Examination of Correlates of Ethical Propensity and Ethical Intentions in the United States, Australia, and the Philippines: A Managerial Perspective

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As the employees and managers of tomorrow, students, quite accurately, represent the future workforce. Especially important, given today's environment of corporate misdeeds and the global nature of business, is an understanding of the ethical propensity of tomorrow's work and managerial forces. Completed questionnaires from 114 students in the Philippines, 240 students from Australia, and 125 students from the USA were gathered to gather feedback on demographic, life style, ethical and value-based questions. Specifically, the Ethical Propensity Scale (De Jong, 2001) was used to measure individual qualities that influence student conduct while ethical intentions were measured by an index developed by Zey-Ferrell and Ferrell (1982). In the study, correlation between gender, age, national origin, media habits, and academic performance (measured by grade point averages) were explored. In addition, demographic variables were examined. The research uncovered that none of the examined variables were related to ethical propensity or ethical intensions, but propensity and intentions were significantly correlated. Ethical Propensity was the only factor found to be significantly related to the ethical behavior index in all three nations. Based on the gathered findings, implications for managing in an international context were discussed.

Introduction

Since Aristotle, the development of virtue has been thought to emerge out of the progressive building up of habits. College years are formative of standards and values that students will take into their later lives. If the habits, values and attitudes demonstrated by college students show a lack of regard for ethical considerations, they may well find it easier to engage in misconduct as they enter their professional careers. If this is the case, then we may be looking toward a rise in unethicality in the work place, given that eighty percent of exceptional students admitted to cheating at least once and half of those who did cheat did not necessarily thin cheating was wrong (US News 1999). Compare this to the survey by Mathis (1999) of multiple industries, that found 48 percent of those employees and managers who responded to the survey admitted to engaging in unethical behavior at work.

Turrens et.al., (2001) draws an interesting correlation between the increasing academic misconduct of students and the unethical behavior, questionable business practices, and out right legal violations seen in the corporate world today. It behooves educators to attend to the question of student ethics that we might have a safer, saner, more moral world tomorrow.

Literature Review

Individual variables that are most frequently seen related to ethical conduct include gender, age, national origin, and GPA. Logic gives credence to other factors, including ethical propensity, media habits, and level of employment.

Gender is a personal variable that has demonstrated disputed effects. Some studies show stronger ethical tendencies in females (Chonko & Hunt, 1985; Ferrell & Skinner, 1988; Goolsby & Hunt, 1992; Martin, 1981; Whipple and Wolf, 1991). Patterson and Kim (1991) conducted a nationally representative survey that indicates that twice as many men as women believe that the only way to get ahead is by cheating, that women are less willing to compromise their values, and women are less willing to partake in deviant behavior at work. However, women have been found to be more Machiavellian than men (Hunt & Chonko, 1984). Others have found gender not to be a factor in ethical decision making (Hegarty & Sims, 1979; Singhapakdi & Vitell, 1990).

Age displays a positive relationship to ethical decision making; ethical awareness, intent and behavior are typically found to improve with age (Longnecker, McKinney & Moore, 1989; Goolsby & Hunt, 1992). Older individuals were found by Terpstra, Rozell and Robinson (1993) to be less likely to engage in insider trading than younger individuals. The difficulty here is determining the effects of the confounds of work experience and education which typically increase with age and are identified as influential in moral development (Kohlberg, 1969).

National origin was found by Hegarty and Sims (1978, 1979) to influence ethical intent. Dubinsky et al. (1991) examined ethical perceptions of industrial salespeople in the United States, Japan and South Korea, finding indications that "nationality influences sales peoples' beliefs about the ethics of selling practices and the need for company policies to guide those practices." Results indicate a difference in laws, standards and common practice across nations.

Ethical propensity is defined as the "sum of distinctive individual qualities that influence one's conduct and result in demonstrated integrity and ethicality," (De Jong, 2001). Ethical propensity was measured by a unidimensional scale that includes several related factors. One who scores high on the scale will possess a generous and sensitive spirit, s/he will have a high belief in his/her own abilities, will lack cynicism, and will be guided by his/her religious tenets. S/he will not believe in cheating, and will have high self-esteem. This person will be honest and empathetic. De Jong (2001) found ethical propensity to be significant factor in the intent to behave ethically.

