2005

Shaping Ethical Perceptions: An Empirical Assessment of the Influence of Business Education, Culture, and Demographic Factors

Yvette P Lopez, *DePaul University*

Paula L Rechner, *Texas State University - San Marcos*

Julie B Olson-Buchanan

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ABSTRACT. Recent events at Enron, K-Mart, Adelphia, and Tyson would seem to suggest that managers are still experiencing ethical lapses. These lapses are somewhat surprising and disappointing given the heightened focus on ethical considerations within business contexts during the past decade. This study is designed, therefore, to increase our understanding of the forces that shape ethical perceptions by considering the effects of business school education as well as a number of other individual-level factors (such as intra-national culture, area of specialization within business, and gender) that may exert an influence on ethical perceptions. We found significant effects for business education, self-reported intra-national culture, area of specialization within business, and gender for some and/or all areas of ethics examined (i.e., deceit, fraud, self-interest, influence dealing, and coercion). One of our most encouraging findings is that tolerance for unethical behavior appears to decrease with

formal business education. Despite the prevalent stereotype that business students are only interested in the bottom line or that business schools transform idealistic freshman into self-serving business graduates, our results suggest otherwise. Given the heightened criticism of the ethicality of contemporary managerial behavior, it is heartening to note that, even as adults, individuals can be positively affected by integration of ethics training.

KEY WORDS: culture, ethics education, ethical perceptions

Previous ethics research suggested that many managers fail to recognize the ethical issues inherent in their workplace situations (Carroll, 1993). Recent events at Enron, K-Mart, World Com and Tyson

This study is based on research conducted by the first author as part of her undergraduate Honors thesis work at California State University, Fresno.

Yvette P. Lopez is a doctoral student in the Department of Management at Texas A&M University. She received her B.S. in Business Administration and Psychology from California State University, Fresno. Her current research interests focus on psychological contracts, business ethics, and workplace violence.

Paula L. Rechner is currently Professor of Management and chairperson of the Department of Management at Texas State university, San Marcos. She received her Ph.D. in Management from Indiana University. Her research interests include corporate governance, virtual teams, and the antecedents/consequences of trust within teams and organizations. Professor Rechner has presented numerous papers at referred conferences and has published in such journals as Academy Management Journal, Strategic Management

Journal, Journal of Business Ethics, and Organizational Behavior and Human Decision Processes.

Julie B. Olson-Buchanan is a Professor of Management and Director of the Craig Honors Program. She earned her Ph.D. from the University of Illinois where she was a National Science Foundation fellow. Her research interests include conflict in organizations, technology-based selection, and virtual teams. Professor Olson-Buchanan has presented numerous papers at referred conferences and has published in such journals as Journal of Applied Psychology, Academy of Management Journal, Personnel Psychology, and Journal of Vocational Behavior. She is co-editor of the book, Innovations in Computerized Assessment and has authored several Society for Industrial and Organizational Psychology Frontiers chapters. A former secretary/editor of the conflict Management Division of the Academy of Management, she currently holds a Craig Fellowship and is Program Chair (2006) for the society for Industrial and Organizational Psychology.

would seem to suggest that managers continue to struggle with ethical issues. These lapses are somewhat surprising and disappointing given the heightened focus on ethical considerations within business contexts during the past decade. This increased attention to ethical issues has been reflected in the number of organizations that have adopted ethical codes (Adams et al., 2001; Sims, 1991; Sims and Keon, 1999), the continued development of organizational ethics training programs (Chen et al., 1997; Minkes et al., 1999; Sims, 1991), the proliferation of ethics consulting practices (e.g., KPMG, Arthur Anderson, Ethics Resource Center), and broad-based societal pressures.

While these organizational level interventions and influences are designed to promote enhanced ethical perceptions thereby encouraging ethical behavior on the part of individuals within the organization, they are clearly not sufficient to prevent ethical lapses. Based perhaps on implicit recognition of the person-situation interactionist model of ethical decision making (Trevino, 1986), attention has more recently shifted to individual level considerations. More specifically, the level of moral awareness and ethical perceptions of business school graduates has been called into question (Schneider, 2002). The role of business school education in particular has been the subject of considerable debate (Bishop, 1992; Collins and Wartick, 1995; McPhail, 2001; Park, 1998).

This study is designed, therefore, to increase our understanding of the forces that shape ethical perceptions by considering the effects of business school education as well as a number of other individual-level factors (such as culture, area of specialization within business, as well as demographic factors) that may be related to ethical perceptions. By presenting a wide range of ethical scenarios to our undergraduate "managers in training", we are able to examine possible individual-level antecedents to ethical perceptions.

Literature review

Ethics education in business schools

Business schools and the Association to Advance Collegiate Schools of Business, Interna-

tional (AACSB) are currently grappling with setting standards and developing processes for ensuring effective ethics education within accredited business schools (Mangan, 2003). While all parties agree that ethics education is critical, there is significant debate as to the most effective means to deliver such education. At the heart of the debate are two vastly different approaches to ethics education – integration of ethics education throughout the business school curriculum versus inclusion of at least one stand-alone ethics course within the curriculum.

Unfortunately, despite a rich tradition of theoretical discussion of alternative approaches to ethics education (Bishop, 1992; Collins and Wartick, 1995; McPhail, 2001; Park, 1998), the few empirical examinations of the issue focus on the effectiveness of stand-alone courses or training (Glenn, 1992; Izzo, 2000; Okleshen and Hoyt, 1996). For example, Okleshen and Hoyt (1996) found that when students had experience with a course in ethics there were no significant differences in the scores between New Zealand students and United States students. When the students did not have experience with an ethics course, the student score differences between the two countries were statistically significant. Surprisingly, the effectiveness of the integrated curriculum approach has not been empirically considered. Thus, our study addresses a critical gap in the extant ethics education literature.

