



# **Baseline Assessment of Ethical Values in DND**

## **Phase I Report**

### **Ethical Decision-Making in DND: The Development of a Measurement Instrument Sponsor Research Report 99-14**

Director Human Resources  
Research and Evaluation

Directeur Recherche et Évaluation en  
Ressources Humaines



**National  
Defence**

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The Development of a Measurement Instrument

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**DIRECTOR  
HUMAN RESOURCES  
RESEARCH AND EVALUATION**

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Measurement Instrument**

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## TABLE OF CONTENTS

Background .....	2
Development of the Instrument and Model .....	3
<b>Section One:</b>	
Literature Review .....	3
Predictors of Ethical Decision Making in Organizations .....	5
Individual Characteristics .....	5
- Moral Reasoning .....	5
- Individual Values and Beliefs .....	6
- Moral Philosophy (Individual Ethical Ideologies) .	6
Situational Characteristics .....	7
Characteristics of the Context: Ethical Climate .....	8
Summary – Predictors of Ethical Decision Making in Organizations ...	11
<b>Section Two:</b>	
Operationalizing the Model .....	12
Assessing Individual Moral Development and Situational Moral Intensity.....	14
Assessing Organizational Ethical Climate .....	14
Assessing Individual Values .....	15
Assessing Individual Ethical Ideologies (Moral Philosophy) .....	15
<b>Section Three:</b>	
Results of the Pilot Study .....	16
The Sample .....	16
Data Analysis .....	16
- a) Scale length .....	16
- b) Reliability .....	16
- c) Distinctiveness .....	16
Results .....	17
Conclusion .....	21
References .....	23
<b>Annex A – Shortened Version of Questionnaire:</b>	
Department of National Defence Ethics Survey.....	26

# Ethical Decision-Making in DND: The Development of a Measurement Instrument

## Background

1. In the Summer of 1998, Director Human Resources Research and Evaluation (DHRRE) was approached by the Defence Ethics Program (DEP) to develop an instrument capable of assessing ethics within both the military and civilian components of DND. In essence, DEP requested that DHRRE conduct a baseline assessment of the ethical values DND members currently adhere to, or perceive are appropriate values.

2. From the outset, it was clear that dealing with a construct such as ethics would present unique problems in terms of measurement. Initial discussions between DHRRE and DEP to delineate the aims of the research identified the following four functions that any instrument should be capable of performing:

- a) assess individual ethical values used by DND/CF personnel as they carry out their duties;
- b) assess individual ethical values that DND/CF personnel believe they should be using as they carry out their duties;
- c) identify the expectations which DND/CF personnel have regarding the Defence Ethics Program; and,
- d) provide an assessment of the ethical concerns of DND/CF personnel.

3. From the above aims it became apparent that what was needed was an instrument capable of assessing *ethical decision-making* within DND, and the task presented to DHRRE was therefore considerably complex. Initial research into the current literature on ethics revealed that no instrument existed capable of satisfying DND requirements. Further, it was realized that given the magnitude of the project, any instrument that was developed would have to be grounded upon a theoretical model which was conceptually sound.

4. It was therefore decided to divide the project into two distinct phases. Phase one would be the development of an underlying model of ethical decision-making and a questionnaire based upon the model. Phase two would be the administration of the questionnaire and the subsequent analyses of the data collected. Phase one of the project has now been completed and the results are presented in this report.

## **Development of the Instrument and Model**

5. The instrument development process comprised three phases. First, the civilian and CF literature on ethical decision-making was reviewed and a theoretical model formulated. Second, questionnaire items were developed and reviewed by both the research team and DND subject matter experts. Care was taken during this phase to ensure that the resulting scales (a) mapped onto the requirements expressed in the memorandum of understanding and (b) were theoretically grounded. Finally, pilot data were collected and an initial evaluation of the psychometric properties of the instrument was conducted. The pilot study was undertaken to ensure that the final questionnaire met acceptable psychometric standards and provided an acceptable representation of the constructs identified for inclusion at the earlier stages of scale development.

6. Accordingly, this report is presented in three major sections. First, the literature on ethical decision-making in organizations is reviewed and research findings are synthesized into a model of ethical decision-making. The second major section of this report provides the rationales for the development of specific questions and scales comprising the DNDEQ. Finally, the third section reports on the pilot study which was conducted to establish the psychometric properties of the scales comprising the DNDEQ.

### **Section One**

#### **Literature Review**

7. How individuals come to define, recognize, and resolve ethical dilemmas in organizations has been the focus of considerable theoretical and empirical inquiry in the social sciences. For example, research has been conducted on the effectiveness of corporate codes of ethics, the morality of managerial decision-making, the influence of corporate politics and the effectiveness of teaching business ethics (Cleek & Leonard, 1998). Yet, as Lewis (1989, p. 806) noted “the result of the above mass of ideas, issues, and systems ... (results in) a seemingly chaotic state of ethical principles”. Indeed, there is little consensus as to the influences on ethical decision making in organizations and a growing concern that organizational interventions (e.g., promulgation of ethics codes, training in ethics) are not effective in influencing individual ethical decision-making behavior (Cleek & Leonard, 1998).

8. Attempts to improve our understanding and prediction of ethical decision-making in organizations have resulted in the development of elaborate models of decision making behavior (e.g., Chang, 1998; Jones, 1991; Jones & Ryan, 1997; Stead, Worrell, & Garner-Stead, 1990; Trevino, 1986; Trevino & Youngblood, 1990). Although these models, and others, vary in the emphasis they place on different predictors or outcomes, they share certain similarities.

9. First, models have increasingly incorporated different predictors of ethical decision-making. That is, researchers have moved from a sole focus on individual morality as a predictor of individual behavior (e.g., as implied by the cognitive-developmental approach of Kohlberg and his colleagues, see Kohlberg & Turiel, 1973) to a consideration of other individual (e.g., locus of control, Trevino, 1986; Trevino & Youngblood, 1990), issue-dependent (e.g., moral intensity, Jones, 1991), and contextual (e.g. ethical work climate, Victor & Cullen, 1988) factors. In doing so, researchers have recognized that ethical decision making in organizations is multiply determined and, by implication, that some of these factors may be more amenable to intervention than are others.

