

## A COMPARISON OF EXPORTERS AND STUDENTS: ATTITUDE AND ETHICS IN EXPORT MARKETS

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### ABSTRACT

What is taught in the classroom is not always consistent with the "realities" of the business world. This study helps in understanding differences between student and export manager perceptions of ethics in foreign markets and their attitudes toward exporting. Using measures of ethics and export attitudes, business students and exporters were found to differ considerably on a number of issues, but not always in the ways predicted. Six propositions were tested, but only two were supported completely. Implications for business educators are discussed.

### INTRODUCTION AND BACKGROUND

In preparing business students to take an active role in the firms which hire them, academicians may emphasize and reinforce areas in which uncertainty exists in industry, rather than presenting a more balanced picture. In addition, ethnocentrism and self-reference criteria may preclude a balanced approach to the study of international business and export marketing. Two perceived barriers to exporting, attitude toward exporting and ethical problems, are examined in this study. Exporters and students are compared on their perceptions of the extent these of these factors in export markets.

#### Attitude Toward Exporting

Corporate culture incorporates the attitudes, assumptions, beliefs, goals, knowledge, and values which are shared by members of the organization. Of these, previous research has shown management's attitude toward exporting to

affect export performance, especially in small and medium-size companies (Ali and Swiercz 1991; Holzmueller and Kasper 1991). Internal firm characteristics also influence export behavior and performance (McGuinness and Little 1981).

#### Ethics

Values are a part of corporate culture and they are considered to be influential in directing individual and corporate behavior. Corporate ethical values help establish and maintain standards for business behavior (Hunt, Wood, and Chonko 1989). Understanding the "right" thing to do in domestic markets is one thing, but understanding those standards for doing business in a foreign market may be very different and problematic. The study of business ethics is dominated by two competing theories, teleological philosophy, represented in the business world primarily by utilitarianism, and deontological philosophy.

Utilitarianism refers to the "greatest good for the greatest number" and the deontological approach is based on whether individual behavior meets the universal good will. Dominance of one approach within a firm may be influenced by the firm's corporate culture, while in a given market, it may be a product of the societal culture.

U.S. society tends to emphasize the individual's role as a critical source of ethical values, rather than ethics emanating from the firm (Vogel 1992). In addition, business ethics are more legalistic and rule-oriented in the U.S. and U.S. citizens tend to consider their own ethical rules and standards to be universally applicable. This is in contrast to other industrialized nations where business ethics has more to do with arriving at decisions based on shared values. While there does appear to be an

emerging global attitude that bribery and other forms of business corruption are becoming less standard business practices and less tolerated (Ettorre 1994), many North Americans may continue to perceive that business ethical standards are different overseas, most often being "lower."

## Propositions

The first proposition suggests that through efforts to inform students of the potential problems of doing business internationally, they may perceive that all business conducted overseas is corrupt. This should contrast with the experiences of exporters who realize that not all foreign markets are corrupt or unethical.

P<sub>1</sub>: Students will perceive there to be a greater frequency of ethical problems in foreign markets than will exporters.

A discussion of global marketing typically includes sections on bribery, corruption, intellectual property rights, etc., which are not usually included in "domestic" marketing. Also, the popular press stresses U.S. complaints of an "uneven playing field," software piracy, and other forms of intellectual property rights violations. The second proposition addresses this issue.

P<sub>2</sub>: Students will perceive there to be more difficulties in transacting business in foreign markets than will exporters.

Students may perceive that U.S. firms engaging in unethical activities overseas would suffer an image problem in the U.S. The exposure of firms violating U.S. ethical standards is often discussed in cases which could influence students to view this as an image problem. Experienced exporters may believe this to be less of a problem.

P<sub>3</sub>: Students will perceive to a greater extent than will exporters that a firm's image could be tarnished if found engaging in ethically questionable activities.

