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## **An Empirical Investigation Into Significant Factors of Moral Reasoning and Their Influences on Ethical Judgment and Intentions**

Janet K. Mullen Marta  
*Old Dominion University*

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AN EMPIRICAL INVESTIGATION INTO SIGNIFICANT FACTORS OF  
MORAL REASONING AND THEIR INFLUENCES ON ETHICAL  
JUDGMENT AND INTENTIONS

BY

JANET K. MULLIN MARTA

B.A. (English), Florida State University, 1977

M.T.S. (Theological Studies), Virginia Theological Seminary, 1996

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JANET K. MULLIN MARTA

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Anusorn Singhapakdi  
Associate Professor of Marketing  
(Director of Dissertation)

---

Sara A. Morris  
Associate Professor of Management

---

Kiran W. Karande  
Assistant Professor of Marketing

---

Kae H. Chung  
Professor of Management  
Director, Business Ph.D. Program

## ABSTRACT

### AN EMPIRICAL INVESTIGATION INTO SIGNIFICANT FACTORS OF MORAL REASONING AND THEIR INFLUENCES ON ETHICAL JUDGMENT AND INTENTIONS

by

JANET K. MULLIN MARTA. B.A. (English), Florida State University, 1977; M.T.S. (Theological Studies), Virginia Theological Seminary, 1996.  
Dissertation directed by Dr. Anusorn Singhapakdi.

This dissertation is a partial test of the Hunt-Vitell (1986, 1993) general theory of marketing ethics, which, along with previous tests of the model and other empirical and theoretical work, serves as the basis for this research. The dissertation model is the most comprehensive test of Hunt-Vitell to date, in the sense that it tests variables at almost every stage of the ethical decision making process described in the Hunt-Vitell theory.

The sample was obtained through a mail survey of American Marketing Association (AMA) practitioner members. Empirical testing was carried out through correlation and regression analysis. Of the seventeen hypotheses, nine were supported and three had weak support. The findings confirm the hypothesis that marketers who work in firms with higher corporate ethical values are more perceptive of situations with problematic ethical content. Personal religiousness is also positively related to such perception; relativism, as a personal moral philosophy, is negatively related, both as hypothesized. Though these characteristics are exogenous in the model, and somewhat distant from actual ethical behavior, the findings are important because perception of an ethical problem actually triggers the entire process of ethical decision making.

Also well supported in this research is the hypothesized predominance of the deontological (duty-based) evaluation over the teleological one (consequential). Marketers who tend toward deontological reasoning make more ethical judgments, and that judgment was found to be positively related to ethical intentions. A weak link was found between personal relativism and teleological evaluation, as hypothesized.

Insignificant results include the fact that no support was found for a link between a teleological evaluation and ethical judgment, or for a negative relationship between personal religiousness and teleological reasoning. There was also no relationship between higher corporate ethical values and either deontological or teleological evaluation. Finally, the data do not support a negative relationship between personal relativism and teleological evaluations.

## ACKNOWLEDGEMENTS

I am grateful to all three members of my dissertation committee, who have been unfailingly courteous and helpful during the entire process, even when I asked questions so basic that I now blush to recall them. They have made it a formative process, as opposed to a simple test of will. Thank you, Drs. Karande and Morris.

I must, however, express deep appreciation to the committee chair, Dr. Anusorn Singhapakdi, taskmaster, mentor and friend. I value many things about him: 1) his deep understanding of the ethical decision making literature, 2) his experience with both dissertation and publication processes, which has eased my way at numerous junctures, 3) the fact that he always does what he says he'll do, when he says he'll do it, 4) his gentle "suggestions," which I've learned to interpret as crucial to avoiding many a dead-end detour. Finally, I admire his unassuming nature, which will make it difficult for him to accept these words of praise.

Throughout the whole of my doctoral work, and the preparatory work that preceded it, Daniel, Jonathan, and Michael have been supportive and proud of me. Our boys cooked dinners, supervised homework, took on other domestic chores, and weren't resentful. More, they think I'm smart and have hugged me and told me so when I didn't feel that way at all.

My parents, Ralph and Doris Mullin, have been positive and supportive of me for forty-two years now. Their strong marriage and unfailing love are the source of the confidence that enables me to take risks like this one. It was my father who suggested that I go for the doctorate instead of an M.B.A.

Finally, my husband Dale has been partner at every stage of this, and every, journey. When my courage and faith fail, his unfailingly meet the need. He believes me capable of *anything* and refuses to be convinced otherwise. 'Tis the advent of the second journey, Beloved!

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# **Chapter I**

## **Introduction**

The subject of business ethics is of burgeoning interest in the business literature. In the 1996 edition of his classic marketing textbook, Philip Kotler lists seven trends in marketing that necessitated his current revision; one of them is the growing interest in ethics. In a recent survey of 54 firms, where respondents rated a number of important factors in doing business (“Ethics Still Matter,” *The Virginian-Pilot*, 11/20/93), 53 gave “integrity/ethics” a top rating of 4 and one firm gave it a 3. Though one scholar wrote that studying ethics was like trying to “nail jello to the wall” (Lewis 1985), much work has been done in recent years, drawing from such fields as moral philosophy, social psychology, theology, sociology and public administration. The very volume of research, along with the establishment of three scholarly journals<sup>1</sup> devoted exclusively to the subject of business ethics, testifies to the perceived importance of the topic.

### **Importance of Ethics Research**

Fundamental to an understanding of business ethics is an underlying debate, at both the philosophical and the practical level, about whether business actually has an ethical dimension. At the philosophical level is the question as to whether a firm can be a “moral agent” (i.e., the person that makes a moral decision, whether he or she is aware of the moral nature of the dilemma or not [Jones 1991]). Can a huge global conglomerate that exists only as a legal entity be held responsible for moral agency? Although the

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<sup>1</sup> The *Journal of Business Ethics*, the *Business and Professional Ethics Journal*, and *Business Ethics Quarterly*.

question is debated vociferously among the more philosophically minded ethicists, it is to some extent disingenuous. After all, as De George (1990, p. 9) explains, “business activity is human activity, [and thus] it can be evaluated from the moral point of view” and “Many more people now expect companies to act morally, at least in certain instances and within certain limits. It is no longer true that anything goes” (De George 1990, p. 4).

If this is indeed true, business people need to assess the morality of certain actions *before* those are revealed on the front page of *The New York Times*. This may, at first glance, seem a small requirement; after all, individuals make moral decisions almost on a daily basis.<sup>2</sup> But there are major differences between individuals and corporations:

Business is not structured to handle questions of values and morality, and its managers have usually not been trained in business schools to do so. Experience has supplied even less training along these lines. Hence, many businesses have faced a new dilemma. They are now beginning to feel they should respond to demands involving social values, and should take moral issues into account in their deliberations, but do not know how to do so. (De George 1990, p. 5).

Scholarly research in business ethics, therefore, is an attempt to address these needs. The work has proceeded apace in the field of marketing, partly because marketers are on the “front lines.” As Lacznia and Murphy (1991) write, “When a marketing decision is ethically troublesome, its highly visible outcomes can be a public embarrassment or sometimes worse” (Lacznia and Murphy 1991, p. 259). They go on to cite a number of ethical violations from newspaper reports and several polls showing that

---

<sup>2</sup> Should I cheat on my income tax? Is it right to tell a telephone solicitor that my husband is not at home, when he is in the living room reading the newspaper? Is it really wrong to make copies of my Christmas letter on the Xerox machine at the office?

Americans distrust the morality of business. And among business people, marketers are perceived as the *least* trustworthy:

In a 1983 *Gallup* study judging the ethicalness of various occupations, the categories salespeople and advertising practitioners were ranked at the bottom of the honesty and ethical standards scale (Laczniak and Murphy 1991, p. 261).

Clearly, marketers need help with ethical decision making, so researchers are addressing a felt need in the business community when they reach for the toolbox<sup>3</sup> of the scientific method to the study of marketing ethics. To recap, then, this research assumes that business has a moral dimension, which results in ethical dilemmas for individual businesspeople. Marketers, particularly, are often in the public eye and need to be careful about the morality of their actions, but trustworthy guidance in such evaluations is hard to find. This research addresses that need, by attempting to bring further clarity to the process by which marketers make ethical decisions, in the hope that such understanding will be a step toward helping marketers act morally; so that reports of their behavior in *The New York Times* would ennoble the entire profession.

## **The Models**

There is, however, a wide gulf between the conclusion that business ethics requires scientific study and the determination of how to carry out such work. According to Jones (1991, p. 366), “despite this increased attention to ethics in organizations, theoretical and empirical examinations of ethical decision making in organizations are in

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<sup>3</sup> The description of the scientific method as a toolbox is from Hunt’s (1991) full explication of marketing research as science.

relatively short supply.” He goes on to list several models (Trevino 1986, Ferrell and Gresham 1985, Hunt and Vitell 1986, and Dubinsky and Loken 1989) and to add his own. These are all *positive* models, in that they theorize a process of moral decision making as it actually occurs. He neglects to mention some *normative* work, especially that by Robin and Reidenbach (1987, 1988, 1990, 1993), whose main focus has been to describe how a focus on ethics should be incorporated into strategic planning in marketing. It would be misleading to conclude, however, that the firm’s ethical climate is the sole determinant of ethical decision making; that the individual decision maker is an empty vessel, to be filled up with “ethical core values.”

Still, while this work serves as a reminder of the important social component of ethical decision making, and that positive work without normative implications can be “barren”<sup>4</sup>, it is the positive models that function to guide empirical research. Hunt and Vitell (1986, 1993), particularly, took care to develop a model that is “descriptive, rather than prescriptive” (Hunt and Vitell 1986, p. 758). They called their model a “theory”, based on Hunt’s summary of “the three key criteria of theory—(1) systematically related, (2) lawlike generalizations, and (3) empirically testable” (Hunt 1991, p. 149). Thus, their model specifies systematic relationships between constructs, which can be tested empirically. The lawlike generalizations in the model include the presence of individual and social components, preexistent individual characteristics that influence ethical judgement, and the influence of two moral philosophies, deontology and teleology.

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<sup>4</sup> Robin’s word, in a criticism of Hunt’s Three Dichotomies model (Hunt 1991, p. 31).

## Components From Moral Philosophy

According to Robin and Reidenbach (1987), deontology and teleology<sup>5</sup> “dominate current thinking in moral philosophy” (Robin and Reidenbach 1987, p. 46). Murphy and Laczniak (1981) claimed that almost all ethical theories could be classified as one or the other. Although there are variations of deontology and teleology in which the differences between them are slight, in general they are quite distinct. Deontology focuses on the act itself, while teleology assesses outcomes. As Hunt and Vitell (1986, p. 6) write, “deontological theories focus on the specific actions or behaviors of an individual, whereas teleological theories focus on the consequences of the actions or behaviors.” De George (1990) describes the differences exhaustively, allowing each theory an entire chapter in his textbook on business ethics.

Though the presence of deontological and teleological components in ethical decision making has such broad theoretical support as to deserve the appellation *lawlike generalization*, it remains unclear how people apply these philosophies in specific situations. This is one question of interest in the present dissertation research: do marketers generally use both types of reasoning, and if so, do they receive equal weight in most decisions? In addition, this study investigates the influences of an individual’s religiousness and relativism on moral decision making; also, how a corporation’s ethical values affect such decisions.

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<sup>5</sup> Robin and Reidenbach use *utilitarianism* instead of *teleology*. Some authors use utilitarianism as the broader category (e.g., Robin and Reidenbach, De George), while others believe that teleology encompasses utilitarianism (e.g., Hunt and Vitell, Schwartz). This author makes no effort to settle the question, merely following the Hunt and Vitell usage.



## **Contributions and Topical Overview**

This dissertation work, then, is an empirical test of the Hunt and Vitell (1986, 1993) model of ethical decision making in marketing; results should make two contributions to the discipline. First, the scale to measure religiousness is new, having been developed specifically for use in marketing, and it is highly reliable. A good measure of religiousness is essential in ethics research, but such a scale could also be helpful in other areas of marketing (e.g., Wilkes, Burnett and Howell [1986] studied the effect of religiousness in consumer research). Second, the work offers a new way to measure the relative influences of deontological and teleological evaluations in a marketer's ethical decision making process. This tests the core of the Hunt-Vitell model and should also represent a contribution to ethics theory generally. Third, the research assesses the effects of an individual's relativism and the corporation's ethical values on moral decision making.

The dissertation contains five chapters. This introductory chapter presents the purpose of the research, in the context of marketing ethics theories. The next chapter contains a review of the literature, starting with the major theoretical models and then becoming more focused on the model and constructs to be tested. The focus here is on the empirical work that has already contributed to our understanding of the constructs in the dissertation model. Chapter three is a description of the methodology and procedures involved in the research, and the results of the experiment make up the fourth chapter. Finally, chapter five is a discussion of the results and their implications, with a full analysis of the limitations inherent in the methodology.

## ***Chapter II***

### ***Literature Review***

Theory development in marketing ethics has proceeded apace in the 1980s and 1990s. Scholars have published a number of theoretical models (e.g., Ferrell and Gresham 1985; Hunt and Vitell 1986, 1993), numerous testable propositions (e.g., Hunt and Vitell 1986; Vitell *et al.* 1993) and hundreds of conceptual articles and empirical studies. This dissertation research is grounded on one of the models, but incorporates elements from four of them, so this chapter reviews three models broadly and the fourth in further depth. Next, the chapter contains a short discussion on the question of whether the models constitute some stage of theory development or are really simply research frameworks. The review will then concentrate on the variables in the dissertation model.

#### **Marketing Ethics Frameworks**

In a relatively early study of ethical decision making in organizations, Laczniak and Interrieden (1987, p. 304) concluded that “in the long run, organizations must not only be concerned with what policies stimulate improved behavior but also why some managers take unethical actions while others do not. This implies a need to understand the cognitive value structure of an organization’s employees.” Models of the process of ethical decision making in marketing situations are an attempt to address this need, and, as such, must represent a number of individual and environmental variables, including constructs derived from moral philosophy, psychology, and other behavioral sciences. Moral philosophy informs these models primarily through analysis of deontological and

teleological moral reasoning; that is, how an individual makes a moral decision after becoming aware of the existence of an ethical dilemma. This chapter contains a detailed discussion of these elements of moral philosophy in the section dealing with deontological and teleological evaluations. Psychological research influences the models primarily through Kohlberg's work on cognitive moral development (CMD) and Rest's further work on modeling and testing the theory, both of which are described in the sections on Trevino's and Jones' models. This dissertation research is grounded explicitly on the Hunt-Vitell (HV) model, which some (e.g., Singhapakdi and Vitell 1990) consider to be the most complete of the positive models. It incorporates moral philosophy and psychology at various important points of a six-stage process of ethical decision making. Hunt-Vitell, therefore, receives fuller explication than the other models, through a literature review of results of empirical tests of the theory.

### ***Ferrell, Gresham and Fraedrich—Contingency and Synthesis***

Ferrell and Gresham's 1985 model (see Figure 2-1) represents the first important effort of its kind within the marketing ethics research stream. It is based explicitly on moral philosophy, but fails to incorporate knowledge from psychological research on moral development. The focus is on the contingent factors that affect the individual decision maker, individual (knowledge, values, attitudes, and intentions) and organizational (significant others and opportunity). A feedback loop describes the effect of experience on future ethical behavior.

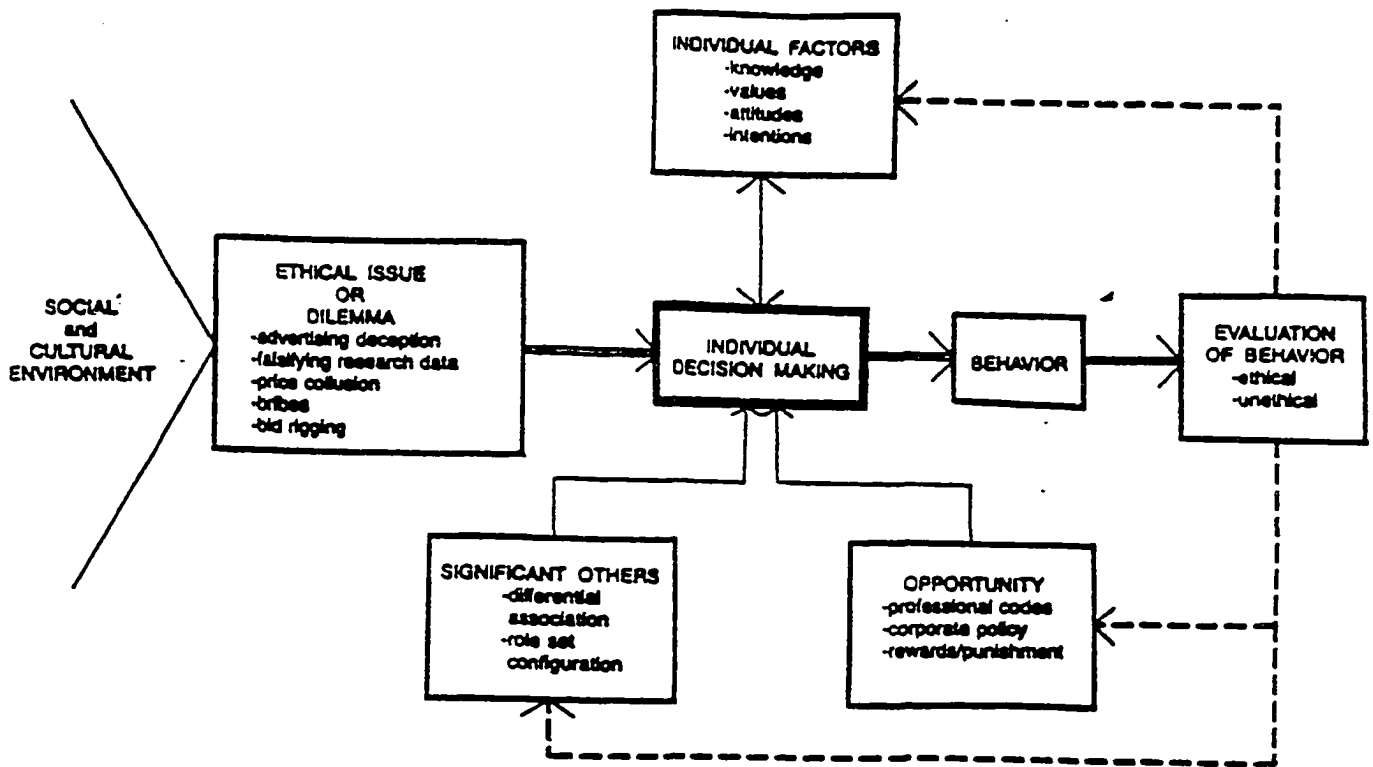


Figure 2-1. A Contingency Model of Ethical Decision Making in a Marketing Organization (Ferrell and Gresham 1985, p. 89)

A further contribution in 1989 was Ferrell, Gresham and Fraedrich's attempt to bring together the original model, Kohlberg's cognitive moral development theory (described in further detail in the section on the Trevino model), and the Hunt-Vitell model (see Figure 2-2). They represent a person's stage of cognitive moral development as a cognition, while HV terms it a personal characteristic. This model also makes the influence of moral philosophy explicit.

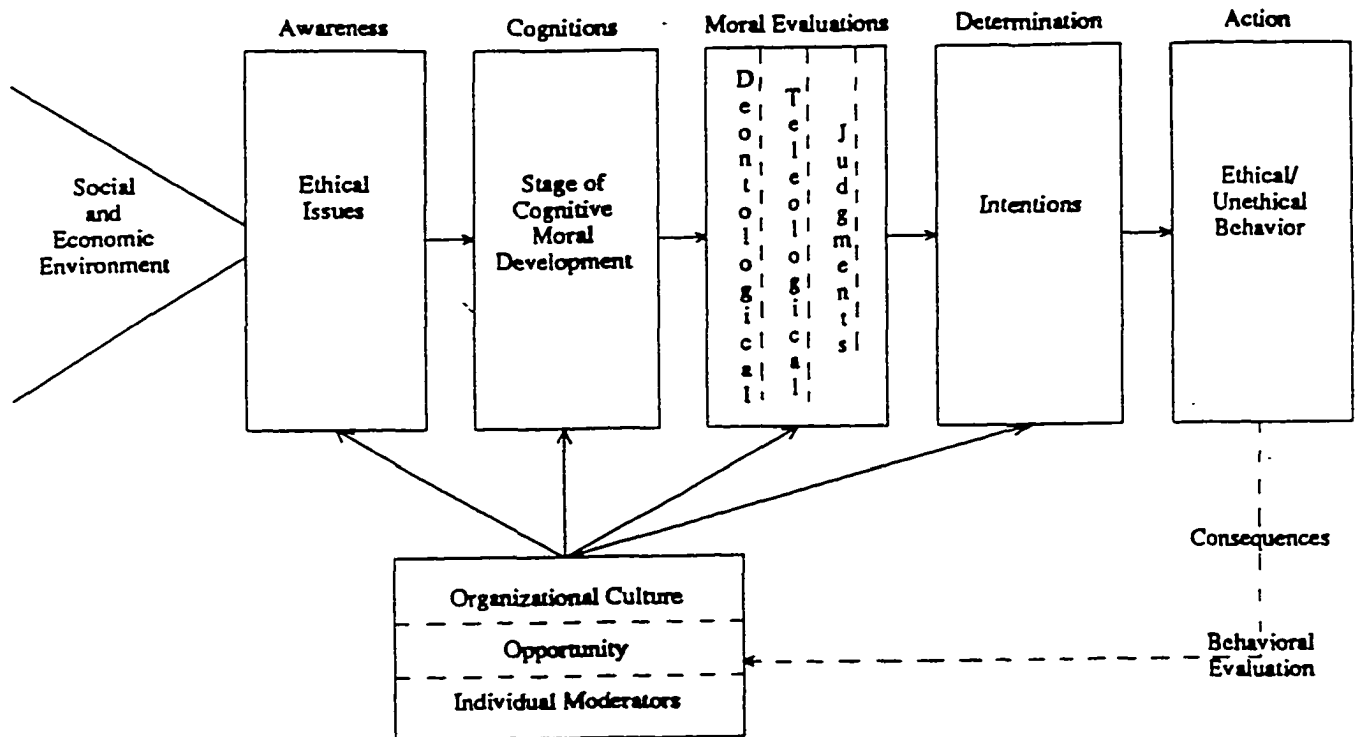


Figure 2-2. Synthesis Integrated Model of Ethical Decision Making in Business (Ferrell, Gresham and Fraedrich 1989, p. 60)

### ***Trevino—Person-Situation Interactionist***

Trevino (1986) modeled ethical decision making as an intersection between an individual and a situation, informed by the stage of cognitive moral development and resulting in ethical or unethical behavior (see Figure 2-3). There is nothing here of the decision making process, but it performed the important function of bringing Kohlberg's work, which Trevino considers "the most popular and tested theory of moral reasoning" (Trevino 1992, p. 445), into the business ethics models.

