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**THE INFLUENCE OF CULTURAL VALUES ON THE
ETHICAL PERCEPTION OF MALAYSIAN MANAGERS**



by

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BSc. (Resource Economics), MBA (Human Resource Management)

*A Thesis Submitted in Fulfilment of the Requirement for the Degree of Doctor of
Philosophy of Cardiff University*

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Abstract

Ethnic culture has been identified as a significant determinant of ethical attitudes in individuals. However, the literature review revealed that the dominant approach in most cross-cultural business ethics research has been to equate “nationality” with “ethnic culture” whereas in reality, these are two different constructs. Moreover, most empirical research in this area has focused on moral judgment, moral decision-making and action with limited empirical work in the area of ethical perception. The main objective of this thesis was to examine the importance of cultural values on the ethical perception of the Malay, Chinese and Indian managers in Malaysia. More specifically, how cultural values affect ethical perception. Most studies conducted so far have only stated similarities and differences in ethical perception between the three ethnic groups and little attention has been given to understanding *how* cultural values influence the ethnic groups’ ethical perception. In addition, the researcher was also interested in investigating if the three ethnic groups had different cultural values and whether such differences would lead to different ethical perceptions when faced with selected ethical dilemmas. Malaysia was chosen as the research setting for this study as it is a multicultural country with three distinct ethnic groups: Malays, Chinese and Indians.

A mixed methodology, consisting of both semi-structured interviews and a questionnaire survey, was used to collect the data for this study. The data was collected in three stages. In Phase One and Phase Three of the data collection stage, semi-structured interviews were conducted while the main data collection method in Phase Two was the questionnaire which included six scenarios. The whole data collection process took six and a half months and incorporated three series of visits to Malaysia. A total of 40 interviews were conducted and the questionnaire survey yielded 323 responses. Based on the interviews conducted, the researcher developed a theoretical framework of the hypothesised relationships between cultural values and ethical perception. Six dimensions for cultural values and seven dimensions for ethical perception were derived for the utilisation of this study.

The results indicated that there were significant differences in the cultural values and ethical perception of the three ethnic groups. The findings of this study also showed that among the six cultural dimensions, religiosity was the strongest predictor of the managers’ ethical perceptions. Two other cultural dimensions, locus of control and obedience to authority, showed marginal significance in their influence on ethical perception. Finally, the results of this study also revealed that the three ethnic groups were influenced by different cultural values when confronted with the same ethical dilemma and that the influence of the ethnic groups’ cultural values on their ethical perception varied according to the type of ethical dilemmas faced.

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Part I: Introductory Chapters

The purpose of Part I is to provide some background information about the research topic: its objectives, scope and rationale of the research. Part I aims to provide a better understanding of the research topic through the review of the various empirical work conducted on ethical decision-making. In addition, a discussion on the characteristics of the research setting, which will be very useful for understanding and predicting the influence of cultural values on the three ethnic groups' ethical perception, is also included in this part. Part I consists of four chapters:

Chapter 1: Introduction and Research Settings highlights the current interests of research in the area of business ethics and introduces some important information regarding the research to be carried out. This includes its scope, key definitions of the terms used in this study, the objectives of this study and the justification of its importance. An overview of the chapters in the thesis is also included.

Chapter 2: The Literature Review reviews the literature on ethical perception. The review begins by examining Kohlberg's Model of Cognitive Moral Reasoning which then moves on to the often-cited ethical decision-making models. The next section examines the importance of the ethical perception stage in the ethical decision-making process. This is followed by a discussion on the perception process from a cognitive psychology perspective. The next section reviews the literature on the cultural aspect of this study which includes the efforts of cultural anthropologists to "unpackage" culture, the levels of analysis involved in cross-cultural studies, cultural variations across individuals, cultural influences on perception and moral reasoning. The review also includes a section on the empirical studies conducted on ethical perception from a cross-cultural perspective. It then moves on to identify the situational and individual variables which are postulated to influence the ethical decision-making process. The streams of research on perception, ethical perception and culture are then integrated to show how they inform my research questions.

Chapter 3: The Conceptual Framework and Hypotheses Formulation. This chapter is divided into three main parts. The first part begins with a brief overview of the theoretical framework: introducing the relationship between cultural values and ethical perception. This section also includes a discussion on the cultural values of the Malay, Chinese and Indian community in Malaysia, and more specifically, on the cultural dimensions chosen for this study. The second part of the chapter focuses on ethical perception and its dimensions, highlighting the theoretical rationale of the seven ethical perception dimensions, the definitions of each of the dimension and how they relate to ethical perception. The final part of the chapter examines the relationship between the cultural values and ethical perception. This section also identifies the control variables for the research.

Chapter 4: Research Setting and Background provides the background information about Malaysia, that is, the local context in which the study has taken place. It first examines the socio-economic and political background including the location, the government and the economy. This is followed by the history of ethnic pluralism and the country's current policies on maintaining national unity and racial integration. Finally, this chapter also highlights the reasons for choosing Malaysia as the research setting.

Chapter 1

INTRODUCTION

1.0 INTRODUCTION

In recent years, much attention has been given to business ethics and ethical decision-making in organisations. This is mainly attributed to the increase of reports in the newspapers and other public communication media concerning scandals involving major corporations. Some notable examples involving multinational firms include Lockheed (bribery), Exxon Valdez, Union Carbide (environmental accidents), Enron, WorldCom, Arthur Andersen and Barings Bank (accounting irregularities and fraud). The impact of these managerial shortcomings has been enormous. The livelihood and the future of numerous groups such as employees, shareholders, suppliers and creditors have been profoundly affected or ruined (Angelidis and Ibrahim, 2004). The rising scandals in business corporations have not only increased the need for businesses to be ethically responsible but have also urged practitioners and scholars to pay closer attention to the issue of business ethics. While technological advancements and industrial progress have resulted in higher levels of affluence and material well-being in many parts of the world, it cannot be denied that the ethical and moral standards of society have deteriorated (Zabid and Alsagoff, 1993). Society has now taken a more widespread and critical interest in value judgments that lie behind organisational decisions, and particularly those responsible for managing commercial enterprises (Gupta and Sulaiman, 1996).

Various theoretical models have been proposed in an effort to explain and predict the process of which a manager makes an ethical decision. There is the General Theory of Marketing Ethics of Hunt and Vitell (1986), the Person-Situation Interactionist model of Trevino (1986), the Contingency Framework of Ferrell and Gresham (1985), the Synthesis of Ethical Decision Models for Marketing proposed by Ferrell, Gresham, and Fraedrich (1989) and the Moral Intensity model of Jones (1991). Each of these frameworks has contributed significantly to the understanding of ethical behaviour in

business. Generally, all these models suggest that a multitude of individual (personal), organisational and societal factors influence ethical/unethical decision-making. Although a large number of studies have been conducted to determine the influence of the various variables posited by these models, most of these studies have concentrated on individual factors such as gender, age, education and level of cognitive development or social or organisational characteristics (for example influence of peer groups, ethical climate, significant others, codes of ethics, rewards and sanctions) (Frey, 2000; Loe *et al.*, 2000). There is still limited empirical research on how culture affects the ethical reasoning process or the identification of an ethical dilemma (Kavali *et al.*, 2001; Thorne and Saunders, 2002).

It is generally agreed that different cultural backgrounds lead to different ways of perceiving the world and that cultural differences affect both the individual's identification of an ethical problem (Kavali *et al.*, 2001) and the individual's ethical reasoning (McDonald, 2000; Thorne and Saunders, 2002). Some studies have shown that diverse cultures differ in their sensitivity to ethical situations (Cohen *et al.*, 1992; Singhapakdi *et al.*, 1994), perceptions (McDonald and Zepp, 1988; Dubinsky and Loken, 1989; Allmon *et al.*, 1997; Lin, 1999; Hay *et al.*, 2001; Marta *et al.*, 2003), ethical values and ethical behaviours (Becker and Fritzsche, 1987; Izraeli, 1988; Lysonski and Gaidis, 1991; Husted *et al.*, 1996). However, these studies are cross-national rather than cross-cultural where a majority of cross-cultural researchers have focussed their research on national cultures (Laurent, 1983; Negandhi, 1983; Tayeb, 1988; Groeschl and Doherty, 2000). According to Bhagat and McQuid (1982:653):

“Culture has often served simply as a synonym for nation without further conceptual foundation. In effect, national differences found in the characteristics of organisations or their members have been interpreted as cultural differences.”

While previous cross-cultural studies suggested that cultural background influences the individual's ethical decision-making process, they overlooked the potential subcultural or microcultural differences within a country (Tsalikis and Nwachukwu, 1988). Nations are political units “into which the entire world is divided and to one of which every human

being is supposed to belong” (Hofstede, 1994:12) and a nation may contain different cultures or subcultures within the national borders (Groeschl and Doherty, 2000; McDonald, 2000; Sivakumar and Nakata, 2001). Because national boundaries are often artificially created, they do not necessarily represent culturally homogenous populations (Groeschl and Doherty, 2000). Many cross-cultural ethical researchers have not made the distinction that domestic populations are multi-cultural but have rested on the assumption that the populations are culturally homogenous (McDonald, 2000). In a country like Malaysia, for example, which consists of three principal ethnic groups, (Malays, Chinese and Indians), the common practice of using a nation-state as a surrogate for culture may be inappropriate (Westwood and Everett, 1987).

Another criticism of most empirical cross-cultural studies is that they are more descriptive in nature; their main objective is to state similarities and differences between the cultures under study (Christie *et al.*, 2003). Furthermore, these studies have treated culture as just one of the independent variables influencing one’s ethical attitudes and behaviour (Christie *et al.*, 2003) and they do not tell us how culture influences ethical attitudes and behaviour (Vitell *et al.*, 1993). Culture, according to Christie *et al.* (2003), is a loaded and complex variable overarching many areas in life, and as such can never be treated as a single independent variable affecting the ethical attitudes and behaviour. Because culture is a very broad concept and has little power if it is used as a residual category (Child, 1981), one needs to operationalise culture or identify aspects or dimensions of it to facilitate cross-cultural comparisons (Ronen, 1986). While there are several typologies of culture that are helpful in discerning its structural elements (McDonald, 2000), more studies need to be conducted on its measurement (Armstrong, 1996). This view is supported by McDonald (2000) who also urged researchers to compile their own cultural dimensions relevant to the constructs they are studying.

1.1 OBJECTIVES OF THE RESEARCH

Much research has been conducted to show that individuals from diverse cultures differ in their sensitivity to ethical situations. For example in Lin’s (1999) study, the sample

countries consisted of the United States, Australia, Taiwan and Israel, while Young and Franke's (2000) study sample was drawn from Korea and the United States. Marta *et al.* (2003) studied the ethical perceptions of the Egyptian and American business students on the acceptability of two business practices, whereas Okleshen and Hoyt (1996) compared the ethical values between local New Zealand and American business students. However, these comparative results are most often presented as cultural but the reported differences attributed to culture are really due to national or situational exigencies (McDonald, 2000). The use of the name of culture as a substitute for the explanations of the cultural variables that account for a particular phenomena has been termed the "onomastic fallacy" (Georgas *et al.*, 2004). Although social psychologists have long concentrated on a more applicable, operational form of culture (Robertson and Fadil, 1999), many business ethics researchers still look at culture as a single variable (Christie *et al.*, 2003) that does not allow cultural variations and complexities to be encoded (Kim *et al.*, 1994). To address the limitations associated with the use of nation as a surrogate for culture, the researcher will operationalise culture as cultural identity differences among the three ethnic groups in Malaysia (the Malays, Chinese and Indians) and to determine if the three ethnic groups are different based on the cultural values identified.

Most empirical research to date have focused on moral judgment, moral decision-making or action and theory and research on ethical perception has been scarce (Butterfield *et al.*, 2000; Marta *et al.*, 2003). However, ethical perception initiates the ethical reasoning process through the identification of an ethical dilemma. Previous research shows that ethical perception influences ethical behaviour (Honeycutt *et al.*, 2001) and that it is also an important determinant to ethical judgment (Singhapakdi *et al.*, 1996). As such it is important to understand how culture affects this stage. This study focuses on the first step in the ethical decision-making model, that is ethical perception and how cultural values affect it. Although it is generally agreed that culture is a multidimensional construct, many business ethics researchers have overlooked the fact that ethical perception may also be multidimensional. Most of the studies on ethical perception examine the respondent's ethical perception by determining whether they agree/disagree as to whether specific problem situations present ethical dilemmas. Ethical perception, however, is an

interpretative process where an individual may or may not recognise that “this is a moral problem” or that some moral norm or principle applies (Rest, 1986:5). It is argued in this research that ethical perception cannot be treated as a single independent variable because it involves encoding social situations as moral or non-moral issues, and social situations are not easily interpreted. Therefore, it is postulated in this research that ethical perception is a multidimensional construct and this research attempts to uncover those dimensions relevant to the construct.

The final objective of this study is to determine how culture influences ethical perception. Although it has been stated previously that these studies are cross-national rather than cross-cultural, these findings support the contention that the differences in perceptions about ethical issues are associated with cultural differences. Given that ethical perceptions may differ across nations, the possibility exists that ethical perceptions may also differ between ethnic groups as well (Burns, *et al.* 1994). Cultural values, according to Husted (2000), play a fundamental role in the different levels of questionable business practices seen across nations. According to Goodwin and Goodwin (1999), as societies become increasingly multicultural, differences within a nation are worthy of further research. This study will consider how the various components of culture affect ethical perception. More specifically, do Malaysian managers across different ethnic groups have differing ethical perceptions in the cultural and ethical perception dimensions identified in this study? To date only a few studies have examined Malaysian managers’ attitudes towards questionable business practices (such as Zabid 1989; Zabid and Alsagoff, 1993; Gupta and Sulaiman, 1996; Ho, 1999). This research will investigate the influence of cultural values on the Malaysian manager’s ethical perception by examining the differences in responses of the managers from the different ethnic groups on specific issues related to gift-giving, wealth-accumulation, pollution, defective products, prayer times and promotion.

1.2 SIGNIFICANCE OF THE RESEARCH

The purpose of this study is to expand upon existing research in cross-cultural business ethics, by examining whether Malaysian managers of different ethnic groups react differently to a set of ethical dilemmas involving gift-giving, wealth-accumulation, pollution, defective products, prayer times and promotion. This study adds to previous studies in several ways. First, a review of the relevant literature indicates that most of the research has focused mainly on Western cultures, particularly the U.S. Only a limited number of studies have investigated ethical issues and problems confronting managers in non-Western countries in general (Whipple and Swords, 1992) and not much empirical work has been reported on the business beliefs and practices in Malaysia. Furthermore, most cultural research undertaken in Malaysia to date has failed to distinguish between the different ethnic groups within that country (Goodwin and Goodwin, 1999).

Second, this study will operationalise ethical perception into seven interpretable dimensions. To the researcher's knowledge, there have been no studies which have conceptualised ethical perception into interpretable dimensions. Although there have been various studies examining ethical perception (Singhapakdi *et al.*, 1996; Karande *et al.*, 2000; Hay *et al.*, 2001; Marta *et al.*, 2004), these studies have treated ethical perception as a unidimensional variable. According to cognitive psychologists (Anderson, 1974; Treisman and Gelade, 1980; Kaas, 1987), the individuals' perceptions result from an integration of diverse dimensions/features of the stimulus information. Furthermore, ethical perception is a complex process as it requires the categorisation and classification of management information (Rodgers and Gago, 2001). As such, effortful cognitive ability in terms of time and effort is needed to determine if the issue has moral implications (Sparks and Merenski, 2000; Street *et al.*, 2001). Previous studies on ethical perception which have measured their respondent's ethical perception using a single statement may have overlooked the complexity of the ethical perception process. For example, Marta *et al.* (2004) who estimate ethical perception by inquiring whether the respondents in their study agree/disagree as to the extent they perceived an ethical problem in the two scenarios tested may just be capturing a single dimension of ethical perception. Based on the work on perception by cognitive psychologists (such as

Treisman and Gelade, 1980; Biederman, 1987; Kaas, 1987) and work conducted in the business ethics field (by Waters *et al.*, 1986; Hosmer, 1991; Shaw and Berry, 1998; Velasquez, 1998), this study will identify the various dimensions of ethical perception and explain how each dimension relates to ethical perception.

Third, by operationalising culture and ethical perceptions into various dimensions, the researcher will be able to predict more accurately the relationship between culture and ethical perception. In this study, culture is hypothesised to consist of six dimensions (locus of control, obedience to authority, religiosity, money orientation, face orientation and relationship orientation) and ethical perception is hypothesised to consist of seven dimensions (uncertainty in decision-making, perceived difficulty in decision-making, perceived intensity, perceived conflict over moral values, perceived choice, perceived social consensus and perceived consequences in decision-making). A significant negative relationship between obedience to authority (culture) and uncertainty in decision-making, perceived intensity and perceived conflict over moral values (ethical perception), for example, would indicate that 1) this cultural dimension influences ethical perception through these three ethical perception dimensions and 2) individuals who are more obedient to authority are less likely to perceive an issue as an ethical dilemma since they are less likely to be influenced by these three dimensions of ethical perception. While most theorists posit a relationship between the cultural environment and ethical perceptions, very little work has been done to test this relationship (Armstrong, 1996). Even within the studies conducted on ethical perception, the authors do not tell us how culture influences ethical perceptions but merely state the similarities and differences between the cultures researched. This is probably because many of the empirical studies consider culture and ethical perception as single independent variables and so associate differences or similarities with it. This assumption is too simplistic because culture and ethical perception are both complex variables which need to be unpacked into a set of interpretable components.

Fourth, the researcher will employ a mixed methodology or “triangulation” which consists of using both qualitative and quantitative methods to answer the research

questions. Until relatively recently, empirical work in business ethics has focused on quantitative methodologies (Brand and Slater, 2003). According to Randall and Gibson (1990), of the 94 published empirical studies in the area of ethical beliefs and behaviours, the most common research design used by business ethics researchers was the survey research (81% of the studies). Only 4% of those 94 studies used interviews while a further 3% made use of a combination of interviews and surveys (Randall and Gibson, 1990). Although quantitative methods such as surveys provide the kind of breadth necessary to infer generalisability of the research findings, it generally sacrifices the contextual depth found in qualitative methods such as interviews. A call was made by Robertson (1993) for a broadening of the methodological base in business ethics research. To provide a valuable insight into the ethical perceptions of the Malaysian managers and the influences of cultural values on their ethical perceptions, the researcher will use a combination of interviews and survey data for this study. This mixed methodology will enable the researcher to determine the relationships between the cultural values and ethical perception through the survey method while the interviews will allow the researcher to explore the reasons underlying those relationships.

Fifth, the findings of this study will also provide senior managers with a better understanding of Malaysian business practices. Such an understanding could help in the expatriates-local manager interaction. The differences in each culture will also be useful to transnational corporations in their development of corporate values and standards. Furthermore, multinational companies can use the findings of this study in sorting out the ethical differences among its employees and in setting up the organisation's policies. This research recognises the importance of cultural values on individuals' ethical perception and that this perception may vary according to cultural background. Such an understanding is important if transnational organisations wish to inculcate core ethical values throughout their organisation (Desai and Rittenburg, 1997).

Finally, this research also examines the influence of cultural values on each ethnic group's ethical perception when faced with specific ethical dilemmas such as gift giving, wealth accumulation, pollution, defective products, prayer times and promotions. Thus, if

a manager were filling a position in which the subordinate would be subjected to strong pressures to market defective products, the results derived from the defective product vignette could be used to select individuals who would be less susceptible to such behaviour.

1.3 TERMS AND DEFINITIONS

A number of terms and definitions are central to this study. Firstly, business ethics is “the study of what constitutes right and wrong, good or bad, human conduct in a business context” (Shaw, 1999:4) and it comprises of “principles and standards that guide behaviour in the world of business” (Ferrell *et al.*, 2000:6). According to Christie *et al.* (2003:266) business ethics is “an application of ethical principles to issues that arise in the conduct of business activity.” The term *business* will mean any organisation whose objective is to provide goods or services for profits.

Second, ethics refers to the practice of making a principled choice between right or wrong (Walter, 1998); “a systematic approach to moral judgments based on reason, analysis, synthesis and reflection” (Christie *et al.*, 2003:6). It is a “set of rules that define right and wrong conduct that help individuals distinguish between fact and belief, decide how issues are defined and decide what moral principles apply to the situation” (Hellriegel and Slocum, 1992:146). Taylor (1975:1) defines ethics as “an inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct.” On the other hand, Crane (1999) distinguished between *morality* and *ethics*. According to Crane (1999), *morality* refers to any distinction between right and wrong, good or evil either in feeling or behaviour while *ethics* refers to a moral code or system of rules, through which judgments of right and wrong can be made. A similar definition of morality was provided by Solomon (1984) where morality according to him is the social rules that govern and limit a person’s conduct, especially the ultimate rules concerning right and wrong. For the purpose of this study, the term *ethical* and *moral* will be used to describe actions which are considered right by an individual and *unethical* or *immoral* to describe actions which are considered

wrong by the individual. Both these terms will be used interchangeably for the purpose of this study.

Third, it is also important to distinguish between legal and ethical compliance. According to Ferrell *et al.* (2000:6), “the legal responsibilities of businesses are the laws that they must obey while the ethical responsibilities of a business are defined as behaviours or activities that are expected of business by society but are not codified in law.” While doing the right thing may be equated to behaving in an ethical manner, it does not mean doing what is legal, rather it presupposes legal conduct and requires behaviour which is morally correct (Fisher *et al.*, 1999). This is because conformity with law is not sufficient for moral conduct any more than non-conformity with law is not necessarily immoral, for the law disobeyed may be an unjust one (Ferrell *et al.*, 2000).

Fourth, given that countries have different beliefs, values and ethical standards, culture has emerged as one of the most important determinants in the ethical environment construct (Bourne and Snead, 1999; Teoh *et al.*, 1999; Christie *et al.*, 2003). Although the meaning of culture has been examined for over a century, there is still no consensus as to what it means (Westwood and Everett, 1987). According to Symmington (1983:1), culture is “that complex whole which includes knowledge, belief, art, law, morals, custom and any capabilities and habits acquired by man as a member of society” while Barnouw (1963:4) argued that it is “a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behaviour, which are handed down from one generation to the next generation through the means of language and imitation.” Because culture provides individuals with a common set of shared beliefs, attitudes and values among its members (Feather, 1975; Thompson, 1990), it influences people’s behaviour and differentiates people of one society from another (Christie *et al.*, 2003). Culture also furnishes individuals with an understanding of what is regarded as acceptable behaviour within a society of people (Burns *et al.*, 1994).

The core of culture is values (Hofstede, 1980). Values refer to the enduring beliefs about important goals in life, which serve as guiding principles in people’s lives (Rokeach,

1979; Schwartz, 1994). Hofstede (1984) sees values as unconscious and conscious feelings, which manifest themselves in human behaviour. Each culture has its own value system, that is, a hierarchical ordering of values in terms of their importance (Christie *et al.*, 2003). Values are fairly stable (Schwartz, 1992) and people from different cultures may hold different values with varying degrees of intensity and direction (Hofstede, 1980). According to Hofstede (1980:19):

“If we “hold” a value, this means that the issue involved has a certain relevance for us (intensity) and that we identify certain outcomes as “good” and others as “bad” (direction).”

Microculture (or *sub-cultures*) is defined as “the sets of values and symbols of a more restrictive group, such as religious, ethnic or other subdivisions of the whole” (Engel *et al.*, 1990:64). Microculture (or subculture) in effect represents culture-within-a-culture, where its members, though influenced to a great extent by the norms of the overall culture in which they find themselves, are also affected by the norms of their microculture (Burns *et al.*, 1994). In a multicultural country like Malaysia, the three main subcultures are the Malays, Chinese and Indians who still identify closely with their own ethnic cultures. For this research, the term *cultural values* would refer to the values held by the Malays, Chinese and Indians and the term *ethnic group* would refer to the Malaysian Malays, Chinese and Indians in general.

Lastly, it is also important to define ethical perception. According to Jones (1991), ethical perception is concerned with the individual’s recognition of a moral issue, and the realisation that he or she is a moral agent. It can be conceptualised as a special kind of encoding process in which the individual pays special attention to incoming information and categorises it as a moral issue (Butterfield *et al.*, 2000). Ethical perception, for the purpose of this research, is defined as the degree to which an individual is able to recognise an issue as a moral issue. Since *degree* is a relative term, an individual’s ethical perception may vary from another individual’s ethical perception. It is a personal characteristic where some people are quite simply more ethically sensitive than others (Hunt and Vitell 1986). Differing ethical perception in this research would then mean that

different cultures would have different ethical outlooks, standards and sensitivity to what is considered appropriate or inappropriate business practice. What prompts an individual to consider an issue to be an ethical dilemma in one culture might, due to value divergence, not be considered an ethical issue in another culture (McDonald, 2000).

1.4 ORGANISATION OF THE THESIS

The thesis is organised into three main parts. **Part 1: Introductory Chapters**, consists of the first four chapters, including this thesis introduction. Chapters Two, Three and Four present, respectively, a literature review, the theoretical framework and the research setting and background. The purpose of Part I is to provide some background information about the research topic: its objectives, scope and rationale of the research as well as to introduce the conceptual framework and the hypotheses formulated to answer the research questions. **Part II: Methodology Chapters** comprises three self-contained chapters. The first chapter in this part presents the overall methodology employed in this research, that is a mixed methodology, while the two remaining chapters provide an in-depth discussion of the qualitative method and the quantitative method. The purpose of Part II is to provide the reader with an understanding of the research methodology employed in this study. **Part III: Results, Discussion and Conclusion** consist of five chapters, the first four of which report the findings of the field studies and the fifth chapter concludes the thesis. The purpose of this part is to presents the results of this research and to discuss the implications of these findings, the limitations of the research and to highlight possible avenues for future studies. A summary of each chapter is as follows:

Chapter 1: **Introduction and Research Settings** has highlighted the current interests of research in the area of business ethics and introduced some important information regarding the research to be carried out. This included its scope, key definitions of the terms used in this study, the objectives of this study and the justification of its importance. An overview of the chapters in the thesis is also included.

Chapter 2: **The Literature Review** reviews the literature on ethical perception. The review begins by examining Kohlberg's Model of Cognitive Moral Reasoning which then moves on to the often-cited ethical decision-making models. The next section examines the importance of the ethical perception stage in the ethical decision-making process. This is followed by a discussion on the perception process from a cognitive psychology perspective. The next section reviews the literature on the cultural aspect of this study which includes the efforts of cultural anthropologists to "unpackage" culture, the levels of analysis involved in cross-cultural studies, cultural variations across individuals, cultural influences on perception and moral reasoning. The review also includes a section on the empirical studies conducted on ethical perception from a cross-cultural perspective. It then moves on to identify the situational and individual variables which are postulated to influence the ethical decision-making process. The streams of research on perception, ethical perception and culture are then integrated to show how they inform my research questions.

Chapter 3: **The Conceptual Framework and Hypotheses Formulation.** This chapter is divided into three main parts. The first part begins with a brief overview of the theoretical framework: introducing the relationship between cultural values and ethical perception. This section also includes a discussion on the cultural values of the Malay, Chinese and Indian community in Malaysia, and more specifically, on the cultural dimensions chosen for this study. The second part of the chapter focuses on ethical perception and its dimensions, highlighting the theoretical rationale of the seven ethical perception dimensions, the definitions of each of the dimension and how they relate to ethical perception. The final part of the chapter examines the relationship between the cultural values and ethical perception. This section also identifies the control variables for the research.

Chapter 4: **Research Setting and Background** provides the background information about Malaysia, that is, the local context in which the study has taken place. It first examines the socio-economic and political background including the location, the government and the economy. This is followed by the history of ethnic pluralism and the

country's current policies on maintaining national unity and racial integration. Finally, this chapter also highlights the reasons for choosing Malaysia as the research setting.

Chapter 5: Research Methodology and Data Collection Strategy-Mixed Methodology consists of two main parts. The first part discusses the philosophical position of the research which is postpositivism. Next, the discussion focuses on qualitative and quantitative research, underlining the advantages and disadvantages of both. It then moves on to the general methodology employed in this research. It first briefly informs the reader that methodological triangulation is used in this research. The justification for using triangulation as a research method and questions of validity and reliability will also be considered. The final part of this chapter highlights and briefly discusses the three main phases of the research fieldwork.

Chapter 6: Research Methodology and Data Collection Strategy-The Qualitative Approach looks at the methodological issues related to using qualitative methods in research, specifically semi-structured interviews. It begins by briefly reviewing the literature on qualitative research and underlines the advantages and disadvantages of this methodology. Discussion then shifts to the justifications for using the semi-structured interview method as a data collection tool. Questions about the validity and reliability of semi-structured interviews will also be considered. The third part of the chapter elaborates the research strategy applied in choosing the interview respondents, the qualitative phases of the fieldwork and all other aspects related to the process of gathering the interview data. This chapter also discusses the analysis process of the interview data.

Chapter 7: Research Methodology and Data Collection Strategy-The Quantitative Approach consists of two main parts. The first part briefly reviews the literature on quantitative research and underlines the advantages and disadvantages of this method. Discussion then shifts to the justification for using the questionnaire as a data collection method. Questions about the validity and reliability of questionnaire data are also considered in this section. The second part of the chapter elaborates the research strategy

applied in the quantitative phase of this research. The focus of this part will be on designing the questionnaire, pre-testing it and the steps taken to ensure the validity and reliability of the measurements. This chapter also discusses the strategy applied in choosing the sample and the types of statistical analysis which will be used in analysing the questionnaire data.

Chapter 8: Profile of Respondents Surveyed and Differences in Cultural Values is presented to provide a clear background to the sample in the research, and to divide all the respondents into the various demographic characteristics according to gender, age, level of education, ethnic group and religion. The first part of the chapter outlines the main characteristics of the 272 respondents surveyed based on their ethnicity, gender, religion, age, education, designation and years of work experience. It also discusses the nationalities of the respondents' parent organisations, the types of industry the respondents come from and the existence of codes of ethics in the respondents' organisations. The second part of the chapter examines whether the Malay, Chinese and Indian managers are culturally different in terms of the six cultural value dimensions identified in Chapter 3.

Chapter 9: The Ethical Perception of the Malays, Chinese and Indians is examined in this chapter. The focus of this chapter will be to determine if the Malays, Chinese and Indian managers have differing ethical perceptions. A closer analysis will also be conducted to determine which ethical perception dimensions are significantly different. In this chapter, quotes from the managers will be used to support the statistical results obtained.

Chapter 10: The Influence of Cultural Values on the Malaysian Managers' Ethical Perception will be examined. This chapter investigates how the various cultural dimensions, that is locus of control, money orientation, obedience to authority, religiosity, face and relationship orientation influence the Malaysian managers' ethical perception and its seven dimensions.

Chapter 11: **Analysis by Ethnic Group** examines how the cultural values influence the ethical perception of the three ethnic groups in the specific issues related to gift-giving, wealth accumulation, pollution, defective products, prayer times and promotion.

Chapter 12: **Discussion and Conclusion** is presented in two main parts. The first part sums up all the findings presented in the earlier chapters and discusses the implications of these findings. The second part discusses the managerial and policy implications of the research, the limitations and suggestions for future research.

Chapter 2

LITERATURE REVIEW

2.0 INTRODUCTION

In recent years, much attention has been given to business ethics and ethical decision-making in organisations. This interest has been attributed to the increase in news sources which continually report business activities harmful to individuals, communities and society in general. The majority of situations that business people face today do not involve strictly legal matters. Instead they must make judgments concerning what is “right” or ethical to do (Tsalikis and Fritzsche, 1989).

The main objectives of this chapter are two-fold: firstly, to provide insights for understanding the perception process and, secondly, to illustrate the influence of culture on an individual’s ethical perception. The chapter begins with Kohlberg’s stages of moral development which will be used to explain how individuals think about ethical dilemmas, particularly what is right or wrong in a particular situation. The ethical decision-making process will then be discussed and linked to the issue of perception and current studies conducted in the area of ethical perception. Next, the review will look at studies which try to explain cultural differences among individuals and the cross-cultural studies conducted on ethical perception in business ethics research. The final section of this chapter will discuss the “gaps” identified based on the literature reviewed

2.1 KOHLBERG’S MODEL OF COGNITIVE MORAL REASONING

One of the earliest research on moral reasoning was by Piaget (1932). Piaget studied the differences between the moral judgments of younger and older children and found systematic differences between the judgments made by younger children and those made by older children. It appeared that the children were following a definite progression, beginning with certain views early in their lives and then developing other, very different views as they got a little older. According to Piaget, younger children base their moral

judgments more on consequences, whereas older children base their judgments on intentions. When, for example, the young child hears about one boy who broke 15 cups trying to help his mother and another boy who broke only one cup trying to steal cookies, the young child thinks that the first boy did worse. The child primarily considers the amount of damage (the consequences), whereas the older child is more likely to judge “wrongness” in terms of the motives underlying the act (Piaget, 1932:137).

Piaget’s work was expanded by Lawrence Kohlberg to include the moral capabilities of young adults. Kohlberg studied why certain actions are perceived to be morally just or preferred. In his work on cognitive moral development, Kohlberg (1981) differentiated moral reasoning (how moral dilemmas ought to be resolved) from cognitive reasoning (how people actually reason about the facts of the situation or how the dilemma will be resolved). He postulated that individuals develop moral reasoning skills and use different types of criteria in an invariant sequence with hierarchical transformations. The individual is further predicted to reason at the highest achieved stage of development regardless of the moral issue involved, without regression to lower stages, which have been superseded.

According to Kohlberg (1969), one’s capacity for moral reasoning depends on his or her capacity for logical reasoning. However, logical development is not sufficient for moral development (Kohlberg, 1984), because moral growth is driven not by simple brain maturation but also by ‘role taking’, that is how the person sees other people, interprets their thoughts and feelings and sees their role or place in society (Greene and Haidt, 2002). Kohlberg’s moral stages lie on the basis that first, individuals attain a logic stage which allows them to see “systems” in the world, to see a set of related variables as a system. Next, they attain a level of social perception or role-taking where they see other people, understanding one another in terms of the place of each in the system. Finally, they attain a level of moral judgment where the welfare and order of the total social system or society is the reference point for judging “fair” and “right” (Kohlberg, 1984). Kohlberg’s theoretical description of these moral stages is grouped into three major

levels: preconventional level (Stages 1 and 2), conventional level (Stages 3 and 4) and postconventional level (Stages 5 and 6).

The *preconventional* moral level is the level of most children under 9, some adolescents and many adolescent and adult criminal offenders (Kohlberg, 1984). At this level, actions are justified mainly on the basis of pure self-interest and the individual understands the notions of “right” and “wrong” in terms of consequence of action (punishment, rewards or exchange of favours) or the imposition of authoritarian power. Kohlberg called stage 1 thinking "preconventional" because children do not yet speak as members of society. Instead, they see morality as something external to themselves, as that which the big people say they must do (Crain, 1985).

The *conventional* level is the level of most adolescents and adults in society. Individuals at this stage conform and uphold rules and expectations of society or authority just because they are society’s rules, expectations or conventions(Kohlberg, 1984). Subjects make moral decisions from the perspective of society as a whole, they think from a full-fledged member-of-society perspective (Colby and Kohlberg, 1987:27). At this stage there is a significant emphasis on the adherence to a consistent set of societal, legal or religious procedure that are applied impartially to all members of a society (Elm and Weber, 1994).

At the conventional stage people want to keep society functioning although a smoothly functioning society is not necessarily a good one. A totalitarian society, for example, might be well-organized, but it is hardly the moral ideal. At the postconventional stage, however, people begin to ask, “What makes for a good society?” (Crain, 1985). They begin to think about society in a very theoretical way, stepping back from their own society and considering the rights and values that a society ought to uphold. They are said to take a “prior-to-society” perspective where they evaluate existing societies in terms of these prior considerations (Colby and Kohlberg, 1987). At this level, the individual understands and basically accepts society’s rules, but this acceptance is based on formulating and accepting the general moral principles that underlie these rules. This

stage is reached by a minority of adults and is usually reached only after the age of 20 (Kohlberg, 1984). Moral decisions are based on general principles and the individual at this moral reasoning stage believes that these principles should be obeyed even when they come into conflict with societal norm (Knobe, 2005).

Kohlberg's different stages of moral reasoning capture the individuals' moral rationales (Elm and Weber, 1994) and is useful for explaining how individuals determine what is right or wrong in a particular situation (Trevino, 1986). Kohlberg argued that individuals proceed sequentially through three levels of development before reaching moral maturity (Wimbush, 1999; Mudrack, 2003). Individuals at the conventional level for example, are different from the individuals at the preconventional level in that individual at the conventional level uses the following moral reasons: 1) concerns about society approval; 2) concern about loyalty to persons, groups and authority; and 3) concern about welfare of others and society (Kohlberg, 1984). Individuals in the postconventional stage, on the other hand, would not automatically assume that they are in a society which they need the friendship and respect of other individuals, instead they hold moral commitments or standards on which a good or just society must be based (Kohlberg, 1984). With each successive stage, the individual's moral judgment grows less and less dependent on outside influences and the individual moves from a self-centred conception of what is right to a broader understanding of the importance of social contracts and principles of justice and rights (Trevino and Youngblood, 1990).

As individuals mature cognitively, they would pass through a variety of stages and phases that reflect their increasingly heightened ability to perceive and process information surrounding moral dilemmas. Kohlberg maintains that "good" ethical decisions reflect the "highest" stages of moral thinking (Colby and Kohlberg, 1987). According to Ferrell *et al.* (1989), a person at a lower (preconventional) stage of moral development may not see a situation as an ethical issue, whereas an individual at a higher (postconventional) stage may recognise the ethical component. Generally, empirical studies have supported the relationship between individuals with higher stages of moral judgment and higher incidence of moral reasoning (Trevino and Youngblood, 1990; Goolsby and Hunt, 1992;

Rogers and Smith, 2001; Tan, 2002; Bernardi *et al.*, 2004). Kohlberg's model of cognitive moral development has been incorporated into the ethical decision-making models of Ferrell *et al.* (1989), Trevino (1986) and Jones (1991). These models will be described in the next section.

