Analyzing the Effects of Egoist and Utilitarian Evaluations on Subjects' Responses to (Un)ethical Salesperson Behavior

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Abstract

This study explores the possibility that the egoist and utilitarian components of the teleology evaluation, represented in the Hunt and Vitell (1986) model of ethics, differ in their effects on subjects' judgements and intentions. Using a 2 deontology x 2 egoist x 2 utilitarian randomized between subjects design, the study found that the effects of egoist versus utilitarian consequences on subjects' ethical judgments and ethical intentions differed in the deontologically unethical condition but not in the deontologically ethical condition.

Introduction

Managers are commonly faced with ethical issues that create dilemmas between their obligation to improve the economic performance of their organizations and their ethical obligations to persons internal and external to their companies (Kohut and Corriher 1994). The sales profession is especially vulnerable to unethical conduct because salespeople commonly function without direct supervision and face role ambiguities and/or conflicts with customers, competitors, other departments, as well as the regulatory environment (Dawson 1992). To effectively deal with unethical conduct, sales managers need to understand how ethical decisions are made.

The Hunt and Vitell (1986) model of ethics (hereinafter referred to as the H-V model) is one model of the ethical decision making process that is commonly referenced in the marketing literature (Mengüç 1998). Hunt and Vitell (1986) introduced the idea that ethical decision making included both a deontological evaluation and a teleological evaluation. Deontological views of ethics focus on the inherent rightness or wrongness of a behavior when judged against a societal norm (Hunt and Vasquez-Parraga 1993; Scarre 1996). To a deontologist, lying is wrong regardless of the positive consequences it may have. Teleological theories of ethics focus primarily on the evaluation of the amount of good or bad embodied in the consequences of the behavior (Scarre 1996). To a strict teleologist, lying to save a company from bankruptcy would be ethical because the positive value of the consequences would be much greater than the negative consequences.

Unlike deontological theories, teleological theories can be clearly separated into two schools based on the focus of the decision maker. Teleological theories that focus on the value of the consequences to the individual are termed egoist theories while those that focus on the value of the consequences to the group are referred to as utilitarian theories. Although Hunt and Vitell (1986) and Hunt and Vasquez-Parraga (1993) recognize the distinctiveness of the two teleological perspectives in their discussions of ethical decision making, they do not incorporate, nor do they test, the separate effects of egoist and utilitarian consequences.

Thus, the objective of this paper is to empirically explore the possibility that egoist consequences, such as increases in sales by the sales person, and utilitarian consequences, such as a financial difficulty for the organization, differ in their effects on decision makers' ethical judgments and intentions. A 2 (deontology) x 2 (egoist) x 2 (utilitarian) randomized between subjects research design was employed to test hypotheses associated with this objective.

Literature Review

Hunt and Vitell's (1986) theory of ethics proposes that people are not simply teleologists or deontologists, but rather (un)ethical acts are evaluated on the basis of a combination of considerations of the separate components. The first step in determining what aspects of the situation should be considered is the recognition that the situation actually has ethical content. Once the individual perceives that they are faced with an ethical problem, they generate a set of possible alternatives. These alternatives are, in turn, evaluated from a deontological and teleological perspective. The result of this evaluation may result in an ethical judgment and subsequently, a behavioral intention. The relationship between the deontology and teleology evaluations, ethical judgment, and behavioral intention form the core of the H-V model.

The H-V model suggests that the primary path between teleological evaluations and deontological evaluations to behavioral intentions is through ethical judgments. Empirical tests of the model show the relationship between ethical judgment and behavioral intention to be quite strong with Hunt and Vasquez-Parraga (1993) and Vasquez-Parraga and Kara (1995) finding the relationship to be highly significant. The H-V model also suggests a direct route to intentions from teleological evaluations to allow for those cases where the benefits of the consequences of an act are so great,

relative to the possible deontologically unethicalness of the behavior, that intentions are formed without ethical judgments (Hunt and Vasquez-Parraga 1993).

