Factors That Impact The Ethical Behavior Of College Students

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ABSTRACT

This study examines factors impacting ethical behavior of 182 college students in the midwestern and northwestern United States. Ethical behavior of peers had the most significant impact on ethical behavior of students. Success (in terms of grade point average) of students, and gender of the respondents, also significantly impacted ethical behavior. Female students were significantly more ethical than their male counterparts. Race of the respondent did not have an impact on their ethical behavior. Overclaiming scales indicated that social desirability bias did significantly impact the results of our study. Implications of this study for researchers and practitioners are discussed.

Keywords: Ethical behavior, students, overclaiming, and students

INTRODUCTION

*B*usiness ethics appears to be a continual topic of discussion as business fraud rears its ugly head once again in corporate America. Names such as Enron, Tyco, and WorldCom are familiar to us and synonymous with corporate greed. The well known and previously respected accounting firm, Arthur Andersen, met a tragic end after 88 uninterrupted years of business. Their gross disregard for ethical conduct in several situations culminated into the Enron debacle. The lack of ethics and blatant violation of trust is disconcerting to investors and the general public. In several of the high profile cases mentioned, the egregious manner in which the fraud was committed, begs the question if any ethical training is provided or required in business schools. The Association to Advance Collegiate Schools of Business (AACSB International), the accrediting body for major business programs, is dedicated to the improvement and promotion of higher education in business administration and accounting. For many years now, AACSB has required business ethics be part of the overall curriculum in order to satisfy accreditation standards. Despite these efforts, some critics feel that the majority of the blame for the ethical meltdown in the corporate world should rest on the shoulders of business schools for not adequately teaching students how to apply ethical principles and helping them understand corporate social responsibility (Verschoor, 2003). Many schools have accepted the challenge by strengthening the ethics component of their undergraduate and graduate curriculum. However, the debate still rages among educators as to how many courses in ethics is sufficient, how ethics ought to be taught, the level of integration within the curriculum, and whether it should be a stand-alone course in the program (Lowry, 2003). In the state of Texas, the education requirements to become a Certified Public Accountant (CPA) now include that the individual pass a three hour upper-division course on ethics that has been approved by the Texas State Board of Public Accountancy (VanZante, 2005). While the AACSB International does not impose specific ethics courses, it requires business schools to verify and justify how their curriculum imparts the required ethics training as part of their pedagogy. In 2004, a task force on ethics education, set up specifically by the board of directors of the AACSB International in their report entitled Ethics Education in Business Schools, urged business educators to revitalize and embrace their commitment to ethical responsibility among individuals and businesses.

It is interesting to note that there is no concrete evidence that less ethical students are necessarily attracted to business schools (Curren and Harich, 1996). However, studies show that business programs do not necessarily instill ethical beliefs in students. Furthermore, ethical beliefs of students are not influenced by the completion of a

business course. This is further evidenced in a study by Cole and Smith (1996) where they concluded that while students stated that they had high ethical standards, they were not sure if this would translate into ethical behavior in an actual situation. In his study, Lawson (2004) found that there was a prevailing belief among students that unethical behavior was the norm in the business world. He also reported that there was a strong relationship between student's propensity to cheat on exams and their attitude about behavior in the business world.

The purpose of this research is to examine factors impacting ethical behavior of students. We will begin with a literature review of past research on the impact of various factors on ethical behavior of students. These factors include ethical behavior of peers, gender of respondents, level of emotional intelligence of students, the major of the respondents, grade point average of respondents, and the respondent's propensity to overclaim. Based on the review, specific hypotheses will be presented. We will then present a methods section followed by the findings of the study. Finally, we will then discuss the results and its implications to researchers and practitioners.

LITERATURE REVIEW

Past reviews of ethics literature have raised concerns over the focus of empirical research on construct development rather than studies based on theoretical grounding and formal hypotheses (O'Fallon and Butterfield, 2005; Ford and Richardson, 1994; Randall and Gibson, 1990). Previous reviews have raised additional concerns over the lack of appropriate samples. This flows from their perception that many researchers use student samples in ethics research purely because of their availability and not appropriateness. In addition, O'Fallon and Butterfield (2005) have called for "conceiving and testing additional individual, situational, and issue-related influences and consider potential moderators of ethical decision making process."

