INDIVIDUAL DIFFERENCE VARIABLES, ETHICAL JUDGMENTS, AND ETHICAL BEHAVIORAL INTENTIONS

Kenneth Bass, Tim Barnett, and Gene Brown

Abstract This study examined the relationship between the individual difference variables of personal moral philosophy, locus of control, Machiavellianism, and just world beliefs and ethical judgments and behavioral intentions. A sample of 602 marketing practitioners participated in the study. Structural equation modeling was used to test hypothesized relationships. The results either fully or partially supported hypothesized direct effects for idealism, relativism, and Machiavellianism. Findings also suggested that Machiavellianism mediated the relationship between individual difference variables and ethical judgments/behavioral intentions.

The question of how managers make decisions about ethical issues is of great interest to business leaders and organizational researchers. Unethical behavior by individuals costs industry billions of dollars each year (Zemke, 1986), damages the image of corporate America (Mahar, 1992), and has implications for the legitimacy of our social institutions and the well-being of our society.


Although conceptual models of ethical decision making abound (Hunt and Vitell, 1986; Jones, 1991; Rest, 1986; Stead, Worrell, and Stead, 1990; Treviño, 1986), empirical examination of these models is somewhat difficult, due to the sensitive nature of ethics research (Jones, 1991; Treviño, 1986; Treviño and Youngblood, 1990). Empirical support for ethical decision-making models is therefore incomplete. We believe, as suggested by Goolsby and Hunt (1992), that empirically studying the processes through which individuals make moral decisions might eventually lead to the creation of a more ethical business environment.
The purpose of this study was to increase our understanding of the ethical decision-making process by empirically evaluating individual difference variables hypothesized to affect individuals' ethical judgments and behavioral intentions about two representative marketing issues. Specifically, the study examined the influence of personal moral philosophy, locus of control, Machiavellianism, and belief in a just world on managers' ethical judgments and stated behavioral intentions.

Context of the Present Research

The present research draws upon theoretical contributions from the fields of social psychology, moral philosophy, and business ethics and rests upon three basic suppositions. First, ethical decision making is a process that begins only when an individual recognizes a particular issue as posing an ethical dilemma (Hunt and Vitell, 1986; Rest, 1986). Second, individuals' attitudes or judgments about an issue influence their behavioral intentions, which in turn influence subsequent behavior (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975). Third, individual, situational, and issue-specific factors are exogenous variables that influence the recognition of ethical dilemmas, ethical judgments, and behavioral intentions (Jones, 1991; Rest, 1986; Treviño, 1986). The study of individual, situational, and issue-related variables are each essential to an increased understanding of the ethical decision-making process. Our study focused on individual difference variables and their effect on the ethical judgments and behavioral intentions of individuals.

Rationale and Hypothesis

Figure 1 presents the hypothesized relationships within the context of a model based upon previous ethical decision-making models by Rest (1986) and Treviño (1986). The following sections briefly define each variable in the model and then discuss the theoretical rationale and previous empirical research concerning the proposed relationships.

Relativism and Idealism

The philosophical theories of deontology, teleology, and ethical skepticism form the basis for the personal moral philosophy conceptualization of Schlenker and Forsyth (1977) and Forsyth (1980). Forsyth (1980) suggests that differences in individuals' personal moral philosophies can be parsimoniously described by the degree to which they are relativistic and/or idealistic. Relativism represents a rule-universality dimension and is defined as the extent to which individuals cognitively accept or reject universal moral principles as the basis for ethical decisions (Forsyth, 1980).

Idealism is defined as the extent to which an individual believes that ethically correct actions will consistently produce desirable outcomes (Forsyth, 1980).
FIGURE 1
Ethical Decision-Making Model

Behavior

Ethical Judgment That Act is Acceptable

Behavioral Intention to Perform Act

Belief in Just World

Internal Locus of Control

Ethical Issue Recognized

Idealism

Relativism

MACH

Based upon:
Rest (1986)
Trevino (1986)
Idealistic individuals believe that positive outcomes can always be achieved regardless of the type or severity of the ethical dilemma that is encountered. According to Forsyth, individuals who are lower in idealism "admit that undesirable consequences will often be mixed in with desired ones" (1980: 176). Highly idealistic individuals insist that an ethical action must not harm others, but less idealistic individuals permit harm to be mixed with good (Forsyth, Nye, and Kelley, 1988).

