THE ETHICAL IDELOGY OF STUDENTS: ARE THERE DIFFERENCES BETWEEN BUSINESS AND NON-BUSINESS STUDENTS?

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ABSTRACT

This paper examines students' ethical judgment based on Forsyth's two dimensions – idealism and relativism. Further, it investigates whether there are differences between business and non-business students with respect to these two dimensions. A survey of 178 students revealed significant differences between the two groups of students with respect to both ethical dimensions. Implications for educators and educators are discussed, and suggestions for future research are presented.

INTRODUCTION

The ethical standards and attitudes of managers and business students have been among the principal issues confronting business and society for many years. Of particular interest to educators, practitioners, and regulators is the extent to which corporations are responsive to the expectations of shareholders and society. While businesses have always been responsible for maximizing long-term value for the shareholders, they are increasingly expected to recognize the importance of their responsibilities toward society and to faithfully adhere to certain ethical standards.

Widespread media accounts of recent illegal and fraudulent actions involving some of the largest corporations and financial institutions have shaken the public's confidence and diminished investors' trust in the soundness of corporate decisions and the integrity and competence of business executives. As a result, numerous calls for reform and closer scrutiny of business ethics are being made by many, including business practitioners and researchers.

REVIEW OF THE LITERATURE

A sizeable academic literature has investigated students' attitudes toward business ethics. The research has come from many disciplines, and has focused on a wide range of issues. Business leaders and organizational theorists have long recognized the importance of including these prospective leaders and executives in ethics research. Their perceptions may be a harbinger of attitudes in the business community. In their research, Glenn and Van Loo (1993) noted that there were indications that business students were making less ethical choices in the 1980s than in the 1960s.   More recently, Webster and Harmon (2002) compared today's college students with college students of the 1960s and found "a continuing societal movement toward Machiavellian behavior" (p. 435).

One important stream of research has compared the ethical perceptions of business and non-business majors. Overall, empirical studies have produced conflicting results. More than three decades ago, Hawkins and Cocanougher (1972) examined students' reactions to ethical matters in business. Their study revealed that those majoring in business were more tolerant of questionable business practices than were non-business students. More recent studies have confirmed these earlier findings. For example, St. Pierre, Nelson, and Gabbin (1990) found that accounting students scored lower on a test of moral reasoning than psychology students. In a survey of individual subscribers to *Business Ethics Quarterly*, Hosmer (1999) reported that, compared to non-business students, accounting and finance students were more likely to view business ethics as generally unimportant. Smyth and Davis (2004) concluded that

among two-year college students, business students were more unethical in their behavior and attitudes than non-business majors. Crown and Spiller (1998) found that business students are more tolerant of unethical behavior than are non-business students. McCabe and Trevino (1993) reported that college students intending careers in business cheat more often than those who were planning non-business careers. In his survey of students at a small college, Baird (1980) found that business school majors were more likely to cheat on tests than liberal arts or education majors. In addition, business school students were less likely to disapprove of cheating behavior. Similarly, Roig and Ballew (1994) concluded that business students had a more tolerant attitude about cheating. Sparks and Johlke (1996) found that students not majoring in business believed that salespeople behaved unethically more than business students; they "hold stricter ethical standards than business majors" (p. 885).

Although the preponderance of these investigations reported significant differences between the two groups, some studies produced different results. For example, Beltramini, Peterson, and Kozmestsky (1984) concluded that "somewhat surprisingly, the ethical concerns of the students surveyed were not substantially different across academic classifications or academic major" (p.199). Similarly, Arlow (1991) reported no systematic differences in the ethical perceptions of students depending on their major.

Given these conflicting results, a meta-analysis of 30 such studies found mixed results: 20% were significant, 57% were non-significant, and 23% were mixed. Also, in their review of eight studies examining differences and similarities between business and non-business students, Ford and Richardson (1994) reported that four studies did not find any significant differences, while the other four provided results which were both significant and contradictory. Borkowski and Ugras (1998) conducted a meta-analysis of several hundred studies carried out between 1985 and 1994. Their results were similarly inconclusive and they concluded that this relationship "is still difficult to interpret" (p. 1117).

Ethical Judgment

In his pathbreaking work, Forsyth (1980) identified two distinct dimensions that play an important role in ethical evaluation and behavior – idealism and relativism. These two aspects explain a significant amount of the variance in what different individuals perceive as right and wrong. He defined the former as the degree to which a person focuses on the inherent rightness or wrongness of an action and assumes ''that desirable consequences can, with the 'right' action, always be obtained'' (p. 176). Relativism is defined as "the extent to which an individual rejects universal moral rules in making ethical judgments" (p. 175). In a later study, Forsyth (1992) wrote that idealists "feel that harming others is always avoidable, and they would rather not choose between the lesser of two evils which will lead to negative consequences for other people". On the other hand, relativists "generally feel that moral actions depend upon the nature of the situation and the individuals involved, and when judging others they weigh the circumstances more than the ethical principle that was violated" (p. 462). Idealism and relativism are two distinct concepts; an individual may be high or low on either dimension; that is, a person can be high on both scales or even low on both scales.

