

**MEASURING THE ETHICAL ORIENTATION OF
MBA STUDENTS : A SCALE DEVELOPMENT**

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Abstract

This paper describes the process of development of a context-specific scale to measure the Ethical Orientation of Indian MBA students. There has been a lot of interest regarding Business Ethics during the last two decades and Business Ethics courses have become part of MBA curriculum in many business schools. But our understanding of the impact of business education on the Ethical Orientation of MBA students remains inadequate. This exercise of scale development is a part of a larger study aimed at understanding the impact of the Business Education on the MBA students.

Survey of literature indicates that scales for measuring 'Ethical Orientation' are predominantly quantifications of normative ethical philosophies like, 'Teleology', 'Deontology', 'Relativism' and 'Justice'. Some researchers also developed descriptive context-specific scales.

Objective of this study is development of a context- specific scale to measure the 'Ethical Orientation' of Indian MBA students. As part of this process, a list of items, which captures the construct 'Ethical Orientation' as applied to MBA students has been identified, Face Validity and Content Validity has been verified. In addition dimensionality of the scale has been assessed through exploratory factor analysis and Reliability has been checked by making use of the Chronbach Alpha Test. To develop a purified scale this process has been repeated twice with independent samples. This process of purification resulted in the development of a Purified six-dimensional Ethical Orientation Scale with 16-items. These dimensions have been labelled as 'Situationalism', 'Ethical Schism', "Preparedness to Pay the Price", 'Relativism', 'Competition Ethics' and 'Capitalist Ethic'. While two of these six dimensions are similar to the dimensions identified in the literature, the other four appear to be new. The descriptive and context-specific focus of this research might have been the reason for the emergence of these new dimensions. Rather than a single Ethical Orientation score, this six-dimensional context-specific scale seems to be capable of providing much greater insight into the 'Ethical Orientation' of MBA students.

While this exercise of scale development has given a deeper insight into the structure of the 'Ethical Orientation' of Indian MBA students, to ensure that the scale captures all the significant dimensions of the 'Ethical Orientation' of the MBA students and meets all the essential psychometric requirements, further testing and development of this scale may be necessary.

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Introduction

Over the last two decades, Issues of 'Ethics in Business' have gained considerable importance. Stock market scams have contributed to the recognition of the importance of ethical issues in corporate governance and management. With the increasing emphasis on deregulation and privatisation of Indian economy, these issues gained even more importance.

With the increasing focus on Business Ethics, Journals like 'Journal of Business Ethics' and 'Journal of Human Values' began to focus exclusively on issues of ethics and human values. Over the last two decades, a number of research studies examined the Ethical Orientation of students, managers and other employees in different organizations and professions (Collins, 2000; Loe et. al., 2000).

Many business schools have started teaching courses on 'Business Ethics' and 'Human Values'. Even in schools where there is no separate course on Business Ethics, ethical issues are being integrated into other courses like marketing, finance and human resources management. While 'Business Ethics' courses have become part of the MBA curriculum in many business schools, systematic assessment of the 'Ethical Orientation' of the students is not very common. Though some of the researchers studied the effect of the Business Ethics courses on the Ethical Orientation of the students (Carlson and Burke, 1998; Glenn, 1992; Stead and Miller, 1998), not much attention seems to have been paid to the over all impact of the business education on the Ethical Orientation of the students. According to McCabe (1994), for most students, MBA curriculum has a value neutral impact.

Many of the studies, rather than making a comprehensive assessment of the Ethical Orientation, often tend to focus on a few specific dimensions of Ethical Orientation. This present effort of developing a scale for measuring 'Ethical Orientation' forms a part of a larger study to understand the world-view, values and the 'Ethical Orientation' of the MBA students and the changes in their beliefs, values and Ethical Orientation, if any, on account of the business school educational experience, at one of the premier business schools in India. Instead of focussing on a few specific dimensions, the study is aimed at achieving a more comprehensive understanding.

Ethical Orientation: The Construct

Ethics is concerned with the study of what is good and bad, with what is right and wrong and with duties and obligations. The construct 'Ethical Orientation' can be defined as 'the set of enduring beliefs of a person which guide him/her in discriminating right from wrong, good from bad and moral from immoral, thereby helping him in choosing a proper mode of conduct'. This construct is very similar to the construct 'Value' (Rokeach, 1968). 'Value' has been defined by Rokeach as 'an enduring belief that a specific end state of existence or mode of conduct is preferred to an opposite end state of existence or mode of conduct'. The distinction between 'Value' and 'Ethical

Orientation' is primarily the normative, prescriptive and moral dimension. It is not just a matter of individual's 'preference'. It is an issue of morality, i.e., what is right and what is wrong and what is good and what is bad.

Assessing the Ethical Orientation

Rokeach (1968) developed a scale called Rokeach Value Survey (RVS) to measure 'Values', which are considered important in guiding a person's behaviour throughout his life (See Annexure-I). RVS consists of two sets of values, 'Terminal Values' and 'Instrumental Values'. While this scale is useful in assessing the 'Values' of a person in general, it is not as useful in measuring the 'Ethical Orientation' of a person. Studies using RVS (Fritzsche 1995, Finegan 1994) indicate that only the instrumental value of 'honesty' and terminal value of 'ambition' from RVS, seem to be related to 'Ethical Orientation'. Just these two items may not be able to provide a comprehensive understanding of the 'Ethical Orientation' of a person.

