

## **BUSINESS STUDENTS' ATTITUDE TOWARDS BUSINESS ETHICS IN PAKISTAN**

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### **Abstract:**

Social responsibility of business and impact of business on society has got some immense importance during last decade. In this prospective, business students who are future leaders, entrepreneurs, managers, and employees- can play vital role in the development of better society. This study explored the ethical orientation of business student in Pakistan. It inspects whether dissimilarities in student's demographic and personal characteristics have any attitude regarding business ethics. Attitude towards business ethic questioner (ATBEQ) is adopted as a measurement scale. Sample size of 102 students was taken from management sciences department, The Islamia University of Bahawalpur, and descriptive statistics and t-test employed. The results showed that there are some differences in the attitude of male and female students. Female responded more positive attitude than male. It also reflected that level of study and knowledge about business ethics shape positive attitude for social and moral obligation. Study recommended that more practical and conceptual framework of knowledge and studies should be included in the curricula.

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**Keywords:** Gender, Level of Studies, Attitude, Financial crises, Performance of organization

## **Introduction**

Businesses have great impact on the social and economic developments. Both the researchers and practitioners have regarded business ethics as an extremely important matter and the subject of business ethics and ethical leadership and managerial practices has been and will be one of the most important topics to research. In last few decades, many corporate and companies scandals and fraudulent, as well as economic and financial crises have attracted public interest on managerial responsibilities of the society. Therefore, ethics has the major influence in strategic decision making of modern business. The neglect of ethical dilemma can cost in reputational as well as financial risk. Unethical practices of organizations were heavily responsible for recent financial crises (Sedmak & Nastav, 2010).

In the light of current social and ecological problems as well as growing attention and discussion on the moral compulsion that businesses have to fulfill- intensified the need of ethical behavior. In this scenario, Business students are center of attention to bring positive changes- they are citizens, customers, and future managers of the organization, and can affect corporate decision more than any others. Therefore, top business schools are taken in business ethics in the various courses. Universities and management studies departments should take more liability and produce graduates which may be appreciated on their broad range of ethical practices.

The ethical decisions individuals make widely manipulate through their personal background, culture, and gender (Sigma-Mugan et al., 2005). This study deals with the attitude of students for ethical practices in business in developing country Pakistan- and also by keeping in view that gender, studying business ethics as a course, and cultural difference are very influential in ethical decision making. This study designs to identify the role of demographic factors on student attitude towards business ethics. Empirical research found that age is a noteworthy forecaster of ethical attitude and behavior, females practices ethical responsibilities more, and students who study business ethics exhibit better moral character (Roxas & Stoneback, 2004; Saat et al, 2009; Al-Shaikh et al, 2012; Fatoki & Marembo, 2012).

## **Research objectives and significance of the study**

Financial crises, giant corporate failures, and the increased public concern for fairness and ethical practices, show that there something wrong in corporate businesses and their environment. Price of running a business in corrupt scenario is much higher than in honest and caring environment (Phau & Kea, 2006). Ethics has become key part of firms' daily life activities, and also source of competitive advantage and corporate identity. According to

literature most of studies come from developed countries, there are few studies from developing countries like Pakistan. This study contributes to literature by obtaining some evidence of students' attitude for business ethics. Secondly, the focus and target audience of this study is business students only, to investigate their attitude. Similarly, to examine whether there are significant correlation between ethical and moral values with students' demographic and personal characteristics, like gender, education, and culture. Business schools and management departments may get benefit from this study, examining their course outlines and curriculums, and to reflect their role in shaping better society and business practices. Companies can also learn from this study and get valuable information about the behavior and thinking of students about business what it should to do, as they are future employees.

### **Literature Review**

Economic activities regulate through ethical values known as business ethics (Ahmed et al., 2003). Therefore, business ethics is the people' participation in economic activity to attain business goal as well as to serve for society and general public. According to Andrew Crane, "Business ethics is the study of business situations, activities, and decisions was issued of right and wrong are addressed." Business Ethics concerned with the activities that can be perceived right or wrong by the society. Every organization has some duties, should perform them in such a manner that is acceptable to whole society. Organization should make decision in the interest of all society and stakeholders of business (Hooker, 2003). Raymond C. Baumhart (1961) said business ethics is the responsibility of business man not to harm anything having knowledge of it. Business ethics also known as Social Citizenship, which means organization, is like a society and has to perform its activities and duties in responsible manner (Hooker, 2003). Fundamentally, business ethics is well accepted set of moral values and corporate standards of conduct in an organization. Such, standards and practices ensure that the public is treated fairly. Business ethics is implemented in a manner to ensure that a certain required level of trust exist between consumers and various forms of market participants with business.