2.2 ETHICAL DECISION-MAKING

Any decision process would seem to involve 1) problem identification; 2) some form of problem solution or resolution (as a judgment or evaluation); 3) choice, and (4) actual behaviour or implementation (Daft, 1989). These general categories mirror closely the components proposed in the models of ethical decision-making. However, ethical decision making is not differentiated in terms of the formal processes, but rather as differences in the content or consideration of ethical values and principles. It is this moral component or dimension which differentiates any other decision-making process from an "ethical" decision process (Jones, 1991; Miner and Petocz, 2003). Ethical decision-making is "the process by which individuals use their moral base to determine whether certain issue is right or wrong" (Carlson *et al.*, 2002:16). According to Rodgers and Gago (2001), the difference between an ordinary decision and an ethical one lies in the point where the accepted rules no longer serve, and the decision-maker is faced with the responsibility for weighting values and reaching a judgment in a situation which is not quite the same as any he or she has faced before. It requires a cognitive activity (perceiving, knowing, believing and remembering) and, as in the case of cognitive decision-making, it is also influenced by emotional and social processes (Miner and Petocz, 2003).

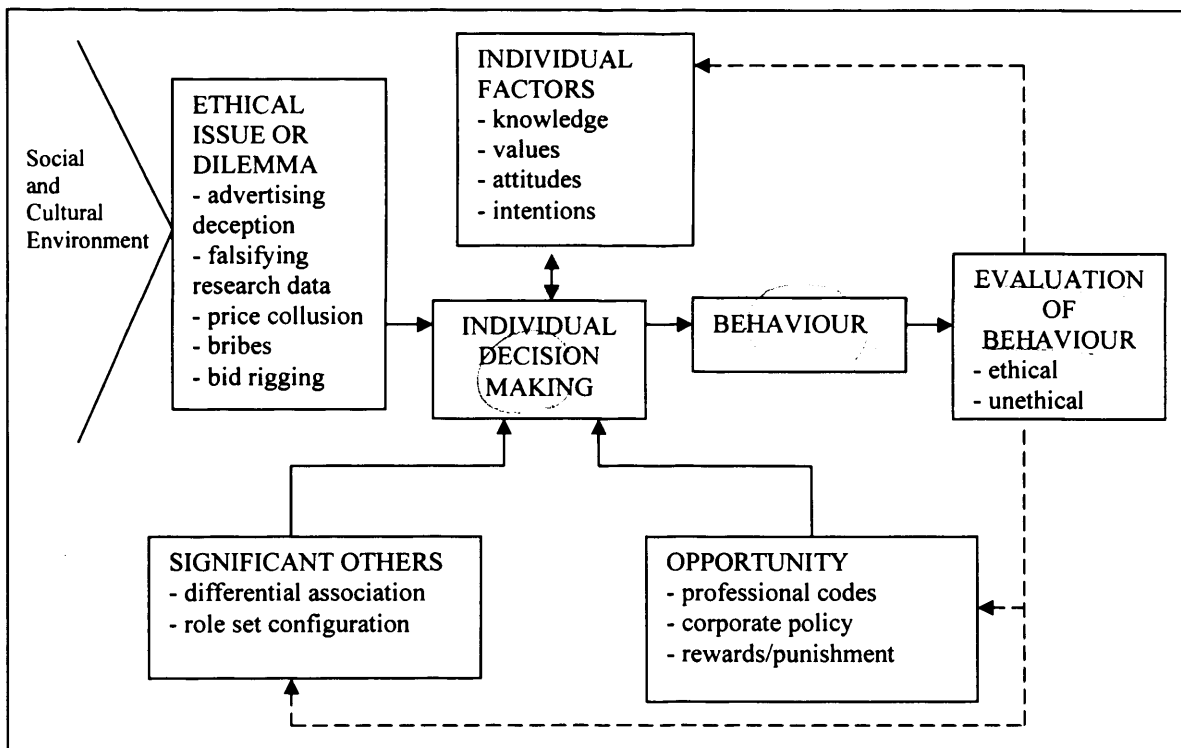
Researchers have attempted to explain what individuals do when confronted with an ethical issue and how the external environment influences their ethical decision-making through various ethical decision-making models. Whilst these models do not make an ethical decision, they do describe a process for examining a situation. The next section will discuss some of the main frameworks of ethical decision-making proposed by Ferrell

and Gresham (1985), Trevino (1986), Hunt and Vitell (1986; 1993), Ferrell, Gresham and Fraedrich (1989) and Jones (1991).

2.2.1 Ethical Decision-Making Process

Several conceptual models have been proposed in the past few years for understanding ethical/unethical decision making in managerial and organisational contexts. Ferrell and Gresham's (1985) Contingency Model is a multistage model of ethical decision-making behaviour (Figure 2.1).

Figure 2.1: A Contingency Model of Ethical Decision-Making In A Marketing Organisation



Source: Ferrell and Gresham (1985)

They examined ethical/unethical decision-making as multidimensional, process-orientated and contingent in nature. Their model also postulates that the behaviour outcome of an ethical dilemma is a first-order interaction between the nature of the ethical situation and characteristics associated with the individual and the organisational environment (significant others and opportunity). Ferrell and Gresham assume that the

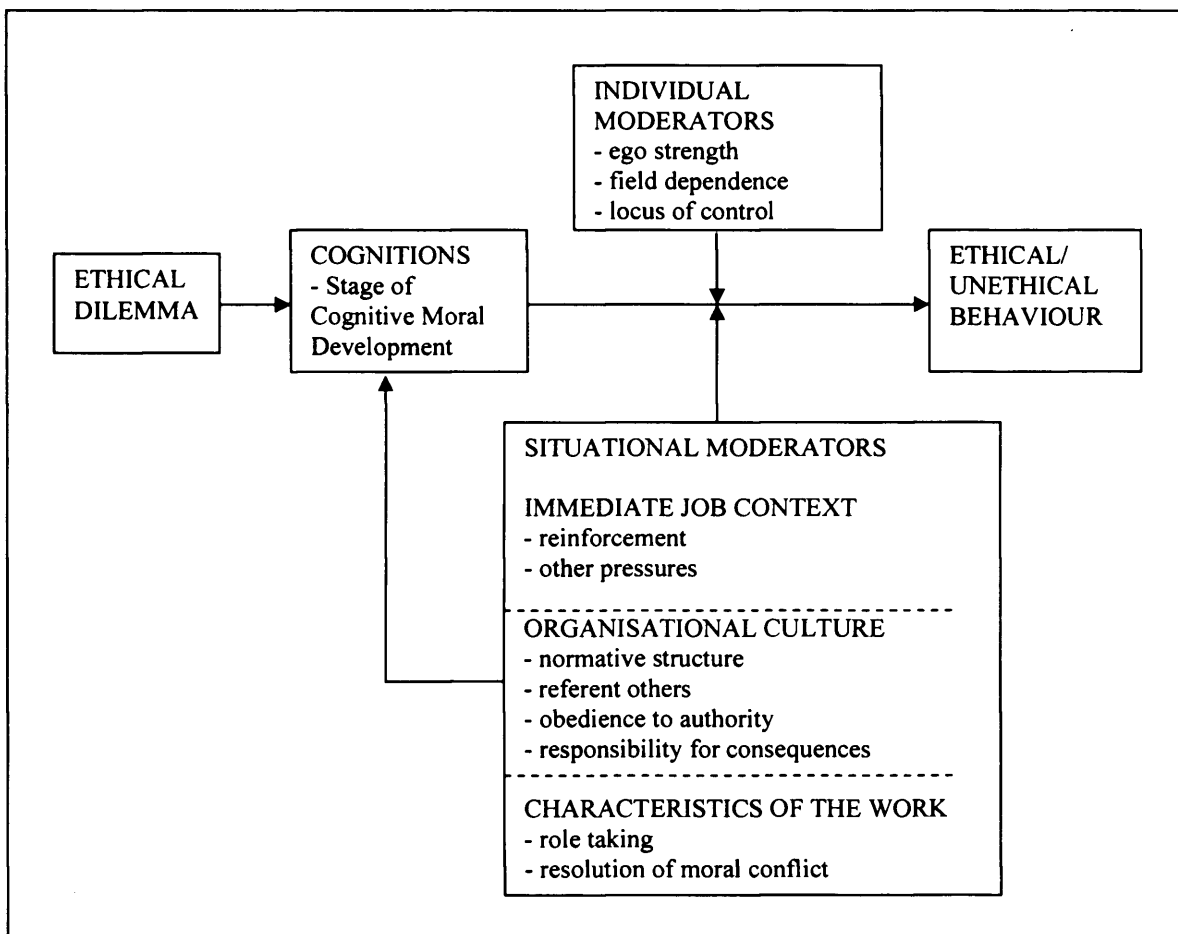
operating exigencies of the firm would bring the individual into contact with situations that must be judged as ethical or unethical.

The decision that emerges from the decision-making process then leads to behaviour and finally to the evaluation of the behaviour. However, the individual's decision-making is affected by both individual and organisational factors (significant others and the opportunity to engage in unethical behaviour). According to Ferrell and Gresham, individuals develop guidelines and rules for ethical behaviour and these guidelines are influenced by their moral philosophies (learned through socialisation), education or cultural background. The individual's decision-making is also influenced by significant others and, according to Ferrell and Gresham, the less distance between the individual and the significant others, the more influence significant others such as peers and supervisors will have on the individual's decision. Management might also influence the decision process because of their power and authority. This model also assumes that the individual's ethical/unethical behaviour is learned through the process of interacting with other people, particularly when the individual comes in contact with unethical behaviour patterns more often than ethical ones (based on differential association theory). Opportunity is also an important variable identified by Ferrell and Gresham to influence an individual's ethical decision-making. Individuals who have the opportunity to engage in unethical behaviour may be more likely to do so and they are more likely to engage in unethical behaviour when there are greater rewards and lesser punishments for unethical behaviour. On the other hand, the existence of corporate policies and professional codes of ethics may discourage unethical behaviour, especially if these codes and policies are enforced.

The second model is Trevino's (1986) Person-Situation Interactionist Model (Figure 2.2). Although the major contribution of Ferrell and Gresham's (1985) model was that it accounted for many of the constructs influencing individuals in ethical decision-making: individual factors, opportunity and significant others, their model did not explore in-depth the influence of individual factors in the decision-making process. The focus of

Trevino's (1986) model was on the interaction between individual and situational factors in the ethical decision-making process.

Figure 2.2: Person-Situation Interactionist Model of Ethical Decision-Making in Organisations



Source: Trevino (1986)

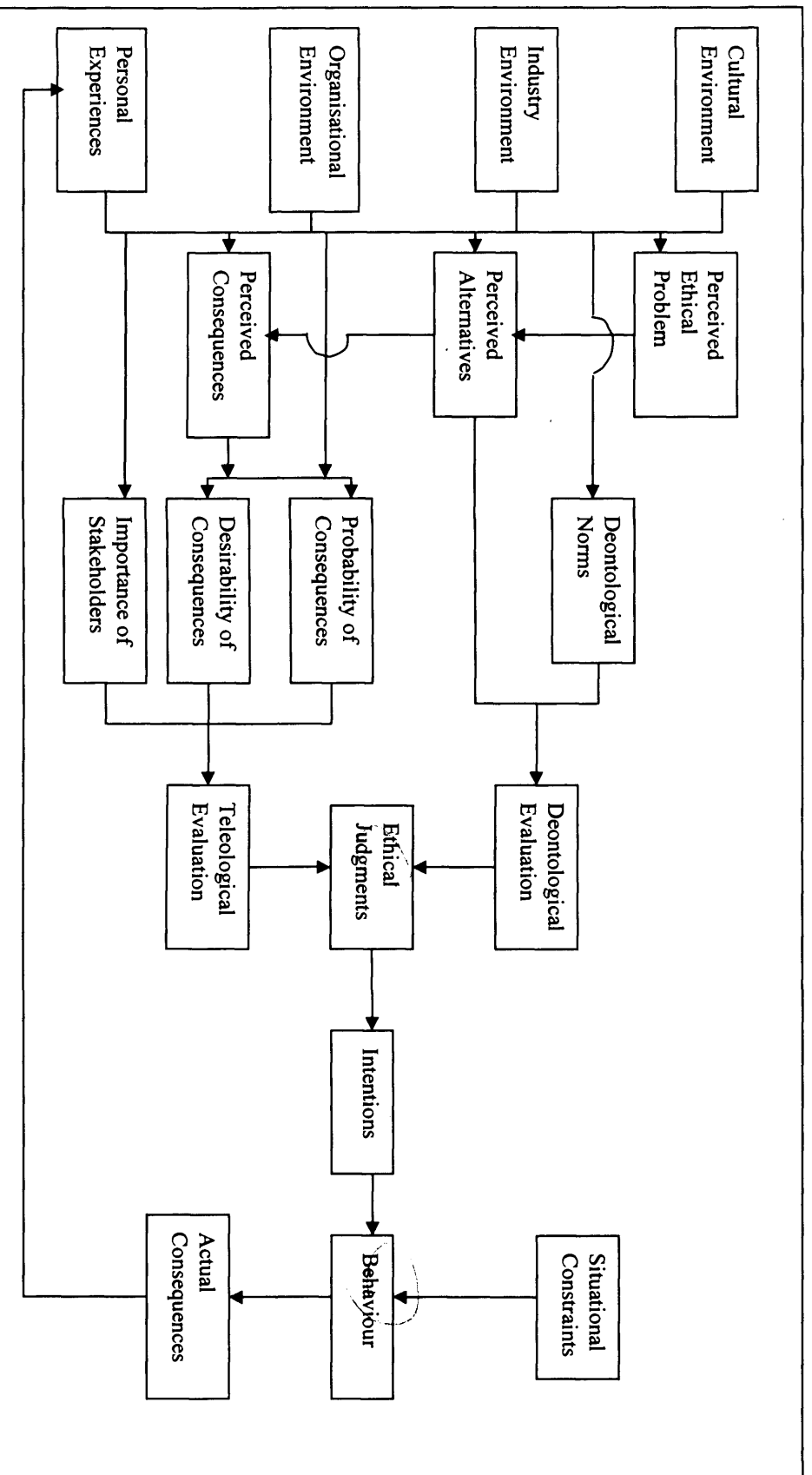
It begins with the individual recognising an ethical dilemma with cognitions determined by his or her cognitive moral development stage. The cognitive moral development facet from Trevino's model comes from Kohlberg's (1969) Cognitive Moral Development Theory, which proposes that in similar ethical dilemmas, different people make different decisions because they are in different stages of moral development (Malhotra and Miller, 1998). In Trevino's (1986) model, moral judgments made in the cognitions stage are moderated by individual and situational factors. The individual variables include ego strength, field dependence and locus of control, while the situational factors include

variables related to the job such as the immediate job context (for example, reinforcement), organisational culture (for example, referent others) and characteristics of the job (for example role taking and resolutions of moral conflict).

The third model was that of Hunt and Vitell (1986), entitled “A General Theory of Marketing Ethics.” According to Srnka (2004:6) a major contribution of Hunt and Vitell’s (1986) model is the “explication of the individual’s decision-making process by breaking it down into the two basic ethical perspectives borrowed from the normative ethical theories of deontological and teleological evaluations.” While both the models by Ferrell and Gresham (1985) and Trevino (1986) presented “ethical decision making” as a single factor leading to ethical behaviour, Hunt and Vitell (1986) detailed the decision-making process. In Hunt and Vitell’s model (1986, 1993), the individual must first recognise the presence of a moral dilemma, then make moral judgments, establish moral intent and then engage in moral behaviour. The focus of the Hunt-Vitell’s (1986) Model was on the problem recognition stage, which had not received much attention (Bruner and Pomazai, 1988).

In this model (Figure 2.3), the first stage is the decision-maker’s awareness that an ethical issue exists. Once the decision-maker perceives an ethical dilemma, the individual then identifies a set of alternative solutions to the dilemma and evaluates each of the alternatives according to the two moral philosophies: teleological and deontological. This judgment stage is the “heart of the model” (Hunt and Vitell 1986:9), and it postulates that ethical judgment is a function of both deontological and teleological evaluations. Next, ethical judgments impact ethical behaviour through the intervening variable of intentions (which is conceptualised as the likelihood that any particular alternative would be chosen). According to Hunt and Vitell, ethical judgments will often differ from intentions because the teleological evaluations also independently affect the intentions construct. This means that an individual may perceive a particular alternative as being the most ethical one and, nevertheless choose another alternative because of certain preferred consequences (Hunt and Vitell 1986:10).

Figure 2.3: General Theory of Marketing Ethics

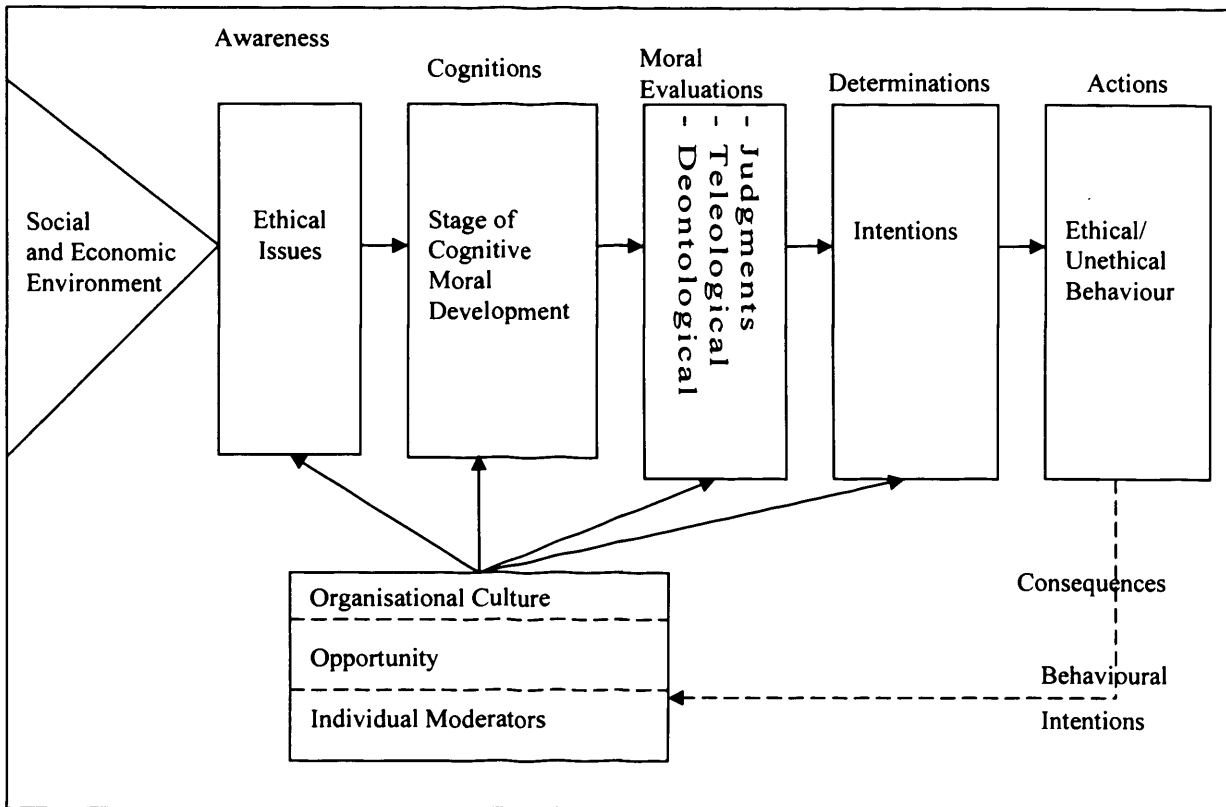


Source: Hunt and Vitell (1986)

The Hunt and Vitell model also suggests that when behaviour and intentions are inconsistent with ethical judgments, the person may feel guilt. When behaviours are inconsistent with ethical judgments and intentions, the reason may be situational constraints such as opportunities to adopt a particular alternative. After the behaviour stage, there will be an evaluation of actual consequences of the alternative selected and the behavioural evaluation feeds back into the process through personal experiences. Hunt and Vitell (1986) hypothesised that environmental factors (cultural, industry and organisational) and personal characteristics (cognitive moral development, personality and the individual's total life experiences) would affect perceptions of the existence of an ethical problem. In their revised model (Hunt and Vitell 1993), the authors extended personal characteristics to include religion, value system and belief system that can influence an individual's perceptions of the existence of a moral dilemma, alternatives and consequences.

Ethical awareness was also the first stage of Ferrell, Gresham and Fraedrich's (1989) "Synthesis of Ethical Decision Models for Marketing" model (Figure 2.4). An individual's perception of an ethical dilemma will depend on the individual's stage of cognitive moral development and social learning. The next stage is moral evaluation where the decision-maker evaluates each set of alternatives to the dilemma on three approaches: deontology, teleological and judgmental. When an outcome has been selected, the individual then forms the intention to act on the alternative. Finally, after taking the action, the decision-maker evaluates the decision and may modify behaviour when the same kind of situation occurs again. This whole process of ethical decision-making is influenced by organisational culture, opportunity and individual variables. The synthesised ethical decision-making model by Ferrell *et al.* (1989) combined aspects of Ferrell and Gresham's (1985) Contingency Framework, Trevino's (1986) Person-Situation Interactionist Model and the earlier version of Hunt and Vitell's (1986) General Theory of Marketing Ethics model. The resulting model describes the process of ethical decision-making as well as various external and internal factors influencing this process in a more comprehensive way than the earlier works.

Figure 2.4: A Synthesis of Ethical Decision Model for Marketing



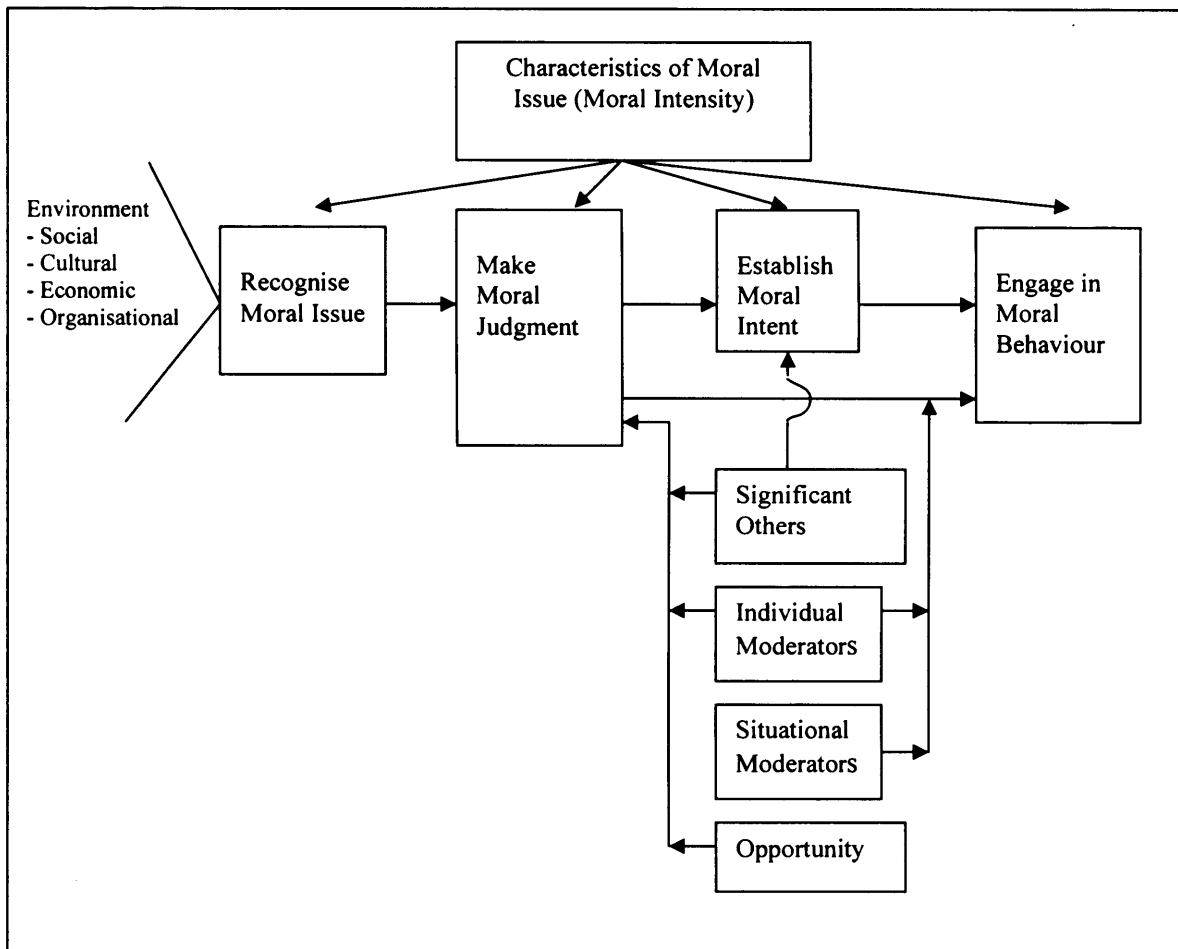
Source: Ferrell et al (1989)

All the models discussed so far considered only the influences of individual and situational factors on the ethical decision-making process. However, Jones (1991) asserts that one's recognition, evaluation and response to a moral issue is influenced by the characteristics of the ethical issue itself, collectively called moral intensity (Figure 2.5). The foundation of Jones' (1991) model is based on Rest's (1986) four-stage model: recognising moral issue, making moral judgment, establishing moral intent and engaging in moral behaviour. Ethical perception is explicitly included, however, as the first element in the process of ethical decision making in the model.

Moral issue recognition was also an important first step in Jones' model because "for the moral decision-making process to begin, a person must be able to recognise the moral issue" (Jones, 1991:380). The model also integrates variables postulated to influence ethical decision-making by previous researchers (Ferrell and Gresham, 1985; Hunt and

Vitell, 1986; Trevino, 1986) and introduces an additional variable: moral intensity. Moral intensity is the “extent of issue-related moral imperative in a situation” (Jones, 1991:372).

Figure 2.5: Synthesis of Ethical Decision-Making Models



Source: Jones (1991)

According to Jones, moral intensity is a multidimensional construct comprised of several elements including social consensus, probability of effects, personal proximity, temporal immediacy, magnitude of consequences and concentration of effects. These elements influence each of the stages of ethical decision-making from the recognition of a moral issue to engaging in a particular moral behaviour. According to Loe *et al.* (2000:186), the Jones’ model “provides the most comprehensive synthesis model of ethical-decision making.”

The descriptions of the ethical decision-making models typically reflect the sequential phases which include problem recognition, identification of alternatives, selection and commitment (Abelson and Levi, 1985; Miner and Petocz, 2003). Extant models of ethical decision-making (for example Ferrell and Gresham, 1985; Hunt and Vitell, 1986, 1992; Jones, 1991; Rest, 1986; Trevino, 1986) share an important characteristic, that is each maintains that the ethical decision-making process begins with an individual's recognition of an ethical issue or problem. The sequential nature of the ethical decision-making process proposed by each of these authors also implies that a person who fails to recognise the moral aspects of a particular issue—the first stage—will not activate the moral decision-making schema (Street *et al.*, 2001). Ethical perception, an individual's ability to perceive the ethical content of a decision-situation, serves as a kind of triggering mechanism that begins the ethical decision making process.

2.3 ETHICAL PERCEPTION

As noted in Section 2.2.1, ethical perception plays a crucial role in the ethical decision making process because the process begins with an individual's recognition that a decision situation has an ethical content. According to Wittmer (2000:185), ethical perception "is the relative awareness or recognition of the "ethical dimensions" within an ethical situation." Rest (1994:23) states that, "moral sensitivity is the awareness of how our actions affect other people. It involves being aware of different possible lines of action and how each line of action could affect the parties concerned. It involves imaginatively constructing possible scenarios, and knowing cause-consequence chains of events in the real world; it involves empathy and role-taking skills." However Blum (1991) is of the opinion that ethical perception is a more complex state than these other definitions imply. He includes in perception "anything contributing to or encompassed within the agent's take on the situation—his salience-perception—prior to his deliberating about what to do" (Blum, 1991:707). Hence, perception according to Blum includes not only the way in which people perceive particular situations, but also their ability to recognize the morally significant components as moral situations (VanSandt, 2001).

The ability to recognize ethical issues is the key input to the ethical decision making process. According to Hunt and Vitell (1986:7), *Perceived Ethical Problem* is as an important first step in ethical behaviour because:

“The perception of an ethical problem situation triggers the whole process depicted by the model. If the individual does not perceive some ethical content in the problem situation, subsequent elements of the model do not come into play.”

Ethical perception was also an important variable in Ferrell, Gresham and Fraedrich's (1989) “Synthesis of Ethical Decision Models for Marketing.” According to Ferrell *et al.* (1989:61), “how managers recognise ethical dilemmas or know when ethical issues are present is a critical matter.” This is similar to the *Perceived Ethical Problem* component in Hunt and Vitell's (1986) General Theory of Marketing Ethics. If an issue is not recognised as ethically intensive, then there is no need to consider it in an ethically comprehensive manner since individuals would not engage in the ethical decision-making process if they are not aware of the moral aspect of the issue (Jones, 1991). In such instances, resolution of the issue would be made on the basis of non-ethical considerations, for example, based on the economic aspects of the decision and the impact on the individual's career, (Street *et al.*, 2001). For this reason, the initial step of recognising the moral issue is of paramount importance in the ethical decision-making process (Jones, 1991; Street *et al.*, 2001).

If ethical perception is an important component of the ethical decision-making process, it is important to understand how individuals perceive a particular situation. Because ethical perception is a dimension of perception, the researcher will review the literature on the perception process before turning specifically to empirical studies conducted on ethical perception.

2.3.1 The Perception Process

“Perception” may be defined as “a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment” (Robbins, 1992:35). It is recognised as the collection of information about the world and is broadly

associated with thinking. The typical course of perception proceeds 1) from real-world object or event 2) through a medium 3) to sensory surfaces and receptors and then to 4) the central nervous system which then leads to 5) inference which is a stage of conceptual elaboration and representation (Cutting, 1987). When we perceive and identify any complex object, we normally register not only its features (its particular shape, size, colour) but also the fact that they are conjoined in a particular configuration (Treisman and Schmidt, 1982). Although the allocation of colours and sizes to shapes, movements to locations, voices to speakers seems almost immediate and automatic, there is both psychological and physiological evidence which suggests that at least some different dimensions are initially separately analysed by functionally independent systems (Shepard, 1964; Garner, 1974).

Various approaches have been presented for understanding perception. The descendents of Gestalt school hypothesised that people perceive objects to be organized patterns or wholes, instead of collections of many separate parts (Banks and Krajicek, 1991) - that we initially register unitary objects and relationships, and only later, if necessary, analyse these objects into their component parts or properties (Treisman and Gelade, 1980). The neuropsychological approach, on the other hand, determines where a process takes place and how that process works. It attempts to identify processing units (modules) in the brain and determines their interconnections (Banks and Krajicek, 1991). Another approach was by Biederman (1987) who proposed a theory of visual object recognition which he terms *Recognition-by-Components* (RBC). This theory approaches the problem of how an individual recognises objects in the way that a phonological theory approaches the problem of recognising the large sets of words available to a language user. In both cases, competence in dealing with the extremely large set is based on use of a much smaller set of components, of which members of the larger set are constructed. In Biederman's theory of visual recognition, objects are decomposed into 24 to 36 geons (*geometrical ions*). The geons are simple shapes that are discriminable from each other on the basis of view-point invariant features. Biederman proposes that object recognition begins with extraction of these geons and when the representations of geons are activated, activation of object models can begin (Biederman, 1987).

Another approach to explaining how individuals perceive was suggested by Kosslyn *et al.* (1990) who combined the approaches from neuropsychology and Artificial Intelligence to develop a model of visual object recognition and identification. Their model postulates a number of processing subsystems (“centres”) based on neurophysiological evidence that the mammalian visual system has a large number of spatially separate maps devoted exclusively to encoding specific features of the environment (Kaas, 1987). According to their model, when an object is presented to the visual system, its features are separately registered on different maps. The perceptual processing requires that the features be retrieved from those maps and appropriately associated with the object (Treisman and Gelade, 1980; Treisman and Schmidt, 1982; Treisman and Paterson, 1984). In their study, Treisman and Paterson (1984) found that a) object perception depends on both the detection of simple components or parts and on the detection of emergent features created by their relationships or interactions; b) individuals may differ in the weight they attach to different features and c) these individual differences give rise to distinctive patterns of performance in perceptual tasks.

In their feature-integration theory, Treisman *et al.* (1974) assumed that the visual scene is initially coded along a number of separable dimensions, such as colour, orientation, spatial frequency, brightness. These dimensions are then combined to form a single object. Once the unitary objects have been correctly registered, the compound objects continue to be perceived and stored as such (Treisman and Gelade, 1980). According to Treisman and Gelade (1980), individuals cannot consciously “perceive” an unattached shape without giving it dimensions and attention is necessary to combine these dimensions. The evidence that stimuli are initially analysed along separable dimensions have been provided by previous studies (for example Shepard, 1964; Garner, 1974; De Valois and De Valois, 1975). “Dimensions”, according to Treisman and Gelade (1980:99), refer to the “complete range of variation which is separately analysed by some functionally independent perceptual subsystem.” Based on the above theories on perception, it can be concluded that before a particular stimulus can be perceived and identified, information must be ordered and categorised along some dimensions that allows the individual to ascribe meaning to the selected stimulus information.

2.3.2 Summary of Previous Studies on Ethical Perception in Business Ethics Research

While there have been studies conducted on ethical perception, previous management research on ethical decision-making have treated ethical perception as a single independent variable and have associated differences or similarities between cultures with it (for example Singhapakdi *et al.*, 1996; McDonald and Kan, 1997; Karande *et al.*, 2000; Honeycutt *et al.*, 2001; Marta *et al.*, 2004). For example Marta *et al.* (2004) estimate ethical perception based on a single item index, which merely inquires of individual business students' agreement or disagreement as to the extent they perceived an ethical problem in two scenarios tested. A similar measurement of ethical perception was taken by Hay *et al.* (2001) where the respondents in their study were requested to specify their assessment of the action taken in those situations on the basis of whether they are unethical, ethical or not an ethics issue. However, many issues facing decision-makers are complex and ambiguous and, in most instances, the ethical aspects of an issue are not immediately obvious (Jones, 1991). According to Sparks and Merenski (2000), to recognise an ethical issue requires effortful cognitive ability where time and effort (that is thinking) need to be expended in order to determine if the issue has moral implications (Street *et al.*, 2001). It is only when individuals engage in effortful thinking about an issue is the individual more likely to recognise the moral aspects of the situation (Petty, 1995; Petty *et al.*, 1995). Furthermore, the theories on perception show that the perceptual phenomena involve various processes to "pick up" the information available in the stimulus. As such, it is hard to see how a simple statement could capture adequately the individual's perception of an ethical issue. Therefore one of the main objectives of this research would be to identify the dimensions used by individuals when perceiving an issue as ethical/unethical.

2.4 CULTURE

Earlier conceptions of culture included the views that (a) culture was "out there" to be studied, observed, and described; (b) culture was a shared way of life of a group of socially interacting people, and (c) culture was transmitted from generation to generation

by the processes of enculturation and socialization (Segall *et al.*, 1998:1104). As previously mentioned in Chapter 1, culture is “a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behaviour, which are handed down from one generation to the next generation through the means of language and imitation” (Barnouw, 1963:4). It is the shared beliefs and symbols of a group of individuals (McDonald, 2000). Another definition of culture was provided by Hofstede who defined culture as the “collective programming of the mind that distinguishes one group or category of people from another” (Hofstede and McCrae, 2004:58). This stresses that culture is a) a collective, not individual, attribute; b) not directly visible but manifested in behaviours; and c) common to some but not all people.

Kroeber and Kluckhohn (1952:181) defined culture as “...patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols ... (and may) on the one hand, be considered as products of action, on the other, conditioning elements of future actions.” The basic elements of this definition suggest several critical features of culture: 1) the importance of symbols; 2) the distinction between, but dual validity, of implicit meaning and explicit behaviour; 3) the historical influence on contemporary events and their meaning; and 4) the dual nature of culture as a template for and a consequence of behaviour (Jones, 2002). From a “social construction” perspective (Misra and Gergen, 1993), culture is not a given but is created daily through interactions between individuals and their surroundings. Cultural psychologists emphasise this constructive characteristic of culture and place culture not outside individuals, where it influences their behaviour, but “as an intersubjective reality through which worlds are known, created, and experienced” (Miller, 1997:103).

2.4.1 Dimensions of Culture

Because culture is an abstraction (Groeschl and Doherty, 2000; Christie *et al.*, 2003), the usefulness of culture as an explanatory variable depends upon our ability to “unpack” the culture concept (Whitting, 1976; Rohner, 1984). According to Clark (1987:461), the best way to do this is to view culture as a “complex, multidimensional structure rather than as a simple categorical variable” and to array cultures along interpretable dimensions

(Schwartz, 1994:85). Cultural dimensions are important because they explain what it is about a cultural group that has an effect on the source model (Brett *et al.*, 1997). Differences in the locations of cultures along these dimensions can then be used to explain differences between cultures in their distributions of behaviour patterns, norms, attitudes and personality variables (Triandis, 1978). Studies that have identified dimensions of cultures have been reported (for example Lynn and Hampson, 1975; Cattell *et al.*, 1979; Trompenaars, 1993; Schwartz, 1994). One of the most influential works of this type is by Hofstede (1980; 1991).

Hofstede's study of national culture differences used a database collected in a multinational corporation (IBM) and its subsidiaries in 71 countries. This study identified five dimensions of culture:

Individualism/Collectivism which describes the relationship between the individual and the collectivity that prevails in a given society (Hofstede, 1980). Individualism pertains to societies where the ties between the individuals are loose: everyone is expected to look after himself or herself or his immediate family. Collectivism refers to societies where people are integrated from birth into strong, cohesive in-groups, often extended families, protecting them in exchange for unquestioning loyalty (Hofstede and McCrae, 2004:63). Power Distance describes the degree to which an unequal distribution of power is accepted in society and is described as the "extent to which the less powerful members of organisations and institutions accept and expect that power is distributed unequally" (Hofstede and McCrae, 2004:62). Uncertainty avoidance characterises the degree to which individuals in a society tolerate uncertainty and ambiguity. Masculinity/Feminism is the relative emphasis a society places on achievement versus overall quality of life. It refers to the distribution of emotional roles between the sexes where men are supposed to be assertive, strong, tough and focused on material success etc while women are more modest and caring. Finally Confucianism Dynamism reflects the degree to which a society takes a long-term versus a short-term orientation in life (Hofstede, 1991).

