

An Attitudinal Analysis of Different Groups of Managers towards Business Ethics in South Africa

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ABSTRACT This study determines the ethical profiles and dispositions of three groups of managers in South Africa. These groups consisted of (1) Managers from a specific company active in the agricultural sector in South Africa; (2) A collection of managers from diverse industries in South Africa; and (3) A group consisting of potential managers. The objectives are to measure the ethical views of the groups, to identify ethical discrepancies that exist between the different respondent groups, and to determine the statistical significance of those differences. Individual- as well as company ethical behaviour are tested amongst of 754 participating respondents regarding individual and ethical ethics while the groups do not differ significantly from each other on individual ethical behaviour. However, regarding company ethics, the groups differ more in their views of which actions are acceptable and which are not.

INTRODUCTION

Ethical behaviour and compliance to ethical requirements by the international business community are critical to South African business success and economic growth. In this regard Robertson (2013) points out that countries with higher ethical standards seem to attract more international investments and funding than those countries that do not fare well on ethical ratings. One such an important rating is the Corruption Perception Index (CPI). The CPI score relates to perception of the degree of corruption or unethical behaviour of a country as seen by business people and analysts across the globe. The index reflects on three components of a country, namely the *Police; Business and Political* unethical behaviour. South Africa has a CPI score of 4.5 and ranked 54th from 159 countries in 2010. This score has since deteriorated to 4.3 in 2012, resulting in a country ranking of 69th (Africa Economic Outlook 2013). The rating ranges from 10.0 (the cleanest) to 0.0 (the most corrupt) (Rapule and Bisschoff 2013). The downward spiral of countries in this index is compounded by the unethical deeds of manager-

leaders in organisations. Unethical conduct of manager-leaders, according to Thompson et al. (2010: 14), entail substantial risk to organisations/businesses as their corporate images are tarnished and their profitability as well as financial strengths are affected.

This study focusses on the *Business component* of the CPI and measures the ethical profiles and dispositions three groups of South African managers. These groups are:

- ♦ Managers from an international company active in the agricultural sector in South Africa (referred to as CM).
- ♦ A collection of managers from diverse industries in South Africa. They were selected to participate since all of them were employed within the selected companies in middle or higher management positions (referred to as DM).
- ♦ A group consisting of potential managers. More specifically, this group consisted of final year first degree students majoring in Business Management at the North-West University at the Potchefstroom campus (referred to as BM).

The results should aid managers in their efforts to gain a better understanding of the ethical predisposition of economic active role-players in the RSA. If managers understand the ethical predispositions and resulting behaviour of

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the managerial environment in the RSA, they should be able to make better decisions on business and commerce and comply with more ease to acceptable international business behaviour.

Problem Statement

The core problem presenting itself is determining the ethical predispositions of managers as that of economic role-players (as well as potential managers). This implies that managers and future managers as economic active groups, enter the market with specific views on ethics, conduct their economic and business activities according to their ethical predispositions. Several key questions remain. Do these views differ from current ethical standpoints or views, and if they indeed differ, on what grounds and to what extent? Secondly, the next problem is to determine to what extent these views differ among the different groups with regard to their studies. Therefore, does a typical manager's ethical profile or views differ from that of the typical manager from a specific company, or that of a potential future manager, and if so, on what aspects do they agree or differ?

Literature Review

This literature overview scrutinizes the three key elements of this study. It begins with the rationale for designating managers as the target population for meaningful research endeavours. It also summarizes the literature that has sought to identify differences in the ethical predispositions of managers in their different environments. Finally, previous efforts that have focused on South Africa are summarized in an effort to assess the ethical predisposition as reported by authors of studies that have preceded this one.

