

Executive ethical decisions initiating organizational culture and values

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Abstract

Purpose – Ethical decisions determine which individuals and/or groups benefit, and which suffer. Such decisions by executives impact front-line providers directly and customers indirectly; they are important because repercussions in service interactions feel personal. The purpose of this paper is to fill an important gap in the service literature by exploring how high-level executives make ethical decisions, creating values and culture within an organization; the results include testable propositions.

Design/methodology/approach – The research used a grounded theory approach, wherein high-level executives in successful service organizations responded through in-depth interviews. Complete interview transcripts were analyzed using standard qualitative methodology, including open coding to better understand and categorize the data, axial coding to seek out crucial relationships between concepts, and selective coding to develop research propositions.

Findings – Data analysis revealed two groups of interviewees, one more outcome-oriented in decision making and the other more process-oriented. The organizations led by more outcome-oriented executives have strong family-like (or paternalistic) cultures, whereas the organizations led by more process-oriented executives value adaptability and diversity.

Research limitations/implications – The executives interviewed are quite successful; therefore, it is not possible to make inferences about unsuccessful executives or those leading poorly performing organizations. Propositions developed relate that process-oriented executives use both analytical measures and intuition in decision making, whereas outcome-oriented respondents rely more heavily on analytical measures.

Practical implications – Service executives apparently make ethical decisions while focusing either on processes or on outcomes; members of these two groups use different evaluative criteria to identify a successful decision. Decisions relating to people within the organization are perceived by the executives to be especially salient, apparently owing to interpersonal interaction in services.

Social implications – There are inherent social implications when ethical decisions are made, because these decisions determine which individuals or groups benefit, and which suffer.

Originality/value – This research is among the first to interview high-level service executives about their ethical decision making when their choices define culture and values within their organizations. Findings offer a new look at how differences between executives that focus on processes and those that focus on outcomes may shape organizational cultures and lead to consideration of different criteria in making and evaluating decisions.

Keywords Ethical decision, Moral philosophy, Organizational values, Decision assessment, Executive decision
Paper type Research paper

Introduction

Ethics come into play when decisions determine which entities benefit, and which suffer (Abela and Murphy, 2008; Doh and Quigley, 2014; Micewski and Troy, 2007; Rest, 1986). Entities that may be affected in organizational ethical decisions include individuals, groups (e.g. employees, or members of a market segment), an entire potential market, or even society as a whole. Such decisions are of greatest interest when resources are scarce and cannot be allocated in such a way that everyone benefits. They also hold greater importance in services than in manufacturing industries, because there is a “need to provide a consistent high-quality customer experience across all the brand–customer interactions and touch-points” (Sierra *et al.*, 2017, p. 661). Furthermore, according to Sierra *et al.* (2017), there is a dearth of research regarding ethical decisions in services as compared to goods industries. The goal of the present research is to explore how high-ranking executives in service



organizations make ethical decisions that drive culture and values within the organization, and to develop testable propositions based on the findings.

This paper begins with a conceptual development section, reviewing relevant literature particularly in ethical decision making and services. The method section describes the qualitative research approach, the executive interviewees, and steps in data coding and analysis. Detailed analyses of the in-depth interviews are reported in the results section, where emergent themes are identified. The discussion section draws together the results, by suggesting testable propositions regarding ethical decision making by service executives. Finally, the conclusion recapitulates the research contribution, which fills a gap in academic theory by identifying two groups of service executives that approach ethical decisions differently; these differences are identified in the resulting propositions.

Conceptual development

Layers of ethical decision making

As mentioned in the introduction, ethical decisions made on behalf of organizations can impact different entities, ranging from a single individual to all of society. Figure 1 provides an interpretation of how previous literature has addressed ethical decisions, showing the locus of affected groups.

The outermost circle in the figure could be named the “actualization layer.” This type of organizational decision, typically called “corporate social responsibility” (CSR), relates to the social ramifications of organizational decisions and affects everyone in society. Although often approved at the executive level, others at lower levels in an organization may select causes and make recommendations for contributions. There is a substantial CSR literature regarding decisions by firms to contribute to society as a whole, both to improve society directly, and to enhance the organization.

Some of the early literature attempts to define CSR; for instance, Brown and Dacin (1997) state that being socially responsible means benefitting society’s welfare. It turns out that CSR

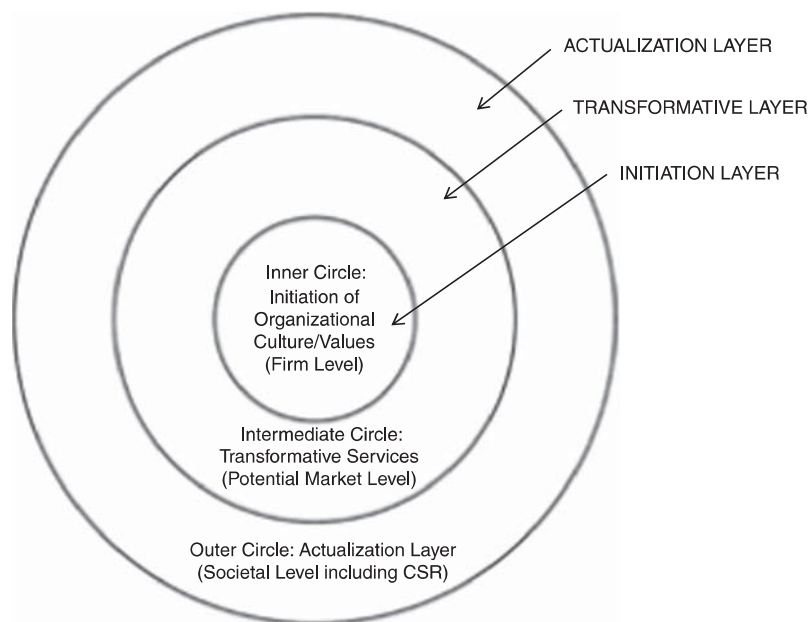


Figure 1.
Layers of impact in
organizations' ethical
decision making

has been defined in many ways: in a literature review covering 1980-2003, Dahlsrud (2008) finds 37 definitions of CSR, and reduces them through emergent coding to five dimensions, including (p. 6) three “categories of impact” (environmental, social and economic) and two areas of “concern” (stakeholder and legal requirements). However, the author observes that none of the resulting dimensions actually define CSR. Sen and Bhattacharya (2001, p. 226) comment: “Although CSR is inextricably linked to corporate ethics, it is a more inclusive conceptualization of companies’ responsibility to society at large that encompasses their more specific ethical responsibilities to abide by a set of moral principles or values in conducting business.” Engaging in CSR can also enhance firm financial value (Malik, 2015). Furthermore, Collins (2000) finds that firms having better social performance also have better financial performance, even though firms that invest more in CSR are actually less likely to avoid taxes than are other firms (Lanis and Richardson, 2015). Laczniaak and Murphy (2012) reinforce the observation that firms should focus on society and not exclusively on stakeholders when making societal-level ethical decisions.

Ethical decisions regarding CSR influence society as a whole, and therefore the outermost circle in Figure 1 depicts decisions that are beyond the scope of the current research. The two remaining circles in Figure 1 relate to other entities where ethical decisions may have more focused impact, including on specific stakeholders such as the potential market, the organization, the profession and the individual (Bergadaà, 2004). Because ethical decisions made at different levels may be influenced by cultural norms, it is important to address different layers of decision making (shown in Figure 1) separately (Srnrka, 2004). The intermediate circle in Figure 1 includes ethical decisions described by Collins (2000), who observed that ethical firms should do more to increase well-being among the potential market, a topic that is very timely and also vigorously addressed in a stream of service literature called “transformative service research” (TSR). This literature gives a name to the “transformative layer,” pictured in the intermediate circle in Figure 1, which relates to impact of organizational ethical decisions on the potential market.

In the transformative layer (Figure 1), an organization’s ethical decisions are focused on its own potential market. Although the total number of entities affected might be smaller than in society as a whole, each is of greater importance to the organization. TSR is promising because its primary goal is to improve the well-being of those in the potential market (Anderson *et al.*, 2013). Ethical decisions in the transformative layer are often made by marketing managers, owing to their direct responsibility for customers and potential customers. Such decisions are complicated by the fact that the interaction between service providers and customers has changed in the past couple of decades, from traditional interpersonal service encounters involving one customer and one service provider, to new formats that include technology infusion and customer empowerment, to multi-actor service systems offering value co-creation (Ostrom *et al.*, 2015; Bowen, 2016). Thus, it has become more difficult to make and implement the tough choices required in ethical decisions affecting the potential market, because identifying the entities that benefit and those that suffer has become more complex.

Another stream of service literature that relates to decisions affecting the potential market, and therefore to the intermediate circle in Figure 1, is the literature on co-creation of value. Because of increasing complexity in the relationships between front-line people, service process design, and the customer experience, the literature describing co-creation of value has grown substantially. According to Grönroos and Gummerus (2014), when previously separate service provider and customer processes come together to form a single collaborative process during interactions, a platform for co-creation of value develops. The premise of co-creation is that the firm is no longer the sole designer of value; instead, customers take active roles in the creation of value for themselves and cooperate with companies and other organizations to do so. Mutually beneficial relationships are achieved

when all relevant actors are enabled to be creative collaborators in the value co-creation process. Personalized interactions between the company and customers, as well as between customers, become the loci of value creation (Grönroos and Gummerus, 2014; Vargo and Lusch, 2004).

In addition to literature on co-creation, there have been some other important recent developments in TSR literature that inform transformative ethical decisions (in the intermediate circle in Figure 1). For instance, Yagil and Shultz (2017) address the difficulties involved in preparing front line service providers to make appropriate ethical decisions when dealing with customers. In the transformative layer, this is particularly important when dealing with vulnerable groups among the potential market, who may require special attention from service providers (Brenkert, 1998). However, vulnerable groups may be deemed less profitable to the firm and sink to the bottom of the priority list for service (Homburg *et al.*, 2008; Zeithaml *et al.*, 2001). This leads to complicated ethical decisions, particularly in such services as healthcare and financial services, where concern for the vulnerable means paying attention to the fragility of potential customers such as children, the elderly, immigrants, refugees and the poor (Rendtorff, 2009). These types of ethical decisions, which affect primarily those in the potential market, occur in the intermediate circle in Figure 1, the transformative layer. Ethical decisions regarding TSR impact primarily the potential market, and therefore the intermediate circle in Figure 1 depicts decisions that are beyond the scope of the current research.