Hofstede's work shows that way toward "unpacking" the cultural concept into a set of interpretable dimensions on which nations and cultures can be compared (Schwartz,

1994). It has been used extensively in comparing national cultures (Christie *et al.*, 2003) and has been repeatedly validated over times in dozens of countries (Bond and Forgas, 1984; Leung, 1988; Sondergaard, 1994). However, Hofstede recognised that his four dimensions were not necessarily exhaustive and “there may be other dimensions related to equally fundamental problems of mankind which were not found...because the relevant questions simply were not asked” (Hofstede, 1980:313-314). A second limitation noted by Hofstede is that his dimensions are “based on one specific set of 40 modern nations, excluding, for example all countries under state socialism” (pg. 314). He recognised that adding other nations might affect the dimensions that emerge. Unless the sample of nations studied is a reasonable representation of the full heterogeneity of cultures, different dimensions may emerge in culture-level analyses of different samples of nations (Hofstede, 1980:90).

2.4.2 Levels of Analysis

Hofstede’s cultural dimensions of cultural variation are “ecological” or culture-level analysis (Leung and Bond, 1989; Schwartz, 1994). Culture-level dimensions are based on nation means while individual-level dimensions are derived based from analyses of the scores of individual persons (Schwartz, 1994; Georgas *et al.*, 2004; Smith, 2004). Culture-level analysis treats each nation or each ethnic group as a single case. Thus, although Hofstede surveyed 117,000 individuals from 53 nations and regions, his analysis is based upon just 53 cases. Therefore in the culture-level analysis, the number of observations is the number of cultures (Triandis and Suh, 2002; Smith, 2004). The culture-level values which have been inferred from individual values averaged across members of a society have a psychological flavour because of their nature and origins from individuals (Smith, 2004). Individual variation around this average reflects unique personality and experience while the averaged values of societal members can point to cultural values (Schwartz, 1994).

As the dimensions obtained in individual-level and cultural-level analyses are empirically based on statistically independent treatments of the data, they are not constrained to be similar (Hofstede, 1980; Leung and Bond, 1989). However, there are theoretical reasons

to expect culture-level and individual-level value dimensions to be related conceptually (Schwartz, 1994). Schwartz (1994) used a dimension of autonomy-submission, labelled self-direction versus conformity to explain the emergence of a value at the two levels. At the individual-level analysis, this dimension “contrasts and emphasises on independence of thought and action with an emphasis on restraint of own inclinations in favour of conformity to social expectations.” As such it is psychologically as well as socially incompatible for an individual to behave in ways that simultaneously express autonomy and submission (Schwartz, 1994). Similarly, at the culture-level, nations with institutional structures conducive to independence (for example widespread higher education, religious pluralism, democratic political structures, occupations demanding non-routine decision-making) would foster self-direction values in their citizens. Such institutions would come into conflict with those conducive to conformity (example limited educational opportunities, a single sovereign religion, routinised and closely supervised occupations, centralised political structures). Since the conditions which foster autonomy versus submission at the cultural and individual levels are so similar, it would be expected that similar dimensions would emerge in analyses at both levels. Therefore, the cultural-level and the individual level are functionally related (Kim, 1994; Schwartz, 1994).

Conceptually, individuals and cultures should not be viewed as mutually exclusive entities but rather as interactive entities (Kim, 1994). The individual-level and culture-level interact through intermediate social structures, organisations, norms and beliefs (Hofstede, 1980; Bierbrauer *et al.*, 1994; Schwartz, 1994). In every society, institutions (both formal and informal) have been erected to maintain and propagate particular constellations of values, norms and skills (Kim, 1994). Rokeach (1973:24-25) defines an institution as “a social organisation that has evolved in society and has been ‘assigned’ the task of specialising in the maintenance and enhancement of a selected subset of values and in their transmission from generation to generation.” Although cultures, through socialisation, help shape the attitudes, beliefs, emotions and behaviours of individuals who are born into them, they do not determine them (Kagitcibasi, 1994) because individuals may accept, reject or select such cultural influences. As such

individuals contribute to the process of maintaining, synthesising and changing existing cultures (Kim, 1994).

Cultural-level values are appropriate when one seeks to understand how differences between cultures in their beliefs, attitudes, or behaviours are related to cultural emphases. However, individual-level values are appropriate when one seeks to understand how differences between individuals in beliefs, attitudes, or behaviours are related to individual differences in values (Chan, 1999). Focusing on the culture-level enables researchers to characterize the broader environmental and social context within which individuals are socialized. This should help to better understand why particular psychological phenomena prevail in some regions and not in others (Smith, 2002). According to Leung (1989), culture-level analysis should be taken more seriously in theoretical, as well as empirical work, in cross-cultural research. He illustrated this point by providing an example of a research conducted by Markham (1988) to determine the relation between pay and performance. When the data in his research was analysed at the individual-level, pay showed no significant correlation with performance. However, when the data was analysed based on work-groups (analogous to culture-level analysis), a significant result between the two variables was obtained. Therefore, Leung (1989) concluded that culture-level approach is capable of generating theories that are coherent and psychologically meaningful.

2.4.3 Cultural Variations Across Individuals

This section addresses the question of what accounts for variations across cultures and individuals. One possible way is to link such variations to the ecology (Berry, 1994). The idea of culture and ecology was first articulated by Julian Steward (1955) who looked for the adaptive responses to similar environments that gave rise to cross-cultural similarities (Netting, 1996:267). According to the ecological perspective, human populations developed strategies to cope with, and adapt to their ecology (Seymour-Smith, 1986; Butzer, 1989; Kim, 1994). It is suggested that people adapt (both culturally and biologically) to their ecological contexts and individual psychological characteristics are considered to be developed as a result of these ecological, cultural and biological

population variables (Berry, 1994; Batterbury, 1997; Smith, 2005). Ecology therefore acts as a filter that shaped and determined the types of cultures and individuals that survived (Kim, 1994).

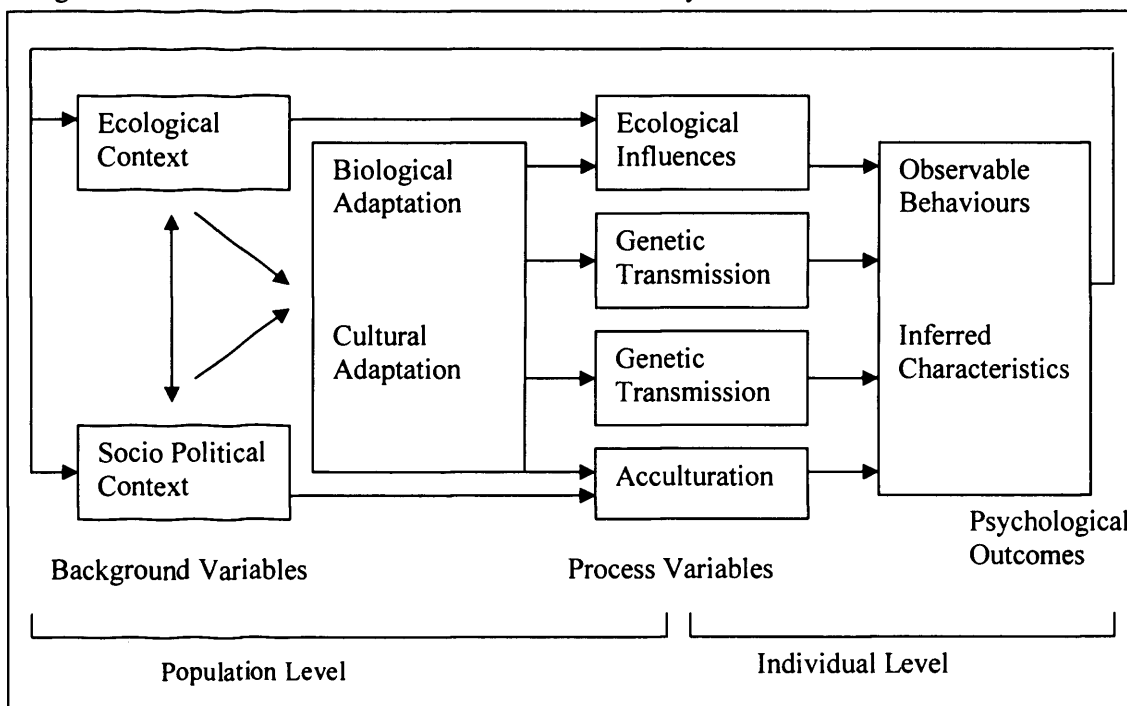
Ecology and adaptation have been used to explain human diversities in cross-cultural research (for example by Pennebaker *et al.*, 1996; Ji *et al.*, 2000; Allik and McCrae, 2004). Cross-cultural research indicates that in formerly primarily agricultural-based economies such as East Asian countries, the socialisation practices emphasised compliance, obedience and responsibility (Ji *et al.*, 2000). As a result adults in these communities tended to be compliant, obedient and field-dependent. Such societies have a tight social structure, in which group members need to accommodate each other and strive to regulate each other's behaviour (Kim, 1994; Ji *et al.*, 2000; Allik and McCrae, 2004). According to Kim (1994:20), "these characteristics were developed and passed on to subsequent generations. Values, norms and beliefs were institutionalised as cultural moulds that served to mediate between ecological pressures and individual survival."

A framework which links the ecological context to culture and then to human behaviour was proposed by Berry (1994). The ecocultural framework proposes to account for human diversity (both individual and group similarities and differences) by taking into account two fundamental sources of influences (ecological and sociopolitical) and a set of variables that link these influences to psychological characteristics (cultural and biological adaptation at the population level and various "transmission variables" to individuals—this includes enculturation, socialization, genetics, and acculturation) (Georgas *et al.*, 2004).

This framework (Figure 2.6) proposes that influences on individual development are both direct (from ecological engagement of the person) and mediated (by cultural and biological factors) which are transmitted through cultural transmission (enculturation, socialisation) from the group to the developing individual. In addition to the ecological influence on individual behaviour, contact with other societies also produces changes in individuals and their societies. These socio-political influences operate through the

process of acculturation and modify the psychological characteristics previously found in the cultural group (Berry, 1994; Kim, 1994). Although the concepts were originally developed on the basis of the study of ecological and social influences on cognitive differentiation, the approach was later formulated as a more general cross-cultural framework that could employ ecological and social political contexts as independent variables, or “treatments,” to study their influence on a number of psychological variables (Georgas *et al.*, 2004).

Figure 2.6: Ecocultural Framework For Cultural Diversity



Source: Berry (1994)

2.4.4 Cultural Influences on Perception

Social perception and cognition traditionally have been associated with the proposition that people perceive and think about the social world differently from what would be expected based solely on the stimulus information and principles of formal logic (Higgins and Bargh, 1987). However, perception is not determined by the nature of incoming data alone, but internal factors such as values, needs and expectancies also influence the outcome of perception (Higgins and Bargh, 1987; Cole, 1992; Lüer, 2004). According to

Lüer (2004), ethnic groups, which live in different environments do exhibit differences in their perception. This is because different cultural groups differ in terms of their development of cognitive skills and the sequence to which abilities are acquired (Cole, 1988; 1992). For example, previous scholars have documented cultural differences in terms of the intellectual outlooks and attention styles of East Asian and Western cultures (Nakamura, 1988; Lloyd, 1996; Nisbett *et al.*, 2001). Western cultural groups are thought to hold an *analytic* mode of thought while East Asian cultural groups are thought to hold a *holistic* mode of thought (Nisbett *et al.*, 2001; Norenzayan *et al.*, 2002). The *analytic* mode involves the decoupling of the object from its context, assigning the object to categories based on necessary and sufficient features, and a preference for using rules, including the rules of formal logic, to explain and predict the object's behaviour (Norenzayan *et al.*, 2002). This *holistic* mode involves attention to the context or field as a whole, a concern with relationships among objects and object–field relationships, a preference for intuitive reasoning, and “dialectical” reasoning, which seeks the “middle-way” between conflicting propositions (Norenzayan *et al.*, 2002). The *holistic* mode which pays attention to the field rests on the concept of field-dependence (Norenzayan and Nisbett, 2000). The concept of field-dependence refers to the extent the individual is led by the environment in his/her perception (Lüer, 2004). According to Lüer (2004), the perception of field dependent individuals would be influenced by social commitments and social authority while the perception of field independent individuals are only to a small extent socially orientated.

According to Chua *et al.* (2005), differences in social organization and socialization practices may direct people's attention to some distinct aspects of the world, according to their cultural values and norms, at the expense of others. In collectivistic cultures such as East Asia, interdependence and an orientation toward other people are emphasized (Chua *et al.*, 2005). The authors state that East Asians engage in multiple, complex, role-defined relations with other individuals, with extended family, village, and with representatives of the state. In contrast, in individualistic cultures such as North America, independence and autonomy are stressed (Triandis, 1989; Markus and Kitayama, 1991). Americans live in a society with less complex and role-governed social relations (Triandis, 1989; Markus and

Kitayama, 1991). The differences in the ways in which East Asian and Western societies are organized imply that Easterners would give more importance to social contexts but that Westerners would tend to focus more on the individual (Chua *et al.*, 2005). According to Chua *et al.* (2005), the socialisation differences between these two cultures can contribute to how East Asians and Americans perceive both social behaviour and the physical world. As Markus and Kitayama (1991:246) stated, if one “perceives oneself as embedded within a larger context of which one is an interdependent part, it is likely that other objects or events will be perceived in a similar way”.

Culture can influence perception through the schemata used to organise the information the individual possesses (DiMaggio, 1997). A schemata is a cognitive structure that represents knowledge about a concept or type of stimulus, including its attributes and the relations among those attributes (Fiske and Taylor, 1991). The schema, as organised prior knowledge, shapes what is perceived and remembered (Fiske and Taylor, 1991). Because people acquire many schemata throughout their lives, they invoke one among the many schemata available to them in a given situation as guided by the cultural cues available in the environment (DiMaggio, 1997). According to Blount and Schwanenflugel (1993), the cultural-familiarity can determine the order in which individuals get to know certain specimens of category in a culture. For example, a study by Hoffman *et al.* (1986) found that American participants, who are from a culture in which the person construct “liberal” is frequently used, were more likely to let this construct guide their interpretation of an ambiguous person description than were Chinese participants, from a culture in which this construct is not frequently used.

The cross-cultural studies on perception show that the cultural environment plays an important role in the perception process. Culture can influence perception through the differences between cultures in terms of their attention styles (for example, analytic vs. holistic mode) (Nisbett *et al.*, 2001; Norenzayan *et al.*, 2002), socialisation process (Markus and Kitayama, 1991; Chua *et al.*, 2005) and the types of schemata used (DiMaggio, 1997). The next section will examine the cultural influences in moral reasoning.

2.4.5 Cultural Influences on Moral Reasoning

Considerable cross-cultural research indicates that the sequence of stages proposed by Kohlberg (1969) is invariant, although the existence of all his stages in all cultures is questionable (Snarey, 1985). People brought up in a duty-oriented society might reason on the basis of a different moral code than the one assumed by Kohlberg because they may not have been raised in a way that would enable them to “formulate conceptions of rights, values and principles by which they evaluate existing social arrangements” (Crain, 1992:151-152). A cross-cultural study by Mulder (1997), for example, comparing North American and Indian cultures found evidence for the influence of cultural systems on moral development. The domain of morality is thought by previous researchers to be culturally variable and this extends beyond harm, rights and justice in many cultures (Shweder *et al.*, 1987; Miller *et al.*, 1990; Haidt *et al.*, 1993). Correspondingly, Miller *et al.* (1990) found that the decision to help friends and strangers in a variety of situations was perceived to be a matter of personal choice for North Americans, whereas in the Indian culture, it is almost perceived as a moral obligation to offer help.

According to Kohlberg (1969) the morality of a particular action depended on whether the actions affected the material or psychological well-being of other people. Jones (1991) wrote that the recognition of moral issues would be affected by consequences of the issue faced. Previous research and theory in the ethics area has supported the importance of consequences (Ferrell and Gresham, 1985; Hunt and Vitell 1986). Dubinsky and Loken (1989) built an ethical decision-making model on the evaluation of consequences. Thus moral issues are judged by their material and psychological consequences for others (Haidt *et al.*, 1993). Nucci (1981) and Turiel (1983) developed a domain theory of morality in which events are categorised into domains of knowledge on the basis of their perceived harmfulness of consequences. Actions within the moral domain, such as unprovoked hitting of someone, have intrinsic effects (that is the harm that is caused) on the welfare of another person. Such intrinsic effects occur irregardless of the nature of social rules that may or may not be in place regarding the action. Because of this, the core features of moral cognition are centred around considerations of the effects which actions have upon the well-being of persons. Morality is structured by

concepts of harm, welfare and fairness. In contrast, actions that are matters of social convention have no intrinsic interpersonal consequences (that is they are not intrinsically harmful) but meaningful in the context of a specific social system (Turiel, 1983).

According to Haidt *et al.* (1993), cultural differences in moral judgment is closely associated with appraisals of harm. In cultures with a harm-based morality, moral condemnation cannot be declared until harmful consequences are found or plausibly invented. However, in cultural groups with a non-harm based morality, moral condemnation requires no victim, and one's own affective reactions may be considered relevant. In such cultures, moral judgment does not require harm and groups in non-harm based morality would moralise situations even though such acts were harmless. For example, in the study by Haidt *et al.* (1993), U.S college students in his sample (a harm-based culture) did not moralise actions as long as they did not perceive the actions to have harmful interpersonal consequences. But in Brazil (a non-harm-based culture), events that involved disgust and disrespect were moralised even when they were perceived to be harmless.

Shweder (1990) provided another view to explain differences in moral views among cultures. According to Shweder (1990), cultures rely on three codes of moral thought and discourse to different degrees. First, in the ethics of autonomy, the self is conceptualised as an individual preference structure and the point of moral regulation is to increase choice, autonomy and control. This view is highly elaborated in the legal systems and moral philosophies of Western secular societies. In the ethics of community, the self is conceptualised as the holder of an office or role in a larger interdependent and collective enterprise. This code requires duty, respect, obedience to authority and actions consistent to one's gender, caste, or other components of social role. In the third moral code, the ethics of divinity, the self is conceptualised as the spiritual entity striving to avoid pollution and attain purity and sanctity. Shweder (1990) postulated that whilst the domain of morality has been restricted to the ethics of autonomy (harm, rights and justice) in the West, it is often broader in other cultures.

2.4.6 Empirical Evidence of Cultural Variation on Ethical Perception

The models developed by Ferrell and Gresham (1985) and Hunt and Vitell (1986; 1993) have identified the cultural environment as one of the factors which can influence the ethical decision-making process. There is also significant research results which support that the cultural environment has a major impact on the ethical perception of individuals (for example Becker and Fritzsche, 1987; Nyaw and Ng, 1994; Honeycutt *et al.*, 1995; Okleshen and Hoyt, 1996; Allmon *et al.*, 1997; McDonald and Kan, 1997; Lin, 1999; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002; Marta *et al.*, 2003). This means that individuals from different countries, nations, or wider cultural areas will differ with respect to whether a dilemma is perceived as an ethical/unethical dilemma (Malhotra and Miller, 1998; Teoh *et al.*, 1999; Marta *et al.*, 2003).

Dolecheck and Dolecheck (1987) compared the ethical perceptions and attitudes of managers in Hong Kong and the United States. Their study showed that there were differences in the responses between the two groups in seven out of the eight ethical situations. According to Armstrong and Sweeney (1994), national culture has a greater effect on the perception of ethical problems than mode of market entry and industry type. Similarly, Teoh *et al.* (1999) compared the ethical perception of Australian and Indonesian accounting students and concluded from their study that cultural background was more important than gender or ethical education in explaining variations in ethical perceptions. This finding was supported by Hay *et al.* (2001), who also found national culture to be a more important variable than gender, ethics education and formal computer education in influencing the ethical perception of U.K/Irish and Malaysian students. Hay *et al.* (2001) concluded from their study that there were cultural differences between national groups and that differences in ethical values and beliefs are a reflection of these differences. Significant differences in the ethical attitudes across national cultures were also found in a study by Christie *et al.* (2003), who examined the ethical attitudes of the Indian, Korean and U.S managers. The findings of their study reaffirmed previous research that culture has a strong influence on the ethical attitudes of business managers.

However, not all empirical studies have confirmed the influence of culture on an individual's ethical perceptions. Several studies have not support the hypothesis that there were differences in ethical perception across cultures. Lee (1981) compared the ethical beliefs between the British and Chinese managers in Hong Kong and found no differences in their ethical standards in marketing practices. Questionnaire studies comparing ethics-related attitudes among students from the United States versus students from the United Kingdom (Whipple and Swords, 1992) and South African versus Australian managers (Abratt *et al.*, 1992) also found no significant differences. Similarities were also found between the U.S and Australian students regarding perceptions of acceptable behaviours in a study conducted by Stevenson and Bodkin (1998). These studies seem to support a convergent hypothesis that individuals, irrespective of cultures, are becoming increasingly homogeneous due to globalisation in business (Kelley *et al.*, 1987).

Most of the cross-cultural empirical studies conducted on ethical perception have employed a country-based definition of culture where these studies have reported differences attributed to culture when such differences are really due to national characteristics (Negandhi, 1983; McDonald, 2000; Thorne and Saunders, 2002). The use of the name of a culture as a substitute for the explanations of the cultural variables that account for the phenomena has been called the “onomastic fallacy” (Georgas *et al.*, 2004). For example, the statement that individuals from America and Australia have different ethical perceptions (Stevenson and Bodkin, 1998) because of their culture does not convey much meaning and merely paraphrases the existence of these differences. Researchers such as Hofstede (1980) and Berry (2001) have pointed out that employing the name of a culture is not a substitute for explaining the potential cultural variables in the nation that explain the variations in psychological variables (Georgas *et al.*, 2004). Furthermore, by treating nationality as a surrogate for culture, many cross-cultural ethical studies do not make the distinction that domestic populations are multi-cultural but are resting on the assumption that populations are homogeneous. In geographic regions like Europe, North America and Asia, which have experienced considerable population

movement, culture needs to be considered as multicultural and not homogeneous (McDonald, 2000).

Many cross-cultural studies in business ethics research are still descriptive in nature whereby they merely state differences or similarities between cultures (Negandhi, 1983; Vitell et al., 1993; McDonald, 2000; Christie et al., 2003). Because culture is too diffuse a concept (Segall, 1983), cross-cultural research comparisons conducted using culture as a single datum does not allow cultural variation and complexities to be encoded and thus such comparisons could lead to myopic conclusions (Kim et al., 1994). Although business ethics researchers have looked at culture as a single independent variable influencing ethical attitudes and behaviour (Christie *et al.*, 2003), social psychologists have long concentrated on a more applicable, operational form of culture (Robertson and Fadil, 1999). This study will operationalise culture as the cultural values of the three ethnic groups in Malaysia and use these identified cultural values to explain ethical perception differences between the ethnic groups.

2.5 OTHER FACTORS INFLUENCING ETHICAL PERCEPTION

The primary focus of this research is on the relationship between cultural values and ethical perception. However, there are many other factors which may influence one's ethical perception and attitudes towards ethical issues. In general the factors identified by the ethical decision-making models to influence an individual's ethical decision can be divided into two broad categories: individual factors and situational factors (Ford and Richardson, 1994).

2.5.1 Individual Factors

Gender

Gender is one of the most widely studied demographic independent variable in empirical ethics research (Ford and Richardson, 1994). However, the results have been mixed. Significant differences in the perceptions of females and males have been found by Zabid (1989), Glover *et al.* (1997), Priem *et al.* (1998), Fisher *et al.* (1999), O'Leary and Radich

(2001) and Reiss and Mitra (1998). Further studies by Coleman and Mahaffey (2000), Luthar *et al.* (1997), Roxas and Stoneback (2004), Conroy and Emerson (2004) and Silver and Valentine (2000) have also indicated that females were more conservative in their ethical viewpoints than males. While these studies found that females act more ethically than males, at least in some situations, others have found no significant gender based differences (for example Tsalikis and Oritz-Buonafina, 1990; Mudrack, 1993; Sikula and Costa, 1994; McCuddy and Peery, 1996; Deshpande, 1997; Ede *et al.*, 2000; Loo, 2003; Wimalasiri, 2004).

Age

It is generally believed that age advances mental, emotional, social and moral maturity (Sikula and Costa, 1994). Previous studies (for example by Ruegger and King, 1992; Serwinek, 1992; Wimalasiri *et al.*, 1996; Dawson, 1997; McDonald and Kan, 1997; Fisher *et al.*, 1999) have indicated that older people were more conservative in their ethical viewpoints. On the opposite side, some studies have found that younger managers upheld greater adherence to higher ethical values than their older counterparts (for example Zabid 1989; Sikula and Costa, 1994; Ede *et al.*, 2000), while others have found no significant relationship between age and ethical attitudes (for example Singhapakdi *et al.*, 1996; Glover *et al.*, 1997; Stevenson and Bodkin, 1998; Marta *et al.*, 2004).

Level of Education

Education attainment has been linked to ethical decision-making as intellectual capacity has been identified as one of the most consistent correlates to adult cognitive moral development (Trevino, 1992). Silver and Valentine (2000) in their study found that graduate students were more ethically sensitive than upper and lower classmen, indicating that increased higher education improved ethical sensitivity. Previous research by McDonald and Kan (1997) and Viswesvaran and Deshpande (1998) have also found that the more educated respondents were more likely to express disagreement to unethical actions. According to Trevino (1992), education is linked to an individual's stage of cognitive moral development, with more educated individuals typically being at higher stages of moral development. On the other hand, studies by Kaynama *et al.* (1996), Ho

(1999), Singhapakdi *et al.*(1999) and Mehta and Keng (1984) have found the more highly educated respondents in their study were more tolerant of unethical practices than the less educated respondents.

Values

Values have been included as one of the individual factors influencing the ethical decision-making process in both Ferrell and Gresham's (1985) and Hunt and Vitell's (1986) models. According to Rallapalli *et al.* (2000), values are enduring beliefs, developed by the individual through the socialisation process and which provide guidelines for an individual's behaviour. According to Glover *et al.* (1997), although an individual's value system is relatively stable over time, it is unstable enough to permit rearrangements of value priorities because of changes in personal experiences. Furthermore, individuals will differ in their value system and the stability of that system because of variations in personal and cultural background (Glover *et al.*, 1997). Various studies have shown that values can influence an individual's ethical decision-making (such as Finegan, 1994; Singhapakdi and Vitell 1994; Fritzsche, 1995; Glover *et al.*, 1997; Rallapalli *et al.*, 2000; Nonis and Swift, 2001; Hood, 2003).

2.5.2 Situational Variables

Although explanations for unethical behaviour have long been focused on individual variables, researchers have pointed out that individual decisions may be moderated by organisational variables (Adams *et al.*, 2001). The individual comes to the organisation with particular ethical values and beliefs. But moral action takes place in a social context and can be influenced heavily by situational variables (Trevino, 1986). Situational factors refer to characteristics of the decision setting that should influence the decision-making process and outcomes (Ross and Robertson, 2003). The situational variables discussed in this section include codes of ethics, top management influence, nationality of parent organisation, organisation size and organisational culture, climate and structure.

Codes of Ethics

Ferrell and Gresham (1985) and Trevino (1986) identified codes of ethics as part of the situational variables which can influence ethical/unethical behaviour. Codes of ethics are one of the most pervasive responses used by the business community as a way to improve ethical conduct (Tsalikis and Fritzsche, 1989). A code of ethics is a written, distinct and formal document which consists of moral standards used to guide employee or corporate behaviour (Schwartz, 2001). It is primarily used as “points of reference” against which managers might measure their actions and to “provide guidelines and set the limits within which employees should operate” (Kavali *et al.*, 2001:98). Previous research findings suggest that formal codes of ethics inhibit unethical behaviour in organisations (Tsalikis and Fritzsche, 1989; Adams *et al.*, 2001; Valentine and Barnett, 2002).

Senior Management Influence

The behaviour of one’s immediate superior is a crucial factor influencing the ethical perception of managers (Fritzsche, 1991; Zabid and Alsagoff, 1993; Jones and Kavanagh, 1996). According to Zey-Ferrell and Ferrell (1982), the amount of pressure that can be exerted on an individual to conform to the role expectations of the referent others is directly related to the status and powers of the referent others. For example, corporate advertising managers who were more likely to be evaluated by top management and whose continued employment depended on the acceptance of top-management’s beliefs, standards and ideas were more likely to adopt their superior’s ethical standards (Zey-Ferrell and Ferrell, 1982). Senior management may also influence an individual’s ethical decision-making because most individuals operate at the conventional level of moral reasoning where the individual looks to others and to the situation to help define what is right and wrong, and how they should behave in a particular situation (Trevino, 1986).

Nationality of Parent Organisation

Nationality of parent organisation has also been identified as one of the situational variables influencing an individual’s ethical beliefs and attitudes. A study by Jackson and Artola (1997) on French and German managers working in organisations of French ownership, German ownership, American ownership and British ownership showed that

nationality of parent organisation has a significant influence on perceived top management beliefs and company policies. Both the researchers concluded that the national culture of the parent company may be more important than where the company is actually situated. The nationality of the parent organisation may influence the ethical perception of its employees through the type of ethical issues emphasised in the written ethics policies (Langlois and Schlegelmilch, 1990; Kaptein, 2004) and by their level of adoption and enforcement of the codes (Langlois and Schlegelmilch, 1990).

Organisational Size

According to Schminke (2001) respondents from larger organisations displayed stronger ethical predispositions than those from smaller organisations. A study by Wiley (1998) also showed that larger organisations perceived “Race Harassment”, “Sex Harassment” and “Race Discrimination” as more serious problems than smaller organisations (Wiley, 1998). Murphy *et al.* (1992) found that smaller firms tended to avoid unethical behaviour on marketing issues while larger companies tended to avoid unethical behaviour on operational ones. Batten *et al.*'s. (1997) study found that respondents from larger firms were more likely to acknowledge the negative impact of their firm's activities on the environment than respondents from smaller firms.

On the other hand, Malloy and Agarwal (2003) did not find any significant differences in ethical perception between respondents from large and small organisations in their study. This finding was supported by McDonald and Kan (1997) who also did not find organisational size a significant predictor of ethical perception for the managers in their study. Organisational size also did not have a significant influence on the ethical perception of Malaysian managers (Zabid and Alsagoff, 1993).

Organisational Culture, Climate and Structure

Organisational culture is recognised as one determinant of how people behave, more or less ethically, in organisations (Sinclair, 1993). The perceived organisational environment was also found to be significantly related to employee decisions in studies conducted by Sims and Keon (1999), Nwachukwu and Vitell (1997) and Chen *et al.* (1997). Ethical

climate is an organisational climate that represents the shared perceptions members of a workgroup have concerning the procedures and practices of the workgroup, as they relate to ethics (Victor and Cullen, 1988). The organisational climate, in conjunction with an individual's own ethical orientation, as well as the formal system of rules and regulations of the organisation, may be key variables in determining not only the performance of organisational members, but also the tenor of the ethical conduct of the membership (Victor and Cullen, 1987). Cullen *et al.* (1989) identified three factors which determined the organisation's ethical climate: the environment in which the firm functions (for example whether the environment was highly regulated by the government) , the form of the organisation (for example centralised, divisional, multinational) and the firm's history. Arnold *et al.* (1999) formulated a four stage model for understanding the current ethical climate of an organisation and proposed steps that can be taken by an organisation to move from one stage of ethical culture to the next stage. The above studies seem to indicate that the more ethical the climate, the more ethical the individual's (ethical) beliefs and decisions will be.

In terms of organisational structure, increased structural formalisation corresponds with stronger formalist and utilitarian ethical predispositions (Schminke, 2001). According to Schminke (2001), organisations with rigid, mechanistic structures were associated with higher levels of ethical predisposition. The findings of Robertson and Anderson's (1993) study also indicated that an organisation's structure influenced the behaviour of the individuals to cope with ethical conflicts. Their study found that salespeople operating under a more bureaucratic environment (characterised by intense monitoring and supervision) were less likely to behave unethically than salespeople operating in a laissez-faire control system (that is a more independent, outcome-driven system). According to Ford and Richardson (1994), the more ethical the climate and culture of an organisation is, the more ethical an individual's ethical beliefs and decision behaviour will be. The strength of this influence, however, may be moderated by the organisation's structure.

2.6 CONCLUSION

It was noted in Section 2.3.2 that previous research on ethical decision-making has treated ethical perception as a single independent variable. However, as ethical perception involves a multifarious moral and psychological process (Anderson, 1974:236; Blum, 1991), it should not be conceived of as a unified capacity but should be conceptualised into dimensions. This study will expand ethical perception into several interpretable dimensions and consider how the various cultural values influence these dimensions.

Although extensive work on an inter-cultural comparative nature has been undertaken in the area of ethical perception, it is clear that the dominant approach in these studies has been to equate “nation” with “culture” where samples from nations are used to make cross-cultural comparisons. Furthermore, these studies have assumed that domestic populations are homogeneous and have overlooked the potential subcultural or microcultural differences within a country (Tsalikis and Nwachukwu, 1988; McDonald, 2000). In a multi-ethnic country like Malaysia, these subcultures should be considered. According to Sarwono and Armstrong (2001), the effect of ethnic cultures cannot be ignored because each ethnic culture may perceive ethical problems differently and these subcultural differences should be considered when attempting any cultural analysis (Robertson and Fadil, 1999). Moreover, ethical perceptions can be predicted more accurately by culture rather than by nationality (Goodwin and Goodwin, 1999; Mukherji and Mukherji, 2002). Based on the review of the literature, it can be concluded that the relationship between ethnic values and ethical perception is largely an unexplored area. This study hopes to fill this gap by examining the influence of cultural values on ethical perception in the Malaysian context.

The review of literature also showed that relatively few empirical studies in cross-cultural ethical research have focused on managers. Instead, most of these studies have used student samples from different cultures (for example Whipple and Swords, 1992; Okleshen and Hoyt, 1996; Allmon *et al.*, 1997; Stevenson and Bodkin, 1998; Teoh *et al.*, 1999; Hay *et al.*, 2001; Marta *et al.*, 2003) since they easily meet the requirements of matched samples (Christie *et al.*, 2003) and they are by definition, accessible. There are

several limitations, however, associated with using student samples. Many of these students have never been exposed to making business related decisions or even to a business environment (Hunt and Vitell 1986; Serwinek, 1992; Ballantine *et al.*, 2005). There are many factors in the work environment such as the perceptions of others, peer group pressure, organisational ethical codes and norms and organisational reward system which might influence behaviour (Kaynama *et al.*, 1996). A classroom or university setting may not provide information or experiences sufficient to approximate the socialization that managers receive through first-hand experience during their careers (Sparks and Merenski, 2000). As such, there could be a gap of what students do and what their actual behaviour would be since all behaviours are a function of the person and the environment (Zinkhan *et al.*, 1989). A study done using managers of an organisation as subjects would more accurately portray the business ethical viewpoints of respondents since managers would have more experience and acumen in business than do students (Serwinek, 1992; McDaniel *et al.*, 2001). Therefore, to obtain a more accurate viewpoint of the three ethnic group's ethical perception, the sample respondents for this research would consist of Malaysian managers who would be able to relate very realistically to the sorts of ethical dilemmas described in the questionnaire.

The various theoretical frameworks have also shown that an individual's ethical decision-making may be influenced by various situational and individual factors (Ferrell and Gresham, 1985; Trevino, 1986; Hunt and Vitell 1993). Ferrell and Gresham (1985), Ferrell *et al.* (1989) and Hunt and Vitell (1986; 1993) have all also hypothesised a relationship between the cultural environment and ethical perception. While the interacting effects between demographic and situational factors may have effects on the ethical decision-making process (Knouse and Giacalone, 1992; Verbeke *et al.*, 1996; Adams *et al.*, 2001; Ross and Robertson, 2003), the analysis of the literature revealed that most of these cross-national studies have not controlled for demographic or situational factors. This may account for the mixed findings in this area (Srnka, 2004). Although the main objective of this study is to examine the influence of culture on individual ethical perception, it might be expected that there will be some shifts in the influence of this factor due to individual and situational influences. Therefore, to arrive at a more accurate

conclusion that culture does influence ethical perception, this research includes some of the individual and situation factors as the control variables.

Finally, most studies have merely identified similarities and differences in ethical attitudes and perceptions between cultures; they do not tell us how culture influences ethical perception (Kelley *et al.*, 1987; Armstrong, 1996; Christie *et al.*, 2003). As such, not much is known about the influence of culture on ethical perception. By identifying the cultural values of the three ethnic groups and conceptualising ethical perception into the various dimensions, this study hopes to gain a better understand of this relationship.

The next chapter will discuss the conceptual framework and hypotheses formulated for this study. This framework was developed based on the review of literature as well as from the feedback obtained from the managers during the interview process.

Chapter 3

CONCEPTUAL FRAMEWORK AND HYPOTHESES FORMULATION

3.0 INTRODUCTION

The prime focus of this research is on the influence of cultural values on ethical perceptions of managers in Malaysia. In order to examine this influence, a theoretical framework was developed to guide and limit the scope of this research. According to Randall and Gibson (1990), theory is a necessary component of the research process and it is desirable that researchers specify a theoretical framework to guide empirical research on ethical decision-making.

This chapter discusses the conceptual framework and the hypotheses formulated to answer the research questions. The chapter is divided into three main parts. The first part begins with an overview of the conceptual framework. Next, a brief discussion on cultural values and its influence on ethical perception is presented. Discussion then moves to the cultural values of the three ethnic groups under study. Attention is given to the cultural dimensions chosen for this study. The cultural values included in this research are locus of control, money orientation, obedience to authority, religiosity, face and relationship orientation. These were identified based on the feedback from the managers interviewed in Phase One of the data collection stage and also from the review of previous studies.

The second part of the chapter focuses on ethical perception and its dimensions. For this research ethical perception is regarded as a multidimensional construct with seven components: *uncertainty in decision-making*, *perceived difficulty in decision-making*, *perceived intensity*, *perceived conflict over moral values*, *perceived consequences*, *perceived choice in decision-making* and *perceived social consensus*.