One of the respondent groups is final-year students. It is commonly criticised that the use of students in survey research does not reflect the demographic profile, the psychographic makeup, or the purchase behaviours associated with the broader market (Hunt and Vitell 1986; Moolla 2010). Yet in many cases, student samples are appropriate because they truly comprise the target market of interest in the research (Gordon et al. 1987; Rapule and Bisschoff 2013). Furthermore, early studies on "decision making" found that students and practising managers tended to exhibit "extremely similar patterns of

judgment" (Remus 1986; Moolla 2010), especially when students have been active participants in the workforce. Perhaps no subject matter is more appropriate for student sampling than ethical predisposition. So not only might university students represent an important target market (consider Red Bull energy drink), but they also represent the next generation of business and community leaders (Albaum and Peterson 2006).

Historical research on business ethics tended to focus on students; it has been reported that one-third of the studies prior to 1990 utilised student samples. Prior to that, research indicated that university students were relatively sensitive to concerns regarding perceived breaches of ethical conduct (Beltramini et al. 1984); yet they also tended to accept violations of ethical standards more readily than did business executives (Arlow and Ulrich 1982). In an effort to clarify this ambiguity, Fullerton (1993) concluded from his evaluation of 19 ethics-oriented scenarios that "*today's college students exhibit a relatively high degree of concern.*" He also indicated that they deemed each of the illegal activities that was included as part of his study, to be unethical. It would also seem to indicate that these future leaders are not likely to invoke the "*caveat emptor*" or "*buyer beware*" doctrine.

However, although student samples may be controversial, the objectives of this research require the use of such a sample. The study also does not claim any demographic representation. In addition, the student sample was intentionally and specifically selected to compare current views of the youth to that of experienced managers.

In the quest to proceed to a proper understanding of what business ethics means, it is perhaps appropriate to identify the meaning of ethics first. According to Post et al. (2002), ethics is a conception of right and wrong conduct. It tells us whether our behaviour is moral or immoral and deals with fundamental human relationships, how we think and behave towards others and how we want them to think and behave towards us. The abovementioned authors summarise by postulating that ethical principles are guides to moral behaviour. Perhaps on an even more fundamental level De Klerk (1996) defines ethics as the systematic attempt which is applied, by means of the knowing and thinking and thought abilities of man, to lay down

rules for human behaviour within a specific milieu and prescribes the values which man should pursue. The same author refers to this definition as one proceeds to the concept management ethics as that discipline which occupies itself with the behavioural rules and values which should be maintained by man whilst pursuing entrepreneurial objectives.

According to Nel et al. (1989), ethics in business is perhaps not only a matter of normative evaluation, but also a series of perceptions of how to act in terms of day-to-day issues. The authors further state that from a positive perspective, managerial success is determined by everyday performances in achieving company goals. Despite different cultural environments, Abratt et al. (1992) argue that the ethical beliefs of managers operating in different cultures will be the same. Notwithstanding this, these authors stated that business executives do not uniformly agree on how to define business ethics. These authors synthesize the following definition: "*Business ethics is rules, standards, codes, or principles which provide guidelines for morally right behaviour and truthfulness in specific situations*" Abratt et al. (1992). The researchers of this study felt that this is perhaps the most comprehensive definition of business ethics and used it for this study. With ethics and business ethics properly defined, the differences between student groups are discussed.

One of the initial studies that explored differences between business and non-business students on 30 ethical issues was undertaken by McNichols and Zimmerer (1985). Interestingly, five statistically significant differences were documented; however, the business students expressed greater concern for three of these five behaviours. The authors concluded that there was no discernible trend in the comparison. A few years later, Fullerton (1993) compared these same two groups using 19 scenarios reflecting questionable behaviour undertaken by anonymous business organisations. Business students were found to be more tolerant of union-busting activities and the marketing of a toll call that features adult-oriented content and conversation. With no significant difference in any of the remaining 17 scenarios, the author concluded that the results were far from a glaring condemnation of business students. Further supporting the premise that differences between business and non-business students were incon-

sequential was a study by Wyld and Jones (1997) that found no differences at all in their comparative study. Similarly, a study of New Zealand students documented no differences between business and non-business students (Tse and Au 1997). In a more specific assessment, business students were compared to engineering students on 12 scenarios. Only one difference was documented as business students were less critical of an employee's failure to report a colleague's violation of organisational policies (O'Clock and Okleshen 1993). More recently, however, the differences have seemed to become more pronounced.

