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The Ethical Predisposition of University Students in Western Australia: 1997 vs. 2007

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Abstract

A sample of 285 Western Australian university students was used to assess the prevailing attitudes regarding potential breaches of ethical conduct on the part of business practitioners and organisations. The authors developed an ethical profile for the 2007 sample based on 14 scenarios used in the questionnaire. This profile was then compared to the results from data collected in 1997 using similar sampling and the same survey instrument. The prevailing predisposition is best viewed as centrist in nature, with a move to a more ethical stance in the last 10 years.

Keywords: business ethics, university students, Australia, time.

Introduction

The concept of business ethics is predicated upon a broad array of factors. It reflects an individual or organisation's philosophy as it relates to doing the "right thing." While law may play a role, there are a myriad of actions that are perfectly legal, but that are simultaneously condemned as unethical by consumers, consumer protection groups such as the Department of Consumer and Employment Protection (DCEP), federal government agencies such as the Australian Competition and Consumer Commission (ACCC), and politicians in general. For example, advertising that is legally directed towards children is often the subject of much scorn (Preston, 2004). Conversely, there are certain illegal actions that are generally accepted by some segments of society. Consider the *laissez faire* attitude in China as it pertains to rampant violations of intellectual property rights (Gonzalez, 2007). Realistically, not everyone will agree as to what exactly constitutes the "right thing."

Attitudes regarding ethical behaviour are dynamic rather than static. Business actions are subject to meaningful changes over time; what was considered acceptable 10 years ago may no longer be acceptable today (Gifford and Norris, 1987). Researchers believe that international operations and ethics represent the most difficult combination facing today's marketers (Velasquez, 2000). The dominant belief is that most countries are developing a stronger ethical predisposition as they continue to develop economically and move forward (Longenecker *et al.*, 2006). This is the issue that represents the focal point of this investigation. This 2007 study replicates a 1997 study that measured the ethical attitudes of university students in Australia in order to see if attitudes have changed after a 10 year period.

Previous Literature

An ethical predisposition is a pattern or cognitive framework that people use when addressing moral questions (Brady and Wheeler, 1996; Reynolds, 2006). In the literature, many studies focus on the ethical predisposition of Australians. The rationale of using students as the target population was that they are aspiring professionals who represent the future generation of

leaders in the Australian business community (Fukukawa, Shafer and Lee, 2007). Although their ethical leanings will likely evolve as they strive towards these lofty positions, it is still important to understand their viewpoints as they prepare to enter an environment that will place an increased level of scrutiny on their day-to-day actions.

Examining relevant journals over the past twenty years reveals a spate of ethics-based research that took place in part or entirely within Australia that was conducted from about 1992 to 2000. As in many other Western industrialized nations, the 1980s in Australia were viewed as an era of “corporate excess” (Milton-Smith, 1997; Soutar, McNeil and Molster, 1995). Thus the perceived transgressions provided a catalyst for this genre of research and discourse. The more recent studies that have been published tend to include Australia as one of two or more countries that comprise a cross-cultural study (e.g. Phau and Garrick, 2007).

Business Ethics in Australia

Ethical predisposition is often viewed as a function of the dominant cultural traits of a country’s populace. Much of Hofstede’s early work focused on this phenomenon. However, Cree and Baring (1991) argued that an outcome that leads to personal gain may overwhelm the cultural dynamics and, as a consequence, override ethics. Further support for this premise was found among Australian students who indicated a willingness to forgo ethical – or even legal – tenets when some competitive or financial advantage might accrue from the decision to engage in a questionable behaviour (Lane, 1995; Small, 1992). More recently, a study of Australian accounting students found that a large proportion of the respondents indicated a willingness to accept a bribe in return for falsifying accounting data so as to portray a client in a more positive light (O’Leary and Radich, 2001). This willingness increased significantly if the perceived likelihood of getting caught was low. Accounting students are not alone in this regard. Lane (1995) reported that Australian business students in general were inclined to behave badly. In an assessment of the attitudes of Australian marketing students, Peppas and Diskin (2000) concluded that members of this group were more prone to engage in unethical conduct.

Similarly, Small (1995) found the population of Western Australian business practitioners to be relatively indifferent to alleged abuses by their colleagues. A more recent study of managers involved in international business identified actual breaches of conduct in the business environment (McNeil and Pedigo, 2001). Fifty nine percent of those responding to the questionnaire noted perceived ethical transgressions such as poor product quality, altered invoices, false product claims, and bribery. As with the aforementioned student sample, there is reason to believe that practitioners are also willing to disregard ethical standards if benefits are likely to accrue as a result. Issues such as these led Milton-Smith (1997) to state that there is “a high degree of moral confusion in Australia.” This statement supports an earlier assertion by Small (1993) that “greed, deception and avarice” were having a negative impact on the behaviour of business practitioners in Western Australia.