Organizational culture and values are initiated in the inner circle (in Figure 1), so it is named the “initiation layer.” The initiation layer sets the tone for high-level ethical decisions that influence organizational culture and values, directly impacting those within the organization. (Of course, culture and values are also felt outside the organization.) Previous literature in business ethics has examined some predictors that go into generic ethical decisions, and there are models available that combine these predictors to surmise decision outcomes (see the next section). However, there is a dearth of qualitative literature that develops understanding of such decisions from the decision maker’s human perspective. This research gap is particularly important because of the direct impact of high-level ethical decisions on people, especially front-line service providers who interact personally with customers. Understanding decision making in the initiation layer is the focus of the present research.

There are very few studies that examine specifically how executives make ethical decisions, particularly those affecting people within their own organizations. However, a recent study by Witt and Stahl (2016) addresses how leaders’ values and orientations affect their decisions relative to various stakeholders, including employees. In case studies of two organizations, Bowen (2002, p. 272) asked executives three questions about ethics, including: “(1) what is your organisation’s view of ethics and the importance accorded ethical training and codes of ethics by the CEO and dominant coalition? (2) When do ethics enter the issues management decision-making process? (3) Do you think one philosophical approach (materialism, utilitarianism or deontology) is superior to the others for decision making in issues management, and which approach do you primarily use?” The responses to these questions were used to describe how ethical decisions are made in each of the two organizations. As Bowen (2002, p. 273) observes, it is “notoriously difficult to gain access to corporate elites.” Perhaps this is the reason there are so few such studies available in the literature.

Another way of accessing organizations’ normative ethical philosophies (including deontology and utilitarian teleology) involves studying their organizational ethics statements (Hoover and Pepper, 2015); these authors call for additional research on how firms communicate their values to employees. Doh and Quigley (2014) characterize leadership behaviors as either psychological (i.e. need realization) or knowledge-based, which appear related to the ethical philosophies (deontology and teleology). These authors observe that knowledge can be assessed, whereas psychological state cannot, and they call

for research on how leaders making ethical decisions can be better understood. They also mention the importance of comprehending the nature of the legacy that a leader wishes to leave. Other researchers calling for additional related studies include Kaposy *et al.* (2016), who state that work is needed on the use of ethical decision making frameworks, and Valentine and Hollingworth (2015), who examine relationships between coordinated decision making, communication of business strategy and employee perceptions of corporate ethical values.

In summary, it is important to enhance understanding of how service executives make ethical decisions in the initiation layer (Figure 1), where the primary impact is on others within the organization. This gap is addressed in the present research, which focuses on ethical decisions made by executives, especially those that define organizational culture and values, influencing others within the organization. A grounded theory methodology was selected because the goal is to develop new theory grounded in data from the field: specifically, this theory is based on the views of executive respondents and improves understanding of the information they use and how they make ethical decisions.

Influences on organizational ethical decision making

The previous section used a new “concentric circles” model to outline the loci of impact of various ethical decisions in services, and to briefly review literature streams related to each of the three layers (circles). It showed that, whereas decisions that impact potential customers and broader constituencies are well-covered in the literature, there is a gap in the inner circle, which focuses on executive decisions that primarily impact employees. Although the previous section identified this understudied area, it did not detail published research that examines specifically how such organizational ethical decisions are made. Therefore, this section provides an overview of factors that previous research in business ethics suggests can influence individuals making ethical decisions, as well as descriptions of decision models incorporating these factors.

Organizational decision makers are influenced by their personal characteristics and moral philosophies (Beu *et al.*, 2003; Collins, 2000; Detert *et al.*, 2008; Fritzsche, 1995; Hansen, 1992; Hunt and Vitell, 1986; Marta *et al.*, 2008; Robertson, 2008; Singhapakdi *et al.*, 1996; Srnka, 2004). Personal characteristics that are evaluated in this literature include gender, age, occupation, culture and values. There are two personal moral philosophies that the literature indicates must be considered: the first is a deontology, which holds that decisions are inherently right or wrong, depending on the decision-making process used. The second is a teleology, which focuses on the outcomes of decisions. Teleologies can be egoist (doing what is best for the individual) or utilitarian (doing the greatest good for the greatest number of people). Hansen (1992, pp. 523-525) provides a helpful summary of moral philosophies, concluding that deontology and utilitarian teleology are most common in the business ethics literature. Ethical decision makers also take into account the organizational mission, values, culture, and financial goals (Craft, 2013; Marta *et al.*, 2012; Vitell *et al.*, 1993; Wyld and Jones, 1997); furthermore, Abela and Murphy (2008) observed that there are tensions because economics cannot be neglected in favor of ethics.

Executive decision makers can both build and be influenced by organizational culture; this culture seems to develop in a circular pattern as executives make decisions and observe the results. Deal and Kennedy (2000) provide a seminal approach to defining corporate culture and identifying the crucial relationships between organizational values and strategic decisions; they define corporate culture as (p. iv): “deep-seated traditions and widely accepted and shared beliefs” that govern organizations. Deal and Kennedy (2000) identify some elements of this culture as the business environment, values, rites and rituals, and cultural network. They observe that top management drives organizational culture; some leaders are viewed as “heroes” who personify organizational values, have an ethic of

creation, and inspire employees with their entrepreneurial spirit. Furthermore, Deal and Kennedy (2000) describe patterns of leadership that are based on the degree of control the leader maintains, how much change they believe is desirable (and at what rate), and on their attitude toward risk.

Other authors that describe corporate culture observe that organizations can move either toward an atmosphere of greater entrepreneurialism, which is more flexible and adaptable, but less controllable by the executives choosing to move in that direction, or toward a more paternalistic atmosphere, which requires high levels of buy-in to existing norms in order to obtain desired corporate outcomes (Fleming, 2005; Hatch, 2011; Price and Whiteley, 2014). Some researchers even find that corporate culture may cause employees to compromise their personal morals when making tough decisions, particularly if there are no sanctions for unethical behavior (Hunt and Vitell, 1986; Kennedy and Lawton, 1993; Sims and Brinkmann, 2003). However, Vitell *et al.* (1993) offer a contrasting opinion: surveying marketing professionals, they examined relationships between decision making norms, organizational ethical culture (measured using a scale based on the American Marketing Association Code of Ethics), and personal moral philosophy (characterized as either a deontology or a teleology). Their findings indicate that personal moral codes have a greater impact on ethical decisions than do organizational ethics. Based on these contrasting observations, there is a need to better understand how personal and organizational characteristics influence executives' ethical decision making.

Early researchers in business ethics presented a number of conceptual models describing how personal characteristics and organizational factors are taken into account in ethical decision making (Ferrell and Gresham, 1985; Treviño, 1986; Treviño and Youngblood, 1990). For instance, Treviño (1986) offered a conceptual discussion of how personal moral philosophy enters into managerial decision making. In an extension of the previous paper, Treviño and Youngblood (1990) tested the influence of moral development and locus of control on ethical decision making in an experimental study of MBA students. Ferrell and Gresham (1985) developed an integrated conceptual framework including both individual and organizational influences on managers' ethical decisions. The individual factors considered could be described as knowledge, personal moral philosophy and cultural values; the organizational factors included other people, corporate policies and professional codes. Experimental studies and field tests were recommended in future research.

Later models offered greater complexity, incorporating internal or external conflict, or decisions based on reasoning vs intuition (McDevitt *et al.*, 2007; Woiceshyn, 2011). However, the majority of these models did not use primary research (either qualitative or quantitative) to identify or improve understanding of decision drivers or to test propositions. Expressing the need to better understand actual ethical decisions, Whittier *et al.* (2006), in a focused review, assessed the prescriptive value of ethical decision making models. Tenbrunsel and Smith-Crowe (2008) built a model of ethical decision making based on reviewed articles, but closed their analysis with more questions than answers. Among them is: "what is ethical?" an important question they did not answer. Perhaps the most convincing evidence of the need for additional research into how service executives make ethical decisions comes from a recent literature review by Ferrell *et al.* (2015, p. 58). Following their detailed and insightful commentary on this literature, they observe: "There may be an ethical divide between marketing scholars who develop models and marketing practitioners who manage ethics in organizations" and "more insights are needed about how to link knowledge to practice." This is an important contribution of the present study.

Method

The goal of this research was to enhance understanding of how service executives make ethical decisions that impact employees directly and customers indirectly, thereby defining

organizational culture and values. Because this topic is exploratory, it was necessary to utilize a qualitative methodology (McDaniel and Gates, 1998). A grounded theory approach was selected because it is appropriate for developing new theory in a natural setting, through open-ended interviews that focus on participants' perspectives. As noted by Bryman (2012, p. 387), "grounded theory is not a theory – it is an approach to generation of theory out of data" from the field. The data that are gathered are the verbatim statements of the respondents' views; according to Strauss and Corbin (1990, p. 23), "a grounded theory is one that is inductively derived [...] one begins with an area of study and what is relevant to that area is allowed to emerge." Using analysis methods that include inductive and deductive logic, involving reflective and interpretive thought, "the research findings constitute a theoretical formulation of the reality under investigation" (Strauss and Corbin, 1990, p. 24). Thus, in the present research, new theory was generated through studying process, action, and/or interaction in the views of respondents, and the findings are presented in a series of testable propositions.

Sample design

It is important to select a sample that is from the target population, although in qualitative research the sample is typically not representative of this population and therefore findings are not immediately generalizable (Bryman, 2012; Corbin and Strauss, 2008; Gordon and Langmaid, 1988; McDaniel and Gates, 1998; Strauss and Corbin, 1990). Because the goal of the present research was to better understand how senior executives in service organizations make ethical decisions, which inherently influence people within the organization and thereby also customers, respondents were recruited from the highest possible organizational levels. Owing to the relationship between the sample and the research question, it was appropriate to use purposive sampling (rather than convenience sampling) to recruit service executives from the highest echelons of their organizations, including CEOs and senior vice presidents (Bryman, 2012). When members of the target population are extremely difficult to find and/or obtain for participation, it is also appropriate to augment the sample using snowball sampling (Bryman, 2012; McDaniel and Gates, 1998), and this was done.