Theoretically, differences among individuals in their acceptance of the tenets of classical ethical philosophies will affect their ethical judgments and behavioral intentions (Fraedrich and Ferrell, 1992a; Fritzshe and Becker, 1984; Hunt and Vitell, 1986). Moral philosophies provide a framework within which individuals contemplate issues of right and wrong and assist individuals in determining what is the "right" way to behave (Fraedrich and Ferrell, 1992a). Empirical research suggests, for example, that individuals' adherence to deontological and/or teleological philosophies is associated with their ethical judgments about moral issues (Fraedrich and Ferrell, 1992a; Fritzshe and Becker, 1984).

Several empirical studies have addressed the relationship between individuals' moral philosophies and their judgments of ethical dilemmas (Barnett, Bass, and Brown, 1994, 1996; Forsyth, 1980, 1981, 1985; Forsyth and Berger, 1982; Forsyth and Pope, 1984; Singh and Forsyth, 1989). In general, the research indicates that highly relativistic individuals judge ethically ambiguous actions more leniently than non-relativists. Because relativists believe that the morality of an action depends in large part on the specifics of a given situation and the individuals involved, they are probably less likely to judge other individuals' actions harshly.

The rationale for a relationship between relativism and behavioral intentions is essentially the same as that for ethical judgments. However, empirical research has yielded mixed results. For example, Forsyth and Berger (1982) and Forsyth and Nye (1990) found only weak associations between relativism and moral choices. Interestingly, however, the researchers found post-behavior differences in terms of guilt, self-devaluations, and anxiety (Forsyth and Berger, 1982). These findings appear to indicate that when subjects do not make behavior choices that are consistent with expressed personal moral philosophies, they suffer significant amounts of post-behavior cognitive dissonance. Although the influence of relativism may act on behavior primarily through the intervening variable of ethical judgments, we propose that relativism will also be directly associated with behavioral intentions. Therefore, the following research hypothesis is offered:

H1. Relativism will be positively associated with (1) ethical judgments that questionable actions are acceptable and (2) behavioral intentions to perform similar actions.

Research suggests that highly idealistic individuals judge ethically ambiguous actions more harshly than non-idealistic individuals. In general, this relationship has been stronger than that between relativism and ethical judgments.
INDIVIDUAL DIFFERENCE VARIABLES

(Barnett et al., 1994; Forsyth, 1980, 1981; Singh and Forsyth, 1989). Highly idealistic individuals believe that it is always possible to avoid harming others, and they would prefer not to choose between "the lesser of two evils" that will lead to negative consequences for anyone (Forsyth, 1992). Those who are more pragmatic tend to assume that harming others will sometimes be necessary when acting morally. Since most ethically ambiguous situations involve the potential for harming some people while helping others, the idealistic individual is likely to judge such actions more harshly.

By the same rationale, idealism is expected to be negatively associated with behavioral intentions to perform an ethically questionable action. However, empirical results on this question have been mixed. Forsyth and Berger (1982) and Forsyth and Nye (1990) found only a weak association between idealism and moral choices.

H2: Idealism will be negatively associated with (1) ethical judgments that questionable actions are acceptable and (2) behavioral intentions to perform similar actions.

Locus of Control

Locus of control is the degree to which individuals believe that outcomes are contingent upon their personal characteristics or behavior (Rotter, 1966). Individuals with an external locus of control perceive that reinforcements following an action are not entirely contingent upon their actions but occur as a result of outside forces such as luck. Individuals with an internal locus of control perceive reinforcement as contingent upon their behavior or their own relatively permanent characteristics (Miller and Minton, 1969). A person with internal locus of control is more inclined to take responsibility for the consequences of his or her behavior than a person with an external locus of control (Treviño, 1986).

Several models of ethical decision making have included locus of control as a potentially important factor influencing ethical judgments and behaviors (e.g., Stead et al., 1990; Treviño, 1986). Empirical studies have linked locus of control to various types of moral behavior, including blowing the whistle on illegal actions, resisting social pressure to perform unethical acts, and cheating (Dozier and Miceli, 1985; Hegarty and Sims, 1978, 1979; Lefcourt, 1982; Singhapakdi and Vitell, 1991; Treviño and Youngblood, 1990). In general, this research suggests that individuals with external loci of control are more likely to judge ethically ambiguous actions as ethical and that they are also more likely to form intentions to behave unethically. Thus, external locus of control is hypothesized to influence individuals' ethical judgments and behavioral intentions.

H3: External locus of control will be positively associated with (1) ethical judgments that questionable business actions are acceptable and (2) behavioral intentions to perform similar actions.
Machiavellianism

Christie and Geis (1970) draw upon the classic work *The Prince* by Niccolo Machiavelli to conceptualize the Machiavellianism construct. A prince, according to Machiavelli, should “be prepared to take any action . . . that might be required to achieve his goals” (Geis, 1978: 305). In order to achieve desired ends, a highly Machiavellian individual might use manipulative, persuasive, and deceitful behavior (Hunt and Chonko, 1984). The Machiavellian’s desired ends could be self-interest or the well-being of a community or nation. Theoretically, the Machiavellian is relatively unconcerned with judging the morality of ethically ambiguous actions and is more likely to behave in ways (ethical or unethical) that would lead to desired ends.

