

Business Ethics Judgments: A Cross-Cultural Comparison

Thomas W. Whipple
Dominic F. Swords

ABSTRACT. With the increased attention paid to ethical issues in business practice, there is interest in the ethics gap between the U.S. and the U.K. and in the ramifications for educating college students for business management positions. This paper examines the differences in ethics judgments between U.S. and U.K. business students. The results indicate that differences in their demographic profiles do not influence their ethics judgments. However, consistently higher business ethics of female students from both countries are discussed in relation to providing business ethics education.

Ethical issues in business practice is a timely topic on both sides of the Atlantic. During the 1980s it received attention as companies and their managers made headlines. News reports documented unethical behavior that both United States and United Kingdom residents considered to be dishonest (Schlegelmilch, 1989). Prominent issues include the use of insider information; treatment of customers, such as overcharging or fraud; employment practices; product quality and safety; and social and environmental responsibilities of businesses and their managers.

As potential government restrictions and negative

publicity pressure managers to improve business performance in a challenging and changing environment, they face situations where ethical standards are pitted against business expediency (Mokowitz, 1985). Since there does not appear to be a consensus on the right set of ethics, business expediency may be winning (Lewis, 1989).

Purpose

The purpose of this study is to assess students' business ethics judgments and to determine if there are cross-cultural differences between the U.S. and the U.K. Societal differences suggest that there may be ethical differences. Secondly, this research will determine whether any differences in ethics judgments, associated with country of residence, are greater than those differences related to the demographic profiles of respondents. This study should provide results that can be informative in the development of education and training programs for prospective business managers with diverse cultural backgrounds.

Students' ethics judgments

One aspect of business ethics that has received attention is the behavior of individuals facing ethical decisions in their work environment. The decisions of individuals depend upon individual ethical perceptions, attitudes, judgments, and behaviors. These ethical decisions, when summed across the business firm and over time, can influence the performance of the organization. De George (1989) believed students need to be sensitized to the business ethics issues they will face upon graduation and entrance into the work force.

Thomas W. Whipple is Professor of Marketing at Cleveland State University. His articles have appeared in the Journal of Marketing Research, Journal of Marketing, Journal of Advertising, Journal of Advertising Research, Journal of Communication, Journal of the Academy of Marketing Science, Industrial Marketing Management, Journal of Marketing Education, and Journal of Travel Research. He is the co-author of Sex Stereotyping in Advertising (Lexington, 1983).

Dominic F. Swords is Director of Studies for Part Time MBA Programmes at Henley Management College in the U.K. His research interests include the Economics of European Integration and the relationship between Business Ethics and Business Policy.

Crawford (1970) asked whether students felt the same way toward ethics in business as did practitioners. Preliminary research indicated that they did feel similar (Goodman and Crawford, 1974). However, other researchers found that students enrolled in a business curriculum are more tolerant than managers of questionable business practices (Hawkins and Cocanougher, 1972; Shuptrine, 1979; Stevens, 1984). Whether business students' frames of reference for evaluating the ethics of business practices are similar to or different from those of practitioners has been investigated only recently. Lewis (1989) described students as "ethical seekers" compared to practitioners who are entrepreneurial or organizationally realistic when faced with an ethical choice. In another study, student judgments were characterized as being more socially responsive, but not necessarily more ethical, than those of practitioners (Whipple and Wolf, 1991). For example, students were more likely than practitioners to approve of sharing company data and reports with minorities and an inner city advisory council, but less likely to criticize collusion among competitors or the sharing of insider information.

U.S. and U.K. differences

Companies have responded to ethical issues in business by reprimanding unethical behavior, by conducting training programs and workshops, and by establishing corporate codes of ethics (Hunt *et al.*, 1984; Mokowitz, 1985). Schlegelmilch (1989) found that U.K. firms are lagging behind their U.S. counterparts in response to ethical concerns. A survey of the few British businesses that had adopted a code of ethics, however, did identify areas of business activity most vulnerable to unethical practices. These areas include: recording transactions, conflicts of interest, use of privileged information, inducements and bribery, relationships with competitors, and various social issues such as discrimination (Institute of Business Ethics, 1988).

