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The Effects of Perceived Consequences on Ethical Decisions

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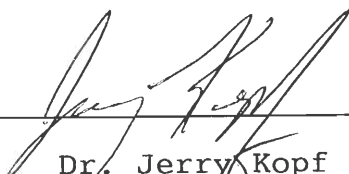


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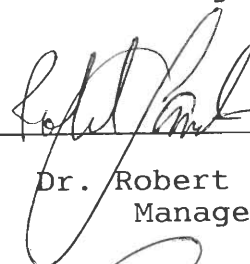
Eldean Gwen Cornish, having been admitted to the Carl and Winifred Lee Honors College in 1989, has satisfactorily completed the senior oral examination for the Lee Honors College on November 14, 1991.

The title of the paper is:

**"The Effects of Perceived Consequences
on Ethical Decisions"**



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Management



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**THE EFFECTS OF
PERCEIVED CONSEQUENCES
ON ETHICAL DECISIONS**

Honors Thesis

For

Lee Honors College
Western Michigan University

Submitted by:

E. Gwen Cornish

Honors Advisory Committee:

Dr. Jerry Kopf, Chair
Dr. Dan Farrell
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INTRODUCTION
and
LITERATURE REVIEW

Ethics has been a topic of discussion and study for more than 2,000 years. Plato was one of the earliest Normative philosophers working to "establish a set of moral standards based upon an incontrovertial first principle or essential value that would determine whether an act were 'right' or 'wrong,' 'just' or 'unjust,' proper' or improper'" (Hosmer, 1987) Increasing public awareness of ethics in business, or a lack thereof, has inspired an abundance of study, research and a variety of theories regarding ethics and has encouraged many firms and associations to establish corporate and professional codes of ethics.

Entering into a study and analysis of unethical behavior requires a fundamental understanding of the term 'ethics'. After reviewing relevant literature for a definition of business ethics, it appears that the term ethics is open to individual interpretation based on each person's personal values, and perspective.

Economist Milton Friedman referred to the social responsibility of business as a "fundamentally subversive doctrine" and stated that "the one and only social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to engage in open and free competition without deception or fraud" (Wheelan-Hungar, 1989). Socrates described ethics as a "positive search for the good life where one strives to act in accord with the truth" (Silverstein, 1989). According to von der Embse and Wragley (1989), ethics is defined as "consensually accepted standards of behavior for an occupation, trade or profession," while "morality denotes the precepts

of personal behavior based on religion or philosophical grounds." However, they admitted "the precepts may not be consistent with ethical practices." Several definitions of ethics were described by Tsalikis and Fritzche (1989) who concluded that the term ethics is used interchangeably with morals, but that it was more accurate to restrict the terms morals and morality to the conduct itself and use the terms ethics and ethical in reference to the study of moral conduct. Lewis may have been considerably understating the complexity when he published "Defining Business Ethics: Like Nailing Jello to a Wall" in 1988. His five-year longitudinal triple survey (1983, 1984, 1987) was based on fourteen principals of ethical conduct (Appendix Exhibit F), each suggested by a different researcher or code. Nine principals were determined to be unquestionably applicable; the remaining six principals either required further research or fell into hazy "gray areas," leaving decision makers with no clear guidelines on how to deal with ethical dilemmas appearing outside the defined systems of corporate ethics.

According to Tsalikis & Fritzche (1989), ethical theories are usually divided into three groups:

Consequential Theories (philosophically known as teleological) - those dealing exclusively with the consequences of an action;

Single-Line Non-Sequential (deontological) Theories - dealing with a single rule; and

Multiple-Rule (teleological-deontological hybrid) Theories - dealing with multiple rules.

Variations of these theories have also been identified by other researchers:

Utilitarian - evaluating behaviors in terms of their consequences.

Theories of Rights - emphasizing the entitlement or rights of individuals.

Theories of Justice - focusing on the distributional effects of actions.

Each of these also have labeled segments which are not being developed in this study, but are mentioned solely to illustrate the breadth of theory and opinion regarding business ethics.

Taylor (1975) has been widely quoted for his definition of ethics as "inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards, and rules of conduct." While there has been no universal acceptance of this or any other definition, it is the basic meaning underlying the intent and purpose of this paper.

In recent years, business has received considerable negative publicity due to the notorious convictions of individuals engaging in illegal activities. Ivan Boesky (insider trading), Junk Bond king, Michael Milken, Charles Keating (Lincoln Savings & Loan failure), and Stan Rifkin (electronic pilfering from Security Pacific National Bank), to name a few, all received prison terms for their misdeeds. In a 1987 Harvard Review article, Amitai Etzioni reported that in the prior ten years, two-thirds of America's 500 largest corporations had been involved in some type of illegal behavior. As a result there has been an increased emphasis on developing codes of ethics, research, government ethics committees and a public demand for changes in corporate behavior. This general trend has also resulted in an intensified demand for colleges to provide business students more training in ethics and learning how to resolve moral dilemmas. In a 1988 survey of twelve colleges, only one had made an ethics course a business school core requirement with the others offering general elective study for philosophy and sociology majors (Von der Embse & Wragley, 1989). A longitudinal survey among business executives and business school graduates (Arlow & Ulrich, 1988) found that while both groups endorsed business ethics courses as a way to improve business ethics, school and university training is ranked by each group as the least important

(of six factors) in influencing ethical behavior. However, proponents of ethics education in colleges have concluded that, because of the illegal activities of businesses, there is a need to improve business students' abilities to decide whether an action is ethical or unethical (Skedde, 1990, Sims & Sims, 1990).

Consequently, most advocates of ethics have focused on ethical decision models which assist an individual in deciding whether a behavior is right or wrong. The problem with these models is that they assume the reason people engage in illegal behavior is because they do not know whether the act is ethical or unethical. Perhaps, in some instances, individuals may be engaging in illegal behavior even though they know the behaviors are illegal and therefore are not facing ethical dilemmas. If so, increasing the emphasis on teaching ethical decision-making is not likely to reduce illegal behavior. In fact, researchers, such as Fishbein and Ajzen (1975), have proposed that an individual's decision to engage or not engage in a particular behavior is not a function of whether the behavior is "right" or "wrong" but is a function of the anticipated consequences of the behavior. Advocates of an Utilitarian approach to ethics would argue that an individual's perception of whether they should or should not engage in a behavior is ethical or unethical changes as the perceived consequences of the behavior change.

The subject of ethical decision-making in matters of business and social responsibility is highly controversial. Changes and reform often have occurred when society's values have changed. John D. Rockefeller, Henry Ford and other high-powered conglomerate business people of their time were both highly commended for their public and community service and also criticized for their poor treatment of employees, competitors and customers. At any point in time, behavior that is legal (often only by virtue of not being

formally illegal) has not necessarily been ethical. Socially unconscionable long and hard working hours for youngsters in the U.S. were not illegal until child labor laws went into effect. The reverse can also be true, where the ethical and morally right thing to do may not be technically legal. For example, allowing an alien to remain in the United States on an expired visa is against the law although some individuals may face certain prosecution and/or death if they return to their home countries.

