

# Perceptions of Ethical Practices as against Entrepreneur's Socio Demographic Factors: Perspectives of Sri Lankan Entrepreneurs

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**Abstract:** *The purpose of this paper is to investigate the ethical practices as against entrepreneur's socio demographic factors pertaining in Sri Lanka to shape entrepreneurialism in Sri Lanka and to identify and evaluate specific socio demographic differences that exist in organizational work context in terms of egoistic ethical practices, utilitarian ethical practices and deontological ethical practices. The study identified quantitative methodology to capture the holistic nature of interactions and socio demographic factors measures in terms of gender, age, education, experience and training. Out of 500 entrepreneurs summoned for the survey, only 333 responded. Quantitative data reflected that, there was no strong influence of socio demographic factors on governing the ethical practices of entrepreneurs in Sri Lankan Sri Lankan business organizations.*

**Keywords:** Entrepreneurship, egoistic ethical practices, utilitarian ethical practices and deontological ethical, Socio demographical factors

## 1. Introduction

Entrepreneurship is the symbol of power and entrepreneurial achievement, and it is also a critical factor in accelerating a country's economic development. It is also a social process and it consists of a lot of human activities. Entrepreneurs were the creators of today's business accomplishments and a prominent character of this social process; he/she always interacts with human beings and plays a complex role in the society. The literature reveals that certain findings reflect greater insights into the complexities of gender differences in different contexts (Gholipour, 2012, Rizvi 2013). Variables such as education and age have also been identified as important predictors of ethical attitudes (Riddle and Ayyagari, 2011; Hejase., and Tabch, 2012).. The lens of the Sri Lankan social and cultural background, male dominance is the basic concept of society. A female's role is family-based, distributing virtuous values in society and nurturing others.

## 2. Literature Review

Socio demographic variables, viz., age, gender, religion and education are highlighted in the literature on ethics or morality. However, while others are contradictory some of the findings in the literature are similar. In addition, some relationships have not shown compatibility with one another. The relationship between socio demographic variables and ethical behaviour is based on culture, the person and the research context. The relationship between gender and business ethics has been widely investigated over the last thirty years (Gillian, 1982). A majority of studies view the moral judgment of men and women as taking up opposite extremes of the spectrum. Among the constructed theories is social constructionism, which is another philosophical approach to gender. Differences in gender and sexuality serve a variety of survival methods. According to this argument, social constructionism considers gender and sexuality as changing and dependent. The research investigating the connection between gender and moral/ethical judgment have produced mixed results. Some

researchers have found that women are less likely to make unethical judgments than men (Fernando *et al.*, 2008; Chai *et al.*, 2009).

Individuals often internalize organizational hopes associated with the specific gender roles in ethical decisions. Thus, gender is believed to play a major role in ethical reasoning ( Peterson *et al.*, (2010). However, both males and females discern that they are more ethical in contrast to their male counterparts. Yet, other research has recognized that ethicality and moral judgments of men and women are not very different (Fernando *et al.*, 2008; Gholipour, 2012). Further, previous research on gender as an element in ethical orientations has discovered that females tend to display greater levels of ethical reasoning than males (Beltramini *et al.*, 1984).

The literature on business ethics indicates a relationship between age, ethical perception and the behavior of an entrepreneurial community, corporate managers, senior managers and students depending on socio-demographic factors (Fernando, *et al.*, 2008). It is usually agreed that older individuals are inclined to be more ethical or possess more strict views on moral issues than the young generation ( Carol, 2006) and older people are more understanding over a wide range of issues (Stead *et al.*, 1990). Deshpande (1997), Kantor and Weisberg (2002) stated that level of education is a prominent factor in determining the ethical perception of an individual. A number of studies provide strong support for a positive relationship between the levels of education (Dawson, 1997). Furthermore they state that a good level of education has a positive impact on the ethical behaviour of an individual. Some studies have noted a negative or no relationship between these two variables (Carroll, 2006). In contrast, some researchers pointed out an indirect association between work ethics and education level, while an increase in the education level resulted in a decrease in work ethics.

Cannon (2001) discovered that at least 14 years of experience lead to slightly higher ethical reasoning.

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Experience gained by business managers and executives influences their ethical beliefs. In the same direction, In like manner, Huang (2006) and Mujtaba *et al.* (2009) stated that there was no significant relationship between ethical reasoning and organizational experiences.