While the above may be somewhat disconcerting, there is also reason for constrained optimism. Armstrong (1992), in a survey of Australian business majors, cited the students’ concerns over undue influence arising from the provision of gifts, favours, and entertainment opportunities. This attitude conveys a sense of concern regarding behaviours that might be viewed as unethical. Similarly, a comparative study of Australian and Canadian business students concluded that both groups had relatively high expectations regarding the behaviour of business organizations (Fisher, Woodbine and Fullerton, 2003).

While this previous research helps us understand existing ethical predispositions, it is both incomplete and inconclusive. There is no recent study that can provide specific insights into the transition of ethical standards over time. Based on its use of 14 specific scenarios that address organizational behaviour, an assessment of attitudes using interval scaling, a focus on students enrolled in Australian universities, and its 10 year history, the study by Fisher, Fullerton, Taylor, Woodbine, and Sullivan (1998) represents the best prospect for replication.

Method

The baseline study by Fisher, Fullerton, Taylor, Woodbine, and Sullivan (1998) used a survey of Western Australian university students who were enrolled in core business units. The rationale for sampling in the core courses was that it would include students in a variety of programs. As is common with research that focuses on attitudes regarding potential ethical dilemmas, scenario-based vignettes were used (Gifford and Norris, 1987). The 14 scenarios used in 1997 were gleaned from an original instrument used by Fullerton (1993). The scenarios included illegal behaviours such as deceptive pricing, legal but controversial practices such as raising prices in the aftermath of a natural disaster, and commonly employed business strategies such as using popular athletes as product endorsers. To compare the 1997 and 2007 samples, the same 14 vignettes were used in the current study.

Data were collected for the 2007 sample using self-completed questionnaires distributed at selected undergraduate and postgraduate units at two universities in Western Australia. Each of the 14 vignettes required students to rate its acceptability on a 6-point Likert type scale (1 = Acceptable, 6 = Unacceptable) A total 285 students provided usable responses. The sample is 51% female, 60% are enrolled in business courses, and 45% are under 21 years of age. The only important difference between the two samples is that in 1997, 98% of respondents were enrolled in business courses.

Analysis began with calculating the means across the 14 scenarios to provide a snapshot of the ethical predisposition of university students in 2007. The second step of the analysis involved counting the number of actions that exhibited means on the unacceptable side of the scale (mean > 3.50). The higher mean identifies the less tolerant segment. Finally, the group means for each of the 14 scenarios were compared using the standard t-test. Statistically significant differences whereby the hypothesis of equal means was rejected were based upon a corresponding alpha value of .05 or less ($p \leq .05$).

Results

The initial objective of this study was to construct an ethical profile that captures the prevailing attitudes (in 2007) of the target population regarding the array of 14 scenarios used to assess ethical predisposition. There was a relatively wide range of means associated with the behaviours. These means ranged from a low of 2.09 which was associated with the practice of employing a popular athlete to endorse a marketer's product, to a high of 4.44 associated with exporting a dangerous product to a foreign market that has weak consumer protection safeguards in place. Table 1 provides a glimpse of the ethical profile associated with the 2007 sample. The table is arranged in ascending order starting with the most widely accepted behaviours and ending with the actions that were most strongly condemned.

Table 1: An Ethical Profile of Australian University Students in 2007

	Rank	Business Scenario	Mean
Deemed acceptable in 2007 (mean < 3.5)	1	Athlete Endorsement	2.09
	2	Tying Contract for Retail Distribution	2.37
	3	Delay New Product Entry; Exhaust Old Inventory	2.74
	4	Outsourcing Labour to Cheaper Foreign Facility	2.75
	5	Use Comparison Advertising; Identify Competitor by Name	3.29
	6	Use Transfer Pricing to Reduce Total Tax Liability	3.43
Deemed unacceptable in 2007 (mean > 3.5)	7	Advertising to Kids; Paid Phone Call to Santa Claus	3.69
	8	Raising Prices after a Natural Disaster	3.75
	9	Realtor not Displaying Sold Sign (on Sold House)	3.99
	10	Retailer Raises Prices; Lowers Price; Advertises Sale	4.20
	11	Chain Retailer with Higher Prices in Poorer Urban Areas	4.23
	12	Selling Up from Advertised Special	4.34
	13	Doctor Smuggling Illegal Medicine in Effort to Help Patient	4.44
	14	Ship Unsafe Product to Less Regulated Overseas Market	4.44

The second objective was to determine the nature of any changes in ethical predisposition that occurred between the initial sample in 1997 and the second data collection in 2007. Using 3.5 as the scale midpoint, students in 1997 found six practices unacceptable; while in 2007 they deemed eight unacceptable, an increase of two. Using an independent samples t-test with a critical value of alpha set at .05, six of the scenarios demonstrated results where the means were significantly different to those in 1997, and are highlighted bold in Table 2.

