

# DEMOGRAPHY AND BUSINESS ETHICS: A SITUATIONAL ASSESSMENT

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## ABSTRACT

The issue we address in this paper concerns whether managers' ethical responses depend on the ethical situation, or whether their responses are consistent when they are faced with different ethical situations. In addition we sought to determine whether demography makes a difference in how managers respond to different ethical situations. We were particularly interested in two demographic attributes of managers, gender and employment status. We looked at two dimensions of employment status, currently employed managers and full-time business students with managerial backgrounds.

## Introduction

Market opportunities, global competition, workplace pressures, and other factors, frequently create situations that may cause managers to experience ethical dilemmas. "Should I choose profits over morality?" This question may conceivably arise several times during a given day in the life of a manager, and the response may be different for each ethical situation encountered by a manager. An incorrect, unethical, response can have severe implications for the responding manager as well as for the organization.

Muskin (2000) makes the assertion that organizational ethics are extremely hierarchical, with basic principles being expressed down through management. Employee behavior is related to how values are expressed throughout the company's structure. If an organization's values are not expressed from the decision-makers, inconsistency in ethical behavior will exist throughout the firm. Thus, the basic ethical environment is greatly influenced by those that dominate the culture. Furthermore, Kickul (2001) states that "if the decision-maker behaved in a procedurally fair manner, individuals are more likely to dissociate them from unfavorable outcomes, thereby eliciting weaker feelings of anger and resentment (p.293)." Therefore, it seems that a perceived ethical culture promotes others to react to decisions in an ethical manner.

Due to their position of power, managers are pressured to act in strict accordance to organizational ethics. There are many opportunities to stray from an ethical path, which all managers face at some point in time. The "Everybody else does it" mentality can lead individuals to act outside of organizational standards, and often in contrast to their own personal beliefs (Navaran & Brown, 1993). Ethical examples can come from coworkers, superiors, or even competitors. If these groups are not adhering to established standards, it is often easier for a manager to "go with the flow," than to attempt to fight against the general trend. This excuse is often used to justify ethical discrepancies, even when it is not necessarily the truth. Navaran and Brown also point to the "fairness equals sameness" trap many managers fall into. The idea that if everyone is treated in the same manner, it is the same as being treated in an ethical manner has led to discontent inside many organizations. Different ethical decisions must

be evaluated based on different criteria and many employees are angered when they are not treated as individuals..

Jackson and Cashion (1993) studied the effects of corporate rank on ethical behavior. It seems that members of a corporation tend to adopt the mindset of the organization, again pointing to the influence of environment rather than personal traits. This leads to the conclusion that managers are affected in their decision-making by circumstance.

### **Summary and Hypothesis**

Ethical issues can be defined in several ways. By weighing characteristics of particular issues, assumptions can be made as to how individuals are most likely to react when faced with moral decisions. Many factors have been seen to influence ethical decision-making such as organizational structure, ethical environment, cultural background and rank within the organization. Each of these have been shown to impact an employee's ethical behavior, and it can be assumed that ethical standards vary according to situational factors. Thus, research supports our setting forth the following hypothesis: Managerial ethics vary depending on situation.

## **RESEARCH METHOD**

### **Sample and Survey Instrument**

Our total sample consisted of 168 individuals (36 practicing male managers, 20 practicing female managers, 59 full-time male students with managerial experience, and 53 full-time female students with managerial experience). We developed a survey containing three scales that measured managerial responses to different ethical situations. The first scale ( $\alpha = .78$ ) contained three items that measured managers' ethical values toward bribery as a managerial practice. The second scale ( $\alpha = .70$ ) contained three items that measured the managers' ethical values toward social responsibility. The third scale ( $\alpha = .79$ ) contained three items that measured the managers' ethical values toward workplace discrimination. We selected these three ethical situations because they represent the types of ethical dilemmas that managers are likely to face in today's competitive business environment.

## **RESEARCH RESULTS**

We used one-way analysis of variance (ANOVA) to test for consistency of managerial responses to the items on the three scales. Results are presented in Table 1. These results indicate no significant differences exist between the practicing and non-practicing male managers' responses to the three scales, suggesting that these managers are consistent in their responses to these different ethical situations. However, the results indicate that significant differences do exist between the practicing and non-practicing female managers' responses to the three scales, suggesting that these managers are not consistent in their responses to these different ethical situations. A post-hoc analysis indicated that for the female managers, differences exist between social responsibility and bribery responses and between the discrimination and bribery responses. However, no differences exist between their social responsibility and discrimination responses.

**Table 1**  
**One way ANOVA Results**

<b>Ethical Scales</b>	<b>(n=36) Male Managers</b>	<b>(n=20) Female Managers</b>	<b>(n=59) Male Students</b>	<b>(n=53) Female Students</b>
Social Responsibility	2.68 (0.56)	2.87 (0.53)	2.73 (0.59)	2.80 (0.52)
Discrimination	2.82 (0.76)	2.98 (0.83)	2.91 (0.48)	2.88 (0.61)
Bribery	3.16 (1.13)	3.77 (0.91)	2.91 (0.75)	3.44 (0.92)
<i>F-value</i>	3.04	7.97	1.55	12.79
<i>p-value</i>	0.05	0.001	0.21	00.001

### IMPLICATIONS AND CONCLUSIONS

We hypothesized in this study that managerial ethics would be altered depending on the type of situation they faced. Results of our study partially support this hypothesis. Specifically, our results suggest that, when faced with differing situations, managers (particularly female managers) are likely to adapt their ethical standards. A major implication of these results is that companies may want to find ways to encourage ethical behavior through varying circumstances.

Companies are bound to encounter many different ethical dilemmas. A company's standing within the business community hinges on the decisions made by its employees when faced with such dilemmas. Therefore, it is important to have reasonable assurance that managers will act in accordance with certain ethical standards across a wide range of circumstances. Our study indicates that ethical decision-making may vary according to situation. However, if a company can understand how or when attitudes change, it may be possible to curb certain behaviors. Organizations can develop and encourage an ethical code appropriate to anticipated situations. In short, companies can cultivate a greater adherence to ethical standards when they can predict situations in which such standards may be neglected. Hopefully, the results reported in this study will provide companies with some insights into what directions they might take, and strategies they might design to promote consistency in the ethical decisions made by their managers.

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