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Ethical Stance Among Senior Business and Marketing Students at Macquarie University 2006

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Abstract

This paper shows the results of an ethics survey undertaken by final year business and marketing students at Macquarie University in Sydney. The survey identified each student's ethical ideology and asked them to evaluate the ethical nature of five scenarios. The large majority of students were identified as high on Idealism as defined in Forsyth's Taxonomy of Ethical Ideologies. This suggests that these students believe that good outcomes can be achieved by appropriate ethical behaviour. Comparisons with the 2005 survey suggest that the current emphasis on ethical issues in the marketing and business curriculum is encouraging students to identify and address ethical issues in likely business situations.

Introduction

This paper seeks to identify the predominant ethical ideologies among a potentially crucial group of decision-makers and to explore the relationship between ethical ideology, ethical evaluation and the implications for marketing educators. Results from this year's survey are compared to those from a similar survey in 2005, to evaluate the impact of the inclusion of a greater focus on ethical issues in marketing subjects and as input into the continued development of marketing curricula.

Many of the more spectacular business failures reported in the media have, at their heart, a failure of ethical standards among the business decision-makers involved. Many of the decision makers have acted in a way that is unethical but not necessarily illegal. There is now pressure on managers to take responsibility for the impact of their decisions. Calls for the introduction of Triple Bottom Line reporting (financial, societal and environmental or profit, people, planet) flow naturally from the 1963 Marlowe Declaration (Francis, 1994, pp. 165-167) that businesses have responsibilities to parties outside the most immediate stakeholders. Lantos (2001) discusses a "social contract" between the business and society whereby they become equal partners with mutual rights and responsibilities. In spite of this increasing awareness of the crucial importance of ethical behaviour, business scandals abound, domestically (HIH, One Tel, Steve Vizard, Alan Bond, conflicts of interest in the WA parliament) and abroad (Enron, WorldCom, Arthur Andersen, Martha Stewart). McCabe et al (2006) report that, "most U.S. corporations demonstrate little or no connection between ethics, corporate social responsibility and compliance efforts." (p.109).

Most University business and marketing students are either preparing to enter the business community or are already employed.. They are likely to rise to positions where they will be involved in business decisions that have significant ethical considerations in addition to the usual marketing, financial and other business aspects. In response to this need many University business courses include ethical considerations, not only as a separate topic but also as an integral part of the discussion of business and management decision making.

Literature Review

Shannon and Berl (1997) surveyed 273 students across eight U.S. universities who felt that there should be a greater emphasis on ethics in their business and marketing subjects and that they would take a separate course on ethics, even if was not mandatory. Emerson and Conroy (2004) show that, compared to a survey conducted by the authors in the mid-1980s, students in the U.S. surveyed in 2001 exhibited increased ethical attitudes. Weber (2006) states that, whilst there is increased focus on business compliance towards ethics, there is a paucity of attention paid to the role that academic institutions play in terms of ethics training. Lopez, et al (2005) found that “tolerance for unethical behavior appears to decrease with formal business education [and that] even as adults, individuals can be positively affected by integration of ethics training.” (p.341). On the other hand, “[b]usiness students are among those with the worst attitudes toward cheating, and are most likely to bring their negligent ethics into their professional lives” (McCabe et al., 2006, p.101). Felton and Sims (2005) highlight the perceived negligence of university business schools to provide ethics education to their students, with some former students being implicated in the recent corporate scandals. 81% (1466) of business respondents in a 2004 Wall Street Journal online poll voted that “[e]thics courses should be required for all students.” (Weber 2006, p.24).

Evidence of a gender effect in ethical perceptions is mixed. McDaniel et al (2001); Reiss and Mitra (1998) and Borkowski and Ugras (1998) found significant effects. Other studies found either mixed or minimal effects (Geiger and O’Connell, 1999; Hay et al., 2001; Prasad et al, 1998; Lopez, et al. 2005; McCabe et al, 2006).

Table 1. Taxonomy of Ethical Ideologies

Idealism	Relativism	
	Low	High
High	Absolutists	Situationists
	Assumes that the best possible outcome can always be achieved by following universal moral rules	Rejects moral rules; advocates individualistic analysis of each act in each situation; relativistic
Low	Exceptionists	Subjectivists
	Moral absolutes guide judgments but pragmatically open to exceptions to these standards; utilitarian	Appraisals based on personal values and perspective rather than universal moral principles; relativistic

Source: Forsyth, D. R (1980). “A taxonomy of ethical ideologies.” *Journal of Personality and Social Psychology* 39(1): 176

Ethical does not mean the same as legal. There are unethical laws and changing a law, of itself, does not change the ethical nature of a particular action. Desjardins (2003) explains the difference between ethical behaviour and simply conforming to the beliefs, attitudes and values that are customary or generally accepted in a particular culture at the time.

