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Issue contingencies and marketers' recognition of ethical issues, ethical judgments and behavioral intentions

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Abstract

The ethical decision-making process begins when an individual recognizes an ethical dilemma. Subsequently, the individual makes a judgment and forms behavioral intentions, which are thought to be predictive of actual behavior. This process is affected by individual, situational and issue-contingent factors. Our study examines the effect of four issue contingencies on marketers' ethical decision-making process. More than 300 marketing professionals took part in our study, responding to questions regarding two sales scenarios. We controlled for relevant individual and situational factors and tested hypotheses using hierarchical regression. Perceptions of a greater magnitude of consequences were positively related to issue recognition and judgments that the action was unethical in both scenarios and behavioral intentions in one scenario. Perceptions of a societal consensus were associated with issue recognition and judgments that the action was unethical in one scenario. Magnitude of consequences demonstrated the strongest relationship with the ethical decision-making process.

Keywords: Ethical decision-making; Issue contingencies; Moral intensity; Marketing ethics

1. Introduction

Ethical decision-making is a process that begins with individuals' recognition that a given action or situation has ethical content and continues as individuals evaluate the action's ethicality, form behavioral intentions and engage in actual behavior (Dubinsky and Loken, 1989; Rest, 1986). Research has focused primarily on individual and situational factors affecting this process (Loe et al., 2000; McClaren, 2000). The issue-contingent model (Jones, 1991), however, suggests that ethical decisions are affected by the characteristics of the issue itself. Initial empirical studies indicate that issue contingencies influence ethical decisions about various business and marketing-related dilemmas (Barnett, 2001; Singhapakdi et al., 1996, 1999). The current study examines issue contingencies' effect on three stages of the ethical decision-making process while controlling for potentially important personal and situational factors as well as the previous stage in the ethical decision-making process.

2. Theoretical background

In this section, we define issue contingencies and provide a summary of their conceptualization. We then discuss three stages of the ethical decision-making process. Finally, we provide a theoretical rationale for the relationship between issue contingencies and the ethical decision-making process.

2.1. Issue contingencies

Jones (1991, p. 372) conceptualizes a theoretical construct he terms moral intensity, which "captures the extent or degree of issue-related moral imperative in a situation." Moral intensity is multidimensional, consisting of as many as six issue contingencies: magnitude of consequences, social consensus, temporal immediacy, proximity, probability of effect and concentration of effect (Jones, 1991). These characteristics of issues are thought to increase or decrease the moral imperative inherent in a situation. For example, if

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an action is perceived to cause serious consequences, it should be more "morally intense" than an action with less serious consequences.

Although a handful of studies have examined the impact of issue contingencies on ethical decision-making, empirical research has been slowed somewhat by measurement difficulties. Two efforts to develop reliable and valid measures of issue contingencies have been reported in the literature. Singhapakdi et al. (1996) developed six items to measure each of the six issue contingencies identified by Jones (1991). Subsequent analyses revealed that the items formed two distinct factors, one related to the "perceived potential harm" of an issue and the other to "perceived social pressure." Barnett et al. (1999) developed multi-item measures corresponding to magnitude of consequences, social consensus, proximity and temporal immediacy. Our study focuses on these four contingencies.

2.1.1. Magnitude of consequences

We define magnitude of consequences as the degree of harm an individual believes will result from a given action. This is consistent with but not identical to Jones' (1991) definition, which allows for either positive or negative consequences. Our definition focuses only on the severity of negative consequences. Some actions have trivial consequences but others involve serious economic or physical consequences. The moral philosophy of utilitarianism suggests that judgments about the morality of actions should be based on their consequences (Dubinsky and Loken, 1989) and forms the basis for the consideration of magnitude of consequences as an important issue contingency.

2.1.2. Social consensus

Consistent with Jones (1991), we define social consensus as the perceived degree of social agreement that an action is morally acceptable or morally unacceptable. Society almost universally condemns certain actions, such as premeditated murder, and prohibits or criminalizes many actions. Other behaviors (such as abortion) generate tremendous disagreement and controversy but are legal. The degree to which an individual perceives a social consensus about a given action is likely to impact the ethical decision-making process.

2.1.3. Proximity

We define proximity as the feeling of closeness or nearness that a decision-maker has for those affected by a particular action. Jones (1991) suggests that this nearness may be based on social, cultural, psychological or physical factors and argues that proximate actions will have greater moral intensity than other actions. If actions affect people that the decision-maker knows, identifies with, or cares about, the decision-maker is likely to regard the action as requiring close scrutiny. Similar actions that affect people with which the decision-maker has little physical or emotional contact may not trigger a consideration of moral ramifications. For example, the issue of dumping toxic waste is likely to have greater moral intensity for an individual if it is happening in his or her own community as opposed to another country 5000 miles away.