10. Second, researchers have increasingly focused on the notion of indirect effects whereby the influence of a predictor on behavior is either fully or partially mediated by intervening variables. For example, in proposing his “issue-contingent” model of ethical decision-making Jones (1991) drew on previous model building efforts (e.g., Dubinsky & Loken, 1989; Ferrell & Gresham, 1985; Hunt & Vitell, 1986; Rest, 1986; Trevino, 1986) to suggest that ethical behavior emerges from a process of (a) recognizing a moral issue, (b) making a moral judgement, (c) establishing a moral intent, and finally (d) engaging in a moral behavior. Similarly, Chang (1998) drew on the theory of reasoned action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) and the theory of planned behavior (Ajzen, 1991) to suggest that individual attitudes toward ethical behavior, subjective norms, and perceived behavioral control predicted behavioral intent which, in turn, is thought to predict actual behavior.

11. Taken together these two characteristics (that is, multiple predictors and the positing of mediational mechanisms) may account for our limited ability to predict individual ethical-decisions. First, ethical decision-making appears to be predicted by multiple, non-independent predictors (i.e., individual-specific predictors, situation-specific predictors, and context-specific predictors) resulting in any given predictor having less of an overall effect on the outcome (i.e., ethical behavior). Second, researchers have recognized “causal chains” leading from predictors to behavior. Yet, because indirect effects are a multiplicative function of direct effects (Kelloway, 1998), such effects will always be relatively small in magnitude. Thus, even if the organization can change a “predictor” the resulting change in behavior might be relatively small.

12. As stated above, the intent of this section is to develop a model of ethical decision-making in organizations and the above paragraphs highlight the different components which any model would have to incorporate. More specifically, these components are as follows.

## Predictors of Ethical Decision Making in Organizations

### Individual Characteristics

13. **Moral Reasoning.** Of all of the potential predictors of ethical behavior, by far the most attention has been paid to the notion of individual moral reasoning or individual moral development. More specifically, researchers have often drawn on Kohlberg's stages of moral development in attempting to predict ethical decision making. Such a choice would appear to be justified based on the empirical literature. In reviewing research on moral reasoning, Blasi (1980, p. 37) concluded that there was "considerable support for the hypothesis that moral reasoning and moral action are statistically related" (Blasi also notes however, that there is considerable variation in the strength of research findings across research areas).

14. Although there is a vast literature on moral development in general and Kohlberg's work in particular, a brief summary will suffice for our purposes. Kohlberg proposed that individuals progress through a series of six "stages" of moral development which could be collapsed into three general levels, each comprised of two stages; preconventional, conventional, and post-conventional reasoning.

15. The preconventional level of moral development is thought to be characteristic of the decision making of young children (i.e., elementary school aged). Stage 1 is the Obedience and Punishment Orientation in which moral judgement is motivated by a desire to avoid punishment (e.g., do what you are told). Stage 2 is the Instrument-Relativist Orientation in which moral judgement is motivated by a need to satisfy individual desires (i.e., the right thing to do is the behavior that maximizes my own self-interest). In their study of university undergraduates, Weber and Green (1991) concluded that while only 3% of the sample reasoned at the Stage 1 level, 46% reasoned at Stage 2.

16. The conventional level of morality is thought to be characteristic of the vast majority of society. Stage 3 is the "Good Boy/Nice Girl" orientation in which moral judgement is motivated by a need to avoid rejection, disaffection or disapproval from others. Stage 4 is the "Law and Order" orientation in which abiding by the law and responding to the obligations of duty motivate ethical behavior. Weber and Green (1991) reported that 28% of a sample of university undergraduates reasoned at the stage 3 level with an addition 21% demonstrating reasoning at the stage 4 level.

17. Finally, Kohlberg thought that relatively few individuals progressed to the post-conventional level of morality. Stage 5 comprises the "social contract" stage in which the primary motivation is an understanding of social mutuality and an interest in the wellbeing of others. Finally, at Stage 6 the individuals' moral judgement is motivated by one's own conscience. Consistent with Kohlberg's view, Weber & Green (1991) reported that only 1.6% of a sample of university undergraduates demonstrated Stage Five moral reasoning. None demonstrated reasoning at the Stage 6 level.



18. Consistent with its origin as a Piagetian stage model, Kohlberg's model posits a strict ordering of stages such that individuals could only go through one stage at a time. Moreover, individuals could only comprehend a level of moral reasoning that was, at most, one stage above their own current stage.

19. Weber and Green (1991) pointed to the paradox of Kohlberg's views for training in business ethics. In brief, these authors suggest that ethics training is typically pitched at a level of moral reasoning (i.e., a post-conventional level) that is too high to be comprehended by the intended audience.

20. **Individual Values and Beliefs.** Another individually based approach to understanding ethical behavior is to focus on the values held by individuals. That is, individuals hold beliefs about what behaviors are appropriate and attach value to certain behaviors, outcomes and/or modes of decision making.

21. Organizations typically try to capitalize on such values and beliefs by formulating a "corporate code of ethics" which encapsulates the values expected to be shared among organizational members. Most authors agree that the promulgation of such codes, in and of itself, is an ineffective approach to impacting on individual ethical behavior (e.g., Cleek & Leonard, 1998; Laczniak & Inderrieden, 1987).

22. Jansen and Von Glinow (1985) suggest that the operative variable here is not the values held by individuals themselves but, rather, the conflict between individual and organizational values. These authors define ethical ambivalence as a state that exists when the behaviors shaped and maintained by the organizational reward system are incongruent with the values of individual members of the organization. Similarly, Finegan and Theriault (1997) found that similarity between individual values and organizational values (as expressed in a corporate code of ethics) predicted how favorably the code was seen by employees and how seriously code transgressions were viewed by organizational members.

23. **Moral Philosophy (Individual Ethical Ideologies).** An individual's moral philosophy is generally considered to be a key variable in determining ethical decisions (e.g., Ferrell & Gresham, 1985; Hunt & Vitell, 1986). As noted by Ferrell, Gresham, and Faedrich (1989) such philosophies consist of the rules by which an individual makes decisions. As such, a basic two fold classification distinguishes between deontological and teleological philosophies (e.g., Beauchamp and Bowie, 1979; Ferrell & Gresham, 1985; Hunt & Vitell, 1986).

24. Teleological philosophies deal with the moral worthiness of a behavior. In turn moral worth can be determined by reference to the consequences of the behavior (e.g., Ferrell & Gresham, 1985), the impact of the act on other people (e.g., Frankena, 1963), or the impact of the act on the agent (i.e., egoism, Ferrell, Gresham, & Fradrich, 1989). In the course manual for the introduction to defence ethics (Defence Ethics Program, 1999), these are recognized as consequences-based, care-based, and self-interest based approaches to ethical decision-making.