The third part of the chapter examines the relationship between the cultural values and ethical perception. Each cultural value and its influence on ethical perception is

discussed separately. This section also briefly discusses the control variables identified for this research.

3.1 THE CONCEPTUAL FRAMEWORK

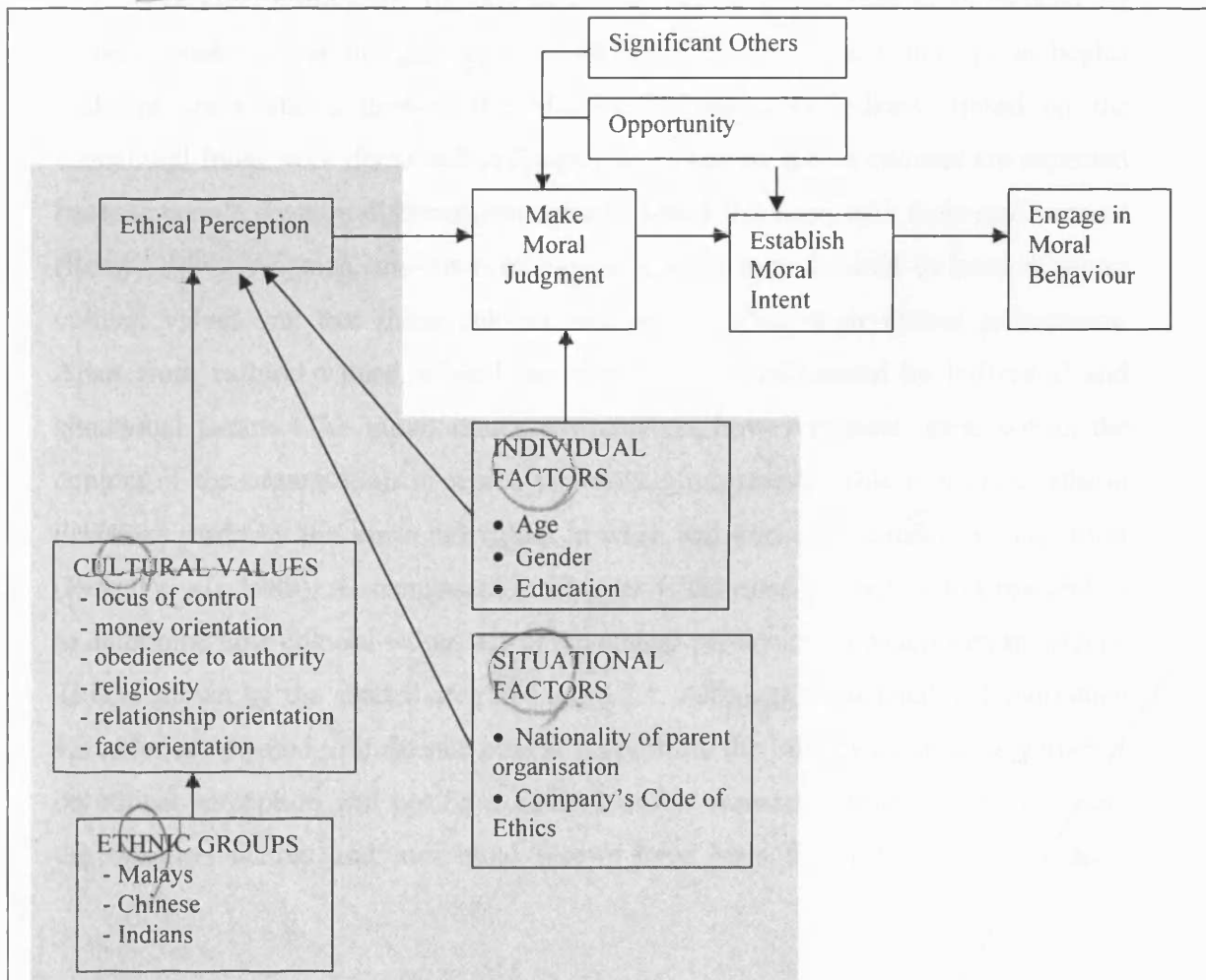
For the purpose of this research, a theoretical framework - illustrated in Figure 3.1 - was developed to evaluate the influence of cultural values on the Malaysian manager's ethical perception. This model is adapted from Jones' (1991) Issue-Contingent Model. Jones' (1991) model was used as a basis for this study's theoretical framework because it represents the most comprehensive synthesis model of ethical decision-making model (Loe *et al.*, 2000). As noted in Chapter 2, Jones' (1991) model integrates previous ethical decision-making models and represents the overall agreement regarding the variables that influence ethical decision-making. The foundation of Jones' model lies in Rest's (1986) four-stage process whereby the moral agent must (a) recognize the moral issue, (b) make a moral judgment, (c) establish the moral intent and (d) engage in moral behaviour. Whilst this study shows the four components of the individual's ethical decision-making process, only the shaded area in Figure 3.1, which covers the ethical perception stage, cultural values, ethnic groups, individual factors and situational factors, is the focus of this research.

Although this model borrows heavily from Jones' (1991) model in the first instance, some adaptations to the model have been made. First, Jones (1991) did not specify the influence of individual variables, situational variables or cultural variables in his ethical perception stage. The conceptual model in Figure 3.1 states that ethical perception is influenced by cultural values, individual factors and situational factors. Another adaptation to Jones' (1991) model is that he concentrated on the characteristics of the moral issue, collectively called moral intensity, which he hypothesises to affect the ethical decision-making process. However, the conceptual framework in Figure 3.1 concentrates on the influence of cultural values on ethical decision-making, more specifically, how cultural values influence the perception of ethical issues (which is the shaded area). Finally, Jones (1991) states that ethical perception involves two elements: a person must recognise that his or her decision or action will affect others and some choice must be involved. However, based on the discussion on the perceptual process in Chapter 2, the researcher is of the opinion that

ethical perception is a complex process and consists of more than two elements. These dimensions will be discussed further in Section 3.4.

In Figure 3.1, cultural values, individual and situational factors are shown to influence ethical perception. This is based on the review of the ethical decision-making models in Chapter 2 which showed that cultural, individual and situational variables do influence the ethical decision-making process. For example, in her Person-Situation Interactionist Model, Trevino (1986) stated that the interaction between situational and individual variables influenced ethical decision-making in organisations. Ferrel and Gresham (1985) and Ferrel *et al* (1989) have also conceded that individual factors do influence the various stages in their ethical decision-making models. In the Hunt and Vitell's (1986) model, organisational factors were identified to influence the ethical perception stage while individual factors were found to influence the moral awareness stage in Ferrell *et al*'s (1989) model.

Figure 3.1: The Influence of Individual and Situational Factors On a Malaysian Manager's Ethical Decision Making (adapted from Jones, 1991)



From the various empirical studies highlighted in Chapter 2, it can also be conceived that individual and situational factors can influence ethical perception. For instance, individual factors (such as age, the level of education) and situational influences (such as codes of ethics or senior management influence) may increase the likelihood that a particular issue is identified as an ethical dilemma. The cultural environment was identified to influence ethical perception by Hunt and Vitell (1986) and Ferrell *et al* (1989). Culture can influence ethical perception because different cultural backgrounds are likely to produce different values which can lead to whether an issue is identified as an ethical dilemma (Srnrka, 2004). As noted in Section 2.4.4, different ethnic groups exhibit different perception (Lürer, 2004) because each cultural group differ in terms of their development of cognitive skills and the sequence to which abilities are acquired (Cole, 1988; 1992). Based on the earlier theoretical discussion and empirical studies presented in Chapter 2, the researcher concluded that culture, situational and individual factors can influence ethical perception and so were included in the above theoretical model.

The conceptual framework hypothesises that ethical perception is influenced by cultural values, situational factors and individual factors. Ethical perception begins with the three ethnic groups: the Malays, Chinese and Indians. Based on the ecocultural framework discussed in Chapter 2, variations across cultures are expected because people develop different strategies to adapt and cope with their environment (Berry, 1994). As such, the three ethnic groups are hypothesised to have different cultural values and that these cultural values will affect their ethical perceptions. Apart from cultural values, ethical perception is also influenced by individual and situational factors. The moral issues encountered, however, must occur within the context of the organisation in which the work group exists. This is because ethical decisions made by the same individual in work and non-work situations may differ (Ferrell *et al.*, 1989). As mentioned in Chapter 1, the main interest of this research is to determine how cultural values affect the ethical perception of Malaysian managers. This is shown by the shaded area in Figure 3.1. Although situational and individual variables are posited to influence ethical perception, the influences of these variables on ethical perception will not be examined in this research. However, because both the situation factors and individual factors have been found to influence ethical

perception (Ferrell and Gresham, 1985; Trevino, 1986; Adams *et al.*, 2001), these variables will be included as the control variables in this study.

3.2 THE CULTURAL VALUES

It was discussed in Chapter 1 that when one deliberates about culture, one of the dimensions used to capture the meaning of culture is values. Values, the central tenets of a society's culture, have been defined as that which are explicitly or implicitly desirable to an individual or group, and which influence the selection of behaviour from available modes, means and ends of action (Kluckhohn and Strodtbeck, 1961). Hofstede (1991) sees values as broad feelings, often unconscious and not discussable, about what is good and what is evil, clean or dirty, beautiful or ugly, normal or abnormal, natural or unnatural, logical or paradoxical, decent or indecent. He further states that these feelings are present in the majority of the members of the culture. As values serve as criteria for determining what is good and bad, for choosing between available alternatives, they can have a great influence on the way we think, behave and relate to people and perform our daily tasks. Values affect a person's priorities and attitudes and hence influence the form of behaviour expected and considered appropriate in any given situation (Elashmawi and Harris, 1984).

According to Rokeach (1979), values are the learned mental programming that result from living within, and experiencing, a cultural setting and as such it is reasonable to assume that different cultures hold fairly different norms and values. Each culture will have its own value system (Richter and Barnum, 1994; Christie *et al.*, 2003) and "contrasting cultures of different societies produce different expectations and become expressed in dissimilar ethical standards of those societies" (Bartels, 1967:23). Hence values can be used to differentiate one culture from another and to explain cross-cultural differences in behaviour (Tamam *et al.*, 1996).

A cultural value, however, may be defined as an enduring attitude about a preference for one belief over another (Tamam *et al.*, 1996). Very often cultural values are the "shoulds", "oughts" and "musts" and they define what is worthwhile for a group of people to hold on to or what is worth protecting (Asma, 1996). In Malaysian society, regardless of ethnic group, the cultural values are a set of clear and uncompromising

statements that are important to the individual as a member of a specific group. According to Asma (1996), these values guide the individual's behaviour, provide meaning and serve as social bonds among those who belong to the same ethnic group. It is an individual's cultural values which provide standards that permit the individual to make decisions about one's relationships with one's self, one's friends and other members of the society (Asma, 1996). These cultural values are important because they govern the individual's daily behaviour both in the individual's work and non-work dimensions.

As was discussed in Chapter 2, the usefulness of culture as an explanatory variable depends upon our ability to "unpack" the culture concept (Whitting, 1976; Rohner, 1984). Culture, according to Brett *et al.* (1997) is a composite construct, consisting of many different latent dimensions. One of the most influential works toward "unpacking" culture is by Hofstede (Hofstede, 1980). Most studies on the effect of cultural dimensions on ethical decision-making have usually relied on the work of Hofstede (for example Nyaw and Ng, 1994; Cohen and Pant, 1995; Armstrong, 1996; Singhapakdi *et al.*, 2001; Tsui and Windsor, 2001; Thorne and Saunders, 2002; Marta *et al.*, 2003) and his framework has been applied extensively in the cross-cultural ethical literature (Goodwin and Goodwin, 1999; Christie *et al.*, 2003). As Hofstede's study was based on a multinational corporation (IBM), it allowed for samples of employees from one subsidiary to another to be strictly matched in terms of their education, vocational experience and corporate culture. Hence, the samples were similar in all respects except nationality. Furthermore, a study using a sample size of forty plus countries is also judged to be sufficiently large to allow reliable comparison (Hofstede and McCrae, 2004).

Although Hofstede showed the way toward a more applicable, operational form of cultural value orientation, he recognised that his five dimensions (of individualism/collectivism, power distance, uncertainty avoidance, masculinity/feminism and Confucianism dynamism) were not necessarily exhaustive (Hofstede, 1980). While his cultural dimensions have proven to be quite often correct when applied to the general population, one must be aware that not all individuals or even regions with subcultures fit into the mould (Sivakumar and Nakata, 2001). A second limitation noted by Hofstede was the exclusion of countries under state

socialism in his sample. He recognised that adding other nations might affect the dimensions which emerge (Hofstede, 1980:314).

There are also other limitations to Hofstede's data (Robinson, 1983; Korman, 1985; Johnson and Lenartowicz, 1998; Sivakumar and Nakata, 2001). For example, Hofstede's work has been criticised on the grounds that the sampling of employees in any country was limited to those who worked for IBM, which had its own distinctive culture. Significant differences may exist between the managers studied by Hofstede and the general population (Husted, 2005). IBM at the time, according to Hofstede and McCrae (2004) was a tightly structured organisation with a unified set of products and product-related jobs and a strong corporate culture. Because Hofstede based his cultural dimensions from the same corporation, it might be possible that the dimensions obtained may have been influenced by the characteristics unique to the sample. It may also be possible that samples of other types might yield different dimensions. Although Hofstede drew on the results of another corporation, HERMES, to further support his dimensions, these results were from samples that appeared compatible with IBM (Schwartz, 1994). HERMES was a high-technology business employing highly skilled professionals, managers and technicians (Hofstede, 1980). According to Schwartz (1994), HERMES employees were probably different from the general population in their nations, not only in terms of their education but also in their interest in science and technology and their exposure to modernising forces. These qualities are likely to affect their values and that such divergence would be particularly significant in third world nations (Schwartz, 1994). He further states that this variability might even affect the dimensions which emerged.

Hofstede's analyses were based on data gathered from 1969 to 1973 (Hofstede and McCrae, 2004). During the last three decades since his last sampling, major cultural changes have occurred throughout the world, especially among developing nations. Although values are relatively stable, they are not immune to the impact of societal forces (Nicholson and Stepina, 1998). For example, Ogliastri (2005) found that uncertainty avoidance had decreased in Columbia due to its recent turbulent history, which had made the Columbian people more tolerant of ambiguity. It may be argued that Hofstede's indexes may not reflect current values since they were based on data collected more than thirty years ago (Sivakumar and Nakata, 2001). It is therefore

desirable to update the information about the dimensions of cultural variations (Schwartz, 1994; Sivakumar and Nakata, 2001).

A further criticism of Hofstede's cultural dimension is that they are more suited to studying national culture rather than sub-cultural differences (Lim, 1998; Young and Franke, 2000). Hofstede was more interested in looking at macro comparisons of nations as his massive project included 64 countries and hence had to make some trade-offs, one of which was overlooking intra-country differences (Lim, 1998). According to Young and Franke (2000), Hofstede's Value Survey Module (1980) was designed for discriminating among national culture and not individuals and as such is not suitable for measuring the respondents' cultural characteristics. Although admitting that data was collected without segregating into the major ethnic groups of Malays, Chinese and Indians, Hofstede went on to propose that the ethnic groups of Malaysia "may really be culturally not so different" (Hofstede, 1991:9). National culture is heterogeneous within any given country (Adler, 1984; Sivakumar and Nakata, 2001). Although there is no denying that the three ethnic groups do share some similar cultural attributes, there exist considerable fundamental differences between them.

Hofstede's cultural dimensions have also received criticisms from previous researchers. His individualism/collectivism dimension has been one of the four dimensions used to explain cross-cultural differences (Kim *et al.*, 1994; Triandis, 1995). However, the assumption that the individualist-collectivistic orientation is unidimensional and therefore mutually exclusive is argued to be dubious (Kagitcibasi and Berry, 1989). Both orientations can be seen in the same person at the same time or at different times with different target groups or toward different interaction goals (Kashima, 1987). It has also been found that individuals in all cultures have both individualistic and collectivistic tendencies, although cultures likely differ in the typical salience of each orientation (Church *et al.*, 2003).

According to Nicholson & Stepina (1998), it is unfortunate that researchers and practitioners alike have relied on Hofstede's data, given the importance of values as the basis for important societal attitudes. For example Hofstede's individualism/collectivism (I-C) dimension has been used in various empirical studies

to explain cultural differences in ethical perception (for example Shweder, 1982; Cohen and Pant, 1995; Armstrong, 1996; Teoh *et al.*, 1999; Tsui and Windsor, 2001; Christie *et al.*, 2003). Although the emergence of the I-C concept has been important for cross-cultural research and theory, this dimension has been taken for granted and has hampered the development of other cultural constructs (Matsumoto, 2004). Matsumoto (2004) further states that there are other important dimensions along which cultures differ.

While acknowledging the importance of Hofstede's contribution, the researcher felt Hofstede's framework was more suited to studying national cultures. Following the call by McDonald (2000) and Matsumoto (2004) for researchers to compile their own cultural dimensions, this research identified the following cultural constructs for measuring cultural values. The constructs identified were locus of control, money orientation, obedience to authority, religiosity, face and relationship orientation. The cultural dimensions were developed based on the exploratory interviews conducted in Phase One and from the studies written about the cultural values of the Malays, Chinese and Indians (such as by Ismail, 1982; Maniam, 1986; Hamzah *et al.*, 1990; Asma, 1996; Asma and Lim, 2001). These dimensions were identified from the interviews and grouped according to the list of ethnic values developed by Asma (1992) and McLaren and Rashid (2002). The researcher then used Asma's (1996) and Kluckhohn and Strodtbeck (1961) framework to systematically reduce the number of cultural dimensions used in this study. The process of selecting these cultural values will be further discussed in Chapter 5.

3.2.1 The Malay Culture

Religion plays an important role in the Malay culture and has a powerful influence in their way of life. Their social and cultural life usually revolves around their religious obligations and activities. It is generally agreed that among the three ethnic groups, Malays tend to have a more positive attitude toward religion (Asma and Lim, 2001). According to Ms. N, a human resource manager from a large multinational organisation,

“My company has pious Muslims who are good workers but these people always put their religion before work. We have had Muslim staff refusing to attend any meetings on Fridays because such meetings usually extend into their afternoon prayer time.

They will not miss their prayer time. During the fasting month too, there is no way these workers will stay back late even for important work. They will need to go back

early for prayers before the breaking of fast. Priority is to their religion.”

(Ms .N, Malay, Human Resource Manager, American-owned organisation, 13 years managerial experience)

Malays follow strict Islamic traditions, beliefs and believe strongly in the concept of the Supreme being - Allah the Almighty. They place a high degree of importance in fulfilling religious obligations and believe that there is no separation of work matters from the teachings of their religion. According to Asma and Lim (2001), Malays strongly feel that they will not sacrifice their religious beliefs for productivity and tend to believe in upholding their religious values and practices at their workplace. According to Mr. S,

“The Malays are guided more by their religion and they usually bring their religion into their jobs.”

(Mr. S, Chinese, Human Resource Manager, Public Listed Financial Institution, 8 years managerial experience)

To a Muslim, all things are preordained and predetermined by Allah where failures and inability to acquire certain objectives are often explained in terms of God's will (Asma, 1996). It is the Muslim belief that one's destiny lies ultimately with Allah (Maniam, 1986; Storz, 1999). Conservatism and a propensity to allow the course of events to flow irrespective of its desirability characterises this reverence (Maniam, 1986). Hence the failures and inability to acquire certain objectives are often explained in terms of God's will and this may help explain the Malays' acceptance of disappointments as an act of God (Asma, 1996).

Compliance and deference to seniors and elders are also part of the Malay culture. Their views are always right and not to be challenged. Those who are more junior tend to be considered as inexperienced while their senior elders are considered wiser and more experienced (Asma, 1996). Malays demonstrate their respect for seniors by using elaborate rituals and standardised form of courtesy. They also show respect and deference to elders in their verbal and written communication as well as by using

appropriate body gestures. For example, Malays tend not to speak with a high tone to an elderly person or superior, as it is perceived to be ill-mannered. Superiors or people considered higher in the social hierarchy are often addressed as *Tuan* (“Sir”), *Pak Long* (“senior uncle”) or *Mak Long* (“senior auntie”).

Closely related to the value of respect for elders, Malays are also conscious of the social hierarchy in society where the unequal distribution of power is seen as legitimate and proper. Honorifics are usually used for individuals to indicate their social status, level of authority and wealth. Because of their respect for elders and status, Malays tend to accept that only leaders are entrusted to make the right decisions (Asma & Lim, 2001). According to the authors, the senior or leader in the group is like a father of a family who is imbued with prestige and authority over the younger member who obey their leaders and their authority. They are not expected to question or challenge what the elder says. The Malays are often noted for their conformity, loyalty and obedience (Asma, 1996).

Malays are generally tolerant, patient and sensitive. They tend to be accommodating and compromising, submitting to group rather than self interests. This is because Malays believe in the importance of living in a community of harmonious and cordial relationships (Asma, 1996). It is important for Malays to have harmonious relationships with their superiors, subordinates and associates. Most Malays are uncomfortable with disagreements, confrontative or assertive behaviour and speaking up against another colleague. Being frank and direct in one’s intentions is considered not only being disrespectful but it also undermines harmonious relationships. In the Malay set of values, the highest priority goes to getting along with others. Gifts and favours are often exchanged for the purpose of establishing good relationships.

Another essential part of the Malay value is preserving face. Face is important and needs to be preserved in order to maintain social harmony and cordial relationships. Preserving face means maintaining a person’s dignity by not embarrassing him or her in front of others (Asma, 1996). “Loss of face” in public inflicts the supreme ego damage because Malays are brought up to preserve not only their own face but also that of others (Sendut, 1991). There is also a tendency to protect others from bad news by not mentioning it at all or by hinting of a problem, especially when a Malay is

communicating to persons of higher authority or status. Since the loss of face will affect his personal and professional confidence, a Malay's concern is usually with maintaining personal face as he wants to see himself and be seen by others as being considerate, sensitive and reliable (Asma, 1996).

3.2.2 The Chinese Culture

The Chinese tend to be indifferent or have less concern about religious matters (Zabid and Ho, 2003), but emphasise the respect for superstition (Wu, 1980). The base of Chinese culture lies in the teachings of Buddhism, Confucianism and Taoism known as *san jiao* or three teachings (Storz, 1999). Even in the case of the Chinese Christians, Confucianistic values can be found in their way of life. Confucianism and Taoism both emphasise the worship of deities and supernatural beliefs. The Chinese too often consider the elements of *feng shui* when making decisions. *Feng shui*, which literally means “wind-water”, plays an important role because the Chinese believe that man is part of nature and he cannot change the environment but must harmonise with it. A *feng shui* expert is often consulted to help the Chinese businessman make decisions in areas such as certain dates, names, locations and even the layout of an office to avoid adverse consequences like the possibility of a loss of profits, severed relationships with their clients or accidents (Asma *et al.*, 2001).

One of the important dimensions of Chinese culture is the concept of face and face saving (Sendut, 1991; Asma *et al.*, 2001). It is important for Chinese to observe when to save face and give face. An individual loses face when he fails to meet essential requirements placed upon him by virtue of the social position he occupies. When a Chinese is able to provide financially for his family or embark on philanthropic activities, he is said to gain “face” or status in society. For the Chinese, openly criticising or insulting anybody will result in a loss of face for him or her and the loss of face is perceived to be more painful than physical treatment (Sendut, 1991; Md. Zabid *et al.*, 1997). A Chinese businessman, for example, will withdraw from a business negotiation altogether if he has been made to “lose face” (Sendut, 1991).

The Chinese have also high reverence to authority and status. In Chinese management, subordinates are expected to be loyal, obedient, respectful, submissive, supportive and deferential to their superiors (Wong, 1989). Respect in the Chinese

community is often given to individuals because of their wealth, social standing and educational achievements (Ahmad and Surjit, 2001). The opinions of such individuals tend to be well received by everyone and they are usually able to command resources to ensure that their objectives are achieved (Ahmad and Surjit, 2001). This view is supported by Mr. FCK who said,

“My organisation owns this large shopping complex which is located in the Golden Triangle of Kuala Lumpur. People are always trying to get a (shop) lot in our shopping complex and we have a waiting list of tenants. An influential Chinese businessman, who also happens to be the Chairman of the Merchant’s Association, wanted to rent two (or three) lots from us and what he would do is to sublet these lots at a higher rental to people. My General Manager (who is also a Chinese) instructed me to rent those lots to the businessman.”

(Mr. FCK, Chinese, Finance Manager, Bumiputera-owned organisation, 5 years managerial experience)

Interpersonal relationships are also important in the Chinese society (Ang and Leong, 2000). Reciprocal obligations are part of relationship building and can take the form of gifts and favours (Asma, 1996). All the aspects of behaviour typical in the Chinese culture - reciprocity of relationships, respect for hierarchy, concern for saving and giving face - combine with the members’ collectivist outlook and all aim to maintain harmony in interpersonal relationships (Snell, 1999). According to an old Chinese saying, “Goodwill breeds goodwill and can be good for business” and so it is important for the Chinese to build rapport before getting down to serious business.

According to Mr. J,

“The Chinese businessman is really good at building relationships. They don’t mind splashing out on expensive gifts for their business partners just to build good relationships.”

(Mr. J, Indian, Credit Control Manager, Bumiputera-owned Financial Institution, 7 years managerial experience)

Another manager, Ms. R, said,

“The Chinese definitely knows how to build and maintain relationships with their business partners. They will try their utmost best to say “yes” to our requests, but if

they have to turn us down for something, they will do it very, very tactfully.”

(Ms. R, Malay, Marketing Manager, Japanese-owned organisation, 10 years managerial experience)

The Chinese tend to equate success with prosperity (Asma, 1996) and as such are considered to be more ambitious to achieve high recognition and status (Lim, 1998). They are inspired by financial rewards and would work hard to get rich. The Chinese' concern over money could probably be due to their immigrant attributes where a priority of these Chinese immigrants in the new land was to earn enough money not only to attain financial security but also to enable them to send enough money for their family back in China. As such the Chinese have attained values which originated in part from the diaspora they have experienced: hard-working, thrifty and a will to survive (Maniam, 1986; Ang, 2000; Ang and Leong, 2000). Sendut *et al.* (1990:132) describes the Chinese as “having a high security motivation which translates into the acquisition of wealth”. A Gallup opinion poll found that a priority among the Chinese is to “work hard and get rich” (reported in Ang, 2000:45).

Unlike the Malays who have a strong affirmation on “God’s will” (Maniam, 1986), the Chinese tend to believe that success can only be achieved through one’s hard work, diligence and perseverance (Asma, 1996). Hence, the Chinese managers may be described as individuals with an internal locus of control since they tend to believe that they are in control of their own destiny. Mr. TBS said,

“The *Bumiputera* employee will always feel that all he has to do is his fair share of work and everything will be taken care off. But a Chinese employee will have to work extra hard to be where they are today.”

(Mr. TBS, Organisation & Method Manager, local-Chinese organisation, 12 years managerial experience)

This view was supported by Mr. R, who said,

“The Chinese definitely do not leave anything to chance. They will do all that they can to control their destiny. They (the Chinese) have this attitude - if I want something to happen, it is up to me to make that thing happen.”

(Mr. R, Indian Director, locally-owned Indian organisation, 7 years managerial experience)

3.2.3 The Indian Culture

Like the Malays, religion plays an important role in Indian culture. Most Hindus begin their day's activities with prayers to deities and in some small Indian businesses, pictures of deities are displayed at their premises (Chaterjee, 1987). There are also certain holy days in the week where Indians would go to temples for prayers. As Hindus, Indians believe in reincarnation and the aim of the Hindu is to be free from rebirth and return to God. They devote much of the success or failure in their life to predestination or *karma* and the status of their next life will very much depend on their conduct in their present life (Ahmad and Surjit, 2001). As such, Hindus are generally God-fearing and righteous (Maniam, 1986; Zabid and Ho, 2003).

The Indians believe in *karma* (the doctrine of fate) and most Hindus still practice the caste system, a rigid social order where individuals have little hope of changing their fate through their own efforts. Both these powerful cultural values tend to influence the Indians to think that they have no control over the outcomes and events in their life (Maniam, 1986; Palazzo, 2002). As such, they may have inculcated an external orientation, that is, a belief that the external environment controls them, rather than them controlling the environment (Kanungo, 1990).

Indian society demonstrates a high power distance culture (Gopalan and Rivera, 1997; Md. Zabid *et al.*, 1997) and it is important for the Indians who are Hindus to have "harmony with hierarchy" (Sinha and Sinha, 1990). Obedience and respect for authority are instilled at a very young age (Gopalan and Rivera, 1997). Indian superiors expect loyalty, compliance and total submission from their subordinates (Phegade, 1997) and juniors yield to senior on every conceivable on-the job or off-the job occasion (Sinha and Sinha, 1990). Unconditional obedience by surrendering to authority is considered a virtue (Kanungo, 1990) and it is common practice in India for subordinates to show reverence and respect towards their superiors (Tan and Khoo, 2002).

The Indians also tend to focus on building harmonious, predictable and enjoyable relations with their superiors, subordinates and associates. According to the Hindu concept of "collective ego", one's personal ego is not as important as the maintenance of harmonious interpersonal relationships (Sinha and Sinha, 1990). In Indian culture,

the ultimate end goal for an individual is to unite himself/herself (the *Atman*) with that of the infinite (the *Brahman*), which results in salvation, whereby the individual escapes the cycle of rebirth (Saha, 1992). Consequently, the pursuit of economic objectives and involvement with the material world are discouraged as they are considered distractions that could detract an individual from attaining salvation (Gopalan and Rivera, 1997). For Indians, the emphasis on asceticism and the rejection of worldly goods tend to take precedence over the accumulation of wealth (Saha, 1992). Individuals who have families are only allowed to pursue wealth and material possessions to meet the needs and requirements of the families and not for satisfying personal needs. Towards the later stages of one's life, an Indian is expected to renounce all worldly activities (Gopalan and Rivera, 1997).

Malaysians, as a whole, tend to value the importance of good relationships and preserving face is important because of the overriding aim of maintaining social harmony and cordial relationships (Asma, 1996). Asma (1996) further states that if face is preserved, interpersonal relations will be smoothed and harmony and respect will be maintained. A subordinate will not argue with the boss, for it will be seen as a loss of face for the boss. A loss of face, according to Asma (1996), can be more painful than physical pain. It was mentioned previously that for the Malays and the Chinese, preserving face or *jaga maruah* is an important aspect of the way both these cultures interact with others. Face preservation is also an important aspect in the Indian community. According to Mr. J,

“Definitely face is a very important thing in my culture. A loss of face to us does not just bring shame to the individual but also to the whole family.”

(Mr. J, Indian, Credit Control Manager, Bumiputera-owned financial institution, 7 years managerial experience)

Mr. D, agreed and said,

“Giving face is definitely important in all three cultures. It doesn't matter if you are an Indian, Malay or Chinese...Face is definitely important in the Indian community. The loss of face is not just felt by the individual but by his family as well. A loss of face is just like bringing shame to the whole family.”

(Mr. D, Indian, Operations Manager, American-owned organisation, 5 years managerial experience)

The above discussion shows that the three ethnic groups have different cultures and as such it would be expected that such differences in ethnic cultures would lead to differences in the cultural values identified in this study. The cultural dimensions identified are:

Locus of Control: Locus of control has been included in this research because it is a trait variable that accounts to a notable extent for the structure of moral reasoning (Cherry and Fraedrich, 2000). It refers to individuals' beliefs regarding the degree of control they typically have over outcomes and events in life (Terpestra *et al.*, 1991). Locus of control also reflects an individual's belief about the relationship between his or her behaviour and the consequences of that behaviour (Rotter, 1966). Internal locus of control refers to individuals who believe that events in their life are contingent upon their own behaviour, capacities or attributes (Rotter, 1966). They are people who believe that they are in control of their own destiny whilst those who believe that what happens to them is the result of fate, luck, destiny or the behaviour of other people are said to have an external locus of control (McCuddy & Peery, 1996).

Among the Malaysians, it would appear that the Malays and Indians tend to have an external locus of control. The Malays, for example, tend to have a strong affirmation on "God's will" (Maniam, 1986) and the Indians believe in *karma* (the doctrine of fate) which tend to influence them to think that they have no control over the outcomes and events in their life (Maniam, 1986; Palazzo, 2002). The Chinese, on the other hand, tend to have a strong sense of self-reliance (Callender, 1996) and as such, they can be categorised as individuals with an internal locus of control.

Money Orientation: According to Tang & Kim (1999), money is recognised as an important factor to retain, attract and motivate employees and has a significant impact on the behaviour, performance and effectiveness in organisations. Money orientation involves the importance one attaches to financial rewards.

Among the three ethnic groups, the Malays may be considered the least money orientated as they tend to measure success in terms of rapport with family, friends and associates (Ahmad and Surjit, 2001). As mentioned in Section 3.2.2, the Chinese community tends to equate success with prosperity (Asma, 1996) and are inspired by

financial rewards (Ang, 2000). The Indians, on the other hand, would be expected to be less money orientated since their culture discourages the pursuit of economic objectives (Gopalan and Rivera, 1997) and emphasises asceticism (Saha, 1992).

Obedience to Authority: According to Zey-Ferrell *et al.* (1979), although an employee may hold a fairly high standard of ethics attitudinally, they may still adapt their behaviour to that of their peers or their immediate boss. In testing their role-set theory, Zey-Ferrell and Ferrell (1982) found that top management was the major predictor of ethical/unethical behaviour for corporate advertising managers. According to Jones and Kavanagh (1996), individuals felt pressure from management to engage in behaviour that compromised their own ethical principles because they felt it was necessary to comply with these requests to succeed in their organisations.

In terms of this cultural dimension, the Malays tend to have a strong respect for elders and traditional leaders which can override rational decision (Md. Zabid *et al.*, 1997). In a study conducted by Asma and Lim (2001), the Malays were found to attach more weight to the practice of hierarchy than the Chinese and Indians. As such, it would be expected that the Malays would be obedient to authority as compared to the Chinese or Indians. In Section 3.2.3, it was discussed that Indians have a high power distance (Md. Zabid *et al.*, 1997) and that Indian subordinates are loyal, compliant and submissive to their superiors (Gopalan and Rivera, 1997). It would then be expected that Indians, like the Malays, tend to be obedient to authority as well. On the other hand, the Chinese were found to have the lowest power distance among the three ethnic groups in a study conducted by Md. Zabid *et al.* (1997) and as such it would be expected that they may have a lower degree of obedience to authority than either the Malays or the Indians.

Religiosity: Hunt & Vitell (1993) stated that religion can influence the marketer's ethical decision-making process. Various studies (for example Robideaux *et al.*, 1990; Kennedy and Lawton, 1998; Knotts *et al.*, 2000; Au and Tse, 2001) have shown that the degree of religiosity is associated with higher ethical attitudes. For the purpose of this study, religiosity will refer to the strength of the individual's religious beliefs and not to the individual's religious affiliations. Religious beliefs, for example, were cited as an important source of ethical guidance by the interviewees:

“I would think religious background would play a more important role (than cultural differences) for an individual to consider what is ethical and what is unethical.”

(Mr. KCT, Chinese, Senior IT Manager, Japanese-owned organisation, 12 years managerial experience)

Another manager said,

“While culture to a certain level may go along the lines of taboo, certain rites and rituals, religious practices give the principles of these. Religion will actually guide on what constitutes ethical/unethical behaviour.”

(Mr. D, Indian, Senior Operations Manager, American-owned organisation, 5 years managerial experience)

Yet another said,

“I think differences in religion will lead to differing views of what would be considered appropriate or inappropriate business practice.”

(Mr. J, Indian, Credit Control Manager, Bumiputera-owned Financial Institution, 7 years managerial experience)

Although religious practices are important sources of contentment and spirituality for the Chinese and Indians, the Malays tend to have a more positive attitude toward religion than the other ethnic groups (Asma, 1996). A study by Asma and Lim (2001) and Md. Zabid *et al.* (1997) showed that the Malays were the most religious group; this was followed by the Indians and the Chinese.

Face Orientation: According to Asma (1996:106), face or *maruah* is “the reciprocated compliance, respect or deference that each party expects from and extends to the other party”. As mentioned in the previous sections, preserving face means maintaining a person’s dignity, self-respect and prestige by not embarrassing or humiliating him in front of others. In general, the concept of face is important to all three ethnic groups. The Malays, Chinese and Indians are generally less forthcoming in expressing views and opinions and are uncomfortable in critically evaluating peers and subordinates. Malaysians tend to find giving negative feedback awkward and difficult and may find it hard to say “no” because indirectness is more the norm than directness in day-to-day behaviour. All three races tend to be very cautious when giving criticisms because criticism may lead to loss of face (Asma, 1992). Although

Asma (1996) mentioned that face orientation was important to the three ethnic groups, she was looking at Malaysians in general. The researcher is of the opinion that there are fundamental differences between the ethnic groups in terms of their face orientation. In a study conducted by Md. Zabid *et al.* (1997), the Chinese were found to have a greater need to preserve face than either the Malays or Indians. According to one manager,

“I think face is important to all the ethnic groups, but I would think that the importance attached to face saving and giving face is different for each ethnic group. To me, I think the Chinese are the most face orientated group. Everything they do is usually for the sake of face.”

(Mr. R.K., Indian, Managing Director, American-owned organisation, 10 years managerial experience)

Another manager said,

“People always say that the Chinese are the most face orientated group. But I personally think it’s the Indians. The Indians are very face orientated – they always try to make themselves look good in front of others. Sometimes, I think they just like to show-off!”

(Mr. FCK, Chinese, Finance Manager, Bumiputera-owned organisation, 5 years managerial experience)

Relationship Orientation: According to Asma (2001), Malaysians tend to focus on relationships more than the task itself and most Malays especially tend to value highly the importance of good relationships. In the business setting, this relationship orientation can be akin to the concept of *guanxi*, the Confucian doctrine which refers to the cultivation of special relationships or connections. Malaysia, according to anthropologist Edward Hall, is an example of a high context culture where it is not so easy to separate the person from the events surrounding him (cited in Asma, 1996). Therefore, there is a need to build relationships before getting to serious business when relating to a person in a high context culture. In a study conducted by Asma and Lim (2001), the Malays scored the highest on the importance of relationship as compared to the Chinese and Indian respondents in their study. The results of their study showed that the Malays especially, were more relationship orientated than either the Chinese or Indians.