These two constructs have been extensively used in the business ethics literature. For example, they have been found to be quite useful in the study of consumer ethics in China (Zhao, 2008), ethical decisions of small business managers (Marta et al., 2008), the moral ideology of African Americans (Swaidan et al., 2008), ethical sensitivity (Sparks and Hunt, 1998), and the ethical ideology and judgment of Portuguese accountants (Marques and Azevedo-Pereira, 2009).

While many studies have attempted to determine whether there were differences in ethical attitudes and behavior between business and non-business students, significant gaps in the literature remain. It is important to note that these studies have used a multitude of instruments and methodologies in a wide variety of settings to measure their subjects' ethical attitudes. One area which has been largely overlooked

and, therefore, warrants further investigation is whether there are differences between business and non-business students with respect to Forsyth's idealism-relativism dichotomy. The current study attempts to partially fill this void. Specifically, its purposes are twofold. First, to examine students' ethical judgment based on Forsyth's two dimensions. Second, to ascertain whether differences between business and non-business students do exist with respect to these two dimensions.

METHODOLOGY

A total of 182 graduating undergraduate students were surveyed. All were volunteers who were briefed on the importance of the study and told that all the questionnaires were anonymous. Although participation during class time was voluntary, only six students refused to participate in the study. Of the 182 completed questionnaires, four did not disclose whether they were business or non-business students and were, therefore, excluded from the analysis.

In addition to demographic variables, the questionnaire included a section designed to assess the students' ethical judgment based on the Ethics Position Questionnaire (EPQ) developed by Forsyth (1980). The EPQ consists of two scales, each containing ten items; one scale is designed to measure idealism and the other to measure relativism. Different versions of these two scales have been widely used in ethics research (e.g., Singhapakdi, Vitell, and Franke 1999; Marta et al., 2008; Zhao, 2008).

Forsyth stated that "the two scales that make up the EPQ were found to have adequate internal consistency, were reliable over time, were not correlated with social desirability " (1980, p. 175). Others have subjected these scales to considerable empirical verification and found them to be both valid and reliable (see, e.g., Rawwas, 1996; Lee and Sirgy, 1999; Vitell, Singhapakdi, and Thomas, 2001).

Respondents were requested to indicate on a five-point Likert scale (1= Strongly Disagree, 5 = Strongly Agree) the extent to which they disagreed or agreed with the EPQ items. Examples of typical idealism items are: "The dignity and welfare of people should be the most important concern in any society" and "One should never psychologically or physically harm another person." Each respondent's score was computed by calculating the mean of the scores to the ten items measuring idealism. A high score indicates that the respondent adheres to high idealism and vice versa. A reliability assessment of this scale indicates that it is internally consistent ($\alpha = 0.87$). Examples of typical relativist items are: "What is ethical varies from one situation and society to another" and "No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation." The relativism score of each respondent was calculated by averaging the scores to ten items. A high relativism value indicates that the respondent tends to rely less on universal moral rules and vice versa. Cronbach's alpha coefficient for this scale was 0.79, suggesting that it, too, is highly reliable.

RESULTS

A total of 82 business and 96 non-business students participated in the study. Fifty-nine percent of the students were male. The average age was 25 years. Overall, they had 5.3 years of work experience. The average scores from the entire sample for idealism and relativism were 4.11 and 2.74, respectively.

The analysis of the results was conducted in several stages. First, since the means of the two groups' scores on each of the two dimensions are different, a multivariate analysis of variance (MANOVA) procedure was considered to be the most appropriate analytic technique for exploring differences in scores between the business and non-business students. This procedure compensates for variable intercorrelation and provides an omnibus test of any multivariate effect. Each student's average scores for idealism and relativism were treated as the two dependent variables in the analysis, while academic major (business/non-business) constituted the independent variable. The MANOVA revealed significant

differences between the two groups ($F = 28.66$, $p < .008$). That is, overall, the two groups had different scores for the eight items.

Next, to understand the underlying contributions of the variables to the significant multivariate effect, each dependent variable was tested using a one-way analysis of variance (ANOVA) with the two groups of students treated as our two levels of the independent variable. Overall, the business students' idealism scores (mean = 3.94) were significantly lower than those of the non-business students' (mean = 4.26). On the other hand, the business students' mean score for relativism (mean = 2.87) was significantly higher than the non-business students' mean score (mean = 2.63). As shown in Table 1, the two ANOVAs found significant differences between the two groups of students. Whereas, compared to business students, the scores of their non-business counterparts were significantly higher for the "idealistic" dimension ($F = 4.54$, $p = .03$), their scores for the "relativistic" component were lower ($F = 6.25$, $p = .01$).

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TABLE 1: ANOVA RESULTS FOR DIFFERENCES
BETWEEN BUSINESS AND NON-BUSINESS STUDENTS

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| | Group Means [a] | | | |
| | Business | Non-Business | | |
Dependent Variables	($n = 82$)	($n = 96$)	F	p
Idealism	3.94	4.26	4.54	0.03
	(0.96)	(1.03)		
Relativism	2.87	2.63	6.25	0.01
	(0.66)	(0.62)		

[a] Figures in parentheses are standard deviations.