Cultural differences

One potentially critical individual-level variable may be the cultural backgrounds of the individuals involved. There has been extensive theoretical discussion and empirical examinations of the role that different cultural value systems and teachings have on perceptions of situations involving ethical issues (Husted et al., 1996; Kracher et al., 2002; Lu et al., 1999; Okleshen and Hoyt, 1996; Palazzo, 2002; Schlegelmilch and Robertson, 1995; Thorne and Saunders, 2002). Okleshen and Hoyt (1996), for example, surveyed undergraduate students from both the United States and New Zealand to see if there were any cultural differences with respect to their ethical decision making. When students from both

countries completed the same survey that included various ethical dilemmas, there were statistically significant differences between the responses recorded by the students. American students were found to be less tolerant of unethical situations than were the New Zealand students. Although most of these studies have found differences in ethical perceptions between cultures, there are a few studies that have not. For example, Lysonski and Gaidis (1991) found that the business students from the United States, Denmark, and New Zealand reported few differences in how they perceived and made decisions regarding the ethical issues confronting them.

With the notable exception of a recent study examining geographical cultural differences (Spain et al., 2002), most studies that consider culture rely upon a transnational framework. Given the cultural diversity that exists within the U.S., this omission is especially problematic. Moreover, this lack of attention to the potential effects of intra-national cultural diversity represents a significant gap in our understanding of cultural influences on ethical perceptions. Efforts to address this gap may also provide insights into the anomalous non-significant findings in some cross-cultural comparisons (e.g., Lysonski and Gaidis, 1991). To the extent that the variance within the U.S. culture is greater than the variance between the different national cultures compared, past results regarding any cross-cultural comparisons may have been confounded. Thus, our study addresses this potential source of confound by directly examining the self-reported, intra-national culture of study participants.

Undergraduate discipline

A number of researchers have examined the relation between business and non-business majors and ethical perceptions (e.g., Beltramini et al., 1984; Ford and Richardson, 1994). Given the equivocal findings, Borkowski and Ugras (1998) conducted a meta-analysis of empirical studies conducted between 1985 and 1994 to examine the relation between business/non-business majors and ethical perceptions more fully. Their results were similarly mixed and they concluded that the relationship between major and ethical perceptions is "still difficult to interpret" (p. 1117).

Surprisingly little attention has been given to differences among areas of specialization within the business major. Although areas of specialization within business enjoy a certain amount of commonality, they vary in the extent to which theories, procedures, and even faculty are rooted in other disciplines. For example, management and marketing specialties often draw from the behavioral sciences, while finance draws from the quantitative sciences. It is our contention that the variance within business majors may explain, in part, the equivocal findings in research that has simply compared business majors to non-business majors. A recent empirical study by Cohen et al. (1998) underscores the importance of examining the specific type of business major; they found significant differences in ethical awareness between accountancy majors and other business majors. Our study addresses this gap in the literature by examining area of specialization within business as it relates to ethical perceptions.

Gender

Gender effects on ethics perceptions and behaviors represent one of the fairly stable and consistent relationships that have been empirically documented (Borkowski and Ugras, 1998). It has been noted, however, that the type of behavior or ethical issue involved is a significant moderator of gender differences (Franke et al., 1997). Thus, it is especially important to explicitly address a range of ethical issues or behaviors when attempting to assess gender differences.

Harris (1989) investigated whether there were gender differences in decision-making with respect to five ethical constructs. His study found that females were only significantly different from males with respect to the construct of influence dealing. However, in regards to the process used to evaluate ethical situations, females significantly differed from their male counterparts, taking a position that would help the greater good versus a position that involves self-interest (Harris, 1989).

Okleshen and Hoyt (1996) used the same survey provided by Harris (1989) and looked at gender differences as well as cultural influences. They found that females significantly differed from their male counterparts with respect to issues involving fraud, influence dealing, self-interest, and deceit in the United

States. In contrast, when they compared females from New Zealand to males from New Zealand, significant differences were found for only two of the five constructs, coercion and self-interest. In keeping with the previous research, this study also includes gender as a factor to explain differences in ethical perceptions.

Hypotheses

We predict that differences in ethical perceptions will be found with respect to business education, intra-national cultural influences, area of specialization within business, and gender. Specifically, participants who are nearing completion of their business education are hypothesized to be less approving of unethical behaviors than participants just beginning their business education. It is also hypothesized that female participants will be less approving of unethical behavior than their male counterparts, based on the results of previous research. Given the equivocal results of past research, the hypothesized differences for cultural influences and area of specialization within business are non-directional.

Methodology

Participants

The study involved participants from the business school of a public university. There were 353 students who participated in the study, 38% were entering the business school, and 62% were in their last semester of the business program. The incoming student sample comprised the students from one section of a required, one unit lower division course (Introduction to the Business School) that all business majors must complete prior to beginning their major area course work. The graduating student sample comprised the students from the capstone strategy class that is to be completed during the students' final semester. Gender representation was roughly equivalent, with 170 of the participants being male (49%) and 181 participants being female (51%). The different areas of specialization (Area), and self-reported, intra-national cultural backgrounds of the participants were widely dispersed.

Procedure

The study required approximately 20 minutes of class time. First, an administrator read a set of instructions to the students. Participants were then asked to sign two copies of an informed consent. The administrator explained the survey consisted of 15 scenarios and that the participants should indicate their evaluation of each scenario by providing a one to five point rating for each. The participants were given approximately 15 minutes to complete the survey. After the completion of the survey, the participants were briefed regarding the purpose of the study and the proposed hypotheses.