Hogan and Jaska (2000) report students with higher GPAs are less likely to cheat, more likely to be report awareness of cheating, and more likely to agree that those who cheat

should be expelled from school. Other studies agree that students with higher GPAs are less likely to cheat (Busby et. Al. 2003, Weiss et. al. 1993).

Many students today have part-time to full-time jobs while concurrently facing the responsibilities of finishing assignments, studying for tests, preparing for presentations, not to mention managing their personal lives which sometimes include a spouse and/or a child. Maintaining the GPA necessary to get a job or get into graduate school after college is a prevalent excuse students give for dishonest behavior (Schulman, 2002). Schulman reports that, in the opinion of students, "being honest disadvantages them."

Activities that influence our perceptions of the corporate world and the norms and mores found there include reading the newspaper and watching television. The Media Research Center conducted a survey of network TV sitcoms, dramas, and movies from 1995 to 1997. Thirty percent of the business owners or corporate executives portrayed in those dramas were criminal characters. The cumulative effect of business being portrayed as corrupt and business leaders as unethical, results in skepticism of the corporate world's ability to engage in ethical behavior (Trevino, 1986).

Hypotheses

Based on the literature review above, the following hypotheses will be tested.

H_1: Students will demonstrate a significant positive relationship between high levels of ethical propensity and positive ethical intentions.

H_2: Females will demonstrate significantly more positive ethical intentions than males.

H_3: Older individuals will demonstrate more positive ethical intentions than younger individuals.

H_4: Students with high levels of media exposure will demonstrate more negative ethical intentions.

H_5: Student results will demonstrate a significant inverse relationship between the number of hours worked and the level of ethical intentions.

Methodology

Sample.

Respondents were undergraduate students from 3 different cultures. One hundred fourteen (114) students from the University in Cebu – Lapulapu and Mandaue (UCLM) in the Philippines, 240 students from a university in Australia, and 125 students from a small mid-western university in the United States were surveyed. The respondents were more likely to be female in all three countries. The United States showed the largest number of older students with 28 percent 25 years of age or older. The Philippines was youngest with 71.7% of the students in the ages 18-21, 8% were over 22, and about 2% were under 18. Students in the United States are much more likely to be married, divorced or separated (25%) than students in either Australia (3.5%) or the Philippines

(2%). U.S. students reported the highest household incomes, with Australia second and the Philippines third. The Australian and Philippine respondents were predominantly freshman, while U.S. students were mostly juniors and seniors. Reported GPA was slightly higher in the Philippines, with the U.S. and Australia a close second and third. U.S. students were far more likely to be employed while in school with only 19.2 percent reporting not working, and 32% working more than 20 hours a week. Twenty-six percent of Australian student did not work, with 15.8 percent working more than 20 hours. In the Philippines, 66% of students did not work, and with regard to the employed students 17% worked between 5-10 hours per week. Philippine students watched the most TV and read the newspaper most often, with the U.S. and Australia a close second and third.

Indices.

Ethical intentions were measures using 17 questions developed by Zey-Ferrell and Ferrell (1982) as seen in Table 1. Respondents indicated on a five-point scale how likely or unlikely they were to participate in certain behaviors.

Ethical propensity was measured using the Ethical Propensity Scale (De Jong, 2001) composed of 41 statements with which the respondents indicated agreement or disagreement on a five-point scale. The scale is composed of value oriented questions including attitudes toward and beliefs about other people as well as beliefs about oneself. The questions from the scale factored into 10 groups identified in Table 3.

Results

Means and standard deviations for the 17 question Ethical Intentions index are shown in Table 1. There are several differences and similarities that are noteworthy. For instance the reluctance of Australian students to report and accidental erasure of a file, compare to U.S. and Philippine students. However, the response to whether or not one would pad an expense account indicated an across the board likelihood that they would act in an ethical manner. Philippine students are less likely to use company material for themselves; while, all are similarly likely to accept gifts for preferential favors. For U.S. and Philippine students alike, the highest mean response (which indicated the situation in which they were most likely to act unethically) related to an unwillingness to report the violations of others, which is seen as unethical behavior. Australian scored the highest mean on the question relating to reporting the erasure of a file, with reporting company violations of others running a very close second. Philippine students were least likely to do personal business on company time. However, they were relatively equal in their intention to leave work early.

