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Determinants of Unethical Business Behaviour among Owner–Managers

SUNDAY SAMSON BABALOLA

Several studies have identified entrepreneurship as a key factor in wealth creations in addition to associating certain personality characteristics to its growth. The question is to what extent have these wealth creations performed ethically. The present study is set to explore the cognitive orientation (locus of control, risk taking ability and impression management) and demographic (age and gender) factors that are associated with unethical business. Two hundred and fifty-six owner–managers in the age range of 24 to 68 years participated in the survey study. Male participants accounted for 63.3 per cent, while female participants were 36.7 per cent. The results indicate that risk taking and gender factors were consistently and statistically significant predictors of unethical business across the three groups in this study. The group situation appears to have effect on the individual contribution to unethical business. Implications are drawn from the results, and priorities are established for future research.

Introduction

Several empirical studies have stressed the important role of free-enterprise economic system through entrepreneurs (Drucker 1985; Light and Rosenstein 1995; Reynolds 1997; Schumpeter 1934), just as the contribution of small firms to new employment opportunities has received significant attention (Birch 1979; Light and Rosenstein 1995; Reynolds and White 1997). These studies and others have concentrated on the factors that facilitate performance. Despite these, there are arguments that there is limited literature on the determinants of job creation by the self-employed (Barkham 1994; Caroll et al. 1996; Cowling et al. 1997; Westhead and Cowling 1995) with relatively
little attention to research on business use such as unethical business, which can be dysfunctional for entrepreneurial growth.

Unethical business is defined as an act that is illegal or morally unacceptable within the business setting and larger community. In business, unethical behaviour contradicts the expected business in a civilized society. Business’s demonstration of irresponsible, immature, unethical behaviour among entrepreneurs can manifest in four different ways as reflected by entrepreneur’s duties and attitude: towards customers, workers, competing firms and government (Estola 2004). Therefore, it is not wise for an entrepreneur to make revenues by cheating on the government and the customer as either of these may create sanctions against whoever breaks the laws or negotiated contracts. This advice is tenable where strict rules and regulations governing business transactions are implemented. Strict implementation of rules and respect for customers are problems in most developing countries. Studies have shown that business individuals cut corners on quality, cover up incidents, lie to and deceive customers (Hefter 1986; Jones 1997; Werner et al. 1989). These types of unethical behaviour cost industry billions (Jones 1997; Zemke 1986) and damage the images of corporations (Mahar 1992). This study is therefore focusing on exploring the factors that influence unethical business among owner–managers in Nigeria. It is expected that the present study, being an exploratory study in Nigeria, will spur expansion or comparison in future research and also contribute new empirical analysis of individual data (personality factors) in the prediction of unethical business.

**Literature Review**

Ethics deals with the distinction between what is right and wrong. It is concerned with the nature and grounds of morality, including moral judgements, standards and rules of conduct (Taylor 1975). Similarly, Jones (1991) defines societal ethics as consisting of decisions that are legal or morally acceptable to the larger community. To be a society, a group must accept certain fundamental practices and principles. Business, as a type of society, is possible only within a certain social context of institutions, agreements, understandings and shared values (Beu et al. 2003). Thus, the freedom of business to make profit is limited by the values of fairness, equal opportunity, honesty and truthfulness (DeGeorge 1999). The interface between ethics and entrepreneurship involves two related sets of issues. The first concerns the entrepreneurial context for ethics, while the second involves the ethical context for entrepreneurship. Findings from the former indicated that the entrepreneurial context poses a number of unique ethical challenges. According to Bucar and Hisrich (2001), Cook (1992) and Bhide and Stevenson (1990), the financial and operational pressures found within most entrepreneurial firms heighten the incentive to engage in expediency. The unique ethical challenges found in entrepreneurial ventures, according to Morris et al. (2002), can be traced to their newness and smallness compared with more established businesses and entrepreneurial firms. Bhide and Stevenson (1990) also suggest that there is often little penalty for ‘bad’ in an entrepreneurial firm, and that ‘good’ can often be penalized. They state that the fundamental reason for acting properly must be the individual’s sense of self, as ‘the wheels of society are greased by forgiveness, forgetfulness and tolerance’. 