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DISCUSSION

Surprisingly little attention has been given to measuring students' ethical judgment based on Forsyth's idealism-relativism dichotomy. A particularly critical subject concerns similarities and differences between business and non-business students with respect to these two dimensions. This study led to several insights about this relationship with important implications for educators and practitioners.

Taken as a whole, these results corroborate previous research showing that business students are more tolerant than non-business students of questionable business practices. The implications of these results for educators are that these differences might reflect the type of education business students are (or are not) receiving and/or the values they bring to those classes. As these students move into positions of future corporate leadership, they could play a major role in elevating or reducing corporate ethical standards. This paper's findings will be disturbing to advocates of business ethics particularly since other studies report that, compared to non-business students, business students are more willing to cheat, especially once they move into the business world (Kidder, 1995; McCabe, 1992). The results seem to offer proponents of greater emphasis on societal issues and ethical conduct in business education support for their normative suggestions. For example, Hathaway (1990) contends that business students should be trained in understanding the responsibility of business to its larger social system. Only then can they "become better managers...and lead a corporation or two toward the kind of responsible

behavior sorely needed in this troubled world" (p. 61). Indeed, some authors have argued that, if business schools themselves are to act as socially responsible organizations, they have a moral obligation to foster an awareness of the broader implications of business decisions (Gandz and Hayes, 1988).

For business practitioners, these results evoke a greater urgency for the need to advance organizational ethics. Several organizational variables help shape ethical behavior. Businesses legitimize the consideration of ethics as an integral part of decision making by providing strong guidance and continuously reminding managers of what is ethical. Some rely exclusively on codes of ethics to reduce ambiguity, promote ethical practices, and establish a strong ethical environment. As today's business students enter the corporate world, this study suggests that business leaders must recognize that ethical standards alone are necessary but insufficient. "A company must make the standards understood, and ensure their proper dissemination within the organizational structure" (Palmer and Zakhem, 2001, p. 83). Codes are more effective when they are supported by formalized training programs that promote ethical conduct. According to Valentine and Fleischman (2007), "ethics codes and training signify that the company is institutionalizing an ethical culture by improving individual moral development" (p. 167). Today many businesses and professional societies are setting up seminars and workshops in ethics training.

Nevertheless, Ambrose and Schminke (1999) argued that "the greatest influence on an individual's ethical behavior may be the ethical behavior of one's immediate supervisor" (p. 469). Often "there is a gap between the existence of explicit ethical values and principles … and the attitudes and behaviour of the organisation" (Webley and Werner, 2008, p. 45). A number of studies (e.g., Fisher and Baron, 1982; Greenberg and Scott, 1996) have concluded that employees often feel justified in engaging in unethical behaviors when they believe that their leaders have acted unethically toward them. There must be a high degree of commitment to business ethics from top management. They set the tone; they are the role models in terms of words and actions. Managers must embrace ethics and continually reaffirm their support for ethical conduct (Aguilar, 1994). Perceptions of poor leader ethics might promote unethical behaviors among subordinates in at least two ways. First, subordinates that perceive the behaviors of leaders to be unethical might act unethically themselves in order to retaliate. Second, the behaviors of leaders often set precedents for employee behaviors (Kemper, 1966). The employees will believe that unethical behaviors are tolerated in their organization and may, therefore, act less ethically than they otherwise would.

The influence of an organization's culture on employee ethics can also be understood in terms of Schneider, Goldstein, and Smith (1995) attraction-selection-attrition framework. They argue that organizational cultures proliferate by attracting individuals that fit with the existing culture and by eliminating members that do not. Thus, if an organization's culture consists of norms that support ethical behavior, ethical individuals will be attracted to that organization whereas unethical individuals will not. Conversely, an organization with an unethical culture might attract individuals that have unethical tendencies while driving ethical employees away.

Although this study offers an improved understanding of differences between business and non-business students, caveats must be offered regarding the conclusions generated by this research. First, additional research with larger national samples from each group would be necessary to confirm these findings. As Shaub (1994) points out, an individual's ethical perspective could be influenced by geographical and cultural location. Another caveat concerns the respondents' somewhat limited full-time work experience. An additional limitation concerns the generalizability of these results. A study such as this one is based largely on aggregate measures. However, it opens a line of inquiry on whether these results are valid when only those majoring in a particular discipline (e.g., accounting, management, etc.) are surveyed. This would ensure a greater homogeneity within the group being studied. Finally, a comparison of

business students and practitioners would be another productive avenue. For example, it would be useful to examine differences between future managers, younger managers, and managers with more extensive work experience. This type of analysis would yield insight into the perceptions of these three generations' attitudes toward codes of ethics.

In conclusion, the findings of this study provide helpful insights into an area of growing concern to society and all types of organizations. The numerous managerial ambiguities that are inherent in business decisions are further complicated by growing societal demands on corporations and increased awareness of the ethical dimension of decision making. This issue is likely to gain increased attention by educators and practitioners in the coming years.

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