The field of business ethics also has not attracted the degree of academic interest in the U.K. as it has in the U.S. Business Schools in the U.S. have responded to employers' demands that graduates have ethics training by including coverage of topics such as social responsibility and ethical behavior in the

schools' academic curricula (Stratton *et al.*, 1981). Furthermore, the American Assembly of Collegiate Schools of Business (AACSB) has specified requirements regarding ethics content in courses for schools seeking accreditation for business programs.

Meanwhile, British universities have tried to catch up to their U.S. counterparts by establishing research centers and institutes, undertaking research projects, and offering business ethics courses. These courses appear to be needed as a recent survey of European business attitudes found that five out of eight U.K. students were prepared to be ruthless to succeed in business (Financial Times, 1990). While similar U.S. data are not available, 63 percent for U.K. students is higher than comparable statistics for other European students. However, both U.S. and U.K. schools may have to do more to meet businesses' demands as early studies indicate that one or two courses alone are not enough to have a lasting impact on students' ethical values (Arlow and Ulrich, 1985; Martin, 1981–82).

Indications that U.S. business schools have been more active in dealing with ethical issues than those in the U.K. lead to the following proposition:

Proposition 1: There are significant differences between U.S. and U.K. business students with respect to their responses to ethical issues.

Gender differences

Only a few studies have assessed sex differences in ethical decision-making. Ferrell and Skinner (1988) found that female researchers have stronger ethical attitudes than male researchers. Akaah's (1989) results indicated that female marketing professionals evidence higher research ethics judgments than do males in the same profession. Even without full-time work and decision-making experience, female college students are more concerned with ethical issues in business (Beltramini *et al.*, 1984). Whipple and Wolf (1991) also found that female business students are more critical than their male classmates of questionable business practices. Christie and Geis (1970) noted, however, that sex differences in response to some measurement instruments have been strongly influenced by social acceptability. Other researchers

have observed the lack of significant differences in ethical perceptions and behavior between males and females (Hegarty and Sims, 1978; Kidwell *et al.*, 1987).

A second proposition relates to demographic differences, including gender, in ethics judgments of business students. Although past research suggests that female students may be more ethical than their male counterparts, the findings have not been conclusive.

Proposition 2: Cross-cultural differences in the ethics judgments of students cannot be explained by demographics.

Methodology

Sample and data collection

The U.S. data were obtained from undergraduate students enrolled at an AACSB accredited urban business school. Multiple sections of two required business courses were chosen as the sampling frame. The U.K. data were collected from students studying in a college of higher education Management Department. The sampling frame consisted of all DMS (diploma in management studies) students, final year BA Business students, and Post Graduate Diploma students in an export marketing course. Questionnaires were distributed by the authors during the 1989 Spring term. A total of 319 students, 196 U.S. and 123 U.K., completed the self-administered questionnaire. The response rate was at least 85 percent in all courses sampled.

Study instrument

The instrument design was based on questionnaires from U.S. studies conducted by Crawford (1970), Akaah and Riordan (1989), and Akaah (1989). Eleven scenarios (items) were used to measure the ethics judgments of U.S. and U.K. students. Minor alterations in wording and spelling were needed to anglicize the U.S. instrument for the U.K. respondents, but these did not change the items materially. The scenarios cover five areas of ethical concern in

business: confidentiality, research integrity, conflict of interest, marketing mix issues, and social issues (Table II). All but the social issue scenarios involve actions that are ethically questionable. The three social issue items describe actions that can be classified as "not being socially responsive." Respondents were asked to indicate their approval/disapproval of the actions of the decision-maker in each scenario. A 5-point scale with descriptive statements ranging from "disapprove" (coded 1), "disapprove somewhat" (coded 2), "neither approve nor disapprove" (coded 3), "approve somewhat" (coded 4), to "approve" (coded 5) was used for the evaluations. The comparability in the design of the U.S. and U.K. questionnaires provided the opportunity to make a cross-cultural comparison.