Ethics is the code of moral principles and values that direct the behavior of an individual or a group in terms of what is right or wrong- basically, it is feeling, we feel after doing something wrong or right (Hellriegel et al, 2008, Smit et al, 2007). Ethics affects both individuals and business organizations. At individual level, ethical questions arise when people face issues involving individual responsibility, such as being honest, accepting a bribe or using organizational resources for personal purposes. At business level, ethics relates to

the principles of conduct within organizations that guide decision making and behavior. Business ethics are the standards used to judge the rightness or wrongness of a business' relations to others (Smit et al, 2007). Business ethics involves how a company integrates core values such as honesty, trust, admiration and fairness into its policies, practices, and decision making.

If organization implements business ethics with proper management and execution, can be great source to get higher profitability and performance (Fatoki & Merembo, 2012). In a digital and globalization age, business ethics is one of the strongest assets to create, maintain and enhance goodwill and customer loyalty. Currently, Business ethics has great part in managerial decision making process and student' business evaluation activities (Crane, 2010). Business ethics provides sustainable success with higher stakeholders' confidence, profitability, market share and growth. The businessmen, who do not follow it, may get some success in short time, but they will fail in the long run. Organizations which pay moral obligations and values can get competitive advantage. Business ethics requires protecting the interest of employees, shareholders, competitors, dealers, suppliers, etc. it is also necessary for the prohibition of unfair trade practices. Maintaining better moral practices in a company prevents it from many lawsuits.

In recent past, some new developments of business have made business education need of the hour. Ethics education is the process which facilitates the individuals to make ethical decisions (Langenderfer & Rockness, 1989). Main motive of Business ethics education for students is to make them aware about the essence of social responsibility in their practical life (Lehman, 1988). Expansion of globalization, rise of rules and regulations about social and ethical obligation, and also financial crises and some corporate scandals, are enforcing to bring well equipped business executives. To demonstrate effectiveness of education- business schools and departments initiate some new guideline to boost moral reasoning and personal reflection of education (Hejase & Tabch, 2012).

An attitude is a favorable or unfavorable evaluation of a behavior. Attitudes are generally positive or negative views of a person about place, thing, or event, task and environment. Positive attitude brings optimistic and constructive changes into the life, and enables to deal daily life affairs in cool and calm manner (Sims & Ronald, 2004). Students demonstrate different attitude- these may be towards study, topics, classes, and most importantly towards their future career and life. Generally, students remain sanguine about their future. Attitude has great impact on individuals as well as organization. Therefore, personal attitude of student will eventually manifest in organization (Elias, 2004).

Amberla et al. (2010) found that senior students demonstrate a more cynical view of current ethical climate than juniors. Students, who have been exposed to ethical issues in a course, are more versed on current ethical climate and have a more optimistic attitude towards ethics (Amberla et al, 2010). In addition, Lindeman and Verkasalo (2005) revealed that business students regard ethical values and issues as a more source of concern rather to other discipline students. Meanwhile, there are some studies which show level of studies has no greater impact on students' attitude towards business ethics (Ahmed et al., 2003; Du Plessis et al., 2011; Fatoki & Merembo, 2012).

Many studies have been conducted to investigate the effectiveness of business ethics education by matching up to students, who have taken ethics course with not. There are some Longitudinal studies also have been taken before and after test, to confirm the impact of ethics education on students' ethical attitude development. However, results of these studies have been mixed, and ethical courses do not have momentous contribution in the ethical development. Abdolmohammadi and Reeves (2000) study found that there is moderate correlation of ethical judgment and ethic course.

Plainly, gender has got most attention, and widely researched variable in to order to confirm its relationship with business ethics. There are controversial results on the impact of gender of students' attitude for ethical and moral development- some revealed that gender has no role (Lowry, 2003; Sower & Sower, 2005; Dellaportas, 2006; Gholipour et al, 2012), or it is situational only (Borkowski & Ugras, 1998), and other some other says that females scores higher than male (Woodbine, 2006). Women exhibit more ethical attitude and also have ethical standards (Tanveer et al., 2012; Peterson et al., 2010). Similarly, Perryer and Jordan (2002) also observed that male and female show signs of different ethical attitude and perceptions. Female business students are more ethically inclined and also show attitude for moral and social obligations even in complex and different situations (Gill, 2009). On the hand, Phau & Kea (2007) study pointed out that practically male are better to make ethical business. But, there are very few studies which show that males are better than female to demonstrate ethical phenomenon (Abdolmohammadi and Reeves, 2000).

### **Research Methodology**

In this empirical study, self- questioners' survey used to collect the essential data. This study is designed on the bases of quantitative research method. The study focused on undergraduates and graduates of department of management sciences, The Islamia University Bahawalpur, Pakistan. A total of 120 students participated in this study. Sampling was made through the use of expediency approach. Confidence level, margin of error, population and

response were the major factors in determining the sample size. By having support and collaboration of faculty, questionnaires were distributed in classes of graduates and undergraduates. To analyze the data, descriptive statistics and t-test were employed. In order to measure the reliability of data, the Cronbach's was applied.

