

Working Papers

The Relationships between Morality, Ethics and Competitive Advantage

Tammy Vu

Gary Archer

Leslie K. Haugen

Sr. Paula Jean Miller

University of St. Thomas

3800 Montrose Boulevard

Houston, Texas 77006

tel. 713-894-7250

fax: 713-525-2110

“Two roads diverged in a wood, and I-

I took the one less traveled by,

And that has made all the difference.”

These ending lines from Robert Frost's poem, "The Road Not Taken," provoke the questions that our research attempts to answer. Think of the two paths in the poem as the moral and the immoral. Then think of yourself as the traveler. When viewing the poem in this light, the question becomes clear: Is the moral or the immoral path the one less traveled? Now think of the two paths as the ethical and the unethical, and the traveler as American business. Is the ethical or unethical path the one less traveled? Is there a connection between an individual and his morals and a business and its ethics? Should there be a connection? Does traveling the ethical path really make a difference in business?

Introduction

In today's business environment, the belief that organizations, both for-profit and not-for-profit, have ethical responsibilities to their stakeholders – owners, employees, customers, communities, etc. – has gained widespread acceptance. In higher education, and particularly in institutions dedicated to a classical liberal arts education, the belief that instruction in philosophy and theology is foundational to the development of individual morality is likewise well-established. What is not so clear, however, is the nature of the relationship between individual morality and business ethics, a topic of increasing currency in a society marked by increasing levels of business-social overlap. This paper takes up this topic. It seeks to determine whether and how morals, ethics and business success are connected, and also to explore the idea that that an education grounded in theology and philosophy is a source of competitive advantage in the job market.

Our research questions reflect these aims: (1) Does a well-developed sense of individual morality promote well-developed business ethics? and (2) Does an ethical perspective provide a source of competitive advantage in a corporate setting? We used a qualitative research design in which data were derived from face-to-face interviews with University of St. Thomas students, faculty, and staff. Our research findings are based on qualitative and quantitative analyses and provide insights regarding the integration of moral values, ethical standards and profitable business practices.

Our three key constructs are morality, ethics, and competitive advantage. In this study, we define morality as an individual's perception of right and wrong. This perception has a personal basis (Gossling, 2003; Porth, 2003) derived from different foundational experiences such as family, academia, religion, and culture. From this personal context, and as an individual matures and grows, he/she formulates moral judgments (Forsyth, 1992) that come to define and even condition one's behavior. Ethics is an organizational-level construct and refers to the perception of right and wrong held by a group, such as a corporation or an institution of higher learning. Competitive advantage is understood to be something that an organization has or does that leads to a distinctive advantage over its competitors, and that ultimately translates into superior profits.

Literature Review: A Contemporary Agenda

Though there have been scores of corporate scandals throughout the history of capitalist enterprise, cases such as Enron, Tyco, WorldCom and HealthSouth have attained special notoriety because of the extent of malfeasance and fraud involved as well as the number

of lives adversely impacted. Moreover, extensive media coverage has heightened exposure to these kinds of business practices and created pressure from stakeholder groups to both punish perpetrators and reform broken mechanisms and ineffective institutions. At the same time that our society is inundated with corporate ethical dilemmas, we are frustrated with individual moral behavior (Bok, 1976). One reaction has been to look to higher education to instill moral knowledge (Etzioni, 1991; Gossling, 2003) so that students can at least be aware of and act accordingly in ethical and unethical business situations. The thinking seems to be that such learning can reduce opportunities for opportunism and perhaps even serve as a source of corporate competitive advantage if the educational foundation is properly built.

Studies by Arlow and Ulrich (1980, 1988), Jones (1989), Arlow (1991), and Piper, Gentle, and Parks (1993) agree that more attention should be focused on the educational arena, and that perhaps a more individualized focus should be given to each student. Arlow and Ulrich (1980) looked at the issues of business ethics and social responsibility in their empirical comparison between working professionals and undergraduate business students. Based on a questionnaire designed to allow for the measurement of two dimensions of ethical standards, personal business and social responsibility, 103 executives and 120 students were sampled. Similar to our research, these students were close to graduation and about to enter the job arena. The Arlow and Ulrich study revealed that perceptions of business ethics were unique or individualized to each student. Another finding was that students as a group had lower personal business ethics than did

executives. The central contribution of this initial study was that it raised valid questions for additional research in the area of ethical standards.

In 1988, the same research team performed a longitudinal study that examined business school graduates' sense of business ethics and found that education was the key to the development of general business ethics principles. Additionally, family training and mentors most notably influenced this development. Other factors such as industry practices and religious training were important and seemed to increase over time within the organizational framework. In accord with the need for ethics education, Jones' study (1989) considered whether ethics could be taught. He discovered that teaching business ethics may be necessary to prevent the decline of students' moral development. With a heightened awareness of ethical and unethical business practices, this formal learning may help shape and strengthen the foundation of personal morality and in turn, shape and strengthen the ethical foundation of business.

Arlow (1991) ties together personal characteristics, business ethics, and corporate social responsibility in his survey of 138 college students. Corporate social responsibility (CSR) is the obligation that a corporation or business enterprise feels towards its stakeholders, an orientation that is fundamentally derived from the personal moral principles of its members (Porth, 2003). Arlow found that undergraduate major had a greater influence on CSR than did formal business ethics study. Specifically, curricula that included greater diversity in terms of the sciences created both a longer-term perspective as well as a greater awareness of the importance of ethical business practices and CSR than did

curricula with a concentrated business ethics content alone. Further, business students were no less ethical than non-business students. This study was significant in concluding that business ethics education should be tailored to individual student characteristics, including one's undergraduate field of study. Piper et al. (1993) undertook a similar study but traced the evolution, strategy, and implementation of leadership, ethics, and CSR at the Harvard Business School. These researchers make a strong case that an educational ethics program has critical implications for students' development that can enrich their own lives as well as the communities around them.

Though these studies make substantive contributions to the research on ethics, there remain important questions. For example, how close is the correspondence between personal morals and business ethics, a relationship that many models implicitly or explicitly assume? And how exactly does a foundation of business ethics provide a business with a source of competitive advantage? Further, is there a direct link between morals and competitive advantage such that one's moral principles are at once a foundation of personal competitive advantage as well as corporate competitive advantage? This research attempts to clarify and qualify these sets of increasingly important relationships.

RESEARCH METHOD

We chose a qualitative research design because of the nature of our questions. Qualitative research enables us to locate meanings that people place on the events, processes, and structures in their lives and to connect these meanings to the social world around them (Miles & Huberman, 1994). Consistent with this approach, data were collected from face-

to-face interviews in which respondents were asked to explain the connections between morals, ethics, and competitive advantage. The strength of such a design focuses on naturally occurring, ordinary events in natural settings; it gives us a strong handle on what life is like “from the inside” (p. 6), and so provides an appropriate strategy with excellent potential for better understanding these complex issues.