It is sometimes very difficult to make a decision when, regardless of the decision, someone will be damaged physically, emotionally, professionally or personally. "The true ethical problem is the one that results in contrasting outcomes, with benefits and help for some and damages or harm for others. These are the ones most often faced in human resource management. These are the ones that are most difficult to decide" (Hosmer, 1987). Previous research has attempted to identify specific unethical behavior motivators. Results have been varied, inconclusive and contradictory. An extensive study by Steers and Braunstein (1976) measured professional attitudes using a "20-item Manifest Needs Questionnaire" (Bartol, 1979). Other research by Hegarty and Sims (1978) found four personality variables (locus of control, economic and political value orientation, and Machiavellianism) to be "significant covariates of unethical behavior."

In 1987 Baxter and Rarick suggested that a revision of Kohlberg's 1969 model of six developmental stages of moral judgment grouped into three broad levels would provide the necessary clues. Randall's 1989 review also identified 41 different potential external variables examined by an equal number of different ethics research teams from 1970 to 1988. Generally, what one or more of the teams found to be true of a reason for unethical behavior, another or more of the teams had results on the same reason indicating little or no connection.

The Theory of Reasoned Action model designed by Fishbein and Ajzen (1975) proposed a linkage of external variables and an individual's behavioral intention (Randall, 1989), the theory being that behavioral change is ultimately the result of changes in beliefs. Randall felt the predictive ability of the model was basically untested. She suggested further research to "enhance our ability to understand, explain, predict, and influence unethical conduct in organizations." The ethics studies which attempt to use outcomes to predict behavior suffer from the same problems experienced in other types of expectancy theory research:

- 1) It is difficult to know which outcomes are relevant to specific individuals making a specific decision. "Utilitarian considerations are sometimes the only ones accounted for in analyses of decision making by social scientists, especially by those concerned with so-called rational choices that maximize an individual's or organization's goals. But such considerations are not necessarily the only ones taken into account by the decision makers themselves. Consequential decisions include those that evoke some degree of concern or anxiety in decision makers about the possibility that they may not gain the objectives they are seeking or they may become saddled with costs that are higher than they can afford, either for themselves personally or for the group or organization with which they are affiliated." (Janis and Mann, 1977)
- 2) Correlation does not establish causality.
- 3) Since ratio level measures of utility do not exist, it is inappropriate to use between subjects designs (Mitchell, 1982).

One way to resolve these difficulties is through the use of an experimental design. By experimentally manipulating the consequences for the decision maker, one is able to test the hypothesis that different consequences will

provide different behaviors without the necessity of measuring utility.

The purpose of this study is to improve on previous tests of Azjen's hypothesis by using an experimental design.

RESEARCH METHODOLOGY

The purpose of this study was to test the hypothesis that an individual's perception of whether a behavior is ethical or unethical is a function of the perceived consequences of the behavior. It was predicted that if the perceived consequences are positive, people will be more likely to perceive the behavior as ethical and will be more likely to recommend engaging in the behavior.

Research Design

The hypothesis was tested through the use of a 2x2 factorial design where the factors are consequences for the company and consequences for the individual (see Appendix Exhibit E). The experimental variables were manipulated through the use of written scenarios (see Appendix Exhibit A). These four scenarios described a dilemma frequently encountered by personnel managers - the best method to select reliable and effective employees.

Each scenario describes a company whose research has determined that individuals who are credit risks are considered to be employment risks as well. Based on this research, Smith, the human resource manager, is trying to increase the longevity and productivity of the company's workforce by implementing a credit check on all employment applicants. Applicants with poor credit ratings will not be hired, but the letter advising applicants they were not hired does not advise them rejection was on the basis of a bad credit report. In the first scenario respondents are told the company will realize greater productivity, hence higher profits and Smith will be promoted. The second scenario suggests that unhappy applicants who were not hired may file lawsuits, but if the program works Smith will be promoted. The third scenario

applies the positive consequences for the company, but potential demotion or termination for Smith if Smith's proposal causes other problems for the company. The negative consequences for both the company and Smith are contained in the fourth scenario. Respondents were asked their opinions on the procedure itself and on the company's failure to notify applicants that a poor credit rating was the basis for not being hired and from whom the report was obtained.

In actuality, while the procedure of a credit investigation on prospective employees is not illegal per se, a company's failure to inform the individual (via the letter of rejection) that the investigation results were the basis for not hiring and not identifying the reporting agency or private investigator is illegal. It was felt that most of the subjects in the sample should be aware of the legal implications (or the complications) of using credit investigation as a selection tool in that the Fair Credit Reporting Act has been extended to include employment practices and this particular topic has recently received considerable media attention.

Sample

The subjects in this study were 200 members of the Kalamazoo Area Society of Human Resource Managers (KHARMA). Permission for the study was obtained from Society officers. Subjects were randomly assigned to each of the four experimental conditions. Each subject was asked to respond to a mail questionnaire and each subject received one of the four versions of the questionnaire. The questionnaires were mailed to members on a mailing list provided by the society. The mailing included a cover letter assuring anonymity and confidentiality and a self-addressed envelope. Subjects not responding to the initial mailing were sent a reminder two weeks after the initial letter.

The group was selected because Human Resources Management is an area where the law regarding selection and procedures is very specific and where there has been little research regarding ethical decisions. (Most study has been in the field of marketing. Marketing is most closely related to ethical abuse because marketing is the business function most subject to considerable societal analysis and scrutiny, although the abuse occurs in all areas and fields of business).

Of the 200 potential responses, 100 individuals returned the surveys, representing a 50% return rate. Six responses were eliminated: two chose not to complete any part of the questionnaire, three failed to reply to an adequate number of responses to be measurable, and one gave more than one answer to questions and could not be satisfactorily scored, leaving 94 responses usable for analysis. The following is a breakdown of usable questionnaires:

| <u>Consequences</u> | <u>Number Returned</u> |
|---------------------------------------|------------------------|
| positive individual, positive company | 21 |
| negative individual, positive company | 27 |
| positive individual, negative company | 23 |
| negative individual, negative company | 23 |

The number of responses in each group provided an adequate sample for analysis of variance. Data (of subjects completing the demographics questions) indicated 52% of the subjects are female, 42% male, 60% are in an age range of 35-45, 45% are with companies of more than 500 employees (29% with companies of 100 employees or less), 65% are married, and 85% have an educational background ranging from some college to upper level graduate degrees. The majority are in service companies (34%) or manufacturing/industrial companies (35%). Coding the responses consisted of giving each positive

response (listed first for each question) a value of one (1) and each negative response (listed last for each question) a value of zero (0). The three scaled responses retained their respective values from -2 to 2. The full numerary results of measures and demographics are contained in Appendix Exhibit G.