Therefore other researchers interested in studying the Ethical Orientation of managers, students and other professionals, rather than making use of general scales like RVS, developed other scales to specifically measure 'Ethical Orientation'. Many of these Ethics scales were developed from the ideas contained in the 'Ethical theories' of western philosophy. The most important ones among these ethical theories are, 'Deontology', 'Teleology', 'Relativism' and 'Justice' (Hansen 1992).

'Deontology' lays emphasis on the notion of 'duty' and 'moral obligation'. 'Deontology' proposes that one's duty is to do what is morally right and avoid what is morally wrong, irrespective of the consequences of so doing. 'Teleology' ('Utilitarianism' and 'Egoism') emphasizes that whether an act is ethical or not, is dependent on the purposes for which that action is being undertaken. According to 'Utilitarianism', an action can be construed as ethical if it results in the greatest good for the greatest number of people. On the other hand 'Egoism' advocates that whatever action is in the long-term interest of an individual, such an action is right.

According to 'Relativism' there are no universally applicable rules of right and wrong and good and bad and what is right and what is wrong depends on the particular culture and the context. The notion of 'fairness to all' underlies the theory of 'Justice'.

Reidenbach and Robin (1988, 1990) developed 'Ethics scale' (See Annexure-II) which quantifies some of the dimensions from these ethical theories. Tsalikis & Nwachukwu (1988) and Tsalikis and Ortiz-Buonafina (1990) used a very similar scale in their studies. The dimensions which were quantified in these scales are 'Deontological Judgement', 'Teleological Judgement' (Utilitarianism and Egoism), 'Justice' and 'Relativism'. Hansen (1992) further developed this multidimensional ethics scale. In addition to a 'Broad based Ethical Judgement' dimension, a 'Teleological' dimension (combining 'Utilitarianism' and 'Egoism') and 'Deontological' dimension, this scale also has a 'Social Contract' dimension (see Annexure-II).

Forsyth (1980) developed the 'Ethical Position questionnaire' consisting of two dimensions (Annexure-III). According to him, an individual's Ethical Orientation (i.e. ethical value system) may be parsimoniously described in terms of two dimensions, 'Relativism' and 'Idealism'. The 'Relativist' rejects the notion of the universality of moral rules and believes that morality is a relative issue. The 'Idealist' believes that ethical behaviour invariably leads to positive consequences.

Although there have been several scale development articles, (Hansen, 1992; Reidenbach, 1988, 1990,1995; Forsyth, 1980), there is a lack of consensus on appropriate measurement techniques (Randall & Gibson, 1990; Collins, 2000).

As against developing scales to measure the underlying 'normative ethical philosophies', many other researchers adopted a 'positivist' and 'descriptive' approach to assess the Ethical Orientation. In this approach the focus is on 'what actually occurs, rather than on what should occur' (Loe et al., 2000). The aim is achieving a deeper and context-specific understanding of the 'Ethical Orientation' of people in different contexts, occupations and professions. To gain context-specific and in-depth understanding, rather than using readily available scales of 'normative ethical philosophies', tailor-made scales which suit the context may need to be developed. According to Cohen et al.(1993) a scale must be constructed and validated for each application. Ferrel & Skinner (1988) developed a scale to specifically measure ethicality as applied to market research organizations. Hunt et al. (1989) developed a scale to specifically measure 'Corporate Ethics'.

Many other studies also focussed on other context-specific ethical aspects like accounting code violations by CPAs, bribing behaviour, fraudulent financial reporting decisions, sexual discrimination, sexual harassment, violation of the code of confidentiality, whistle-blowing and software piracy (Callahan & Collins, 1992; Husted, 2000; Carson, 1987; Collins, 2000).

The Research Study

As indicated earlier, this present effort of developing an 'Ethical Orientation Scale' is a part of a larger study undertaken at a premier business school in India. Since the primary objective of the main study is achieving a comprehensive understanding of the world-view, values and the 'Ethical Orientation' of MBA students and the effect of the business education on their beliefs, values and Ethical Orientation, three questionnaires measuring general values, Religious Beliefs and Ethical Orientation are to be developed to capture these different dimensions. The authors felt that with regard to the assessment of the 'Ethical Orientation' of the students, instead of making use of readily available 'Ethics Scales' which measure a few specific dimensions, it is preferable to develop a more relevant and comprehensive Questionnaire. While ethics literature identified a number of dimensions like Deontology, Teleology, Relativism and Justice, instead of following the 'normative approach' the authors preferred a positivist and descriptive approach to the development of the questionnaire.

To measure Ethical Orientation, researchers usually use one of two methods (Oz, 2001). One method is to provide a scenario/ vignette with an ethical dilemma and ask respondents how they would behave, with closed-ended potential answers which are pre-ranked by degree of ethicality (Crawford, 1970; Ferrel & Gresham, 1985; Nel et al., 1989).

