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ABSTRACT

A study examined the business and personal ethics of advertising students and advertising practitioners to determine whether important differences exist between the two groups. Data were gathered from 256 advertising professionals and from 178 students majoring in advertising at a Southwestern university. Subjects responded to twelve "ethical/unethical" scenarios in business dealings originally published in "Advertising Age." Results revealed several statistically significant differences which contradict findings from earlier studies which found little or no difference in the business ethics of students versus practitioners. Students and practitioners tended to agree only on half of the scenarios, which indicates that either: (1) practitioners understand "acceptable" limits given real-world situational factors considerably better than students without similar experience, or that (2) students indicate a naivete by maintaining higher standards prior to real-world experience. Results also indicated that female ethics standards are higher than male standards. Further research regarding ethical decision-making by both groups and the need for ethics courses within the university curriculum are called for. (Three tables containing data and the Ethics questionnaire are included; 28 references are attached.) (KEH)

TO BE OR NOT TO BE ETHICAL, THAT'S THE QUESTION FOR ADVERTISING STUDENTS AND PRACTITIONERS

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Abstract

Widespread instances of fraud, misconduct and legal violations have led to an increased interest in business and personal ethics. This study sought to determine whether important differences exist between the business ethics of advertising students and advertising practitioners. Subjects responded to 12 "ethical/unethical" scenarios originally published in Advertising Age. Several statistically significant differences are noted, and results contradict findings from earlier studies but reinforce consideration of incorporating ethics courses within the university curriculum.

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INTRODUCTION

Into the 1990s, concern over ethical beliefs and performance in corporations, academia and society in general continues to grow. This increased interest in ethics has been stimulated by widespread instances and allegations of fraud, misconduct and legal violations. According to Goddard (1988), almost everywhere one looks today, from business (Wall Street's insider trading) to sports (NCAA recruiting violations) to government (White House circumvention of the law, going back to Watergate), one glimpses something loathsome and unethical.

A hot topic of ethical debate has been the conspicuous consumption which marked the 1980s. Extravagant "Lifestyles of the Rich and Famous" are not unethical per se; witness Malcolm Forbes' 70th birthday party in Morocco, that $2 million weekend in 1989. Forbes contended that this hedonistic celebration was good: it was his own money, it promoted his magazine, it aided the economy of a Third World nation, and it did no harm. In contrast, courts have ruled that the no-less extravagant lifestyles of individuals such as Leona Helmsley and Jim Bakker were, in fact, based upon violating the rights of others: unpaid contractors, the Internal Revenue Service, and those blatantly defrauded.

Even in less obvious cases, the greed of the 1980s seemed ethically wrong since appalling debts were left for future generations. During the decade, the U.S. consumed $1 trillion more than it produced in goods and services, leaving a $2.9 trillion national debt--interest alone recently amounted to $165 million a year, according to Friedrich (1990).

Companies--including advertising and public relations agencies--tried to acquire each other in a frenzy of leveraged buyouts and hostile takeovers which left many strapped for operating capital as they began attempting to pay off resulting debts. As the 1990s opened with growing problems of homelessness, drug abuse, poverty, educational decline and the vision of the U.S. as the world's largest debtor nation, a skeptical public began to respond.

At times in the 1980s, no ethical principles seemed to guide areas of American life, with the possible exception of individual utilitarianism--sometimes termed situational ethics--carried to extreme. A 1989 survey of 1,093 high school seniors conducted by The Pinnacle Group, Inc., a public relations firm, identified how far these youth would stretch ethical standards to get ahead in business. For instance, according to a Newsweek article (1989), 67 percent would inflate their business-expense reports and 66 percent would lie to achieve a business objective. At times, the 1980s appeared to be a decade of moral decay; in considering the decade, Time (1990) identified the 10 most blatant ethics cases of this "money-money-money" era.

