

## **Five managers facing five ethical climates at work**

### **Abstract:**

I bring to the classroom the experience of a role play game. The game's scenario, tasks students with enacting District Managers and Sales Representatives in their attempt to design a better incentive plan. The game is intended as an experiential activity that allows students to deepen their understanding of five ethical climates: instrumental, caring, independent, law and code, and rules. The game can be done in a 60-minute in-person or synchronous online class session and is suited for both, graduate and undergraduate students.

**Key words:** Ethical climate, experiential exercise, Organizational Culture

## **Introduction**

An integral part of any organization is its culture. Organizational culture is the social glue that clues members of the organization into what is valued and how employees should behave in the company. Over time, the ethical culture, or the shared concept of right and wrong behavior in the workplace (Robbins & Judge, 2019), develops as part of the organizational climate. Thus, the ethical climate reflects the true values of the organization; it allows employees to gauge what is right and wrong in their company without an expressed order or a written set of rules. Ultimately, such climate dictates the ethical decision-making of its members (Kaptein, 2008; Robbins & Judge, 2019).

Despite its heavy presence in the management textbooks, and its critical role in the corporate world, I have noticed students' lack of engagement when ethical climate concepts are discussed. Thus, I have felt the need to create an engaging way to convey some of the material related to ethical climates as well as its importance.

This 60-minute activity session aims at demonstrating how I engage students to deepen their understanding of five distinct ethical climates, using a role play approach. The proposed activity is applicable for both, in-person and synchronous online classrooms and could successfully be used in classes such as Organizational Behavior, HRM, Introduction to Management, or any class that teaches ethics and ethical climates.

## **Theoretical Foundation**

To help students understand the ethical climate concepts, I have designed a role play, inspired by an activity published in *Journal of Management Education*, called *Cultural constraints in the workplace: An experiential exercise utilizing Hofstede's dimensions* (Blanton & Barbuto, Jr., 2005). In their activity, Blanton and Barbuto, Jr. (2005) appoint four students as

*District Managers* and divide the remaining students in the class into four teams, the *Sales Representatives*. While district managers exit the room for preparation, they are presented with a scenario (lack of morale and drop in sales). Managers are instructed to find a resolution to the issues of low morale and sales volumes and propose an incentive plan. Each Sales Representative team is given the same scenario as well as written description of specific roles they need to enact when interacting with the District Managers. These roles reflect Hofstede's cultural dimensions. After all of the questions and concerns on their respective roles are addressed, managers are invited back into the classroom. They are then instructed to interact and rotate through each team in an attempt to resolve the issues from the scenario. The activity concludes with a discussion on Hofstede's cultural constraints. I have used the activity in the past (in topics and chapters related to culture and values) and find the role play engaging and enlightening, hence my adaptation of it to meet my pedagogical needs in relation to teaching ethical climates.

### **Learning Objectives**

Ideally, by participating in the game, students will be able to (1) identify five specific ethical climates; (2) explain their emotional reactions when placed in an environment that encourages different and/or similar rules of right and wrong; and (3) describe the challenges faced in different ethical climates.

I also have two goals in mind for the MOBTS session participants:

Goal A: To provide participants with ideas how to accomplish the above student learning objectives in the classroom.

Goal B: To receive feedback as to how the class experience and application could be improved along with addressing questions that participants might have in relation to the presentation.

### **Activity Overview**

I initially designed the game for a class of 40 students with the intent to engage the audience in hands-on learning and application of ethics-related material. Over the last couple of semesters, however, I have realized that 1) the activity can be successfully executed in class sizes ranging anywhere from 10 to 40 students and 2) in addition to ethics, the game successfully facilitates the learning of a variety of OB topics (e.g., leadership, teamwork, communication, decision-making). I have discovered that the ideal class size ranges between 15 and 40 students, divided into 5 teams of 2-7 sales representatives per team, accordingly. I have used this game to facilitate learning with both, homogenous and mixed culture groups at undergraduate- and traditional MBA levels. I have also used the role play in face-to-face modality as well as in synchronous online teaching set-up. For the latter, I created breakout rooms for each Sales Representatives team and allowed each of the five District Managers to enter and exit the said rooms.