Empirical research has demonstrated relatively strong linkages between Machiavellianism and individuals’ judgments that a questionable action does not present an ethical problem (Geis and Moon, 1981; Hegarty and Sims, 1978, 1979; Hunt and Chonko, 1984; Singhapakdi and Vitell, 1990, 1991). In general, this research suggests that individuals who are highly Machiavellian judge ambiguous actions more leniently and are more likely to form intentions to behave unethically.

H4: Machiavellianism will be positively associated with (1) ethical judgments that questionable actions are acceptable and (2) behavioral intentions to perform similar actions.

Belief in a Just World

The belief in a just world is defined as the belief that people receive the rewards and punishments they deserve (Ball, Treviño, and Sims, 1994; Rubin and Peplau, 1973, 1975). The just world construct is “an attitudinal continuum extending between the two poles of total acceptance and total rejection of the notion that the world is a just place” (Rubin and Peplau, 1975: 66). According to this view, those who are victims of unfortunate circumstances are receiving their just reward for some undesirable behavior or moral defect. Similarly, success is viewed as a manifestation of virtue. Therefore, those individuals with a strong belief in a just world are more likely to engage in behaviors that are consistent with personal morals or organizational rules and policies in order to gain a reward or avoid punishment. These individuals should judge questionable actions more harshly and be less likely to form intentions to perform the questionable actions themselves.

Two empirical studies suggest a relationship between the just world construct and ethical judgment and behavior. Feather (1991) found that individuals who believed in a just world were more inclined to support social rules and to obey authority than those who did not believe the world was a just place. Zuckerman (1975) found a positive relationship between just world beliefs and altruistic behavior.
INDIVIDUAL DIFFERENCE VARIABLES

H5: Belief in a “just world” will be negatively associated with (1) ethical judgments that questionable actions are acceptable and (2) behavioral intentions to perform similar actions.

Ethical Judgments and Behavioral Intentions

An individual’s ethical judgment is the degree to which he or she considers a particular behavior morally acceptable (Gifford and Norris, 1987; Reidenbach and Robin, 1990). Many researchers have employed ethical judgments regarding specific actions as an integral part of their research designs (e.g., Akaah and Riordan, 1989; Dubinsky and Loken, 1989; Mayo and Marks, 1990; Reidenbach and Robin, 1990; Tatham, 1974). Additionally, a number of models of ethical behavior include ethical judgments as a key construct (e.g., Dubinsky and Loken, 1989; Hunt and Vitell, 1986; Jones, 1991).

The theory of reasoned action (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975) proposes in part that an individual’s attitude toward a behavior leads to the formation of behavioral intentions and that actual behavior is likely to be consistent with intentions. Behavioral intentions can be defined as the subjective probability that a given behavioral alternative will be enacted by an individual (Ajzen and Fishbein, 1980). In their model of ethical decision making, Hunt and Vitell described behavioral intentions as the “likelihood that any particular alternative will be chosen” and postulated that “ethical judgments impact on behavior through the intervening variable of intentions” (1986: 9). Theoretical models that include behavioral intention as a key component include those of Dubinsky and Loken (1989), Hunt and Vitell (1986), Jones (1991), and Rest (1986).

A number of empirical studies have confirmed the linkage between attitudes or judgments concerning an action and intentions to perform the action. Randall (1989) surveyed empirical studies that had examined the Fishbein and Ajzen (1975) model and found that, in general, the linkage between judgments and intentions was substantiated. Dubinsky and Loken (1989) confirmed a positive relationship between judgments that an action was morally acceptable and intention to perform the action. Based on the above theoretical and empirical research, ethical judgments are hypothesized to be related to ethical behavioral intentions in the following manner:

H6: Ethical judgments that a questionable action is acceptable will be positively associated with the likelihood of forming behavioral intentions to perform that action.

Methodology

The research instrument included scales for measuring relativism, idealism, locus of control, Machiavellianism, and just world beliefs, as well as ethical judgments and ethical behavioral intentions regarding two specific actions. The
Marlowe-Crowne Social Desirability Scale (Crowne and Marlowe, 1964) was also included to allow the evaluation of potential social desirability bias. Demographic information was also collected.