Trevino and Nelson (1999) and White, Shrar and Funk (2001) elucidated that training in ethics education and training programmes should be provided for all individuals within the organizations. Costa, (1998) also stated that organizations attempting to implement ethics must adopt from some of ethical learning and training (cited in Oladinrin and Ho, 2014).

### 3. Purpose of the Study

The main purpose of this paper is to investigate the influences of entrepreneur's socio demographic factors on ethical practices among the Sri Lankan business organizations. In order to achieve this purpose the following research question was examined.

**How do entrepreneurs' socio demographic variables (gender, age, education, experience and training) influence the ethical practices in Sri Lankan business organizations?**

#### Research Design and Method of Analysis

Quantitative approach is employed for the study. The study is based on the entrepreneurial community in Sri Lanka. Five hundred business organizations were selected from proportionate sampling. Survey method was used for collecting quantitative data for the study. Data were analyzed using statistical package of social science (SPSS) version 16.

### 4. Results and Discussions

#### a) Profile of Entrepreneurs

In the first part of the questionnaire, entrepreneurs were asked seven questions in order to collect as much data as possible with reference to entrepreneurs' age, gender, education, religion, birthplace, business experience and participation of training programs in relation to business ethics. This information enable the researcher to understand the general views of the entrepreneurs' profile in present business context in Sri Lanka, and also this information has been used as a part of the analyses of the study. Thereby, the respondents' profile is shown in Table 1. An overwhelming majority of respondents were males (86 percent) and there were only 14 percent of female entrepreneurs. It is evident that males dominate the field of entrepreneurship in Sri Lanka. However, according to the interview data, the involvements of females to the business operations have been increased significantly, because the wives of most entrepreneurs' are key members of the director boards. Nevertheless, a few numbers of females have initiated the business in the Sri Lankan context. Literature based on entrepreneurs reveals that research with sample, female participation were minimal, e.g., Morgan and Hunt's study (1994) has shown male respondents in the survey was 98.4 percent and only 1.6 percent respondents were female.

In terms of age, there was an equal distribution of respondents within the selected age groups. A total of 97 respondents (29 percent) belong to less than 40 years age group, age group between 40-50 is represented by 123 respondents (37 percent) and a total number of 113 (34 percent) were in more than 50 years of age. This result reveals that in the selected sample, one third of business organizations are managed by entrepreneurs of the 40- 50 age group.

In terms of formal education, a similar distribution is observed. 110 respondents (33 percent) have obtained only up to the G.C.E. Advance Level qualification (inclusive). A total number of 116 respondents (34.8 percent) have obtained a professional education (education from external institutions other than a degree from a national university in Sri Lanka), and 107 respondents (32.2 percent) have gained a degree or above. It is evident that at present, the selected business organizations are under control of well qualified personalities because 67 percent of the entrepreneurs reported to have good educational backgrounds.

With respect to religion, the survey results indicate that the majority of the respondents (79.8 percent) were Buddhists. Other religious groups were represented by 27 respondents (8.1 percent) of Christians, 23 of Hindus (7 percent) and 17 Muslims. 58.6 percent of entrepreneurs responded are having rural origin while the rest (41.4 percent) are from urban areas. The respondents' work experience is categorized under three categories; less than 10 years, 11 to 20 years and more than 20 years. Results reveal that 100 respondents (30 percent) had less than 10 years of work experience in relation to the business operations. 120 respondents (36 percent) possess 11 to 20 years business experience and rest of the respondents (34 percent) hold more than 20 years business experience. Most of the respondents of this sample (70 percent) had more than 11 years of business experience. This result may indicate that the respondents are experienced in the field of the business they are operating in.

