Ethical stance among senior business and marketing students at Macquarie University

Authors:

Julian de Meyrick, Business Department, Division of Economic and Financial Studies, Macquarie University, NSW 2109 Australia julian.demeyrick@mq.edu.au

Nan Carter, Statistics Department, Division of Economic and Financial Studies, Macquarie University, NSW 2109 Australia ncarter@efs.mq.edu.au

June Buchanan, Business Department, Division of Economic and Financial Studies, Macquarie University, NSW 2109 Australia june.buchanan@mq.edu.au

Presenting authors:

Julian de Meyrick
June Buchanan
Ethical Stance Among Senior Business and Marketing Students at Macquarie University

Key words: Ethics, gender, ideology

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 Situationists as defined in Forsyth’s Taxonomy of Ethical Ideologies. Male students were found to be more likely to be higher on the Relativism scale, tending to reject moral absolutes, considering situations in relation to their own principles and the particular situation. Some gender influence was detected in the evaluations of two of the scenarios.

Situationists do not rely on the simple application of moral rules that can be rote learned. They are more likely to attempt to think analytically about a situation, to identify the appropriate ethical response. This requires a much deeper understanding of ethical concepts and supports the need for training in effective analytical skills in business education rather than teaching of absolute moral rules.

Introduction

This paper seeks to identify the predominant ethical ideologies among a potentially crucial group of decision-makers. It also seeks to explore the relationship between ethical ideology, ethical evaluation and the implications for business and marketing educators.

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.

Most University business and marketing students are either preparing to enter the business community, or are already employed, in this new ethical environment. They are likely to rise to positions where they will be involved in business decisions that have significant ethical aspects in addition to the usual marketing, financial and other business aspects. In response to this need many University business courses have, for some time, included 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 it 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.

Marketing ethics has been defined as “an inquiry into the nature and grounds of moral judgments, standards, and rules of conduct relating to marketing decisions and marketing situations” (Vitell 1986, cited in Lu, Rose and Blodgett 1999, p.91). Lu et al. (1999) state that there are a number of variables influencing ethical beliefs and behaviours. These variables can be grouped into ‘individual’ (including gender) and ‘situational’ (including codes of conduct, business competitiveness and type of industry) factors.

There have been a number of studies examining ethics and gender (‘individual’ as opposed to ‘situational’). Clikeman, Geiger and O’Connell (2001) identify two opposing schools of thought on this issue. The school supporting differences in ethical decision making based on gender derives from the ‘gender socialization theory’ grounded in social psychology. The school who eschews any thought of differences based on gender is adopting the ‘structural approach’, also from the area of social psychology (any differences due to the socialization process are nullified once males and females “adjust to the needs of their roles” (p.395) in the business environment). Ergeneli and Arikan (2002) state that most of the empirical studies identifying gender differences have “emphasized gender differences in ethical decision-making and attitudes” (p.247). A number of studies show a higher level of ethics for females than for males (McDaniel, Schoeps and Lincourt, 2001; Reiss and Mitra, 1998; Borkowski and Ugra, 1998) Other studies, however (Geiger and O’Connell, 1999; Hay et al., 2001; Prasad, Marlow & Hattwick, 1998), show minimal differences in terms of ethics and gender. Clikeman et al., 2001 refer to a number of studies where results have been mixed, concluding that “the prior research indicates a considerable degree of uncertainty as to the existence of gender effects on ethical perceptions and actions” (p.396). Their study with a sample of 115 fourth-year university business students in the U.S. showed no significant differences regarding ethical perceptions due to gender.

