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The Ethics of Business: Improving or Deteriorating?

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Why do CEOs tend to perceive the ethical performance of U.S. business so differently from American consumers? A recent opinion poll explores and evaluates the implications of these cross-perceptions.

"The only thing that corporations seem to be interested in is making money."

(An American consumer, 1992 Gallup Survey)
"There are a lot of people in top management who have created credos and other standards which . . . encourage their managers to put the public ahead of the bottom line."

(A corporate CEO, 1992 Gallup Survey)

It seems the U.S. public is far more pessimistic about the ethical climate of business these days than are members of top management. This chasm of perceptions may partly explain the heated debate about corporate ethics that regularly occurs in the media and public policy forums. Although CEOs and the public may agree about the unfortunate nature of specific business scandals--such as the fiscal irresponsibility shown by many S&L managers or the outright greed exhibited by Wall Street insider traders--chief executives tend to view such behavior as the "exception," whereas the public appears to consider it "the rule."

In the pages that follow, this analysis will:

- demarcate some of the major differences in the perceptions of the general public and CEOs concerning issues in business ethics;
- sketch some of the areas in which there is strong agreement concerning business ethics issues among these groups;
- discuss the possible causes of the existing cross-perceptions among consumers and business executives, along with the costs to corporations that such perceptions entail; and
- suggest what U.S. firms need to do to alleviate these differing perceptions.

The Role of Surveys and Polls in Judging Business Ethics

Public opinion polls and surveys of managers are one way of tapping into the attitudes and values individuals hold concerning the appropriateness of the economic actions being taken in society. By understanding values, society comes to know the principles that define acceptable behavior. These values constantly shift, albeit slowly, and any changes need to be monitored. For example, the attitudes of business regarding the physical environment that were prevalent in the 1950s are certainly not appropriate now.
Surveys of business executives concerning their perceptions of their ethical responsibilities have been one pragmatic method of tracking the propriety of business actions. One of the classic pieces of business ethics research involved a survey of executives conducted by Rev. Raymond Baumhart (1961). Among the findings of this research and its subsequent replications and extensions was the conclusion that executive respondents to such surveys typically considered themselves more ethical than the average manager, and that although ethical problems existed in business, management behavior was becoming more ethical (Brenner and Molander 1977). Thus, there is a history to support the position that business leaders are upbeat about their behavior.

Meanwhile, public opinion polls on business behaviors (and most any other topic) are commonplace and do not portray the same ethical propriety managers imply. For example, a 1985 New York Times poll found that 55 percent of the American public feel that U.S. corporate executives are not honest (Williams 1985). Similarly, a 1987 poll sponsored by Time magazine found that 76 percent of the American public saw a lack of ethics in business people as a factor contributing to the decline of U.S. moral standards (Bowen 1987). Other public opinion polls have regularly questioned the moral propriety of most business managers. To the extent that corporate executives and the general public disagree about the ethical performance of business, a fundamental tension has been created. This article reports on one recent poll that clearly highlights the nature of that tension. It then deals with the implications of these disparate views.

The Study and the Method

The information contained in this report is based on a national probability telephone poll of 1,053 adult U.S. consumers and a quota sample of 100 CEOs of large companies, using a comparable battery of questions. The poll was conducted by the Gallup Organization, Inc. and was supported and sponsored by the SOCAP (Society of Consumer Affairs Professionals) Foundation. The data discussed in this article represent one part of a larger study that also polled 50 consumer advocates and government regulators regarding their views on
business ethics. Given the nature of the samples, the findings of this survey are project-able to the population of the respondent groups.

The findings of the survey are based on a 75-item questionnaire that is similar for each surveyed group (consumers, CEOs, and regulators) but adjusted for respondent category and various demographic information. The initial draft of the telephone survey instrument was developed by Gallup, Inc. based on 40 in-depth personal interviews with CEOs, consumer advocates, and corporate employees. It was refined and revised by SOCAP staff and two fellows of the Center for Ethics Studies (CES) at Marquette University. It was then pretested with 39 full-length interviews conducted by Gallup and further extensively revised by the CES fellows. The basic data set was input and recorded by Gallup, Inc. and further analyzed at the CES.