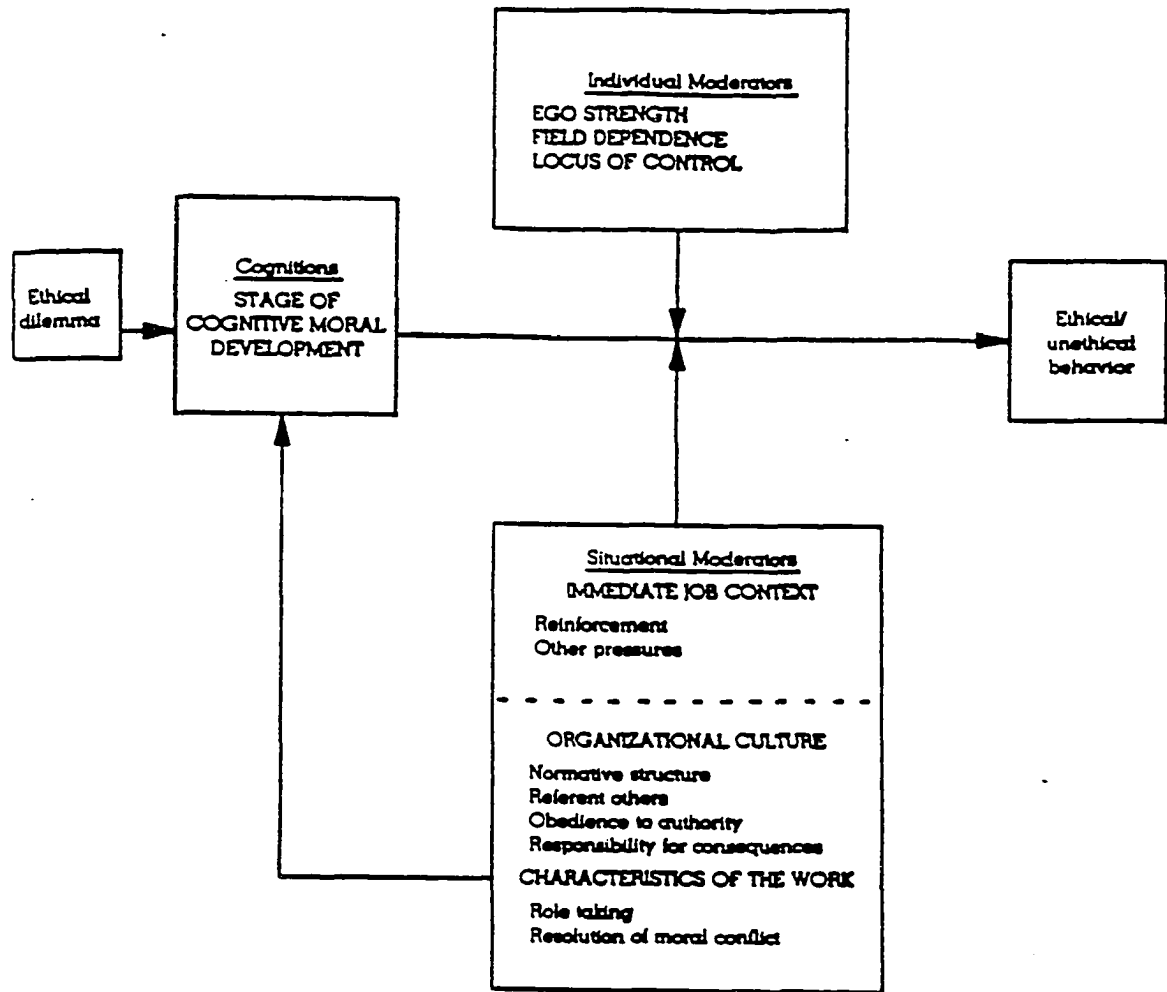
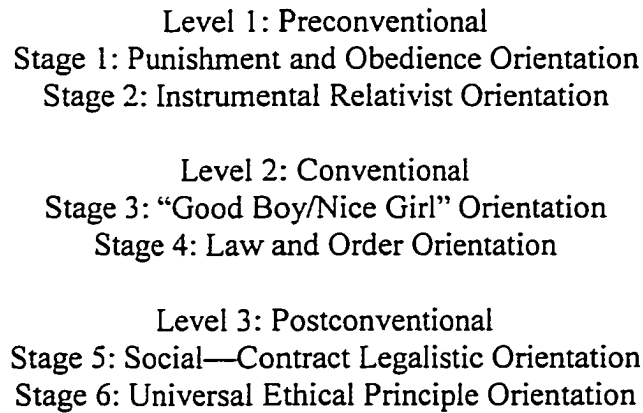


Figure 2-3. A Person-Situation Interactionist Model (Trevino 1986, p. 614)

Kohlberg identified three levels of moral development (see Figure 2-4), each of which has two stages, and he and his colleagues found that people progress through the stages in a given order, in a “clear pattern of development” (Elm and Weber 1994, p. 342). Movement to the next stage occurs because a cognitive dissonance begins to occur; a person begins to perceive the contradiction between his or her current level of moral reasoning and the next higher one. Education and age are important determinants

of these levels, as people are introduced to higher level ideas that seem attractive, though Kohlberg's research indicates that few individuals reach stage six.



*Figure 2-4. Kohlberg's stages of moral development (Elm and Weber 1994, p. 342)*

Trevino's model is the least consequential, of the four, for this research. It incorporates no component from moral philosophy and takes a more macro perspective on the cognitive process of ethical decision making.

### ***Jones—Issue-Contingent***

This most recent of the models is Jones' attempt to correct what he perceives as a major flaw in the previous theoretical work: none of the models "does more than hint that characteristics of the moral issue itself will affect the moral decision making process" (Jones 1991, p. 369). The model he proposes (see Figure 2-5) is based on James Rest's (1986) four-component model of the ethical decision making process, moderated by organizational factors and the moral intensity inherent in the particular issue. Rest asked

what psychological processes a person goes through to produce moral behavior. He concluded that there are four psychological processes to be accomplished: “(1) interpret the situation in terms of the actions possible, and the effects of these actions on the self and others; (2) judge which course of action is morally right; (3) give priority to what is morally right over other considerations; (4) demonstrate the strength and skills to follow through on the intention to behave morally” (Trevino 1992, p. 445).

The contribution of Jones’ model, however, is not its focus on the moral issue, which is represented as the triggering mechanism in all four of the other models. The moral issue is present explicitly, as *ethical issue* or *ethical dilemma*, in Ferrell and Gresham (1985), Ferrell, Gresham and Fraedrich (1989), and Trevino (1986), and implicitly, as *perceived ethical problem*, in Hunt and Vitell (1986, 1993). Probably Jones’ most important addition, in terms of further research, was the construct *moral intensity*, which the model postulates as a way to represent any ethical issue. Moral intensity has six components:

- Magnitude of consequences—the total harm or benefit that results from the action in question.
- Social consensus—the degree of agreement within society about the relative goodness or evil of an act.
- Probability of effect—the determination of how likely it is both that the action will take place and that particular results will follow.
- Temporal immediacy—the period of time between the action and its consequences.
- Proximity—the social feeling of closeness that the moral actor has for those who will be affected by his or her action.
- Concentration of effect—the relative seriousness of the consequences of the action. Defrauding an elderly person, living on a fixed income, of \$1,000 may be considered to have a more concentrated effect than defrauding a large insurance conglomerate of \$100,000, for example.



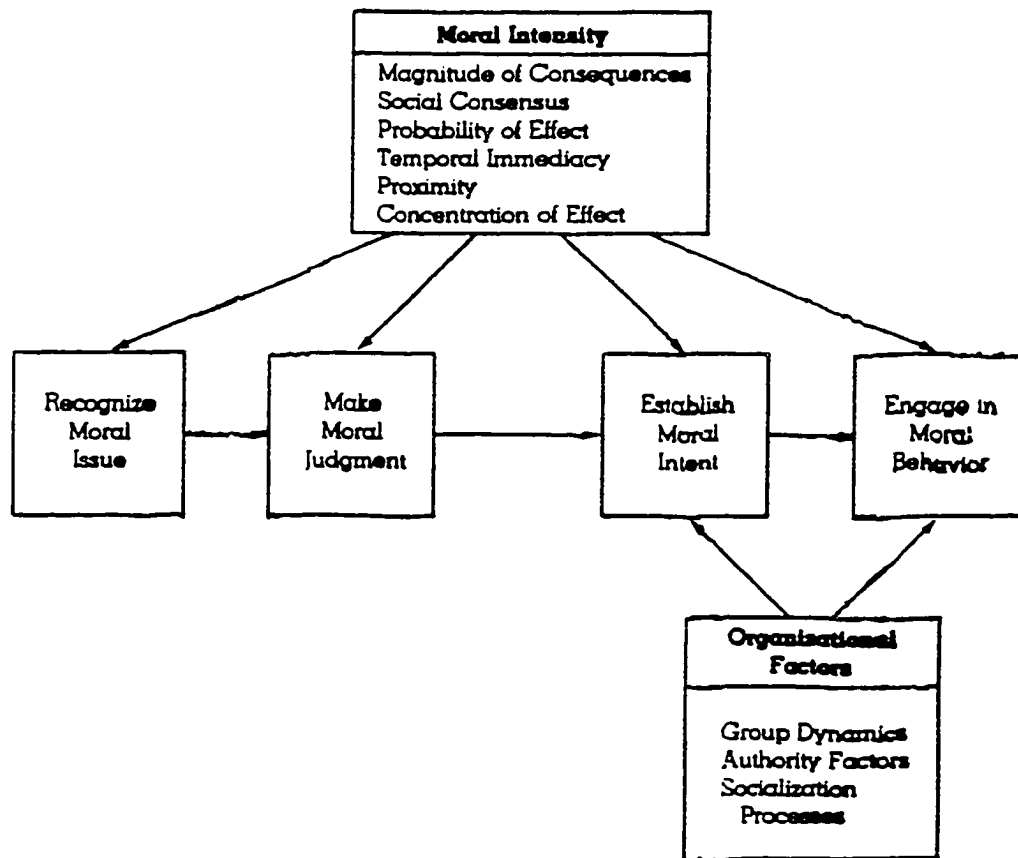


Figure 2-5. *An Issue-Contingent Model of Ethical Decision Making in Organizations (Jones 1991, p. 391)*

Although Jones' article included a number of propositions, it remained for other scholars to develop ways to measure his constructs and assess the relationships among them (e.g., Morris and McDonald 1995, Robin *et al.* 1996, Singhapakdi *et al.* 1996). A notable feature of the model is the lack of a feedback loop following moral behavior.

## *Hunt-Vitell—General Theory of Marketing Ethics*

In contrast to much of the earlier work in marketing ethics, Hunt and Vitell intended their model (1986, 1993) to be positive and descriptive. As such, it depicts ethical decision making as a process consisting of six stages and a feedback loop. The original version of the theory, published in 1986, contained the same relationships as the 1993 model, but far less detail of proposed environmental and personal influences. Figure 2-6 shows the model, as revised in 1993. Because this dissertation research is grounded on HV, a detailed review follows the figure.

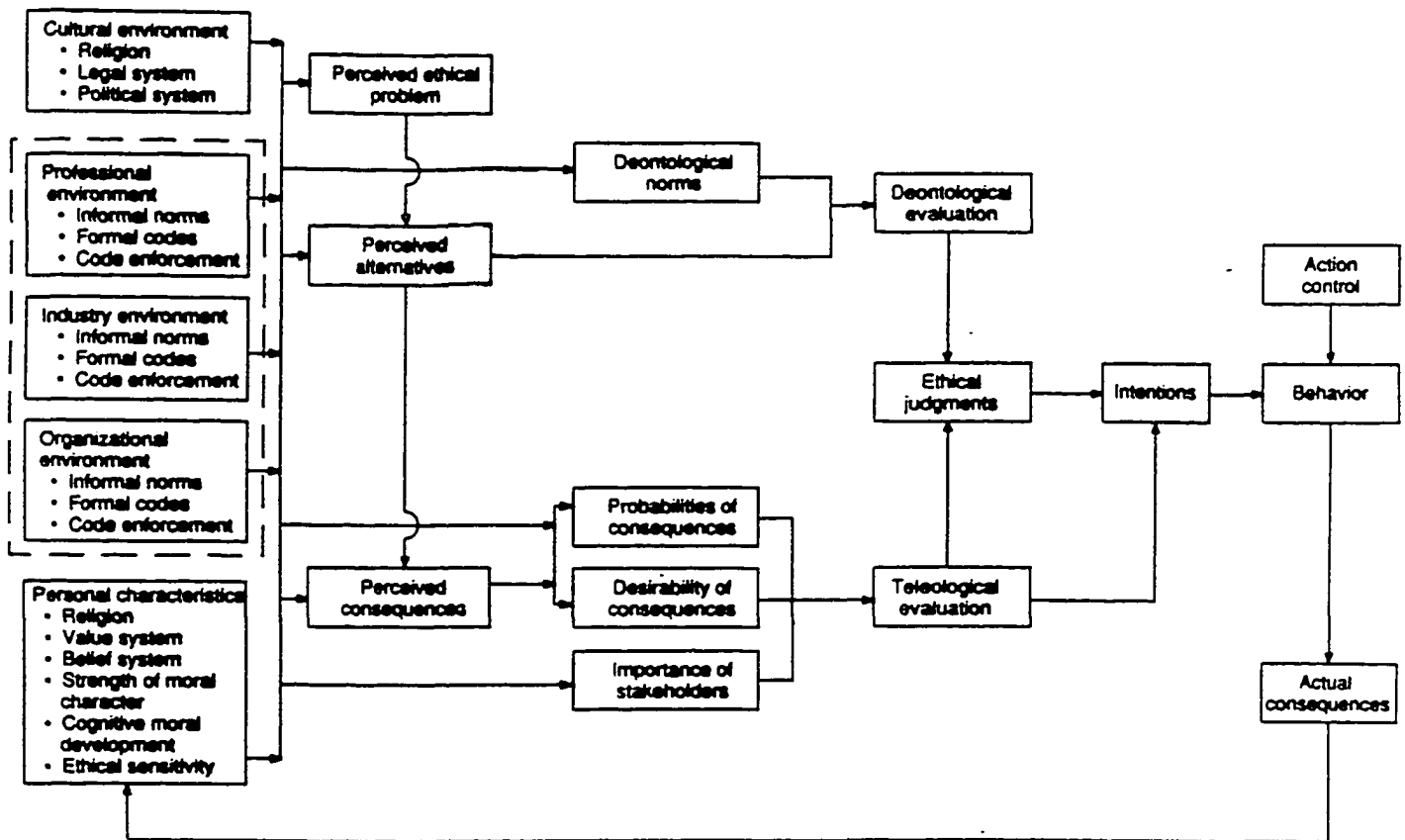


Figure 2-6. Hunt-Vitell General Theory of Marketing Ethics (Hunt and Vitell 1993, p. 776)

The first stage represents an attempt to describe the societal/environmental effects that were exogenous in Ferrell and Gresham (1985) and Ferrell, Gresham and Fraedrich (1989). Cultural, professional, industry and organizational environments combine with personal characteristics to influence perception of the existence of an ethical problem, alternatives, and consequences. Personal characteristics are also affected through a feedback loop, which implies that people evaluate previous moral choices and their consequences and that evaluation influences future ethical decisions.

For Ferrell, Gresham, and Fraedrich (1989), Rest (1986), and Jones (1991), as well as Hunt and Vitell (1993), perception is the first step in the actual process of ethical decision making. Hunt and Vitell (1986, p. 761) write that “perception of an ethical problem situation triggers the whole process depicted by the model. If the individual does not perceive some ethical content in a problem situation, subsequent elements of the model do not come into play. Therefore, it is extremely important that any situations or scenarios used to test the model empirically be perceived by respondents as having ethical content.”

In the next stage, the individual assembles norms and consequences for further analysis. Norms can include those as general as the Golden Rule (“Do unto others as you would have them do unto you.”) and others that are situation-specific (e.g., client confidentiality). Consequential information that one gathers includes the probability and desirability of consequences and the importance of stakeholders. These gather together much of Jones’ moral intensity construct: probabilities of consequences (HV) equates to probability of effect (Jones); desirability of consequences (HV) could capture magnitude

of consequences, social consensus, temporal immediacy and concentration of effect (Jones); and importance of stakeholders (HV) might in many cases be proximity (Jones). The important distinction is that HV separates the information that one gathers at this point into categories from moral philosophy; everything to be weighed in the decision is either a norm or a potential consequence.

After the information has been gathered, the individual arrives at what Hunt and Vitell term “the heart of the model” (1986, p. 763), using deontological and teleological evaluations to arrive at an ethical judgment. There may be occasions when a person does not consider consequences, but relies solely on deontological norms when making a decision, as there may be times when consequences are the sole determinant, but Hunt and Vitell postulate that in most circumstances individuals use both types of evaluation. Ethical judgment then affects behavior through the intervention of intention (consistent with consumer behavior theories and the Fishbein and Ajzen [1975] model), though behavior is then further influenced by the construct *action control*, meaning “the extent to which an individual actually exerts control in the enactment of an intention in a particular situation” (Hunt and Vitell 1993, p. 780).

Hunt and Vitell’s general theory included seven testable propositions to guide researchers in empirical tests of the model, while also recommending that scholars could, and should, infer many more testable relationships. For example, their second proposition states that the intention to behave in a given manner is a function of ethical judgment and a teleological evaluation. Their fifth proposition states that the deontological evaluation is a function of the deontological norms that the moral actor applies to each alternative.

Two propositions on Hunt and Vitell's list will be tested explicitly in this dissertation research:

$$EJ = f(DE, TE)$$

$$I = f(EJ, TE)$$

That is, ethical judgment is a function of deontological and teleological evaluations and intentions are a function of ethical judgment and a teleological evaluation.

A number of the other propositions have been tested since the publication of the theory in 1986. For example, Vitell (1986) and Vitell and Hunt (1990) found that sales and marketing managers relied on both deontological and teleological evaluations when making ethical judgments, and that they formed intentions based on ethical judgments and teleological considerations. Akaah (1997) and Hunt and Vasquez-Parraga (1993) tested the relative importance of deontological norms and teleological evaluations. Their results showed that marketers relied more on deontological norms than on teleological evaluations when forming ethical judgments. Mayo and Marks (1990) confirmed the relationships specified in the HV model, but their empirical results showed teleological evaluations weighing more heavily than deontological norms when marketers form ethical judgments and intentions. Their operationalizations, however, were rightly questioned (Hunt 1990). Singhapakdi and Vitell (1990, 1991) investigated the relationships between a number of background factors and perceived ethical problem, perceived alternatives, and deontological norms. They found that marketers who scored high on the Machiavellianism scale were less likely to perceive ethical problems to be serious, while those working in organizations that enforced codes of ethics showed the

opposite. High Machiavellianism was also negatively related to perceived alternatives. Although they claim that their operationalization of deontological norms (based on the AMA Code of Ethics) could pose a limitation, they confirmed a negative relationship between Machiavellianism and deontological norms and between locus of control and deontological norms. Goolsby and Hunt (1992) and Sparks and Hunt (1998) conceptualized and tested two background factors from the model: cognitive moral development and ethical sensitivity (respectively). Singhapakdi and Vitell (1993) found that marketers' ethical judgments could be partially explained by personal and professional values.

### ***Function of the Models in Empirical Research***

These studies, and others, have confirmed a number of relationships in the HV model and contributed considerably toward operationalizing constructs in the model. There have been no serious challenges to the structure of the model as a description of the *process* of ethical decision making, though some scholars question its function (e.g., Jones 1991), and that of the other models (e.g., Brady and Hatch 1992). The major objections are that (1) models are static, (2) any particular model receives insufficient testing, and (3) positive models are barren of scientific purpose. Brady and Hatch (1992) write that models confuse theory with empiricism; the authors present their models in the status of theory, but they are really products of research traditions. They solve no problems, raise only general issues, and are confusing in terms of their causal links. Reidenbach and Robin (1987, 1988) object that limiting moral philosophies to deontology and teleology both assumes a high level of moral development and restricts the use of

hybrid philosophies. In a critique of Shelby Hunt's Three Dichotomies Model (Hunt 1991, pp. 10–11), Robin wrote that “positive issues are barren except where they have prescriptive implications” (Hunt 1991, p. 31).

Still, it is impossible to prescribe unless one can first describe, which is one of the purposes of scientific enquiry or controlled experimentation. Kerlinger (1986) defines *theory* as “a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena” (1986, p. 9). This would seem to be an adequate representation of the Hunt-Vitell General Theory of Marketing Ethics. If its relationships continue to stand up adequately under empirical testing, researchers will have better justification for explanation and prediction; that is, to derive normative implications.