Du and Tang (2005) used the 17-item Love of Money Scale (LOMS) to identify meaningful differences among segments of law, sociology and political science students. In a follow-up study, Chen and Tang (2006) compared business and psychology students' attitudes on five constructs: abuse of resources; failure to "blow the whistle" on a colleague or the organisation; theft; corruption; and deception. The authors found "invariance" thereby concluding that differences across majors did exist; however, the precise nature of those differences was not delineated in the paper. Finally, Comunale et al. (2006) noted a "professional ethics crisis" among accounting students in the aftermath of the Enron and Arthur Anderson scandals. Although the accounting students were not overtly compared to any other group, the authors seemed to imply that students in other majors were not enduring a similar crisis.

The bottom line is that some studies have documented major-based differences while others have not. But this uncertainty does reflect an element of risk if one chooses to assume homogeneity across a litany of student groups. This risk is likely accentuated when the business organisation extends its operations into one or more foreign host countries.

The final aspect of this literature review involves the previous investigations of the ethical predisposition among the various constituencies in the Republic of South Africa. These studies fall into two categories. A modest number of cross-sectional studies have focused solely on the RSA. The more prominent type of study has involved comparative studies that included South Africa as one of the two or more countries under scrutiny. But despite its status as an emerging economy, studies of these types have been sparse and tend to be somewhat dated.

From a broad perspective, one prevailing line of thought is that ethical values rise in relation to a country's level of economic development. Given the RSA's characterization as an emerging economy, it may seem logical to presume that lower ethical standards will persist when compared to more advanced economies (Shafer et al. 2006). Consistent with this reasoning is the long standing presumption of an "ethics gap" between the USA and the rest of the world (Vogel 1992). But even that assertion may now be obsolete (Fullerton and Neale 2007). Furthermore, that line of thinking may not be appropriate when assessing the more highly educated segments of the South African population in the 21st century. Unfortunately, the literature fails to provide a consensus as to the exact nature of the global ethics environment.

In the aftermath of Apartheid, South Africa was in a state of political insecurity, turmoil and upheaval. This reality prompted Rossouw (1994) to state that the "*struggle for survival in a new South African economy... cannot afford morality*". Shortly thereafter, Van Zyl and Lazenby (1999) stated that the "South African business world is increasingly characterized by the absence of clear ethical norms and behaviours." Nelson Mandela reinforced this point in a speech to the RSA Parliament in which he is quoted as saying "corruption in many forms has deeply infected the fibre of our society" (Rossouw 1997). Compounding this concern was Moore and Radloff's (1996) findings that South African students believed that changes would be slow to occur and that it might be years before the ethics gap is closed in any appreciable manner. More recently, Nkomo (2003) articulated the same concern in his assessment of the "new" South Africa further stating that the "transformation will require a fundamental paradigm shift" in an effort to alter the attitudes and behaviours of a "*sceptical public*".

There have also been a limited number of comparative empirical studies undertaken in an effort to measure the ethical predisposition of South Africans. In one study that followed Rossouw's depiction of South Africa as an emerging economy, a comparative assessment included Singapore and the United States. That study documented lower measures of honesty reported by the sample of South African students (Klein 1999). More recently, a study by Fullerton et al. (2007) found that South African students exhibited a higher level of ethical stan-

dards than do their peers in China. In a study that used the same 14 ethics-based scenarios, Fullerton and Neale (2007) examined South Africa, Australia, New Zealand, Canada, and the United States. One measure placed the South African sample behind only New Zealand in regard to ethical predisposition. A second measure used in that study indicated that the South Africans expressed the highest level of criticism for the 14 questionable actions undertaken by anonymous business organisations.