Because executives typically make decisions alone, it was important to perform individual interviews rather than group interviews, to capture aspects of individual decision making (Bristol and Fern, 2003). Furthermore, individual interviews can more effectively elicit insights than can group interviews (Griffin and Hauser, 1993; Wooten and Reed, 2000). In summary, executives interviewed in the present research were recruited using a combination of purposive sampling and snowball sampling, and were asked to participate in individual interviews, in order to generate the data required to develop grounded theory.

Sample selection

As mentioned above, in the present research, the population of interest was high-level executives in service organizations. It was desirable to have a sample which, although small, is as diverse as possible under the circumstances (Lindlof and Taylor, 2002); this is consistent with representing a number of different types of services among the members of the sample to gain a variety of viewpoints.

A member of the research team was able to meet with each respondent in person prior to the interview, to request participation. As a result of this personalized recruiting, 12 high-level service executives agreed to participate in interviews that were described as being "to improve understanding of managerial decision making." All of the individuals who participated are responsible for making decisions related to the organizational image and the customer experience; some of these decisions are ethical, in that they determine which individuals or groups receive more desirable treatment and which do not. The executives'

tenure in their current organizations ranged from two to 37 years; the average was 15 years. Thus, the selected individuals are very senior in their careers, sure of who they are, and clear as to the goals they have that drive organizational culture and values.

Each respondent was told that the interview would take about an hour (in fact, the interviews ranged from 51 to 76 min). Prior to beginning the interview, each respondent gave verbal permission to record the interview, and all interviews were recorded in full. In addition, confidentiality of identity was promised unless the respondent was willing to be named in an acknowledgment upon publication. Details regarding individual participants are provided in Table I. Additional information describing the recruitment process for each member of the sample will be provided by the author upon request.

Design of the interview guide

The focus of the research was on how service executives make ethical decisions, which are those that determine which individuals and/or groups benefit, and which suffer. In particular, the present research examines such decisions when they impact employees directly and customers indirectly, consistent with the initiation layer (inner circle) in Figure 1. Interviewees were told that they would be asked about their approach to decision making; this includes what influences their decisions as well as how they use available information to make them.

The interview guide was developed based on relevant literature, which is discussed in the conceptual development section, as recommended by Corbin and Strauss (2008) and by Strauss and Corbin (1990). This is also consistent with the stipulation of Bryman (2012, p. 385) that “the research questions will be prompted and stimulated by the literature.” Thus, the topics were drawn from those used in ethical decision making models, including personal background, both cultural and social, and organizational culture and policies. Furthermore, the interview guide was semi-structured, to allow for follow-up questions and other customization (Bryman, 2012; Gordon and Langmaid, 1988). The topics ranged from descriptive questions about personal background to more difficult questions requiring more thought; as the interviews progressed, inquiry moved from general to specific.

As recommended by McDaniel and Gates (1998), the interview guide began with warm-up topics, including background information such as the family of origin and home life, followed by questions about decision making and recent decision examples. Personal ethical

ID	Title	Years w/Org.	Functional area	Firm information
R1	Vice president	6 (est.)	Franchisee relations	Service subsidiary of large consumer goods manufacturer
R2	Vice president	15 (est.)	Operations	Large consumer service organization
R3	Director/CEO	16	Business communications	Large service firm
R4	President	19	Marketing	Well-known international advertising agency
R5	Executive VP	9	Supply chain	Major home goods retailer
R6	Director/VP	11	Account management	International online learning tools
R7	Senior VP	19	Marketing	High-growth regional airport
R8	President/CEO	37	Management	National consumer membership organization
R9	Chief marketing officer	2	Marketing	National business liability insurance firm
R10	Senior VP	29	Management, corporate banking	Top-ten US-based bank
R11	President	4	Management/marketing	Large regional charitable foundation
R12	Director	4	“Customer experience”	Large international retailer

Table I.
Details about the
executives interviewed

philosophy was not mentioned until as late as possible in the interview, to reduce the potential for executives being sensitized and limiting their responses. (This modification was made because an early interviewee seemed to be uncomfortable with the terminology.) As such, minor adjustments were made to the interview guide, so that data could be collected on other decision making topics first. This offered an added advantage, in that answers to all of the other questions could be obtained without any potential bias due to suggestive terminology. An outline of the resulting interview guide is provided in "Key Elements of Discussion Guide." In addition to the questions listed in the "Key Elements of Discussion Guide," because of the semi-structured design, follow up was conducted wherever appropriate during interviews.

Key elements of discussion guide:

- (1) Warm-up/background information:
 - Describe your personal cultural identity, social identity and social style.
 - What attracted you to your organization initially? How long have you been there and in which position(s)? What are your goals in your job (both personal and professional)?
 - What is the organization's mission? What does the organization value? Does your organization have a particular culture? How does this fit (or not fit) with what you perceive as your job goals?
- (2) Decision making in the current position:
 - What kinds of decisions are you called on to make on a regular basis as part of your job? How would you describe those that are most important? What organizational context/situation do you find most challenging with respect to making decisions? What are some of the things that signal to you that a decision is going to be difficult?
 - How would you describe your decision-making style? Would you say it is more analytical or intuitive?
 - What factors do you regularly consider in decision-making? Are answers to your decisions typically fuzzy? Or, do you think that there is usually a right or a wrong answer?
- (3) Recent decision examples:
 - Describe a decision you made recently (within the last six months) that you believe was successful.
 - Describe a recent decision you made that you believe was unsuccessful.
 - Ask about other recent decisions that clarify the decision making style.
- (4) Topics related to ethical decisions:
 - How would you describe your personal moral philosophy?
 - What do you believe constitutes ethical decision-making?
 - Describe the process you use when faced with an ethical decision. Do you turn to anyone for guidance when faced with an ethical decision? If so, whom and for what reasons?
 - In what ways do you find it most challenging to communicate with your subordinates, peers, and superiors about ethical issues?

Conducting the interviews

Following the initial in-person meeting with each respondent, six of the interviews were conducted in person and six via Skype. Thus, all of the interviews were conducted privately with the individual executive decision maker, which, as mentioned above, has been found to generate the most open and accurate possible responses. The first three interviews were conducted by an assistant; the remaining nine interviews were conducted by the principal investigator. Detailed discussion following the first three interviews resulted in some minor changes to the interview guide and the decision was made to have all remaining interviews conducted by one interviewer, to reduce the potential for interviewer bias (Lincoln and Guba, 1985; Strauss and Corbin, 1990). All interviews were recorded with the permission of the interviewee, and all interviews were transcribed verbatim by the principal investigator within 24 h of completion; this is consistent with the recommendation of Silverman (2010) to complete the transcript as soon as possible following the interview. This procedure mitigated any sources of bias because the work was done immediately and all transcriptions were completed by the same person. This transcription process resulted in a high level of data familiarity over numerous readings of the transcripts, and copious notes were taken, which were examined in identifying emerging themes. Thus, data collection and analysis took place concurrently, with memo writing and comparison of ideas to refine emerging theory, as recommended by Strauss and Corbin (1990), Charmaz (2014) and Corbin and Strauss (2008).

Coding the data

As mentioned above, all of the interviews were transcribed verbatim by the principal investigator to maximize familiarity with the material; this was done immediately following completion of each interview. The transcription process was conducted manually, so that each line of each interview was listened to several times in repetition. Following transcription, each interview was reviewed for correctness and detail. The transcribed results were then analyzed using open coding, performed by both the principal investigator and an assistant, to identify major categories of information. As stated by Strauss and Corbin (1990, p. 61), "open coding is the process of breaking down, examining, comparing, conceptualizing, and categorizing data." Verbatim remarks were coded using various colored highlighters to clarify the initial categories to which each was assigned, as recommended by Strauss and Corbin (1990). This analysis proceeded carefully, to allow time to determine how to look at the data to yield insights and to begin to conceptualize the interpretation (Lindlof and Taylor, 2002). As the interviews occurred and were transcribed, the data and the coded results were compared to begin to observe relationships, and the categories were updated as necessary (Lindlof and Taylor, 2002). Eventually, the total number of categories leveled out as the last few interviews were completed and coded. Thus, the results of this stage, as noted by Strauss and Corbin (1990, p. 254), were "the basic building block of any grounded theory [...] a set of concepts grounded in the data."

The themes resulting from open coding included categories of potential decision drivers, as well as decision processes and outcomes in both successful and unsuccessful decisions, among others. The method used for open coding and the categories that resulted are consistent with the recommendations of a number of experts (Charmaz, 2014; Corbin and Strauss, 2008; Creswell, 2013; Gallicano, 2013; Strauss and Corbin, 1990).

Following completion of open coding, axial coding was performed to identify relationships; according to Strauss and Corbin (1990, p. 96), "axial coding is a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories." Thus, causal conditions (i.e. factors leading to a core phenomenon), strategies (actions taken in response to a core phenomenon), intervening conditions (i.e. situational factors that influence the strategies) and consequences

(outcomes of the strategies) are linked using Creswell's (2013, p. 86) scheme. During axial coding, it was helpful to prepare notes, memos, and diagrams to track thoughts and ideas that began to emerge. Strauss and Corbin (1990) recommend at this stage to look for key differences that add density and variation to theory. According to Lindlof and Taylor (2002), these dimensions of variation provide the key to identifying emerging constructs; such observations can lead to heightened confidence in the findings. The method of axial coding used in the present research is consistent with the recommendations of a number of experts, including Corbin and Strauss (2008), Lindlof and Taylor (2002) and Strauss and Corbin (1990).

The dimensions and relationships identified in axial coding are next subjected to selective coding, which, according to Strauss and Corbin (1990, p. 116), "is the process of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement or development." Thus, the story to be told emerges in connection with the core category, which is the central theme around which the other categories are integrated. Strauss and Corbin (1990) state that it is like axial coding, but at a higher, more abstract level. By identifying such patterns, the researcher can identify the conditions under which different results occur; these are called "patterned differences" (Strauss and Corbin, 1990, p. 132). According to Corbin and Strauss (2008, p. 261), "patterns emerged from data, but had to be recognized by the researcher." Several, more intricate diagrams were found to be useful at this stage in the data analysis to visualize the emerging patterns. The process used for selective coding is consistent with the recommendations of a number of experts, including Corbin and Strauss (2008), Creswell (2013) and Strauss and Corbin (1990).

In summary, the procedures described in this section were carried out for open, axial and selective coding; this led to interpretable findings grounded in the interview data. The results section begins by discussing issues related to sample size, reliability, validity and generalizability relative to the present research; it then describes some aspects of coding and provides detailed examples of findings.