Students are assumed to be more idealistic than are exporters. Exporters, on the other hand, are

expected to be somewhat more pragmatic and legalistic. In the fourth proposition it is expected that students believe top executives will be more concerned about the ethical implications of engaging in ethically compromising activities in foreign markets, whereas exporters are expected to believe that legal implications are of more concern to top management.

P<sub>4</sub>: Students believe that the top management of U.S. export firms are more concerned about the ethical implications of engaging in ethically questionable business practices in foreign markets. Export executives believe they are more concerned about legal implications.

Because students will have been exposed to more of the negative aspects of exporting, it is expected that their attitude toward exporting will be less favorable than that of exporters. Exporters should have a positive attitude toward exporting.

P<sub>5</sub>: Students will have a less favorable attitude toward exporting than will exporters themselves.

Finally, it is expected that there will be differences between U.S.-born students and foreign-born students in the measures used to test both ethics and attitude toward exporting. U.S. born students should reflect a deontological perspective of ethics, emphasizing individual ideas of ethics, and should also have a more negative attitude toward exporting.

P<sub>6</sub>: U.S.-born students will have a greater perception of ethical problems existing in foreign markets than will foreign-born students and their attitudes toward exporting will be more negative.

## METHODOLOGY

A questionnaire was mailed to 325 contacts in an export directory of firms in the Pacific Northwest. 92 usable surveys were returned, for an effective response rate of 28.3%. The student survey was administered to 148 business students in several different classes at a medium-size regional university in the Pacific Northwest.

## Attitude Toward Exporting

The attitude toward exporting scales were based on previous studies (Ali and Swiercz 1991; Czinkota and Johnson 1983). The relevant scales asked the extent of agreement with the following statements: "Exporting is desirable for my firm" "Exporting is no different from doing business locally," and "My firm is actively seeking new foreign markets for our current products." All measures used five point scales anchored by "Strongly Disagree" (1) and "Strongly Agree" (5).

## Ethical Measures

Ethical questions were drawn from Mayo (1991), who used four categories: (1) Frequency; (2) Ability to Transact Business; (3) Image Tarnish; and (4) Ethical Implications. Frequency items, asked to what extent "the frequency you believe the following occur in your primary foreign market" and included Bribery, Government Interference, Lubrication (grease) for customs clearance, Problems with transfer of funds, Cultural and/or Business differences, Technology/Copyright theft, Ecological exploitation, and Ethical problems with misuse of product. Each of the scales used these same descriptors of ethical problems.

## RESULTS AND DISCUSSION

### Tests of Propositions

Propositions were tested by t-tests between the means of students and exporters on a particular scale. The results are listed in Tables 1 and 2.

The first proposition is supported. Students were much more likely to assume there to be ethical problems such as bribery in foreign markets compared to exporters. The second proposition was also supported, with students perceiving it more difficult than exporters to transact business in foreign markets.

Proposition 3 was not supported. While there was a significant difference between students' and

exporters' perceptions on the Image-Tarnish measure, the direction was opposite to that expected. Exporters were more likely than students to be concerned that engaging in unethical practices in foreign markets would tarnish a firm's image. This was true for both Image-Tarnish Factor 1 ( $P=0.039$ ) and Factor 2 ( $P<0.01$ ).

The fourth proposition was not supported. It had been assumed that students would take the less cynical position of assuming U.S. export managers were more concerned about ethical implications than the legal aspects of engaging in questionable behaviors in foreign markets. The results suggest the opposite.

The fifth proposition suggested that students would have a less favorable attitude toward exporting than exporters themselves. Three independent measures were used to assess attitude toward exporting. Proposition five was only supported on one of these measures. The first measure asked if exporting were a desirable strategy for U.S. firms. The mean for exporters was greater than that of the students ( $P<0.01$ ), supporting the proposition. The second measure asked if respondents thought there was much difference in exporting and doing business locally. There was not a significant difference between exporter and students. The final measure asked if U.S. firms should actively seek foreign markets. Both exporters and students agreed they should, but the students' mean was slightly greater (4.24 vs. 3.99) and was significant at the 0.10 level ( $P=0.08$ ), failing to support this part of the proposition.

