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# Examining The Impact Of Ethics Education On Business Students' Perceptions Of White-Collar Crime

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**EXAMINING THE IMPACT OF ETHICS EDUCATION ON BUSINESS STUDENTS'  
PERCEPTIONS OF WHITE-COLLAR CRIME**

by

**JAY P. KENNEDY**

**THESIS**

Submitted to the Graduate School

of Wayne State University,

Detroit, Michigan

in partial fulfillment of the requirements

for the degree of

**MASTER OF SCIENCE**

2010

MAJOR: CRIMINAL JUSTICE

Approved by:

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Advisor

Date

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## **DEDICATION**

This thesis is dedicated to my wife, Brandi, and my sons, Jaylen and Alexander. I will always love you, and you will always be with me.

## **ACKNOWLEDGEMENTS**

There are many people who have been integral in my development as a student, a scholar, and a person. First and foremost, I would like to acknowledge the unceasing support and love of my wife Brandi, and my parents, Clifton and Rochelle. Additionally, this journey would not have been completed without the assistance, guidance, and mentorship of my thesis committee chairwoman, Dr. Jennifer Wareham, who has done a great deal to assist me in my growth as a researcher and I am indebted to her for all that she has done. There are many other people who have been significant factors in my journey to date and to the completion of this thesis and I thank all of them for their support of my efforts. In no particular order: Dr. Eric Lambert, Dr. Heather Dillaway, Dr. Brad Smith, Dr. Marvin Zalman, Dr. Irshad Altheimer, the entire Wayne State University department of criminal justice faculty and staff, Clif and Felicia, Trynita and Stuart, Darrin, Shynita, Lanita, my grandmothers and other extended family, Larry Smith, Xenas Jaxon, Joanna Stelnicki, Annie Bugaj, Tim Greer, Amanda Gendon, and Dr. Karen Sinclair.

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## Chapter 1 - Introduction

Successful, respected, and educated, the modern business person possesses a unique set of skills, and at times, an impressive lifestyle associated with his/her position within corporations, as well as society. The image of the successful corporate executive, and even the typical business person, is usually drawn from the collective popular memories of the corporate leaders of the late 1800s and early 1900s—the so-called robber barons of old. Yet today, companies are not typically controlled by a single person, or small group of persons; they are run by a multitude of individuals with diverse backgrounds and varied interests. The modern business world has changed from a small group of individuals controlling their respective fiefdoms into large multi-national organizations of people who are all represented by a singular identity—the company (Balmer, 2001).

Despite the fact that contemporary corporations are rarely controlled by a single entity, individuals still have an opportunity to significantly impact the company for which they work. In fact, because of the size and complexity of today's business organizations, more people are empowered with significant responsibilities within businesses than ever before (Ugboro & Obeng, 2000). This rise in individual employee responsibility has led to a rise in worker autonomy with employees being given control over significant business functions. Although many employees are invested with wide operational latitude, they have been shown to act not in their own interests, but in the interests of furthering corporate goals (Garten, 1987; Sethi, 1994).

At times, however, individuals have used their positions within corporations to further their own illicit personal interests. Recent corporate scandals focusing on a handful of individuals at Enron, Arthur Andersen, Tyco, Adelphia, and Worldcom have drawn large amounts of public attention and scrutiny (Beaver, 2002). Although these corporate scandals are

not the first to occur in American history—nor will they be the last—they have served to stimulate public interest in pulling back the veil which many corporate executives have hidden behind for decades. The Sarbanes-Oxley Act (2002) (SOX) in the U.S., largely the result of the Enron scandal, is one of the most widely known pieces of legislation designed to address corporate misconduct, and to bring transparency to publicly-held corporations.

SOX sought to make individuals within corporations, namely the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) responsible for the fair and accurate reporting of the company's financial information. Additionally, it increased protection to corporate whistleblowers and mandated a corporate code of ethics for all publicly-traded companies in the United States. Yet, even though CEOs and CFOs are responsible for setting the leadership culture of their organizations, the remaining members of the company are charged with performing the duties necessary for business operations. It may, however, be these same chief executives who have the greatest ability to impact a corporation through their business decisions and ability to reinforce an ethical culture (Ide, 2003; Rockness & Rockness, 2005; Trevino, 2005).

This ethical culture is intended to impact sales people, lower-level managers, operations personnel, and a host of professionals that make up today's modern corporations. Their daily interaction and the completion of their daily tasks are what provide the operational momentum within the company. It is also from these ranks that most corporate/white-collar crimes are conceived, initiated, and maintained. Yet, it is not fully understood what truly motivates an individual to engage in corporate crimes, or what inherent traits are correlated with one's propensity to engage in illegal business practices. What is hoped is that through the development

of an ethical corporate culture and the teaching of ethical values in business school, many of these corporate violations can be prevented (Trevnio, 1986).

For many people in corporate America, and international corporations, business school is either a gateway into a company or a means to navigate up the corporate ladder. Business schools provide students with the education, skills, and experiences necessary to perform current or future jobs, and may inadvertently provide students with the knowledge to engage in corporate crimes (Adler, 1993). For this reason, understanding what ethics are taught and reinforced in business school, as well as how business students perceive their ethical business responsibilities, is essential to gaining a better understanding of the development of business people and their aversion from, or attraction to, corporate and white-collar crime.

Business schools, in effect, serve as gatekeepers in the corporate world. Those who earn business degrees find themselves in a privileged class; one that is often entrusted with the various operations of the business. Education and other criteria required to gain corporate jobs are a large part of what set corporate offenders apart from other criminal and deviant actors (Lochner, 2004). It is from within businesses, while occupying a position of responsibility and autonomy, that the potential corporate offenders complete criminal acts. Corporate crimes are accomplished through use of the knowledge that the offender has acquired in business school and knowledge acquired from the business world. The impact of a person's educational experience can shape future opportunities for experiential learning, and so understanding how ethics education shapes perceptions of behaviors related to corporate crime is essential.

This thesis was focused on the impact that ethics education in business school has on students of business. In particular, this study employed a quasi-experimental design to test how ethics education would impact students' propensity to engage in, or go along with, unethical

and/or illegal corporate behavior. The study was quasi-experimental because random assignment was not used to place students into treatment and comparison groups. A pre-/post-test design was used to determine changes in students' perceptions after having been exposed to a course on business ethics. The purpose of this study was to understand whether ethics education truly matters in shaping a person's ethical perception of business situations, and to determine what factors were correlated to ethical decision-making within business situations.

The study of the impact of ethics education in business school on the ethical development of business students is critical to gaining a better understanding of corporate crime. This is because these crimes are typically committed by people in positions of responsibility utilizing the skills and knowledge that are learned during the business school experience. By examining the impact that business schools can have on the moral and ethical foundations of students, researchers can gain a better understanding of how corporate socialization (i.e., business school and indoctrination into corporate culture) affects the potential for deviance within the business world. By identifying ethical irregularities occurring in business school, one may be able to determine which students are more inclined to surrender to unethical pressures in the business environment (Allmon, Page, & Roberts, 2000).

In many cases, corporate crimes cross clear ethical lines and present themselves within the context of an ethical choice. Choosing the unethical path is often times related to the commission of a corporate crime. Therefore, by focusing on students' propensity to follow unethical paths one can identify their propensity to go along with illegal corporate acts. Furthermore, company employees who are empowered to make decisions autonomously may not be fully versed in corporate laws. In different situations they are often forced to make a decision based upon what may or may not be ethical. Illegal corporate acts, like the situations presented

in this study, are often times placed within the context of ethical/unethical choices. A students' propensity to engage in unethical acts may signal their willingness to engage in acts that are also illegal.

The thesis begins by defining the ideas that are essential to gaining a working knowledge of the central concepts addressed in the study. Specifically, ambiguous terms such as "white-collar crime" and "business ethics" need clearer definitions to fit the goals of the present research. The following chapter will examine these topics and put them into a context that is relevant to the goals of this study. Looking beyond the current study, bringing clear definition and focus to these terms will allow future researchers to focus more on answering research questions as opposed to defining terms.

The third chapter will consist of a review of the extant literature and research in the area of business ethics education that are related to the current study. There are several important themes that this study addresses which have been examined by previous studies focusing on business ethics. It is from these studies that the main theoretical concepts of the present study are drawn. Additionally, the previous studies examined within the literature review will help to give the reader a more complete understanding of the literature driving popular notions of how ethics education impacts the business environment.

Following the literature review, several research questions will be discussed with particular attention being paid to how each question is based on extant literature and research, and why it is important to be addressed by this study. Despite the fact that the research questions posed by this study have been examined by previous studies, it is important to re-examine them because of the fact that this study uses a different survey methodology than previous studies

together with a survey design unused in the study of business ethics. Additionally, a full review of the literature will allow for a full comparison of this study's findings to those of other studies.

Chapter five will discuss the methods used in the data collection process and the measures used to test this study's research questions. This study used a convenience sample technique and as such, issues of representativeness presented themselves. This chapter will detail what tests were conducted to check the representativeness of the sample to its larger university population. Additionally, the methods used to create the various measures used in this study will be fully explained.

The methods chapter will be followed by a review of the results of the data analyses that were conducted. These analyses consisted of several two-tailed student t-tests conducted to determine if differences existed between the several sub-samples of interest. The analysis of the data will then be followed by a discussion of the results and the potential impact of this study. Attention will be given to the ability of this study to contribute to the existing body of knowledge related to ethics education. Also, chapter six will include a discussion of the potential limitations of the current study will be undertaken. The thesis will conclude with comments on the overall results of the study, and recommendations for future policy and research.

## Chapter 2 - Business School and Corporate Socialization

### *Socialization*

Since individuals are continually influenced by the world around them, the level of influence of one's peers can have a significant impact on their behavior. Social learning theory (Akers, 1968) asserts that individuals acquire skills and information through either direct experiences or observed behavior. Geis (2007) noted that people tend to ignore the importance of socialization, and the impact that social structures can have on individuals. If this is the case, then people within the business environment may have their perceptions and behaviors influenced directly and vicariously by others in the same environment, yet this influence may be overlooked by outside observers.

The individuals doing the influencing, as well as being influenced, have in most cases gained their initial education and skills in business school. Business schools across the world serve as a key component in training the future managers and leaders of the world's corporations. These institutions educate students on many aspects of business operation. In addition, they afford students the opportunity to establish peer networks while teaching them the necessary concepts that are relevant to success in the business world. Business school is also the place where people already established in the business community come to enhance their personal knowledge. For the business world, business school is the first step in an ongoing learning and training system designed to make students successful, self-reliant, and competent business people (Prince & Stewart, 2000).

Whether it is prior to or subsequent to joining the world of business, the business school experience is central to understanding the concepts necessary to succeed within business. Business schools teach and expect mastery of the concepts needed to tackle some of the most

daunting tasks that students may ever encounter while working for a corporation, including ethical issues (Browni & Guilding, 1993; Lorange, 2005; Trevino & McCabe, 1994). As with any other discipline, there is specialized knowledge inherent to the study of many aspects of business. Again, business is a field which carries a special prestige; a prestige which is embraced and internalized by business school graduates and is, in some cases, seen as providing them with a status above other professions.

Together with this acquired and mastered knowledge, business school students gain social capital through gaining access to networks of peers and superiors that are unavailable to non-business students. As with any discipline, business creates opportunities for its members to interact and socialize for personal and professional gain. Creating strategic alliances in business, as with anywhere else, will help a person to become more successful than those without such alliances. Additionally, these alliances create networks of mentors and sponsors who take a vested interest in seeing their peers gain the on-the-job skills needed to be successful in their business roles. This one-on-one, informal socialization process, at its best, will serve to buttress the ethical learning that students have gained during business school; at its worst, it will reinforce practices of rule-breaking and lax ethical judgment (Gandz & Hayes, 1988; Low, Ferrell, & Mansfield, 2000; Schwartz, 2001).

Business school is critical to the development of an ethical business climate as it primarily functions to prepare the future managers, leaders, and workers of modern corporations (George, 1988; Marcotte, Desroches, & Poupart, 2007). The concepts and skills taught in business school are intended to prepare students for the situations they will face on the job. Business school offers students indoctrination into the general business culture through its focus on the generally-accepted outcomes of a business enterprise, and general role identities within

business. Yet in order for business education to completely prepare students for the future, there must be a steadfast focus on ethics education.

This study seeks to combine several concepts and ideas that previous research has brought together only sparsely. The ideas that are central to the research questions posed later in this thesis surround the concepts of ethical orientation, education, white-collar crime, and business ethics. Specifically, each of these concepts interacts with, influences, and is influenced by the others. For the purposes of this study, business ethics education is given central focus, with the other concepts being used to examine the impact and effectiveness of this education.

Business ethics education is the central area of focus for this study because it is through this education that general ethical principals are imparted onto students and a baseline for ethical conduct is established. Ethics education is most typically taught within business schools in one of two different ways: as a standalone course; or folded into foundational courses and taught alongside other relevant business materials. Regardless of the method that is used by a particular school, business schools are attempting to set ethical boundaries for their students while giving them tools for business success.

### *Ethical Orientation*

Ethical boundaries, once internalized, combine with a person's morals, life experiences, and other personal characteristics to create an ethical orientation (Allmon, Page, & Roberts, 2000). This ethical orientation is evident when business people make choices about potentially unethical business situations that they may encounter. As studied, the term "ethical orientation" implies something beyond the acquisition of knowledge (Bodkin & Stevenson, 2007; Borkowski & Urgan, 1998; Burton & Hegarty, 1999; Cagle & Baucus, 2006; Luthar & Karri, 2005; Ritter, 2006). It encompasses gender differences, social standing, age and maturity, and their

relationship to ethical perceptions. Ethical orientation is formed, in part, as a result of life experiences and socialization. Gender role differences, social class, experience with ethically challenging situations, and ethics education all play a prevalent part in a persons' socialization and upbringing; these impact future life experiences, including the formation of ethical boundaries.

Consequently, one's ethical orientation may come into conflict with what he/she is being asked to do in a workplace setting (Mason & Mudrack, 1996). Additionally, one's ethical orientation may lead him/her to violate workplace norms and standards. Because ethical orientation varies across individuals, one's decision-making in the business world must be moderated by external factors such as business ethics education (Allmon, Page, & Roberts, 2000). It is through appropriate business education, with a focus on ethical decision-making, that any gaps between one's ethical orientation and accepted company rules and norms can be closed.

In sum, one acquires an ethical orientation partly through formal academic training; but it is primarily developed outside of the business school environment (Welsh & Birch, 1997) through life experiences and one's upbringing. Business school, therefore, is important to the establishment of common ethical standards across all business students, regardless of their life experiences. By attempting to establish the ethical ground rules of business, business schools are attempting to bring all students to a level of ethical conduct (hopefully to be positively reinforced within their work environment) that will steer them clear of ethical violations in the future (Gandz & Hayes, 1988; Glenn, 1992; Sims & Sims, 1991). The question that follows from this argument, and what this study will address, is whether or not business students are prepared with

the tools that they need to properly identify and address unethical/illegal situations in the workplace.

### *Business Ethics*

Business ethics are similar to any other body of ethics in that they are intended to serve as both a formal and an informal means of control. They are dissimilar to some fields such as law, medicine, or psychology in that business people do not have a set code of ethics to which everyone participating in the field swears to abide. Though ideas about business ethics vary from corporate culture to corporate culture, and from person to person, they all ultimately lead to the issue of properly answering ethical arguments that present themselves from time to time within the business context (De George, 1987; Joyner & Payne, 2002; Sinclair, 1993). These arguments are related to questions pertinent to business operations. They are also related to ethical business decisions; a decision to choose an ethical option over an unethical option, or vice-versa.

Several scholars (Business Roundtable for Corporate Ethics, 2006; Association to Advance Collegiate Schools of Business, 2004) agree that business' ethical responsibilities extend beyond merely ensuring the financial health of the corporation. Business ethics creates a sphere of responsibility having at its center the individual or corporation, and on its periphery at an equal distance from the center, the various groups and interests to which those in the center have a responsibility. Just as parents have responsibilities to their families and children, corporations have responsibilities to those individuals and groups involved in their corporate lives (Solomon, 1994).

Business ethics is made up of ethical arguments intended to protect those to whom the business is responsible. When these arguments are not followed, or are ignored as a means to

control one's conduct, ethical violations can occur. When ethical violations occur, there is the possibility that a person, the corporation, or both have violated a law, rule, regulation, or statute designed to control their actions within the business world. When this occurs, the entity should be seen as having violated their ethical boundaries as well as having committed a corporate offense.

### *White-Collar Crime*

From a criminological perspective, ethical violations in the business world are often grouped together with other crimes/offenses under the term "white-collar crime." Yet like the term "business ethics," white-collar crime is a term that has experienced a vague and ill-defined existence within criminological literature and popular culture alike. Although many people have tried in various ways to affix a coherent, workable definition to the term white-collar crime, no consensus exists today.

Edwin Sutherland first used the term white-collar crime in a 1939 address given to the American Sociological Society (now the American Sociological Association) in Philadelphia. In his address as well as in later articles, he used the term to identify white-collar criminals as people who committed crimes from positions of respectability and high social status (Sutherland, 1945). While this definition may be inadequate to fit the spectrum of offenses presently considered to be white-collar crimes, at the time Sutherland was struggling to define the concept on which he was focusing.

As the sociological and criminological community began to embrace the area of white-collar crime, ideas about how to better label and quantify these offenses began to surface. Yet with each successive attempt to redefine the issue, a clear and coherent picture has not emerged. In fact, at some point, scholars reached a type of definition saturation where any further attempts

to define the term could no longer be processed (Benson & Simpson, 2009; Coleman, 1992; Geis, 2007; Lewis, 2002; Shover & Hochstetler, 2006).

Albert Reiss and Albert Biderman (1980) attempted to compose a definition for the problem in the early 1980s. Following Sutherland, their definition focused on the status of the offender, with the key benchmark of a white-collar criminal being someone with “significant power, influence, or trust” (Geis, 1992, p. 40). Similarly, Helmkamp, Ball and Townsend (1996) utilized social status and standing as the basis for who a white-collar criminal is, and what crimes should fall under this category (Benson & Simpson, 2009). Despite a general move in the field of criminology away from labeling offenders by some type of tangential status, researchers seeking to place definition on the label have at times continued to use this approach (Braithwaite, 1992; Coleman, 1985; Shapiro, 1990; Vaughn, 1992, Wheeler, 1992).

Yet as opposed to focusing on the status of the offender, Benson and Simpson (2009) argued for an offense-based definition of white-collar crimes. The authors state that:

Researchers who use an offense-based formulation have the freedom to explore how variation in the social status of the actor influences characteristics of the white-collar crimes committed and how the status of the actor influences societal reactions to offenses. (p. 11)

In addition to this, to restrict white-collar crimes based upon status is to ignore the fact that those capable of committing white-collar/corporate crimes may come from various social levels and societal backgrounds.

Perhaps one of the main reasons the definition of white-collar crime has remained relatively ambiguous is that the universe of offenses, situations, and jurisdictions from which to select behavior deemed as “white-collar crime” is very large. Environmental crimes, crimes

committed by politicians, governmental crimes, celebrity crimes, offenses committed by corporations, and organized crime represent a portion of the behavior that have previously, and at present, qualify in some way as white-collar crime. Additionally, statutes, laws, and agency regulations have been incorporated into the general body of what are considered white-collar offenses. To make things more difficult, individual states, the federal government, and regulatory agencies all have a stake in monitoring, and/or adjudicating white-collar offenses.

With these various elements and ambiguous concepts, it is easy to see why a clear picture of white-collar crime has not emerged. Yet, these issues do have importance to an understanding of the definition of white-collar crime as they suggest something not addressed in previous reviews of the subject—the idea that white-collar crime may be too large to be defined. In an effort to incorporate all aspects of white-collar crime into a useable concept, it may be best to consider white-collar crime as an abstract, broad construct, which contains multiple dimensions of behavior. These dimensions readily lend themselves to definition and study at the individual level, as opposed to trying to address and tackle the whole abstract idea. This concept may still bring about disagreement regarding the composition of each category, yet it will help to better clarify the categories of offenses being studied.

