



MARC Working Paper Series

Working Paper No. 2007-01

Ethical Sensitivity of Professionals and Future Professionals: A Context Based Examination

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ABSTRACT

Ethical dilemmas arise in business organizations when the interests of various stakeholders conflict. This paper relies on *moral intensity issue* (Jones, 1991, p.372-3) to investigate the ethical sensitivity or ethical awareness within general business environment. In so doing ethical sensitivity is measured and tested in individual or peer-group, company and community related contexts. Within these contexts, ethical perceptions of male and female undergraduate business students, graduate business students (MBAs) and professionals are compared. Results show that ethical sensitivity varies depending upon whether the interests of individuals, company, or community are affected by a given ethical dilemma. Ethical sensitivity also varies by gender and status of the participant.

Key words: ethical sensitivity, gender, moral intensity, students, MBAs, professionals, context based ethic

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INTRODUCTION

The ethical and social awareness of corporations became an issue of utmost importance in recent periods. As a result, concern for the ethical standards of current and future executives constitutes a critical agenda for both academia and business world . As documented extensively in a seminal review article (Collins, 2000), the focal issue in ethics related research is the ethical behavior of managers. A majority of the empirical studies pertaining to ethical behavior attempt to depict ethical judgments of individuals, to portray the moral reasoning behind these judgments, and to search for explanations regarding the perceptible differences in judgments. Ethical values are generally defined as the values and beliefs learned in day-to-day living, starting in early childhood. These values and beliefs are usually considered relatively resistant to change but can be modified to some extent by formal teaching and training (Beck & Moore, 1985). It has been argued that university and professional education should promote ethical awareness or sensitivity (Langenderfer and Rockness ,1989, 1993).

Ethical sensitivity or ethical awareness is the ability to recognize the possible existence of an unethical action or behavior and, thus, is closely related to how an individual interprets a questionable action or behavior. Ethical awareness, recognizing a possible ethical infringement in an action or behavior, is the first step in an ethical decision making process (Rest, 1986). In line with this premise, Jones (1991) has proposed an issue-contingent model suggesting that an individual's ethical sensitivity and behavior may be primarily affected by *moral intensity*. Moral intensity is defined as “ ... a moral construct that captures the extent of issue related moral imperative in a situation... and focuses on the moral issue not on the moral agent” (Jones, 1991, p.372-373). Fijneman et al. (1996) determined that emotional and psychological closeness prove to be very helpful in explaining individuals' ethical behavior, regardless of the culture or gender. A recent cross-national study (Simga-Mugan, et al, 2003,

2005) found that both US and Turkish professionals were more sensitive to “agent” or employee-related issues, suggesting that they identify with the characters depicted in the vignettes. This finding suggests that people are more sensitive to potential wrongs to themselves rather than the potential wrongs to others with whom they have weaker bonds. These findings led us first to examine the ethical awareness of individuals in dilemmas when moral intensity of the issue is a factor among different situations.

The objective of the present study is to enhance our understanding of the ethical sensitivity of individuals in three related yet different contexts within a general business context. In so doing, the current study aims to empirically test whether ethical sensitivity regarding issues involving individuals (e.g., employees), company (e.g., the firm an employee works for), and community (e.g., environmental and health issues) differ among undergraduates, MBA students and professionals. Ethical sensitivity or awareness may be described as the stance of an individual when confronted with an ethical dilemma. Ethical dilemmas, presented in the form of vignettes, are used as multi-faceted situations that deny predictability and resolution via the application of concrete rules (Dienhart, 1995; Thorne, 1998). Using such vignettes in three related frameworks i.e. individual, company and community settings, this research examines potential gender and status differences in ethical sensitivity that may be role dependent. It is believed that university education, professional training such as the MBA programs and work experience provide individuals with the ability to recognize ethical issues in the course of their practice, to identify alternative choices, and to decide on the most appropriate course of action when such dilemmas are encountered within established ethical norms, principles and values (Langenderfer and Rockness, 1989). Earlier research provided evidence for differences in ethical sensitivity of students and professionals in the USA and Canada (Cohen et al., 2001; Cole and Smith, 1996; and Harris and Sutton, 1995 among others). Our participants are made up of three status groups classified according

to their education and/or training- undergraduate students, MBA students and professionals. Thus, this study offers insight for likely behavior of prospective managers (students) and whether the observed ethical awareness of professionals and aspiring professionals differs in different contexts in Turkey and provides possible cross-cultural similarities.

BACKGROUND INFORMATION ON TURKEY

Turkey may be characterized as a transitional country. Islam is the religion of 98 percent of the population. However, unlike many Islamic countries, Turkey has a secular and democratic government. The geographic characteristic of bridging two continents, Asia and Europe, is reflected in the culture, as well. Traditional Eastern values are woven with Western values providing a synthesis of Mediterranean, Balkan, Western and Middle-Eastern cultures (Kongar, 1986). Furthermore, the advancement of technology and communication systems brings the country closer to Western values. Turkey is a European Union member candidate, moving in the direction of social and economic liberalization and modernization (Kasaba & Bozdogan, 2000).