A number of ethical decision-making researchers have used self-interest theories to explain why individuals behave unethically. Reinforcement (Trevino 1986) and social exchange and neoclassical economics theories
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Grover (1993) have been used to demonstrate that individuals are pure egoists. On the other hand, Lewicki (1983) stresses the model of deception. He notes that deception is a product of the perceptions of the costs and benefits of using deception. Importantly, his model allows for potential misperceptions. He speculates that people underestimate the costs of using deception because they justify their own use of deception too readily to themselves.

Cognitive processes have also been implicated in increasing the entrepreneur’s susceptibility to biases and errors in reasoning and judgement under conditions of time pressure, high level of uncertainty, strong emotions and even fatigue (Baron 1998; Kahneman and Lovallo 1994; Palich and Bagby 1995). According to Baron (1998), the arising challenge can be compounded by entrepreneur’s strong commitment to his business ideas, thus increasing his potential for a self-serving bias. The sooner an entrepreneur exhibits a tendency towards egoism, the greater the pressure to engage in unethical behaviour (Longenecker et al. 1988). Thus, Al-Khatib et al. (2004) suggest that the individual code of ethics is the appropriate unit of analysis when studying ethics.

Trevino and Youngblood (1990) take as the starting point the entrepreneur’s stage in Kohlberg’s cognitive development model in describing ethical dilemma. For the owner–manager in a smaller firm, the need to obey authority or to look for the approval of relevant others may be less relevant. The normative structure within a company is likely to be embodied in the owner–manager and directly relates to his stage of cognitive moral development. They suggest that situational moderators are less significant for entrepreneurs. Their model implies that the most influential factor determining an actor’s behaviour when facing an ethically sensitive business issue will be personal ethics, which is moderated by psychological variables. However, in the view of Mischel (1977), individual differences can determine, in a given situation, most especially when the situation is ambiguously structured so that people are uncertain about how to categorize it, have to structure it in their own terms and have no clear expectations about the most likely option to be appropriate in that situation. The significance of individual differences will be greatest to the degree that the situation is ‘unstructured’ and each person expects that virtually any response is equally likely to be equally appropriate. Furthermore, Mischel (1977) stresses that the role of individual differences is minimal to the degree that people are exposed to powerful treatments and conversely, when the treatments are weak, ambiguous or trivial, individual differences in personal variables have the most significant effects.

Locus of control and tolerance of ambiguity (risk taking) are some of the most consistently emphasized characteristics in the psychological area (Begley 1995; Morris and Zahra 2000), despite the difficulties in identifying the salient features of the entrepreneurial personality (Sexton and Bowman 1983; Shaver and Scott 1991). MacDonald (1976) defined locus of control as the extent to which persons perceive contingency relationships between their actions and their outcomes. Locus of control has been linked to ethical beliefs and perceptions in a number of studies. In their studies using undergraduate students (Jones and Kavanaugh 1996; McCuddy and Peery 1996; Terpstra et al. 1991) report that individuals classified as internals indicate a greater sensitivity in their responses. Studies conducted on graduate students by Trevino and Youngblood (1990) shows similar findings while Jones and Kavanaugh (1996), in their studies...
on graduate students, observe a non-significant difference by locus of control of graduate student subjects. With regard to the linkage to ethics, an internal locus of control seems more consistent with a strong reliance on a personal ethical standard as opposed to a standard derived from one’s social milieu (Hegarty and Sim 1978).

Hypothesis 1: There will be significant relationship between external locus of control and unethical business.

There also seems to be a clear linkage between risk taking to ethics, as ethical dilemmas are inherently ambiguous and often consist of complex and contradictory situations in which different elements or cues suggest a range of possible outcomes. Chell et al. (1991) describe the risk-taker as someone, who in the context of business venture pursues business ideas when the probability of succeeding is low. Studies of high school and college students show significant relationships between risk taking and the deviant (Denovan and Jessor 1985). Similarly, Horvath and Zuckerman (1993) obtain significant correlations between risk appraisal and risky situations across four areas of risk (criminal, minor rule violations, financial and sports risk) while the result of Zukerman and Kuhlman (2000) study show that generalized risk taking is related to scales for impulsive sensation seeking and aggression. For instance, people assume small business owners to be high risk-takers while the quantitative review of Rauch and Frese (2002) show that high risk taking is negatively associated with business success. Extrapolating from these studies to the current study, it is hypothesized that:

Hypothesis 2: High risk taking individuals will score higher on unethical business measures than low risk taking individuals.