Results

This section begins by discussing issues related to sample size, reliability, validity and generalizability, which emerged as the research was conducted. Afterward, it describes details of coding outcomes, starting with themes that resulted from open coding, in which major categories of information were identified. It then presents the results of axial coding, in which relationships began to emerge between the constructs that were identified, through careful memos and thoughtful diagrams. Finally, it sets the stage for the outcome of selective coding, through which the findings of the research were identified in terms of testable propositions to be further examined in future research.

Sample size

It is more difficult to determine the appropriate sample size in a qualitative study, such as this grounded theory research, than it is in quantitative research where a representative sample can be selected, and necessary sample size can be calculated based on the population standard deviation along measures of interest. One way of deciding that a sample is sufficiently large in qualitative research is to consider whether additional data collection is likely to reveal any new information. For instance, Bryman (2012, p. 421) says to continue sampling "until no new or relevant data seem to be emerging"; this point is reiterated on page 568, where he says to stop sampling when "new data are no longer illuminating the concept." Similarly, Lindlof and Taylor (2002) recommend that sampling be discontinued when conceptual returns diminish and the researcher is no longer surprised. Strauss and Corbin (1990) suggest looking for differences within the collected data that add density

and variation to theory. In the present research, the last couple of interviews were interesting and consistent, but did not provide as many new ideas or additional variation as did earlier interviews; therefore, these judgment-based methods of assessing sample size indicate that the 12 completed interviews were sufficient.

A number of researchers have corroborated that relatively small sample sizes may be adequate, particularly in studies that require in-depth interviews with respondents that are difficult to obtain, using arguments related to data sufficiency. For instance, Bowen (2002, p. 273) affirmed that a total of six executive interviews across two organizations were adequate to obtain useful findings in qualitative research. Similarly, Lindlof and Taylor (2002, p. 129) stated that “projects that study hard-to-find participants are more justified in having smaller samples.”

In another approach to data sufficiency arguments, several researchers have measured the number of ideas generated by a small number of interviews as compared to a maximum possible number of ideas resulting from a much larger number of interviews. For instance, Griffin and Hauser (1993) found that ten respondents to in-depth interviews typically generate over 90 percent of all possible ideas (based on 230 customer needs observed in an extensive study). In a similar example, Bryman (2012, p. 426) reports on an empirical study measuring the number of interviews required to achieve theoretical saturation, finding that twelve completed interviews generated 92 percent of all the codes found in 60 interviews. Thus, twelve interviews were shown to provide thematic exhaustion and adequate variability within the data, without over-sampling. The results of these studies indicate that 12 executive interviews can credibly provide sufficient data for developing grounded theory.

Reliability

The in-depth interviews used in grounded theory research represent events that cannot be repeated or replicated; any new interview will necessarily be different, owing to different people involved, different settings, and/or different temporal qualities. Therefore, traditional definitions of reliability, which are typically based on replicability and/or consistency, cannot be applied. In fact, Lindlof and Taylor (2002, p. 238) assert that reliability is not a consideration in grounded theory research, because such work is not repeatable. Bryman (2012, p. 405) concurs, observing that “it is almost impossible to conduct a true replication.” However, Strauss and Corbin (1990, p. 250) observe that, although a grounded theory study is not replicable or reproducible, a different investigator might and should be able to come up with the same theory in a new study. This suggests that correctly conducted studies, although not replicable, could provide support for similar research propositions that might be applicable with other people, in different settings and at later times.

Another way to look at reliability in a grounded theory study is to assess whether different observers of the same data reach similar conclusions as to what the data are saying. This is consistent with Bryman’s (2012) note that reliability in a qualitative study may be measured based on inter-observer consistency. Therefore, as a second way of assessing reliability, it is important to consider how two different coders react to the same verbatim interview transcripts. In the present research, comparison of the coded material resulted in approximately 92 percent initial agreement; following this initial coding, discussion was used to clarify and resolve discrepancies. The outcome of this coding and discussion provides additional corroboration of reliability, which is consistent with Lindlof and Taylor’s (2002) assertion that team coding should be used to increase reliability. Therefore the present research is reliable in that the study was correctly conducted and that two different coders had very high agreement after the initial coding was complete.

Validity

Validity in qualitative research assures that “you are observing, identifying, or measuring what you say you are,” according to Bryman (2012, pp. 389-390). One way of assessing validity, therefore, is to look at the results, to see whether or not they appear to be true. Gordon and Langmaid (1988, p. x) support seeking apparent truthfulness, noting that one type of validity that can be observed following a qualitative study is “face validity, when viewed against a complete backdrop.” Another type of assessment, similar to face validity, is offered by Lindlof and Taylor (2002), who state that a sense of heightened confidence in the results is a test of credibility. Furthermore, these authors recommend evaluating whether the reporting is accurate, because they believe that validity is indicated by trustworthiness and credibility. Similar to Lindlof and Taylor (2002), Lincoln and Guba (1985) propose that, instead of using either reliability or validity, qualitative research results should be assessed using trustworthiness and authenticity.

In addition to the above-mentioned indicators of validity, Bryman (2012) suggests that respondents may be asked to validate the research results: a copy of the draft manuscript may be sent to them for confirmation of accuracy. Similarly, Lindlof and Taylor (2002) recommend checking validity by taking the findings back to the field (providing the whole text) to determine whether the participants recognize them as true and accurate. This was carried out in the present research; the entire text of the draft manuscript was sent to nine of the twelve interviewees (the others could not be reached). Of the nine receiving the draft, five responded positively and four did not reply. This indicates that there were no negative responses, which would have alerted the researcher to validity issues; furthermore, five recipients found the results interesting enough to read and take action to support the findings.

One additional way of looking at validity is offered by Strauss and Corbin (1990, p. 132), who comment that “validating one’s theory against the data completes its grounding”; this is restated on page 138 as: “make statements of relationship and validate the statements with the data.” Therefore, it is important to go back to the data to complete the loop, after the findings (i.e. testable research propositions) are available. This was also done in the present study.

Generalizability

As mentioned earlier, it is important to select a sample that is from the target population, although in qualitative research the sample is typically not representative of this population and therefore findings are not immediately generalizable. Some researchers are willing to be slightly more flexible, stating that findings may be generalized, but only back to the conditions of the original study (Strauss and Corbin, 1990, p. 251). This is more true in situations where the original study used a relatively homogeneous sample in a rather narrow domain than it is when sampling attempted to bring in greater diversity. Finally, Bryman (2012, p. 406) points out that interviewees, as members of the sample, “are not meant to be representative of a population”; he adds that findings “generalize to theory rather than to populations.” This is certainly consistent with the goals of the present research.

Results of open coding

An important theme that results from open coding relates to respondents’ personal moral philosophies, which reflect what they believe constitutes an ethical approach to decision making. Respondent comments were grouped into process-oriented descriptions, reflecting deontologies, and outcome-oriented descriptions, reflecting utilitarian teleologies. None of the executives described a personal moral philosophy that might be characterized as either

“egoist teleology” or “relativism,” so these are not considered further. Such omissions appear to be fairly common in the business ethics literature (e.g. Bergadaà, 2004; Vitell *et al.*, 1993) and this research is consistent, which is appropriate because it focuses on high-level executive interviewees who did not express self-centered philosophies, and need not consider the actions of their peers in making ethical decisions.

A process orientation is identified by a procedure that is followed to make an ethical decision, so the following comments tend to reflect deontological perspectives:

- “Be honest and truthful and transparent” (R7).
- “You know what’s right and wrong. It’s the Golden Rule and how you treat people: you don’t lie, you don’t cheat, and you don’t steal” (R10).
- “The main core is truthfulness [...] you can’t over-promise and under-deliver” (R6).
- “It is a personal kind of morality and integrity, being a good person and a good citizen” (R1).
- “It is about considering an issue from a wide variety of perspectives, balancing a lot of different interests in reaching your course. In a situation that raises a direct ethical question, you’re faced with finding your own North Star” (R11).

An outcome orientation is identified by importance placed on the results of an ethical decision, so the following comments tend to reflect teleological perspectives:

- “(Ethical) decisions consider impacts that cause either good or harm” (R12).
- “Be lawful and do no harm, and overall, help enrich people’s lives for the better” (R4).
- “(Ethical) decisions are made contemplating all of the impacts, to all people, society, and the environment” (R5).
- “You are dealing with what the government, your stakeholders, and your associates believe is ethical. It depends on who you prioritize” (R9).
- “(It means) setting any personal self-interest aside and doing what’s best for whoever it’s going to affect” (R8).

All of these quotes (and nearby verbatims within the interviews) reflect that the executive interviewees believe an ethical decision is one in which the decision maker tries to do good. However, those that focus on the process refer to how the decision maker goes about doing good, whereas those that focus on the outcome reflect who reaps the benefits and costs of a particular decision. Thus, those comments on the earlier list are suggestive of a deontological moral philosophy, whereas those on the latter list are indicative of a teleological moral philosophy.

Individual background and values. Key themes mentioned in regard to individual culture and social identity include characteristics of the family of origin (e.g. attitudes and beliefs, working status, international experience), personal interests (e.g. technology) that began in childhood, and attitude toward/readiness for work. Interviewees described their social styles as warm, open-minded, collaborative and optimistic. In general, the interviewees respect communication, transparency, and getting the job done. Some interviewees expressed an appreciation of others who are different (especially in terms of culture or socioeconomic status) and what these individuals have to contribute. The idea that in some situations the interviewee feels more intense and in others more relaxed was mentioned; a similar theme was described in terms of kindness still being present when firmness and tough calls are required. Through the discussions of individual culture, social identity, and social style, a picture of an effective leader (and ethical decision maker) began to emerge.

Another category of themes resulting from open coding describes personal values, a central phenomenon of this research. Ideas expressed relate to: how to treat others – being helpful, kind, truthful, respectful, empathetic and compassionate emerge; and clarity of decision making. Ideas that came through repeatedly include service orientation, giving back, empathy, reaching out to others, persistence to overcome obstacles, and not being intimidated by new situations. For some executives, there are clear right and wrong paths, but for others, there are not; in the latter case, ethical decisions are based on outcome-related values. These differences relate to the individual's personal moral philosophy, as described above. The identification of themes related to the executives' personal characteristics is based on the data detailed in "Individual Background Descriptors used in Open Coding," which contains specific quotations from the interview transcripts. Following a reviewer suggestion, portions of text establishing open coding of personal and organizational characteristics are underlined.

