Comparing Ethical Ideologies Across Cultures

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ABSTRACT. Using measures developed by Singhapakdi et al. (1996, *Journal of Business Ethics* 15, 1131–1140) the perceived importance of ethics and social responsibility (PRESOR) is measured among MBA students in the United States, Malaysia and Ukraine revealing a stockholder view and two stakeholder views. Relativism and Idealism are also measured. The scores of MBA students are compared among each other and with those of the U.S. managers who were part of the original study. Managers’ scores tend to be significantly higher on the Stockholder and Stakeholder II views, and much lower on Relativism than the MBA students. The Malaysian MBA students scored higher than did the American MBA students on Relativism, Idealism and the Stockholder view. The Ukrainian MBA students’ scores on the three PRESOR factors are generally similar to those of the American MBAs, while they had the highest scores of any group on the Relativism scale. Overall, the patterns of responses, as much as the significant differences on specific scales, support the notion that culture, however defined, affects both values and ethics. Several directions for future research are identified.

KEY WORDS: ethics, culture, Malaysia, Ukraine, United States

ABBREVIATIONS: PRESOR – perceived importance of ethics and social responsibility

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Introduction

In recent years the topic of business ethics has become an important issue in the press, in politics, in life, and, naturally, in many business schools. Accreditation guidelines in American universities currently require instruction in ethics, and several academic journals are devoted to the topic. Ethical behavior is extensively discussed and accepted as an important component of managerial decision-making, but exactly how ethical behavior should be taken into consideration is somewhat problematic (Etheredge, 1999). Moreover, there are very few studies examining the influence of different cultures on normative business ethics, producing little consensus on important theories and principles. Recognition of the global and multicultural nature of business operations, along with a more inclusive attitude, has influenced the questions addressed in much research on business practices and structure. However, in the area of ethics and culture there is little empirical inquiry.

This paper reports on empirical research on topics relevant to the larger discussion of business ethics: the influence of personal moral philosophies (idealism and relativism) on the perceived importance of ethics in business operations, the influence of culture in determining the role and responsibility of the business as a social institution, and the interaction, if any, between personal ethics and cultural values. To that end, research was conducted in Malaysia, Ukraine, and the United States to determine whether there were differences among business students in these three cultures, and whether the differences, if any, in ethical views and personal values were systematic and thus likely to be the result of differing underlying cultures.

While this paper is primarily concerned with exploring the similarities and differences in ethical beliefs among MBA students from three distinct cultures, we also examine variations in the ethical beliefs of these students when compared to managers in the U.S., since previous research has shown managers in a variety of cultural settings to be more concerned with ethics than students. Further, we also briefly touch on several issues related to the factor structure of the PRESOR scale, since this instrument plays a key role in this study, as well as a large segment of general business ethics research.

Underlying concepts

The role of business as an institution

One central issue in business ethics is the question of to whom a business is primarily responsible. There are two major positions on this question: the “stakeholder” approach and the “stockholder” approach (e.g., Argandona, 1998; Carson, 1993; Velasquez, 1996). The “stakeholder” view argues that businesses have a responsibility toward multiple publics, that they should be a force in solving problems of public concern, and that it is profitable to do so (Donaldson and Preston, 1995; Preston and Sapienza, 1990). The “stockholder” view argues that managers should conduct business in the interests of the stockholders by supplying goods and services to customers, because giving priority to providing social goods undermines the market mechanism, jeopardizes organizational survival and places management in the role of non-elected policy makers (Etheredge, 1999). The PRESOR scale has been used previously to measure commitment to the Stakeholder and Stockholder views, and will be used in this study as well.

Personal values

The influence of personal moral philosophy as a predictor of ethical behavior has been examined in several studies, including Singhapakdi et al. (1995) and Vitell et al. (1993a), who examined relativism and idealism (Forsyth, 1980). Therefore, these philosophies are examined in more detail before we proceed. Relativism is the extent to which an individual rejects universal moral rules when making ethical judgments. According to Forsyth (1980), relativists generally feel that moral actions depend on the nature of the situation and the individuals involved, and when judging others, they weigh the circumstances surrounding the ethical violation before judging the behavior. Carson and Moser (2001) describe three types of relativism: descriptive relativism, moral-requirement relativism, and meta-ethical relativism. Descriptive relativism states that beliefs and standards about moral issues are relative to different individuals and different societies so that, according to this view, two people may disagree.