Turkish organizations usually display centralized decision making, portraying a highly personal and leadership-oriented image in terms of management practices (Kozan & Ergin, 1999). In a 34-country study, Turkey is reported to be above average in the cultural values of conservatism and hierarchy (Schwartz, 1994). In-group-collectivism is high and the Turkish managers show more loyalty for their peers, family and organizations (Ayca, et al., 1999; Ayca et al., 2000). Studies of leadership and decision making in the Turkish organizations show that the main characteristics are centralized decision making (leading to a steep hierarchy and acceptance of the superiors' decisions) and personalized relationships between the employees and the employers/leaders of the organizations (Ronen, 1986; Trompenaars & Hampden-Turner, 1998). In a study investigating the reasons for moral judgments in six

countries, French and Weis (2000) have characterized Turkey as a country where group affiliation is very strong and the members of a group are expected to provide for and protect each other. Ekin and Tezolmez (1999) studied ethical judgments and perceptions of Turkish managers in business ethics contexts. The findings of the study suggest that gender is the only significant factor affecting ethical decisions and, that females take a higher ethical stance than do their male counterparts. Other factors, such as position, department, and number of years worked in a company are not found to significantly affect ethical judgments (p.30).

REVIEW OF RELEVANT RESEARCH

Collins (2000) provides an excellent review of the prior empirical research on the relationship of gender and ethics judgments, revealing disparities in the findings. Some studies report that women, compared to men, are ethically more cautious and more concerned about ethical issues and business ethics, showing a higher moral development (Arlow, 1991; Ameen, et al., 1996; Beltramini, et al., 1984; Coate & Frey, 2000, Cohen, et al., 1998; Cole and Smith, 1996; Crow, et al., 1991; Galbraith and Stephenson, 1993; Harris and Sutton, 1995; Jones and Gautschi II, 1988; Kidwell, et al., 1987; Larkin, 2000; McCabe et al., 1991; Miesing and Preble, 1985; Peterson, et al., 1991; Poorsolton, et al., 1991; Ruegger and King, 1992). Interestingly, other studies report no significant gender differences in ethical judgments on social or business issues (e.g., Barnett & Karson, 1989; Davis & Welton, 1991; Dubinsky & Levy, 1985; Harris, 1989; Hegarty & Sims, 1978, 1979; McNichols & Zimmerer, 1985; Radtke, 2000; Tsalikis & Ortiz-Buonafina, 1990).

A potential explanation for the seemingly contradictory results of extant research is provided by the supposition that gender differences may or may not arise, depending upon context-specific factors (Derry, 1987, 1989; Dobbins & Platz, 1986; Trevino, 1992; Weber, 1990). In particular, the established professional norms and roles may lead individuals to

think in certain ways in particular contexts (Quinn & Jones, 1995; Goodpaster, 1991). Also, the decision rules used by the two genders may be different, i.e., females may mostly utilize utilitarian and ethics of care rules, whereas males may typically employ criteria for maximization of self-interest and win-or-lose strategies (Betz, O'Connell & Shepard, 1989; Gilligan, 1982; Galbraith & Stephenson, 1993; Dawson, 1995).

In their meta-analysis, Borkowski and Ugras (1998) examine the existing studies that utilized Defining Issues Test (DIT) to investigate ethical beliefs and decision-making. Their results indicate that females exhibit more strict ethical attitudes than males in general. Similarly, Weeks et al. (1999) argue that women professionals appear to possess higher ethical orientation than males regarding the issues related to environment, international trade, promotion practices, and compensation increases. However, they also conclude that men display a stricter ethical stance than females, via applications in construction bidding processes and computer software accumulation.

Interestingly, some studies report no significant gender differences in ethical judgments on social or business issues. Barnett & Karson (1989), Davis & Welton (1991), Dubinsky & Levy (1985), Harris (1989), Hegarty & Sims (1978, 1979), McNichols & Zimmerer (1985), Radtke (2000), and Tsalikis & Ortiz-Buonafina (1990) find no significant differences between men's and women's ethical perceptions or decisions. Rest (1986) reports that the DIT score differences between men and women are minimal and that gender explains only a trivial percentage of the difference in scores. Similarly, Davis and Welton (1991) investigate whether there are differences in ethical perceptions of male and female graduate and undergraduate business students. Although the authors observe significant differences between graduate and undergraduate students' *ethical behavior*, they do not find significant differences between male and female students' *decisions*. In a more recent study, Desphande

(1997) examines managers' ethical behavior, concluding that gender is not a decisive factor in ethical perceptions.

A recent study found that graduating students were ethically less sensitive than professionals and entry level students (Cohen, 2001). Burns & Rayman (1989) and DuPont & Craig (1996) showed that college students were ethically less sensitive than were professionals. These researchers also found that training programs appear to have “little effect on ethical perceptions of participants” (p.824). Fischer & Rosenzweig (1995) ran a survey among accounting students and practitioners to determine whether ethical perceptions differ regarding earnings management among groups. The authors failed to find significant differences among undergraduates', MBAs' and accounting practitioners' ethical judgments regarding earnings management. Majority of earlier studies, however, showed that “... business professionals were significantly less tolerant of questionable business practices than were students” (as cited in Harris and Sutton, 1995,p.805).

The inconclusive findings reported above motivate the need to examine potential factors that affect ethical sensitivity of different status groups in general business settings within the moral intensity issue as discussed below.