A promising variable identified by O'Fallon and Butterfield (2005) that future researchers may wish to consider is "peer influence on ethical behavior." Anecdotal evidence and early research on ethical behavior has shown that perception of peer behavior had the greatest impact on ethical behavior. These findings are consistent with Bandura's (1977), social learning theory which states that referent others have a significant impact on the behavior of individuals. While some researchers in the past had problems separating peer effects from confounding factors, current research in labor economics using controlled field experiment has shown clear evidence of peer effects on work behavior in the absence of confounding factors (Falk and Ichino, 2006). Thus we hypothesize:

Hypothesis 1:   Ethical behavior of peers will impact ethical behavior of respondents.

Other interesting variables examined in previous research include a number of education related variables like level of education (Lund, 2000), type of major in college (Sankaran and Bui, 2003), training in ethics (McKendall, DeMarr, and Jones-Rikkers, 2002), and code of ethics (Granitz, 2003) with mixed results. However, there is no evidence to suggest that unethical students are drawn to business schools. This is a critical issue in the business field and in particular to the accounting profession. This assertion may be an unfair "tar and feathering" of accountants but the Arthur Andersen debacle left an indelible mark on society that has long term consequences. Recent research on academic dishonesty has found that graduate business students cheat more than there non-business peers (McCabe, Butterfield, and Trevino, 2006). This along with the recent controversy surrounding the cheating scandal at Duke University's Fuqua School of Business gives the perception that business students are more unethical than non-business students.

Hypothesis 2:   Business students are more unethical than non-business students.

Several studies have examined the gender differences in ethical perceptions of students (O'Fallon and Butterfield, 2005; McCabe, Ingram, and Dato-on, 2006). While some have found that men are more likely to behave unethically or view questionable acts as ethical (Baker and Hunt, 2003; Fleischman and Valentine, 2003), others found no difference between men and women (Abdolmohammadi, Read, Scarbrough, 2003; Roxas and Stoneback, 2004). The thesis that men and women are programmed to act differently since birth appears to lose ground (Roughgarden 2004), as current research on gender suggests that factors like egalitarian gender-role attitudes may impact perception of unethical behavior of business students (McCabe, Ingram, and Dato-on, 2006). Thus we hypothesize,

Hypothesis 3:   Female students are more likely to behave ethically than male students

One issue of concern when using questionnaires (to collect self-reported data) is the strong temptation for respondents to give responses that are perceived to be socially desirable. Despite this bias, O'Fallon and Butterfield (2005) conducted an extensive literature review of articles published from 1996 to 2003 and found that most of the studies that used self reported data did not correct for this bias. It would stand to reason that the data and hence the findings would be tainted. One approach to overcome this social desirability bias is to measure for overclaiming by respondents. An overclaiming scale is a direct measure designed to reveal the degree to which the respondent attempts to misrepresent responses on the questionnaire (Randall & Fernandes, 1991). Having this measure allows us to evaluate the veracity of their claim or stated behavior. In their study Schoderbek and Deshpande (1996) recommended that researchers utilize these scales to detect the presence of socially desirable bias. As stated earlier and reiterated by Schoderbek and Deshpande (1996), studies that do not control for this bias will probably result in misleading conclusions. They found that in a sample of managers in a non- profit organization, the overclaimers reported higher ethical conduct. In our sample of college students we also expect that overclaimers will report higher levels of ethical behavior.

Hypothesis 4:   Overclaimers report a higher level of ethical behavior.

METHODOLOGY

The sample for this study came from several universities in the Midwestern and Northwestern United States. Two hundred and ten surveys were handed out in various classes on the participating campuses. One hundred and eighty two surveys were deemed useable. The high response rate of 86% was not unexpected because surveys were handed and collected after they were completed in class within the allotted time. The average respondent was a 22 year old single white female with senior standing carrying a grade point average of 3.28. Sixty-one percent of the respondents were females and ninety percent of the respondents were single. Eighty percent of the sample consisted of respondents who were white. Fifty-one percent of the respondents were business majors.