At this time, a brief synopsis of the literature review is warranted. First, it is evident that the use of student samples is deemed to be appropriate under certain circumstances. This project fits that category. Second, a myriad of studies undertaken in other countries documented meaningful differences for student segments defined on the basis of their major subject. Thus, a look at South African students on this dimension is justified. Finally, the previous research on South Africa has been somewhat contradictory. Concerns were routinely articulated in the 1990s, but the recent research indicates that the ethical predisposition of South Africans compares favourably to those of other Western societies. There is a need to further clarify the state of the existing ethical predisposition among key segments of the South African population.

Objectives

The research objectives are to, *firstly*, measure the ethical views of the groups as they pertain to questionable actions undertaken by anonymous businesses and consumers. *Secondly*, to identify ethical discrepancies that exist among the different respondent groups, and *thirdly*, once identified, to determine the statistical significance of those differences. Then, *fourthly*, to determine if any underlying ethical dimensions can be identified by means of exploratory factor analyses in both individual and company behaviour.

Research Propositions

The research propositions postulated in this paper are:

$$P_0: Me_1 = Me_2 = Me_3$$

P_1 : At least one of the groups differs from the other(s)

(where: Me_i = median of the i^{th} group; $\alpha = 0,05$ and rejected the null hypothesis if the p -value < 0.05)

METHODOLOGY

Using an earlier instrument designed by Fullerton (1993), respondents were asked to indicate their opinions regarding 14 questionable behaviours of individual consumers as they interact with a variety of anonymous business entities. In addition, 14 scenarios are also postulated regarding company behaviour. Respondents were asked to indicate the level of acceptability or unacceptability for a specific scenario which depicts a potential ethical dilemma. These two sets of scenarios (A1-14 for individual behaviour and B1-14 for company behaviour) cover a number of business disciplines such as marketing, accounting and management. The criteria employed in the questionnaire are shown in Appendix 1. References to the criteria in the discussion correspond with the numbering of the criteria in the appendix. The measurement scale used was a balanced six-point itemized rating scale.

The data was collected from three managerial groups during 2009. These groups were:

- ♦ Managers from a specific company active in the agricultural sector in South Africa (n=47).
- ♦ A collection of managers from diverse industries in South Africa. They were selected to participate since all of them were employed within their selected companies in middle or higher management positions (n=206).
- ♦ A group consisted of potential managers. More specifically, this group consisted of final year students majoring in Business Management at the North-West University (Potchefstroom campus) (n=501).

A total of 754 completed questionnaires were received back from the three groups cumulatively. The data was analysed using Microsoft Excel to perform the inferential statistics. Grand means were also calculated for each of the groups. The reliability and factor analyses were calculated by means of the specialized statistical software SPSS Version 17 (2010).

RESULTS AND DISCUSSION

In discussing the results, the different respondent groups are referred to as: Business Management final year students = BM; Diverse managers = DM; and Company specific manag-

ers = CM. Regarding the analysis, a six-point scale was used, thus any item mean *exceeding* 3.5 would be deemed to fall on the *unacceptable* side of the scale. Calculated means and standard deviations are used in the analysis. All the standard deviation values calculated are between the values 1.5 and 1.8, and no out-of-the-ordinary values were documented. (As a result of the non-significance of the standard deviations, they are omitted from the tables).

Tables 1 and 2 show the ethical predispositions of the three managerial groups regarding their individual and company behaviour, respectively. The *Grand Mean* represents the mean value of all the questions for individual behaviour and company behaviour.