Measures

Experimental Manipulation Check. The manipulation was checked by asking respondents how they perceive the consequences of the behavior for the company and for the individual. (See questions #5 and #6 on Exhibits B and C)

Dependent Measures. Dependent variables asked subjects their perception of whether the proposed program or the letter is ethical or unethical, legal or illegal, fair or unfair. (See questions #2, #3 and #4 on Exhibits B and C). Respondents were also asked whether they would engage in the practice, and whether or not they thought Smith should engage in the practice.

RESULTS OF STUDY

Test of Main Effects

Individual consequences. It was hypothesized that if the consequences for Smith were positive, respondents would be more likely to view the credit check as ethical, and would be more likely to believe that Smith should use the procedure. Analysis of variance indicated that the manipulation of the consequences for Smith did have a statistically significant effect on respondent's perception of whether or not Smith's use of a credit check was ethical (see Table 1A). However, an examination of cell means reveals that the effect was in the opposite direction hypothesized. When respondents were told Smith had experienced negative consequences they were more likely to think that the credit check was ethical ($\bar{x}=.36$) than when the consequences for Smith were positive ($\bar{x}=.18$). The manipulation of the consequences for Smith had no statistically significant effect on whether respondents thought the letter was ethical (see Table 1B). The manipulation of the consequences for Smith also had no effect on respondents beliefs as to whether or not Smith should use credit checks or on whether he should use the letter (see Table 2A & 2B).

Company consequences. It was also hypothesized that if the consequences for the company were positive, respondents would be more likely to view the credit check as ethical, and would be more likely to believe that Smith should use the procedure. The manipulation of the consequences for the company did not have a statistically significant effect on whether or not the respondents viewed the credit check as ethical (see Table 1A) or on whether the letter was ethical(see Table 1B). It also had no effect on whether or not respondent's thought Smith should use the credit check (see Table 2A) or on whether he should use the letter (see Table 2B).

Table 1A

*** ANALYSIS OF VARIANCE ***

| ETHICAL BY COMPANY (CO) INDIVIDUAL (IND) | | | | | |
|--|----------------|----|-------------|-------|-------------|
| Source of Variation | Sum of Squares | DF | Mean Square | F | Signif of F |
| Main Effects | .816 | 2 | .408 | 2.127 | .125 |
| CO | .135 | 1 | .135 | .705 | .403 |
| IND | .616 | 1 | .616 | 3.212 | .077 |
| 2-way Interactions | .171 | 1 | .171 | .894 | .347 |
| CO IND | .171 | 1 | .171 | .894 | .347 |
| Explained | .987 | 3 | .329 | 1.716 | .170 |
| Residual | 16.683 | 87 | .192 | | |
| Total | 17.670 | 90 | .196 | | |

94 Cases were processed.
3 CASES (3.2 PCT) were missing

Table 1B

*** ANALYSIS OF VARIANCE ***

| LETTER ETHICAL (LETHICAL) BY COMPANY (CO) INDIVIDUAL (IND) | | | | | |
|--|----------------|----|-------------|-------|-------------|
| Source of Variation | Sum of Squares | DF | Mean Square | F | Signif of F |
| Main Effects | .551 | 2 | .276 | 1.114 | .333 |
| CO | .310 | 1 | .310 | 1.254 | .266 |
| IND | .211 | 1 | .211 | .855 | .358 |
| 2-way Interactions | .345 | 1 | .345 | 1.394 | .241 |
| CO IND | .345 | 1 | .345 | 1.394 | .241 |
| Explained | .896 | 3 | .299 | 1.207 | .312 |
| Residual | 21.522 | 87 | .247 | | |
| Total | 22.418 | 90 | .249 | | |

94 Cases were processed.
3 CASES (3.2 PCT) were missing

Table 2A
 * * * ANALYSIS OF VARIANCE * * *

| SMITHDO BY COMPANY (CO) INDIVIDUAL (IND) | | | | | |
|--|----------------|----|-------------|-------|-------------|
| Source of Variation | Sum of Squares | DF | Mean Square | F | Signif of F |
| Main Effects | .642 | 2 | .321 | 2.043 | .136 |
| CO | .350 | 1 | .350 | 2.226 | .139 |
| IND | .251 | 1 | .251 | 1.596 | .210 |
| 2-way Interactions | .007 | 1 | .007 | .047 | .828 |
| CO IND | .007 | 1 | .007 | .047 | .828 |
| Explained | .649 | 3 | .216 | 1.378 | .255 |
| Residual | 13.829 | 88 | .157 | | |
| Total | 14.478 | 91 | .159 | | |

94 Cases were processed.
 1 CASES (1.1 PCT) were missing

Table 2B

* * * ANALYSIS OF VARIANCE * * *

| LSMITHDO BY COMPANY (CO) INDIVIDUAL (IND) | | | | | |
|---|----------------|----|-------------|-------|-------------|
| Source of Variation | Sum of Squares | DF | Mean Square | F | Signif of F |
| Main Effects | .591 | 2 | .296 | 1.288 | .281 |
| CO | .567 | 1 | .567 | 2.471 | .119 |
| IND | .010 | 1 | .010 | .042 | .839 |
| 2-way Interactions | .265 | 1 | .265 | 1.154 | .286 |
| CO IND | .265 | 1 | .265 | 1.154 | .286 |
| Explained | .856 | 3 | .285 | 1.243 | .299 |
| Residual | 20.434 | 89 | .230 | | |
| Total | 21.290 | 92 | .231 | | |

94 Cases were processed.
 1 CASES (1.1 PCT) were missing

There are two possible reasons for the insignificant and contradictory results. One is that Fishbein & Ajzen (1975) are wrong: people do not make decisions about the ethics of a behavior based on the expected consequences. The other possibility is that the scenarios did not have a significant impact on respondents perceptions of the consequences--perhaps because they consider their own experiences and knowledge more reliable predictors of the consequences than the scenarios described in the survey. Analysis of variance

indicated that neither of the manipulations had a statistically significant effect on the perceived consequences for either the firm or Smith (see Table 3A, 3B, 4A, & 4B). Ultimately, because the manipulations were not successful, it is not possible to reach any conclusions about the validity of the theory.