The other method is to provide statements of ethical/ unethical behaviour and beliefs about ethical issues and ask the respondents to what extent they agree or disagree with these statements. According to Collins (2000), the type of vignettes are as innumerable as are the probable response biases. In this research study the statement method has been chosen instead of the vignette method because the statement method is more efficient and useful in achieving a comprehensive understanding.

Based on authors' experiences in teaching courses related to Ethics and Self-transformation as well as from the ideas discussed in the Ethics literature, a set of items which appear to be more relevant in assessing the Ethical Orientation of Indian MBA student population has been identified.

Studies on student population covered a variety of ethical issues. According to Stanga & Turpen (1991), most students would not behave in unethical ways. But according to White and Dooley (1993), 'Practicality' is more important than 'Ethicality' for the students. Pressely & Blevins (1984) found that students believe that they must adopt a 'Winning is every thing' philosophy. Students rate Kant's categorical imperative and the golden rule higher than other competing principles (Lewis, 1989). According to Lane and Schaupp (1989), Business students have different ethical beliefs as compared to other students majoring in other disciplines. According to Kayanama (1996), undergraduates are more ethically sensitive than graduate students. Undergraduates are more 'Justice' oriented and graduate students are more 'Utilitarian' (Borkowski and Ugras, 1992).

According to Siemensma (1999), Indian MBA students believe that pursuit of corporate profit is incompatible with total honesty and the pressure to succeed would lower the priority accorded to personal and family values. They were also not too much worried about the long-term implications of compromising on values in the early stages of their career. They also did not anticipate their making a contribution to the larger good of the society through their work.

Sekhar (1995) found that MBA students not exposed to classes on ethics have very high 'Deontological' scores, i.e. they hold that certain things are right and certain things are wrong by themselves, irrespective of their consequences. They also scored low on 'Teleological' score, i.e. a tendency to believe that an action is right or wrong as judged by its consequences.

Based on the issues they identified while interacting with the MBA students and with the findings from earlier studies at the back of their mind, the authors' developed a 37-item questionnaire entitled 'Perceptions and Attitudes about Business, Society and Ethics' (see Annexure-IV). The respondents were required to indicate their agreement or disagreement on a Likert-type scale. In order to overcome the tendency of the respondents to avoid taking a clear stand, instead of a five-point scale, a four-point scale was preferred.

These 37 items covered a variety of issues like 'primary goal of business organizations', 'social responsibility of business organizations', the 'schism between ethics in personal life and business life', 'relativity of ethical values', 'ethical orientation in competitive situations', 'situationalism vs universality', 'egoism' and 'willingness to pay a price' for ethics. In addition to items on 'Ethical Orientation', items related to the beliefs of respondents about the ethical context of the Indian business organizations have also been included in this questionnaire. In addition items on demographic data like gender, age, educational background and work experience have also been included.

To assess the face validity and content validity of the questionnaire, it was presented to a panel of judges (management professors) who were familiar with and concerned about ethical issues in management education.

The face validity (Nunnally 1978) of the 37-item questionnaire was assessed by asking the panel of expert judges, 'what in their opinion is being measured by this questionnaire'. The responses included 'business ethics', 'ethical values', 'Philosophy

of work and life-The ethical aspect'. The responses of the expert panel of judges seemed to confirm the 'face validity' of the questionnaire.

The judges were also asked to check whether each of these 37 items is capturing the construct 'Ethical Orientation'. The panel of judges was also requested to check for the ambiguity and clarity of these items. Though some of the judges suggested the avoidance of compound statements, in order to capture the nuances of the Ethical orientation, some such statements were retained.

Sample

This 37-item questionnaire was administered to 146 second-year MBA students. Subsequently, the same questionnaire was administered to 175 first year MBA students of the same business school as also to 51 MBA students of another Indian business school. Most respondents were male (82%) and in the age group of 20 to 37 years (median age - 23 years). Some of them (45%) have work-experience ranging from one month to 12 years (median experience-18 months) before joining the MBA.

Scale Development Process

Starting with the 37-item 'Perceptions and Attitudes about Business, Society and Ethics' Questionnaire, an effort was made to develop an 'Ethical Orientation Scale'. Before going ahead with further steps in the development of 'Ethical Orientation Scale', items (items 24 to 27), which seem to assess the opinion of the respondents regarding the ethical context of the Indian business organizations and not the 'Ethical Orientation' of respondents, have been excluded from further analysis.

Assessment of Dimensionality

One of the initial steps in the development of a scale is the assessment of dimensionality. In order to assess the dimensionality of the 'Ethical Orientation Scale', exploratory factor analysis was performed. Though some dimensions of 'Ethical Orientation' have been identified in the earlier research studies, since these were mostly dimensions of a priori normative ethical theories and since this study is exploratory with context-specific focus, it is felt that rather than hypothesizing a priori, it is preferable to identify the dimensionality of the scale through exploratory factor analysis. Principal component analysis with varimax rotation has been performed on the data collected from the second year MBA students. Subsequently, items with low factor loadings (of less than 0.40 on any factor) or items with split loadings (loading 0.40 or more on more than one factor) have been deleted (Nunnally, 1978). After deleting items with low factor loading and split loading, the remaining items are once again checked for dimensionality through factor analysis. This iterative process led to the deletion of some more items. This resulted in the development of a scale with 7 factors, containing 21 items with factor loadings of more than 0.4 on only one factor and without split loadings of more than 0.4 on any other factor. The rotated component matrix with factor loadings is given in Annexure-V. The variance explained by these 7 factors is 66.3%.