Variables

Business school education. All study participants were students enrolled in one of two courses that are mandatory for all business majors. There is no one particular required ethics course at this school; rather, the school adheres to the philosophy that ethics should be integrated throughout the curriculum. Consequently, students in the initial introductory business course (Incoming subsample) and students in the senior level strategic management capstone course (Graduating subsample) were asked to participate in the study on a voluntary basis. All students who were present in class on the day the surveys were administered agreed to participate in the study.

Culture. The students were asked to indicate the culture that they identify most with, or that they were most influenced by during their upbringing (see Table I for a complete listing of all cultures described in study).

Area of Specialization. Participants were asked to indicate their area of specialization within the business school. These areas included Accounting (ACCT), Finance/Business Law (FIN/LAW), Information Systems (IS), Marketing (MKT), and Management (MGT).

Gender. Participants were asked to indicate their gender on their survey.

TABLE I
Area of specialization and self-identified culture

Area	Participants <i>n</i> = 353	Culture	Participants <i>n</i> = 353
ACCT	67 (19.0%)	American	163 (46.2%)
MGT	63 (17.8%)	African American	14 (4.0%)
FIN/LAW	58 (16.4%)	Armenian	4 (1.1%)
IS	68 (19.3%)	Asian	64 (18.1%)
MKT	62 (17.6%)	Hispanic	70 (19.8%)
		Native American	3 (0.8%)
		Other	26 (7.4%)
		>1 Culture	7 (2.0%)

Ethics perceptions. The study involved the use of a survey developed by Harris (1989). The survey consists of 15 scenarios, each one paragraph in length, and all dealing with ethical issues within a business setting. The scenarios used in the study included situations that addressed deceit, fraud, influence dealing, self-interest, and coercion. The students were asked to rate each scenario using a five point Likert scale, with a one indicating strong approval of the scenario and a five indicating strong disapproval of the scenario. Lower scores (indicating higher levels of approval) are considered evidence of

faulty ethical perceptions; higher scores (indicating higher levels of disapproval) are considered evidence of more ethical perceptions.

Control variables. Inasmuch as moral development has been considered a function of age (e.g., Borkowski and Ugras, 1998), age was included as a control variable. In addition, given the possibility that gender, culture, and business discipline might interact with the potential effects of the integrated ethics curriculum, these two-way interactions were also included as controls.

TABLE II
BSE $\times$ culture: multivariate test results

Effect		Value	<i>F</i>	Hypothesis df	Error df	Sig.	Observed power ^a
Intercept	Pillai's trace	0.702	132.105	5.000	281.000	0.000	1.000
	Wilks' lambda	0.298	132.105	5.000	281.000	0.000	1.000
	Hotelling's trace	2.351	132.105	5.000	281.000	0.000	1.000
Age	Pillai's trace	0.112	7.112	5.000	281.000	0.000	0.999
	Wilks' lambda	0.888	7.112	5.000	281.000	0.000	0.999
	Hotelling's trace	0.127	7.112	5.000	281.000	0.000	0.999
BSE	Pillai's trace	0.057	3.399	5.000	281.000	0.005	0.904
	Wilks' lambda	0.943	3.399	5.000	281.000	0.005	0.904
	Hotelling's trace	0.060	3.399	5.000	281.000	0.005	0.904
Culture3	Pillai's trace	0.212	6.674	10.000	564.000	0.000	1.000
	Wilks' lambda	0.792	6.955	10.000	562.000	0.000	1.000
	Hotelling's trace	0.258	7.236	10.000	560.000	0.000	1.000
BSE $\times$ Culture3	Pillai's trace	0.071	2.068	10.000	564.000	0.025	0.897
	Wilks' lambda	0.930	2.073	10.000	562.000	0.025	0.898
	Hotelling's trace	0.074	2.077	10.000	560.000	0.025	0.898

^aComputed using $\alpha = 0.05$.

Results

Given the interrelatedness of the dependent variables (i.e., the five different scenario scores), a multivariate analysis of covariance (MANCOVA) was used to examine each hypothesis. Due to cell size issues, it was not possible to include all the factors within a single analysis. Consequently, three analyses were used to test for significant differences in ethical perceptions for the factors (business school education, culture, and gender), using age as the covariate.

MANCOVAs

Business school education and culture. Due to cell size issues, the MANCOVA for business school education (BSE) and culture (Culture3) included only three of the self-identified culture categories (American, Asian, and Hispanic). Our results indicate that both factors (BSE and Culture3) as well as the age covariate are significantly related to scenario disapproval scores (See Table II). More specifically, age was significantly related to disapproval scores for four of the five scenario constructs; deceit, fraud,