Respondents also provided personal information about themselves. This information included: age, credit hours for the current term, years of part-time and full-time work experience, business major, years of college education, and gender. The profiles in Table I are representative of the student populations sampled at the two business schools.

Results

Differences in the demographic profiles of respondents

Table I summarizes respondents' demographic profiles. To assess the statistical significance of differences in age, credit hours, and work experience due to gender and country, analysis of variance was conducted. No interaction effects (gender by country) are apparent; only main effects (gender, country) are significant. Cross tabulation and a Chi-square test of association were used to determine if gender or country is related to a respondent's major (area of specialization). Differences in the level of education between males and females and between U.S. and U.K. respondents were assessed by differences of proportions tests.

As Table I shows, country is more important than gender in differentiating among students' profiles. Males and females differ significantly only with respect to years of full-time work experience and college education. Females have less work experience and education, but are similar to male respondents on other demographic variables. U.S. and U.K.

TABLE I
Profile of respondents by gender and country

| Demographic characteristics | Gender | | Country | |
|--|----------------------------|------------------------------|---------------------------|---------------------------|
| | Males (<i>n</i> = 172) | Females (<i>n</i> = 147) | U.S. (<i>n</i> = 196) | U.K. (<i>n</i> = 123) |
| A. Average age (years) | 25.0 | 24.7 | 24.0 | 26.3 ^a |
| B. Average number of credit/class hours per week this quarter/term | 13.3 | 13.5 | 13.8 | 12.6 ^b |
| C. Average number of years of work experience: | | | | |
| Part-time work | 2.7 | 2.7 | 3.6 | 1.2 ^a |
| Full-time work | 4.0 | 2.8 ^b | 2.9 | 4.3 ^b |
| D. Respondents majoring/specializing in: | | | | |
| Accounting (%) | 24 | 22 | 33 | 7 ^a |
| Management (%) | 18 | 27 | 14 | 35 |
| Marketing (%) | 33 | 35 | 27 | 45 |
| Other (%) | 25 | 16 | 26 | 13 |
| E. Respondents with three or fewer years of college education (%) | 56 | 71 ^b | 74 | 46 ^b |
| F. Gender (% males) | | | 56 | 47 |
| G. Country (% U.S.) | 66 | 56 | | |

^a $p < 0.001$.

^b $p < 0.01$.

respondents differ significantly on all demographic characteristics except gender. U.K. students in the sample are older, take fewer credit hours, have more years of education, and have less part-time, but more full-time work experience than do their U.S. counterparts. U.K. student respondents are specializing primarily in management and marketing, whereas U.S. students favor accounting as a major over marketing and management.

Differences in the ethics judgments of respondents

The relationship of gender and country of respondents to their ethics judgments was examined by multivariate analysis of variance. Students' evaluations of the eleven items (Table II) are the criterion variable, while gender and country are the explanatory variables. There are no significant interaction

effects (gender by country). However, both gender and country of the respondent produced statistically significant main effects (Table II).

Gender differences. Females are more critical of the marketing research director's actions than are their male counterparts on all eleven items. For scenarios 3, 7, 8, 9, and 10, the average approval ratings are significantly different. The gender effect can be characterized as "males are less ethical than females," particularly with respect to marketing mix and social issues. These gender differences could possibly be attributed to the finding that females have significantly less full-time work experience and education than do males (Table I). To test this supposition, an analysis of variance-covariance model was used that included as independent variables gender and the two demographic variables on which females and males differed significantly, full-time work experi-