**Points of Contrast Between CEOs and Consumers**

The most dramatic conflict evoked by the survey has to do with the relative perception among consumers and CEOs of the recent track record of business in the ethical realm. Most strikingly, 44 percent of the CEOs surveyed viewed business ethics as having improved in the last five years, whereas only 16 percent of the consumers polled agreed with this sentiment. In contrast, 56 percent of consumers saw corporate ethics as having deteriorated, versus only 28 percent of the executives willing to agree that this is the case.

These perceptions represent a startling difference of opinion that likely affects the current attitudes and actions of both groups concerning business ethics. In fact, consumer pessimism about the performance of business in the ethical realm extends beyond general perceptions. Of the 727 responding consumers who are currently employed, only 27 percent were willing to grant that their own organization, company, or place of employment was "highly ethical." In contrast, 64 percent of CEOs saw their firm as "highly ethical." And 96 percent of CEOs were willing to characterize their firm as either "ethical" or "highly ethical," compared to only 65 percent of working consumers. In short, consumers and CEOs sharply disagreed about the quality of the ethical business climate they experienced even in their own organizations.
What factors are seen as contributing to the perceived ethical or unethical behavior? Perhaps this inquiry provides some clues as to why CEOs and consumers see the ethical landscape of business so differently. All respondents were given a battery of 13 items (see Table 1) that are commonly thought to have some influence on the ethical behavior of an organization's employees. Consistent with what has been found in many other studies of business ethics, the factor that emerged from both respondent groups as among the most important was "the example set by the CEO or company president." However, even as these outcomes tended to support the old organizational adage that "a corporation is but a lengthened shadow of the person at the top," this (positive) view was, again, held far more strongly by CEOs than by general consumers. Ninety-two percent of CEOs felt that their role as head of the organization had a "strong influence" on the ethics of their employees, whereas only 57 percent of the general public was willing to designate the role of the CEO as "strong." Nevertheless, it should also be noted that 89 percent of the general public was willing to grant that the role of the CEO was a "strong or moderate" influence in determining the ethical behavior of a company's employees.

An interesting pattern emerged in the poll data concerning the points of similarity and contrast between consumers and chief executives. The example set by the company CEO, the behavior of one’s immediate supervisor, and an individual's moral code all emerged among the top four factors in influencing moral behavior for both respondent sets. In other words, both groups think these factors are important shapers of ethical behavior. However, in each case CEOs were more willing to grant a characterization of "strong influence" to these items than were consumers. For instance, 84 percent of CEOs saw the behavior of the employee's immediate supervisor as a strong influence, compared to only 59 percent of consumers; 92 percent of CEOs saw their own example as a strong influence, versus only 57 percent of consumers; and 82 percent of CEOs saw an individual's moral code as a strong influence, versus only 59 percent of consumers.

One possible inference to be drawn from these findings is that CEOs see existing administrative mechanisms within organizations, such as their own role modeling and immediate supervision, as
determining ethical behavior to a far greater degree than most consumers do. It should also be noted that the majority of both groups ranked "the fear of getting caught" as a strong influence. In addition, factors such as customer opinions, the law, and an organization's economic situation were perceived by the majority of both CEOs and consumers as being of "moderate influence." (Again, see Table 1 for a complete ranking of attributions perceived as "strong" by the two respondent groups.)

The gulf between the perceptions of CEOs and consumers was marked in another important area. When people were asked what they usually did when they discovered unethical behavior in their own organization, 63 percent of the CEOs felt that most often employees reported it to authorities in the company. In contrast, only 36 percent of consumers believed this was the case. A substantially higher percentage of consumers (46 percent) felt that the typical response of employees was to "mind their own business." Only 29 percent of CEOs agreed with this. In short, one might infer that the majority of CEOs perceive a corporate environment in which most unethical behavior quickly becomes known. Meanwhile, consumers see a corporate playing field in which much unethical behavior is ignored by organizational employees and what ultimately is found out is only "the tip of the iceberg." Table 2 provides a further summary of actions taken when unethical behavior is discovered.