2.1.4. Temporal immediacy

We define temporal immediacy as the perceived length of time between an action and the onset of its consequences. Some actions have immediate or near-term consequences. For example, marketing automobile tires with known defects is likely to have immediate consequences to public safety. Other actions may have negative effects on public health that take many years to emerge, such as marketing foods with extremely high fat content. Jones (1991) suggests that the more immediate the consequences of an action, the greater the moral intensity of the action.

2.2. Ethical decision-making process

2.2.1. Recognition of ethical issues

An individual must recognize an ethical issue before he or she will engage in extensive consideration of its ethicality (Hunt and Vitell, 1986; Jones, 1991). Not all individuals are equally sensitive to ethical issues and personal, situational and cultural factors are likely to affect their sensitivity (Hunt and Vitell, 1986; Sparks and Hunt, 1998). The rationale for the effect of issue contingencies on individuals' ethical issue recognition is found in theories of social cognition (Fiske and Taylor, 1991). The intensity of an issue should affect its salience and vividness (Jones, 1991). When an individual is confronted with an issue or action, it is likely to be more salient to them if it is perceived as having extreme effects and/or if it is perceived as being universally condemned by society. Likewise, the individual is likely to find the issue more salient if its consequences are immediate and/or if it affects people that are proximate to the individual. When an individual is confronted with an issue or action, it is likely to be more vivid to them if it is perceived as having immediate and/or serious consequences. Further, an individual is likely to find the issue more vivid if it is one with which they closely identify and if there is a clear societal consensus on the issue.

Issue contingencies should therefore explain a significant portion of the differences in individuals' recognition of ethical issues. Because greater magnitude of consequences, social consensus, proximity and temporal immediacy are likely to increase moral intensity, each should be associated with greater sensitivity to ethical issues. In two separate studies based on a sample of 453 American Marketing Association members, perceived degree of harm and perceived social pressure were associated with perceptions that an action involved an ethical problem, with the degree of harm factor having a somewhat stronger impact (Singhapakdi et al., 1996, 1999). In another study, Barnett (2001) found that perceived social consensus affected business students' recognition of an ethical issue but that other issue contingencies did not.

Based on the rationale presented above, we offer the following hypotheses:

Hypothesis 1a: Marketers' perceptions of a greater magnitude of consequences for a given action will be associated with higher levels of recognition that a given action involves an ethical or moral issue.

Hypothesis 1b: Marketers' perceptions of a greater societal consensus that an action is unethical will be associated with higher levels of recognition that a given action involves an ethical or moral issue.

Hypothesis 1c: Marketers' perceptions of a greater proximity to those potentially affected by an action will be associated with higher levels of recognition that a given action involves an ethical or moral issue.

Hypothesis 1d: Marketers' perceptions of a greater immediacy of the potential consequences of a given action will be associated with higher levels of recognition that an action involves an ethical or moral issue.

2.2.2. Ethical judgments

Ethical judgments are beliefs about the moral rightness or wrongness of an action (Hunt and Vitell, 1986). Ethical judgments differ from individuals' level of moral development or reasoning, in that moral development is a personal trait but ethical judgment is process oriented (Reidenbach and Robin, 1995). Moral evaluation is a key component in several models of ethical decision-making (Dubinsky and Loken, 1989; Ferrell et al., 1989; Hunt and Vitell, 1986). The hypothesized relationship between issue contingencies and ethical judgments is based largely on Hunt and Vitell's (1986) general theory of marketing ethics and the theory of planned behavior (Ajzen, 1991). Once an individual recognizes an ethical dilemma, he or she evaluates it in terms of both deontological and teleological considerations (Hunt and Vitell, 1986; Rallapalli et al., 1998). The contingencies of the issue are relevant to this evaluative process, in that they are associated with its consequences (magnitude of consequences, proximity and temporal immediacy) and societal norms (social consensus).

The theory of planned behavior (Ajzen, 1991) suggests that one's attitude toward a behavior is determined, at least in part, by beliefs about, and evaluations of, the consequences of the behavior. As applied to ethical dilemmas, this suggests that individuals are likely to evaluate the seriousness of an action's consequences as well as when and to whom those consequences occur. Empirical research suggests that individuals' normative beliefs about referent others' attitudes toward an action also affect their attitude toward the behavior (Vallerand et al., 1992). Again, issue contingencies should be relevant to the formation of attitudes toward particular behaviors, in that they involve perceptions of an action's consequences and societal norms about the action.