Table 1: Mean values of ethical predispositions on individual behaviour

Criterion	BM (n=501)	CM (n=47)	DM (n=206)	Mean (N=754)
A 1	4.68	4.58	5.33	4.86
A 2	5.16	4.88	5.61	5.22
A 3	4.99	4.81	5.59	5.13
A 4	4.61	4.84	5.51	4.99
A 5	3.55	3.10	3.88	3.51
A 6	2.50	1.14	2.00	1.88
A 7	3.09	2.55	2.98	2.87
A 8	4.29	4.41	4.83	4.51
A 9	4.44	4.08	4.44	4.32
A 10	3.19	2.45	3.11	2.92
A 11	4.79	4.64	5.06	4.83
A 12	4.03	4.09	4.51	4.21
A 13	4.48	4.11	4.76	4.45
A 14	5.00	4.94	5.01	4.98
Grand Mean	4.20	3.90	4.47	4.19

From Table 1 it is clear that the managers from the specific company (CM) fares better than their counterparts, scoring a grand mean of 3.90 which is lower than the other groups (4.20 for BM, and 4.47 for DM respectively). Scenarios A4, A5, A6 and A10 are all deemed to be acceptable while the rest are viewed to be unacceptable. Scenarios A6 (*Use dealer information to purchase the product from a cheaper source*) and A10 (*Cheaper TV on false reference price of competitor*) differs significantly from the other groups and the CM deem these scenarios to be more serious than their counterparts. In general, the DM group is less critical of the scenarios than the other two groups.

Referring to predispositions of business ethics (Table 2), much more distinct differences are evident. Only scenarios B2, B7 and B9 are

deemed to be unacceptable by the managers. Once again, the groups DM and BM are more on par with their views while the CM groups view the scenarios overall to be more acceptable or less unacceptable. Table 2 shows the ethical perceptions of the student groups regarding the company's behaviour.

Table 2: Mean values of ethical predispositions on company behaviour

Criterion	BM (n=501)	CM (n=47)	DM (n=206)	Mean (N=754)
B1	2.83	1.91	2.83	2.52
B2	4.32	3.73	4.75	4.27
B3	3.95	3.10	4.06	3.70
B4	4.27	3.04	4.05	3.79
B5	2.69	1.42	2.20	2.10
B6	3.23	1.54	2.93	2.57
B7	4.65	4.47	4.84	4.65
B8	3.79	3.05	4.18	3.67
B9	3.73	2.91	3.57	3.40
B10	4.21	4.29	4.91	4.47
B11	2.93	2.12	4.71	3.26
B12	2.82	1.05	2.20	2.02
B13	4.24	3.42	3.98	3.88
B14	3.95	3.28	1.22	2.81
Grand Mean	3.69	2.81	3.60	3.37

It is also evident that only scenario B7 does not differ significantly between the three groups, or more specifically, that CM differs significantly from the other two groups. Examination of the trends of the means of both the individual and company behaviour, it is evident that the trends show a meaningful positive correlation between the predispositions of all three groups in relation to the different criteria.

In addition to the inferential statistics, the data is also subjected to a test of reliability and tests to ascertain if the data is suitable for a factor analysis. The *Kaiser, Meyer and Olkin test for sample adequacy* and the *Bartlett test of Sphericity* are employed to test for suitability to perform a factor analysis. Individual and company data are separately subjected to factor anal-

Table 3: Kaiser-Meyer- Olkin Tests and the Bartlett Tests

Test	Individual	Company
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.813	.863
Bartlett's Approx. Chi-Square	523.562	898.292
Test of df	91	91
Sphericity Sig.	.000	.000

yses to determine if underlying ethical dimensions exist within the data (Anon 2010a). The results appear in Table 3.

Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Wuensch 2009). For this research, the minimum coefficient is set at $\alpha \geq 0.70$ (Boshoff and Hoole 1998; Statistica 2006). Both the data sets returned satisfactory alpha values in excess of 0.70 (see Table 4).

