Ethical Decision-Making: Group Diversity Holds the Key

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Both researchers and practitioners have a growing interest in ethical decision-making in the workplace. While ethics has been explored at the individual (e.g., cognitive moral development, moral identity) and organizational level (e.g., ethical culture, corporate social responsibility), few studies have examined ethical decision-making at the group level. The current study examined the extent to which ethical group decision-making varied as a function of racial diversity and time. Using experimental methods, results reveal that heterogeneous groups were more likely to make ethical decisions than homogenous groups. Practical implications and future research directions are discussed.

INTRODUCTION

The first decade of the twenty-first century has brought a number of challenges and left lasting lessons regarding ethics and diversity for society to reflect upon and expand our breadth of knowledge. In an ever-evolving society, ethics has come to the forefront of a business world under siege by scandal and a lack of ethical behavior. The 21st Century has been fraught with CEO and corporate scandals (e.g., Enron, Tyco, Hewlett-Packard, World-Com). Unethical behaviors in the workplace range from ignoring company policies to breaking the law (Baehr, Jones, & Nerad, 1993), and employees are constantly faced with ethical choices resulting in ambiguous outcomes (Clegg, Kornberger, & Rhodes, 2007). Managers are forced to make difficult decisions daily that may be morally confusing; in other words, the "right thing to do" is not always evident (Lurie & Albin, 2007). For such reasons, the influence of ethics at work is a growing area of interest for management scholars and practitioners (Robin, Reidenbach, & Babin, 1997).

Along with the necessity for increased research into ethical decision-making, diversity has become an increasingly important topic for management scholars and practitioners. The workplace is becoming more diverse, and there are estimates that by 2050, racial and ethnic minorities will comprise approximately 48% of the United States workforce (up from 26% in 1995) (United States Department of Labor, 1999). Diversity is no longer an idealized notion, but a complex reality offering its own challenges to any modern business firm. As demographic trends change, and the United States becomes more diverse, the importance of research in this area is rising. Although there is a growing interest in this area, a review of the diversity literature finds little consistency regarding the antecedents or consequences of diversity (see Shore, Chung-Herrera, Dean, Ehrhart, Jung, Randel, & Singh, 2009). Both researchers and practitioners need to more fully understand the role of diversity in organizational outcomes.

This paper addresses these two major societal issues – (un)ethical behavior and increasing diversity – and proposes that group diversity may in fact be the key to ethical decision-making in the workplace. First, we address the ethical decision-making literature demonstrating the need for multiple perspectives when faced with an ethical dilemma. Second, we review the current diversity research, identifying both the positive and negative outcomes of increasing diversity. Third, we propose a model suggesting that group diversity leads to more ethical decision-making, and the strength of this relationship increases over time. Finally, we present findings from the current study testing our hypotheses, and discuss implications for future research and practice.

Ethical Decision-Making

The role of ethical decision-making becomes increasingly important as individuals in contemporary organizations encounter a plethora of ethical challenges that require them to engage in decision-making processes. Employees faced with an ethical dilemma can often choose from a wide range of possible solutions (Lurie & Albin, 2007). According to Carlson, Kacmar, and Wadsworth (2002), "ethical decision-making is the process by which individuals use their moral base to determine whether an issue is right or wrong" (p. 16-17). Research on ethical decision-making argues that ethical/unethical behavior is actually an interaction of the person and the situation (Treviño, 1986), since ethical decision-making is influenced by both the individual and their environment.

In the modern workplace, social relationships affect ethical decision-making since cooperation and accountability among co-workers is essential (Beu & Buckley, 2004). Specifically, there has been a rise over the past 20 years in the number of organizations that divide their employees into work teams (Bhave, Kraimer, & Glomb, 2010). In fact, it is reported that 80% of Fortune 500 companies have at least half their workforce participating in team-based assignments (Purdum, 2005). As the use of teams in organizations has risen, so has researcher interest in the effectiveness of teams (Bell, 2007). Given the increase in team-based work, there is a shift from individual to group decision-making, and therefore growing rationale for exploring group ethical decision-making.