A few empirical studies have examined the relationship between issue contingencies and individuals' ethical judgments. In general, these studies have found support for a relationship, with the magnitude of an action's consequences and social consensus seeming to have the more consistent positive relationship with judgments that actions are unethical (Barnett, 2001; Harrington, 1997; Morris and McDonald, 1995; Singer and Singer, 1997).

Based on the above rationale, if a given action is perceived to have very serious and negative consequences, it is likely to be judged as more unethical than actions perceived as having less serious consequences. Perceptions of a societal consensus that an action is wrong should also be associated with judgments that an action is unethical. Similarly, we expect that the more immediate and proximate the action's consequences are perceived to be, the more unethical an individual will judge the action.

Hypothesis 2a: Marketers' perceptions of a greater magnitude of consequences for a given action will be positively related to their judgments that the action is unethical.

Hypothesis 2b: Marketers' perceptions of greater societal consensus that a given action is unethical will be positively related to their judgments that the action is unethical.

Hypothesis 2c: Marketers' perceptions of greater proximity to those potentially affected by a given action will be positively related to their judgments that the action is unethical.

Hypothesis 2d: Marketers' perceptions of greater immediacy of the potential consequences of a given action will be positively related to their judgments that the action is unethical.

2.2.3. Behavioral intentions

In a decision-making context, an individual's behavioral intention is the expressed likelihood that he or she will engage in a particular action (Hunt and Vitell, 1986). The formation of intentions is a component of several ethical decision-making models (Dubinsky and Loken, 1989; Hunt and Vitell, 1986; Jones, 1991; Rest, 1986). Intent is also posited as the strongest predictor of behavior in the theory of planned behavior (Ajzen, 1991). Although issue contingencies' strongest impact on the ethical decision-making process may be through their influence on ethical judgments (Barnett, 2001), they may also have a direct effect on intentions. For example, individuals may seek to avoid negative attributions of responsibility by forming more ethical behavioral intentions, particular when proximity and social consensus are high (Fiske and Taylor, 1991; Jones, 1991). If individuals believe that a given action has serious and swift consequences, is generally condemned by society and adversely affects proximate individuals, their cognitive and behavioral responses are likely to be intensi-

fied (Fiske and Taylor, 1991), which might lead to more ethical behavioral intentions. Only a handful of studies have empirically addressed the relationship between issue contingencies and behavioral intentions. In general, more support has been found for the impact of magnitude of consequences and social consensus than for the other issue contingencies (Barnett, 2001; Singhapakdi et al., 1996, 1999).

Based on the above rationale and previous empirical findings, we offer the following hypotheses:

Hypothesis 3a: Marketers' perceptions of a greater magnitude of consequences for a given action will be negatively related to their expressed intentions to engage in a similar action.

Hypothesis 3b: Marketers' perceptions of greater societal consensus that a given action is unethical will be negatively related to their expressed intentions to engage in a similar action.

Hypothesis 3c: Marketers' perceptions of greater proximity to those potentially affected by a given action will be negatively related to their expressed intentions to engage in a similar action.

Hypothesis 3d: Marketers' perceptions of greater immediacy of the potential consequences of a given action will be negatively related to their expressed behavioral intentions to engage in a similar action.

3. Methodology

3.1. Sample and procedures

We sent surveys to 3000 sales representatives, sales managers and sales executives obtained from a Dun and Bradstreet mailing list. The packet included a cover letter, the questionnaire itself and a postage-paid return envelope. The questionnaire included items used in the present study as well as other items that were unrelated to the study. Potential respondents were informed that their participation was voluntary and were assured of anonymity. We used two waves of mailings, receiving 273 responses to the first mailing and 128 responses to the second. After eliminating 28 unusable responses, we were left with 373 responses, for a response rate of approximately 12.4%. Similar studies have reported response rates of 12.5% (Rallapalli et al., 1998) and 14% (Webb et al., 2000). We followed procedures recommended by Armstrong and Overton (1978) to assess the potential for nonresponse bias. We compared responses obtained from the first mailing to those from the second using *t* tests and also compared responses after breaking down the respondents into quartiles using analysis of variance. Neither analysis yielded evidence of significant differences between early and late respondents on any of the study variables.

