

ETHICAL STANDARDS OF MARKETING STUDENTS

Vicky L. Crittenden, Harvard University
William F. Crittenden, Northeastern University
Jon M. Hawes, University of Akron

Abstract

This paper reports the results of an empirical examination of the ethical standards of marketing students attending a large Southeastern university. The results indicate that in many cases situational ethics do exist. In one of four tested cases, the students with more exposure to the business curriculum were more tolerant of unethical behavior. Few differences in the ethical views of male and female students were found. Some evidence did exist, however, to suggest that the ethical posture of women does change as their education level increases. These and other results are analyzed and compared to previous research findings.

Introduction

Marketers constantly face ethical dilemmas. On almost a daily basis marketers are faced with the necessity of balancing responsibility to the public (or some other external and/or internal constituency) against the risk of losing one's job. Questionable marketing practices such as the "slightly shady" behavior of some entrepreneurs, deceptive advertising, rolling back of odometers by some used-car dealers, and kickbacks, fraud, and bribery of foreign officials have attracted considerable concern about business ethics (Burr 1976; Carroll 1978). Some people always seem to have a rationale, however, for what others would consider unethical behavior.

Questionable activities are frequently justified by some marketers as a necessary aspect of business conduct. Furthermore, top business (and political) officials confronted with questionable practices often deny doing any wrong. Consequently, it is apparent that various people have differing standards of ethical or moral behavior within our society.

It would seem particularly relevant to gauge marketing students' perceptions of deceptively ambiguous business and marketing practices. This paper represents an attempt to determine possible differences in the ethical standards of students in different level marketing courses at a large Southeastern university. In addition, the research examines what types of practices are seen as ethical or unethical, and to what extent conditions surrounding the use of certain practices affects student attitudes.

Background

Moral Perplexity

Human behavior is frequently assessed in the context of its rightness or wrongness. Definitions of right and wrong are deeply rooted in cultural and philosophical beliefs which may vary considerably among individuals. Standards of appropriate business behavior also vary.

One standard (or mode) of ethical behavior, aptly titled moral idealism (Kotler 1983), or absolute ethics (Walker 1973), is a set of rigid ethics which postulates certain acts are bad under all circumstances. This concept is comparable to that inherent in the Ten Commandments.

The antithesis of this absoluteness is "profit maximization" where the individual is only concerned with the effect of the activity on corporate profits. Given the profit goals of corporations, marketers who follow this approach can be called realists. Unfortunately, many business situations pose dilemmas that occur in a gray area where the law is not clear, where there is a fine line between right and wrong, and where the profit impact is unclear (Business Week 1974). Consequently, another mode of behavior has been identified as utilitarianism or rationalism. This approach establishes the moral locus not in the act, but in the consequences of the act (Kotler 1983). If the individual and society receive a net benefit from the good and bad consequences of the act, it is considered to be right. While moral idealism and realism theories represent the polar extremes of ethical posture, rationalism falls somewhere between these two approaches to decision-making.

Education and Ethics

There has been considerable interest and concern among marketing educators about ethics in marketing and the impact of the educational process upon students' ethical viewpoints. Numerous researchers have called for the pursuit of empirical research to clarify conditions inherent for different business behaviors and various means for judging that behavior (Ferrell and Weaver 1978; Hawkins and Cocanougher 1977; Mitroff and Kilmann 1977; Schein 1980). Furthermore, Schein (1980) stated that courses in marketing tended to focus on technical issues rather than moral ones and Chandler (1984) agreed by stating that the emphasis in marketing courses is on identifying and analyzing activities that provide customer satisfaction. Course content seldom includes consideration of the moral implications of the activities, however. To this end, Schein called for an inquiry among students to examine the impact of the educational process.

