous factors influence climate emergence and change, the actions of the organization’s leaders are likely to have the greatest influence over ethical behavior and climate regarding ethics” (Grojean, Resick, Dickson, & Smith, 2004, p. 227). (Cf. Sims and Brinkman [2003] for a description of the exploitative and unethical culture established by Jeffrey Skilling, CEO of Enron, and Rockness and Rockness [2005] for similar accounts of the prevailing unethical cultures at WorldCom, HealthSouth and the large public accounting firms.) Trevino, Hartman, and Brown (2000) have emphasized the linkages between being a moral person as a precondition to being a moral manager. “The executive’s challenge is to make ethics and values stand out from a business landscape that is laden with messages about beating the competition and achieving quarterly goals and profits” (p. 133) because, as they further explain, being an ethical leader requires building a *reputation* for ethical leadership by modeling moral action and communicating the moral values on which the organization rests.

It seems apt to conclude by reiterating the point made in the title. The past 25 years have been marked by dramatic changes in the nature and conditions of employment (globalization, the disappearance of job security, team-based work performance, potential genetic screening of job applicants, “strategic” conceptions of HR, et al.), by competing conceptions of “micro-business ethics” versus “macro-business ethics,” by often acrimonious disagreements regarding the appropriate responsibilities of corporations, as well as by the corruption scandals that have rocked the public’s confidence in the business sector and resulted in a markedly more intrusive climate of compliance. These have expanded our conception of the ways in which moral issues may be manifested, but the effective means of recognizing and dealing with such problems remain essentially as they have been, needing primarily the will to do so.

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