TABLE II
Comparison of responses to ethical scenarios by gender and country

| Scenario (item) average ratings ^a | Gender | | Country | |
|---|------------------------------|------------------------------|------------------------------|---------------------------|
| | Males (<i>n</i> = 172) | Females (<i>n</i> = 147) | U.S. (<i>n</i> = 196) | U.K. (<i>n</i> = 123) |
| I. Univariate tests | | | | |
| A. Confidentiality | | | | |
| 1. Ultraviolet ink to precode a mail questionnaire | 2.3 | 2.3 | 2.2 | 2.5 |
| 2. Hidden tape recorders in interviews with customers | 2.3 | 2.1 | 1.9 | 2.6 ^b |
| 3. One-way mirrors in stores' brassiere dressing rooms | 1.5 | 1.1 ^b | 1.3 | 1.4 |
| B. Research Integrity | | | | |
| 4. Fictitious company name to camouflage firm's identity | 3.4 | 3.1 | 3.1 | 3.4 |
| 5. Ignored vice president's distorted research findings | 2.0 | 1.7 | 1.7 | 2.1 ^c |
| C. Conflict of Interest | | | | |
| 6. Purchased stock in firm's leading supplier for testing | 3.2 | 3.0 | 3.2 | 3.1 |
| D. Marketing Mix Issues | | | | |
| 7. Turned over confidential price information from trade association to sales dept. | 2.3 | 2.0 ^c | 2.0 | 2.4 ^b |
| 8. Didn't object to ad campaign encouraging product misuse | 2.6 | 2.2 ^b | 2.2 | 2.8 ^b |
| E. Social Issues | | | | |
| 9. Refused to share trade data with center city group | 3.6 | 3.1 ^b | 3.5 | 3.1 |
| 10. Refused advisory council request for price study | 3.0 | 2.5 ^b | 2.8 | 2.8 |
| 11. Refused to assign assistant to inner city planning group | 3.3 | 3.1 | 3.2 | 3.2 |
| II. Multivariate tests (Wilks' lambda) | <i>F</i> = 5.10 ^b | | <i>F</i> = 4.58 ^b | |

^a On a 5-point scale with 1 – “disapprove” and 5 – “approve”

^b *p* < 0.001.

^c *p* < 0.01.

ence and education. The model was used to test the effect of these three variables on the five significant ethics scenarios. In the multivariate analysis model, 14.8 percent of the variance in ethical sensing is

attributable to gender (*p* < 0.001). The univariate analysis results indicate that in only one case is a variable other than gender significantly related to the ethical approval ratings. For scenario 7, educa-

tion is a significant covariate ($p < 0.01$). Higher education among males is related to their disapproval of providing confidential price information.

Country differences. Neither U.S. nor U.K. respondents dominate as being “more ethical” in their judgments to the same extent as do the female student respondents. However, U.S. average approval ratings are higher than U.K. ratings on only two scenarios (items 6 and 9). For scenarios 2, 5, 7, and 8, the average approval ratings are significantly different (Table II). This significant country effect implies that U.S. students are more ethical than their U.K. counterparts with respect to four scenarios. Since U.S. and U.K. respondents differ significantly on six demographic characteristics in Table I, these variables were tested as potential covariates. A variance-covariance model that included country and six demographic characteristics as independent variables was used to test the effect of these variables on the four significant ethical scenarios. The results of the analysis showed that no variable, other than country, is significantly related to the approval ratings. The multivariate analysis indicated that only 6.1 percent of the variance in ethical sensing is attributable to country differences ($p \leq 0.002$).

Even though U.S. and U.K. students have significantly different demographic profiles, these demographic differences did not affect their ethics judgments. Differences in ethics judgments are explained by country differences, possibly related to cultural, political, and educational system differences. The sole demographic measurement for which differences in ethical judgments are significant is gender. Males and females, who are demographically similar, are ethically more dissimilar than are U.S. and U.K. students.

The only area of ethical concern that elicited no significant difference in ethics judgment is “conflict of interest.” In three areas investigated — confidentiality, research integrity, and social issues — at least one scenario produced significant gender or country differences in the approval ratings. With respect to marketing mix issues, the decision-maker’s actions in each scenario are criticized significantly more so by females than by males and by U.S. students than by U.K. students.

Discussion

Business ethics looks from a critical perspective not only at differences in individual actions but also at structural alternatives that might influence the moral dilemmas facing business managers (De George, 1989). Included in this investigation of business practices should be evaluations of new practices and trends that have evolved in the changing business environment. A better informed understanding of the ethics of individuals in their various environments has relevance to management development issues.