Although there has been some research on decision-making at the group level (albeit mixed findings), there has been very little research on *ethical* decision-making at the group level (see Treviño, Weaver, & Reynolds, 2006). This is an important area of research due to the fact that ethical/unethical choices can have serious, lasting consequences for society. Therefore, it is essential that researchers identify specific conditions that enhance group ethical decision-making. Rest (1979, 1986) argued that in order to integrate an ethical dimension into the decision-making process, an individual must proceed through four steps: ethical awareness, judgment, intention, and action. Ethical awareness (Step 1) is the recognition or identification of an ethical dilemma, and the understanding that it may affect others. Ethical judgment (Step 2) consists of developing and evaluating the alternatives and their consequences. Ethical intention (Step 3) is the intention to enact behavior based upon the assessment of what is the "right" choice. Ethical action (Step 4) is the execution of the behavior. In the current research, we apply Rest's (1986) model to group decision-making processes and contend that heterogeneous (i.e., diverse) groups have the opportunity to influence ethical decision-making during the second step - ethical judgment. During the ethical judgment stage, individuals formulate and evaluate alternatives and their consequences. Key questions asked during this stage include: "is the probable decision fair or unfair?", "would the decision

be acceptable to my family or friends?", and "was the decision morally right or morally wrong?" (Lincoln & Holmes, 2010, p. 63).

We propose that homogenous groups likely possess shared attributes and experiences resulting in similar perspectives on ethical dilemmas. Given the shared backgrounds of homogeneous groups, they are likely to come to consensus quickly. In some dilemmas, homogenous groups may arrive at the "correct" ethical action. However, we contend that more often than not, the similarity in perspectives on a given dilemma will result in homogenous groups not selecting the "right" ethical action. Conversely, heterogeneous groups that bring varied attributes and personal experiences to the table will likely be able to share more information and develop new ideas that result in ethical action. Diverse (i.e., heterogeneous) teams are comprised of individuals with different experiences that impact their view on the decision-making task (Clark et al., 2000). Researchers have found that family, co-workers, and friends do influence "values-based" business leaders (Gingerich, 2010). Heterogeneous groups would likely come up with a variety of different answers to the question "would the decision be acceptable to my family or friends?" compared to homogeneous groups. Because each individual in the group has a unique family and friend base, the conversation in the ethical judgment stage will stimulate further debate and result in more varied approaches to engaging in ethical action. Thus, the uniqueness of the ideas in the heterogeneous group results in increased ethical decision-making. In the next section, we review the diversity literature and propose our hypotheses regarding diversity and ethical decision-making.

Key Outcomes of Diversity

In an employment context, the term diversity refers to characteristics that a person possesses that lead to a perception that he or she is different from other individuals, and generally refers to members of underrepresented groups (Jackson, 1992). Over the past 40 years, research pertaining to diversity in the workplace has increased (see Goldman, Gutek, Stein, & Lewis, 2006). Federal, state, local, and municipal laws mandate that organizations recruit, select, and promote members of underrepresented groups at rates similar to that of majority group members and as a result, such legislation may be partially responsible for the increased attention to diversity management (Belton, Avery, & Jones, 1999). Though there is an abundance of research on diversity (e.g., Harrison, Price, Gavin, & Florey, 2002; Milliken & Martins, 1996; van Knippenberg, De Dreu, & Homan, 2004; Waldman & Avolio, 1986), there is a lack of consistency regarding the impact of diversity on individual and organizational outcomes. We will next discuss research on workplace diversity and specifically focus on the outcomes associated with diversity.