Contextual Influences on Ethical Sensitivity

An individual's ethical sensitivity may be viewed as involving four main elements. The first component is the existence of an ethical issue resulting from the actions of individual(s) or entities that may harm or benefit the individual or others (Velasquez & Rostantowski, 1985). The second element is the moral agent who performs the action. The third component is the resulting ethical judgment that is substantially affected by the fourth element, moral intensity. The tendency to perceive moral or ethical issues in business settings depends upon ones standards of right and wrong, moral and immoral conduct. The nature of the conduct with respect to the potential harm to either oneself or to those with whom one can

identify because of similarities with oneself will influence ones tendency to identify the conduct as unethical. Butterfield et al. (2000) empirically tested the relation between the issue related factors and moral awareness and, based on the results, suggested that the magnitude of the effect of the questionable action or behavior is an important factor. Thus, the standards of right and wrong are greatly affected by ones experiences at work and in personal life, ones professional training, and the social environment, as depicted in Figure 1.

Rettinger & Hastie (2001) empirically test domain effects on the decision-making process in general; with findings similar to Jones (1991). Specifically, their results show that the "...content domain in which a decision problem occurs plays an important role in determining the decision outcome" (p.352), and that the moral issues involved in a decision affect the decision process along with the content, concreteness of the outcome, duration of the effect and whether the outcome has direct impact on the decision maker.

Figure 1 shows how the factors that affect an individual's ethical sensitivity interact. An individual's beliefs and values that are heavily influenced and shaped by cultural characteristics interact with the position-related domain, such as undergraduate and graduate student and professional and with the context such as individual, company and community to determine the outcome of the ethical decision process.

Insert Figure 1 here

METHOD

Participants

Participants in the current study came from three status groups: professionals with diverse educational backgrounds working at different management levels in organizations; MBA students at Bilkent University and Istanbul University, and third year students at Bilkent

University. All professionals and MBA students were university graduates with degrees from engineering, business, economics, health, or public relations.

As depicted in Table 1, 106 (38 percent) of the respondents were professionals, 55 (20 percent) were MBA students and 117(42 percent) were third year students (undergrad). Approximately 44 percent of the participants were female. Most of the participants (88 percent) were in the 20-30 year-old group. Even the professionals had the highest number of participants in this age group (75 percent). Twenty-eight percent of the professionals had five years or more of work experience.

Insert Table 1 here

Hypotheses

Although gender, as investigated in ethics studies is one of the main determinants of ethical sensitivity, the results are inconclusive in the business domain. Our expectation is that the ethical sensitivity of females and males will differ. Moreover, we expect that ethical sensitivity is contingent upon the context of the ethical dilemma. Therefore, we predict that the ethical sensitivity of both genders differs among the contextual contingencies, i.e., whether the action depicted in the vignette affects an individual, the company or the administration, or the community in general.

Ethical judgments are theorized to depend upon internalized moral standards. At the pre-conventional stage of moral development, children judge right and wrong on the basis of self-interest (Kohlberg, 1976), i.e., they behave according to externally imposed rules to avoid punishment. According to Kohlberg (1976), most adults operate at stage 3 or 4 of the conventional stage of moral reasoning where they have internalized the moral standards of the family, peers, company, nation, or culture with which they identify. At the post-conventional

stage of moral reasoning, an individual no longer simply accepts the values and norms of his or her peers. Instead, he or she is more tolerant of others' viewpoints and is able to apply universal principles of justice, social welfare, and human rights in evaluating moral rules and social practices (Kohlberg, 1976). Thus, how one perceives moral or ethical issues in business settings depends upon one's standards of right and wrong, moral and immoral conduct. Those standards are greatly affected by one's experiences. The participants in this study come from three groups with different business experience: undergraduate business students, MBA students, and professionals. Consistent with the above discussion, we expect professionals to be more ethically sensitive than the other groups in all three contextual contingencies.

Ethics Vignettes

The nine vignettes used in the current study are a subset of the vignettes used to examine the ethical sensitivity of Turkish business students in former work by the authors (Simga-Mugan & Onkal-Atay, 2003). Based on the results of this earlier study, the nine vignettes were selected because of their discriminating power. Each vignette involves a specific ethical dilemma that reflects a realistic business conflict situation leading to a questionable action performed by the individual described in the scenario. Special care was taken to design the vignettes around realistic business situations. While avoiding unduly complex scenarios, we endeavored to depict realistic situations and pre-tested the cases to determine their validity. A problem encountered in ethical judgment studies is the social desirability bias that is introduced when respondents provide answers that they believe are socially acceptable. Earlier research showed that this bias is reduced when the respondent is the observer (Sinha & Verma, 1987; Verma, 1992, and Jackson, 2001). Thus, the vignettes were designed to ask for the respondent's opinion regarding the action of the individual in the scenario. The authors cross-classified the 9 vignettes into individual, company and community

related contexts. (A description of the issues presented in vignettes is given in Table 2. The complete questionnaire may be obtained from the corresponding author).

Insert Table 2 here

Procedure

The questionnaires were delivered to the human relations departments of companies in Turkey to be distributed to managers at various levels. Professionals were also recruited via announcements at the alumni network of Bilkent University in Turkey, where the questionnaires were sent to the volunteers by electronic mail. Overall, the response rate was about 30 percent. The questionnaires were collected after one week either personally or by electronic mail.

MBA students, with and without prior work experience, were full-time students pursuing graduate degrees. The questionnaires were personally administered in class to the MBA students and to the undergrads by the first and fourth author. The overall response rate was around 80 percent. In all groups participation was voluntary and anonymity was assured.

