

Drivers Of Ethics: Is It Values Or Situations?

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ABSTRACT

In the era of liberalization and globalization, youth are attracted towards entrepreneurship. The role of values and ethics in the sustainability of business has gained importance. This article is an attempt to measure gap between values and ethical behaviour of potential entrepreneurs. Do values influence situational ethics? Is ethics relevant for start ups? What drives ethics-values or situations? An empirical study found a significant difference between values and ethics in some business situations.

Key Words: ETHICS – VALUES-ENTREPRENEURSHIP – SITUATION ETHICS

1. Introduction

Like a big fishing trawler, in the global market there is enough place for every entrepreneur big and small for reaching out to their dream ventures. Not all businesses that start up stay and grow unless the right business is with right people and good businesses are with good people. A larger perspective and wider vision than just being a profit making venture alone will provide the energy to steer ahead despite all challenges. A purpose driven venture particularly those with a broader and deeper purpose will always have the strength to pull on and drive at its full energy. The role of entrepreneurs in a capitalist economy can never be underplayed. Schumpeter (1947) had then observed that for economic change in a capitalist society, entrepreneurial activity is a pivot. History has shown that it is only those businesses that were mindful of the greater good of the larger number of people with altruistic values and moral principles have stood the test of times with ever increasing brand value and goodwill. Young entrepreneurs who are good at heart and straight in their minds when at cross roads of difficult situations may indeed stumble but not necessarily tumble from their ethical moorings.

David McClelland (2010) was among first contemporary scholars to ask serious ethical questions about entrepreneurship and issuing a call for more study. McClelland observed: "We do not know at the present time what makes an entrepreneur more or less ethical in his dealings but obviously there are few problems of greater importance for future research." Fletcher's model (1966) states that decision-making should be based upon the circumstances of a particular situation, and not upon fixed Law. The only

absolute is Love. Love should be the motive behind every decision. As long as Love is your intention, the end justifies the means. Justice is not in the letter of the Law, it is in the distribution of Love. According to Greg Watson (2009), ethics is a standard of behaviour that tells us how human beings as friends, parents, children, citizens, businesspeople ought to act in many situations in which they find themselves and is not to be reduced merely to the sphere of feelings, religion, law, culture and science-natural or social. In the long run, values will pay high yields and are required for the sustainability of business. Ethics is considered as a manifestation of values meaning that values dictate the ethical behaviour. (Greg 2009) Bert Thompson (1990) examined the effect of situations on moral values. The focus was on "the value driven situations". Principles are values that should be applied in a given context and principles are not determined by contexts. In that case, ethics will sound very flimsy, transient and dangerously subjective.

2. Is Ethics an unaffordable Luxury for Small Firms?

Spence L and Rutherford R (2003), Dawson, Breew and Satyen (2002) and many others have raised the question regarding the relationship between business ethics and entrepreneurship. They argued on empirical grounds analysing small and emergent firms rather than just large organizations. On the other side, Kirk O. Hanson (2010) asserts that New ventures can make ethics part of their business plan. His study concentrates on start-up of firms, where he enquires the role play of ethics during the initial critical years of an entrepreneurial venture considering an entrepreneur's psychological pressure, never ending responsibilities and due diligence. He further enquires the effort investment of an entrepreneurial team in appreciating the importance of ethics in start-up firms. He further argues that it is better for an entrepreneur to anchor himself in ethical moorings right from the early start.

Sean R Valentine and Terry L Rittenberg, (2004), examined relationship between nationality, teleological evaluations, ethical judgement and ethical intentions using a sample of 222 American and Spanish business professionals. The path analysis indicated that teleological evaluations were related to ethical judgement and that both ethical judgements and teleological evaluations were related to ethical intentions. It

was further discovered that executive rationality was related to teleological evaluations and ethical intentions, with Americans having higher teleological assessment and intentions to act ethically than the Spanish individuals. Pascale G. Quester, Josie Simposn (1982), focussed on ethics in marketing which stands as a contentious issue particularly in the international context where culture affects the perception and interpretation of ethical behaviours. The research uses two distinct methodologies where making a synthesis of empirical findings stands difficult. The study explores whether culture influences managers' perceptions on ethical situations and can the findings from two different methodologies be aggregated into one single body of knowledge.