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. A manager can identify these cultural values through research. A manager 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.
Table 1. Taxonomy of Ethical Ideologies

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


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. 91% of respondents were aged 20 to 24 years (mean 21.79, std dev 3.25). Gender split was 45% female, 55% 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) Classification 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 2^3 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

The majority (68%) of respondents were identified as high on Idealism. Fifty seven percent were identified as Situationists, scoring high on both the Idealism and Relativism scales. Eleven percent of students were Absolutists, scoring high on Idealism and low on Relativism. The distribution of frequencies was different for females and males ($\chi^2_3 = 7.50$, p=.05). Overall, males were more likely to be high on Relativism compared with females (OR=3.8; 95% CI = 1.3 -12.0).
Table 2. Numbers of Students by Ethical Ideology and Gender (%)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Exceptionists</th>
<th>Subjectivists</th>
<th>Absolutists</th>
<th>Situationists</th>
</tr>
</thead>
<tbody>
<tr>
<td>female</td>
<td>2 (2)</td>
<td>13 (11)</td>
<td>11 (9)</td>
<td>30 (24)</td>
</tr>
<tr>
<td>male</td>
<td>2 (2)</td>
<td>22 (18)</td>
<td>3 (2)</td>
<td>41 (33)</td>
</tr>
<tr>
<td>total</td>
<td>4 (3)</td>
<td>35 (28)</td>
<td>14 (11)</td>
<td>71 (57)</td>
</tr>
</tbody>
</table>

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

Table 3. Summary of Evaluations of Scenarios 1 to 5

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Statistically significant effects</th>
<th>Mean evaluation scores (standard deviation, N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCENARIO 1 The marketing of violent video games</td>
<td>Idealism by Relativism interaction p=.006</td>
<td>Idealism Low Relativism Low 2.0 (.00,4) High 2.70(0.90,32) Idealism High Relativism Low 3.1 (1.07,14) High 2.51(0.73,71)</td>
</tr>
<tr>
<td>SCENARIO 2 Staff giving free products to friends of a bakery franchise</td>
<td>none</td>
<td>Overall mean 2.27(0.79,121)</td>
</tr>
<tr>
<td>SCENARIO 3 A marketer of alcohol using a community cause to promote their product</td>
<td>gender p=.07</td>
<td>female 3.05 (1.10,55) male 2.76 (0.99,67)</td>
</tr>
<tr>
<td>SCENARIO 4 Outsourcing to low cost economies</td>
<td>gender p=.038</td>
<td>female 3.29(0.90,55) male 3.05(0.98,64)</td>
</tr>
<tr>
<td>SCENARIO 5 Selling inappropriate automobiles to vulnerable customers</td>
<td>none</td>
<td>Overall mean 2.25(0.90,117)</td>
</tr>
</tbody>
</table>
Students who were low on Relativism evaluated Scenario 1 as “unethical” if they were also low on Idealism but, if high on Idealism, their Idealism did not affect the average evaluation, which was between “unethical” and “neutral”.

No relationships were found between either ethical ideology or gender and scenario evaluation for Scenarios 2 or 5.

While gender differences in evaluation of Scenario 3 were not significant, female students on average, evaluated Scenario 3 as “neutral”, while male students tended to evaluate it as closer to “unethical” (p=0.07).

Evaluations of Scenario 4 showed a significant gender difference (p=0.04). The average evaluation for male students was “neutral”, while female students’ evaluation was closer to “ethical”. These two evaluations are contrary to the studies above which found females more likely than males to evaluate actions as “unethical”.

Discussion and Further Research

The EPQ showed that males were nearly four times as likely to be high on Relativism as females. This difference in Relativism was reflected in the different evaluations of Scenario 1. There were gender effects in the evaluations of Scenarios 3 and 4.

The largest group of students was the Situationists, who “advocate individualistic analysis of each act in each situation.” (Forsyth 1980. p.176).

This suggests that when trying to identify the ethical response to an ambiguous situation, they will not rely on the simple application of moral rules that can be rote learned. They will be more likely to attempt to think analytically about the situation. This in turn, requires a much deeper understanding of ethical concepts on the students’ part and supports the need for training in effective ethical analytical skills in business education rather than the teaching of absolute moral rules.

The tendency of the students to evaluate the five scenarios close to neutral in ethical terms suggests that these students do not feel confident in their ability to recognise and label behaviour in most of the scenarios as either clearly unethical or ethical. This in turn, suggests a need for continued emphasis on the ethical and analytical components of business and marketing courses.
References