Consequentialism and the H-V Model

Although the primary focus of all teleological or consequentialist theories is the amount of good or bad embodied in the consequences of the behavior, they can be separated on one major distinction; the focus of their evaluation. Egoism, on one side, evaluates outcomes according to their propensity to enhance the agent's own welfare (Scarre, 1996) whereas utilitarianism focuses on how the act promotes the best interest of everyone involved in the action (Almonde, 1998).

Although utilitarianism is made up of a number of theories (Scarre 1996), the common theme put forth by these theories is that an act is ethical when it promotes the best interest of everyone involved in the action (Almonde 1998). For example, a utilitarian would not condemn a sales person for lying if the lie helped protect the company. In this situation, the harm done by the lie would be greatly outweighed by the fact that the fortunes of all those employed by the company were saved.

Egoism is a non-utilitarian form of consequentialism which evaluates outcomes according to their propensity to enhance the individual's own welfare (Scarre 19996). As in the study of utilitarianism, egoism comes in many forms. Ethical egoism recommends self-interest as a moral policy. To the ethical egoist, their own personal interest is at the center of the moral world (Almond 1998). Rational egoism, in contrast, recognizes that what is in my best interest, may not produce the most immediate pleasure. A rational egoist, therefore, may appear to adopt moral behavior even though they are still acting selfishly (Almonde 1998). Thus, the common theme of all forms of egoism is the focus on the good of the individual rather than the group or society in general.

From a managerial perspective, it can be argued that if consequentialism plays a role in the determination of our ethical judgment and resulting behavioral intentions, then managers should prefer an emphasis on utilitarian consequences rather than egoist consequences. The rationale for this is that utilitarian evaluations are based on the goodness or badness of the act for the group, and the group in question in these cases is inferred to be much more representative of the group that determines the societal norms on which we base our deontological evaluations than the individual. If utilitarianism is indeed akin to deontology as Etzioni (1988) suggests, then the justification for studying the effects of utilitarian consequences versus egoist consequences becomes clear, as few would characterize egoism as a relative of deontology.

Given the bipolar nature of teleology, it is not difficult to envision an ethical dilemma that is unethical from a deontological and utilitarian perspective, yet ethical from an egoist perspective. The use of misleading information by a sales person is clearly deontologically unethical and may also be unethical from a utilitarian perspective, or from the company's perspective, if the act results in negative word-of-mouth among customers. The same act, however, may also be seen as ethical from the salesperson's perspective because of the positive consequences for the individual.

Managers' intentions to use rewards or punishments to enhance ethical behavior have been the focus of previous empirical tests of the H-V model (Hunt and Vasquez-Parraga 1993;Vasquez-Parraga and Kara 1995). The role of punishments in shaping sales persons' ethical conduct was studied by Bellizzi and Hite (1989). They found that sales managers use more severe punishments when poor performers, negative consequences, and salespeople are involved in unethical selling behavior. Hunt and Vasquez-Parraga (1993) studied the use of punishments and rewards and found that managers judged behaviors that had positive consequences to be more ethical than those that had negative consequences. Similarly, managers were found to be more lenient in their intentions to punish, and more generous in their intentions to reward, subordinates when the consequences of the subordinate's behavior were positive versus negative.

Hypotheses

The following hypotheses were derived from the literature review for the purpose of empirical testing. The first four hypotheses serve as tests of the findings of Hunt and Vasquez-Parraga (1993) that subjects judge acts to be more ethical and respond more leniently when the consequences of the act are positive versus negative, with respect to both egoist and utilitarian manipulations.

H_1: *When the act is deontologically unethical, subjects judge scenarios with positive egoist and utilitarian consequences to be more ethical than scenarios with negative egoist and utilitarian consequences.*

H_2: *When the act is deontologically unethical, subjects' intentions to reward rather than punish subordinates will*

be greater when egoist and utilitarian consequences are positive versus when they are both negative.