Two questions related to the students' level of satisfaction with his or her own ethics and character and the ethics and character of their generation. Means and standard deviations are demonstrated in Table 2. The similarities are most notable. Also note, that respondents were more satisfied with their own ethics, than with those of their generation.

The Ethical Propensity Scale has a Cronbach Alpha of .876. When the scale was developed, a common factor analysis revealed 10 factors that were highly correlated. These factors are listed in Table 3 along with means and standard deviations for each student group. Here we do see differences, though similarities are more frequent. The total EP scores were very close, as was the overall ethical intentions score. Note the difference in mean religiosity between the Australian and Philippine students. Also notable are the differences in the levels of self-esteem and empathy. American students were by far the most empathetic, while Philippine students had the lowest levels of self-efficacy and self-esteem. Philippine students, however, scored highest in honesty.

An analysis of variance was performed with Ethical Propensity and demographic and personal variable as independent variables and the Behavioral Intentions Index as the dependent variable in each case. The F- stat and level of significance are reported for each

Table 1: The Ethical Intentions Index, Means and Standard Deviations

	Australia		United States		Philippines	
	Mean	St. Dev.	Mean	St. Dev.	Mean	St. Dev.
Claim credit for other's work.	1.44	.792	1.45	.735	1.82	1.106
Report accidental erasure of file.	3.53	1.156	2.33	1.137	2.48	1.412
Call in sick to take day off.	3.01	1.273	2.99	1.283	2.51	1.406
Falsify time/quality/quantity reports.	2.00	1.087	1.91	1.007	2.09	1.138
Pad expense account more than 10%.	1.78	.961	1.78	.943	1.72	0.977
Accept gifts for preferential favors.	2.04	1.147	1.99	1.101	2.00	1.125
Deliberately make superior look bad.	1.88	1.036	1.85	.996	1.61	0.935
Use company materials for self.	3.21	1.166	3.12	1.169	1.82	1.057
Report company violations of others.	3.41	1.135	3.32	1.125	3.11	1.251
Take extra personal time.	2.97	1.213	2.83	1.212	2.77	1.422
Deliberately make peer look bad.	1.66	.890	1.67	.826	1.64	0.925
Give gifts for preferential treatment.	1.90	1.137	1.84	1.046	2.07	1.149
Pad expense account up to 10%.	1.86	1.015	1.89	1.013	1.70	0.964
Personal business on company time.	2.87	1.189	2.92	1.163	1.85	1.062
Divulge confidential information	1.60	.915	1.59	.846	1.75	0.976
Take too long to do job.	2.30	1.093	2.27	1.044	2.35	1.182
Leave work early.	2.15	1.262	2.34	1.233	2.06	1.140
Intended Ethical Behavior	39.4541	9.34155	38.0442	9.66	35.34	9.07405

1= Very likely to act in an ethical manner 5=Very unlikely act in an unethical manner

Table II: Satisfaction with Character and Ethics

	Australia		United States		Philippines	
	Mean	St. Dev.	Mean	St. Dev.	Mean	St. Dev.
Satisfied with own character/ethics.	3.97	.951	4.13	.883	3.51	1.230
Satisfied with those of others.	2.83	.999	2.87	1.011	3.10	1.211

student group in Table 4. Ethical Propensity is the only Independent variable that was significant for all 3 groups. GPA was a significant factor for Australian students, showing students with higher GPAs more prone to ethical behaviors. In the U.S., gender and marital status were also significant; married students were more ethical than unmarried ones, and females were more ethical than males.

Given the results reported above Hypothesis 1 was supported in all three populations. Hypothesis 2 was supported in the United States. Hypotheses 3, 4 and 5 were not supported.