Our research focused on the following two questions: (1) Does a well-developed sense of individual morality promote well-developed business ethics? and (2) Does a well-developed business ethics perspective provide a source of business competitive advantage? We adopted a process that proceeded through four phases: idea generation and development; research design; interview process; and data compilation and analysis. In the first phase, we refined concepts and derived the questions our research sought to answer. The research design involved selection of a qualitative approach, use of a theory driven sample, and development of the interview questions. The third phase was the interview process, which began with pilot interviews followed by a reevaluation of interview questions, and concluded with the formal interviews. The last phase of data compilation and analysis encompassed data reduction, data display, and drawing and verifying conclusions (Miles & Huberman, 1994).

We chose to use a theoretical rather than random sample in order to improve the likelihood of answering our questions. The University of St. Thomas – Houston was an appropriate selection for two primary reasons. First, it is a liberal arts university that has a very strong core of philosophy and theology: students are required to complete twenty-

four hours in these subjects in order to earn an undergraduate degree. Walton's (1979) work is consistent with our thinking in its position that liberal learning instills in individuals essential moral and ethical dimensions. The second basis for our selection of the University of St. Thomas is that it has a business school in which many students and faculty are, or have been, business professionals. Thus, we had good reason to expect that our subjects would be familiar with not only with the concepts of morality and ethics but could also speak with some authority on the subjects of business ethics and competitive advantage. Our final sample included a broad range of University stakeholders, including undergraduate and graduate students, faculty, and staff.

Data Collection

Data were collected using face-to-face interviews. We field-tested the questions prior to beginning the formal interviews using a set of three pilot interviews. Based on this information, we re-evaluated the original questions and made a number of simplifications as well as changes in the ordering. The final set of interview questions attempted to define the nature of the relationships between our three key constructs. At the beginning of each interview, we developed a brief profile of each respondent that included age, major/discipline and professional experience.

At the undergraduate level (U), we interviewed three students who ranged in age from 21 to 24 years old, were in their third year at the University of St. Thomas, and were majoring in marketing, finance, and mathematics. Two of these three undergraduates had some work experience while one student had no experience. At the graduate level (G), students' ages varied more widely: four were between 25 and 30 years of age, three were

between 30 and 35, and two were between 45 and 50. These respondents were working on their Master in Business Administration (MBA) degrees, with the exception of one graduate student who already had an MBA and was working toward a Master in Liberal Arts (MLA) degree with a Catholic Studies concentration. All of the graduate students had some type of professional experience including insurance sales, engineering, nursing, consulting, hotel management, IT, retail, and teaching. With respect to the faculty (F), three professors taught in the business school: an economics professor with over 20 years at the University; a marketing professor with 12 years of experience; and a business management/communications professor with 2 years of experience. We also interviewed a theology professor with 12 years of teaching experience. Finally, two staff members (S) were interviewed, both of whom worked in administrative areas. In total, we interviewed eighteen students, faculty and staff, and conducted approximately six hours of interviews with an average interview length of 20 minutes. See Figure 1 for a description of the sample.

Data Analysis

We used a grounded theory approach (Miles & Huberman, 1994) to analyze the data. Theory is said to be grounded when it emerges from and generates explanations of relationships and events that reflect the life experiences of those individuals, groups and processes we are attempting to understand (Strauss & Corbin, 1994). Data were evaluated (coded) based on the three constructs of morals, ethics, and competitive advantage. For each construct, we drew out initial findings by creating a spreadsheet, or data display, to reveal the underlying connections. From this matrix, we were able to identify developing themes. From a second iteration in which we further distilled the data by categorizing

interviewees' quotes into common themes, definitive connections began to emerge from which our relationship model was derived.

FINDINGS

Morality

To examine the concept of morality, we first asked individuals to discuss a situation in which their morals were explicitly tested and then to characterize their state of moral development. In answering the first inquiry, respondents related academic, personal, and professional situations. Three subjects, an undergraduate (U1) and two graduate students (G4, G9), stated that they had been tempted to cheat in an academic setting. Another six interviewees – an undergraduate (U3), two graduates (G1, G8), a staff member (S1), and two professors (F2, F4) – described a personal situation as the testing ground; driving while intoxicated (U3) and dealing with an unmarried daughter's pregnancy (F4) were two such instances. The largest sample of nine individuals – six graduate students (G2, G3, G5, G6, G7, G8), two professors (F1, F3), and a staff member (S2) – cited a professional situation in which their morals were tested. One graduate student (G3), a nurse by profession, faced the moral dilemma of whether or not to perform an abortion or risk losing her job. Another graduate student (G7), a manager in the energy trading business, cited lying in order to retain clients.

We then asked how respondents would rate their moral character and the reasoning behind their positions. A category labeled 'well-developed' emerged from an undergraduate's comment that she is always "striving to be better" (U3). Another category, noted as 'human imperfection,' captured the position that this graduate

student's morals were only "somewhat developed because nobody is perfect" (G1). A related, general category of 'important reasons' included an argument that morality was "well-developed because it is important to have ethical knowledge in management" (G6). From the faculty responses, one professor (F3) characterized her state of moral development as "sadly high" because she had faced disturbing dilemmas for many years in healthcare and business settings, and had seen chronic abuse of the system. Overwhelmingly, respondents cited experience gained from both people (e.g., family and friends) and situations/activities (e.g., religious and education) as the main reason for their moral development ratings.

Ethics

The second construct focused on interviewees' understanding of ethics by asking them to describe situations in which a business acts in both highly ethical and unethical ways. We gathered two distinct kinds of observations that we labeled 'primary' and 'secondary' incidents. Primary incidents, whether ethical or unethical, were situations with which the respondent was personally familiar. For example, one graduate student (G9) described an unethical situation we coded as primary in which teachers were "helping" students during the TAAS test so that the school could be academically recognized. A primary ethical incident was related by another graduate student (G4) who believed her company to be ethical because they did not use bribery to gain competitive advantage. In contrast, secondary incidents were stories that respondents related second-hand, such as the news. Enron was a common example: six out of eight secondary unethical situations cited by respondents (G1, G3, G7, F1, F4, S2) referred to Enron as a business that acted in a highly unethical manner, while the Johnson & Johnson Tylenol controversy was a

secondary, highly ethical incident noted by both an undergraduate student (U3) and a faculty member (F3).

Competitive Advantage

Our last set of questions attempted to qualify the relationships between business ethics and corporate competitive advantage. We asked respondents to rate their company's ethical position and then to evaluate how this position impacted the company's ability to be successful. Each person rated his or her respective company on a 7-point scale and gave reasons for the evaluation. From these explanations, we developed two levels of findings, individual and organizational. Individual-level responses attributed the rating to family, religion, or human nature. By way of example, one respondent (G1) said her company is a "6, because nobody is perfect," and she believes the decisions made by the company are "fair enough." We coded these responses as 'individual: human nature.' Another illustration of this code comes from responses by two professors (F1, F4), both of whom stated that, "there is always room for improvement" in their institution. At the organizational level, we encountered a wider scope of reasons that included policies, customer service, problems, and openness. An example of a policy category comes from G7, who rated her company a "6" because, "there are always individuals doing stuff against company policy." An example of a problems category was provided by G8, who rated the company a "5" because of "problems in the [labor] union, but they are now following the rules like they should."

