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## **How Ethical are University Students in the People's Republic of China – A Preliminary Analysis<sup>1</sup>**

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### **Abstract**

Using 400 students from a university in Beijing as samples, this research investigate the ethical standards of university students in China to determine whether there is any difference in the ethical standards between students with different individual background. In particular, the this study looks at the following factors: 1) field of studies; 2) gender; 3) grade level; 4) parents (father and mother) occupations; 5) religiosity; 6) income; 7)

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intention to pursue a business career; and 8) risk attitude. Mirroring these individual variables, nine hypotheses are tested and the findings support eight of the nine hypotheses put forward in this study, with the exception of studies' religiosity. Therefore, the results confirm that the ethical positions of students are determined by their respective backgrounds.

### **Introduction**

Business ethics has become an important course in the curriculum of major business schools (Herndon 1996; Pizzolatto and Bevil 1996; Salmans 1987; Sims and Brinkmann 2003; Vogel 1987). However, few studies have been carried out in China on business ethics education. These studies have become important in China because of the unhealthy upsurge in corruption in recent years. Hence, the aim of this research is to investigate the current ethical position of university students in China. The first section discusses the background of this study. The design of research instrument is explained in section three. Section four presents the hypotheses to be tested in this research. The results of the study are shown in section five while the concluding section provides some implications for future research.

### **Background of the Research**

Studies on the effects of a student's major area of study on his/her ethical position have been inconclusive. Some researchers found that there was a significant relationship between an individual's educational pursuit and the ethical standard of a person (Cohen et al 1993; Kraft 1991; Wood and Berger 1989,). Other studies (Arlow 1991; Beltramini et al 1984; Coleman and Mahaffey 2000; McNichols and Zimmerer 1985; Milner et al 1999; Shepard and Hartenian 1990), however, found that business students were no less ethical than non-business students.

Besides, many studies also found that certain demographic characteristics of a student might have effects on the ethical standards of students, although, again, the results were also inconclusive. For example, a number of studies had indicated that female students were more ethical than male students (Arlow 1991; Betz et al 1989; Borkowski and Ugras 1992; Cohen and Cornwell 1989; Coleman and Mahaffey 2000; Davis and Welton 1991; Ferrel and Skinner 1988; Lane 1995; Lawson 2004; Malinowski and Berger 1996; Meising and Preble 1985; Ruegger and King 1992; Shepard and Hartenian 1990), while others, such as Coate and Frey (2000), Fritzsche (1988) and McNichols and Zimmerer (1985), had found no significant relationship exists. In addition, many studies indicated that age and grade level were other factors affecting the ethical standards of students (Arlow 1991; Borkowski and Ugras 1992; Lawson 2004; Meising and Preble 1985; Ruegger and King 1992; Wimalasiri 2004). Other demographic variables which had found to have effects on the ethics of students are parent's occupation and religiosity of students (Farling and Winston 2001; McNichols and Zimmerer 1985; Shepard and Hartenian 1990; Wimalasiri 2004).

Therefore, it can be seen that current research in business ethics has identified possible linkages between various types of variables (such as demographic, cognition, and etc)

and the behaviours of subjects. However, since limited research has been conducted on ethical education in China, the significance of this research is to provide information in the Chinese context.

### **Research Design**

No established instrument has been developed for evaluating the ethical position of Chinese (Redfern and Crawford 2004). Given the exploratory nature of this research, an instrument had been developed after reviewing the relevant literature. However, since all the instruments described in literature was written in the western context, an expert panel was formed to look into the language and cultural aspects of the statements to ensure the appropriateness of these statements. Three professors from two Mainland Chinese universities were invited as panel members. Based on the literature, the instrument designed to probe respondent's judgments on ethical issues was originally written with 61 statements and in "Hong Kong" Chinese. Each professor was from a different discipline; one from the business (marketing) field, another from the social science (economics), and the third from the science (engineering). There were two stages in this process. First, the professors were asked to comment and rectify on the figures of speech and the terms used in the 61 statements so that these statements were understandable by Mainland Chinese. After collecting the feedback from the professors, the statements were modified according to the comments made by the professors on the language of the statements. The revised statements were then sent to the professors again. In this round, they were asked to rate each ethical statement as being "suitable", "moderately suitable" or "not suitable" for evaluating the ethical standard of respondents. When any one of the three professors rated a statement as "not suitable", the statement was not adopted. A statement was only included in the final instrument when at least two of the three professors rated the statement as "suitable". The instrument finally contained 42 statements. This approach was adopted to ensure the content validity of this instrument.

A questionnaire, which comprised of two parts, was then designed. The first part contained these 42 statements which were designed to probe respondent's judgments on ethical issues. These statements were developed along a six-point Likert scale. In the second part of the questionnaire, the respondent's demographic profiles were asked.