H_3: *When the act is deontologically ethical, subjects judge scenarios with positive egoist and utilitarian consequences to be more ethical than scenarios with negative egoist and utilitarian consequences.*

H_4: *When the act is deontologically ethical, subjects' intentions to reward rather than punish subordinates will be greater when egoist and utilitarian consequences are positive versus when they are both negative.*

Hypotheses five to eight were developed to test for differences in the effects of egoist consequences and utilitarian consequences on subjects' decision making.

H_5: *When the act is deontologically unethical, subjects judge scenarios with positive egoist and negative utilitarian consequences to be more ethical than scenarios with negative egoist and positive utilitarian consequences.*

H_6: *When the act is deontologically unethical, subjects' intentions to reward (punish) a subordinate's behavior will be more generous (lenient) when the behavior has positive egoist and negative utilitarian consequences versus behaviors with negative egoist and positive utilitarian consequences.*

H_7: *When the act is deontologically ethical, subjects judge scenarios with positive egoist and negative utilitarian consequences to be more ethical than scenarios with negative egoist and positive utilitarian consequences.*

H_8: *When the act is deontologically ethical, subjects' intentions to reward (punish) a subordinate's behavior will be more generous (lenient) when the behavior has positive egoist and negative utilitarian consequences versus behaviors with negative egoist and positive utilitarian consequences.*

Method

Research Design

A 2 (deontology: ethical or unethical) x 2 (utilitarian consequences: positive or negative) x 2 (egoist consequences: positive or negative) randomized between subjects research design was used to test the eight hypotheses. Of the eight possible ethical conditions incorporated into scenarios, four contained a common deontologically unethical condition and four contained a deontologically ethical condition. The deontology components were based largely on the "Overstating Plant Capacity" scenario used in Hunt and Vasquez-Parraga (1993). With respect to the teleology content, each scenario contained references to outcomes that were either positive or negative in terms of the sales person (+egoist or -egoist) or the organization (+utilitarian or -utilitarian). Thus, the outcomes in the scenario could be; (1) +egoist and +utilitarian, (2) +egoist and -utilitarian, (3) -egoist and +utilitarian, or (4) -egoist and -utilitarian.

Measures. Subjects' intentions to reward or punish were recorded on a metric rating scale ranging from the "The Most Severe Punishment" (-10) to "The Most Kind Reward" (+10). Subjects' ethical judgments were recorded on a single item 7-point Likert scale anchored by "Very Unethical" (7) and "Very Ethical" (1). Both measures were taken from Hunt and Vasquez-Parraga (1993). Although ethical judgments proceed ethical intentions in the H-V model, the intention measure was given first to avoid the possible biases that may have occurred if the subjects were alerted to the ethical focus of the study.

Sample and Data Collection. Undergraduate business students from a university in the Southwestern United States were used as test subjects in the study. Managers are always desirable subjects, especially when the impact of the results is managerial, however, when testing theory the use of students is appropriate. Students allow for greater control over possible confounding variables that would not be possible in an unsupervised environment that employed managers as subjects. Questionnaires containing the eight different scenarios were shuffled and then randomly distributed to the students by the professors.

Results and Discussion

Results for the statistical tests of hypotheses in addition to the means and standard deviations of the two dependent variables can be found in Table 1. Hypotheses one to four focused on the effects of positive versus negative consequences on judgments and intentions across deontologically ethical and unethical conditions. These hypotheses served as a replication and extension (because of the separation of the teleology condition) of Hunt and Vasquez-Parraga (1993). Strong statistical support was found for all four hypotheses. Thus, subjects found scenarios with positive consequences to be more ethical than those with negative consequences in the ethical and unethical deontological conditions. Furthermore, subjects issued less severe punishment, in the unethical condition, and more kind reward in the ethical condition, when consequences were positive versus negative.