The mean and median age of the respondents was 46. Approximately 86% of the respondents were men and 96% were white. Fifty-two percent had college degrees and 10% held advanced degrees. More than half (53%) of the respondents were sales managers, with VP Sales being the second most frequent job title (29%). The remaining respondents were either sales representatives (10%) or general executives with a sales background (8%). The dominant industries represented by members of the sample were manufacturing (39%), wholesale/retail (30%) and services (15%). Two-thirds of the respondents worked in organizations of 100 or fewer employees, with 25% employing between 100 and 999 employees, 5% employing between 1000 and 9999 employees and 4% employing 10,000 or more employees.

3.2. Ethics scenarios

Scenarios or vignettes are commonly used in studies of individual ethical decision-making and "the use of multiple scenarios is preferable in ethics research" (Morris and McDonald, 1995, p. 719). We adapted two sales ethics scenarios from previous research. Scenario 1 concerns a sales manager who is aware of a salesperson's misleading selling tactics but does nothing to stop them. This scenario was developed by Dornoff and Tanersley (1975) and has been used in several recent empirical studies (Singhapakdi, 1999; Singhapakdi et al., 1996, 1999, 2000). Respondents to our study were asked to evaluate the action of the sales manager in doing nothing to stop the misleading selling tactics. Scenario 2 concerns a salesperson that books business flights with an airline in order to earn frequent flier points for personal use, even though the flights cost his or her organization more money than those of an alternative airline. This scenario was developed by Dabholkar and Kellaris (1992) and has also been used in previous ethics research (Stevenson and Bodkin, 1998). Respondents to our study were asked to evaluate the action of the salesperson in booking the flights for personal gain. We asked participants about (1) whether the actions posed an ethical issue, (2) their ethical judgments regarding the actions and (3) the likelihood that they would engage in similar actions.

3.3. Measures

3.3.1. Ethical issue recognition

After respondents read each scenario, they were asked, "Do you believe that the depicted situation involves an ethical issue or problem?" Responses ranged from 1 = *completely disagree that it involves an ethical issue* to 7 = *completely agree that it involves an ethical issue*. Previous studies have utilized a similar item to assess ethical issue recognition (Singhapakdi et al., 1996, 1999).

3.3.2. Ethical judgments

Individuals' judgments about the ethicality of the actions were assessed using the "moral equity" dimension of Reidenbach and Robin's (1990) multidimensional ethics scale. Moral equity has been defined as a broad-based universal dimension that captures much of what is meant by "ethical" or "unethical" (Reidenbach and Robin, 1990). Previous research indicates that this four-item semantic differential scale correlates highly with single-item measures of ethicality (Reidenbach and Robin, 1990). Sample items from this measure are "fair–unfair" and "morally right–not morally right." Responses were summed and divided by the number of items in the scale, yielding ethical judgment scores from 1.0 to 7.0. Higher scores reflected a judgment that the actions represented in the scenarios were unethical. Coefficient α was .93 for the first scenario and .94 for the second.

3.3.3. Behavioral intentions

Individuals' behavioral intentions were assessed using a four-item semantic differential scale. Respondents were asked whether they would be likely to engage in the same action as that represented in each scenario. Items included "likely–unlikely," improbable–probable," "possible–impossible" and "definitely would–definitely would not." Higher scores on this scale reflected a greater likelihood of engaging in a similar action. Coefficient α was .89 for the first scenario and .97 for the second.

3.3.4. Issue contingencies

Barnett et al. (1999) conducted a series of studies to develop measures for the contingencies of ethical issues. These measures of issue contingencies have been used in previous research (Barnett, 2001) and were selected for use in this study. Each issue contingency was measured with three-item, seven-point semantic differential scales. Responses were summed and divided by the number of items in the scale. Thus, scores ranged from 1.0 to 7.0. Higher scores indicated a greater perceived magnitude of consequences, a greater perceived societal consensus that the action was unethical, a greater perception of proximity to the potential victims of the actions depicted and a greater perception that resulting consequences would swiftly follow the action.