Table 4: Reliability statistics

Data set	Cronbach alpha
Individual behaviour	0.818
Company behaviour	0.804

Large values for the Kaiser-Meyer-Olkin (K-M-O) measure indicate that a factor analysis of the variables is a good idea. The inverse is also true as the K-M-O also supplies vital information when not to use factor analysis. For values smaller than 0.5, the factor analysis is likely to be inappropriate. A K-M-O value of 0.6 should be present before factor analysis is considered (Anon 2010b), although values between 0.5 and 0.7 are mediocre (Du Plessis 2009). Values between 0.7 and 0.8 are good while the values between 0.8 and 0.9 are excellent. Values between 0.9 and 1 are superb (Field 2007). The data returned values between 0.80 and 0.90, signifying a good fit for factor analysis.

Bartlett's test of sphericity is used to test the null hypothesis that the variables in the population correlation matrix are uncorrelated (Coakes and Steed 1997). The observed significance level is .0000. It is small enough to reject the hypothesis. It is concluded that the strength of the relationship among variables is strong. It is a good idea to proceed with a factor analysis because the data should yield a p-value smaller than 0.0001. This indicates that the correlation between the variables is sufficient for factor analysis (Du Plessis 2009). Both data sets returned values smaller than 0.0001, and as such the factor analyses are performed (also based on the positive outcomes of the K-M-O tests).

The factor analysis of the individual based scenarios returned three factors (see Table 5). Factor loadings above 0.40 are considered to be significant and used in the analyses (Statistica

Table 5: Rotated factors (Individual Behaviour)

Scenario	Component		
	1	2	3
A3	.877		
A4	.863		
A2	.742		
A1	.696		
A8	.514		
A12		.761	
A14		.721	
A13		.683	
A11		.524	
A9		.508	
A6			.833
A7			.665
A5			.611
A10			.480
Var. Expl.	32.46%	12.70%	9.77%
Cum. Var. Exp.	32.46%	45.17%	54.94%

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

2006). Loadings below 0.40 are suppressed in the table.

The factor analysis with regard to individual scenarios identified three factors. All statements loaded onto either one of the three factors. The factors explained a cumulative variance of almost 55%. Factor 1 is the most important factor explaining 32% of the variance. Factor 2 explains 12% variance while factor explains almost 10% variance.

The individual factors are labelled as follow:

Factor 1: Cheaper Deal

All scenarios related to the first factor have a common element of cost. The scenarios all have a similar result, namely that the customer eventually ends up with a cheaper deal in the end, it being ethically correct or not.

Factor 2: Sales Promotion and Refunds

In Factor 2 all scenarios deals with unethical behaviourrelated to exaggerated sales promises, coupons to lure the buyer into action and ways in which customers can either return products after using it.

Factor 3: Pricing

All the scenarios deal with pricing issues, being it incorrectly labelled at the store or being

the product cheaper at an alternative outlet (source). The factor describes unethical behaviour of people that deals with any way a product could be acquired at a lower price.

In the economic and materially orientated environment people are living in, the identified factors do not come as a surprise, and show that unethical behaviour is largely driven by own gain, especially financial gain.

The factor analysis pertaining to company behaviour extracted four factors which explained a cumulative variance of 53% (see Table 6). Once again, factor 1 explains the most variance of the factors (29%), followed by factor 2 (9%) while the other factors explain 7% of the variance each.

The company factors are labelled as follow:

Table 6: Rotated factors (Company behaviour)

Scenarios	Component			
	1	2	3	4
B4	.769			
B8	.629			
B2	.593			
B7	.545			
B3	.532			
B5		.675		
B11		.666		
B12		.645		
B1		.642		
B6		.521		
B13			.740	
B9			.637	
B14			.558	
B10				.930
Var. Expl.	29.12%	9.54%	7.51%	7.16%
Cum. Var. Exp.	29.12%	38.66%	46.17%	53.33%

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Factor 1: Pricing

The scenarios related to this factor commonly include pricing or cost reference. The scenarios all focus on the issue of either loading prices at up market areas, on high demand products or to redirect undesirable products to markets with less stringent requirements. All these actions by companies serve but one goal, namely company profit.