This study will focus on the interaction between perceptions of unethical and illegal corporate activities and business ethics education. As studied in the current work, corporate crimes are considered to be acts and behaviors which violate laws, regulations, and/or statutes governing the conduct of corporations and those individuals within corporations, regardless of whether the act/behavior is committed to benefit the individual, the corporation, or both. Previous studies have not specifically defined situations as within the realm of corporate crime, but rather have focused on ethical conduct and ethical perception. The extant literature details

how researchers have conceptualized the concept of “ethical behavior,” and how they have measured the concept within the business environment.

### Chapter 3 - Literature Review

Studies looking to examine the ethics of business students have taken various forms, yet very few have come from a pure criminological perspective. Despite this fact, the studies which have been conducted contain elements of many prominent criminological theories. Within the studies detailed below, one can find pronounced testing of social control, social learning, rational choice, and deterrence theory, among others. By being able to detect the elements of these theories within the literature on business ethics, conclusions relevant to the study of business ethics from a criminological perspective can be more easily identified. The present literature review will highlight four important topics that are relevant to business ethics education and to the study of corporate crime. These elements are: students' perceptions of unethical behavior, the ethics of business students, the impact of teaching business ethics, and the role of business schools.

#### *Students' Perceptions of Ethical Behavior*

There have been many studies that have examined business students' attitudes toward, responses to, and perceptions of ethical/unethical business behavior (Bodkin & Stevenson, 2007; Borkowski & Urgas, 1998; Burton & Hegarty, 1999; Phau & Kea, 2007; Ritter, 2006; Wilson, 2008). These studies have helped to identify how business students may react to actual situations requiring their ethical judgment. Throughout these studies, the idea that the corporate environment exerts informal control and that one gains a deeper understanding about how business truly "works" the longer he/she is on the job were prominent themes. Social learning occurring within business organizations was also a prominent theme which supported the idea that ethics education continues after the completion of business school and into the corporate environment.

The goal of continuing ethics education is to ensure that business people are regularly reminded of the most important ethical principles that they need to be following on a daily basis. To determine if there is a weakening of ethical principles as time passes, there have been several studies which have compared business students' perceptions of ethical responsibility to those of business professionals'; these studies have shown mixed results. Some studies have found that business student perceptions of what is ethical behavior and their propensity to engage in such behavior is lower than their business professional counterparts (Cole & Smith, 1996), while others find that students embrace a stronger ethical orientation than business executives (Ibrahim & Angelidis, 1993).

In a study by Ibrahim and Angelidis (1993), participants were asked a set of questions related to four areas in business decision-making: economic considerations, legal considerations, ethical considerations, and discretionary responsibilities. With regard to ethical considerations, the findings indicated that business students showed a greater concern for ethical behavior than their professional counterparts. Yet, both groups perceived similar levels of restrictions related to the impact of legal considerations on business decisions. This may indicate that even though business students have a higher propensity to act ethically when compared to business executives, both are cognizant of the legal boundaries within which they must operate as a business. Business executives may simply choose to push the ethical boundaries up to, and at times beyond, their legal limits.

Cole and Smith (1996) asked respondents a set of questions pertaining to business ethics. The respondents were required to answer from a third-party perspective regarding the conduct of a supervisor, a fellow employee, or the company. From these perspectives, they were asked to look at the situation in two different ways: how they felt a business person *should* answer and

how they felt business people *actually* answer. The results indicated that students' standards of ethical behavior were lower than their business counterparts.

It should be noted, however, that these results may not be a reliable indicator of the respondents' true ethical orientation as some of the questions that were asked contained ambiguous language which could be open to the respondents' interpretations. Namely, Cole and Smith (1996) did not control for the influence of personal experience in the interpretation of the questions. Yet, these results indicated that business executives' higher ethical orientation was a result of their experience in the business world and their maturity, a point that Cole and Smith (1996) espoused. Additionally, this study found that both students and business people perceived that there was a significant gap between what a business person should do and what they are actually doing.

Cagle and Baucus (2006) replicated Cole and Smith's (1996) study using the same questionnaire on a student-only sample. Their findings mirrored other studies of ethical variations between students (Bodkin & Stevenson, 2007; Burton & Hegarty, 1999; Elias, 2004; Phau & Kea, 2007; Ritter, 2006) which found no discernable difference between one's undergraduate major and their ethical orientation. They also found that females showed greater concern for ethical action than males. While these studies did support the aforementioned findings, they did not agree in toto. Additionally, ethical orientation was not measured in the same manner by each study. Different aspects of what composes one's ethical orientation were studied in various forms and this differentiation between studies makes comparisons difficult even when similar questioning was utilized.

For example, Elias (2004) found that business students were not in total agreement in their perceptions of corporate social responsibility. Differences were attributed to elements of

ethical orientation such as: amount of ethics education received, gender, age, and work experience. He also found that there were larger differences in responses based upon the major of the students in the survey, with Economics, Finance, and Management Information Systems majors being less likely to change their ethical perception after completing an ethics course. He concluded that these respondents' perceptions of corporate social responsibility remained constant and did not improve as did other majors ( i.e., accounting, management, or marketing).

Several studies have found that males were more likely to take ethical actions than females (Allen, Bacdayan, Kowalski, & Roy, 2005; Sikula & Costa, 1994). This finding runs contrary to most studies which have examined differences in ethical perception between men and women. Furthermore, it stands in contrast to what is commonly accepted in the business community—that females are more likely to make decisions seen as ethically correct than males. Such findings could be partially explained by gender role definitions. These differences would subsequently affect ethical orientation in a dissimilar way when compared to residents of North America. However, other international studies have supported the commonly accepted assertion of women having higher ethical perceptions (Robin & Babin, 1997; Whipple & Swords, 1992).

The idea that women are more ethically oriented than men is supported by a plethora of the existing literature (Betz, O'Connell, & Shepard, 1989; Luthar & Karri, 2005; Ruegger & King, 1992; Yu & Zhang, 2006). Yet, as the Phau and Kea (2007) study found, there may be situations in which this distinction does not exist, may actually be reversed, or there is no difference (Dawson, 1997; Fritzsche, 1988; Peterson, Rhoads, & Vaught, 2001; Tsalikis & Ortiz-Buonafina, 1990). For a comprehensive list of studies related to business ethics, see Loe, Ferrell and Mansfield (2000).

Of the studies previously mentioned, only three (Bodkin & Stevenson, 2007; Cagle & Baucus, 2006; Elias, 2004) used longitudinal data. They all concluded that students were more perceptive of ethical issues and corporate social responsibility issues after having completed a course in business ethics. These findings provide understanding as to how business students embrace and internalize the ethical values gained throughout their business education.

### *Business Students' Ethics*

Central to the study of business students' perceptions of corporate crime is their ethical orientation. It is one's ethical orientation, combined with external ethical codes, that works to inhibit the commission of white-collar/corporate crime. Therefore, by understanding the impact of ethical orientation, researchers can better identify what areas should be addressed through business ethics education. From a criminological perspective, it is essential that an understanding of the impact of one's ethical orientation be gained so that more rigorous research can be conducted on the connection between ethical orientation and one's propensity to engage in illegal corporate behaviors. To this end, there have been a handful of studies that offer some very positive prospects for the future study of business education from a criminological perspective (Chen & Teng, 2006; Comer & Vega, 2008; Lawson, 2004; Smith, Skalnik, & Skalnik, 1999; Wilson, 2008).

All of these studies found that female students, regardless of any other variables, were more ethically oriented than men. Several of the studies found that the older a student was, the more ethically they viewed issues (Comer & Vega, 2008; Lawson, 2004; Smith, Skalnik, & Skalnik, 1999), concluding that students' ethical perception will most likely increase with age. These findings indicate that participating in a course on business ethics helps students to better identify with ethical values. The implication is that as students' age, and as they are exposed to

ethical training, they do in fact learn how to differentiate between ethical and unethical conduct. That is, they see the benefits of acting ethically.

When considering age, elements of social learning and rational choice theories interact. With increased age, respondents have additional life/business experiences to draw upon when making decisions. In addition, they have more opportunities to incorporate experiential knowledge into their lives. When individuals have the opportunity to process and apply information learned from either the classroom, or the boardroom, their decision-making should be affected as a result. Therefore, the practitioner has both the application of the principals and the resulting outcomes to reflect upon when making a decision, whereas the student typically has only vicarious experience.

In examining the connection between age/maturity and ethical choices, Lawson (2004) reported findings that supported those of Comer and Vega (2008) and Smith, Skalnik, and Skalnik (1999). However, Lawson (2004) expanded his examination of business ethics to include other factors surrounding the ethical decisions of business students, finding that strong correlations existed between students who cheated in an academic setting and the propensity to cheat in the business world. There were also strong correlations between having a low grade point average (GPA) and lower ethical standards, higher acceptance of unethical behavior, and a belief that one must compromise their values in order to succeed in business. High achievers, those who earn higher GPAs, were most ethically oriented and embodied the best ethical practices. The association between high GPA and ethical practices was echoed by the Business Roundtable for Corporate ethics (2006), thereby linking high corporate social responsibility to strong fiscal results.

Wilson (2008) used belief of wrongdoing about unethical behavior, subjective norms, perceived behavior control, perceived personal outcome, perceived social acceptance by others and intention to perform the unethical behavior as independent and dependent variables. This study asked students to make choices about unethical behavior, while incorporating elements of strain (i.e., feeling pressure from co-workers to engage in an activity) in an attempt to explain unethical behavior. Wilson found that subjective norms were the weakest predictor of intent to commit wrongdoing, while the other factors were moderately good at predicting wrongdoing.

Smith, Skalnik, and Skalnik (1999) found that:

When [the] potential consequences of taking a less ethical path are slight, students are more inclined to make the ethically questionable decisions. When the potential consequences became rather severe, they tend to back away from the more risky alternative and instead take the alternative which is more ethically positive. (p. 333)

Further they stated, “MBA [Master of Business Administration] students appear to make decisions based upon the consequences of the decision rather than upon any set of rules they may follow” (p. 334). Here again, MBA students were making rational choices about the activities that they chose to participate in based on perceived outcomes, not on what was truly ethically correct.

Similarly, in a test of self-control theory, rational choice theory, and cheating among students, Tibbetts and Myers (1999) found that students used many elements of rational choice theory in their decision-making processes. Particularly, students’ perception of their probability of being caught cheating was a factor in their decision to cheat on a test. Tibbetts and Myers summed up their findings by stating that many of the most recent studies examining student

cheating gave credence to the idea that informal social control mechanisms are important in controlling student cheating. Additionally, internal factors (e.g., ethical orientation) played a significant role in the students' decision to cheat or not to cheat on a test. It is possible that these same informal control mechanisms can have a significant impact on an individual's decision to engage in or desist from unethical business behavior.

Chen and Teng (2006) used the theory of reasoned action developed by Azjen and Fishbein in 1980 in their study of student behavior. This theory, as used by Chen and Tang, states that behavior is determined by intentions, which is a function of attitudes toward behavior as well as subjective norms; a theory which lines up well with the core assertions of Agnew's (1992) strain theory. Chen and Teng concluded that pressures within the business world will begin to affect managers' perceptions of, and propensity to engage in, unethical situations, and that this pressure needs to be mitigated from an early age by the intervention of social institutions. Business schools, and more particularly business ethics education, can fill the need for the intervention that Chen and Teng suggest is necessary to mitigate pressure to commit wrongdoing while on the job.

Comer and Vega (2008) used the personal ethical threshold (PET) analysis to gauge students' ethical orientation, and stated that:

An individual's PET represents how vulnerable the individual is to situational factors in his or her organization... Situational pressures that cause someone to act at odds with his or her moral compass do not necessarily entail dodging negative outcomes. Instead they may involve opportunity costs... Situational pressures include the positive consequences for individuals of crossing the ethical line, as well as the negative consequences for them of not crossing it. (p. 129)

The PET assessment used by Comer and Vega (2008), was used to measure elements of strain, while at the same time measuring respondents' rational decision-making.

The following conclusions can be drawn from the extant literature. (1) Students make rational choices about ethical and unethical behavior regardless of whether they are influenced by strains. (2) Literature on the study of business students may already have significant sources of data which can be used to study the potential for unethical business student behavior within the confines of criminological theories. (3) Finally, by being able to apply criminological theory to business students' behaviors, we may be better able to establish a bridge between the application of crime theories in empirical research and unethical business conduct.

To conclude, rational choice may be a viable criminological theory for the study of corporate deviance and business student's ethical orientation. Part of the business education process includes one being made aware of the consequences of his/her actions and being cognizant of the presence of social control mechanisms. These studies have shown that students are not acting on impulse or a gut reaction to a situation but rather a rational calculation of the potential benefits and outcomes to a situation. An internal cost-benefit analysis is conducted leading to a student's choice between ethical and unethical conduct. Proper business ethics education may significantly impact this process of rationalization by giving students the ability to understand the costs and benefits of their respective choices.

### *The Impact of Teaching Business Ethics*

Several studies have examined the potential impact of teaching ethics on both business people and students. The level of effectiveness has been debated as there have been mixed results (Allen, Bacdayan, Kowalski, & Roy, 2005; Hoffman & Moore, 1982; Luthar & Karri, 2005; Merritt, 1991; Ritter, 2006; Weber, 1990; Weeks, Longenecker, McKinney, & Moore,

2005; Yu & Zhang, 2006). Several of these studies (Allen et al., 2005; Luthar & Karri, 2005; Ritter, 2006) found that women were more ethically inclined than men; a finding supported by extant research. Additionally, Ritter (2006) and Yu and Zhang (2006) found that business students were less ethically-oriented than non-business students.

An interesting finding from previous works has been that ethics education may not help to increase students' ethical actions. Ritter (2006) found that even though people who have been exposed to ethical training may use a different type of thinking when assessing ethical situations, they may not have a higher awareness of what is ethical and unethical. Allen et al. (2005) found that having an increased emphasis on ethics in textbooks and in business courses had no significant impact on students' levels of ethical orientation and ethical decision-making. This finding is particularly important since some ethics curricula are incorporated into other business classes-they are not taught as standalone courses.

However, Luthar and Karri (2005) and Boyd (1981) found that exposure to ethics within business curricula had a significant impact on student perceptions of the significance of the connections between ethical practices and business outcomes. So although students' perceptions of the positive business effects of ethical practices increased through ethics curricula, their ability to make ethical choices was not enhanced by those same courses. This disparity may be explained by Weber (1990) who found that business ethics courses and classes on corporate social responsibility have a significant short-term impact on students' decision-making abilities, but this impact fades quickly after the completion of the course. Weber (1980) advocated for reinforcement of these ethical values over the career of the business person, rather than relying on the impact of a single course in business ethics.

Weeks, Longenecker, McKinney, and Moore (2005) found that persons, who were repeatedly exposed to unethical situations in the workplace that were not properly addressed and corrected, became desensitized to future ethical violations. The more business people witnessed ethical violations going unattended, the less they felt compelled to address the issue. Additionally, they found that individuals' personal ethical orientations did not change over time; they were just more willing to accept the behavior of others without feeling that the issue was regarded highly enough by superiors to warrant blowing the whistle. If business people can become desensitized to unaddressed ethical violations over time, then it stands to reason that the reverse can also be true—that over time, they will become more sensitive to ethical violations which are properly addressed. If this is the case, then Weber's (1990) assertion has much merit.

Similar to Weber's (1990) findings, Merritt (1991) found that marketers with business degrees were more likely to be accepting of unethical behavior even if they were unwilling to participate in the unethical behavior themselves. Merritt's study also showed that marketers with business degrees often had lower ethical standards than marketers with non-business degrees, and that one's level of education had no impact on these results. Additionally, Yu and Zheng (2006) found that business students were more likely than non-business students to be tolerant of unethical business practices. Their study also found that there was no difference between business students and non-business students' attitudes toward illegal behavior. The Yu and Zheng (2006) study is of importance to the current research because it specifically examined students' behavior of illegal activity in the business world.

Yu and Zheng (2006) used the same survey method and questions as Wood, Longenecker, McKinney, and Moore (1988) in the collection of the first set of data for their study. Yet, by using a cross-sectional sample in their study, Yu and Zheng were not able to see

if over time, the attitudes of the business and non-business students changed, which is important to understanding how ethics education affects business students. The Weeks et al. (2005) study ultimately concluded that business people began to accept unethical behavior over time, the more that they were exposed to it.

### *The Teaching of Ethics and the Role of the Business School*

Much of the information relating to the role of business schools in the teaching of ethics is anecdotal in nature. The few empirical studies which have looked at the role of business schools (Sleeper, Schneider, Weber, & Weber, 2006; Stewart, Felicetti, & Kuehn, 1996) have taken the approach of studying students' attitudes toward the teaching of ethics, and have found that students are strongly in favor of including ethics as part of business school curricula. In particular, Stewart et al. (1996) found that business students saw ethical responsibility as essential to the success of the business.

The general theme of studies aimed at addressing the role of business schools (Cornuel, 2005; Gardiner & Lacy, 2005; Rosenberg, 2006) is that business schools are currently not addressing issues of ethical responsibility. This lack of attention will make it difficult for graduates to make proper ethical decisions once they enter the business world. Gardner and Lacy (2005) examined the issue of teaching business in society (BIS) in European schools of business and noted that students, and society as a whole, are calling for increased attention to social issues in schools of business.

The information regarding how business ethics should be taught in order to produce the most effective results is large and diverse. Sims (2002) and Poff (2007) advanced the idea that all students should be required to participate in stand-alone, in-depth courses focused on developing ethical decision-making skills, and ethical leadership skills. Poff's (2007) arguments

were based upon ideas similar to those advanced by the Association for the Advancement of Collegiate Schools of Business (AACSB) Ethics Education Task Force (2004), which stated that a proper ethics education needs to address the issues of ethical leadership and ethical decision-making. Of these two areas, it appears that the need to develop ethical leadership has been the most supported in anecdotal literature.

Furthering this, Sims (2002) outlined six areas that are important to the teaching of business ethics: goals, relevancy, experiential pedagogy, classroom climate, debriefing, and outcomes assessment. These areas create a type of learning continuum where students identify what is important, why it is important, participate in the practice of what is important, discuss its impact with other students, and then review the previous steps with instructors. After reviewing the outcomes, students revisit their stated goals and revise them as needed, and then start the cycle again building upon the knowledge and experience gained in their previous experiences.

Surprisingly, there are more than a few voices that have been outwardly opposed to the teaching of business ethics within an academic or corporate environment. Two of the most notable opponents to the teaching of business ethics have been Peter Drucker and Milton Friedman. Drucker (1981) objected to the teaching of business ethics because of how ethics views the morality of right and wrong. He refuted the assertion that the American ideal of ethical values was the only possible notion of business ethics which could exist within the business environment. Rather, he felt that because different cultures have differing ideas of what is and what is not ethical, imposition of one's values on someone who holds dissimilar values is not appropriate.

Friedman (1970) is best understood as opposing putting business resources behind anything that took attention away from activities which help to produce a profit for the business.

This is often misinterpreted by some as Friedman's staunch opposition to a focus on ethical business practices. Friedman states that the business executive "has a direct responsibility to his employers; a responsibility is to conduct the business in accordance with their desires" (p. 406). The interpretation of this statement hinges on the term "employers," and can vary according to situation and context. Stockholders, superiors, customers, and the general public can all be considered to be someone's "employer," yet they may also hold competing interests and desires for what the responsibilities of the business executive should be.