For magnitude of consequences, respondents were asked, "Do you believe any harm resulting from the action depicted will be…" followed by three word pairs, one of which was "minor–severe." Social consensus was assessed by asking respondents to "Indicate the degree to which you

Table 1
Means, standard deviations and correlations for primary variables of interest ($n = 319$)

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
Variable, Scenario 1													
1 Age (years)	45.48	9.33	–										
2 Gender[a]	1.13	.34	−.10	–									
3 Company tenure (years)	10.02	7.28	.32***	−.07	–								
4 Ethical environment	5.63	1.10	.03	.02	−.02	–							
5 Social desirability	5.84	1.87	.17**	.04	.03	.09	–						
6 Magnitude of consequences	4.72	1.45	.16**	.03	.07	.18**	.05	–					
7 Social consensus	5.15	1.18	.02	.01	.01	.03	.03	.16**	–				
8 Proximity	3.67	1.95	−.01	−.08	−.01	−.06	−.01	−.04	.01	–			
9 Temporal immediacy	3.92	1.38	.08	−.06	.03	.16	.09	.33***	.05	.03	–		
10 Recognition of ethical issue	5.96	1.68	.01	−.01	−.13*	.03	−.05	.24***	.01	−.04	.10	–	
11 Ethical judgment	5.84	1.48	.03	.12*	.01	.19**	.02	.40***	.10	−.07	.14*	.17**	–
12 Behavioral intention	1.86	1.19	−.15**	−.08	−.06	−.15**	−.06	−.50***	−.14*	.08	−.23***	−.27***	−.42***
Variable, Scenario 2													
1 Age (years)	45.26	9.35	–										
2 Gender[a]	1.13	.34	−.12*	–									
3 Company tenure (years)	9.91	7.06	.29**	−.08	–								
4 Ethical environment	5.59	1.13	.01	.02	−.04	–							
5 Social desirability	5.84	1.86	.16**	.01	.02	.06	–						
6 Magnitude of consequences	4.54	1.60	.04	−.10	−.01	.11*	.03	–					
7 Social consensus	4.85	1.42	−.02	−.04	.04	−.03	.11	.32**	–				
8 Proximity	3.37	2.13	−.08	−.10	.01	.03	−.02	−.10	−.08	–			
9 Temporal immediacy	4.15	1.58	.05	−.12	−.01	−.02	.05	.50***	.23***	−.01	–		
10 Recognition of ethical issue	5.70	1.83	−.09	−.05	.01	.10	.10	.30***	.31***	−.03	.14*	–	
11 Ethical judgment	5.88	1.43	.01	.04	.08	.11*	−.08	.47***	.40***	−.18**	.20***	.50***	–
12 Behavioral intention	2.36	2.07	.01	−.10	.08	−.12*	−.10	−.24***	−.15***	−.28***	−.02	−.32***	−.45***

[a] 1 = male, 2 = female.
* $P < .05$.
** $P < .01$.
*** $P < .001$.

feel society as a whole considers the depicted action. . .” followed by three word pairs, once of which was “right–wrong.” We measured temporal immediacy by asking respondents to “Indicate the degree to which they anticipated that any consequences of the action in the scenario would occur. . .” followed by three word pairs, one of which was “immediately–after a long time.” Finally, we assessed proximity by asking respondents “Compared to yourself, do you consider those affected by the action in the scenario. . .” followed by three word pairs, one of which was “dissimilar–similar.” Coefficient α's were .92 and .94 for magnitude of consequences, .87 and .94 for social consensus, .87 and .95 for temporal immediacy and .96 and .97 for proximity.

3.3.5. Controls

Several situational and individual variables were included as controls. Perceptions of organizations' ethical environment have been shown to affect ethical decisions (Trevino et al., 1998) and were assessed with a 14-item, seven-point Likert scale (Trevino et al., 1998). Sample items from this measure were “The top managers in this organization represent high ethical standards” and “Ethical behavior is rewarded in this organization.” Responses were summed and divided by the number of items in the scale, with higher scores (closer to 7.0) indicating a more ethical environment. Coefficient α was .91. Respondents' organizational tenure (in years) was also included. Two demographic characteristics that might relate to ethical decision-making, age (in years) and gender (coded as 0 = male and 1 = female) were also included. Finally, because the tendency to respond in a socially desirable way is a potential problem in almost all ethics studies (Randall and Fernandez, 1991)), we assessed this tendency using a short form of the Crowne and Marlowe (1960) Social Desirability Scale, which has previously demonstrated good psychometric properties (Fischer and Fick, 1993). The scale consists of 10 statements to which respondents answer true or false. Sample statements include “I am always willing to admit when I have made a mistake” and “I have never been irked when people express ideas very different from my own.” After reverse scoring five items, each “true” response was summed so that higher scores (on a 1–10 scale) indicated a tendency toward socially desirable response bias.