Factor 2: Responsible Business Management

The scenarios all deal with managerial decision-making and business-responsible deci-

sions. It would be irresponsible for a company to obsolete all its stock by prematurely introducing new models on the market. In addition, it is good business practice to inform customers (and especially children) of costs and to ask for parent consent.

Factor 3: Company Profit

The scenarios related to this factor all influence the company's profit line. Be it via lower tax rates, market share through superiority or fake sales promotions.

Factor 4: Illegal Medical Actions

Only one of the scenarios loaded onto this factor, albeit with a loading of 0.93. Such a high factor loading cannot be ignored and requires reporting. The interpretation of the factor is dualistic. One possible interpretation is that the factor strongly refers to illegal actions and therefore condemns it. Another possibility is that the factor identifies unethical action in the medical fraternity. As only one scenario loaded onto the factor, it is not possible to identify which one (or a combination of both possibilities) is the most accurate. The definition of the factor could be clarified with further focused research.

CONCLUSION

From the study it can be concluded that the three groups of managers have acceptable individual ethical predispositions and behaviours;

- ♦ The three groups of managers do not differ significantly with regard to the individual ethical behaviour;
- ♦ The three groups of managers do differ significantly when it comes to company ethical behaviour;
- ♦ The managers from the specific international company (CM) fares the best regarding individual ethical behaviour and disposition;
- ♦ The specific company (CM) also fares significantly better regarding the company ethical behaviour

Some conclusions regarding the statistical analysis are also drawn, namely that:

- ♦ The sample employed was statistically tested and found to be an adequate sample;

- ♦ The data was tested and found to be suitable for factor analysis due to limited inter-variable correlations;
- ♦ The data was reliable as measured by the Cronbach Alpha;
- ♦ Three individual scenario factors were extracted explaining a favourable variance of 55%;
- ♦ Four company scenarios factors were extracted explain 53% variance

The research provides a snapshot of the three managerial groups. Generally their ethical dispositions offer no evidence for concern, especially regarding individual behaviour. All the groups exhibit a relatively high level of ethical standards, with the groups DM and BM showing more coherence with one another than with the CM managerial group. The three groups are trendwise positively correlated, and in general show similar views on acceptability or non-acceptability of the various scenarios.

RECOMMENDATIONS

Based on the conclusions drawn above, the following recommendations are made:

- ♦ The Kaiser, Meyer and Olkin test for sample adequacy is a suitable technique to statistically validate the employed sample in a study
- ♦ The Bartlett's Test of Sphericity could be employed to determine if the use of multivariable statistics (such as factor analysis) is suitable;
- ♦ Measuring reliability of the data supports the continuance of data analysis to ensure reliable and usable results.
- ♦ Managers managing ethics can employ the extracted factors to focus their managerial efforts on the three individual and four company ethics scenarios;
- ♦ The management of the ethical scenario factors should be done in their order of importance (as indicated by the variance explained). By doing so the better return on managerial energy applied should be realised.

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Appendix 1: Evaluated Scenarios

Individual Behaviour

- A1 A co-worker was given too much change from the shop assistant at the corner bakery. Your co-worker kept the extra money
- A2 A friend's apartment was damaged by a fire. In reporting losses to the insurance company, your friend included items that she never owned and also inflated the value of items that were lost in the fire
- A3 You have seen other people misrepresent their own age in order to take advantage of discounts that are given to senior citizens
- A4 You have seen other people misrepresent their children's age in order to take advantage of a child's discount
- A5 A friend of yours finds an item at a store that is obviously mismarked at a lower price. Rather than notifying the store, your friend purchased the product at the incorrect price
- A6 Some people will go to a retailer to get information on a specific product and then use this information to purchase the product from a cheaper source (a catalogue and the Internet are two examples)
- A7 Some people will go to the same store repeatedly in order to take advantage of an offer that limits the amount that can be purchased per visit
- A8 Someone you know sold a frequent flier ticket to a friend despite specific airline rules that prohibit such a sale
- A9 Through word-of-mouth, you hear that a neighbour returned a product to a shop other than the shop where the product was purchased
- A10 Someone you know went to purchase a TV. In order to get a better deal, your acquaintance told the salesperson that another retailer was selling the same TV at a much cheaper price. The retailer, without verifying the competitor's price, matched the lower price. Your acquaintance then purchases the TV
- A11 At the supermarket, the person in front of you redeems coupons for items that were not purchased
- A12 In order to sell an item at their garage sale, your neighbours exaggerate its quality
- A13 People that you know have sometimes been less than truthful on marketing research surveys
- A14 Friends of yours purchased clothing from a local retailer. After wearing the clothing, they see it at another store for a substantially lower price. They return the worn clothing for a refund; then they buy the same clothing at the store offering the lower price
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Company Behaviour