Impression management is the process whereby individuals seek to influence the perception of others about their own image (Rosenfeld et al. 1995). The prime reason for this is that people need to appear more altruistic and society-oriented than they actually are. For example, giving the impression that one is competent and ambitious can lead to benefits such as career-enhancing opportunities (Wayne and Liden 1995). Also, individuals generally believe they are more ethical compared to their peers (Randall and Fernandes 1992). In view of the fact that business environment requires integrity (Chung and Monroe 2003), this study will therefore explore the relationship between unethical business and impression management.

Hypothesis 3: There will be negative significant relationship between impression management and unethical business.

Beyond these psychological characteristics, it is also useful to consider personal characteristics, two of the most salient being age and gender. Findings here are hardly definitive. With age, there is cursory evidence to suggest that subjects become more conservative in their ethical attitudes as they get older (Radaev 1994; Serwinek 1992). Hence, younger people would have a more liberal view of potentially unethical situations. The counter-argument is that younger people are more idealistic and see the world in more ‘black and white’ terms.

Hypothesis 4: Younger subjects will contribute positively to unethical business scales than older subjects.

In the field of criminology, gender is one of the strongest correlates of criminality while the link between gender and non-compliance appears to extend to a variety of forms of deviance not
Gender is used in this article to refer to biological sex. A number of gender studies on ethics use students and employees with mixed results. For instance, some findings show that men are more likely to engage in various unethical practices (Bertz et al. 1989); male business students are less ethical on a majority of ethical indices (Ruegger and King 1992), while Cole and Smith (1996) and Kohut and Corriher (1994) findings indicate that female business students are less receptive to questionable ethical responses. Specifically, Whipple and Swords (1992), in a sample of US and UK students state that female subjects are more critical of unethical issues than male subjects. In their study among employees, Hollinger and Clark (1983) report that males are almost one and three-quarters times more likely to report higher than average levels of theft activity against their employers than are their female co-workers. The contradictory position shows that there are no significant gender-based differences between the ethical frameworks held by men and women (Barnett and Karson 1989; Posner and Schmidt 1987); while Bucar and Hisrich (2001) report that female entrepreneurs are slightly more ethical than males.

Grasmick et al. (1996) use power-control theory to explain that the greater compliance of female is due to gender differences in socialization experiences, particularly experiences concerning risk taking. In the ideal-type patriarchal family, female children are socialized into a ‘cult of domesticity’ where strict adherence to rules is expected. Females then come to believe that dire things will happen should they transgress. In contrast, male children, as part of the anticipatory socialization for the workplace, are encouraged to take risks. And in the process of taking risks, male children come to realize that dire things do not happen. Their transgressions typically are not detected by those in authority, their peers do not condemn them, and they develop self-concepts that are consistent with rule violations. Thus, in a purely patriarchal system, boys, as compared to girls, will come to perceive lower threats of formal sanctions, embarrassment and shame for transgressions.

**Hypothesis 5:** Male subjects will score higher on UBB scales than female subjects.

**Method**

**Sampling and Data Collection**

The sampling frame consisted of owner–managers of small company with fewer employees and registered business premises with Oyo–State Ministry of Commerce and Industry, Nigeria, Africa. A total of 450 survey questionnaires were distributed to the randomly selected owner–managers using the Business Premises Registration Record. Each of the owner–managers received a copy of the questionnaire with a covering letter through research assistants. Three hundred and forty-seven survey questionnaires were returned, of which 256 usable surveys were utilized for the present study yielding approximately 56.89 per cent return. Table 1 shows the demographic profile of the sample. Majority of the respondents, 63.3 per cent, were male. Virtually all of the respondents were under 40 years of age, with the largest proportions between the ages 30 and 39 (45.5 per cent) and 24 and 29 (36.4 per cent). Fifty-six per cent of the respondents were married while 63.3 per cent of the respondents had received either an undergraduate or graduate degree.
Instruments

A self-report questionnaire was designed in which owner–managers were asked to provide answers that best characterized them. The questionnaire was divided into three; the first part assessed the demographic variables of sex, age, marital status and education, the second part dealt with personality factors of risk taking, impression management and locus of control, while the last part dealt with the scenarios which measured the unethical business.