TABLE III
BSE $\times$ Culture: tests of between-subjects effects

Source	Dependent variable	Type III sum of squares	df	Mean square	F	Sig.	Observed power ^a
Corrected model	Deceit	153.731 ^b	6	25.622	5.665	0.000	0.997
	Fraud	318.996 ^c	6	53.166	11.062	0.000	1.000
	Infideal	245.902 ^d	6	40.984	7.587	0.000	1.000
	Selfinte	259.474 ^e	6	43.246	6.441	0.000	0.999
	Coercive	204.534 ^f	6	34.089	7.428	0.000	1.000
Intercept	Deceit	1673.333	1	1673.333	369.995	0.000	1.000
	Fraud	1329.377	1	1329.377	276.601	0.000	1.000
	Infideal	1059.268	1	1059.268	196.084	0.000	1.000
	Selfinte	1165.299	1	1165.299	173.561	0.000	1.000
	Coercive	1521.605	1	1521.605	331.553	0.000	1.000
Age	Deceit	49.452	1	49.452	10.934	0.001	0.909
	Fraud	131.345	1	131.345	27.329	0.000	0.999
	Infideal	35.823	1	35.823	6.631	0.011	0.728
	Selfinte	7.046	1	7.046	1.049	0.307	0.175
	Coercive	43.938	1	43.938	9.574	0.002	0.869
BSE	Deceit	22.674	1	22.674	5.014	0.026	0.607
	Fraud	23.478	1	23.478	4.885	0.028	0.596
	Infideal	6.196	1	6.196	1.147	0.285	0.187
	Selfinte	0.009	1	0.009	0.001	0.970	0.050
	Coercive	46.816	1	46.816	10.201	0.002	0.889
Culture3	Deceit	26.059	2	13.030	2.881	0.058	0.561
	Fraud	61.052	2	30.526	6.351	0.002	0.898
	Infideal	120.712	2	60.356	11.173	0.000	0.992
	Selfinte	172.932	2	86.466	12.878	0.000	0.997
	Coercive	45.874	2	22.937	4.998	0.007	0.811
BSE $\times$ Culture3	Deceit	10.772	2	5.386	1.191	0.305	0.260
	Fraud	35.261	2	17.630	3.668	0.027	0.672
	Infideal	54.937	2	27.469	5.085	0.007	0.818
	Selfinte	25.922	2	12.961	1.930	0.147	0.399
	Coercive	50.124	2	25.062	5.461	0.005	0.846

^aComputed using $\alpha = 0.05$, ^b $R^2 = 0.107$, ^c $R^2 = 0.189$, ^d $R^2 = 0.138$, ^e $R^2 = 0.119$, ^f $R^2 = 0.135$.

Figure 1. American culture mean scores by BSE.

Figure 2. Asian culture mean scores by BSE.

influence dealing and coercive. This result underscores the importance of using age as a control variable. Business school education was significantly related to mean differences in ethical perceptions for three of the five scenario constructs; deceit ($F = 5.014$, $p < 0.05$), fraud ($F = 4.885$, $p < 0.05$), and coercive ($F = 10.201$, $p < 0.01$). Finally, culture was significantly related to mean differences in ethical perceptions for four of the five scenario constructs; fraud ($F = 6.351$, $p < 0.01$), influence

dealing ($F = 11.173$, $p < 0.001$), self-interest ($F = 12.878$, $p < 0.001$), and coercive ($F = 4.998$, $p < 0.01$). Moreover, it should be noted that the deceit scenario scores approached significance as well ($F = 2.881$, $p = 0.058$). Table III provides the summary of these between-subjects effects. Given that the factor interaction term was also significant for three of the scenario constructs, however, these factor main effects must be interpreted in light of that interaction.

Figure 3. Hispanic culture mean scores by BSE.

TABLE IV
BSE $\times$ gender: multivariate test results

Effect		Value	F	Hypothesis df	Error df	Sig.	Observed power ^a
Intercept	Pillai's trace	0.704	159.327	5.000	335.000	0.000	1.000
	Wilks' lambda	0.296	159.327	5.000	335.000	0.000	1.000
	Hotelling's trace	2.378	159.327	5.000	335.000	0.000	1.000
Age	Pillai's trace	0.094	6.946	5.000	335.000	0.000	0.999
	Wilks' lambda	0.906	6.946	5.000	335.000	0.000	0.999
	Hotelling's trace	0.104	6.946	5.000	335.000	0.000	0.999
BSE	Pillai's trace	0.062	4.460	5.000	335.000	0.001	0.969
	Wilks' lambda	0.938	4.460	5.000	335.000	0.001	0.969
	Hotelling's Trace	0.067	4.460	5.000	335.000	0.001	0.969
Gender	Pillai's trace	0.112	8.487	5.000	335.000	0.000	1.000
	Wilks' lambda	0.888	8.487	5.000	335.000	0.000	1.000
	Hotelling's trace	0.127	8.487	5.000	335.000	0.000	1.000
BSE $\times$ gender	Pillai's trace	0.033	2.275	5.000	335.000	0.047	0.734
	Wilks' lambda	0.967	2.275	5.000	335.000	0.047	0.734
	Hotelling's trace	0.034	2.275	5.000	335.000	0.047	0.734

^aComputed using $\alpha = 0.05$.

Figures 1, 2, and 3 provide a graphical depiction of the significant interaction effects for each of three culture subgroups (American, Asian, and Hispanic respectively). As Figure 1 illustrates, BSE has a positive effect with respect to mean differences in ethical perceptions for two of the three significant interactions (fraud and coercive) for the American subgroup. In the case of influence deal-

ing, however, graduating students in the American subgroup were more approving of the unethical scenarios than were incoming students. In contrast, Figures 2 and 3 indicate a consistently positive effect of business school education for the Asian and Hispanic subgroups, respectively. The positive effects are clearly more pronounced for the Hispanic subgroup across all three scenario con-