The second set of hypotheses (H5-H8) focused on the separate effects of egoist consequences and utilitarian

consequences on ethical judgments and intentions. Statistical support was found for the hypotheses that subjects would (a) judge scenarios that were deontologically unethical to be more ethical (H5) and (b) issue less severe punishment (H6) when the scenario had positive egoist consequences and negative utilitarian consequences versus negative egoist consequences and positive utilitarian consequences. Statistically significant differences in subjects ethical judgments (H7) or intentions (H8) were not found in the deontologically ethical condition.

The finding of support for significant differences in ethical judgment and intentions between scenarios two and three but not between six and seven was inconsistent with the researchers' expectations. It is possible that the relationship between teleology and deontology evaluations on ethical judgment differs for deontologically unethical versus ethical conditions. Upon further review, however, it is more likely that these inconsistencies in the findings are the product of a method artifact. More specifically, the presence of relatively high standard deviations for ethical judgment and intention measures for scenario six and seven suggests that the manipulations of the egoist and utilitarian conditions were not clear. In support of this explanation, the researcher noted that informal comments concerning confusion over the scenarios in question had been made after the data was collected.

Areas for Future Research

The finding of support for the hypothesis that egoist and utilitarian evaluations differ in their effects on ethical judgements and intentions, at least in the deontologically unethical condition, suggests that future research in this area is warranted. Researchers need to focus on more effective manipulations of the egoist and utilitarian conditions as this was seen as one of the limitations of the present study. It may be beneficial for future researchers in this area to explore the use of scenarios that contain only a positive or negative egoist condition or positive or negative utilitarian condition. This may provide a better understanding of the main effects of these variables.

The relationship between subjects' judgements and intentions in varying ethical conditions is another area of interest that may be developed in future research. Hunt and Vitell (1993) suggest that in most cases ethical judgement is the product of teleological and deontological evaluations. In some situations, however, the teleological evaluation may lead directly to intention. By using the expanded version of the H-V model, researchers could investigate conditions under which strong utilitarian or strong egoist evaluation lead directly to behavioral intentions.

Finally, expansion of the H-V model may also prove useful in the study of gender differences in ethical behavior. When the sample was separated by sex and subjected to regression analysis, the egoist component was more significant for males while the utilitarian component was more significant for females. It is possible that the utilitarian message cues are processed as "other-oriented" information whereas egoist message cues are processed as "self-oriented" information. Meyers-Levy (1988) suggests that the use of other-oriented message cues is more consistent with a typical female's gender role whereas the use of self-oriented message cues is more consistent with the typical gender role of males. If this is true, then the sex differences in ethical judgement that have been found by numerous authors (Dawson 1992) may be the result of gender differences in information processing rather than gender differences in morality.

TABLE 1
Summary of Results for Significance Tests of Hypotheses One to Eight

Hypotheses	Means and St.deviation		F-value	df	Sig.
H_1	S1: 3.06 (0.28)[1]	S2: 2.19 (2.79)	4.92	1, 30	0.034
H_2	S1: 1.19 (0.91)	S2: -5.75 (0.91)	29.06	1, 30	0.000
H_3	S5: 6.167 (0.26)	S6: 4.50 (0.24)	25.00	1, 22	0.000
H_4	S5: 7.67 (0.84)	S6: -1.59 (0.84)	60.21	1, 22	0.000
H_5	S2: 2.36 (0.20)	S3: 1.80 (0.19)	3.89	1, 27	0.059
H_6	S2: -2.93 (0.85)	S3: -5.47 (0.82)	4.62	1, 27	0.041
H_7	S6: 5.42 (0.36)	S7: 6.09 (0.37)	1.72	1, 21	0.204
H_8	S6: 4.75 (1.12)	S7: 2.91 (1.17)	1.29	1, 21	0.269

1Standard deviations are in parentheses.

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