Locus of control: The 17-item Craig et al. (1984) scale was employed. It is an outcome efficacy measure, which provided a measure of the subject’s perception of the relation between event and behaviour. It assesses both the ‘internal’ and ‘external’ dimensions of locus of control. Participants rated their agreement with each statement on a 5-point scale. Cronbach alpha for the present sample was $\alpha = 0.81$. The scale used five point, Likert type ‘strongly agree’ to ‘strongly disagree’ response format.

Impression Management: A 20-item measure developed by Paulhus (1984, 1986) was used. The reported coefficient alpha for the impression management scale ranged from $\alpha = 0.70–0.75$. The scale has been extensively tested and we can be fairly confident of their applicability across time, place and settings. Consistent with values obtained in the original development of the scale, the Cronbach alpha $\alpha = 0.74$. The scale used five point, Likert type ‘strongly agree’ to ‘strongly disagree’ response format.

Risk taking: A self-report 4-item statement was developed to measure risk taking in business venture. Reliability analysis for the scale was conducted by inspecting item-total and inter-item correlations analysis. Item reduction involved eliminating items that with item-total correlations $< 0.35$ and inter-item correlations $< 0.20$ as suggested by Bearden et al. (1993) and Nunnally (1978). Individual items that meet the above criteria were summed to form multiple-item scales. The items were scored on a 5-point Likert-type scale from strongly agree to strongly disagree. The Cronbach alpha for the scale was $\alpha = 0.73$.

Unethical business: A short, two-scenario was constructed and used for this study. The scenarios used were chosen and judged as representative of current trends in Nigeria environment. Information from previous studies (Callen and Ownbey 2003; Fullerton et al. 1996; Muncy and Vitell 1992; Strutton et al. 1997; Wilkes 1978) influenced the development of these scenarios. Each subject received the two unethical business scenarios with the rating

| Table 1  |
|-------------------------|----------|------|
| Demographic Profile of Respondents ($N = 256$) |
| Variables          | N  | %  |
| Gender             |    |     |
| Male               | 162 | 63.3% |
| Female             | 94  | 36.7% |
| Age                |    |     |
| 24–29              | 93  | 36.3% |
| 30–39              | 116 | 45.3% |
| 40+                | 47  | 18.4% |
| Marital status     |    |     |
| Single             | 111 | 43.4% |
| Married            | 145 | 56.6% |
| Education          |    |     |
| High school        | 34  | 13.3% |
| College: Ordinary National Diploma | 60 | 23.4% |
| University Degree/ | 127 | 49.6% |
| Higher National Diploma |    |     |
| Graduate degree    | 35  | 13.7% |
scales. The first unethical business scenario involved manufacturing of furniture for a public school while the second unethical business scenario involved production of drugs by a pharmaceutical industry. To minimize response bias, each unethical business scenario presented different orders of statement items. There are nine items at the end of each scenario. Respondents indicated the extent of their agreement with each statement by choosing a response using a five-point scale ranging from strongly agree to strongly disagree. For the purposes of analysis, responses were coded so that a higher score indicated high acceptance of the unethical business described in the scenario. Similar criterion used for testing the reliability analysis of risk taking was used for unethical business measures. The following Cronbach alpha of unethical business were obtained $\alpha = 0.88$ for (Scenario1), $\alpha = 0.88$ for (Scenario2) and $\alpha = 0.93$ for (Combined scenarios). Applying Nunnally’s (1978) criterion of $\alpha = 0.70$ for acceptable reliability in exploratory research suggested that the present developed scales were internally consistent.

**Procedures**

A group from the University of Ibadan, Nigeria Graduate Professional Class (MBA and Masters in Managerial Psychology (MMP)) were presented with unethical business scenarios to read and comment on their realisms and the severity of the unethical behaviour described in each scenario. The group also supplied suggested referents and outcomes for each scenario. The comments provided by this group were used to make some adjustments to the scenarios. The study was pilot tested with a complete questionnaire administered to 70 owner–managers. All the owner–managers that participated in the pre-testing agreed that each of the scenarios used in this study had high realism. Participants both at the pilot and main study were not informed of the aims of the study until they had completed the questionnaires.