Previous research reveals mixed results of workforce diversity (i.e., bio-demographic) on important organizational outcomes (e.g., individual, team, and organizational performance; Delong, 2007; Harrison et al., 2002; Milliken & Martins, 1996; Pelled, Eisenhardt, Xin, 1999; van Knippenberg et al., 2004; Webber & Donahue, 2001). In fact, there are limited research findings that consistently demonstrate positive outcomes of a diverse workforce (i.e., demographic composition) and workplace (i.e., culture towards diversity; see Horowitz & Horowitz, 2007). At the organizational level, research suggests that organizational commitment to diversity positively impacts recruitment and retention efforts (Delong, 2007). For instance, Avery (2003) found that presenting prospective employees with recruitment materials that portray a diversified workforce is attractive to both diverse and non-diverse individuals. Similarly, Pelled (1996) found evidence of decreased turnover in diverse organizations. Thus, valuing diversity positively impacts an organization's "bottom-line" by attracting a large (and potentially higher performing) applicant pool, and reduces the costs associated with turnover. Furthermore, diversity has been linked to organizational performance (Richard, 2000; Simons, Pelled, & Smith, 1999). For instance, Wright, Ferris, Hiller, and Kroll (1995) found that being recognized for exemplary diversity initiatives was related to not only more positive perceptions from potential employees, but also to increased stock prices. In sum, results indicate that valuing diversity (i.e., through organizational initiatives, recruitment efforts, and recognition for exemplary diversity initiatives) yields positive results for organizations. In addition to increasing positive perceptions of the organization, diversity also has the potential to positively impact an organization's bottom-line (i.e., stock prices).

Key Outcomes of Group Diversity

Diversity also has been linked to a number of positive outcomes at the team level. For instance, previous research reveals that diverse work teams resulted in higher quality solutions, cooperative decision-making, and increased creativity and brainstorming compared to homogenous work groups (Cox, Lobel, & McLeod, 1991; McLeod & Lobel, 1992; McLeod et al., 1996; Watson, Kumar, & Michaelsen, 1993). Much of the research on diversity at the team level revealing positive outcomes focuses mostly on task-relevant forms of diversity (e.g., education, background, experience, training, skills) rather than demographic diversity (e.g., race, age, sex, religion; see Harrison, Price, & Bell, 1998; Horwitz & Horwitz, 2007; Milliken & Martins, 1996). More research is needed to understand the contexts under which demographic diversity is positively related to team performance.

Though there are studies that demonstrate the positive impacts of diversity, there are also studies that reveal negative outcomes associated with diversity. For instance, at the team level, diversity has been linked to increased turnover, and decreased satisfaction (Jackson, 1992; Wagner, Pfeffer, & O'Reilly, 1984). More recently, Joshi and Roh (2009) found that relations-oriented diversity (e.g., race, age, gender) had a negative effect on team performance. Many authors posit that such results are related to social categorization, stereotyping, and the discomfort associated with outgroup member affiliations. These findings are troubling given the organizational emphasis on diversity. However, recent research reveals contextual factors which attenuate the negative relation between diversity and team performance. For instance, Harrison et al. (2002) found that collaboration reduced the negative effects of diversity on subsequent performance. In addition, Kearney and Gebert (2009) found that diversity was negatively related to team performance but only in circumstances in which transformational leadership was low. Similarly, Kearney, Gebert, and Voelpel (2009) found that diversity yielded positive results when need for cognition was high. Likewise, Wegge, Roth, Neubach, Schmidt, and Kanfer (2008) revealed that diversity was important for team performance on complex decision-making tasks. These findings provide important information regarding the contexts in which diversity is most beneficial to team performance and reveal important information for practitioners to consider when assembling diverse teams. In sum, research on diversity reveals a complex picture regarding the relation between diversity and organizationally relevant outcomes.

Despite these mixed findings, creativity has typically been found to be a positive outcome of diversity (Ancona & Caldwell, 1992; Bantel & Jackson, 1989; De Dreu & West, 2001; Delong, 2007). Elsass and Graves (1997) posit that diverse individuals have different experiences, values, attitudes, opinions and perspectives which are likely to contribute to the unique solutions that these individuals may bring to the task at hand. As a result, groups will need to process all of the viewpoints when developing solutions which may lead to more innovative solutions.