People who study organizational ethics have always been interested in how those enterprises particularly without any formal ethical policies and programs succeed in making their business ethical and value-centred. These insights help us in examining as to how start-ups deal with ethics. There are ample evidence to prove that start-ups can achieve rocketing success irrespective of their size and not compromising on their ethical values. On the other hand earlier studies show that there are many benefits of being ethical at start up stage. Examination of the best practices of these start-ups reveals several key steps which can be adapted by new ventures in order to make ethics a distinguishing mark of the start-up's culture. It will not only help the entrepreneur to be a successful in the start up stage but also lead to ethical entrepreneurship. Kirk O. Hanson (2010) has shown that the rewards of being an ethical start-up are many and they reach far beyond profits or markets.

3. What drives ethics in business-Values or situation?

The concern of this paper is not Situation Ethics per se, but to examine the relationship between the attitudes on business value and its influence on situational ethics as related to business decision making. Fletcher Joseph (1966) rejects both legalistic as well as antinomian approaches and argues that morality for man rests upon the one absolute principle of Love and other than that every other thing depends on situation. Situational Ethics is based upon "God is Love". Atheists also believe that there are no absolute moral principles or values that, ethics are autonomous and situational. Moral decision arises only in a given situation so that the greatest good of the majority is ensured. Hence both approaches of situational ethics are from different perspectives altogether.

Respecting this fact, the argument is about the source of ethics in terms of deciding the right and wrong or the good and evil of man's actions arising from either the Law giver or man-made law. In Fletcher's view, the law giver in the New (Law) Testament gives only the command of love and how it should be practiced is man's decision in a given situation. Similarly if the base of ethics is believed to be man himself, than he can always change in a given circumstance. Obviously there is basic flaw in both the arguments and if stretched fully, man will be a slave of anarchy and lawlessness and all evils could be couched in man's self-arrogated power to decide the right

and wrong. "What a meat is to someone can be a poison to another"!

However the arguments of situational ethics cannot be altogether ruled out. There are transcendental principles or a common law beyond all times and nations, binding all generations and races. Every single action of men is judged by the inner voice of 'right and wrong'-an unwritten code that has preceded all the written laws. However men cannot, even should not follow them blindly, but responsibly, considering of the given context and the demands of the situation. Perhaps there are conflicting situations implying two or more contradictory laws or moral values. Man is bound to choose the greatest of good or opt for the choice of lesser evil. What is intrinsically wrong can never be right, though the doer of the wrong in a given situation can be understood and even condoned if not condemned considering the given circumstances.

In contrast to the title of Bert Thompson (1990) book "the effect of situation ethics on moral values", this paper examines the reverse relationship of moral values' effect on situational ethics. Principles should be applied in a given context and principles are not determined by contexts which sound very flimsy, transient and dangerously subjective. In general, one of the myths is that ethics and entrepreneurship cannot go together (Jayshree, 2010). Entrepreneurship is wealth creation and it is not possible to create wealth without being unethical. If one attempts to be enriched, as though it could happen only at the cost of another, one's gain is someone else's pain as the saying goes. There is no argument about the entrepreneur being a wealth creator. Profits and wealth are the end results of the efforts in terms of time and money invested by an entrepreneur. The ethical issue is: Does an end justify the means? The profit of the firm arising as a surplus should be the aim and objective of any business organization. Should the higher performance mean that it should be achieved at any cost? An entrepreneur is achievement oriented, but does it mean that he can use any means, as long as the surplus is generated? Profit by all means, hook or crook?

Entrepreneur should not only work for the end but the means adopted should also be ethical. They must remember particularly that the surplus should not be achieved by *Exploitation of Employees, Exploitation of Customers, Exploitation of environment and nature.*

This means that an entrepreneur pays fair wages to his employees, charges a reasonable price to the consumers and instead of destroying the environment, protects the nature. In the long run these values will undoubtedly pay high yields and these are required for the very sustainability of business. The situations selected in the questionnaire are based on this framework. According to Drucker (1996), Business Ethics refers to what is right or wrong, or good or bad human behaviour. The concept of business ethics is "being able to look at your face in the mirror". Ethics is a code of conduct and values that is accepted by society as being right and proper. Code of ethics is simply a compilation of the rules that are meant to govern the conduct of members of a particular organization or profession. Joseph D'O'Brian, (1993) asserts that the beginning of ethical business is a conscience that challenges the entrepreneurs with so many inconvenient but

perturbing questions. Beginning to hear these within and trying to understand them and also willing to respond to such questions is the sure road to ethical business in the course of time.