The cross-perceptions between CEOs and consumers extend to the realm of what should be done to manage ethics in the organization. Disturbingly, there is substantial disagreement over what all U.S. companies should have in place for dealing with ethical problems. Although the two groups tended to agree about the importance of codes of ethics and employee training (topics to be discussed later), there was notable disagreement over two other organizational mechanisms that are sometimes recommended for controlling the ethical climate of the organization. Seventy-seven percent of the consumers felt that organizations should definitely have in place "rewards for employees who act ethically." But only 39 percent of CEOs said "definitely yes" to this proposition. In addition, 69 percent of consumers, compared to only 35 percent of CEOs, felt that firms definitely should have a "company committee to decide ethical disputes and punish ethical violators."
Reflecting on these findings, one can conclude that CEOs feel there are already several organizational mechanisms in place, such as codes, that strongly influence morally responsible behavior in employees. In contrast, consumers are asking for additional specific mechanisms, such as "positive reinforcement" in the form of rewards for ethical employees and "negative reinforcement" in the shape of company committees that would mete out punishments for ethical violators.

If there is any doubt that consumer disdain for the ethics of American organizations has relative as well as absolute manifestations, it is instructive to examine the question that asked all the respondent groups to compare the corporate ethics of American companies with those of foreign competitors. When asked to compare U.S. businesses to Japanese businesses, 51 percent of CEOs felt that U.S. firms had better ethics than Japanese companies, whereas only 27 percent of consumers were willing to agree that such was the case. American executives are no doubt dismayed to learn that their "arch competitors," the Japanese, are perceived as the more ethical operators. However, it should also be noted that the majority of consumers and CEOs felt that the ethics of American companies were "better than" those of other businesses operating in Third World countries and "similar to" those of other (foreign) businesses operating in industrialized countries (see Table 3).

In summary, what emerges from these points of contrast is that CEOs see a much healthier picture than do consumers when it comes to the ethical performance of American businesses. In other words, the U.S. public is far more pessimistic than CEOs. The result is a "gap in ethical perceptions" about American organizations that no doubt contributes to the complacency of many CEOs as well as the negativism embraced by many consumers when judging the overall societal performance of U.S. business organizations.

Points of Agreement Between CEOs and Consumers

Consumers and CEOs do agree on some ethical questions. First, there is the important role played by the media in shaping society's
ethical perceptions of business. When respondents were asked what experiences led people to think a company was ethical or unethical, media coverage was mentioned most among both consumers and CEOs. In response to an open-ended, unprompted question, 38 percent of the corporate CEOs and 22 percent of the consumers considered media coverage important in shaping their opinions about the ethicality of U.S. organizations. This factor was evoked more often than other likely factors, such as public relations efforts, the general quality of a company's products and services, or an organization's community and charity work. In the case of the CEO respondents, the media emerged as the dominant factor by a considerable margin.

Thus, it seems clear that the media play the critical role of gatekeeper in shaping and overseeing the corporate/consumer communications relationship. The other most frequently mentioned factors in molding public perceptions about business ethics are noted in Table 4.

Both sets of respondents were also asked about the ethicality of a series of issues facing American businesses on a daily basis. Both groups most often characterized these same seven issues as "always wrong":

- misleading advertising or labeling;
- causing environmental harm;
- poor product or service safety;
- padding expense accounts;
- insider trading;
- dumping banned or flawed products in foreign markets; and
- lack of equal opportunities for women and minorities.

In all cases, more than 70 percent of consumers and CEOs felt that businesses engaging in such practices were always ethically wrong (see Table 5 for a full list of the issues). The upshot of these findings is that when it comes to specific business practices, there is apparently a more extensive common value system between consumers and CEOs than some skeptics might grant.

When asked what mechanisms American firms should have in place to maintain and improve their ethical postures, the vast majority--more than 79 percent--of both CEOs and consumers answered "definitely yes" to having "a written code of ethics" specific to their businesses and to "employee training programs [that] enhance
the ethical behavior of corporate employees." Recent studies, in fact, such as the one by the Center for Business Ethics (1986), establish that the majority of corporations already have codes of ethics in place. And ethics training programs, though not as prevalent as codes, are increasingly common.