Measures

The survey contained a number of items including measures of ethical behavior of self, ethical behavior of peers, overclaiming and demographic measures. We used similar items to measure the ethical behavior of self and ethical behavior of peers respectively. For example, at the self level, respondents were asked if it was acceptable for them to take office supplies home. At the peer level, respondents were asked if they thought that their peers felt it was okay to take office supplies home. These items were measured using twelve items that were measured on a four-point Likert scale (4=very infrequently, 1=very frequently). The Cronbach's alpha for ethical behavior of self and peers was .73 and .85 respectively.

Table 1: Descriptive Statistics

Variable	Mean	SD	N	Cronbach's Alpha
Ethical Behavior of Self	3.35	0.39	182	.73
Ethical Behavior of Peers	2.27	0.48	182	.38
Overclaiming	1.05	0.10	182	.64
Religious	2.54	0.91	182	
Spiritual	2.82	0.87	182	
Emotional Intelligence	3.06	0.34	182	.85
Male	0.32	0.47	182	
Age	22.23	3.64	182	
White	0.88	0.32	182	
Experience	5.19	3.26	182	
GPA	3.28	0.45	182	
Business Major	0.59	0.49	182	
University	1.94	0.62	182	

Respondents were also asked to provide demographic information, such as class standing, major, age, race, gender, and marital status. Overclaimings scales were used to control for social desirability bias in our survey. The procedure to detect overclaimers in this study was initially proposed by Randall and Fernandes (1991). Respondents were asked to rate their degree of familiarity with different categories like movies, products, TV shows, and designer labels on a three-point Likert scale (1=very familiar, 3= not at all familiar). Each category has a nonexistent item. Overclaiming score was arrived at by adding up scores of fake items and dividing by the number of items. The overclaiming scale ranged from 1 to 3 points. A score of 1 indicated that the respondent was very familiar with all the fake items. The scales were reverse-coded so that high values indicate overclaiming. Cronbach's alpha for this scale was .64. Items used to measure different constructs are presented in Appendix A.

FINDINGS

Table 1 presents the means, standard deviations, and Table 2 the Pearson's zero order correlations for all variables. The reliabilities (coefficient alphas) are also shown in Table 1. Ethical behavior of peers, overclaiming, gender, age, and grade point average were significantly correlated with ethical behavior of self. On the other hand, race and emotional intelligence did not significantly impact ethical behavior of self. These correlations support hypotheses 1, 3, and 4. But as the correlation matrix indicates, there are significant inter-correlations among the variables. These inter-correlations could impact the significance of the hypothesized relationships. Thus it would be premature to draw conclusions only from the correlations.

Regression analysis results presented in Table 3 provides stronger evidence on the significance of the proposed relationships. Standardized regression coefficients show that ethical behavior of peers, overclaiming, gender, and college grade point average significantly impacted ethical behavior of self. These regression results confirm correlation results and provide support for hypotheses 1, 3, and 4.

Table 2: Correlations Matrix (N=182)

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13
Ethical Behavior of Self	1.00												
Ethical Behavior of Peers	.35**	1.00											
Overclaiming	-.29**	-.15*	1.00										
Religious	.06	.00	-.07	1.00									
Spiritual	.06	.00	.00	.71**	1.00								
Emotional Intelligence	.07	-.12	.05	.20**	.26**	1.00							
Male	-.15*	.06	-.02	-.08	-.13	-.08	1.00						
Age	.19*	.22**	-.02	-.11	-.02	-.08	-.01	1.00					
White	-.08	-.14	-.10	.05	.01	.08	-.08	-.13	1.00				
Experience	.14	.05	-.03	-.10	.01	.14	-.08	.59**	.07	1.00			
GPA	.20**	.02	-.06	.07	.03	.07	.00	.11	-.05	.02	1.00		
Major(business = 1)	.02	.15*	.02	-.20**	-.16*	-.16*	.27**	.24**	-.13	.03	-.04	1	
University	.14	.21**	-.09	-15*	-.18*	-.05	-.03	.04	-.06	.18*	-.09	.17	1

** p< 0.01 level (2-tailed); * p< 0.05 (2-tailed).

Table 3: Regression Analysis

Variable	Beta	t
Ethical Behavior of Peers	0.29**	4.08
Overclaiming	-0.24**	-3.60
Religious	0.04	0.40
Spiritual	-0.01	-0.13
Emotional Intelligence	0.10	1.45
Male	-0.17*	-2.42
Age	0.08	0.83
White	-0.07	-0.96
Experience	0.03	0.38
GPA	0.16*	2.42
Business Major	0.02	0.32
University	.06	0.78
R Square	.27	
Adjusted R Square	.22	
N	182	