Christos Papoutsy (2003) stresses the need for global business ethics with a common denominator for all firms world over. The global corporation, small or large, must develop a system of values that has a common denomination of ethics as practiced by all of its stakeholders. Business ethics can be taught and be implemented into a framework of global eudemonia, introduced by Aristotle. This means the material and spiritual well-being of a community, the ultimate good, and the telos of a society. Global harmony and global eudemonia must become the ultimate goals. Aristotle's philosophy of eudemonia is built on the virtues emphasized by the virtues of his teacher, Plato—wisdom, courage, self-control, and justice. The global corporation must just not seek profit for its stockholders, and big bonuses for its senior management, but must also enhance the opportunities for society, where people can contribute in a business environment in a free society for the benefit of global corporations, shareholders, managers, and other stakeholders, labour, and the world community. It is clear that business ethics ultimate purpose is the happiness of all the stakeholders of a business firm. Adler (1983) adds that business people are not only responsible for their company's own shareholders, but they also have a greater responsibility to the stakeholders who will ultimately be affected by their actions.

At the same time in principle every entrepreneur would like to uphold the need for values and ethics in business. Ethics stand as a vital bridge between entrepreneurship and economics. An internal set of ethics promote greater freedom, enhance the entrepreneurial spirit, grant success, and lead to greater house management (economics). Therefore, ethics are internally self imposed limitations for entrepreneurial success. These internal traits comprise a person's character. Hence it is entrepreneurs who have to be of good character and noble minded, although small firms are often helpless but to succumb to survival pressure. This is also confirmed by western authors. Allen (1988) as well as Kuehl and Lambing (1990), found clear evidence that, due to a number of reasons including intense competitive pressures and resources that are often quite limited, small businesses can be particularly vulnerable to unethical practices. Longenecker, McKinney, and Moore (2001), believes that while the majority of small business owners/managers do not feel compelled to act unethically, there remains a significant percentage that do feel pressure to act in a less than ethical manner. Adam Smith, rightfully wrote, "When the law does not enforce the performance of contracts, it puts all borrowers near upon the same footing with bankrupts or people of doubtful credit" (Wealth of Nations). That is, those who tend toward cutting corners in their business, drag others down with them, if legal code does not prevent it. This, in turn, leads to the disintegration of the free markets. The age old wisdom still persists that the society cannot give up on upholding the need for ethical practices in business for its own sake.

Bobby Medlin, Kenneth W. Green, Jr. (2010), investigated differences in ethical attitudes and perceptions among and between small business owners/managers within select

background categories. Results indicated that respondents express attitudes that are more ethical than unethical. Also, owners/managers tended to be more alike than different regarding ethical attitudes and perceptions. Brown and King (1982) states that, studies have been done by comparing the ethical stands of small firms as a whole in relation to big firms. It ignores the fact that there may be so many differences among small firms themselves on so many aspects. Hence there is a need for studying the attitudes and practices of small entrepreneurs. Kidwell, Stevens, and Bethke (1987) examined the differences in ethical perceptions between male and female managers. The results indicated there were no significant differences between the perceptions of male and female managers concerning what was and was not ethical. The one exception was in the area of concealing one's errors. Female managers were less likely to conceal errors than male managers. Both sexes perceived that their own sex was significantly more ethical than the other. But can this be said despite national and cultural differences?