The current arguments against the teaching of business ethics were best summed up by McDonald and Donleavy (1995) who stated that there is the potential for business ethics courses to be merely a palliative response to business scandals. Additionally, they stated that business ethics is seen by some as non-empirical and unscientific, and therefore has no place in the curriculum of business schools. Finally, McDonald and Donleavy argue that the teaching of business ethics will be viewed as hypocrisy if and when students leave the academic setting and enter the business world only to commit corporate crimes; that the teaching of business ethics would turn into a "how to" course. If business ethics courses focus on illegal acts that individuals have tried to commit, or successfully committed, the courses may simply be instructing students on what not to do. By focusing on what corporate criminals have done in the past, students may be more likely to not repeat these acts, but rather modify them in a way that allows the illegal activity to continue.

Although the literature on business ethics education and its impact on business students may be limited, there is much that can be learned from what has been published to date. Yet the gaps which remain will continue to impede researchers' ability to fully understand the impact of ethics education, unless these gaps are closed. In particular, this study will attempt to fill several

gaps in the literature that are essential to furthering understanding of white-collar/corporate crimes. To begin with, this study will attempt to assess one's ethical orientation and how that orientation relates to their propensity to engage in corporate crimes. Previous studies have utilized ethical batteries to establish one's ethical orientation, yet they have not used measures that are based in a business context. The failure to direct students' attention to the situations that they will face in the future is something that this study will address.

By using situations that are based in the business environment, it will be possible to make a connection between one's ethical orientation and their propensity to engage in illegal acts. This connection has yet to be clearly established in the extant literature, and this study will attempt to make that connection. If perceptions of ethical responsibility in the business environment can be clearly linked to one's propensity to engage in illegal corporate behavior, then tests related to ethical orientation will improve the study of corporate crime. Making this connection is essential to furthering the understanding of how corporate crimes become rationalized within business situations. If illegal behaviors are viewed by corporate actors as being ethically acceptable, then it may become easier for those actors to rationalize away doubts surrounding the legality and acceptability of their choices.

The motivation for business schools to focus on ethics education has been the idea that instilling ethical values in business students will help to curb unethical and illegal business practices. The study of ethics education within business has been examined by several scholars, yet few have used a longitudinal or pre-/post-course design. This study's use of a pre-/post-test design should help to identify issues that may have been missed by the use of cross-sectional research. By making the pre-/post-test design a major focus of this study, the impact of ethics education can be more readily identified.

## Chapter 4 - Research Questions

There are several questions relevant to the impact that ethics education has on a persons' perception of what constitutes unethical actions, and therefore potentially illegal acts, that this study seeks to answer. Many of these questions have been previously reviewed in the literature and research on business ethics education, yet they have never been fully answered. This study attempted to add to the discussion on these issues in hopes of contributing to an answer for these questions. Additionally, this study used a survey methodology not previously employed in the study of business ethics in the hopes that a clearer picture of ethics education could be obtained.

The first question to be addressed was potentially the most controversial issue with regard to questions related to the impact of ethics education; the question was that of genders' role in ethical decision-making. *What impact does one's gender have on their potential to make positive ethical business decisions? In essence, does gender help to predict one's propensity to engage in unethical and illegal business practices?* This issue has received much attention in the extant literature, yet this study employed a different methodology than previous studies and attempts to use this feature to find a more complete answer to this question.

The issue of gender is controversial because of the implication often made that a person's gender plays a significant part in determining their ethical orientation. Independent of other factors and influences, gender has been viewed as being predictive of ethicality. The issue of a link between crime and gender has been researched and discussed by criminologists (Blackwell & Piquero, 2005; Hagan, Simpson, & Gillis, 1979), but not by business researchers. Researchers looking into corporate crimes have focused on potential links between gender and ethical thoughts/actions (see literature review). This link has never been fully examined or explained.

Findings that support the idea of a connection between gender and ethical thought/action would indicate that there is something inherent in a person's gender that would influence their ethical decision-making. Socialization, gender roles, and workplace norms may all work together to establish ideas regarding the impact of gender (Stedham, Yamamura, & Beekun, 2007). When these ideas are based on gender stereotypes, then the connection between gender and ethical action may be strengthened. Finding evidence against the influence of gender would lend more support to the idea that other factors more significantly impact the ethical decision-making process.

Closer examination of studies attempting to establish a connection between gender and ethical action may show that no connection exists (Loo, 2003). While examining the existing literature, future studies must take steps to create situations where gender does not unduly influence the respondents (Kelan, 2007). This can be done by using gender neutral language, as well as by presenting situations where both male and female actors are engaging in ethical and unethical acts equally.

The next question that this study examined was whether ethical perception was impacted by the fact that one was a student of business rather than some other academic field. *Specifically, do business students and non-business students perceive ethically challenging business situations with similar levels of ethical acceptance?* If we assumed that both business students and non-business students are equally perceptive of unethical business situations, then there would be no need to examine the differences between the two types of students. We could assume that regardless of one's academic field, the ability to interpret ethically challenging situations is related to some other influence. Yet, the existing literature suggests that making this assumption may not be the correct choice.

If it is true that business students are more accepting of unethical business situations, then this study should provide clues as to what distinguishes business students from their non-business counterparts. If, however, there is no distinction between business students, then other areas covered in this study should be able to shed light on what factors do in fact impact the decision-making process (Tse & Au, 2004). By identifying what variables impact ethical decision-making in business, we may be better equipped to prepare tomorrow's business leaders to make proper ethical choices. By providing more relevant examples of good ethical decision-making, while imparting the skills necessary to utilize the lessons learned from those examples, business schools will help future leaders to be better prepared to address ethical violations.

As discussed in the literature review, the existing research is mixed as to whether business ethics courses actually have an impact on the students that participate in these courses. The present study was designed to look specifically at whether or not students' ethical perceptions were impacted by ethics education, and if so, how they were impacted. Therefore, the third and final question posed by this study focused on how business students' perceptions were affected by participation in a course on business ethics. *Specifically, will business students' perceptions of ethically challenging business situations change after having participated in a course on business ethics?*

This question is central to future research in the area of business ethics, business school curriculum design, and the ethical development of business people. By concluding that ethics education can have a significantly positive impact, this study and future studies would reaffirm the important of ethics education. What is believed to be most important about ethics education is its impact on a person's ethical perceptions, ethical orientations, and subsequently their propensity to engage in white-collar crimes. If, however, this study and future studies find that

ethics education has no impact, or worse, has a negative impact on one's ethical perceptions, then serious discussion should be undertaken to identify what factors will most affect ethical business decision-making.

## Chapter 5 - Methods

In examining the impact of business ethics education on students of business, this study sought to test commonly accepted assumptions about student perceptions. In particular, it addressed the assumptions that women are more ethically oriented than men, and that business students hold lower ethical standards than non-business students. These issues are, of course, still disputed; yet the results of previous studies that conform to these assumptions are rarely questioned with the rigor that studies finding alternative results have been scrutinized. Additionally, there are several questions that these findings beg which have not been addressed.

This study will examine these issues again, and undertake a full discussion of their implications. This study was designed to test three research questions, all of which surround the impact of teaching ethics to business students. These questions relate to how gender, academic field, and participation in an ethics course will affect one's perception of ethically challenging situations.

### *Sample*

Data for this study were obtained from a convenience sample of students registered for classes during the fall 2009 semester at two mid-western universities. The sample is considered a convenience sample because the respondents comprising the sample were chosen because of their availability and ease of access (Bachman & Schutt, 2007). The respondents fell into one of two categories: those participating in a business ethics course, and those not participating in a business ethics course. Ethics courses sampled were chosen because of the subject matter that was being taught; specifically whether or not business ethics was the main component of the curriculum. Business ethics courses were also selected based on of the willingness of the instructor to allow both a pre-course and a post-course survey. The non-business ethics courses

sampled were courses taught in the department of criminal justice at university A. There were no non-business ethics courses sampled from university B.

There were a total of five courses sampled: two non-business ethics courses and three business ethics courses. Neither of the non-business ethics courses had an emphasis on ethics or the teaching of ethical principles. The business courses sampled were required courses for students at their respective business schools. The primary focus for the business ethics courses was the examination of ethical business issues and the development of ethical decision-making skills by the students in the course.

University A is a mid-western university located in an urban area. The business school requires all of their undergraduate and graduate business students to participate in a course related to business ethics. The course bulletin for university A describes the surveyed course as addressing: “Political, social, legal, ethical, regulatory, environmental, and global issues that interrelate with business decisions in the societal fabric.” According to the course syllabus and to conversations with the course instructor, the main emphasis of the course was to get students to consider the business context in which ethical dilemmas would present themselves. Students worked primarily from a textbook on ethics, and the instructor lectured from notes relevant to his own business experiences.

Students were tested on their ability to retain relevant information, and to apply key concepts several times throughout the semester. The ultimate goal of the course was to get students to think about how poor ethical choices have affected businesses in the past, and what lessons can be learned from these instances. In addition to being asked to actively talk about ethical business issues that were important to them, students were encouraged to take advantage of other resources available through the university. Specifically, the university periodically

brings in guest speakers from the corporate world to address issues related to corporate social responsibility and corporate leadership.

University B is another mid-western university, and it is located in a suburban area about 40 miles from University A. University B also requires their students to participate in a course related to business ethics. The courses that were sampled from university B are described by the course bulletin as addressing: “Social, legal and moral pressures of external and community groups on business operations; management’s role of responsibility and leadership in interacting with these forces, and reducing and resolving conflicts with them” and, “Management strategies and skills called for in the corporate communication function including a thorough analysis of the ethical aspects that arise and their implications for message content and strategy.”

According to the syllabi for the courses and the course instructors, students would be challenged to explore ethical issues and challenging situations from the stand point of being an interested party in the situation or issue. The goal of each course was to give students the skills and abilities to identify potentially unethical situations, properly address those situations, and resolve them in the most ethical manner possible. Throughout the course, students would be required to apply what they had theretofore learned in an attempt to reinforce ethical concepts. The main classroom assignments that separated the courses at university B from university A were papers and presentations required of students from university B. These assignments focused on the practical application of the skills the students had acquired throughout the course.

University B also hosts an annual, week-long event focused on business ethics and corporate social responsibility. The school has created an ethics council staffed by students, faculty, and members of the university community that is focused on addressing issues of ethics. Finally, this business school at this university has created a statement of ethical principles which

is attached to every syllabus for each course taught at the business school; it is also discussed by faculty at the beginning of every course. University B has truly attempted to create a complete ethical environment for their students, and has worked to reinforce ethical principles in all aspects.

Approval for this study was granted by the institutional review board (IRB) of both universities. The author personally visited the courses sampled at the two designated time periods (pre- and post-course periods) to administer the survey. Respondents were given the survey instrument along with an information sheet describing the study and asking for their participation. It took respondents approximately 30 to 45 minutes to complete the survey, once completed the survey was collected by the author and numbered. Survey responses were entered into the statistical program, SPSS, by the author, and re-checked for errors at a subsequent time.

The issue of employing an experimental design in this study presented itself, yet it is an issue that could not be overcome. The resources available to the author (e.g., time, funding) would not allow for a survey design that provided for the random placement of respondents into test and control groups. Yet, the survey captured respondents within the environments that this study sought to explore. Namely, business students were gauged on their ethical perceptions before and after participating in a business ethics course.

Additionally, random assignment of respondents into groups may not fit with the larger goals of business ethics education—that ethics in the business curriculum should be a required course of study; therefore, students ultimately do not have the option of not participating in such a course. However, the lack of a randomly selected sample may still restrict the generalizability of this study's findings. Even though all business students will be required to participate in a

course on business ethics, it cannot be assured that the sample used in this study is representative of all business students.

### *Sample Characteristics*

The present study looked at questions that have been previously researched in an effort to compare the results of the current sample with the results of the existing body of research. Using a sample of non-business students as a comparison group allowed the present study to capture the full effect of ethics education on business students' perceptions of ethically questionable acts. This was possible because a comparison group would help to identify if any changes within the business student population were truly related to participation in a business ethics course, or if they were merely attributable to the normal development of the students.

The survey was administered to the student sample at two periods: once at the beginning of the course (designated "pre-course"), and once at the end of the course (designated "post-course"), a design utilized effectively in the study of business ethics (Allen et al., 2005; Chen & Tang, 2006). This pre/post-course design was employed by the current study so that it could be determined if business students' perceptions were impacted by their participation in a course focused on teaching business ethics. The perceptions of business students could then be compared to a group of non-business students that were not taking such a course.

Pre-course surveys were administered during the second and third weeks of the semester. This was a point in the semester when students taking a business ethics course would not have been exposed to a significant amount of the course subject matter, and therefore would not have had their ethical perceptions influenced. All pre-course surveys were administered within a 10-day window, so it is assumed that the students in any given course in ethics would not have received significantly more exposure to the course material than would their counterparts in the

other courses. The post-course survey was administered at a point when the students taking a business ethics course would have been able to digest all significant information given during the course. Post-course surveys were administered within a 7-day window, and within the last two weeks of each course. By the time the second survey was administered, the most important and relevant ethical concepts had already been introduced to the students.

Total enrollment for the courses that were surveyed was listed as 195 students. The pre-course survey produced 143 useable surveys, representing a response rate of about 73%. This was most likely attributable to students' refusal to participate in the survey and to students being absent from class, or withdrawn from the course on the day of the survey. The post-course survey returned 127 useable surveys, representing an attrition rate of about 11% from the pre-course survey responses.

Post-course attrition was most likely due to a combination of the following factors: refusal to participate in the survey; absence from class on the day of the survey; or from students no longer participating (e.g., withdrawn) in the course. As identifying information was not collected from students, in order to preserve respondent anonymity, the specific individuals who did not participate in the post-course survey could not be identified. Chi-square tests were conducted between the pre- and post-course samples to determine if significant differences existed among the following: business and non-business students ( $\chi^2[1, N = 262] = .161, p = .71$ ), those currently taking an ethics course ( $\chi^2[1, N = 264] = .094, p = .81$ ), those who have previously taken an ethics course ( $\chi^2[1, N = 262] = .224, p = .71$ ), education level ( $\chi^2[5, N = 262] = 3.90, p = .42$ ), university ( $\chi^2[1, N = 264] = .84, p = .97$ ), race ( $\chi^2[5, N = 263] = .854, p = .97$ ), grade point average (G.P.A.) ( $\chi^2[5, N = 262] = 6.05, p = .30$ ), and gender ( $\chi^2[1, N = 264] = .035, p = .90$ ). No significant differences were found between the pre-course and post-course samples.

Table 1 shows demographic information for both pre- and post-course survey respondents. Chi-square tests for independence were conducted to determine if significant differences existed between the business students from each university; results for the pre-course sample are displayed in Table 2, and results for the post-course sample are displayed in Table 3. In the pre-course sample, significant differences were found in the academic level of respondents. The post-course samples of business students also differed significantly with regard to academic level. Differences in academic level in both the pre- and post-course samples were a result of the fact that business students from university A were all graduate students.

The pre-course sample consisted of slightly more females than males, a breakdown of 52.4% to 47.6% respectively. The distribution of business students and non-business students was more evenly distributed, with just over half of the sample (50.3%) identifying as non-business students. The distribution of those currently taking an ethics course to those not taking an ethics course was also very evenly distributed, with 51.7% of respondents indicating that they were currently taking an ethics course. Even though these distributions were not anticipated, they will provide the opportunity for much more consistent and reliable comparisons across the several sub-groups of respondents.

The post-course sample showed distributions that were very similar to the pre-course sample. There were slightly more females (52.7%) than males (47.3%). The distribution of business students and non-business students was slightly different with 48% of the respondents identifying as non-business students, down from the 50.3% reported by pre-course respondents. The percentage of those currently taking an ethics course was 51.9%; very similar to the sample from the pre-course survey.

Table 1

*Pre-Course and Post-Course Demographic Information*

Category	Pre-Course (n = 143)				Post-Course (n = 127)			
	Bus.	%	Non-Bus.	%	Bus.	%	Non-Bus.	%
<b>Gender</b>								
Male	37	25.9%	30	21.0%	35	27.6%	25	19.7%
Female	34	23.8%	40	28.0%	31	24.4%	36	28.3%
<b>Educational Level</b>								
Sophomores	1	0.7%	5	3.5%	0	0.0%	2	1.6%
Juniors	2	1.4%	21	14.7%	1	0.8%	22	17.3%
Seniors	23	16.1%	40	28.0%	19	15.0%	36	28.3%
Grad Students	45	31.5%	3	2.1%	44	34.6%	0	0.0%
Other	0	0.0%	0	0.0%	1	0.8%	1	0.8%
<b>Race</b>								
Black	13	9.1%	22	15.4%	13	10.2%	22	17.3%
White	38	26.6%	35	24.5%	35	27.6%	32	25.2%
Hispanic	3	2.1%	7	4.9%	2	1.6%	5	3.9%
Asian	9	6.3%	1	0.7%	10	7.9%	1	0.8%
Multi-racial	2	1.4%	2	1.4%	2	1.6%	1	0.8%
Other	6	4.2%	2	1.4%	4	3.1%	0	0.0%
<b>GPA</b>								
4.0 - 3.6	20	14.0%	8	5.6%	17	13.4%	8	6.3%
3.5 - 3.1	33	23.1%	29	20.3%	35	27.6%	26	20.5%
3.0 - 2.6	16	11.2%	22	15.4%	12	9.4%	23	18.1%
2.5 - 2.1	2	1.4%	5	3.5%	0	0.0%	4	3.1%
2.0 and below	0	0.0%	6	4.2%	0	0.0%	0	0.0%
<b>Current Ethics Course</b>								
Yes	70	49.0%	2	1.4%	66	52.0%	1	0.8%
No	1	0.7%	68	47.6%	0	0.0%	60	47.2%
<b>Previous Ethics Course</b>								
Yes	22	15.4%	34	23.8%	18	14.2%	30	23.6%
No	49	34.3%	34	23.8%	48	37.8%	31	24.4%

*Note:* Absolute percentages are shown. "Bus." = Business Students; "Non-Bus." = Non-Business Students.

Table 2

*Crosstabulation of Differences in Pre-course Business Student Sample*

		<u>Gender</u>				
University	Male	Female	$\chi^2$	df	$p$	
A	17 (15.9)	14 (15.1)	.259	1	.611	
B	19 (20.1)	20 (18.9)				

		<u>Education Level</u>						
University	Soph.	Junior	Senior	Graduate	$\chi^2$	df	$p$	
A	0 (0.4)	1 (0.9)	0 (10.2)	30 (19.5)	29.29***	3	< .001	
B	1 (0.6)	1 (1.1)	23 (12.8)	14 (24.5)				

		<u>Employment Status</u>					
University	Full-Time	Part-Time	Unemp.	$\chi^2$	df	$p$	
A	15 (13.9)	10 (9.9)	6 (7.1)	1.32	3	.73	
B	16 (17.1)	12 (12.1)	10 (8.9)				

		<u>Race</u>					
University	White	Black	Other	$\chi^2$	df	$p$	
A	12 (16.8)	7 (5.8)	12 (8.4)	5.71	2	.06	
B	26 (21.2)	6 (7.2)	7 (10.6)				

*Continues on next page*

Table 2 (continued)

University	Grade Point Average (GPA)			$\chi^2$	df	<i>p</i>
	2.1-3.0	3.1-3.5	3.6-4.0			
A	6 (7.5)	15 (14.6)	10 (8.9)	.84	2	.66
B	11 (9.5)	18 (18.4)	10 (11.1)			

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University	Previous Ethics Course		$\chi^2$	df	<i>p</i>
	No	Yes			
A	24 (21.3)	7 (9.7)	2.02	1	.16
B	24 (26.7)	15 (12.3)			

*Note:* Expected frequencies are displayed in parentheses below actual values. \**p* < .05, \*\**p* < .01, \*\*\**p* < .001.

