

Impact of Moral Reasoning on Law and Ethical Decision-making: A Comparative Study on Business Majors at Higher Learning Institutions in the Klang Valley.

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Abstract

Understanding the developmental issues faced by university students is critical for scholars and educators who are interested in learning and development. The purpose of this study was to examine the impact of moral reasoning on law and ethical decision-making amongst business majors at higher learning institutions in the Klang Valley. This paper focuses on a set of qualitative data using path regression analysis with data drawn from business majors at institutions of higher learning in the Klang Valley. The study is conducted through survey research consisting of two parts: (a) demographic information and (b) moral reasoning on law and ethics. In the questionnaire, demographic information about gender, nationality, religion, races, and study of moral and knowledge of ethics are included. Results demonstrated that developmental gains in moral reasoning varied as a function of transitional phase, suggesting that some students may be more developmentally ready to face and resolve the educational challenges and demonstrated the ability to make ethical decisions. The paper is motivated by findings or suggestions in the literature that moral reasoning has an impact on law and ethical decision making. Further, the moral reasoning comprises distinguishing between right or wrong, virtuous or vicious in a certain situation using one's own logic and values. The fundamental difference between moral reasoning and other forms of reasoning is that the conclusion supported by the reasoning is a moral judgment. Even though moral reasoning can be perceived as a personal choice, it can pose an impact on law and ethics, which in turn may influence decision-making.

Introduction

In recent years, the questionable decisions and ethical misconduct committed by business and non-business people have attracted the attention of people, nationally and globally. According to Burks and Sellani (2008), examples of corporate scandals have proliferated with Enron, Arthur Anderson, WorldCom and many others. In addition, numerous officials from top ranking positions have been sentenced to imprisonment for their unethical decisions and behaviour. According to Nash (1993), the high cost of unethical behaviour to companies can include heavy fines, embarrassment, the loss of public confidence and reputation, low employee morale, a disruption in the normal business routine, and difficulty in recruiting. As a consequence, public confidence and opinion on the integrity of the business people has suffered a major setback resulting in law and ethics being placed under public scrutiny. Poff (2007) explained that among students majoring in commerce, there is a keen awareness that several large scale scandals within the industry have resulted in an increased skepticism about the ability of commercial enterprises to appropriately set standards or self-govern and sanction unethical behaviour. Thus, one starts to ponder if the emergence and escalating number of corporate scandals could be due to the lack of moral reasoning and moral values amongst business people thus leading to decisions that are against the law and ethical norms.

The English Oxford dictionary defines ethics as the "moral philosophy which is accustomed to the customs or standards, which a particular community acts upon". Derived from the classic Greek terminology, ethics means the characteristics beliefs of a person. Moral being synonymous with "ethical" refers to the customs, values, standards; practices of a group, age or of a theory intended to be timeless. The key concepts, for example, include 'good', 'bad', 'right', 'wrong', 'just', 'unjust' and 'improper'. The Stanford Encyclopedia of Philosophy describes moral reasoning as an individual or collective practical reasoning about what one ought to morally do. As humans, when we are faced with moral questions in our daily lives, we will either stop to think on what should be done, act impulsively or act according to our instincts (inner voice).

According to layman terms, law is understood as being a general rule of conduct. The English Oxford dictionary defines law as “the body of rules (enacted or customary) recognised by a community as binding”. According to the positivist, John Austin, law is described as a command set by a superior being to an inferior being and enforced by sanction. The Black’s dictionary of law defines law as “.....that which is laid down, ordained or established, a rule or method according to which phenomenon or actions co-exists or follow each other, that which must be obeyed and followed by citizens, subject to sanctions or legal consequences”.

The principles of natural law determine not only the workings of nature as the laws of physics do, but also prescribe what proper behaviour for human being is. Natural law theorists maintain that any man-made law, which is in conflict with natural law, is not true law. In modern terminology, we can say that in order for a law to be part of a legal system, it should be in conformity with current moral principles. In other words, law should be just and fair from a moral perspective Harris, (1980).

Law specifies with sanctions when and how people will be held responsible for engaging in forbidden behaviour. This function is perhaps the most fundamental function of law. Law acts as a supplement to informal methods, which society uses to control undesirable behaviour. The underlying purposes of law are to protect the freedom of individuals and to ensure that a stable social condition is created to live in harmony and peace, which can only be achieved with widespread commitment and support from the society.