Within this milieu is the following hypothesis:

H1: There is a significant difference in the cultural values between the Malay, Chinese and Indian managers. More specifically:

H1(a): There is a significant difference in the locus of control among the Malay, Chinese and Indian managers.

H1(b): There is a significant difference in the money orientation among the Malay, Chinese and Indian managers.

H1(c): There is a significant difference in the obedience to authority among the Malay, Chinese and Indian managers.

H1(d): There is a significant difference in the degree of religiosity among the Malay, Chinese and Indian managers.

H1(e): There is a significant difference in the face orientation between the Malay, Chinese and Indian managers.

H1(f): There is a significant difference in the relationship orientation between the Malay, Chinese and Indian managers.

3.3 LEVELS ISSUES

Any research that involves individuals and group(s) as its focal units of study inevitably will have to address the following three levels issues: (1) the level of theory, (2) the level of measurement, and (3) the level of statistical analysis (Chan, 1999). While the levels issues are well discussed in the organizational behaviour literature (Rousseau, 1985; Klein *et al.*, 1994), and in the psychology literature (example Leung, 1989; George and James, 1993; Ostroff, 1993), the researcher opines that they are generally overlooked in the cross-cultural business ethics literature.

3.3.1 Level of Theory

When making cross-cultural hypotheses, researchers must identify the appropriate level of theory for their study (Brett *et al.*, 1997). The level of theory is “the level to which generalizations is made” (Rousseau 1985, p. 4) and it describes the target (example individual, group) that a researcher wants to depict and explain (Klein *et al.*, 1994). Cultural-level values are appropriate when one seeks to understand how differences between cultures in their beliefs, attitudes, or behaviours are related to cultural emphases (Chan, 1999). The level of theory for this study is a group-level theory. In specifying the level of theory as a group, it is assumed that the group

members are sufficiently similar with respect to the cultural values identified in Section 3.2. (Klein *et al.*, 1994). As discussed in Chapter 2, cultural-level values are appropriate when one seeks to understand how differences between cultures in their beliefs, attitudes, or behaviours are related to cultural emphases (Chan, 1999).

This study assumes a group-level theory for a two reasons. First, the interest of this study is on cultural values. Culture comprises an amalgam of shared values, meanings and interpretation of behaviour (Smith, 2005) and by their very nature, culture is inherently a group-level construct (Lytle *et al.*, 1995; Brett *et al.*, 1997). Although there are many definitions of culture, none of them suggests an individual has a culture of his or her own (Smith, 2005). Second, culture is the unique character of a group - the constellation of characteristics that define the group's unique social identity (Deutsch, 1973). Every cultural group will have a unique cultural collate, or social identity, which is unique of that group and not of another (Lytle *et al.*, 1995) As such, it would be expected that individuals from the same cultural group would have similar values (Burns *et al.*, 1994). Therefore, in assuming that it is a group-level theory with respect to a theoretical construct, the researcher predicts that all members score similarly on the measure of that theoretical construct (Brett *et al.*, 1997).

Although some researchers have shown that locus of control and obedience to authority as individual-level variables, this study considers both these variables as a group-level variable. There are several reasons which warrant this inclusion. It was discussed in Chapter 2 that the environment affects and is affected by culture, potentially reinforcing, shaping and radically changing the manifestations of cultural patterns (Triandis, 1972; Whitting, 1974). These theories may provide an explanation for considering locus of control and obedience to authority as cultural values in this research. At the individual level, this dimension contrasts an emphasis of self being in control in favour of being controlled by outside forces (Latif, 2000). This value, however, has evolved from an individual-level variable to a cultural-level variable in certain cultures. For example, locus of control has been used as a cultural variable in some studies conducted (for example Gaa and Shores, 1979; Gaa *et al.*, 1981; Krampen and Weiberg, 1981).

At the culture-level, nations with institutional structures which encourage practices such as expressing preferences and making choices, or trying to change one's behaviour to improve their lives would encourage its citizens to have an internal locus of control (Iyenger and Lepper, 1999). However, the institutional structures which foster an internal locus of control would conflict with those conducive to fostering external locus of control. Institutions which encourage its citizens to be responsive to the needs of others and the obligations associated with their roles and where the individual must harmonise with others and to adjust oneself to the social environment would foster individuals with external locus of control (Heine, 2001). In such societies too, individuals are situated in particular roles and statuses. Compliance is an important aspect (Kim, 1994). According to Heine (2001:891), the North American self largely rests on a foundation of a distinctive set of qualities and processes, and this configuration of inner attributes is seen to largely determine or cause behaviour. Participation in North American culture encourages a sense of self as "in control," and individuals strive to shape the world to accommodate their inner desires through practices such as expressing preferences and making choices, or trying to change other's behaviour to improve their lives (Iyenger and Lepper, 1999). In contrast, the East Asian interdependent self is suspended in a web of social relationships and roles (Heine, 2001). With this view of self, the individual must be responsive to the needs of others and the obligations associated with their roles. Participation in east Asian culture encourages one to harmonise with others and to adjust oneself to the social environment (Morling *et al.*, 2002). These practices are then transmitted to developing individuals through the process of cultural transmission (both general enculturation and specific socialisation practices) (Berry, 1994). Both locus of control and obedience to authority have also been used to characterise the Malay, Chinese and Indian cultural groups in cultural studies conducted in Malaysia (Asma, 1996; Md. Zabid *et al.*, 1997). Based on the above explanation, both these variables were considered as cultural values in this study.

3.3.2 Level of Measurement

The level of measurement is "the unit to which the data are directly attached (for example self-report data are generally individual level, the number of group members is measured at the group level)" (Rousseau, 1985:4). The level of measurement refers to the source of the data (Chan, 1999). Although this is a discussion on the source of

the data, it is included in this section because it forms part of the discussion on the levels issue. When the level of theory is specified and explicated, the researcher may collect the data in a way that ensures the conformity of the data to the level of theory (Klein *et al.*, 1994). As mentioned above, the level of theory in this study is a group. A group-level theory predicts that individuals are homogenous with respect to a theoretical construct (Klein *et al.*, 1994; Brett *et al.*, 1997). According to Rousseau (1985) and Klein *et al.* (1994), to ensure conformity to a homogeneous-group theory, a researcher might collect data from numerous groups, using an objective measure or expert ratings to obtain a single score representing each group as a whole. Based on this recommendation, the researcher collected data from Chinese managers from various organisations and locations around Malaysia using questionnaire data. From the evidence, a single score representing the cultural groups was obtained by averaging the responses of the managers. The same method was also used to ensure homogeneity within the Malay and Indian cultural groups.

3.3.3 Levels of Analysis

A study's unit of analysis refers to the level at which data is analyzed (Brett *et al.*, 1997). Scholars (for example Pfeffer, 1982; Rousseau, 1985) have advised researchers to align the level of their statistical analyses with the level of their theory. Since this study employs a group-level theory, researchers are advised to use global, group-level scores or individual-level scores aggregated to the group (Klein *et al.*, 1994). This study employs an analysis method similar to that used by Hofstede. Hofstede used aggregate measures from his values survey module (that is means) to operationalise each cultural dimension. Although the values measures are collected from individuals, they are aggregated and analyzed at a country group level. Thus, although Hofstede surveyed 117,000 individuals from 53 nations and regions, his analysis is based upon just 53 cases. He characterized each of these 53 cases by averaging the survey responses to each question in his survey of all the individual respondents who came from that particular nation (Smith, 2005). Thus, the constructs are both specified at a group level and analyzed at a group level (Chan, 1999). Other researchers who undertake culture-level surveys have also typically used aggregation of individual responses to questionnaires. These mean scores are then compared across cultural units using statistical methods such as analysis of variance or paired comparisons (House *et al.*, 1997).

3.4 ETHICAL PERCEPTION

Ethical perception is the focus of this research because it has been identified as the first stage in ethical decision-making (Hunt and Vitell 1986; Rest, 1986; Ferrell *et al.*, 1989; Jones, 1991; Shaub *et al.*, 1993; Honeycutt *et al.*, 2001). It was previously discussed in Chapter 2 that moral issue recognition is the catalyst driving the entire ethical decision-making process (Hunt & Vitell, 1993). It is unlikely that individuals could act ethically in a wide variety of situations without the ethical perception that allows them to recognise a situation as one requiring ethical consideration in the first place (Dutton and Duncan, 1987; Wyld *et al.*, 1994; Fowers, 2003). The recognition of a problem as “moral” may result in managerial action that would not be considered if the problem were categorised as “non-moral” (Jones, 1991; Dukerich *et al.*, 2000; Street *et al.*, 2001). For this reason, the initial step of perceiving a moral issue is of paramount importance in the ethical decision-making process. Furthermore, little empirical work has been done in the area of ethical perception, especially in a business context since most empirical research has focused on moral judgment, moral decision-making and action (Butterfield *et al.* 2000). As mentioned previously, ethical perception in this research refers to the degree to which an individual is able to recognise an issue as a moral issue. Since *degree* is a relative term, an individual’s ethical perception may vary from another individual’s ethical perception. It is a personal characteristic where some people are quite simply more ethically sensitive than others (Hunt & Vitell, 1986).

In business ethics literature, the concept of ethical perception is consistently treated as a unified capacity (for example Becker and Fritzsche, 1987; Nyaw and Ng, 1994; Honeycutt *et al.*, 1995; Okleshen and Hoyt, 1996; Allmon *et al.*, 1997; McDonald and Kan, 1997; Lin, 1999; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002; Marta *et al.*, 2003). However, it was discussed in Chapter 2 that the ethical perception process requires effortful cognitive ability where time and effort need to be expended in order to determine if the issue has moral implications (Petty, 1995; Sparks and Merenski, 2000; Street *et al.*, 2001). Because the ethical perception process involves categorisation and classification of information (Rodgers and Gago, 2001), it should be conceived of as a multifarious moral and psychological process (Blum, 1991). The various theories on the perception process suggest that when stimulus from the environment is presented, the features of the stimulus are separately registered on

different maps (Kaas, 1987) or coded along separable dimensions (Treisman *et al.*, 1974). The perceptual processing requires these features to be retrieved from the maps and appropriately associated with the stimulus (Treisman and Gelade, 1980; Treisman and Schmidt, 1982; Treisman and Paterson, 1984). Therefore, before a particular stimulus can be perceived and identified, the information must be ordered and categorised along some dimensions that allows the individual to ascribe meaning to the selected stimulus information.

Blum (1991:701) notes, “A (moral) agent may reason well in moral situations, uphold the strictest standards of impartiality for testing his/her maxims and moral principles, and be adept at deliberation. Yet unless the individual perceives moral situations as moral situations, and unless the moral character of the situations is perceived accurately, the individual’s moral principles and skills at deliberation will be for nought.” Blum (1991) further added that one of the most important moral differences between people is between those who miss and those who see the various features of situations confronting them. He uses an example to make his point: A woman carrying two heavy shopping bags gets onto a crowded subway train. One of the passengers (John) already seated on the train is cognizant of her presence, but is not particularly paying attention to her. Another passenger, Joan, not only is aware of her presence, but also perceives her discomfort. Blum uses this “different level” of awareness to clarify the difference between John’s “perception” of the particular situation and Joan’s recognition of the moral component as a moral situation. Therefore, the role of ethical perception is in tuning into a morally significant feature of the situation. According to Treisman and Schmidt (1982), when we perceive and identify any complex objects, we normally register its features. As such a first step in identifying the maps/features of ethical perception would involve the understanding of the characteristics of ethical situations.

3.4.1 Characteristics of a Moral Issue

Velasquez (1998:10-11) presented five criteria for identifying a moral standard 1) Moral standards deal with matters that we think can seriously injure or seriously benefit human beings; 2) Moral standards are not established or changed by the decisions of a particular, authoritative bodies; 3) Moral standards should be preferred to other values including self-interest; 4) Moral standards are based on impartial

considerations and 5) Moral standards are associated with special emotions and a special vocabulary. Although Velasquez (1998) does not directly define the characteristics of the moral issue, it can be surmised the kind of problems resolved by the above moral standards. From Velasquez's (1998) first criteria, a moral problem is a serious problem but one that is not established by authoritative bodies. It is also a problem that requires an individual to ignore their self-interest and to be objective while feeling a certain emotion. Shaw and Berry (1998:73) pointed out three properties of moral problems 1) Concern with obligation 2) Impact of our actions on important ideals and 3) Concern with consequences. According to them (1998:73), "as moral decision-makers, we are seeking not just an answer to a moral issue but an answer that can be publicly defended, and the public defence of a moral judgment usually requires an appeal to general principles." Harris (2002) listed four characteristics of moral problems. They are problems that 1) are resolved by the prescription of conduct, 2) are resolved from an impersonal standpoint 3) regard serious issues and 4) involve issues that cannot be settled by appeal to facts, authority, tradition or consensus. A common characterisation pointed out by all the above three authors is that a moral problem involves a serious or important problem. For example Shaw and Berry (1998) pointed out that the characterisation of a moral problem can be traced to important ideals and Velasquez (1998) surmised that a moral problem is a serious problem. Some of the managers who were interviewed said,

"If you are photocopying 10 copies of ICs (identification cards) which may only cost RM1.50 outside...so what? But if you were to photocopy 10 books instead of sending them outside (to be photocopied) where it would have cost RM30 per book and photocopying those 10 books would have cost RM300, then it would be unethical. I personally feel that it is the seriousness of the act which makes an issue unethical or just a norm."

(Mr. S, Chinese, Human Resource Manager, Public Listed Financial Institution, 8 years managerial experience)

Another manager said,

"You can't help but think about the seriousness of the ethical dilemma. If for example I'm asked to give a small token of appreciation to my client, say a gift of less than RM100 (approximately £15), then I will perceive the gift as just a token of the company's appreciation for the client's support. But if the gift costs a couple of

thousands Ringgit, then I would perceive it as an issue.”

(Mr. S, Malay, Marketing Manager, American-owned organisation, 4 ½ years managerial experience)

This view was also supported by the following managers,

“To a certain extent the seriousness of the ethical dilemma would be one of the things I think about when I’m faced with an issue. For example, does it involve a large amount? Who does it involve? Is it against the law?”

(Mr. JG, Indian, Credit Control Manager, Public-listed Financial institution, 6 ½ years managerial experience)

“One of my considerations before I perceive an issue as acceptable or unacceptable would be the seriousness of the act. Some acts may be unethical but it doesn’t involve anything serious, maybe it’s just treating your client to a more expensive than usual lunch. To me, that’s no big deal. But giving an all-expense paid-trip or a club membership would be not right.”

(Mr. K.D.P., Indian, Senior Operations Manager, American-owned organisation, 5 years managerial experience)

Waters *et al.* (1986) state that some situations are viewed as moral concerns because individuals felt that they have the power to affect the well-being of the other party in the transaction. Based on their results of open-ended interviews with managers, the authors found that the managers also considered some issues in moral terms when they felt that certain moral standards could be used in their deliberations. Wittmer (2000) likewise agreed that ethical situations are situations where particular norms, standards or principles are used to guide the decisions. Because moral issues are characterised as having more than one course of action (Sparks and Merenski, 2000), the managers in their study also expressed uncertainty in their decision-making (Waters *et al.*, 1986). Managers feel accountable not only for carrying out their organisational role responsibility, but also, when confronted with a moral question for determining which moral standards are salient, which should be given pre-eminence when two or more standards seem to conflict and what specific actions should be taken in response (Waters and Bird, 1987). This view was supported by the Malaysian managers who were interviewed. According to Mr. J,

“It is really difficult to know where to draw the line between acceptable and unethical practice. What are the moral rules to apply? When confronted with a moral question, I tend to think what kinds of costs my decision will have on my organisation and on myself. With moral issues, there’s always uncertainty in decision-making.”

(Mr. J. Malay, Customer Service Manager, British-owned organisation, 5 years managerial experience)

Another manager said,

“To me an ethical issue arises when I’m not sure what to do because it usually involves a situation which conflicts with my moral values and the economic goals of my organisation.”

(Ms. R. Malay, Sales Manager, Japanese-owned organisation, 10 years managerial experience)

While another manager added,

“When I’m faced with a difficult situation, I find it very difficult to come to a solution. It’s probably because things do not always seem equal. For example, do I select a contractor because he is a good friend of the Managing Director? If I don’t, I’ll be in the director’s ‘bad books’. If I do, then it’s against my values. I tend to think of the pros and cons my decision will have not only to my organisation but also to myself. Sometimes you think this is an easy decision to make-just stick to the “right” decision. But most of the times, I’m not even sure what the right decision should be!”

(Mr. TBS, Chinese, Senior Manager, Local-owned organisation, 12 years managerial experience)

When faced with issues of moral concerns, the managers in the study by Waters *et al.* (1986) also experienced some conflict. For example the managers interviewed acknowledged that particular actions of their own and others violated moral standards but that they were *forced* into these morally compromising activities for a variety of justifiable reasons related to their economic survival. On one hand, the manager must respond to the economic imperative of the job, attempting to achieve the best results for the organisation. On the other hand, the manager must respond to the moral imperative of the job (Waters and Bird, 1987). A similar characteristic of moral issue is also provided by previous authors (for example Kohlberg, 1984; Hosmer, 1991; Morris, 2004). According to Beauchamp and Bowie (1997), moral problems arise out

of the conflict between rules regarding our self-interest that we accept and were taught as children and moral instructions we have learned that require us to give regard to the interests of others. Jackson (1996) isolates moral problems as those in which “your role (or roles) give rise to competing claims, tugging you to act in incompatible ways, as when the obligation to be honest requires action that injures the interest of those whom you have a duty to protect” (Jackson, 1996:8).

Since ethical issues are by nature ambiguous, people often rely on social knowledge and consultation with others on how best to respond (Waters and Bird, 1987; Stapel and Koomen, 1997; Fowers, 2003). By following the fads and fashions of what others are doing, individuals attempt to make ambiguous situations more manageable and simple (Tversky and Kahneman, 1982; Waters and Bird, 1987). Managers may rely on social agreement to clarify and guide them on what constitutes an ethical (or unethical) situation (Waters and Bird, 1987; Jones, 1991). A female Malay manager who works in the shipping industry told the researcher this,

“When I am faced with an ethical dilemma, I would think whether the act is a common practice in my industry. For example, it has become a common business practice in my industry to give trips instead of calendars at the end of the year. Some companies might consider giving a trip to the person who is in-charge of the shipping of cargo in the company. It is a gift from the company and not from an individual anymore. I would consider giving trips a norm.”

(Ms. R, Malay, Sales Manager, Japanese-owned organisation, 10 years managerial experience)

Another Chinese manager who was interviewed by the researcher said,

“In my previous company, bringing your customers out for expensive lunches or dinners which may cost between RM3,000-RM5,000 (approximately £450-£720) a night would be considered as part of entertainment and a normal business practice. However, in my present company, buying such expensive dinners would be wrong. I think one of the considerations for me whether an issue is an ethical issue or not would be my colleagues’ views on the issue.”

(Mr. C, Chinese, Sales Manager, American-owned organisation, 9 years managerial experience)

This view was also supported by Ms. N.S who said,

“In straightforward issues, I will rely on my own values. But when I’m faced with a difficult situation, I tend to think how my colleagues would view this issue. This topic would also be my lunch time discussion with my friends.”

(Ms. N.S, Malay, Human Resource Manager, American-owned organisation, 13 years managerial experience)

Some authors maintain that an ethical situation involves significant impact on the welfare of oneself, other humans (Dewey, 1960; Barry, 1986; Hosmer, 1991) and the physical environment (Commoner, 1971; Blackstone, 1980). According to Rodgers and Gago (2001:356), “In the context of business, an ethical issue has consequences for others inside the organisation and/or external to the organisation.” This view was also supported by Mills (2003:333) who said, “...the ethical dimension of decision-making is concerned primarily with the range of ethical consequences attached to the possible outcomes of that decision.” It was also discussed in Chapter 2 that the morality of a particular action depended on its material and psychological consequences on others (Haidt *et al.*, 1993). According to the domain theory developed by Nucci (1981) and Turiel (1983), actions that have intrinsic effects on the welfare of others would fall within the moral domain while matters which are not intrinsically harmful yet meaningful in the context of a specific social system are said to fall within the domain of social convention. The managers interviewed agreed that the consequences of an ethical issue played an important role in their perception of an ethical issue. According to Mr. FCK, a Chinese manager,

“An issue becomes an ethical issue when the outcome of the issue is serious. For example, if one of my company’s products was found to be defective but no one is harmed by using the product, should I or should I not market this product?”

(Mr. FCK, Chinese, Finance Manager, local-owned organisation, 5 years managerial experience)

Another manager agreed with Mr. FCK’s view by stating,

“When I’m faced with an ethical situation, I tend to think to myself ‘What is the outcome of my decision?’ If I think my decision will have some kind of negative impact but the impact is negligible, then I may go ahead with my decision. On the other hand, if I think my decision will have a significant impact on others, then I will

have to consider my decision and I'll probably decide against it, even if the decision benefits me."

(Mr. R, Indian, Senior Human Resource Manager, Chinese-owned organisation, 15 years managerial experience)

Mr. S, a marketing-manager said,

"To me, the most important thing I will think about when faced with an ethical issue is the consequences of my decision."

(Mr. S, Malay, Market Research Manager, American-owned organisation, 5 years managerial experience)

Moral issues are also characterised as having more than one course of action available, and as such the individual must acknowledge that he/she has a choice in the decision-making (Jones, 1991; Chia and Lim, 2000; Wittmer, 2000; Morris, 2004). Some of the managers interviewed indicated that having a choice played an important role in their ethical perception. For example, one manager said,

"When I'm faced with an ethical dilemma, I would think of the choices before me. There are times when I'm left with no choice-it's either I do what upper management wants or face the "chopping board!"

(Mr. RK, Indian, Managing Director, American-owned organisation, 10 years managerial experience)

Another manager said,

"When I'm faced with difficult situations like ethical issues, I would think 'What are the choices that I have?' If I have a choice, then I will choose the most "ethical" choice but there are times when you just don't have any choices."

(Mr. HCS, Chinese, Purchasing Manager, Dutch-owned organisation, 10 years managerial experience)

Yet another said,

"If you don't have a choice, then it's not an ethical issue. It's an order-and that's usually what we get from upper management. Of course they will put their "orders" very subtly but as a manager who has worked here for many years, you will know what they mean."

(Mr. SKC, Chinese, Contracts Manager, Chinese-owned organisation, 8 years managerial experience)

Ethical issues are often complex (Collins, 1989; Jones and Ryan, 1997) and pose some of the most fascinating challenges to decision-makers (Millet, 1998). They require evaluation of alternatives in light of conflicting principles, and deal with issues that are frequently divisive, emotional and important to many stakeholders (Millet, 1998). As a moral dilemma is characterised as one where there no clear right or wrong, only positives and negatives, the answers are never easy or absolute (Baker, 1992). Because of such complexity, it is often difficult to make decisions involving moral issues (Petit, 1966; Millet, 1998). According to Hosmer (1991), ethical issues are often characterised by difficulty in decision-making. Some of the managers interviewed said,

“The most difficult decisions to make are those which involve moral issues. You have to think of the consequences of your decision on yourself, your organisation and the other party. You also have to consider the economic aspect of your decision...there are just so many aspects to consider when you are faced with an ethical issue. You tend to think more if it’s an ethical issue. If not, you just make a decision and forget about it afterwards.”

(Mr. AW, Malay, Human Resource Director, Dutch-owned organisation, 12 years managerial experience)

Another manager agreed with Mr. A.W’s view and said,

“Ethical issues are difficult issues to solve. For example, should I take the gift or should I not take the gift and risk offending my biggest customer? There are no right or wrong answers to such questions-it all boils down to your beliefs and moral values.”

(Mr. MA, Malay, Group Managing Director, German-owned organisation, 10 years managerial experience)

Yet another manager said,

“I would think that ethical decision-making is complicated because of the multiple alternatives that one can take, the uncertainties involved and the consequences of one’s decisions. I find myself thinking more about an issue especially if it’s an ethical issue-the pros and cons of my potential decision/act. It’s not nice having to make such decisions!”

(Mr. FCK, Chinese, Finance Manager, Chinese-owned organisation, 5 years managerial experience)

An individual is also said to have recognised a moral issue when they are able to describe the characteristics of a moral issue (Chia and Lim, 2000) which includes uncertainty and difficulty in decision-making; that such issues involve competing claims or conflicts which result in some sort of trade-offs (Hosmer, 1991); the problems posed by moral issues have no definite right or wrong answers and that there may be more than one course of action available (Chia and Lim, 2000).

Based on the above literature and feedback obtained from the interviews, the seven main characteristics of an ethical issue include:

- the seriousness of an issue
- the consequences of the issue
- uncertainty in decision-making
- difficulty in decision-making
- the social consensus of the issue
- volition or the availability of alternative means
- a conflict of some sort (for example moral values, self-interests)

The seven main characteristics of an ethical issue identified above will form the dimensions of ethical perception of which an ethical dilemma is classified and categorised. This is based on the reasoning that an individual's perception results from an integration of diverse pieces of information (Anderson, 1974). Previous researchers have also stated that when a situation is presented to an individual, the features of the situation are separately registered on different maps before these features are recombined and associated with the situation (Treisman and Gelade, 1980; Zeki, 1981; Treisman and Schmidt, 1982; Kaas, 1987). The perception discussed in this study is of a higher mental activity which involves the classifying and categorising of management information (Rodgers and Gago, 2001). Although, the perception process seems immediate and automatic, the registration of these features is likely to be subconscious. The next section will discuss the definition of each of the seven characteristics of ethical perception and how each dimension relates to ethical perception.

3.4.2 The Dimensions of Ethical Perception

a. The Seriousness Of An Issue

The seriousness of an issue has been identified by Velasquez (1988), Shaw and Berry (1998) and Harris (2002) as a characteristic of a moral issue. For example, individuals are more likely to whistle-blow only if the wrongdoing is perceived to be serious (Near and Miceli, 1985). The degree of seriousness of the wrongdoing increases perceived efficacy, and hence the force to act, because serious acts *are* more likely to be perceived both by the observer and others as worthy of attention and potential change (Near and Miceli, 1985). In another study conducted by Clinard (1983), executives revealed that they were more supportive of whistle-blowing when the acts were viewed as *seriously* wrong. The study by McDevitt and Van Hise (2002) provided further evidence that the more serious the offence, the higher the number of respondents who perceived the issue to be an ethical problem.

In this study, the perceived seriousness of a moral issue to an individual is termed the *Perceived Intensity of An Ethical Issue*. Just as individuals must consider the ethical content to be important before they are willing to expend time and effort to determine if the issue has moral implications (Sparks and Merenski, 2000), individuals must also consider the ethical content to be serious before he or she would be willing to expand the cognitive effort required to determine the moral implications of the issue. Specifically, the researcher argues that the impact of the seriousness of the issue impacts the perception of the moral issue through its affect on the amount of cognitive effort expended by the moral agent. Issues which have a high degree of seriousness of wrongdoing is more likely to be perceived by individuals as worthy of attention and potential change (Near and Miceli, 1985). When faced with serious moral dilemmas, persons are more motivated to process information more thoroughly and to reason about the possible consequences of their decisions than when they are faced with non-serious moral problems (Bjorklund, 2003). Based on the above arguments and interview feedback from the managers, ethical perception will depend in part on the seriousness of the act in question.

b. The Consequences of the Issue

In this study, the (positive/negative) consequence of the issue on others is termed *Perceived Consequences on Others*. Ethical perception is the awareness that the resolution of a particular dilemma may affect the welfare of others (Rest, 1994). It involves the perception and interpretation of the cognitive aspects of a situation and an evaluation of the effects of the potential alternatives on the welfare of others (Rest, 1983). Information regarding consequences has been shown to be particularly powerful in shaping ethical decision-making (Fritzsche and Becker, 1984; Fritzsche, 1988) both when the consequences affect the decision maker (Laczniak and Inderrieden, 1987) and when the consequences affect others (Forsyth and Nye, 1990; Wittmer, 1992). The consequences of the issue can include the nature of the harm, the nature of the harmed and the severity of the consequences (Collins, 1989; Weber, 1996).

Moral concerns, according to Davis *et al.* (1998), fluctuate with the severity of the real or potential consequences connected with an act. For example, Fritzsche (1988) reported that ethical dilemmas posing serious consequences evoked more ethical responses from the marketing managers than dilemmas presenting less risky situations. Ethical issues embodying significant consequences will typically evoke higher moral reasoning than issues involving non-life threatening consequences (Weber, 1996). As discussed in Chapter 2, an individual with a higher moral reasoning would recognise the ethical component of the situation (Ferrell *et al.*, 1989). Thinking about the consequences of a particular dilemma have also been found to trigger anticipatory negative emotions such as regret, shame, guilt and fear (Connelly *et al.*, 2004) and such negative emotions increases the vigilance needed to search for information which acts as a catalyst in initiating the ethical decision process (Gaudine and Thorne, 2001). These emotions can also influence ethical perception because they make dilemmas with severe consequences more salient and vivid (Connelly *et al.*, 2004). The results of the interviews highlighted in Section 6.3 lend further support to the inclusion of the consequences of an issue as a dimension of ethical perception.

c. Uncertainty in Decision-Making

Most ethical issues will involve uncertainty (Hosmer, 1991) since the answers to ethical dilemmas are never easy or absolute (Baker, 1992) and hence, managers are

often unsure of which standards should be acted out in a particular situation (Waters and Bird, 1987). In many cases, managers were uncertain because they felt constrained by opposing norms while in a number of other cases, the managers felt they were just not sure where to draw the line with regard to the responsibility for particular problems (Waters *et al.*, 1986). Furthermore, most ethical situations involve uncertain consequences where it is unclear what consequences will follow from the alternatives considered (Hosmer, 1991). Uncertainty in a situation can also occur because most decision makers, very rarely have complete information and are therefore unable to eliminate uncertainty regarding their sentencing decisions (Crow, 2005). The decision-maker, according to Bell *et al.* (1988:20) ‘. . . confronts an array of states-of-the-world, one of which will ultimately prevail and, given his usually vague information about which of these states will prevail, he must choose an action.’ Anderson *et al.* (1981) refers to uncertainty as a situation in which one has no knowledge about which of several states of nature has occurred or will occur while Humphreys & Berkeley (1985) proposed that uncertainty is the inability to assert with certainty one or more of the following: (a) act-event sequences; (b) event-event sequences; (c) value of consequences; (d) appropriate decision process; (e) future preferences and actions; (f) one’s ability to affect future events. Uncertainty in decision-making for this study refers to the individual’s perceived inability to know if they have made the “right” choice. Since moral dilemmas are ambiguous and have multiple alternatives (Hosmer, 1991), the individual may perceive uncertainty because he/she lacks knowledge regarding the alternatives available and/or the ability to predict the likely consequences of a response choice (Conrath, 1967; Duncan, 1972; Taylor, 1984).

Uncertainty in moral issues occurs because an individual has no clear standards to guide them when they are faced with a particular situation (Pfeffer *et al.*, 1976). In uncertain situations, individuals will be more motivated to search for meaning and attempt to make sense of the situation (Fiske and Taylor, 1991). According to Kujala (2003), when managers are uncertain about their decisions, they ponder it in more detail. It has been discussed previously in Chapter 2 that only individuals who are motivated will expand cognitive energy in assessing a particular situation. High levels of cognitive expenditure will increase the recognition of the moral aspects of the issue at hand (Street *et al.*, 2001). As such it is expected that individuals are able to

recognise a moral issue to the extent that he/she is able to perceive uncertainty in the situation (Chia and Lim, 2000).

d. Difficulty in Decision-Making

An ethical dilemma is a situation in which the individual is required to define right or wrong (Robbins, 1998). Many issues facing managers are complex and ambiguous (Jones, 1991) because they involve complex judgments on the balance between the economic performance and the social performance of an organisation (Hosmer, 1991). It is the complexity (Shaw and Shiu, 2003) and ambiguity of business decisions which raises interpretative difficulties (Di Norcia and Tigner, 2000). Decisions clearly vary in terms of difficulty (Bettman *et al.*, 2001) and there is no such thing as a typical ethical issue (Jones, 1991). The sources of difficulty may be cognitive and/or emotionally difficult (Bettman *et al.*, 2001). Payne *et al.* (1997) further add that decision difficulty may also arise from information that is too voluminous or complex for the decision-maker's available cognitive resources. Bettman *et al.* (2001) gave examples of possible sources of cognitive decision difficulty which include task complexity (such as the amount of information involved in a decision task and the time available in which to process this task), the presentation mode of decision information or the format in which this information is presented, the degree to which information is complete, the conflict among attributes, (that is, the degree to which differing attributes indicate that different alternatives are the most desirable) and the similarity of alternatives to one another. Emotional decision difficulty, on the other hand, involves the threats to important goals posed by a decision situation (Bettman *et al.*, 2001). Difficulty in decision-making in this research is termed as *Perceived Difficulty in Decision-Making* and decisions are perceived to be difficult when the decision-maker has conflicting goals and no alternative is clearly superior to the others in terms of achieving these goals.

When faced with a difficult evaluation of a potential wrongdoing (for example whether it is right to lie to protect the welfare of others), we tend to come up with reasons for and against each option (that is, the pros of being thought of as a good friend versus the cons associated with being thought of as a liar) (Cobb *et al.*, 2001). Only when decisions are perceived to be difficult does the decision maker carefully consider all available alternatives and make trade-offs between the various advantages

and disadvantages of alternatives (Borcherding *et al.*, 1995). The individual is then said to engage in a thoughtful effortful mode as there is a need for cognition (Petty and Cacioppo, 1979; Fiske and Taylor, 1991). It can be inferred that when a situation involves just a simple decision, examples or associations are readily accessible and easily brought to mind. Hence little cognitive work needs to be conducted. As discussed in Chapter 2, individuals who engage in effortful thinking about an issue is more likely to recognise the moral aspects of the situation (Petty, 1995; Petty *et al.*, 1995) while low levels of cognitive expenditure decreases the likelihood that the moral agent will recognise the moral aspects of the issue at hand (Street *et al.* 2001). Based on this explanation, coupled by the feedback on the managers, an individual is said to have recognise the moral aspects of the situation when he/she recognises the difficulty in decision-making (Chia and Lim, 2000) and as such was included as a dimension of ethical perception.

e. The Social Consensus of the Issue

In this study, the term *Perceived Social Consensus* is used and refers to the degree of social agreement that a business practice is ethical/unethical. As ethical issues are unclear and many of the ethical principles or guidelines are applicable, such issues frequently require individual deliberation and consultation with others on how best to respond (Fowers, 2003). This is possibly due to the reason that people often rely on social knowledge elicited by the social context to interpret ambiguous information (Stapel and Koomen, 1997); a high degree of social consensus reduces the ambiguity (Jones, 1991). According to the attribution theory, consensus information may influence an individual's perception because a perceiver can assess the accuracy of his or her perceptions by comparing them with those of others (Kelley, 1967). Festinger (1954) in developing his theory of social comparison argued that people have a need for self-evaluation and that a person's perceptions were partly developed through comparison with the beliefs of others. Furthermore, people have a need to see their own beliefs as good, appropriate and typical and so attribute them to others defensively to preserve their self-esteem (Ross *et al.*, 1977).

From Chapter 2, it was also discussed that most adults are at the conventional level of Kohlberg's moral development hierarchy (Trevino, 1986; Wyld *et al.*, 1994; Jones and Ryan, 1997). Individuals at these levels take their moral cues from their



immediate peers or the larger society and they also focus on adhering to rules and norms dominant in peer groups (Wimbush, 1999; Sparks and Merenski, 2000). Indeed Chiu *et al.* (1997) add that one of the most basic elements in a moral belief are the agents of moral actions – most typically other people or the world and its institutions. It would also be expected that individuals' moral beliefs are likely to be influenced by the network of people that surround them since people interact with each other and hence affect each other (Cobb *et al.*, 2001). As such, social knowledge such as social categories, schemas and stereotypes would influence the content of the individual's social cognitions and the outcome of their social perception (Stapel and Koomen, 1997). According to Fiske and Taylor (1991), we may use the behaviour and attributes of others as an anchor or reference point when faced with ambiguous and uncertain situations. Since the social context also helps to clarify the issue and to reduce the ambiguity associated with moral issues (Jones, 1991), it can play a pivotal role in either promoting or hindering moral perception (Davis *et al.*, 1998; Butterfield *et al.*, 2000). In sum, since people and the world are the sources of moral actions, this factor would have important implications for the individuals' moral beliefs (Chiu *et al.*, 1997:923) and as such was included as a dimension of ethical perception.

f. Availability of Alternative Choices

Since ethical issues can have many alternatives (Hosmer, 1991), ethical perception is said to involve the perception and interpretation of the cognitive aspects of a situation and the evaluation of the effects of the potential alternatives on the welfare of others (Rest, 1983). Jones (1991) states that the recognition of moral issue involves consequences and choice, that is a moral agent must recognise that his/her decision will affect others and some choice must be involved. Therefore, choice is another element in the recognition of moral issues. In ethical issues, choices among alternatives are more complex because the decision-maker does not know if a choice is right or wrong (Rosen, 1980). In this study, availability of alternative choices would be referred to as *Perceived Choice* and is defined as the power or “unpressured” willingness to choose from a particular set of options. Perceived choice reflects the degree of control a manager has over his or her situation (Powpaka, 2002).

Choice is linked to ethical perception through attributed freedom. Attributed freedom is “the perception that an action was chosen from a set of available options and not

merely forced upon one by circumstances” (Fiske and Taylor, 1984:103). An individual is said to have a high volition when actions are endorsed fully by the self such that the person experiences high freedom (Reeve and Deci, 1996; Eisenberger *et al.*, 1999) and little or no pressure (Deci and Ryan, 1987). Individuals can perceive themselves as having a choice when the interpersonal environment affords them with decision-making flexibility and opportunities to choose among options. On the other hand, individuals can perceive themselves as having no choice when the environment obligates individuals toward a prescribed course of action by communicating a rigidity in how to think, feel and behave (Reeve *et al.*, 2003). For example, managers in a focus group in a study conducted by Powpaka (2002) perceived that they had to give a bribe to win the contract and as such perceived themselves as not having a choice. On the other hand, exposure to flexible interpersonal environments and opportunities to choose among options generally facilitates the perception of choice (Boggiano *et al.*, 1993). By allowing people a choice facilitates an intrinsic motivation (Zuckerman *et al.*, 1978; Dwyer, 1995). For an individual to engage in purposeful and issue-relevant thinking, he or she must have sufficient motivation to do so. When individuals expend cognitive energy in assessing the merits and the attributes of a situation, they are more likely to recognise the moral aspects of the situations (Street *et al.*, 2001).