Table III: Means and Standard Deviations for Factors Contained in the Ethical Propensity Scale

	Australia		United States		Philippines	
	Mean	St. Dev.	Mean	St. Dev.	Mean	St.. Dev.
1.Ethical Propensity	144.8950	16.62812	150.5382	16.92994	140.6167	13.91587
2.Ethical Behavioral Intentions	39.454	9.34155	38.0442	9.66224	35.341	9.07405
3.Generosity of Spirit	3.5882	.65442	3.6975	.61337	3.4561	.57560
4.Self-confidence	3.7004	.88764	3.7897	.84357	3.6578	.78786
5.Cynicism	3.5787	.62015	3.4126	.69291	3.2317	.53250
6.Religiosity	2.6827	1.6827	2.9063	1.36189	3.8437	.91393
7.Attitude toward cheating	4.1072	.9416	4.1292	.90419	3.7256	.91303
8.Self-esteem/self-efficacy	3.5066	.8033	3.4716	.84983	2.8807	.79788
9.Honesty	3.3662	.8709	3.4929	.84818	3.6067	.97935
10.Empathy	3.1176	.5894	3.9665	.65638	3.2500	.69256

High scores indicate: 1. High Ethical Propensity, 2. Unethical Behavior, 3. A Generous Nature, 4. High Self-confidence, 5. Lack of Cynicism, 6. High Religiosity, 7. Not likely to cheat, 8. High Self-esteem, 9. Highly Honest, 10. Highly Empathetic

Table IV: Analysis of Variance with Ethical Intentions as the Dependent Variable

	Australia		United States		Philippines	
	F stat	Sig.	F stat	Sig.	F stat	Sig.
Ethical Propensity	1.837	.004*	2.725	.000*	4.090	.000*
Gender	2.571	.110	9.442	.002*	.070	.936
Age	1.132	.343	1.641	.164	2.107	.075
Marital Status	.698	.499	3.071	.028*	------**	------
Income	2.293	.104	1.062	.381	.567	.725
Class	.541	.706	.245	.913	1.582	.202
GPA	3.811	.014*	.964	.428	.891	.415
Hours Worked	.954	.474	.390	.926	.640	.712
Hours Spent Watching TV	.526	.717	.548	.650	1.249	.299
How Often Read Newspaper	.201	.895	.326	.861	.420	.807

*Significant at the .05 level **Cells too small for test

Implications to International Management

This study is limited by the fact that the respondents were from only one university in each country, so may not be representative of the broader populations of students. Given the different scales for GPA, and the different progression through class levels, comparisons were at least tricky. In addition, income across the countries was not a good measure of standard of living.

Even with such limitations, the study is valuable and offers important insights on the practice of international business management. International managers could benefit from an enhanced understanding of cross-cultural ethical similarities and differences.

As seen from this study, ethical perspectives and predispositions can vary in international locations. In the study, student lifestyles, whether or not they work, are married, watch TV or read the paper, seem to show the greatest differences. Some factors were significant in one culture and not in another. Two of the countries involved in the study (the United States and Australia) have very similar backgrounds, which might explain certain similarities, while the Philippines may be slightly different due to its being a strongly Catholic nation. Conducting ethical studies and surveys will help heighten a manager's understanding of how a particular culture's ethical framework may differ from that of the home country. From such understanding, appropriate management adjustments may be more effectively planned.

International managers are in the position to positively build on cultural ethical similarities. Findings from this study indicate that in certain cases very strong commonalties in attitudes toward ethical behaviors and values exist across countries. This suggests that international managers have the opportunity to build on common cultural ethical threads. These shared attitudes and values can be tapped into in the formulation of a unified and workable vision, mission, goals, as well as policies and procedures.

International managers need to undertake management adjustments as a result of cross-cultural ethical differences. With potentially diverse ethical views between the home country and the host country, managers need to anticipate and plan ahead in order to better address ethical related issues. For example, attitudes towards cheating may vary from one country to another, as a result in some locations, specific policies and guidelines towards cheating may have to be formalized and accompanied with stricter penalty.

International managers would need to customize their training programs to suit culture-specific ethical needs. This study indicates that in the case of students, attitudes towards self-esteem, self-confidence, and honesty for instance, can vary across countries. This suggests that training programs will have to vary so that in some countries, training emphasis will be placed on areas needing the highest level of attention or greatest need for improvement.

Finally, from this study, it is evident that the Ethical Propensity Scale continues to be an effective predictor of ethical intentions. It can be used as a tool for international managers to better understand the ethical propensities in foreign environments, and a framework for the implementation of effective international management strategies.

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