**Statistical Analysis**

Cronbach’s alpha coefficients were computed to test reliability (internal consistency) of all the measures used in this study. Correlation analyses were computed. To test predictive relationships of psychological (locus of control, risk taking and impression management) and demographic (gender and age) variables with participants’ response to unethical business, a multivariate multiple regression was performed (Finn 1974; Finn and Mattsson 1978; Lutz and Eckert 1994). Specifically, stepwise regression analysis was used. For the independent variable of gender in the analysis, a dummy variable was created. The dependent variable is the composite scores from the scenarios measures.

**Results**

Means, standard deviations and correlations among all measures are reported in Table 2. Risk taking showed negative significant relationship between age and the dependent measures of unethical business while locus of control was only significantly related to the risk taking, impression management and unethical business under Scenario two. On the other hand, there was no significant relationship between impression and the dependent measures.
Furniture Manufacturing Scenario 1

The third model in the stepwise regression analysis has an F statistic = 41.24 and is significant at the p < 0.000 level. The R-square is 0.329 and the adjusted R-square is 0.321. The regression results indicated that 32.9 per cent of the variation in subjects’ unethical business response scores for the Furniture Manufacturing Scenario could be explained by differences in risk taking (β =.56), age (β =.27), and gender (β =.12) (see Table 3). Hence, high risk takers, older individuals and male subjects contributed significantly to the prediction of unethical business. The factors of locus of control and impression management were not found to be significantly associated with subjects’ unethical business scores for the Furniture Manufacturing Scenario 1.

Pharmaceutical Industry Scenario 2

The fourth model in the stepwise regression analysis has an F statistic = 16.51 and is significant at the p < 0.000 level. The R-square is 0.208 and the adjusted R-square is 0.196. The results indicated that 20.8 per cent of the variation in subjects’ unethical business response scores for the Pharmaceutical Industry Scenario could be explained by differences in risk taking (β =.37), gender factors (β =.23), impression management (β =.21) and locus of control (β =.16) (see Table 3). Thus, high risk takers, low impression management individuals, internally controlled and male respondents are likely to engage in unethical business. The factor of age was not found to be significantly associated with subjects’ unethical business scores for the Pharmaceutical Industry Scenario 2.

Combined Scenarios

The third model in the stepwise regression analysis has an F statistic = 32.68 and is significant at the p < 0.000 level. The R-square is 0.280 and the adjusted R-square is 0.272. The results indicated that 28 per cent of the variation in subjects’ ethical response scores for the combined two scenarios could be explained by differences in risk taking (β =.50), age (β =.19) and gender (β =.17) (see Table 3). The regression result indicated individuals that are high in risk taking; old, and males had significant positive relationship towards unethical business. The factors of locus of control and impression management were not found to be significantly associated with subjects’ unethical business scores for the Combined Scenarios.
Discussion

The main objective of this study was to investigate factors that predict unethical business. The fitness coefficients (R²) were not so high for the three models (.208–.329), but the statistical significance was high (p < 0.000). The findings of the three groups in this study showed different predictor variables contributed to each of the group criterion. This reflects in findings of earlier studies using this method (Callen and Ownbey 2003; Smith et al. 1999). Furthermore, the findings also showed the importance of individual differences in the determinant of a given situation. As Mischel (1977), expressed individual differences will be minimal to the degree that the situation is weak or trivial as can be found between Scenario 1 and Scenario 2.

The analysis of the two unethical business scenarios and the combined scenarios revealed positive significant contribution of risk taking and gender to unethical business. First, the result of high risk taking was in line with studies such as Denovan and Jessor (1985) that found significant relationships between risk taking and the deviant. Positive significant relationship of risk taking to unethical business could portend a danger signal to business success as its detection could lead to negative associated consequence for the business enterprise. Possibly, this is why studies have shown negative relationship between high risk taking and business success (Rauch and Frese 2002). There is possibility that owner–managers have greater tendency to engage in unethical business because most often there is little or no penalty for ‘bad’ in entrepreneurial firm (Bhide and Stevenson 1990) most especially in developing nations, as monitoring and implementation of rules are fraught with lapses here and there. There is therefore a need to include the situational variables in further research of this nature so as to eliminate doubt on why owner–managers express positive tendency towards unethical business.