Regarding ethics and diversity, there is a gap in literature in understanding the demographic background of people who frequently make ethical decisions. The majority of the research demonstrates no difference between males and females (Sikula & Costa, 1994), while some findings suggest that females are more ethically oriented than males (Valentine & Silver, 2001; Thorne, 1999). Researchers have similarly found no significant differences in moral reasoning based on age or ethnicity (Wilson, 1995). Some researchers have found evidence that individual differences such as personality do affect ethical reasoning (White, 1994). However, at the team level, we do not know anything about whether there is a "right" combination of individuals to make ethical decisions. Although we do not hypothesize that a certain type of person makes a more ethical decision, we do propose that diverse groups who bring their unique perspective to the table will arrive at more ethical decisions than non-diverse groups.

> *Hypothesis 1: There is a positive relation between group diversity and ethical decision-making.*

Proposed Effect over Time

Researchers have argued for the inclusion of *time* in management research (i.e., George & Jones, 2000), and group behavior is especially important to study longitudinally. As previous researchers have

found, groups enter different "stages" of development over time, beginning with forming, then storming, followed by norming, and eventually performing and adjourning (see Tuckman & Jensen, 1977). Diversity researchers have similarly noted that time spent together as a group is an important variable that deserves further exploration (Shore et al., 2009). For example, recent research by Horowitz and Horowitz (2007) suggests that the negative effects of diversity may change over time. Specifically, diversity had a negative effect on performance early on in the relationship that changed over time as group members became acquainted with one another. It appears that over time, diverse groups may overcome stereotypes and begin performing successfully. Thus, negative effects of diversity on outcomes such as performance may be a function of group development (i.e., time).

> *Hypothesis 2: Time moderates the group diversity/ethical decision-making relationship such that heterogeneous groups make more ethical decisions than homogeneous groups over time.*

METHOD

Participants

Participants consisted of 495 undergraduate business students from an urban university in the Southern United States. The majority of students were female (57%), and the average age was 27 years old. Thirty-nine percent were Hispanic, 20% African American, 19% Caucasian, and 16% Asian. Forty-six percent worked full-time, and 27% worked part-time. Participants were formed into 119 groups (60 homogeneous and 59 heterogeneous).

Procedure

Participants volunteered for this study in exchange for extra credit in their course. The study was conducted over a three-week period on students enrolled in introductory management courses. The study was conducted at the onset of the semester to ensure that students had limited opportunity to get to know and interact with their classmates. In week one of the study, those students who agreed to participate in the study completed an online survey with demographic information (e.g., gender, race, age, work experience). The researchers then created homogeneous and heterogeneous groups based upon the demographic information (i.e., race and ethnicity) provided by the participants in the online survey. In weeks two and three of the study, participants were divided into pre-assigned (homogeneous or heterogeneous) groups and given a handout that included an ethical business dilemma with four multiple-choice options (see Ashe, 2005 for scenarios). The groups were instructed to come to a consensus as to what they determined to be the "correct" ethical decision. The groups were also instructed to take as long as they needed to arrive at their decision. After deliberation, the groups submitted their decision on paper. The groups completed one ethical business dilemma per week for two consecutive weeks (Time 1 and Time 2).

Measures
Ethical Decision-Making

Three ethical business dilemmas with four multiple choice decision selections were used in this study (Ashe, 2005). These dilemmas were selected because they are published dilemmas determined to be appropriate for undergraduate business students. Furthermore, each business dilemma provided a "correct" answer with accompanying justification. The three possible ethical business dilemma scenarios were randomly assigned over Time 1 and Time 2 to ensure that the scenario was not driving the effect. In order to review the full scenarios with multiple-choice decision options, please see Ashe (2005). If groups chose a correct answer, the dependent variable "ethical decision-making" was coded as 1. Otherwise, it was set to 0.

Group Diversity

The diversity of the group was defined as either homogeneous or heterogeneous. Homogeneous groups were defined as groups of four individuals all comprised of the same race or ethnicity (Caucasian, Hispanic, Asian, or African American). Of the homogeneous groups, 31 were Hispanic, eleven were African American, nine were Caucasian, and nine were Asian. Heterogeneous groups were defined as groups of four individuals comprised of one person from each race or ethnicity (e.g., 1 Hispanic, 1 Caucasian, 1 African American, 1 Asian). In approximately 10% of the heterogeneous groups, there were two individuals from the same race or ethnicity, but for the purpose of this study, this was considered a heterogeneous group.