Research Design

Development of Hypotheses

Hawkins and Cocanougher (1977) found that the longer a student had majored in business, the more inclined he or she would be to consider questionable business practices as being ethical. A similar study by Mitroff and Kilmann (1977) supported this finding:

As one moves across the table from the EMBA's (Executive MBA program) to the women undergraduates, one finds that the EMBA's are more

approving, or at least less condemning of bribery than the MBAs, who in turn are less condemning than the Minnesota undergraduates, who are in turn less condemning than the women.

Reinforcing the Mitroff and Kilmann (1977) findings, a Gallup poll found that women consistently report having higher levels of ethical behavior than men (Ricklefs 1983a). Therefore, differences in ethical standards between males and females also were examined in the current study.

The following null hypotheses were developed based upon a review of the literature.

- H1: There is no difference in the ethical view of students in Junior, Senior, and Masters level marketing courses (Chandler 1984; Hawkins and Cocanougher 1977; Mitroff and Kilmann 1977).
- H2: There is no difference in the ethical views of female and male students (Mitroff and Kilmann 1977; Ricklefs 1983a).
- H3: There is no difference in female students' ethical views across educational levels (Harragan 1984).
- H4: Students will not indicate different ethical standards when the situational results appear to directly affect him or her personally versus those situations with indirect effects (Blott 1978; Schneider 1984; Walker 1973).

Research Procedures

Scenarios illustrating four marketing practices (see the Appendix) were developed from previous research in marketing ethics (Alder 1980; Boone and Kurtz 1979; Goodman and Crawford 1974; Ricklefs 1983c). The respondents were asked to decide which of three alternative responses would best represent what they would do in each of the instances. A typology consistent with the three aforementioned standards or modes of ethical behavior was developed. The categories developed were: Moralistic (moral idealism), Realistic (profit maximizer), and Rationalistic (utilitarianism). It was felt that a more accurate response would result if the respondent did not approach the situation from a "right" or "wrong" viewpoint. Therefore, there was no mention either in the questionnaire or in the verbal introduction that alluded to the rightness or wrongness of any of the scenarios.

The sample design consisted of 136 students in three different levels of marketing courses (junior, senior, masters) at a large Southeastern university. The surveys were administered during class so as to avoid any outside discussions. Ethics was not mentioned at any time as this might have placed the term at the forefront of the respondent's thinking process and may have caused "ethical" responses to be given rather than "real-life" responses.

Results of the Research

For descriptive purposes, [Table 1](#) represents the

responses to each scenario, broken down by class and by sex. This section describes the results for each scenario.

Protecting Own Livelihood

In a previous survey using a case situation very similar to the first ethical scenario, roughly half of the respondents thought the manager should disregard the discovery of a corporate tax violation in order to protect his or her family's source of income (Ricklefs 1983c). That particular survey, however, did not provide for the "middle ground" as was done in the current research--it was an either/or situation.

A crosstabulation of the ethical categories by education level yielded a Chi-square value of 18.0 which is statistically significant at the 0.0012 level. Closer examination of [Table 1](#) shows that junior level (69.2%) and senior level (48.8%) students primarily supported the rationalist approach, while the masters students (46.7%) primarily supported the realist approach. Overall the percentage of rationalists decreased and the percentage of realists increased as educational levels increased. A clear trend was not evident in the moralist category as a higher proportion of seniors (31.7%) were in this category than were juniors or graduate students.

An analysis of the ethical categories by sex did not indicate a statistically significant association. Chi-square analysis of the ethical categories by educational levels for males and females was not possible due to inadequate cell size for female students at the masters levels. However, some interesting trends were evident. The percentage of rationalists for males and for females decreased as educational levels increased. Among male students, the percentage of realists increased as educational levels increased. For female students, juniors were primarily rationalists (73.0%), seniors were primarily moralists (47.6%), and masters students were primarily realists (45.5%).

Selling the Product

The second case incident dealt with selling a product. This particular situation had not been tested in previous studies, yet similar scenarios were mentioned in an article by the vice-president of a large food manufacturing concern (Blott 1978).