Reliability Analysis

Chronbach alpha test was used to assess the overall scale reliability as also the reliability of each of the sub scales identified through exploratory factor analysis. The alpha value for the overall scale was 0.7520. The alpha values for different factors were, 0.8071 for factor one, 0.7185 for factor two, 0.7150 for factor three, 0.7903 for factor four, 0.6278 for factor five and 0.5708 for factor six. Only one item constituted the seventh factor and hence no sub-scale reliability test could be done for this factor.

According to Nunnally (1978) an alpha value of more than 0.5 may be sufficient at the early stages of research. Hence each of the sub-scales as well as the overall scale meet the requirements of internal consistency.

Thus, this first stage of exploratory factor analysis using data from second year MBA students and subsequent purification and reliability testing resulted in the development of a purified 21-item 'Ethical Orientation Scale'.

Stage 2

In the 2nd stage, the 21 item 'Ethical Orientation Scale' was purified further by making use of additional data from 175 first year MBA students of the same institute and from 51 MBA students from another Indian Business School. In this 2nd stage, the dimensionality of the 21 item scale, earlier purified in the first round, was once again assessed through factor analysis and items with low or multiple factor loadings were removed (Nunnally 1978). This further purification resulted in a 16 item scale with 6 dimensions (Annexure-VI). The rotated component matrix with factor loadings is given in Annexure-VII. These six factors explained 60.6 % of the total variance.

This second round of factor analysis indicated that the major factors remained more or less the same. One of the factors from the first stage factor analysis got divided into two separate factors. Items from the last two factors of the 21-item scale got dropped in the 2nd stage of purification. This 2nd stage purification reconfirmed the other factors identified in the first stage.

A confirmatory factor analysis was done on the purified 16-item scale. Combined data from both the first year MBA students and the 2nd year MBA students as well as data from the MBA students of another business school (total of 372 respondents) was made use of in doing the confirmatory factor analysis. This analysis once again yielded the same six factors identified earlier, with an explained variance of 63.6% (See Annexure-VIII for the rotated component matrix with factor loadings).

Thus the dimensionality of the 16-item scale was confirmed by this confirmatory factor analysis. In addition, reliability of the overall scale and the sub-scales was assessed. Alpha value for the overall scale was 0.6272. Alpha value for factor one was 0.6541; alpha for factor two was 0.6797; alpha for factor three was 0.7101; alpha for factor four was 0.6587; alpha for factor five was 0.5516 and alpha for factor six was 0.5009. According to (Nunnally 1978), alpha values of above 0.5 are acceptable in the initial exploratory stage of research. Thus the dimensionality and reliability of the scale as also each of the sub-scales were confirmed.

Dimensions of the 'Ethical Orientation Scale'

The first factor in the purified 16 item Ethical Orientation Scale (EOS) was labelled as 'Situationalism'. This factor explains a variance of 13.2% and has 4 items. The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
-----------------	-------------------------

- | | |
|-----|--|
| 28. | If bribe is a must even to get what is legitimate, as happens in some government offices, we may have no choice but to pay up. |
| 23. | It is impossible to do business in India with out paying bribes. |
| 29. | In a business situation, If the need arises I would not hesitate to pay a bribe to get business. |
| 30. | I have personal experience of having given a bribe (e.g. to buy a railway ticket). |

Items under this factor seem to assess the degree to which a person feels that his ethical orientation and behaviour are attributable to the 'Situation'.

The second factor labelled as 'Ethical Schism' explains 12.9% of the variance and consists of four items. The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
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- | | |
|-----|--|
| 8. | While, maintaining high ethical standards in personal life may be important, in business dealings one can't have the same stringent ethical standards. |
| 9. | Personal conscience and personal values ought not to come in the way of making business decisions which are in the interest of the organization. |
| 7. | The ethics of business are different from the ethics of personal life. |
| 19. | It is fine to say that we should be ethical in our conduct. To be actually ethical in the real world is very difficult and impractical. |

The items in this factor seem to assess the degree to which a person believes that his personal life and business life can be compartmentalized, with differing ethical orientation in each of these two domains.

The 3rd factor explains 9.9% of the variance and consists of two items. It is labelled as 'Preparedness to pay the price'. The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
-----------------	-------------------------

- | | |
|-----|--|
| 36. | I would rather get a lower grade than copy project reports in order to meet deadlines or get false attendance to meet the stipulated norm. |
| 37. | I would not cheat in an examination even if there is no likelihood of my being caught. |

The items coming under this dimension seem to assess the degree to which a person is willing to stick to ethical conduct even if it means paying a price for it.