Perceived choice will also influence moral issue recognition through the possible outcomes of their chosen alternatives. Heider’s (1958) work on perceptions of responsibility for outcomes is relevant here. He postulated four levels of responsibilities: intentional, foreseeable, causal and associational. Of these levels, associational responsibility is relevant. Associational responsibility occurs when a person is held accountable for an action with which he or she is not causally involved (Heider, 1958). An individual who perceives that he/she has a choice will be more likely to recognise the moral aspects of the situation because people pay more attention to situations when they believe they will be held accountable for their related outcomes (Street *et al.*, 2001). Perceived choice can also influence the recognition of moral issues through an individual’s ethical orientation. For example, a utilitarian-orientated individual would recognise situations with choices which produce the greatest good for the greatest number as ethical than its alternatives (DeGeorge, 1999). On the other hand, an individual who is rights-orientated will perceive only

situations where the choices of these situations protect the individual's legal and moral entitlement as ethical (Cavanagh, 1984) and would recognise the ethical aspects in such situations.

g. Conflict in Decision-Making

Moral conflict exists when either persons recognise that their inclination to act might lead to a violation of fundamental norms of their reference groups or b) persons are motivated to act in mutually exclusive ways that differ in their outcomes for others' welfares (Schwartz *et al.*, 1969). According to Hare (1978), moral conflicts refer to situations where we seem to have conflicting duties while Hosmer (1991) states that ethical problems are managerial dilemmas which represent a conflict between an organisation's performance and its social performance. In this research, conflict in decision-making is termed *Perceived Conflict Over Moral Values* and refers to the individuals' perception that a situation clashes with their own moral standards.

This aspect of moral perception involves the agent's ability to infer the moral significance from the motives of a situation and to recognise that that these motives may result in a conflict over the individual's moral values. An example on the way that perception depends on the agent already possessing certain moral categories is provided by Blum (1991). For example, Tim, a white male, is waiting for a taxi at a train station. Waiting near him are a black woman and her daughter. A cab comes by, past the woman and her daughter, and stops in front of him. Tim, with relief, gets in the cab. According to Blum, in order for Tim to perceive the moral significance in this circumstance he must be able to construe the situation as the cab passing up the woman and her child, rather than just as his good fortune in hailing a cab. In addition, Tim would have to be able to infer the driver's motive in passing by the black woman and her daughter. If Tim infers that the driver intentionally passed up the woman and child out of racism, he now sees an issue of injustice in the situation. Lacking the moral concept of "racism", he would not be able to perceive the racism in the situation (Blum, 1991). Because the situation is seen in a certain way (that is injustice in the situation), Tim is then able to grasp the wrongness of the situation and may experience "discomfort" in the situation. These abilities depend on the agent already having certain moral categories—if, for example, Tim had never heard of racism, he would have no frame of reference within which he could construe the situation as

morally significant (Blum, 1991) and may therefore not perceive that the situation conflicts with his moral values. From the above example, if Tim holds the principle that racism is wrong, then the driver's action of passing up the woman and the child would conflict with Tim's moral values.

According to Petty and Cacioppo (1979), when the stimulus information is inconsistent with the subjects' original attitudes, it is likely that subjects are motivated to generate counterarguments to the material presented. The enhanced production of counterarguments is associated with increased involvement which would lead to more thinking (Petty and Cacioppo, 1979). This is important because the amount of cognitive effort a moral agent uses considering a specific situation should impact the likelihood that the moral agent recognises the moral aspects of the situation (Street *et al.*, 2001). As such, perceived conflict over moral values would have an influence on the individual's recognition of the situation.

Based on the above discussion, ethical perception in this research is a multidimensional construct that consists of seven dimensions: *Perceived Intensity of the Ethical Issue*, *Perceived Consequences on Others*, *Uncertainty in Decision-Making*, *Perceived Difficulty in Decision-Making*, *Perceived Social Consensus*, *Perceived Choice in Decision-Making* and *Perceived Conflict Over Moral Values*.

3.4.3 Differences in Ethical Perception between the Ethnic Groups

The discussion in Sections 3.2.1-3.2.3 highlighted the differences between the Malays, Chinese and Indians with regards to the cultural dimensions identified for this research. For example, among the three ethnic groups, the Malays are found to be the most religious (Md. Zabid *et al.*, 1997; Asma and Lim, 2001), while the Chinese community may be considered the most money orientated among the three ethnic groups as they tend to equate success with prosperity (Asma, 1996) and are strongly motivated by financial rewards (Ang, 2000). On the other hand, the Indians are said to be the least money-orientated since their culture discourages the pursuit of economic objectives (Gopalan and Rivera, 1997) and tend to be the most obedient to their superiors (Md. Zabid *et al.*, 1997). These differences exist because each of this ethnic group still maintains their separate identities and preserve their separate cultures as

evidenced in the languages they speak, customs and behavioural patterns (Sendut, 1991).

As will be discussed in Chapter 4, the Chinese and Indians were brought into Malaysia (then known as Malaya) by the British to work in the tin mines and rubber plantations in the late 1800's. This lack of assimilation between the ethnic groups actually has its roots in colonial times (Shuid and Yunus, 2001). The ethnic division of labour based on colonial labour use policies (Jomo, 1995) resulted in the three main ethnic communities in the country remaining divided and distinct (Shuid and Yunus, 2001) and not meaningfully integrated (Jamalunlaili, 2003). Furthermore, the education system with the vernacular schools introduced by the British and still allowed by the Malaysian government to coexist with the national schools until this day has not facilitated national integration among the three races. Although the Malaysian government has implemented various national integration policies (as will be highlighted in Chapter 4) which has led to national unity, the target to achieve complete national integration is still an elusive goal (Bernama, 6 April 2004; Jomo, 2004). The various ethnic groups in Malaysia have yet to adopt a common culture which would result in them becoming reasonably homogeneous.

According to Robbins and Coulter (2002), ethical perception will be heavily influenced by personal characteristics such as attitudes, personality, motives, experiences and expectations. Perception of ethical issues can also vary by country (Schlegelmilch and Robertson, 1995) or by individuals of differing cultures or subcultures (Burns, 1993; Rodgers and Gago, 2001). Cultural values, according to Husted (2000), play a fundamental role in the different levels of questionable business practices seen across nations. This view is supported by Burns (1993) who states that one important cultural or subcultural difference is differing ethical perceptions. People from different cultures do not approach a given ethical issue in the same manner, and therefore, their perception of an issue at hand could be very different, depending on the dominant orientation of the culture to which they belong (Kumar *et al.*, 1991). One view which supports this argument is the concept of moral relativism. In moral relativism, each culture has its own unique set of values (Robertson and Fadil, 1999) and what is ethical is determined by the culture of the individual. Hence, there are no universal principles or ethical rules that can be applied to everyone, since all moral

norms are relative to particular cultures (Hansen, 1992). According to Chiu (2003), ethics is culturally-specific, what is considered ethical in one culture may be considered unethical in another. It is anticipated that the Malay, Chinese and Indian managers would subscribe to different ethical perceptions because of their differences in cultural values.

Previous research on Malaysians has found that there exist some differences between the Malays, Chinese and Indians (Md. Zabid *et al.*, 1997; Asma and Lim, 2001). The Malays as Muslims believe that one's destiny lies ultimately with Allah (Maniam, 1986; Storz, 1999) and the Indians believe in *karma* which influences them to think that they have no control over the outcomes and events in their life (Palazzo, 2002). Both these groups may be categorised as having an external locus of control. However, the Chinese who tended to believe that success can only be achieved through one's hard work, diligence and perseverance (Asma, 1996), may be categorised as having an internal locus of control. These differences in locus of control between the ethnic groups may influence ethical perception since various studies have found significant differences in ethical responses between locus externals and locus internals (Hegarty and Sims, 1979; Terpestra *et al.*, 1991; Jones and Kavanagh, 1996). Differences between the ethnic groups can also be found in the cultural dimension of money orientation. The Indians may be the least money orientated groups since their culture discourages the pursuit of economic objectives (1997) and emphasises asceticism (Saha, 1992) while the Chinese has been categorised as having a high concern for money (Sendut, 1991). Previous studies have found that persons who thought money was important had lower ethical standards than those who did not (Au and Tse, 2001; Tang *et al.*, 2002).

As discussed in Section 3.2, differences between the three ethnic groups may also be found in terms of their obedience to authority. In terms of this cultural dimension, the Malays were described as being more obedient to authority as compared to the Chinese and Indians (Md. Zabid *et al.*, 1997; Asma and Lim, 2001). On the other hand, the Chinese were found in the study by Md. Zabid *et al.* (1997) to have the lowest power distance among the ethnic groups which may translate to a lower degree of obedience to authority. Various studies have found that superiors and top management have a strong association with ethical decision-making (Vitell *et al.*,

2000; Lord and DeZoort, 2001; Jones *et al.*, 2003). Since the three ethnic groups have varying degrees of obedience, it would be expected that the influence of this cultural dimension on their ethical perception would also be different. The differences in the ethnic group's obedience orientation may result in different ethical perceptions among the three groups. Significant differences between the three ethnic groups are also expected for the cultural dimension of religiosity. Among the three ethnic groups, the Malays tend to be the most religious group while the Chinese were found to place the least importance on religious values (Md. Zabid *et al.*, 1997; Asma and Lim, 2001). The differences in religiosity among the ethnic groups is expected to also result in a difference in ethical perception because evidence has found that religiosity influences ethical perception (McNichols and Zimmerer, 1985; Singhapakdi *et al.*, 2000; Conroy and Emerson, 2004) with more religious groups having a higher ethical perception than less religious groups.

Comparison undertaken between the Malays, Chinese and Indians in the cultural dimension of face-orientation by Md. Zabid *et al.* (1997) showed that the Chinese have the greatest need to preserve their face. Face saving motivation have been found to influence ethical decision-making in previous research (Yao, 1987; Gao *et al.*, 1996; Ang and Leong, 2000) and Gao *et al.* (1996) argued that engaging face-saving behaviour may account for lower ethical perception. Given that face-orientation influences ethical perception and that differences between the ethnic groups in this cultural dimension have been found in previous research, it would be expected that the Malays, Chinese and Indians would then have differing ethical perceptions when faced with an ethical dilemma. The three ethnic groups are also expected to have differing ethical perception because Asma and Lim (2001) have found differences in terms of the relationship-orientation dimension between the Malays, Chinese and Indians. In their study, Asma and Lim (2001) found that the Malays were the most relationship-orientated as compared to the Chinese or the Indians. Relationship-orientation may influence ethical decision-making through the etiquette involved in relationship building. For example, practices undertaken for the purpose of establishing good relationships such as gifts, favours and nepotism towards subordinates by superiors (Ahmad and Surjit, 2001) may be perceived as unethical practices by less relationship-orientated groups. However, to a relationship-orientated person, such practices may be perceived as morally acceptable because they are

viewed from a cultural and not a moral perspective. The differences between the three ethnic groups in terms of their relationship-orientation would influence how each ethnic group would perceive a particular type of ethical situation.

Based on the above discussion, it can be expected that the three ethnic groups would have different ethical perception because on their differences in the cultural values. This is based on the reasoning that a person's values may affect how much effort he/she puts into an activity, how long a person persists at an activity, the choices that are made between alternative activities and the way situations are construed (Feather, 1995). Since individuals need to engage in effortful thinking in order to recognise the moral aspects of the situation (Petty, 1995; Petty *et al.*, 1995), it is expected that values would have an influence on a person's recognition of a moral issue. According to Feather (1995), values affect the way a person construes or defines a situation so that some objects, activities and potential outcomes are seen as attractive, or positively salient, whereas others are seen as aversive or negatively valent. This may explain why some type of practices are perceived as morally unacceptable in one culture but acceptable in another culture.

With three different cultures under investigation, it is reasonable to expect that each culture's values will differ systematically (Nicholson and Stepina, 1998:38). It is also anticipated that the Malays, Chinese and Indians would have different ethical perceptions because of the differences in their cultural values. Therefore, it is hypothesised that:

H2: There is a significant difference in the ethical perception between the Malay, Chinese and Indian managers. More specifically,

H2(a): There is a significant difference in the recognition of uncertainty in ethical issues between the Malay, Chinese and Indian managers.

H2(b): There is a significant difference in the perceived difficulty in ethical decision-making between the Malay, Chinese and Indian managers.

H2(c): There is a significant difference in the perceived intensity of the ethical issue between the Malay, Chinese and Indian managers.

H2(d): There is a significant difference between the Malay, Chinese and Indian managers in terms of their perceived conflict over moral values.

H2(e): There is a significant difference between the Malay, Chinese and Indian managers in terms of their perceived consequences on others in an ethical issue.

H2(f): There is a significant difference between the Malay, Chinese and Indian managers in terms of the perceived choice they have in their decision-making when dealing with ethical issues.

H2(g): There is a significant difference in the perceived social consensus of the ethical issue between the Malay, Chinese and Indian managers.

The next section will discuss the influence of the cultural values on the ethical perception of the Malays, Chinese and Indian managers.

3.5 THE INFLUENCE OF CULTURAL VALUES ON ETHICAL PERCEPTION

The review of the theoretical models in Chapter 2 shows that culture plays a role in many of the ethical decision-making models (Hunt and Vitell 1986; Ferrell *et al.*, 1989; Hunt and Vitell 1993). However, Armstrong (1996) laments that very little work have been done to test the relationship between the cultural environment and ethical perceptions. This section looks at the hypotheses that have been formulated to test the relationship between the cultural dimensions identified and ethical perception.

3.5.1 Locus of Control

Locus of control orientation refers to the control an individual believes he/she has over outcomes in life (Bommer *et al.*, 1987; Coleman and Mahaffey, 2000; Rogers and Smith, 2001). As noted in Section 6.3, an internal locus of control refers to individuals who believe that the events in their life are contingent upon their own behaviour, capacities or attributes (Joe, 1971). An external locus of control refers to individuals who believe that everything which happens to them are not under their personal control but rather under the control of a powerful other, luck, chance, fate, or as unpredictable because of the great complexity of the forces surrounding him or her (Joe, 1971; Phares, 1976). Trevino and Youngblood's (1990) multiple-influences causal model hypothesised that locus of control would influence ethical decision making. Various empirical studies have provided support for the belief that locus

internals will supply more ethical responses (for example Sims and Hegarty, 1977; Terpestra *et al.*, 1991; McCuddy and Peery, 1996).

Locus of control orientation is likely to influence ethical perception because previous research has found that an internal locus of control is associated with a higher level of moral reasoning (Trevino, 1986; Singhapakdi and Vitell, 1991; Rest, 1994). Locus internals were found to be in the postconventional, or higher order, level of moral reasoning, whereas locus externals was found to be at the preconventional and conventional stages (Maqsud, 1980). As discussed in Chapter 2, a person at a lower (preconventional) stage of moral development may not see a situation as an ethical issue, whereas an individual at a higher (postconventional) stage may recognise the ethical component (Ferrell *et al.*, 1989). Furthermore, internals tend to rely on their own judgment and non-situational precepts of right and wrong rather than the external situations (Kohlberg, 1976). As such, it would be expected that external orientated groups would be less likely to recognise the moral aspects of a situation than internal orientated groups. Therefore, the main hypothesis will be:

H3: External locus of control will have a significant but negative influence on the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H3 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

As discussed in Section 3.4.2, individuals are said to have recognised a moral issue to the extent that they are able to recognise perceived uncertainty. Since locus externals were found to be at lower stages of cognitive moral development than locus internals (Maqsud, 1980; Trevino and Youngblood, 1990) and Kohlberg maintains that “good” ethical decisions reflect the “highest” stages of moral thinking, it would be expected that ethnic groups with an external locus of control would be less likely to perceive uncertainty when faced with a moral issue. Hence,

H3(a): External locus of control will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

Locus externals are hypothesised to perceive less difficulty in decision-making when faced with a morally ambiguous situation because they would believe that everything which happens to them is from external forces beyond their control (Rotter, 1966). As such they would tend to expend less cognitive effort thinking about the issue at hand. Low levels of cognitive expenditure decrease the likelihood that the moral agent will recognise the moral aspects of the issue at hand (Street *et al.*, 2001). Based on the above explanation, it is hypothesised that

H3(b): External locus of control will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

Trevino and Youngblood (1990) reported that locus externals display lower levels of cognitive moral development and lesser inclination to do what they think is right than locus internals, while Adams-Webber (1969) suggests that compared with locus internals, externals have a less developed moral sense. As such it would be hypothesised that externals would be less likely to perceive the intensity in ethical issues.

H3(c): External locus of control will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

Locus externals are more likely to attribute the cause of or control over events to the surrounding environment (Lin and Ding, 2003). Unlike locus internals who rely on their own determination of right and wrong to guide them, locus externals tend to rely on external forces to guide their ethical beliefs (Chiu, 2003). According to Phares (1976), they also exhibit greater conformity and attitude change than locus internals. Furthermore, locus externals believe that everything which happens to them is from external forces and they tend to hold that sanctions are administered by other persons or forces (Cherry and Fraedrich, 2000). As such, it is hypothesised that ethnic groups with an external locus of control are less likely to perceive a conflict over their moral values. Therefore,

H3(d): External locus of control will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

Locus internals are more likely to perceive a causal link between their actions and the potential outcomes of their actions (Rogers and Smith, 2001; Chiu, 2003). Since locus externals believe that the outcomes of life is the result of fate, luck, destiny or the behaviour of other people (Rotter, 1966), they are less likely to perceive responsibility for any outcomes (Rogers and Smith, 2001). Without the perceived link between action and outcome expectancies, externals are less likely to perceive ethical issues as having consequences on others. As such,

H3(e): External locus of control will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

Locus internals would also perceive themselves as having substantial control over events while externals see events as largely under the control of luck, chance of other individuals (Jones, 1991) while locus externals focus more on consequences and sanctions of others in forming their ethical beliefs (Cherry and Fraedrich, 2000). As such it would be expected that externals will perceive themselves as having less choice than locus internals. Hence,

H3(f): External locus of control will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

Locus externals will tend to perceive that some powerful other has a tremendous amount of influence over any occurrences in their life (Reiss and Mitra, 1998). As mentioned previously, internals tend to rely on their own judgment and non-situational precepts of right and wrong rather than on the external environment or situations presented to them (Kohlberg, 1976). Locus externals may also be more likely to be influenced by the frames of reference provided by physical or social surroundings than are relatively internal locus of control individuals (Ji *et al.*, 2000). As such,

H3(g): External locus of control will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

3.5.2 Money Orientation

It is reasonable to assume that people who value money may seek ways to increase their monetary wealth even at the expense of subscribing to lower ethical standards (Au and Tse, 2001). This view is also supported by Ferrell and Gresham (1985) who postulated that managers who felt pressured to be successful (that is to make a profit) would be more likely to exhibit lower ethical standards. Au and Tse's (2001) research found that individuals who thought money was important had lower ethical standards than those who did not. A possible explanation could be that with more money, people may experience the satisfaction of higher-order needs and enjoy a higher standard of living; they simply have to make more money in order to maintain their life style, further improve their status, and outperform others. Some people may have an unlimited hunger for more and more goods and engage in a ceaseless pursuit of the good life through consumption. The love of money escalates upward and becomes a moving target. It is the love of money that motivates people to engage in unethical behaviour (Tang *et al.*, 2002). Another possible explanation could be that perhaps individuals preoccupied with wealth accumulation tended to be selfish and pursued individual as opposed to community goals (Ang, 2000). An ethical and socially responsible individual, according to Ang (2000), is likely to believe in doing deeds for the good of the community and frown on the abuse of money. Since money orientation has an influence on an individual's ethical behaviour (Tang and Chiu, 2003), it is possible that money orientation would also influence an individual's ethical perception. Therefore, it is hypothesised that:

H4: Money orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H4 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

According to Au and Tse (2001), people who value money may seek ways to increase their monetary wealth even at the expense of behaving unethically. Therefore, it is assumed that money orientated groups will perceive it as acceptable to increase their monetary wealth even if it involves questionable practices. Money-orientated groups would be more likely to see money as good, important, valuable and attractive.

Groups who are preoccupied with money tend to display a high passion for money, with making money the most important goal in life. Because they would tend to associate money with achievement, status, respect and power, money orientated groups would be likely to perceive themselves as having made the “right” choice if those situations result in an increase in status or their monetary wealth even when those situations involve morally ambiguous situations. As such, it is hypothesised that money orientated groups are less likely to recognise perceived uncertainty when faced with an ethical issue.

H4(a): Money orientation will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

Many issues facing managers are complex and ambiguous (Jones, 1991) because they involve complex judgments on the balance between the economic performance and the social performance of an organisation (Hosmer, 1991). Groups high in money orientation would result in them making money the most important goal in life (Ang, 2000). Groups who are money-orientated would have lower ethical standards (Au and Tse, 2001) and they may believe that it is acceptable to bend ethical rules when they perceive themselves faced with an ethical situation. Since people with high money orientation tended to have high economic values (Tang, 1995), they may perceive it easier to make a decision when faced with a morally ambiguous situation. Therefore,

H4(b): Money orientation will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

A study by Kau, Tan and Wirtz (1998) found that high money-orientated groups tend to believe that money can solve most problems. However, it was discussed previously in Section 3.4 that a moral problem involves a serious or important problem (Shaw and Berry, 1998; Velasquez, 1998; Harris, 2002). It is hypothesised that money-orientated groups may perceive ethical issues as less serious problems since they are more likely to believe that money is the solution to all problems (Ang, 2000). Therefore,

H4(c): Money orientation will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

People with a strong money orientation tend to have high economic values and low religious values (Tang, 1995). Religion serves as a point of reference for recognising ethical issues (Christie *et al.*, 2003) and as the importance of money increases, other values (including religious values) would tend to become less important because money becomes the focus of life. As such, it would be expected that groups who are money-orientated would be less likely to recognise the moral features of a situation. Since perceived conflict over moral values is a feature of ethical perception, it would also be expected that money-orientated groups would be less likely to perceive this dimension. Therefore,

H4(d): Money orientation will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

A high preoccupation with wealth may result in selfishness and result in the pursuance of individual as opposed to community goals (Au and Tse, 2001). As highlighted in Section 3.3.1, ethical perception is the awareness that the resolution of a particular dilemma may affect the welfare of others (Rest, 1994). It involves the perception and interpretation of the cognitive aspects of a situation and an evaluation of the effects of the potential alternatives on the welfare of others (Rest, 1983). As such it would be expected that a high preoccupation with wealth would result in a loss of a sense of community, which in turns lead to less altruism (Au and Tse, 2001). More money orientated ethnic groups may be more intent on making money and may have less concern for the consequences of their actions on others. Hence,

H4(e): Money orientation will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

It was noted in Section 3.4 that when faced with an ethical dilemma, individuals will perceive themselves as having a choice if the interpersonal environment affords them with decision-making flexibility and opportunities to choose among options. On the

other hand, individuals can perceive themselves as not having a choice when the environment obligates individuals toward a prescribed course of action by communicating a rigidity in how to think, feel and behave (Reeve *et al.*, 2003). It is postulated that money-orientated groups are less likely to perceive themselves as not having choice in decision-making when faced with an ethical issue. This is because persons who value money may become the pawns (slaves) rather than the origins (masters) of money (deCharms, 1976). Their attitudes toward money “can be perceived as their frame of reference in which they examined their everyday life” (Tang, 1992:202). Furthermore, managers from high money-orientated groups tend to consider their pay as an important outcome of their job (Lawler, 1981) and are more likely to have their thoughts controlled by the organisation’s reward system. It would be anticipated then that these managers would place a high importance on their job such that they may perceive themselves as not having a choice in their decision-making when faced with an ethical issue. Hence,

H4(f): Money orientation will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

Money is the prime factor in the foundation of commerce; people organise and start business to make money (Mitchell and Mickel, 1999). As mentioned earlier, groups who are money-orientated would have lower ethical standards (Au and Tse, 2001) and as such may consider ethically ambiguous situations as amoral and acceptable. For example, Tang and Chiu (2003) found that the employees in Hong Kong who considered money to be important may have been forced to conform to the culture of corruption because they tend to think that, “If everyone else is doing it, why can’t I?” Most people would like to be accepted by their peers and conform to the norm of the work and social environment (Tang and Chiu, 2003). Therefore, it is hypothesised that such groups are likely to consider issues with a high degree of social consensus as normal business practices.

H4(g): Money orientation will significantly but positively influence the Malay, Chinese and Indian managers’ perceived social consensus that the ethically ambiguous situation is a normal business practice.

3.5.3 Obedience to Authority

Obedience to authority is expected to influence the Malaysian manager's ethical perception for a number of reasons. Obedience and deference are explicitly valued in the cultures of South-east Asia (Snell, 1999). In the Malaysian society, subordinates tend to view their superior as "the father" or "the protector" because of his rank, knowledge, age and experience and therefore are expected to be loyal and would not argue with him (Bien, 2001). As the majority of adults are at Levels 3 or 4 of Kohlberg's (1976) moral development hierarchy (Trevino, 1986; Wyld et al., 1994; Jones and Ryan, 1997), they more likely to take their moral cues from others (Wimbush, 1999; Sparks and Merenski, 2000). Since Malaysians tend to view their superiors as "wiser and more experienced" (Bien, 2001), it would be anticipated that their superiors and top management would have a strong influence on their subordinate's ethical perception. Empirical studies (by Zabid and Alsagoff, 1993; Gupta and Sulaiman, 1996) have provided further evidence that top management and superiors were the most important factor influencing the three ethnic group's ethical perceptions.

Malaysians tend to view their superior as having the right to issue commands and to whom one feels an obligation to obey (Bien, 2001). As such, subordinates may view their superior as representing a legitimate and an expert authority. According to Milgram (1974), a legitimate authority is one who is "perceived to be in a position of social control within a given situation" (p.138) and that "the power of an authority stems not from personal characteristics but from the perceived position in a social structure" (pp.139). An expert authority is someone with an expertise on some topic (Blass, 1991). Subjects in Milgram's obedience experiments were willing to administer the shocks to the learners because of the subject's trustfulness on the experimenter assurance that the shocks were painful but not harmful and the legitimate authority of the experimenter (Blass, 1991). They had every reason to believe that the experiment was conducted by responsible people (Nissani, 1990). According to Mixon (1979), subjects in a scientific study have every reason to expect that safeguards have been taken to protect participants from harm, and they trust the experimenter when he gives the assurance that the shocks cause no harm to the learner. Thus, in the Malaysian organisational setting, subordinates are unlikely to

question the superior's decisions as they trust that the managers have the wisdom to make good and right choices.

It was discussed in Section 3.4 that one of the dimensions of ethical perception is Perceived Consequences. Thinking about the consequences of a particular dilemma have also been found to trigger anticipatory negative emotions such as regret, shame, guilt and fear (Connelly *et al.*, 2004) and such negative emotions increases the vigilance needed to search for information which acts as a catalyst in initiating the ethical decision process (Gaudine and Thorne, 2001). These emotions can also influence ethical perception because they make dilemmas with severe consequences more salient and vivid (Connelly *et al.*, 2004). Research by Schwarz (1968) suggested that an awareness of the consequences and an ascription of responsibility to self are necessary conditions for the activation of moral norms. It is argued that the obedience to authority orientation can weaken the perceived consequences of a situation through the diffusion of responsibility. This is based on prior theory which suggests that when one person causes another to act, the deed is itself is "justified" and the actor's responsibility is reduced or eliminated (Heider, 1958). Since the responsibility for the consequences is removed from him, the situation will be become less salient and vivid to the person. Stimuli that are less salient and vivid will be less likely to be conceived as an ethical issue (Jones, 1991). Consistent with the above arguments, the following hypothesis was formulated:

H5: Obedience to authority will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H5 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

Senior management and superiors might wield more power and control over ethnic groups who are more obedient to authority. The more obedient ethnic groups would tend to look to their superiors and senior management as a source for ethical direction and are most likely to be influenced by their superior's views regardless of whether these views are ethical or unethical. When faced with an ethical dilemma, ethnic groups who are more obedient are more susceptible to the influence of the superiors

and are less likely to recognise the uncertainty in the ethical issue. As such, it is hypothesised that more obedient orientated ethnic groups are less likely to perceive uncertainty when faced with a morally ambiguous situation.

H5(a): Obedience to authority will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

Top management has been rated by the Malaysian managers as one of the most important factors influencing their ethical perception (Zabid and Alsagoff, 1993; Gupta and Sulaiman, 1996). Therefore, it would be expected that more obedient orientated groups would take their ethical cues from their superiors and would be more likely to base their ethical beliefs and attitudes on the actions of their superiors. In other words, the superior's ethical beliefs and perception will form the basis for the obedient-orientated group's ethical perception. Since more obedient groups tend to take their ethical cues from their superiors, they are more likely to perceive it easier to make a decision since they would use their superior's ethical beliefs and attitudes as a form of schema to encode an ethical situation. By looking to their superiors for ethical cues would also simplify the perceiver's task since examples or associations are readily accessible and easily brought to mind. As discussed in Section 3.4, when examples or associations are readily accessible and easily brought to mind, the situation is then said to involve a simple decision. Based on this explanation, it is hypothesised that more obedient orientated groups is less likely to perceive difficulty when faced with a morally ambiguous situation.

H5(b): Obedience to authority will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

People who are obedient to authority would tend not to question their superior's authority or argue with their boss as this may be perceived as improper and rude on their part. They would also tend to feel stronger pressures to conform to the expectation of their superiors. As such, their superiors would be in a position to exert strong role pressure on the individuals for compliance with their expectations (Ferrell and Gresham, 1985). It is hypothesised that more obedient orientated groups may pay more attention to conforming to their superior's expectations and beliefs such that

they may overlook the characteristics of the ethical issue. Specifically, it is postulated that:

H5(c): Obedience to authority will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

Obedients are found to be submissive and to have an uncritical attitude towards authority (Elms and Milgram, 1966). This is because they are likely to view their superior as wiser, more experienced (Bien, 2001) and as one who is able to make the right decisions (Asma, 1996). Therefore, when faced with a morally ambiguous situation, they are likely to think about how their superiors are likely to perceive the situation and adopt their superior's values and perceptions. It is hypothesised that groups which are more obedient are less likely to recognise perceived conflict over their moral values when faced with a morally ambiguous situation. Therefore,

H5(d): Obedience to authority will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

It was discussed earlier that obedience to authority affects ethical perception through its impact on the individual's perceived consequences. More obedient orientated groups may be less likely to perceive consequences when faced with a morally ambiguous situation since they are less likely to assume responsibility for situations which are psychologically or physically removed from them (Jones, 1991). This is probably because more obedient groups may expect their superiors to oversee them in return for interpersonal control over them. This reciprocity is probably reflected in the legal principle *respondent superior*, "let the superior answer" (Hamilton, 1986:120). Therefore, it is hypothesised that more obedient orientated groups are less likely to perceive ethical issues as having consequences on others.

H5(e): Obedience to authority will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

As defined in Section 3.4, *Perceived Choice* is the power or "unpressured" willingness to choose from a particular set of options. Perceived choice reflects the

degree of control a manager has over his or her situation (Powpaka, 2002). Since Malaysians tend to view their superiors as having the right to issue commands and to whom one feels an obligation to obey (Bien, 2001), it is reasonable to assume when faced with a morally ambiguous situation, such groups would feel compelled and thus pressured to adopt their superior's ethical beliefs and values. They will sublimate personal values and conform to the moral ethos of those in the corporate hierarchy whom they feel a need to obey. As such, it is hypothesised that groups which are highly obedient to authority will perceive themselves as having no choice in the ethical decision-making.

H5(f): Obedience to authority will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

It is also hypothesised that more obedient orientated groups are likely to perceive ambiguous situations with a high degree of social consensus as normal business practices. This is because more obedient orientated groups tend to conform to the expectations of their superiors and as such are more likely to have their thoughts controlled by others. Therefore, it is expected that:

H5(g): Obedience to authority will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

3.5.4 Religiosity

Religiosity has been found to influence ethical attitudes in studies such as cheating (Barnett *et al.*, 1996; Allmon *et al.*, 2000) and insider trading (Terpestra *et al.*, 1993). Most Malaysians identify with a religion - a belief in a supreme being (Asma, 1986). Religion and moral values are the basis for the cultural identity of the various races living in Malaysia - Islam for the Malays, Confucianism for the Chinese, Buddhism for some Chinese and Hinduism for many Indians. However, the internalisation of religious beliefs and activities vary culture to culture (Ryan *et al.*, 1993).

Religiosity is expected to influence ethical perception in a positive way. That is, more religious groups might be expected to have a higher level of ethical perception than less religious groups. Giorgi and Marsh (1990) have shown that religion and the level

of religious fervour of an individual has a positive effect on their ethics. This is because religious orientated groups tend to be more committed to their religious teachings and are said to actually live their religion (Knotts *et al.*, 2000). Religiousness has been found to have a significant impact on ethical perception and attitudes (McNichols and Zimmerer, 1985; Singhapakdi *et al.*, 2000; Conroy and Emerson, 2004) because religions provide instructive moral guidance (Conroy and Emerson, 2004). All religions and denominations have some perspectives on business practices (Christie *et al.*, 2003). For example the Quran often speaks about honesty and justice in trade (Yousef, 1999) while the narrative accounts of Jesus' teachings in the bible, usually in the form of short morality tales or parables often involved recognisable business situations (Calkins, 2000). Moreover, certain religious denominations often place strict constraints upon managers than the legal and market place allow (Angelidis and Ibrahim, 2004). The Catholic social teaching, for example, often stresses managerial responsibility for the common good (Zigarelli, 1993). The Jewish oral law (The Talmud) defines four levels of business ethics behaviour, beginning at a level where an individual is just inside the basic law and reaching the highest level – the “way of the pious” (Friedman, 1985).

Religions provide their adherents with a language or a set of categories for describing and understanding experience, such as categories of supernatural agency (for example divine providence) and explicitly moral categories (for example sin) (Weaver and Agle, 2002). The authors illustrated this explanation with an example that an atheist might think in terms of a natural disaster whilst a religious person may think in terms of divine retribution. According to Butterfield *et al.* (2000), how an issue is framed affects how people perceive a situation because it provides a framework for categorising an issue as one that “involves ethics” or “does not involve ethics”. For example in an issue regarding pricing decisions, a religious person may perceive an ethical issue about fair prices and wages whilst a contemporary business person may see it as a natural order of the market and no question of ethics (Weaver and Agle, 2002). Therefore, religion provides its adherents a different language for describing the commercial world- a different set of cognitive schemata according to which practices can be delineated. Since religion fosters the use of particular linguistic and cognitive categories, it should influence a person's awareness of ethical issues (Weaver and Agle, 2002). Based on the above arguments, it is hypothesised that:

H6: Religiosity will significantly and positively influence the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H6 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

Religion is an important social institution that exercises influence over beliefs (Siu *et al.*, 2000) and a high degree of religiosity is generally associated with higher ethical attitudes (Singhapakdi *et al.*, 2000; Conroy and Emerson, 2004). Because religious persons have value systems that differ from those of the less religious and the non-religious (Siu *et al.*, 2000) and religion fosters the use of particular linguistics and cognitive categories for categorising and understanding situations (Weaver, 2001), it would be expected that more religious groups are more likely to perceive uncertainty when faced with a morally ambiguous situation.

H6(a): Religiosity will significantly but positively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

All religions and denominations have some perspectives on business practices (Christie *et al.*, 2003). For example the Islamic religion prohibits the destruction and wasting of God-given resources (Uddin, 2003). A Muslim is also reminded about crime, corruption and unjust dealings are against the teachings of Islam (WAMY, 1984). All other things being equal, the more salient the religious identity, the more likely an individual will act in accordance with the role expectations of his or her religion – that is the more difficult it will be for other factors to push aside the influence of the religion (Weaver and Agle, 2002). As discussed in Section 3.4, many issues facing managers are complex and ambiguous (Jones, 1991) because they involve complex judgments on the balance between the economic performance and the social performance of an organisation (Hosmer, 1991). As such, it is hypothesised that those who are more religious may perceive difficulty when faced with a morally ambiguous situation when their religious values do not conform to the moral ethos of their organisation.

H6(b): Religiosity will significantly but positively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

All religions provide instructive moral guidance (Conroy and Emerson, 2004) and most religions and denominations have some perspectives on business practices (Christie *et al.*, 2003). It is expected that more religious groups would be familiar with the teachings of their religions. They are also more likely to internalise their religious beliefs such that these beliefs and teachings become the master motivation in life. Therefore, when faced with a morally ambiguous situation, religious-orientated groups are more likely to perceive the intensity (or seriousness) of the situation.

H6(c): Religiosity will significantly but positively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

As mentioned earlier, the more salient the religious identity, the harder it will be for other factors to push aside the influence of the religion (Weaver and Agle, 2002). They are reported to manifest a greater concern for moral standards (Wiebe and Fleck, 1980; Vitell and Paolillo, 2003) and are said to actually live their religion (Knotts *et al.*, 2000). It is hypothesised that more religious groups would perceive a conflict over their moral values when faced with a morally ambiguous situation which does not conform to their religion.

H6(d): Religiosity will significantly but positively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

Previous research has found a high level of religiousness is linked to a greater concern for the welfare of others (Wiebe and Fleck, 1980; Clary and Snyder, 1991). It is therefore reasoned that religious groups tend to have implied obligations and duties to others and to society (Siu *et al.*, 2000). As such, it would be expected that more religious groups would tend to evaluate the effects of the potential alternatives on the welfare of others and are so are more likely to perceive the consequences of an ethical dilemma.