Advertising practitioners face their own challenges in ethical situations, and have been perceived as less ethical than lawyers and undertakers but better than TV evangelists and used-car salesmen, according to a survey of 795 business executives in 11 cities by Pinnacle. In fact, Pinnacle also asked graduating seniors to rank the professions. They put advertising professionals 10th, behind real estate agents and stockbrokers but ahead of union leaders, according to Advertising Age.

According to Berenbeim (1988), 94% of responding directors and top executives of corporations, business school deans and members of Congress said in a survey that the business community is troubled by ethical problems. More than two-thirds of the sample agreed that public concern with business ethics is not exaggerated. A Wall Street Journal survey found that about half of the general public felt some action was needed to deal with the decline in ethical standards.

Arlow and Ulrich (1985) suggest two approaches for improving business ethics. One approach is to reform organizational practices by developing written codes of conduct, provide more ethical top management leadership and discipline violators. The other approach is to incorporate business ethics into the academic curriculum.

Indeed, many companies are seeing the need for ethical behavior, if only from a pragmatic viewpoint. As an article in Reader's Digest summarized: "Bad ethics...eventually drive away customers and suppliers and demoralize employees. The ethical edge is subtle. It will not make you an overnight success, but in competitive situations it often provides an upper hand (Berney, 1988).

BACKGROUND

Several philosophical principles, including Aristotle's "golden mean" principle of moderation; Immanuel Kant's "categorical imperative;" John Stuart Mill's "greatest benefit" principle; John Rawls' "basic respect" notion, and the Judeo-Christian "ethic" of "lov g your neighbor as yourself (Christians et al., 1983)," seem to partly explain ethical/unethical behavior. However, according to Martin (1982), such principles do not necessarily solve everyday problems because of the trend toward conformity, with individual moral decision-making becoming the lost ethic in deference to group decision-making.

In considering the roots of ethical conflict, it seems necessary to weigh the importance of utilitarianism, which had an individualistic hedonism at the base: that is, pursuing what one believes will lead to one's own happiness will contribute to the general good. This ethic of individualistic philosophy, according to Dewey and Tufts (1932), was and remains "The greatest possible freedom of individuals so long as that freedom is not used to the detriment of equal or similar liberty on the part of others." Yet even John Stuart Mill drew limits to individualism and called for a stronger concern with the general good: "As soon as any part of a person's conduct affects prejudicially the interests of others, society has jurisdiction over it (Dewey and Tufts)."

As society has become more complex and more interdependent, social utilitarianism has become the more accepted ethical philosophy, as individuals have been forced to consider the impact of their actions upon others, and vice versa. In fact, many modern conflicts concern the clash between individual utilitarianism and social utilitarianism: Why should the individual not be allowed to smoke crack? Why should a liquor company be prohibited from advertising? Is abortion a private, individual decision or a matter profoundly affecting society? Can one ethically promote a New England nuclear reactor visitors' center as a "nuclear visitors' center," omitting one critical word? This raised two questions: (1) If the individual's ethics conflict with those of another individual or group, what rights and responsibilities do each possess? (2) How does one know what decision will work toward the common good?

A model for ethical decisions asks the individual to consider four aspects of a situation before taking action: (1) define it (what pertinent facts are involved, and what are the possible actions), (2) what values are involved (which are more relevant to deciding a course of action), (3) what ethical principles apply, and, (4) where do our loyalties lie (to whom do we owe a moral duty, and is it possible to owe a duty to ourselves, clients, business organizations, the profession or society in general) (Potter, 1972).

According to Steiner and Steiner (1980), there is no universally accepted definition of ethics; however, they suggest that ethics are a mass of moral principles or sets of values about what conduct ought to be. According to McBride and Priesmeyer (1985), ethics problems concern value decisions, conflicts of interest and personal relationships. Ethical situations, in general, involve great complexity and possess unique properties. Complexities include societal expectations, fair competition and social responsibilities (Walton, 1969), while unique properties include individuals and the results of an individual's actions on others (Garrett, 196:). Steiner and Steiner (1980) indicate that business ethics "are concerned primarily with the impact of decisions on people, within and without the firm, individually and collectively in communities and other groups." Sturdivant (1977) defined business ethics as "the study of decisions made by individuals within organizational roles under conditions of conflicting objectives and values."