Time

Groups completed ethical business dilemmas in different weeks of the study. If a dilemma was completed in week one of the study, the Time 1 dummy variable was coded as 1. If a dilemma was completed in week two, the Time 1 dummy variable was set to 0.

Control Variable

We included the dummy variables of dilemma 1 and dilemma 2 to capture the effects of each dilemma. This is important because it statistically holds constant variance in whether groups have made an ethical choice that is due to the difficulties and characteristics of each dilemma. For example, we found that dilemma 1 is more difficult than both dilemma 2 and dilemma 3, with only 10.7% groups making the correct ethical decision for dilemma 1. By contrast, dilemma 2 and dilemma 3 are similar in terms of correct responses: 72.5% correct responses for dilemma 2 and 67.1% correct responses for dilemma 3. We also ran analyses controlling for different races of homogeneous groups, but none of the coefficients was significant, and the results were similar with the analysis that did not include race. Thus, we did not include race in the final results.

Data Analysis

Hypotheses were tested using binomial logistic regression because the dependent variable "ethical decision-making" is binary. Individual effects from logistic regression can be interpreted through the odds ratio (OR), which is the increase or decrease in the odds of a group making an ethical decision in a given dilemma when the value of the predictor variable changes. We also report odds ratios to represent the effect of the predictors, with OR of 1.00 indicating no effect, and when OR is less than 1.00, we report the inverse to facilitate interpretation. Although we did not include it in the article, we also tested the hypotheses using an alternative method, probit regressions; the results were very similar and thus only the logistic regressions were presented.

Hypothesis 2 indicated a moderating effect, therefore we included an interaction term between the two variables, Group Diversity and Time 1, in logistic regression to test the hypothesis in the overall sample. In addition, we also ran logistic regressions for Time 1 and Time 2 respectively to investigate how diversity affects ethical decision-making in the two time periods differently.

RESULTS

Means, standard deviations, and correlations are presented in Table 1. Logistic regressions do not account for multicollinearility. However, the largest bivariate correlation between the independent variables is $r = -.59$ in magnitude which is below the .90 cutoff for multicolinearity suggested by Tabachnick and Fidell (2001), indicating that logistic regressions are an appropriate way to examine our dichotomous variables.

The results of the logistic regressions are presented in Table 2. The overall model for Time 1 and Time 2 is significant with, $\chi^2 = 86.15$ ($p < 0.001$), Cox and Snell $R^2 = 31.0\%$, and Nagelkerke $R^2 = 41.1\%$. The Hosmer and Lemeshow test was nonsignificant indicating that the model has good fit, $\chi^2 = 8.04$ ($p > 0.40$). Both of the hypothesized models revealed significant results, with $\chi^2 = 56.82$ (p < 0.001) for Time

1, and χ^2 =37.24 ($p < 0.001$) for Time 2. The Hosmer and Lemeshow tests the models indicate good fit, with Time result being χ^2 =3.28 ($p > 0.05$), and Time 2 being χ^2 = .10 ($p > .99$). Furthermore, results reveal that the Time 2 model accounts for more variance in ethical decision-making than the Time 1 model (see Table 2 for complete results). Although it does not directly test *Hypothesis 2*, the fact that the Time 2 model accounts for more variability of the dependent variable is consistent with *Hypothesis 2*, which states that diverse groups perform better over time, and thus diversity explains more ethical decision-making over time.

Hypothesis 1 predicts that diverse groups made more ethical decisions. Results reveal support for *Hypothesis 1*, (β = 1.16; $p < .05$). The odds of making ethical decisions by heterogeneous groups are 3 times that of the odds of making ethical decisions by homogeneous groups.