Taken together, the findings discussed above involving the importance of the media, the clarity of the unethical nature of certain specific business dealings, and the importance of having codes of ethics and ethics training programs for employees suggest a baseline agreement over fundamental ethical expectations among both consumers and CEOs.

**Causes of Faulty Cross-Perceptions Among Consumers and CEOs**

Despite the areas of agreement discussed above, it is clear that the overall inferences the two groups draw about current business behavior are dramatically different. Why should the reported ethical perceptions of these two groups, which were asked identical questions, be so different? In other words, why is there such a gap in the perceptions of consumers and CEOs concerning the recent ethical track record of business? If consumers and business leaders more or less agree on what constitutes unethical practice, why do they view the direction of ethical performance by business so differently? We offer four possible explanations.

**Media exaggeration.** It may be that consumers rely too heavily on the media for their formation of perceptions concerning the ethical performance of business. The media, somewhat understandably, tend to report those emergent business news events that are of a more sensational nature and downplay the mundane. "The Jones Company performed well and had many satisfied customers" seldom makes front page news. Featuring the extraordinary or the negative underemphasizes the typical actions of U.S. businesses, which are usually ethical and above board. The end result is comparatively heavy media exposure to stories about unethical business practices. Members of the public, then, possibly
develop false perceptions about the actual record of business in discharging its ethical obligations.

**Unrealistic consumer expectations of business.** This explanatory scenario would suggest that the typical American consumer does not understand the operational pressures facing U.S. managers. Just as politicians and sports heroes are sometimes held up to unrealistically high ideals, so too the American public has raised its ethical expectations of business performance so high as to be unrealistic. The reality may be that as business is conducted by a subsample of the total U.S. population, some of that subset of managers will occasionally act in an unethical manner; thus, given the large volume of decisions managers must make, some ethical transgressions ought to be expected. Failing to grasp this reality, consumers instead judge the current "less than perfect" performance of business too harshly with regard to meeting its ethical obligations. Managers, like any group of people, will occasionally have ethical lapses because they are human, prone to temptation, and likely to make mistakes—even in the arena of moral judgment.

Following this scenario further, one might postulate that consumers do not fully comprehend the harsh economic reality of the market-place and the role of profits in motivating behavior. They fail to see the intensely competitive environment forcing tough economic decisions and occasionally "questionable" actions. Thus, consumers are unrealistic in their desires for an economic system that is "pure as the driven snow." After all, greed and the promise of extraordinary returns on investment are built-in lubricators of our current economic system. Economic efficiency and effectiveness require trade-offs that sometimes disadvantage some consumer groups. Fortunately, over time the U.S. economic system has been self-tuning to the extent that its most egregious violators are purged from within. Eventually, the worst transgressions are eliminated by the legal and regulatory system as well as the invisible hand of competition. However, some unethical practices are always the residual of an imperfect system. If consumers better understood the economic reality of the marketplace, they would realize that their characterization of the past ethical performance of business as "deteriorating" is unfair under the circumstances. In other words, the current level of ethical performance by business is about what a complex capitalistic system will normally produce. So
consumers' standards are too high when judging the ethicality of American business.

**The survey effect.** This explanation would suggest that the CEO respondents have intentionally inflated the positive ethical track record of business because they knew they were participating in a national opinion poll. Put another way, the executives realized that business has far to go in toeing the expected ethical line but nevertheless gave business a "good report card" to mitigate further public criticism of its social performance. This explanation would suggest in part that CEOs are playing a public relations game in characterizing the ethical performance of U.S. businesses as "improving" over the past five years when, in their hearts, they know that consumer views are closer to the truth than are theirs.

**Wish fulfillment.** CEOs identify more strongly with and feel more responsibility for the workings of their organizations than consumers or employees do. Thus, it is more psychologically disruptive for CEOs (or other high-ranking business executives) to perceive the ethical shortcomings of U.S. business. So CEOs are psychologically pressured to paint a distortedly positive picture of organizational ethics. This personal bias compels them to exaggerate the ethical accomplishments of American corporations.