3.4. Data analysis

Hierarchical regression was used to test the hypotheses. With ethical issue recognition as the dependent variable, control variables were entered into the regression followed by the four issue contingencies. The hypotheses related to ethical judgments were tested similarly, except that the “recognition of ethical issue” variable was entered directly after the control variables and immediately preceding the entry of the four issue contingencies. With behavioral intentions as the dependent variable, the control variables were entered followed by the “ethical issue recognition” variable and finally the “ethical judgments” variable. The four issue contingencies were entered on the final step.

4. Results

Table 1 provides means, standard deviations and correlations for Scenarios 1 and 2. Most of the respondents recognized the actions as comprising an ethical issue, with 80% scoring 6.0 or 7.0 on the first scenario and 75% scoring 6.0 or 7.0 on the second. On average, individuals regarded the actions represented in the scenarios as being somewhere between moderately and seriously unethical. Most indicated that they would not be likely to engage in either action themselves but were somewhat more likely to say that they would behave in the same manner as the salesperson in the “frequent flier” scenario. The correlations among the four issue contingencies and the three stages in the ethical decision-making process were generally as expected, with the exception of proximity.

Because we were conducting multiple analyses and wanted to interpret results conservatively, we used $P < .01$, rather than $P < .05$, as our criterion for statistical significance. Table 2 presents results with ethical issue

Table 2
Hierarchical regression results for recognition of ethical issue

	Recognition of ethical issue, Scenario 1			Recognition of ethical issue, Scenario 2		
Variable	β	b	S.E.	β	b	S.E.
Control						
Age (years)	0.07	0.01	0.01	− 11	− 0.02	0.01
Gender[a]	− 0.01	− 0.02	0.28	− 0.06	− 0.34	0.29
Company tenure (years)	− 0.14	− 0.03	0.01	0.03	0.001	0.02
Ethical environment	0.01	0.01	0.08	0.09	− 0.14	0.09
Social desirability	− 0.04	− 0.04	0.05	0.12	0.12	0.06
Step 1 ΔR^2	.02			.03		
Issue contingencies						
Magnitude of consequences	0.24***	0.27	0.07	0.21**	0.24	0.07
Social consensus	− 0.04	− 0.05	0.08	0.23***	0.29	0.07
Proximity	− 0.06	− 0.04	0.05	− 0.00	− 0.00	0.05
Temporal immediacy	0.01	0.01	0.07	− 0.02	− 0.01	0.07
Step 2 ΔR^2	.06**			.12***		
Model F	2.88**			6.21***		
Constant		5.74	0.87		3.21	0.90
Adjusted R^2	.05			.13		
n	320			322		

[a] 1 = male, 2 = female.
** $P < .01$.
*** $P < .001$.

Table 3
Hierarchical regression results for ethical judgments

	Ethical judgments, Scenario 1			Ethical judgments, Scenario 2		
Variable	β	b	S.E.	β	b	S.E.
Control						
Age (years)	0.03	0.00	0.01	−0.03	−0.00	0.01
Gender[a]	0.12	0.51	0.24	0.05	0.19	0.24
Company tenure (years)	0.01	0.00	0.01	0.10	0.01	0.01
Ethical environment	0.19**	0.26	0.07	0.11	0.14	0.07
Social desirability	−0.01	−0.01	0.05	0.08	0.06	0.04
Step 1 ΔR^2	.05**			.03		
Recognition of ethical issue	0.17**	0.15	0.05	0.50***	0.39	0.04
Step 2 ΔR^2	.03**			.24***		
Issue contingencies						
Magnitude of consequences	0.35***	0.35	0.06	0.32***	0.28	0.05
Social consensus	0.05	0.05	0.07	0.20***	0.20	0.05
Proximity	−0.04	−0.02	0.04	−0.11	−0.07	0.03
Temporal immediacy	0.01	0.00	0.06	−0.04	−0.03	0.05
Step 3 ΔR^2	.12***			.16***		
Model F	7.41***			23.37***		
Constant		2.31	0.77		1.41	0.60
Adjusted R^2	.17			.41		
n	314			319		

[a] 1 = male, 2 = female.
** $P < .01$.
*** $P < .001$.

recognition as the dependent variable. The overall model was significant for both the first ($P < .01$) and the second ($P < .001$) scenarios. The issue contingencies as a group explained a significant amount of variance in the recognition of ethical issues, with significant changes in R^2 in both regressions.