We next asked how the rating was related to company success, where success was defined broadly in terms of people, productivity/operational excellence, culture,

profitability, and growth. The people category described those responses that indicated that people skills, self-interest, trust, customer relations, retention, job satisfaction, and participation were the factors that impacted companies' success. There were eleven such attributions, more than for any other factor. Comments that, "people skills, if effectively utilized, are the key to a successful company, especially since it sets a good example for employees" (U1), and that success can be observed in the "people's trust in the University as seen in the University's growth with the capital campaign" (S1), are representative of this category code. The negative impact of people factors on organizational performance was also evident, as revealed in the belief that people are not moral in their actions, just selfish (G6) and that motivation to work decreases where there are ethical problems (G8).

Organizational success in terms of productivity, our second category, was cited by a graduate student (G2), who noted that her company only upgraded equipment, "not necessarily because it was environmentally safe, but because it increased production [thereby] reducing expenses." The culture category surfaced in an interview with a faculty member who noted that, "in a Catholic university, there is discussion of the faith issue in the workplace, which establishes a closer relationship to students" (F3). A second professor made the point more generally, saying that an ethical organization is successful because it creates "a great working environment" and satisfying interpersonal relationships (F4). The negative role of culture was illustrated by two graduate students, one of whom indicated that "the problems [with the labor union] cause low morale" (G8), while the other said that her organization's system of ethics "affects the full success of

the school system, especially with all the politics involved" (G9), an allusion to pressures to 'teach to the test.'

Finally, several respondents related organizational success to profitability and growth. For example, two graduates recognized that ethical behavior is costly, one referring to an investment in expensive, environmentally-safe equipment (G2), and the second in relation to her refusal to perform an abortion (G3), an action that had negative individual as well as organizational impacts. That success is also tied to growth was clear from the comment that companies will, "manipulate themselves to gain market position/shares in order to increase sales" (G4), and from a positive perspective, that "push(ing) for growth" is an objective consistent with ethical organization (F3). Based on these findings, Figure 2 represents our model of the relationship between personal morality, business ethics and competitive advantage.

DISCUSSION

Moral development is unique to each person – different from one person to the next because each individual considers things differently based on his or her background. Through the personal stories of the respondents, our findings support a conclusion from Arlow and Ulrich's study (1988) that morals are heavily grounded in the family framework. But we also discovered that moral development is in part derived from academia, religion and culture. Hosmer (1988) confirms that these influences differ among individuals and are due to the corresponding differences in individuals' goals, norms, beliefs, and values.

Regarding our construct of ethics developed through accounts of unethical and ethical situations, we found that there was a richness in some responses that gave rise to a dual categorization scheme; primary responses were first-hand and personally experienced, while secondary responses were based on second-hand, often publicly available information. Second-hand examples were also distinct in their tendency to ascribe the root cause of the incident to human nature, a category that indicated only a vague, ill-defined notion of ethical development. In our study, almost 68% of the accounts of both ethical and unethical situations were primary, while only 32% of the examples were strictly secondary. This bias toward lived experiences in our sample suggests that they are individuals who have perhaps reflected deeply and examined carefully their own lives and as a consequence, have developed an awareness of the moral and ethical issues that are integral to and inseparable from questions of identity and self. We believe this finding is directly related to the influence of liberal arts and business education as well as business experience, and that it serves to confirm a theoretical sampling approach for developing complex social issues. Jones's (1989) research that links ethical behavior with moral development is consistent and may suggest that an ethical education that personally 'hits home' can have an especially positive impact on ethical behavior.

The key findings from our focus on corporate competitive advantage concern the role of people and the impact of culture. When asked to relate their evaluations of their companies' ethics to organizational success, more than 60% of the sample asserted that people were the critical factor; they undergird performance through excellent customer

satisfaction, high retention numbers, sustained employee satisfaction, continual skills development and strong interpersonal relationships. But people were also noted to be part of the problem. Success is elusive for some firms because of self-interest that trumps organizational objectives, narrow-mindedness, lack of voice and absence of motivation.

Culture was the next most often cited factor, influencing corporate competitive advantage positively in terms of providing environments in which people are equitably and humanely treated and in which they are allowed the freedom to explore their faith. From a negative perspective, culture can damage an organization's ability to be successful when politics dominate and integrity and consistency, in message and in action, are lacking. Both of these results are strongly supported by research that maintains that a firm's fundamental source of competitive advantage resides in tacit, hard-to-document resources such as people, processes, and culture (Barney, 1986; Porth, 2003) rather than in tangible assets like physical location or equipment. Our study contributes to this literature in terms of identifying some factors specific to a faith-based academic organization, and at a more general level, it highlights the value of considering an issue from both benefit and cost standpoints.

Limitations

Limitations of our research include small sample size, restriction to one location, and a pervasive cynicism due to the developments within Enron, a story that had just recently been released when this research was conducted. All these issues may have affected the validity of the study's findings. Nonetheless, we believe that our research has application to other educational contexts beyond the University of St. Thomas as well as implications

for the broader business environment.

CONCLUSION

In developing new insights into the connections between morality, ethics, and competitive advantage, we begin to better understand these complex relationships. We found that academic, personal, and professional situations provide distinctive contexts for an individual's moral development. Our research supports Arlow and Ulrich's finding (1988), but it acknowledges further that academia can be foundational to an individual's knowledge about morality and business ethics. Moreover, we found indirect evidence that morals are explicitly tested within the professional environment. In other words, the value of an ethics education cannot be evaluated with any degree of certainty until it is tested by the experience of moral conflict, conflict that most frequently occurs in the professional environment. Thus, in analyzing the relationship between an individual's morality and the organization's business ethics, we conclude that personal experience is an important mediating factor that serves to impact the nature and quality of the connection between morals and ethics.

Returning to the primacy of people in the development of competitive advantage, this study is one more piece of evidence that people really are an organization's most important asset (Pfeffer & Veiga, 1999) and that an ethical culture can pay substantial dividends to both organizations and individuals. Although much of what we have learned has undoubtedly come at the expense of unethical business practices – practices that not only diminish a company's competitive edge over time but also impose significant financial and emotional costs on its members and on society at large – our study along

with the others cited suggest that companies can do more than simply avoid costs: they can be proactive in creating places where moral knowledge (Gossling, 2003) and social capital (Nahapiet & Ghoshal, 1998) flourish, in the process creating an enduring source of unique advantage.