Participants were informed that they would read about 9 ethical dilemmas that may arise in work situations and that they would be asked their opinions regarding the actions of the characters in these scenarios. Based on the recommendations of earlier researchers, such wording was used with the aim of reducing the response bias (Sinha & Verma, 1987; Verma, 1992, and Jackson, 2001). Exit interviews with MBA students confirmed our expectation that the respondents stated their honest opinions in answering the questions.

RESULTS AND DISCUSSION

Respondents indicated their assessments of the conduct depicted in each vignette by marking on a 7-point Likert scale. On the scale that followed each vignette, marking 1 indicated a judgment that the conduct was perceived to be definitely unethical, while marking 7 showed the conduct was perceived as definitely ethical. An exemplar questionnaire is provided in the Appendix. In the discussion that follows, these judgments are referred to as measures of *ethical sensitivity*, with lower scores indicating greater ethical sensitivity. Table 3 provides descriptive statistics of the ethical sensitivity responses elicited.

Insert Table 3 here

An overall review of Table 3 reflects that females, as a group, display greater ethical sensitivity than do males by having a higher percentage of responses in the unethical range (1-3), 57.4 percent and 51.6 percent, respectively. Examination of status groups reveals that professionals have lower ethical sensitivity scores than the students, both undergraduate and graduate, indicating greater ethical sensitivity. Among the three categories of vignettes, the company-related issues evoke the highest ethical sensitivity (only 19.7 percent of responses were in the ethical range i.e. in the range of 5-7). Both females and males were close in their ethical sensitivity regarding the community issues with, respectively, 49 percent and 47 percent of the responses in the unethical range. There was a large gender difference on the individual-related issues. Only 24.3 percent of females judged the conduct to be ethical, compared to 40.2 percent of males.

Insert Table 4 here

Table 4 presents the descriptive findings within status groups. Professionals, both male and female, appear to be the most sensitive group. However, considering context separately, on individual-related vignettes, undergraduate females have a slightly lower percentage of their responses in the ethical range (5-7), than do female MBAs or professionals (22.7 percent, 25.9 percent and 25.5 percent respectively). Within the company context, female professionals and, within community context, male professionals have the highest percentage of judgments in the unethical range ie.,1-3 range (71.7 percent and 54.4 percent).

First a repeated measures MANCOVA test of the respondents' judgments concerning three groups of vignettes involving ethical dilemmas was conducted. The model included group and gender as between subject variables and vignettes as within subject variables. The Professionals sample included auditors; thus, to control for the potential effect of this occupation on ethical judgments, *Auditor* (coded as 1 for auditors, and zero otherwise) was treated as a covariate (Tabachnick & Fidel, 1996).

Insert Table 5 here

As reported in Table 5 Panel A, *Gender* and *Group* were found to have significant between subject effects ($p=0.0161$ and $p=0.0425$). However, neither the *Gender-Group interaction* nor *Auditor* enter the model as significant variables. Panel B shows that statistically significant differences were found on the multivariate F-tests of *Vignette* ($p<0.0001$), *Context* ($p<0.005$), *Vignette by Context* ($p<0.0001$), *Context by Gender* ($p<0.0005$), and *Vignette by Group* ($p<0.0001$) and *Context by Group* ($p=0.0325$). The *Vignette by Gender*, *Context by Auditor* and *Vignette by Auditor* interactions and three and

four-way interactions were not significant. The results of this model suggest that ethical sensitivity judgments depend upon interactions between vignette, gender, status group and context.

To further understand the interaction effects, additional analyses, with auditor as a covariate, were conducted. Pair-wise comparisons of means among individual, company and community contexts reveal that females are significantly more ethically sensitive concerning individual related vignettes ($p < 0.0001$). However, no significant differences between the genders are observed in company related or community issues (Table 6, Panel A). This finding confirms earlier research that reported no significant gender effects in ethical judgments regarding business or social issues (Barnett & Karson, 1989; Davis & Welton, 1991; Dubinsky & Levy, 1985; Harris, 1989; Hegarty & Sims, 1978, 1979; McNichols & Zimmerer, 1985; Radtke, 2000; and Tsalikis & Ortiz-Buonafina, 1990).

These findings show that individuals, females more than males, are more sensitive towards actions that affect individuals than to the issues related to their company and community. The display of highest sensitivity to ethical dilemmas involving an action that will directly affect an employee is consistent with the Jones (1991) model. It may be that the participants identify with the actors described in the vignettes, and that they believe that they could face similar dilemmas. In other words, the moral intensity of the issues is greater in such vignettes. Another factor, as suggested by Jones (1991), may be the certainty of the effect in the vignettes. There is a specific action in each of them. When one knows the outcome and the magnitude of the effect, one becomes ethically more sensitive.

These results also confirm Kohlberg's (1976) proposition that most people operate at the conventional stage of moral development in which their peers' judgments and acceptance by the group are their benchmark for proper conduct. Thus, we may concede that the respondents of the current study mostly operate at the conventional level.

One possible explanation for females exhibiting greater ethical sensitivity in individual related issues may lie in the rules females and males utilize in reaching ethical judgments. A stream of research has focused on the distinction between the “ethics of justice” and the “ethics of care” propositions. According to this framework, ethics of justice emphasizes equality, principles, and results. In contrast, ethics of care gives more weight to social virtues and character traits, such as nurturing and caring for others (Gilligan, 1982; MacIntyre, 1984; Lyons, 1988; Derry, 1989; Tronto, 1993; Dawson, 1995; Dienhart, 1995; Reiter, 1996; Douglas & Schwartz, 1999; French & Weis, 2000). The common findings of these studies are that women display higher ethical standards than do men and that the moral reasoning processes differ between the two genders. According to the results of these studies, women tend to use “ethics of care” and men utilize “ethics of justice.” On the other hand, males are found to operate on ethics of justice that values equal treatment and playing by the rules.