### **Conceptual Model of Dissertation**

The major focus of this dissertation research is to find a way to measure the relative influence of deontological and teleological evaluations in a marketer's ethical judgment. According to Hunt and Vitell (1986), it is important to include *perceived ethical problem* as a triggering mechanism, so this construct is included, too. The model also tests relationships involving three background factors (or exogenous constructs). *Corporate ethical values*, an organizational variable, has been relatively well defined and found to be salient in a number of studies (e.g., Hunt, Wood and Chonko 1989, Singhapakdi *et al.* 1995). The two individual variables that this study examines are religiousness and relativism. Religiousness was selected as an individual variable that

might be expected to be strongly related to deontological norms; relativism because it should correlate highly with teleological considerations. Religiousness is also of interest because of the religious revival currently going on in the United States and elsewhere. John Naisbitt and Patricia Aburdene, in their book *Megatrends 2000* (1990) identify “the religious revival of the new millennium” as one of ten megatrends of which marketers should be aware, because of their broad societal influence. It has also proved significant in a number of empirical studies of ethical decision making (e.g., McNichols and Zimmerer 1985; Kennedy and Lawton 1998). The research will also test the relationship between ethical judgment and ethical intentions, in an effort to get as close to behavior as possible, in a study of this nature.

### **Endogenous Constructs**

The first construct in the structural model is the trigger mechanism, perceived ethical problem. Those who perceive an ethical problem then engage in a process of moral reflection, definition and, unless prevented by situational constraints, action. Reflection is characterized by deontological and teleological evaluations, which are weighed together in an individual’s ethical judgment. The HV model shows ethical intentions further moderated by an estimate of the results of a particular ethical judgment, though that relationship will not be tested in this study.



## *Deontological and Teleological Evaluations*

Moral theory is an immense subject, though business ethicists have studied it generally according to the typology shown in Figure 2-7.

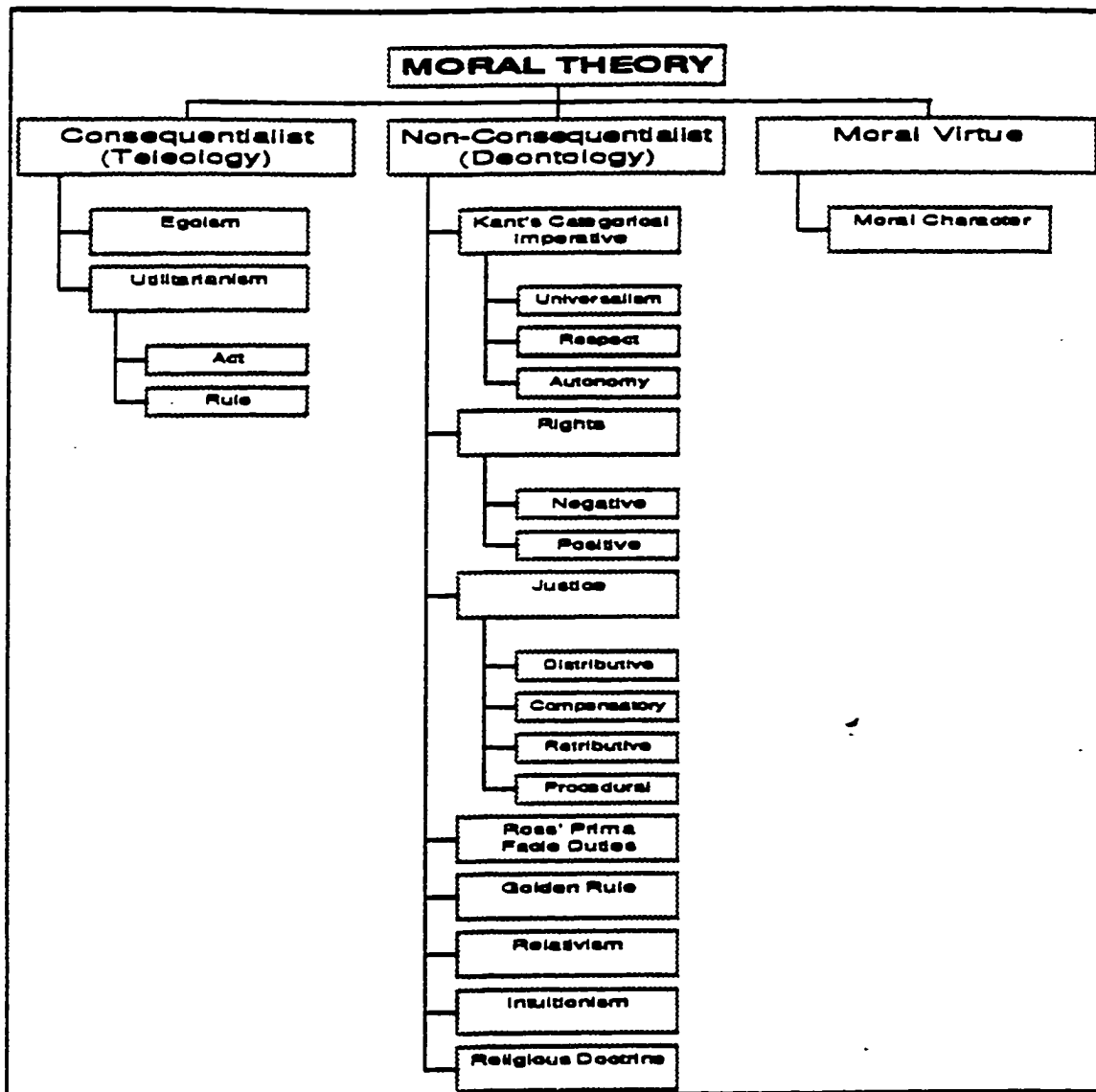


Figure 2-7. *Moral Theory* (Schwartz 1996, p. 15)

A few scholars in marketing ethics have adopted the moral virtue approach (e.g., Williams and Murphy 1990), but have, as yet, produced no positive theory. The approach

is promising for marketing researchers, however, especially with the growth of interest in trust and commitment in relationship marketing.

The other two categories, teleology and deontology, are specified in the HV model. Although the distinction between the two can become very niggling at times<sup>1</sup>, most ethicists describe deontological reasoning as focusing on the specific action or behavior, while teleological reasoning measures its consequences. As De George (1990) writes:

Deontologists maintain that actions are morally right or wrong independent of their consequences. Moral rightness and wrongness are basic and ultimate moral terms. They do not depend on good and the production of, or failure to produce, good. One's *duty* is to do what is morally right and to avoid what is morally wrong, irrespective of the consequences of so doing (De George 1990, p. 63).

A deontologist believes, therefore, that one shouldn't break a contract simply because it is wrong to break contracts. Calling rightness and wrongness "basic and ultimate moral terms" means that consideration of the consequences of an action is peripheral and unnecessary. Some strict deontologists even believe that weighing consequences is immoral in itself. Deontology is firmly established in Western moral philosophy, through the Judeo-Christian tradition, the influence of Greek moral philosophers like Socrates and Plato, and the very significant German philosopher, Immanuel Kant (1724–1804).

Examples of deontological norms include the Ten Commandments, the Golden Rule, and Kant's Categorical Imperative, which states that one should "act only according to that

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<sup>1</sup> De George (1990) describes *rule utilitarianism* as a moral philosophy that holds that "utility applies appropriately to classes of actions rather than to given individual actions. Thus, by looking at the general consequences of breaking contracts in the past, we can determine that breaking contracts is immoral. It is immoral because the bad consequences outweigh the good consequences. We thus arrive at a rule stating that it is morally wrong to violate contracts. By a similar analysis a rule utilitarian determines that people should not lie, steal, or murder" (De George

maxim by which you can at the same time will that it should become a universal law” (De George 1990, p. 69). A central condition for all these norms is that human beings are *de facto* worthy of respect, either because they are related as children of one Creator (Judeo-Christian tradition; the Ten Commandments), or because we must accord others the respect we desire ourselves (Golden Rule; Categorical Imperative). Kant formulated this condition as the second version of his Categorical Imperative: “Act so that you treat humanity, whether in your own person or in that of another, always as an end and never as a means only” (De George 1990, p. 69). The two main problems for deontologists are to determine “the ‘best’ set of rules to live by” (Hunt and Vitell 1986, p. 759) and what happens when two or more duties come into conflict.

Teleologists, on the other hand, believe that what one should assess is the relative merit of all the consequences of a particular behavior, so a behavior is declared good if it produces more good than bad consequences. Breaking a contract could be good in some situations and bad in others. There are a number of teleological theories, based on whose good is to be considered. *Ethical egoism* centers on the idea that one should make moral decisions based on the greatest good for oneself. *Utilitarianism* is often summarized by saying that an action is right if it produces the greatest good for the greatest number of people. Robin and Reidenbach (1987) write that this philosophy has been central for many businesspeople, “in part because of its tradition in economics. . . Capitalistic systems, by providing the greatest material good for the greatest number, are considered ethical from a perspective of economic philosophy” (Robin and Reidenbach 1987, p. 47).

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1990, p. 48). The distinction between such “rules” and what a deontologist perceives as “duties” is certainly very

There are a number of objections to teleological reasoning, and no moral philosopher advocates a purely teleological approach; based on such an approach one could find moral justification for the Holocaust or slavery by placing a high value on a pure society or very high agricultural production. The standard objections include, first, the practical problem of the time required to consider all the consequences of an action before doing it. Second, many claim that it is impossible to know all the consequences of an action at any given point in time. Third, whose good is to be considered and how is it apportioned? Are we to consider numbers or aggregate good? De George (1990) offers an example:

Action *A* results in 1,000 units of good for 100 people and 10 units of good for 9,900 people. Action *B* results in 19.9 units of good for each of the 10,000 people. In both cases we have a total of 199,000 units of good. If the resulting good at issue is the standard of living of a community, utilitarianism would have us conclude that there is no moral difference between the two cases (De George 1990, p. 52).

Because of the weaknesses of both approaches, many moral philosophers advocate a mixed system, which has the distinct advantage of being practical: this is how most people actually *do* ethics. In marketing ethics research into the core of the HV model, Mayo and Marks (1990) found that marketing researchers used both kinds of moral reasoning, with the teleological effect the stronger of the two. As they concede, however, their operationalization of the constructs was somewhat problematic. Hunt and Vasquez-Parraga (1993), in probably the most definitive empirical work on this subject to date, determined that marketers rely primarily on deontological factors (partial  $R^2 =$

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slight indeed.

.7131), and only secondarily on teleological considerations (partial  $R^2 = .0116$ ). This study had extremely high goodness-of-fit indices (.999 and .994); the structural equations model fit the data “like a glove” (Hunt and Vitell 1993, p. 779). Vitell and Hunt (1990) found respondents using both types of evaluation, though their focus was not on comparing effects of deontological and teleological evaluations, but on the relative importance of rewards versus punishment. Akaah (1997) confirmed that deontological considerations were primary, in a survey of a sample of American Marketing Association (AMA) members.

The hypotheses about deontological and teleological evaluations are embedded in the following sections.

### ***Perceived Ethical Problem***

Calling perceived ethical problem (PEP) the triggering mechanism refers to the fact that if individuals are not aware that an ethical dilemma exists, they do not engage in any process of moral reflection. Jones (1991) calls it recognition of a moral issue. In a study relating Machiavellianism to perceived ethical problem, which has clear relevance for the current work on relativism and perceived ethical problem, Singhapakdi (1993) found high Machiavellianism to be significantly and inversely related to ethical perception. This was consistent with past studies (e.g., Hegarty and Sims 1978, 1979; Singhapakdi and Vitell 1990). In a study that operationalized elements from the HV model and the Jones dimensions of moral intensity, Singhapakdi *et al.* (1996) found that higher moral intensity related to greater ethical perception. Vitell *et al.* (1993) proposed

that there would be differences between countries in perception of ethical problems, based on Hofstede's (1980) masculinity/femininity dimension. Singhapakdi *et al.* (1994) confirmed such differences, in a sample of Thai and American marketers.

Most studies, however, assume this stage away by presenting respondents with a scenario termed an *ethical dilemma*. The main interest has been how marketers deal with moral situations after they recognize them. Sparks and Hunt (1998) operationalized *ethical sensitivity* (listed as a personal characteristic in the HV model), based on a conceptualization that it means one of two things: either "the ability to recognize that a decision making situation has ethical content" or "the ability to recognize that a decision making situation has ethical content and the ascription of importance to the ethical issues comprising that content" (Sparks and Hunt 1998, p. 95). They did not, however, test the relationship between ethical sensitivity and perceived ethical problem, as specified in the HV model. The three hypotheses that test the relationships between PEP and the three exogenous variables are summarized in the foregoing sections. The research also tests the relationship between PEP and ethical judgment (EJ):

- H1a. Marketers who are more perceptive to the existence of an ethical problem are more likely to form an ethical judgment.
- H1b. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a deontological evaluation.
- H1c. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a teleological evaluation.

## *Ethical Judgment*

Hunt and Vitell (1986, p. 763) define ethical judgment as “the belief that a particular alternative is the most ethical alternative” and model the construct at the juncture between deontological and teleological evaluations. In other words, an individual collects all the deontological and teleological factors that he or she perceives as relevant to the moral issue, weighs them, and arrives at an ethical judgment. Hunt and Vitell postulate that there are few instances when individuals form ethical judgments based solely on one type of evaluation. According to the model, ethical judgment affects behavior through the intervention of ethical intentions, modified by a further, issue-specific teleological evaluation. Mayo and Marks (1990) confirmed that ethical judgments were jointly determined by deontological and teleological evaluations. Hunt and Vasquez-Parraga (1993, p. 87), surveying a sample of 747 sales and marketing managers, also found that deontological and teleological evaluations “explain a high proportion of the variance of ethical judgment.”

To summarize, then, Mayo and Marks (1990) found the teleological evaluation (Teleo) to be more important, but the study was somewhat flawed. Both the Akaah (1997) and Hunt and Vasquez-Parraga (1993) studies concluded that marketers relied more heavily on the deontological evaluation (Deon). Therefore, the core of this research tests the way marketers balance Deon and Teleo in arriving at judgments of the morality of a situation, depending on the latter two studies as to the direction of the hypothesis:

- H2a. Marketers who make a deontological evaluation are more likely to form an ethical judgment.

- H2b. Marketers who make a teleological evaluation are more likely to form an ethical judgment.
- H2c. Marketers rely more heavily on deontological than teleological evaluations in making ethical judgments.

### ***Ethical Intentions***

Earlier in this literature review, the author noted that the HV model specifies a moderating teleological evaluation between ethical judgment and ethical intention. The current study does not test this relationship, though other researchers have done so (e.g., Mayo and Marks 1990, Hunt and Vasquez-Parraga 1993). As Hunt and Vasquez-Parraga (1993, p. 79) note: “Hunt and Vitell theorize that in most situations intentions are congruent with ethical judgments and behavior is congruent with intentions. They further theorize that there is no direct path from deontological evaluation to intentions.” Akaah (1997, p. 77) confirmed the first conjecture: “In terms of relative influence, marketing professionals rely primarily on ethical judgments and secondarily on teleological factors in making intention evaluations.” Singhapakdi *et al.* (1996) tested ethical intention as related to the moral intensity inherent in a situation. A number of researchers have confirmed the relationship between ethical judgment and ethical intentions (e.g., Mayo and Marks 1990, Hunt and Vasquez-Parraga 1993, Bass, Barnett and Brown 1999). The hypothesis that tests ethical intention, therefore, assesses the relationship with ethical judgment:

- H3. Marketers who form an ethical judgment will have more ethical intentions.



## **Exogenous Constructs**

Ford and Richardson (1994, p. 206), in their review of empirical literature on ethical decision making, conclude that “individual factors have received by far the most research attention in the empirical literature.” This research follows that pattern, with two of the background factors being individual and one organizational. All three have been operationalized previously; those for religiousness have proven relatively unreliable, so this research contributes a new way to operationalize this important construct.

### ***Religiousness***

Religion/religiosity/religiousness seems to fall into a forlorn category in ethics research; people seem at a loss to define or describe it, but they “know it when they see it.” Even Hunt and Vitell (1993) seem somewhat at a loss:

Unquestionably, an individual’s personal religion influences ethical decision making. A priori, compared with nonreligious people, one might suspect that the highly religious people would have more clearly defined deontological norms and that such norms would play a stronger role in ethical judgments (p. 780).

They are left to fall back on *a priori* assumptions primarily because the work toward measurement of religiousness has generally occurred in the fields of psychology, theology and sociology. The one that Hunt and Vitell (1993) mention is an exception, having been developed by Wilkes, Burnett and Howell (1986) to measure religiosity as it affects consumer behavior. There are, however, two important problems with this measure: (1) it contains only four items, one of which (self-described religiousness) might

be considered a single-item measure of the construct, and (2) the reliability of the scale was quite low ( $\alpha = .49$  in the WBH study). Another contribution of this dissertation, then, will be to test a more reliable and comprehensive religiousness measure for marketing researchers.

There has been extensive scientific research done on religiousness, but, as with many constructs in the social sciences, no measure seems capable of capturing its domain effectively and efficiently. In general business research, the most frequently cited scale is clearly the “Religious Orientation” scale by Gordon Allport (1967), which discerns two dimensions: intrinsic religiousness and extrinsic religiousness. This is useful for business research because it distinguishes between people for whom religion is an expedient (extrinsics) and others for whom it is the central focus of their lives (intrinsic). Indeed, research using this distinction (e.g., Wiebe and Fleck 1980) finds significant differences between the two types in such areas as moral standards, conscientiousness and traditional attitudes. But though Allport is cited most often, there are numerous other studies, which analyze religiousness on literally dozens of potential dimensions. Some of them are more psychologically oriented (e.g., cultic practices [Fukuyama 1961], devotionism [King and Hunt 1972]) and have, therefore, few implications for marketers. The construct must be bounded before marketing researchers can operationalize it usefully.

Religiousness is almost indefinable. Whatever it is, it is broadly and deeply interwoven in personality and culture. Sociological measures attempt to discern its influence on cultural processes. In a paper discussing the sociological measurement of religiousness, Fichter (1969) wrote that “the subjective ‘experiential’ dimension of

religiosity is sociologically irrelevant. . . what needs special attention here is the religious fact of social communion, fellowship, or association” (p. 172). Psychological measures focus on religiousness as motivation, a personality variable, or a cognitive style (Kirkpatrick and Hood 1990). Different measures are necessary for different purposes, though the cognitive psychological approach is often most appropriate for marketing research (Malhotra *et al.* 1996).

For marketing, an important question is how religiousness affects behavior, but especially *spending* behavior. It is interesting that none of the scales explicitly measures attitudes and behavior regarding money. Nonetheless, Christians are aware that Jesus Christ had firm opinions about money, more so than on most other subjects. Islamic banking is becoming a force in the U.S., extended from the Middle East. Jews buy kosher food and support kibbutzes in Israel. One of the purposes of this scale, then, is to measure this dimension of religiousness. This is another reason why Allport’s Intrinsic-Extrinsic orientation measurement is not very useful in marketing research; extrinsics do not interest marketers because their religiousness is not likely to affect their spending. Extrinsics are religious when it is convenient to be so (Kirkpatrick and Hood 1990, quoting Donahue 1985, note that the Extrinsic scale “does a good job of measuring the sort of religion that gives religion a bad name” p. 447), which means they will probably not adjust their behavior for the sake of religious beliefs. We do need, however, to measure intrinsic religiousness, going beyond personality and cognitive effects to how, why, when and where people spend their money.

Beyond behavior, though, are the affective dimensions of religiousness; as Schwab and Petersen (1990) write, “religiousness strongly influences our emotional experience, our thinking, and our behavior” (p. 335). Marketing ethics research, in particular, would be poorly served by a scale that focused solely on how people spend their money. Religiousness affects personal moral philosophies, and thus ethical judgments (Barnett, Bass and Brown 1996); the motivational aspects (at least) should be of interest to marketing managers. This scale, therefore, attempts also to measure affective religiousness.

Another possible dimension is what might be termed “responsibility.” If people consider themselves religious, does it then follow that they are responsible to act or believe (not act or not believe) in specific ways? This is what might be termed a bridge law, in that it is a means of getting from one place to another. Most studies assume the bridge away, asking people about their beliefs and actions, but rarely trying to determine whether there is a causal relationship between the two. Responsibility, then, attempts to establish whether people perceive a necessary connection between religious belief and specific actions. Specifically, this study tests the effect of a person’s religiousness on perception of an ethical problem and their tendency to rely more on deontological or teleological evaluations.

- H4a. A marketer’s religiousness is positively related to his or her perception of an ethical problem.
- H4b. A marketer’s religiousness is positively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.
- H4c. A marketer’s religiousness is negatively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.

### ***Corporate Ethical Values***

Values are deeply embedded in human personality and society and, therefore, the literature reflects contributions from numerous disciplines, including anthropology, sociology and psychology. According to Vinson, Scott and Lamont (1977, p. 45), following mainly a psychological definition for application to consumer behavior, values fall into three categories: global or generalized, domain-specific, and evaluations of product attributes. Rokeach, perhaps the most influential scholar in values research in psychology, defined a value as “a centrally held, enduring belief which guides actions and judgments across specific situations and beyond immediate goals to more ultimate end-states of existence” (Rokeach 1968, p. 161). Values are generally considered to be “highly influential in directing the actions of individuals in society in general and organizations in particular” (Hunt, Wood and Chonko 1989, p. 80). If we adopt the Vinson *et al.* (1977) categories, values that direct individual action within organizations are domain-specific; that is, “people acquire values through experiences in specific situations or domains of activity and that behavior cannot be understood or efficiently predicted except in the context of a specific environment” (Vinson *et al.* 1977, p. 45). In a widely read book about companies that maintain a high standard of excellence, Peters and Waterman (1982) conclude that almost all of these firms have a highly developed set of shared values at the core of their organizations, including those related to corporate ethics.

Marketing research has indeed confirmed that environment has significant influence on values, specifically ethical values. Many empirical studies (e.g., Brenner and Molander 1977, Hegarty and Sims 1978) confirm that an organization's ethical norms are a major factor influencing moral decision making. Laczniak and Interrieden (1987), using an in-basket experimental design, found the organization's ethical stance did effect a change in employee behavior, but only significantly when top management concern was enhanced with codes of ethics and tangible rewards and sanctions. Akaah and Riordan (1989) found that a healthier ethical environment led to stronger ethical stands.