In sum, we found that an individual's personal morals serve as the foundation of an organization's ethical perspective, and that experience mediates these connections. And although morality does not have a market price as suggested by Gossling (2003), morality does pay: good ethics can equal good business because of proactive initiatives, economic efficiencies and avoided costs associated with individual morality. The good news is that "[s]tudents have a sufficient desire to live a moral life that will profit from instruction that helps them to become more alert to ethical issues and to apply their moral values more carefully and rigorously to the ethical dilemmas they encounter in their professional lives" (Bok, 1976, p. 26). The business context is critical because it is here that individuals are tested and tried, prevail and fail. Paralleling this conclusion, a study of international MBA students found that approximately 60% of the students surveyed said that their business education is only "somewhat" preparing them to manage values conflict (Aspen Institute Business and Society Program, 2003). One interpretation that is consistent with our analysis also is that an ethics education cannot be fully evaluated until one is actually confronted with an ethical dilemma. In this same study, customer needs surpassed the goal of maximizing shareholder wealth as compared to a similar study in 2001, signaling a paradigm shift from a profit-driven society to a customer-oriented one (Trevino, 1986). Consequently, we anticipate that the demand for managers who can

effectively manage conflicts between values will only increase as the tensions between owners and customers are resolved.

We believe that our research has important implications for both organizations and organizational members. The morals-ethics-competitive advantage model is, in integration, a learning process: family provides the early foundation of moral knowledge (Gossling, 2003) and academia provides the educational foundation that creates the strategic ground (Bok, 1976) for ethical contributions inside organizations. The learning process loop is most effectively closed through individuals' experiences lived out in business contexts, where morals are explicitly tested and ethical decisions are made. We will always question the path that we travel. Is it the "road less traveled," and does it really "make all the difference"? In the end, it is up to the individual to decide his or her own path, but as this study suggests, that decision can have far-ranging organizational and social consequences.

WORD COUNT: 4,663

REFERENCES

- Arlow, P., and T.A. Ulrich (1980). "Business Ethics, Social Responsibility and Business Students: An Empirical Comparison of Clark's Study." *Akron Business and Economic Review*, 11(3), 17-22.
- Arlow, P., and T.A. Ulrich (1988, April). "A Longitudinal Survey of Business School Graduates' Assessments of Business Ethics." *Journal of Business Ethics*, 7, 295-302.
- Arlow, P. (1991, January). "Personal Characteristics in College Students' Evaluations of Business Ethics and Corporate Social Responsibility." *Journal of Business Ethics*, 10, 63-69.
- Aspen Institute: Business and Society Program (2003, May). *Where Will They Lead? MBA Students Attitude about Business and Society*. Survey Report, Aspen.
- Barney, J.B. (1986). "Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?" *Academy of Management Review*, 11, 656-665.
- Bok, D.C. (1976, October). "Can Ethics Be Taught?" *Change*, 26-30.
- Etzioni, A. (1991, October). "Reflections on Teaching of Business Ethics." *Business Ethics Quarterly*, 1, 355-365.
- Forsyth, D.R. (1992, May). "Judging the Morality of Business Practices: The Influence of Personal Moral Philosophies." *Journal of Business Ethics*, 11, 461-470.
- Frost, R. (1923). *Mountain Interval*. New York: Henry Holt and Company.
- Gossling, T. (2003, June). "The Price of Morality: An Analysis of Personality, Moral

Behavior, and Social Rules in Economic Terms.” *Journal of Business Ethics*, 45,
121-

131.

Hosmer, L.T. (1988, July-August). “Adding Ethics to the Business Curriculum.”

Business Horizons, 9-15.

Jones, T.M. (1989, Summer). “Can Business Ethics be Taught? Empirical Evidence.”

Business and Professional Ethics Journal, 8, 73-95.

Miles, M.B., and A.M. Huberman (1994). *Qualitative Data Analysis*, 2nd edition.

Thousand

Oaks, CA: Sage Publications.

Nahapiet, J., and S. Ghoshal (1998). “Social Capital, Intellectual Capital, and the

Organizational

Advantage.” *Academy of Management Review*, 23, 242-266.

Pfeffer, J., and J.F. Veiga (1999). “Putting People First for Organizational Success.”

Academy of

Management Executive, 13(2), 37-48.

Piper, T. R., Gentile, M.C., and S. Parks. (1993). *Can Ethics Be Taught?*

Perspectives, Challenges and Approaches at Harvard Business School. Boston,

MA: Harvard Business School.

Porth, S.J. (2003, April). *Strategic Management: A Cross-Functional Approach*. New

York: Prentice-Hall.

Strauss, A., and J. Corbin (1994). "Grounded Theory Methodology: An

Overview." In N.K. Denzin and Y.S. Lincoln, eds., *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage Publications, 273-285.

Trevino, L.K. (1986). "Ethical Decision Making in Organization: A Person-Situation Interactionist Model." *Academy of Management Review*, 11, 601-617.

Walton, C. (1979). "To Break the Pentameter: Ethics Courses Implications for Business Education." In R. Duska, ed., *Education, Leadership, and Ethics*.