Male participants were found to score higher on unethical business than their female counterparts. This finding is consistent with some previous studies that males were likely to engage in unethical behaviour (Bertz et al. 1989; Ruegger and King 1992) while females were less receptive to questionable ethical responses (Cole and Smith 1996; Kohut and Corriher 1994) and critical of unethical issues (Whipple and Swords 1992).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk taking</td>
<td>.56***</td>
<td>.37***</td>
<td>.50***</td>
</tr>
<tr>
<td>Age</td>
<td>.27***</td>
<td>.19**</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>.12*</td>
<td>.23***</td>
<td>.17*</td>
</tr>
<tr>
<td>Impression management</td>
<td>.16*</td>
<td>−.21*</td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

F (3, 252) = 41.24 F (4, 251) = 16.51 F (3, 252) = 32.68
R² = 0.329 R² = 0.208 R² = 0.280
Adj. R² = 0.321 Adj. R² = 0.196 Adj. R² = 0.272

Note: + p < 0.05; * p < 0.01; ** p < 0.001; *** p < 0.000.
It however contradicted the studies of Barnett and Karson (1989) and Posner and Schmidt (1987) findings. Thus, male predisposition towards the unethical could be a reflection of male chauvinism that is inherent in our environment. Explanation of socialization experiences given by Grasmick et al. (1996) seems appropriate as the reason for the findings of this nature considering the cultural environment in Nigeria where the research took place. It should be noted that Nigeria is among cultural settings that are high in power distance.

Stepwise regression analysis showed the positive significant contribution of age on two of the three groups under study. The findings contradicted the findings of Serwineck (1992) and Radaev (1994), which stated that older individuals become more conservative in their ethical attitudes. This result portends a great concern as one expects that good example will flow from top downward. The result might also be a pointer to the rising decline in social values and integrity in Nigeria.

The result of the analysis also showed that impression management and locus of control significantly contributed to unethical business in Scenario 1 while age factor did not. Possibly, the nature of the business involved could have been responsible for this. Although prior studies (Jones and Kavanaugh 1996; McCuddy and Peery 1996; Terpestra et al. 1991) supported external locus of control on the unethical dilemma, this was less clear-cut in this study. It was only in one group that there was support. Though, prior studies used students (undergraduate and graduate), the current study used the real practitioner in the field (owner–manager). The stepwise regression analysis revealed an inverse relationship between unethical business and impression management revealed among owner–managers. This showed the inclination of the owner–managers to want to toe the acceptable ways, as it is well known that the business environment requires integrity (Chung and Monroe 2003). Thus, confirming Rosenfeld et al. (1995) description of impression management has a tendency to be society-oriented than one actually is. However, the inverse relationship finding contradicted Lewiscki’s (1983) proposition that that people underestimate the cost of using deception. The finding seems to show that the participants must have subdued their ego because, as Longenecker et al. (1988) noted, the tendency towards egoism leads to pressures to engage in the unethical.

Conclusion

The focus of this study was to investigate the psychological and demographic variables that predict owner–managers’ evaluation of unethical business scenarios. Risk taking, age and gender factors were found to be contributory factors to the unethical in business. Risk taking and gender were found to be significant contributors to unethical business response for each scenario and the combined scenarios. The information provided by this study should be useful for policy makers and for various ethically oriented organizations. It is also useful to educators who design courses with the intention of raising business ethical awareness.

Limitations and Directions for Future Research

As an exploratory study in evaluating factors that have influence on unethical business, this study might have some weaknesses. First, the study is not rooted in broad-based theory. As a result, the findings herein should be viewed as a demonstration of a relationship rather than as confirmation of a generalized theory. Also worthy
of note is the disparity in the number of male and female managers from this study; this cannot not be divulged from the cultural and religious diversity in existence in Nigeria. As a cross-sectional study, causal interpretations of these findings should be made with caution. Although we cannot be certain about the direction of these relationships, there are reasons to believe that the causal chain runs from personality traits to the use of unethical business. Because personality traits are both global and stable over time, it is likely that they underlie unethical dilemma and not vice versa.

Many other variables that were not addressed in this study may influence owner–manager’s unethical business, such as situational variables, self-esteem, importance of religious faith and family background. These and some other variables should be examined in future research. Nonetheless, the study demonstrates a significant relationship that is grounded in data and in itself, may contribute to building the theoretical foundation this line of research needs (Sass 2000) (Table A1). The use of scenarios also imposes certain limitations on the results. Scenarios can only examine hypothetical situations, but this is the recommended method for researching ethical dilemmas because it reduces socially desirable responding (Brief et al. 1996). This study being an exploratory one in Nigeria can be expanded or comparisons made in future research by using different means to measure observed owner–managers or replicated in other settings.