25. In contrast to the teleological approach, deontological philosophies focus on “moral obligations or commitments that should be binding or necessary for proper conduct” (Ferrell, Gresham, & Fradrich, 1989, p. 57). That is, deontological theories focus on the “goodness” of actions, irrespective of the short-term consequences of such actions. Rule-based philosophies (Defence Ethics Program, 1999) and to some extent, virtue-based philosophies can be considered to fall within the deontological framework.

### **Situational Characteristics**

26. Jones (1991) highlighted the characteristics of the situation as a predictor of ethical decision-making in his development of a situationally-contingent model of ethical decision making. In contrast to the individual perspective which assumes stable, trait-like individual characteristics across situations, Jones (1991) argued that ethical decision making at all levels is influenced by the “moral intensity” of the issue in question. For Jones (1991) it was this characteristic of the situation, not the characteristics of moral agents that determined ethical decision making. According to Jones (1991), the moral intensity of an issue is determined by six characteristics; magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect.

27. An issue gains in moral intensity in direct proportion to the magnitude of consequences. Jones (1991) defines magnitude of consequences as the simple sum of the harms and benefits done to individuals. This includes both scope (i.e., the number of people affected) and intensity (i.e., the nature of the harm/benefit). Thus, an act that affects 1000 people has a higher magnitude of consequence than does an act that affects 10 people. An act resulting in the death of an individual has a higher magnitude of consequence than does an act resulting in only minor injuries.

28. The social consensus of a moral issue is a reflection of the extent to which individuals agree that an act is “good” or “bad”. For example, individuals reject “illegal” actions more frequently than they reject unethical (but not illegal) actions (Laczniak & Inderrieden, 1987). Jones (1991) believes that this observation reflects a social consensus that illegal acts are “bad” while there is less consensus surrounding unethical (but not illegal) acts. Issues gain in moral intensity to the extent that there is a greater degree of social consensus around the morality of the act.

29. The probability of effect of a moral act is the joint probability that (a) the act will actually take place and (b) given that the act has taken place the certainty of harm or benefit. To the extent that an event is likely to happen and is likely to result in harm, the issue gains in moral intensity.

30. The temporal immediacy of an issue refers to the length of time between the present and the onset of consequences of the act in question. According to Jones a shorter time span results in increased moral intensity.

31. The proximity of the moral issue relates to the nearness of the agent and the victims. In this context, nearness is defined largely in terms of social, cultural, psychological, and/or physical similarity. To the extent that an act will have adverse consequences for someone similar to, or close to, the agent then that act gains in moral intensity.

32. Finally, Jones suggests that an issue gains in moral intensity to the extent that the issue is associated with concentrated effects. Jones (1991, p. 377) defines concentration of effect as “an inverse function of the number of people affected by an act of a given magnitude”. Thus, if a given act results in 10 people each losing \$10,000 it has a more concentrated effect than an act which results in 10,000 people each losing \$10. Although the overall consequence is the same (i.e., a loss of \$100,000) the act with the greater concentration of effect has the higher moral intensity.

33. While there has been insufficient research to allow an absolute judgement on the validity of Jones’ model, the preliminary evidence seems to be largely supportive of specific propositions comprising the model. For example, there is evidence that individuals do make judgements of moral intensity in reaching decisions and that factors such as perceived proximity between the agent and the victim (Singer, Mitchell, & Turner, 1998), the magnitude and nature of harm (Weber, 1996) and social consensus (Davis, Johnson, & Ohner, 1998) all influence the ethical decision-making process. Of particular import is Weber’s (1996) finding that the potential for harm altered the moral criteria used to reach a decision in a given situation. That is, characteristics of the situation interacted with the moral reasoning of the individual to produce a decision.

### **Characteristics of the Context: Ethical Climate**

34. Kohlberg (1984) was one of the first to suggest that the “socio-moral” atmosphere of the organization was a significant factor in ethical decision making. Specifically, Kohlberg (1984) suggested that organizations possessed norms for ethical decision making and that these norms would vary between organizations (Wyld & Jones, 1997).

35. Theoretically, concern for the ethical climate of the organization is rooted in the moral approbation approach to ethical decision-making (Jones & Ryan, 1997). The essence of this approach is that individuals will act in order to gain the moral approval of themselves and others and that individuals will rely on the opinions of their referent groups in reaching such decisions (Jones & Ryan, 1997). The development of this approach is grounded in the observation that the vast majority of adults reason at the conventional levels of moral reasoning (i.e., the stages where environmental influences are most salient, Stephen & Lewin, 1992). Thus, by establishing “norms” of ethical behavior it is possible for organizations to influence all the stages of ethical decision-making.

36. Empirically, concern for the ethical climate of the organization is rooted in evidence that individual ethical decision-making is influenced by context (Vidaver-Cohen, 1998). For example, Chang (1998) found that subjective norms (i.e., a multiplicative function of the perceived wishes of others and a desire to comply with the wishes of others) predicted intent to behave ethically. More strikingly, in comparing the ethical beliefs and behaviors of Israeli and American managers, Izraeli (1988, p. 263) reported that “the best predictor of respondents’ ethical behavior is their beliefs and perceptions concerning their peers behavior”.

37. Similar results were reported at the organizational level based on a survey of 1078 human resource managers (Bartels, Harrick, Martell, & Strickland, 1998). First, ethical climate was inversely related to the severity of ethical problems within organizations. Organizations with a strong ethical climate reported less serious ethical problems. Second, ethical climate was positively related to the ability to deal with ethical problems successfully. Organizations with strong ethical climates were more likely to be successful in dealing with ethical problems. Moreover, these results were maintained in follow-up analyses that controlled for potentially confounding variables such as organizational size (Bartels et al., 1998). Wimbush, Shepard, and Markham (1997) also report statistically significant relationships between ethical climate and measures of ethical behavior. Conversely, Waters and Bird (1987) identified a lack of clear, consensual ethical standards and expectations as a form of “moral stress” to which managers were frequently subjected.

38. Given these results, it is important to consider the nature and potential impact of an organization’s ethical climate. Perhaps surprisingly, there is no clear definition of organizational climate available in the literature. Indeed, there is an on-going debate regarding the distinction between organizational climate and organizational culture (Denison, 1996; Rousseau, 1988). Denison (1996) suggests that climate and culture are primarily distinguished on the basis of methodology and theoretical foundation, while others suggest that climate is the more observable manifestation of organizational culture (see for example, Schein, 1990; Victor & Cullen, 1988).