Insert Table 6 here

In general, professionals display the highest ethical sensitivity (mean= 3.397). This finding agrees with earlier research that suggested professional training could promote ethical awareness Langenderfer and Rockness (1989, 1993). However, when we analyze the results as to the contextual contingencies, undergraduate students emerge as the most sensitive group within the individual-related issues. MBAs appear to be the least sensitive group in all contexts. These findings lend support to earlier research where graduating students were found to be more tolerant of questionable business practices than were freshmen and professionals (Cohen, 2001).

Although, within the community context, the professionals have the highest percentage in the unethical range (53.1 percent-Table 3), pair-wise comparisons reported in Panel B of Table 6 show that there are no significant differences among the groups. In company related vignettes,

however, significant differences are observed between the undergrads and professionals, undergrads and MBAs, and MBAs and the professionals (respectively, $p=0.0458$, $p=0.0417$, and $p=0.0010$) where professionals are ethically more sensitive. One explanation for finding this difference might come from the earlier research on human resource management. In Turkish organizations loyalty to the organization is very important (Aycan, et al. 2000; Aycan, Kanungo & Sinha, 1999). Moreover, as suggested in previous studies, the steep hierarchy and acceptance of the superiors' decisions in Turkish organizations might be a contributing factor (Ronen, 1998; Trompenaars & Hampden-Turner, 1998).

When responsibilities to community are involved, ethical values do not appear to exert as much influence on the judgments of professionals and aspiring professionals as they do in dilemmas involving individuals or company issues. In community related vignettes, there are no significant differences between the ethical sensitivity of professionals and students. The ethical link between individuals and communities or third parties appears to be weak. One explanation for not finding between subject effects is the concept of moral intensity, which is influenced by the magnitude, uncertainty, temporal, physical and psychological proximity of ethical dilemmas (Jones, 1991).

Insert Table 7 here

Next, pair-wise comparisons of group effects within the same gender are carried out, and the results are reported in Table 7 Panel A. In company related issues, female professionals are ethically more sensitive than are female MBAs with respective means of 2.968 and 3.992, at a significance level of 0.0044. In addition, male professionals display significantly higher ethical awareness than male MBAs in both company and community related issues ($p=0.0217$ and $p=0.0209$, respectively). The results of this study appear to support the structural effect

which suggests that when females and males go through the same training, they become alike and respond similarly in professional settings (Betz et al,1989). This approach seems to provide an explanation for finding differences in the company context within groups and between different groups of the same gender. The findings may also indicate that training does not affect ones ethical awareness in more general contexts.

Lastly, we compare the gender effects within the same status groups. Significant gender differences are found between the female and male undergraduates and professionals. When the questionable action affects an individual, female undergraduate students and professionals are both significantly more ethically sensitive than are their male counterparts (respectively, $p=0.0012$ and $p=0.0052$). However, the difference between the MBA students is not as great, $p=0.0525$. Although Weeks et al. (1999) argued that female professionals appear to have higher ethical awareness than males regarding societal issues we fail to find any difference in this study. More research is needed in this area in order to draw conclusive results.

CONCLUSION

Ethical sensitivity has been defined as the ability to "...recognize the ethical nature of a situation in a professional context" (Shaub et.al., 1993, p.146), "...ability to recognize ethical issues" (Hebert et al., 1990, p.141), and as the "...ability to recognize an issue and its ethical dimensions, when applicable" (Wright et al.,1998, p.37). The current study aimed to examine the ethical sensitivity of individuals in three related issues in general business settings: actions that affect an individual, the company or the community. Ethical sensitivity was investigated through the participants' responses to 9 vignettes covering three main issues: ethical sensitivity for actions that will have immediate effects on individuals, on the company or the community. The results obtained in the study show that there are significant differences among the three categories of vignettes. The explanations for the differences are supported by Jones (1991) issue-contingent model. The finding that ethical sensitivity varied across the

contexts of individual, company and community is consistent with Kohlberg's (1976) work on stages of moral development. We find that people are more sensitive to "individual-related" issues, suggesting that they identify with the actions depicted in the vignettes. Thus, our findings agree with earlier research indicating that people are more sensitive to potential wrongs to themselves rather than the potential wrongs to others with whom they have weak bonds. Although we had expected otherwise, except in the company context, we fail to find professionals display greater ethical sensitivity than undergraduate or graduate students.

Analysis of between-subjects effects showed that gender and status (group) are significant factors. Gender is a significant factor in the individual-related cases. In the individual-related cases, women in this study displayed higher ethical sensitivity than did men. This may well be viewed as demonstrating that women's moral decision-making process focuses on ethics of care, again confirming earlier research. Another aspect of the greater sensitivity of women than men to the individual dilemmas may be that men, because they are less likely to have been the recipients of gender discrimination, are unable to identify with, or recognize, potential harm to women. In the individual context, within subjects analyses show that there are significant differences between female and male undergraduate students and professionals. Status of the participant is the significant factor in company-related vignettes. In the company context, professionals are ethically more sensitive than are the other groups. This finding could be tied to the organizational culture prevalent in Turkey and to more definite rules that operate in the companies. Organizational culture demands that employees have loyalty to their peers, family and organizations.