Fritzsche (1988) as well as Singhapakdi and Vitell (1990), have basically supported Kidwell's findings that there are no differences in ethical behaviours between females and males; However, authors of a number of other studies (Akaah 1989; Betz, M., L. O'Connell and J. M. Shepard: (1989); Harris 1989; Dawson 1997) have concluded that females tend to express attitudes that are more ethical than male. Thus there is no clear cut idea that has emerged when it comes to differential perceptions based on gender. Vitell and Festervand (1987) presented ethical dilemmas to managers to gain information concerning ethical beliefs. First, their findings suggested that relations with external stakeholders such as customers, suppliers, and competitors produced more ethical conflict than relations with internal stakeholder such as employees and supervisors. There might be conflicts between an individual's personal moral philosophies and values on the one side and values or attitudes of organization in which a person works and a society in which one lives on the other. Conflicts may arise among different segments of people in the organization, in terms of the major participants or functions of business. Ethical issues related to ownership include conflicts between manager's duties to the owners and their own interests including separation of ownership and control of business. Financial issue includes, for example, the accuracy of reported financial documents. Ethical issues can occur between managers and employees specifically when employees are asked to carry out assignments they consider unethical. Consumers and marketing issues are related to providing safe desired products for a fair price and not harming people or the environment. Accountants also face ethical dilemma where they have to deal with competition advertising commission. Ethical Culturism: In 1550 Charles V of Spain contemplated the status of the natives discovered in the New World. Should they be slaves or be assigned a higher status? They had to be Christianized if they were going to be of any value in the known world. The ethos and mores of the Spaniards' own European society, and culture did not allow them to even think about the natives as another culture of equal status.

Similarly the United States takes the stand that it is morally wrong to pay someone for the rights to trade in a foreign

country or pay an individual (i.e., a purchasing agent or CEO) to award a contract to a company just because that individual has the power to do so. In the free market system, American culture teaches them that it is not moral, ethical, or legal to bribe an employee of another company in order to gain contractual preference. However, in some societies and cultures, this type of behaviour is perfectly acceptable and even expected if a company is to succeed economically. Different cultural groups across the world often have different approaches to the ethical issues generated by the world economy and its myriad transactions. Considering global economies' ethnic and religious diversity and the sheer volume of daily business deals conducted across countries, how do we establish and maintain an acceptable level of ethical standards?

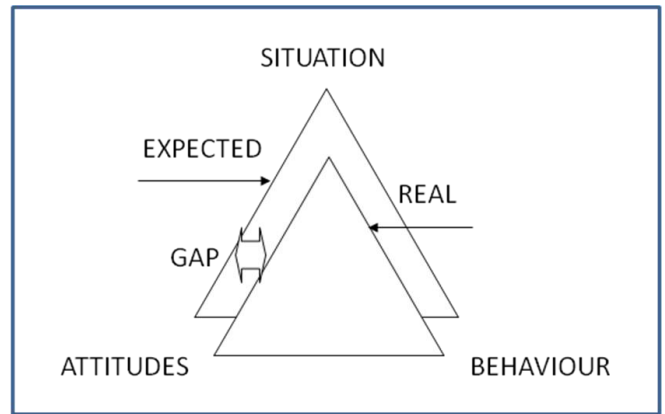


Figure 1

4. Formulating, Scaling and Quantifying Ethics

Bommer, Gratto, Gravander, and Tuttle (1987) developed a model of ethical and unethical behaviour in organizations. It was an attempt to identify the factors that influence behaviour, ethical or unethical, in certain situations. Along with individual attributes, other factors included professional environment, personal environment, work environment, legal environment, and social environment. It was not intended to be prescriptive but just to highlight the possible environmental factors that might influence the ethical attitudes and behaviours. Carroll (1990) presented 11 ethical principles to determine their application in making an ethical decision. The top three ranking principles in order were the golden rule, the disclosure rule, and the intuition ethic. Petrick, Wagley, and Von der Embse (1991) developed a structured ethical decision making format designed to cogitate both personal as well as organizational levels of moral development. Components of the format included: ethical content, ethical problem analysis, evaluation of alternative ethical solutions, recommended ethical decision with justification, implementation and control of the ethical decision. Longenecker, 1989, presented 16 short business scenarios involving ethics. Similar vignettes have been used by other authors, as well (Barnett and Karston 1987; Harris 1990. Each vignette described a situation with ethical ramifications. A five-point Likert-type scale with one being "Never Acceptable" and five being "Always Acceptable" was provided for each scenario. Respondents were asked to indicate the degree to which he/she found each practice acceptable, by circling the appropriate number. Significant differences occurred only for four of the issues: Providing gifts, Favouritism in promotion, Acquiescing in dangerous design flaws and misleading financial information. The conclusion, therefore, may be drawn that small businesses are relatively ethical arena in which leaders tend to be ethical decision makers.