39. In their seminal work on the topic, Victor and Cullen (1988) defined ethical climate as a pervasive characteristic of organizations that affects how organizational decisions are made. Based on members' perceptions of typical organizational practices and procedures, the ethical climate of the organization constitutes a shared perception of what behavior is right (Cullen, Victor, & Stephens, 1989), and what behavior the organization expects from its members (i.e., perceptions of organizational norms of behavior).

40. Victor and Cullen (1988) originally defined ethical climate as comprising a nine-cell typology oriented along two dimensions; locus of analysis and ethical criterion (see Table 1). Victor and Cullen (1988) suggested that the ethical criterion dimension corresponded to distinctions in moral philosophy as outlined earlier as well as corresponding to theories of moral development (e.g., Kohlberg, 1984). Specifically, they suggested that individuals could make an ethical judgement based on self-interest (i.e., egoistic criterion), based on the good of others (i.e., a benevolent criterion) or on the basis of more abstract principles.

**Table 1**

**Theoretical Ethical Climate Types (Victor & Cullen, 1988, p. 104)**

<b>ETHICAL CRITERION</b>	<b>LOCUS OF ANALYSIS</b>		
	<b>Individual</b>	<b>Work Group</b>	<b>Society (Global)</b>
<b>Egoism</b>	Self-Interest	Company Profit	Efficiency
<b>Benevolence</b>	Friendship	Team Interest	Social Responsibility
<b>Principle</b>	Personal Morality	Company Rules And Procedures	Laws and Professional Codes

41. Moreover, Victor and Cullen (1988) suggested that these different criteria of moral reasoning may take different forms as they are applied to different referent groups within, and external to, the organization (i.e., individuals, work-group/company or society as a whole) leading to their identification of locus of analysis as an important dimension defining ethical climates. The intersection of these two dimensions (ethical criteria and locus of analysis) resulted in a nine-cell typology of ethical climates (see Table 1).

42. Based on this conceptual framework, Victor and Cullen (1987) developed the Ethical Climate Questionnaire to tap how organizational members view the ethical climate of their organization. Although the questionnaire was designed to assess each of the nine “types” of climate identified in their conceptual model, the data did not support the proposed nine-cell typology. Rather, factor analysis of the questionnaire data suggested five primary ethical climate types labeled “caring”, “law and code”, “rules”, “instrumental” and “independence”.

43. The “caring” orientation was comprised largely of the three “benevolent criterion” cells shown in Table 1 (i.e., collapsing across locus of analysis). The “law and code” climate emphasized the application of principles at the societal level while the “rules” orientation emphasized a more local application of principle (i.e., at the individual or organizational level). The “instrumental” climate emphasized achieving self-interest at the organizational and societal levels while the “independence” criteria emphasized the maximization of individual self-interest. Subsequent analyses using independent samples have largely supported this factor structure (e.g., Wimbush et al., 1997) in addition to indicating the need to account for appropriate levels of aggregation (Wimbush et al., 1997).

### **Summary**

#### **Predictors of Ethical Decision Making in Organizations**

44. Thus researchers in the social sciences have focused attention on the three general classes of predictors of ethical decision-making in organizations outlined above; individual predictors (individual values, moral development, moral philosophy), situational predictors (the moral intensity of the issue), and contextual predictors (the ethical climate of the organization). Integrating these predictors of ethical decision-making with Rest’s (1986) model of ethical decision-making (see also Jones, 1991) results in the model shown in Figure 1.

45. As shown, Rest (1986) proposes that ethical decision making proceeds through a process of (a) recognizing a moral issue, (b) making a moral judgement, (c) forming a moral intent, and, finally, (d) behaving in a moral fashion. In turn, each and every stage of this model is thought to be influenced by the above delineated classes of predictors - characteristics of the individual, characteristics of the situation, and the ethical climate of the organization.