Table 3A

Summaries of Company Consequences (COCONS)
By Levels of Company (CO)

| Value Label | Mean | Std Dev | Sum of Sq | Cases |
|---------------------|--------|---------|-----------|-------|
| .0 | -.9348 | 1.1431 | 58.8043 | 46 |
| 1.0 | -.7609 | 1.2144 | 66.3696 | 46 |
| Within Groups Total | -.8478 | 1.1793 | 125.1739 | 92 |

Criterion Variable COCONS
Factor, Company Manipulation

Analysis of Variance

| Source | Sum of Squares | D.F. | Mean Square | F | Sig. |
|----------------|----------------|---------------------|-------------|-------|-------|
| Between Groups | .6957 | 1.1431 | 58.8043 | .5002 | .4813 |
| Within Groups | 125.1739 | 1.2144 | 66.3696 | | |
| Within Groups | Eta = .0743 | Eta Squared = .0555 | | | |

Table 3B

Summaries of Company Consequences (COCONS)
By levels of Individual (IND)

| Value Label | Mean | Std Dev | Sum of Sq | Cases |
|---------------------|--------|---------|-----------|-------|
| .0 | -.8605 | 1.2833 | 69.1628 | 43 |
| 1.0 | -.8367 | 1.0868 | 56.6939 | 49 |
| Within Groups Total | -.8478 | 1.1825 | 125.8567 | 92 |

Criterion Variable Company Consequences (COCONS)
 Factor, Company Manipulation

Analysis of Variance

| Source | Sum of Squares | D.F. | Mean Square | F | Sig. |
|----------------|----------------|------|-------------|-------|-------|
| Between Groups | .0129 | 1 | .0129 | .0092 | .9237 |
| Within Groups | 125.8567 | 90 | 1.3984 | | |

Eta = .0101 Eta Squared = .0001

Table 4A

Summaries of Individual Consequences (INDCONS)
 By levels of Company (CO)

| Value Label | Mean | Std Dev | Sum of Sq | Cases |
|---------------------|--------|---------|-----------|-------|
| .0 | -.6889 | 1.1042 | 53.6444 | 45 |
| 1.0 | -.8696 | 1.1276 | 57.2174 | 46 |
| Within Groups Total | -.7802 | 1.1161 | 110.8618 | 91 |

Criterion Variable Individual Consequences (INDCONS)
 Factor, Company Manipulation

Analysis of Variance

| Source | Sum of Squares | D.F. | Mean Square | F | Sig. |
|----------------|----------------|------|-------------|-------|-------|
| Between Groups | .7426 | 1 | .7426 | .5961 | .4421 |
| Within Groups | 110.8618 | 89 | 1.2456 | | |

Eta = .0816 Eta Squared = .0067

Table 4B

Summaries of Individual Consequences (INDCONS)
By levels of Individual (IND)

| Value Label | Mean | Std Dev | Sum of Sq | Cases |
|---------------------|--------|---------|-----------|-------|
| .0 | -.6591 | 1.2378 | 65.8864 | 44 |
| 1.0 | -.8936 | .9832 | 44.4681 | 47 |
| Within Groups Total | -.7802 | 1.1135 | 110.3544 | 91 |

Criterion Variable Individual Consequences (INDCONS)
Factor, Individual Manipulation

Analysis of Variance

| Source | Sum of Squares | D.F. | Mean Square | F | Sig. |
|----------------|----------------|------|-------------|--------|-------|
| Between Groups | 1.2499 | 1 | .7426 | 1.0081 | .3181 |
| Within Groups | 110.3544 | 89 | 1.2399 | | |

Eta = .0816 Eta Squared = .0067

An overwhelming 79% of the total group felt Smith should not use the procedure (a credit investigation of job applicants) and slightly more (81%) would not use the procedure themselves. Further, they thought the procedure was unfair (76%), unethical (71%) or illegal (61%). The most predominate response was in the PN group where 85% believed the procedure was illegal, but only 39% of the NP group was of the same belief. This suggests when the perceived consequences are negative for the company, apprehension on behalf of the company is greater than when there are potential negative consequences for the individual. This is supported by the results in both the PP and PN groups where, when consequences were favorable for the individual, the decision (87% and 93%, respectfully) not to use the procedure was firmer than in the NP (65%) or NN (76%) groups where perceived consequences are negative for the individual.

The letter produced a greater difference between groups on most of the questions, but respondents were less decisive overall leaving more of the questions unanswered or with a notation "don't know." While 43% of the total group felt the letter was unethical, only 16% thought (or knew) it was illegal (compared to the 61% who thought the procedure was illegal). Yet, 64% didn't think Smith should use the letter and 67% of the total group would not use the letter themselves. Again, in the PN group, 56% determined the letter was unethical and 78% would not use the letter, indicating a preference for protecting the company over Smith. The responses also indicated most respondents simply didn't like the style or wording of the letter.

CONCLUSION AND RECOMMENDATION

The quest for a precise determination of the variables which influence a person's behavior and decision making is complicated by the diversity in human nature. This study made little progress towards developing a workable theory on human behavior in an ethical dilemma.

Restricting the questionnaire to three pages for simplicity facilitated a quick and high volume response, but also presented only one component of employment criterion, creating confusion in subjects as to the appropriate response. The questionnaire was additionally flawed in clarity. It was intended to be obvious that while the credit investigation was not the only criterion (other qualifications, skills and abilities would be taken into consideration as well) for hiring an individual, for this company, a negative credit report was sufficient reason for not hiring. One subject pointed out credit problems could be caused by a catastrophic event in an individual's life. This would suggest another ethical consideration, of discussion with an otherwise qualified applicant before outright rejection. Some subjects did not recognize the relationship between Part A (procedure) and Part B (rejection letter) and several also felt the letter was not truthful (even though they had answered that the letter was ethical) by suggesting the applicant reapply upon improving skills. It is possible the original hypothesis would be supported and obtain different results if a more comprehensive survey were submitted to the same or similar population and across a broader region.

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EXHIBIT A

Ethics Survey

Positive Individual, Positive Company

A U.S. manufacturing company is considering implementing a credit check on all of its employment applicants. Research by the company's human resource director, Smith, has determined that employees who are negligent in meeting their financial obligations generally do not perform well on the job. Therefore, Smith has proposed the company use a credit check as a screening tool whereby an applicant with a poor credit record would not be hired. As a courtesy, the department sends a standard polite letter to applicants who were not hired, but does not give any specific reason(s) why the particular individual was not hired. (A copy of the letter is attached).

Smith believes if the company elects to use credit checks to select better quality employees, productivity and profits will improve significantly. The Vice President of Human Resources is ready to retire and Smith believes that if the new criterion leads to a higher quality workforce he is likely to be promoted.

How would you evaluate Smith's proposal?

Ethics Survey

Negative Individual, Positive Company

A U.S. manufacturing company is considering implementing a credit check on all of its employment applicants. Research by the company's human resource director, Smith, has determined that employees who are negligent in meeting their financial obligations generally do not perform well on the job. Therefore, Smith has proposed the company use a credit check as a screening tool whereby an applicant with a poor credit record would not be hired. As a courtesy, the department sends a standard polite letter to applicants who were not hired, but does not give any specific reason(s) why the particular individual was not hired. (A copy of the letter is attached).

Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Smith is concerned that if problems arise from the procedure, the company may fire or demote him.

How would you evaluate Smith's proposal?