Individual background descriptors used in open coding.

Part 1: Culture and social identity:

I was raised in a very large family; we were always encouraged to help others. My upbringing was one of being of service (R8).

I was fortunate enough to grow up in a family that was very positive, so I'm traditionally a very "cup-half-full" in life. I feel very blessed every day for the things that I have been able to experience, achieve, and accomplish in my life, and recognize they're a result of not just myself, but other people. I grew up in a family that was very committed to giving back. My parents travelled internationally and exposed us to different cultures and lifestyles and different socioeconomic conditions, and that shaped my view of things (R9).

I'm conscientious of other people's opinions and feelings; I have a lot of empathy and flexibility. My parents are very conservative-type people, but I've always reached out or leaned towards people that were different than me, either culturally or socioeconomically, and I enjoy getting different perspectives, seeing different things, and trying to understand different cultures (R6).

This whole idea of being driven is really important. I think it really comes from my blue collar roots. I was never spoon-fed when I was younger; I always had to work hard, even putting myself through school. That has created a vivaciousness and an ability to get things done despite obstacles (R7).

I thought it was very normal that my mom worked. And my dad worked. Just very middle class growing up. A lot of formality at my house, a lot of big emphasis on manners, always dinner at home, always dinner together, despite working. Formality in table settings, formality in dress, formality in diction. I wasn't allowed to say the word "yeah" – I had to say "yes". I never had to worry about not knowing how to use my cutlery – this comes into play when I take clients out to lunch and to dinner. I'm not intimidated by much (R10).

My ability to reserve judgment and be open and make people comfortable to come out of their shells and contribute in some way are a really critical piece of my leadership style. This traces back to my parents: I definitely have a strong work ethic and I'm a very "roll-up-my-sleeves" type of person. I oversee plenty of things, but I also still like to get my hands dirty. And I also think that somehow contributes to the culture of "everybody has something to contribute" (R11).

I think I've always been curious. On our team, we actually have a list of "brand attributes" that we want to be known for. The most important are empathy, curiosity, tenaciousness, and the engineering mindset, where creative people that want to build great things for our customer work best. I grew up really poor, and I always looked for ways to find solutions to things, to alleviate poverty in our own lives as a family. So, I'm always trying to build things (R12).

I had a talent for how to use technology [...] I thrive in an environment I can work to control (R5).

Part 2: Social style:

I am collaborative; I value the importance of listening. I am really about "we and not me" (R4).

My colleagues would describe me as a friend. I am welcoming, warm; if there is somebody new into our ranks, I call and welcome them and let them know that I am available. I just want to be a part of the equation for everybody's success [...] I reach out to folks, to my peers (R8).

I am warm, open-minded, and receptive to lots of different ideas. I'm probably more of a strategic-type worker than a detail worker, although I can do the detail stuff. I choose not to, when I can avoid it. And, I am optimistic: I feel like we can do good things in a lot of the areas where we're working (R11).

I have a completely different style than what is the norm here. I am very optimistic, and I try to inject a lot of fun – it's a very serious place. Up until about a year before I came here, the men were required to wear suit and tie, very formal, very finance-driven. The idea of (more informality) was kind of an anathema to the culture, so I've slowly introduced things, and people have responded really well to that. Also, I am called in as an expert. Whenever there is a new, big system being brought in, I am always involved, so, I hopefully have a balance between expertise and a pretty relaxed approach (R12).

I'm intense when I need to be, but at other times I'm very relaxed. I try not to overwhelm people. I think I'm an intense/easygoing type of person. Some days it is very intense and other days, you know, I was just telling a colleague not to sweat the small stuff, not to become very anxious. There are some things that can't be changed and some things that can, and you just have to work for it (R6).

I encourage communication, so the more we have dialog the better. Sometimes people call me a "kindly dictator". I'm not unbending but if I say something has to go, I'm not going to be a pushover (R3).

I am direct, in the sense that my feedback is not cluttered with other objectives. I am strategic: I typically look at the decisions that we're making today, and how they will affect 2, 3, 4, 5, steps into the future. I am friendly; socially, I can get along with, make conversation with, and I truly care about the success of everyone in the organization. I'm open for constructive feedback and criticism (R9).

I've coined an expression called "polite but firm", which kind of captures my personal and professional style. I'm what I like to call a Type A-light. I definitely have an opinion and a willingness to talk about things, but I typically want to sit back and try to understand first and be diplomatic (R1).

I am extremely direct, extremely transparent; I value clear and concise communication and have a penchant for getting things started. I have a high sense of urgency and I tend to be somebody that has to do [...] and takes value and pride in getting started and getting things moving (R2).

I know how to get things done; I'm not shy. I sometimes ask the simple questions, but nobody has thought of them. I always say "great idea. Who's going to do it?" or "Great idea; alright, put your name down for that one." And I hold them accountable (R10).

I have a big personality; I'm very driven, creative, enthusiastic, and energetic (R7).

I painted a pretty compelling vision and was able to work with the leadership here to line everybody up to that vision. I was a shock to the system in terms of the level of change that I was ready to lead (R5).

Part 3: Personal values:

Treat people well. You're only here for a short period of time – why should anybody have to go through more angst in a lifetime than is necessary? I think we're all here to help each other through it, and I think a key to that is treating people well (R8).

Make sure that, if you tell somebody that you're going to do something, you do it. Be truthful, and treat others with the respect that you would want to be treated with (R6).

It's always helping others, treating others by the golden rule, treating others respectfully and lending a hand. I really root everything in kindness. I think if people are kind to one another and have some sense of empathy, thinking through what's important to the other person, usually the best outcome happens (R12).

Treat other people the way you want to be treated, and respect them the way that you would want to be respected. I try to give people the benefit of the doubt, because what people do is easy to see, why people do it, not always very clear. Sometimes it's hard for people to determine the difference between what is right and what is wrong. I want to walk away from a choice feeling that I put out into the world something that will add value, something that will constantly give back (R9).

"Everyone has their story" – everybody is going through a million things that are completely unknown to me, and I try to bear that in mind because it affects everything that goes on around us. Also, "progress, not perfection" – we are all works in progress, and you need to value what people are bringing in the moment they're bringing it. Even if it's not exactly what you thought the right answer was, it probably is advancing the conversation materially (R11).

I was raised in a Catholic family that valued a sense of moral virtue, doing the right thing, and being empathic, so I try to be responsible, empathic, and compassionate in the way that I treat others (R4).

I believe in doing the right thing, and in ensuring that we treat everyone fairly and with respect (R5).

I hope it's on the straight and narrow. That's such a huge element in one's life. I remember when I was a teller and I had thousands upon thousands of dollars around me. I never thought it was mine; I would never, ever think of taking that. You're dealing with people's livelihoods; to me that's a huge responsibility, and morally and ethically, you don't cross that line (R10).

You live and die by the performance of your unit. Getting the right people off the blocks in the race means coaching and developing them. The hardest thing is, oftentimes, we are handed a decision that is the lesser of two evils, and that might kill a situation that seems very black and white (R2).

If I think something's wrong, I should say something. I've seen things that I thought were wrong and I've always spoken up about it (R3).

(I value) integrity, as well as legal principles, being a good person and a good citizen (R1).

I would put myself more at "value" over "cheap" – that's more where my personal standards would lie. (I value) integrity, that there is a personal sense of integrity (R7).

Organizational characteristics and values. Open coding of information related to the organization's mission and values resulted in themes that include integrity, maintaining relationships, being proactive, diligent, creative, entrepreneurial, and open to communication, diversity, and teamwork. The organizational culture was described in one of two ways, as either "feeling like a family" or as welcoming diversity and cross-cultural experience. Because these two descriptions do not appear together in the same interview, and none of the organizations studied clearly exhibit both, the two may be incompatible. In particular, organizations that have a family-like culture are also described by interviewees as rather paternalistic, with narrowly defined acceptable behaviors. This may occur because of a strong desire to carry out the wishes of a founder; such organizations are also described by interviewees as having strict governance. On the other hand, organizations that are described by interviewees as more welcoming of diversity and international experience are also described as more flexible and accepting of a wider range of behaviors. Interviewees described the latter group of organizations as respectful, welcoming, passionate, and based on trust, empathy and acceptance. Finally, organizational culture was thought by interviewees to include both a strong work ethic and an acceptable level of risk-taking; some interviewees mentioned taking risks and "reaching for the stars." The identification of themes related to organizational characteristics and values is based on the data detailed in "Organizational Descriptors used in Open Coding," which contains specific quotations from the interview transcripts.

Organizational Descriptors used in Open Coding.

Part 1: Mission and values:

We are very results-oriented; one of the key results is “how are we doing by our Customers, and what are they telling us?” (R8).

The Company is client-focused; Customers are the boss. Everyone in this organization is trying to do the right thing for the customer. And we celebrate that as a group and, for the most part, people feel rewarded in their jobs every day (R9).

People that have been with this company the longest are driven individuals. Everyone's very different; you have Type As, Type Bs, Type Cs, but all are working towards a single goal, making the company the best company that it can be (R6).

Integrity is huge. Treatment of others is really primary. We care about the customer (R10).

Values include tactful customer service, entrepreneurial spirit, doing the right thing, and building relationships with each other (R5).

The Company values its roots, it values its connection to community, and it values its people. We've nurtured a family atmosphere here where people take care of one another. We also value our ability to get things done at very low cost (R7).

Our values are around proactive shaping of solutions and bringing together of different people, as opposed to just responding to something. Being proactive has taken a really predominant place in our culture and it really ties back to the founder, who was not about waiting around for things to evolve around him, but seeking out (R11).

We value creativity [...] we value collaborative people and diversity of talent (R4).

The biggest thing that comes to mind is the ability to have a face-to-face conversation with anybody up and down the chain about what's important, which always starts with the customer. There's an etiquette and a politeness here, rooted in a humble nature, and that could be good and bad, right? Everything “values” could have strength and weakness associated with it (R12).

We value guest/stakeholder value creation and satisfaction and humility (R2).