The fourth factor explains 9.6% of variance and consists of two items. It has been labelled as 'Relativism'. The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
-----------------	-------------------------

- | | |
|-----|---|
| 16. | There is nothing wrong with the promotion of cigarettes and alcohol through advertisements. |
| 17. | To attract the attention of the potential customers, it is alright to use sexually suggestive messages in advertisements. |

The items coming under this dimension seem to assess the degree to which a person feels that there are no absolutes about 'what is ethical', and each person has the right to decide 'what is ethical'.

The fifth factor explains 9.3% of variance and consists of two items. This dimension is labelled as 'Competition Ethics'.

The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
15.	It is acceptable to break apart a competitor's product to study its inner working.
14.	It is OK to sift through a competitor's garbage to obtain their documents.

Items coming under this dimension seem to assess to what extent a person when faced with a competitive situation is willing to engage in behaviours which he may not consider as acceptable under normal circumstances.

The sixth factor explains 8.7% of variance and consists of two items. This is labelled as 'Capitalistic Ethic.'

The items coming under this factor are as follows:

<u>Item No.</u>	<u>Item Description</u>
1.	The primary goal of an organization is earning profit and maximizing returns to share holders.
2.	While employee welfare, customer service and social responsibility are important, these goals are only secondary and subordinate to the primary goal of maximizing profits and returns to shareholders.

Items coming under this factor seem to assess the extent to which a person believes that 'only profit and shareholder interests matter' and other considerations like employee welfare and social responsibility are of secondary importance.

Discussion

This exploratory effort at developing a contextually more relevant scale to assess the 'Ethical Orientation' of MBA students, seems to reconfirm one of the dimensions identified in the literature i.e. 'Relativism'. In addition, the dimension 'Capitalist Ethic' seems to be very similar to the dimension of 'Utilitarianism' identified in the literature. Otherwise the dimensions emerging from this study seem to be predominantly new. This may possibly be due to the positivist, descriptive and context-specific approach adopted in this research study. The dimensions 'Ethical Schism', 'Ethical Relativity' and 'Capitalist Ethic' seem to confirm the authors' hunches developed from their interactions with the MBA students and executives. Though the dimensions 'Situationalism', 'Willingness to Pay the Price' and 'Competition Ethics' were not identified as separate dimensions at the beginning of the study, looking back, they do seem to be meaningful and relevant dimensions of the 'Ethical Orientation' of the MBA students.

This scale development effort seems to once again confirm that it is more appropriate to conceptualize 'Ethical Orientation' as a multi-dimensional construct. It seems to suggest that to achieve a more comprehensive understanding of the 'Ethical Orientation' of a person, instead of asking the question 'How ethical is that person?', it may be better to

ask questions like, 'Does he compartmentalize his life into personal life and business life and does he follow different ethical standards in each of the domains?'; 'Does he believe that his 'ethical orientation' is attributable to the 'Situation' in which he has to function?'; 'To what extent does he believe that there are no absolute standards regarding 'what is ethical' and it is for each person to decide what is ethical?'; 'To what extent is a person willing to pay a price to be ethical?'; 'To what extent does he believe that when faced with competitive situations, one needs to have a different ethical standard?'; and 'To what extent does he believe that ends like 'profit maximisation' and 'achieving higher performance' take precedence over other issues like 'Social responsibility', 'Employee well-being' and 'Ethics'?'.

This dimensionality of 'Ethical Orientation' seems to suggest that it is possible for some people to be highly ethical in their personal life and yet follow a very different standard of ethicality in their business dealings. Similarly, some people may have no qualms in engaging in what is generally construed as unethical behaviour, if they feel that, 'given the situation, they have no choice but to behave that way'. The same people, when they feel the situation is not compelling, may have qualms about engaging in unethical behaviours.

Similarly, though some people act in ways which are commonly seen as 'unethical' by other people, they may still not see themselves as being 'unethical' because in their own view their actions may not be 'unethical'. So also, while some people may be willing to stick to ethical conduct even if it means that they have to pay a price for it, there may be others who are ethical 'when they have nothing to lose', but may not be prepared to stick to 'ethical' conduct if they have to pay a price. There may be some people who normally adhere to generally accepted 'ethical standards', but may believe that 'when faced with a competitive situation one has to have different standards regarding 'what is ethical'. There may also be a set of people who believe performance and results are important and therefore ends justify the means, whereas there may be others who believe that 'ends don't justify the means'.

Thus, when a person's 'Ethical Orientation' is being assessed, instead of assessing the degree of ethicality of a person on a single dimension, it may be far more meaningful to assess a person's 'Ethical Orientation' on all the dimensions discussed above. This multi-dimensional scale seems to give a much greater insight into a person's 'Ethical Orientation' rather than a unidimensional scale, which may simply give a single 'Ethical Orientation' score.

Thus, the six dimensional 'Ethical Orientation' construct which emerges out of this exploratory study seems to be more comprehensive and is also likely to provide a better insight into the 'Ethical Orientation' of MBA students.