TABLE V
BSE $\times$ gender: tests of between-subjects effects

Source	Dependent variable	Type III sum of squares	df	Mean square	F	Sig.	Observed power ^a
Corrected model	Deceit	142.468 ^b	4	35.617	7.633	0.000	0.997
	Fraud	366.610 ^c	4	91.653	18.447	0.000	1.000
	Infldeal	167.191 ^d	4	41.798	7.018	0.000	0.995
	Selfinte	314.313 ^e	4	78.578	11.840	0.000	1.000
	Coercive	265.137 ^f	4	66.284	13.525	0.000	1.000
Intercept	Deceit	2184.671	1	2184.671	468.221	0.000	1.000
	Fraud	1649.031	1	1649.031	331.897	0.000	1.000
	Infldeal	1240.828	1	1240.828	208.344	0.000	1.000
	Selfinte	1339.856	1	1339.856	201.883	0.000	1.000
	Coercive	1843.449	1	1843.449	376.153	0.000	1.000
Age	Deceit	43.636	1	43.636	9.352	0.002	0.862
	Fraud	150.112	1	150.112	30.213	0.000	1.000
	Infldeal	28.956	1	28.956	4.862	0.028	0.594
	Selfinte	2.837	1	2.837	0.427	0.514	0.100
	Coercive	26.980	1	26.980	5.505	0.020	0.648
BSE	Deceit	39.679	1	39.679	8.504	0.004	0.828
	Fraud	39.398	1	39.398	7.930	0.005	0.802
	Infldeal	8.752	1	8.752	1.470	0.226	0.227
	Selfinte	14.920	1	14.920	2.248	0.135	0.321
	Coercive	15.032	1	15.032	3.067	0.081	0.416
Gender	Deceit	8.086	1	8.086	1.733	0.189	0.259
	Fraud	56.528	1	56.528	11.377	0.001	0.920
	Infldeal	82.529	1	82.529	13.857	0.000	0.960
	Selfinte	176.438	1	176.438	26.585	0.000	0.999
	Coercive	151.724	1	151.724	30.959	0.000	1.000
BSE $\times$ Gender	Deceit	3.469	1	3.469	0.743	0.389	0.138
	Fraud	4.868	1	4.868	0.980	0.323	0.167
	Infldeal	21.369	1	21.369	3.588	0.059	0.472
	Selfinte	55.041	1	55.041	8.293	0.004	0.819
	Coercive	9.485	1	9.485	1.935	0.165	0.284

^aComputed using alpha = 0.05, ^b $R^2 = 0.083$, ^c $R^2 = 0.179$, ^d $R^2 = 0.076$, ^e $R^2 = 0.123$, ^f $R^2 = 0.138$.

structs. These results provide support for the non-directional hypothesis that intra-national cultural differences exist when identifying what is considered to be ethical behavior.

Business school education (BSE) and gender. The MANCOVA used to test for the impact of business school education and gender differences also resulted in significant effects for both factors as well as the age covariate (See Table IV). More specifically, age was again significantly related to disapproval scores for four of the five scenario constructs; deceit, fraud, influence dealing and coercive. The MANCOVA

analysis indicated that BSE was related to significant mean differences in ethical perceptions for two of the five constructs; deceit ($F = 8.504$, $p < 0.01$) and fraud ($F = 7.930$, $p < 0.01$). Gender was significantly related to mean differences in ethical perceptions for four of the five scenario constructs; fraud ($F = 11.377$, $p = 0.001$), influence dealing ($F = 13.857$, $p < 0.001$), self-interest ($F = 26.585$, $p < 0.001$), and coercive ($F = 30.959$, $p < 0.001$). Table V provides the summary of these between-subjects effects. These results provide partial support for the hypothesis that females will be less tolerant of unethical behavior than their male counterparts.

Figure 4. Self-interest means.

TABLE VI

BSE $\times$ Area: multivariate test results

Effect		Value	F	Hypothesis df	Error df	Sig.	Observed power ^a
Intercept	Pillai's trace	0.692	132.792	5.000	296.000	0.000	1.000
	Wilks' lambda	0.308	132.792	5.000	296.000	0.000	1.000
	Hotelling's trace	2.243	132.792	5.000	296.000	0.000	1.000
Age	Pillai's trace	0.100	6.569	5.000	296.000	0.000	0.998
	Wilks' lambda	0.900	6.569	5.000	296.000	0.000	0.998
	Hotelling's trace	0.111	6.569	5.000	296.000	0.000	0.998
BSE	Pillai's trace	0.055	3.454	5.000	296.000	0.005	0.909
	Wilks' lambda	0.945	3.454	5.000	296.000	0.005	0.909
	Hotelling's trace	0.058	3.454	5.000	296.000	0.005	0.909
Area	Pillai's trace	0.114	1.750	20.000	1196.000	0.021	0.973
	Wilks' lambda	0.890	1.761	20.000	982.671	0.021	0.931
	Hotelling's trace	0.120	1.767	20.000	1178.000	0.020	0.975
BSE $\times$ Area	Pillai's trace	0.053	0.811	20.000	1196.000	0.703	0.648
	Wilks' lambda	0.947	0.812	20.000	982.671	0.700	0.541
	Hotelling's trace	0.055	0.814	20.000	1178.000	0.698	0.651

^aComputed using $\alpha = 0.05$.

However, the hypothesis was not supported when testing for deceit. Given that the factor interaction term for self-interest was also significant, however, this main effect must be interpreted in light of that interaction.

Figure 4 provides a graphical depiction of the self-interest interaction effect for the male and female subgroups. As illustrated in Figure 4, BSE has

a positive effect on females with respect to self-interest, and a negative effect for males.

Business school education and area of specialization in business. The MANCOVA for BSE and Area indicated that both factors have a significant impact on mean differences in ethical perceptions. In addition, the age covariate was significant (See

Figure 5. Scenario mean scores by BSE.

Table VI). Since the interaction term was not significant, the interpretation of factor main effects is straightforward.

Age was significantly related to disapproval scores for four of the five scenario constructs; deceit, fraud, influence dealing and coercive. In this analysis, BSE was significantly related to mean differences in ethical perceptions for the deceit scenario construct ($F = 6.443$, $p < 0.05$) and approached significance for the coercion scenario construct ($F = 3.315$, $p = 0.07$). These results are graphically depicted in Figure 5 which also includes the mean scores for each group (incoming and graduating).

There were significant differences in ethical perceptions by Area for the fraud scenario construct ($F = 5.121$, $p < 0.01$) and the differences with respect to the coercion construct also approached significance ($F = 2.307$, $p = 0.058$). Table VII provides the results for the tests of between-subject effects for this analysis and Table VIII provides the mean scores and standard deviations for each Area. These results provide partial support for the non-directional hypothesis that area of specialization within business would have an impact on ethical perceptions.