Instructors may facilitate the role play simulation in one of two ways. The first method requires students to read the material on the five ethical climates ahead of time. This approach is advised when lecture time is a constraint. The second approach requires no student preparation. If this method is to be selected, the instructor should allow some time for a mini lecture as to the specifics of each ethical climate and ask students to identify which climate was represented by particular teams. I have used both approaches successfully and have found them both to be effective in allowing students to engage with the material. Below, I provide the description of the

second, and longer, approach executed in an in-person modality. Regardless of which approach is used, instructors need to print, ahead of time, the District Managers instructions and Sales Representative instructions (Appendix A). Ideally, each person in the class should have a copy of their respective instructions.

***Introducing the game (7 minutes)***

1. I open the team activity with “Let us do a Sales Representatives and District Managers role play to illustrate a very important concept related to Organizational Culture.”

2. I show the 1<sup>st</sup> slide of the power point (appendix B), where the logistics of the game are presented.

3. Next, I select five students to be the District Managers. I give the District Managers their script and ask them to leave the room for some time (until called; 5 minutes) and let them read their script and try and get into a role.

4. I divide the rest of the class into five Sales Representatives teams. I give each team their script and let them practice their team role for about five minutes. During this five-minute preparation time, I address specific questions, should any arise.

***Playing the game (15 minutes)***

1. I invite the District Managers and let each District Manager interact with a team for about three minutes and then rotate them to the next team. The process continues until all District Managers have interacted with all teams of Sales Representatives.

2. I keep track of time and announce each new rotation.

3. I occasionally visit each team to ensure that students role-play effectively.

***Debrief (30 minutes)***

After all of the District managers have visited all of the Sales Representatives, I engage the classroom in a discussion about the game (see Appendix C). I begin with defining ethical climate and briefly mentioning the five types of ethical climates as well as the implications of understanding the ethical climates in the workplace (slides one and two in Appendix C). I then transition to asking questions, related to the learning objectives. Specifically, I ask both District Managers and Sales Representatives to share their impressions of the teams, their emotions during the interactions, and some ways to move forward (dealing with different environments, modeling ethical cultures, etc.; see slides three and four in Appendix C). At this point, I present a more detailed treatment of the five ethical climates (slide five in Appendix C). If instructors assigned prior understanding of these ethical climates, a refresher is still recommended. I follow this mini lecturette with asking students to identify which Sales Representative team represented each specific climate (slide six in Appendix C). To add an additional motivation and excitement about the game playing on the part of the students, I offer extra credit for proper matching. I finalize the plenary debrief session with a discussion on the effects of ethical climates on ethical and dysfunctional behaviors in the workplace (slides seven and eight in Appendix C).

If time is of essence, instructors could assign a reflection paper to be turned in next class meeting addressing the questions described in the debrief section.

**MOBTS Session Description**

After a brief introduction, the bulk of this session will involve engaging participants in a demonstration and discussion of the activity. The session will close with a dialogue regarding participants' thoughts, reactions, and questions. Conference participants will be encouraged to share their own experiences as well. This dialogue is important for many reasons. Specifically,

participants will have the opportunity to leaf through the resources they can use in the classroom and assess the benefits and challenges of using the presented activity in their own classroom.

My presentation will be covered in a 60-minute session and will be in the following format:

<i>Introduction (purpose of session and set up)</i>	10 minutes
<i>Presentation and Session Activities:</i>	
Conference participants play the role play activity (Goal A)	15 minutes
Conference participants engage in plenary debrief (Goal A)	20 minutes
<i>Dialogue:</i>	
Conference participants share their impressions of the activity (Goal B)	5 minutes
Conference participants suggest improvements (Goal B)	5 minutes
Participants share their experiences with similar activities (Goal B)	5 minutes

### **Unique Contribution**

This presentation is unique and novel and has not been presented or considered for publication elsewhere.