In this paper an attempt is made to develop theoretical relationship between the values and situations followed by an empirical study. Figure 1 conceptualizes the relationship between values and ethical situation. The gap is indicated between the two triangles of expected and real.

The potential young graduates who desire to be entrepreneurs, are pressured by the principles of right and wrong on one side and at the same time in reality they feel helpless particularly in the start-up situations as being left with no choice. In times they stumble, they humbly agree that their doing is something to detest and will be avowedly pursued but will be proudly upheld once they establish in business. These dichotomous tricky situations are obvious and the question is therefore what could be done to ensure that the moral principles make business sense even for the starters, as values are the first drivers of value addition process in business. The expected response is the attitude towards the values and the real is the decision that the respondent takes in the business situations.

5. Methodology:

For the empirical study, a survey was conducted among 159 respondents of MBA course who were budding entrepreneurs without much of experience. Their positive and negative attitudes, towards business ethical values were measured on 5 point Likert Scale for the 10 statements:

Table 2: Central Statements of the Research

| S No | Statements |
|------|--|
| 1 | Ethics and entrepreneurship equals success. |
| 2 | Ethics and entrepreneurship are the two sides of the same coin. |
| 3 | Creating wealth is not bad at all, but it should be done without exploitation of customers, employees and the environment. |
| 4 | Ethics is universal and not relative to persons/ firms/ industries. |
| 5 | It is not possible to start any business without being unethical. |
| 6 | Ethics and entrepreneurship are separate issues and not to be mixed up. |
| 7 | Being unethical at the start up stage is acceptable. |
| 8 | Business ethics means quality. |
| 9 | Business ethics is satisfaction of customers and employees. |
| 10 | Ethics is necessary for the growth of any business. |

There were six situations identified and posed to the respondents for their reactions. They were:

Table 3: Central Situations of the Research

| S.No | Situations |
|------|---|
| 1 | Delay in receiving a bank loan to start a business, |
| 2 | Delay in getting power connection from the Electricity Board; |
| 3 | Pricing the product in the market, |
| 4 | Determining the wage and salaries of employees, |
| 5 | Treating pollutants and wastes before discharge, |
| 6 | Utilisation of surplus profits for organization or employees or society at large. |

For each of the situations, 4 options were given with varying degree of ethics. The choice between four different levels of degree of compromise reflected their degree of ethical values. Table 1 presents the deviations in the responses for the attitudes towards values.

Table 1: Analysis of positive and negative ethical statements

| S.No | Statements | Mean | SE | Standard Deviation | t values |
|------|--|------|-------|--------------------|----------|
| 1 | Ethics - entrepreneurship are separate. | 2.77 | 0.122 | 1.53 | 22.80 * |
| 2 | Start up unethical accepted. | 2.76 | 0.124 | 1.56 | 22.31 * |
| 3 | Wealth creation. | 2.63 | 0.19 | 2.4 | 13.81* |
| 4 | Not possible to start any business with ethics. | 2.37 | 0.116 | 1.46 | 20.47* |
| 5 | Ethics means quality. | 2.32 | 0.128 | 1.61 | 18.20* |
| 6 | Ethics is universal. | 2.29 | 0.135 | 1.7 | 16.94* |
| 7 | Ethics necessary for growth. | 2.23 | 0.133 | 1.68 | 16.79* |
| 8 | Ethics means satisfaction of customer and employees. | 2.19 | 0.131 | 1.65 | 16.80* |
| 9 | Ethics - entrepreneurship two sides of coin. | 2.19 | 0.117 | 1.48 | 18.70* |
| 10 | Ethics and entrepreneurship equals success. | 1.94 | 0.11 | 1.39 | 17.63* |

*All the calculated t values are statistically significant @ 5% level

The above table shows that the range of overall means differ by (.83). The t test shows that there are variations in the responses. All the t values are statistically significant. Thus the future Indian young entrepreneurs think and believe differently. The statement “ethics and entrepreneurship are separate” earns the highest mean score of 2.77. The lowest mean is found for the statement “ethics does not bring success”. Further they believe that the start-up stage leaves one with no choice but to turn a blind eye towards ethical beliefs and moral standards in business by casting a mean score of 2.76 and 2.37 for statements 2 and 4 respectively. The statement – “Creating wealth yes, not by exploitation of customers, employees and the environment”, have found significant variations in the responses with comparatively high standard deviation (2.40). Thus differences are high. As compared to this, more cohesiveness is seen in the statement-ethics and entrepreneurship is success.