Table 3

*Crosstabulation of Differences in Post-course Business Student Sample*

<u>Gender</u>						
University	Male	Female	$\chi^2$	df	<i>p</i>	
A	19 (15.6)	10 (13.4)	2.87	1	.09	
B	16 (19.4)	20 (16.6)				

<u>Education Level</u>							
University	Junior	Senior	Graduate	Other	$\chi^2$	df	<i>p</i>
A	0 (0.5)	0 (8.6)	29 (19.5)	0 (0.5)	25.90***	3	.000
B	1 (0.5)	19 (10.4)	14 (23.5)	1 (0.5)			

<u>Employment Status</u>						
University	Full-Time	Part-Time	Other	$\chi^2$	df	<i>p</i>
A	15 (14.3)	7 (7.6)	7 (7.1)	.15	2	.93
B	17 (17.7)	10 (9.4)	9 (8.9)			

<u>Race</u>						
University	White	Black	Other	$\chi^2$	df	<i>p</i>
A	12 (15.6)	6 (5.8)	11 (7.6)	4.3	2	.12
B	23 (19.4)	7 (7.2)	6 (9.4)			

*Continued on next page*

Table 3 (continued)

University	Grade Point Average (GPA)			$\chi^2$	df	<i>p</i>
	2.6-3.0	3.1-3.5	3.6-4.0			
A	3 (5.2)	15 (14.4)	9 (7.4)	3.1	2	.375
B	9 (6.8)	18 (18.6)	8 (9.6)			

University	Previous Ethics Course		$\chi^2$	df	<i>p</i>
	No	Yes			
A	20 (21)	9 (8)	.292	1	.589
B	27 (26)	9 (10)			

*Note:* Expected frequencies are displayed in parentheses below actual values. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

Several of the cells in the Chi-square analysis of pre- and post-course students contained values below 5, the accepted minimum value needed to properly complete the analysis. In the pre-course analysis, the variables Grade Point Average (GPA), Race, Employment Status, and Education level contained cells with values below 5. The variables GPA, Race, and Employment Status were stratified to produce cells with values over 5. The variable GPA was stratified so that responses in the categories “2.1-2.5” and “2.6-3.0” were combined into the category “2.1-3.0.” The variable Race was stratified so that responses in the categories “Hispanic,” “Multi-racial,” “Asian” and “Other” were combined into the category “Other.” The variable Employment Status was stratified so that responses in the categories “Unemployed, not seeking employment” and “Unemployed, seeking employment” were combined into the category “Unemployed.”

In the post-course analysis, the variables Employment Status, and Race contained cells with values below 5, and were stratified to produce cells with the proper number of observation. The variable Employment Status was stratified so that responses in the categories “Unpaid work,” “Unemployed, never employed,” “Unemployed, not seeking employment” and “Unemployed, seeking employment” were combined into the category “Other.” The variable Race was stratified to so that responses in the categories “Asian,” “Hispanic,” “Multi-racial” and “Other” were combined into the category “Other.”

### *Measures*

Before creating measures and analyzing the data from each sample, responses were screened to identify missing data, outliers, and the normality of distributions. Examination for outliers was conducted using Mahalanobis distance, while normality was determined by examining the skewness and kurtosis of the distribution of each measure. Mahalanobis distance

is the distance of each observation from the center point of the means of all variables being examined (Mertler & Vannatta, 2010)

Skewness refers to the clustering of observations away from the mean of a distribution, in any direction that leaves the distribution not-normally distributed. In cases of severe skewness, typically values at or over +1.0 or -1.0, distributions should be transformed so that they can become more normally distributed. Kurtosis, or peakedness, refers to how pointed or flat the distribution appears. If a distribution is very slim and tall, or very wide and flat, it can be considered non-normal; the accepted range for kurtosis is between -1.0 and +1.0.

Measures with more than 5% missing data were classified as having excessive amount of missing responses and were subsequently examined to determine if the data could be replaced. The measures were examined by comparing the characteristics of those respondents who had answered the questions, to those who had not. Two surveys were removed from the pre-course sample, and two from the post-course sample because of significant amounts of missing data. Upon examination of pre-course sample responses, it was found that nine measures had significant amounts of missing responses; all were measures associated with vignette responses. Significant amounts of data were found for three measures in the post-course sample, all of which were associated with vignettes.

Both pre- and post-course missing data were replaced utilizing mean replacement. Table 4 contains a detailed listing of the missing data, as well as the resulting change in standard deviations as a result of the mean replacement. The standard deviation was used to evaluate the potential impact of the replacement on the distribution because it is an indication of the standard distance of each case from the next changes.

A principle components exploratory factor analysis using a varimax rotation was conducted to determine what, if any, underlying structures existed for several of the Likert-scaled questions included in the survey instrument. The principle components factor analysis is a statistical tool used to reduce a list of measures into a smaller set of factors. These factors represent a common theme found among the list of measures. Using a factor analysis allows the researcher to reduce the number of measures that need to be included in an analysis. Additionally, a more parsimonious measure of a concept, theme, or trend can be created and used as part of the data analysis.

In the analysis, only 22 questions loaded into a factor that could be used in the analysis of the data. The remaining 26 questions were either not included in related factors because of low loadings or were too subjective in their response possibilities and reflected respondents opinions or feelings of issues as opposed to their potential actions. A list of these 26 questions, along with the reason for why they were not included can be found in Table 5.

The analysis produced a three factor solution, which was evaluated by examination of eigenvalues and factor loadings. The eigenvalue describes the total amount of variance that exists between all the variables which is explained by a single factor (Mertler & Vannatta, 2010). Only those factors with eigenvalues over 1, the accepted standard, were included. Factor loadings represent how strongly each original measure is correlated with the resulting factor (Mertler & Vannatta, 2010).

The factors examined in this study were found to capture groupings of ethical business themes. Factor 1 contained items that loaded highest on a construct of *General Ethical Business Standards*, Factor 2 contained items that loaded highest on a construct of *Materialism/Egoism*,

Table 4

*Pre and Post Course Missing Data*

Measure	% Missing	Original S.D.	New S.D.
Pre-Course			
Ethicality of recording a sale early	5.0%	0.53	0.52
Ethicality of misrepresenting company financial information	5.0%	0.53	0.51
Ethicality of accepting expensive gift from client	8.5%	0.90	0.86
Ethicality of accepting gift from client and inflating report	5.0%	0.55	0.53
Ethicality of accepting gift from client and submitting a true report	5.0%	1.13	1.10
Ethicality of denying legitimate rebate claims	9.9%	0.67	0.63
Ethicality of denying rebates of \$1 each	9.2%	0.85	0.81
Ethicality of denying rebates and saving 150 jobs	8.5%	0.98	0.93
Ethicality of setting lawsuits instead of paying claims	11.3%	0.97	0.91
Post-Course			
Ethicality of misrepresenting company financial information	7.3%	0.60	0.57
Ethicality of accepting expensive gift from client	6.5%	0.85	0.82
Ethicality of denying legitimate rebate claims	7.3%	0.75	0.73

*Note:* "S.D." stands for standard deviation.

Table 5

*Measures not Included In Final Analysis of Data*

	Measure	Adapted from:	Reason for non-inclusion
Q24	How important is it for you to be financially secure?	Original to study	Did not load into a factor
Q32	How important is it that you win at whatever you do?	Original to study	Did not load into a factor
Q33	The use of insider information when buying and selling stock is unethical behavior.	Lawson (2004)	Did not load into a factor
Q34	My university places a value on the ethical development of its students.	Original to study	Subjectivity
Q35	Companies can do more to prevent ethical violations by their employees.	Original to study	Did not load into a factor
Q37	I often act on the spur of the moment without stopping to think about the consequences of my actions.		Did not load into a factor
Q39	People choose to commit crime; they are not criminal as a result of their environment.	Original to study	Subjectivity
Q40	In general, people in the business world act in an ethical manner.	Lawson (2004)	Subjectivity
Q44	My university creates an atmosphere that encourages the adoption of ethical business principles.	Original to study	Subjectivity
Q48	Corporations create pressure on their employees to do things which are more profitable than they are ethical.	Original to study	Subjectivity
Q49	White-collar/corporate criminals are bad people.	Original to study	Subjectivity
Q50	Ethical standards should require more of business people than the law does.	Original to study	Subjectivity
Q52	White-collar/corporate criminals should not have to go to jail since they did not physically harm anyone.	Original to study	Subjectivity
Q54	Business needs to better enforce its ethical standards.	Original to study	Subjectivity
Q55	Good ethics is good business.	Glenn (1992)	Did not load into a factor
Q56	Sanctions for white-collar criminals are not severe enough.	Original to study	Subjectivity
Q62	White-collar/corporate criminals are different than "street" criminals because white-collar/corporate criminals do not hurt people.	Original to study	Subjectivity
Q63	Criminal behavior is something that people learn.	Original to study	Subjectivity
Q64	Companies will make difficult choices based upon how much they stand to gain or lose.	Original to study	Subjectivity

*Continued on next page*

Table 5 (continued)

	Measure	Adapted from:	Reason for non-inclusion
Q65	If a person's friends are criminal, they are more likely to be criminal.	Original to study	Subjectivity
Q66	I would prefer to do what will give me immediate rewards, even at the cost of some distant goal.		Did not load into a factor
Q67	Sometimes a person needs to make a decision about something before she/he has all the information available.	Glenn (1992)	Did not load into a factor
Q69	I think about the consequences and benefits of the actions that I take.		Did not load into a factor

and Factor 3 contained items that loaded highest on a construct of *Risk/Impulsiveness*. Table 6 displays the factor loadings for each measure.

Lists of all measures composing the indices that are used in this study are included in the discussion of the respective index. This study represents the first time that these individual measures have been grouped into indices designed to examine a persons' level of ethical business standards. The responses to the questions comprising each measure were then combined to make an additive index for each measure, which were used in the analysis of the survey data. Table 7 lists the descriptive statistics for each of the measures.

The index *Materialism/Egoism* was composed of five measures of the respondents' concern for material gain, and the respondents' need to feel successful. The questions were scored on a five-point Likert scale, where 1 = Not at All Important, 2 = Somewhat Unimportant, 3 = Important, 4 = Somewhat Important, and 5 = Very Important, creating an additive index. A higher score on this index indicated that the respondent identified with a greater need for material gain and a greater need to have others know that they are successful. This index was composed of measures that were developed for this study by the author and have not yet been previously tested. These measures, response frequencies and related percentages for each measure are presented in Table 8.

Despite the fact that these measures have not been previously tested, on their face they capture ideas relative to notions of materialistic and egoistic concern. Additionally, these measures all capture similar themes and sensibly work together to identify respondents' concern with *Materialism/Egoism*. Figure 1 displays the histogram for the index *Materialism/Egoism*; it shows the distribution to be normal. When checked for reliability, the index had a Cronbach's  $\alpha$  of .77, and therefore the author has confidence in its reliability.

Table 6

*Factor Loadings for Likert-scaled Questions*

Measures	Factor 1	Factor 2	Factor 3	
Ethics more important than profits	0.54	-0.01	-0.24	
Compromise ethics to advance career (Reverse Coded)	0.57	-0.03	0.11	
Sometimes a company needs shady practices (Reverse Coded)	0.69	0.12	0.13	
Corporate actions are not criminal unless someone is hurt/dies (Reverse Coded)	0.52	0.12	-0.18	
OK to keep another companies confidential information (Reverse Coded)	0.63	0.02	-0.03	
Possible to commit corporate crime and be ethical (Reverse Coded)	0.53	0.09	-0.21	
OK to lie to another company to protect own company (Reverse Coded)	0.64	0.15	0.26	
OK to lie to manager/supervisor to protect company (Reverse Coded)	0.67	0.12	0.29	
OK to lie to government to protect company (Reverse Coded)	0.59	0.33	0.18	
OK for supervisor to ask employee to falsify documents (Reverse Coded)	0.57	0.14	-0.07	
OK to lie to co-worker to protect company (Reverse Coded)	0.71	0.17	0.32	
OK to overlook wrongdoing to benefit company (Reverse Coded)	0.67	0.15	0.07	
OK to lie on employment application (Reverse Coded)	0.63	0.05	-0.12	
Supervisor should not care how results are achieved (Reverse Coded)	0.52	0.12	-0.11	
OK to lie to customer/client to protect company (Reverse Coded)	0.68	0.22	0.34	
Like to do something risky occasionally	-0.58	0.10	0.57	
Enjoy taking risks just for the fun of it	-0.60	0.10	0.56	
Importance of having nice clothes	-0.13	0.69	-0.23	
Importance of having money to buy expensive things	-0.24	0.67	-0.35	
Importance of having others think you are wealthy	-0.44	0.66	-0.01	
Importance of making more money than peers	-0.39	0.54	-0.03	
Importance of having others think that you are successful	-0.36	0.62	0.14	
	Eigenvalue =	6.89	2.39	1.43
	Variance =	0.31	0.11	0.07

Table 7

*Descriptive Statistics for Indices*

Index	Mean	Median	S.D.	Min.	Max.	Skew.	Kurtosis
Materialistic/Egoistic Concern ( <i>N</i> = 65)	13.13	13	3.7	5	22	0.31	0.43
General Ethical Business Standards ( <i>N</i> = 65)	44.91	45	7.12	27	60	0.02	0.05
Risk/Impulsiveness ( <i>N</i> = 65)	4.48	4	1.51	1	8	0.16	-0.33

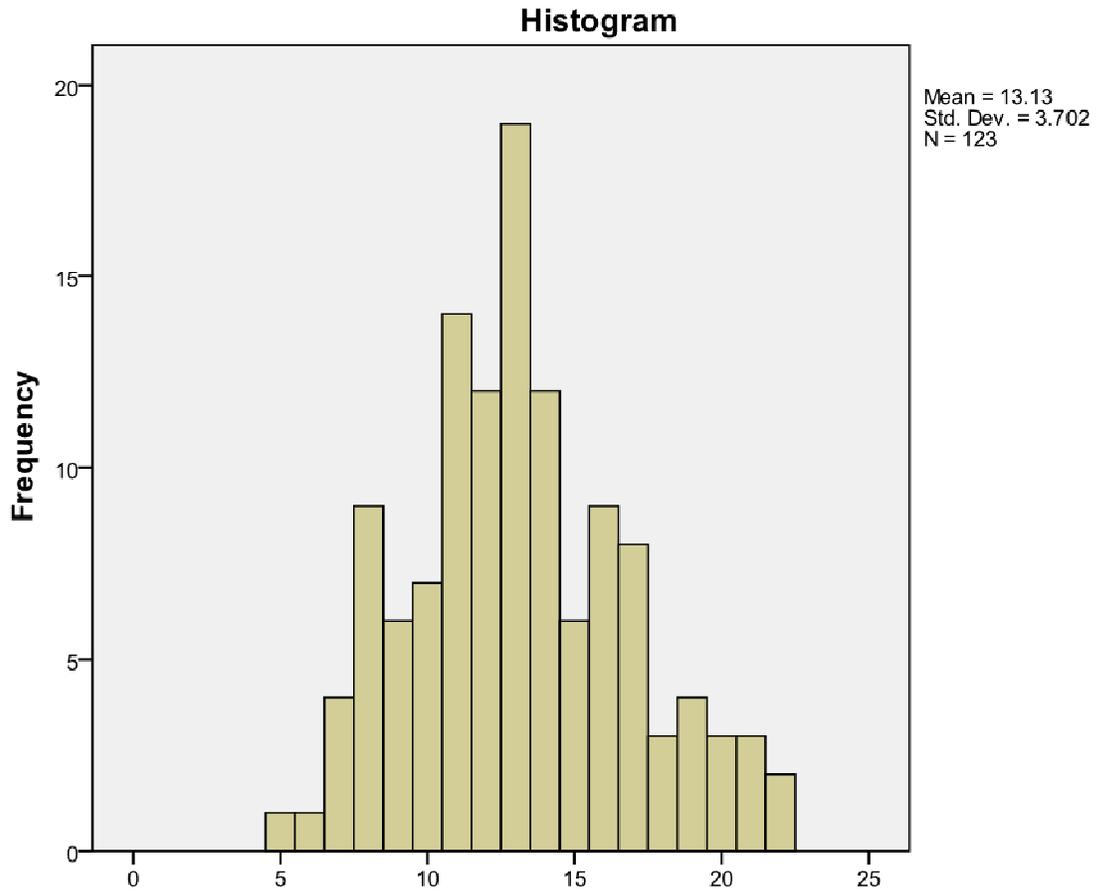
*Note:* "S.D." stands for standard deviation; "Min." stands for the minimum value; "Max." stands for the maximum value; "Skew." stands for skewness.

Table 8

*Response Frequencies and Percentages for Items in Materialistic/Egoistic Index*

Measure and Response	Frequency	Percent
q23- How important is having nice clothes and shoes to wear?		
not at all important	2	1.6%
somewhat unimportant	22	17.9%
important	36	29.3%
somewhat important	42	34.1%
very important	21	17.1%
Total	123	100.0%
q25- How important is it for you to have money to buy expensive things?		
not at all important	13	10.6%
somewhat unimportant	49	39.8%
important	32	26.0%
somewhat important	24	19.5%
very important	4	3.3%
Missing	1	0.8%
Total	123	100.0%
q26- How important is it that others think that you are wealthy?		
not at all important	55	44.7%
somewhat unimportant	45	36.6%
important	12	9.8%
somewhat important	9	7.3%
Missing	2	1.6%
Total	123	100.0%
q27- How important is it that you make more money than your peers?		
not at all important	39	31.7%
somewhat unimportant	45	36.6%
important	19	15.4%
somewhat important	15	12.2%
very important	5	4.1%
Total	123	100.0%
q31- How important is it to you that others think that you are successful?		
not at all important	11	8.9%
somewhat unimportant	29	23.6%
important	40	32.5%
somewhat important	27	22.0%
very important	16	13.0%
Total	123	100.0%

*Note:* Absolute percentages shown



*Figure 1.* Frequency distribution of responses to measures comprising the Materialistic/Egoistic index.

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The index *General Ethical Business Standards* was composed of the largest grouping of measures from the survey instrument; 15 Likert scaled questions (1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree) in total creating an additive index. The measures composing this index were indicators of the respondents' perceptions of general ethical business principles which should guide business persons' conduct throughout the course of their working lives. Each of the measures has been used in previous research (Cole & Smith, 1996; Dawson, 1997; Froelich & Kottke, 1991; Lawson, 2004) and have all been shown to be reliable. The measures composing this index as well as the response frequencies and related percentages for this index can be found in Table 9.

A low overall score on this index indicated that the respondent identified less with ethical business standards, and responses are most close aligned with issues related to social control and social learning within the business environment. In computing the index, many of the measures had to be reverse coded so that an appropriate scale could be created. The studies which have previously used these measures give support to their face validity. The index, as expected, is composed of measures that capture issues related to ethical standards or practices within the workplace. Therefore from a content perspective, the measures creating this index are all appropriate. The distribution of this index was quite normal, as displayed in Figure 2. When checked for reliability, this index had a Cronbach's  $\alpha$  of .89.

The index *Risk/Impulsiveness* represents respondents' level of comfort with risky or impulsive behavior, and is comprised of two questions: "I like to test my limits by doing something risky every now and then," and "I enjoy taking risks sometimes, just for the fun of it" which created an additive index. Respondents indicated their level of agreement to the included

Table 9

*Response Frequencies and Related Percentages for General Ethical Business Standards*

Measure and Response	Frequency	Percent
q36- It is more important to act ethically in business than to make a profit.		
disagree	16	13.0%
agree	74	60.2%
strongly agree	32	26.0%
Missing	1	0.8%
q38- In order to get ahead in your career, you will have to compromise (Reverse Coded)		
strongly agree	3	2.4%
agree	27	22.0%
disagree	63	51.2%
strongly disagree	28	22.8%
Missing	2	1.6%
q41- It is sometimes necessary for a company to engage in shady practices (Reverse Coded)		
agree	26	21.1%
disagree	64	52.0%
strongly disagree	33	26.8%
q42- If no one is injured/killed, then a corporation cannot be labeled criminal (Reverse Coded)		
strongly agree	1	0.8%
agree	5	4.1%
disagree	55	44.7%
strongly disagree	62	50.4%
q43- It is OK to keep significant information from a competitor (Reverse Coded)		
strongly agree	5	4.1%
agree	16	13.0%
disagree	64	52.0%
strongly disagree	37	30.1%
Missing	1	0.8%

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Table 9 (cont.)