According to Thurasingam and Sivanandan (2012), the purpose of ethics is to make people good. The purpose of law, on the other hand, is to maintain order in society by upholding human rights and the common good. Thus, how does moral reasoning fit into this context? Buller, Kohls and Anderson (1991) explain that global business’ ethics take into account both moral attitudes and moral reasoning. However, the relationship between these elements is ambiguous. They further conclude that individuals from different cultures may share similar attitudes towards questionable business practices having used reasoning based on different values. Hence, the purpose of this study is to examine the impact of moral reasoning on law and ethical decision-making amongst business majors at institutions of higher learning in the Klang Valley.

Literature review

1) Impact of Moral Reasoning on Law

Natural law theory understood as a theory of law takes positive law that is law laid down by humans for humans, to be inherently and genuinely normative necessarily conferring genuine rights and imposing genuine obligations Torben, (2003). The theory accounts for this binding force by asserting that positive law is conceptually connected with moral values like justice and the common good. Generally speaking, the idea is that there is a higher law, which we can discover by using our reason and which confers binding force on positive law, if and in so far as the latter is in keeping with the former. More specifically, natural law theory asserts (i) that there is a conceptual connection between law and morality, and (ii) that moral values and standards exist independently of people’s beliefs and attitudes.

On this analysis, the moral authority of law is part of the concept of law, and the thesis that an unjust law cannot be legally valid, i.e., cannot be a law at all (*lex injusta non est lex*), turns out to be a corollary to (i) above. Legal positivism is a general and descriptive theory of law of the type advanced by scholars like John Austin, Hans Kelsen, H. L. A. Hart and Joseph Raz. Here, it is not a theory telling the judge how he should decide hard cases or when civil disobedience is justified.

Legal positivism thus conceived could perhaps be described as a meta-theory, a theory about theories of law, because it aims to lay down requirements that any adequate theory of law must meet (Austin). Since legal positivists usually exclude from the study of law questions concerning the moral value of law, they tend to describe law in terms of formal features, saying for example that it is a “specific social technique of a coercive order” Raz (1979).

Philosophers tend to conceive of normativity in general as that which is common to the normative (right, wrong, duty) and the evaluative (good, bad) in regard to theoretical as well as practical questions. The reason is that law necessarily claims to trump moral and other reasons for action. That is to say, law does not, except in extreme cases, recognize as legally relevant conflicts between legal and moral reasons for action. From the viewpoint of the courts, acts of civil disobedience and conscientious objection cannot be accepted, unless there is a legal norm authorizing the judge to take certain moral arguments into account. Now, as many writers have noted, the obvious way to account for the normativity of law is to argue that having a legal right or obligation is having a special kind of moral right or obligation Dworkin (1986) and Fuller (1958)are among others, have analyzed the normativity of law along these lines.

This moral conception, of law's normativity, is attractive, because it makes it clear why we should care about our legal rights and obligations and why we should obey the law. For on this analysis, a person who is legally obligated to do X is necessarily morally obligated to do X; and that explains why we should be interested in our legal rights and obligations, and it also explains what it means to have an obligation to obey the law. But not everyone believes that having a legal right or obligation is having a special kind of moral right or obligation. Some maintain instead that having a legal right or obligation is having a sort of strictly legal right or obligation, that is, a legal right or obligation *sui generis* (Torben, 1995). H. L. A. Hart's critique of John Austin's theory of law illustrates the strictly legal conception of law's normativity. Hart rejects Austin's sanction theory of legal obligation because he believes it obliterates the important distinction between being obligated to do something and being obliged (or forced) to do it.

Dworkin also suggests that our obligation to obey the law rides on the back of other moral reasons, and that we have such an obligation only if these other moral reasons obtain. The obligation to obey the law, in other words, does not provide an independent moral reason of the same order as our other moral reasons, to be weighed against them. Rather, it gains its weight only from their weight. Even this dependence relation can take several different forms. The existence of a law makes least difference to our moral obligations if it simply reflects obligations we had before the passing of the law. The law against committing murder is one such example. It would be perverse to say that the existence of a law against murder makes any difference to what we, who are subject to it, ought morally to do.