Even though this research showed that U.S. and U.K. students are significantly different with respect to age, credit hours, years of part-time and full-time work experience, business major, and years of college education, these demographic differences did not significantly affect their ethics judgments. This study proposed that ethics judgments of U.S. and U.K. students would be different (Proposition 1). The findings that U.S. respondents are significantly more critical than U.K. students with regard to confidentiality, research integrity, and marketing mix issues support this contention. These significant results could be attributed to differences in the political and educational systems, cultural differences, or a lag in the development of a broad debate on ethics issues in the U.K.

This research has shown that cross-cultural differences in ethics judgments cannot be explained by demographics (Proposition 2). Furthermore, these cross-cultural differences are less important than gender differences in explaining the dissimilarities in ethics judgments of students being educated for business management positions. The judgments of students differ significantly on more of the ethical scenarios when they are classified by gender than when they are classified by country. These findings were unexpected because male and female students are very similar demographically, whereas U.S. and U.K. students are not.

Female students’ disapproval of using one-way mirrors in the dressing rooms of brassiere departments is easier to explain than their greater sensitivity to marketing mix and social issues. Possibly women are more attuned to the less blatant forms of unethical behavior in scenarios 7 and 8 and can identify more strongly with the needs of the minor-

ity groups in scenarios 9 and 10. Whether these gender differences are derived from similar socialization processes in both countries or from other influences could not be determined.

These findings suggest that as more women complete business education programs and enter the business world, ethical decision-making in organizations may change. Any changes are likely to be slow in coming and gradual in impact as some women may be subverted and start acting more like their male colleagues. Other women may win some small ethical battles, and an occasional large one, but they could become endlessly frustrated as they see many of their ethical sensings ignored.

Also, educators who are developing and teaching business ethics and social responsibility courses should pay attention to gender differentiated development needs. Smith and Van Doren (1989) reported success in using a "personal responsibility" approach in teaching business ethics. Perhaps their methods could be employed along with male/female role reversals in role playing situations to discuss business ethics issues. It is notable that the female-ascribed traits relate primarily to areas of customer and social responsibilities. It would be a timely improvement to business ethics if corporate behavior favored these aspects whether the improvement was because of increased female representation in decision-making or the transfer of their ethics to male managers.

As British universities attempt to catch up with business ethics developments in industry, they face a "make" or "buy" decision. A past focus on establishing research institutes to undertake U.K.-specific ethics projects is only one possible course of action. Relying on that avenue alone may take a considerable amount of time before they can be recognized as sources of advice to business and as innovators in the classroom. Schlegelmilch (1989) suggested that there is a need for research to analyze individual features of the British business environment to inform the development of business ethics teaching. He warned that differences in cultural backgrounds and values between the U.K. and U.S. may limit the applicability of business ethics knowledge already existing in U.S. universities. Based on the findings of this study, his concerns with regard to the education of British students should be somewhat allayed.

However, the generalizability of the study find-

ings must await further empirical testing. Whether this 11-item instrument or another is used, it should be tested for social desirability effects found by Christie and Geis (1970). Other cross-cultural comparisons, as well as longitudinal analyses, are warranted. Studies should explore the reasons that underlie students' ethical judgments. Future research needs to provide more information on the impact of different environmental settings on ethical decision-making. Although country and gender differences are both significant characteristics, they explain only a small percentage of the variance in the students' approval ratings. As suggested, differences in socialization processes, political and educational systems, and cultural and ethnic groups are candidates for investigation.