Sample

The research instrument was mailed to a random sample of 1,813 marketing practitioners who were members of the American Marketing Association. Four hundred twenty-six questionnaires were returned within four weeks of the initial mailing. Of these 426 questionnaires, 395 were completed and judged usable. Four weeks after the initial mailing, a second wave of questionnaires was mailed to non-respondents. Two hundred and seven usable responses were received within four weeks subsequent to this mailing. The total response for the study was 602, for a response rate of 33.2 percent.

We compared responses from the two waves for significant differences through the use of t-tests. No significant differences were found between the group of early respondents and the group of late respondents. Follow-up telephone calls to 30 randomly chosen non-respondents revealed no significant differences with respondents in terms of age, sex, years of sales management experience, and years in present position. The correlation between respondents’ social desirability score and the primary study variables were small and not statistically significant, providing some evidence that the results were not contaminated by individuals’ need for providing a socially desirable response.

Fifty-five percent of the respondents were male. The respondents were predominantly white (93 percent), with about 1.5 percent African-American, 2 percent Hispanic, and 2 percent Asian-American. The sample was highly educated, with 97 percent holding a college degree, and 54 percent a graduate degree. The median salary was $54,000, and the median household income was $80,000. Most respondents held executive or middle management positions in marketing and sales.

Measures

Ethics Position Questionnaire. Individual differences in relativism and idealism were assessed using the Ethics Position Questionnaire (Schlenker and Forsyth, 1977; Forsyth, 1980). The EPQ consists of twenty items divided into two subscales of ten items each, one designed to measure relativism and the other idealism. Sample relativism items include “What is ethical varies from one situation to another,” and “Different types of moralities cannot be compared as to ‘rightness’.” Sample idealism items include “The existence of potential harm to others is always wrong, irrespective of the benefits to be gained,” and “It is never necessary to sacrifice the welfare of others.”

Respondents were asked to indicate the extent of their agreement with each item by utilizing a 9-point response scale ranging from “completely disagree” to “completely agree.” Higher scores on the two dimensions indicated higher levels of
relativism and idealism, respectively. Values for Cronbach’s alpha in the present study were .81 for the relativism scale and .86 for the idealism scale.

Internal-External Locus of Control. Locus of control was measured using the Rotter Internal-External Locus of Control Scale (Rotter, 1966). This scale is composed of 23 pairs of forced choice expectancy statements along with 6 filler items. Scores on the scale can range from 0 to 23, with higher scores indicating a more external locus of control. The alpha value was .79 for the locus of control scale in the present study. Similarly, Treviño and Youngblood (1990) reported an alpha index of .74 for Rotter’s Scale.

Machiavellianism. The Machiavellianism construct was assessed using the MACH IV Scale (Christie and Geis, 1970). Respondents indicated their level of agreement with each of the 20 statements on the MACH IV by using a 7-point scale that ranged from “completely disagree” to “completely agree.” Scores can range from 20 to 140, with higher scores indicating greater levels of Machiavellianism. Coefficient alpha for the MACH IV scale was .73. Hunt and Chonko (1984) reported a similar alpha value of .76.

Belief in a Just World. The Just World Scale developed by Rubin and Peplau (1973, 1975) was used to measure the extent to which respondents believed that the world is a just place. Respondents were asked to indicate their level of agreement with each scale item by choosing from a 6-point response scale that ranged from “strongly agree” to “strongly disagree.” Higher scores indicated a stronger belief in a just world. Cronbach’s alpha coefficient for the scale was .72.

Ethical Judgment. The Multidimensional Ethics Scale (Reidenbach and Robin, 1988, 1990) was utilized to evaluate individual ethical judgments. This scale is an 8-item semantic differential scale. Sample word pairs include “just-unjust,” “morally right-not morally right.” and “traditionally acceptable-traditionally unacceptable.” Two scenarios that contained ethical dilemmas were described and respondents were asked to evaluate the ethical nature of the actions presented by responding to the items on the Multidimensional Ethics Scale. Responses were recorded on a 7-point scale for each of the 8 items. An ethical judgment score was calculated by summing and averaging across the 8 items. Scores can range from 1 to 7, with higher scores indicating judgments that the action was acceptable. Alpha values for the two scenarios in the current study were .90 and .94, respectively.

Ethical Behavioral Intentions. Hunt and Vitell (1986) suggest that individual behavioral intentions can be determined by asking individuals to read scenarios that contain ethical dilemmas and then asking them to express the likelihood in a probability sense that they would perform the behavior. Following Hunt and Vitell, respondents were asked to read two scenarios and then assess the likelihood that they would engage in each behavior within three specific time periods consisting of “within the near future,” “within the next year,” and “within the next five years.” A 7-point scale was used for the three time periods, each anchored with “highly likely” and “highly unlikely.” Scores ranged from 1 to 7,
with higher scores indicating a greater likelihood of performing the action. Alpha values were .99 for both of the scenarios.