RELATED RESEARCH

Numerous studies have focused on various aspects of business ethics. Most used student samples (Goodman and Crawford, 1974; Arlow and Ulrich, 1980; Martin, 1981; Arlow and Ulrich, 1985; Laczniak and Inderrieden, 1987). Several studies also looked at ethical standards of people with limited managerial experience (Laczniak and Inderrieden, 1987; Arlow and Ulrich, 1985), one study examined the ethics of industrial executives (Vitell and Festervand, 1987), and another considered business operators in a specialized industry and compared their responses to personal and organizational ethics scenarios with business owners and managers in different industries (McBride and Priesmeyer, 1985, 1986).

Goodman and Crawford (1974) found that business students of the 1970s did not represent an influx of new ethical standards that were significantly different from marketing executives already in the field. Arlow and Ulrich (1980), using Clark's (1966) business ethics scale, found students to have lower business ethics than executives although executives exhibited lower social responsibility than students. According to Martin (1981), students who completed two courses in ethics responded to ethical/unethical scenarios no differently than students who did not take the courses.

Arlow and Ulrich (1985) found no long-term effect of teaching business ethics to undergraduates. Personal business ethics four years after being exposed to the teaching of business ethics (and after exposure to the business world) were not significantly different from student scores prior to studying business ethics. However, Laczniak and Interrieden (1987) reported a greater tendency for graduate students with some managerial experience to act ethically when they received signals from the organization that such a response was desirable (for example, a letter from the president, in addition to a suggested code or implied sanctions). In fact, Biagi (1988) states that professional codes of ethics set a leadership tone for a profession, organization or individual. Industrial executives, when faced with an ethical dilemma, tended to opt for the profitable course of action rather than the ethical one when these were not the same (Vitell and Festervand, 1987).

Using a questionnaire created by the Advertising Club of New York for a 1988 seminar on new business ethics, <u>Advertising Age</u> presented its professional readers 12 ethical/unethical scenarios in an attempt to compare advertiser, agency, media and "other" responses on a national basis. According to the findings, of 256 replying, no geographic area is uniquely unethical and no particular segment of the advertising business varies from the supposed "ethical norm." When averaged by profession, 41% of advertisers, 43% of ad agency and "other" personnel, and 44% of media respondents said the situations were ethical.

This raises the question as to whether students about to graduate from college and enter the work force in the 1990's would respond to these scenarios in a manner similar to practitioners already in the work force.

METHODOLOGY

A total of 178 students majoring in advertising and enrolled in upper-level advertising courses were sampled at a Southwestern university. Each was asked to respond to the 12 scenarios (see Table 1). Classification data such as sex were gathered on student respondents in order to create categories for testing purposes. Also, the 256 professional responses were used to represent practitioners.

A review of class syllabi indicated that the sample should possess knowledge concerning marketing processes and the nature of the advertising function greater than other student majors. Upper-level students also tend to have preconceived ideas of what constitutes ethical behavior in business, and the advertising classes used in this study are implicitly concerned with ethical behavior of individuals while conducting business. The background of the student respondents and the nature of the classes sampled indicated that the students possessed at least some knowledge of normative ethical behavior on which to base scenario decisions. In any case, many of them are searching for advertising/marketing positions, making them the practitioners of the future.

Respondent options on the 12 scenarios required that the statistical test used be associative, no causal. Additionally, since each scenario required a dichotomous response (ethical/unethical), since control variables were mutually exclusive (male/female), and since the sample group was independent, a test of the population proportion was chosen to evaluate the data. Since no specific group was hypothesized to be more ethical than the other, a two-tailed test of significance was used. Hypotheses for the proportion test were:

H1: The proportion of students and practitioners choosing "ethical" as a response for each scenario is equal.