A convenience sampling technique was adopted for this survey to collect data. Convenience sampling was used because of several reasons. First, the nature of the research was to evaluate the ethical position of people which was still relatively sensitive in China. Second, the length of the questionnaire, which would require the respondents to spend about 30 minutes to complete. Third, since there was no reliable data base available in China on the population of Chinese university students, it is almost impossible to adopt a random sampling approach in collecting data for this research. The respondents of this study were 400 students from the People's University of China. This is one of the 34 major universities in China and is located in Beijing. The questionnaire was distributed through one of our Chinese mainland Research Associates who was a Professor at a major university located in Beijing. 341 useable questionnaires were ultimately received, providing a response rate of 85.25%. The high response rate was because the questionnaire was distributed and collected during classes.

## **Hypothesis Testing**

After reviewing the literature, nine hypotheses were developed and tested on the student sample. Given the fact that studies about a student's major on their ethical position in the western context was conclusive, and no similar study had been done in China, the first hypothesis this research attempted to test was:

H<sub>1</sub>: There is no significant difference between the ethical standard of business students and that of non-business students.

Besides major course of study, this research also attempted to look at how ethical position is affected by students' demographic characteristics. The first variable studied was the gender of the respondents. As mentioned earlier, some studies found that female were more ethical than male while other studies found no significant relationship existed between the variables. Because of the inconclusive findings, the following hypothesis was tested:

H<sub>2</sub>: There is no significant difference between the ethical standard of female students and that of male students.

In addition to the gender variable, previous studies mentioned in earlier section also suggested a relationship exist between the grade levels, parent's occupation, and the religiosity of students and hence the following hypotheses were set up and tested:

H<sub>3</sub>: There is no significant difference between the ethical standard of senior students and that of junior students.

H<sub>4a</sub>: There is no significant difference between the ethical standard of students whose fathers were working at managerial positions and that of students whose fathers were working in other occupational positions.

H<sub>4b</sub>: There is no significant difference between the ethical standard of students whose fathers were working in state-owned enterprises and that of students whose fathers working in other types of enterprises.

H<sub>5a</sub>: There is no significant difference between the ethical standard of students whose mothers were working at managerial positions and that of students whose mothers were working in other occupational positions.

H<sub>5b</sub>: There is no significant difference between the ethical standard of students whose mothers were working in state-owned enterprises and that of students whose mothers working in other types of enterprises.

H<sub>6</sub>: There is no significant difference between the ethical standard of students having religious beliefs and that of students not having religious beliefs.

As the Chinese economy is becoming more market-driven, the income gap between families is widening. Since family forms a formidable influence on a child's behaviour, it will be interesting to explore whether families possess higher means would influence on the ethical position of their children. Hence, it may be interesting to investigate whether family income might affect the ethical position of the students and the following hypothesis was also tested:

H<sub>7</sub>: There is no significant difference between the ethical standard of students from wealthier families than that of students from less wealthy families.

Again, as China becomes more open, the influence of Western values is accelerating. It might also be interesting to know whether students' intention to pursue a business career could affect the ethical positions of students. This is interesting because the results would shed some light into whether it is a natural selection process, even beginning at the university level, to determine what types of students, in terms of ethical position, would choose to pursue what types of work. Since limited research (Lawson 2004) has attempted to investigate career intention and ethical position, the results also provide the background for further research into this particular area of study. Hence, the next hypothesis to be tested was:

H<sub>8</sub>: There is no significant difference between the ethical standard of students who intend to pursue a business career and those without such an intention.

It is speculated that for the same level of ethical reasoning, the higher the level of tolerance of risk, the more likely it is that individuals would undertake behaviour that is considered unethical. Rallapalli et al (1994) studied the relationships between students' ethical beliefs and personality traits and found that individuals with a high propensity for taking risks tend to have less ethical beliefs concerning possible consumer actions. Therefore, the next hypothesis of this study was that:

H<sub>9</sub>: There is no significant difference between student's ethical position and the level of risk tolerance.

## **Results**

Exploratory factor analysis was first used to investigate the factor structure of the scale and to determine whether any sub-scale can be established for further analysis. Kaiser's criterion and the scree test were used to determine suitability of the factor structure model. A rotation algorithm was used to rotate the principal components in order to achieve a clear and consistent factor structure. Originally, sixteen factors were identified. However, a detailed analysis on the factor structure revealed that the structure was quite fragmented and some of the factors were not very meaningful. Finally, six factors were identified. But, this 6-factor structure only represented 38.63% of the total variance of the 42 items. This means that only 38.63% of the information contained in the 42 items had been captured by the 6 factors. Hence, if this six-factor model was used to conduct the analysis, a large percentage of the information would be lost in the analysis. Hence, in order to maintain the completeness of the analysis, a summated scale, which was based

on the sum of the scores of individual statements, was adopted. Cronbach's alpha was used to test for the reliability of the scale. The coefficient alpha for the summated scale was found to be 0.8110, which is considered as satisfactory. Hence, the summated scale (Ethics) was used in testing the hypotheses.

ANOVA was used to test the hypotheses of this study. When conducting the ANOVA test, the Leven test for homogeneity of variances was also adopted to test the homogeneity of variances. The results showed that the basic assumption had not been violated. In addition, the Scheffe test was used to determine which groups of respondents were significantly different from each other.

The hypothesis that there was no significant difference between the ethical standard of business students and that of non-business students was rejected with  $p = 0.002$ . Hence, there is a significant difference between business students and non-business students in terms of their ethical position. It was found that business students were significantly more unethical than non-business students.