One of our core values is diversity and understanding culture, that others are going to behave differently even within the US. So, we have been allowed to develop our own culture, and it's been really important not to have to implement some of the ways people behave in New York; that just wouldn't fly and I would have employee retention issues. There are 10 different values; some of them are “quality is number 1” (tied in to what kind of service we provide our clients), “teamwork” (a huge one), “diversity,” and “financial responsibility.” There are also some looser ones like “integrity” and “results” (R3).

Part 2: Organizational culture:

This place is very affirming, going back to the idea of family. There's a culture of respect; we respect the job that everybody does here, whether it's cleaning the building or making strategic decisions about our future. We take pride in the place (R7).

It sort of feels like a family, but also, in a lot of ways it doesn't feel like a family. The organization is very welcoming when new people come. Business decisions are made with clarity, everybody is accountable and responsible; everybody earns the job that they have. Decisions get made fast: ideas come in, we try them, there's a lot of tolerance for “try something, and if you're going to fail, fail quick” (R9).

We are passionate about creative ideas, have a very strong work ethic, and do things that have never been done before. We challenge ourselves to bring breakthrough creativity into the marketplace. We “reach for the stars,” we always agitate to improve, we have curiosity to ask “are we asking the right question, can we dig deeper to get better insight, can this work be better?” (R4).

We all work hard; fortunately, it doesn't feel like work a lot of the time because it's really energizing, good stuff and we go out of our way to have a lot of fun while doing it. The work ethic is something that is very strongly a part of our culture, as well as diligence and thoroughness (R11).

We really work hard, but, at the same time, it is expected that there's work-life balance. There were 400 of us that had 25 years or more with the company, wonderful lunch, catered in. We recognized the incoming new members and then everybody else that has 30, 35, 40, 45 years of service (R10).

We are absolutely fastidious about welcoming customers (as though into our homes); we have monthly mystery shops where a third party comes in and evaluates how we are doing in delivering guest hospitality, quality, convenience, and pleasantness of our staff (R2).

We're a brand based on trust and that drives a lot of the culture of the organization. We always make sure that we're putting our best foot forward, that there aren't things going on that would bring shame or disparage the brand in any way. The organization is a good employer – the key to our staff taking care of the customers is that they know they are being taken care of, as well (R8).

We talk about empathy. They're listening. There's a true caring and compassion, and I think this translates throughout the organization (R12).

It's having all these different individuals, different cultures, different past experiences, under one roof – it's interesting having all this uniqueness in an organization. The Company values individualism, they appreciate risk-takers, they embrace multi-culturalism, potentially different ways of thinking (R6).

We incorporate focus, accountability, continuous improvement, excellence, and service mentality, and of course the foundation of all that is integrity. Those aren't just randomly thrown-out cultural variables; they are core values that we're all aligned on (R1).

The Company has a penchant for solving big problems; there's nothing that we can't do if we line everybody up behind it (R5).

Decision-making styles. Two additional topics that need to be considered in regard to executive decision making are: whether decision-makers typically take an analytical or intuitive approach; and whether they believe there is usually a clear right or wrong answer. Regarding the approach to decision making, interviewees often began by saying they consider both quantitative data-based and qualitative, feeling-based factors in making a decision. However, they tended to then focus on one or the other, justifying this through its importance. Examples of responses exhibiting a more analytical approach to decision making include:

- "I'm much more analytical; I can't have enough data. I also know there are areas where intuition is the best model to use in the decision making process. When there is not data sufficiency or any data at all, the fastest path is intuition and experience. That's the prime example of an 80/20 rule: mostly data, mostly analysis" (R12).
- "I love numbers, and I love to have my facts in order, and I say all the time: 'The devil is in the detail.' If you do not pay attention to detail, you will get burned. The analytics are important, because sometimes there are just so many opinions without any facts. I have to say I'm a blend, but I won't go with my gut until I look at the facts" (R10).
- "I access both parts of my brain. I'm very big into being logical, but I'm also open-minded enough to consult other people. Sometimes, you just have to go with your gut, but I do tend to rely more on the analytical (side)" (R3).

- “I think you have to have both. The analytics are definitely critical. The intuition can come into play (when) you are making decisions about things that you never decided before or (where) there is not a measurement. So, you are forced to use your intuition. You have to rely on both. You can’t just rely on one” (R9).
- “I am a pretty good balance of both. I am analytical for sure, but I do rely on intuition” (R5).

Examples of responses exhibiting a more intuitive approach to decision making include:

- “I’m definitely a hybrid on that one. I ask a jillion questions (because) I really want to understand something deeply before making a decision. I’m aware, but not entirely driven by, the intuitive side. I bring both of those to decisions” (R11).
- “I am definitely more intuitive, but with strong analytical backup. I honestly don’t like to make decisions that are not data-driven, however, sometimes it’s just that gut” (R7).
- “I think you have to strike a balance in any decision, bringing in both. If it’s sort of a tossup, I go with the feel more than the numbers” (R8).
- “(I’m) intuitive. I go with my gut” (R6).

The above responses can be used to identify two groups of interviewees, those who prefer more quantitative information and those who prefer more qualitative information in decision making. As a way to obtain additional evidence of personal moral philosophies, interviewees were asked whether they believe there is usually a clear right or wrong answer when making an ethical decision. Some executives exhibited greater concern than others about the process of evaluating an ethical decision; in open coding, these comments were categorized as deontological. Responses that indicated belief in a clear right or wrong answer and/or showed greater concern about outcomes were classified as teleological. Examples of responses exhibiting a more process-oriented (deontological) approach to decision making include:

- “I don’t know if there’s ever any truly right or wrong answer. Everyone wants the 100% answer, but I struggle with it personally” (R12).
- “I think there is usually not a clear right and wrong answer” (R5).
- “I believe almost everything is in the gray. Occasionally, something comes along that is just so obviously such a clear winner or such an all-alarms-blazing loser that I can feel like that one’s black and white. But for the vast majority, particularly decisions where we’re working in some of these intractable issues and really complex spaces, it’s gray. Rarely is something just 100% versus 0%” (R11).

Examples of responses exhibiting a more outcome-oriented (teleological) approach to decision making include:

- “The right answer ultimately surfaces and, by the time it does, it’s pretty evident. I don’t do a lot of second guessing of decisions. There is value to looking in the rear-view mirror, but it’s more important to be looking forward” (R8).
- “There’s right and there’s wrong” (R10).
- “There are some (decisions) that are clearly right and wrong, and there are some that are in the gray area. And even within the gray area, there are levels of gray” (R7).

Respondents were also asked about the fit between their personal and professional goals and their organizations’ objectives. Most likely because all interviewees were senior executives having high levels of involvement with and commitment to their organizations, all of them expressed high levels of person-organization fit. This is quite consistent with an

observation that the interviewees spoke with equal ease about their personal backgrounds and about their organizations.

Successful and unsuccessful decisions. Each interviewee was asked to describe in detail one very successful and one very unsuccessful decision they had made recently. This was done in order to better understand the criteria they use to define success as well as to get rich descriptions of their decision-making processes, as recommended by Hoffman *et al.* (1998). One interesting theme that was revealed during open coding of this information was the functional areas into which the successful and unsuccessful decisions would fall: interviewees tended to identify decisions related to people or to technology as most salient. Among the decisions chosen as successful, many of the interviewees described topics related to human resources (HR) and partner relationships (people), and a few described adoption of new technology. Among the decisions chosen as unsuccessful, many were related to HR and partner relationships, and a few to technology-based promotional activities. Thus, interviewees believe it is important to consider people in making executive decisions, both directly and in terms of their use of technology. Executives apparently realize that their decisions drive culture and values for the entire organization. Based on this emergent finding that highlights the relationship between personal interaction and the perceived success of decisions, the intersection of people policies and ethical decision making must be carefully considered.

Results of axial coding

In axial coding, themes identified in open coding are studied to see how they might interact. Therefore, this section includes discussion of themes related to personal moral philosophy, background (culture, social style, and values), organizational characteristics (mission/values and culture) and decision making style. These categories of data seem to be related to successful and unsuccessful decisions, use of analytical and intuitive decision inputs, and criteria used to evaluate decision outcomes.

Executive interviewees having a strong outcome orientation were often those whose organizations have a clear founder-derived or family-like culture and a high perceived external focus in their organizational values. (This could potentially be explained by the selection processes used by organizations to hire people into leadership positions.) These interviewees described successful decisions as related to people and unsuccessful decisions as related to other elements of the marketing mix (typically based on technology, e.g. promotional activities or customer interface software). They expressed a high need to use analytical or metric data in decision making, both as an input and in assessing outcomes. For unsuccessful outcomes, these types of data may be used to justify a poor choice, by shifting the blame away from the decision maker and toward the measures instead.

Interviewees having a strong process orientation tended to be those whose organizations place greater value on diversity and international experience; they also seem to have a perceived internal focus in their organizational values. (These relationships were not as clear-cut as the corresponding relationships for interviewees categorized as having an outcome orientation, as described in the previous paragraph.) This group of interviewees described both successful and unsuccessful decisions as related to people. They typically mentioned a mix of analytical and intuitive decision inputs; successful outcomes seem to be evaluated intuitively, whereas unsuccessful outcomes are based on a mix of assessments. It appears that, with unsuccessful outcomes, these interviewees feel a need to use analytical tools or metrics to better understand what went wrong.

As mentioned above, in both the successful and unsuccessful decisions identified as salient, there was a focus on ethical decisions made with regard to people, especially front line service providers, which is an important emergent theme that relates executive decision making to organizational culture and values. Furthermore, this relationship appears to exist

for executives having both process and outcome orientations. Such decisions are considered ethical decisions because of their direct impact on people, determining who wins and who loses; in the present research, the focus is on those within the organization.

In the discussion section which follows, selective coding moves the research results to a higher, more abstract level, in which observed interrelationships between themes from open and axial coding of the interview data are described. These results point toward propositions for further research, which represent the outcomes of the present qualitative research using a grounded theory methodology. Following the propositions is additional discussion of how the research results relate to the conceptual development and, in particular, to the concentric circles model provided in Figure 1.

Discussion

This section begins by detailing the research propositions that are the outcome of the study. After doing this, it links the layers of ethical decisions described in the conceptual development (see Figure 1) and the research findings.