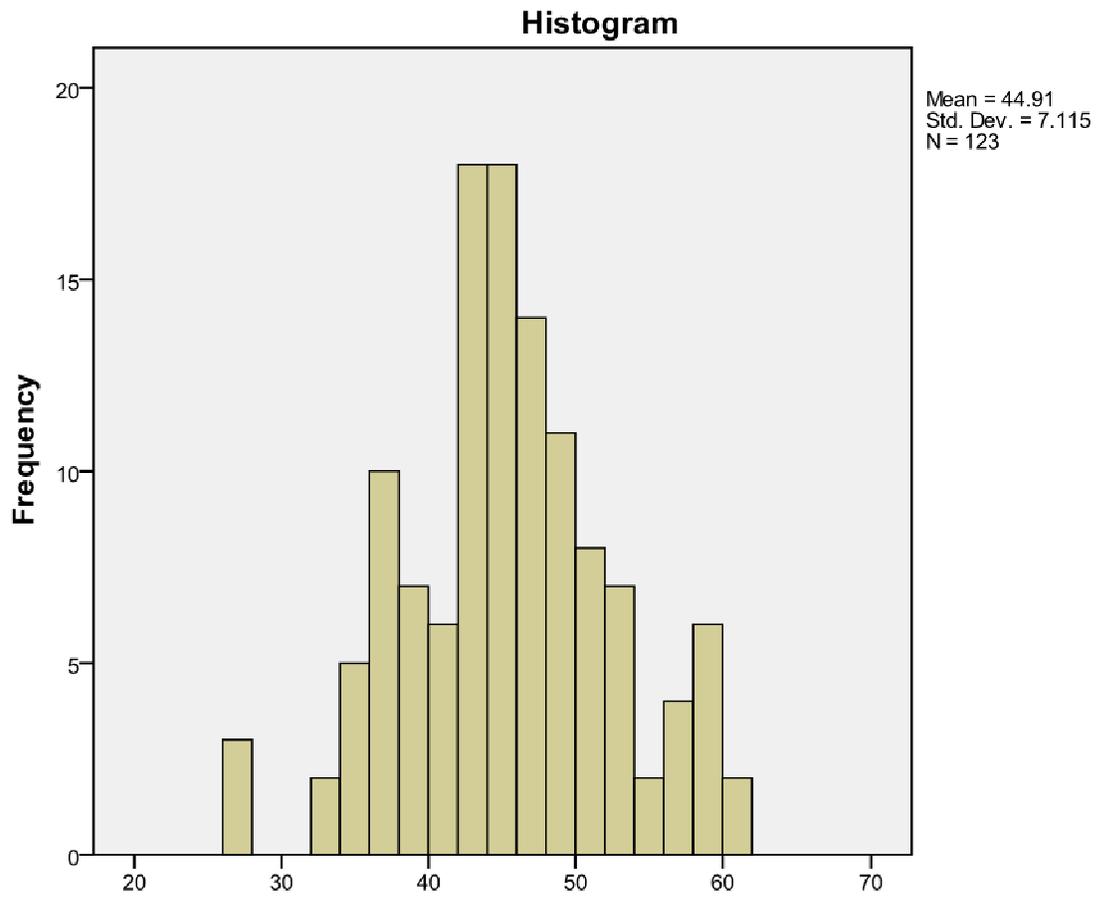
Measure and Response	Frequency	Percent
q45- It is possible to commit a corporate crime and maintain an ethical position (Reverse Coded)		
strongly agree	4	3.3%
agree	37	30.1%
disagree	52	42.3%
strongly disagree	30	24.4%
q47- An employee may need to lie to another company's representative (Reverse Coded)		
strongly agree	2	1.6%
agree	66	53.7%
disagree	42	34.1%
strongly disagree	12	9.8%
Missing	1	0.8%
q51- An employee may need to lie to a supervisor/manager (Reverse Coded)		
strongly agree	3	2.4%
agree	35	28.5%
disagree	70	56.9%
strongly disagree	15	12.2%
q53- An employee may need to lie to government officials (Reverse Coded)		
strongly agree	1	0.8%
agree	25	20.3%
disagree	57	46.3%
strongly disagree	40	32.5%
q57- OK for a supervisor to ask employee to falsify documents (Reverse Coded)		
strongly agree	1	0.8%
agree	1	0.8%
disagree	50	40.7%
strongly disagree	68	55.3%
Missing	3	2.4%

*Continued on next page*

Table 9 (cont.)

Measure and Response	Frequency	Percent
Q60- An employee should overlook wrongdoing when in company's best interest (Reverse Coded)		
agree	20	16.3%
disagree	73	59.3%
strongly disagree	26	21.1%
Missing	4	3.3%
q61- It is OK to lie on an employment application (Reverse Coded)		
strongly agree	2	1.6%
agree	10	8.1%
disagree	65	52.8%
strongly disagree	43	35.0%
Missing	3	2.4%
q68- As long as results are achieved, supervisor should not care how (Reverse Coded)		
strongly agree	1	0.8%
agree	10	8.1%
disagree	74	60.2%
strongly disagree	34	27.6%
Missing	4	3.3%
q70- An employee may need to lie to customer/client (Reverse Coded)		
strongly agree	4	3.3%
agree	41	33.3%
disagree	55	44.7%
strongly disagree	20	16.3%
Missing	3	2.4%

*Note:* Absolute percentages shown.



*Figure 2.* Frequency distribution of responses to measures comprising the General Ethical Business Standards index.

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measures through a Likert-type four-point response scale (1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree).

A low overall score by respondents indicated their identification with less risky/impulsive behaviors; responses to the questions comprising this measure were most likely a reflection of how often the respondent used rational cost/benefit analyses to make decisions. The two questions comprising this index clearly reflect issues of risky/impulsive behavior and as such are valid indicators to be used in the measure. The measures composing this index as well as the response frequencies and related percentages for this index can be found in Table 10, and the resulting distribution is displayed in Figure 3. When checked for reliability, this index had a Cronbach's  $\alpha$  of .88.

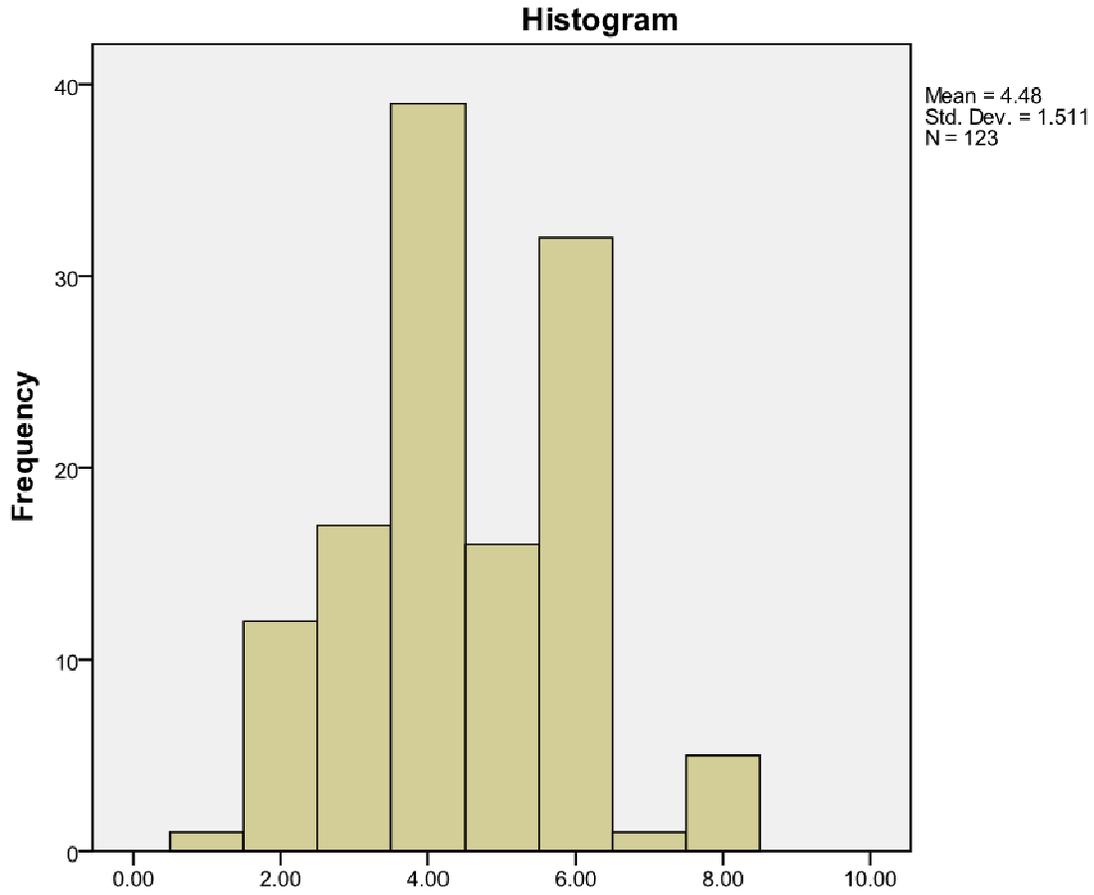
#### *Confirmatory Factor Analysis*

The chairwoman of the authors thesis committee, Dr. Jennifer Wareham, used the structural equation modeling software MPlus 5.21 to perform a Confirmatory Factor Analysis to determine what, if any, latent constructs existed for the several vignettes included in the survey instrument. This analysis produced three constructs which formed the measures: *Production of Hazardous Products*, Vignette grouping 1; *Manipulation of Corporate Records*, Vignette grouping 2; and *Financial Inducement*, Vignette grouping 3. Factor loadings for these measures can be found in Table 11. The comparative fit index (CFI) was .94; the Tucker-Lewis Index (TLI) was .94; and the Root Mean Square Error of Approximation (RMSEA) was .11. A test of goodness-of-fit was conducted and produced the following:  $\chi^2(34, N = 142) = 95.42, p < .00$ . Regression scores for each construct were saved to be used in the latter analysis of the survey data. Table 12 shows the descriptive statistics for each index created through this process.

Table 10  
*Measures Composing the Index Risk/Impulsiveness*

Measures and Response	Frequency	Percent
q46- I like to test my limits by doing something risky every now and then.		
strongly disagree	18	14.6%
disagree	54	43.9%
agree	42	34.1%
strongly agree	7	5.7%
Missing	2	1.6%
q58- I enjoy taking risks sometimes, just for the fun of it.		
strongly disagree	23	18.7%
disagree	48	39.0%
agree	44	35.8%
strongly agree	5	4.1%
Missing	3	2.4%

*Note:* Absolute percentages shown.



*Figure 3.* Frequency distribution of responses to measures comprising the Risk/Impulse index.

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Table 11  
*Factor Loadings for Vignette Groupings*

Index	Loadings
Production of Hazardous Products	
Ethicality of producing hazardous product	0.81
Ethicality of producing hazardous product if no one is hurt	0.76
Ethicality of producing hazardous product if 1% of users are hurt	0.94
Ethicality of producing hazardous product if 10% of users are hurt	0.89
Ethicality of producing hazardous product if anyone is hurt	0.65
Ethicality of managements actions	0.66
Eigenvalue =	3.77
Variance =	0.63
Manipulation of Corporate Records	
Ethicality of recording a sale early	0.79
Ethicality of recording sale early to help a sales person	0.73
Ethicality of recording sale early to prevent termination	0.79
Ethicality of misrepresenting corporate financial information	0.74
Ethicality of misrepresenting financials only quarterly	0.93
Ethicality of misrepresenting financials because of industry practice	0.91
Eigenvalue =	4.01
Variance =	0.67
Financial Inducement	
Ethicality of accepting expensive gift from client	0.76
Ethicality of accepting gift from client and inflating report	0.65
Ethicality of denying legitimate rebate claims	0.83
Ethicality of denying rebates of \$1 each	0.82
Ethicality of denying rebates and saving 150 jobs	0.81
Ethicality of denying rebates because less costly to settle lawsuits	0.86
Eigenvalue =	3.76
Variance =	0.63

Table 12  
*Descriptive Statistics for Vignette Indices*

Index	Mean	Median	S.D.	Min.	Max.	Skew.	Kurtosis
Production of Hazardous Products	0.04	0.03	0.69	-0.88	1.83	0.35	-0.71
Manipulation of Corporate Records	0.05	0.11	0.74	-0.98	1.65	0.22	-1.12
Financial Inducement	0.03	0.02	0.64	-0.88	1.49	0.17	-0.98

*Note:* "S.D." stands for standard deviation; "Min." stands for the minimum value; "Max." stands for the maximum value; "Skew." stands for skewness.

As shown in Table 13, the measure, *Production of Hazardous Products – Vignette Grouping 1*, captured respondents' level of ethical acceptance of the production of potentially hazardous products by a corporation. The original vignette was modified (see Table 13) by asking respondents to consider additional information that changed the hazardous nature of the original scenario. For the original vignette and multiple modifications to this vignette, the respondent was asked to think about the ethical nature of the situation when the outcome was known. Responses were coded from 4 to 1, where 4 = Ethical, 3 = Somewhat Ethical, 2 = Somewhat Unethical, and 1 = Unethical. A lower score indicated that respondents identified the situations overall as being less ethical and that, therefore, the respondent carried higher ethical concerns. This vignette grouping required respondents to make rational choices about what would be acceptable behavior based upon the information presented to them in the vignette.

The original vignette was adapted from previous research, with the sub-vignettes being created for this study. The response frequencies and related percentages can be found in Table 14. As the original vignette has been used in previous research, it has been verified for its face and content validity. The several sub-vignettes that modified the original vignette maintain the premise of the original and as such should share the same validity. The resulting distribution is displayed in Figure 4, and when checked for reliability this index had a Cronbach's  $\alpha$  of .81. The distribution displayed a bit of peakedness (.71) yet it was not enough to be of concern with regard to using the measure in data analysis.

The measure, *Manipulation of Corporate Records – Vignette Grouping 2*, captured two vignettes related to some type of manipulation of financial data in a corporate setting. As shown in Table 15, respondents were placed in the position of having the ability to change certain corporate documents to benefit themselves, a subordinate, their superiors, and/or the company.

Table 13

*Measures Comprising the Production of Hazardous Products Index*

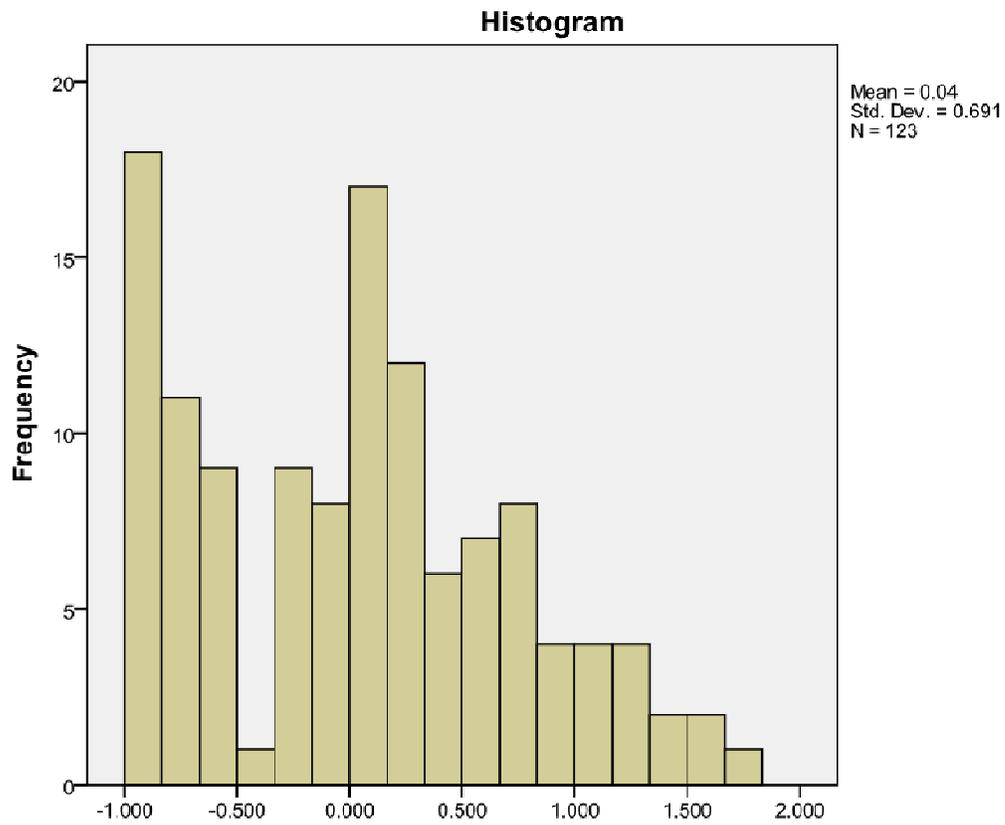
	Measure	Adapted From
Q72	A product engineer discovers that because of cost reductions by his company, the materials used to build the product he is designing will present a potential hazard to the product's users. He mentions the flaws to his manager who suggest that there is no danger posed by the material or the product. The engineer decides to keep quiet and make no more complaints.	Wood, Longenecker, McKinney and Moore (1988)
a.	How ethical is this situation?	
b.	The product does not injure anyone, and performs as intended.	
c.	The product injures 1% of those who use it.	
d.	The product injures 10% of those who use it.	
f.	If injuries occur, how ethical were the engineers' actions?	
g.	If injuries occur, how ethical were managements' actions?	

Table 14

*Response Frequencies and Related Percentages for Production of Hazardous Products*

Measure and Response	Frequency	Percent
q72a- As given, how ethical is this situation?		
unethical	67	54.5%
somewhat unethical	45	36.6%
somewhat ethical	5	4.1%
ethical	2	1.6%
Missing	4	3.3%
q72b- If the product does not injure anyone, and performs as intended, how ethical is this situation?		
unethical	45	36.6%
somewhat unethical	44	35.8%
somewhat ethical	21	17.1%
ethical	12	9.8%
Missing	1	8.0%
q72c- If the product injures 1% of those who use it, how ethical is this situation?		
unethical	86	69.9%
somewhat unethical	24	19.5%
somewhat ethical	11	8.9%
ethical	1	0.8%
Missing	1	80.0%
q72d- If the product injures 10% of those who use it, how ethical is this situation?		
unethical	97	78.9%
somewhat unethical	20	16.3%
somewhat ethical	5	4.1%
Missing	1	0.8%
q72f- If injuries occur, how ethical were the engineers' actions?		
unethical	88	71.5%
somewhat unethical	23	18.7%
somewhat ethical	9	7.3%
ethical	2	1.6%
Missing	1	0.8%
q72g- If injuries occur, how ethical were managements' actions?		
unethical	115	93.5%
somewhat unethical	4	3.3%
somewhat ethical	2	1.6%
Missing	2	1.6%

*Note:* Absolute percentages shown.



*Figure 4.* Frequency distribution of responses to measures comprising the Production of Hazardous Products index.

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These vignettes were also modified by several subsequent questions designed to slightly modify the conditions surrounding the original situation. Respondents were asked to code their responses from 4 to 1, where 4 = Ethical, 3 = Somewhat Ethical, 2 = Somewhat Unethical, and 1 = Unethical. A lower score indicated that respondents identified the situations as being less ethical and therefore, the respondent would exhibit higher ethical concerns.