### **References**

- Blanton, K., & Barbuto, J., Jr. (2005). Cultural constraints in the workplace: An experiential exercise utilizing Hofstede's dimensions. *Journal of Management Education*, 29, 654-666.
- Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The Corporate Ethical Virtues model. *Journal of Business Ethics*, 29, 923-947.
- Robbins, S., & Judge, T. (2019). *Organizational behavior*. New York, NY: Pearson.

## Appendix A: Required Materials

### 1. Timer

### 2. District Managers Script:

*You are a District Manager at PW Inc., an international manufacturer of premium widgets. You oversee sales representatives who receive a standard 25% commission for every sale, in addition to their base salary of \$15,000. Last year, the average salary ranged from \$18,000 to \$100,000. Unfortunately, overall sales and motivation are down from last year in PW Inc. Your task is to meet with five different teams of sales representatives and try to resolve these issues by designing a new incentive plan. While preparing for your meeting, you have consulted with the company's HR compensation policies, rules, and procedures that offer the following employment incentives programs:*

*1. Spot bonuses: small cash prize given to employees in direct response to an achievement. PW Inc. gives spot bonuses as a way to give special recognition to employees working on challenging projects or taking extra initiative beyond the scope of their position. Spot bonuses don't have set criteria other than being a response to exceptional work.*

*2. Project bonuses: if PW Inc. employees demonstrate by the end of the fiscal year an increase in sales by 10% since the preceding fiscal year, they will be entitled to a one-time cash reward, in the amount of \$2,000.*

*3. Merit-based raises: PW Inc. employees become eligible for merit-based pay raises of 3% based on performance reviews and meeting certain benchmarks (15% increase in sales quota annually). Merit-based raises reward employees with long-term salary growth.*



*You will spend a short period of time with each team before rotating to another. Each team represents a separate branch of the company. Take notes of your experiences so that you will be able to recall the progress and challenges that you face.*

### **3. Sales Representatives Scripts:**

#### **Team 1: Instrumental**

*You are a sales representative at PW Inc. You sell Premium Widgets and receive a standard 25% commission for every sale, in addition to your base salary of \$15,000. Last year, sales representatives averaged between \$18,000 and \$100,000 dollars in total compensation. Unfortunately, overall sales and employee motivation were down last year at PW Inc.*

*Your task is to create an incentive plan with your co-workers and a district manager to resolve these issues. However, each of you will be adopting specific behavior during the role play. Remember to stay “in character” throughout the entire activity.*

*Each member in your team is going to push for decisions in their own best interests to the exclusion of ethical concerns. Each member is to guard their own self-interest and not exclude a behavior that diminishes others and their contributions.*

#### **Team 2: Caring**

*You are a sales representative at PW Inc. You sell Premium Widgets and receive a standard 25% commission for every sale, in addition to your base salary of \$15,000. Last year, sales representatives averaged between \$18,000 and \$100,000 dollars in total compensation. Unfortunately, overall sales and employee motivation were down last year at PW Inc.*

*Your task is to create an incentive plan with your co-workers and a district manager to resolve these issues. However, each of you will be adopting specific behavior during the role play. Remember to stay “in character” throughout the entire activity.*

*Each member in your team is going to push for decisions that would benefit majority, if not all people on the team. As such, each member is to behave in a manner that encourages teamwork, looking out for others, and aiding the company and the organizational efficiency.*

### **Team 3: Independence**

*You are a sales representative at PW Inc. You sell Premium Widgets and receive a standard 25% commission for every sale, in addition to your base salary of \$15,000. Last year, sales representatives averaged between \$18,000 and \$100,000 dollars in total compensation. Unfortunately, overall sales and employee motivation were down last year at PW Inc.*