Classification and Number of Respondents

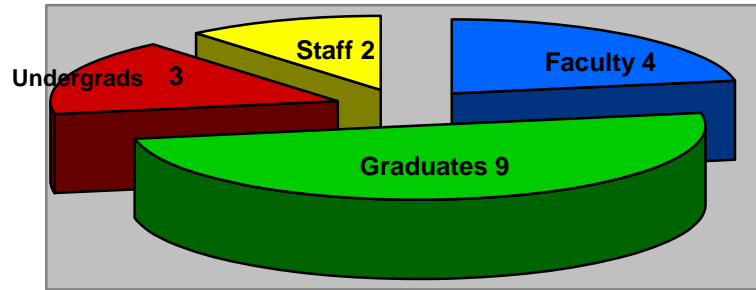


Figure 1. Description of Sample, University of St.Thomas

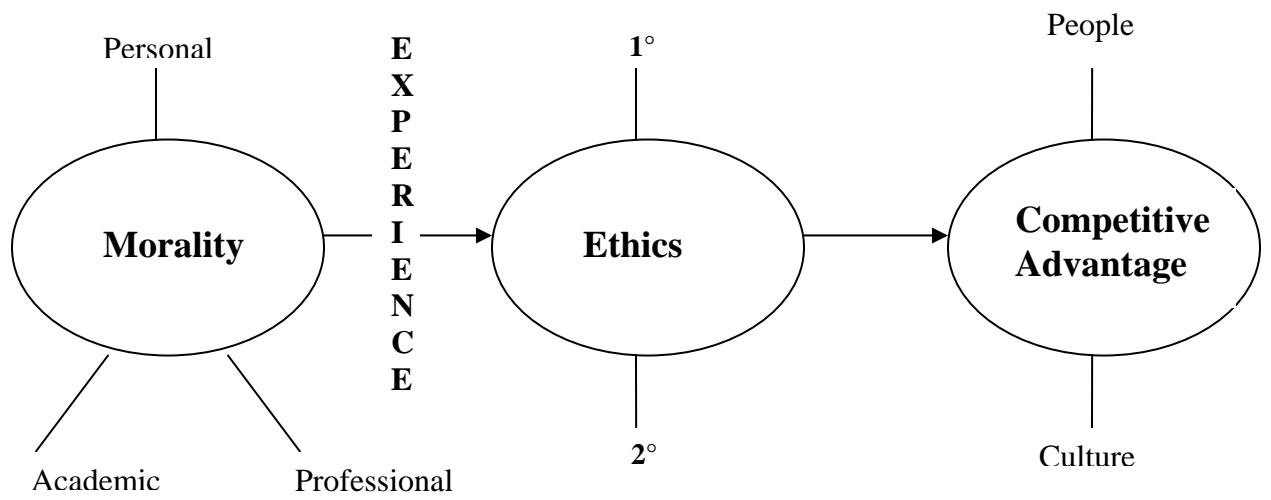


Figure 2. Relationship between Morality, Ethics, and Competitive Advantage

APPENDIX

Interview Questions

Under our three central constructs of morality, ethics, and competitive advantage, the interview questions are as follows:

1. Morality – an individual’s perception of right and wrong
 - a. Discuss a situation in which your morals were explicitly tested.
 - b. How would you characterize the state of your moral development? (highly developed, well-developed, somewhat developed, not very well developed at all)
2. Ethics – a group’s or organization’s perception of right and wrong
 - a. Describe a situation in which a business acts in a highly unethical manner.
 - b. Describe a situation in which a business acts in a highly ethical manner.
3. Competitive Advantage – something an organization has or does that has a distinguishable advantage over its competitor(s)
 - a. How would you rate your company’s or organization’s ethical position in terms of its record on policies, practices, decisions? Use a 7-point scale, with 7 being highly ethical, 1 highly unethical, 4 neither distinctly ethical nor unethical.
 - b. Does this position impact your company’s/organization’s ability to be successful in terms of: profitability; ROI, ROE, ROA; Growth, market share; stock price; HRM (human resource management) - recruitment and retention, turnover/tenure, absenteeism, job satisfaction, individual productivity, and organizational culture; quality of products/services, ideas; and reputation with stakeholders e.g. employees, vendors, customers, suppliers, community, government, other stakeholders (if yes, how?).

Student Interviews

Date: Friday, 3/15/02 (12:00 noon in Robertson 118)

U1

Background: Marketing major (currently in her 3rd year). She has no past work experience, just with her father’s business, which specializes in land building, investment properties, and home construction.

1. (a) Her morals were tested in school when she was taking a math test – she was tempted to cheat. Additionally, she said that with the internet, plagiarism was also a temptation when she sat up all night writing term papers. From her observations in her father’s business, she witnessed ex-employees stealing, which to her was a test of their morals. (She had a hard time answering this question)
(b) She characterized her moral development as highly developed because of her family environment – parents mainly, Catholic upbringing which included her Catholic school education, and personal relations. She said that a high moral development is important in the business culture = the key is respect.

2. (a) Ethical business situation she gave was the aspirin controversy case she recalled from her class, where toxicity was found in the drug and the company responded promptly in an ethical way by pulling the product off the shelves, which saved many lives. She also gave a personal example with her father's company, where he fixed a client's leaky roof at no charge, out of his own pocket, in order to better serve the customers.
 (b) Unethical business acts she cited was when a department store upper manager charged a customer account even though the customer was deceased. Also, in another situation working in a group project for school, she thought it was unethical for another group member who did not show any respect by bringing up personal issues as an excuse to not undertake any assignments. That person was ultimately removed because he/she could have jeopardized the entire group's grade. (She answered this question first.)
3. (a) Since she did not have any prior work experience, she rated her father's company (which shows high bias) as 7 because of the company's background in banking and high ethical standards.
 (b) She believes that people skills, if effectively utilized, is the key to a successful company especially since it sets a good example for employees, which is why she thinks her father is successful. In fact, she said that one of his employees has been with him for more than 30 years and many have been with the company for more than 10 years. Additionally, not only is the success based on employee retention, but is also seen in customer satisfaction because "quality is based on customers."

U2

Background: Major in Business Administration (3 ½ years of college, transferred from UT). He has past work experience as a clerk in a law firm and as a waiter/server in a restaurant business. Currently, he is a fitness service agent for a health club.

1. (a) His morals were tested when he was tempted to take an expensive (supposedly worth three paychecks) watch he found, but he returned it because it was the right thing to do.
 (b) He believed that his morals were well developed because morals are tested everyday and we learn from our mistakes. However, although he said this, he remarked, "why don't you just make this up?"
2. (a) A highly ethical business act he cited his company's policy of standing behind employees by seeing both sides of a story in a problematic situation.
 (b) In an unethical business situation, he gave the famous Anderson example where they destroyed Enron documents for their personal gain.
3. (a) He rated his company as a 5 (fair) because he's seen people just do what they want and not for the benefit of the consumers – many people own the club, and the people with the most money are in control.
 (b) In regards to profits, his position is questionable. Changes can cause high retention, but also fast turnover – each position varies.

Date: Wednesday, 3/20/02 (3:20 in Malloy)

U3

Background: Math major with minor in Catholic Studies (3 years at UST – transferred from Texas A&M). Current work experience is as a data analyst for a school, she has been working there for almost 8 years.

1. (a) She believes that our morals are tested everyday. In her own personal situation, her morals were tested when she drove while intoxicated, which caused her to deeply reflect upon this act later. She could have taken another life without even knowing it because she was not in a good state of mind.
(b) Her morals are well developed because she believes she is always striving to be better – it is through our own decisions that our morals develop.
2. (a) In the medical community, she witnessed both ethical and unethical situations, such as, with intravenous experiments. Ethically, the experiments are good because we are bettering mankind with the possibility of new discoveries in medicine.
(b) However, unethically, these lab technicians do not realize, or ignore the fact, that they are killing life. This presents a great weighing of one's individual view of which is the best situation: to pursue medicine to the fullest or to kill life.
3. (a) She rated her company as a 6 because no one is perfect. Her company has good policies, but humans are behind the organization and no one person is perfect.
(b) Her decision definitely affects her position because in relations to profitability, the school only does well if the students do well – better test scores mean more money. It may sound like perfect sense, but sometimes when teachers are held accountable for the progress of students, teachers lose their focus on teaching to students, but rather they teach to the test. She believes this is a big problem in the school system – “good teachers are hard to find.”

Date: Thursday, 3/21/02 (5:45PM in Doherty Library)

G1

Background: Liberal arts degree (4 yrs.), currently working on MBA in finance (3yrs). In the past and presently, she has and is working in the insurance industry.