Rawls (1999) suggests that the 'desire to act justly and the desire to express our nature as free moral persons turn out to specify what is practically speaking the same desire. This final claim puts forward a consideration which lies at the heart of Rawls's moral philosophy, which helps us make sense of his endeavour. What is in our good, he assumes, cannot go against our nature. But how, he asks, can anyone demand that we live by principles of right which require us to subordinate the pursuit of the good to the commands of justice? The answer is that only by doing so can we be true to our nature and be free and the desire to express our nature as a free and equal rational being can be fulfilled only by acting on the principles of right and justice as having first priority. This is a consequence of the condition of finality: since these principles are regulative, the desire to act upon them is satisfied only to the extent that it is likewise regulative with respect to other desires.

2) Impact of Moral Reasoning on Ethical Decision-making

We are currently living in a time where everyday decisions pose a significant impact on the world around us. The collective impact of individual decisions albeit ethical or non-ethical decisions carry ramifications that can affect global sustainability and cost others their lives. Poff (2007) reasons that educators are educating students not in the Adam Smith world where the collective impact of local decisions has eroded the environmental sustainability and where lifestyle choices for the few often come at the cost to many. Trevino (1992) asserts that over the past decade, a number of business ethics researchers have turned to moral psychology for theory, constructs and measures that could be applied to social scientific research in the business ethics domain. Armstrong (1993) further stressed that ethics should be part of the context-specific accounting training because moral reasoning is a crucial component of professional judgment.

For students, the development of moral reasoning is influenced by interaction with their peers, parents and teachers. Husted & Dozier et. al. (1996) state that a study-broad experience may expose a student to different forms of moral reasoning but should not have the same impact upon the student's own moral reasoning as would a mono-cultural education within his or her national education system. Ethical decision-making behaviour has two major dimensions, which are the behavioral choice dimension and normative-affective dimension. Here, individuals often struggle with their thoughts and feeling about what is right and whether they did the right thing (Trevino and Youngblood, 1990).

Windsor and Cappel (1999) claim that moral reasoning is an important factor in influencing ethical behaviour based on various models of ethical decision-making. These models recognize the importance of moral reasoning to ethical decision-making and assert that moral reasoning involves how ethical decisions are arrived at, i.e., on what basis these decisions are supported or justified. For example, Hendrickson and Latta (1995) examined differences in ethical decision-making between business majors, and arts and sciences majors. Stevens et al. (1993) investigated the ethical decision-making of business majors against business school faculty. Glenn and Van Loo (1993) and Arlow and Ulrich (1985) compared the ethical decision making of business majors versus business professionals. Studies by Paradice and Dejoie (1991) and Kievet (1991) used the Defining Issues Test to compare the ethical reasoning of information systems majors versus students from other business majors (cited in Windsor and Cappel, 1999). Trevino and Youngblood (1990) suggest that ethical decision-making is influenced by moral reasoning and moral behaviour. The former

refers to the cognitive processes people use in making ethical decisions while the latter denotes what individuals do in ethical dilemma situations.

Fulmer and Cargile (1987) conducted an early study on ethical decision-making in accounting education, which investigated whether senior accounting students who had been exposed to the American Institute of Certified Public Accountants (AICPA) Code of Professional Ethics were more or less likely to view business practices in ethical terms than senior business students in other majors. The research used a sample of business students with various majors enrolled in a senior business policy course and concluded that accounting students had higher levels of moral perception. The researchers attributed the differences between the accounting students and other majors to the accounting students' exposure to the AICPA Code of Professional Ethics Wilhelm and Czyzewski, (2006).

However, the recent increase in plagiarism offences among students is leading to a questionable impasse as to whether their commitment towards integrity in learning and honesty is facing a decline. Guillot et al. (2007) cited evidence from a research conducted by a magazine that over 50% of Canadian students participating in a University of Guelph survey admitted to serious violations of ethical standards in their studies including plagiarism and other forms of cheating Poff, (2007). Thus, the public at large is dubious as to whether business students who graduate to take their respective places in the working world as business leaders will be able to lead in a sincere, trustworthy and honest way.

Research Methodology

To measure the impact of moral reasoning on law and ethical decision making, path regression analysis and the extension of the regression model is used to test the fit of the correlation matrix against two or more causal models in this study. Path analysis will provide estimates of the magnitude and significance of the hypothesized causal connections between the chosen sets of variables.