Table 2: Comparing the 2007 and 1997 Samples

Direction of Change	Business Scenario	2007 mean	1997 mean	t-value	df	Sig. (2-tailed)
Students in 2007 less critical	Athlete Endorsement	2.09	2.19	1.067	677	.287
	Tying Contract for Retail Dist.	2.37	2.68	3.003	645	.003
	Comparison Advertising	3.29	3.27	-0.132	667	.895
	Ship Unsafe Product Overseas	4.44	4.75	2.708	568	.007
Students in 2007 more critical	Delay New Product Entry	2.75	2.70	-.392	678	.695
	Outsourcing Labour	2.75	2.22	-4.493	523	<.001
	Transfer Pricing to Reduce Total Tax	3.43	3.42	-.209	672	.835
	Paid Phone Call to Santa Claus	3.69	2.92	-5.733	672	<.001
	Raising Prices after a Natural Disaster	3.75	3.72	-.294	678	.769
	Realtor not Displaying Sold Sign	3.99	3.85	-1.224	672	.222
	Retailer Advertises False Sale	4.20	4.15	-.455	667	.649
	Retailer Charges More in Poor Areas	4.23	3.94	-2.439	677	.015
	Selling Up from Advertised Special	4.34	3.39	-7.718	630	<.001
Doctor Smuggling Illegal Medicine	4.44	4.30	-1.198	673	.231	
	Grand Mean	3.55	3.39			<.001

Students were significantly less critical of two business practices, providing a retailer with exclusive distribution rights, and shipping goods deemed unsafe in Australia to other countries where it was legally sold. Students were significantly more critical of four practices; outsourcing labour to cheaper countries, advertising a paid phone call to Santa that was targeted at children, a chain retailer charging more for goods in poorer urban areas, and

the “bait and switch’ retailer tactic. Further, the grand mean for 2007 was significantly higher than that of 1997, indicating that overall, students today are more critical of business practices.

Discussion

Generally, the sample did reject the illegal actions; however, some legal actions were even more strongly condemned. At the same time, the respondents deemed actions such as using athletes as endorsers, outsourcing labour, and timing the introduction of a new product to sell existing inventory to be acceptable practices. However, with item standard deviations on the six-point scale ranging from a low of 1.21 to a high of 1.76, it is evident that there is considerable difference of opinion.

The second study objective involved measuring changes over the past 10 years. Several distinct measures were used to evaluate this phenomenon. The grand means of the 1997 and 2007 samples exhibited a modest difference. The statistic for 1997 was 3.39 while the corresponding measure for 2007 was calculated as 3.55. While the total effect is small, it does depict a move in the predicted direction. The 2007 group has higher expectations regarding the conduct of the businesses with which they interact.

However summary statistics such as the grand mean often obscure substantive differences on the individual components that make up the measure. In four cases, the 2007 sample assumed a significantly stronger ethical stance regarding the action. The other two exhibited results whereby the 2007 sample was less critical of the behaviour. These results provide modest support for the premise that the population is moving towards a more ethical predisposition. As such, all three approaches indicate that there has been a modest change in the overall ethical predisposition of Western Australia’s university students in 2007 from that of their 1997 predecessors.

There has long been a prevailing belief that societies tend to adopt a more ethical mindset over time. Based on this premise, it was reasonable to anticipate a change in the ethical profile of today’s university students. This study provides multiple measures to substantiate a shift in the population’s ethical predisposition. Despite this positive situation, the reality is that a large segment of this population seemingly still embraces the philosophy of *caveat emptor*. While some readers may be disappointed with this result, they should not assume that ethics is a static phenomenon over which they have no influence.

As breaches of ethical conduct have become more newsworthy within the mainstream media, it is conceivable that the negative publicity will influence the various publics in a constructive way. Those who teach business often acknowledge that it is difficult to *teach* business ethics. However, by identifying perceived breaches of ethical standards, many students will continue to better understand the consequences associated with questionable actions. Perhaps this can be a driving force towards a more ethical business community with an eye on long term relationships instead of short run performance? The best way to evaluate this premise is by implementing studies over time that focus on specific behaviours as a basis for developing an ethics profile for the population under scrutiny, and for detecting changes. As such, this study has provided a benchmark which future studies that focus on Australian university students can use as a basis for comparison.

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