Managers can identify these cultural values through research. Managers can also identify the instructions they are to obey (e.g., the law, regulations, and employer policies). These sources will instruct them on what is being done in the community but where do they find guidance

on what *should* be done when choosing between particular courses of action? This guidance comes from their ethical ideology.

Forsyth (1980) identifies two dimensions on which to distinguish ethical ideologies: (a) Relativism: the extent to which the individual rejects moral rules as being universal or absolute, and (b) Idealism: the extent to which the individual assumes that desirable consequences can, with the “right” action, always be obtained (1980, pp. 175-6). When these two dimensions are combined, the result is as shown in Table 1. See the Forsyth article for a detailed description of the development and validation of the EPQ. In summary, the two scales are consistent (Cronbach’s Alpha = .80 for the Idealism scale and .73 for the Relativism scale), broadly representative of the constructs, stable across time and orthogonal to one another.

Methodology

The sample consisted of 200 final year business and marketing students. 146 completed questionnaire forms were collected. Of these, 124 were able to be included in the analysis. The mean age of respondents was 22 (std dev 3.73). 87% of respondents were aged 20 to 24 years. Gender split was 52% female, 48% male.

The self-completed questionnaire included three sections:

- a) Forsyth’s Ethics Position Questionnaire (EPQ).
- b) Five business/marketing scenarios that were judged by the authors to be ambiguous.
- c) Demographic data including age and gender.

The variable of interest was the ethical evaluation score, based on the 1 to 5 Likert scale from extremely unethical (1) to extremely ethical (5), and evaluations recorded by each student for each of the five scenarios. The analysis used a 2³ factorial model with two levels each of gender, Relativism (low and high) and Idealism (low and high). A multivariate analysis, using the students’ ethical evaluation scores for the five scenarios as responses, was followed by individual analyses for the scenarios.

Results

In 2006, the majority (89%) of respondents were identified as high on Idealism (Table 2). Sixty eight percent were identified as Situationists, scoring high on both the Idealism and Relativism scales. Twenty-one percent of students were Absolutists, scoring high on Idealism and low on Relativism. The distribution of frequencies was similar for females and males ($\chi^2_3 = 2.68, p=.44$).

There is a highly significant difference between 2005 and 2006 in the distribution of students’ ethical ideology ($\chi^2_3 = 22.0, p <.0005$). The most notable change is the decrease in the percentage of Subjectivists from 28% in 2005 to 7% in 2006, and the concomitant increases by 10% for Absolutists and for Situationists, both of which score high on Idealism. The percentage identified as Exceptionists remained virtually unchanged.

Table 2. Percentages of Students by Ethical Ideology 2005 and 2006

Gender	Ethical Ideology			
	Exceptionists	Subjectivists	Absolutists	Situationists
Female 2006	3	3	10	38
Male 2006	1	4	11	30
Total 2006	4	7	21	68
Total 2005	3	28	11	57

The multivariate analysis again showed a significant main effect for scenarios ($p < .0005$). The results of the analyses for the separate scenarios are summarised in Table 3.

In 2006, all females evaluated Scenario 1 as slightly unethical, as did males high on Idealism, but males low on Idealism evaluated it as more ethical. In 2005, there was no gender effect but an *Idealism by Relativism* interaction.

For Scenario 2, the overall evaluation in 2005 was 'unethical' with no significant effects found. In 2006, whereas all groups evaluated the scenario on the unethical side of neutral, those respondents low on both Idealism and Relativism, evaluated it as close to neutral.

In 2006, there was an Idealism effect in the evaluation of Scenario 3, whereas no effects were found in 2005. In 2006, those high on Idealism evaluated the scenario as less ethical than those low on Idealism.

No effects were detected in evaluations of Scenarios 4 and 5 in 2006, whereas in 2005, females evaluated Scenario 4 as more ethical than did males.

Discussion and Further Research

To an even greater extent than in 2005, the largest group of students was the Situationists, who "advocate individualistic analysis of each act in each situation." (Forsyth 1980. p.176). The second largest group in 2006, the Absolutists share high Idealism scores with the Situationists but are low on Relativism. Together, 89% of students agree that good outcomes can be achieved by appropriate ethical behaviour. This is possibly to be expected among students nearing the end of their studies and preparing to enter their chosen careers. Absolutists however, rely more heavily on 'universal moral values' and make less allowance for the features of a particular case.