Ethics Survey

Positive Individual, Negative Company

A U.S. manufacturing company is considering implementing a credit check on all of its employment applicants. Research by the company's human resource director, Smith, has determined that employees who are negligent in meeting their financial obligations generally do not perform well on the job. Therefore, Smith has proposed the company use a credit check as a screening tool whereby an applicant with a poor credit record would not be hired. As a courtesy, the department sends a standard polite letter to applicants who were not hired, but does not give any specific reason(s) why the particular individual was not hired. (A copy of the letter is attached).

Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Disgruntled applicants, not hired for jobs, may file lawsuits against the company, and Smith is not sure if his proposed procedure is legal or not. However, the Vice President of Human Resources is ready to retire and Smith believes that if the new criterion leads to a higher quality workforce, he is likely to be promoted.

How would you evaluate Smith's proposal?

Ethics Survey

Negative Individual, Negative Company

A U.S. manufacturing company is considering implementing a credit check on all of its employment applicants. Research by the company's human resource director, Smith, has determined that employees who are negligent in meeting their financial obligations generally do not perform well on the job. Therefore, Smith has proposed the company use a credit check as a screening tool whereby an applicant with a poor credit record would not be hired. As a courtesy, the department sends a standard polite letter to applicants who were not hired, but does not give any specific reason(s) why the particular individual was not hired. (A copy of the letter is attached).

Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Disgruntled applicants, not hired for jobs, may file lawsuits against the company, and Smith is not sure if his proposed procedure is legal or not. Smith is concerned that if problems arise from the procedure, the company may fire or demote him.

How would you evaluate Smith's proposal?

EXHIBIT B

Part A was originally on the same page as the scenario. A change of printers necessitated presenting the survey in this format and eliminates Part A repetition.

PART A

Please circle your answer to the following questions which ask your opinion on using a credit check on job applicants as a criterion for employee selection.

1. Should Smith implement this procedure?

- a. Yes
- b. No

2. Is the procedure:

- a. ethical
- b. unethical

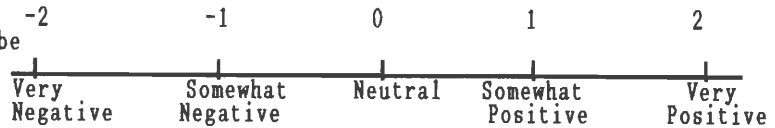
3. Is the procedure:

- a. legal
- b. illegal

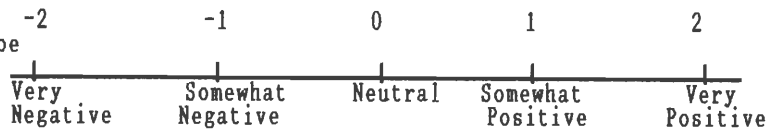
4. Is the procedure:

- a. fair
- b. unfair

5. In general, what do you believe the consequences of this procedure will be for the company?



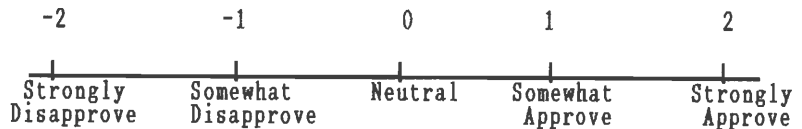
6. In general, what do you believe the consequences of this procedure will be for Smith?



7. In the given situation, what would you do?

- a. Implement the procedure
- b. Not implement the procedure

8. In your opinion, do you think most people in Smith's position would approve of implementing this procedure?



Please circle your answer to the following questions by referring to the letter below, which is the standard form of notifying applicants they have not been hired for a job by the company.

1. Should Smith continue using this letter?

- a. Yes
- b. No

2. Is the letter:

- a. ethical
- b. unethical

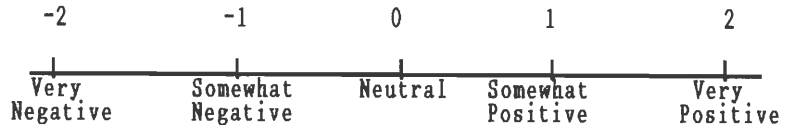
3. Is the letter:

- a. legal
- b. illegal

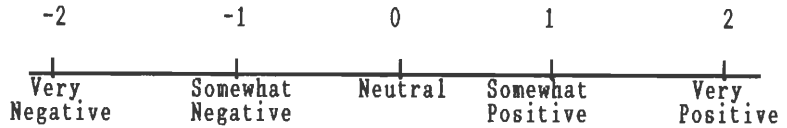
4. Is the letter:

- a. fair
- b. unfair

5. In general, what do you believe the consequences of using this letter will be for the company?



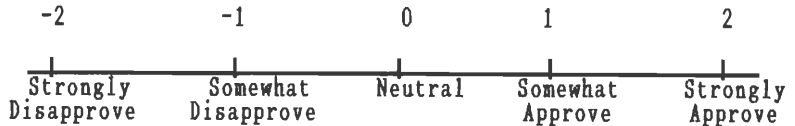
6. In general, what do you believe the consequences of using this letter will be for Smith?



7. In the given situation, what would you do?

- a. Continue using the letter
- b. Not use the letter

8. In your opinion, do you think most people in Smith's position would approve of using this letter?



XYZ UNIVERSAL MANUFACTURING COMPANY, INC.

Dear Applicant:

Recently you applied for a position at our company. We had many well-qualified applicants for only a few openings and we are unable to place everyone at this time.

We appreciate your interest in working for **XYZ UNIVERSAL**. If you should improve or increase your skills or abilities which would assist you in qualifying for a different position with our company in the future, please feel free to reapply.

In the meantime, we wish you much success.

Sincerely,

XYZ UNIVERSAL MANUFACTURING COMPANY, INC.

D. B. Smith, Director
Human Resource Department

EXHIBIT D

Demographics:

These questions are optional and are used solely to analyze the sample population. If you do not feel comfortable with any or all of the questions, simply do not answer them.

Please circle your response

1. Age:

18-25 25-30 30-35 35-40 40-50 50-60 over 60

2. Gender: Male Female

3. Number of Employees in Company:

Under 50 50-100 100-250 250-500 Over 500

4. Married Single

5. Income Level:

Under \$20,000 \$20-30,000 \$30-40,000 \$40-50,000 over \$50,000

6. Educational Level:

High School Some College College Degree
(BA, BS, etc.) Some Graduate School Graduate Degree
(Masters, Ph.D., M.D., etc.)