H6(e): Religiosity will significantly but positively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

It is also expected that more religious groups will perceive themselves as having a choice in the decision-making when faced with a morally ambiguous situation. Compared to more religious ethnic groups, less religious ethnic groups will have a greater concern for economic performance (Angelidis and Ibrahim, 2004). Less religious groups will perceive less choice because they are constrained by their concern for economic performance. As such, it is hypothesised that:

H6(f): Religiosity will significantly but positively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

It is hypothesised that more religious groups are less likely to be influenced by the frames of reference provided others as a point of reference for their ethical perceptions. This is because people who were religious tend to hold more traditional views on moral issues and have more conservative moral standards than those less religious (Donohue, 1985; Woodrum 1988). Furthermore, the more important religion is to a particular group, the more difficult it will be for other factors to thwart its influence (Weaver and Agle, 2002). Since religion provides instructive moral guidance (Conroy and Emerson, 2004) which may act as a guidepost for recognising ethical issues, it is expected that more religious orientated groups would be less likely to perceive ambiguous situations with a high degree of social consensus as normal business practices.

H6(g): Religiosity will significantly but negatively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

3.5.5 Face Orientation

Face-giving is more common in cultures that are predominantly collectivistic (such as those in Asia, Africa, and Latin America) than in more individualistic cultures (such as the United States and Western Europe) (Ting-Toomey, 1988). Collectivist cultures focus primarily on preserving the social status of the in-group and rely on face-giving to support the members of the group (van Ginkel, 2004). Hu (1944) suggested that

there are two kinds of face: *mien-zu* and *lien*. *Mien-zu* is in general a function of one's social status and is defined as "a reputation achieved through getting on in life, through success and ostentation" (Hu, 1944:45). *Lien* is moral face (Bond, 1981) which acts as a social sanction for enforcing moral standards and represents "the confidence of society in the integrity of moral character" (Hu, 1944:45). In Asian cultures, the core cultural norm is to achieve and foster harmonious interdependence among group members. Greater emphasis is placed on the relationships among individuals than on the individuals themselves and collective goals are put ahead of personal goals (Kim and Nam, 1998). The preservation of face is important to establish good relationships and maintain social harmony (Asma, 1992).

On the surface, it would appear that face saving is positively related to ethical perception because it is thought that performing ethical acts would project a good face for the Malay, Chinese or Indian managers while unethical acts may be deemed as a loss of face by the three ethnic groups. Yet engaging in face-saving behaviour may not be compatible with honest or truthful interactions (Gao *et al.*, 1996). Ang and Leong (2000) used an example to make this point: Divulging confidential organisational information may not be perceived as unethical by face-orientated groups as such information usually involved intimate interpersonal relations (example spouses, immediate siblings or the head of the family). Since the in-group recognition matters among Asians, the information revealed may enhance the informant's status that he or she was the privy receptor of such knowledge. As such, the in-group perceptions of success and ostentation that accord face to the individual may not be compatible with ethical beliefs (Ang and Leong, 2000). Further empirical evidence of face-saving motivations underlying unethical practices was provided by Yao (1987). Yao (1987) found that as the Chinese considered *mien-zu* more important than honesty in a task, they avoid embarrassment and criticism by covering up their mistakes via fabrications and procrastinations. As such, a person who is face-orientated may not perceive issues which threaten their social standing or group harmony as ethical dilemmas because they would be more concerned with preserving or their face or the face of others.

According to some of the managers interviewed, engaging in face-saving behaviour does pose an ethical dilemma to them:

“There are times when my suppliers send hampers and gifts to my home and I find it very difficult to draw the line. As far as the Malaysian culture is concerned, if I were to reject their gifts, it is like not giving face to the person. So where do you draw the line?”

(Ms. AP, Indian, Human Resource Manager, American-owned organisation, 8 years managerial experience)

“Sometimes when my supplier invites me for lunch, I find it very difficult to turn them down because they may think I am not giving them face. However, if I accept their lunch treat, I may be exposing myself to their requests.”

(Mr. G, Indian, Senior Manager, local-Chinese organisation, 10 years managerial experience)

Based on the feedback provided by the managers and the findings of previous authors, it can be conceived that because of face-saving orientation, ethics may be compromised. Face-orientation tends to underlie unethical beliefs and attitudes to avoid embarrassment to the self and to others. As such, it would be expected that:

H7: Face orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H7 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

Face has to do with our concept of ourselves, our position in society, our status, and our credibility, and how we perceive others see our position, status, and credibility (Cupach and Metts, 1994). Face is the image people wish to project concerning their social position, social status, and credibility and what they perceive to be the way others see them as a result (van Ginkel, 2004). As such the concerns and opinions of others are critical to face-orientated ethnic groups. Therefore, when faced with a morally ambiguous situation, the beliefs and perceptions of others become more important than the characteristics of the issue itself. Based on this reasoning, it is hypothesised that face-orientated groups are less likely to perceive uncertainty in decision-making when faced with a morally ambiguous situation. It is hypothesised that:

H7(a): Face orientation will significantly and negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

More face-orientated groups tend to be more sensitive towards others in the group. They are also more externally driven since the opinions and concerns of others are critical to them. It was stated in Section 3.4 that a situation involves just a simple decision when examples or associations are readily accessible and easily brought to mind. Since face-orientated groups are more likely to use others as their frames of reference, they will perceive less difficulty in making a decision when faced with a morally ambiguous situation.

H7(b): Face orientation will significantly and negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

According to Kim and Nam (1998), face behaviour takes place mainly among non-equals (example leader-subordinate relationship) in a reciprocal fashion in Asia. Therefore, one with a lower status feels obligated to protect his/her superior's face, sometimes trying to "give face" to the superior through self-effacing behaviours (Kim and Nam, 1998). In striving to maintain their superior's face and the fear of letting their superiors down may result in face-orientated groups as less likely to recognise the perceived intensity of a morally ambiguous situation.

H7(c): Face orientation will significantly and negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

In most face interactions in collectivist cultures, the private self has to be controlled and regulated to come to terms with the primary task of interdependence. People are encouraged to make efforts to "fit in" with others and attempts to stand-out are discouraged (Kim and Nam, 1998). As such, face-orientated groups are more likely to ascribe to the groups' beliefs and norms as their own values. Because face-orientated groups are more concerned with conforming to the group's norms and beliefs and in maintaining group harmony, the characteristics of the issues may be less salient to them. Therefore, it is hypothesised that face-orientated groups are less likely to

recognise a perceived conflict over their moral values when faced with a morally ambiguous situation.

H7(d): Face orientation will significantly and negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

Face is important and needs to be preserved because of the overriding aim of maintaining social harmony and cordial relationships (Asma, 1996). Therefore, it would be expected that face-orientated groups would define themselves heavily in terms of their social relationships. More face orientated groups will tend to place greater emphasis on maintaining good relationships with others. When faced with an ethical dilemma, this emphasis may be more important than the characteristic of situation/issue itself. As such, when faced with an ethical dilemma, they are less likely to perceive the consequences of the issue.

H7(e): Face orientation will significantly and negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

Face is the reciprocated compliance, respect or deference that each party expects from and extends to the other party (Asma, 1996). In high-context cultures, group harmony is of utmost importance; people in these cultures dislike direct confrontation (Rosenberg, 2006). According to Asma (1996), confrontational behaviours go against the concept of face-saving and a loss of face before one's constituents can be a fate worse than death in some cases (Cohen, 1997:133). The need to preserve face may make it difficult for more face-orientated groups to express their differences in viewpoints to another individual openly. Therefore, it is hypothesised that face-orientated groups are less likely to perceive a choice when faced with an ethical dilemma because they are likely to feel constrained by the need to preserve face.

H7(f): Face orientation will significantly and negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

It is hypothesised that face-orientated groups would rely on external sanctions to guide their ethical beliefs. This is because in the Asian concept of face, face is granted by others and requires an audience and that audience's consent (Kim and Nam, 1998).

Therefore, people are more likely to be concerned with others' evaluation to avoid the negative consequences of shame. In the collectivist cultures such as the cultures found in Asia (Ting-Toomey and Kurogi, 1998), an individual's attempts to stand out are discouraged. Instead people are encouraged to make efforts to fit in with others (Kim and Nam, 1998). Kim and Nam (1998) further added that the private self has to be controlled and regulated to come to terms with the primary task of interdependence. When one fails to control his/her inner attributes so as to disrupt the norm of interdependence, the actor is viewed as immature and thus loses face (Markus and Kitayama, 1991). Based on the above arguments, it is hypothesised that face-orientated groups are likely to perceive morally ambiguous situations with a high degree of social consensus as normal business practices. .

H7(g): Face orientation will significantly and positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

3.5.6 Relationship Orientation

In relationship-orientation, both parties are usually committed to each other on a long-term basis by an unspoken code of reciprocity. Ang and Leong (2000) observed that such reciprocity underscores possible unethical practices as reciprocity for the purpose of establishing good relationships often take the form of gifts, favours and even nepotism towards subordinates by superiors (Ahmad and Surjit, 2001). For example, the etiquette involved in relationship-orientation, especially in gift giving, implies unethical overtones to hide the instrumental nature of the relationship. When gifts are given, they are done well in advance of making or acceding to a favour (Ang and Leong, 2000). One of the managers, Mr. TBS, likens this reciprocity to "building credit." According to him:

"Of course in building such relationships, we (the organisation) will have to give gifts, hampers and trips...it is just like "building credit" so that in time to come, if you need a favour, you can turn to them."

(Mr. TBS, Chinese, Organisation & Method Manager, local-Chinese organisation, 12 years managerial experience)

According to another manager,

“It is to our advantage to build good relationships with suppliers and government officials ...you never know when you will need a favour from them.”

(Mr. HCS, Chinese, Purchasing Manager, Dutch-owned organisation, 10 years managerial experience)

Such gift-giving practices underscores possible unethical practices because the individual who accepts such gifts may become indebted and loyal to the benefactor (Yum, 1991). Personal loyalties become more important than organisational affiliation or legal standards in such relationships (Alston, 1989). As a consequence, integrity may be compromised. This view is supported by Mr. S who said:

“When we accept gifts from our suppliers, we are no longer selecting what is good...we are already compromising on the quality and cost because we feel obligated to the person who gave us the gifts.”

(Mr. S, Chinese, Human Resource Manager, Public Listed Financial Institution, 8 years managerial experience)

Sometimes, managers tend to develop “connections” with people in high status positions or cultivate contacts in places of power to help smooth bureaucratic delays and open opportunities. According to one manager,

“I have lunch or dinner with government officials and my company’s suppliers quite regularly. My relationships with these officers and suppliers have become more like friends rather than business partners. I consider such lunches and dinners as a form of relationship building or PR (public relations) if you like. During this time, you get first hand information about business opportunities which puts you ahead of your competitors.”

(Mr. J, Malay, Public Relations Manager, Dutch-owned organisation, 9 ½ years managerial experience)

Based on the above discussion and anecdotal examples, some of the practices involved in establishing and maintaining relationships such as gift-giving and the exchange of favours can influence an individual’s ethical perception. For example, Mr. J considers the lunches and dinners he has with his business partners as a form of networking, without perceiving the unethical overtones underlying such a practice. He fails to consider that such lunches and dinner may obligate him to them and vice

versa. Relationship-orientated groups may also be less likely to perceive an ethical issue because they tend to place importance on developing connections with people in high status positions, placing importance on the extended family or clan such that they overlook the possible unethical issues underlying such practices. Asma (2001) reported that relationship-building is especially important among the Chinese and it is common among the Chinese businessman in Malaysia to give members of the same clan, guilds and associations a competitive edge over others during business negotiations (Asma *et al.*, 2001). Therefore, while Westerners may perceive such privileged treatments as unethical; the Chinese, from their cultural perspective, may perceive it as totally acceptable and necessary for cultivating long-term relationship (Chan *et al.*, 2002). The need to place importance on relationships, ahead of moral considerations may lead to lower ethical perception for relationship orientated groups. As such, it is hypothesised that:

H8: Relationship-orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

Since ethical perception is postulated to consist of seven dimensions, to test hypothesis H8 would require the researcher to analyse each of the seven dimensions of ethical perception. The explanation for each sub-hypothesis is as below.

Because relationship-building involves reciprocal obligations, relationship-orientated groups may perceive that by following the rule of reciprocity and returning favour for favour, they may perceive themselves as having made the “right” choice. They would tend to perceive themselves as having made the “right” choice as long as they fulfilled the rules of reciprocity. Since uncertainty in decision-making for this study refers to the individual’s perceived inability to know if they have made the “right” choice, it is hypothesised that relationship-orientated groups are less likely to recognise perceived uncertainty in decision-making when faced with a morally ambiguous situation. Therefore,

H8(a): Relationship-orientation will significantly and negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

It was discussed in Section 3.4 that decisions are perceived to be difficult when the decision-maker has conflicting goals and no alternative is clearly superior to the others in terms of achieving these goals. Relationship orientation is hypothesised to influence ethical perception because it is argued that more relationship-orientated ethnic groups would primarily focus on responding to the needs of others such that they view this as a clearly superior alternative. They would also be more likely to be responsive to others' views and interests. It is anticipated that relationship-orientated groups are concerned with adhering to prevailing social norms, and willing to benefit others regardless of what the self has to gain or lose. Because of their belief in reciprocal obligations, relationship-orientated groups may also feel that they owe it to others to respond to their requests. As such it is hypothesised that more relationship-orientated ethnic groups are less likely to recognise perceived difficulty in decision-making when faced with a morally ambiguous situation.

H8(b): Relationship-orientation will significantly and negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

Relationship orientated group are ready to give favours for the sake of developing friendship or preserving others' face. Thus, unlike less relationship orientated groups who less concerned about reciprocal obligations, more relationship-orientated groups have a strong sense of reciprocity. Given the reciprocity rule, they are more ready to give and return favours for the sake of developing friendships and saving face for themselves. Since relationship-orientated ethnic groups may anticipate that they will need the help of others in future, they may feel that it is beneficial to attend to others' needs and interests. As such, they may miss the seriousness of the moral situation. Therefore, it is hypothesised that

H8(c): Relationship-orientation will significantly and negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

According to Ahmad and Surjit (2001), gifts, favours and even nepotism towards subordinates by superiors (Ahmad and Surjit, 2001) are all common for the purpose of establishing good relationships while Yeung and Tung (1996) observed that gift-giving, entertainment at lavish banquets, payments and overseas trips are all

considered as a way of building relations. As such, among relationship-orientated groups, these practices may not be perceived as unethical practices but are seen as integral to the relationship rather than impersonal means to attain immediate instrumental goals. Furthermore, from their cultural perspective, relationship-orientated groups may perceive such practices as acceptable and necessary for cultivating relationships. As such, it is hypothesised that relationship-orientated groups are less likely to recognise perceived conflict over moral values when faced with an ethical dilemma.

H8(d): Relationship-orientation will significantly and negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

Relationship-orientated ethnic group believe that personal connections and loyalties are more important than organisational affiliations and legal standards (Yao, 1987). This is because they tend to focus more on the relationship rather than on the task, even in commercially-orientated interaction (Asma, 2001). People who are relationship-orientated tend to be committed to one another by an invisible and unwritten code of reciprocity and equity. Disregarding this commitment can seriously damage one's social reputation, leading to a humiliating loss of prestige or face (Luo, 1997). As such, it would be expected that relationship-orientated groups would place more importance on the consequences of not maintaining the relationship rather than on the consequences arising from the ethical dilemma. Therefore, it is hypothesised that relationship-orientated groups are less likely to recognise the perceived consequences on others when faced with a morally ambiguous issue.

H8(e): Relationship-orientation will significantly and negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

It is hypothesised that relationship-orientation may influence perceived choice because relationship-orientated ethnic groups may feel pressured to conform to this cultural value. This is because relationship-orientated groups may perceive that relying on others to get things done and drawing on personal relationships to secure favours as a cultural way of doing business. They may perceive themselves as not having a choice when faced with a morally ambiguous situation because they may feel pressured to conform to this value. People who are relationship-orientated tend to be

committed to one another by an invisible and unwritten code of reciprocity and equity. As mentioned previously, disregarding this commitment can seriously damage one's social reputation, leading to a humiliating loss of prestige or face (Luo, 1997). Furthermore, relationship-orientated ethnic groups are interested in building and maintaining good relationships with those around them. They may therefore believe that the only way to maintain the relationships with others is by conforming to the requests of others. As such, it is hypothesised that:

H8(f): Relationship-orientation will significantly and negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

Relationship-orientated groups would place importance on friendship and maintaining good relations with people. Hence they tend to accommodate rather than confront and prefer group affiliation. The obligations to maintain harmony and build relationships with others may lead relationship-orientated ethnic groups to “fit-in” with others. They may base their beliefs and attitudes on others so as to maintain the harmony and cordial relationships in their groups. As such, it is hypothesised that more-relationship orientated groups are more likely to perceive morally ambiguous situations with a high degree of social consensus as normal business practices. Therefore,

H8(g): Relationship-orientation will significantly and positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

A final section of this framework is an exploratory analysis to examine which cultural value(s) significantly influences the ethical perception of each ethnic group when faced with specific ethical dilemmas relating to gift-giving, wealth accumulation, pollution, defective products, prayer times and promotions.

3.6 CONTROL VARIABLES

Apart from cultural values, the conceptual framework in Figure 3.1 illustrates that ethical perception is also influenced by individual and situational factors. As such, it is necessary to control for the influence of these variables. The individual variables that are posited to influence ethical perception are age, gender and the level of

education, while the situational variables are nationality of parent organisation and the organisation's code of ethics. The empirical studies reviewed in Chapter 2 showed both these categories of variables affected ethical perception. The literature has shown that a variety of demographic characteristics can impact managers' decision-making (Singhapakdi *et al.*, 1999). However, gender and age of the respondent have been the two most commonly identified variables (Karande *et al.*, 2000). Codes of ethics were also identified by a majority of the studies reported by Loe *et al.* (2000) as an organisational factor which assisted in raising the general awareness of ethical issues. The remaining variables identified as the control variables for this study were based on the characteristics of the sample respondents anticipated to participate in this study.

By controlling for the influence of these variables, the researcher is able to control the effect of individual and situational differences. The significant results obtained through the hypotheses testing can then be attributed to differences in cultural values between the ethnic groups and not to individual or situational differences. A brief explanation of the reasons for choosing the above mentioned variables as control variables for this study is provided below.

Gender

The influence of gender on ethical decision-making has been reported in more empirical studies than any single variable (Ford and Richardson, 1994; Loe *et al.*, 2000). Based on the literature reviewed in Chapter 2, gender has been considered a significant determinant of ethical attitudes (for example in studies by Luthar *et al.*, 1997; Silver and Valentine, 2000; Conroy and Emerson, 2004). Several theories have been developed to account for the gender differences in a variety of traits (Franke *et al.*, 1997). According to Gilligan and Attanucci (1988), women are more likely to base their moral judgments on the morality of care which emphasises relationships while males are more likely to voice a morality of justice. This could be attributed to the fact that women were traditionally taught to be more caring, loving and supportive of the needs of other people while the traditional family allowed males to be aggressive (Ruegger and King, 1992). It is therefore not surprising that the social role theory states that men may focus more than women on monetary evidence of business success (Franke *et al.*, 1997). This emphasis have been found to affect ethical perceptions (Franke *et al.*, 1997). Gender has also been found to have a significant

influence on an individual's value system (Giacomino *et al.*, 1999; Eaton and Giacomino, 2001). The Malaysian managerial population which consists of 35% females (Department of Statistics, 2002) may make gender a significant determinant of values and ethical perception. Furthermore, significant differences between Malaysian males and females in their perception of unethical practices have been found in previous studies (Zabid, 1989; Fisher *et al.*, 1999; Ho, 1999). Based on these reasons, gender was identified as one of the control variables for this study.

Age

Recent psychological research, including cross-sectional, longitudinal and sequential age-trend data studies show that people in their twenties and thirties change their basic assumptions and perspectives by which they define what is morally right or wrong (Borkowski and Ugras, 1992). The age factor has also been shown to influence personal values (Giacomino *et al.*, 1999). For example, the older Malaysians tend to be more loyal to the organisation, are more conservative and tend to place importance on a comfortable life and family security. On the other hand, the younger Malaysians have more needs to satisfy, are more flexible in adapting to work environments and are definitely more vocal in announcing their needs and wants (Maniam and Chin, 2001). One manager described the difference between the older and younger Malaysians:

“The role of the employee has changed tremendously. Ten years ago, the level of employee commitment was quite high. During my father's time, people were so loyal to their organisations that they stayed on till the day they retired. But this new generation is very different; they tend to “job-hop.” They will leave for another organisation just for a RM100-RM150 increase in salary...the level of commitment just isn't there.”

(Mr. HCS, Chinese, Purchasing Manager, Dutch-owned organisation, 10 years managerial experience)

Generally, as one grows older too, the social perspective widens from a selfish one to a broader societal concern (Borkowski and Ugras, 1992). Several other studies conducted to determine the relationship between age and ethics have found that as individuals grow older, they tend to become more conservative in their ethical viewpoints (Arlow, 1991; Serwinek, 1992; Deshpande, 1997; Peterson *et al.*, 2001).

According to Serwinek (1992:565), “age is the most influential demographic predictor of ethical standards...unless age is considered in a (research) design, the experimental results obtained will probably be misleading.” Based on the above reasons, age was chosen as the second control variable in this study.

Level of Education

According to Rest (1986), intellectual capacity is regarded as essential for attaining high levels of cognitive moral development. The schooling environment plays an important role in shaping an individual’s values because education is a proxy variable for all kinds of life experiences (Rest and Deemer, 1986). The level of education has been shown in previous studies to influence an individual’s ethical perception (Ford and Richardson, 1994). These studies have also indicated that higher education levels were associated with greater ethical sensitivity (for example Viswesvaran and Deshpande, 1998; Singhapakdi *et al.*, 1999). According to Trevino (1992), there is a correlation between the years of formal education and the individual’s moral development. Education attainment broadens the scope of one’s immediate concern from self-interest or concern for one’s immediate family to a consideration of the welfare of the community and society as a whole (Bass *et al.*, 1998).

It would be expected that the managers in this study would have different levels of education since many locally-owned organisations in Malaysia do not necessarily require a university degree as a basic requirement for their management positions. However, this requirement may be very different in larger, public listed organisations or multinational companies which may require their managers to be higher educated. Therefore, the level of education would be expected to vary among the managers in the sample and since the level of education has been found in previous studies to influence an individual’s ethical perception, it was considered as one of the control variables for this study.

Nationality of Parent Organisation

The previous study by Jackson and Artola (1997) found significant differences between companies by nationality of the parent organisation. For example, they found that British and American owned-companies were more likely to have a clearer policy on accepting gifts and favours and German companies less so. According to Jackson

and Artola (1997), the national culture of the parent company may be more important than where the company is actually situated. One manager who was working in a Japanese-owned company before joining an American-owned company said:

“The culture of the company would determine how a manager looks at things. Look at me. I behaved very differently when I was with my previous company (a Japanese-owned organisation) as compared to now. Although my previous company had a code of ethics that prohibited bribes, I could still bring my customers out for lavish dinners. To them, there is nothing wrong with taking clients out to expensive dinners. However, in my present company, lavish dinners would be considered a breach of the company’s code of ethics. I behave very differently here ...the way I treat my employees, the way I make decisions-it is very different.”

(Mr. CSC, Chinese, Sales Manager, American-owned organisation, 9 years managerial experience)

Another manager who works with a locally-owned company said this,

“Unethical practices? I don’t think there are any “unethical” practices. It is a win-win situation-I get what I want and he (the customer) gets what he wants...I don’t see any ethical issues here at all. Of course in our dealings with our clients, especially when we want to close the deal, we might face some difficulty in closing the deal if we don’t entertain. To us, entertainment would include lunches, dinners, *karaoke* and women. Our life would be much easier if we entertained compared to if we don’t. We treat entertainment as part and parcel of the business practice.”

(Mr. SKC, Chinese, Senior Contracts Manager, Chinese-owned organisation, 8 years managerial experience)

Yet another manager who worked in a German-owned company said:

“There are times when my company will give a client an all-expense trip to my headquarters in Germany. The purpose of this visit would be to build client-trust in my company’s products. Of course the trip would also include a sightseeing tour of Germany...I do not think this is unethical and my manager who is a German, knows about this. Most times my superior will not interfere in my decisions and I will make decisions based on my organisation’s code of ethics and whether I think this practice would be acceptable to the company.”

(Mr. TGL, Chinese, Senior Sales Manager, German-owned organisation, 8 years managerial experience)

The interviewees' responses showed that the nationality of their parent organisation played a role in influencing what was perceived as an ethical/unethical dilemma by the individuals. From the study conducted by Jackson and Artola (1997) and the feedback from the managers, it would be expected that the nationality of the parent organisation would influence an individual's ethical perception and was therefore included as a control variable.

Codes of Ethics

Codes of ethics have also been identified in a majority of the studies reviewed by Loe *et al.* (2000) to significantly increase the individual's general awareness of ethical issues. Codes of ethics represent a way in which organisations attempt to influence their employees' ethical perceptions. A code of ethics not only provides a context for behaviour by contributing to an organisational climate in which ethical behaviour is expected and encouraged (Adams *et al.*, 2001) but it also serves as a form of "impression management" that leads employees to believe their employers care about ethics (Valentine and Barnett, 2002). Because codes of ethics represent a formalisation of the organisation's concern with ethical behaviour, it would be expected that the existence of the codes of ethics in organisations would influence an individual's ethical perception. According to Mr. CSC,

"In this organisation, you can't receive cash at all because it is against the company's code of ethics. I will refer any ethical dilemmas to the company's code of ethics because in (name of the organisation), it is very clearly written that for such a situation, this is the action that you would have to take."

(Mr. CSC, Chinese, Sales Manager, American-owned organisation, 9 years managerial experience)

Another manager from the same organisation said,

"I've had vendors sending me expensive gifts such as mobile phones and pricey hampers during the festive seasons. These may be common practices in Malaysia but it is unacceptable in our company policy. I find all these practices unethical because it violates the company's policy."

(Ms. AP, Indian, Human Resource Manager, American-owned organisation, 8 years managerial experience)

Yet another manager from a different organisation said,

“Vendors are always offering to buy the managers lunch or dinner, but knowing that the company policy frowns upon such practices, we have always declined their offers. If the company did not have such a policy, I would have no qualms going for lunch or dinner with the vendors.”

(Mr. SLM, Chinese, Human Resource Manager, Bumiputera-owned organisation, 8 years managerial experience)

Because the corporate code of ethics represents a formalization of the organisation’s concern for ethical behaviour, it is expected that the existence of ethical codes in organisations will influence an individual’s ethical perception and as such was included as a control variable in this study.

3.7 CONCLUSION

This chapter proposes a conceptual framework (as shown in Figure 3.1) that examines ethical perception from a cultural perspective. The focus of this study is on the shaded area in Figure 3.1 which consists of the ethical perception stage, cultural values, ethnic groups, individual factors and situational factors. Because perception is a complex process which requires managers to classify and categorise management information along some dimensions before they can ascribe meaning to the selected stimulus information, the ethical perception stage in Figure 3.1 was further broken down into seven dimensions. The seven dimensions were developed based on the discussions presented in this chapter, specifically the discussion on the characteristics of the moral issue (Section 3.4.1). These seven dimensions are: *uncertainty in decision-making*, *perceived difficulty in decision-making*, *perceived intensity*, *perceived conflict over moral values*, *perceived consequences*, *perceived choice in decision-making* and *perceived social consensus*. A discussion on the definition of each of the dimension and its relationship to ethical perception was presented in Section 3.4.2.

In Figure 3.1, the ethical perception stage is influenced by the cultural values of the Malay, Chinese and Indian managers. The cultural values hypothesised in this research to influence the Malaysian managers’ ethical perception are locus of control,

money orientation, obedience to authority, religiosity, face and relationship orientation. The hypotheses formulated with regards to the cultural values of the three ethnic groups considered the Malays, Chinese and Indians to be culturally diverse because subcultures, according to Robertson and Fadil (1999), are often diverse and it is this diversity in cultures which can result in differences in ethical perception (Kumar *et al.*, 1991; Burns, 1993; Chiu, 2003). Based on the discussion in this chapter, the hypothesised relationship between the cultural values and ethical perception remains unchanged (and is as earlier discussed in Section 3.1). Although the individual factors and situational factors are shown to directly influence ethical perception in Figure 3.1, this study will not examine the influence of these variables. However, both these variables are identified as the control variables for this study.

Several hypotheses were formulated to test the relationships hypothesised in Figure 3.1. The first hypothesis, that is, Hypothesis H(1) which states that there is a significant difference in the cultural values between the Malay, Chinese and Indian managers will be examined in Chapter 8. The second group of hypotheses which examines the differences in ethical perception between the three ethnic groups, that is, Hypothesis H(2), will be examined in Chapter 9 while Chapter 10 will discuss the influence of the cultural values on ethical perception and its components (that is Hypothesis H(3)-Hypothesis H(8)). Chapter 11 will investigate how the cultural values of each ethnic group influence their ethical perception when faced with specific ethical dilemmas.

The next chapter will discuss the factors which have made Malaysia a suitable setting for this research. It will also provide some background information about the country and its people which will be useful in understanding the three ethnic groups (that is the Malays, Chinese and Indians) under study.

Chapter 4

RESEARCH SETTING AND BACKGROUND

4.0 INTRODUCTION

It was highlighted in the previous chapter the importance of cultural differences in ethical decision-making and that for valid conclusions to be generated in cross-cultural research, researchers need to differentiate whether influential effects are due to cultural or national differences (McDonald, 2000). It was also discussed in Chapter 1 that one of the objectives of this research was to determine the influence of cultural values on ethical perception. Malaysia was selected as the geographic focus of this study and this chapter will discuss the suitability of Malaysia as the research setting.

Malaysia is a multiracial country in which the major ethnic groups, namely the Malays, Chinese and Indians, interact harmoniously in their everyday living. Although the multi-ethnic character of Malaysia's population has come into being over the course of the last 150 years, each ethnic group has managed to retain their separate identity and culture which is evident in their customs, behaviours, language, norms, values and beliefs (Sendut, 1991; Zabid and Ho, 2003). The racial or ethnic divisions in Malaysia tended to coincide with and are reinforced by linguistic, cultural, religious and economic divisions (Crouch, 1996). This chapter presents the characteristics of the research setting and background, which will be useful for understanding how the three main ethnic groups differ and also for explaining why differences in the ethical perception among the three groups are expected.

This chapter is divided into two main parts. The first part provides an overview of Malaysia: the country's geography, its economic activities, its people and government are included here. This will be followed by a brief discussion on the history of ethnic pluralism in Malaysia. The discussion then continues with an examination of the policies during the British rule which made the emergence of a common Malaysian identity

difficult. Next, the government's current policies on developing and maintaining national unity and racial integration are discussed. Policy measures discussed include the *Rukun Negara*, the New Economic Policy, the National Education Policy, the Ministry of Unity and Social Development and the National Service Programme. In the latter part of the discussion, attention will be given to highlighting the factors that have contributed to choosing Malaysia as the research setting for this study. The chapter will conclude with a brief summary of some perspectives on the relevant issues.

4.1 MALAYSIAN BACKGROUND

4.1.1 Geography

Malaysia is located in South-East Asia and covers an area of about 330, 252 km². It comprises of two landmasses: Peninsular Malaysia which stretches from Thailand in the north to Singapore in the south (131, 713 km²) and East Malaysia in the north-western coastal area of Borneo Island (198, 539 km²). The South China Sea geographically separates Peninsular Malaysia from East Malaysia. There are 11 states in Peninsular Malaysia and two states, Sabah and Sarawak, located in East Malaysia. The topography of both Peninsular Malaysia and East Malaysia is characterised by rich coastal plains giving way to mountainous interior. Mount Kinabalu, 4175 metres high and located in Sabah, is the highest mountain in Malaysia and South-East Asia. About four-fifths of Malaysia is covered by tropical rain forest. Being in the tropics, the average temperature throughout the year is constantly high, between 23 and 32 degrees Celsius; the humidity likewise is high and annual rainfall averages about 100 inches.

4.1.2 The Government and Economic Structure

The government in Malaysia is a federal form of government, with a bicameral parliament consisting of a Senate and a House of Representatives. Each state in Malaysia has a sultan or a Governor; the Federal Territory of Kuala Lumpur has a Mayor. The constitutional monarch for the whole federation is the king or the *Yang Dipertuan Agong* who is elected by the sultans from among themselves every five years.

Since independence, Malaysia has been governed by the Barisan Nasional (National Front) which is a coalition of political parties representing the multiracial composition of the country. The three main political parties representing the coalition government are the United Malayan Nation Organisation (UMNO) representing the Malays, the Malaysian Chinese Association (MCA) representing the Chinese and the Malaysian Indian Congress (MIC) representing the Indians. There is also a viable opposition, represented by the Malaysian Islamic Party (PAS) and the Democratic Action Party (DAP). The principal supporters of the PAS are mainly the Malay Muslims concentrated on the East Coast (Kelantan and Terengganu) whereas the principal supporters of the DAP are mainly of Chinese origin.

Over the past four decades, the Malaysian economy has undergone profound structural changes, evolving from a dependence on agriculture and primary commodities into an increasingly broad-based and diversified economy with an expanding industrial base. Malaysia now pursues an outward industrialisation strategy and is now engaged in producing and exporting electronic products, air-conditioners and finished products arising from its heavy industrialisation programme (Faaland *et al.*, 2003). From being the world's largest producer of rubber and tin, Malaysia is now one of the world's leading exporters of semiconductor devices, computer hard disks, audio and video products and room air-conditioners (MIDA, 2005). In terms of the standard macroeconomic indicators, the Malaysian economy has progressed significantly since independence. Table 4.1 demonstrates Malaysia's growth rates, inflation and unemployment rates from 2001-2005.

Table 4.1: Malaysia: GDP Growth, Inflation and Unemployment (2001-2005)

Year	GDP Growth %	Inflation %	Unemployment
2001	0.4	1.4	3.6
2002	4.1	1.8	3.5
2003	5.3	1.2	3.6
2004 (preliminary)	7.1	1.4	3.5
2005 (forecasted)	5.0-6.0	2.5	3.5

Source: Compiled from the Bank Negara Report (2004) and Yearbook of Statistics Malaysia (2002)

4.1.3 The People

Malaysia has a population of 23 million. The Malays of Peninsular Malaysia together with the indigenous peoples, collectively called Bumiputera (*sons of the soil*) account for sixty-two per cent of the population, the Chinese twenty-six per cent, the Indians eight per cent and others one per cent (Malaysia, 2002). More than eighty per cent of Malaysia's population reside in Peninsular Malaysia and the remainder in East Malaysia. Malaysia is increasingly urbanised as the population drifts away from plantation and agricultural sectors towards urban areas with manufacturing and service sector jobs. Over sixty per cent of the population now resides in urban areas (Asma, 1996; Burgess and Muthaly, 2002; Malaysia, 2002).

Malaysia has a young population; forty-one per cent of the population falls within the fifteen to thirty-nine age group. The country's total labour force for the year 2002 was estimated at nine million and the unemployment rate was 3.5 per cent. Although Bahasa Malaysia is the national language, English is taught and widely spoken in the country and is the main language of commerce and industry. Islam is the state religion and is primarily identified with the Malays. More than ten million people in Malaysia are Muslims and it forms the single largest religious group in the country. Although Islam is the official religion of the country, freedom of worship prevails. There are also many Christians, Buddhists, Hindus and followers of other religions.

By the standards of most developing countries, Malaysia's workforce is fairly well-educated. The literacy rate is 94.1% (Malaysia, 2004/2005) and only 5% of the population has no formal education. Per capita income in 2000 was US\$3,529 (Malaysia, 2002). For comparison, the per capita income of Malaysia in 2000 was higher than that of Indonesia (US\$728), Thailand (US\$1984) and the Philippines (US\$1040), but substantially lower than Singapore (US\$23,233) and Brunei (US\$24,630).

4.1.4 The History of Ethnic Pluralism

Peninsular Malaysia was settled by traders and colonial powers as a result of its strategic location and its natural resources, in particular rubber, timber, tin and rice. Colonial

administrators and influences included the Portuguese, the Dutch and the British. The history of ethnic pluralism began significantly under the British rule in Malaysia (then known as Malaya). Prior to the British intervention in the Malay states in 1875, the community were mainly Malays and indigenous communities. Under the British rule, unrestricted and large-scale immigrations of the Chinese and Indians were encouraged in order to exploit the tin mines, reputed to be amongst the world's richest, and to open new lands for rubber estate cultivation. This was because the local Malay population was too sparse to serve as a sufficiently large source of labourers. Large numbers of ethnic Chinese were brought in to work in the tin mines while Indian labourers were brought in for the rubber plantations. This process started in the second half of the nineteenth century and continued until the Great Depression, when it stabilised. According to Anand (1983), the population of Peninsular Malaysia was estimated at 250,000 in 1800, 2 million in 1900 and 6.3 million in 1957. By 1957, when Malaysia achieved independence from the British, the Chinese and Indian communities were well accepted by the Malays, and had assimilated into the Malaysian society.

4.2 PROBLEMS OF NATIONAL INTEGRATION

As highlighted in the previous section, the history of ethnic pluralism began when the British took control of the Malay states and encouraged unrestricted and large-scale immigrations of the Chinese and Indians. Although the diversity of the Malaysian society is an asset, the government faces a challenging task of national integration. The failure of a common value system among the three ethnic groups which transcends ethnic and cultural differences may be attributed to two British colonial policies of separating the three ethnic groups from one another: the dualistic nature of the Malaysian economy and the vernacular school system.

4.2.1 Economic Dualism

One of the most important factors which have prevented the three major ethnic groups in Malaysia from adopting a common culture can be attributed to the economic dualism policy practiced during the colonial times. The Malays, Chinese and Indians were

separated according to space and functions. The British organised the country's economic life into two distinct and parallel types. One was the large-scale production and commercial activities of the joint stock companies of the English, such as Guthrie and Harrisons and Crossfields, where modern technology was used to extract tin, and rubber and palm-oil were produced on a large-scale plantation or estate basis. The second mode was based on the traditional agricultural methods which had evolved locally over the centuries (Faaland *et al.*, 2003). The activities here were peasant agriculture consisting mainly of paddy farming, coconut farming, coffee farming and in-shore fishing. The economic development in this mode contrasted markedly with the first mode of economic life; it was not an orderly or structured way of nationally planned development, but one that evolved more haphazardly. This system of production was very much part of the way of life in the Malay Belt, that is the North and Eastern states of Peninsula Malaysia. The tin-mines and rubber plantations, on the other hand, were located in the West Coast of Peninsular Malaysia (Faaland *et al.*, 2003). Hence, in terms of space, the Chinese and Indians inhabited in the West Coast plain of Peninsular Malaysia where the Chinese were gathered in main towns and urban areas that developed out of tin-mining activities while the Indians congregated in rubber plantations. Meanwhile, the Malays were mostly located in the rural areas which were largely untouched by economic development and modernisation.