The increase in the percentage of Situationists suggests that when trying to identify the ethical response to an ambiguous situation, more students will be more likely to attempt to think analytically about the situation and reach an ethical conclusion. This in turn, may suggest that the focus on ethical issues in marketing studies is developing a deeper understanding of ethical concepts on the students' part.

The increase in the percentage of Absolutists on the other hand, may suggest that the current ethical curriculum is encouraging students to believe that they can identify underlying "universal" ethical principles to guide their actions.

The tendency of the students to evaluate the five scenarios, with very few exceptions, as less ethical suggests that these students feel a low level of confidence in their ability to correctly label the behaviour in most of these scenarios as unethical. This may suggest that there is a continued need for emphasis on the ethical and analytical components of business and marketing courses to address this lack of confidence.

Table 3. Summary of Evaluations of Scenarios 1 to 5

Scenario	Statistically significant effects	Mean evaluation scores (standard deviation, N)																								
SCENARIO 1 The marketing of violent video games	2005 Idealism by Relativism interaction p = .006 2006 Idealism p=.041 Idealism by Gender interaction p=.037	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;">Idealism</td> </tr> <tr> <td style="text-align: left;">Relativism</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">High</td> </tr> <tr> <td>Low</td> <td style="text-align: center;">2.0 (.00,4)</td> <td style="text-align: center;">2.7 (.90,32)</td> </tr> <tr> <td>High</td> <td style="text-align: center;">3.1 (1.07,14)</td> <td style="text-align: center;">2.5 (.73,71)</td> </tr> <tr> <td colspan="3" style="text-align: center;">Idealism</td> </tr> <tr> <td style="text-align: left;">Gender</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">High</td> </tr> <tr> <td>Female</td> <td style="text-align: center;">2.6 (.79,7)</td> <td style="text-align: center;">2.6 (.87,56)</td> </tr> <tr> <td>Male</td> <td style="text-align: center;">3.3 (.76,7)</td> <td style="text-align: center;">2.5 (.80,48)</td> </tr> </table>	Idealism			Relativism	Low	High	Low	2.0 (.00,4)	2.7 (.90,32)	High	3.1 (1.07,14)	2.5 (.73,71)	Idealism			Gender	Low	High	Female	2.6 (.79,7)	2.6 (.87,56)	Male	3.3 (.76,7)	2.5 (.80,48)
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SCENARIO 2 Staff giving free products to friends of a bakery franchise	2005 none 2006 Idealism by Relativism interaction p=.025	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;">Overall mean 2.27(0.79,121)</td> </tr> <tr> <td colspan="3" style="text-align: center;">Idealism</td> </tr> <tr> <td style="text-align: left;">Relativism</td> <td style="text-align: center;">Low</td> <td style="text-align: center;">High</td> </tr> <tr> <td>Low</td> <td style="text-align: center;">2.8 (1.33,6)</td> <td style="text-align: center;">2.1 (.73,27)</td> </tr> <tr> <td>High</td> <td style="text-align: center;">2.5 (1.27,10)</td> <td style="text-align: center;">2.4 (.83,88)</td> </tr> </table>	Overall mean 2.27(0.79,121)			Idealism			Relativism	Low	High	Low	2.8 (1.33,6)	2.1 (.73,27)	High	2.5 (1.27,10)	2.4 (.83,88)									
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SCENARIO 3 A marketer of alcohol using a community cause to promote their product	2005 none 2006 Idealism p=.009	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3" style="text-align: center;">Overall mean 2.89 (1.04,122)</td> </tr> <tr> <td colspan="3" style="text-align: center;">Idealism</td> </tr> <tr> <td style="text-align: left;">Low</td> <td style="text-align: center;">3.5 (.62,17)</td> <td style="text-align: center;">High 2.75 (1.04,114)</td> </tr> </table>	Overall mean 2.89 (1.04,122)			Idealism			Low	3.5 (.62,17)	High 2.75 (1.04,114)															
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SCENARIO 4 Outsourcing to low cost economies	2005 gender p=.038 2006 none	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: left;">Female</td> <td style="text-align: center;">3.29 (.90,55)</td> </tr> <tr> <td style="text-align: left;">Male</td> <td style="text-align: center;">3.05 (.98,64)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Overall mean 3.10 (.93,131)</td> </tr> </table>	Female	3.29 (.90,55)	Male	3.05 (.98,64)	Overall mean 3.10 (.93,131)																			
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SCENARIO 5 Selling inappropriate automobiles to vulnerable customers	2005 none 2006 none	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Overall mean 2.25 (.90,117)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Overall mean 2.30 (1.06,129)</td> </tr> </table>	Overall mean 2.25 (.90,117)		Overall mean 2.30 (1.06,129)																					
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