Finally, the sixth proposition expected differences between U.S.-born and foreign-born students, with U.S.-born students expected to believe there to be more ethical problems in foreign markets than foreign-born students. The proposition is supported on five of the eight measures.

U.S.-born students seemed to think that ethical problems occurred more frequently in foreign markets than did foreign-born students ( $P=0.069$ ). There was, however, no difference between student groups in their evaluation of the ability of U.S. firms to transact business in foreign markets.

U.S.-born students believed to a greater extent than foreign-born students that a firm's image would be tarnished if it was found to be bribing, using grease, engaging in technology/copyright theft, etc. (P=0.03). Foreign-born students, on the other hand, were more concerned about the transfer of funds and cultural differences tarnishing a firm's image (P=0.03). There was no difference between student groups in their perceptions of top management's concern with ethical implications. U.S.-born students did perceive that exporting was more desirable for U.S. firms than did foreign-born students (P=0.01). Foreign-born students thought that exporting was less different from doing business locally than did U.S.-born students. Finally, both groups of students agreed that U.S. firms should actively seek foreign markets and there was no difference between their means.

#### IMPLICATIONS FOR BUSINESS EDUCATORS

Undergraduate business students appear to have opinions, but less knowledge about international markets and doing business internationally. Based on their perceptions of these markets, international business could be difficult and exporting to foreign markets would probably involve ethical compromises. The realities, as expressed by export executives, seem to be very different. International business is a fact of doing business in the 1990s and will undoubtedly be even more important in the next century, as markets and firms become more interdependent. One task of the educator, then, could be to reconcile these differences.

There are a number of ways by which this reconciliation could occur. One effective means is to include outside speakers from firms doing business internationally. Students appreciate hearing "real-life" experiences and anecdotes and executives often enjoy the classroom experience. What actually happens in the marketplace versus the impressions textbooks often leave can be significant.

Another strategy for bringing academia and real-world ethics together is the use of international case studies containing ethical dilemmas. Analyzing ethical dilemmas in an international

context forces a student to do at least three things differently. First, students must analyze their own ethical standards; second, they must analyze the ethics of the country in which the case occurs; and third, they must reconcile the two. Class discussions often become lively and sometimes heated, but learning can occur.

Finally, international business studies should become an important part of each course. Too often, it seems, only lip service is paid to international business. Exporting is increasing in the U.S. and many firms are now involved in this strategy. Many more could and will become involved. Business educators, and particularly marketing educators, need to focus greater attention on the export and international processes to help students deal with the realities of business today.

#### REFERENCES

(furnished upon request)

Table 1. T-Tests of Measures

Measure	Student Mean	Exporter Mean
Ethics-Frequency	5.13	3.17 **
Ethics-Ability	4.74	2.50 **
Image-Tarn F1	4.97	5.33 *
Image-Tarn F2	4.16	4.77 **
Ethics-Implications	4.29	5.30 **
Exporting Desirable	4.26	4.62 **
Exporting Same	2.13	2.11
Seek Exporting	4.24	3.99 *

\*P<0.10 \*\* P<0.01

Table 2. T-Tests of US-Born Vs. Foreign-Born Students

Measure	US-Born <sup>1</sup>	Foreign Born <sup>2</sup>
Ethics-Frequency	5.18	4.84*
Ethics-Ability	4.79	4.43
Image- Tarn F1	5.05	4.47*
Image- Tarn F2	4.05	4.83*
Ethics-Implications	4.25	4.52
Exporting Desirable	4.33	3.81**
Exporting Same	2.02	2.81**
Seek Exporting	4.27	4.10

<sup>1</sup> N = 127; <sup>2</sup> N=21 \*P<0.10 \*\* P<0.01