In addition, female students were found to be significantly more ethical than male students with  $p = 0.000$ . Again, senior students were significantly more unethical than junior students ( $P = 0.089$ ). Regarding the hypothesis that there is no significant difference between the ethical standard of students having fathers in managerial position and that of students having fathers in other occupational positions, it was found that the father's occupation had a significant impact on a student's ethical position. Students whose fathers were working at the managerial level were less ethical than students whose fathers were not managers ( $p=0.001$ ). Further, students whose fathers were working in private enterprises or joint ventures were less ethical than students whose fathers were working in state-owned enterprises ( $p=0.000$ ). The study also found that mother's occupation had the similar effects on student's ethical position. Students whose mothers were managers ( $p=0.000$ ) or working at private enterprises (including joint ventures) ( $p=0.000$ ) were significantly less ethical than students whose mothers were not managers or working in state-owned enterprises.

On the question of the relationship between a person's religiosity and one's ethical position, it was found that no significant difference existed between students with religious beliefs and those without such beliefs ( $p=0.173$ ). On the issue of the income effect on the ethical position of students, significant difference was found between household income and ethical standard of students ( $p=0.000$ ). The students whose family incomes were in lower income group and the highest income groups were more ethical than middle income family students.

Furthermore, the results also showed that students with an intention to pursue a business career are significantly less ethical than those without such an intention ( $p=0.000$ ). Finally, the study found that risk averse students were significantly more ethical than students who were more willing to take risk.

## **Discussion**

In general, the findings support most of the conjectures put forward in this study and concur with those of previous studies (Arlow 1991; Betz et al 1989; Borkowski and Ugras 1992; Cohen and Cornwell 1989; Coleman and Mahaffey 2000; Davis and Welton 1991; Farling and Winston 2001; Ferrel and Skinner 1988; Lane 1995; Lawson 2004; Malinowski and Berger 1996; Meising and Preble 1985; Ruegger and King 1992; Shepard and Hartenian 1990; Wimalasiri 2004). In particular, business students are found to be more unethical than non-business students. Also, male are found to be less ethical than female. For grade level, the result suggests that senior students are less ethical than junior students. The occupation of the parents again has significantly affected the students' ethical position. Furthermore, students' religious beliefs do not have an effect on their ethical position. Finally, the wealth of the student's family, their intention to pursue a business career and their willingness to take risk can affect their ethical position as well.

From the results of the analyses, it is clear that some form of ethics education may be useful to enhance the moral reasoning development of business students in the People's Republic of China. Of course, the suggestion is based on the assumption that students' ethical position can be changed by education. However, some researchers argued that moral character is formed early in life, ethics instruction may not be useful to change students' ethical position (Lane et al. 1988) But, other asserts the otherwise (Menzel 1997). Therefore, additional studies on the effect of business ethics education on students' attitudes are required.

In addition, if a course of business ethics is needed in the local curriculum, how the curriculum should be designed and how such a course should be taught. It is obvious that the business ethics should have to be taught in relation to the business as well as cultural environments in which the students are living. However, in the case of China, the economic reform has not only allowed the people a taste of economic prosperity (at least for some), but also, inevitably, created a lot of social problems and in particular, the widespread level of corruption and social injustice are just two examples. Some may argue that corruption is a necessary evil in the course of economic development and inevitable in a society where businesses are based on trust, guanxi as well as ties of kinship and close personal relationships. However, the social cost of corruption is tremendous. Since corruption is a social practice, it is important that in educating the younger generation, Chinese educators, must place more emphasis on ethics education. But, what should be the direction in educating the younger generation in China when corruption has been such a prominent social practice.

One possible way is to invite students to reflect more from the moral perspective. This is especially appropriate for teaching students at university level where education is based on higher level of learning objectives such as the ability to understand complexity and critically evaluate independently on moral issues. In order to facilitate moral reflection, it is inevitable that the reflection is based on some moral viewpoints or moral reasoning frameworks. It is important that, in teaching the Chinese students, morality must not be predominantly explained in terms of the western concepts of righteousness which are greatly influenced by the Judeo-Christian beliefs. The teaching should start from

traditional Confucian thinking of morality. This is because, unlike the “western” concept of morality that is, by and large, built on reference to abstract standards, Chinese morality is relationally determined by particularistic ties; such as, lun, which is a set of Confucian feudal ethical rules that define the hierarchical social order between king and subject; father and son; as well as husband and wife. In addition to these three cardinal guides, the traditional Chinese code of ethics is also found on five virtues: benevolence (ren), righteousness (yi), filial conduct (xiao), trustworthiness (xin) and fidelity (zhong) (Yeung and Tung 1996). For Chinese, a respectful gentleman (junzi) must have the quality to strictly observe these five virtues in the hierarchical relationship prescribed by the rules of lun. By teaching the students that the traditional Confucian belief of “self” is exclusively built around a set of expected roles and relationships, it is hope that they can realize their existence and well-being are largely based on a connected and interdependent network. Therefore, they are not only responsible for their own acts but also the entire community as a whole.

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