H2: The proportion of males and females choosing "ethical" as a response for each scenario is equal.

RESULTS

Students vs. Practitioners

Table 2 provides results of the proportion tests based on the overall student response compared with the average of agency, advertiser, media and "other" practitioner response.

Several differences between students and practitioners are indicated. Scenarios 1 ($P<.05$), 6 ($P<.05$), 7 ($P<.05$) and 8 ($P<.01$) were viewed as ethical more often by practitioners than students, yet Scenarios 3 ($P<.01$) and 11 ($P<.01$) were considered ethical more often by students than practitioners. Still, Scenario 6 was viewed as unethical by a large percentage of both students and practitioners.

The null hypothesis that the proportion of students and practitioners choosing "ethical" as a response for each scenario is equal is rejected for Scenarios 1, 3, 6, 7, 8 and 11. This would indicate that there is considerable disagreement between practitioners and student as to what constitutes ethical behavior in a given situation.

Males vs. Females

Results for testing sex classification on the scenarios are shown in Table 3. Several significant differences were observed.

Scenarios 7, 8, 11 (all $P<.01$) and 12 ($P<.05$) were given ethical responses more often by males than females ($P<.01$).

The null hypothesis that the proportion of males and females choosing "ethical" as a response for each scenario is equal is rejected for Scenarios 7, 8, 11 and 12. It seems that males are more apt to accept these types of potentially unethical situations as ethical than females.

Additional Tests

To determine whether significant differences by sex can be attributed to a specific group, additional proportion tests were performed on subpopulations. Only Scenario 12 was viewed as ethical more often by male advertising majors than female advertising majors ($P<.05$), where 31 percent of males considered the situation ethical compared to only 12 percent of females.

DISCUSSION

The results of this study contradict some findings from earlier studies which found little or no difference in the business ethics of students versus practitioners. In the present study, practitioners more often than students felt that it is ethical to hire the supervisor away from a competitor's agency to help pitch an account. While this is a fairly common practice in the advertising business, students appear to question the practice. Perhaps students truly feel the practice is unethical or they have yet to be exposed to such a practice in the real world.

Because students and practitioners tended to agree only on half of the scenarios, it seems evident that either (1) practitioners understand "acceptable" limits given real-world situational factors considerably better than students without similar "experience," or that (2) students indicate a naivete which could suppress them in the pursuit of real-world business endeavors or simply maintain somewhat higher standards prior to real-world "indoctrination," e.g. "ignorance is bliss."

Why would more students and practitioners consider Scenario 2 unethical, yet more students consider Scenario 3 ethical? Perhaps some students focused on specific mention of the $20,000 finder's fee but failed to consider ramifications of the friend's milking both client and agency. Practitioners evidently did consider this dangerous precedent by using foresight and contemplating potentially poor business practice.

Most students and practitioners considered Scenario 11 unethical, surprising in part because some students saw nothing wrong with the friend's consulting fee (and bonus), yet perhaps on Scenario 10 come students simply failed to accept that luck, the indiscreet secretary and the friend's feedback were not "your" problems. Apparently, more practitioners accept situations where they feel they themselves are not to blame, ie the difference between one's ethical behavior and another's unethical behavior. On some items, students tended to be more conservative than practitioners, except on items where student's lack of real-world experience seemed to show.

As more students and practitioners considered Scenarios 1 and 9 ethical, it appears less a conflict of interest and more a business opportunity. Though most students and practitioners would advertise realistic war toys, some respondents noted they would not, indicating acceptance of their service role to the client, especially when the agency has appropriate expertise, and the possible opportunity posed by a new rather than existing product.

Because almost all students and practitioners considered Scenario 6 unethical, while slightly more of both groups also considered Scenario 5 unethical, many may see this as an opportunity rather than a problem, despite that the agency makes changes based on this new-found "knowledge" and keeps it quiet.