Hypothesis 2 anticipates that the relation between diversity and ethical decision-making would be strengthened over time. The hypothesis is largely supported. Although the interaction term between diversity and Time 1 dummy variable is only marginally significant (β = -1.08; $p < .10$), the contrast between Time 1 and Time 2 results is large. Diversity is not related to ethical decision-making at Time 1 (β = .06; $p > .89$). By contrast, diverse groups made significantly more ethical decisions at Time 2 (β = 1.32; $p < .05$). The OR of diversity at Time 1 is 1.06, indicating not much difference between the odds of making ethical decisions between homogeneous groups and diverse groups. By contrast, the OR of diversity at Time 2 is 3.73, which suggests that heterogeneous groups increased the odds of making ethical decisions by more than 3 times that of homogeneous groups.

Figure 1 contains the percentage of ethical decisions made by both heterogeneous groups and homogeneous groups at Time 1 and Time 2. The pattern of results demonstrates that over time, heterogeneous groups more often selected the "correct" ethical decision than homogeneous groups (see Figure 1). Interestingly, at Time 2, homogeneous groups made more "incorrect" ethical decisions than at Time 1, and by contrast, the heterogeneous groups select more "correct" ethical choices over time.

DISCUSSION

Results reveal that over time, heterogeneous groups make more ethical decisions than homogenous groups. Thus, findings suggest that demographic diversity is an important consideration for group decision-making involving ethical issues. The current study extends research on diversity by revealing an additional contextual factor that attenuates the negative relation between demographic diversity and group performance. Specifically, individuals from various backgrounds bring unique perspectives, experiences, and information when considering ethical issues that may be otherwise absent in homogenous groups. In addition, results support Horowitz and Horowitz (2007) by revealing increases in the performance of diverse groups over time. These results have important implications for researchers and practitioners, as discussed below.

Practical Implications

Managers of today's workforce are understandably concerned with the (un)ethical behavior of their employees. Ethical or unethical behavior can affect an organization's bottom line, as companies that reflect moral principles and behaviors will have economic success (Beu & Buckley, 2004). Because culture shapes the behavior of organizational members, it is imperative that organizations form a culture that nurtures ethical decision-making (Sims, 1991). Researchers have found that attributes such as leadership, structure, and culture can influence ethical behavior of employees (Vance & Harris, 2011). The current research argues that one key to making more ethical decisions is to have a diverse group with different ideas, values, and beliefs. When managed well, these groups should be able to create a variety of alternatives and solutions to solving these ethical dilemmas.

Most companies have adopted formal ethics policies, however, the implementation and support of these policies vary to a great degree (Weaver, Treviño, & Cochran, 1999). It is important that managers take an active role regarding the ethical behavior of their employees (Velthouse & Kandogan, 2007). As we have argued, one way to better manage ethical decisions is to form heterogeneous groups of

individuals from different backgrounds and experiences. The result will likely be more ideas and viewpoints, which can lead to more ethical decision-making, and consequently more positive outcomes for organizations. The results of this study indicate yet another compelling reason to promote diversity within organizations.

Limitations and Future Research

One of the major limitations of this study is that it was conducted in a laboratory setting. In the current research, participants belonged to teams that were created to illustrate important concepts in Organizational Behavior. Thus, it is unclear whether or not our findings would transfer to an actual work setting. Although our students were placed in a situation where they were likely not as motivated as individuals encountering a problem with serious organizational consequences, the results still reveal that over time, diverse (heterogeneous) groups made more ethical decisions than homogenous groups. As such, our study is an important first step in understanding the role of diverse work groups in solving ethical problems.

Another limitation of this study is that we did not directly measure communication and information sharing within the groups. Research suggests that in order to reach group consensus on ethical dilemmas, group members must be willing to share their differing values, beliefs and viewpoints with the group (White, 1994). We believe this is especially important for heterogeneous groups, since their values are likely to vary more than homogeneous group members' values. Diversity itself is not enough; individuals within the group must be willing to actively participate and cooperate with other group members in order to gain the most value from heterogeneous groups. Future research should code for such information. In addition, researchers might also consider offering rewards as an incentive to those groups that do share more information (money, class credit, etc.).