## **Section Two**

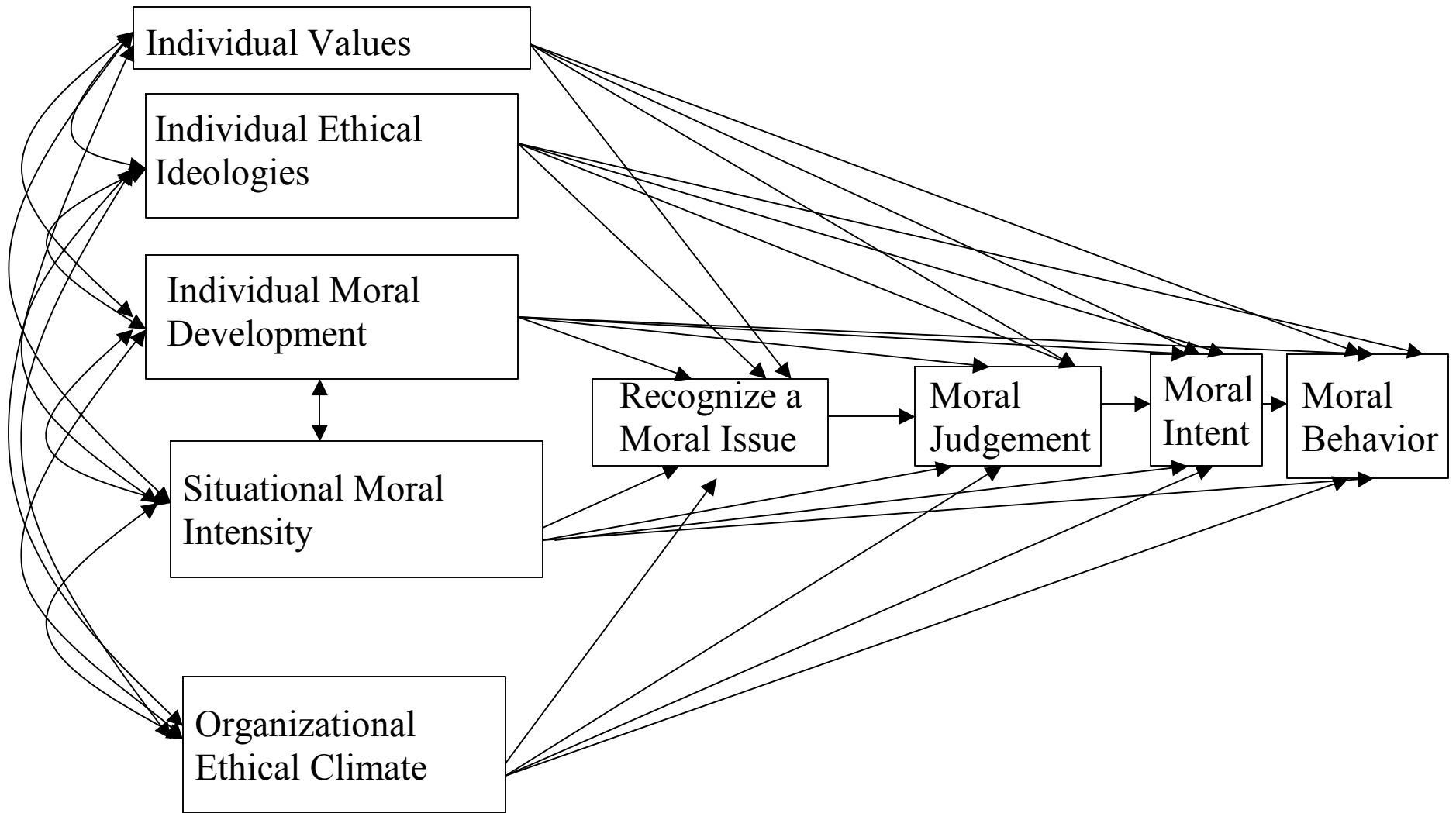
### **Operationalizing The Model**

46. The intent of the foregoing model development was not to develop a model of ethical decision-making in the abstract but, rather, to provide a theoretical foundation for the development of a measurement instrument that could be used by DND. In particular, the proposed instrument would be used to monitor and evaluate (i.e., both formative and summative evaluation) the Defence Ethics Program and, more specifically, the state of ethical decision-making within DND.

47. Within this framework, the Department of National Defence Ethics Questionnaire (DNDEQ) was designed to meet three criteria. First, the questionnaire was designed to reflect existing knowledge of ethical decision-making within organizations by mapping on to the above model. Second, the scales comprising the DNDEQ were designed to attain acceptable psychometric standards for questionnaire instruments. Finally, the instrument development process focussed on the research utility of the instrument. That is, the DNDEQ was designed using short scales that could be used in conjunction with other research instruments. More importantly, the instrument was purposively designed as an evaluation instrument through which ethical training or educating in DND could be assessed.

# PREDICTORS

# ETHICAL DECISION MAKING





48. Given these considerations the scale was developed by first writing items designed to measure the model components. Based on data from a small-scale pilot study, these items were refined and reduced scales formed. In the initial writing of items, at least 8 items per construct were devised – previous experience with scale development suggested that this number of items would allow for the generation of short, psychometrically adequate scales based on the pilot study data.

49. As per the explanations above, the model identifies five influences on ethical decision-making (individual moral development [moral reasoning], individual values, individual moral philosophy, situational factors, and organizational ethical climate). Accordingly, the DNDEQ was written to provide an assessment of each of these five predictors.

### **Assessing Individual Moral Development and Situational Moral Intensity**

50. As stated, almost all assessments of moral development/moral reasoning rely on the approach first developed by Kohlberg and his colleagues.<sup>1</sup> The basic moral reasoning task is to give individuals an ethically ambiguous situation and ask them to resolve the situation. To determine the level of moral reasoning, the focus is on the rationale for the derived solution rather than on the solution, per se. That is, it is generally not important how individuals choose to resolve the situation. Rather the level of moral reasoning is determined by the reasons individuals give for their choices.

51. However, consistent with the earlier review, there is evidence that the moral criteria used to reach a decision (i.e., the level of moral reasoning) varies with the characteristics of the situation (Weber, 1996). Accordingly, the DNDEQ contained four vignettes (See Annex A) designed to assess individual moral reasoning in concert with the moral intensity of the situation, thus combining these two predictors. Drawing on the work of Jones (1991) two vignettes described situations of low moral intensity (e.g., minimal consequences, no harm to individuals) while the remaining two vignettes described situations of high moral intensity (e.g., large consequences, harm to individuals). For each vignette, respondents were asked to rank order six potential considerations. Each of the six considerations corresponded to one of the six levels of moral reasoning described by Kohlberg.

### **Assessing Organizational Ethical Climate**

52. The organizational climate was assessed by seven scales (Annex A) all of which focussed on respondents' immediate work environment (i.e., work group or unit). Four of the scales were adapted from the work of Victor and Cullen (1988) and assessed the degree to which respondents saw the organization's ethical

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<sup>1</sup> It is recognized that the Kohlbergian model has received criticism from some researchers. Among these criticisms, two in particular are of note. First, that the stages are based upon a western liberal democratic paradigm and more specifically, that it is based upon a male paradigm of moral reasoning. Notwithstanding these criticisms, the Kohlberg model of moral reasoning would appear to be a sound starting point in developing a measurement instrument.

climate as emphasizing Rules, Caring, Independence, or Instrumental values. In addition to these scales, previous research suggests that respondents' perceptions of the organization are based largely on the behavior/attitudes of their coworkers (see for example, Cree & Kelloway, 1997). Accordingly, three scales were written to assess respondents' perceptions of the people they work with; their Supervisor's Expectations of Ethical Behavior, their Supervisor's Behavior, and their Coworker's Behavior. For the latter two scales (Supervisor's and Coworker's Behavior), the items reflected the values espoused by the Defence Ethics Program (e.g., integrity, loyalty, courage) as these are the characteristics which define the ideal DND climate.

53. In addition to the items focussing on the immediate work group, scales were written to assess respondents' perceptions of the organization as a whole. Although the original intent was to assess the organization along the same dimensions as the workgroup, analysis of pilot data (see below) suggested considerable redundancy in these items. Accordingly, two scales emerge reflecting respondents' perception of the organization as relying on Rules, and perceptions of organizational fairness.

54. Finally, the last ethical climate scale assessed the degree to which respondents felt they had a degree of personal control in the organization.

### **Assessing Individual Values**

55. Individual Values were assessed by 10 scales that paralleled the ethical climate scales. In contrast to the climate scales that asked how respondents saw the organization as it currently exists, the values items asked how respondents thought the organization should be. This approach is consistent with the view expressed earlier that values deal with what behaviors are appropriate (i.e., what individuals or organizations "should" do). Moreover, the use of parallel items for Ethical Climate and Individual Values allows for the assessment of incongruence between organizational practices and individual values (Finegan & Theriault, 1997; Jansen and Von Glinow, 1985).