Hunt, Wood and Chonko (1989) conceptualized corporate ethical values (CEV) as that subset of all corporate cultural values (e.g., pricing policies, treatment of employees, environmental policies) that have ethical dimensions. They postulated that companies with higher corporate ethical values would have higher employee organizational commitment. The results of their study of over 1,200 marketing professionals confirmed a strong positive association between the two variables. Hunt and Vasquez-Parraga (1993) also confirmed a significant relationship between ethical behavior and an organization's culture. Their results supported "the view that a culture emphasizing ethical values may be best developed and maintained by having salespeople and their supervisors internalize a set of deontological norms *proscribing* a set of behaviors that are inappropriate, "just not done," and *prescribing* a set of behaviors that are appropriate, "this is the way we do things" (Hunt and Vasquez-Parraga 1993, p. 87, italics in original). Singhapakdi *et al.* (1995), using Hunt, Wood and Chonko's scale, confirmed that "corporate ethical values positively influence a marketer's perceptions of the importance of ethics and social responsibility in achieving organizational effectiveness" (1995, p. 53).

Based on the foregoing empirical and theoretical work, then, this study tests the following hypothesized relationships involving corporate ethical values:

- H5a. Marketers who work in firms with higher corporate ethical values will be more perceptive of ethical problems.
- H5b. Marketers who work in firms with higher corporate ethical values will be more likely to rely on deontological evaluations when making an ethical judgment.
- H5c. Marketers who work in firms with higher corporate ethical values will be more likely to rely on teleological evaluations when making an ethical judgment.

### ***Relativism***

Forsyth (1980, 1992) developed scales to measure what he termed *personal moral philosophies*—idealism and relativism. His belief is that these dimensions parallel the moral philosophical components in the ethics models; specifically, that idealism relates generally to deontological reasoning, and relativism to teleological reasoning. The difference between moral philosophies and personal moral philosophies is that the latter are tailored to the individual. Each person makes value judgments based on his or her own integrated conceptual system, or personal moral philosophy. Forsyth (1992, p. 462) writes that “although the number of personal moral philosophies is unlimited, most can be contrasted in terms of relativism or idealism.”

*Relativism*, according to Forsyth, is a personal moral philosophy based on skepticism. Relativists “generally feel that moral actions depend upon the nature of the situation and the individuals involved, and when judging others they weigh the circumstances more than the ethical principle that was violated” (Forsyth 1992, p. 462).

*Idealism*, by contrast, requires that adherents act in accord with moral laws, norms and principles. It “describes the individual’s concern for the welfare of others. Highly idealistic individuals feel that harming others is always avoidable, and they would rather not choose between the lesser of two evils which will lead to negative consequences for other people” (Forsyth 1992, p. 462).

A number of marketing ethics studies have adopted Forsyth’s dichotomy. Singhapakdi *et al.* (1995) found both dimensions were significantly related, in opposite directions, to a marketer’s perception about the importance of ethics and social responsibility to their organization’s effectiveness. Highly idealistic marketers tended to perceive that ethics were important and high relativists believed the opposite. A cross-cultural study (Singhapakdi *et al.* 1994) confirmed differences between Thai and American marketers on the idealism/relativism dimension, but also found idealism to be a weaker discriminator than relativism. Sparks and Hunt (1998) and Shaub (1989) confirmed a negative relationship between relativism and ethical sensitivity. Sparks and Hunt (1998, p. 105) speculate that “disbelief in moral absolutes might reduce the likelihood of ethical violations standing out among other issues. In a world where all issues are relativistic shades of gray, ethical issues might blend in with everything else” and “relativists might consider ethical issues in general to be less important than nonrelativists.” The current research investigates the effects of relativism only, not idealism.

Ethical relativism, according to De George (1990) “implies that moral principles are not right or wrong and cannot be rationally defended; yet moral principles frequently



have been given rational defense, and disagreements on moral issues are argued in rational as well as in emotional terms” (De George 1990, p. 35). As this quote implies, a strong form of relativism has little support among moral philosophers, though Robin and Reidenbach (1993) argue that a bounded relativism is precisely what marketing should look toward in developing a workable ethical philosophy. This is especially important in international marketing, they believe, because history, time and context make important differences in the meaning of “ethical”; “practically and demonstrably, there are very real differences in social expectations among cultures, and concerns about these differences may be exacerbated as societies become more economically interdependent” (Robin and Reidenbach 1993, p. 99).

Although Forsyth’s original description of relativism related it to teleological evaluations of moral dilemmas, the relationship has not been empirically tested, to the author’s knowledge. Studies have used either idealism/relativism or deontology/teleology and the distinctions are sometimes far from clear. This study will preserve Forsyth’s assumption that relativism is a personal moral philosophy, by testing a model that specifies it as a personal characteristic in the HV theoretical structure. Individuals whose conceptual structure of morality leans toward relativism should tend to evaluate moral situations based on their results, rather than deontological ideas of right and wrong.

Based on the literature, therefore, this research will test the following hypothesized relationships:

- H6a. A marketer’s relativism is negatively related to his or her perception of an ethical problem.

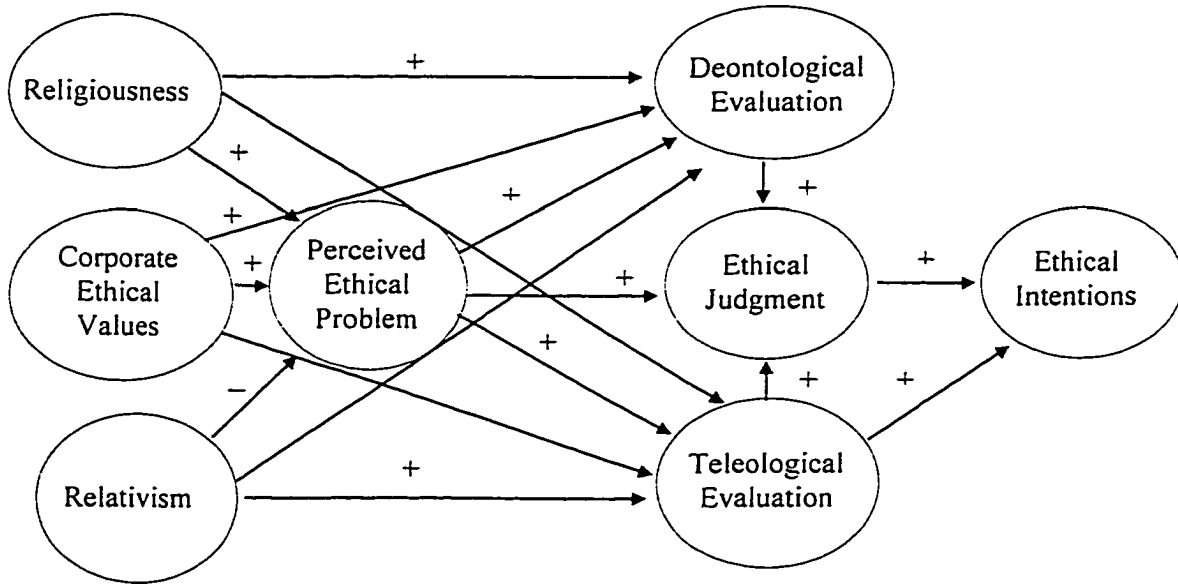
- H6b. A marketer's relativism is negatively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.
- H6c. A marketer's relativism is positively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.
- H6d. Relativistic marketers rely more on teleological than on deontological evaluations in making an ethical judgment.

### **Covariates**

Researchers have tested dozens of demographic and organizational covariates in empirical studies of business ethics. Smith and Cooper-Martin (1997) reported significant differences in ethical perception based on age, sex and race. Singhapakdi and Vitell (1991) found no significant relationship between the sex of a marketer and his or her deontological norms. Ford and Richardson (1994), in a review of the literature on ethical decision making, listed research on religion, nationality, sex, age, type of education, years of education, employment, income, years of employment, Machiavellianism, locus of control, and several others. Among the situational factors that have been researched are peer group influence, top management influence, effect of codes of ethics and ethical culture, organization level, degree of industry competitiveness, and industry type. This research measures the influence of six covariates: age, income, sex, years of education, type of education, and religion.

### **The Model and Research Hypotheses**

Figure 2-8 is a pictorial representation of the hypothesized relationships in this dissertation research, as described in the preceding review of literature.



*Figure 2-8. Dissertation model, with hypothesized variable relationships*

### ***Summary of Research Hypotheses***

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#### **Perception of an Ethical Problem**

- H1a. Marketers who are more perceptive to the existence of an ethical problem are more likely to form an ethical judgment.
- H1b. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a deontological evaluation.
- H1c. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a teleological evaluation.

#### **Ethical Judgment**

- H2a. Marketers who make a deontological evaluation are more likely to form an ethical judgment.
- H2b. Marketers who make a teleological evaluation are more likely to form an ethical judgment.
- H2c. Marketers rely more heavily on deontological than teleological evaluations in making ethical judgments.

#### **Ethical Intentions**

- H3. Marketers who form an ethical judgment will have more ethical intentions.
-

**Religiousness/Deontological and Teleological Evaluations**

- H4a. A marketer's religiousness is positively related to his or her perception of an ethical problem.
- H4b. A marketer's religiousness is positively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.
- H4c. A marketer's religiousness is negatively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.

**Corporate Ethical Values/Deontological and Teleological Evaluations**

- H5a. Marketers who work in firms with higher corporate ethical values will be more perceptive of ethical problems.
- H5b. Marketers who work in firms with higher corporate ethical values will be more likely to rely on deontological evaluations when making an ethical judgment.
- H5c. Marketers who work in firms with higher corporate ethical values will be more likely to rely on teleological evaluations when making an ethical judgment.

**Relativism/Deontological and Teleological Evaluations**

- H6a. A marketer's relativism is negatively related to his or her perception of an ethical problem.
  - H6b. A marketer's relativism is negatively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.
  - H6c. A marketer's relativism is positively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.
  - H6d. Relativistic marketers rely more on teleological than on deontological evaluations in making an ethical judgment.
-

## ***Chapter III***

### ***Methodology and Procedures***

The full explication of marketing ethics research based on the Hunt-Vitell model in the preceding chapter sets the stage for the research design described in this chapter. Specifically, this empirical test should provide an analysis into the ways in which marketers make ethical judgments, and to what extent they rely on deontological and teleological evaluations. This chapter describes the empirical work, from research design and construct operationalization through data collection and analysis techniques.

#### **Research Design**

This research might be considered nonexperimental, because subjects were not assigned to treatments. The subjects were AMA members willing to fill in and return identical questionnaires. According to Spector (19), however, the distinction between experimental and nonexperimental research designs is somewhat fluid: “the experimental/nonexperimental distinction represents two ends of a continuum rather than two distinct types” (p. 9). In addition to the criterion of subject assignment, nonexperimental designs usually involve very minor, if any, manipulation of subjects and conditions. In this research, the purpose of the scenario technique was precisely to experiment with different conditions under which subjects might come to varying conclusions on ethical questions. Since the conclusions that derive from this work result directly from the manipulation of conditions, through scenarios, the design should be considered experimental.

### *Scenarios in Ethics Research*

Social science research poses numerous measurement problems, and ethics study is no exception. The use of scenarios is considered a projective technique, which is always vulnerable to criticism that people do not always act as they say they will. As Converse and Presser (1986) write: “If we ask a hypothetical question, will we get a hypothetical answer?” (p. 23). They note, in response, that hypothetical questions can be valuable in certain types of research, where they “represent an effort to *standardize* a stimulus because actual experiences range so widely” (p. 23, italics in original). They also note that the technique makes the process easier for respondents:

To respondents, vignettes offer concrete, detailed situations on which to make judgments rather than the demand for abstract generalizations. Even though the questions are hypothetical, vignettes reduce the need for respondents to be insightful and conscious of their own thought processes (p. 26).

In order to compensate for the uncertainties of the technique, they suggest that researchers probe for background information about respondents’ frames of reference in particular responses. This research does precisely that, by measuring a number of antecedent variables and covariates.

In terms of this specific stream of research, Hunt and Vitell (1986, p. 11) write that the scenario technique is “well established in ethics research and. . .a suitable vehicle for early research efforts.” One might complain that research based on the HV model hardly qualifies as “early efforts,” but the particular goal of quantifying the use of deontological and teleological evaluative techniques is certainly in a formative stage. The

use of an established method should testify to the validity of the results. Ethics researchers have used the scenario technique generally, as in marketing ethics work (e.g., Akaah 1997), and more specifically, in evaluations of international ethical decision-making (e.g., Singhapakdi *et al.* 1997) and in particular environments (e.g., marketing research: Sparks and Hunt 1998). This survey used three scenarios to test perceived ethical problem, deontological and teleological evaluations, ethical judgment, and ethical intentions. Two of these scenarios (from Dornoff and Tankersley [1975]) have been used successfully in past studies (e.g., Singhapakdi *et al.* 1996, Singhapakdi *et al.* 1997). The third scenario is an adaptation of one Sparks and Hunt (1998) developed to measure ethical sensitivity of marketing researchers. The adaptation was necessary because their scenario was quite long, containing three ethical dilemmas of varying seriousness. The scenario for this research retained only one moral issue.

### **Conceptualization and Operationalization**

The following section provides an explanation of how each construct in the model was operationalized. As noted in the literature review section, the current study tested three constructs that are exogenous in the model: religiousness, relativism and corporate ethical values. All fit within the first stage of the Hunt-Vitell model, as personal characteristics (religiousness, relativism) or as a part of the marketer's organizational environment (corporate ethical values). The rest of the model represents the core of HV: perceived ethical problem (PEP), ethical judgment (EJ), deontological and teleological evaluations (Deon and Teleo), and ethical intention (EI). PEP, EJ, and EI are



operationalized as in previous studies, but Deon and Teleo were tested in a new way that makes it possible to assess how marketers weigh the two types of evaluations.

### ***Exogenous Variables***

Two of the exogenous variables are personal characteristics, chosen because they should have strong relationships to the two different types of moral evaluations tested in this study. Religiousness should correlate strongly with deontological thinking, while relativism should show high correlation with teleological reasoning. Corporate ethical values measures environmental effects on moral reasoning, at least those present within the marketer's organization.

### **Religiousness**

As noted in the previous chapter, this study used a newly developed scale (Marta 1998)<sup>1</sup> to measure religiousness. Previous scales are either very psychologically oriented, ignoring behavior, and especially spending behavior, or relatively unreliable (the Wilkes, Burnett and Howell [1986] scale, used in several studies of marketing ethics, had a reliability of  $\alpha = .49$ ). The sample of 151 was not random, because the scale is designed to measure religiousness over several religions (Hindu, Christian, Jewish, and Muslim); the method was, therefore, non-probability quota sampling, to ensure a large enough group in each cell. Exploratory factor analysis (principal axis factoring) revealed that eight items measured a unidimensional structure, explaining 58.3% of the sample variance. Intercorrelations were good ( $KMO = .913$ ) and reliability excellent ( $\alpha = .91$ ).

But one might ask (as indeed someone did during a focus group), “Why do marketing researchers need a scale at all? Why not use self-evaluation? Let people define themselves as religious or not; that way you don’t have to take the responsibility for measuring it.” The answer is that self-evaluation should certainly be part of any instrument that marketers use, because of the probability that conscious awareness of religiousness is likely to affect behavior. Nonetheless, religiousness is a large construct, and, as Churchill writes (1979, p. 66): “Marketers are much better served with multi-item than single-item measures of their constructs, and they should take the time to develop them.” The original set of items, therefore, contained a self-described religiousness item, in order to help establish validity of the instrument. Seven of the eight items used in the present study correlated strongly (.48–.65) with self-described religiousness; the eighth correlated less strongly (.28), but was retained because of strong intercorrelations with the other items. The KMO measure of sampling adequacy was .931.

Besides the obvious question about whether self-description should be ever considered an entirely accurate indicator, the item is particularly suspect in the context of religiousness. Many believe that it is prideful to say they are highly religious, as if they were claiming similarity to Mother Teresa or Moses. The resulting items in the scale, therefore, do not include self-description, but do take correlation into account. In summary, given its excellent initial results, the scale seems appropriate for exploratory use in this study.

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<sup>1</sup> This paper has not been published, but is available upon request from the author. Results from the dissertation sample will be incorporated before it is sent for potential publication.

## **Corporate Ethical Values**

Hunt, Wood, and Chonko (1989) developed the scale to measure corporate ethical values (CEV), defined as “a composite of the individual ethical values of managers and both the formal and informal policies on ethics of the organization” (p. 79). There are five items on the CEV scale, which are measured by a seven-point agree/disagree scale, for which Hunt, Wood and Chonko reported an  $\alpha$  of .84. A high score on the CEV scale indicates that the marketer works in a corporate environment that emphasizes ethical values. The scale has been validated in a number of other studies, including Singhapakdi *et al.* 1997 ( $\alpha = .84$ ) and Singhapakdi *et al.* 1995 ( $\alpha = .85$ ).

## **Relativism**

Most of the empirical work in marketing ethics has measured relativism using Forsyth's Ethics Position Questionnaire (EPQ), published in 1980, which contains ten-item scales to measure both relativism and idealism. Recently, however, Sparks and Hunt (1998) reported that a number of Forsyth's items exhibited psychometric difficulties, so they created a new, and shorter, scale. Of the five items, three are the Forsyth items that performed best in the Shaub (1989) study. The other two items were original. The shorter scale proved to have higher reliability ( $\alpha = .87$  in Sparks and Hunt 1998) than Forsyth's original ten items ( $\alpha = .81$ ).

## ***Endogenous Variables***

Perceived ethical problem is endogenous in this model, because it is influenced by relativism, religiousness, and corporate ethical values before it affects ethical judgment.

The model also measures the effect of the exogenous variables on the deontological (Deon) and teleological (Teleo) evaluations, which together account for much of the variance of ethical judgment. The final stage is when the marketer establishes an ethical intention.

### **Perceived Ethical Problem**

This construct was measured by a single item. After respondents have read a scenario, the questionnaire asks that they express their degree of agreement (on a seven-point Likert-type scale where 1 = completely disagree and 7 = completely agree) with the statement: “The situation above involves the [salesperson] in an ethical problem.” The use of a single-item measure for this construct is consistent with previous research (e.g., Singhapakdi and Vitell 1990, Singhapakdi 1993) and intuitively satisfying. Perception is a type of sight, which is measured by a single test that determines how clearly one can discern an object. A one-item scaled measure functions in an identical manner: one either perceives an ethical problem or doesn’t, and beyond that the scaled nature of the item captures how distinctly one perceives it to be a problem.

### **Ethical Judgment**

This study also measured ethical judgment through one item, which asks respondents to express their degree of agreement or disagreement with the action described in the scenario (“Please rate the marketer’s action as to how ethical you believe it was”), measured on a seven-point Likert-type scale (1 = very unethical, 7 = very ethical). This operationalization is consistent with previous measurements of this variable (e.g., Mayo and Marks 1990, Hunt and Vasquez-Parraga 1993, Singhapakdi and Vitell

1993, Singhapakdi *et al.* 1994). Of these studies, Mayo and Marks (1990, p. 166) worded the question most specifically “to reflect the notion that an ethical judgment is presumed to be influenced by both deontological and teleological evaluations,” by asking respondents to consider both outcomes and their own values in rating how ethical they believed the action (of the marketer in the scenario) was. In a commentary on their operationalization, however, Hunt (1990) points out that an individual’s use of both types of evaluation is *hypothesized* by the HV model and, therefore, researchers may bias results by any wording implying that respondents *must* use both evaluations in any ethical decision. This study, therefore, followed Hunt’s (1990) suggested wording, as do the other three studies cited above.

### **Deontological and Teleological Evaluations**

This study operationalized Deon and Teleo in a different manner than have previous studies, in an attempt to solve two problems from previous empirical work. The first is definitional. Are Deon and Teleo constructs or processes? Hunt (1990) identifies this issue, in his critique of the Mayo and Marks (1990) operationalization, and states that he believes deontological and teleological evaluations are processes. The measurement, therefore, should be “inferred from measures of deontological norms applied to each alternative” (Hunt 1990, p. 175). The second problem relates to measurement, which involves at least two issues: (1) how to determine to what extent respondents use Deon as opposed to Teleo, and (2) how to describe deontological norms so they imply nothing consequential. Hunt (1990), for example, criticized Mayo and Marks’ (1990) work in terms of the second issue: “at least five of the seven items included in the ‘deontological

norm' scale refer to the *consequences* of behaviors and, therefore, are *teleological* in nature rather than deontological" (Hunt 1990, p. 176).

The current operationalization attempts to address all of these issues. In terms of deontological norms, the problem often seems to be that researchers tend to become too descriptive. Deontological norms are, by nature, simple and uncomplicated. "Thou shalt not kill" and "Do unto others as you would have them do unto you" are straightforward; they imply no assessment of whether the consequences might change the prescription. By adding just a few more words, however, researchers have sometimes turned a statement of a deontological norm into one that implies consequences. That is the difference, for example, between the simple deontological norm "This action is unethical, because lying is wrong" and a very slight adaptation that may tend to suggest consequences: "This action is unethical, because lying is wrong in this situation." The deontological norms tested in this investigation are purposefully simple statements about right and wrong.

Finally, the current operationalization attempts to deal with the evaluations as a process and to weigh them against each other, using what Converse and Presser (1986) call a *magnitude estimation scale*. Respondents read the scenario, then respond as to whether they perceive an ethical problem (PEP) and whether they would act as the marketer did in the scenario (EJ). If their answer to the latter question indicates they think the action was unethical *to any extent at all*, they then evaluate six statements, three of which represent applicable deontological norms. The other three suggest negative consequences that might, realistically, result from the unethical action. The respondent is

instructed to choose the statement that seems most important for their personal evaluation and write “100” next to it. The next step is to weigh the other five statements against the most important one, and assign a number less than 100 to each. The advantage of this type of scale is that it is much less constrained, so it can capture more variation. Converse and Presser (1986, p. 30) report that Lodge’s (1981) study showed “an increase of 12%–15% in variance explained from the use of magnitude over ordinal scaling.” The main problem in this kind of measurement is to “make use of the interesting properties of these measures without incurring unduly heavy tasks for the respondent or unacceptable losses of information” (Converse and Presser 1986, p. 31). This, then, was an important question in pretesting; do respondents truly understand the task, or is it simply so different from the usual survey techniques that they become confused?