The findings of the current research extend our understanding of how individuals are affected by the moral intensity of issues, by status and gender characteristics. Though sad, it is worth noting that ethical sensitivity to issues involving potential harm to society through environmental degradation, product safety violations, and misleading financial statements

elicited the lowest scores of ethical sensitivity in our participants. These findings reflect the consequences of perceived psychological proximity on ethics judgments, thus suggesting potential directions for future work on the implications of organizational policies on societal decision making.

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APPENDIX

SAMPLE FORM

Vignette 1:

*The behavior depicted
in the vignette is:

DEFINITELY NOT ETHICAL							DEFINITELY ETHICAL
1	2	3	4	5	6	7	

Sam has been working in K&S auditing firm for the last two years. He is married with two kids. Although his wife is also working, their monthly salaries are only enough to cover their monthly expenses. During the audit of one of their important clients, Tosnini Records, Sam notices that the sales manager of Tosnini donates little amounts to the radio stations in the city to encourage them to play their records. The sales manager tells Sam that all record manufacturers donate to the radio stations, and if Tosnini would not donate, they would be at a disadvantage. He also states that, although there is a law to prohibit such donations, it is not enforced. After listening to his explanations, Sam studies the law and its enforcement practices, and realizes that the manager is correct about the enforcement issue. Thus, he decides not to mention this issue to his supervisors.

Figure 1: PROPOSED MODEL OF ETHICAL SENSITIVITY JUDGMENTS

Ethical perception or sensitivity of individuals judging the actions of other individuals relating to different issues is affected by the cultural and personal norms, values and beliefs as well as the educational background and gender