The dimension of 'Schism' between 'personal life' and 'business life' might have been missed by other studies because their focus might have been solely on ethical orientation in business context and therefore 'Schism' if any may not be noticeable. Secondly, this schism may probably be more characteristic of cultures like Indian culture which are less universalistic and more contextual. Similarly, 'Situationalism' may be much more characteristics of cultures, where locus of control tends to be more external. 'Competitive Ethics' and 'willingness to pay a price' and 'Capitalist Ethic' may not have emerged as separate dimensions in the earlier studies either because in these studies ethics scales were developed from 'a-priori normative ethical theories' or because the scales developed were not context specific to the MBA student population.

Further work to be done

While this effort to develop a more appropriate and comprehensive 'Ethical Orientation Scale' to assess the ethical orientation of MBA students has been fruitful in the sense that tentatively a 16-item scale with six dimensions, which seems to meet the required standards of reliability and dimensional stability has been developed, the process of scale development is not yet complete.

Firstly, there may be other significant dimensions of 'Ethical Orientation' which might not have emerged in the factor analysis as items which capture these dimensions might have been missed in the initial questionnaire or might have been dropped during the purification process. Therefore, to be doubly sure that the 'Ethical Orientation Scale' comprehensively captures all the significant and contextually relevant dimensions of the 'Ethical Orientation' of the Indian MBA student population, it may be necessary to go through another round of identification of additional items which capture the construct 'Ethical Orientation' as applied to the MBA student population. To establish the dimensionality and reliability of the scale, another round of verification of the dimensionality of the scale and purification of the items using data from another independent sample may also be necessary.

Secondly, for a scale to be psychometrically acceptable, assessing only face validity, content validity, verification of dimensionality and analysis of reliability is not sufficient. It is also important to assess the predictive validity of the scale.

Scale development is an on going process. It is proposed that in the next stage of scale development, more items which capture other significant dimensions if any, not forming part of the present scale be included. In addition, other scales like the 'Ethical Position Questionnaire' of Forsyth(1980) and the Ethics scale of Reidenbach and Robin(1988), with established psychometric properties which will be of help in assessing the predictive validity of this scale need to be simultaneously administered to the next sample of MBA students. Based on this data, it is hoped that a comprehensive 'Ethical Orientation Scale', which includes all of the significant and contextually relevant dimensions of the construct 'Ethical Orientation' with acceptable psychometric properties will be developed.

Thus, while more work needs to be done for further development of the Scale, this exploratory study has been able to make a significant contribution in gaining a deeper understanding into the dimensionality of the construct 'Ethical Orientation' as applied to the Indian MBA student population.

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ANNEXURE- I

THE ROKEACH VALUE SURVEY: RVS (Rokeach 1968, 1973)

Listed below are 18 values in alphabetical order. Your task is to arrange them in order of importance to YOU, as guiding principles in YOUR life. Study the list very carefully and then rank all 18 in terms of their importance to you. Place a "1" next to the value that is the most important as a guiding principle in your life, a "2" next to the second most important value as a guiding principle in your life, a "3" next to the third most important value as a guiding principle in your life, and so on. Again, it is important that you rank all values from 1 to 18.

Work slowly and think carefully. If you change your mind, feel free to change your answers. The end result should truly show how you really feel.

<i>Value</i>	<i>Rank</i>
1. A comfortable life (i.e., a prosperous life)	_____
2. An exciting life (i.e., a stimulating, active life)	_____
3. A sense of accomplishment (i.e., a lasting contribution)	_____
4. A world at peace (i.e., free of war and conflict)	_____
5. A world of beauty (i.e., beauty of nature and the arts)	_____
6. Equality (i.e., brotherhood, equal opportunity for all)	_____
7. Family security (i.e., taking care of loved ones)	_____
8. Freedom (i.e., independence, free choice)	_____
9. Happiness (i.e., contentedness)	_____
10. Inner harmony (i.e., freedom from inner conflict)	_____
11. Mature love (i.e., sexual and spiritual intimacy)	_____
12. National security (i.e., protection from attack)	_____
13. Pleasure (i.e., an enjoyable, leisurely life)	_____
14. Salvation (i.e., saved, eternal life)	_____
15. Self-respect (i.e., self-esteem)	_____
16. Social recognition (i.e., respect, admiration)	_____
17. True friendship (i.e., close companionship)	_____
18. Wisdom (i.e., a mature understanding of life)	_____

When you have finished, go to the next page.

Please rank these 18 values in order of importance, the same as before.