- B1 A manufacturer agrees to supply a retailer with a highly desirable new product. In return for the guarantee of a large initial purchase by the retailer, the manufacturer agrees not to sell to any other retailers within that trade area
- B2 A retailer advertised a portable, brand-name colour TV for \$129. When customers arrived at the store, they were told that the retailer had sold out of the bargain TV. An attempt was then made to sell each customer a more expensive TV
- B3 Supply and demand dictate prices in the marketplace. After a recent hurricane in Florida and an earthquake in Los Angeles, many shops were closed. With the supply of many products down and demand up, many prices rose substantially. Prices on some products were three to eight times their normal price. Retailers argued that price is a function of economic conditions and refused to lower their prices
- B4 A grocery chain has stores in both a wealthy suburb and a poor city with a high incidence of crime. Insurance premiums, theft, and vandalism make it more expensive to operate in the poorer area. These expenses are passed on to customers. As a result, customers in the poorer city pay more for identical products than do their wealthier suburban counterparts
- B5 People have a great admiration for sports heroes. A marketer often uses these athletes to endorse products because of their belief that such an endorsement will lead consumers to prefer their products over those of their competitors
- B6 A company has developed a new product that will render one of its old products obsolete. The company has a large inventory of the old products, so it delayed the introduction of the new technology until it had sold off the existing inventory of the old, soon to be obsolete, product
- B7 A manufacturer has a large inventory of products that have been sold in the USA for several years. The government recently ruled that the products are unsafe and required all products to be removed from American stores. Rather than discard the product, the company decided to export it to foreign countries that don't have strict regulations on safety. The manufacturer argues that this action is good for the company's stockholders and the US economy
- B8 A real estate agent sells a desirable house in a nice neighbourhood. The agent does not put up a *sold* sign because they want people to continue to call and inquire about the house. When potential buyers call, they are informed that the house is sold and informed of the availability of other houses listed by the agency
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Appendix 1: Contd...

Company Behaviour

- B9 A manufacturer does business in several countries. In allocating expenses to the various international operations, it is common practice for the manufacturer to assign higher costs in countries with high tax rates. As a result, the facilities that are located in countries with low tax rates show a larger profit. The net result is that the manufacturer reduces its total tax liability by “shifting” profits to low tax countries
- B10 A US doctor believes that a particular experimental pharmaceutical product could provide benefits to certain patients. The drug is illegal in the United States because it has not been certified by the government. However, it is legal and readily available in Canada. The doctor acquires a supply of the product in Canada and illegally brings it in to the US. The drug is then distributed to patients who the doctor thinks it will help
- B11 A company advertises a number for children to call a hear Santa Claus. The call costs ninety-nine cents per minute. The advertiser tells children to ask their parents before calling Santa
- B12 In order to hold down the costs for manufacturing a product, a company has moved part of the production from the United States to Mexico. The lower labour costs result in lower prices for consumers
- B13 A company advertises its product on TV by stating the brand name of a competing product then indicating a specific issue where its own product is considered to be superior to the competitor’s product
- B14 A retailer of men’s and women’s clothing raised its prices two weeks ago. Today, prices were dropped to their original level and the retailer is advertising its *sale* prices
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