Table 2: Situational Ethics

| S.No | Statements of situations | Mean | SE | Standard deviation | t test |
|------|---|------|-------|--------------------|---------|
| 1 | Utilisation of surplus profits for organization or employees or society at large. | 3.71 | 0.2 | 2.52 | 18.57 * |
| 2 | Determining the wage/ salaries of employees. | 3.14 | 0.109 | 1.37 | 28.89 * |
| 3 | Treating pollutants and wastes before discharge | 2.78 | 0.122 | 1.53 | 22.87 * |
| 4 | Price fixation | 2.75 | 0.124 | 1.57 | 22.12 * |
| 5 | Delay in electricity connection. | 1.82 | 0.117 | 1.47 | 15.59 * |
| 6 | Delay in sanction of loan. | 1.72 | 0.124 | 1.57 | 13.87 * |

*All the calculated t values are statistically significant @ 5% level

The above table shows that attitudes and situation ethics, succumb to pressure situations in general and particularly in three situations: fixation of price, salaries to employees and treatment of pollutants. They express a fond hope of making huge surplus in the future when they consider their social responsibility considering the gamut of stakeholders particularly the employees and the environment. The response variation is found to be high for the statement, “utilization of surplus profits for Organizations or Employees or Society” with a deviation of 2.52 and the response variation showed higher degree of ethics when there is a delay in the electricity connection (1.47) and Sanctioning of loan (1.57). Hannafey Francis (2003), examined the ethical dilemmas, entrepreneurs confrontation related to fairness, personnel, distribution and customer relationship. In contrast, the present study is related to the dilemmas with reference to personnel, pricing, distribution of wealth, environment, and corruption and how the potential entrepreneurs would react to these situations.

Table 3: Correlation between the Values and Situations

| SituationsValues | Loan | Power | Price Fixation | Salary | Pollution | Profit Distribution |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| Ethics = success. | 0.62 (0.38) | 0.67 (0.44) | 0.51 (0.26) | 0.55 (0.3) | 0.55 (0.3) | 0.3 (0.91) |
| Wealth creation. | 0.33 (0.11) | 0.35 (0.12) | 0.18 (0.03) | 0.25 (0.06) | 0.38 (0.15) | 0.21 (0.05) |
| Start up ethics cannot be followed. | 0.59 (0.35) | 0.64 (0.4) | 0.5 (0.25) | 0.55 (0.3) | 0.61 (0.37) | 0.43 (0.19) |
| Two sides. | 0.53 (0.28) | 0.65 (0.42) | 0.48 (0.23) | 0.56 (0.31) | 0.53 (0.28) | 0.43 (0.19) |
| Different. | 0.45 (0.2) | 0.49 (0.24) | 0.51 (0.26) | 0.61 (0.37) | 0.49 (0.24) | 0.45 (0.2) |
| Start up compromise. | 0.46 (0.21) | 0.47 (0.22) | 0.53 (0.29) | 0.55 (0.3) | 0.47 (0.22) | 0.49 (0.24) |
| Quality. | 0.49 (0.24) | 0.58 (0.33) | 0.48 (0.23) | 0.55 (0.31) | 0.5 (0.25) | 0.58 (0.34) |
| Satisfaction. | .48 (0.23) | 0.57 (0.33) | 0.48 (0.22) | 0.56 (0.31) | 0.55 (0.3) | 0.53 (0.28) |
| Growth. | 0.52 (0.27) | 0.56 (0.31) | 0.45 (0.2) | 0.52 (0.27) | 0.53 (0.28) | 0.55 (0.31) |
| Universal. | 0.47 (0.22) | 0.52 (0.27) | 0.46 (0.21) | 0.54 (0.29) | 0.53 (0.28) | 0.51 (0.26) |