7. Your Job Title:

8. Type of Business (circle all that apply):

Service Manufacturing Retail Sales Industrial Other

9. Religious Affiliation:

_____ None

10. How Frequently Do You Engage in Organized Religion Activities?

More than once per week Weekly Monthly Yearly

EXHIBIT E

EXPERIMENTAL DESIGN

SMITH

| | | POSITIVE | NEGATIVE |
|---------|----------|--|--|
| COMPANY | POSITIVE | <p>Smith believes if the company elects to use credit checks to select better quality employees, productivity and the profits will improve significantly. The Vice President of Human Resources is ready to retire and Smith believes that if the new criterion leads to a higher quality workforce he is likely to be promoted.</p> | <p>Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Smith is concerned that if problems arise from the procedure, the company may fire or demote him.</p> |
| | NEGATIVE | <p>Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Disgruntled applicants, not hired for jobs, may file lawsuits against the company, and Smith is not sure if his proposed procedure is legal or not. However, the Vice President of Human Resources is ready to retire and Smith believes that if the new criterion leads to a higher quality workforce, he is likely to be promoted.</p> | <p>Smith believes if the company elects to enforce this procedure to select better quality employees, productivity and profits will improve significantly. However, Smith has some questions about whether the selection process is appropriate or not. Disgruntled applicants, not hired for jobs, may file lawsuits against the company and Smith is not sure if his proposed procedure is legal or not. Smith is concerned that if problems arise from the procedure, the company may fire or demote him.</p> |

EXHIBIT F
FOURTEEN PRINCIPALS OF ETHICAL CONDUCT
Phillip V. Lewis
(1989)

- *1. Act in a way he or she believes is right and just for any other person in a similar situation (Kant's Categorical Imperative).
2. Bluff and take advantage of all legal opportunities and widespread practices or customs (Carr's Conventionalist Ethic).
- *3. Ask how it would feel to see the thinking and details of the decision disclosed to a wide audience (the Disclosure Rule).
- *4. Look at the problem from the position of another party affected by the decision and try to determine what response the other person would expect as most virtuous (The Golden Rule).
5. Do whatever she or he finds to be in their own self-interests (The Hedonistic Ethic).
6. Go with his or her "gut feeling" or what she or he understands to be right in a given situation (Moore's Intuition Ethic).
7. Take selfish actions and be motivated by personal gains in business dealings (Smith's Market Ethic).
8. Ask whether some overall good justifies any moral transgression (Machiavelli's Means-End Ethic).
9. Seize what advantage he or she is strong enough to take without respect to ordinary social conventions and laws (Nietzsche/Marx's Might-Equals-Right Ethic).
- *10. Ask whether actions are consistent with organizational goals and do what is good for the organization (The Organization Ethic).
11. Do whatever she or he wills if there is a proportionate reason for doing so (Garrett's Principle of Proportionality).
12. Do only that which can be explained before a committee of his or her peers (The Professional Ethic).
13. Pray, meditate, or otherwise commune with a superior force or being (The Revelation Ethic).
14. Determine whether the harm in an action is outweighed by the good (Betham/Mill's Utilitarian Ethic).

* Most closely associated with this study.

**EXHIBIT G
ANALYSIS RESULTS**

MISSING VALUE ALL (999).
FREQUENCIES /VARIABLES ALL /MISSING=INCLUDE.

IND

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|------------------|----------------|
| | .0 | 44 | 46.8 | 46.8 | 46.8 |
| | 1.0 | 50 | 53.2 | 53.2 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

CO

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|------------------|----------------|
| | .0 | 48 | 51.1 | 51.1 | 51.1 |
| | 1.0 | 46 | 48.9 | 48.9 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

SMITHDO Part A - Question 1

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|------------------|----------------|
| No | .0 | 74 | 78.7 | 78.7 | 78.7 |
| Yes | 1.0 | 18 | 19.1 | 19.1 | 97.9 |
| No Answer | 999.0 | 2 | 2.1 | 2.1 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

ETHICAL Part A - Question 2

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Unethical | .0 | 68 | 72.3 | 72.3 | 72.3 |
| Ethical | 1.0 | 24 | 25.5 | 25.5 | 97.9 |
| No Answer | 999.0 | 2 | 2.1 | 2.1 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LEGAL Part A - Question 3

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Illegal | .0 | 57 | 60.6 | 60.6 | 60.6 |
| Legal | 1.0 | 31 | 33.0 | 33.0 | 93.6 |
| No Answer | 999.0 | 6 | 6.4 | 6.4 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

FAIR Part A - Question 4

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Unfair | .0 | 71 | 75.5 | 75.5 | 75.5 |
| Fair | 1.0 | 19 | 20.2 | 20.2 | 95.7 |
| No Answer | 999.0 | 4 | 4.3 | 4.3 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

COCONS Part A - Question 5

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------------|-------|-----------|---------|---------------|-------------|
| Very Negative | -2.0 | 35 | 37.2 | 37.2 | 37.2 |
| Somewhat Negative | -1.0 | 28 | 29.8 | 29.8 | 67.0 |
| Neutral | .0 | 8 | 8.5 | 8.5 | 75.5 |
| Somewhat Positive | 1.0 | 21 | 22.3 | 22.3 | 97.9 |
| Very Positive | 999.0 | 2 | 2.1 | 2.1 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

INDCONS Part A - Question 6

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------------|-------|-----------|---------|---------------|-------------|
| Very Negative | -2.0 | 30 | 31.9 | 31.9 | 31.9 |
| Somewhat Negative | -1.0 | 29 | 30.9 | 30.9 | 62.8 |
| Neutral | .0 | 14 | 14.9 | 14.9 | 77.7 |
| Somewhat Positive | 1.0 | 18 | 19.1 | 19.1 | 96.8 |
| Very Positive | 999.0 | 3 | 3.2 | 3.2 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

YOU DO Part A - Question 7

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| No | .0 | 76 | 80.9 | 80.9 | 80.9 |
| Yes | 1.0 | 17 | 18.1 | 18.1 | 98.9 |
| No Answer | 999.0 | 1 | 1.1 | 1.1 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

OTHERSDO Part A - Question 8

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|---------------------|-------|-----------|---------|---------------|-------------|
| Strongly Disapprove | -2.0 | 32 | 34.0 | 34.0 | 34.0 |
| Somewhat Disapprove | -1.0 | 30 | 31.9 | 31.9 | 66.0 |
| Neutral | .0 | 7 | 7.4 | 7.4 | 73.4 |
| Somewhat Approve | 1.0 | 22 | 23.4 | 23.4 | 96.8 |
| Strongly Approve | 2.0 | 2 | 2.1 | 2.1 | 98.9 |
| | 999.0 | 1 | 1.1 | 1.1 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LINDDO Part B - Question 1

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| No | .0 | 60 | 63.8 | 63.8 | 63.8 |
| Yes | 1.0 | 33 | 35.1 | 35.1 | 98.9 |
| No Answer | 999.0 | 1 | 1.1 | 1.1 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LETHICAL Part B - Question 2

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Unethical | .0 | 40 | 42.6 | 42.6 | 42.6 |
| Ethical | 1.0 | 51 | 54.3 | 54.3 | 96.8 |
| No Answer | 999.0 | 3 | 3.2 | 3.2 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LLEGAL Part B - Question 3

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Illegal | .0 | 15 | 16.0 | 16.0 | 16.0 |
| Legal | 1.0 | 70 | 74.5 | 74.5 | 90.4 |
| No Answer | 999.0 | 9 | 9.6 | 9.6 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LFAIR Part B - Question 4