### What Happens if the Consumer/CEO Expectation Gap Is Not Reduced?

If the public's perception of corporate ethical performance does not improve, the usual nexus of effects that are a byproduct of business and society tension will kick in. First will come the increased likelihood of governmental scrutiny and regulation. The early 1990s have already brought manifestations of this in the form of tightened regulations for the banking and security industries, the promulgation of standards for environmental advertising claims, the greater frequency of consumer boycotts, and the more stringent labeling requirements for alcohol, food, and drug products.

Second, consumer skepticism about business truthfulness will continue to increase. Much discussion in recent years has centered
around the reduced credibility of U.S. advertising claims, with a resulting erosion of brand loyalty due in part to consumer cynicism about the superiority of various product claims. Such large manufacturers as Procter & Gamble and Anheuser-Busch have been forced to severely price discount many of their top brands because they can no longer effectively command the attention and loyalty of consumers who question the veracity of corporate claims. It does not take a great leap of logic to see how general consumer concerns over the ethicality of business practice would also lead to doubts about various product performance claims businesses make regarding their goods and services. Such a climate greatly adds to a firm's advertising, sales, and public relations costs.

Third, public distrust for business in general is exacerbated if American consumers continually question the ethics of U.S. corporations. Again, failure to reduce this misperception can lead to severe systemic consequences. Because ultimately business is granted license by society to perform its economic function, in the long run, when business accountability is not in balance with business power, the public can intervene to make structural changes that will affect the very strictures under which firms operate. Admittedly, such adjustments take a fair amount of time to unfold. But when they do, the changes in ground rules are often of major proportions. One need only look at the current restructuring--some would say reinventing--of the American health care system to find a clear example of society's having found the performance of a particular sector of the economy to be unsatisfactory, with the end result being that a major sea change is occurring.

What Business Should Do

The costs discussed above, which businesses incur if they ignore the public's negative perceptions of their performance, dictate that something should be done. At a minimum, three organizational strategies are recommended:

1. Communicate more effectively with consumers. Many members of the public, because of their general reliance on the media, simply are not told often enough about the good things businesses are doing. Corporations wishing to improve their relationship with the
public must let stakeholders know when they participate in undertakings that benefit the commonweal, or when they accept lower profits than what is dictated by the market because of ethical considerations. Many companies, in fact, have exemplary ethical records and a renowned history of satisfying customers and the general public. Various books have celebrated the best companies to work for, corporations that put the consumer first, and organizations known for their overall levels of excellence. Business organizations need to understand they are entitled to celebrate their ethical and societal successes, especially when their failures are so readily publicized by the media. But reducing the ethical expectations gap between business and the public is going to take more than a well-oiled public relations machine.

2. **Cultivate higher ethical expectations.** Businesses simply must resolve to be more ethical economic agents. Certainly many firms have engaged in a number of ethical violations that merit public outrage and thereby promote consumer skepticism. For example, in this particular opinion poll (again, see Table 5), far more consumers than CEOs perceive ethical questions inherent in such business practices as moving jobs overseas, closing plants, and using nonunion labor in a union shop. Businesses must become more empathetic to consumer concerns. Some years ago, many quality control procedures allowed for a 1 percent failure rate; by meeting this standard, businesses judged themselves successful. Today, partly because of the higher standards set by foreign competition, most American firms have a target of "zero defects"--which many attain.

A goal of "zero ethical transgressions" is also something organizations must increasingly strive for. This is already happening in certain economic sectors. Twenty years ago, the companies that took steps to make their products and operations more compatible with the environment often did so on a largely voluntary basis. Since then, public expectations have evolved to suggest that environmental concern is a strategy companies must internalize as part of their basic operating fabric. In short, higher public standards have emerged and businesses have adjusted accordingly. Sadly, however, the fundamental problem is not just the occasional transgression by the generally ethical corporation, but the intentional, malicious organizational wrongdoers--the corporate crooks--that perpetrate
unethical practices as a matter of course. Nevertheless, across multiple ethical issues, public outrage over certain dubious business practices suggests that the well-intentioned majority of firms must strive to control all ethically questionable tactics. Progress toward such goals needs to be systematically measured.