Given the rise in team-based work, more multi-level studies are needed in order to fully understand the impact of diversity on ethical decision-making. Future researchers should look at other individual as well as group level variables. For example, it would be interesting to examine certain deep level diversity variables (e.g., education, experience, skill), as opposed to only surface level variables (e.g., race/ethnicity). Researchers could also examine heterogeneous groups in terms of moral development (Kohlberg, 1969) or moral identity (Aquino & Reed, 2002) and compare them to homogenous groups at the same stage of moral development or a similar level of moral identity. Similar to the hypotheses we proposed for this study, we would expect there to be more discussion/unique ideas emerging from the heterogeneous groups than from the homogenous groups, thus resulting in more ethical decision-making.

Future research should also examine the types of leaders and organizational culture that would best facilitate an environment where both ethical decision-making and diversity are widely accepted and valued. For example, we think an inclusive culture with an ethical leader would create an environment that is more conducive for ethical decision-making in heterogeneous groups.

Finally, this study was conducted at one of the most diverse universities in the country. As a result, the participants in the study are accustomed to working in diverse groups and are likely to be comfortable working with diverse individuals. As research shows, over time, individuals in diverse groups can overcome stereotypes and differences (Harrison et al., 1998; 2002). An interesting follow-up study would be to conduct this study in an environment (lab or field) that lacks such diversity of members and culture. We predict that the results would differ such that those who are accustomed to a diverse climate can look past surface level differences such as race and ethnicity and start sharing their ideas more readily than those who are not used to a diverse climate.

Conclusion

The finding that heterogeneous (diverse) groups appear to make more ethical decisions than homogenous groups over time is important. This is one of the first studies to address a major gap in the ethics literature, namely ethical decision-making at the group level (Treviño et al., 2006). Additionally, the current study answers the call for researchers to examine diversity at the group level and to explore more positive outcomes of organizational diversity (Shore et al., 2009).

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TABLE 1
DESCRIPTIVE STATISTICS AND CORRELATIONS

	Min	Max	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.
1. White Homogeneous Groups	0	1	.07	.26									
2. African American Homogeneous Groups	0	1	.09	.29	-.09								
3. Hispanic Homogeneous Groups	0	1	.25	.44	-.17**	-.19							
4. Asian Homogeneous Groups	0	1	.07	.26	-.08	-.09	-.17**						
5. Dilemma 1	0	1	.35	1.00	-.01	.04	.00	-.04					
6. Dilemma 2	0	1	.34	1.08	-.00	-.04	.02	.03	-.52**				
7. Dilemma 3	0	1	.31	.90	-.02	.00	-.02	.01	-.50**	-.48**			
8. Diversity	0	1	.50	.50	-.28	-.32	-.59**	-.29**	.02	-.01	-.00		
9. Time 1	0	1	.50	.50	.00	.00	.00	.00	-.03	.13	-.10	-.01	
10. Ethical Decision-Making	0	1	.49	.50	.06	-.08	-.05	-.06	-.56**	.32**	.24**	.10	.02

Notes: † $p<.10$, * $p<.05$, ** $p<.01$; N=232

TABLE 2
REGRESSION FOR ETHICAL DECISION-MAKING

Hypothesis	Variables	Time 1 and Time 2		Time 1		Time 2	
		β	OR	β	OR	β	OR
	Intercept	.21	1.23	1.20[*]	3.33	-.20	1.22
	Dilemma 1	-2.92[**]	20.00	-3.15[**]	23.26	-2.91[**]	18.52
	Dilemma 2	.21	1.24	-.70	2.00	1.37[*]	3.94
H 1	Diversity	1.16[*]	3.18	.06	1.06	1.32[*]	3.73
	Time 1	.49	1.63				
H 2	Diversity*Time1	-1.08 †	.34				
	N	232		121		116	
	Cox and Snell R^2	31.0%		27.5%		38.7%	
	Nagelkerke R^2	41.4%		36.6%		51.7%	
	Overall correct classifications	76.3%		75%		79.3%	

Notes: † $p<.10$, * $p<.05$, ** $p<.01$; Inverse ORs reported for negative variables.

FIGURE 1
PERCENTAGES OF CORRECT DECISIONS ON ETHICAL DILEMMA