**Ethical Scenarios.** Scenarios are employed frequently in business ethics research because they allow researchers to present concrete decision-making situations that approximate real-life decision-making situations (Alexander and Becker, 1978; Weber, 1992). Scenarios have been utilized frequently across a variety of disciplines to evaluate ethical judgments (e.g., Reidenbach, Robin, and Dawson, 1991; Akaah, 1989; Brenner and Molander, 1977) and to assess individuals' behavioral intentions (e.g., Stead, Worrell, Spalding, and Stead, 1987; Dubinsky and Loken, 1989; Laczniak and Inderrieden, 1987). The two scenarios used in this study, which are presented in Table 1, are based on previous research by Dubinsky, Berkowitz, and Rudelius (1980). Each of the scenarios concerns an action familiar to marketing managers. In previous studies, the first scenario was rated as the most (Dubinsky et al., 1980) and third most (Dubinsky et al., 1992) unethical practice of twelve questionable sales practices. The second scenario was found to be the ninth (Dubinsky et al., 1980) and twelfth (Dubinsky et al., 1992) most unethical of twelve sales practices. Thus, the two scenarios represented actions that had been previously judged to be at different levels of seriousness. After reading each scenario, respondents were asked to judge the ethics of the action and indicate the likelihood that they would engage in a similar action.

**TABLE 1**

*Ethical Decision-Making Scenarios*

The scenario below depicts a specific selling behavior. After reading the scenario below, you are presented with a set of adjectives that will allow you to share your specific beliefs about the behavior. You are then presented with a set of questions that ask you to indicate your likely behavior if you were in a similar situation.

1. Allowing personalities—liking for one customer and disliking for another—to affect price, delivery, and other decisions regarding the terms of sale.

2. Gaining information about competitors by asking buyers for specific information about these competitors.

**Analysis**

Structural equation methodology using LISREL 7 (Joreskog and Sorbom, 1986) was employed in this study as the statistical methodology for hypothesis testing. The path analysis submodel of LISREL for directly observed variables was utilized to test the fit of each model. The analysis was initiated by constructing and testing models of hypothesized relationships for the two scenarios (Figure 1). Exogenous variables in the initial models were relativism, idealism.
locus of control, Machiavellianism, and just world beliefs. Endogenous variables were ethical judgments and ethical behavioral intentions.

RESULTS

Variable means, standard deviations and correlations are presented in Table 2. The mean values obtained for constructs included in this study are generally consistent with means reported in previous studies.

Overall the respondents were somewhat non-relativistic and idealistic. Respondents tended to have internal loci of control as evidenced by the relatively low mean score on this construct. Overall, respondents were neither strongly Machiavellian or non-Machiavellian, as the mean score of 80.28 was approximately at the midpoint of the MACH IV scale. As a whole, respondents did not indicate strong beliefs in a just world.

Ethical judgment scores for the two scenarios were 3.09 and 5.30, respectively, indicating that the respondents considered Scenario 1 as more unethical. This result was consistent with previous research (Dubinsky et al., 1980). Mean values for ethical behavioral intentions for scenarios 1 and 2 were 2.66 and 5.13, respectively. These values indicate that respondents were least likely to form intentions to perform the behavior described in the first scenario. Correlations among the variables, as shown in Table 2, were generally consistent with expectations.

Hypothesis Testing

Several of the hypothesized paths were not significant and modification indices indicated other paths might exist. Therefore, several non-hypothesized relationships were evaluated. Paths were freed if the result was a significant decrease in the overall chi-square (p <.01).

A number of the hypothesized paths were confirmed. However, based on previously reported relationships between Machiavellianism and idealism and relativism (Leary, Knight, and Barnes, 1986). Machiavellianism and just world (Rubin and Peplau, 1975), and Machiavellianism and locus of control (Mudrack, 1990). Machiavellianism was re-specified as an endogenous variable in the models. Figure 2 provides final models and maximum likelihood parameter estimates for the two scenarios. In general, the final models for the scenarios were identical in structure except for the path from just world to ethical judgments and the Machiavellianism to ethical judgments path in model one.