Appendix

Unethical Business: Scenario 1

A furniture manufacturing company got a contract to make chairs and tables for the public secondary school in the local government council. The factory manager informed the business owner that the wood bought in Table A1

<table>
<thead>
<tr>
<th>S/N</th>
<th>Item-total Correlation</th>
<th>Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The owner–manager can manipulate situation to achieve his purpose.</td>
<td>.66</td>
</tr>
<tr>
<td>2</td>
<td>The owner–manager is smart.</td>
<td>.61</td>
</tr>
<tr>
<td>3</td>
<td>I won’t blame the manager; I blame the situation of the country.</td>
<td>.69</td>
</tr>
<tr>
<td>4</td>
<td>The contract from the government is an opportunity for the owner-manager to grasp his own share of the national cake.</td>
<td>.44</td>
</tr>
<tr>
<td>5</td>
<td>I would feel indifferent to the manager’s action.</td>
<td>.82</td>
</tr>
<tr>
<td>6</td>
<td>I will not be happy with the manager because he used inappropriate wood.</td>
<td>.44</td>
</tr>
<tr>
<td>7</td>
<td>It is not bad for the owner-manager to tell a lie to achieve his goal.</td>
<td>.69</td>
</tr>
<tr>
<td>8</td>
<td>The owner–manager’s action deserves condemnation.</td>
<td>.60</td>
</tr>
<tr>
<td>9</td>
<td>The owner–manager should not be bound by any oath of office in a difficult country like this.</td>
<td>.71</td>
</tr>
</tbody>
</table>
Unethical Business: Scenario 2

Dele got a call that the consignment of the paracetamol products his pharmaceutical company sold the previous week had been returned as not good for consumption (Table A2). What this means is that continuous sales of this product will be difficult because it has been tagged “fake product”. Dele, the manufacturer thought about the payment of the loan he obtained from the bank for producing this product and told his manager that the brand name has to change and re-packed for the market again so as to meet up with the loan repayment. His manager then asked, could the problem we are experiencing now be due to one of the adulterated chemicals that were used in the production? Keep quiet, Dele said.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Item-total Correlation</th>
<th>Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dele can manipulate things/ situation to achieve his purpose.</td>
<td>.54</td>
</tr>
<tr>
<td>2</td>
<td>Dele is smart.</td>
<td>.68</td>
</tr>
<tr>
<td>3</td>
<td>I won’t blame Dele; I blame the situation of the country.</td>
<td>.77</td>
</tr>
<tr>
<td>4</td>
<td>I would feel indifferent to Dele’s actions.</td>
<td>.41</td>
</tr>
<tr>
<td>5</td>
<td>The situation is an opportunity for Dele to make money.</td>
<td>.66</td>
</tr>
<tr>
<td>6</td>
<td>I will not be happy with Dele for reselling the product.</td>
<td>.64</td>
</tr>
<tr>
<td>7</td>
<td>It is right for Dele to use adulterated chemicals.</td>
<td>.69</td>
</tr>
<tr>
<td>8</td>
<td>Dele’s action deserves condemnation.</td>
<td>.50</td>
</tr>
<tr>
<td>9</td>
<td>Dele should not be bound by any oath of office in a difficult country like this.</td>
<td>.65</td>
</tr>
<tr>
<td></td>
<td><strong>Risk taking</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>I would not embark on a venture that may fail.</td>
<td>.48</td>
</tr>
<tr>
<td>2</td>
<td>The more the risk in a business the better the business.</td>
<td>.51</td>
</tr>
<tr>
<td>3</td>
<td>I am not afraid of losing my capital investment in a business.</td>
<td>.55</td>
</tr>
<tr>
<td>4</td>
<td>I think I can endure the capital lost in the process of starting a business.</td>
<td>.56</td>
</tr>
</tbody>
</table>

**REFERENCES**


Begley, T.M. (1995), ‘Using Founder Status, Age of Firm, and Company Growth Rate as the Basis for Distinguishing