Figures in the bracket are R square values

The table clearly shows that the correlation r value stands lowest at 0.18 for Wealth creation (Mean: 2.63 & SD: 2.40) and price fixation (Mean: 2.75 & SD: 1.57). Such a numerical representation calls for an achromatic interpretation. It can be well argued that the respondents maintain a state of subconscious hypocrisy where, on one hand, they appreciate the unethicity contained in creation of wealth through customers, employees and environment exploitation and on the other, if faced with the situation of monopoly, they are inclined to bend their mind towards charging unscrupulous prices for their product or service. The high correlation is found in situation where if there is delay, the respondents would like to wait rather than follow unethical practice to get the power with the values ethics and entrepreneurship equals success (.67), ethics and entrepreneurship are the two sides of the same coin (.65) and with exploitation (.64). With loan and entrepreneurship is equal to success (.62). The R squared values which explains the variations is found to be high in value statement of ethics and entrepreneurship equals success and with situation of power.

6. Conclusion

The analysis reveals that the responses were statistically different on all the variables. The attitudes on values as well as responses to situations varied. The sample (87%) were from the (20 to 24) age group, male (86%) and all were MBA II year in terms of qualifications. Thus, even though the sample was cohesive, the responses were found to be different. The general belief is that a cohesive sample should logically draw similar responses. However this research shows a contradiction and defies the above assumption. The differences may be because of the respondents' (a) upbringing and (b) Values and ethics being individual based.

With regard to situation ethics, concerning power and loan decisions they would prefer ethical behaviour in contrast to pricing decisions. Under some situations the respondents do not hesitate to take unethical decisions for the sake of business which might be against their business values. The correlation, mean and standard deviation analysis reveal the difference between the attitudes on values and situational ethics which are found to be statically significant.

Discussion:

Bucar and others (2003) in an international study for the entrepreneurs of all age groups found that there is no difference between the age group of entrepreneurs with respect to ethical attitudes, that entrepreneurs of small as well as medium and large sized firms do not differ significantly from others but managers of large firms do, holding more ethical attitudes than any other group. In contrast, the results of this study found significant differences in the attitudes on business values even when the age group of the sample is similar. Saravathy (2004) research shows that small business owners' exhibit heterogeneity with respect to both their ethical values held and the demographic factors presumed to enhance their values. Rynolds (2006) also confirms this finding in the European context that individuals vary in their sensitivity to moral issues. The findings of this study show that the same is applicable in case of the potential entrepreneurs also.

Boris Blumberg and others (2005), state that in the psychological literature, one usually assumes that there is a close relationship between attitudes and behaviour. In the model, attitudes are included as predictors of behaviour. Although the effect of attitudes on behaviour is as expected positive and significant, the relation is not as strong as one might expect, as attitudes explain roughly just 3 % additional variance in behaviour. Moreover, the discrepancy between attitudes and behaviour is relatively large for entrepreneurs and managers compared to the remaining general population, as attitudes seem to be more ethical than their actual behaviour. The coefficient of the first variable, namely rigidness of moral principles, is as one might expect positive. Whereas the effect of experience with unethical behaviour of others is negative, indicating that those who report having been a victim of unethical behaviour are also less ethical. Due to the cross-sectional nature of the data, one cannot establish the causal directions, whether people become less ethical when they experience a lower morale around them or whether those who are less ethical have also a larger chance to

encounter someone with doubtful intentions. As against the psychology based relationship between the attitudes and behaviour, the results of this study shows the gap between the attitudes and behaviour in some situations.

Samson Chowdry (2009) asserts that it will be very difficult for small entrepreneurs at least at the start to adhere to ethical standards if they want to survive the competition. Self-interest and self-preservation at times tend to compromise ethics. Today's economic environment thrusts the entrepreneurs into a survival mentality. Ethics do not stand as the primary pillar of the house (firm); it will fall under the weight of corruption, which pervades in most nations. It is the harsh reality. This study of the potential entrepreneurs confirms the findings of the earlier research and that youth will easily crumble in challenging situations. To conclude, situations drive the ethical behaviour of potential entrepreneurs rather than their values.

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