Model Fit Evaluation. Bagozzi and Yi (1988) recommend that many standards be scrutinized and a global assessment of models be made in any particular study. Among the tools used in the evaluation of the final models in the current study were the chi square statistic, adjusted goodness-of-fit index, root mean square residual, and coefficient of determination. Table 3 presents a summary of the application of these evaluative tools to the models. These indicated that the final models fit the data very well. No other models were found that provided better fit statistics.
## TABLE 2

Means, Standard Deviations, and Pearson Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
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<th>2</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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<td>.3157***</td>
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<td>.0610</td>
<td>-.1263**</td>
<td>-.4033***</td>
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<td>5 Locus of Control</td>
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<td>4.2</td>
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<td>.1845***</td>
<td>.4602***</td>
<td>-.5546***</td>
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<td>First Scenario</td>
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<td>7 Behavioral Intentions</td>
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<td>Second Scenario</td>
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<td>.0700</td>
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<td>.0600</td>
<td>-.0390</td>
<td>.0955*</td>
<td>.1461***</td>
<td>.0646</td>
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* p < .05
** p < .01
*** p < .001
FIGURE 2
Structural Estimates of Final Models

First Scenario:

Idealism → Ethical Judgment
Just World → Ethical Judgment
Relativism → Ethical Judgment
Locus of Control → Ethical Judgment
Ethical Judgment → Behavioral Intentions
Machiavellianism → Behavioral Intentions

Second Scenario:

Idealism → Ethical Judgment
Just World → Ethical Judgment
Relativism → Ethical Judgment
Locus of Control → Ethical Judgment
Ethical Judgment → Behavioral Intentions
Machiavellianism → Behavioral Intentions

Statistics are maximum likelihood coefficients. Standard errors are in parentheses.
* p < .05, one-tailed test. ** < .01, one-tailed test
**TABLE 3**

*Model Fit Evaluation*

<table>
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<tr>
<th>Fit Statistic</th>
<th>First Scenario</th>
<th>Second Scenario</th>
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<tr>
<td>Total coefficient of determination</td>
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<td>.360</td>
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<tr>
<td>Chi-square</td>
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<tr>
<td>df</td>
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<tr>
<td>p value</td>
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<tr>
<td>Goodness-of-fit index</td>
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<td>.995</td>
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<tr>
<td>Adjusted goodness-of-fit index</td>
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<td>.984</td>
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<tr>
<td>Root mean square residual</td>
<td>.019</td>
<td>.028</td>
</tr>
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</table>

**Evaluation of Specific Hypotheses.** Path analysis supported some, but not all, of the research hypotheses. No support was found for H1. the hypothesized positive relationship between relativism and (1) judgments that the selling practices were ethical or (2) behavioral intentions to perform the actions. H2, however, was partially confirmed for both scenarios. Idealism was negatively associated with judgments that the selling practices were unethical, but was not strongly associated with behavioral intentions.

H3 was not supported in either of the two scenarios, as external locus of control was not significantly associated with ethical judgments or behavioral intentions. These findings differ from those of previous studies, which indicate relatively strong relationships between locus of control and ethical decision making (Hegarty and Sims, 1978, 1979; Treviño and Youngblood, 1990).

The hypothesized relationships between Machiavellianism and ethical judgments and behavioral intentions (H4) were largely supported. Machiavellianism was positively associated with ethical judgments in scenario 1. Highly Machiavellian individuals judged the questionable selling action as more acceptable. However, this relationship was not supported in scenario 2. Highly Machiavellian individuals reported greater behavioral intentions to perform the actions represented in both scenarios.

Belief in a just world was not associated significantly with either ethical judgments or behavioral intentions, which contradicted H5. Individuals who scored higher on the just world scale did not judge the scenario actions as more unethical, nor were they less likely to state intentions to perform the actions themselves. In fact, the belief in a just world was positively associated with judgments that the action in scenario 1 was acceptable.
Strong positive relationships existed between judgments that an action was acceptable and stated intentions to perform the action for both scenarios, which confirmed H6. Individuals were more likely to state intentions to perform an action if they judged it as ethical.

As shown in Figure 2, a number of significant paths were identified that were not specified in the original model. These paths linked the exogenous variables relativism, idealism, just world beliefs, and locus of control to Machiavellianism, which was re-specified as an endogenous variable. Through the endogenous variable Machiavellianism, these exogenous variables indirectly influenced ethical judgments in scenario 1 and behavioral intentions in scenarios 1 and 2.

In summary, this research hypothesized that ethical judgments would directly influence ethical behavioral intentions, and that several individual difference variables would directly influence both ethical judgments and behavioral intentions. In both scenarios, ethical judgments that actions were morally acceptable were directly associated with individuals' stated intentions to perform the action. However, only mixed support was found for the direct influence of the individual difference variables. Relativism was not significantly associated with ethical judgment or behavioral intention. Idealism was negatively associated with more lenient ethical judgments for both scenarios. However, it was not significantly associated with intentions to perform the action in either of the two scenarios. Machiavellianism was positively associated with ethical judgments in scenario 1 and was significantly associated with greater intention to perform the actions in both scenarios. However, neither locus of control or just world beliefs had the hypothesized associations with either ethical judgments or behavioral intentions for either of the scenarios.