Based on the literature review, the research questions for our study are:

- P1: Does moral reasoning affect business majors' perception of law?
- P2: Does moral reasoning affect ethical decision-making?
- P3: Does the gender of business majors affect moral reasoning?
- P4: Does the religion of business majors affect moral reasoning?
- P5: Does the age of business majors affect moral reasoning?
- P6: Does the knowledge of moral affect moral reasoning?
- P7: Does the knowledge of ethics affect moral reasoning?

Data Collection

This paper focuses on a set of qualitative data using path regression analysis with data drawn from business majors at institutions of higher learning in the Klang Valley. The study is conducted through survey research consisting of two parts: (a) demographic information and (b) moral reasoning on law and ethics. In the questionnaire, demographic information about gender, nationality, religion, races, and study of moral and knowledge of ethics are included in Section A.

To investigate the impact of moral reasoning on law, the following questions are asked by using the Likert's scale in Section B:

1. I obey all laws that are enforced in my country
2. I will accept sanctions imposed for my wrongdoing or when I breach any laws/regulations.
3. It is morally wrong to commit a criminal offence (e.g., killing someone, causing harm or injury, etc.)
4. If my friend is in an abusive relationship, I might be required by the duty of loyalty to report the abuse to the police because I know that my friend's life depends on it.
5. If I am a law-abiding person, then I am being ethical.
6. Moral facts also determine the existence and content of law.
7. Furthermore, moral reasoning and ethical reasoning are also investigated in Section B by using the following questions:
8. My ability to distinguish between right and wrong will prevent me from committing ethical misconduct at my workplace.
9. I will behave ethically at all times to avoid being punished.
10. When faced with conflicts of interest, I will rely on my moral reasoning to make the correct ethical decision even though it may not be in my best interest.
11. Making an ethical decision is not the same as making the right decision.

12. When faced with a moral question, I will stop to think carefully on what should be done to ensure that I behave ethically.
13. When faced with a moral question, I will act impulsively without considering whether my actions are ethical or not.

Figure 1: General Path Regression Model for Moral Reasoning (Appendix I)

The general path regression model for the impact of moral reasoning is considered and specified by the following general equations:

Equation 1: Moral reasoning = $b_{10} + b_{11} * \text{gender} + b_{12} * \text{religion} + b_{13} * \text{age} + b_{14} * \text{knowledge of moral and ethics} + e_1$

Equation 2: Law = $b_{20} + b_{21} * \text{Moral reasoning} + e_2$

Equation 3: Ethics = $b_{30} + b_{31} * \text{Moral reasoning} + e_3$

Equation 4: Ethics = $b_{40} + b_{41} * \text{Law}$

To investigate relationships among the above variables, correlation and asymptotic covariance matrices are used in the analysis. For the investigation of the reliability of the measurements, KMO and Bartlett's test is applied. Path regression analysis is used to build the impact of moral reasoning on law and ethics in this study. Based on the research questions in the literature review section of this study, the following hypotheses are constructed to meet the objectives of this study:

Hypotheses

Hypothesis 1: Gender of student to moral reasoning is significant.

Hypothesis 2: Religion of student to moral reasoning is significant.

Hypothesis 3: Age of student to moral reasoning is significant.

Hypothesis 4: Moral and ethics studies to moral reasoning are significant.

Hypothesis 5: Moral reasoning is a significant variable for the perception of law.

Hypothesis 6: Moral reasoning is a significant variable for ethical decision-making.

Hypothesis 7: Ethics is a significant variable for the perception of law.

Research Findings

Initially, 131 responses were obtained. However, the elimination of 2 responses due to incompleteness resulted in a final usable sample size of 129. Based on the 129 responses in this study, the summary of demographic information of the business majors' is presented in Table 1 below.

Table 1: Gender * Religion * Age Cross Tabulation

Age		Religion					Total
		Muslim	Christian	Hindu	Buddhist	Others	
20-25	Gender Female	9	9	7	24	3	52
	Male	8	18	9	35	5	75
Total		17	27	16	59	8	127
26-30	Gender Female	1	1	-	-	-	2
	Male	-	-	-	-	-	-
Total		1	1				2

As would be expected with first-year and second-year courses, the majority of students were below the age of 25 (98.44%). Gender was slightly imbalanced with 42% of respondents being females and 58% males. A large majority of the respondents are Buddhists (46%) while Christians is 21% and Muslim, Hindu and others are 13%, 10% and 6%, respectively.