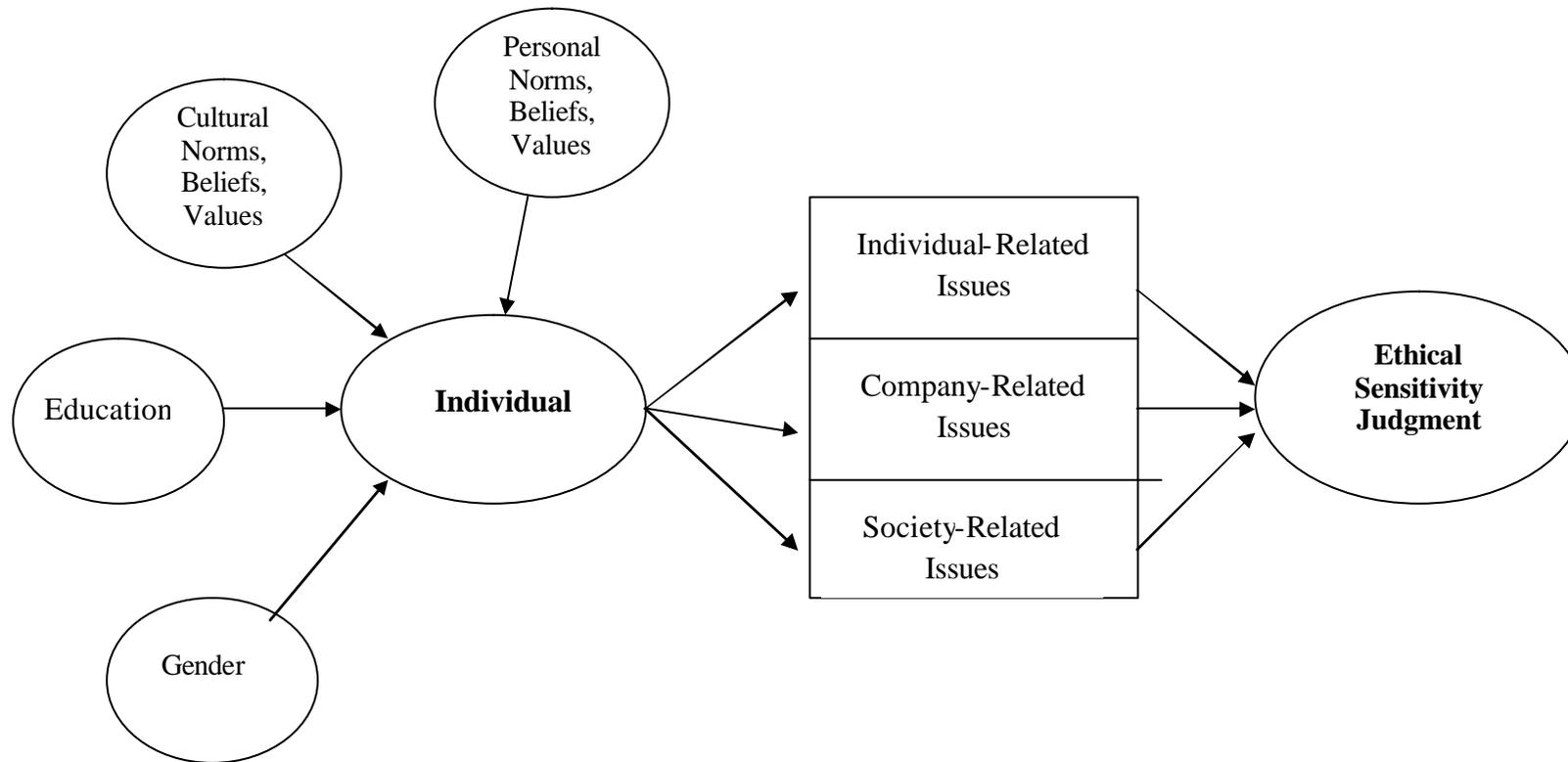


TABLE 1

DEMOGRAPHIC INFORMATION

	All (n=277)		Professionals (n=106)		MBA students (n=55)		Undergraduates (n=117)	
	n	%	n	%	n	%	n	%
GENDER								
Female	121	43.53	47	44.34	18	32.73	56	47.86
Male	157	56.47	59	55.66	37	67.27	61	52.14
Total	278		106		55		117	
AGE								
Less than 20	2	0.73	0	0.00	0	0.00	2	1.77
20-30	245	89.74	80	75.47	54	100.00	111	98.23
31 or older	26	9.52	26	24.53	0	0.00	0	0.00
Total*	273		106		54		113	
WORK EXPERIENCE								
less than 5 yrs			73	72.28	41	89.13		
6 to 11 yrs			19	18.81	5	10.87		
more than 11yrs			9	8.91	0	0.00		
Total			101		46			

* 5 participants declined to state their age

TABLE 2

SUMMARY OF VIGNETTES

Vignette 1 (company): Deliberate omission of a subsequent event. Company management omits information about a planned acquisition from its financial statements and the auditor, knowing this, issues an unqualified opinion.

Vignette 2 (company): Failure to inform ones supervisor. After verifying management's claim that everyone in the business pays .kickbacks. to get their records played on the radio, staff accountant fails to inform anyone in his firm about the irregular payments he discovered during an audit.

Vignette 3 (company): Failure to inform client of ones own conflict of interest. Partner in charge of an audit finds out that his father-in-law's company has loaned money to a new business that has received a major contract from the auditor's client. He believes that new firm is inexperienced but says nothing to the client. A bribe is implied to be forthcoming from the father-in-law's company

Vignette 4 (individual): Exclusion of female employee from client meeting at men's club. When he learns that the client plans to take them to a men's-only club, the regional manager of an audit firm drops his plan to include a female auditor in the client meeting.

Vignette 5. (individual): Forced retirement as a consequence of an error. A female partner, after learning that a male partner who has health problems omitted an audit procedure in a recent audit, talks to the other partners and requests that the auditor resigns from the firm.

Vignette 6 (individual): Gender equity in hiring favors the male. To achieve greater gender equity, in line with company wishes, a woman recommends a male applicant for a secretarial position even though she prefers the female applicant (both applicants are qualified).

Vignette 7 (Community): Bypassing mandated water treatment to save money. Management decides to by-pass secondary water treatment to save money and improve upon the operation of its air conditioning equipment.

Vignette 8 (Community): Failure to inform customers of untested chemical. Management learns that a chemical used in processing a raw material used pharmaceutical and cosmetic products has not been tested for its effect on humans. The company discontinues its use of the chemical, but does not inform existing customers who may have purchased the product.

Vignette 9 (Community): Unsubstantiated product safety rumors ignored. Rumors about a food additive indicate that it may cause cancer. Since the FDA has not prohibited the use of the additive and has no evidence that it may be harmful, the food engineer continues to use it. He knows of an available substitute, but it is very expensive.

TABLE 3
ETHICAL SENSITIVITY DESCRIPTIVE RESULTS
BETWEEN GROUPS

			Mean**	1-3*	4*	5-7*
				%	%	%
Context		individual	3.622	51.7	15.0	33.3
		company	3.294	66.1	14.2	19.7
		community	3.742	48.3	13.8	37.9
Gender	Female	overall	3.416	57.4	15.2	27.4
		individual	3.275	60.5	15.2	24.3
		company	3.425	65.2	15.8	19.0
	Male	overall	3.685	49.0	14.7	36.3
		individual	3.687	51.6	13.7	34.7
		company	3.958	45.0	14.8	40.2
Groups	Undergrad	overall	3.293	66.8	13.0	20.2
		individual	3.823	47.7	13.2	39.1
		company	3.569	54.5	14.4	31.1
	MBA	overall	3.498	53.6	14.9	31.5
		individual	3.381	67.7	15.9	16.4
		company	3.827	46.6	12.9	40.5
	Professional	overall	3.864	49.3	15.3	35.4
		individual	3.803	48.5	13.3	38.2
		company	3.714	60.0	18.2	21.8
		community	3.890	42.9	15.3	41.8
		overall	3.397	56.3	13.8	29.9
		individual	3.548	51.4	15.9	32.7
	company	2.982	67.4	10.6	22.0	
	community	3.545	53.1	14.1	32.8	