Though more students and practitioners tended to consider unethical excluding either the most competent under-40 female (Scenario 7) or the most competent over-40 Black (Scenario 8) account supervisor from participating in an agency presentation, slightly more of both groups saw excluding the Black as unethical--perhaps indicating sexism as well as discrimination of "minorities" as still pertinent social and business issues.

On every scenario, a greater percentage of female than male students responded unethically. Because females responded very negatively to Scenario 7, but also cited Scenario 8 as highly unethical, this indicates a greater female sensitivity to potential gender and racial discrimination, apparently reflecting societal concerns. As females also strongly responded negatively toward Scenario 11, much more so than for Scenario 10, this implies greater female sensitivity to fundamental ethical matters relating to unfair payments than to bedroom manners in a business situation. Further, females more strongly opposed Scenario 12 than males. These findings clearly suggest that, in critical instances, female ethics may indeed be higher than male standards.

IMPLICATIONS

Although findings based upon this study cannot be generalized to all advertising practitioners and university advertising students, further research is needed to test the significance of important results related to ethical decision-making by both groups. Similar studies should be conducted, using these and similar scenarios on practitioners and students. Future research should consider (1) selecting and using scenarios which carefully test and measure important ethical topics, such as group vs. individual decision-making, organizational vs. personal prioritizing, and decisions concerning value judgments, conflicts of interest and personal relationships, and (2) testing for behavioral response to important ethical values in communication, such as truth and respect (Jaksa, 1988). In fact, an exploratory study using Potter's quasi-hierarchical model might measure how effectively subjects proceed through the four key ethical decision areas.

Even if no comparative data was provided with the practitioner study report in Advertising Age other than simple percentages of responses by professional category and by geographic region, the findings still are valuable.

People tend to oversimplify business ethics issues as simple choices between right and wrong when, usually, they are more complex, as evidenced by some scenarios used in this study. Often, as different and conflicting obligations are perceived, along with conflicts in values, it is hard even for people with good intentions to objectively analyze issues. Involvement in a situation usually means becoming identified with a position or viewpoint, something people often try to avoid.

In business, because economic and technical matters tend to further confuse ethical issues, it is important to determine the emphasis on ethical behavior compared to such factors, at both the personal and organizational levels.

Setting difficult goals can create great strain to reach them and, in turn, generate conditions that encourage unethical behavior. Control systems, presumably conducive to ethical performance, provide checks and balances designed to eliminate intentional and unintentional errors, but tend to plant doubts about even the "honest" employee. "Going through channels" supports establishing lines of authority and responsibility to help assure productivity, but total reliance on it without a built-in appeal system can dead-end a person's "escape route" (as with an ethical subordinate working for an unethical superior). And codes of ethics can express and set standards, but they also can take standards beyond an individual's personal control.

Haddock and Manning (1990) remind of the importance of asking: Is it the truth? Is it fair to all concerned? Will it build goodwill and better friendships? Will it be beneficial to all concerned? Further, they offer five questions to help a person effectively weigh a decision: (1) Do you have all the information you need, and do you understand it? (2) Have you identified your options, and are they legal? (3) Do the options support your values and personal ethics, and can you justify them in light of your values and business ethics? (4) What are the short-term and long-term consequences of each option (e.g. who is benefitted and who is harmed?) (5) Are you comfortable with the options, and how will they be perceived by others?

The principle of personal responsibility and choice remains fundamental to business ethics. According to Lauterborn, "Business isn't a war; it's a race. Maybe all's fair in war, but you don't cheat in a race...Ethical behavior isn't a professional issue, it's an issue of personal character." One may be indifferent to or follow ethical standards regarded as more or less generally acceptable in terms of prevailing beliefs, but, because personal choices reflect personal codes, personal values and beliefs still seem basic to building and maintaining sound business ethics. The truth, according to Mark Twain, is simply: "Always do right. This will surprise some people and astonish the rest."

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