The percentage of respondents' knowledge on moral and ethics are presented in Table 2 below. According to our survey, more than 83% of the respondents have undertaken moral studies and ethics as part of their modules in the university.

Table 2: Moral Studies and Ethical Knowledge

	Yes	No	Total
Have you studied the Moral Subject as part of your school curriculum?	83%	17%	100%
I have knowledge of ethics, which was taught during my course of study in the university	84%	16%	100%

Before running the path regression analysis, the requirements of reliability check is measured. To check the reliability of the variables, KMO and Bartlett's test is used in this study. The results in Table 3 below show that these variables are at an acceptable level of reliability Nunnally, (1967) for the chosen variables. KMO measure of sampling adequacy measures the proportion of variance in the variables that might be caused by an underlying factor. Statistically, it tests whether the partial correlations among variables are small.

According to the KMO values criteria, more than 0.5 can be considered mediocre and more than 0.7 is considered good. Thus, the following table shows that our variables are significantly acceptable as a result of the reliability test. Therefore, path regression analysis is continued to find the moral reasoning impact model.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy.		.722
Bartlett's Test of Sphericity	Approx. Chi-Square	367.154
	df	66
	Sig.	.000

Path regression analysis in this section uses two stages. At the first stage, the impact of the student's demography on moral reasoning is calculated. Consequently, the impact of moral reasoning on law and ethical decision-making is measured at the second stage.

Table 4 below shows the first stage results of path regression analysis. The results denote that gender differences, and knowledge of moral and ethics are effective and have significant impact on moral reasoning. The negative results of path regression coefficient for gender differences mean that males have less impact than females on moral reasoning. The results of knowledge on moral and ethics also highlighted that moral subject studies and ethical knowledge taught in institutions of higher learning are important for moral reasoning.

Surprisingly, although religion and age are important factors for moral reasoning, these variables are not significant in this study. Therefore, **Hypothesis 1 and Hypothesis 4** (H1, H4) are supported but **Hypothesis 3 and Hypothesis 4** (H3, H4) are not supported in this study.

Table 4: Path Regression Results of Gender, Religion, Age and Knowledge of Moral and Ethics

Equation	Variables	Path Coefficients	Significance t (p-value)	Significance F (p-value)	R ²
1	Gender	-.281**	.002	.009	.103
2	Religion	.025	.788		
3	Age	-.097	.272		
4	ME	.162*	.079		

Note: * significant at 10 percent level

** significant at 5 percent level

*** significant at 1 percent level

The effect of moral reasoning on law and ethical decision-making are analyzed in path regression 2 and 3. Path regression results and path diagram for moral reasoning are presented in Table 5 and Figure 2, respectively. It is clear that moral reasoning is important and significant for law and ethical decision-making among which the impact of moral reasoning on law is higher as compared to ethical decision-making. Therefore, for **Hypothesis 5 and Hypothesis 6** (H5, H6), we can conclude that the impact of moral reasoning is important for law and ethical decision-making.

Table 5: Path Regression Results of Moral Reasoning on Law and Ethical Decision-Making

Equation	Dependent Variables	Independent Variable	Path Coefficients	Significance t (p-value)	Significance F (p-value)	R ²
1	Law	Moral R	0.785***	14.4	0.000	0.617
2	Ethical D_M	Moral R	0.815***	15.9	0.000	0.664
3	Ethical D_M	Law	0.419***	5.237	0.000	0.175

Note: * significant at 10 percent level

** significant at 5 percent level

*** significant at 1 percent level

Moreover, whether ethics is important for law is also investigated by using **Hypothesis 7 (H7)**. The results of path regression analysis show that ethics has a high significant value and a positive impact on business majors' students' perception of law with regards to decision-making.