### **Assessing Individual Ethical Ideologies (Moral Philosophy)**

56. Individual ideologies were assessed with five scales (Annex A) designed to assess whether respondents saw ethical decision-making as most appropriately emphasizing Rules, Care, Consequences, Virtue, or Self-Interest. Again, in addition to reflecting the basis of moral philosophy found in the academic literature (deontological, teleological) these five scales reflect the five bases for ethical decision-making recognized by the Defence Ethics Program (1999).

## **Section Three**

### **Results of the Pilot Study**

58. The purpose of the pilot study was to empirically assess the psychometric properties of the scales comprising the DNDEQ and to identify a reduced set of items suitable for the final version.

#### **The Sample**

59. Data for the pilot study was collected from 111 CF members currently serving within the National Capitol Region. The final sample was comprised of 85 men (76.6%) and 26 women (24.4%). The average length of service was 20.21 years ( $SD = 8.67$  years). Respondents ranged in rank from Junior NCMS to Senior Officers. Forty-three respondents (38.7%) were NCMs and 68 members (61.3%) were officers. Seventy-one percent of respondents reported English as their first language and 29% were francophone. All respondents completed an English version of the questionnaire.<sup>2</sup>

#### **Data Analysis**

60. Using both exploratory factor analysis and item/reliability analyses, scales were generated which assessed the constructs of interest according to three criteria:

- a) **Scale length** – for purely practical purposes (so that the final survey would not be overly cumbersome) efforts were made to limit scale length to 4 items (subject to the considerations listed below). Reduced scales were formed by selecting the items with the highest item-total correlations.
- b) **Reliability** – scales should achieve accepted standards of reliability. In general,  $\alpha = 0.70$  is taken as sufficient evidence of internal consistency and with three exceptions, all of the shortened scales met this standard (in no case did shortening a scale adversely affect the reliability of the scale).
- c) **Distinctiveness** – scales should measure a distinct construct. Operationally, this meant that scales should factor cleanly and demonstrate (at most) low to moderate correlations with other scales. Obviously, given limited data, we could not factor all items together. Rather we attempted to factor closely related items (i.e., the Way things are now and the way things should be, ratings for each scale) together to ensure that respondents were making the desired distinctions.

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<sup>2</sup> Due to time constraints and a mail strike which was in effect at the time of the survey administration, only individuals serving in the National Capitol region were surveyed (resulting in an over-representation of officers) and the pilot was administered in English only. Respondents received the questionnaire through internal e-mail and faxed back the completed survey.

61. As a final check on the analyses, all reduced scales were correlated with the original longer scales from which they were formed. The analysis proceeded in four steps:

- a) First, the scale reliabilities for each shortened scale were calculated;
- b) Second, the scale reliabilities for the original scale items (i.e., prior to deleting any items) were calculated;
- c) Third, each shortened scale was correlated with the corresponding original scale; and,
- d) Finally, the “corrected” correlation between the shortened and original scales was calculated.<sup>3</sup>

## **Results**

62. The shortened scales are presented in Annex A. Table 2 presents the alpha reliabilities for all shortened scales. As shown, an acceptable level of reliability was achieved for all but three of the shortened scales. For those three scales (Consequence-based decision making, Virtue-based decision making, and Instrumental Climate - The way things should be) alpha approached but did not attain the 0.70 cutoff. Inclusion of additional items in these scales did not enhance alpha and, in many cases, served to detract from the reliability of the scales. Therefore, these scales were retained in their shortened forms.

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<sup>3</sup> The formula for correction is to divide the correlation between the two scales by the cross-product of the square root of the scale reliabilities. The correction (often called the disattenuated correlation) recognizes that scale reliabilities put a ceiling on correlations and that lack of perfect reliability detracts from the correlation between scales. An example of this procedure can be found on pages 27-28 of Kelloway and Barling (1994).

**Table 2**

**Scale reliabilities (alphas)**

<b>Scale Name</b>	<b>The Way Things Are Now</b>	<b>The Way Things Should Be</b>	<b>r</b>
<b>ETHICAL CLIMATE</b>			
1. Rules	.87	.90	.62
2. Caring	.90	.80	-.06
3. Independence	.75	.74	.34
4. Instrumental	.80	.69	.33
5. Supervisor Expectations	.86	.88	.55
6. Supervisor's Behavior	.94	.96	.17
7. Organizational Rules	.81	.81	.31
8. Organizational Fairness	.92	.90	-.17
9. Personal Control	.75	.72	.30
<b>DECISION MAKING IDEOLOGY</b>			
10. Rule Based	.75	---	---
11. Care Based	.86	---	---
12. Consequence Based	.65	---	---
13. Virtue Based	.67	---	---
14. Self-Interest Based	.83	---	---

63. As shown in the shortened scale presented in Annex A, each of the climate items was rated twice. In the first rating, respondents were asked to rate the ethical climate “the way things are now” and in the second to provide a rating of “the way things should be”. Having respondents rate each item twice raises the possibility that respondents did not make the hypothesized distinction and that the two ratings resulted in redundant measures.

64. To assess this possibility, the correlation between the two ratings (i.e., the way things are now vs. the way things should be) was calculated for each scale. These correlations are also presented in Table 2. As shown, small to moderate correlations were obtained (i.e., -.06 to .62).

65. Importantly, in no case did the correlation between the scales approach the scale reliability (an indication of scale redundancy), suggesting that the two ratings provided unique information about the respondents’ views. A series of paired t-tests were conducted comparing respondents’ ratings of “the way things are now” with “the way things should be”. Respondents uniformly saw the current ethical climate as being less than ideal (see Table 3).

**Table 3**

**Comparison of mean ratings: The way things are now vs. the way things should be.**

<b>Scale Name</b>	<b>The way things are now</b>	<b>The way things should be</b>
Rules	3.20	3.59
Caring	3.04	3.80
Independence	2.99	3.17
Instrumental	3.00	2.33*
Supervisor Expectations	3.99	4.40
Supervisor’s Behavior	3.91	4.50
Organizational Rules	3.05	3.67
Organizational Fairness	2.90	4.35
Personal Control	3.28	3.86

**Note:** All comparisons are significant at  $p < .05$ .

\* The Instrumental scale is reversed scored so that high scores represent a more negative perception of ethical climate.

66. Finally, Table 4 presents the correlations between the shortened and original scales. As shown, of the 25 scales developed, 22 demonstrate a perfect corrected relationship between the original and shortened scales. Three of the scales do not. For two of these (the two supervisor expectations scales), it is important to note that the original scale “supervisors” was broken into two subscales “supervisor expectations” and “supervisor behavior” as a result of the pilot study.