*p< 0.05, **p< 0.01

CONCLUSION

Unlike other organizations, there are a number of unique factors impacting ethical decision-making in institutions of higher education. They include focus on student rights, faculty rights, the competitive need for students, new and expensive state of the art technology, rising cost of education, and conflicting social values. In addition, universities have to meet expectations of external accreditation agencies, such as AACSB (for business schools), and various federal and state regulations since most universities are recipients of government funding. Since the education field is the critical training ground of its future leaders and decision makers, it is vital for both practitioners and researchers to pay more attention to how these decisions are made. While the results of this study have serious implications for educational administrators, they also have broader implications for other types of organizations and the field of business ethics.

One of the major outcomes of this study is the critical role of peer influence on the ethical behavior of students. Thus, peers with high ethical values can set the tone for the behavior of students. Ethical training can be more than just a theoretical exercise. Rather, behavior modeling and role playing games/exercises could be incorporated in the ethical training so that students can learn experientially and effectively observing their peers.

The gender of the respondent significantly impacted ethical behavior. Our results suggest that women are more ethical than men. Previous research examining gender differences in ethical perceptions of both students and managers have had mixed results (O'Fallon and Butterfield, 2005; McCabe, Ingram, and Dato-on, 2006). While some have found that men are more likely to behave unethically or view questionable acts as ethical (Baker and Hunt, 2003; Fleischman and Valentine, 2003), others found no difference between men and women (Abdolmohammadi, Read, Scarbrough, 2003; Roxas and Stoneback, 2004). Interestingly, McCabe, Ingram, and Dato-on (2006), in a study of undergraduate business students, found that expressive traits and egalitarian gender-role attitudes, and not pure gender, impact perception of unethical behavior. It is possible that men and women are programmed to act differently since birth. On the other hand, factors like egalitarian gender-role attitudes may impact perception of unethical behavior (McCabe, Ingram, and Dato-on, 2006). Future research needs to examine this further in a non-student sample.

Despite of the fact that the survey was anonymous, overclaiming significantly impacted self-reported ethical behavior of the students. This is troublesome because our results imply that students who report that they are ethical are more likely to overclaim. A number of studies in the past, using both student and non-student samples, have not controlled for overclaiming. Our study suggests that one must be very careful in drawing conclusions from these studies as their results may be suffering from social desirability bias. In addition, future survey research must control and test for social desirability bias.

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APPENDIX A

Items Used to Measure Various Constructs

Ethical Behavior of Self

a.   I'd make personal calls at work
b.   I'd surf the web at work
c.   I'd take office supplies home
d.   I'd share music on the internet
e.   I download term papers off the internet
f.   I'd give a friend an extra discount at a store or free food at a café/restaurant
g.   I'd sometimes help myself to food if I worked at a fast food joint
h.   I'd do homework for my close friends
i.   I've used fake ID to purchase alcohol
j.   I've used fake ID to get into a bar
k.   I've cheated on an exam
l.   In order to get ahead in your future career you will have to compromise your ethical standards.

Ethical Behavior of Peers

a.   Students make personal calls at work
b.   Students surf the web at work
c.   Students take office supplies home
d.   Students share music on the internet
e.   Students download term papers off the internet
f.   Students give friends an extra discount at a store or free food at a café/restaurant
g.   Students sometimes help themselves to food if working at a fast food joint
h.   Students do homework for friends
i.   Students have used fake ID to purchase alcohol
j.   Students have used fake ID to get into a bar
k.   Students have cheated on an exam
l.   In order to get ahead in life, students believe that one has to compromise on ethical standards.

Overclaiming Scales

a. How familiar are you with each of the following movies?
         Turned to Gold
         Katherine's Mistake
b. How familiar are you with each of the following products?
         Microsoft Statistical Assistant
         New Life Spices
c.   How familiar are you with the following albums?
         Cosmic Being
         Offender After Dark
d. How familiar are you with each of the following TV programs?
         The Adventure of Johnnie
         Chicago Heat
e. How familiar are you with each of the following designer labels?
         Ocean City
         Jones, L. A..