### **Ethical Intention**

We measure respondents’ ethical intentions using the same scenarios, to which they responded by registering how likely it was that they would act as [the marketer] did (1 = very likely, 7 = very unlikely). The scenarios are examples of marketing behaviors that are generally considered unethical (e.g., deception, doctoring research results), so agreement with the action indicates less ethical intentions. The use of a single-item measure for this construct, as with perception of an ethical problem, is in keeping with the literature (e.g., Mayo and Marks 1990, Singhapakdi *et al.* 1996, Singhapakdi and Vitell 1990) and appropriate to the nature of scenario testing; that is, because the respondent was answering questions based on a projective technique, the only logical way

to capture intention was to ask whether the respondent's intent would accord with the marketer's intent in the scenario.

### **Pretesting**

Fifteen individuals pretested the questionnaire. They were MBA students, who should represent similar demographics to the survey respondents. Because of weight constraints in mailing costs, the pretest questionnaire contained only two scenarios (one from Sparks and Hunt 1998 [adapted] and one from Dornoff and Tankersley 1975). After each ethical judgement item there were several blank lines, on which respondents were to indicate why they thought each of the two behaviors was unethical. The intent was to capture some subjective evaluation and then be able to compare their initial reaction, described in their own words, to their reactions to the deontological and teleological items that followed. The response was disappointing; of the thirty answers, only three or four could be categorized as deontological or teleological. Responses tended to be recommendations about what to do, as in this response to the market researcher scenario: "He should represent the original result whether it matches the expectations or not." In many other cases the respondents simply summarized the action from the scenario: "He was notified of the transmission failure to operate correctly and failed to fix it properly."

As a result, the final questionnaire contained the three scenarios, as originally planned. None of the individuals who participated in the pretest had any difficulty understanding the directions for completing the deontological and teleological items. When asked to describe the experience of completing the questionnaire in one word, they



responded that it was “painless” and “easy”. They found nothing confusing or unclear, though one person thought the Likert scale should have been fewer than seven items. Participants required between eight and twenty minutes to complete the survey, which time should be markedly shorter without the subjective items. They were also asked whether they sensed any expectations, created by the language of the questionnaire, in an attempt to assess social desirability bias. They responded that they felt no such pressure.

As expected (because many individuals relate more to this scenario), pretest respondents felt the warranty scenario was a more serious ethical matter than the market researcher’s dilemma. There was, however, a fairly wide variance in their responses to the deontological and teleological items. For example, responses to the deontological item, “The analyst’s action is wrong because it involves lying,” ranged from 0 to 100. Responses to a teleological item from the second scenario, “The dealer’s action is wrong because he has probably lost a customer, and maybe others, through negative word-of-mouth,” ranged from 10 to 100. All in all, pretest results seemed encouraging.

### **Sampling Frame and Questionnaire Mailing**

The American Marketing Association (AMA) polls individual members to determine their major fields of interest from a choice of eight: agri-business, business, consumer, education, health care, international, marketing research, and service. This dissertation survey was directed to 1508 randomly selected AMA members from seven of the eight categories, education excluded. All addresses were within the United States, though many certainly represent businesses with international operations. The AMA’s

Directors of Marketing Divisions approved the questionnaire for this distribution, and Mail Marketing Inc., the company that manages the AMA membership mailing list, provided the mailing labels, with the proviso that they be used only once and not copied for any purpose. A number of the labels were determined unusable, because the addresses were at universities and colleges. This was an unavoidable problem, as academics had specified areas of “interest”, rather than the type of marketing activity in which they were involved.

The surveys were printed on two 11"×17" sheets of buff-colored paper, folded and saddle-stapled as a booklet. The cover page was a letter on official Old Dominion University letterhead, addressed to “Fellow AMA Member” and signed by the researcher and dissertation director. The letter was crafted carefully to accomplish several purposes:

- Describe the project in such a way as to explain why the respondent was selected
- Define why their participation is important to the research
- Explain how to fill out the questionnaire and how much time it should require
- Guarantee anonymity
- Establish credibility of the project
- Express gratitude for their support in the work

The back of the cover letter was blank, and the six-page questionnaire followed. The last line on the back page offered thanks for the respondent’s helpfulness. A sample of the cover letter and survey is included in the Appendix. Included in the mailing were a self-

addressed, prepaid business reply envelope and two brightly colored diskette labels intended as an incentive gift. The cover letter, on official letterhead, the two signatures, and the professional style of the questionnaire itself were meant to help establish credibility of the research.

## **Chapter IV**

### **Results**

This chapter contains a complete discussion of the findings from the survey of AMA practitioner members. It begins with a discussion of response rates and profiles of the respondents, then moves to the results of statistical analysis, summarizing important descriptive statistics. The chapter concludes with an examination of each of the research hypotheses.

#### **Response Rate**

The questionnaires were mailed to 1508 randomly selected practitioner members of the AMA in mid-November, 1998. The last responses were received and entered in mid-January, 1999. Of the 1508 packets mailed, five were returned as undeliverable and 325 people returned responses, for a total response rate of 21.6%. This rate is consistent with other recent ethics research that involved questionnaires directed to an AMA sample (e.g., Singhapakdi *et al.* 1996 [23%], Singhapakdi *et al.* 1995 [22.7%]). All of the returned data was analyzed, though a number of respondents chose not to answer certain of the questions. This issue will be more fully addressed in the section entitled “Missing Data.”

#### **Nonresponse Bias**

Though the response rate of 21.6% is adequate, it is important to try to determine whether nonrespondents might have replied differently. Therefore, the “extrapolation” technique of Armstrong and Overton (1977), who showed that late respondents were like

nonrespondents, was used to compare means between early and late respondents. An analysis of variance (ANOVA) between the two groups on a number of variables (income, ethical judgment [EJ] in Situation 1, perceived ethical problem [PEP] in Situation 2, sex, and a composite of the eight religiousness items) revealed significant differences between the two groups on only the religiousness composite, consistent with interpretation as a “chance” result. The following table summarizes the results of the individual T-tests.

Table 4-1. T-Tests of Early vs. Late Respondents

Variable	P-Value
Income	0.85
Ethical Judgment (Situation 1)	0.25
Perceived Ethical Problem (Situation 2)	0.28
Sex	0.11
Religiousness	0.03

## **Profile of Respondents**

The responses to the demographic information requested in the questionnaire are detailed in Table 4-2, starting on page 63. The variables of interest were: sex, primary job function, age, years of formal education completed, religion, type of undergraduate education and income. All information is reported in percentages, to facilitate interpretation.

Slightly more than half the respondents (52.3%) were men. The average age of respondents was 40 and income was fairly evenly distributed between four of the five income categories listed. The income categories were purposely wide, to encourage people to answer, though this is notoriously sensitive information.<sup>1</sup> It is perhaps noteworthy that only five respondents failed to record a response, compared to seven who left the “Nature of Education” question unanswered and two who failed to list a religion. All respondents answered the item about sex, but five left the “Years of Formal Education” item blank. In sum, it appears that the income categories elicited as many responses as did the majority of the demographic items. Income was spread quite evenly between four of the five categories.

The item that caused the most consternation for respondents was “Primary Job Function;” 24 people either left this item blank or wrote in a job function that was not included on the list. Those “penciled-in” responses indicated that future questionnaires should include at least three further categories: Product Manager, Marketing Manager, and Other. Four categories elicited responses of 1% and less (Packing/Point of Purchase,

Distribution/Pricing, Merchandising/Retailing, and Telemarketing), while Marketing Communications professionals accounted for one quarter (24.6%) of the sample and Marketing Researchers for almost half (44.9%).

The “Nature of Undergraduate Education” item yielded somewhat surprising results, given that one might expect the majority of respondents to have been business majors in college. They were, in fact, the largest group of respondents (42.8%), but liberal arts majors were not far behind (41.5%). A number of people in the “Other” category indicated that they had majored in engineering. It is interesting to note that, especially in a sample so laden with marketing researchers, so few (8.8%) had a sciences background.

Though the nature of the respondents’ educational backgrounds might seem somewhat surprising, the number of years they have devoted to formal education is as expected. Forty-five percent reported 16–17 years of formal education (meaning generally that they have completed Bachelor’s degrees and/or started graduate study), while 37.5% reported 18–19 years (consistent with completing a Master’s degree).

Finally, the sample is heavily Christian (71.2%), with (not surprisingly) no Buddhist, Confucian or Muslim respondents at all. A small number were Hindu (0.9%) and more were Jewish (11.1%), while the rest characterized their religion as “Other” (6.6%)<sup>2</sup> or “None” (10.2%). It is interesting to note that only two respondents failed to provide an answer in this category.

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<sup>1</sup> Converse and Presser (1986, p. 61) write that these questions are generally placed at the end of the questionnaire, reflecting “the sensitivity of income questions, which are the most vulnerable to refusal.”

<sup>2</sup> These included members of the Church of Latter-Day Saints (commonly known as Mormons) and Jehovah’s Witnesses.

Table 4-2. Profile of Respondents

Variables	Percentage
Sex	
Male	52.3
Female	47.7
Primary Job Function	
Direct Marketing	9.6
Marketing Communications	24.6
Packaging/Point of Purchase	0.3
Sales/Sales Management	9.0
Advertising	3.7
Distribution/Pricing	1.0
Merchandising/Retailing	1.0
Telemarketing	0.8
Database Marketing	2.8
Market Research	44.9
Promotions	2.3
Age	
21-29	17.3
30-39	37.2
40-49	28.2
50-59	13.9
60-69	1.8
70-79	1.0
80-89	0.6
Years of Formal Education Completed	
15 or fewer	3.7
16-17	45.0
18-19	37.5
20 or more	13.8
Religion	
Buddhist	0.0
Christian	71.2
Confucian	0.0
Hindu	0.9
Jew	11.1
Muslim	0.0
Other	6.6
None	10.2



Profile of Respondents (continued)

Variables	Percentage
Nature of Undergraduate Education	
Business	42.8
Liberal Arts	41.5
Sciences	8.8
Other	6.9
Income	
Less than \$19,999	0.6
\$20,000–\$49,999	23.4
\$50,000–\$74,999	26.6
\$75,000–\$99,999	20.6
\$100,000 or more	28.8

**Missing Data**

The decision about how to treat missing data was complicated by the fact that the questionnaire instructed certain respondents to leave portions of it blank. If the respondent perceived the action described in the scenario as completely ethical (value of 1 on the scale) they were not to answer the deontological and teleological items, which described the action as “wrong” or “unethical.” Respondents were also free, in comparing the importance of those items, to assign one or more of them a value of “0”, meaning the reason was completely unimportant to them in arriving at an ethical judgment. A blank and a zero, therefore, represented different reactions on those items. For all the remaining variables, missing data was replaced with mode values (consistent with Vitell 1986). The one exception was the religiousness composite variable where multiple modes existed, so the four blanks in this column were replaced with means.

## **Manipulation Check**

Some of the key responses on the questionnaire were related to the three scenarios. It was, therefore, necessary to determine whether the scenarios were generally perceived by the respondents as having ethical dimensions. The perceived ethical problem items are appropriate for this purpose, because they directly measure whether each scenario “involves an ethical problem.” This is also, as detailed earlier, considered by Hunt and Vitell (1986) as the “triggering mechanism” of the entire model. As described earlier, these statements were measured using a Likert-type format, ranging from 1=strongly disagree to 7=strongly agree. The results reveal the mean scores of 5.54, 5.53, and 5.14 in Situations 1, 2, and 3, respectively. All three are significantly higher ( $p < .05$ ) than the neutral level (i.e.,  $H_0: M \leq 4$ ). Specifically, there were only 5 respondents who strongly disagreed that Situation 1 involved an ethical problem, 18 for Situation 2, and 5 for Situation 3. Therefore, the vast majority of respondents did indeed perceive the scenarios as having problematic ethical content.

## **Variable Development**

A number of the variables (PEP, EJ, EI) in this study were measured by single items, though, according to Churchill (1979, p. 66) “marketers are much better served with multi-item than single-item measures of their constructs, and they should take the time to develop them.” Nonetheless, these measurements have been used a number of times in previous studies (as detailed in Chapter 3), and no researcher has been able, thus far, to propose a better way to measure them, at least in the context of these scenarios. They are purposefully simple, in that they describe a single ethical issue and the resulting

action. This format allows the researcher to use several scenarios in one instrument; as Vitell and Hunt (1990, p. 242) noted: “For simple scenarios where respondents need only indicate whether some practice is ethical or unethical, several scenarios can be used in one research instrument, but with more complex scenarios. . .only one per questionnaire appears feasible.” With only one issue and a pre-determined action in each scenario (that is, the responses are constrained), judgment and intention are unidimensional: How ethical was the action? Would you have behaved in the same way? The researcher has argued earlier that perception is *always* unidimensional. One either sees (at least to the extent that one would call it “seeing”) or does not; the process of ethical decision making is either triggered or it is not.

Of the multi-item measures, Corporate Ethical Values (CEV) and Relativism have been used previously. Principal Axis Factor analysis on the CEV scale, using the data collected for this study, did indeed reveal a single factor that explained 52.2% of the sample variance. The same analysis of the Relativism items also revealed one factor, accounting for 44.4% of the variance. This research, therefore, adds further confirmation of the validity of these two instruments. The other multi-item measures were developed specifically for this dissertation, and the remaining part of this section will discuss their development.

## ***Religiousness***

The religiousness construct was operationalized through eight statements that were originally intended for two purposes: first, to develop a reliable, valid, and appropriate measure of religiousness for marketing research, and second, to find a measure that would be reliable across a number of religions. As discussed in Chapters 2 and 3, previous measures of religiousness were problematic. Though the Allport “Religious Orientation Scale” has been frequently used, the point of the scale is to differentiate between *intrinsic*s (“having embraced a creed the individual endeavors to internalize it and follow it fully” [Allport 1967, p. 434]) and *extrinsic*s (who “use religion to their own ends” [Allport 1967, p. 434]). It is difficult to imagine any research in marketing that would need this distinction; only religiousness that results in behavior is of interest in marketing, and only intrinsic translate their religiousness into behavior. The intrinsic items on the scale have also been shown to lack internal consistency and to be of questionable value for other than Christian religions (e.g., Genia 1993). One item, for example, is: “If I were to join a religious group I would prefer to join (1) a Bible study group or (2) a social fellowship.”

The other scale that has been used a few times in marketing research is that of Wilkes, Burnett, and Howell (1986). It has the advantage of being concise (3–4 items), but has never shown very adequate reliability (e.g.,  $\alpha = .67$  in Singhapakdi *et al.* 1999), because of low inter-item correlations. The scale used in this research (Marta 1998) performed markedly better in the pretest, with a reliability of  $\alpha = .91$ . The eight items are listed in Table 4-3.

Table 4-3. Religiousness Items

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Relig1	Spirituality is a key to living a happy life.
Relig2	I feel responsible, because of religious values, to help people who are less fortunate than I am.
Relig3	I feel it is important to worship regularly.
Relig4	Religious faith makes life an exciting and challenging journey.
Relig5	My religious beliefs help me to accept other people as they are.
Relig6	My religion gives focus and direction to my life.
Relig7	It is vital to support religious organizations financially.
Relig8	My religious faith convinces me that it is better to focus on others than on myself.

---

The data from the sample were appropriate for factoring ( $KMO = .93$ ) and the Principal Axis Factoring (PAF) method, with varimax rotation, was used for the analysis. Sharma (1996) writes “the PAF technique assumes an implicit underlying factor model. For this reason many researchers choose to use PAF” (p. 108), though he also notes that there is usually little difference between the results of PAF and Principal Components Analysis. Varimax rotation was employed in order to improve interpretability of the factors. As Sharma (1996) notes: “In the varimax rotation the major objective is to have a factor structure in which each variable loads highly on one and only one factor” (p. 119). Reliability, which will be discussed thoroughly in the section on Reliability and Validity Assessments, was excellent ( $\alpha = .95$ ).

Table 4-4 presents the results of the factor analysis on the eight religiousness items. All items, based on the AMA sample, loaded on a single factor, with the *lowest*

factor loading greater than .70. The eight items accounted for 69.8% of the sample variance. No item, therefore, needed to be deleted for further analysis; the scale can be interpreted as a composite measure of the construct “religiousness.”

Table 4-4. Principal Axis Factoring: Religiousness

Items	Factor Loading
Relig1	.71051
Relig2	.82539
Relig3	.90042
Relig4	.90259
Relig5	.82393
Relig6	.88841
Relig7	.84388
Relig8	.76899

### *Deontological and Teleological Evaluations*

The deontological and teleological evaluation items were specific to each situation, to facilitate comparison between the two types of moral reasoning. The deontological items were quite short, succinct statements that related to the specific behavior described in each scenario. In his response to Mayo and Marks (1990), Hunt asked “How should future researchers attempt to measure deontological norms? The theory suggests that researchers should focus on specific behavior or actions that are related to a particular alternative and are *inherently* right or wrong irrespective of any particular set of consequences” (Hunt 1990, p. 176). This researcher found it more useful to stay with short statements, which reduced the risk of introducing any references to consequences. The nine deontological evaluation items are presented in Table 4-5.

Table 4-5. Deontological Evaluation Items

Situation 1	The analyst’s action is wrong because it compromises the integrity of his research.
	The analyst’s action is wrong because it is fraudulent.
	The analyst’s action is unethical because it involves lying.
Situation 2	The dealer’s action is wrong because it is manipulative.
	The dealer’s action is wrong because it is fraudulent.
	The dealer’s action is unethical because it involves lying.
Situation 3	The owner’s action is wrong because it compromises the integrity of the business.
	The owner’s action is wrong because it condones fraud.
	The owner’s action is unethical because it allows multiple lies to customers.

The teleological evaluation items are representative of the numerous negative consequences of the three unethical behaviors described in the scenarios. Again, the effort was to make them specific to the particular situation and familiar to most marketers. Pretesting revealed no difficulties in interpretation of either the deontological or teleological evaluation items. Following are the nine teleological evaluation statements.

Table 4-6. Teleological Evaluation Items

Situation 1	The analyst's action is wrong because it could end up costing the company a lot of money.
	The analyst's action is wrong because his supervisor might be blamed for his dishonest behavior.
	The analyst's action is wrong because his company could lose the account because of his unethical behavior.
Situation 2	The dealer's action is wrong because it could end up costing the company a lot of money, if the car owner chooses to sue or even report the case to the local news media.
	The dealer's action is unethical because it reflects negatively, not only on his own dealership, but also on the manufacturer.
	The dealer's action is wrong because he has probably lost a customer, and maybe others, through negative word-of-mouth.
Situation 3	The owner's action is wrong because it could end up costing the company a lot of money, through negative word-of-mouth.
	The owner's action is wrong because the whole company might develop a reputation for deceiving customers.
	The owner's action is wrong because his company might end up losing business because of the salesperson's exaggerations.



Principal Components Analysis, specifying two factors, was used to examine these items, because of the strong theoretical background supporting the division of moral reasoning into duty-based (deontological) and consequentialist (teleological) elements. The resulting factor loadings are presented in Table 4-7.

Table 4-7. Principal Components Analysis: Deontological and Teleological Evaluation Items

	Items	Factor 1	Factor 2
Situation 1	D1	.26206	.10598
	D2	.10501	<u>.87703</u>
	D3	.05188	<u>.85760</u>
	T1	<u>.82700</u>	-.10213
	T2	<u>.79159</u>	.14865
	T3	<u>.86964</u>	.04218
Situation 2	D1	.04986	<u>.64624</u>
	D2	-.06123	<u>.81624</u>
	D3	.01854	<u>.78945</u>
	T1	<u>.75561</u>	.20912
	T2	<u>.87339</u>	-.10372
	T3	<u>.89378</u>	-.07610

Table 4-7 (continued)

Situation 3	D1	.42186	.29049
	D2	.06926	<u>.86198</u>
	D3	.04315	<u>.85171</u>
	T1	<u>.90169</u>	.04078
	T2	<u>.86845</u>	.02466
	T3	<u>.89673</u>	.04881

The six items related to situation 1 accounted for 61.7% of the sample variance, in situation 2 for 65.1%, and in situation 3 for 68.6%. One notes immediately that the division into two factors is very strong and clean in situation 2 and for all the teleological items. The only items that did not load well were the first deontological items in situations 1 and 3. Both had intentionally similar wording, referring to compromising the integrity of the work/business. Because of these factor results, and improved reliability without the items (described later in this section), these two items were eliminated from further analysis. Then, for the sake of consistency, the first deontological evaluation item in situation 2 was eliminated. Though its factor loading was entirely acceptable (.64624), it was substantially lower than the other two deontological items in the scenario (.81624, .78945). As a further check, reliability analyses were carried out with two- and three-item measures for the second scenario and was found actually to be improved with two items ( $\alpha = .65$ ) over three ( $\alpha = .61$ ).

## Descriptive Statistics

This section provides a summary of statistics that are relevant to the variables measured in this study. It includes summary tables of the composite and single-item measures used in the questionnaire. The Corporate Ethical Values (CEV) and Relativism scales are “off the shelf” and the Religiousness, Deontological and Teleological Evaluation scales are part of the potential contribution of this research.

Table 4-8. Operationalizations of Multi-Item Construct Measures

Construct	Formulation*	Page of Questionnaire
Corporate Ethical Values	[1] + [2] + 3 + 4 + 5	p. 1
Relativism	6 + 7 + 8 + 9 + 10	pp. 1–2
Religiousness	11 + 12 + 13 + 14 + 15 + 16 + 17 + 18	p. 2
Perceived Ethical Problem	19 (Situation 1), 28 (Situation 2), and 37 (Situation 3)	pp. 2, 4, and 5
Ethical Judgment	20 (Situation 1), 29 (Situation 2), and 38 (Situation 3)	pp. 3, 4, and 5
Deontological Evaluation	23 + 26 (Situation 1), 32 + 35 (Situation 2), and 41 + 44 (Situation 3)	pp. 3, 4, and 5
Teleological Evaluation	21 + 24 + 25 (Situation 1), 30 + 33 + 34 (Situation 2), and 39 + 42 + 43 (Situation 3)	pp. 3, 4, and 5
Ethical Intention	27 (Situation 1), 36 (Situation 2), and 45 (Situation 3)	pp. 3, 4, and 5

\* The numbers indicate the question numbers on the questionnaire. Items in brackets are reverse scored.