1. (a) Her morals were tested when she had to decide to commit adultery – to take an offer of sex even though she was married, which she chose not to do. (Had a hard time with this question – had to answer it last)
(b) She characterized her morals as somewhat developed because nobody is perfect.
2. (a) A situation she gave where a business acts in an ethical manner was when a business helps the people they layoff. Overall, she thinks that people should be treated as humans rather than machines. When we look at quality, we have to look at the person.
(b) An unethical business act she gave was the infamous Enron case in which they laid off employees without any severance. She believed this was highly unethical b/c there was no respect for the employees – just for themselves.
3. (a) She rated her company as a 6 because nobody is perfect and she believes the decisions made by the company were fair enough.

(b) In regard to profitability, she believes that the right decision is to protect all stakeholders even employees. With this intent in mind, full employee satisfaction can also be observed through the satisfaction of its customers/clients. She mentioned that a turnover in upper management affects everyone because the business strategy requires an adjustment in the organization.

G2

Background: Engineering degree from University of Connecticut, currently working on MBA (5th year). Her past and current work experience is in pipe manufacturing, for more than 8 years.

1. (a) Morally, she was involved in a situation where a client asked for some test reports, and she did not have them. She could have lied and told them that she did have them to save her job or she could have told the truth. She decided to tell the truth and fortunately, the client understood and she did not lose her job.
(b) She believed that her morals were well developed. However, she did mention that if you had asked her this question in the past, she would have said highly developed, but because of all of her experiences of taking into consideration all factors, her morals, she says, have “matured” into the real world.
2. (a) A highly ethical business act she cited was in handling chemicals carefully, because they present potential hazard to everyone.
(b) On the same note, a business that acts unethically would be a company that dumped chemicals that caused contamination, such as, in lakes and rivers that present danger to life.
3. (a) She rated her company as a 4 because they just do what is required and legal, but not necessarily fair nor sometimes even ethical.
(b) Indeed this position impacts the company’s ability to be successful. In this company’s case, more ethical means more expenses, and the company is trying to minimize expenses. For example, she said they only changed their pipes, not necessarily, because it was environmentally safe, but because it increased production – reducing expenses.

Date: Friday, 3/22/02 (1:30 in Doherty Library)

G3

Background: UT Nursing Graduate, currently working on MBA (2 years). In the past, she worked as an RN for 4 years at Hermann Memorial Hospital. Now, she wants to find a job in finance.

1. (a) A situation in which her morals were tested was when, as a nurse, she had a patient who wanted an abortion – she was morally against it and asked to be reassigned. This was a decision that could have cost her job, but she was fortunately reassigned.
(b) She characterized her moral development as highly developed because of her family background and profession. Because of these influences, she believes she

- is more considerate. Also, she mentioned that her strong sense of religion is a big factor in her high moral development.
2. (a) A situation she gave, in which a business acts in an ethical manner, was SW Airlines because they are fair to their employees and they set good examples. Many of her colleagues have told her that they love working there and everyone is treated with great respect. She commented that a good CEO, or any leader, puts himself in the shoes of his employees.
(b) In a situation where a business acts in an unethical manner, she too cited the infamous Enron because they [top executives] did not inform their employees what was going on – they were not honest. Additionally, she believes that bosses who forced employees to work overtime with the threat of losing their job were unethical.
 3. (a) She rated her former employer as a 5 (90%) because she believes they are trying their best to uphold high ethical standards.
(b) This position affects her company's position because an ethical decision could affect their profits, such as, not performing abortions and taking a patient who is poor without any insurance.

Date: Tuesday, 3/26/02 (5:00 in Doherty Library)

G4

Background: International student working on MBA in finance (3 semesters at UST). Her past work experience has been as a SAP consultant (selling) for a computer software company and marketing/logistics issues for a technology company – both for about 4 years.

1. (a) Since she was in the school environment, her morals were tested in a school situation. She had the option of cheating when taking a test, but although she could have possibly gotten a better grade, she chose not to cheat because the possibility of getting caught could have cost her grade much more.
(b) She said that her morals were well- developed b/c of the values she gained from her family and Catholic school education.
2. (a) She encountered an unethical situation in her own workplace. In the business of sales, the company's competitor, a European firm, was allowed to use bribery to find out about bid prices, which gave them the comparative advantage. This means that her company lost bids and the opportunity to sell was lost. Also, much corruption was generated between the two firms.
(b) On the other hand, she believes that her company was ethical because they did not use bribery to gain comparative advantage. Even at her other company, she believed that their policy of not receiving presents from clients was ethical.
3. (a) She rated both of her former employers a 6 because everyone makes mistakes just as there are mistakes in history.
(b) She definitely believes that a company will manipulate itself to gain market position/shares in order to increase sales.

G5 (5:20 in Doherty Library)

Background: Degree in Hotel and Management from UH, currently working on MBA in finance (since Aug. 2000). In the past, she worked in hotel and management in administrative areas and in HR/payroll.

1. (a) In a situation where her morals were tested, she gave an example from her work experience. Since she worked in HR, her friend tried to get salary information from her, which was a breach in confidentiality. She has to decide between her friend and her job. She chose not to tell her friend because not only was it wrong, but that act could have jeopardized her job.
(b) She believed that her morals were highly developed because of the way she was raised.
2. (a) An unethical decision occurred at her own workplace where there was not only manager-employee dating, but also at the same employee was caught stealing by the manager.
(b) An ethical situation also occurred at work where a guest was being racist and the manager took a stand against him and told him that he was not welcomed for his rudeness.
3. She rated the company as a 6, not a 7 because of the little incidences that have happened, but otherwise, she believes there is good customer service.

G6 (5:45 in Cullen)

Background: Currently working on MBA in marketing (2 yrs.). His past work experience was in computer software: He worked for a year at one software company, and now he has been working for 2 years at a different company.

1. (a) Working at one company, his morals was tested when he had to choose between his loyalty to his friends or full productivity for the company. Several of his friends were reporting erroneous information on their time cards, which affects the working group as a whole because they were promoting inefficient production of time. Because of this reason, he decided to report his friends, anonymously, in order to be fair to the company.
(b) He characterized his morals as well developed. Every person he believes it is very important to have ethical knowledge in management.
2. (a) He thought that every business was practicing unethical acts. For example, his company laid-off thousands of employees and those who stayed were cut in their raises – at the same time, senior management was getting bonuses. He believes that senior/upper management needs to be purged of their unethical acts.
(b) Utilizing his company as an example, he thought it was an ethical act of the company to sponsor a charity bike ride because he believes that the event was not a philanthropic act, but just a PR incentive. He also mentioned that the company donated \$2 million to the 9-11 victims and wonders where they got the money from/and why they laid-off so many employees?
3. (a) He rated his company as a 5 because he still thinks that the company is not purposely trying to hurt its employees, but could have done more to protect them.
(b) “A Company is only as good as its name.” That statement he believes is questionable these days because people are not moral in their actions, just selfish.