Discussion

This study examined several possible factors that might be used to predict or explain differences in

ethical perceptions. The results provide at least partial support for each of the hypotheses. Specifically, significant differences with respect to some or all areas of ethics examined were found for the factors of business school education, culture, area of specialization in business, and gender.

One especially interesting set of results from this study concerns a factor that has been heavily debated, but has not been previously examined in the empirical literature, the effectiveness of an integrated ethics curriculum. In this particular business school, ethics is not taught in a specific class, *per se*, but is instead integrated throughout all the core business classes. The mean comparisons indicated that students who are completing their undergraduate degree in business are significantly less approving of the unethical behavior in the scenarios concerning deceit, fraud, and coercion than were students at the beginning of their undergraduate program. This result supports Okleshen and Hoyt's (1996) finding that participants with ethics education experience are likely to be more disapproving of unethical behavior than those who have not had experience with ethics education.

The present study also provides support for the relevance of another previously unexamined factor for explaining ethical perceptions, U.S. intra-national cultural differences. Significant differences were found to exist in the areas dealing with fraud, influence dealing, self-interest and coercion.

TABLE VII
BSE $\times$ Area: tests of between-subjects effects

Source	Dependent variable	Type III sum of squares	df	Mean square	F	Sig.	Observed power ^a
Corrected model	Deceit	164.053 ^b	10	16.405	3.537	0.000	0.993
	Fraud	364.789 ^c	10	36.479	7.248	0.000	1.000
	Infideal	110.519 ^d	10	11.052	1.751	0.069	0.822
	Selfinte	77.933 ^e	10	7.793	1.024	0.423	0.539
	Coercive	143.213 ^f	10	14.321	2.616	0.005	0.959
Intercept	Deceit	1882.264	1	1882.264	405.859	0.000	1.000
	Fraud	1496.914	1	1496.914	297.416	0.000	1.000
	Infideal	1079.133	1	1079.133	170.992	0.000	1.000
	Selfinte	1181.899	1	1181.899	155.307	0.000	1.000
	Coercive	1597.479	1	1597.479	291.806	0.000	1.000
Age	Deceit	51.907	1	51.907	11.192	0.001	0.915
	Fraud	136.451	1	136.451	27.111	0.000	0.999
	Infideal	29.081	1	29.081	4.608	0.033	0.571
	Selfinte	3.342	1	3.342	0.439	0.508	0.101
	Coercive	25.726	1	25.726	4.699	0.031	0.580
BSE	Deceit	29.882	1	29.882	6.443	0.012	0.716
	Fraud	12.789	1	12.789	2.541	0.112	0.356
	Infideal	5.126	1	5.126	0.812	0.368	0.146
	Selfinte	12.086	1	12.086	1.588	0.209	0.241
	Coercive	18.150	1	18.150	3.315	0.070	0.442
Area	Deceit	22.761	4	5.690	1.227	0.299	0.383
	Fraud	103.096	4	25.774	5.121	0.001	0.965
	Infideal	49.695	4	12.424	1.969	0.099	0.589
	Selfinte	23.413	4	5.853	0.769	0.546	0.246
	Coercive	50.529	4	12.632	2.307	0.058	0.668
BSE $\times$ Area	Deceit	0.817	4	0.204	0.044	0.996	0.059
	Fraud	20.239	4	5.060	1.005	0.405	0.317
	Infideal	22.635	4	5.659	0.897	0.466	0.284
	Selfinte	21.201	4	5.300	0.696	0.595	0.225
	Coercive	11.528	4	2.882	0.526	0.716	0.177

^aComputed using $\alpha = 0.05$, ^b $R^2 = 0.105$, ^c $R^2 = 0.195$, ^d $R^2 = 0.055$, ^e $R^2 = 0.033$, ^f $R^2 = 0.080$.

Thus, this study provides further support for the research that has examined other cultural variations within the U.S. (Spain et al., 2002).

Also consistent with the hypotheses, differences in ethical perceptions were found between different areas of specialization within business. In particular, significant differences were found among areas of specialization within business for the construct of fraud and differences in coercion scores also approached significance. These results are consistent with Cohen et al., (1998) who also found differences in ethical perceptions between different business

majors. These differences within business may help to explain the equivocal findings of previous empirical studies that compared business majors to non-business majors (e.g., Borkowski and Ugras, 1998).

Our results also provide partial support for hypothesized gender differences with respect to disapproval of unethical behavior. Specifically, as hypothesized, MANCOVA results showed that female participants were significantly less tolerant of unethical behavior than their male counterparts on four of the five ethics constructs (fraud, influence

TABLE VIII
Descriptive statistics

Scenario construct	Area	Mean	Std. deviation	N
Deceit	ACCT	12.3030	2.21165	66
	MGT	11.9194	1.97773	62
	FIN/BLaw	11.9298	2.17830	57
	IS	11.3333	2.68519	66
	MKT	12.3167	1.94406	60
Fraud	ACCT	12.8333	2.33754	66
	MGT	12.2258	2.27185	62
	FIN/BLaw	11.6140	2.31265	57
	IS	10.7424	2.63883	66
	MKT	12.0667	2.23126	60
Influence dealing	ACCT	9.5152	2.61500	66
	MGT	8.9032	2.56528	62
	FIN/BLaw	8.2281	2.84741	57
	IS	9.1364	2.24559	66
	MKT	8.6833	2.32519	60
Self-Interest	ACCT	8.9242	2.98875	66
	MGT	8.6774	2.70866	62
	FIN/BLaw	7.8596	3.08475	57
	IS	8.3788	2.45429	66
	MKT	8.1000	2.48180	60
Coercive	ACCT	11.4697	2.12834	66
	MGT	10.7258	2.24097	62
	FIN/BLaw	10.1228	2.68641	57
	IS	10.3030	2.25300	66
	MKT	10.6167	2.54513	60

dealing, self-interest and coercion). This supports prior results from the ethics literature; for example, Okleshen and Hoyt (1996) found that females were less tolerant of unethical behavior. Moreover, Franke et al. (1997: 920), in their meta-analysis of gender and ethical perceptions, found that women were "...more likely than men to perceive specific hypothetical business practices as unethical".

