

An Examination of the Ethical Beliefs of Managers Using Selected Scenarios in a Cross-Cultural Environment

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ABSTRACT. Academic literature addressing the topic of business ethics has paid little attention to cross-cultural studies of business ethics. Uncertainty exists concerning the effect of culture on ethical beliefs. The purpose of this research is to compare the ethical beliefs of managers operating in South Africa and Australia. Responses of 52 managers to a series of ethical scenarios were sought. Results indicate that despite differences in socio-cultural and political factors there are no statistically significant differences between the two groups regarding their own ethical beliefs. Results thus support the view that culture has little or no impact on ethical beliefs.

Introduction

The rapidly changing political, social and economic environment provided the stimulus for this study which compares the ethical beliefs of managers operating in South Africa and Australia. Australia was chosen as a comparative owing to the British heritage and language similarities that the countries

share. The main objective of this paper is to establish whether there are any differences between South African and Australian managers regarding their ethical beliefs. Although both countries have similarities the political and social philosophies differ. The Australian and South African managers operate in different cultural environments. Despite this, the authors will argue that the ethical beliefs of managers operating in different cultures will be the same.

The rise of interest in business ethics amongst ethicists and marketers during the past five years has been phenomenal (Cooke, 1987). Many academics and practitioners have justified the need for proper ethical conduct in business. (Berversluis, 1987; Laczniak, 1983; Lombardi, 1985; and Martin, 1985). Several chief executive officers have reached the conclusion that ethical business is good business (Tsalikis and Fritzche, 1989). Solomon and Hanson (1985) argue that ethical behavior promotes improved performance in the organisation. It is believed that ethical behavior enhances success in the long run.

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Definitions of business ethics

Business executives do not uniformly agree on how to define business ethics. De George (1987) states that the field of business ethics is defined by the interaction of ethics and business. From its largest perspective its object is the study of the morality and immorality as well as the possible justification of economic systems.

Lewis (1985) attempted to reach a definition of business ethics by consulting literature, addressing the topic and collecting primary data from executives in order to make a selection. This synthesis resulted in the following definition: Business ethics

is rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness in specific situations. The authors agree with this definition and have used it for the purposes of this study.

Literature review

Cross-cultural studies

Academic literature addressing the topic of ethics has paid little attention to cross-cultural studies of business ethics. International business and marketing textbooks, however, often cite the impact of culture on beliefs and behavior. Prasad and Rao (1982) state that although certain ethical norms such as honesty, integrity, self-discipline, loyalty and compassion are widely proclaimed and are part of any civilization, the level of adherence to these standards varies greatly among people.

A study of achievement incentives prompted McClelland (1961) to conclude that culture has an effect on business practices. According to England (1975), people raised in different cultures hold different values and ethical beliefs.

In a major study in cross-cultural ethics, Lee (1981) examined the impact of culture and management level on ethics in marketing practices. The study compared the ethical beliefs of British managers working in Hong Kong with the ethical beliefs of Chinese managers. Lee (1981) concluded that the evaluation frameworks of British and Chinese managers were extremely similar and attributed this finding to a possible acculturation of the British managers. The results of the study therefore contradict those of England (1975) and McClelland (1961). Lee's (1981) findings have been supported by the result of later cross-cultural studies. Comparisons of the beliefs of American and Israeli business managers (Izraeli, 1988), black and white business students (Tsalikas and Nwachakwu, 1988), and Greek and American business students (Tsalikas and Nwachakwu, 1989), all found that ethical beliefs varied little from culture to culture.

Methodology

The study examines the ethical beliefs of South

African and Australian managers. The major hypothesis is that there is no difference between South African and Australian Managers regarding ethical beliefs.

Sample

The sample consisted of a total of 52 managers of which thirty-two were attending a Marketing Management Programme at a major South African University and twenty were attending an Advanced Management Programme at a major Australian University. A profile of both groups is presented in Table I. A comparison between this profile, and those of members of professional bodies in both countries revealed that the sample represented profiles of typical marketing managers in both countries.