**Table 1: Respondent's Profile**

	Category	Frequency	Percentage (%)
Gender	Male	286	86
	Female	47	14
Age	Less than 40 years	97	29
	40 – 50 years	123	37
	More than 50 Years	113	34
Education	School Education	110	33
	Professional Education	116	34.8
	Degree or Above	107	32.2
Religion	Buddhist	266	79.8
	Christianity	27	08.1
	Hindu	23	07
	Muslim	17	05.1
Birth place	Urban	138	41.4
	Rural	195	58.6
Business Experience	Less than 10 years	100	30
	11 to 20 years	120	36
	More than 20 years	113	34
Training	Yes	136	40.8
	No	197	59.2

Source: Author Constructed Based on the Survey Data, 2017

Majority of the respondents have not undergone any formal training in ethics (59.2 percent), while others have had undergone some sort of ethical training (40.8 percent)The study extended the analysis to look at the how the respondents' gender, age, educational qualifications and work experience, and training is varied within the main constructs, Egoistic Ethical Practice (EGEP); Utilitarian Ethical practice (UTEF) and Deontological Ethical practice (DEEP)

**Table 2:** Demographic and Social Factors on Egoistic Ethical Practice

Factor	Categories	Mean	t-value/ F-value	Std. Deviation
Gender	Female	3.275	-3.023**	0.495
	Male	3.509		0.486
Age	Less than 40 years	3.464	1.010	0.566
	40 – 50 years	3.526		0.414
	More than 50 Years	3.436		0.499
Highest Education	School Education	3.538	1.395	0.552
	Professional Education	3.462		0.478
	Degree or Above	3.429		0.441
Business Experience	Less than 10 years	3.432	1.228	0.474
	11 to 20 years	3.531		0.493
	More than 20 years	3.458		0.509
Training	Yes	3.481	0.131	0.492
	No	3.474		0.496

\*significant at the 0.05 level \*\* significant at the 0.01 level

Source: Author Constructed Based on the Survey Data, 2017

Independent Sample t-test was used to test the statistical significance of the mean difference between the female and male groups in terms of egoistic ethical practice. According to Table 2, a significant ( $p= 0.003, p<.01$ ) mean difference is found between male and female entrepreneurs in terms of their attitudes towards egoistic ethical practice. Both female and male entrepreneurs scored an average mean of more than 3. Further, male entrepreneurs have a higher average mean (3.509) than female (3.275) entrepreneurs in terms of egoistic ethical practice. It can be concluded that the males have higher egoistic ethical practice than the females on a statistically significant basis.

One-way analysis of variance was used to evaluate the difference among age groups, various educational levels and experiences of entrepreneurs in terms of egoistic ethical practice. According to the mean values presented in Table 2, entrepreneurs who are from the age group of 40 – 50 have the highest egoistic ethical practice than the other groups. However, based on the One-way ANOVA results, no statistically significant difference among these age groups are observed. Entrepreneurs who hold school education as the highest education qualification, reported the highest mean score (3.538) on egoistic ethical practice compared to the other two categories. This shows that entrepreneurs who hold school education are more concerned about their self-interest rather than thinking of others and follows and rules in their practices. However, the One-way ANOVA results indicate that there is no statistically significant difference among the groups based on education. Finally, the results indicate that there is no statistically significant difference between trained and untrained entrepreneurs in terms of egoistic ethical practice in their businesses.

Next, the impact of diversity of demographic factors on utilitarian ethical practice (UTEF) is analyzed. The results are shown in Table 3 According both female and male entrepreneurs scored an average mean of more than 3.7, which indicates that they are of the view of that greater number of happiness for greater number of people. Female entrepreneurs had an average score of 3.801 while male entrepreneurs had an average score of 3.787. Thus, it could be indicated that female entrepreneurs prefer to be more concerned on the betterment of others. However, based on the t-test, it is found that there is no statistically significant mean difference between male and female entrepreneurs in terms of their attitudes towards utilitarian ethical practice.

**Table 3:** Demographic and Social Factors on Utilitarian Ethical Practice

Factor	Categories	Mean	t-value/ F-value	Std. Deviation
Gender	Female	3.801	0.132	0.678
	Male	3.787		0.676
Age	Less than 40 years	3.928	5.070**	0.621
	40 – 50 years	3.811		0.716
	More than 50 Years	3.640		0.653
Highest Education	School Education	3.804	2.337	0.697
	Professional Education	3.874		0.682
	Degree or Above	3.681		0.635
Experience	Less than 10 years	3.812	5.573**	0.694
	11 to 20 years	3.919		0.652
	More than 20 years	3.630		0.655
Training	Yes	3.796	0.170	0.642
	No	3.783		0.699

\*significant at the 0.05 level \*\*significant at the 0.01 level

Source: Author Constructed Based on the Survey Data, 2017

It is observed, all mean scores of UTEF pertaining to the age groups are above 3.6, which can be interpreted as that all age groups are concerned of the betterment of the others. Furthermore, in terms of these age groups, the less than 40 years age group has the highest mean score on the UTEF, while the more than 50 years age group has scored the lowest in terms of this dimension. The One-way ANOVA test indicates that there is a statistically significant difference among the three groups in terms of UTEF. Moreover, the Tukey's multiple comparison test for age indicates that in fact the statistically significantly different on average between less than 40 age group and more than 50 age group. Results are depicted in Table 4.