Several interesting relationships emerge as the results of axial coding are subjected to selective coding; these relationships are described in the research propositions, below. The results in the present research are consistent with those in previous research that find an impact of personal characteristics and moral philosophy on ethical decision making, as described in the conceptual development section. Also consistent are findings that suggest organizational values and culture may influence executive decision making. The link between personal backgrounds and organizational cultures apparently offers excellent person-organization fit, possibly because the executives rank so highly in their organizations that they are instrumental in defining the corporate culture. However, much of what emerges from the axial and selective coding is new and offers a distinctive contribution to the literature. In particular, the present executive interviewees seem to align into two groups, based on their descriptions of personal background, decision-making style, and organizational culture. These groups are related to the core category resulting from open coding, the personal moral philosophy, on which ethical decisions depend (see Table II).

Research propositions resulting from selective coding of the present results offer a contribution beyond previous research: they address new relationships that emerged during axial coding between the themes obtained in open coding. For instance, after grouping the executives based on the reported decision-making style, each executive's personal moral philosophy appears to be related to organizational culture. This apparent group membership relates the tendency to focus on process (deontology) vs outcome (teleology) to the specific types of assessments used in evaluating ethical choices. Therefore, *P1* looks at the relationship between personal moral philosophy and use of intuitive vs analytical assessments of decision options. Organizational values may also potentially impact ethical decision making: for instance, corporate culture appears to relate to which types of executives are attracted and retained at high levels in an organization (see *P4*). In particular, organizations with strong family-like cultures are more likely to be led by executives exhibiting outcome-oriented personal moral philosophies (teleologies), whereas organizations having greater diversity and appreciation of cross-cultural experience are more likely to be led by executives exhibiting process-oriented personal moral philosophies (deontologies). All of the Propositions relate to the executive's personal moral philosophy, which is a central phenomenon of this research:

P1. Describes how an executive's personal moral philosophy might influence the types of information considered in ethical decision making.

P1a. Executives holding outcome-oriented personal moral philosophies (teleologies) tend to make greater use of analytical measures than intuition in decision making.

Table II.
Results of
axial coding

Open coding categories	Apparent deontological approach to decisions	Apparent teleological approach to decisions
Personal characteristics	service orientation, giving back, empathy, persistence, not intimidated by change	service orientation, giving back, empathy, persistence, not intimidated by change
Personal social style	warm, open-minded, collaborative, optimistic	warm, open-minded, collaborative, optimistic
Personal values	remain honest, truthful, and transparent	consider impacts and time frames, prioritize results
Personal decision-making style	mix of analytical and intuitive considerations	tends toward more analytical considerations
Personal assessment of decision outcomes	usually there is not a clear right or wrong answer	the right answer ultimately surfaces
Organization's desired employee characteristics	maintain relationships, proactive, diligent, creative, entrepreneurial, team players	maintain relationships, proactive, diligent, creative, entrepreneurial, team players
Organizational values	communication, transparency, getting the job done, valuing individual differences	communication, transparency, getting the job done, conforming to expectations
Organizational culture	welcoming of diversity, flexible, accepting of a wider range of behaviors, more risk-taking	paternalistic, narrowly defined acceptable behaviors, feels like a family, less risk-taking
Organizational assessment of decision outcomes	successful outcomes are evaluated intuitively and most often relate to people; unsuccessful outcomes are evaluated both intuitively and analytically and most often relate to people	successful outcomes are evaluated analytically and tend to relate to people; unsuccessful outcomes are evaluated analytically and tend to relate to technology

- P1b.* Executives holding process-oriented personal moral philosophies (deontologies) tend to make use of both intuitive and analytical assessments in decision making.
- P2.* Describes how an organization's values, and particularly whether they are focused externally (on customers) or internally (on employees), relate to the moral philosophies of successful executives who drive such organizational values.
- P2a.* Executives exhibiting outcome-oriented personal moral philosophies (teleologies) are more likely to be leaders in organizations having high external focus in values.
- P2b.* Executives exhibiting process-oriented personal moral philosophies (deontologies) are more likely to be leaders in organizations having high internal focus in values.
- P3.* Brings out the importance of people in service-providing organizations. In particular, an executive's personal moral philosophy can potentially impact the types of decisions considered successful and unsuccessful.
- P3a.* Executives holding outcome-oriented personal moral philosophies (teleologies) tend to find that successful decisions are about people, whereas unsuccessful decisions tend to be about other elements (e.g. technology).
- P3b.* Executives holding process-oriented personal moral philosophies (deontologies) tend to find that both successful and unsuccessful decisions are about people.
- P4.* Describes how different organizational cultures might attract and foster the success of executives holding different moral philosophies.
- P4a.* Executives in organizations having strong family-like cultures are more likely to exhibit outcome-oriented personal moral philosophies (teleologies).

- P4b.* Executives in organizations having greater diversity and appreciation of cross-cultural experience are more likely to exhibit process-oriented personal moral philosophies (deontologies).
- P5.* Ties together *P1* and *P4* by considering how organizational culture might impact the use of analytical and intuitive inputs to ethical decision making. In particular, the amount of perceived autonomy that executives have in decision making appears to be related to organizational characteristics, and to the personal moral philosophies of typical executives in each type of organization (see *P4*). This, in turn, appears to be related to different use of potential decision inputs (see *P1*). This may occur because executives in organizations having greater diversity perceive less need to justify their choices.
- P5a.* Executives in organizations with strong family-like cultures tend to hold outcome-oriented personal moral philosophies (teleologies) and to make use of primarily analytical decision inputs (i.e. metrics).
- P5b.* Executives in organizations placing greater value on diversity tend to hold process-oriented personal moral philosophies (deontologies) and to use a blend of decision inputs, including both intuition and metrics.
- P6.* Considers how executives' personal moral philosophies might impact assessment of ethical decision outcomes. Executives having more teleological personal ethical codes do not appear to make use of intuition in evaluating unsuccessful outcomes. As mentioned earlier, this may be related to the importance of outcomes and/or a need to shift blame onto the metrics. Executives holding more deontological moral codes tend to use a range of assessments for unsuccessful outcomes, which may reflect greater desire to find the true reasons behind undesirable results.
- P6a.* Executives holding outcome-oriented personal moral philosophies (teleologies) tend to evaluate successful outcomes intuitively, but unsuccessful outcomes analytically.
- P6b.* Executives holding process-oriented personal moral philosophies (deontologies) tend to evaluate successful outcomes intuitively; with unsuccessful outcomes they use a blend of assessments.

The research propositions are shown visually in Figure 2. Note that the arrows connecting the personal moral philosophy to the organizational culture are bi-directional, because there appears to be an interactive pattern in which each can affect the other.

Looking back at the concentric circles model introduced in the conceptual development (see Figure 1) facilitates review of the contributions in the present research. In particular, the outer circle or actualization layer depicts ethical decisions that influence society as a whole (e.g. CSR decisions). The intermediate circle or transformative layer depicts ethical decisions that influence the potential market, including current customers (e.g. TSR and other decisions affecting vulnerable customers). The present research is focused in the inner circle or initiation layer; ethical decisions in this circle are made by high-level executives and initiate culture and values within the organization. There are two relevant differences between the layers presented: first, decisions in each layer affect different groups of people, and second, the extent of each of these three groups is very different. Decisions in the actualization layer affect all of society, so the impact is very broad but also very thin. Decisions in the transformative layer affect everyone in the potential market, so the group is smaller, but the decisions are more impactful, both to the affected people and to the organization. Finally, decisions in the initiation layer directly affect people within the organization and have a very strong impact on this group. Such ethical decisions made

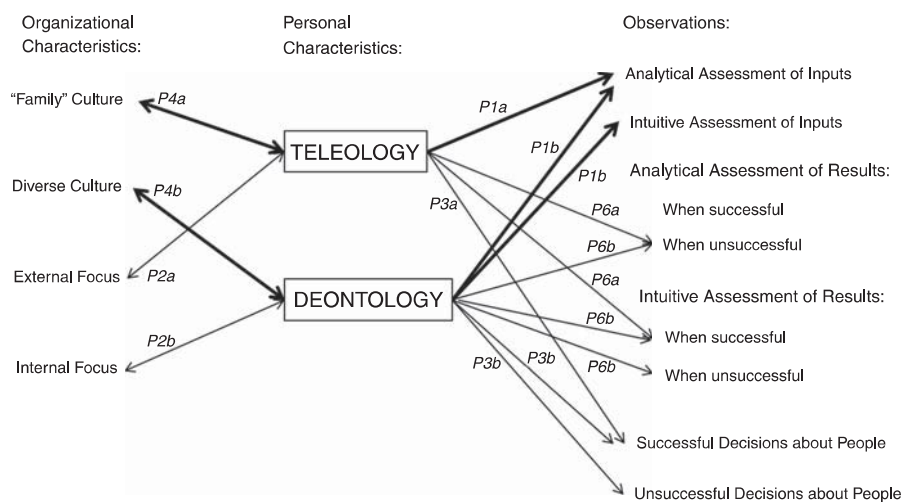


Figure 2.
Relationships between
themes, shown by
proposition number

by executives within the initiation layer are understudied and can greatly influence employees, who in turn have the power to determine the success or failure of the organization. Therefore, the present research offers an important contribution by improving understanding of how successful executives make and evaluate ethical decisions that initiate organizational culture and values.

The findings suggest that executives making ethical decisions use different inputs depending on their personal moral philosophies: those that are outcome-oriented use analytical measures and focus on external evaluation, whereas those that are process-oriented use both intuitive and analytical tools and focus on internal evaluation. Both groups appear to have greater concern about the impact on people when they make unsuccessful decisions, but those that are outcome-oriented focus on other elements, such as technology, when a decision is successful. Organizational culture appears to affect, and be affected by, the executive's personal moral philosophy: outcome-oriented decision makers are associated with strong family-like cultures, whereas process-oriented executives are affiliated with organizations offering greater diversity and appreciation of cross-cultural experience. Finally, both groups of executives tend to evaluate successful outcomes intuitively; those holding outcome-oriented personal moral philosophies assess unsuccessful outcomes analytically, whereas those that hold process-oriented personal moral philosophies use a blend of assessments in case of an unsuccessful outcome.