It's all about who can gain the most profits no matter what the cost - many have even gone above and beyond. With this attitude, employees (whether the top execs know it or not) feel the unethical vibe and respond by doing their bare minimum to get by and not working for the full success of the company. "Bad ethics is infectious."

Date: Wednesday, 3/27/02 (3:30 in Malloy)

G7

Background: Acquired BS in chemistry in 1975 and MBA in 1982, and is currently working on MLA concentration in Catholic Studies (1 year). She worked with a chemical company for 26 years and 5 years in the plant field as the general manager for petrochemical; she was involved in the marketing aspect as well.

1. (a) Her moral situation was personal and specifically involved with her work place environment. In the issuance of prices, customers would present another competitive price to get themselves a lower price, and she had to believe the customers because there was a chance of losing a business relationship with the client.
(b) She said that her morals were between high and well developed, but legality implies different meanings because being legal does not necessarily mean being moral.
2. (a) She cited Enron and Arthur Anderson as businesses that acted unethically because they falsified data - there were so many people involved and there was no one "blowing the whistle." Even in her own job, she encountered an unethical situation: A Japanese company could not talk pricing because that was known as price fixing, but he still told her his prices and she took them (she regrets it now because she believes it was immoral).
(b) A company with environmental standards she believes is acting ethically. In the case of Enron or AA, turning yourself in for an unethical act is ethical. In the world of business, you must police yourself in EPA, such as, in pollution and health hazards. At her workplace, they did water samples to make sure that it was safe for customers.
3. (a) She rated her company as a 6 because there are always individuals doing stuff against company policy.
(b) Yes, she certainly believes that there are millions of dollars lost because it costs to be ethical, but it is the way to do business in order to have the ultimate competitive advantage. Additionally, she added that without the government, companies would probably not spend the dollars to be ethical.

Date: Thursday, 3/28/02 (5:30PM in Doherty Library)

G8

Background: Acquired BS in French and Spanish at UH; now, is currently attending UST for MIB (3 years). In the past, she worked in retail, and most recently, she worked for an airline company as an executive assistant for 13 years.

1. (a) A moral situation, which she faced, was to decide whether or not to disclose information that would benefit the company, but at the same time, it would hurt an employee. If she did, she would look like a tattletale, but it would also be breaching the employee's confidentiality. She decided to disclose the information because she believed it was her duty as an employee to help the company and trust that the employee involved would understand. She also gave a personal example was when she had to choose to date outside her race and she decided that she trusted her parents they would understand her decision to date this person because it was compatible with her in many other ways than just skin color.
(b) She characterized her moral development as well because obtains good discernment and will to do things right.
2. (a) At her company, she witnessed unethical act by they way employees were treated – they were not given any respect, which caused problems in the Union.
(b) At the same company, there was a misuse in the authorization of a ticket (the person told a lie) because this employee did the wrong thing, he was fired. She believes that this usage of power is ethical because they sought a wrong and resolved it promptly.
3. (a) She gave her company a 5 because of the problems with the Union, but they are now following the rules like they should. Before, she would have rated the company between 3-4 because they were doing everything for their own benefit and allowed other people's opinion through favoritism and discrimination.
(b) This position does affect the company to be successful as seen with the problems in the Union. There were also legal fees paid to fix the problem. Moreover, the problems cause low morale within people and the motivation to work decreases – lowering productivity and lowering profits.

Date: Friday, 3/29/02 (3:30 in Robertson)

G9

Background: Has undergraduate in sociology (masters degree) and criminal justice as well as structural civil engineering and is currently working on MBA in finance (1.5 years). In her current work, she is a certified elementary school teacher.

1. a. A moral dilemma which she was faced with when she was studying in grad school, she was tempted to borrow another student's paper – to plagiarize, which would have decreased her time in order to do other things. However, she decided against it because she was scared of the possibility of the penalties involved.
b. She described her morals as well developed because they are not perfect due to temptations in society.
2. a. An unethical situation, which she observed, was at her work in the school environment where teachers were "helping" students during the TAAS so that the school could be academically recognized. So, they were basically cheating in order to get ahead.
b. On the other hand, an ethical situation was when she worked temporarily at a plating company. The company followed all guidelines and ISO standards. Additionally, unlike Enron, they did not hide anything from the auditors.

3. a. She rated her company as a 5 because teachers do not do anything for students and moreover, parents expect too much, which puts pressure on the teachers. Teachers, thus have to be careful about what they tell students, or in some cases risk being sued.
- b. With that being said, she definitely thinks that her rating affects the full success of the school system especially with all the politics involved. It's already enough that teachers are paid at low salaries, but they also have no say.

Faculty Interviews

Date: Tuesday, 3/19/02 (3:30 in his office - Welder)

P1

1. a. In the first question regarding a situation in which his morals were tested, he didn't have a clear cut answer in the beginning. He first said that he is always teaching people to do things "right." He mentioned that he has never been challenged morally, but there were cases of academic dishonesty and plagiarism. Also, in his position, there are problems with grade inflation where he tries to control the situation with professional integrity. As a professor, he believes teachers can buy a student's good will that they can earn their grades. It is his sense of responsibility to inject to do the right thing – teachers are the models for students.
- b. He believes that his morals were highly developed because of his culture and education. The most important thing to him in one's moral development is his upbringing – his parents are his role models.
2. a. When asked to give a situation in which a business acts in an ethical manner, she just said that "political leaders bother me." He added that legal does not equate to moral. Business in general is striving to be ethical.
- b. On the other hand in regards to an unethical situation, he gave the example of Enron specifically pointing out Jeffery Skilling – his comments alone are ethically challengeable. Moreover, he added other situations: (1) a worker, who had a medical disability, was treated unfairly by administration, (2) a student complaint about grading procedures, and (3) the internal conflict most noticeably among theology/philosophy vs. business – he believes that some UST faculty has become self centered rather than student centered in their professional intentions, which causes UST to derail from its mission. He firmly holds that business is just as important as the theology/philosophy department especially in providing a major revenue source for the school and its students.
3. a. He rates his company as a 5-6.
- b. His rating definitely affects the full potential of UST's success. Ethical standards contribute to the success of a company. Any organization takes certain compromises especially through certain conflicts in making resolutions. These conflicts may deter some growth, but the school esp. the teachers need to think about the students first.