*Your task is to create an incentive plan with your co-workers and a district manager to resolve these issues. However, each of you will be adopting specific behavior during the role play. Remember to stay “in character” throughout the entire activity.*

*Each member in your team is encouraged to engage in decision-making and behaviors that reflect their own set of moral standards rather than relying solely upon those set forth by the organization or your team. Each team member is encouraged to follow their own personal ethical code, deciding what constitutes as right versus wrong, and decisions regarding ethical behavior should reflect one’s own beliefs regarding the most appropriate way to handle ethical dilemmas.*

**Team 4: Law and code**

*You are a sales representative at PW Inc. You sell Premium Widgets and receive a standard 25% commission for every sale, in addition to your base salary of \$15,000. Last year, sales representatives averaged between \$18,000 and \$100,000 dollars in total compensation. Unfortunately, overall sales and employee motivation were down last year at PW Inc.*

*Your task is to create an incentive plan with your co-workers and a district manager to resolve these issues. However, each of you will be adopting specific behavior during the role play. Remember to stay “in character” throughout the entire activity.*

*Each member in your team is encouraged to engage in decision-making and behavior that coincides with existing legal, religious, and professional standards. Strict adherence to professional and legal codes and standards is of the utmost importance, above and beyond those established by the organization itself, your team, or one’s own moral standards.*

**Team 5: Rules**

*You are a sales representative at PW Inc. You sell Premium Widgets and receive a standard 25% commission for every sale, in addition to your base salary of \$15,000. Last year, sales representatives averaged between \$18,000 and \$100,000 dollars in total compensation. Unfortunately, overall sales and employee motivation were down last year at PW Inc.*

*PW Inc. have established strict adherence to rules, policies, and procedures that outline the norms and expectations of the organization.*

*Your task is to create an incentive plan with your co-workers and a district manager to resolve these issues. Remember to stay “in character” throughout the entire activity.*

*Each member in your team is expected to follow the rules and procedures set forth by PW Inc., regardless of whether following these rules and procedures is in the best interest of the organization, the customer, or coworkers.*

*While preparing for your meeting, you have consulted with the company's HR compensation policies, rules, and procedures that offer the following employment incentives programs:*

*1. Spot bonuses: small cash prize given to employees in direct response to an achievement. PW Inc. gives spot bonuses as a way to give special recognition to employees working on challenging projects or taking extra initiative beyond the scope of their position. Spot bonuses don't have set criteria other than being a response to exceptional work.*

*2. Project bonuses: if PW Inc. employees demonstrate by the end of the fiscal year an increase in sales by 10% since the preceding fiscal year, they will be entitled to a one-time cash reward, in the amount of \$2,000.*

*3. Merit-based raises: PW Inc. employees become eligible for merit-based pay raises of 3% based on performance reviews and meeting certain benchmarks (15% increase in sales quota annually). Merit-based raises reward employees with long-term salary growth.*

## Appendix B: Introductory Power Point Slide

### Team Activity

1. 5 students need to volunteer to be District Managers; if nobody volunteers, I will appoint 5 students for that role;
2. Managers will receive their script and must leave the room for some time (until called; **5 minutes**);
3. Upon returning to the classroom, each manager will interact with a team for up to **3 minutes through rotations** (until each manager has met all the teams).

## Appendix C: Activity Debrief

### Slide 1:

#### The Ethical Dimension of Culture

Organizational cultures are not neutral in their ethical orientation, even when they are not openly pursuing ethical goals.

- Over time, the **ethical culture**, or the shared concept of right and wrong behavior in that workplace, develops as part of the organizational climate.
- The ethical climate reflects the true values of the organization and shapes the ethical decision making of its members.



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### Slide 2:

#### The Ethical Dimension of Culture

*Ethical climate theory (ECT)* and the *ethical climate index (ECI)* categorize and measure the ethical dimensions of organizational cultures.

- Five climate categories: instrumental, caring, independence, law and code, and rules.
- Each explains the general mindset, expectations, and values of the managers and employees in relationship to their organization.