Implications

The current study identifies several factors that may relate to differences in ethical perceptions. One of the most heartening findings is that tolerance for unethical behavior appears to decrease with formal business education. In some respects, this finding is counter-intuitive. That is, there appears to be a commonly held belief (or stereotype) that business

students are only interested in the bottom line or even that business schools transform idealistic freshman into self-serving business graduates. Given the heightened criticism of the ethicality of managerial behavior, it is encouraging to note that individuals are, in fact, positively affected by formal ethics training, even as adults.

Previous research has examined the effectiveness of stand-alone business ethics courses or ethics training on ethical perceptions (Glenn, 1992; Izzo, 2000; Okleshen and Hoyt, 1996), but has not empirically examined integrated approaches. This is the first study to do so and it suggests that an integrated approach can serve to increase awareness of ethical issues. Given the on-going debate as to how to most effectively raise the level of ethical awareness within business, additional research focused on comparisons between these two approaches to ethics' education would be worthwhile.

Overall, females were less approving of unethical behavior than males. As is the case with any gender difference, it is important to consider possible explanations for why these differences may exist. This is especially critical given the differential results associated with gender. Clearly, any consideration of gender effects must include other demographic variables as well in order to avoid inaccurate attributions. Similarly, the differences between cultures with respect to tolerance for unethical behaviors need to be examined. These demographic differences may have increased importance as the domestic workforce continues to become more diverse. In addition, these demographic differences may have important implications for how ethical training and education programs are designed. That is, such programs should take into account how cultural and role pressures may affect ethical perceptions.

We found significant differences in ethical perceptions for both intra-national culture and area of specialization within business. Previous research in this area has generally aggregated cultures by country and majors by business versus non-business. This study suggests that this aggregated approach may not be appropriate for examining precursors to ethical awareness and offers a possible explanation for the previous equivocal findings with respect to these factors.

Strengths

This study has a number of strengths. First, this study used an established apparatus (Harris, 1989) examined in previous research (e.g., Okleshen and Hoyt, 1996). Second, the fairly large sample size allowed us to make comparisons on several factors (e.g., gender, cultural background) with sufficient statistical power. Finally, a number of variables were included that have not been fully examined by previous research such as integration of ethics across the core curriculum, area of specialization, and intra-national cultural differences.

Limitations

While the results of this study indicate significant differences on a number of constructs, there are

sample limitations that may have influenced the results. For instance, there were sample size issues for certain cultures that created analytical problems (See Table I). Consequently, we were only able to include the three largest intra-national culture groups (i.e., American, Asian, and Hispanic) in our analysis. This study was also limited to one business school. To the extent that business schools vary in their integration of ethics throughout the curriculum, the findings from this study may or may not generalize. Finally, the cross-sectional data does not allow for causal inferences; rather, we are able only to note that associations exist. A longitudinal research design with true panel study data would allow for more rigorous causal assertions in subsequent studies.

Future research

There are several promising areas for future research. First, this study needs to be replicated in other universities. Perhaps there are key components of integrated ethics curriculum (such as common syllabi, etc.) that lead to lower tolerance for unethical behavior. If so, these components need to be identified. Given that future managers' disapproval of unethical situations can improve with formal integrative training, the next logical question is whether this disapproval is sustained, decreased, or increased as graduates acquire more professional experience as managers. That is, do a manager's ethical perceptions change over time?

Another question that needs to be addressed is why differences exist in ethical perceptions among areas of specialization. Are there certain aspects of disciplines (e.g., social science influence versus quantitative influence) that relate to higher or lower ethical perceptions? Or are individuals with certain ethics-related characteristics attracted to particular areas of specialization?

With the increase in globalization, this area of study is especially important for learning more about the effects of different cultural groups. It would be especially helpful to conduct a similar study in a number of different countries that vary in cultural attributes, such as individualism-collectivism. Perhaps these differences have a significant impact on how people perceive situations, make decisions,

and whether they view scenarios as being ethical or unethical.

Our results represent a modest step in enhancing our understanding of the complex relationships underlying ethical perceptions. Clearly, the areas of ethics education and ethical perceptions are ripe for further research and are critical for restoring trust in business.

Harris survey

The following situations describe some aspect of business practice. You are asked to evaluate each scenario and respond with your degree of approval or disapproval of the described action. After each situation, there will be a scale such as the following:

	Strongly Approve	Somewhat Approve	Neutral	Somewhat Disapprove	Strongly Disapprove	
Approve	1	2	3	4	5	Disapprove

Please indicate your response by circling the number that best describes your feelings regarding the situation as explained.

A. Daily, Inc. is a leading manufacturer of breakfast cereals. Conscious of the market shift toward more healthful foods, it recently added a line of all fiber cereals to capitalize on this trend and directed its advertising agency to prepare ad copy which stresses that this cereal helps prevent intestinal cancer among regular users, even though there is no scientific evidence to prove or disprove this fact.