Date: Thursday, 3/28/02 (2:15 in Robertson)

S1

1. a. He faced a moral situation where he knew that his friend was dating an HIV+ girl, but his friend did not know it. As a true friend, he convinced the girl to tell the truth.
b. He describes his morals as well developed because he tries hard to be most ethical, which may not be the most profitable decision, but anything less is not acceptable.
2. a. An unethical situation he observed was at his last job. It was also at a nonprofit organization where a co-worker falsified information in order to get grant money. Since he was at a position where it could jeopardize his job, he had no authority to tell – but he has left the company since.
b. He cited that UST was a company that exemplified ethical manners because at the Mardi Gras event, some donors gave \$10,000 and sent another check for \$10,000 by accident and the organization called and gave their money back.
3. a. He rated his company as a 7 (the highest) because the people who make the decisions, maybe because it is a Catholic university, no corners are cut.
b. His position reflects the company's success, which can be observed in people's trust in the university as seen in the university's growth as with the Capital Campaign that is going on right now.

(3:00 PM in Link Lee)

S2

1. a. When he worked as a supervisor over 6 other data processors, he was face with a moral dilemma. One person not only failed to perform her duties to the fullest, but also abused her privileges like talking on the phone for 2 ½ hours and taking off for long periods of time. He was in a situation where his professionalism was tested – even her husband came to the job site and threatened him, but he realized that as a supervisor he had to keep a cool composure and eventually fired her in order to be fair to the other workers.
b. He characterized his morals as well developed in a unique way because he believes one's personal morals are connected to personal opinions just as the old saying implies “to treat others as you would yourself.” He emphasized that UST needs to be open than just focused on a liberal arts education in order to adapt to changing environment. He pointed that everyone is prejudiced in his own way, but you have to make sure no one treats you unjustly. Finally, he stated that morals are not necessarily based on religion, but on the treatment of people towards each other.
2. a. He cited Enron and AA as unethical businesses because of its questionable tactics to make profits. Also, both companies' stocks are questionable in order to gain money. Everything was geared towards making money no matter who it affects and the consequences.

- b. Ethical business practices involves how you treat customers and employees which impacts how you run a business in the long run and short run. Businesses need to provide services worth buying.
3. a. He rated UST as a 6 because they are at least looking at what is wrong and is willing to adapt to the changing world. He added that a teaching institution needs to look at the values of students and critique itself on that basis. When a problem is at hand, it needs to be discussed and resolved as soon as possible. Again, he emphasized that the school needs to be open-minded and look beyond the Catholic aspect.
- b. His stance affects the company's ability to be successful. UST needs to get other point of views, maybe from outside sources. There is always room for improvement and it is important to keep openness. The university does have a Staff Development Committee and tries to be voice to employees, which is supposedly reviewed and evaluated. Although UST is strictly a liberal arts college, it is growing and expanding with more courses while holding its core values. The theology and philosophy forces you to think more openly and to be less narrow-minded to the world.

Date: Tuesday, 4/2/02 (3:15 in his Office – Welder)

P2

1. a. His morals were tested when he was buying a tent at Academy. At the store, he was accidentally charged a lower price for the product. He could have kept the item at the lower price, but he decided to turn around even after it purchased it and paid the remaining balance.
- b. He characterized his moral development as well developed because he believes that he is generally moral character to do the right thing.
2. a. A situation which a business acts in an unethical manner was when a Honda dealer cheated him on a \$500 gift certificate. He also believes it is unethical for care salesmen to mislead customers by nit letting them be fully aware of everything they are signing.
- b. First, he said that most businesses try to act ethically. For example, Kohl's low hassle customer policy is ethical. Also, he cited Johnson & Johnson's Tylenol scare where the company did the ethical thing by pulling the drugs off the shelf – this event initiated safety caps and seals on medicine bottles.
3. a. He rated his company as a 6 generally, but has seen 4s because there are still some things that need to be fixed.
- b. His position affects the company to be successful. Although he believes the company is externally ethical as a whole, but sometimes the ads for UST are different that what really occurs at UST. (Would not say much because scared his info would leak out)

P3 (4:00 – Welder)

1. a. Her morals were explicitly tested at work where she was required to do things to patients without telling them like giving drugs that were not FDA approved.

This act was against her sense of right because it didn't fit the system. He even observed some neonates that were not anesthetized. Her morals were tested on the whole notion of the treatment of human beings – the value of person was diminished especially between physician and patient. One of her professors commented that her “morals made him sick.”

b. She characterized her moral development as sadly highly developed because she been in the business of constantly facing moral dilemmas for many years from healthcare to business – she has seen the abusiveness in the system one too many times. Through the years, she has looked at the ethics of every situation and incorporating the discipline in her life = she is guided by her morals.

2. a. She gave two examples where a business acts unethically. In the case of Client X, the employer knew that there was nuclear radiation exposed to employees was a health hazard to them and even to their offspring, but he did not let his employees know of this situation. In the second situation of Client Y, the employer based his promotions to employees on a meritocracy, where the merit based system became a popularity contest.
b. On the other hand, when she worked in a Catholic healthcare system, she believed that the company was ethical because of the community working environment like preferential option for the poor as opposed to the rich and they did not even close the ER. Internally, the organization had a top-down program where spirituality influenced the workplace. In another example, at a management educational firm, it was an ethical decision for the CEO to force him to step down because of his alcoholic problem because his presence could damage the company.
3. a. In comparing the school to a public university, she would rate the company between a 5 and 6 because of internal conflicts and some things could perhaps be better. There is a sense of top-heaviness and we should question: Am I getting away from my students?, Who do we serve?, Are we getting away from the mission, and Is the goal money-focused rather than student-focused? However, she did mention that in comparison to a public school of sexual harassment, stealing, and plagiarism, the problems at this private university is more institutional.
b. Yes, her position affects the company's ability to be successful. The dean's direction, although he pushed for growth, there still needs to be more done. In a catholic university, there is discussion of the faith issue in the workplace which establishes a closer relationship to students. She believes that students are the best PR for the university.

Date: Wednesday, 4/10/02 (8:00 AM in front of Doherty Library)

P4

1. a. When his oldest daughter got pregnant before marriage at 17 years old, his morals was tested because according to his morals premarital sex was wrong. He had to struggle to reassess the situation and revise his morals to the current social position in America. He does not doubt that the Catholic Church is incorrect in

- that premarital sex is wrong, but there are also certain mitigating factors such as this stage of social development that influences our children.
- b. He described his morals as highly developed because he spends an extensive amount of time thinking about moral questions and issues and tries to resolve them.
2.
 - a. Of course, he mentioned that AA shredding Enron documents is an unethical business practice. Also, he pointed out that when that person in Al Quaida was captured, he questions the ethics of obtaining the information from him – perhaps by means of torture? Is it moral?
 - b. An ethical manner he cited was Starbucks because it provides good benefits to all employees even part-time. A company that treats employees in a humane manner is ethical. (He did not really know a really good example)
 3.
 - a. He rated his company as a 6 because it is largely ethical, but there is still room for improvements such as interpersonal conflicts that need to be handled. He said that he has witnessed an instance where a certain faculty member was not treated fairly.
 - b. His position impacts his company's ability to be successful because it creates a great working environment and generally, the interpersonal situations are pleasant.