Ethical Behavior of Bakersfield Business Managers

To assess the ethical behavior of local business managers, we conducted a telephone survey to a random sample of the Greater Bakersfield Chamber of Commerce’s membership. The survey had a response rate of 60 percent and a sample size of 100.¹ The survey consisted of ten assertions:

1. It is okay to withhold negative information about a product in order to make a big sale as long as the negative aspect is not dangerous or life-threatening.
2. There are times when a manager must overlook contract and safety violations in order to get on with the job.
3. It is not always possible to keep accurate expense records. Therefore, it is sometimes necessary to give approximate figures.
4. There are times when it is necessary to withhold embarrassing information from the boss.
5. We should do what our managers suggest, even though we may have doubts about its being the right thing to do.
6. It is sometimes necessary to conduct personal business on company time.
7. Taking a friend to lunch and charging it to the company as a business expense is acceptable as long as the bill is reasonable and doing so does not become a regular habit.
8. Management must be goal-oriented. Therefore, the end usually justifies the means.
9. If a large expense on entertainment would win a big contract, I would authorize it.
10. Taking home company property (pencils, paper, tape, and the like) for personal use is an accepted fringe benefit.

The response to each assertion required one of four possibilities: 0 if strongly disagree; 1 if disagree; 2 if agree; or 3 if strongly agree. For each survey response, a total score varying between 0 and 30 - was calculated. Finally, the scores were divided into 6 categories as shown in the following frequency distribution:

¹ The survey we conducted was a modified version of that published in D. Rachman, M. Mescon, C. Bovée, and J. Thill, Business Today, 6th ed., McGraw Hill.
The survey’s frequency distribution had a mean of 9.5 and a standard deviation of 9.8. The distribution’s confidence interval was 7.6 to 11.5, which indicated that the sample mean was 95 percent likely to fall within the “average to good” categories.

The survey results also indicated that the majority of respondents, 55 percent, had “good” ethical standards or better. The remaining 45 percent of respondents rated their ethical practices as “average” or lower. While 7 percent of respondents said they applied “excellent” ethical standards to their business decisions, 8 percent of respondents exhibited “poor” ethical judgments. In sum, 92 percent of survey respondents had “average” ethical standards or better.

We detected an interesting anecdotal observation from our telephone conversations with local business mangers. Nearly all respondents applying “high” or better ethical standards were self-employed owners/managers, whereas those scoring “average” or lower were mostly big-business employees.