The results of the LISREL analysis revealed non-hypothesized relationships between the individual difference variables and Machiavellianism. Relativism and external locus of control were positively associated with Machiavellianism; idealism and belief in a just world were negatively associated with Machiavellianism. Therefore, Machiavellianism was re-specified as an endogenous variable. As is shown in Figure 2, all of the individual difference variables had indirect influences on behavioral intentions, with Machiavellianism as an intervening variable. In addition, the individual difference variables indirectly influenced ethical judgments through their influence on Machiavellianism for scenario 1.

**DISCUSSION**

The finding that ethical judgments were positively associated with behavioral intentions is consistent with the theory of reasoned action (Ajzen and Fishbein, 1980) and suggests that individuals facing ethical dilemmas intend to act in a manner consistent with their personal attitudes. This result also supports previous ethical decision-making models that either explicitly or implicitly include the ethical judgments to behavioral intentions link.
Relativism

The lack of support for the direct link between relativism and the ethical decision-making process contradicted expectations but is not totally inconsistent with previous research concerning ethical ideologies. In several such studies, the idealism dimension demonstrates stronger correlations to ethical judgments than does the relativism dimension (Barnett et al., 1994; Forsyth, 1981; Forsyth and Pope, 1984). This suggests that individuals' concern for the consequences of actions may be more influential than their philosophy concerning the universality of moral principles when attempting to judge the acceptability of questionable actions.

Idealism

The relationship between idealism and ethical judgments was such that highly idealistic managers regarded the questionable acts as more unethical. This is consistent with the conclusions of earlier studies that found a similar relationship concerning non-business issues (Forsyth, 1980; 1981; Forsyth and Pope, 1984) and one study that found such a relationship among students concerning business issues (Barnett et al., 1994).

Machiavellianism

The relatively strong linkages observed between Machiavellianism and the ethical decision-making process appears consistent with previous research that has linked Machiavellianism with unethical behavior (Geis and Moon, 1981; Hegarty and Sims, 1978. 1979; Singhapakdi and Vitell, 1990). This suggests that individuals high in Machiavellianism, although not totally lacking morals, may operate under a set of ethical guidelines that are inconsistent with conventional morality (Christie and Geis, 1970).

An intriguing finding of the present study was that the strength of association between (1) idealism and the ethical decision-making process and (2) Machiavellianism and the ethical decision-making process appeared to depend upon the degree to which individuals judged the action represented in the scenario to be unethical. For example, idealism was significantly associated with harsh ethical judgments in both scenarios, but more so in scenario 1, which was judged as most unethical by the respondents. Similarly, Machiavellianism appeared to influence ethical judgment more strongly in scenario 1, the scenario rated most unethical. Machiavellianism was also significantly associated with behavioral intentions for both scenarios, but the relationship was stronger in scenario 1, which was judged as most unethical by the respondents.

These findings suggest that the relationship between individual difference variables and ethical judgments/behavioral intentions may be stronger when actions are considered highly unethical. This interpretation supports the work of Jones (1991), who argues that the moral intensity of an ethical issue should be
considered in addition to personal and situational variables. Jones (1991) defines moral intensity in terms of the ethical issue's magnitude of consequences, proximity, social consensus, probability of effect, concentration, and temporal immediacy. Future empirical research should attempt to identify the impact of these components of moral intensity on the ethical decision-making process.

*Locus of Control*

The absence of direct paths between locus of control and ethical judgments and ethical behavioral intentions was particularly surprising and seems somewhat contradictory with existing research. For example, Hegarty and Sims (1978, 1979) and Treviño and Youngblood (1990) found that subjects with higher external locus of control scores behaved less ethically than those who had lower external locus of control scores.

One possible explanation for the current findings regarding locus of control is the difference in how the dependent variables were defined and measured in this study as compared with the previous studies. The Hegarty and Sims study as well as the Treviño and Youngblood study utilized actual behavior as a dependent variable, while the current study utilized ethical judgments and ethical behavioral intentions as dependent variables. Another factor making comparison between studies difficult is that ethical judgments, ethical behavioral intentions, and subsequent behavior may be inconsistent (Hunt and Vitell, 1986).