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|---------------|-------------|
| Unfair | .0 | 48 | 51.1 | 51.1 | 51.1 |
| Fair | 1.0 | 41 | 43.6 | 43.6 | 94.7 |
| No Answer | 999.0 | 5 | 5.3 | 5.3 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LCOCONS Part B - Question 5

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------------|-------|-----------|---------|---------------|-------------|
| Very Negative | -2.0 | 10 | 10.6 | 10.6 | 10.6 |
| Somewhat Negative | -1.0 | 39 | 41.5 | 41.5 | 52.1 |
| Neutral | .0 | 27 | 28.7 | 28.7 | 80.9 |
| Somewhat Positive | 1.0 | 14 | 14.9 | 14.9 | 95.7 |
| Very Positive | 2.0 | 4 | 4.3 | 4.3 | 100.0 |
| TOTAL | | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

LINDCONS Part B - Question 6

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------------|-------|---------------|---------|---------------|-------------|
| Very Negative | -2.0 | 15 | 16.0 | 16.0 | 16.0 |
| Somewhat Negative | -1.0 | 28 | 29.8 | 29.8 | 45.7 |
| Neutral | .0 | 35 | 37.2 | 37.2 | 83.0 |
| Somewhat Positive | 1.0 | 13 | 13.8 | 13.8 | 96.8 |
| Very Positive | 2.0 | 3 | 3.2 | 3.2 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

LYOUDO Part B - Question 7

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|---------------|-------------|
| No | .0 | 63 | 67.1 | 67.1 | 67.1 |
| Yes | 1.0 | 30 | 31.9 | 31.9 | 98.9 |
| No Answer | 999.0 | 1 | 1.1 | 1.1 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

LODO Part B - Question 8

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|---------------------|-------|---------------|---------|---------------|-------------|
| Strongly Disapprove | -2.0 | 15 | 16.0 | 16.0 | 16.0 |
| Somewhat Disapprove | -1.0 | 32 | 34.0 | 34.0 | 50.0 |
| Neutral | .0 | 13 | 13.8 | 13.8 | 63.8 |
| Somewhat Approve | 1.0 | 26 | 27.7 | 27.7 | 91.5 |
| Strongly Approve | 2.0 | 7 | 7.4 | 7.4 | 98.9 |
| | 999.0 | 1 | 1.1 | 1.1 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

AGE

| Value Label | (Age) Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|----------------|-----------|---------|------------------|----------------|
| | 21.0 | 1 | 1.1 | 1.1 | 1.1 |
| | 27.0 | 12 | 12.8 | 12.8 | 13.8 |
| | 35.0 | 2 | 2.1 | 2.1 | 16.0 |
| | 38.0 | 30 | 31.9 | 31.9 | 47.9 |
| | 45.0 | 30 | 31.9 | 31.9 | 79.8 |
| | 55.0 | 13 | 14.9 | 14.9 | 94.7 |
| | 65.0 | 2 | 2.1 | 2.1 | 96.8 |
| | 999.0 | 4 | 3.2 | 3.2 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

SEX

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|------------------|----------------|
| Female | .0 | 50 | 53.2 | 53.2 | 53.2 |
| Male | 1.0 | 40 | 42.5 | 42.5 | 95.7 |
| | 999.0 | 4 | 4.3 | 4.3 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

NOEMP

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|-----------|---------|------------------|----------------|
| | 25.0 | 17 | 18.1 | 18.1 | 18.1 |
| | 75.0 | 12 | 12.8 | 12.8 | 30.9 |
| | 175.0 | 9 | 9.6 | 9.6 | 40.4 |
| | 375.0 | 9 | 9.6 | 9.6 | 50.0 |
| | 500.0 | 45 | 47.9 | 47.9 | 97.9 |
| | 999.0 | 2 | 2.1 | 2.1 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

MARRIED

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|---------------|-------------|
| Single | .0 | 24 | 25.5 | 25.5 | 25.5 |
| Married | 1.0 | 65 | 69.1 | 69.1 | 94.7 |
| No Answer | 999.0 | 5 | 5.3 | 5.3 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

INCOME (in thousands)

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-------------|-------|---------------|---------|---------------|-------------|
| | 15.0 | 2 | 2.1 | 2.1 | 2.1 |
| | 25.0 | 14 | 14.9 | 14.9 | 17.0 |
| | 35.0 | 27 | 28.7 | 28.7 | 45.7 |
| | 45.0 | 12 | 12.8 | 12.8 | 58.5 |
| | 55.0 | 30 | 31.9 | 31.9 | 90.4 |
| No Answer | 999.0 | 9 | 9.6 | 9.6 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

EDUC

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-----------------|-------|---------------|---------|---------------|-------------|
| High School | 2.0 | 10 | 10.6 | 10.6 | 10.6 |
| Some College | 3.0 | 33 | 35.1 | 35.1 | 45.7 |
| College Degree | 4.0 | 12 | 12.8 | 12.8 | 58.5 |
| Graduate Degree | 5.0 | 35 | 37.2 | 37.2 | 95.7 |
| No Answer | 999.0 | 4 | 4.3 | 4.3 | 100.0 |
| | TOTAL | 94 | 100.0 | 100.0 | |
| Valid Cases | 94 | Missing Cases | 0 | | |

TYPEBUS

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|--------------------------|-------|-----------|---------|---------------|-------------|
| Service | 1.0 | 32 | 34.0 | 34.0 | 34.0 |
| Manufacturing/Industrial | 2.0 | 33 | 35.1 | 35.1 | 69.1 |
| Retail/Sales | 3.0 | 5 | 5.3 | 5.3 | 74.5 |
| Other | 4.0 | 17 | 18.1 | 18.1 | 92.6 |
| No Answer | 999.0 | 7 | 7.4 | 7.4 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

RELIG

| Value Label | Value | Frequency | Percent | Valid Percent | Cum Percent |
|-----------------------|-------|-----------|---------|---------------|-------------|
| Rarely or None | .0 | 16 | 17.0 | 17.0 | 17.0 |
| More than Once a Week | 1.0 | 5 | 5.3 | 5.3 | 22.3 |
| Weekly | 2.0 | 23 | 24.5 | 24.5 | 46.8 |
| Monthly | 3.0 | 11 | 11.7 | 11.7 | 58.5 |
| Annually | 4.0 | 17 | 18.1 | 18.1 | 76.6 |
| No Answer | 999.0 | 22 | 23.4 | 23.4 | 100.0 |
| | | ----- | ----- | ----- | |
| | TOTAL | 94 | 100.0 | 100.0 | |

Valid Cases 94 Missing Cases 0

APPENDIX H

COMMENTS BY RESPONDENTS

-Survey Number-
Part/question/response comment

POSITIVE INDIVIDUAL, POSITIVE COMPANY

-2-

A5 -2 They could get caught (fines)
A6 -2 He will be blamed (jail)

-3-

A1 a w/modified policy see attached
A2 b not as proposed
A3 b as described
A4 a if one of many factors
letter See attached Right-to-Know requirements
 "implies" insufficient skills for job applied for

-5-

B Assuming the letter should be sent to all applicants & not just those
letter not hired because of credit. I would use slightly different wording.
 [2nd sentence of second paragraph] - don't like this paragraph about
 reapplying

-7-

Demog. According to my attorney all selection criteria for hiring must be
 job related. Just showing a correlation does not justify use, and in
 some cases may be discriminatory.