* 1-3 finds the action in the vignette unethical
4 neutral,

5-7 finds the action in the vignette ethical

** means are not adjusted for the covariate

TABLE 4
ETHICAL SENSITIVITY DESCRIPTIVE RESULTS
WITHIN GROUPS

			Mean**	1-3*	4*	5-7*
				%	%	%
Female	Undergrad	overall	3.440	58.1	13.9	28.0
		individual	3.157	62.9	14.4	22.7
		company	3.428	65.2	16.1	18.7
		community	3.757	48.5	12.0	39.5
	Grad	overall	3.685	49.3	16.0	34.7
		individual	3.500	55.6	18.5	25.9
		company	3.981	47.2	30.6	22.2
		community	3.574	44.4	18.5	37.1
	Professional	overall	3.279	59.7	14.2	26.1
		individual	3.191	59.6	14.9	25.5
		company	2.993	71.7	10.1	18.2
		community	3.572	51.4	16.4	32.2
Male	Undergrad	overall	3.692	51.1	14.9	34.0
		individual	3.839	45.1	15.4	39.5
		company	3.333	70.0	15.8	14.2
		community	3.896	44.8	13.7	41.5
	Grad	overall	3.956	49.3	12.2	38.4
		individual	4.126	45.0	10.8	44.2
		company	3.549	66.2	12.2	21.6
		community	4.086	42.2	13.8	44.0
	Professional	overall	3.500	53.5	13.5	33.0
		individual	3.902	44.8	16.7	38.5
		company	2.963	64.1	10.9	25.0
		community	3.533	54.4	12.3	33.3

* 1-3 finds the action in the vignette unethical

4 neutral

5-7 finds the action in the vignette ethical

** means are not adjusted for the covariate

TABLE 5
MULTIVARIATE ANALYSIS OF
ETHICAL SENSITIVITY

Panel A: Between Subjects Effects (*)

Effect	Mean Square	Df	F value	p=
Group	15.972	2	3.20	0.0425
Gender	29.316	1	5.87	0.0161
Gender*Group	0.152	2	0.03	0.9700
Auditor	0.292	1	0.06	0.8091
Error	4.957	256		

Panel B: Within Subjects Effects (*)

Effect	Value	F Value	Hypothesis df	Error df	p=
Vignette	0.558	100.07	2	253	<0.0001
Context	0.959	5.42	2	253	0.0050
Vignette*Gender	0.991	1.13	2	253	0.3247
Vignette*Context	0.814	14.35	4	251	<0.0001
Vignette*Group	0.914	5.83	4	506	0.0001
Context*Gender	0.942	7.81	2	253	0.0005
Context*Group	0.959	2.65	4	506	0.0325
Vignette*Context*Gender	0.970	1.91	4	251	0.1085
Vignette*Context*Group	0.948	1.68	8	502	0.1000
Vignette* Group*Gender	0.990	0.62	4	506	0.6497
Context*Gender*Group	0.986	0.86	4	506	0.4877
Vignette*Context*Gender*Group	0.975	0.80	8	502	0.6064
Context * Auditor	0.995	0.62	2	253	0.5396
Vignette * Auditor	0.987	1.66	2	253	0.1913
Vignette * Context * Auditor	0.971	1.86	4	251	0.1178
based on Wilks' Lambda					

(*) Auditor as covariate

TABLE 6
PAIRWISE COMPARISONS

Between Subjects

Panel A: Gender Effects (*)

	Individual		Company		Community	
	LSmean	P=	LSmean	p=	LSmean	p=
Female	3.287	0.0001	3.466	0.2165	3.630	0.1520
Male	3.940		3.285		3.850	

Panel B: Group Effects (*)

	Individual		Company		Community	
	LSmean	p=	LSmean	p=	LSmean	p=
Undergrad (a)	3.445	(a)vs (b) 0.1016	3.392	(a)vs (b) 0.0417	3.869	(a)vs (b) 0.9877
MBA (b)	3.760	(b) vs (c) 0.6142	3.776	(b) vs (c) 0.0010	3.972	(b) vs (c) 0.1280
Professional (c)	3.636	(c) vs (a) 0.3767	2.959	(c) vs (a) 0.0458	3.481	(c) vs (a) 0.0822

TABLE 7
PAIRWISE COMPARISONS

Between Subjects

A. Group Effects within Gender (*)

		Individual		Company		Community	
		LSmean	p=	LSmean	p=	LSmean	p=
Females	Undergrad (a)	3.105	(a) vs (b) 0.2606	3.439	(a) vs (b) 0.0637	3.799	(a) vs (b) 0.5538
	MBA (b)	3.447	(b) vs (c) 0.7083	3.992	(b) vs (c) 0.0044	3.616	(b) vs (c) 0.7075
	Professional (c)	3.312	(c) vs (a) 0.4758	2.968	(c) vs (a) 0.1011	3.477	(c) vs (a) 0.2797
Males	Undergrad (d)	3.786	(d) vs (e) 0.2203	3.344	(d) vs (e) 0.3492	3.938	(d) vs (e) 0.4336
	MBA (e)	4.073	(e) vs (f) 0.6657	3.560	(e) vs (f) 0.0217	4.127	(e) vs (f) 0.0209
	Professional (f)	3.959	(f) vs (d) 0.4661	2.950	(f) vs (d) 0.1034	3.485	(f) vs (d) 0.0671

B. Gender Effects within Groups (*)

		Individual		Company		Community	
		LSmean	p=	LSmean	p=	LSmean	p=
Undergrad	Females (a)	3.105	(a) vs (b) 0.0012	3.439	(a) vs (b) 0.6431	3.799	(a) vs (b) 0.5137
	Males (b)	3.786		3.344		3.938	
MBA	Females (a)	3.447	(a) vs (b) 0.0525	3.992	(a) vs (b) 0.1713	3.616	(a) vs (b) 0.1229
	Males (b)	4.073		3.560		4.127	
Professional	Females (a)	3.312	(a) vs (b) 0.0052	2.968	(a) vs (b) .9379	3.477	(a) vs (b) 0.9700
	Males (b)	3.959		2.950		3.485	

(*) Means are adjusted for the covariate.