TABLE I
Profile of respondents

		<i>South Africa</i>		<i>Australia</i>	
		<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Sex	Male	24	75	19	95
	Female	8	25	1	5
Age	21–34	17	53	3	15
	35–50	14	43	16	80
	Above 50	1	4	1	5

Questionnaire

A two page questionnaire was designed using twenty-eight ethical situations. These scenarios were obtained from previous studies (Bellizi and Hite, 1989; Chonko and Hunt, 1985; Dalrymple, 1988; Dubinsky *et al.*, 1980; and Newstrom and Ruch, 1976) and adapted for South African and Australian conditions. Owing to its easy administration with minimal instruction and completion, a Likert approach was used to measure beliefs. A five-point scale was used in this study. All points in the scale were labelled as recommended by Boote (1987). The points were labelled not wrong at all (scored as 5), acceptable (4), maybe wrong (3), wrong (2) and highly wrong (1).

Analysis techniques

A T-test was used to determine whether or not the South African group differed from the Australian group with respect to each scenario as listed in Table II. The data was also analysed using multivariate analysis of variance (MANOVA). Multivariate analysis provides for the simultaneous analysis of two or more response variables. Multivariate analysis parallels univariate analysis in many respects, but differs from repeating univariate analysis, because it accounts for the correlations and covariances among the dependent variables. If the dependent variables are uncorrelated, then the results of multivariate analysis are identical to those obtained by separate univariate analyses (Johnson and Wichern, 1982). A strength of MANOVA is that it can identify a differ-

ence in a set of response data that is not detected by separate univariate analyses (Freund *et al.*, 1986). The response for each question was assumed to approximate a continuous variable, an assumption that is typically made in social science when analysing ordered response categories. The following hypothesis was tested:

H_1 : There is no difference between the two managerial groups (Australian and South African) regarding the question of ethical beliefs.

Hypothesis H_1 , regarding own beliefs was tested using the following MANOVA model

$$X_{ij} = m + t_1 + e_{ij} \text{ where } j = 1, \dots, n \text{ and } i = 1, 2$$

TABLE II
Ethical beliefs of managers

Scenarios	South Africa		Australia		t-value
	Mean n = 32	Standard deviation	Mean n = 20	Standard deviation	
1. Use company services for personal use	2.94	1.045	2.65	0.988	0.99
2. Overstate expense accounts by more than 10% of the correct value	1.65	0.827	1.65	0.988	0.02
3. Take longer than necessary to do a job	2.03	0.739	1.80	0.767	1.08
4. Use company time for non-company activities	2.46	0.983	2.65	0.875	-0.67
5. Divulge confidential information to parties external to the firm	1.09	0.390	1.2	0.523	-0.84
6. Give gifts/favours in exchange for preferential treatment	2.43	1.105	2.0	1.123	1.38
7. Pass blame for errors to an innocent co-worker	1.15	0.368	1.4	0.680	-1.68
8. Authorise subordinates to violate company policy	1.46	0.761	1.65	0.875	-0.78
9. Call in sick in order to take a day off	1.59	0.665	1.55	0.825	0.21

Table II (Continued)

Scenarios	South Africa		Australia		t-value
	Mean n = 32	Standard deviation	Mean n = 20	Standard deviation	
10. Remove company supplies for personal use	2.0	1.047	2.2	0.894	-0.71
11. Claim credit for a subordinate's work	1.59	0.910	1.65	0.587	-0.25
12. Offer potential clients fully paid holidays	2.18	1.203	1.5	0.945	2.17*
13. Overstate expense accounts by less than 10% of the correct value	2.12	1.128	1.8	1.005	1.05
14. Accept gifts/favours in exchange for preferential treatment	1.96	0.897	1.65	0.875	1.24
15. Fail to report a co-worker's violation of company policy	2.62	0.975	2.5	1.044	0.42
16. Falsify internal time/quality/quantity reports	1.65	0.700	1.75	0.966	-0.40
17. Purchase shares upon hearing/seeing privileged company information (insider trading)	2.78	1.099	1.95	0.998	2.74*
18. Take a spouse on a business trip and charge the company for all expenses	2.15	0.883	2.1	1.293	0.19
19. Fail to blow the whistle on a superior who is violating company policy	2.53	1.046	2.4	1.046	0.44
20. Claim credit for a peer's work	1.5	0.567	1.5	0.688	0.0
21. Give a client a bottle of whisky at Christmas time	4.25	0.879	3.55	1.394	2.22*
22. Avoid charging a customer GST by accepting cash	2.46	1.077	2.7	1.490	-0.64
23. Hire competitor's employees in order to learn competitor's trade secrets	3.43	1.412	3.3	1.128	0.37
24. Falsify time/quality/quantity reports meant for publication	1.53	0.567	1.7	0.801	-0.89
25. Take potential clients to football matches	4.18	0.965	4.0	1.169	0.63
26. Fail to report a co-worker's violation of a law	2.31	1.060	2.25	1.118	0.20