The questionnaire designed to explore the attitude and perception of business students for ethical and moral development. Questions were strongly influenced from the studies of Stevens (1979); Neumann & Reichel, (1987), Fatoki & Marembo (2012). Questions of this study were general as well as specific to investigate empirical findings. Items of Questionnaires included in the form of multiple choice and Likert scale. Respondents were asked to express their attitude on five point Likert scale from, where 1 represent strongly agree, and 5 strongly disagree. The measure on the bases of some useful and successful research and survey conducted in the previous studies, by keeping in view literature we studied.

### **Results**

120 questionnaires were distributed by the researchers and 102 returned. The response rate was 85%. The results indicate that 56% of the respondents were female and 44% were male. Table No. 2 shows the frequencies table of the gender variable. All the students were taken from the Department of Management Sciences, The Islamia University of Bahawalpur. Table No. 3 depicts the attitudes toward business ethics by university students.

### **Discussion and conclusion**

The major goal of this study was to inspect the impact of gender on students' ethical judgment and attitude. The results variation in term of male and female reveal that the mean for women are 2.65, and overall mean for men is 2.75. This study remains consistent with the previous studies that women are keener to display better ethical and social obligations than men (Valentine & Page, 2006). The results also support the view that women have better ethical intention than to men. This verdict assists to understand the major differences between men and women ethical behavior, and finding which show that women are more ethical sensitive and support the previous stream of studies results (Peterson et al, 2010). Although, there are some difference of male and female attitude, but these are diminishing quickly. One of the main reasons for this is rising ethical curricula and shaping their positive behavior towards family, friends, and environment.

The researchers anticipated that more knowledge of business ethics may lead to greater source of concern in student. Overall mean and standard deviation score suggest that business students have fair knowledge and information of business ethic and its importance.

Statement “knowledge about business ethics” got highest agreement, and statement “business ethics is good for image and profitability” is the second rate which show reflect positive attitude of student towards business ethics. Results are consistent with the earlier studies. Regarding our scenario, this finding may be rationalized by the scope of business studies syllabus. Most of students have studied business ethics course- it enhances the level of knowledge and information of ethical and unethical practices in business, and help in decision making process.

It seems that students who are gone through long case studies, practical and conceptual studies have higher capacity to evaluate and decide what is right or what is wrong. Meanwhile, short courses and training program, and also ethical studies without proper course of business ethics have little or no impact on student attitude.

The study conducted in only department of management sciences, Islamia University of Bahawalpur. Therefore, this study does not confirm the attitude of student from other part of Pakistan. There are some different cultural representations in different provinces of Pakistan, even upper and southern Punjab also have different living styles and attitude. Future research work can be accomplished by taking various ethnic group of Pakistan. Moreover, comparative study of business students and professional people can be interesting topic. It is also worthy to examine additional potential influential factors on business ethics, these factors may include cultural background, love for money, and intensity of competition.

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**Table No. 1**  
**Reliability Statistics**

Cronbach's Alpha	N of Items
.558	14

**Table No.2**

		<b>Gender</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	45	44.1	44.1	44.1
	Female	57	55.9	55.9	100.0
Total		102	100.0	100.0	

**Table: 3**

	Mean	Std. Deviation	Variance
knowledge about business ethics	1.4608	.50092	.251
Business ethics is good for image and profitability	2.0588	2.15638	4.650
If an employee is involved in fraud, corruption and theft, he/she must be fired	2.1961	1.06277	1.129
Act according to the law, and you can't go wrong ethically	2.3627	.94176	.887
Investing in society is the only way to practice business ethics	2.6471	.92968	.864
The only moral for business is to make money	2.6765	1.17027	1.370
Business involve a realistic economic attitude and not an ethical philosophy	2.6765	1.01632	1.033
The lack of public confidence in the ethics of business, people is not justified	2.7353	2.10575	4.434
Business ethics is a concept for public relations only	3.0294	.92764	.861
A person who is doing well in business does not have to worry about moral problems	3.2451	1.06647	1.137
Ethical values are irrelevant to the business model	3.3824	1.09945	1.209

**Table No.4**

**Group Statistics**

Gender	N	Mean	Std. Deviation	Std. Error
Business Ethics Male	45	2.7578	.68374	.10193
Female	57	2.6561	.44881	.05945

**Table No. 5**

**Knowledge about business ethics**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	55	53.9	53.9	53.9
No	47	46.1	46.1	100.0
Total	102	100.0	100.0	