The vignettes brought elements of strain into the situations that were presented to the respondents. The situations called for decisions to be made where pressure existed to take an unethical path that would have appeared to be the “easy way” to address the situation. One of the vignettes in this index was created for this study; the other was adapted from a previous study (see Table 15). As before, the sub-vignettes that modified the vignette which has been previously tested should be considered valid as they are modifications of the originally validated measure. The vignette which has not been previously tested would also meet standards of face and content validity. As the previously untested vignette is a measure designed to capture respondents’ identification with improper record keeping, it clearly falls within commonly accepted notions of unethical actions related to corporate records. The responses frequencies and percentages for this index are shown in Table 16. When checked for reliability, this index had a Cronbach’s  $\alpha$  of .85. The resulting distribution is displayed in Figure 5.

The measure *Financial Inducement – Vignette Grouping 3*, also captured two of the situational vignettes, and focused on some type of financial transaction designed to influence a person or a group of persons. In each situation, the respondent was the decision maker regarding the final acceptance or denial of the inducement. As before, vignettes were modified by several questions designed to slightly modify the conditions surrounding the original situation.

Table 15

*Measures Composing Index Manipulation of Corporate Records*

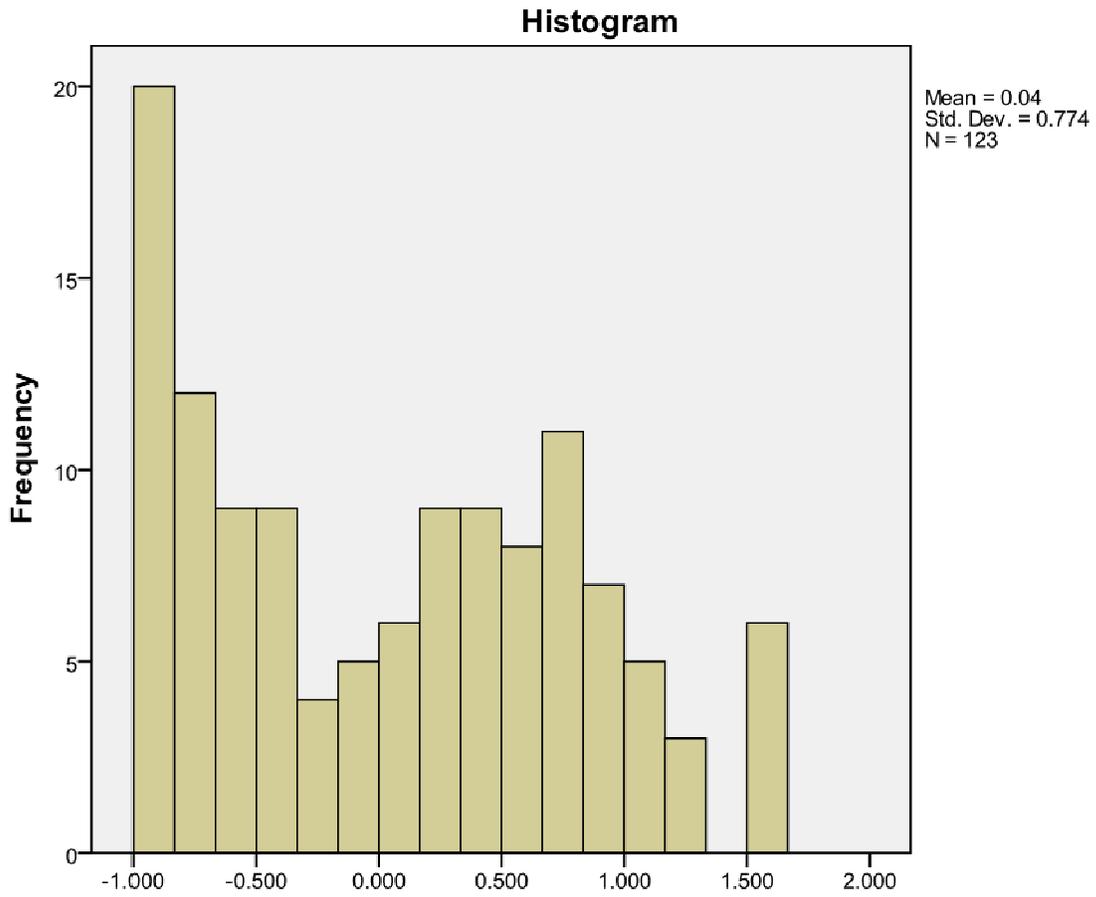
	Measure	Adapted From
Q73.	Due to the poor economy, a company's sales organization is \$10,000 short of reaching its quarterly goal. The sales manager chooses to record a sale of \$12,000 in this quarter that would not officially be closed until the following quarter.	Original to study
a.	As given, how ethical is this situation?	
b.	In recording this sale, her department reaches its goal, and one of her sales representatives is rewarded with a large bonus. How ethical is this situation?	
c.	If the sales manager records the sale because she knows that her sales representative will be fired if he does not reach his goal, how ethical is this situation?	
Q74.	A young executive has been placed under the mentorship of a senior company executive. The senior executive shares business practices used by the company which are meant to misrepresent the company's financial statements by making them appear better than what they truly are. The young executive is informed that the practices are normal procedure for the company, and that he will be expected to follow them as well.	Weeks, Longenecker, McKinney and Moore (2005)
a.	How ethical is this situation?	
b.	This practice is only done for the quarterly statements, the year-end statements are completed properly.	
c.	This practice is common among the company's competitors.	

Table 16

*Response Frequencies and Related Percentage for Manipulation of Corporate Records Index*

Measures and Response	Frequency	Percent
q73a- As given, how ethical is this situation?		
unethical	68	55.3%
somewhat unethical	42	34.1%
somewhat ethical	7	5.7%
ethical	2	1.6%
Missing	4	3.3%
q73b- In recording this sale, her department reaches its goal, a sales representative is receives a large bonus. How ethical is this situation?		
unethical	83	67.5%
somewhat unethical	32	26.0%
somewhat ethical	6	4.9%
ethical	1	0.8%
Missing	1	0.8%
q73c- If the sales manager records the sale because a sales representative will be fired if he does not reach his goal, how ethical is this situation?		
unethical	65	52.8%
somewhat unethical	39	31.7%
somewhat ethical	16	13.0%
ethical	2	16.0%
Missing	1	0.8%
q74a- As given, how ethical is this situation?		
unethical	80	65.0%
somewhat unethical	29	23.6%
somewhat ethical	4	3.3%
ethical	1	0.8%
Missing	9	7.3%
q74b- If this practice is only done for the quarterly statements, but the year-end statements are completed properly, how ethical is this situation?		
unethical	70	56.9%
somewhat unethical	32	26.0%
somewhat ethical	13	10.6%
ethical	2	1.6%
Missing	6	4.9%
q74c- If this practice is common among the company's competitors, how ethical is this situation?		
unethical	73	59.3%
somewhat unethical	28	22.8%
somewhat ethical	13	10.6%
ethical	3	2.4%
Missing	6	4.9%

*Note:* Absolute percentages shown.



*Figure 5.* Frequency distribution of responses to measures comprising the Manipulation of Corporate Records index.

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Respondents were asked to code their responses from 4 to 1, where 4 = Ethical, 3 = Somewhat Ethical, 2 = Somewhat Unethical, and 1 = Unethical. A lower score indicated that respondents identified the situations as being less ethical, and therefore, they would exhibit higher ethical concerns.

The vignettes comprising this measure were created for the purpose of this study; measures, response frequencies and related percentages are displayed in Table 17. Despite the fact that these vignettes have not been previously tested, on their face they capture ideas relative to the impact that financial considerations can have on decision-making. Additionally, these vignettes capture similar themes and sensibly work together to identify one's propensity to be unduly influenced to follow unethical paths as a result of financial issues.

When checked for reliability, this index had a Cronbach's  $\alpha$  of .82; the distribution of responses is displayed in Figure 6. Table 18 displays the mean scores and standard deviations of the measures as obtained from the pre-course sample of respondents, while Table 19 displays the post-course scores.

### *Analysis Strategy*

To test the several research questions, tests for differences in means were conducted on the sub-groupings of respondents. Two-tailed Student t-tests comparing males to females, business students to non-business students, and pre- and post-course business student responses, were conducted examining differences across the several indices. Additionally, two-tailed Student t-tests were conducted to determine if any differences existed between the students from each university. A two-tailed test was used throughout the analysis when the Student t-test was conducted to determine if any changes occurred between several samples being examined.

Table 17

*Response Frequencies and Related Percentage for Financial Inducement Index*

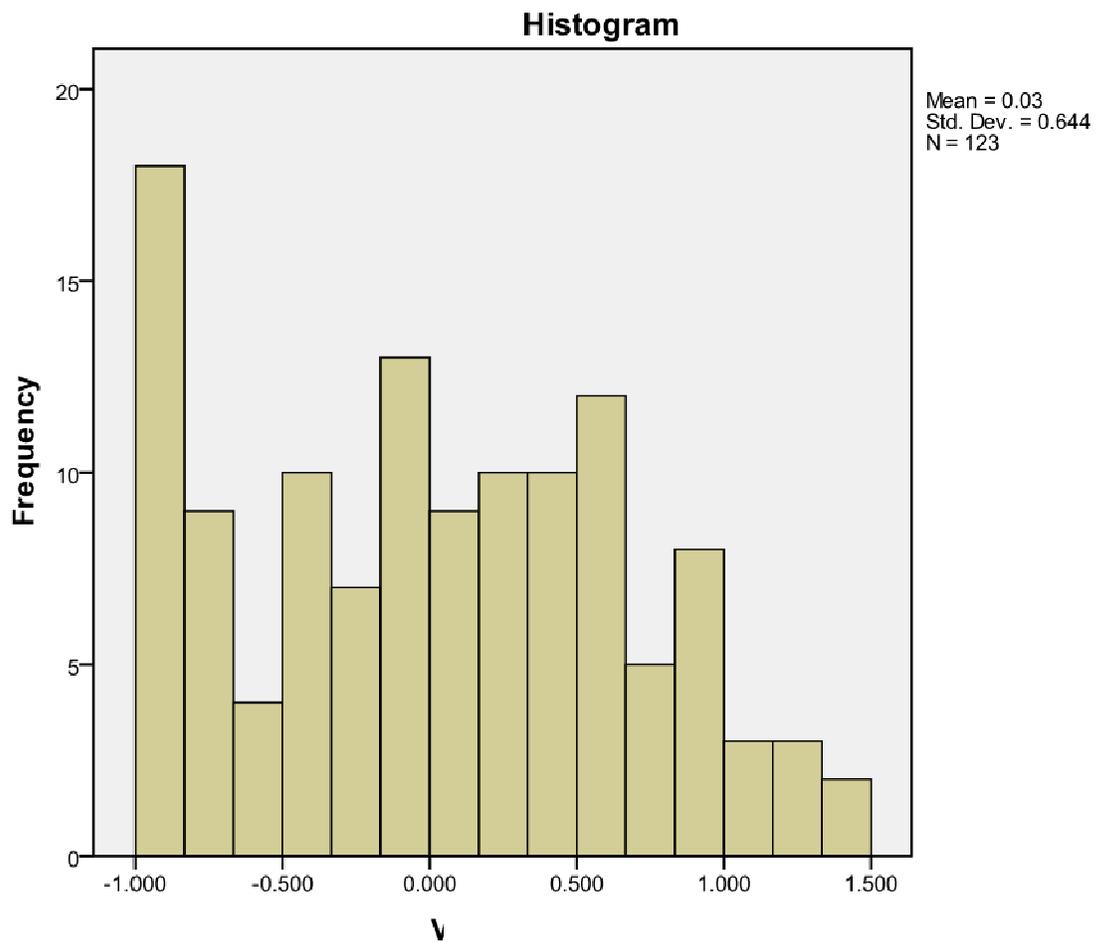
Measure and Response	Frequency	Percent
q75a- As given, how ethical is this situation?		
unethical	59	48.0%
somewhat unethical	35	28.5%
somewhat ethical	17	13.8%
ethical	4	3.3%
Missing	8	6.5%
Total	123	100.0%
q75c- Accountant submits true reporting of financial statements and accepting the gift, how ethical is this situation?		
unethical	48	39.0%
somewhat unethical	24	19.5%
somewhat ethical	23	18.7%
ethical	23	18.7%
Missing	5	4.1%
Total	123	100.0%
q76a- As given, how ethical is this situation?		
unethical	80	65.0%
somewhat unethical	20	16.3%
somewhat ethical	12	9.8%
ethical	2	1.6%
Missing	9	7.3%
Total	123	100.0%
q76b- Customers would have received \$1 each, how ethical is this situation?		
unethical	67	54.5%
somewhat unethical	27	22.0%
somewhat ethical	19	15.4%
ethical	4	3.3%
Missing	6	4.9%
Total	123	100.0%

*Continued on next page*

Table 17 (cont.)

Measure and Response	Frequency	Percent
q76c- If by not processing the rebates, the company was able to save 150 jobs, how ethical is this situation?		
unethical	62	50.4%
somewhat unethical	24	19.5%
somewhat ethical	28	22.8%
ethical	3	2.4%
Missing	6	4.9%
Total	123	100.0%
q76d- Would cost the company more money to honor the rebates, than to settle lawsuits, how ethical is this situation?		
unethical	73	59.3%
somewhat unethical	20	16.3%
somewhat ethical	19	15.4%
ethical	5	4.1%
Missing	6	4.9%
Total	123	100.0%

*Note:* Absolute percentages shown.



*Figure 6.* Frequency distribution of responses to measures comprising the Financial Inducement index.

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Table 18  
*Pre-Course Sample Means and Standard Deviations*

	Female (n = 64)		Male (n = 59)		Business (n = 65)		Non-Business (n = 58)	
	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>
Gen. Business Ethics	45.77	6.737	45.09	7.264	45.8	7.312	45.25	6.689
Material/Egoistic	13.12	4.064	13.82	3.786	13.94	3.967	12.86	3.882
Risk/Impulsiveness	4.333	1.545	4.787	1.741	4.485	1.758	4.565	1.538
Hazardous Product Manipulation of Records	0.033	0.709	0.046	0.671	0.012	0.697	0.08	0.687
Financial Inducement	0.001	0.608	0.115	0.656	-0.053	0.625	0.16	0.631
	0.021	0.601	0.038	0.669	-0.057	0.636	0.111	0.603

*Note:* "S.D." stands for standard deviation.

Table 19  
*Post-Course Sample Means and Standard Deviations*

	Female (n = 75)		Male (n = 66)		Business (n = 70)		Non-Business (n = 69)	
	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>	<u>Mean</u>	<u>S.D.</u>
Gen. Business Ethics	45.81	7.757	43.93	6.51	44.75	7.728	45.09	6.422
Material/Egoistic	12.77	3.633	13.53	3.766	13.88	3.608	12.29	3.656
Risk/Impulsiveness	4.125	1.496	4.864	1.443	4.338	1.492	4.637	1.529
Hazardous Product Manipulation of Records	-0.059	0.65	0.144	0.722	-0.041	0.651	0.127	0.727
Financial Inducement	-0.049	0.771	0.147	0.769	-0.068	0.808	0.171	0.718
	-0.052	0.642	0.115	0.649	-0.097	0.649	0.169	0.614

*Note:* "S.D." stands for standard deviation.

Because this study looked to determine if any changes occurred, it was necessary to account for positive and negative deviations from the comparison sample. After conducting the several t-tests, an ordinary least squares multivariate-regression analysis was conducted to determine what variables, if any, predicted one's level of ethical business standards. Results of the analyses will be discussed in the next chapter.

## Chapter 6 - Results

*Bivariate Analysis of Measures*

The purpose of this study was to determine the impact that business ethics education would have on students' ethical perceptions in relation to business related ethical issues. Several two-tailed Student t-tests to determine difference in means were conducted to test the research questions put forth by this study. Tests were conducted examining differences between groups in the pre-course sample, differences in the post-course sample, differences between men and women in both pre- and post-course samples, and differences between business students after having completed the course.

*Male vs. female.* The first question that this study sought to answer was the role that gender played in determining respondents' level of response to ethically challenging situations. This was tested using respondents' responses to the three indices created from the situational vignettes presented in the survey instrument. Using the two-tailed Student t-test, tests were conducted using all pre-course sample students to determine if any differences existed between men and women in general. Results indicated that no significant differences existed between men and women. Both male and female respondents appeared to hold similar ideals with regard to how ethically they viewed situations related to the *Production of Hazardous Products*, *Manipulation of Corporate Records*, and *Financial Inducement*. Results of all tests for difference in mean are presented in Table 20.

Differences between male and female business students were then examined using a two-tailed Student t-test for difference in means, and again, there were no significant differences found. This indicates that there were no pre-existing differences between men and women that

Table 20  
*Pre-Course and Post-Course Vignette Grouping Tests*

Index	Male		Female		Student t-test		Levene's Test	
	Mean	S.D.	Mean	S.D.	t	df	F	sig.
Pre-Course, all								
Hazardous Product	0.05	0.67	0.03	0.71	-0.11	139	0.02	0.90
Manipulation of Records	0.12	0.66	0.00	0.61	-1.08	139	0.02	0.89
Financial Inducement	0.04	0.66	0.02	0.60	-0.16	139	1.24	0.27
Pre-Course, Business Students								
Hazardous Product	-0.04	0.64	0.07	0.75	0.67	68	0.26	0.62
Manipulation of Records <sup>a</sup>	0.05	0.71	-0.16	0.52	-1.44	64.12	4.93*	0.03
Financial Inducement <sup>a</sup>	-0.02	0.73	-0.10	0.52	-0.55	63.42	5.85*	0.02
Pre-Course, Non-Business Students								
Hazardous Product	0.19	0.68	0.00	0.69	1.10	67	0.06	0.80
Manipulation of Records	0.20	0.60	0.13	0.66	0.48	67	2.06	0.16
Financial Inducement	0.13	0.57	0.10	0.64	0.24	67	1.10	0.30
Post-Course, all								
Hazardous Product	0.14	0.72	-0.06	0.65	-1.64	121	0.63	0.43
Manipulation of Records	0.15	0.77	-0.05	0.77	-1.42	121	0.07	0.80
Financial Inducement	0.12	0.64	-0.05	0.64	-1.45	121	0.11	0.74
Post-Course, Business Students								
Hazardous Product	0.05	0.67	-0.15	0.62	-1.28	63	0.27	0.61
Manipulation of Records	0.08	0.81	-0.24	0.79	-1.63	63	0.04	0.84
Financial Inducement	0.02	0.67	-0.23	0.61	-1.58	63	0.05	0.83
Post-Course, Non-Business Students								
Hazardous Product	0.28	0.79	0.02	0.67	1.31	56	0.57	0.45
Manipulation of Records	0.24	0.72	0.12	0.73	0.64	56	0.02	0.90
Financial Inducement	0.26	0.58	0.11	0.64	0.90	56	0.81	0.37

Note: <sup>a</sup> = equal variance not assumed; \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

would need to be controlled for in subsequent analysis of the study data. The results for these t-tests within business students are also reported in Table 20.

A Levene's test for inequality of variance was conducted to determine if it could be assumed that the groups being compared had equal variances. As Mertler and Vannatta (2010) state about the Levene's test:

This statistic provides a test of the hypothesis that the samples come from populations with the same variances. If the observed significance level for Levene's test is small (i.e.,  $p < .05$ ), one should reject the null hypothesis that the variances are equal. Levene's test provides a sound means for assessing univariate homogeneity since it is not affected by violations of the normality assumption (p. 33-34)

The two-tailed Student t-test was then run on the post-course sample, utilizing the same measures as the pre-course sample. As shown in Table 20, results of tests examining all students indicated that no significant differences existed between men and women. Similarly, the post-course tests among business students indicated no significant differences between men and women.