The perceived magnitude of consequences was positively associated with respondents' ethical issue recognition in both scenarios ($P < .001$ and $< .01$, respectively). This result supported Hypothesis 1a. Hypothesis 1b received only partial support, however, as a perception of societal consensus about the actions was significantly associated with ethical issue recognition only for the frequent flier scenario ($P < .001$). Neither Hypothesis 1c nor Hypothesis 1d received empirical support, as perceptions of proximity and temporal immediacy were unrelated to respondents' recognition of ethical issues.

Table 3 summarizes the results for ethical judgments. The regression models were significant for both scenarios ($P < .01$), with adjusted R^2 values of .17 and .41, respectively. As shown in Table 3, the issue contingencies explained a significant amount of the variance in ethical judgments for both scenarios, with a change in R^2 of .12 ($P < .001$) for the first and .16 ($P < .001$) for the second. In regard to specific issue contingencies, Hypothesis 2a stated that perceptions of a greater magnitude of consequences would be associated with judgments that a given action was unethical. This hypothesis was supported for both scenarios ($P < .001$). Hypothesis 2b was only supported in the frequent flier scenario, as a perceived social consensus that the salesperson's action was unethical was associated with individual judgments that the action was unethical ($P < .001$). Neither Hypothesis 2c nor Hypothesis 2d was supported. In fact, the β coefficient for proximity was negative, which was contrary to our expectations.

Table 4 summarizes the results for behavioral intentions. The regression models were significant ($P < .001$), with adjusted R^2 values of .33 and .26, respectively. The issue contingencies as a group explained a significant amount of variance in behavioral intentions, with a change in R^2 of .10 ($P < .001$) for the overeager salesperson scenario and .05 ($P < .01$) for the frequent flier scenario. In regard to specific issue contingencies, Hypothesis 3a was partially supported, as the β coefficient for magnitude of consequences was significant ($P < .001$) and negative for the first scenario. The hypotheses related to social consensus (Hypothesis 3b), proximity (Hypothesis 3c) and temporal immediacy (Hypo-

Table 4
Hierarchical regression results for behavioral intentions

	Behavioral intentions, Scenario 1			Behavioral intentions, Scenario 2		
Variable	β	b	S.E.	β	b	S.E.
Control						
Age (years)	−14	−0.01	0.01	−0.01	−0.00	0.01
Gender[a]	−0.09	0.31	0.19	−0.09	−0.58	0.34
Company tenure (years)	−0.02	−0.03	0.01	0.06	0.02	0.02
Ethical environment	−0.15**	−0.16	0.06	−0.11	−0.20	0.10
Social desirability	−0.02	−0.01	0.04	−0.09	−0.10	0.06
Step 1 ΔR^2	.05**			.03		
Recognition of ethical issue	−0.28***	−0.20	0.04	−0.32***	−0.36	0.06
Step 2 ΔR^2	.08***			.10***		
Ethical judgments	−0.36***	−0.29	0.04	−0.37***	−0.54	0.08
Step 3 ΔR^2	.12***			.10***		
Issue contingencies						
Magnitude of consequences	−0.33***	−0.27	0.05	−0.08	−0.09	0.08
Social consensus	−0.06	−0.05	0.05	−0.05	−0.07	0.08
Proximity	0.04	0.02	0.03	0.20	0.19	0.05
Temporal immediacy	−0.06	−0.05	0.04	0.09	0.12	0.07
Step 4 ΔR^2	.10***			.05**		
Model F	14.69***			11.19***		
Constant		6.14	0.57		6.30	0.99
Adjusted R^2	.33			.26		
n	312			319		

[a] 1 = male, 2 = female.
** $P < .01$.
*** $P < .001$.

thesis 3d) were not supported for either scenario. For the frequent flier scenario, the β coefficient for proximity was significant and *positive*, which directly contradicts Hypothesis 3c.

5. Discussion

The issue contingencies explained a significant portion of the variance in marketers' recognition of ethical issues, ethical judgments and behavioral intentions, although the specific hypotheses related to each issue contingency received only partial support. Only the perceived magnitude of consequences was significantly associated with all three stages of the ethical decision-making process. Perceived social consensus was associated with ethical issue recognition and ethical judgments, but only for one of the two scenarios. Proximity and temporal immediacy were not associated with ethical decision-making as hypothesized. Our results are consistent with research that has shown that issue contingencies associated with either the perceived magnitude of consequences or social pressure are the more important issue-related influence on ethical decision-making (Barnett, 2001; Singhapakdi et al., 1996, 1999). Researchers might be able to adequately and parsimoniously represent the issue contingencies of an ethical issue with only two factors, a perceived degree of harm factor and a perceived social pressure factor (Singhapakdi et al., 1996). Practitioners interested in encouraging ethical behavior might wish to focus attention on the sensitivity of employees to the consequences of actions and on developing an organizational consensus on what constitutes ethical/unethical behavior in specific decision-making situations.