These observations can lead to new connections in the service literature, in part because ethical decisions taking place in the initiation layer can have ramifications for service delivery. For instance, the literature review mentions customer co-creation of value, which is a very current research topic in the intermediate layer, owing to the increasing importance of customer participation in creation of services. This literature suggests that mutually beneficial relationships are achieved when personalized interactions between a company and its customers become the loci of value creation (Grönroos and Gummerus, 2014; Grönroos and Ravald, 2011; Grönroos and Voima, 2013; Vargo and Lusch, 2004). Co-creation of value can be said to have been addressed much earlier in literature related to the initiation layer, because value co-creation has been going on for a very long time between employees, under the name of teamwork. Decisions made by an executive in the initiation layer that affect how employees are motivated to work together, such as investment in training

programs or compensation plans, may offer useful advice to others currently working to enhance customer value co-creation. Thus, there may be secondary benefits to improved understanding of high-level ethical decisions, owing to the implications for the intermediate and outer layers in Figure 1. It is also of note that literature focusing on the actualization layer does not yet appear to address co-creation of value; this may be an interesting opportunity for future research. In summary, developments in co-creation of value point to the importance of better understanding how executives make ethical decisions that affect employees, because co-creation activities have already moved from the initiation layer outward and other topics might do so as well. For instance, related topics such as: the role of leaders in creating an ethical organizational climate; or links between ethics, HR, and organizational success are critical and may also exhibit outward-moving patterns. The present research contributes to understanding in these areas, particularly how executive ethical decisions directly impact employees, and therefore indirectly influence customers, suggesting that more guidance on people-oriented decision-making is needed in marketing theory and practice.

As mentioned above, ethical decisions within the initiation layer may have the greatest impact, owing to their focus upon the most narrowly defined layer. Such decisions may also have the greatest impact upon the decision maker, as executives are responsible for culture and values within their organizations. Interviewees expressed positive attitudes toward service, giving back, empathy, reaching out to others, persistence to overcome obstacles and not being intimidated by new situations. They apparently hold long-term goals and can clearly articulate a vision for the future. Some described “building a legacy” – painting a picture with words of what they were developing to outlast themselves. The organization’s culture and values are a key part of an executive’s legacy, and the present research suggests that this legacy is critically important to the successful high-level executives interviewed. This is substantiated in the interview data: early in the interviews, executives talked freely about their childhoods, values in the family of origin and formative experiences. They shared stories about their career paths, including the key choices that led them to where they are today. Most of them described their contributions in some detail, and with pride. Nearly all envisioned a specific legacy that they wanted to leave to their organizations. It was during these free-flowing conversations that the organizational culture was typically described, and often it was related back to the respondent’s early years during which their values were formed.

A final topic that is briefly addressed in the present research is how cultural norms influence an ethical decision. In the actualization layer, all of society is affected, and cultural norms vary widely. In the transformative layer, the potential market is not as broad as all of society, but may still involve a variety of cultural norms. In the initiation layer, the organizational culture applies, so the range of cultural norms is much narrower. Because corporate culture is determined interactively by high-level executives who make ethical decisions directly affecting those within the organization and then observe their decisions in action before making adjustments, it is important to better understand how they make such decisions.

Conclusion

The present research develops understanding of how successful service executives consider and use different types of information and evaluative processes to make decisions that initiate organizational culture and values. Based on the findings from in-depth interviews with twelve high-level service executives, personal moral philosophy is a core phenomenon; other influences on ethical decisions include both individual and organizational cultures and values. Six propositions for future research are developed in this grounded theory research. Briefly, the research propositions suggest that personal moral philosophies drive selection

of decision inputs and use of information, influence outcome assessment, and affect both organizational culture and its impact on ethical decisions. (The Research Propositions are presented verbally in the discussion section, and described visually in Figure 2.)

The grounded theory methodology was selected, in part, to allow interviewees to describe in their own words how they incorporate different types of information when making ethical decisions. Respondents were asked about their individual family background and culture, social identity, social style and personal moral philosophy; they also described how they perceive their organizations, including mission, values and culture. They identified decisions that they found important, challenging, successful, and unsuccessful, and elucidated vignettes describing specific successful and unsuccessful recent decisions. They provided details about their comfort levels with and use of different ways of thinking, such as analytical or intuitive, and described any metrics or other assessments they found particularly helpful. Finally, they defined an "ethical decision" in their own words and described, in general, the steps they would follow to make such a decision. Analysis of the resulting executive interview data relied on standard qualitative methods recommended by a number of authors (detailed in the method section) for research leading to grounded theory.

From the qualitative data analysis, two groups of executives emerged; these groups appear to differ based on whether their personal moral philosophies are outcome-oriented (teleologies) or process-oriented (deontologies). Interviewees align with one of these two groups in a manner consistent with their organizational cultures. Specifically, in organizations with strong family-like cultures, executives tend to be teleologists; they are outcome-oriented and report greater use of analytical inputs in decision making and in evaluation of unsuccessful decision outcomes. These executives may need to justify their decisions using quantitative information because they feel there are strict expectations of executive decision outcomes in their organizations. If so, this may result in disregard of some available information, particularly intuitive information that might assess unexpressed feelings; such an oversight could potentially lead to less successful decisions and less positive customer results. The stated importance of making good choices may be the reason that members of this group report unsuccessful decisions that focus on technology rather than on people: perhaps in choices perceived as less crucial, it is easier to face a lack of success. The second group of executives includes those from organizations that value diversity as well as international and/or cross-cultural experience. These executives tend to be deontologists; they are process-oriented and report greater use of a blend of intuitive and analytical assessments in decision making and in evaluation of unsuccessful decision outcomes.

Limitations

This study is not without limitations. All of the interviewees were chosen because they are quite successful executives at the highest levels in successful service organizations. Thus, the research propositions may not be applicable to executives who are personally unsuccessful or leading poorly performing organizations. Interviews conducted among such executives would most likely exhibit greater variation, not only along the lines of personal and organizational characteristics, but also in terms of person-organization fit. Other types of diversity are also lacking from the sample owing to its small size. For instance, it was not possible to also recruit either for greater international diversity (e.g. currently working in various countries) or for less diversity (e.g. all from the same service industry), so choices had to be made for reasons of feasibility. This is a limitation that could be relaxed in future, larger-scale studies.

Another limitation of the present study is that it is inherently cross-sectional: busy executives could not be asked to engage in more than one in-depth interview. Therefore, longitudinal data

are lacking and the findings must rely on interviewee reports of changes occurring over time (e.g. outcomes of successful and unsuccessful decisions). Perceptions and actual changes over time might differ. A qualitative, longitudinal study of similar high-level service executives would be helpful in discerning this. However, it may be of even greater benefit to perform a quantitative study using a representative sample, to assess whether or not the propositions developed herein have external validity among a broader population.

Future research

The six research propositions developed in the present study are testable in future research. Specifically, they might be used to design a quantitative study in which questionnaire responses measure the impacts of various factors on ethical decisions by a larger, representative sample of executives. Another potentially useful future research direction would be to further develop the concepts and relationships identified in the present study through additional qualitative research, possibly a longitudinal study which would allow an assessment of how responses change over time and through different environmental conditions.

Another interesting direction for future research would be to investigate how the findings in the present study (i.e. the research propositions) might be extended across the two layers in Figure 1 that are outside the scope of the present research. Specifically, it would be helpful to assess whether personal characteristics of decision makers or their organizational cultures influence decisions in the intermediate layer that directly impact the potential market and/or if this occurs in the outer layer, where decisions impact all of society.

How cultural norms influence an ethical decision is another topic that is briefly addressed in the present research; the influence of cultural norms could be investigated specifically for applicability in different layers of Figure 1. It was mentioned above that cultural norms would be expected to be most variable in the activation layer, where decisions impact all of society, less variable in the transformative layer, where decisions impact the potential market, and least variable in the initiation layer, where the applicable cultural norms are those of the organization. Thus, it would be valuable in future research to develop an understanding of how cultural norms themselves as well as their variability might influence ethical decisions.

In the present research, interviewees felt that the most important and most difficult decisions involve people; service operations and technology-related decisions were also mentioned as being difficult. The results of these types of decisions are quite visible to customers, especially in services, because of the high levels of both personal and technology-based interaction that often occur. Therefore, it could be interesting to investigate whether this is also true in other layers shown in Figure 1. In particular, there may be differences between process-oriented ethical decision makers (who tend to be affiliated with internally focused organizations) and outcome-oriented decision makers (who tend to be affiliated with externally focused organizations) in terms of how they view the importance of people in creating the face of the organization and of considering intangibles such as intuition in evaluating ethical decisions. Such differences may lead to differences in decision making in each layer of the concentric circles in Figure 1. These topics should be considered in future research.

Contributions

Prior research in ethical decision making is primarily focused in the actualization layer where corporate social responsibility decisions are made, or in the transformative layer where the well-being of all potential customers is considered (refer to Figure 1). The present research is focused in the inner circle, the initiation layer where high-level executives make crucial ethical decisions that define organizational culture and values

and directly impact employees. Compared to the outer and middle circles, the initiation layer is under-represented in academic research and in practical understanding. Therefore, this research makes an important contribution by providing findings from personal interviews with high level executives in successful service firms, to clarify the processes they use and outcomes they consider when making such critical decisions that affect people within their own organizations. Results are presented in the form of testable propositions that describe relationships between constructs that drive ethical decisions (refer to the discussion section and/or Figure 2 for details). Based on personal characteristics, organizational values, and decision-making styles, the executive interviewees apparently belong to one of two groups, aligned with either deontological or teleological personal moral philosophies, respectively. Differences that define group membership emerge in open and axial coding of the interview data (refer to Table II for details). The relationships between observed constructs are new, relevant, and worthy of study in future empirical research. This should be undertaken to clarify how ethical decisions that initiate organizational culture and values are made by successful service executives. Should the findings be upheld in a quantitative study, the results will be applicable in organizational ethical decision making.

In summary, this research gathered rich descriptions of service executives' personal characteristics, including culture, social identity, social style and personal moral philosophy, which have been shown in previous literature to influence ethical business decisions. Information about organizational culture, mission, and values, which can also influence executive decision making, was also obtained. Interviewees held either deontological (process-based) or teleological (outcome-based) personal moral philosophies; their organizations can be grouped into those that have more family-like, externally focused cultures and those that exhibit more diverse, international cultures featuring an internal focus in decision making. There appears to be a relationship between these characteristics, which is included in the research propositions that result from the present study. Furthermore, personal and organizational characteristics appear to be related to an executive's tendency to use analytical or intuitive assessments, both of decision inputs and outcomes. All of these findings are detailed in the research propositions, which are presented in the discussion section and summarized visually in Figure 2; these are the outcome of this grounded theory qualitative research.

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