No statistically significant association was found in the analysis of ethical categories by educational level. However, once again the percentage of rationalists decreased as educational levels increased. No clear trend was evident for the moralist or realist categories. Contrary to the first situation, a high proportion of seniors were classified as realists for this situation. In fact, the two most common responses among the three groups of students were similar to strategies taught in most marketing courses. About 49 percent of the students rated that the store should first check competitors' prices (Rationalist) with 34.6 percent suggesting that the store set up a special display for the products. As there was no mention of ethical considerations during the administration of the questionnaire, it is possible that some of the students failed to consider the price

TABLE 1

PERCENTAGE DISTRIBUTION OF RESPONSES FOR EACH SITUATION

Situation	Juniors			Seniors			Masters		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1. Protecting own livelihood:									
Moralist	17.9%	10.8%	13.8%	16.7%	47.6%	31.7%	21.1%	27.3%	23.3%
Rationalist	64.3%	73.0%	69.2%	50.0%	42.9%	48.8%	31.6%	27.3%	30.0%
Realist	17.0%	16.2%	16.9%	33.3%	9.5%	19.5%	47.4%	45.5%	46.7%
2. Selling the product:									
Moralist	32.1%	5.4%	16.9%	0.0%	9.5%	7.3%	21.1%	36.4%	26.7%
Rationalist	39.3%	62.2%	52.3%	61.1%	47.6%	51.2%	36.8%	45.5%	40.0%
Realist	28.5%	32.4%	30.8%	38.9%	42.9%	41.5%	42.1%	18.2%	33.3%
3. Overuse of product:									
Moralist	17.9%	13.5%	15.4%	27.8%	42.9%	34.1%	21.1%	27.3%	23.3%
Rationalist	35.7%	32.4%	33.8%	22.2%	19.0%	22.0%	15.8%	18.2%	16.7%
Realist	46.4%	54.1%	50.8%	50.0%	38.1%	43.9%	63.2%	54.5%	60.0%
4. Faked anonymity									
Moralist	57.1%	59.5%	58.5%	66.7%	57.1%	63.4%	78.9%	45.5%	66.7%
Rationalist	21.4%	13.5%	16.9%	11.1%	19.0%	14.6%	5.3%	18.2%	10.0%
Realist	21.4%	27.0%	24.6%	22.2%	23.8%	22.0%	15.8%	36.4%	23.3%

manipulation in an ethical way and instead concentrated on effective marketing strategy development.

Again, there was no statistically significant association between sex and the responses to this situation. Most males (44.6%) and most females (55.1%) were classified as rationalists. However, at the 0.015 level of significance, there was a difference between the male and female students within the Junior level. About 32 percent of the males responded "Moralist," 39.3 percent responded "Rationalist," and 28.6 percent responded "Realist." The females tended to avoid the "Moralist" response as 62.2 percent indicating "Rationalist" and 32.4 percent responding to the "Realist" alternative. Neither of the other two educational levels, however, showed a significant difference between the sexes.

Further Chi-square analysis of other educational levels or of ethical categories by educational levels for males and females again was not possible due to inadequate cell sizes in some categories. A review of the responses, however, indicates that the junior (39.5%) and senior (61.1%) level males were primarily rationalists while graduate level males (42.1%) were primarily realists. Female students at all educational levels were more likely to be rationalists although the percentage decreased as education level increased.

Overusing the Product

The third situation dealt with ethics from a marketing research standpoint. The question dealt specifically with how to handle results obtained through marketing research. Other versions of this question have been examined in previous research efforts and very high disapproval rates were found for this situation (Adler 1980; Goodman and Crawford 1974). In earlier surveys, the scenario was worded such that the respondent had to approve or disapprove of a company letting

the results slip by quietly. Yet, by asking the respondents what he or she would do in the present study, 50.7 percent indicated that they would let the results slip by quietly (Realist) while only 22.8 percent taking the Moralist approach. Furthermore, the realist view was the primary response at each educational level for both males and females. Differences across educational levels were found at the 0.111 level of significance. Once again, the percentage of rationalists decreased as educational levels increased.