Figure 2: Path Analysis Diagram for Moral Reasoning and Decision-Making (Appendix II)

Discussion & Implications

1) Impact of Gender, Knowledge of Moral and Ethics, Age and Religion on Moral Reasoning

Our study examined whether gender, and the knowledge of moral and ethics among business majors pose an impact on their moral reasoning. The findings of path regression analysis indicate that gender differences have a significant impact on the moral reasoning of business majors as shown in Table 4 above. The study further implies that male students have significantly lesser impact on moral reasoning as compared to female students. Ameen, Guffey & McMillan (1996) support this finding by stating that men seek competitive success with rewards such as money, career advancement and power. Hence, they are more likely to break the rules of conduct because they consider the pathways to achievement as healthy competition (Betz et al., 1989). This is in contrast with women who emphasize more on performing the assigned tasks efficiently and effectively while promoting harmonious work relationships at the workplace. Consequently, women tend to rely more on moral reasoning to make morally right decisions as they usually intend to obey the rules and show less interest in money and power. Likewise, family upbringing, responsibilities, personal traits and society's perception of a woman's role in her family and workplace may pose an effect on how she approaches a situation that expects her to be morally right.

Shaub (1994) stated that in his study of 91 auditing students and 207 auditors, women who had higher grade point averages demonstrated a higher level of moral reasoning as compared to their male counterparts. However, a study by Alansari (2002) on 189 undergraduate students from the College of Education, Kuwait University found that there were no gender differences in moral reasoning. As more women enter the workplace, men and women in a given occupation will exhibit the same ethical development in order to fulfil their professional and work responsibilities as gender roles are driven by the surrounding environment (Betz et al., 1989). Since the nature of work shapes behaviours through the structure of rewards, men and women respond similarly to the same occupational environment (Ameen et al., 1996). Hence, the impact of gender differences on moral reasoning may cease to be significant. This could be due to the fact that women in the current world of rapid globalisation have become more empowered and can uphold various responsibilities including the role of a financial provider without breaking a sweat. Hence, the separation between the role of men and women as conveyed by our ancestors may not seem to be visible now due to the existence of a fine line between a male and female's role in the family.

The findings of our study also suggest that knowledge of moral and ethics pose a significant impact on the moral reasoning of business majors. Poff (2007) rationalizes that a study conducted by Bok (2006) showed that majority of students look for courses in moral reasoning and ethical leadership as part of undergraduate education to help them develop as moral agents. This means that students consider the study of moral and ethics to help them grow as morally sound individuals. In order to develop individuals with a strong sense of moral reasoning, the national education curriculum in Malaysia incorporates Moral Studies as a subject in the primary and secondary school levels. In addition to that, it is mandatory for

undergraduates in higher learning institutions in Malaysia to study Moral Studies as one of the criteria for graduation. This is further supported by Shaub (1994) who proposed that students who had taken ethics courses demonstrated higher levels of moral reasoning as compared to those who had not taken the courses.

Poff (2007) conferred that students have articulated their concerns in her class discussion that while everyone recognized that the behaviour of leaders and senior managers within scandal-fraught companies was morally wrong, that particular recognition did not provide business students with the critical capacity to evaluate choices which had moral import on a daily basis. However, this is in contrast with Wilhelm and Czyzewski (2006) who argue that the assumption that business schools are adequately preparing its graduates to grapple with the complexities of ethical leadership in the business environment is questionable. Hence, the need to educate and inculcate moral reasoning abilities in the current generation who are the future leaders of tomorrow has become more apparent now as compared to a decade ago. This is supported by Mayhem and King (2008) who are of the opinion that courses containing explicit moral content, offering consistent supportive learning environments and creating opportunities for critical reflections may enhance the development of moral reasoning.

The results of this study demonstrate that age does not have a significant impact on the moral reasoning abilities of business majors as shown in Table 4 above. This is supported by Shaub (1994) whose study showed that age, demography traditionally linked to moral reasoning, does not significantly affect moral reasoning. The results of his study is consistent with Rest's (1986) a contention that the moral development of a person grows as long as the person is in school and will tend to stabilize at whatever points he ceases his education. Rest further concluded that adult subjects who ended their formal education many years ago tend to have about the same scores as students currently at the same level of formal education. However, this is in contrast with a research conducted by Trevino (1992), which exhibited that age and education lead to significant differences in moral reasoning.