The perceived social consensus was associated with ethical issue recognition and ethical judgments, but only for the frequent flier scenario. This finding supports Hunt and Vitell's (1986) ethical decision-making model, which suggests that perceptions of the cultural environment influence individuals' beliefs concerning the rightness or wrongness of specific acts. Jones (1991) argues that individuals look to societal norms to reduce ambiguity when confronted with ethical dilemmas. If societal consensus exists, individuals are more likely than not to make judgments consistent with societal norms. For example, Jones (1991) points out that if society has expressed a consensus by making certain activities illegal, individuals will be less likely to engage in these activities than in others that may be regarded as unethical, but not illegal. In our study, neither of the salespersons' actions was expressly illegal, and as a result, members of our sample did not perceive that there was a complete societal consensus that they were unethical acts. However, to the extent that respondents perceived that society disapproved of the practice in the second scenario, they were more likely to judge it as unethical.

The perceived magnitude of consequences had the strongest and most consistent association with ethical decision-making, which supports extant theories of ethical decision-making. For example, Hunt and Vitell (1986) argue that when making ethical judgments, individuals will evaluate the desirability or undesirability of the consequences associated with the action. It also provides additional support for the Jones (1991) issue-contingent model of ethical decision-making, which suggests that magnitude of consequences will affect individuals' recognition of moral issues, moral judgments, intentions and behavior.

Previous studies have been inconclusive on the relative importance of the magnitude of consequences and social consensus contingencies (Barnett, 2001; Singhapakdi et al., 1996, 1999). One explanation for the inconsistent findings is the relative level of moral development in the samples being studied, which is likely to moderate the relationship between issue contingencies and ethical decision-making. Those at lower levels of moral development may be more heavily influenced by social pressure and those at higher levels of moral reasoning could be influenced more by concern about the potential harm resulting from an action. The empirical evidence is generally supportive of this supposition, as many of the studies supporting social consensus as the key issue contingency utilize student samples with an average age in the lower to mid-20s while those finding that magnitude of consequences is the more significant issue contingency generally sample practicing managers or professionals with an average age in the 40s. Thus, the inconsistent results could conceivably be attributed to the relative levels of moral development, which tend to be systematically related to age (Rawwas and Singhapakdi, 1998). Future research should examine the possibility that level of moral development is a key moderator affecting the issue contingencies and ethical decision-making relationship.

Proximity was not associated with ethical decision-making as hypothesized. Other empirical studies have also failed to find a significant relationship or have found that the relationship is quite weak (Barnett, 2001; Singhapakdi et al., 1999). One possible explanation is that individuals implicitly consider the proximity of victims when they evaluate the magnitude of an action's consequences. Another explanation, suggested by Singhapakdi et al. (1999), is that issue contingencies relating directly to consequences (magnitude of consequences, probability of effect, immediacy of consequences, etc.) are more closely associated with ethical judgments than those related to social pressure (proximity and social consensus). Our findings are consistent with this interpretation. A final explanation for our findings may lie in the way that we measured proximity, which focused on the degree of "similarity" or "closeness" respondents felt for the potential victims of the actions, without specifying whether we were interested in cultural, social, psychological or physical proximity. Perhaps, as suggested by Jones (1991), proximity should be measured with separate items related specifically to these four types of proximity.

Temporal immediacy was not associated with respondents' decision-making process. Previous empirical research

on temporal immediacy has yielded mixed results, with some studies finding that it has little or no impact on ethical decision-making (Barnett, 2001) and other studies finding that it is associated with ethical perceptions or intentions (Singhapakdi et al., 1996, 1999). As with proximity, one possible explanation for our finding is that the respondents implicitly considered the immediacy of consequences when evaluating the magnitude of consequences and that temporal immediacy, rather than being a separate issue-related contingency, is simply part of one's overall evaluation of an action's consequences. This result is consistent with Singhapakdi et al. (1996), who found that temporal immediacy loaded on a common factor along with magnitude of consequences.

Understanding the factors that affect ethical decision-making is essential if ethical behavior in business is to be improved. Our study adds to the growing evidence that individuals' ethical decision-making process is affected by issue-related factors and not just personal and situational factors. We trust that future research will continue to explore these and similar questions and hope that our study contributes to a better understanding of the ethical decision-making process.

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