No statistically significant differences were found (where analysis was possible) between the male and female respondents either taken as a whole or when broken down by class sections. Contrary to other class levels, however, senior level females tended to endorse the moralist view.

Faked Anonymity

This situation also dealt with marketing research, but this time the situation dealt with collecting the data rather than using it. The results in this instance clearly coincided with previous studies. Previously, about 70 percent of the respondents (Marketing Research Directors, Marketing Executives, and business students) disapproved of the use of ultraviolet ink (Adler 1980; Goodman and Crawford 1974). The current findings show a 61.8 percent "disapproval" rate (i.e., Moralist). Having a middle ground category in this instance did not seem to make a difference. Only 14.7 percent of the respondents selected the middle ground with the remainder (23.5%) going for "approval" (Realist).

Interestingly, the percentage of realists was very similar at each educational level while the percentage of rationalists declined as educational levels increased. This led to an increase in the percentage of moralists as educational levels increased which is contrary to results in the earlier scenarios. However, no statistically significant

association was found in ethical values across educational levels. In addition, an analysis of the ethical categories by sex and by sex and educational levels found no significant differences. However, the percentage of moralists increased over educational levels for males and decreased for females.

Discussion

Hypothesis 1 was formulated to test the contention that increased exposure to a business curriculum would have a positive effect upon the tolerance level toward questionable marketing practices. Mitroff and Kilmann (1977) and Hawkins and Cavanaugh (1977) found that with increased exposure to the business curriculum, the student was more likely to view ethically ambiguous situations as ethical. This is consistent with Schein's (1980) and Chandler's (1984) beliefs that marketing courses place greater emphasis upon the technical aspect of marketing than on the moral consequences of marketing.

The analysis shows that rejection of the null hypothesis of no association depends upon the situations. It appears that the more the situation directly impacts upon the student, the more likely the student is to view ethically ambiguous situations as ethical. Only in the first situation was the association statistically significant. In this instance it may be that the masters students are older, currently hold marketing jobs and realize the difficulty in obtaining good positions, or have families and know the concern inherent with supporting the family.

Although a significant association between ethical response and educational levels was only determined for the first incident, some definite trends were identified overall. In each instance the percentage of rationalists decreased as educational levels increased. In most instances, senior level students tended to have more moralist views or more realist views than the other groups. This is, instead of a trend across educational levels for the moralist and realist categories, senior level students tended to have higher or lower proportions than both junior level and masters level students. This may reflect the impact of course content (a section on social issues is frequently covered in the particular senior level class surveyed) and the business law "core" courses that is a prerequisite for this capstone policy course. The junior and masters level courses surveyed may not have taken the business law prerequisite.

Hypothesis 2 was designed to test the thesis that females report more ethical behavior than men. A Gallop poll conducted by Ricklefs (1983a) for The Wall Street Journal found women to consistently report more ethical behavior than men. The Mitroff and Kilmann (1977) study also found that women undergraduates were more concerned with the basic rightness and wrongness of the action than with whether the action was profitable or not.

The percentage of males indicating the realist approach exceeded the percentage of females taking this view in three of the four scenarios. Trends were not so clear between males and females for

the rationalist and moralist views. Furthermore, a statistically significant association was not found between sex and ethical values for any of the four situations. Thus, the evidence will not allow rejection of the second null hypothesis.

Hypothesis 3 was formulated in order to measure the adage that a woman must change her ways to be successful in the business world. Some believe that females are perhaps naive to survival tactics in business at first, but learn the game over time. In her response to a female sales associate's complaints about the "unethical" behavior of the woman's boss, Harragan (1984) stated that women with limited exposure to life and business are often stuck in a "clerical mentality" and are inclined to focus on nitty-gritty details and ignore the large manifestations of company rules and procedures. Therefore, it would appear that increased exposure to the business school curriculum would have an impact upon a female's ethical views and ultimately lead to greater tolerance to double-edged situations.