<i>Value</i>	<i>Rank</i>
19. Ambitious (i.e., hard working, aspiring)	_____
20. Broad-minded (i.e., open minded)	_____
21. Capable (i.e., competent, effective)	_____
22. Cheerful (i.e., lighthearted, joyful)	_____
23. Clean (i.e., neat, tidy)	_____
24. Courageous (i.e., standing up for your beliefs)	_____
25. Forgiving (i.e., willing to pardon others)	_____
26. Helpful (i.e., working for the welfare of others)	_____
27. Honest (i.e., sincere, truthful)	_____
28. Imaginative (i.e., daring, creative)	_____
29. Independent (i.e., self-reliant, self-sufficient)	_____
30. Intellectual (i.e., intelligent, reflective)	_____
31. Logical (i.e., consistent, rational)	_____
32. Loving (i.e., affectionate, tender)	_____
33. Obedient (i.e., dutiful, respectful)	_____
34. Polite (i.e., courteous, well-mannered)	_____
35. Responsible (i.e., dependable, reliable)	_____
36. Self-controlled (i.e., restrained, self-disciplined)	_____

ANNEXURE – II

Multidimensional ethics scale of Reidenbach and Robin (1988, 1990) and Hansen (1992)

'A priori normative philosophy' scale of Reidenbach and Robin (1988 & 1990)

Justice Dimension

Just

Fair

Results in an equal distribution of good and bad

Deontology Dimension

Violates an unwritten contract

Violates my idea of fairness

Duty bound to act this way

Morally right

Obligated to act this way

Violates an unspoken promise

Relativism Dimension

Culturally acceptable

Individually acceptable

Acceptable to people I most admire

Traditionally acceptable

Acceptable to my family

Utilitarianism Dimension

Efficient

OK if action can be justified by their consequences

Compromises an important rule by which I live

On balance, Tends to be good

Produce the greater utility

Maximises benefits while minimises harm

Leads to the greatest good for the greatest number

Results in a positive cost-benefit ratio

Maximises pleasure

Egoism Dimension

Self promoting

Selfish

Self sacrificing

Prudent

Under no moral obligation

Personally satisfying

In the best interest of the company

Multidimensional ethics scale of Hansen (1992)

Broad-based ethical Judgement

Just

On balance, tends to be good

Individually acceptable

OK if action can be justified by results

Culturally acceptable

Acceptable to people I most admire

Morally right

Acceptable/ unacceptable to my family

Deontological Judgement

He/she obligated to act this way

He/she duty bound to act this way

Teleological judgement (combining egoism and utilitarianism)

Results in a positive cost-benefit ratio

Produces the greatest utility

It is in the best interest of the company

Efficient

Social contract judgement

Violates an unwritten contract

Violates an unspoken promise

ANNEXURE-III

Ethics Position Questionnaire (EPO) of Forsyth (1980)

Idealism Dimension

1. A person should make certain that their actions never intentionally harm another even to a small degree.
2. Risks to another should never be tolerated, irrespective of the benefits to be gained.
3. The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.
4. One should never psychologically or physically harm another person.
5. One should not perform an action which might in any way threaten the dignity and welfare of another individual.
6. If an action could harm an innocent other, then it should not be done.
7. **Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.**
8. The dignity and welfare of people should be the most important concern in any society.
9. It is never necessary to sacrifice the welfare of others.
10. Most actions are those which closely match ideals of the most "perfect action".

Relativism Dimension

11. There are no ethical principles that are so important that they should be a part of any code of ethics.
12. What is ethical varies from one situation and society to another.
13. Moral standards should be seen as being individualistic; what one person considers to be moral may be judged to be immoral by another person.
14. Different types of moralities cannot be compared as to "rightness".
15. Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.
16. Moral standards are simply personal rules which indicate how a person should behave, and are not to be applied in making judgments of others.
17. Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.
18. Rightly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.
19. No rule concerning lying can be formulated; whether a lie is permissible or not permissible totally depends upon the situation.
20. Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.

POINTS

STATEMENTS

- _____ 7. The ethics of business are different from the ethics of personal and family life.
- _____ 8. While, maintaining high ethical standards in personal life may be important, in business dealings one can't have the same stringent ethical standards.
- _____ 9. Personal conscience and personal values ought not to come in the way of making business decisions which are in the interest of the organization.
- _____ 10. To achieve success in business dealings one may have to occasionally indulge in a certain degree of dishonesty and telling half-truths.
- _____ 11. An organization with a strong ethical code of conduct cannot use its adherence to ethical principles as an excuse for lack-luster performance. Ethics cannot be a substitute for performance.
- _____ 12. In order to achieve high performance, it is OK if an organization is somewhat unethical in its business practices.
- _____ 13. It is alright to exaggerate the performance of a product in order to achieve higher sales.
- _____ 14. It is OK to sift through a competitor's garbage to obtain their documents.
- _____ 15. It is acceptable to break apart a competitor's product to study its inner working.
- _____ 16. There is nothing wrong with the promotion of cigarettes and alcohol through advertisements.
- _____ 17. To attract the attention of the potential customers, it is alright to use sexually suggestive messages in advertisements.
- _____ 18. There are absolute and minimum standards of ethics that everyone should maintain.
- _____ 19. It is fine to say that we should be ethical in our conduct. To be actually ethical in the real world is very difficult and impractical.
- _____ 20. Even though one knows that some behaviours are unethical, when everyone else is behaving that way, it is understandable if a person engages in such a behaviour, in spite of his/her being personally against it (false attendance, copying from old reports, etc).

