

THE IMPACT OF COMPETITIVE PRESSURE ON STUDENTS' ETHICAL DECISION MAKING IN A GLOBAL SETTING: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Although the primary responsibility for instilling moral values and ensuring ethically acceptable behaviour in our daily life as well as in business is seen with parents and lawmakers, educators cannot deny their role in this mission. Business schools accredited by the American Assembly of Collegiate Schools of Business (AACSB) have been required to include ethical issues in their curricula since 1979. Despite these efforts, business schools still have to take their share of blame for the lack of ethical behaviour. Empirical research seems to indicate that the majority of business students feel that ethics is an important topic for discussion in business and marketing classes and they expect that more coverage of this topic could improve ethical behaviour in practice (Shannon and Berl 1997).

The purpose of this paper was to extend the current marketing education and ethics literature by investigating the role of education in ethical decision-making in a cross-cultural context. Specifically, the objectives are to explore differences in ethical intentions between students with an educational background in business and non-business, and to relate the severity of economic consequences to ethical intentions of students from the various clusters.

The results of the data analysis highlight a number of important findings. First, demographic factors have a significant impact on perceived importance of an ethical problem and perceived importance of business goals. The findings indicate that younger, American, graduate students that have taken at least some business classes are the most likely to perceive the importance of business goals (PIBG) as central to making decisions pertaining to the firm. This is an important finding for those faculty members whose student body matches this demographic profile (e.g., full-time day MBA programs that do not require any business experience as part of their entrance requirements), since those students with high perceived importance of business goals scores are also more likely to act in ethically questionable ways when competitive pressure is increased. In these settings, the faculty should consider spending extra time discussing ethical issues as they pertain to decision making in competitive situations.

The research also revealed that women and American/other students were likely to have higher perceived importance of ethical problem scores than their male and European counterparts. This finding is encouraging. Since the American and other students were primarily enrolled in AACSB schools, it suggests that the efforts by this organization to emphasize ethical training, has not been in vain. This study implies that AACSB students were more likely than their non-AACSB European counterparts to identify

the elements in the scenarios as a potential ethical problem.

These findings suggests that traditional ethics courses and training that emphasize increasing individual's awareness of the ethical content in various situations (Thorne LeClair and Ferrell 2000) might not capture the full breadth of relevant factors and consequently, not always impact ethical decision making. It also suggests that free standing courses in ethics training might not be as effective as integrating the ethics discussions into the curriculum wherever competitive strategies and decisions are being studied. Certainly more work needs to be done in this area to identify the best ways to incorporate ethics training into the business curriculum.

Finally, the impact of competitive pressure on decision-making in ethical situations was found to be significant. For all students, the likelihood of building the plant increased significantly when competitive/economic pressure was increased. Considering that the two scenarios were only different in terms of competitive and economic consequences but not in terms of consequences for the environment and workers' health, these findings suggest that students were willing to compromise their ethical beliefs in order to avoid economic problems. While the percentage of non-business students recommending to build the plant increased from 2% to 20%, for business majors the increase was from 14% in the low competitive pressure situation up to 69% in the high competitive pressure situation. This indicates that over 2/3 of business majors were willing to build the plant if competitive pressures were present regardless of potential harm it would cause to the local people and environment. As marketing educators, we find this result disturbing.

This finding argues for marketing educators to bring trade-off relationships between ethical values and economic goals that are often prevalent in business decisions to the attention of their students. We suggest that categorical ethical values and rules are only of limited help in dealing with decisions germane to trade-off relationships. Rather, students might benefit from discussing and analysing their decisions from an ethical as well as from an economic point of view when exposed to ethical dilemmas as they can be found in real life business decisions.

References

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