**Table 4**

**Correlation between shortened and full scales.**

	<b>Shortened Scale</b>	<b>Full Scale</b>		<b>Corrected</b>
	<b><math>\alpha</math></b>	<b><math>\alpha</math></b>	<b>r</b>	<b>r</b>
<b>ETHICAL CLIMATE</b>				
1. Rules				
Now	.87	.85	.97	1.00
Should	.90	.90	.97	1.00
2. Caring				
Now	.90	.88	.98	1.00
Should	.80	.64	.95	1.00
3. Independence				
Now	.75	.74	.87	1.00
Should	.74	.74	.76	1.00
4. Instrumental				
Now	.80	.77	.88	1.00
Should	.69	.64	.77	1.00
5. Supervisor Expectations				
Now	.86	.92	.81	0.91
Should	.88	.88	.80	0.91
6. Supervisor’s Behavior				
Now	.94	.92	.97	1.00
Should	.93	.88	.93	1.00
7. Coworkers’ Behavior				
Now	.91	.87	.91	1.00
Should	.94	.85	.96	1.00
8. Organizational Rules				
Now	.81	.74	.96	1.00
Should	.81	.82	.96	1.00

**Table 4 (cont'd)**

	<b>Shortened Scale</b>	<b>Full Scale</b>		<b>Corrected</b>
	<b><math>\alpha</math></b>	<b><math>\alpha</math></b>	<b>r</b>	<b>r</b>
9. Organizational Fairness				
Now	.92	.94	.91	1.00
Should	.90	.92	.87	0.96
10. Personal Control				
Now	.75	.75	.93	1.00
Should	.72	.78	.88	1.00
<b>DECISION MAKING</b>				
11. Rule-Based	.75	.52	.86	1.00
12. Care-Based	.86	.81	.95	1.00
13. Consequence -Based	.65	.53	.83	1.00
14. Virtue Based	.67	.53	.91	1.00
15. Self Interest Based	.83	.83	.91	1.00

67. The remaining scale (“the way things should be” version of organizational fairness) correlates .96 with the full version of the scale. While not a mathematically perfect relationship, a corrected correlation of .96 is interpreted as reflecting 92% shared variance. In virtually any context, scales that correlate .96 would be judged to be redundant.

### **Conclusion**

68. Results of the preceding analyses suggest that the scales comprising the shortened version of the Department of National Defence Ethics Questionnaire demonstrate acceptable psychometric properties. The scales are reliable, give predictable results, and the short-forms of the scale are perfectly correlated with the longer scales originally developed. Taken together these results suggest that the short form of the DNDEQ is an acceptable instrument and can be used for larger scale data collection. While ongoing evaluation is recommended for any survey protocol, the current results support the use of the DNDEQ.



69. As stated at the beginning of this report, the aim of phase one of this project was to develop an instrument for DND's Defence Ethics Program which would both satisfy the needs of the DEP and have a sound theoretical underpinning. To restate those needs, they were:

- a) to assess individual ethical values used by DND/CF personnel as they carry out their duties;
- c) to assess individual ethical values that DND/CF personnel believe they should be using as they carry out their duties;
- c) to identify the expectations which DND/CF personnel have regarding the Defence Ethics Program; and,
- d) provide an assessment of the ethical concerns of DND/CF personnel.

70. What was required, then, was to assess the state of ethical decision-making within DND and it can be seen that the DNDEQ as described in this report should be capable of fulfilling the first two aims. In order to satisfy the third and fourth aims a qualitative question will be added to the final survey wherein respondents will be asked to identify the one ethical concern they feel is most important to them in their workplace. It should also be noted that two versions of the questionnaire will be administered to the DND population. The DNDEQ as described herein will be used for military personnel and a second version, altered to incorporate civilian terminology and more appropriate civilian scenarios, will be administered to civilian members of DND.

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## **Annex A**

### **Shortened Version of Questionnaire: The Department of National Defence Ethics Survey**

## Annex A

### SHORTENED SCALES

We would like to begin by thinking of your immediate work group or unit. For each of the following statements we would like you to make two judgements. First, we would like you to rate the way you think things are right now in your unit. Second, we would like you to tell us how you think things “should” be. For both ratings please rate the extent of your agreement with the following items using the scale given below.

1 = Strongly Disagree  
2 = Disagree

3 = Neutral, neither agree nor disagree

4 = Agree  
5 = Strongly Agree

	The way things are right now	The way things should be
<b>Rules</b>		
In this unit we go strictly “by the book”.	_ _ _	_ _ _
It is very important to follow regulations here.	_ _ _	_ _ _
Everybody is expected to follow regulations to the letter.	_ _ _	_ _ _
Successful people in this unit adhere strictly to regulations.	_ _ _	_ _ _
<b>Caring</b>		
In this unit we stick together.	_ _ _	_ _ _
In this unit we look out for one another.	_ _ _	_ _ _
In this unit we protect each other.	_ _ _	_ _ _
In this unit it is expected that each member takes care of his/her coworkers.	_ _ _	_ _ _
<b>Independence</b>		
In this unit, each person is expected to follow their own personal beliefs about what is right and wrong.	_ _ _	_ _ _
Each person in this unit decides for him/herself what is right and wrong.	_ _ _	_ _ _
In this unit, people are guided by their own sense of personal ethics.	_ _ _	_ _ _
In this unit, every individual is expected to do what they think is right.	_ _ _	_ _ _

**Instrumental**

The way  
things are  
right now

The way  
things  
should be

Successful people in this unit do what they are told.

In this unit it is important to look out for your own interests.

People here are out mainly for themselves.

Getting the job done is the most important consideration in this unit.

Successful people in this unit do what they have to in order to get the job done.

**Supervisor Expectations**

My immediate supervisor supports ethical behavior.

My immediate supervisor sets a high standard of ethical behavior.

My immediate supervisor demands ethical behavior from others.

**Supervisor's Behavior**

My immediate supervisor demonstrates integrity.

My immediate supervisor demonstrates loyalty.

My immediate supervisor demonstrates courage.

My immediate supervisor demonstrates honesty.

My immediate supervisor treats people fairly.

My immediate supervisor is accountable for his/her actions.

**Coworkers' Behavior**

The people I work with demonstrate integrity.

The people I work with demonstrate loyalty.

The people I work with demonstrate courage.

The people I work with demonstrate honesty.

The people I work with treat people fairly.

The people I work with are accountable for their actions.