Ethical climate powerfully influences the way its individual members feel they should behave.



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### Slide 3:

#### Team Activity

##### Managers:

1. What are your reactions to this assignment?
2. Explain the differences between the various teams of sales representatives.
3. Discuss your emotions, frustrations, and/or disappointments experienced while working with each team .
4. Discuss with which team you were most compatible with and why?
5. Discuss the challenges faced with each group and if they were successful in mitigating these challenges. Did you alter your approach with each team?

### Slide 4:

#### Team Activity

##### Sales Representatives:

1. What are the characteristics of your team?
2. How can Management create a more ethical culture?
  - Be a visible role model.
  - Communicate ethical expectations.
  - Provide ethics training.
  - Visibly reward ethical acts and punish unethical ones.
  - Provide protective mechanisms.

**Slide 5:**

**The Ethical Dimension of Culture**

**Five climate categories:**

**Rules:** climate that emphasizes decisions guided by internal rules and regulations

**Law and code:** climate that supports decisions based on external codes such as the law or professional codes of conduct

**Independence:** climate that encourages decisions according to personal moral beliefs

**Caring:** climate that encourages concern for and consideration of others

**Instrumental:** climate that encourages employees to make decisions in their own (or the organization's) best interests to the exclusion of ethical concerns

**Slide 6:**

**Team Activity**

**The team to correctly match the ethical climate with the respective team that was charged to enact it, wins a point.**

You will have 10 minutes and 1 “verification” (ask Dr. XXX) attempt. After that, you submit your final answer. After all teams have submitted their answer, the results are tallied, and the winner announced.

**Slide 7:**

**What Managers Need to Know: The Effects of Ethical Climates on Ethical and Dysfunctional Organizational Behaviors**

Ethical Behaviors	
206 managers	People operating under caring climates perceived a positive association between success and ethical behavior; the opposite was true for people under instrumental climates.
103 nurses	Independence climates had a significant positive association with ethical behavior.
241 employees	Law and code and independence climates were associated with ethical behavior. There was an equal likelihood of people in instrumental climates either paying or not paying a bribe
109 employees	Instrumental and independence climates were associated with negative extra-role behaviors; caring and law and code climates were associated with positive extra-role behaviors
237 manufacturing employees	Principled climates and benevolent climates were negatively associated with injuries, and principled climates were positively associated with safety-enhancing behaviors.
198 police officers and 184 civilians	Friendship or team ethical climates had positive associations with willingness to engage in whistle blowing.
174 marketing executives	Egoistic climates were associated with lower risk-taking propensity; benevolent climates were associated with higher risk-taking propensity.
264 state government project team members	Rules climates were associated with less frequent misreporting; instrumental climates were associated with more frequent misreporting.
525 retail store employees	Instrumental climates were positively associated with unethical behaviors; independence, caring, law and code, and rules climates were negatively associated with unethical behaviors.

**Slide 8:**

**What Managers Need to Know:... continued**

Dysfunctional Behaviors	
<i>Study Participants</i>	<i>Findings</i>
207 marketing professionals	Individuals operating under rules climates were less likely to engage in questionable selling practices even when they themselves did not feel that the practices were unethical. Individuals operating under caring climates were more likely to engage in questionable selling practices when they felt that the practices were unethical.
201 full-time employees	Instrumental climates were positively associated with bullying behaviors; rules, caring, and law and code climates were negatively associated with bullying behaviors
243 managers	Differ in terms of their moral reasoning in principled climates as compared to managers in benevolent climates.
202 university alumni	A higher frequency of unethical behavior was found in egoistic climates as compared to benevolent and principled climates. A higher frequency of unethical behavior was found in companies without a code of conduct.
97 full-time employees	A negative relationship was found between benevolent climates and organizational misconduct. Frequency of misbehavior reported by managers was negatively related to rules, instrumental, and caring climates.