3. Measure public expectations and ethical business performance. Not many years ago, ongoing customer satisfaction surveys about a firm's products and services were used almost solely by the exceptional organization. Now such research is standard operating procedure, at least among medium and large firms. So, too, is it necessary for organizations to regularly assess the ethical image they hold in the eyes of the general populace. Especially critical here would be determining the opinions of key stakeholders of the organization, such as members of the general public who live in the host community and consumers who are target buyers for the firm's products and services. Public perceptions of a firm's "morality" should be tracked longitudinally, much as a firm gathers customer perceptions of its advertising campaigns. At the same time, organizations must regularly assess how they themselves are doing in the ethical realm. A technique called the "ethical audit" has been recommended by organizational consultants specializing in ethics. According to this approach, when conflicts emerge between profit and other stakeholder demands, a company must ask itself a systematic series of questions about the focus of its business practices. At the most global level, companies taking ethical stock of their general corporate culture should consider having their managers respond to the following:

- Do you consider your relationship with your organizational peers to be primarily one of competition or one of cooperation and mutual trust?
- Does your organization have "heroes"? Who are they, and what are their virtues? Any notable vices?
- Do you generally work under pressure? Do you ever feel pressured to do more or achieve more than you believe is reasonable or possible? Where does this pressure come from?
- Do you feel pressured by your organization to act contrary to your own moral judgement? If so, how seriously, and at what risk?
Although the ethical audit is a relatively imprecise tool when compared with the more traditional financial audits conducted by accountants, such analysis generally provides sufficient information for organizations to judge whether they are moving in the proper ethical direction by balancing various stakeholder interests.

Is business ethics improving or deteriorating? Chief executives, says our poll, view the picture optimistically; members of the general public are far more pessimistic about the direction of business ethics in society. This divergence is further supported by striking contrasts in perceptions of the importance and effectiveness of various strategies and mechanisms, such as employee reward and punishment systems, that companies could put into place to oversee ethical conduct.

Certainly this gap in perception raises questions about the reality of ethical business performance. Who is right? Are the CEOs or the general public closer to the "truth"? Academics and policy analysts should attempt to "establish reality" by longitudinally marking the ethical performance of business via various quantitative measures, such as the number of criminal charges brought against business managers, violations of federal regulations occurring over time, scandals reported in the business press, and so on. Similarly, further attempts should be made to compare the ethics of different professional groups. For example, are business professionals any more unethical than, say, a cross-sample of lawyers, politicians, or physicians?

Interesting as they are, such inquiries are not the critical issue. Rather, the cross-perceptions reported here represent the classic situation in which the perception is the reality. If the majority of consumers, in contrast to managers, believe that the ethics of business is "deteriorating," then the costs associated with such beliefs will inevitably be incurred: more regulations, more government intervention, renewed consumer challenges, and so forth. At a time when American business is desperately trying to reduce its cost structure to remain internationally competitive in the global economy, U.S. firms cannot afford the promotional costs inherent in skeptical consumers and the fickle buying habits such cynicism promotes. It would be ironic if the cost savings from various technological advances and more efficient management methods were simply exchanged for
the higher cost of placating an increasingly angry and distrusting American public.