B. State Electric, a publicly held electrical generating company, is faced with rapidly escalating costs of its low sulfur coal which it purchases from midwestern suppliers. Reliable estimates show this price trend to continue over the next 5 years necessitating an across-the-board price increase to customers. Lower cost, high sulfur coal is readily available, however its use will increase State's overall pollution emissions by 25%. Management opts for the high sulfur coal rather than raising the cost per KWH to customers.

C. Doug Watson is a salesman for Delta Drug Company and is responsible for calling on both physicians and pharmacists in a two state area. With

commission and bonuses, his annual salary averages about \$32,000. Doug has made it a practice of supplementing his salary by at least \$1200 by padding his expense account. He rationalizes this behavior by saying that everyone else in the business is doing it. D. Frank Pollard, Executive Vice President of United Industries calls the personnel director of one of their major suppliers and asks in a non-threatening way that his nephew be interviewed for a job in their organization. The personnel director complies with Pollard's request and arranges for the interview. Pollard's nephew fails miserably on the aptitude test, which is required of all applicants, but is hired anyway because United is one of their biggest accounts.

E. One of America's largest automobile manufacturers is the corporate sponsor of the popular TV

series ANYTOWN VICE. The sponsor has been approached by a national coalition of concerned citizens as to the impact of this program on the morals of today's youth. The coalition demands that the sponsor exert its influence on the show's producer to tone down the sex and violence on the program. The sponsor's reply to the coalition is, in essence, that "our job is to sell cars not to censor what the public wants to watch on TV".

F. Kiddie Textiles, Inc., a manufacturer of children's sleepwear, responded to the appeal by the National Safety Council and treated its entire fall line with the flame retardant agent, TRIS. Research found this to be a carcinogenic agent and TRIS treated textiles were subsequently banned from sale in the U.S. Left with more than one million dollars in inventory of the banned products, Kiddie sold the entire lot at cost to an export agent whom it was sure would sell the TRIS treated sleepwear to markets in underdeveloped countries which had no such ban.

G. The U.S. Patent Office recently issued an exclusive patent to Tiger Automotive for a fuel efficient device which has been proven to increase the average car's mileage by 45%. Given that Tiger is

protected from direct competition by its patent, it has decided to price its new product at \$45 to auto parts dealers even though it costs less than \$1 to produce and distribute.

H. A major supermarket chain, Big Save, has been approached by a group of community leaders requesting that the firm open a store in the inner-city. They desire that low income families, who have little access to the better priced supermarkets in the suburbs, be given an alternative over the higher priced, small grocers who serve the inner-city market. Citing higher costs of facilities and greater potential losses due to pilferage and vandalism, Big Save decides not to comply with the group's request.

I. National Corporation is a primary contractor for military hardware. Because its revenues are tied directly to government defense spending, management monitors the voting records of members of Congress relative to defense spending issues. As a result, the employees of National have formed a political action committee (PAC) to provide campaign funds to support candidates who favor their interests.

J. Johnny Jones is the sales manager for a local automobile dealership. One of his responsibilities is to train new salespersons as they come into the organization. Experience has shown that one of the most difficult tasks in selling automobiles, as in selling other goods, is closing the sale. Jones feels that some customers need to be helped into the decision to buy a particular car, so he teaches his new salespersons several high pressure techniques proven to be successful in closing the sale.

K. First Department Stores, with six suburban locations throughout the metropolitan area, is the largest advertiser in The Planet Daily News. The newspaper has been running a series of articles to educate consumers how to better protect their interests in the marketplace. Steve Adams, President of First Department Stores, hears by the grapevine that next Monday an article highly critical of First's credit policies will be featured in the newspaper. The proceeding Friday he contacts the editor of the Planet and threatens the withdrawal of all advertising if the feature is run.

L. Management of Durable Copy Machines, Inc. has word from reliable sources that its chief competitor is about to unveil a new model which, in all likelihood, will sweep the market and make substantial inroads into Durable's market share and

profitability. Sam Samuels, head of engineering for Durable, plays golf regularly with a member of the competitor's design department and is aware of his dissatisfaction with the amount of his recent raise. Being made aware of this fact, top management at Durable has instructed personnel to "hire that employee at any cost".

M. The Borden Company is a supplier in the highly competitive building supply industry. In the past, it has experienced difficulty in maintaining customer loyalty among builders and contractors. To address this problem, Borden has developed a plan whereby customers are given points for every \$500 worth of merchandise they buy throughout the year. At the end of the year customers are awarded an all-expense vacation for two to various resort areas depending on the number of points accumulated. Prices are, of course, increased to cover this expense.

N. Todd Jackson is the purchasing agent for Wyler Industries and has final say on which of numerous suppliers his firm will buy from. Conscious of the magnitude of the purchasing dollars he controls, Jackson has let it be known that in those situations where price and other things are equal, his decision to purchase from a particular vendor can be swayed by the receipt of an "appropriate" gift.

O. John Smith has been recently employed by General Supply, Inc. as a sales rep and has taken over the territory which includes among its potential customers Wyler Industries (mentioned above). General has been unsuccessful in selling to Wyler in the past because it has a strict policy against using company funds to provide gifts to any customer or prospective customer. As a novice in the selling profession, Smith is determined to make a sale to Wyler Industries even if he has to pay for a gift for Todd Jackson out of his commission on the sale.

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Yvette P. Lopez
Texas A&M University,
423 Wehner Building,
4221 TAMU,
College Station, TX 77843-4221,
USA
E-Mail: ylopez@cgsb.tamu.edu

Paula L. Rechner
California State U., Fresno,
5245 N. Backer M/S PB 7,
Fresno, CA 93740-8001,
USA
E-mail: prechner@csufresno.edu

Julie B. Olson-Buchanan
California State U., Fresno,
5245 N. Backer M/S PB 7,
Fresno, CA 93740-8001,
USA
E-mail: julieo@csufresno.edu

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