An individual's personal views and values are often connected to the individual's religious background. How an individual perceives and reacts in a particular situation may depend on the religious beliefs that he or she has grown up with. However, as displayed in Table 4 above, the results of our study conclude that religion does not significantly impact the moral reasoning of business students, which will eventually affect ethical decision-making. According to Weaver and Agle (2002) question that although a particular religion may have ethical implications, one wonders if these implications can actually affect business behaviour of that religion's adherents. Further, empirical research in the field of psychology and sociology of religion indicates that religion does not automatically lead to ethical behaviour Batson, Schoenrade & Ventis, (1993); Hood, Spilka, Hunsberger & Gorsuch, (1996) cited by Weaver & Agle, (2002). This is in contrast with the results of a study conducted by Burks and Sellani (2008). According to the study, religious affiliation appears to make a difference in a person's ethical values as many aspects of religious affiliations are similar, including the acceptance of a higher calling in an individual's life. However, the study also found that the level of commitment does not correlate with ethical values. In other words, the level of commitment to religious teachings is not as important as simply accepting a religion in one's life.

2) Impact of Moral Reasoning on Law

In *Law's Empire*, Richard Wasserstrom (1999) identifies three positions that might be adopted concerning the character of the obligation to obey the law. The relation between the supposed duty to obey and our other moral reasons expressed by being imprecise and clearly too strong if it implies that obedience to the law is always obligatory, even when the law demands conduct that is unquestionably immoral. It cannot be the case that turning in a runaway slave in the pre-Civil War U.S. was morally required, or that harboring a Jew in Nazi Germany was morally forbidden. But if being imprecise is merely claiming that one has an absolute moral obligation to obey those laws that demand actions which one is morally obligated to perform, it seems tautological: of course we are morally obligated to do what we are morally obligated to do.

Therefore, the existence of a law always provides a moral reason to act as the law demands, and this reason must always be taken into the balance of reasons when deciding what to do. But the obligation to obey the law need not generate a winning reason to act as the law demands, because other moral reasons might outweigh it. On this account, the law requiring the turning-in of runaway slaves provided a moral reason to turn in slaves, but a reason that could (and probably would) be outweighed by other moral reasons (such as reasons not to act on prejudices, or reasons to help those in need, or reasons to save lives when possible).

The results of our study on Table 5 show that moral reasoning is a significant variable for law which was further supported by Table 4 where variables of gender and knowledge of moral values and ethics have positive impact on the business majors' students. Equation 1 on Table 5 reflects that moral reasoning is significant at 1 per cent level on law and this can be supported by Ronald Dworkin (1986) who averred that a political authority, or state, is in the business of ensuring compliance with its dictates by means of the official use of coercive power. A state is morally legitimate only if it is justified in using coercion as a means of ensuring compliance with its laws. But, Dworkin insists, the use of such coercion is justified only if there is a general moral obligation to obey the law. Thus any argument for the legitimacy of the state must demonstrate the existence of a general obligation to obey the law. Dworkin argues that there are at least possible legitimate states, because there are attainable circumstances under which such an obligation would obtain. The obligation to obey the law is, according to Dworkin, an "associative" obligation. He defines associative obligations as "special responsibilities social practice attaches to membership in some biological or social group, like the responsibilities of family or friends or neighbours." They are, on Dworkin's view, moral obligations - they provide moral reasons for action.

3) Impact of Moral Reasoning on Ethical Decision-making

With the growing interest and debate surrounding globalization, no one can underestimate or ignore the crucial role of the perception of ethical behavior of business and of exercising moral judgment Ahmed, Chung and Eichenseher, (2003). According to Elm and Nichols (1993), moral reasoning is the set of cognitive skills a person employs to reason about a moral problem. Carmel and Scott (2007) cited Kohlberg's cognitive moral development (CMD) theory in their paper, which suggested that the level of an individual's moral reasoning ability is closely linked to the eventual action taken and the action is likely to be more ethical as the level of moral reasoning ability increases. They further stated that previous research also suggests that the measurement of moral reasoning ability is a predictor of the likelihood to engage in unethical actions Kohlberg, (1976); Rest, (1979, 1986).

Our research that found moral reasoning has an impact on ethical decision-making as shown by Equation 2 in Table 5. The results of our analysis reflect that the impact of moral reasoning on ethical decision-making is significant at 1 per cent level. McNeel (1994) avers that business students function at lower levels of moral reasoning than from most other majors McNeel, (1994). This means that business students may be more inclined to reach decisions by excluding moral reasoning and failing to consider the moral implications of their decisions. This may be envisaged by the growing incidence of ethical malpractices currently being observed as business student matriculate into actual business practice Schmidt, Ms Adams & Foster (2009). Hence, Shaub (1994) suggested that accounting educators can influence the moral reasoning of the profession by recruiting and retaining bright students, particularly women and by designing ethics education interventions that will help accounting students incorporate more than simply rules in making ethical decisions. However, whether these actions can alleviate the constant occurrence of financial scandals worldwide is still questionable as more business graduates enter the working world with the intention of earning higher income brackets and achieving corporate success at the expense of moral reasoning and ethical judgements.