Table 4-9 contains a summary, by way of review, of the wording of the single-item measures. The questionnaire was framed such that high scores indicate strong

ethical values; that is, respondents who answer at the high end of the scale strongly agree that there is an ethical problem in the scenario, judge the action to be very unethical, and consider themselves very unlikely to behave in the unethical manner described.

Table 4-9. Summary of Single-Item Measures

Perceived Ethical Problem	The action described above involves an ethical problem.
Ethical Judgment	Please rate the [marketer's] action as to how ethical you believe it was.
Ethical Intention	I would behave as the [marketer] did in the same situation.

Two tables (4-10 and 4-11) follow, the first a summary of descriptive statistics and the second a correlation matrix. The descriptive statistics include means, standard deviations, minimum and maximum values, and the number of valid cases.

Table 4-10. Descriptive Statistics

Construct	Minimum	Maximum	Mean	Standard Deviation	Valid Cases
CEV	7	35	27.72	6.15	325
Relativism	5	35	13.84	6.35	325
Religiousness	8	56	34.54	13.16	325
Situation 1—PEP	1	7	5.55	1.50	325
Deon	0	200	164.15	45.64	302
Teleo	0	297	132.28	83.55	299
EJ	0	7	5.07	1.53	325
EI	1	7	5.86	1.49	324
Situation 2—PEP	1	7	5.53	1.80	324
Deon	2	200	146.85	54.23	284
Teleo	0	300	160.15	86.11	286
EJ	1	7	5.68	1.46	324
EI	1	7	5.79	1.51	325
Situation 3—PEP	1	7	5.14	1.49	325
Deon	0	200	155.83	51.89	306
Teleo	0	297	164.10	87.44	303
EJ	1	7	5.06	1.39	324
EI	1	7	5.79	1.51	325

Table 4-11. Correlation Matrix

## Reliability and Validity Assessments

Churchill's (1979, p. 66) "procedure for developing better measures" includes assessing reliability and validity as steps six and seven of an eight-step process (the last step is developing norms). He writes, "a measure is *reliable* to the extent that independent but comparable measures of the same trait of construct of a given object agree" (p. 65, italics in original). Kerlinger (1986) puts it more simply: "Reliability is the *accuracy* or *precision* of a measuring instrument" (p. 405, italics in original). The test for reliability most commonly used is coefficient alpha; in fact, Churchill maintains that "coefficient alpha *absolutely* should be the first measure one calculates to assess the quality of the instrument" (1979, p. 68, italics in original).

The commonly quoted standard for what is "high enough" comes from Nunnally (1967), who suggested that reliabilities of .50 to .60 were sufficient for the introductory stages of research and that increasing reliability beyond .80 was generally wasteful (because reliability can usually be increased by adding items). By these standards, all the scales used in this research were acceptable. Reliability analysis of the five Corporate Ethical Values items resulted in  $\alpha = .84$ , almost exactly equal to its reported reliabilities from previous studies (reported in Chapter 3). The five-item Relativism scale had a reliability of  $\alpha = .79$ , which, though slightly lower than the  $\alpha = .87$  from its previous use (also reported in Chapter 3), is certainly well within the acceptable range.

Of the new scales tested in this research, the eight-item Religiousness scale was found to be even more reliable ( $\alpha = .95$ ) than in its initial test, based on very high intercorrelations, as indicated in Table 4-12.

Table 4-12. Intercorrelations Among Religiousness Items

	Relig1	Relig2	Relig3	Relig4	Relig5	Relig6	Relig7	Relig8
Relig1	1.00							
Relig2	.65	1.00						
Relig3	.64	.72	1.00					
Relig4	.66	.73	.86	1.00				
Relig5	.57	.68	.68	.71	1.00			
Relig6	.62	.71	.78	.81	.79	1.00		
Relig7	.55	.68	.82	.76	.66	.74	1.00	
Relig8	.49	.65	.59	.64	.71	.67	.68	1.00

The deontological and teleological evaluation items also performed relatively well in reliability analysis, as outlined in the table. The teleological items resulted in higher reliabilities, but there were also three for each scenario, as opposed to two of the deontological evaluation items. Given that there were only two deontological items for each scenario, the resulting reliabilities are quite acceptable, as shown in Table 4-13.

*Validity* can be defined as “measuring what we think we are measuring” (Kerlinger 1986, p. 417). There are three types of validity that a researcher should examine, of which one is of predominant importance:

The most important classification of types of validity is that prepared by a joint committee of the American Psychological Association, the American Educational Research Association, and the National Council on Measurements Used in Education. Three types of validity are discussed: *content*, *criterion-related*, and *construct*. Each of these will be examined briefly, though we put the greatest emphasis on construct validity, since it is probably the most important form of validity from the scientific research point of view (Kerlinger 1986, p. 417, italics in original).



Table 4-13. Reliabilities of Deontological and Teleological Evaluation Measures

Scale Items	Reliability
Deontological Evaluation	
Situation 1	.70
Situation 2	.65
Situation 3	.67
Teleological Evaluation	
Situation 1	.78
Situation 2	.80
Situation 3	.88

Content validity describes the extent to which the universe of content of the topic is represented by the measuring instrument. Churchill writes “If the sample is appropriate and the items ‘look right,’ the measure is said to have *face* or *content* validity (Churchill 1979, p. 69, *italics in original*). Criterion-related validity relates to the ability of the instrument to predict outcomes. Construct validity is the most important; in fact, according to Kerlinger it “is one of the most significant scientific advances of modern measurement theory and practice. It is a significant advance because it links psychometric notions and practices to theoretical notions” (1986, p. 420). The link between measurement and theory occurs because seeking to establish construct validity propels researchers beyond *whether* a measurement works (e.g., does it predict outcomes?) to *why* it works. The results of the measurement must conform to established theory, or their construct validity is questionable.

Reliability is a necessary, but not sufficient, condition for construct validity.

Beyond establishing reliability, then, “the analyst also must determine (1) the extent to which the measure correlates with other measures designed to measure the same thing and (2) whether the measure behaves as expected” (Churchill 1979, p. 70). The off-the-shelf scales used in this research (CEV and Relativism) have been demonstrated in previous research to be valid. For example, the Relativism scale revealed the expected negative relationship between relativism and ethical sensitivity in two different studies (Sparks and Hunt 1998; Shaub 1989). CEV correlated positively with job commitment in one study (Hunt, Wood and Chonko 1989) and with perceptions about the importance of ethics and social responsibility in achieving organizational effectiveness (Singhapakdi *et al.* 1995).

In addition to the two previously used scales, a number of the constructs from the Hunt-Vitell model have been extensively researched, as described in Chapter 2. Validity checks on PEP, Ethical Judgment, and Ethical Intention, therefore, will not be repeated here. The remaining part of this section will be devoted to assessing the validity of the Religiousness, Deontological Evaluation, and Teleological Evaluation measures.

### ***Criterion-Related Validity***

In order to assess this type of validity, it is necessary to compare scale scores with an external criterion. As Kerlinger (1986, p. 419) observes: “The single greatest difficulty of criterion-related validation is the criterion. Obtaining criteria may even be difficult.” In this case, it is most helpful to compare correlations. The eight Religiousness items

correlate negatively with the five Relativism items, which suggests validity.

Religiousness also correlates positively with the Deontological items; Relativism with the Teleological items. These correlations will be discussed fully in the section on Hypothesis Testing.

### *Construct Validity*

Churchill (1979) recommends reliability assessment as the necessary first step toward establishing construct validity. This testifies that the scale items are internally consistent. Then, as noted earlier, the researcher needs to examine how the scale correlates with other measures that are designed to evaluate the same construct, and whether the results are relatively consistent with expectations. Carmines and Zeller (1979) describe construct validation as involving three distinct steps:

First, the theoretical relationship between the concepts themselves must be specified. Second, the empirical relationship between the measures of the concepts must be examined. Finally, the empirical evidence must be interpreted in terms of how it clarifies the construct validity of the particular measure (p. 23).

The main point in construct validation, therefore, is that the theoretical basis must be quite strong, or one can become involved with a series of compounding errors, thereby introducing bias. The stress throughout the rest of this section will be on establishing the theoretical basis for the new measures. The Deontological Evaluation measures used in this study condemn two actions as wrong: lying and fraud. Both would be classified as *prima facie* rules; that is, rules that are generally considered to be binding. According to

De George, “Do not lie” is a *prima facie* rule (1990, p. 74).<sup>3</sup> Fraud is synonymous with deceit; both are forms of lies. It may be that the deleted deontological evaluation items, referring to manipulation and compromised integrity, failed to correlate strongly because they are perceived as not relating directly to lies and fraud.

The Teleological Evaluation items are all clearly results of unethical behavior, but they are good examples of the problems of establishing content validity in this type of research; that is, they certainly do not cover the universe of content, because of the nature of the construct. One of the problems with consequentialist ethics is that acts have many consequences, of varying seriousness. It is impossible to specify all of them precisely; De George (1990, p. 48) writes, “We cannot know all the consequences of a particular act, nor can we know in advance, and with certainty, many of the specific consequences of such an act.” The teleological evaluation items used for this research, therefore, are a sample of possible, even probable, results of unethical behavior, related to each other by being logical outcomes of the scenarios. These include: costing the company money, someone else being blamed, and losing business or reputation.

The universe of content of the religiousness construct has proved very difficult for scholars (in any field of study) to delineate. De Jong, Faulkner and Warland (1976) listed twelve studies that discovered between three and ten dimensions in religiousness. The Allport (1967) “Religious Orientation Scale” found two dimensions (intrinsic and extrinsic), but further studies that analyzed independent data sets have “suggested that extrinsic religiousness consists of two distinct components” (Genia 1993, p. 284). In

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<sup>3</sup> Lying and fraud both violate the ninth commandment, which prohibits giving false testimony against your neighbor (Exodus 20: 16). Surely this counts as corroboration (of content validity) from an Expert.

terms of construct validity, however, the Marta (1998) scale has points of congruence with much of the previous work. For example, four of the eight items (“My religion gives focus and direction to my life,” “Religious faith makes life an exciting and challenging journey,” “My religion gives focus and direction to my life,” and “Spirituality is a key to living a happy life.”) refer to the positive effect on psychological well-being that many theorists have described. Wiebe and Fleck (1980, p. 181) write:

Such diverse theorists as Allport, Frankl, and Jung suggest religion may have a positive effect on psychological well-being by forming a basis of integration for the different facets of life, thereby providing meaning and initiating greater emotional stability.

Most previous scales also contained an item measuring frequency of church/worship attendance. The current scale preserves this item, with a small modification. A psychometric evaluation of the Allport scale (Genia 1993) noted that, although they found correlation between worship attendance and intrinsic religiousness in all except Unitarians, there are theoretical problems with the measurement. She concluded that “it seems more appropriate to treat intrinsic faith and participation in religious services as separate variables” (Genia 1993, p. 287). The modification in the current wording (“I feel it is important to worship regularly”) attempts to have the best of both worlds, measuring not worship attendance *per se*, but conviction about the value of worship.

Other items stress an orientation toward other people (“I feel responsible, because of religious values, to help people who are less fortunate than I am,” “My religious beliefs help me to accept other people as they are,” “My religious faith convinces me that it is better to focus on others than on myself.”). These are consistent with Friedrichs

(1960), who found positive correlations between belief in God and self-reported charitable actions, and Batson *et al.* (1989), who cite self-reports that “suggest a strong desire on the part of the more devout to show greater concern and compassion” (p. 873).

The remaining item is interesting because it is the only one that was generated originally by the author—“It is vital to support religious organizations financially.” Its highest correlations are with the items about worship attendance, faith as an exciting and challenging journey, and religiousness giving focus and direction to life. The item is logically satisfying because we generally “put our money where our mouth is”; that is, we pay for what we value. To summarize, then, correlations and consistency with the work of previous scholars, along with acceptable reliabilities, testify to the construct validity of the Religiousness and Deontological/Teleological Evaluation scales.

### **Hypothesis Testing**

The seventeen hypotheses proposed at the end of Chapter 2 will be evaluated in the remaining subsections of this chapter, using structural equation modeling through the LISREL 8.12a program. The analysis specifications were consistent with Singhapakdi, Vitell and Franke (1999), whose model also included religiousness, corporate ethical values, and relativism. Specifically, the multi-item measures were summed to reduce model complexity and their error terms fixed at 1 minus the Cronbach’s alpha value for the scale. Error terms for the single-item measures (PEP, EJ and EI) were set at 0.20. Singhapakdi, Vitell and Franke (1999, p. 27) explain their choice of 0.20 as somewhat arbitrary, “but it is comparable to the median reliability across thousands of measures analyzed by Peterson (1994), and it is somewhat more conservative than the equally

arbitrary value of .85 used by Jöreskog and Sörbom (1982).” The goodness-of-fit statistics and analysis results are presented in Tables 4-14 and 4-15. The path diagrams of all three situations follow the tables, in Figures 4-1, 4-2, and 4-3.

Table 4-14. Goodness of Fit Statistics

	Situation 1	Situation 2	Situation 3
Chi-Square (10 d.f.)	26.45	18.61	23.14
Goodness of Fit Index (GFI)	0.98	0.99	0.98
Adjusted Goodness of Fit Index (AGFI)	0.93	0.95	0.94
Root Mean Square Residual (RMR)	0.032	0.026	0.038

The goodness of fit statistics, taken together, reveal a very good fit. According to Hair, *et al.* (1998, p. 653), this assessment requires a number of separate tests:

“Researchers have developed a number of goodness-of-fit measures that, when used in combination, assess the results from three perspectives: overall fit, comparative fit to a base model, and model parsimony.” The chi-square test is considered the most fundamental, in the sense that it is the only measure with an associated statistical test of significance. When adjusted for degrees of freedom, it becomes a measure of parsimonious fit (Hair *et al.* 1998, p. 658). The p-value should be nonsignificant, meaning that the observed and estimated matrices differ considerably. Hair, *et al.* (1998, p. 654) write that “The .05 significance level is recommended as the minimum accepted, and levels of .1 or .2 should be exceeded before nonsignificance is confirmed.” As Table 4-14 shows, the significance levels of the three models meet this criterion (.26, .19, and .23).

The most important criticism of the chi-square test has been that it is too sensitive to sample size. Hair, *et al.* (1998, p. 655), report that studies have shown the chi-square functions best on samples of between 100 and 200. The test is, therefore, suspect on this sample of 325. The other measures, however, confirm the good fit. The GFI (Goodness-of-Fit Index) is an overall measure; values closer to 1, as in this model (.98, .99, .98) indicate good fit. The AGFI (Adjusted Goodness-of-Fit Index) is an incremental fit measure; in other words, it compares the proposed model to the null model. Hair, *et al.* (1998, p. 657), recommend that the level for this test should be greater than or equal to .90. Again, the model fits well (.93, .95, .94). Finally, Hair, *et al.* (1998, p. 659), recommend evaluating RMR values, which are averages of residuals between observed and estimated input matrices. These should be low, as they are in these three models (.032, .026, .038). All measures, therefore, indicate good fit.

Table 4-15. LISREL Analysis Results

Relationship Tested	Situation 1	Situation 2	Situation 3
Relig→PEP	.043 (.66)	.045 (.69)	.16 (2.40)**
Relat→PEP	-.079 (-1.07)	-.054 (-.72)	-.10 (-1.42)
CEV→PEP	.22 (3.12)**	-.014 (-.21)	.17 (2.41)**
Relig→Deon	.13 (2.00)**	.12 (1.63)	.12 (1.65)*
CEV→Deon	-.006 (-.08)	-.12 (-1.56)	-.038 (-.51)



Table 4-15. LISREL Analysis Results (continued)

Relationship Tested	Situation 1	Situation 2	Situation 3
Relat→Deon	.028 (.38)	-.017 (-.21)	.17 (2.06)**
Relig→Teleo	.042 (.63)	.067 (1.01)	.018 (.27)
CEV→Teleo	.007 (.10)	-.008 (-.11)	-.049 (-.70)
Relat→Teleo	.079 (1.01)	.13 (1.73)*	.14 (1.97)**
PEP→Deon	.49 (5.88)**	.34 (4.26)**	.44 (5.20)**
PEP→Teleo	.013 (.17)	-.082 (-1.19)	.021 (.30)
PEP→EJ	.58 (7.04)**	.77 (6.90)**	.65 (7.49)**
Deon→EJ	.32 (4.28)**	.22 (3.33)**	.22 (2.99)**
Teleo→EJ	.038 (.72)	.15 (2.84)**	-.033 (-.64)
EJ→EI	.80 (7.48)**	.62 (6.32)**	.64 (7.45)**

Upper values are measurement coefficients; *t* statistics are shown in parentheses.