Table II (Continued)

Scenarios	South Africa		Australia		t-value
	Mean n = 32	Standard deviation	Mean n = 20	Standard deviation	
27. Indulge in a personal relationship with a competitor's employee in the hope of gaining privileged information	2.56	1.389	2.55	1.190	0.03
28. Fail to blow the whistle on a superior who is breaking the law	2.37	1.070	2.3	1.260	0.23

* Significant at the 0.05 significance level.

Scale 1 = Highly wrong
 2 = Wrong
 3 = Maybe wrong
 4 = Acceptable
 5 = Not wrong at all

MANOVA Results

Statistic	Value	F	Num DF	Den DF	Pr > F
Wilks' lambda	0.3888	1.2912	28	23	0.2678
Pillai's trace	0.6111	1.2912	28	23	0.2678
Hotelling-Lawley trace	1.5719	1.2912	28	23	0.2678
Roy's greatest root	1.5719	1.2912	28	23	0.2678

(1) F statistic for Roy's greatest root is an upper bound and the F Statistic for Wilks' lambda is exact.

where:

l is the management group variable (Australian and South African, respectively)
 n_i is the sample size for classification group 1 (32 and 20 respectively)
 m is the overall vector of response means
 t_1 is the vector of differential responses for management group 1
 e_{ij} is the vector of residuals
 Hypothesis H_1 may be stated as $t_1 = t_2 = 0$

Results and discussion

The results for both management groups are reported in Table II.

Both managerial groups indicated that the follow-

ing scenarios were wrong or highly wrong (unethical):

- the overstating of expense accounts by more than 10 percent of the correct value
- to pass the blame for errors to an innocent co-worker
- to authorise subordinates to violate company policy
- to call in sick in order to take a day off work
- to claim credit for a subordinate's work
- to accept gifts or favors in exchange for preferential treatment
- to falsify internal time and/or quality and/or quantity reports, including those meant for publication
- to claim credit for a peer's work.

The ethical beliefs of South African and Aus-

tralian managers differed significantly at the 0.05 level in only three of the twenty-eight scenarios:

- Australian managers believed that offering potential clients fully-paid holidays was highly wrong but their South African counterparts said that it may be wrong.
- Insider trading was regarded as highly wrong by Australians but South Africans believed it may be wrong (the difference may be due to differences in the South African and Australian laws governing insider trading).
- South African managers believed that it was acceptable to give a client a bottle of whisky at Christmas time, but Australian managers said that it may be wrong.

The results of the MONOVA of the 28 scenarios for both managerial groups showed that none of the four test statistics reported were significant at the 5 percent level. Hence the hypothesis is not rejected, thus implying that there is no difference between the two managerial groups regarding their own ethical beliefs.

The mean responses to the 28 scenarios by the two managerial groups are displayed in Figure 1.

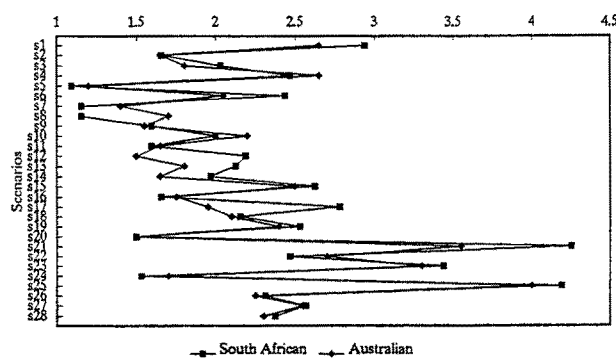
Conclusions

The findings of this research indicate that the ethical beliefs of South African and Australian marketing managers are very similar despite the existence of different socio-cultural and political factors. These findings support the views of Izraeli (1988), Lee

(1981), Tsalikis and Nwachakwu (1988) and Tsalikis and Nwachakwu (1989) who contend that culture has little or no impact on ethical beliefs.

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Scale:
1 = Definitely wrong; 2 = Wrong; 3 = Maybe wrong; 4 = Acceptable; 5 = Not wrong at all

Fig. 1. South Africa and Australian managers ethical beliefs scale mean score.

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