-13-

B3 na don't know - but probably
letter [2nd sentence of second paragraph circled] Not telling the truth to
 applicant

-15-

A8 na -> NO - (Answers don't correspond to question).
B8 na -> NO - (Answers don't relate to question).

-19-

A3 b - very!
B7 a - but change "if you should improve" - very negative sounding

-20-

A3 na ? I should (think) it would be discriminatory.
B3 na He's not being truthful. Skills had nothing to do with their not
 being hired.

-21- [top of first page]
professional, non-professional; finance, accounting for credit
related positions
A1 a -> if every applicant at this company
b -> not appropriate for every applicant/employee in every industry
A6 -2 for non-substantial positions
A6 2 for appropriate substantial positions
B1 b based on the fact that they were not hired due to their credit
record.
B5 2 seeing as how the candidate has not had fair information to him/her.
Demog.
9 & 10 I'm sorry. In an ethics-oriented survey, where do these questions
apply?

-23-
A3 b if not relevant to my type of work.
B2 a Letter is nice and good follow through for candidates who are not
qualified or selected however is not a good letter as it relates to
credit check.
[Part B responses: 1 a, 2 a, 3 a, 4 na, 5 -1, 6 -1, 7 b, 8 -1]

POSITIVE INDIVIDUAL, NEGATIVE COMPANY

-2-
A6 na doesn't matter
B4 a but confusing
B6 na depends on who wrote the letter originally
B7 b rewrite the letter
letter do you mean that the app. will be kept on file? Or is the 2nd
paragraph saying that the applicant needs more or different qualifi-
cations. This, of course, may not be true.

-5-
B2 b}
B3 b} if turning down due to a poor credit rating
B4 b}

-7-
B4 na N/A [Part B responses: 1 b, 2 b, 3a]

-16-
B2 b <- If it's going to the person w/poor credit (all my answers are
based on this fact)

-20- [top of first page]
Does not appear to base hiring on qualifications for the job & would
be discriminatory. Credit records could be due to catastrophic
illness or failure of a business - Not well thought as a proposed
procedure
letter Would choose wording to indicate we chose person most qualified for
the job.

-21-

B7 a I state a specific reason for not hiring applicant.

Demog.

9 & 10 ? NOT appropriate questions for survey

-23-

A5 -1 Risk of suit

A6 na Depends on whether company is sued.

-26-

A6 1 as long as there is not a lawsuit

-27-

A2 a if used as on of several criteria -

A4 na unsure, depends on what else has impacted the candidate in their life.

B2 b I might be a little more specific - sounds like a form letter to me.

NEGATIVE INDIVIDUAL, POSITIVE COMPANY

-9-

A3 a If valid occupational reasons

B3 a - poorly written

-11-

A1 a on certain conditions

A7 a -> only after defining what a 'poor' credit rating is. If the rating is a really bad (one) the applicants probably should not be hired; if the rating only has a few bad marks - other criteria should be used for candidate evaluation.

-13-

[bottom of first page]

The Fair Credit Reporting Act restricts employers' use of credit reports. Is this a survey to determine who knows the law or whether they agree with it??!

-14-

[bottom of first page]

Note: This is currently a "hot" topic. The screening procedure should not be used for all jobs, e.g. appropriate for financial mgrs, inappropriate for road construction labor

-15-

[2nd sentence of second paragraph of letter]

<-This sentence is patronizing and demeaning, and insulting to qualified, competent candidates who are not hired as well as to all applicants. It is in poor taste and projects a negative image of the company, but it is not unethical, just stupid.

-17-

Demog.

9 & 10 [answered] Why is this relative? Do only religious people have ethics.

-18-

A3 b w/o applicants knowledge or permission; and/or w/o disclosure of credit ck: reason for non-hire.
[2nd sentence of second paragraph of letter circled]
Can be interpreted as demeaning

-19-

[center of A1-A4]
See Fair Credit Reporting Act. Depends on procedure, use & decision as related to info rec'd.

B3 a See F.C.R.A.

NEGATIVE INDIVIDUAL, NEGATIVE COMPANY

-2-

A2 a To check credit rating is ethical & legal. To base entire hiring procedure on one criteria that has no relevancy to the specific job is not ethical or legal.

-5-

A3 b unless law consultant okays them

A4 a

A7 b investigate (....) ---> how can you prove a correlation between productivity & credit checks (HA!) too many other factors!

B7 b rewrite

-6-

A1 na It depends on Smith's level of risk taking. I would not because I have seen no evidence which supports Smith's research.

A3 na I don't know

A7 a - Assuming there is evidence that good credit = good performance.

B3 na I don't know

-7-

B2 a The letter is ok, The credit check is unethical

B4 a Again, it's not the letter, it's the practice

-11-

A4 na yes and no

A7 a We already use it as part of our background investigation

B2 b questionable} Is it fair or ethical for other consumers to pay for

B4 b questionable} this person's bad debts?



EXHIBIT I

RIGHT-TO-KNOW LETTER
EXAMPLE

Kalamazoo, Michigan 49005

NOTICE OF PRE-EMPLOYMENT INVESTIGATION

As an applicant for employment you are notified that [redacted] may prepare or cause the preparation of an investigative consumer report which may include information as to your character, general reputation, personal characteristics and mode of living which will be used for employment purposes. An investigation into your workers compensation or industrial accident background may also be conducted.

Upon your written request made to [redacted] at the address above, submitted within thirty (30) days of the date of this notice, a complete and accurate description of the investigation requested will be mailed or delivered to you within five (5) days after the request is received by the company, or investigation requested, whichever is the latter.

I have read this notice and acknowledge receipt of a letter as of the date of my signature. I also understand that should I be employed by [redacted], one of the bases for the termination of my employment will be a determination that in the course of procuring such employment I have submitted false information or caused such information to be submitted.

You are further advised that if you are denied employment, either wholly or partly, because of information contained in a consumer report as that term is defined in the Fair Credit Reporting Act, that a disclosure will be made to you of the name and address of the consumer reporting agency making such report.

I have carefully read the information on this form, realize I had the opportunity to ask questions about it, and understand what it means.

I authorize a photostat copy of this document and my signature to be accepted as if it were an original.

Signature of Applicant

Date Signed

Witness: _____

Equal Opportunity Employer