Conclusion

Law and ethics are paramount to business professionals in the business world. Ethics, also known as moral philosophy, is a branch of philosophy that addresses questions about morality that is, concepts such as good and evil, right and wrong, virtue and vice, justice and crime Thurasingam & Sivanandan, (2012). Hence, the bearing that moral reasoning has on ethical decision-making has become increasingly important amongst the many stakeholders in business, which is consistent with the findings of our study that moral reasoning has a significant impact on ethical decision-making of business majors. This is because an individual's ability to morally reason a particular ethical dilemma or situation eventually influences the action, which is most likely to be taken.

Our study also concluded that gender differences, and knowledge of moral and ethics have a significant impact on moral reasoning. However, the impact of gender differences on moral reasoning may not be as obvious in the near future as the role of men and women in business have become increasingly similar. In the current world of globalization, climbing up the corporate ladder to success is dependent on one's ability to work and communicate efficiently and effectively, regardless of gender. Previous research has proven that knowledge of moral and ethics has influenced the moral reasoning ability of business students who have undertaken moral and ethics course as compared to students who had not taken the courses. Nevertheless, to what extent these courses have prepared business students to handle the complex

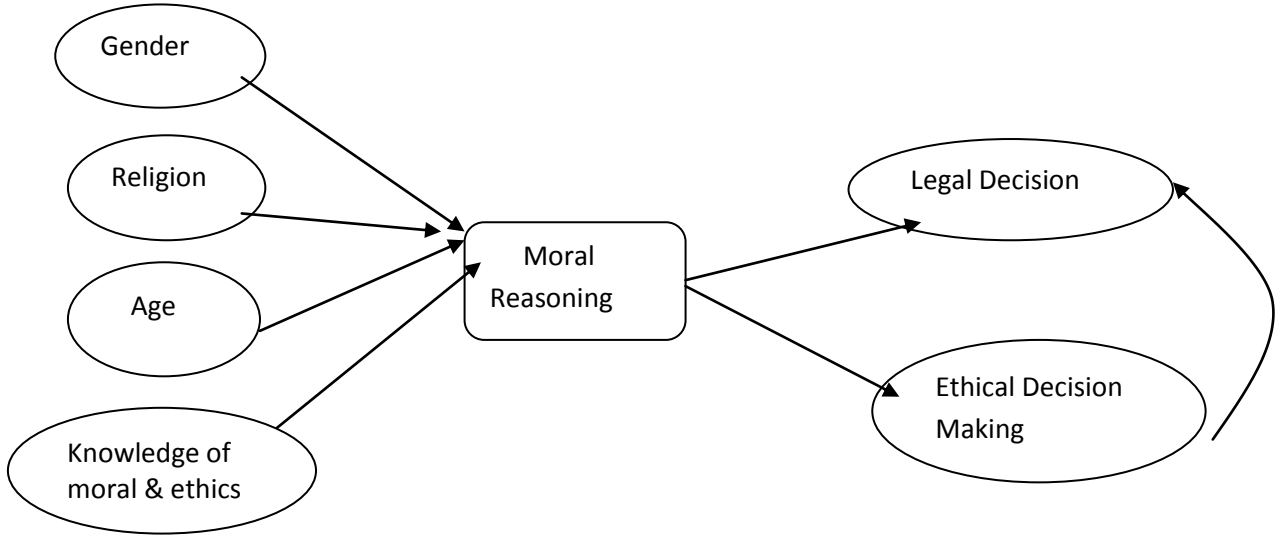
issues in a constantly evolving business environment still remains to be seen. On the other hand, differences in age and religion do not significantly affect the moral reasoning of business majors.

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Figure 1: General Path Regression Model for Moral Reasoning (Appendix I)



Appendix II

Figure 2: Path Analysis Diagram for Moral Reasoning and Decision-Making