POINTS

STATEMENT

- _____ 21. If my employer were to force me to do something against my conscience, I would rather leave the company than go against my conscience.
- _____ 22. In order to achieve results, one may have to cut corners to an extent and this is simply a matter of being pragmatic.
- _____ 23. It is impossible to do business in India without paying bribes.
- _____ 24. The government and public sector are more corrupt than the private sector.
- _____ 25. Private sector companies take bribes to award contracts.
- _____ 26. Corruption in India is high because of a large number of rules and regulations.
- _____ 27. The absence of state funding for elections is the reason for political and hence business corruption.
- _____ 28. If bribe is a must even to get what is legitimate, as happens in some government offices, we may have no choice but to pay up.
- _____ 29. In a business situation, If the need arises I would not hesitate to pay a bribe to get business.
- _____ 30. I have personal experience of having given a bribe (e.g. to buy a railway ticket).
- _____ 31. It is a dog-eat-dog world. Each person has to take care of his own interests first, before being concerned about others' interests.
- _____ 32. In a situation where my performance is being measured relative to that of others, I might not mind doing things which can hinder the performance of others.
- _____ 33. In a competitive and demanding situation, if a person, due to his/ her own pre-occupations is unable to help his/her colleagues who may be having problems in,their studies/ job, it is understandable.
- _____ 34. While team-work is important, one need not always sacrifice one's own personal interest for the sake of the team.
- _____ 35. If a person manages to do well in his/her career and life by networking and politicking even without doing his/her work properly, it is OK. It is for each person to decide on what he/she wants to do in life and how he/she wants to accomplish his/her goals.
- _____ 36. I would rather get a lower grade than copy project reports in order to meet deadlines or get false attendance to meet the stipulated norm.
- _____ 37. I would not cheat in an examination even if there is no likelihood of my being caught.

ANNEXURE-V

21-ITEM ETHICAL ORIENTATION SCALE: ROTATED COMPONENT MATRIX

Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
Statement-8	.842						
Statement-9	.766						
Statement-7	.757						
Statement-19	.584						
Statement-20	.533						
Statement-30		.695					
Statement-28		.628					
Statement-13		.625					
Statement-23		.607					
Statement-29		.546					
Statement-16			.715				
Statement-17			.704				
Statement-14			.693				
Statement-15			.666				
Statement-37				.872			
Statement-36				.852			
Statement-1					.851		
Statement-2					.745		
Statement-33						.760	
Statement-34						.742	
Statement-5							-.843

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

ANNEXURE-VI

PURIFIED 16-ITEM ETHICAL ORIENTATION SCALE

Item No

Statement Description

Factor One: SITUATIONALISM

28. If bribe is a must even to get what is legitimate, as happens in some government offices, we may have no choice but to pay up.
23. It is impossible to do business in India without paying bribes.
29. In a business situation, if the need arises I would not hesitate to pay a bribe to get business.
30. I have personal experience of having given a bribe (e.g. to buy a railway ticket).

Factor Two: ETHICAL SCHISM

8. While, maintaining high ethical standards in personal life may be important, in business dealings one can't have the same stringent ethical standards.
9. Personal conscience and personal values ought not to come in the way of making business decisions which are in the interest of the organization.
7. The ethics of business are different from the ethics of personal life.
19. It is fine to say that we should be ethical in our conduct. To be actually ethical in the real world is very difficult and impractical.

Factor Three: PREPAREDNESS TO PAY THE PRICE

36. I would rather get a lower grade than copy project reports in order to meet deadlines or get false attendance to meet the stipulated norm.
37. I would not cheat in an examination even if there is no likelihood of my being caught.

Factor Four: RELATIVISM

16. There is nothing wrong with the promotion of cigarettes and alcohol through advertisements.
17. To attract the attention of the potential customers, it is alright to use sexually suggestive messages in advertisements

Factor Five: COMPETITION ETHICS

15. It is acceptable to break apart a competitor's product to study its inner working.
14. It is OK to sift through a competitor's garbage to obtain their documents.

Factor Six: CAPITALISTIC ETHIC

1. The primary goal of an organization is earning profit and maximizing returns to share holders.
2. While employee welfare, customer service and social responsibility are important, these goals are only secondary and subordinate to the primary goal of maximizing profits and returns to shareholders.

ANNEXURE- VII

16- ITEM ETHICAL ORIENTATION SCALE: ROTATED COMPONENT MATRIX

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
Statement-28	.718					
Statement-23	.696					
Statement-30	.609					
Statement-29	.596					
Statement-9		.757				
Statement-8		.734				
Statement-7		.545				
Statement-19		.410				
Statement-16			.816			
Statement-17			.699			
Statement-36				.811		
Statement-37				.808		
Statement-15					.815	
Statement-14					.747	
Statement-2						.799
Statement-1						.762

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

ANNEXURE-VIII

16-ITEM ETHICAL ORIENTATION SCALE; ROTATED COMPONENT MATRIX
(Combined Data of All Participants)

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
Statement-28	.776					
Statement-23	.672					
Statement-29	.631					
Statement-30	.612					
Statement-8		.807				
Statement-9		.719				
Statement-7		.692				
Statement-19		.539				
Statement-36			.852			
Statement-37			.851			
Statement-16				.852		
Statement-17				.789		
Statement-15					.815	
Statement-14					.788	
Statement-1						.815
Statement-2						.786

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.