\*  $P < .1$

\*\*  $P < .05$

Figure 4-1. Path Diagram for Situation 1

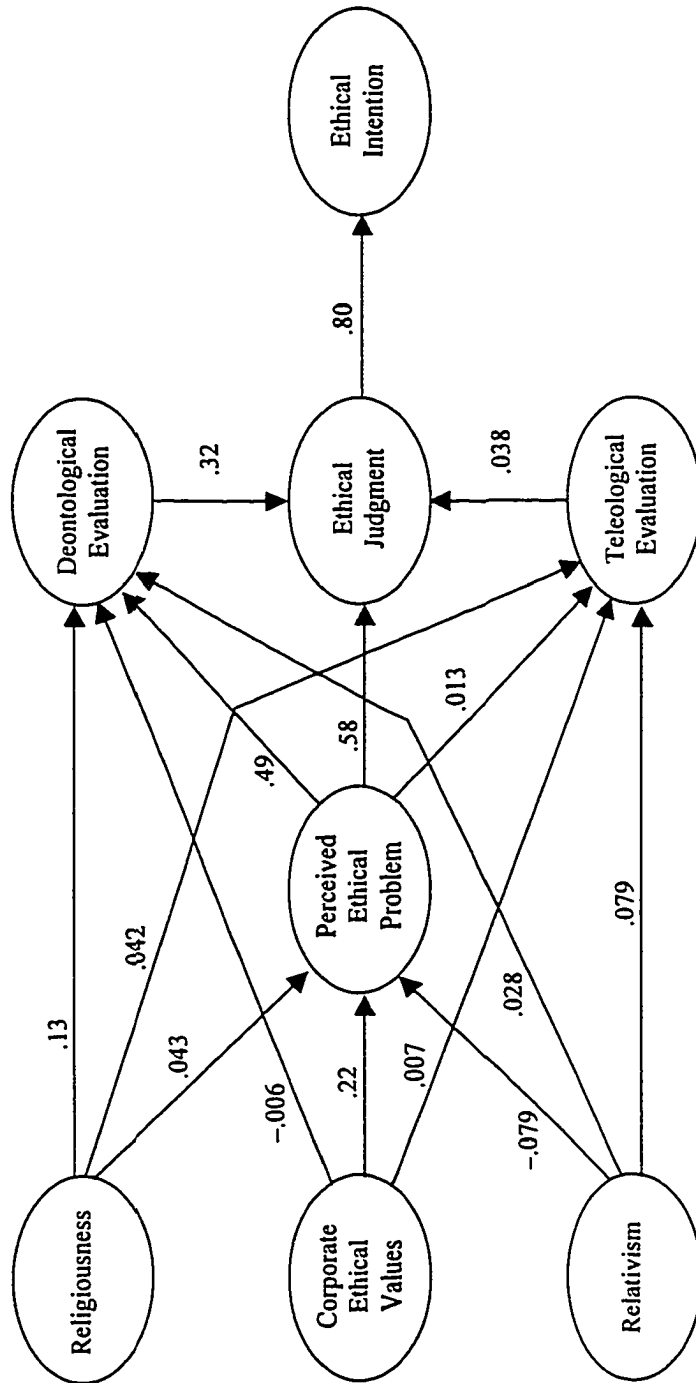


Figure 4-2. Path Diagram for Situation 2

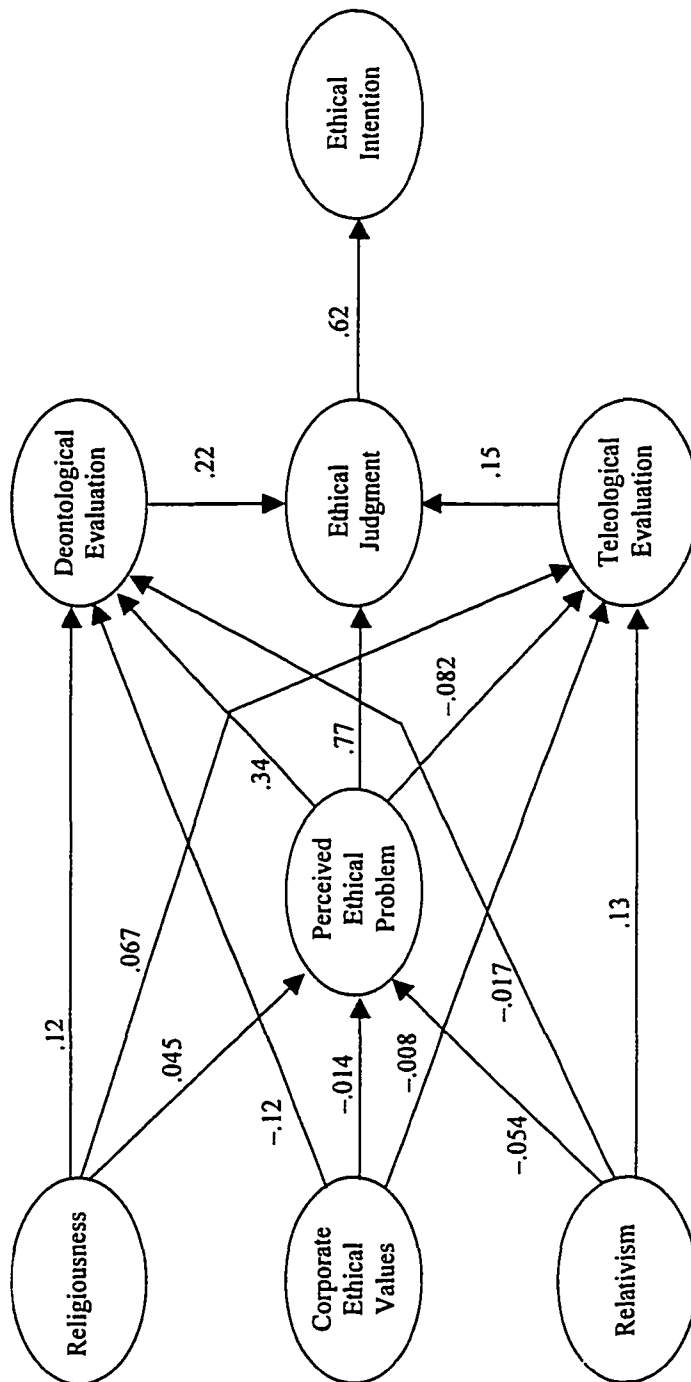
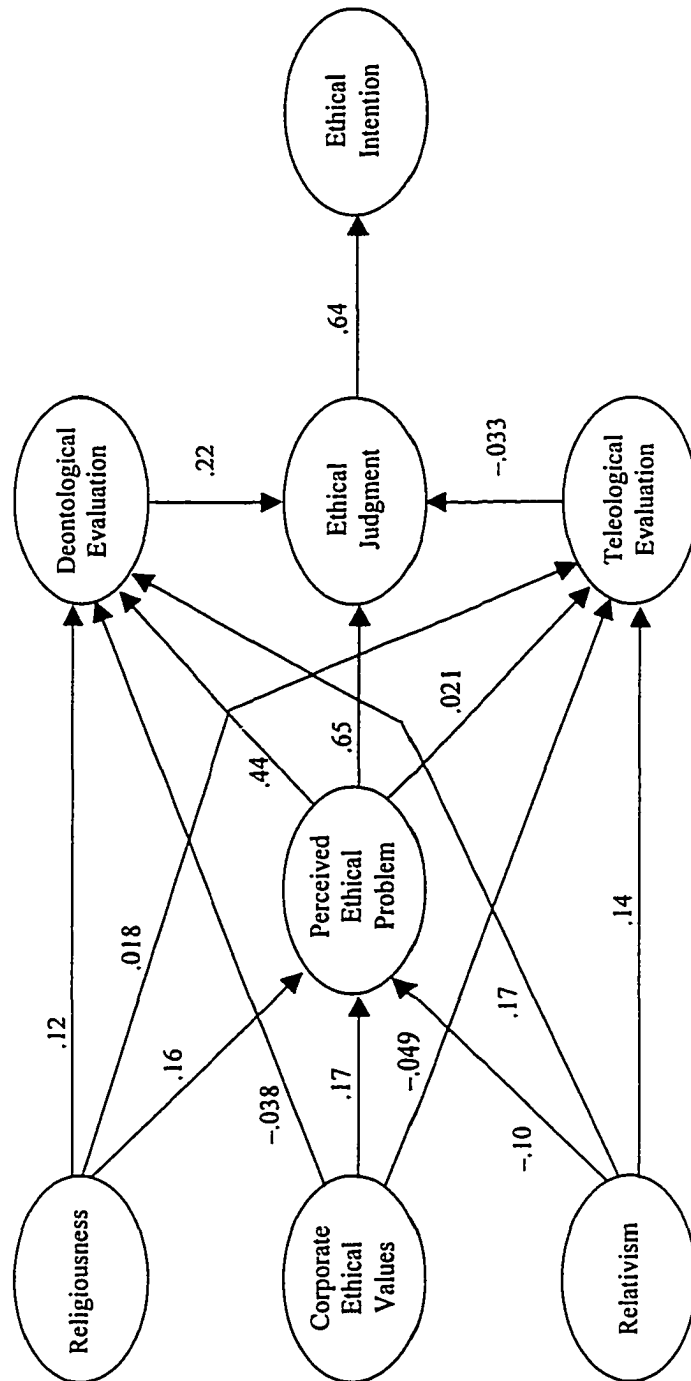


Figure 4-3. Path Diagram for Situation 3



### ***Influences of Perceived Ethical Problem***

The first set of hypotheses concern the effect of perception of an ethical problem (PEP) on ethical judgment (EJ) and the deontological (Deon) and teleological (Teleo) evaluations. Hypothesis 1a states that marketers who perceive an ethical problem will be more likely to form an ethical judgment. As Table 4-15 indicates, this hypothesis is supported. There is a strong relationship between PEP and EJ, as hypothesized, in each of the three situations (standardized coefficients of .58, .77 and .65, respectively, in Situations 1, 2 and 3) described on the questionnaire. Hypothesis 1b states that marketers who perceive an ethical problem are more likely to make a deontological evaluation. This hypothesis is also supported by strong relationships between PEP and Deon (coefficients of .49, .34, .44) in all situations. The last hypothesis in this section, 1c, states that there will be a positive relationship between PEP and Teleo, based on the idea that marketers who perceive an ethical problem will make both types of evaluations. This hypothesis is not supported (.013, -.082, .021). There is no evidence in any of the situations of a relationship between PEP and Teleo.

### ***Influences of Deontological and Teleological Evaluations***

Hypothesis 2a posits a positive relationship between Deon and EJ; 2b a positive relationship between Teleo and EJ. As is clear from Table 4-15, hypothesis 2a is supported. There is a strong relationship between Deon and EJ (standardized coefficients: .32, .22, .22) in all three situations. Hypothesis 2b, however, is only weakly supported; there is evidence of a relationship between Teleo and EJ (.038, .15, -.033) in only one of the situations.

The third hypothesis, that marketers rely more heavily on deontological than teleological evaluations when arriving at an ethical judgment, was also supported. Marketers rely more heavily on deontological than teleological evaluations when arriving at an ethical judgment. The relationship between Deon and EJ is significant in all three situations; that between Teleo and EJ in only one. The deontological evaluation is a stronger predictor of ethical judgment than the teleological evaluation.

### ***Influence of Ethical Judgment***

The single hypothesis regarding ethical intentions posits a positive relationship between it and ethical judgment; that is, marketers who form an ethical judgment will have more ethical intentions. As the Table 4-15 indicates, H3 is supported. There are strong positive relationships between EJ and EI (standardized coefficients: .80, .62, .64) in all three situations.

### ***Religiousness/Deontological and Teleological Evaluations***

The hypotheses about the relationships between religiousness (Relig) and the deontological and teleological evaluations again are posited in terms of positive or negative relationships. Hypothesis 4a proposes a positive relationship between Relig and PEP, which is weakly supported by a positive relationship in one of the three situations only (standardized coefficients: .043, .045, .16). The second hypothesis asserts a positive relationship between Relig and Deon. The structural equation analysis (standardized coefficients: .13, .12, .12) indicates the relationship is significant at  $p < .05$  in the first situation and at  $p < .1$  in the third. The  $t$ -value in the second situation is very close to that

in the third situation (1.65 in the third and 1.63 in the second); therefore, bearing in mind that the analysis was specified conservatively, we can generally conclude that hypothesis 4b is supported. Hypothesis 4c posits a negative relationship between Relig and Teleo. The results indicate no relationship (.042, .067, .018), however; hypothesis 4c is not supported.

### ***Corporate Ethical Values/Deontological and Teleological Evaluations***

The three hypotheses in this group assert positive relationships between Corporate Ethical Values (CEV) and Perceived Ethical Problem (PEP), CEV and the Deontological Evaluation (Deon), and CEV and the Teleological Evaluation (Teleo). Hypothesis 5a proposes the relationship between CEV and PEP; this hypothesis is supported by two out of three significant relationships (standardized coefficients: .22, -.014, .17). Hypotheses 5b and 5c, however, are not supported. There is not a single statistically significant relationship between CEV and Deon or Teleo<sup>4</sup> among all three situations.

### ***Relativism/Deontological and Teleological Evaluations***

There are four hypotheses testing the relationships between Relativism (Relat), PEP, Deon, and Teleo. Hypothesis 6a asserts a negative relationship between Relat and PEP. As the results shown in Table 4-15 indicate (standardized coefficients: -.079, -.054, -.10), this hypothesis is not supported. Hypothesis 6b posits a negative relationship between Relat and Deon, which is weakly supported by one significant relationship (.028, -.017, .17), in the third situation. The third hypothesis predicts a positive relationship

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<sup>4</sup> Standardized coefficients for CEV→Deon: -.006, -.12, -.038; CEV→Teleo: .007, -.008, -.049.

between Relat and Teleo; hypothesis 6c is supported (.079, .13, .14). The relationship in the third situation is significant at  $p < .05$ , and that in the second situation at  $p < .1$ .

Hypothesis 6d states that more relativistic marketers will rely more on teleological than on deontological evaluations. This hypothesis is also supported (see again Table 4-15) by comparing two significant relationships between Relat and Teleo with only one between Relat and Deon.



## Summary of Hypothesis Testing

The following table presents the results of all hypothesis testing, in summary form:

Table 4-16. Results of Hypothesis Testing

Hypothesis	Result
H1a. Marketers who are more perceptive to the existence of an ethical problem are more likely to form an ethical judgment.	Supported
H1b. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a deontological evaluation.	Supported
H1c. Marketers who are more perceptive to the existence of an ethical problem are more likely to make a teleological evaluation.	Not supported
H2a. Marketers who make a deontological evaluation are more likely to form an ethical judgment.	Supported
H2b. Marketers who make a teleological evaluation are more likely to form an ethical judgment.	Weakly supported
H2c. Marketers rely more heavily on deontological than teleological evaluations in making ethical judgments.	Supported
H3. Marketers who form an ethical judgment will have more ethical intentions.	Supported

Results of Hypothesis Testing (continued)

Hypothesis	Result
H4a. A marketer's religiousness is positively related to his or her perception of an ethical problem.	Weakly supported
H4b. A marketer's religiousness is positively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.	Supported
H4c. A marketer's religiousness is negatively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.	Not supported
H5a. Marketers who work in firms with higher corporate ethical values will be more perceptive of ethical problems.	Supported
H5b. Marketers who work in firms with higher corporate ethical values will be more likely to rely on deontological evaluations when making an ethical judgment.	Not supported
H5c. Marketers who work in firms with higher corporate ethical values will be more likely to rely on teleological evaluations when making an ethical judgment.	Not supported
H6a. A marketer's relativism is negatively related to his or her perception of an ethical problem.	Not supported
H6b. A marketer's relativism is negatively related to his or her tendency to rely more on a deontological evaluation in making an ethical judgment.	Weakly supported
H6c. A marketer's relativism is positively related to his or her tendency to rely more on a teleological evaluation in making an ethical judgment.	Supported
H6d. Relativistic marketers rely more on teleological than on deontological evaluations in making an ethical judgment.	Supported

## ***Chapter V***

### ***Discussion and Conclusion***

The purpose of this dissertation has been to provide a relatively comprehensive test of one of the important positive theories of how marketers make ethical decisions, specifically, the Hunt-Vitell model. More precisely, the work was to test original scales to measure religiousness and its influence on and implications for ethical decision making, and to assess the relative contributions of deontological and teleological reasoning on ethical judgment. The conceptual model and research hypotheses that drove the inquiry evolved from the extensive literature review of positive work in marketing ethics, which is detailed in Chapter 2. Chapter 3 proposed methodology and procedures for the work, the results of which are found in Chapter 4. This final chapter has five sections. The first reviews the results of hypothesis testing. The second describes the contribution of this research to the field of marketing ethics. The third section is a discussion of the limitations of the research instrument and method, while the fourth contains suggestions for future research to extend our understanding of ethical decision making. The fifth and last section outlines some managerial implications deriving from the analysis.

#### **Results of Hypothesis Testing**

This research tested a relatively large number of hypotheses; therefore, the discussion will be divided into results from testing on exogenous (Corporate Ethical Values [CEV], Relativism [Relat], and Religiousness [Relig]) and endogenous variables (Perceived Ethical Problem [PEP], Deontological [Deon] and Teleological [Teleo] Evaluations, Ethical Judgment [EJ], and Ethical Intentions [EI]).

### ***Results of Testing on Exogenous Variables***

In general, the testing on exogenous variables did not find as many significant results as that on the endogenous ones. This is to be expected, because of the large number of potential exogenous constructs that may affect a marketer's ethical decision making process. Hunt and Vitell (1993) depict 18 in their revised model, some of which are very broad. These broadly sketched constructs may, in their turn, consist of many separate dimensions.

Corporate Ethical Values is one example. We would place this construct in the "Organizational Environment" box (see the Hunt-Vitell Model on p. 17), which has three bulleted items in it: informal norms, formal codes, and code enforcement. One might look at the CEV scale and conclude that it measures all of those items. It asks about how often the respondent perceives it is necessary, in their company, to compromise his or her ethics—a question about informal norms. There are several items about the results of unethical behavior—questions about code enforcement. The CEV also includes a statement about top management having made it clear that unethical behavior will not be tolerated—this might be construed as a "formal code" item. If so, the construct is being measured by only one item, as is the construct "informal norms". If indeed CEV attempts to measure everything contained in the "organizational environment" description, it is a weak attempt; it does not even ask the obvious questions about whether the respondent's firm *has* a code of ethics or *educates* about it. Most likely, the CEV scale is an attempt to measure a subset of the exogenous variables that might exist within one's organizational

environment. The exogenous variables that “feed into” the ethical decision making process, as depicted by Hunt-Vitell, therefore, number far more than 18.

Of the three hypotheses that tested CEV, one was supported. The connection that was established was between corporate ethical values and PEP (H5a). Marketers who work in firms with higher ethical standards are significantly more likely to perceive correctly that a given situation has problematic ethical content. The other two unsupported hypotheses proposed that marketers that worked in companies that they rated higher on the CEV scale would be more likely to rely on both deontological (H5b) and teleological (H5c) evaluations than those in firms that were perceived to be less ethical work environments. We might conclude that individuals engage in the process of ethical evaluation, after they have perceived the problem, irrespective of the type of environment in which they work. Perhaps they may arrive at a different conclusion (or ethical judgment) if they work in unethical firms, or behave less ethically if the norms encourage such behavior, but those questions lie beyond the scope of this project.

Religiousness is also one of numerous exogenous variables specified in the Hunt-Vitell model, appearing both as a cultural and individual influence on ethical decision making. The religiousness scale used to measure the construct performed excellently in terms of reliability, but the hypothesis testing revealed mixed results. Hypothesis 4a posited a positive relationship between Relig and PEP; this was only weakly supported. Again, this is to be expected. Other exogenous variables in the Hunt-Vitell model (e.g., strength of moral character, belief system) may overlap with and moderate the effects of religiousness on perception of an ethical problem.

Hypothesis 4b, however, was fully supported in this research—religiousness is positively related to a marketer’s tendency to rely more on a deontological evaluation in making an ethical judgment. This result actually addresses two different issues raised in this stream of research. First is the question of the need for a religiousness scale within marketing research. If religiousness is related to deontological reasoning, we need to be able to measure it effectively; deontological evaluations are at the core of the Hunt-Vitell model and, as discussed in Chapter 2, of much research in business ethics generally. Second, the relationship between religiousness and the measures of Deon used in this research helps to demonstrate the validity of the Deon measures. Christianity is a strongly deontological religion, and most of the respondents in this survey were Christians. The Deon measures, therefore, demonstrate a logical relationship with the religiousness construct—testimony that they are measuring what they are intended to measure. The testimony to validity does not apply to the religiousness measures, however, because marketers who are not religious still rely on deontological evaluations. If such a strongly Christian sample did *not* tend to reason deontologically, because of the nature of Christian morality, it would be good reason to question what the religiousness scale was actually measuring.

The third hypothesis that tested the effect of religiousness (H4c) proposed a negative relationship with Teleo. This was not supported by the data. Religiousness does not seem to affect whether individuals make a teleological evaluation when confronted with an ethical decision. This is not an intuitively unsatisfying result; Christianity (again, this sample population was strongly Christian) is a deontological belief system, but does not generally teach *against* considering the consequences of actions. Making a

teleological evaluation seems to be a very natural human activity. De George explains it thus: “It is reasonable for rational beings, who are able to foresee the consequences of their actions, to choose those actions that produce more good than those that produce less good, other things being equal” (1990, p. 44). If consequential evaluation is a reasonable action for rational beings, it would require very intensive religious training to counteract the impulse; American Christianity has not generally considered such training a priority in education or preaching.

The last exogenous construct explored in this dissertation is Relativism. The four hypotheses garnered mixed results. H6a was not supported; relativism has no significant relationship to PEP in this sample population. This is not inconsistent with previous research. Singhapakdi, Vitell and Franke (1999) found relativism was negatively related to PEP in only one of four scenarios. The next two hypotheses posited a negative relationship between Relat and Deon (H6b) and a positive one between Relat and Teleo (H6c). Both these hypotheses were supported, though support for the first was weak. The negative relationship between Relat and Deon is weaker than the positive relationship between Relat and Teleo.

The research also documented a tendency for marketers who are highly relativistic to rely more on the teleological evaluation when making ethical judgments. Hypothesis 6d, predicting that relativistic marketers would rely more on teleological than deontological evaluations when making an ethical judgment, was supported. We can not conclude that highly relativistic marketers are less likely to perceive the existence of an ethical problem, but there is a tendency for more relativistic marketers to weigh consequences more heavily than deontological norms in their ethical evaluations.

### *Results of Testing on Endogenous Variables*

This research confirmed relationships between a number of the endogenous constructs represented in the Hunt-Vitell model, further corroborating their theory. Five of the seven hypotheses were supported. Of the three related to PEP, the research confirmed a link between PEP and EJ (H1a); that is, marketers who perceive the existence of an ethical problem are more likely to form an ethical judgment. Those marketers are also significantly more likely to make a deontological evaluation, supporting H1b. The third PEP hypothesis (H1c) was not supported. This proposed that marketers who are more perceptive to the existence of an ethical problem are more likely to make a teleological evaluation. Again, as in the De George (1990) quote in the previous section, this may be because evaluating consequences is simply a natural and rational response when one is confronted with an ethical dilemma.

Also supported in this research is H3<sup>1</sup>, which asserts a positive relationship between EJ and EI; therefore, marketers who form an ethical judgment have more ethical intentions. As reviewed in Chapter 2, other researchers have confirmed this result through previous empirical work. This link is probably the best documented one in the Hunt-Vitell model.

Finally, at the heart of this project has been the question of how to measure deontological and teleological evaluations and their relative weights in making ethical judgments. The measurement results will be discussed in the Contribution and Limitations sections, but the relative weights were the subject of one of the hypotheses in

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<sup>1</sup> Leaving the hypotheses about the relative weights of Deon and Teleo for the end of this section. They are the most interesting to the researcher, who firmly believes in "leaving the best for last."



this last group. Hypothesis 2a states that marketers who make a deontological evaluation are more likely to form an ethical judgment. This hypothesis was supported. The corollary was only weakly supported, however; marketers who make a teleological evaluation are somewhat more likely to form an ethical judgment (H2b).

Based on theory and some empirical evidence, hypothesis 2c posited that the respondent marketers would rely more on deontological than on teleological evaluations when making ethical judgments. This issue is of fundamental importance in all research streams that assess ethical decision making; certainly, the interest is not limited to marketing ethics. This study supported H2c, confirming that Deon was of relatively more significance than Teleo for this sample of marketers.

### **Contribution of This Research**

This work makes a number of contributions to the field of marketing ethics. First, it provides a comprehensive test of relationships proposed in the Hunt-Vitell model of ethical decision making. This “wide-angle” research included variables at every level of the model save the last (see the Hunt-Vitell model on p. 17)—behavior. Perception of an ethical problem (PEP) was found to be significantly related to ethical judgments (EJ) and to deontological evaluations (Deon). Deon was also related to EJ, and EJ, in turn, to ethical intentions (EI). It also confirmed three relationships between exogenous and endogenous constructs: religiousness is positively related to Deon, Corporate Ethical Values (CEV) to PEP, and relativism is negatively related to Deon and positively to Teleo. Compared to the published articles that involve explicit tests of the model, this is the most comprehensive.

The second contribution from this dissertation research is the Religiousness scale (Marta 1998). It had been pretested in development, and performed very well with this sample. As mentioned in Chapter 4, the eight items are well represented on other religiousness scales (testimony to their validity as measures of the construct), and, as detailed earlier in this chapter, they were found to be related to Deon in this research, which is consistent with theory.

Marketing research would benefit from a reliable and valid religiousness measure in a number of areas. The potential application in marketing ethics is obvious, but the construct has also been studied in reference to consumer behavior, in the U.S. (Wilkes, Burnett and Howell, 1986) and in a comparative study between the U.S. and Japan (Sood and Nasu 1995). This last points toward many likely applications in international research. Mittelstaedt (1995) proposed a number of relationships between religiousness and the marketplace, with special focus on the growing trade between the U.S. and Muslim countries. Religiousness can affect *what* we trade (e.g., dietary restrictions, insurance [which is restricted by the religious teachings of Islam]), *how* we trade (e.g., contract law), *when* we trade (e.g., holy days), and *how consumers feel* about trade (e.g., attitudes about the acquisition of wealth).

In assessing the current state of the research, Mittelstaedt notes that micro approaches to the study of the relationship between religion and consumption behavior or market outcomes have failed for “any combination of three reasons” (1995, p. 12). First, it is possible that no significant differences exist that are attributable to religious reasons. Second, differences may exist, but appropriate measurement tools have not been developed. And third, the measurement tools may not have been used properly.

Hirschman (1983), for example, used religious affiliation as an indicator of religiousness; however, “religious affiliation is not an appropriate measure of religiousness” (Mittelstaedt 1995, p. 12). His review of the literature leads to the conclusion that the failure of micro approaches results from the “lack of useful measures of religiousness” (p. 13). One contribution of this dissertation is such a measure.