**Table 4:** Multiple Comparisons

(I) Age	(J) Age	Mean Difference (I-J)	Sig.
Less than 40	40-50- Middle age	0.11681	0.399
	Morethan 50- Old Age	.28740*	0.005
40-50- Middle age	Morethan 50- Old Age	0.17059	0.129

\*significant at the 0.05 level \*\* significant at the 0.01 level

Source: Author Constructed Base on Survey Data, 2017

The different educational group entrepreneurs scored an average mean of more than 3.6. Those who hold professional educational qualifications scored a higher (3.874) average mean score than those who have school education (3.804) or degree or above (3.681) qualifications.

All groups scored an average mean which is more than 0.3 on utilitarian ethical practice which indicates that they consider well-being of others as well. However, the One-way ANOVA results indicate that there is no statistically significant difference among the groups based on education. Finally, the results indicate that there is no statistically significant difference among different educational groups and also the results indicate that there is no statistically significant difference between trained and untrained entrepreneurs in terms of utilitarian ethical practice. However, according to Tukey's multiple comparison test for experience indicates that in fact the statistically significantly different on average between 11-20 years experiences group and more than 20 years experiences group. Results are depicted in Table 5

**Table 5: Multiple Comparisons**

(I) Experience	(J) Experience	Mean Difference (I-J)	Sig.
Less Than 10 years	11 - 20 years experiences	-0.1068	0.464
	More than 20 years experiences	0.18258	0.115
11 - 20 years experiences	More than 20 years experiences	.28936*	0.003

Source: Author Constructed Base on Survey Data, 2017

Table 6 shows the demographic and social factors on deontological Ethical practice. Both female and male entrepreneurs scored an average mean of more than 3.9, which indicates that they are of the view of that greater number of entrepreneurs are concerned about and practicing rules and regulations. Female entrepreneurs had an average score of 3.992 while male entrepreneurs had an average score of 3.916. Thus, it could be indicated that female entrepreneurs prefer to be more concerned on the rules and regulations. However, based on the t-test, it is found that there is no statistically significant mean difference between male and female entrepreneurs in terms of their attitudes towards deontological ethical practice.

**Table 6: Demographic and Social Factors on Deontological Ethical Practice**

Factor	Categories	Mean	t-value/ F-value	SD
Gender	Female	3.992	0.625	0.713
	Male	3.916		0.767
Age	Less than 40 years	3.982	1.569	0.647
	40 – 50 years	3.978		0.798
	More than 50 Years	3.824		0.805
Education	School Education	3.984	0.941	0.799
	Professional Education	3.046		0.683
	Degree or Above	3.847		0.794
Experience	Less than 10 years	3.867	0.500	0.805
	11 to 20 years	3.969		0.720
	More than 20 years	3.933		0.761
Training	Yes	4.015	1.806	0.677
	No	3.663		0.809

\*significant at the 0.05 level \*\*significant at the 0.01 level

Source: Author Constructed Based on the Survey Data 2017

It is observed, all mean scores of DEEP pertaining to the age groups are above 3.98, which can be interpreted as that all age groups are concerned about rules and regulations.

However, based on the One-way ANOVA results, no statistically significant difference among these age groups are observed. Entrepreneurs who hold school education reported the highest mean score (3.984) on utilitarian ethical practice compared to the other two categories. This shows that entrepreneurs who have school education are more concerned in rules than thinking of self and the others in their practices. However, the One-way ANOVA results indicate that there is no statistically significant difference among the different educational groups. Finally, the results indicate that there is no statistically significant difference between trained and untrained and experience of entrepreneurs in terms of deontological ethical practice.

### 5. Conclusion

In conclusion it is evident that age and experience are significant only on those variables which demonstrate the ethical practice in terms of UTEP. On the other hand any of the demographic variables are not significant as far as thinking about self (EGEP) and adherence to rules and regulations (DEEP).

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