References

- Akaah, I. P.: 1989, 'Differences in Research Ethics Judgments between Male and Female Marketing Professionals', *Journal of Business Ethics* **8**, 375–381.
- Akaah, I. P. and E. A. Riordan: 1989, 'Judgments of Marketing Professionals About Ethical Issues in Marketing Research: A Replication and Extension', *Journal of Marketing Research* **26** (February), 112–120.
- Arlow, P. and T. A. Ulrich: 1985, 'Business Ethics and Business School Graduates: A Longitudinal Study', *Akron Business and Economic Review* **16** (Spring), 13–17.
- Beltramin, R. F., R. A. Peterson and G. Kozmersky: 1984, 'Concerns of College Students Regarding Business Ethics', *Journal of Business Ethics* **3**, 195–200.
- Christie, R. and F. Geis: 1970, *Studies in Machiaveilianism* (Academic Press, New York), pp. 76–95.
- Crawford, C. M.: 1970, 'Attitudes of Marketing Executives Toward Ethics in Marketing Research', *Journal of Marketing* **34** (April), 46–52.
- De George, R. T.: 1989, 'There is Ethics in Business; But There's More As Well', *Journal of Business Ethics* **8**, 337–339.
- Ferrell, O. C. and S. J. Skinner: 1988, 'Ethical Behavior and Bureaucratic Structure in Marketing Research Organizations', *Journal of Marketing Research* **25** (February), 103–109.
- Financial Times: 1990, 'Europe – Survey of Business Attitudes', (March 7), 16.
- Goodman C. and C. M. Crawford: 1974, 'Young Executives – A Source of New Ethics', *Personnel Journal* **53** (March), 180–187.

- Hawkins, D. I. and A. B. Cocanougher: 1972, 'Student Evaluations of the Ethics of Marketing Practices: The Role of Marketing Education', *Journal of Marketing* **36** (April), 61–64.
- Hegarty, W. H. and H. P. Sim, Jr.: 1978, 'Some Determinants of Unethical Decision Behavior: An Experiment', *Journal of Applied Psychology* **63** (August), 451–457.
- Hunt, S. D., L. B. Chonko and J. B. Wilcox: 1984, 'Ethical Problems of Marketing Research', *Journal of Marketing Research* **21** (August), 309–324.
- Institute of Business Ethics: 1988, *Company Philosophies and Codes of Business Ethics* (London).
- Kidwell, J. M., R. E. Stevens and A. L. Bethke: 1987, 'Differences in Ethical Perceptions Between Male and Female Managers: Myth or Reality?', *Journal of Business Ethics* **6**, 489–493.
- Lewis, P. V.: 1989, 'Ethical Principles for Decision Makers: A Longitudinal Survey', *Journal of Business Ethics* **8**, 271–278.
- Martin, T. R.: 1981–82, 'Do Courses in Ethics Improve the Ethical Judgment of Students?', *Business and Society* **20–21** (Winter/Spring), 17–26.
- Mokowitz, D. B.: 1985, 'Where Business Goes to Stock Up on Ethics', *Business Week* (October 14), 63, 66.
- Schlegelmilch, B.: 1989, 'The Ethics Gap between Britain and the United States: A Comparison of the State of Business Ethics in both Countries', *European Management Journal* **7**(1), 57–64.
- Smith, L. W. and D. C. Van Doren: 1989, 'Teaching Marketing Ethics: A Personal Approach', *Journal of Marketing Education* (Summer), 3–9.
- Stevens, G. F.: 1984, 'Business Ethics and Social Responsibility: The Response of Present and Future Managers', *Akron Business and Economic Review* **15** (Fall), 6–11.
- Stratton, W. E., R. W. Flynn and G. A. Johnson: 1981, 'Moral Development and Decision Making: A Study of Student Ethics', *Journal of Enterprise Management* **3** (Winter) 35–41.
- Shuptrine, F. K.: 1979, 'Evaluating the Ethics of Marketing Practices', in *Educators' Conference Proceedings* **44**, Neil Beckwith *et al.* (eds), Chicago, IL: American Marketing Association, 124–127.
- Whipple, T. W. and D. D. Wolf: 1991, 'Judgments of Marketing Students about Ethical Issues in Marketing Research: A Comparison to Marketing Practitioners', *Journal of Marketing Education* **13** (Spring), 56–63.

Cleveland State University,
Department of Marketing,
Cleveland, Ohio, 44115,
U.S.A.

Henley Management College,
MBA Programmes,
Henley-on Thames, Oxfordshire, RG9 3AU,
England.