*Business vs. non-business.* The second focus of this study looked at whether academic field, specifically business students and non-business students, would impact how one would view ethically challenging situations. This was tested using the situational vignettes that were aimed at creating ethically challenging situations for the study respondents. Results are presented in Table 21. This was first tested using the two-tailed Student t-test on the pre-course data to determine if any differences existed prior to business students' participation in a business ethics course. Results of the pre-course tests indicated that business students viewed the

vignettes comprising the measure *Manipulation of Corporate Records* as being less ethical than did non-business students ( $t = -2.01$ ;  $p = .047$ ).

Similarly, two-tailed Student t-tests were conducted to examine differences between business and non-business students in the post-course sample. Results as displayed in Table 21 indicated that business students viewed the vignettes comprising the measure *Financial Inducement* as less ethical than their non-business counterparts ( $t = -2.33$ ;  $p = .021$ ). Additionally, the post-course t-tests showed that business students still viewed the measure *Manipulation of Corporate Records* as less ethical, yet the results did not reach an acceptable level of significance. This could indicate that business students became more accepting of the acts related to this measure as they progressed through the semester.

*Pre- vs. post-course business students.* This study also focused on how business students' ethical perceptions would be impacted by having taken a course in business ethics. This was tested utilizing two-tailed Student t-test on the measure *General Ethical Business Standards* among the sample of business students only. Results are displayed in Table 22. This was first tested between the pre-course and post-course samples of business students to determine if any significant changes had occurred post-course, and no significant differences between the two groups were found in the analysis. Similar t-tests were then conducted to determine if differences existed between students when controlling for respondents' gender. Results, as presented in Table 22, indicated that no significant differences existed between the pre- and post-course samples of each respective group.

Table 21

*Business Student Vignette Groupings Tests*

	Business		Non-Business		Student t-test		Levene's Test	
	Mean	S.D.	Mean	S.D.	t	df	F	sig.
Pre-Course								
Hazardous Product	0.01	0.70	0.08	0.69	0.58	137	0.00	0.99
Manipulation of Records	-0.05	0.63	0.16	0.63	2.01*	137	0.02	0.88
Financial Inducement	-0.06	0.64	0.11	0.60	1.60	137	0.00	1.00
Post-Course								
Hazardous Product	-0.04	0.65	0.13	0.73	1.35	121	0.29	0.59
Manipulation of Records	-0.07	0.81	0.17	0.72	1.74	121	2.41	0.12
Financial Inducement	-0.10	0.65	0.17	0.61	2.33*	121	0.07	0.79

*Note:* "S.D." stands for standard deviation. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

Table 22

*T-test for Pre- and Post Course Differences in Business Students Level of General Ethical Business Students*

	Pre-course		Post-course		Student t-test		Levene's Test	
	Mean	S.D.	Mean	S.D.	t	df	F	sig.
All business Students	45.80	7.31	44.75	7.73	0.81	133	0.02	0.90
Males	44.97	7.67	42.97	6.75	1.17	69	0.75	0.39
Females	46.68	6.92	46.83	8.38	-0.08	62	1.00	0.32

*Note: \*p < .05, \*\*p < .01, \*\*\*p < .001.*

## Chapter 7 - Discussion

The purpose of this study was to examine what impact a course on business ethics would have on students' perceptions of ethically challenging situations and their level of ethical business standards. In the wake of recent corporate abuses and illegalities, it is important for researchers to understand what connection ethical perceptions have to a person's propensity to act ethically. When one's perception of ethical standards is low, there exists a greater possibility of one engaging in illegal acts (Bommer, Gratto, Gravander, & Tuttle, 1987; Trevino, 1986). If ethics education in business school can raise a person's level of ethical perception, then it is possible that such an education will result in a positive impact upon future business conduct.

This study examined three research questions that are essential to understanding the impact of ethics education on business students. These questions were whether gender, status as a business student, or participation in a business ethics course would have an impact on one's perception of ethically challenging business situations. The statistical analyses did not find any significant differences between the samples tested, and therefore found no support to suggest that gender or participation in business ethics courses had an impact on ethical perceptions.

The findings from the several tests for differences in means indicated that gender was not significant to the issue of ethical perception. This finding has support in the literature (Brady & Wheeler, 1996; Callan, 1992; Serwinek, 1992), yet it is contradicted by the majority of the literature that has examined differences in ethical perception between men and women (Betz, O'Connell, & Shepard, 1989; Luthar & Karri, 2005; Robin & Babin, 1997; Ruegger & King, 1992; Whipple & Swords, 1992; Yu & Zhang, 2006). What previous studies have not done is to ask why women have been found to be more ethical than men.

While it is true that men occupy the majority of positions within business, particularly those positions that would most accommodate the concealment of unethical activity; women are increasingly gaining these positions. If women were indeed more ethical than men, then this transition would lead to a corresponding reduction in unethical business activity. The problem with advancing this perspective is that it ignores the possibility of other factors to motivate a person to engage in unethical business conduct. Independent of gender, factors within business situations will lead people, men and women, to engage in illegal and unethical behavior. These factors should impact men and women at an equal rate.

Consideration needs to be given to the idea that gender plays no role in the ability of a person to make ethical decisions. As women pass through very similar academic and socialization settings as men, it can be assumed that the level of exposure to opportunities to develop ethical decision-making skills will be the same for both genders. Daly and Chesney-Lind (1988) suggest that researchers “need not engage in surmise or guesswork about women’s experiences” p. 505. The effect of the gender-based power gap (Daly & Chesney-Lind, 1988; Hagan, Gillis, & Simpson 1985) on perceptions of who engages in crime causes some researchers to assume that, incorrectly, men will be more predisposed to pick up illicit business practices.

Examination of the data relevant to the second research question found partial support with regard to two of the indices created in this study. Specifically, pre-course business students’ viewed instances related to *Manipulation of Corporate Records* as less ethical than non-business students; and post-course business students’ viewed instances of *Financial Inducement* as less ethical than non-business students. Both business and non-business students’ responses were more ethical in the post-course survey than the pre-course survey, yet with regard

to the index *Financial Inducement*, business students displayed a significantly stronger ethical orientation. This could reflect the fact that high-profile corporate crimes such as the Bernard Madoff scandal were heavily covered in the media at the time the post-course survey was being conducted.

Both pre- and post-course tests indicated that business students' views of the situations were more ethical than were non-business students. This finding could possibly be related to the fact that business students were more attentive to the potential ramifications of their ethical choices. It is also possible that business students have become more aware of the importance of ethical conduct in the business world. One would hope that a business student would be more cognizant of ethical business issues than a non-business student, simply based upon their exposure to business situations throughout the course of their education.

The recent scandals that have plagued American corporations, such as Enron, WorldCom, and Adelphia, cannot have escaped the attention of the business students (Rakovski & Levy, 2007). With the growth in media coverage of these instances of corporate illegalities, students cannot help but to take notice of what is happening in the world of business (Beltramini, Peterson, & Kozmetski, 1984; Rakovski & Levy, 2007). It is very possible that despite the fact that all students may have been equally exposed to these stories of unethical business conduct, business students were much more sensitive to the issues. Whether they could identify with the behavior or scorned the situations and individuals involved, business students may have internalized the circumstances surrounding recent events of corporate malfeasance more so than their non-business student counterparts.

As this study was being conducted, and in the period prior to the study, several high profile white-collar crimes (i.e., Bernard Madoff and David Mark) brought large amounts of

attention to the issue of ethics within business. While the focus of consternation and blame has rested on the individuals because of their illegal actions, issues of corporate-wide ethics persist. As with scandals of the past, with the uncovering of recent corporate malfeasance, a renewed attack on the apparent entitlement to greed has begun (Beaver, 2002; Mark, 2002). The news media's coverage of these events and their popular notoriety may not have been lost on this study's sample.

If in fact the students in this sample have all taken note of these issues, it must be concluded that these highly publicized events have had some impact on their perception of unethical corporate behavior. This impact was not measured by the current study, yet it should be examined by future studies. It is possible that an increased attention to these issues could have affected students' responses in such a way that the students in this study's sample responded with a bias toward social desirability. Their answers may not truly reflect how they would view the situations had they been placed in the position of decision maker, but rather they would reflect the general public disdain for questionable business practices. If this is the case, then it should not be surprising to find that business students and non-business students have similar levels of distaste for ethically questionable business practices.

If business students were impacted by the string of recent corporate illegalities to a greater extent than non-business students then it is possible that their answers to some of the questions may be favoring a more conservative position. Identifying with unethical/illegal behavior in today's business climate could potentially leave a person open to condemnation and unwanted attention. By choosing to identify with higher ethical standards across the board, business students may in fact be showing their distaste for recent corporate misdeeds. In doing

so, their true ethical perceptions may have been hidden and un-captured by the measures in this study.

In a similar manner, the outcome of students participating in a course on business ethics may be that the students' perceptions of ethically questionable business activities is heightened and as a result the students become overly sensitive to potentially unethical situations. In this case, as with the situation related to the current corporate illegalities, students may be overcompensating for their actual perceptions so as not to appear unethical. This overcompensation will mask their true perceptions of these situations and will make it difficult to determine the true merit of courses on business ethics. Future studies should examine the potential for media coverage of business scandals to impact students' responses to questions surrounding ethical business situations.

Allowing students to identify their level of familiarity with, and level of disdain for current business scandals will help to measure the scandals impact. Additionally, it may provide researchers a way to weight responses to ethically challenging scenarios in an effort to obtain a result that is closer to the actual response. Such a study would need to be carefully developed so that the questions relating to media coverage are timely, relevant and properly address the situations presented in the study.

The findings of this study also indicate that business students were more sensitive to the need to maintain proper record keeping activities than non-business students. This sensitivity could be the result of the education that business students received during business school, and their resulting understanding of what was appropriate and in-appropriate. Business schools create environments where all students are brought to a basic understanding of what is necessary for a business to operate. Additionally, interactions with peers and mentors can create

environments where social encounters evolve into quasi-teaching moments for students. If business students are reflecting this sensitivity to the maintenance of established business practices, then it is possible that the formal academic environment is mixing with elements of social learning with mentors and social control from peers to impact students' actions.

The fact that there was not more variation in the responses to the situational vignettes is quite understandable given the way that the questions were formatted. The situational vignettes that students were presented with made it clear that the acts to be engaged in were either unethical and/or illegal. The wording of the situational vignettes placed the student in the position to determine if an act was ethical or unethical, while leading them toward the idea that there may be something wrong about the situation. It is possible that by presenting students with a situation and asking them to determine if it is ethical or unethical, the students began to find something to fault; erring on the side of caution.

The fact that most respondents identified the situations as potentially unethical may have led them to disregard their innate perceptions and to identify with more ethical behavior. As stated above, recent corporate illegalities could also have led students to be more critical of these situations than they might have been had these illegalities not been uncovered. Future studies should experiment with presenting students with perfectly legal and ethical situations alongside illegal and unethical situations. This may help to determine if respondents are actually considering the ethicality of the situations, as opposed to potentially determining how unethical a situation may be.

It is also possible, that regardless of a person's views of the appropriateness of manipulating corporate data, for example, the situational vignettes presented instances that went beyond the scope of acceptable action. From a positive perspective, this could imply that when

in the business world, individuals hold perceptions that are less than hoped for, yet when forced to make a choice, they can be counted on to do what is most ethical. Yet as stated before, respondents' actual identification with the situations as either ethical or unethical may have been masked by various factors. Future research should focus on refining measures designed to capture a persons' level of concern for materialism/egoism, and then determining if there is a connection between that concern and ethical business behavior.

### *Limitations*

As with all research, there were issues with this study that prevent generalizability. The main factor preventing this study from being generalizable to all business students is the lack of a randomly selected sample as this study relied upon a convenience sample. Students were given the option of whether or not they would participate in the study, yet they were not randomly selected for participation. Additionally, as mentioned previously, the courses sampled were not randomly selected for inclusion in the study. The lack of randomness prevents this study's findings from being generalizable to the larger business student population.

Students were fully aware of what the ultimate aims of the study were. This could potentially have biased the results because, as mentioned earlier, students may have simply given the answers that they felt were most acceptable and desirable. Additionally, the wording of the survey questions may have influenced the respondents' answers by leading them the answer in ways that they felt were the most socially desirable. Because the vignettes were worded in a manner that made it clear what the ethical and unethical paths were, respondents may have answered more ethically simply because they wanted to present themselves as being ethical individuals. Despite the fact that the survey instrument was completely anonymous, a feature

that eliminates the possibility of comparing pre- and post-course surveys among individuals, it is still very possible that respondents wished to answer in ways that appeared to be “right.”

The size of the sample greatly restricted the types of statistical tests which could be conducted in the analysis of the data. Not having the ability to run tests which would help to identify which variables might be predictive of unethical actions restricts the ability of this study to make proper policy recommendations. Having such a small sample size also means that results are not generalizable, a point mentioned earlier. The small sample size means that the possibility exists that those students who completed the survey were not representative of all business students.

Even if the sample size had been larger, the survey instrument used in this study had not been previously tested. Although certain questions have been used in prior research, they have not all been used together in a single instrument, nor have the measures used to create the several indices been previously grouped together. A larger sample size may have allowed this study to be used as a pilot study, or a test of the instrument and the indices that were created. Additionally, using an instrument that has been previously tested would allow for the results of this study to be compared with the results of previous studies.

The vignettes and several of the survey questions, as mentioned previously, were worded in such a way that the respondents had a choice to identify positively or negatively with a clearly unethical/illegal act. This clear choice possibly created a dichotomy in the minds of the respondents who may have seen the situations and questions as simply being a choice between right and wrong. If this was the case, then the respondents' answers may not have been a true indication of their ethical perceptions and decision-making, but rather a reflection of their desire to be seen as doing what is “right” in the eyes of others.

The fact that the respondents were students, as opposed to full-time business people may have also impacted the results of this study. Many times in business, individuals are left to make key decisions on their own, relying on their own experiences and skills and without the guidance and input of others. In these situations, there are no third parties helping to establish ethical/legal boundaries or asking questions in the decision-making process. As a result, the “right” answers may not always be as clearly defined as they have been presented here. So by attempting to recreate situations where students would be placed in the position of the main decision-maker, they may also have been presented with the socially appropriate answer choices.

Respondents may also have been biased by the fact that this study was conducted as a study on crime. As such, students may have been overly sensitive to appear as far from potentially criminal acts as possible. Additionally, they may have perceived the study as an attempt to uncover their criminal predispositions. The fact that the PI is a student in criminal justice, and the fact that the study was conducted under the department of criminal justice could not be hidden from the respondents. The survey instrument made it very clear that it was the department of criminal justice, not the business school that was conducting the study. This fact could have lead respondents to answer differently than they would have had the study been conducted by another department not linked to crime and justice.

Because of the recent illegal corporate practices that prompted criminal justice to focus more directly on corporate misconduct, business students have become more aware of the fact that businesses actions are being scrutinized. The fact that the study was conducted by the department of criminal justice may have led respondents to answer in such a way as to not identify themselves with potentially illegal acts. Additionally, respondents may have answered as they thought the PI would have wanted them to answer, so as to appear to be law abiding

business people. Either of these justifications would create an issue where the results of this study failed to capture the true perceptions of participating students, and rather captured the behaviors they felt were most appropriate in the given situations.

Great care was taken in the creation of survey questions to ensure that respondents would not feel as if the study was an attack on business. Yet, it is not known if study respondents answered in certain ways because they suspected that negative answers would cast a negative light on businesses in general. If study participants felt this way, then it is also possible that they felt that answering in socially desirable ways would prevent the researcher from making certain inferences. Specifically, that the issues related to unethical business practices are one's that begin with business students and are inherent to all forms of business.

Non-business students were sampled from the same department in which the PI is a student, and therefore, non-business respondents may have felt that identifying with positive ethical perceptions and decision-making was the "right" thing to do. It is difficult to gauge to what extent respondents answers were affected by the emphasis placed upon criminal justice. However, future studies should look at how students' perceptions may differ based upon the study's mention of crime, criminal justice, and association with a department of criminal justice.

The final potential limitation of this study was the length of the survey instrument itself. In total, the instrument was 11 pages long (a copy of the survey can be found in Appendix A) and students spent between 30 and 45 minutes to complete the questions. This length, combined with the writing intensive nature of the study, may have led to fatigue on the part of respondents who may have chosen to leave portions of the survey unanswered, or to simply select answers in non-random patterns in an attempt to "complete" the instrument.

In either case, it is difficult to say that the attitudes and perceptions of respondents who succumbed to survey fatigue were properly represented in the analysis of the data. Since only four of the surveys were removed from analysis because of large amounts of missing data (two from the pre-course sample and two from the post-course sample), it is possible that respondents experiencing fatigue chose to complete the instrument by simply answering the questions in the quickest manner possible. If fatigue played a significant part in non-response, the findings that several of the later questions on the instrument had significant amounts of missing data should not be surprising.

#### *Future Research*

There is much that can be done to further research on the study of the impact of business ethics education. The most important thing that future studies can do is to focus on obtaining a sample of business students that is representative of the total population of business students. Determining what the total population of business students for a given year may be a tedious and daunting task, yet it is one that can be accomplished. Through the use of publicly available data from universities and accrediting bodies, target demographics for a representative sample can be obtained. Using these demographics, researchers can begin to develop instruments that will allow the results of future studies to be generalizable to the entire business student population.

To better determine how students actually view ethically challenging situations, future studies should incorporate vignettes that present legal and ethical situations. These vignettes should appear alongside vignettes that present unethical and illegal situations to determine if students are actually considering the impact of each situation. It is possible that students may get into the mode of determine how unethical situations are as opposed to trying to determine if they

are either ethical or unethical. Mixing perfectly ethical situations together with unethical situations should help to determine if students are actually examining the situations in depth.

It may also benefit future studies to examine the potential for the news media to impact students' perceptions of illicit corporate behavior. When media coverage is high, there is the potential for students to become more sensitive to unethical/illegal behavior and to respond according to the increased sensitivity. By responding in this heightened manner, students may not be sharing their actual perceptions of the ethically challenging situations. Finally, criminological theory should be further incorporated into the study of business student ethics. If criminal justice is going to take the issue of white-collar crime seriously, then attention needs to be given to creating measures that test criminological theory within a business context.

## Chapter 8 – Conclusion

This study was undertaken in an attempt to better understand how ethics education can impact the way that student's perceive ethically challenging business situations. A student's perception of a situation and their subsequent choice to pursue a path that is either ethical or unethical can lead them to either steer clear of violations of the law, or not. When placed in the position to resolve a business situation, a person will be faced with many choices; undoubtedly several of these choices will be unethical and/or illegal. If business schools can help to heighten a person's sense of ethical responsibility through ethics education, then it is possible that the future business leaders of the world will be better equipped to make ethically and legally correct choices.

There are several ways that this study helps to advance the understanding of the impact of ethics education. First, this study uses a survey instrument that incorporated Likert-type questions, situational vignettes, and open-ended responses. This approach allowed the researcher to capture data in ways not previously explored. Respondents were given the opportunity to respond in ways that made it easy to compare their responses to previous research, while allowing them the freedom to share their thoughts. This design could prove useful in attempting to match respondents' motivations with their choice to abstain from, or commit an act.

Next, this study found support for the literature which suggests that there is no distinction between men and women with regard to their ethical orientation. Most of the extant literature has found that women were more ethically oriented than men, yet they failed to discuss why such a distinction should exist. This study finds no difference based upon gender; a finding that the author is not surprised to discover. It is supposed that the men and women who participated in this study were exposed to similar university education, learning environment, and educational

influences. The only differences that should exist should be individual differences with regard to one's background and personal characteristics. These distinctions should not serve to significantly differentiate men from women with regard to their ethical perceptions.