A third contribution addresses another measurement issue: how to determine whether people are processing moral questions by deontological or teleological means. Four studies have tried different types of measurement, but the Mayo and Marks (1990) and Akaah (1997) studies used methods that confounded Deon and Teleo. Vitell and Hunt (1990) found that respondents used both deontological and teleological reasoning, but their main goal was to test the relative effectiveness of reward and punishment. This study also had a small sample size and used only one scenario. Hunt and Vasquez-Parraga (1993) and Vitell and Hunt (1990) found that marketers relied more heavily on the deontological evaluation, as in the current study, pairing each deontological condition was paired with a specific result. The method used in the present research proved to be adequately reliable, parsimonious, effective, and straightforward. It would have been impossible, for example, to use the Hunt and Vasquez-Parraga method (a 2X2 randomized design that paired different actions and results) to study relationships between religiousness and Deon, or PEP and Deon.

## **Limitations of Dissertation**

Potential limitations of this research include nonresponse and social desirability bias. No evidence of bias between early and late respondents was found, based on the “extrapolation” technique of Armstrong and Overton (1977), who showed that late respondents were like nonrespondents. In terms of social desirability bias, it is clear from the means of the perception of an ethical problem variable (5.55 in Situation 1, 5.53 in Situation 2, and 5.14 in Situation 3; neutral value was 4) that many respondents did not respond in a “socially desirable” way, even though the cover letter sensitized them by referring to the questionnaire as “part of a national study on marketing ethics.”<sup>2</sup> In other words, though respondents knew the questionnaire was about ethics, many felt quite free to respond that they did not perceive much of an ethical problem.

Another limitation may be the fact that Deon and Teleo were measured as constructs. Hunt and Vitell believe they would be better assessed as “processes,” not “constructs” and, therefore, “direct measures of deontological evaluation and teleological evaluation are probably inappropriate” (1993, p. 778). It is somewhat difficult to conceptualize how this would be done, because it is very tricky to discern precisely when a deontological evaluation begins to suggest consequences. Also, as discussed earlier, treating them as constructs makes it possible to assess other relationships.

## **Suggestions for Future Research**

Future research in the area might benefit from a specific attempt to use a multitrait multimethod matrix to establish construct validity. For example, researchers could

contrast results from the method used in this research with those that derive from randomized design research like that used by Hunt and Vasquez-Parraga (1993).

Future ethics research would also profit enormously from an endeavor to find credible methods to measure behavior. Ethical intentions are usually considered weak predictors of ethical behavior. The deterrent is inevitably smaller sample sizes, as behavior would need to be measured in some type of laboratory setting.

Also, theory-testing based on the Hunt-Vitell model cannot proceed much further until researchers develop and test a number of new measures of exogenous variables. For example, surely “strength of moral character,” “value system,” and “belief system” affect a number of the endogenous constructs in the model. Also, though a number of researchers have worked with cognitive moral development (e.g., Trevino 1986, Goolsby and Hunt 1992), none has studied it in the context of this model of ethical decision making.

Finally, one link in the model that begs for solid empirical evidence is the second teleological evaluation that Hunt and Vitell posit in a direct relationship with intentions. In other words, the model depicts a process whereby an individual considers deontological and teleological factors, arrives at an ethical judgment, then goes for one more round of teleological evaluation before arriving at an ethical intention. An example might have the marketing researcher consider the question of changing data by the following process: ‘It’s a lie, and furthermore it’s fraudulent to change this data, even though we might lose the account if I don’t. But if I do, and someone finds out, the company’s whole reputation would be shot. Anyway, I’m just not going to start lying

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<sup>2</sup> Hunt and Vasquez-Parraga (1993) deal with the question of social desirability bias in a very similar fashion.

now—money’s too expensive to be earned that way. But wait! What if my supervisor really follows through on that veiled threat to fire me if I lose the account? We don’t have enough in savings to make more than one mortgage payment without my income. . .” In this example, everything after “but wait!” is a second, more immediate and personal teleological evaluation. This relationship has not, to the researcher’s knowledge, been tested. Such a test might also fulfill Hunt’s (1990) vision that deontological and teleological evaluations should be tested as processes, rather than constructs.

### **Managerial Implications**

Of the seventeen hypotheses tested in this dissertation, twelve were supported<sup>3</sup>, with some implications for managers who are concerned with encouraging marketers toward more ethical business decisions. First, managers should be aware of the relationships between personal religiousness and ethical variables. This research found weak support relating religiousness to ethical perception, strong support for the link between religiousness and deontological evaluations, and strong support for the link between deontological evaluations and ethical judgment. Managers who are concerned about ethics, therefore, need to strengthen deontological reasoning in their firms. One way would be to be quite clear, especially in the context of ethics training, that the firm does not mean for its employees to behave in ways that are inconsistent with their religious beliefs. They might recommend that any employee who feels such pressure should bring the matter to the Ethics Committee (or whatever body exists to oversee ethics program implementation). If indeed there is a religious revival in progress in the

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<sup>3</sup> Though in three cases the weak support points out the need for further empirical research in those areas.

United States, companies that intend to raise ethical standards should certainly explore ways to encourage the moral values that such revival will probably nourish.

On the other hand, results showed an inverse relationship between relativism and deontological evaluations and a positive link with teleological evaluations. Corporations that are concerned with maintaining ethical standards, therefore, should discourage relativism. Firms that are struggling to raise standards (e.g., those that are working under the Federal Sentencing Guidelines) may find it valuable to screen for high relativism by including a few relativism items on pre-employment tests. This may present legal difficulties in some cases, but they may be surmountable in cases where performance has been affected. The Federal Sentencing Guidelines provide reduced penalties for organizations that demonstrate significant incorporation of ethics in their culture (LeClair, Ferrell and Fraedrich 1998). Such cost savings may provide a rationale to screen out potential employees that are highly relativistic.

The most critical managerial implications of this research derive from several findings. Employees of more ethical corporations are more likely to perceive the problematic ethical content in a situation, and those who perceive the problems tend to make more ethical judgments. Marketers who rely on a deontological evaluation are more likely to form ethical judgments, and they rely more on deontological than on teleological evaluations. Finally, drawing this all together, those who form ethical judgments are more likely to have more ethical intentions. In other words, a corporation that works to create an ethical culture, and to communicate that “we do the right thing here” can expect that employees will have more ethical intentions.

This recommendation may appear hollow; after all, what corporation that wants ethical results would not reinforce deontological norms? In practice, however, managers seem a bit confused about what works. This researcher has, for the past two years, served as a mentor at the National Conference on Ethics in America, hosted by the United States Military Academy at West Point. The experience has yielded several conversations with corporate ethics officers (e.g., Lockheed Martin, B. F. Goodrich). When asked about how they balanced deontological with teleological considerations in ethics training, the typical response was that they used both. “Some people won’t be convinced to do the right thing unless you threaten them with consequences,” one responded. This seems an adequate response, at first glance, but one needs to consider that it is much easier to talk about consequences than to create an ethical culture.

In order to create a culture where each employee has a sense of “what we do and don’t do here,” ethics training must focus primarily on enunciating the firm’s deontological norms. CEO speeches should continuously emphasize these norms, including specific references to “doing the right thing” for its own sake—just because “that’s how we do it here.” Managers at every level should recognize employees who make hard, but right, ethical choices, irrespective of consequences, setting them up as high-visibility role models.<sup>4</sup> These managerial behaviors would go a long way toward creating and maintaining a corporate culture whose employees will not hesitate to look themselves in the mirror every morning.

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<sup>4</sup> LeClair, Ferrell and Fraedrich (1998, p. 70) refer to the Federal Sentencing Guidelines as a “carrot and stick” approach. The stick is the threat of sanctions; the carrot is avoiding penalties. What is proposed here are better “carrots”, that of management recognition and reward. Beyond that, and of greater value to certain employees, is the satisfaction of working for a company that is known to maintain high and uncompromising standards of ethical conduct.



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## Appendix: Research Instrument



### OLD DOMINION UNIVERSITY

Department of Management and Marketing  
College of Business and Public Administration  
Graduate School of Business and Public Administration  
Norfolk, Virginia 23529-0220  
Phone: (757) 683-3557

November 5, 1998

Dear Fellow AMA Member:

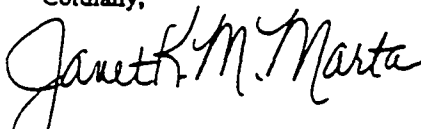
The enclosed questionnaire is part of a national study on marketing ethics, which is part of the dissertation requirement to earn a Ph.D. The purpose of the project is to explore ways in which marketers make ethical decisions, and some of the background factors that may explain why two people might make very different decisions in the same situation. We would like very much to have the opinions of people who actually confront these problems—practitioner members of the American Marketing Association.

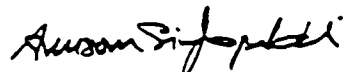
Please record your first response to questions, rather than pondering them at length. When we describe a marketing situation, try to picture yourself in the situation and imagine how you would react. There are no right or wrong answers to any of the questions, so please respond candidly. It should take you about 10–15 minutes to complete the questionnaire.

Because we can contact only a small percentage of marketers, your response is very important. Your anonymity is strictly guaranteed; neither identifying information nor return address is required. Please return the completed questionnaire in the envelope we have included. The diskette labels are yours to keep, as a small gesture of our gratitude for your help with our project.

We greatly appreciate your participation.

Cordially,

  
Janet K. Mullin Marta  
Doctoral Candidate

  
Anusorn Singhapakdi  
Associate Professor of Marketing  
Dissertation Director

Old Dominion University is an equal opportunity, affirmative action institution.

The first section of the questionnaire looks at three aspects of ethical decision-making: (1) the ethics of the organization in which you work, (2) how you perceive ethics codes generally, and (3) your religious values. Please read each statement carefully, then indicate the extent to which you agree or disagree with it by circling a number to the right of the statement.

	Strongly disagree					Strongly agree	
1. Managers in my company often engage in behaviors that I consider to be unethical.	1	2	3	4	5	6	7
2. In order to succeed in my company, it is often necessary to compromise one's ethics.	1	2	3	4	5	6	7
3. Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated.	1	2	3	4	5	6	7
4. If a manager in my company is discovered to have engaged in unethical behavior that results primarily in <i>personal gain</i> (rather than corporate gain), he or she will be promptly reprimanded.	1	2	3	4	5	6	7
5. If a manager in my company is discovered to have engaged in unethical behavior that results primarily in <i>corporate gain</i> (rather than personal gain), he or she will be promptly reprimanded.	1	2	3	4	5	6	7
6. Questions of what is ethical for everyone cannot be resolved, because what is (im)moral is up to the individual.	1	2	3	4	5	6	7
7. Different moral or ethical codes cannot be compared as to "rightness."	1	2	3	4	5	6	7
8. Moral standards are simply personal rules that indicate how a person should behave—and are not to be used to make judgments of others.	1	2	3	4	5	6	7
9. Because what I believe is morally right or wrong may differ from other people, my moral code cannot be meaningfully compared to anyone else's.	1	2	3	4	5	6	7

	Strongly disagree					Strongly agree	
10. I should refrain from judging other people's actions because my moral code applies only to me.	1	2	3	4	5	6	7
11. Spirituality is a key to living a happy life.	1	2	3	4	5	6	7
12. I feel responsible, because of religious values, to help people who are less fortunate than I am.	1	2	3	4	5	6	7
13. I feel it is important to worship regularly.	1	2	3	4	5	6	7
14. Religious faith makes life an exciting and challenging journey.	1	2	3	4	5	6	7
15. My religious beliefs help me to accept other people as they are.	1	2	3	4	5	6	7
16. My religion gives focus and direction to my life.	1	2	3	4	5	6	7
17. It is vital to support religious organizations financially.	1	2	3	4	5	6	7
18. My religious faith convinces me that it is better to focus on others than on myself.	1	2	3	4	5	6	7

Next, we would like to have your opinions on different ethical situations. Please read and consider each of the following three scenarios and answer the questions that follow them.

**Situation 1**—A research analyst is working hard to complete a statistical analysis for presentation to the advertising agency that represents a new, and potentially valuable, account. Because of various data collection problems and budget constraints, the analyst doesn't have much faith that the figures are representative of the product's target audience. He believes his boss expects the figures to be consistent with the company's initial recommendations to the company.

**Action:** The analyst makes adjustments that he believes are consistent with the data he has collected, bringing them into line with the original recommendations.

	Strongly disagree					Strongly agree	
19. The action described above involves an ethical problem.	1	2	3	4	5	6	7

	Completely ethical							Very unethical
20. Please rate the analyst's action as to how ethical you believe it was.	1	2	3	4	5	6	7	

If you answered question #20 with any number greater than 1, you believe the analyst did not make the most ethical decision. Now, please describe how you would go about assessing the ethics of the situation, by following these steps:

(1) Read the following six reasons and decide on one that you feel is *most important* in your thinking about the analyst's action. Write "100" to the right of that reason.

(2) Next, compare the remaining reasons to the most important one and write in values of less than 100, to represent how important each reason is to you. For example, the second reason might seem *very close* to the first, so you might write 95 or 99 next to it. Other reasons may seem quite unimportant, so you might give them 10 or 20. Remember, *don't add the numbers*, just assign any numbers, 1-100, to represent the weight of the reasons in your personal judgment.

- |   |       |
|---|-------|
| 21. The analyst's action is wrong because it could end up costing the company a lot of money.                   | _____ |
| 22. The analyst's action is wrong because it compromises the integrity of his research.                         | _____ |
| 23. The analyst's action is wrong because it is fraudulent.   | _____ |
| 24. The analyst's action is wrong because his supervisor might be blamed for his dishonest behavior.            | _____ |
| 25. The analyst's action is wrong because his company could lose the account because of his unethical behavior. | _____ |
| 26. The analyst's action is unethical because it involves lying.  | _____ |

	Very likely							Very unlikely
27. I would behave as the analyst did in the same situation.	1	2	3	4	5	6	7	

**Situation 2**—A person bought a new car from a franchised automobile dealership in the local area. Eight months after the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months, he continually had a similar problem with the transmission slipping. Each time, the dealer made only



minor adjustments on the car. Again, during the 13th month after buying the car, the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.

Action: Because the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts and labor.

		Strongly disagree						Strongly agree
28. The action described above involves an ethical problem.	1	2	3	4	5	6	7	

		Completely ethical						Very unethical
29. Please rate the dealer's action as to how ethical you believe it was.	1	2	3	4	5	6	7	

As you did in the first situation, if you answered the last question with any number greater than 1, please rate the following reasons in terms of how important each is to you in your thinking about the ethics of the situation, starting with "100" by the most important reason and comparing the others.

- 30. The dealer's action is wrong because it could end up costing the company a lot of money, if the car owner chooses to sue or even report the case to the local news media. \_\_\_\_\_
- 31. The dealer's action is wrong because it is manipulative. \_\_\_\_\_
- 32. The dealer's action is wrong because it is fraudulent. \_\_\_\_\_
- 33. The dealer's action is unethical because it reflects negatively, not only on his own dealership, but also on the manufacturer. \_\_\_\_\_
- 34. The dealer's action is wrong because he has probably lost a customer, and maybe others, through negative word-of-mouth. \_\_\_\_\_
- 35. The dealer's action is unethical because it involves lying. \_\_\_\_\_

		Very likely						Very unlikely
36. I would behave as the dealer did in the same situation.	1	2	3	4	5	6	7	

**Situation 3**—A young woman, recently hired as a salesperson for a local retail store, has been working very hard to impress her boss with her selling ability. At times, this young woman, anxious for an order, has been a little overeager. To get the order, she exaggerates the value of the item or withholds relevant information concerning the product she is trying to sell. No fraud or deceit is intended by her actions; she is simply overeager.

Action: The owner of the retail store is aware of this salesperson's actions, but has done nothing to stop such practice.

		Strongly disagree							Strongly agree
37. The action described above involves an ethical problem.	1	2	3	4	5	6	7		

		Completely ethical							Very unethical
38. Please rate the owner's action as to how ethical you believe it was.	1	2	3	4	5	6	7		

Again, if you answered with a number greater than 1, please rate the following reasons in terms of how important each is to you in your thinking about the ethics of the situation.

- 39. The owner's action is wrong because it could end up costing the company a lot of money, through negative word-of-mouth. \_\_\_\_\_
- 40. The owner's action is wrong because it compromises the integrity of the business. \_\_\_\_\_
- 41. The owner's action is wrong because it condones fraud. \_\_\_\_\_
- 42. The owner's action is wrong because the whole company might develop a reputation for deceiving customers. \_\_\_\_\_
- 43. The owner's action is wrong because his company might end up losing business because of the salesperson's exaggerations. \_\_\_\_\_
- 44. The owner's action is unethical because it allows multiple lies to customers. \_\_\_\_\_

		Very likely							Very unlikely
45. I would behave as the owner of the retail store did in the same situation.	1	2	3	4	5	6	7		

Finally, please provide the following information for classification.

46. Sex: 1. Male 2. Female

47. Please indicate your primary job function.

48. Age: \_\_\_\_\_

49. Years of formal education completed: \_\_\_\_\_  
(For example: Finished high school = 12,  
Finished college = 16)

- ☐ Direct Marketing (1)
- ☐ Marketing Communications (2)
- ☐ Packaging/Point of Purchase (3)
- ☐ Sales/Sales Management (4)
- ☐ Advertising (5)
- ☐ Distribution/Pricing (6)
- ☐ Merchandising/Retailing (7)
- ☐ Telemarketing (8)
- ☐ Database Marketing (9)
- ☐ Market Research (10)
- ☐ Promotions (11)

50. Religion: ☐ Buddhist (1)  
☐ Christian (Catholic or Protestant) (2)  
☐ Confucian (3)  
☐ Hindu (4)  
☐ Jew (5)  
☐ Muslim (6)  
☐ Other (7) (please clarify)  
\_\_\_\_\_

☐ None (8)

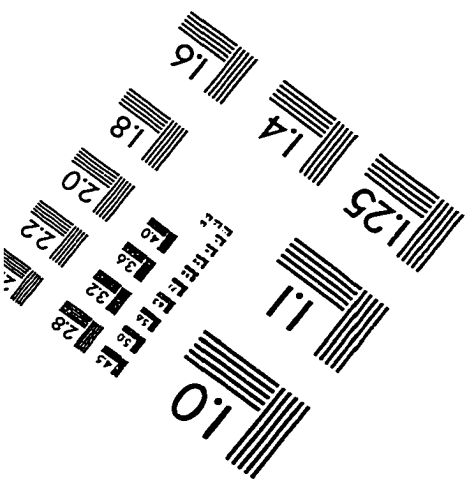
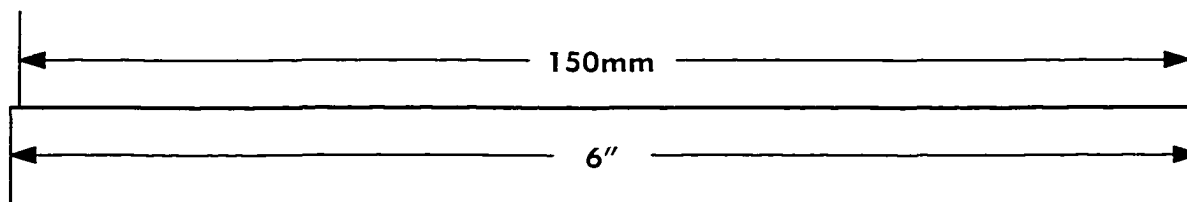
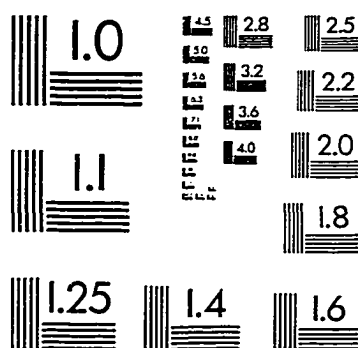
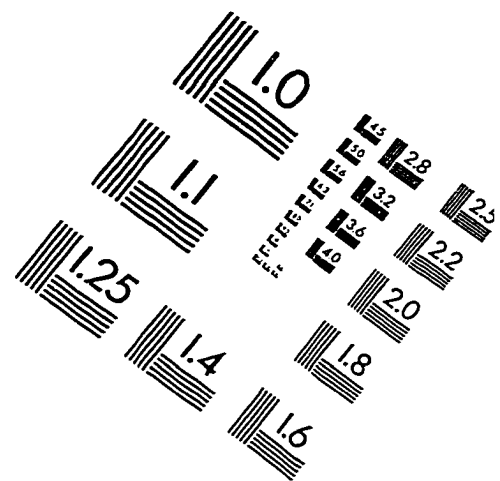
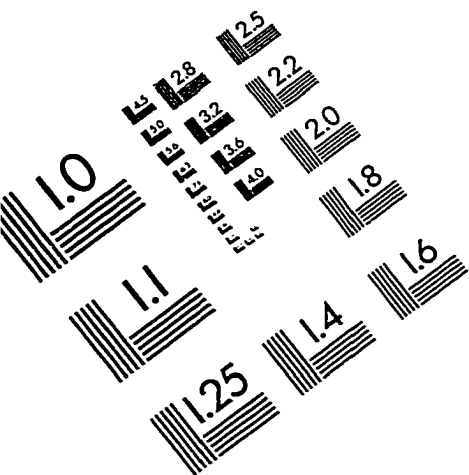
51. Nature of undergraduate education:

- ☐ Business (1)
- ☐ Liberal arts (2)
- ☐ Sciences (3)
- ☐ Other (4) (please specify)  
\_\_\_\_\_

52. Income: ☐ Less than \$19,999 (1)  
☐ \$20,000-\$49,999 (2)  
☐ \$50,000-\$74,999 (3)  
☐ \$75,000-\$99,999 (4)  
☐ \$100,000 or more (5)

*A cordial "thank you" for your helpfulness and for your time.*

# IMAGE EVALUATION TEST TARGET (QA-3)



APPLIED IMAGE, Inc.  
1653 East Main Street  
Rochester, NY 14609 USA  
Phone: 716/482-0300  
Fax: 716/288-5989

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