Now we would like you to think of the larger organization beyond your current work group or unit. In thinking of the larger organization we would like you to, again, make two judgements. First, we would like you to rate the way you think things are right now in the organization. Second, we would like you to tell us how you think things “should” be. For both ratings please rate the extent of your agreement with the following items using the scale given below.

- |   |                    |
|---|--------------------|
| 1 = Strongly Disagree                   | 4 = Agree          |
| 2 = Disagree                            | 5 = Strongly Agree |
| 3 = Neutral, neither agree nor disagree |                    |

	The way things are right now	The way things should be
<b>RULES</b>		
In this organization we go strictly by the book.	_ _ _	_ _ _
This organization has regulations that are strictly followed.	_ _ _	_ _ _
This organization enforces the rules and regulations.	_ _ _	_ _ _

<b>FAIRNESS</b>		
Organizational policies are fair to everyone.	_ _ _	_ _ _
This organization cares for its members.	_ _ _	_ _ _
This organization respects the dignity of all employees/members.	_ _ _	_ _ _
This organization is fair.	_ _ _	_ _ _

Now we would like you about your own beliefs and attitudes. Again, for both ratings please rate the extent of your agreement with the following items using the scale given below.

- |   |                    |
|---|--------------------|
| 1 = Strongly Disagree                   | 4 = Agree          |
| 2 = Disagree                            | 5 = Strongly Agree |
| 3 = Neutral, neither agree nor disagree |                    |

	The way things are right now	The way things should be
<b>Personal Control</b>		
I have the freedom to act on what I think is right.	_ _ _	_ _ _
I can decide for myself what is right and wrong.	_ _ _	_ _ _
In my work I can follow my own sense of morality.	_ _ _	_ _ _
I am free to do my job in the way I see fit.	_ _ _	_ _ _



**Rule-Based Decision Making**

Rules and laws are the most appropriate basis for making ethical decisions.

It is important to follow the law and/or regulations at all times.

Society’s laws and organizational regulations define what is right and wrong.

An action that violates the law is always wrong.

**Care-Based Decision Making**

There is always a better action to be found than one that might in any way harm an innocent bystander.

It is always unethical to harm another person.

The most important ethical principle is to ensure that nobody is harmed by your actions.

**Consequence-Based Decision Making**

The only way to judge whether an action is right is by the outcomes of the action.

A decision that has positive outcomes is always a good decision.

You can always evaluate the quality of a decision by the results of the decision.

**Virtue Based Decision Making**

You can tell a lot about a person’s character by the decisions he/she makes.

It is important to always act with integrity and virtue.

In making decisions one should always be guided by a firm sense of right and wrong.

It is important to stand up for what you believe in.

**Self-Interest**

In this world, everyone has to look out for themselves.

Each of us needs to look out for number 1.

The most important consideration in reaching a decision is the consequences of the decision for me personally.

**Next we would like you to read the following scenarios. Based on your knowledge of how things operate in your organization we would like you to identify the influences on your decision making.**

**Scenario #1**

As a result of coworkers “horsing around” some equipment received minor damage. Although not involved, you witnessed the event. You know that one individual with an otherwise perfect record may not be promoted if his involvement in the affair is discovered. Moreover, it is known that management is extremely harsh with such matters, perhaps more than is considered fair by many.

You now face the decision of what to do. Regardless of whether you would report the incident or not, we would like you to think about the factors that would influence your decision. How important would you say each of the following would be in reaching a decision.

**Please rank the items from the *most* important (1) to *least* important (6).**

	Rank Order
Either way you end up on someone’s “bad list” which would make working there difficult in the future.	<input type="checkbox"/>
Nothing good is likely to come out of it for you and those involved.	<input type="checkbox"/>
You are caught between what should be done as part of your job and what you know your peers feel you should do.	<input type="checkbox"/>
Rules are rules and should not be broken.	<input type="checkbox"/>
Attempting to resolve this situation could create more harm than good.	<input type="checkbox"/>
In all likelihood, reporting it will lead to coworkers being treated harsher than the infraction really warrants.	<input type="checkbox"/>

## **Scenario #2**

You and your coworkers have frequently taken DND resources (e.g., stationery, pens etc.) for your own personal use. Although this has never been an issue in the past, a new manager has identified such usage as an abuse of DND property. The manager is asking for a list of those who had used resources in this way. Which of the following reasons would influence your response?

Whether or not you would go along with the request, how important would you say the following factors would be to you in making a decision?

**Rank from the *most* important (1) to *least* important (6).**

RANK  
ORDER

Either way you end up on someone's "bad list" which would make working there difficult in the future.

Nothing good is likely to come out of it for you and those involved.

You are caught between what should be done as part of your job and what you know your peers feel you should do.

Rules are rules and should not be broken.

Attempting to resolve this situation could create more harm than good.

In all likelihood, reporting it will lead to coworkers being treated harsher than the infraction really warrants.

### **Scenario #3**

One of your coworkers is a very close friend and you frequently share private information. As a result you become aware of your friend's medical condition which could put his/her coworkers at considerable risk. Reporting the medical condition could result in serious employment consequences for your friend.

Whether or not you would tell someone about it, how important would you say the following factors would be in making a decision.

**Rank from the *most* important (1) to *least* important (6).**

**RANK  
ORDER**

Either way you end up on someone's "bad list" which would make working there difficult in the future.

Nothing good is likely to come out of it for you and those involved.

You are caught between what should be done as part of your job and what you know your peers feel you should do.

Rules are rules and should not be broken.

Attempting to resolve this situation could create more harm than good.

In all likelihood, reporting it will lead to coworkers being treated harsher than the infraction really warrants.

## Scenario #4

You are newly promoted and one of the people who works for you (but who was a co-worker until your recent promotion) is about to retire. The receipts for \$1,350.00 he submitted for a job-related trip he took last month were faked. In fact, you knew this at the time but overlooked it knowing that “everyone is doing it”. You are now worried by the fact that you decided to overlook it and are wondering what, if anything, you should do at this point. He is officially retiring tomorrow.

Whether or not you would tell someone about it, how important would you say the following factors would be to you in making a decision.

**Rank from the *most* important (1) to *least* important (6).**

**RANK  
ORDER**

Either way you end up on someone’s “bad list” which would make working there difficult in the future.

Nothing good is likely to come out of it for you and those involved.

You are caught between what should be done as part of your job and what you know your peers feel you should do.

Rules are rules and should not be broken.

Attempting to resolve this situation could create more harm than good.

In all likelihood, reporting it will lead to coworkers being treated harsher than the infraction really warrants.