**Table 1. Factors Considered To Be A "Strong Influence" On Ethical Behavior**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Consumer</th>
<th>Corporate CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>An individual's moral code</td>
<td>59%</td>
<td>82%</td>
</tr>
<tr>
<td>Behavior of an employee's immediate supervisor</td>
<td>59%</td>
<td>84%</td>
</tr>
<tr>
<td>Example set by CEO or company president</td>
<td>57%</td>
<td>92%</td>
</tr>
<tr>
<td>Fear of getting caught or losing one's job</td>
<td>57%</td>
<td>50%</td>
</tr>
<tr>
<td>Company's economic situation</td>
<td>46%</td>
<td>26%</td>
</tr>
<tr>
<td>Customer opinions</td>
<td>46%</td>
<td>41%</td>
</tr>
<tr>
<td>What others would think</td>
<td>46%</td>
<td>56%</td>
</tr>
<tr>
<td>Company code of ethics</td>
<td>45%</td>
<td>62%</td>
</tr>
<tr>
<td>Company values or culture</td>
<td>45%</td>
<td>88%</td>
</tr>
<tr>
<td>Level of ethical behavior of coworkers</td>
<td>40%</td>
<td>72%</td>
</tr>
<tr>
<td>Potential harm to firm, stockholders, employees, and customers</td>
<td>39%</td>
<td>44%</td>
</tr>
<tr>
<td>Criminal or civil law</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td>Personal religious beliefs</td>
<td>36%</td>
<td>41%</td>
</tr>
</tbody>
</table>

**Table 2. What People Usually Do When They Discover Unethical Behavior In Their Own Company**

<table>
<thead>
<tr>
<th>Action</th>
<th>Consumer</th>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mind their own business</td>
<td>46%</td>
<td>29%</td>
</tr>
<tr>
<td>Report it to authorities in the company</td>
<td>36%</td>
<td>63%</td>
</tr>
<tr>
<td>Gossip, complain, or talk to coworkers</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Talk to the transgressor directly</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Fire the transgressor</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Report it to authorities outside the company</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Try to right the ethical wrong</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Quit</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Cover it up</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Table 3. Comparison Of The Corporate Ethics Of American Companies With Foreign Competitors**

<table>
<thead>
<tr>
<th>Country Compared to U.S. Corporations</th>
<th>Better To Group Than</th>
<th>Similar To</th>
<th>Worse Than</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese businesses</td>
<td>CONSUMER 27%</td>
<td>33%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>German businesses</td>
<td>CEO 51%</td>
<td>28%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Other industrialized</td>
<td>CONSUMER 37%</td>
<td>44%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Business Horizons*, Vol 38, No. 1 (January/February 1995); pg. 39-47. DOI. This article is © Elsevier and permission has been granted for this version to appear in *e-Publications@Marquette*. Elsevier does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Elsevier.
Table 4. Experiences That Lead People To Think A Company Is Ethical Or Unethical (An Open-ended Question)

<table>
<thead>
<tr>
<th>Experience</th>
<th>Consumer</th>
<th>Corporate CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media coverage</td>
<td>22%</td>
<td>38%</td>
</tr>
<tr>
<td>Personal experiences with company employees</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>Company's reputation or past history</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>How the company treats its employees</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>Quality of products and services</td>
<td>13%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Table 5. Management Practices "Always" Considered Wrong

<table>
<thead>
<tr>
<th>Practice</th>
<th>Consumer</th>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misleading advertising or labeling</td>
<td>87%</td>
<td>91%</td>
</tr>
<tr>
<td>Causing environmental harm</td>
<td>86%</td>
<td>76%</td>
</tr>
<tr>
<td>Poor product or service safety</td>
<td>84%</td>
<td>85%</td>
</tr>
<tr>
<td>Padding expense accounts</td>
<td>79%</td>
<td>98%</td>
</tr>
<tr>
<td>Insider trading</td>
<td>78%</td>
<td>95%</td>
</tr>
<tr>
<td>Lack of equal opportunities for women and minorities</td>
<td>77%</td>
<td>85%</td>
</tr>
<tr>
<td>Dumping banned or flawed products in foreign markets</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>Overpricing</td>
<td>65%</td>
<td>46%</td>
</tr>
<tr>
<td>Hostile takeovers</td>
<td>52%</td>
<td>19%</td>
</tr>
<tr>
<td>Moving jobs overseas</td>
<td>45%</td>
<td>2%</td>
</tr>
<tr>
<td>Using nonunion labor in a union shop</td>
<td>35%</td>
<td>11%</td>
</tr>
<tr>
<td>Closing the plant</td>
<td>25%</td>
<td>1%</td>
</tr>
</tbody>
</table>

References


Center for Business Ethics, "Are Corporations Institutionalizing Ethics?"