This idea is emphasized by the fact that gender was not found to be significant with regard to a person's ethical business standards, nor one's perception of ethically challenging business situations. What was found to be predictive of ethical business standards were one's willingness to accept the *Manipulation of Corporate Records* (negative association), and one's concern with materialist/egoistic concerns (negative association). It should be expected that one's lack of acceptance of the manipulation of records would indicate their identification with higher ethical standards. What has not been addressed in literature previous to this study is the impact that one's concern for *Materialism/Egoism* can have on their level of ethical standards.

The idea that the more a person wants to be seen as being successful, the more they would be willing to sacrifice ethical standards in business should not come as a surprise. Our capitalist economy rewards the acquisition of wealth, and a person's level of success is often times based upon the material goods they possess. Yet, the findings of this study should induce future research to look toward more intrinsic factors affecting one's level of ethical business standards. The idea that success is achieved through an individual's hard work and dedication, and is a reflection of their ability to independently reach goals, is assumed in today's business culture.

It is the idea that a person is successful mainly because of their own actions and abilities which helps to reinforce the notion that one is better than others, and therefore worthy of better things. Material rewards fuel egoistic thinking, which creates that need to better define one's success through the accumulation of material goods, an idea found in Merton's anomie theory

(1938). Businesses often reward individuals with material goods, while at the same time giving them the income to buy additional goods. This study shows that a focus on materialism, and resulting egoistic thinking, can lead one to identify with lower levels of business ethics, perhaps in an effort to continue their accumulation of material goods.

Although this study does much to contribute to the literature on the impact of business ethics, there are still areas that need to be addressed by future research. Foremost of all, the issue of obtaining a sample of students that is representative of the larger business school population must be addressed. Obtaining a large sampling frame will allow study findings to truly be generalizable to all business students, and as such, provide the opportunity for the development of programs designed to meet the needs of students' ethical development. The ability of researchers to be able to determine the target population's parameters will aid in the development of a truly representative sampling frame.

Once a study that is representative of all business students is accomplished, it will be possible to fully examine what impact differing pedagogies related to business ethics have on students' perceptions and actions. In understanding how students react to differing teaching methods, researchers can begin to understand what methods are most effective at imparting ethical values to students. Additionally, longitudinal evaluations of the effectiveness of ethics education programs need to be undertaken so that researchers can determine how outside influences work to enhance, or mitigate ethics education. If Weber's (1990) assertions are correct, and people need continuous reinforcement of ethical principles, then longitudinal analysis ethics education is essential to understanding what ethical principles need the most reinforcement.

This provision of continuing ethics education should be an idea that is taken up by universities. In addition to providing their graduates with ongoing skills development, these courses can be a means to provide a valuable service to all business people. If businesses buy-in to the need for formal ethics education, business schools have a potential new market to service. The collaboration of businesses and business schools with regard to the continuation of ethics education can serve to reinforce a more complete ethical business environment.

Business schools can begin to build the expectation of an ethical business environment within their students by creating such an environment throughout their academic community. The inclusion of guest speakers and special programs aimed at imparting the message for the need for ethical business conduct are just a few ways in which business schools can begin to develop an ethical atmosphere. In order for an ethical culture to flourish, the faculty and staff of the business school and the university must be committed to the success of such a culture. Without faculty support, students will probably view attempts to create an environment focused on positive ethical development as superficial.

Yet, if business schools can continue to reach students through ethics courses, and if that education can be reinforced throughout one's business career, it should be expected that more ethical and less criminal activity will take place. Business ethics education is the foundation for the development of proper ideas about what is acceptable and not-acceptable in the world of business. Having a strong, consistent focus on providing opportunities for the ethical growth and development of individuals headed to the business world is a prudent and worthy investment.

This study has identified several key themes that will help to distinguish it from those which have preceded it. Additionally, the results of this study should help to further the understanding of white-collar crime and corporate deviance from a criminological perspective, as

they offer clues to understanding what motivates business people to become deviant. One of the issues that should receive the most attention is the possibility that business students' perceptions can be positively influenced over time through continued education and training. In order for a positive influence to result, there needs to be an ongoing investment in maintaining students' levels of ethical orientation through continuing education and an investment by corporations to instill in their employees, higher levels of ethical awareness.

Researchers have shown that business students make rational choices about how they will respond to unethical situations while taking into account the many stressors within the business environment that may inevitably influence their choices. Enforcing ethical codes through continuing education is necessary so that individuals will receive the positive reinforcement that is needed to counteract ethical complacency in the work place.

Appendix A – Student Survey

1. Gender

- Female
- Male

2. Education level

- Freshman
- Sophomore
- Junior
- Senior
- Graduate student
- Other: (Please specify)\_\_\_\_\_

3.a. Area of study (e.g. business, criminal justice, philosophy):

\_\_\_\_\_

b.: Specialization (e.g. finance, marketing, accounting):\_\_\_\_\_

4. Employment status

- Full-time (35+ hours/week)



What is the total amount of time that you have been employed full-time?  
(Years)\_\_\_\_\_

- Part-time (1 – 34 hours/week)



What is the total amount of time that you have been employed part-time?  
(Years)\_\_\_\_\_

- Unpaid work (e.g. internship)
- Unemployed, never been employed
- Unemployed, previously employed and not seeking work
- Unemployed, previously employed and seeking work



If you are unemployed, what was your most recent job?  
\_\_\_\_\_

5. Race

- Asian
- Black
- Hispanic
- White
- Multi-racial
- Other: (Please specify)\_\_\_\_\_

6. Age (Years) \_\_\_\_\_

7. University currently attending: \_\_\_\_\_

## 8. Political Ideology

- Very Liberal
- Liberal
- Somewhat Liberal
- Somewhat Conservative
- Conservative
- Very Conservative

## 9. Marital Status (select ALL that apply)

- Divorced → 

How long? (Years)_____
------------------------
- Married, not living with spouse → 

Are you separated? <input type="checkbox"/> Yes <input type="checkbox"/> No
---
- Married, living with spouse
- Single, not living with significant other
- Single, living with significant other
- Widowed

## 10. Number of Children: \_\_\_\_\_

## 11. Current Grade Point Average (GPA)

- 3.6 – 4.0
- 3.1 – 3.5
- 2.6 – 3.0
- 2.1 – 2.5
- 2.0 and Below

## 13. How important is religion to you?

- Very Important
- Somewhat Important
- Somewhat Unimportant
- Very Unimportant
- I am not religious

## 14. Which of the following best describes who you were raised by during childhood?

- Both mother and father
- Mother only
- Father only
- Mother and step-father
- Father and step-mother
- Other family member
- Mother and significant other
- Father and significant other
- Other (Please specify):\_\_\_\_\_

15. Which of the following best describes the work status of your mother or mother-figure during your childhood?

- Did not work
- Worked part-time at 1 job at a time
- Worked part-time at more than 1 job at a time
- Worked full-time

16. Which of the following best describes the main job of your mother or mother-figure during your childhood?

- She was the boss of her own business with no one else working for her
- She was the boss of her own business with other people working for her
- She had a boss, and she did not have other people working for her
- She had a boss, but she also had other people working for her
- She did not work

17. Which of the following best describes the work status of your father or father figure during your childhood?

- Did not work
- Worked part-time at 1 job at a time
- Worked part-time at more than 1 job at a time
- Worked full-time

18. Which of the following best describes the main job of your father or father-figure during your childhood?

- He was the boss of his own business with no one else working for him
- He was the boss of his own business with other people working for him
- He had a boss, and he did not have other people working for him
- He had a boss, but he also had other people working for him
- He did not work

19. Have you previously taken a class in ethics?

- No
- Yes

How many? \_\_\_\_\_  
When was the most recent class? (semester and year) \_\_\_\_\_

20. Have you ever been the victim of white-collar or corporate crime?

- No
- Yes

21. Have you ever committed an act of white-collar or corporate crime?

- No
- Yes

22.a. Have you ever witnessed a white-collar or corporate crime?

No

Yes →

b. How was the person that committed the crime related to you? (i.e. friend, co-worker, family member) \_\_\_\_\_

c. How close was your relationship to the person who committed the crime?

Very close

Close

Somewhat close

Somewhat distant

Distant

Very distant

**Please read the following statements and select a number from 1 = Not at all Important to 4 = Very Important, which best represents your views regarding the statement. Please select only one response per statement.**

		Not at all Import.	Some what Unimport.	Import.	Some what Import.	Very Import.
23.	How important is having nice clothes and shoes to wear?	1	2	3	4	5
24.	How important is it for you to be financially secure?	1	2	3	4	5
25.	How important is it for you to have money to buy expensive things?	1	2	3	4	5
26.	How important is it that others think that you are wealthy?	1	2	3	4	5
27.	How important is it that you make more money than your peers?	1	2	3	4	5
28.	How important is it that your co-workers respect you?	1	2	3	4	5
29.	How important is it that your family respects you?	1	2	3	4	5
30.	How important is it that your friends respect you?	1	2	3	4	5
31.	How important is it to you that others think that you are successful?	1	2	3	4	5
32.	How important is it that you win at whatever you do?	1	2	3	4	5

Please read the following statements and select a number from 1 = Strongly Disagree to 4 = Strongly Agree, which best represents your views regarding the statement. Please select only one response per statement.

		Strongly Disagree	Disagree	Agree	Strongly Agree
33 .	The use of insider information when buying and selling stock is unethical behavior.	1	2	3	4
34 .	My university places a value on the ethical development of its students.	1	2	3	4
35 .	Companies can do more to prevent ethical violations by their employees.	1	2	3	4
36 .	It is more important to act ethically in business than to make a profit.	1	2	3	4
37 .	I often act on the spur of the moment without stopping to think about the consequences of my actions.	1	2	3	4
38 .	In order to get ahead in your future career you will have to compromise your ethical standards.	1	2	3	4
39 .	People choose to commit crime; they are not criminal as a result of their environment.	1	2	3	4
40 .	In general, people in the business world act in an ethical manner.	1	2	3	4
41 .	It is sometimes necessary for a company to engage in shady practices.	1	2	3	4
42 .	If no one is injured or killed, then a corporation's actions cannot truly be labeled as criminal.	1	2	3	4
43 .	It is OK for a salesperson to keep significant, confidential information that his/her competitor has misplaced.	1	2	3	4
44 .	My university creates an atmosphere that encourages the adoption of ethical business principles.	1	2	3	4
45 .	It is possible to commit a corporate crime and maintain an ethical business position.	1	2	3	4
46 .	I like to test my limits by doing something risky every now and then.	1	2	3	4
47 .	An employee may need to lie to another company's representative to protect the company.	1	2	3	4
48 .	Corporations create pressure on their employees to do things which are more profitable than they are ethical.	1	2	3	4
49 .	White-collar/corporate criminals are bad people.	1	2	3	4
50 .	Ethical standards should require more of business people than the law does.	1	2	3	4
51 .	An employee may need to lie to a supervisor/manager to protect their company.	1	2	3	4
52 .	White-collar/corporate criminals should not have to go to jail since they did not physically harm anyone.	1	2	3	4
53 .	An employee may need to lie to government officials to protect their company.	1	2	3	4
54 .	Business needs to better enforce its ethical standards.	1	2	3	4

**As before, please read the following statements and select a number from 1 = Strongly Disagree to 4 = Strongly Agree, which best represents your views regarding the statement. Please select only one response per statement.**

		Strongly Disagree	Disagree	Agree	Strongly Agree
55.	Good ethics is good business.	1	2	3	4
56.	Sanctions for white-collar criminals are not severe enough.	1	2	3	4
57.	There is nothing wrong with a supervisor asking an employee to falsify a document.	1	2	3	4
58.	I enjoy taking risks sometimes, just for the fun of it.	1	2	3	4
59.	An employee may need to lie to a coworker to protect their company.	1	2	3	4
60.	An employee should overlook someone else's wrongdoing if it is in the best interest of the company.	1	2	3	4
61.	It is OK to lie to a potential employer on an employment application.	1	2	3	4
62.	White-collar/corporate criminals are different than "street" criminals because white-collar/corporate criminals do not hurt people.	1	2	3	4
63.	Criminal behavior is something that people learn.	1	2	3	4
64.	Companies will make difficult choices based upon how much they stand to gain or lose.	1	2	3	4
65.	If a person's friends are criminal, they are more likely to be criminal.	1	2	3	4
66.	I would prefer to do what will give me immediate rewards, even at the cost of some distant goal.	1	2	3	4
67.	Sometimes a person needs to make a decision about something before she/he has all the information available.	1	2	3	4
68.	A supervisor should not care how results are achieved as long as the desired outcome occurs.	1	2	3	4
69.	I think about the consequences and benefits of the actions that I take.	1	2	3	4
70.	An employee may need to lie to a customer/client to protect the company.	1	2	3	4

**Please read the following passages and select the response you find most appropriate.**

71. In order to increase profits and meet production goals, the general manager of a manufacturing company uses production processes which allow for the release of pollutants into the water and air and exceed legal limits.

	Unethical	Somewhat Unethical	Somewhat Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4
b. If there is no negative environmental impact as a result of the pollutants, how ethical is this situation?	1	2	3	4
c. If several birds are killed as a result of the pollutants, how ethical is this situation?	1	2	3	4
d. If several birds and fish are killed as a result of the pollutants, how ethical is this situation?	1	2	3	4
e. If the pollutants kill off the fish population in the local stream, how ethical is this situation?	1	2	3	4
f. If several people die as a result of drinking the polluted water, how ethical is this situation?	1	2	3	4
g. If you worked at the plant and you knew that the polluting killed birds and fish, what would you do?				
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h. If you worked at the plant and you knew that people may be injured as a result of the polluting, what would you do?				
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72. A product engineer discovers that because of cost reductions by his company, the materials used to build the product he is designing will present a potential hazard to the product's users. He mentions the flaws to his manager who suggest that there is no danger posed by the material or the product. The engineer decides to keep quiet and make no more complaints.

	Unethical	Somewhat Unethical	Somewhat Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4
b. If the product does not injure anyone, and performs as intended, how ethical is this situation?	1	2	3	4
c. If the product injures 1% of those who use it, how ethical is this situation?	1	2	3	4
d. If the product injures 10% of those who use it, how ethical is this situation?	1	2	3	4
e. If the product injures 50% of those who use it, how ethical is this situation?	1	2	3	4
f. If injuries occur, how ethical were the engineers' actions?	1	2	3	4
g. If injuries occur, how ethical were managements' actions?	1	2	3	4
h. If you were the engineer, would you have made further complaints given the original situation and <u>why</u> ?	<hr/> <hr/>			
i. If you were the engineer and you knew that the product may injure someone, would you have made additional complaints inside the company and <u>why</u> ?	<hr/> <hr/>			

- j. If you knew that the product may injure someone, would you have made complaints outside of the company and why?

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73. Due to the poor economy, a company’s sales organization is \$10,000 short of reaching its quarterly goal. The sales manager chooses to record a sale of \$12,000 in this quarter that would not officially be closed until the following quarter.

		Somewhat Unethical	Somewhat Ethical	
	Unethical	Unethical	Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4
b. In recording this sale, her department reaches its goal, and one of her sales representatives is rewarded with a large bonus. How ethical is this situation?	1	2	3	4
c. If the sales manager records the sale because she knows that her sales representative will be fired if he does not reach his goal, how ethical is this situation?	1	2	3	4
d. If you were the sales manager, what would you do in the original situation?				
<hr/>				
e. If you were the sales manager, what would you do if you knew that your sales rep may be fired for not achieving their goal?				
<hr/>				

74. A young executive has been placed under the mentorship of a senior company executive. The senior executive shares business practices used by the company which are meant to misrepresent the company’s financial statements by making them appear better than what they truly are. The young executive is informed that the practices are normal procedure for the company, and that he will be expected to follow them as well.

		Somewhat Unethical	Somewhat Ethical	
	Unethical	Unethical	Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4
b. If this practice is only done for the quarterly statements, but the year-end statements are completed properly, how ethical is this situation?	1	2	3	4

c. If this practice is common among the company's competitors, how ethical is this situation?

	1	2	3	4
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d. If you were the young executive, what would you do?

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75. An independent accountant receives an expensive gift from a company for which she is contracted to perform work. The gift is received a week prior to the completion of the company's financial statements, and a positive review would mean an increase in the company's stock price.

	Unethical	Somewhat Unethical	Somewhat Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4

b. If the accountant submits a report that is more favorable than the company's financial statements warrant while accepting the gift, how ethical is this situation?	1	2	3	4
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c. If the accountant submits a true reporting of the company's financial statements while accepting the gift, how ethical is this situation?	1	2	3	4
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d. If you were the accountant, would you have accepted the gift not knowing what the outcome of the statements would be and why?

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e. Would you have accepted the gift knowing that the outcome would be less than favorable for the company and why?

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76. A company offers rebates to a group of its customers who have purchased a specific product. The company’s financial officer informs the supervisor of the rebate department that it would bankrupt the company to honor the rebates. The supervisor of the rebate department decides to deny all submitted rebates claiming that the forms were improperly submitted.

	Unethical	Somewhat Unethical	Somewhat Ethical	Ethical
a. As given, how ethical is this situation?	1	2	3	4
b. If the customers would have received \$1 each had their rebates been processed, how ethical is this situation?	1	2	3	4
c. If by not processing the rebates, the company was able to save 150 jobs, how ethical is this situation?	1	2	3	4
d. If it would cost the company more money to honor the rebates, than to settle lawsuits by a few unhappy customers, how ethical is this situation?	1	2	3	4
e. If you were the supervisor of the rebate department, what would you have done?	<hr/>			
f. If you were the supervisor, would you have complained to someone else inside the company and <u>why</u> ?	<hr/> <hr/>			
g. Would you have complained to someone outside the company and <u>why</u> ?	<hr/> <hr/>			

**When you have completed the survey, do not share it with anyone else including your professor! Please return it ONLY to the survey proctor.**

**Thank you for taking the time to participate in this survey. Your thoughts are greatly appreciated.**

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**ABSTRACT****EXAMINING THE IMPACT OF ETHICS EDUCATION ON BUSINESS STUDENTS'  
PERCEPTIONS OF WHITE-COLLAR CRIME**

by

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With recent corporate scandals bringing attention to the need to improve ethical actions within corporations, business schools have focused more attention on imparting ethical values to their students. This study examined the impact that a business ethics course would have on business students; their responses were compared to a sample of non-business students. The study used a pre-course/post-course survey design and a convenience sample of students from two mid-western universities to test several research questions related to the impact of ethics education. Results of the pre-course survey indicated that business students saw situations regarding the manipulation of corporate records as less ethical than non-business students. The post-course survey indicated that business students viewed issues related to financial inducement as less ethical than non-business students. There were no differences between males and females in either survey period, and post-ethics course business students showed no differences from pre-course business students. The potential impact of the results will be discussed, as well as policy implications and ideas from future research in the areas of business ethics education, and business persons' ethical orientation.

## **AUTOBIOGRAPHICAL STATEMENT**

Jay Patrick Kennedy was born and raised in Detroit, Michigan. After completing a Bachelor of Science in Criminology at Eastern Michigan University, he spent over eight years working for major public and non-profit corporations in a variety of roles. In addition to his criminal justice graduate course work at Wayne State University, he has completed several graduate courses in Business Administration. Upon completion of his Master of Science, he will be attending the University of Cincinnati to pursue a Ph.D. in Criminal Justice. His research interests include: white-collar crime, corporate deviance, organizational behavior, business ethics, and micro level criminological theory. Mr. Kennedy also holds certificates in the following areas: corporate financial metrics, public speaking and presentation skills, sales negotiations, and personnel/organization management.

Mr. Kennedy currently resides in Auburn Hills, MI with his wife, Brandi. He has two sons, Jaylen and Alexander. In his spare time, he enjoys reading, drawing, model building, carving, and painting. He is member of several civic and fraternal organizations, serving as an officer in many.