Unfortunately, inadequate cell size, particularly at the masters level, did not allow an adequate statistical test of this hypothesis. However, an examination of the trends across educational levels does tend to support the premise that females' ethical postures change over time. Typically, the percentage of rationalists declined as educational levels increased. In addition, in the first situation, the percentage of moralists declined as educational levels increased with a greater percentage of realist responses at the masters level. Given the type of situation described in the first incident, it may be that females do learn to discern between personal survival and indirect effects. That is, the company probably would not close down because the green beans did not sell, because the product was overused, or because ultraviolet ink was used. Directly endangering one's career, however, had personal repercussions. Therefore, females may adhere to situational ethics more as they become older, have families, or have held or are holding jobs.

A surprising finding was that senior level females were primarily moralists in three of four incidents while junior-level females were primarily moralists only once. Again, this may reflect the course background of students taking the "capstone" course (i.e., social issues section and the business law course).

Hypothesis 4 was formulated to determine if situational ethics do actually exist and if so, what types of situations cause variation. In situational ethics there are no right or wrong answers, the solution depends upon the situation. In addition, the right or wrong of a particular situation can change with the time, the place, the society, and the individual (Walker 1973). Situations can be determined ethically proper or improper depending upon the circumstances inherent in a particular situation.

Although this hypothesis was not statistically tested, it appeared that type of situation did have an impact upon attitudes. In looking for consistency in responses, it was found that only 7.3 percent of the students responded consistently

either as a "Moralist" or as a "Realist." Almost 93 percent of the students fell into the "Rationalist" response for one or more of the given situations.

Respondents approached the first situation more from a "Rationalist" or "Realist" point of view, whereas the fourth situation appeared to be more a "Moralist" situation. The first situation is one that clearly has an effect upon the individual's personal life, while the last situation is one that the respondent can look at without personal impact. Given the differences in the responses, it appears that students do adhere to situational ethics, and that the personal impact upon the individual may guide the decision-making process.

This observation concurs with previous findings which have surmised that the circumstances of a given act have an effect upon whether or not the act is perceived as ethical. Blott referred to this as a trend away from traditional, absolute virtues to a newer theory of relativity (Blott 1978). Further support for this is found in the results of a study that discovered that 75 percent of the general public disapproved of an executive omitting \$2,500 in interest income from his tax return, while only 50 percent disapproved of a waitress who declared only \$2,500 of her \$5,000 annual tip income on her tax return (Ricklefs 1983b). Ferrell and Weaver (1978) also found a situational viewpoint in their research, concluding that respondents believed that behavior was more ethical in some situations than in others.

Summary

This study attempted to determine if any difference existed in students' ethical attitudes at three levels of education, between males and females, and at the three educational levels of females. The findings do not entirely support previous research findings in that the results were inconclusive between and among the educational levels of students. The lack of corroboration with previous studies may result from the nature of the situations and the response categories. Most previous reported research appeared to highlight a consideration of ethical behavior from the respondents. In addition, previous studies often utilized the "have you" or "would you condemn" approach rather than the "what would you do" approach that was used in the current study. It might be easy to respond yes/no to the "have you" question or to give the socially acceptable response to the "would you condemn" question. Yet, the type of responses used in the current research did not really draw attention to socially acceptable responses nor did any of the situations question what had been done by the individual.

The results do appear to indicate the existence of situational ethics as suggested in the literature. Apparently, students in making courses have propriety and impropriety. However, the research results do suggest that exposure to certain course content (i.e., legal and social issues) may shape the ethical awareness/behavior mode of students.

Appendix

Please contact Jon Hawes, Department of Marketing, University of Akron, Akron, OH 44325 for a copy of the survey instrument.

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Remaining references are available from Jon Hawes.