*Just World Beliefs*

A number of factors may partially explain the failure to find the hypothesized paths between just world beliefs and ethical judgments or between just world beliefs and ethical behavioral intentions in this study. One such factor casts doubt on the external validity of research findings concerning the just world construct beyond a relatively narrow range of age and earned income level in that validity and reliability studies (Rubin and Peplau, 1975) utilized students as subjects. Furthermore, studies that produced the most substantive findings regarding the just world construct also utilized students as subjects (Zuckerman, 1975; Feather, 1991). A situational factor may also affect behavior among individuals higher in the just world construct. Zuckerman (1975) found that only in times of personal need did individuals high in the just world construct exhibit helping behavior. This pattern may also affect ethical judgments and ethical behavioral intentions of individuals.

*Other Relationships*

Several non-hypothesized relationships emerged that deserve comment. Idealism, relativism, just world beliefs, and locus of control were each directly related to Machiavellianism. In addition to any direct influence these variables had on ethical judgments and/or behavioral intentions, they also indirectly influenced
ethical judgments through their impact on Machiavellianism in scenario 1, and indirectly affected behavioral intentions through Machiavellianism in both scenarios. This suggests that Machiavellianism may play a central role as an intervening variable through which other personal variables may affect the ethical decision-making process. Future research should explore this possibility.

The positive relationship observed between relativism and Machiavellianism is consistent with previous research (Leary et al., 1986). Since relativism is the extent to which an individual rejects moral rules when making decisions (Forsyth, 1980), it seems reasonable to expect that those who reject moral decision rules would have characteristics in common with those high in Machiavellianism.

The negative relationship between idealism and Machiavellianism also confirms previous research (Leary et al., 1986). This is intuitively satisfying in that individuals high in idealism seek the best outcome for all (Forsyth, 1980) while those high in Machiavellianism may employ deception and self-centered tactics in dealing with others.

Likewise, the negative path between the just world construct and Machiavellianism is congruent with the theoretical underpinnings of the two constructs. According to Feather (1991), individuals who believe the world is just in that their behavior and rewards are related are more likely to support social rules and obey authority than those who score lower. It follows then, given the characteristics associated with Machiavellianism, that an inverse relationship between these variables would exist.

A relatively high correlation between locus of control and Machiavellianism has been widely reported (Mudrack, 1990). The findings in the present study appear to confirm previous research.

Limitations of the Study and Implications for Research

Future research could benefit from identifying the primary limitations of the study. First, a limitation of this study is that data were gathered with a self-report survey-based approach, and the intentions-actual behavior relationship was not tested. This relationship can be expected to vary because of factors such as situational constraints and the desire for alternative outcomes (Hunt and Vitell, 1986). A second limitation may be that only two scenarios with a relatively narrow range of activities were used. In this study, scenario 2 was judged to be largely ethical. Although scenarios for this study were selected from those previously utilized by Dubinsky et al., (1980), other scenarios with different ethical situations may result in different cognitive patterns and in different results. Third, research design may also present a limitation. Although the use of scenarios in business ethics research has been criticized, this approach is widely used and supported in the literature (Alexander and Becker, 1978; Hunt and Vitell, 1986; Weber, 1990, 1992). Another limitation may be that the sampling frame for this study was drawn from marketing managers or sales managers. Therefore, extending interpretations to other populations is not justified. Finally, requirements
for causal inferences were not met in this study (James, Mulaik, and Brett. 1982). Therefore, the direction of causal arrows appearing in the models should be viewed as suggestive rather than an absolute indication of causality.

The findings of this study suggest a number of opportunities for additional research. First, though considerable research has been directed toward explaining unethical behavior and a number of individual difference variables have been found to influence ethical decision-making behavior, the process is still not well understood. Other potential antecedent variables to ethical behavioral intentions and ethical behavior should be identified and tested. Suggestions for potential antecedent variables that may affect ethical behavior appear in several current models of ethical behavior (e.g., Hunt and Vitell, 1986; Stead et al., 1990). Second, locus of control should be further investigated in future research. Locus of control has been found in recent research to be a significant predictor of unethical behavior (e.g., Hegarty and Sims. 1978, 1979; Treviño and Youngblood, 1990). However, in this research, no significant path was found between locus of control and ethical judgments and ethical behavioral intentions. Third, further research is needed to investigate the behavioral intentions–behavior link. Behavioral intentions are among the immediate determinants of behavior, but many factors may prevent intended behavior from being enacted. Fourth, scenarios that were reported in earlier research were evaluated regarding ethical judgments and ethical behavioral intentions by respondents in this study. Further research should be conducted that includes additional scenarios with a broader range of ethical situations. The final suggestion for further research is concerned with moral intensity. Jones (1991) suggested that characteristics of the issue itself, such as magnitude of consequences and probability of effect, affect cognitive processes and, in turn, influence behavior. Effort should be directed toward the measurement and evaluation of these factors on the decision behavior of managers.

Bibliography