While the organised sector based on the Western systems of production and organisation was well-integrated into the modern world of economy and trading and prospered accordingly over time, the peasant system was very much isolated as an enclave on its own, connected only indirectly to the outside world. The duality deepened over time with the introduction in the modern sector of increasingly sophisticated technology. Differentials in productivity, wealth, jobs and income of those engaged in the two sectors widened, extending to cultural and sociological differences (Faaland *et al.*, 2003).

The economic dualism practiced by the British assigned particular ethnic groups to given occupations or industries. The Malays continued to earn their living through peasant farming and fishing, the Chinese were tin-miners, tradesmen and merchants while the

Indians were labourers in the estates. At the time of independence, the Malays dominated the small agricultural holdings, the Chinese dominated the mining and commerce and the Indians dominated the plantation sectors (Burgess and Muthaly, 2002). Overall, there was an ethnic division of labour based on colonial labour use policies (Jomo, 1995). This occupational compartmentalisation resulted in the three main ethnic communities in the country remaining divided and distinct (Shuid and Yunus, 2001) and were not meaningfully integrated (Jamalunlaili, 2003).

4.2.2 Education System with Vernacular Schools

Before achieving independence from the British, Malaysia (then known as Malaya) did not have a clear-cut education policy. There were four main streams of education system: English, Malay, Chinese and Tamil. Each vernacular school carried out lessons solely in its own medium of instruction: English was the main medium of instruction for the English schools, Arabic for the religious schools, Mandarin for the Chinese schools and Tamil for the Tamil schools. Each of these streams had its own syllabus, medium of instruction and objectives. In terms of syllabus content, the English schools followed syllabuses of schools in England, while the Chinese and Tamil schools followed those in China and India. The Malay schools, on the other hand, concentrated on religious studies. Apart from the Malay schools, Malayan background content or orientation was excluded from the curriculum of the other three vernacular schools (Shuid and Yunus, 2001). Interactions among the races in these schools were minimal because such schools were usually attended by a particular ethnic group. For example, the religious schools were mainly attended by Malays, the Chinese vernacular school were mainly attended by Chinese children and Tamil vernacular schools by Indian children. As such, awareness of differences among the different cultures was reinforced through the different types of schools.

4.3 NATIONAL INTEGRATION POLICIES IN MALAYSIA

In 1957, Malaya achieved its independence from the British and formed Malaysia, including the Borneo states of Sabah and Sarawak in 1963. The government's main

challenge since achieving independence is to create social unity and national integration. Particularly after the race riots of May 1969, the Malaysian government has endeavoured to forge a cohesive and united *Bangsa Malaysia* (Malaysian Race), where every person in the country considers himself/herself as *Bangsa Malaysia*, not Malay, Chinese and Indian (Jamalunlaili, 2003). Various policies have been implemented by the Malaysian government to achieve ethnic integration. These policies include the *Rukun Negara*, the New Economic Policy, the national education system, the setting up of the Ministry of National Unity and Social Development and the National Service programme.

4.3.1 Rukun Negara

The Rukun Negara or national ideology was introduced on 31 August 1970 by the National Legislative Council. The race riots of May 1969 were viewed as a manifestation of inter-communal tension (Shuid and Yunus, 2001) and as such, the *Rukun Negara* was devised with the intention of building a common Malaysian identity or *Bangsa Malaysia* (Malaysian Race).

The Rukun Negara seeks to:

1. Create a common identity among the people and eliminate parochialism and racism, replacing them with a spirit of solidarity.
2. Cherish and maintain democratic principles among the people as well as the government. The people and the government must respect the principles of democracy and adhere to them with full responsibility.
3. Build a fair and just society where all the nations are treated equally regardless of race and religion.
4. Build a Malaysian society that is liberal where people are free to live their own life, to voice their opinion and to make choices.
5. Create a society that is progressive and that seeks knowledge which is oriented to science and technology.

The five principles of the Rukun Negara are:

Belief in God

Loyalty to the King and Country

Honour of the Constitution

Sovereignty of the Law

Mutual Respect and Good Social Behaviour

The adoption of the five principles as pillars of the national philosophy and outlook represents an attempt to base national unity on universal concepts which are acceptable to all citizens.

4.3.2 The New Economic Policy

The government under Tun Abdul Razak realised that the wide economic imbalance between the various ethnic groups was a major factor which hindered national unity. The income disparity between people in the urban and rural regions was significant and the imbalance in economic share among the three main ethnic groups was wide. In 1967, the average income for the non-Malays was estimated to be RM3000 against RM1750 for the Malays. In terms of labour force, the non-Malays outnumbered the Malays nearly 3:1 in the urban areas (Faaland *et al.*, 2003). In order to forge a cohesive and united Malaysian nation, a new course of action based on a fairer share of the economic development for all Malaysians had to be charted. The government contended that integration could never be achieved when one community especially the largest one, was significantly behind the other ethnic groups in economic development. In 1970, the government under Tun Abdul Razak launched the New Economic Policy (NEP) as an economic foundation of the Rukun Negara. The government hoped that through the NEP, “a new Malaysian society would gradually emerge to a common value system transcending ethnic, cultural and socioeconomic differences” (Faaland *et al.*, 2003:25). The NEP was implemented from 1970-1990, with four 5-year Malaysian Plans serving as channels to achieve its objectives.

The NEP had a two-pronged objective of eradicating poverty irrespective of race and restructuring the Malaysian society to obliterate the identification of race with economic functions or status (Shuid and Yunus, 2001). The NEP was supposed to create conditions for national unity by reducing inter-ethnic resentment due to socioeconomic disparities (Jomo, 2004). Employment opportunities were created through the development of the

industrial sector and land development. Under the NEP, agricultural agencies such as the Federal Agriculture and Marketing Authority (FAMA), the Rubber Industry's Smallholders Development Authority (RISDA) and the Federal Land Development Authority (FELDA) were formed to help increase the income of farmers and planters. To narrow the gap between the ethnic groups, the government targeted that the Bumiputera community should control 30 per cent share ownership, the Chinese and Indians 40 per cent and foreign investors were allocated another 30 per cent. To achieve this, the Amanah Saham Nasional (ASN) and MARA (Council of Trust for Indigenous Peoples) were set up to support Bumiputera entrepreneurs in terms of training and facilities. Under the NEP, the Bumiputera corporate ownership increased from 2.4 per cent in 1970 to 20.3 per cent in 1990 (Shuid and Yunus, 2001). Although it was not possible for the NEP to eliminate poverty and attain racial balance in the time that it had been in operation, the New Economic Policy could be considered as the most comprehensive policy in ethnic integration (Jamalunlaili, 2003).

4.3.3 The National Education Policy

Education has also been given an important role in promoting national unity among school children. This is evident in the mission statement of the Ministry of Education which is to "...fulfil the aspiration of the nation through its objective of producing a Malaysian race that is loyal and united" (Ministry of Education 2004). Thus, the education policy outlined in the Education Act of 1961 and the Rahman Talib Statement was the result of clearly thought out strategies aimed at revamping the fragmented education system of the British colonial era (Ahmad, 1998). Under the national educational policy, Bahasa Malaysia replaced English as the main medium of instruction in schools in 1970 and the English medium schools were transformed into Malay medium schools (Jamalunlaili, 2003). Although vernacular schools (now known as national-type schools) were still allowed to coexist with national schools (Malay medium school), they had to follow a national curriculum.

In 1983, the education curriculum was revamped to meet the objectives of fostering national unity and national identity. The New Primary School Curriculum (KBSR) was

launched in 1983 and the New Secondary School Curriculum (KBSM) in 1989 (Shuid and Yunus, 2001). This new curriculum included subjects such as citizenship, national unity, moral development, living skills and information technology. Both the KBSR and KBSM emphasised the teaching of values in order to enhance the quality of individual development as well as creating Malaysian citizens of the future through education (Ahmad, 1998).

On February 1997, the Cabinet agreed with the Education Ministry's proposal to build seven "Vision Schools" under the Seventh Malaysia Plan (1996-2000). The "Vision School" concept is an integration of primary schools which allows students irregardless of race or religion to study together in one physical area. Under this concept, two or three primary schools of different streams would be built in a single school complex. Although all three schools are in the same complex, each school would have its own block which is linked to each other through a link-way (Ministry of Education 2004). The objective of such a school is to create an environment where the Malays, Chinese and Indians can play and eat together to ensure better race relations in the future. There are currently five Vision School complexes in Malaysia.

4.3.4 Ministry of National Unity and Social Development

The Ministry of National Unity and Social Development was incepted in 1990. One of the Ministry's main objectives include planning, implementing, coordinating, monitoring and evaluation of the National Social Policy as well as formulating and planning policies pertaining to national unity and social development. The Ministry achieves its objects through four departments: the Department of Social Welfare Malaysia, the Department of National Unity, Social Institute of Malaysia (ISM) and the National Welfare Foundation (Malaysia, 2001). The Ministry, through its departments, have launched various activities to increase community awareness in national unity and integration. These activities include the neighbourhood watch concept of *Rukun Tetangga* (Neighbourhood Associations) and unity kindergartens which educate and guide children of diverse ethnicity in forming noble and strong personal traits and character vital to national unity and integration (Malaysia, 2001).

4.3.5 National Service Programme

The Malaysian government implemented the National Service programme in February 2005. This programme requires a compulsory national service for youths from both sexes aged between 18 and 19 years of age. The aim of the programme is to instil unity among the youths and to make them understand the various cultures of the country (UtusanMelayu, 20 September 2003). According to Datuk Seri Najib Tun Razak, the Defense Minister ,

“The National Service Programme is in the national interest to achieve the Malaysian race” (UtusanMelayu, 3 January 2004).

The training for the programme will consist of four modules-physical training, nation building, character building and community service (Utusan Melayu 9th December 2003). The Government believes that the National Service programme would be able to bring young Malaysians together to build up their spirit of patriotism and national unity as well as instilling in them an appreciation of each other in a multi-racial society.

4.4 REASONS FOR CHOOSING MALAYSIA

The discussion in the previous sections highlighted the efforts by the Malaysian government to achieve national integration among the three main ethnic groups. Many countries have perceived Malaysia as ‘a success story’ which has successfully combined economic growth and political stability, not only within its majority Malay-Muslim population but also between the Muslims and Non-Muslims. Malaysia has enjoyed a relatively stable political existence and a greatly improved economic performance, by any standard, particularly since the ethnic clashes of 1969 in Kuala Lumpur (Shamsul, 2005). However, the government’s aspiration of achieving the ultimate *Bangsa Malaysia* (Malaysian Race) seems to be still an elusive goal (Jamalunlaili, 2003). Datuk Dr. Maximus Ongkili, the Minister in the Prime Minister’s Department said that while Malaysians had achieved national unity, the target to achieve complete national integration was still elusive. He said that the government still wanted “the people of Malaysia to be integrated as *Bangsa Malaysia*” (Bernama, 6 April 2004).

The various national integration policies implemented by the government during the past 30 years have met with only varying degrees of success. The New Economic Policy, which was formulated by the government to achieve national integration and unity through the twin goals of social restructuring across racial lines and poverty reduction, was considered the most comprehensive policy on national integration (Jamalunlaili, 2003). While there is little doubt that specific socioeconomic targets of the NEP have been largely achieved (Heng, 1997; Faaland *et al.*, 2003; Jomo, 2004), it is unclear that such achievements have led to national integration (Jomo, 2004). The government's education policy has also been rather liberal in that it does not force the people to follow an education system based on only one particular language; vernacular schools set up during colonial times are still allowed to coexist with the national schools (Jamalunlaili, 2003). Parents are given the freedom to choose the type of school their children attend and this has resulted in the division among the people along the line of ethnicity in the country. Whether the Vision School concept and the National Service programme will be resoundingly successful in fostering a meaningful national unity remains to be seen. It is however clear that the Malaysian government had made a substantial start to attain racial integration in the country.

Although Malaysia has yet to achieve complete national integration, there may be some convergence of values in certain aspects of their cultural values. A study by Fontaine *et al.* (2002) found that there were similarities in values among the Malaysian respondents in their study. One way of determining whether the government's efforts in national integration have achieved some level of success is by examining the differences/similarities in terms of the ethnic group's cultural values. One of the objectives of this research as stated in Chapter 1 is to determine if the three ethnic groups have differing cultural values. If the three ethnic groups are found to have some similarities in terms of their cultural values, this may imply that the government is nearer to achieving its aspiration of a united *Bangsa Malaysia*. If differences in cultural values exist between the Malays, Chinese and Indians, then one question raised is whether there exist any differences among the ethnic groups in their perceptions towards questionable business practices.

The purpose of this research is also to determine how cultural values influence ethical perception. Meaningful comparisons across cultures can only be conducted if the ethnic groups under study have been exposed to the same social, legal and political environment. The differences/similarities can then be attributed to cultural influences. The multicultural society of Malaysia makes it an ideal setting for this study. The Malaysian Chinese and Indian communities have been here for hundreds of years (Faaland *et al.*, 2003) and as such would have been exposed to the same environmental influences as the Malays.

There have been cross-cultural ethical studies which have focused on Malaysia (for example Zabid 1989; Zabid and Alsagoff, 1993; Alam, 1995; Wafa, 1995; Gupta and Sulaiman, 1996; Fisher *et al.*, 1999; Ho, 1999; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002; Zabid and Ho, 2003; Axinn *et al.*, 2004). However, these studies have either reported the ethical attitudes of the Malay students only (Wafa, 1995), the Malay and Chinese groups (Gupta and Sulaiman, 1996; Goodwin and Goodwin, 1999) or Malaysians in general (that is without distinguishing the different ethnic groups in the country) (Zabid 1989; Zabid and Alsagoff, 1993; Alam, 1995; Fisher *et al.*, 1999; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002; Axinn *et al.*, 2004). Although studies on the ethical attitudes of the Malays, Chinese and Indian within the country have been reported (Zabid 1989; Ho, 1999; Zabid and Ho, 2003), these studies are rare and far apart.

Most cultural research undertaken in Malaysia has failed to distinguish between the different ethnic groups within the country (Goodwin and Goodwin, 1999) although various studies have shown that the Malays, Chinese and Indian people in Malaysia are quite significantly different at the individual and organisational level. According to Ismail (1982) who explored the work values of the Malay and Chinese managers, the Malay managers were more egocentric and sociocentric as compared to the Chinese managers while the Chinese managers were more conformist. Rashid and Chong (1994) found significant differences in terms of management practices of the Chinese and Malay managers/executives on six constructs (planning, evaluating, innovating, interpersonal relations, decision-making and leadership). Significant differences were also found

between the work values of the Malays, Chinese and Indian dominant organisations in the values of work commitment, loyalty, respect for hierarchy, harmony, preserving face and spirituality (Md. Zabid *et al.*, 1997). According to Md. Zabid *et al.* (1997), the Chinese and Indians were more dedicated to their jobs than the Malays. However, the Malays valued spirituality more than the Chinese or Indians. On the other hand, the Malays were less loyal to the company than the Chinese while the Indians were the most respectful of hierarchy among the three ethnic groups. In terms of harmony, the Indians appeared to have less harmony than the Chinese and Malays. As for preserving face, the Chinese have the greatest need to preserve face among the three ethnic groups (Md. Zabid *et al.*, 1997).

While the above studies have found significant differences in the values of the Malays, Chinese and Indians, Asma and Lim (2001) found no significant differences among the three Malaysian groups in all the eight dimensions in their study (except for religiosity). They therefore concluded that although “Malaysians belong to different ethnic origins, they have “streamlined” their values under a shared wider socio-cultural environment” (Asma and Lim, 2001:15). Their result was supported by Yusof and Amin (1999) who also did not find significant differences across the Malay, Chinese and Indian students in their study.

Although there is no denying that the three ethnic groups do share some similar cultural attributes, there exist considerable fundamental differences between them. Based on the review of literature, it can be concluded that since each of the ethnic groups has different work values (Md. Zabid *et al.*, 1997), it would also be expected that such differences would translate into differences in ethical perception. According to Wimalasiri (2004), the ethnic values may affect the individual’s ethical decision-making process in many ways. First, social and cultural norms associated with a particular race exert a direct impact on moral standards, by demarcating roles and moral standards. Secondly, parents of ethnic groups promote internal moral standards by modelling acceptable moral practices and by disciplining children in instructive ways. Thirdly, peer relationships in identifiable ethnic groups help promote the ethical standards of the race to which they belong (Wimalasiri, 2004). Although the relationship between ethnicity and ethics is

largely an unexplored area, the available research indicates the presence of differences in the ethical values between ethnic groups.

4.5 CONCLUSION

Various economic and social policies have been implemented by the Malaysian government, particularly after the race riots of May 1969, to achieve national unity and racial integration. Although Malaysia has achieved political stability and economic growth, the integration of the whole population is still pursued rigorously (Jamalunlaili, 2003). This chapter has highlighted some of the factors which have made national integration a challenge and the government's efforts in achieving a united Malaysian race. However, it is the distinctly diverse cultural values among the Malays, Chinese and Indians which have made Malaysia an ideal setting for this study. The multicultural community in Malaysia will enable the researcher to determine whether differences in cultural values (if any) are reflected in ethical perception and to examine the influence of these cultural values on ethical perception. More specifically, it would enable the researcher to determine how cultural values influence ethical perception. It would also enable the researcher to investigate the influence of cultural values on the Malaysian managers' ethical perception by examining the differences in responses of the managers from the different ethnic groups on specific issues related to gift-giving, wealth-accumulation, pollution, defective products, prayer times and promotion. The next section will discuss the methodology employed in this research to answer the research questions leading to a theoretical framework and detailed hypotheses.

Part II: Methodology Chapters

The purpose of Part II is to provide the reader with an understanding of the research methodology employed in this study. The chapters included in Part II are:

Chapter 5: Research Methodology and Data Collection Strategy-Mixed Methodology consists of two main parts. The first part discusses the philosophical position of the research which is postpositivism. Next, the discussion focuses on qualitative and quantitative research, underlining the advantages and disadvantages of both. It then moves on to the general methodology employed in this research. It first briefly informs the reader that methodological triangulation is used in this research. The justification for using triangulation as a research method and questions of validity and reliability will also be considered. The final part of this chapter highlights and briefly discusses the three main phases of the research fieldwork.

Chapter 6: Research Methodology and Data Collection Strategy-The Qualitative Approach looks at the methodological issues related to using qualitative methods in research, specifically semi-structured interviews. It begins by briefly reviewing the literature on qualitative research and underlines the advantages and disadvantages of this methodology. Discussion then shifts to the justification for using the semi-structured interview method as a data collection tool. The third part of the chapter elaborates the research strategy applied in choosing the interview respondents, the qualitative phases of the fieldwork and all other aspects related to the process of gathering the interview data. This chapter also discusses the analysis process of the interview data.

Chapter 7: Research Methodology and Data Collection Strategy-The Quantitative Approach consists of two main parts. The first part briefly reviews the literature on quantitative research and underlines the advantages and disadvantages of this method. Discussion then shifts to the justification for using the questionnaire as a data collection method. Questions about the validity and reliability of questionnaire data are also considered in this section. The second part of the chapter elaborates the

research strategy applied in the quantitative phase of this research. The focus of this part will be on designing the questionnaire, pre-testing it and the steps taken to ensure the validity and reliability of the measurements. This chapter also discusses the strategy applied in choosing the sample and the types of statistical analysis which will be used in analysing the questionnaire data.

Chapter 5

RESEARCH METHODOLOGY AND DATA COLLECTION STRATEGY – MIXED METHODOLOGY

5.0 INTRODUCTION

The preceding chapter provided an overview of Malaysia, the research setting and the country's previous and current national integration policies. The chapter also included a discussion on the factors which have contributed to choosing Malaysia as the country of study.

This chapter concentrates on the methodological issues in researching ethical perceptions and cultural influences, and sets out the proposed research design and choice of methods. Until recently, empirical work in business ethics has focused on quantitative methodologies (Brand and Slater, 2003). Although the quantitative strand of inquiry has contributed much to the understanding of business ethics, Robertson (1993) and Crane (1999) have called for broadening of the methodological base in business ethics, including more qualitative work. For this research, the between-method triangulation, that is, the mixing of qualitative and quantitative methodologies was chosen to focus on different aspects of this research and to provide a richer understanding of how cultural values influence the ethical perception of the Malaysian managers.

This chapter is divided into two main parts. The first part briefly reviews the literature on the availability of research designs and methods, which shape the decisions concerning research strategy and method. It begins with a discussion on the philosophical position of this research. Next, the discussion focuses on qualitative and quantitative research, underlining the advantages and disadvantages of both. Discussion then moves on to the triangulation method, which has been specifically chosen for this research and questions about validity and reliability will also be considered. The final section of this part briefly discusses the data collection strategy adopted in this research. A discussion of the various research strategies applied in choosing the sample and the phases of the fieldwork involved will be highlighted at

the end of this chapter. Each research phase will be discussed separately. The qualitative phase will be further discussed in Chapter 6 while the quantitative aspect of the research will be discussed in Chapter 7.

5.1 METHODOLOGICAL ISSUES

A research methodology is a system of explicit rules and procedures upon which the research is based and against which claims for knowledge are evaluated (Frankfort-Nachmias and Nachmias, 1996). It refers to the techniques of data collection and the impact of management studies depends upon the appropriateness and rigor of the research methods chosen. The choice of the most suitable methods or techniques for a particular research strategy depends on several factors. Issues such as the appropriateness to the research objectives, the validity, reliability and generalisability of the data obtained as well as what is feasible within the available resources of time, money and accessibility of source materials will also influence the choice of research methods (Clark and Causer, 2002). As stated by Patton (1987:9), “there are no rigid rules that can be provided for making data collection and methods decision in evaluation.” The chosen method must, however, be appropriate to the issue under study and must adequately document the richness and diversity of meanings people attribute to the phenomena.

While it is evident that a researcher can utilise a whole array of qualitative and quantitative techniques in business ethics research, how these methods are used however, depend upon the researcher’s own conception of the reality that is to be described and analysed. Quantitative and qualitative research methods are based upon different ontological and epistemological assumptions which shape the aims of research inquiry, the roles of the researcher, and the researcher-respondent relationship. The next section briefly discusses the philosophical position of this research.

5.1.1 Research Philosophy

Empirical research in business ethics have been dominated by positivism with the majority of business ethics research following a quantitative approach (Kavali *et al.*, 2001; Brand and Slater, 2003). Survey research, a classic positivist research

instrument has been the most common research design used by business ethics researchers (81% of the empirical studies) (Randall and Gibson, 1990).

Positivists believe that there is one reality and that this reality is fixed. It is assumed that there are laws that explain how the universe operates and that researchers must control for their bias and attempt to construct an investigation that allows these laws to reveal themselves through the data (Fisher *et al.*, 1999; Morgol, 2001). Positivism also assumes that knowledge is value-free, that is, separate from the social context from which it emanates and the researcher that reveals it (Bettis and Gregson, 2003). However, the positivist assumptions that analytic tools are value free, that analysts can function as objective outsiders, and that facts can be separated from values have been disputed by some philosophers (Rein, 1976; Hawkesworth, 1988). Consequently, an alternative paradigm to positivism, postpositivism, emerged during the second half of the twentieth century (Morgol, 2001).

Although postpositivism reacts against the rigidity of positivism, they still hold the same basic assumptions about how the universe operates. Generally, postpositivism believes the laws governing the universe exist, but it can only be imperfectly understood and that objectivity remains an ideal to be attained (Guba and Lincoln, 1994). Positivism implies that social scientists must be as objective as possible and see the world as it “really” is. In contrast, postpositivists are constructivists who believe that the researcher’s perception of the world will influence the research. Therefore, objectivity is difficult to achieve since the researcher’s beliefs and values are embedded in the entire research process. Reality, according to the postpositivist ontology, reflects the interaction of the researcher and the researched. Postpositivists acknowledge that variability exists across individuals, social groups and cultures and rejects the relativist idea of incommensurability of different perspectives. As Guba (1985:13) states:

“[Postpositivism] asserts a relativist ontology on the assumption that all reality is mentally constructed and that there are as many realities as there are persons to contemplate them; that there are no general or universal laws that can be counted on in every situation but that the action or behaviour noted in any context is uniquely determined therein; and that all elements of a context are continuously involved in

"mutual simultaneous shaping" in ways that render the concept of cause-effect meaningless. Further, the emerging paradigm assumes a subjective . . . epistemology, so that inquirer and respondents mutually share their construction in a hermeneutic circle throughout the inquiry and thus create the "reality" which the inquiry may finally mirror."

While positivism strives to achieve objectivity and generalisability through empirical research design and statistical methods, postpositivism emphasises the importance of multiple methods and the need to triangulate to capture the full richness of reality (Fisher, 1998; Stead, 2004). Table 5.1 summarises the basic assumptions of positivism and postpositivism.

Table 5.1: Differences Between Positivism and Postpositivism

	Positivism	Postpositivism
View of Reality	Reality is tangible and fragmentable. The observer is independent about what is being observed: fact-value distinction. Conclusion about reality can be empirically verified.	Reality is multiple. Conclusions about reality reflect the viewpoints of the researcher and the researched.
Nature of Reality	Objective knowledge.	Endophysical (contextual) nature of knowledge.
Research Aims	To collect information that can formulate generalisations or universal laws that can explain human behaviour.	Information collected has limited generalisations.
Methodology	Reductionist/ analytical models. Deductionism Primacy of quantification.	Holistic methods. Inductionism. Multimethods: qualitative and quantitative methods.

Source: adapted from Schulze (2003) and Morgol (2001).

This research favours the postpositivist paradigm because:

1. The purpose of this research is not only to examine if cultural values influence ethical perception, but also to understand how it is influenced by the cultural values in each ethnic group. As mentioned by Schulze (2003), postpositivism seeks to explain

~~how and why individual differences occur, unlike positivism which assumes linear relationships among the factors~~ (Stead, 2004).

2. This research lies on the premise that ethics are cultural specific – what is considered ethical in one culture may, due to value divergence, be considered unethical in another (Chiu, 2003). A positivist-based research, however, will focus on a small number of factors and suggest that the relationships among these factors are fixed, standardised and independent of all contexts (Durning, 1999). This research subscribes to the view of descriptive moral relativism which states that moral perceptions depend upon the nature of the situation and the individuals involved; no universal principles or ethical rules can be applied to everyone (Robertson and Fadil, 1999). Most postpositivists are constructionists (Trochim, 2000) and social constructionism does not champion one moral position over another and is thus relativistic in this sense (Stead, 2004).

3. Positivists hold on ^oassumption of the homogeneity of culture and use culture as an independent variable which can be tested to determine its effect on a designated dependent variable (Stead, 2004). However, cultures are heterogeneous (Goodwin and Goodwin, 1999; McDonald, 2000) and from a constructionist viewpoint, culture is not an essentialist concept but an inter-subjective reality (Miller, 1997).

4. The constructs for this research are culturally and socially constructed where the generalisations for this research are limited only to the context in which it is made or to similar groups. Hence, the universality of these results cannot be assumed because meanings differ across cultures and contexts. However, according to the positivist epistemology, the only reliable approach to knowledge accumulation would be to generate a body of empirical generalisations capable of explaining behaviour across social and historical contexts (Fisher, 1998). Just how one can generalise characteristics across cultures is problematic when it is arguable that cultures are not monolithic but exhibit heterogeneity (Hermans and Kempen, 1998). Positivist ideologies tend to associate a group of people with countries or even continents, as if these referential groups are monoliths (Stead, 2004). The traditional understanding of the positivist perspective of culture is no longer adequate because culture is not a static phenomenon. It alters and adjusts to increasing contact with people from other

cultures, emigration, immigration and diasporas (Bauman, 1999). Postpositivists are less concerned with developing a universal “scientific method” and more concerned with “the growth of knowledge over time, the dynamics of change over time and the actual practices of scientists” (Caldwell, 1982:23).

5. Social scientists from a positivist perspective are instructed to assume a “value neutral” orientation and to limit their research investigations to empirical or “factual phenomena” (Fisher, 1998). However, Fisher (1998:4) argued that there is no such thing as “fact” because “facts in the natural world as well as the social world depend upon the underlying assumptions and meanings” and what is taken as fact depends upon one’s theoretical framework (May and Sellers, 1988). Although it is possible to treat large parts of the world as natural and given, it cannot serve as an adequate basis for social research. According to Fisher (1998:5),

“Social science must attempt to explain how social groups construct their own understanding of that reality. Not only do such constructions constitute the most basic level of social action; their implications are fundamental to an understanding of the processes of social change, without which we would have little need for social science.”

From a methodological perspective, the framework employed for this research fits into the postpositivist approach. The methodology employed in this research was a combination of qualitative and quantitative methods – a methodological approach associated with postpositivism (Fisher, 1998; Trochim, 2000; Stead, 2004). The dominant mode of measurement in ethical research is the positivistic methodology of sampling techniques and statistical analysis. Empirical work of this nature however, has tended to compare ethical attitudes and behaviours between cultures. These studies do not tell us how culture influences ethical attitudes and behaviours. The adoption of a multi-methodological approach, which utilises both qualitative and quantitative tools, substitutes the narrow focus on the rules of research design and statistical analysis with a richer perspective of social explanation (Fisher, 1998).

Since interviews were also used as part of the research design, the research context, the interpretation and meanings attached to the research results will be influenced by the researcher. The selection of places and people to study as well as the questions

that are chosen for the interviews and questionnaires would also influence the interpretation of the research results. Reality is therefore seen from the viewpoint of the researcher and the researched and this supports the postpositivist view that empirical examination involves an interaction between the scientist and the problem awaiting examination (May and Sellers, 1988).

While positivist methodologies and paradigms have dominated cross-cultural research in business ethics, they are not the only or “correct” means of addressing such issues. More powerful and holistic ways of understanding cross-cultural research in business ethics are needed and postpositivism offers new perspectives and insights.

5.1.2 Qualitative and Quantitative Data

As indicated in Section 5.1.1, quantitative and qualitative research methods are often considered to be based upon different ontological and epistemological assumptions which shape the aims of the research inquiry (Lee, 1992). Quantitative research is often taken to mean a deductive, theory-testing, objective and positivist process where scientific methods are applied to the study of people while, qualitative research is often taken to mean inductive, theory-generating, subjective and nonpositivist (Lee, 1999:10). There is a continuing debate among researchers concerning the relative value of each approach. In a postpositivistic model, one cannot argue that one method or technique is “better” or more “scientific” than the other simply by virtue of their being quantitative or qualitative. They are two different approaches to organisational studies. They both serve research purposes in different ways and have different effects. The main methods of qualitative data collection are participant observation or ethnography and unstructured or semi-structured interviews, while questionnaires and surveys are used extensively as quantitative methods.

Van Maanen (1984:9) defines qualitative methods as “an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in a social world.” Qualitative data consist of detailed behaviours; direct quotations from people about their experiences, attitudes, beliefs and thoughts and excerpts or entire passages from descriptions and case documentation of qualitative measurement of raw data from the empirical world (Patton, 1980). A major feature of

qualitative data is that it focuses on naturally occurring, ordinary events in natural settings, so that the readers have a strong handle on what “real life” is. Given the emphasis on detail and depth of information, qualitative studies normally involve small numbers of respondents (Hakim, 1987).

In qualitative research, narrative description and constant comparison are usually used in order to understand the specific populations or situations being studied. Conversely, qualitative research is usually seen as a method particularly oriented towards exploration, discovery and inductive logic as the aim is to use the informants’ own understanding of events in analysing social settings rather than to assume that world-views are already known (Patton, 1987; Allan, 2002). They can be also extremely valuable for identifying patterns of associations between factors on the ground, as compared with abstract correlations obtained from the analysis of large scale surveys and aggregate data (Hakim, 1987).

The main strength of qualitative research is the validity of the data obtained; individuals are interviewed in sufficient detail for the results to be taken as true, correct and believable. Qualitative research also provides a holistic view, through the participants’ own words and perceptions, of how they understand, account for and act within these situations. This is because such research may involve prolonged or intense contact with people and groups in their everyday situations (Miles and Huberman, 1994). Qualitative methods are also flexible as there is a relative absence of structure in these methods (Bryman, 1989). Such flexibility allows the researcher to develop themes with respondents as they emerge and probe for clarification on issues which are pertinent to the inquiry without being constrained by the need to adhere rigidly to a previously set formula (Allan, 2002). On the other hand, as qualitative research normally involves a small number of respondents, such small numbers of respondents cannot be taken as representative even if great care is taken to choose a fair cross-section of the type of people who are the subjects of the study (Hakim, 1987). Moreover, the flexible nature of qualitative methods makes them difficult to replicate and the researcher’s perspective can influence the data generated (Allan, 2002).

While qualitative data collected is in the form of spoken or written words, unconstrained by predetermined standardized categories (Skinner *et al.*, 2000), quantitative techniques focus on the measuring of things that can be counted “using predetermined categories that can be treated as internal or ordinal data and subjected to statistical analysis” (Patton, 1997:273). Gage (1994:372) summarised the nature of quantitative research as:

“The ideals of quantitative research call for procedures that are public, that use precise definitions, that use objectivity-seeking methods for data collection and analysis that are replicable so that findings can be confirmed or disconfirmed, and that are systematic and cumulative.”

A great deal of organisational research can be described as exhibiting many of the characteristics of quantitative research (Bryman, 1989) and the dominance of this research approach in business ethics research is not surprising, given the emphasis placed on rationality and positivism (Anderson, 1986). Quantitative research is usually linked to the notion of science as the objective truth or fact and it usually begins with pre-specified objectives focused on testing preconceived outcomes (Casebeer and Marja, 1997). When applying quantitative methods, numerical estimation and statistical inference from a generalizable sample are often used in relation to a larger "true" population of interest. As such, quantitative research is most often seen “as a method trying to demonstrate causal relationships under standardized (controlled) conditions” (Casebeer and Marja, 1997:131). According to Lee (1999), quantitative research is best suited to questions which seek differences in degree, within and across categories.

The advantage of the quantitative approach is that it can measure the reactions of a great many people to a limited set of questions, thus facilitating comparison and statistical aggregation of the data (Patton, 1987). Findings from quantitative research also allow for generalisation as data is collected from larger sample sizes, which are likely to be representative of the population. The standardisation under which a survey is conducted, in terms of how a questionnaire is designed, administered and analysed permits replication in quantitative research (May, 2001). Furthermore, results from quantitative data are precise and comparable. However, quantitative approaches are not without their limitations.

Quantitative methods are not very effective in understanding processes or the significance that people attach to actions because quantitative studies tend to give little attention to context (Bryman, 1989; Esterby-Smith *et al.*, 1994). Quantitative research tends to deal less well with the processual aspects of organisational reality because it often entails fairly static analysis in which relationships among variables are explored (Bryman, 1989). Such static analysis tells very little about the dynamics of organisations. This might make it hard for policy-makers to infer what changes and actions should take place in the future (Esterby-Smith *et al.*, 1994). Discussion of the differences between qualitative and quantitative research has been pursued from a number of different perspectives. A summary of the main characteristics of qualitative and quantitative approach, showing how they differ for each approach is presented in Table 5.2.

Table 5.2: Differences between Qualitative and Quantitative Research

Quantitative Methods	Dimensions	Qualitative Methods
Objective: Social facts have an objective reality. Primacy of method. Variables can be identified and relationships measured.	Assumptions	Subjective: Reality is socially constructed. Primacy of subject matter. Variables are complex, interwoven, and difficult to measure.
Researcher is removed from data. The “outsider perspective” (Etic).	Viewpoint	Researcher is close to the data. The “insider perspective” (Emic).
Outcome-oriented: Focus on facts and/or reasons for social events, predictions and causal explanations.	Purpose	Process-oriented: Seek to understand respondent’s perspectives, interpretations and perceptions.
Experimentation-investigations are conducted under controlled conditions.	Conditions and Settings	Naturalistic- investigations are conducted in natural and uncontrolled settings.
Uses formal instruments: pre-constructed tests, questionnaires and rating scales.	Instrumentation	Researcher as instrument. The human person is the primary data collection instrument.
Establishes relationships, causation. Reasoning is deductive.	Approach	Describes meaning, discovery. Reasoning is inductive.

Inferential. Reduces data to numerical indices.		Descriptive. Makes minor use of numerical indices.
Detachment and impartiality. Objective portrayal.	Researcher's Role	Personal involvement and partiality. Empathic understanding.
Reliable; "hard" and replicable data.	Data	Valid; "real", "rich" and "deep" data.

Source: Modified from Cook and Reichardt (1979:10); Glesne and Peshkin (1992).

As discussed in Section 5.1, the ontological assumption of a positivist stance is that reality is fixed, "real" and independent of human understanding (Bettis and Gregson, 2003). For the positivist, "the business of science is to discover the true nature of "reality" and how it "truly" works (Guba, 1990:19). It has an objectivist epistemology (Guba, 1990) where the only reliable approach to knowledge accumulation is empirical falsification through objective hypothesis testing of rigorously formulated causal generalisations (Hofferbert, 1990). Positivism advocates generalisability of research findings across populations (Fisher, 1998; Bettis and Gregson, 2003). Such orientation is manifested in those who practice quantitative forms of research. Under the positivist paradigm, the survey method for example, would allow the researcher to maintain a distance from the research participants and analysing the survey responses statistically lead to a more "objective" research.

Postpositivism on the other hand operates under the ontological stance that reality is imperfectly apprehensible and generalising findings and replicating studies would be considered problematic since people and their understandings of the world are always changing (Bettis and Gregson, 2003). Postpositivists did not always view experimental designs as useful because they do not emulate the social world where people live. As a result, the use of quasi-experimental research designs and some qualitative forms of inquiry were preferred (Bettis and Gregson, 2003). While consensus under positivism is anchored inductively to the reproduction of empirical tests and statistical confirmation, under postpositivism, consensus is approached through the discursive construction of a synthesis of competing views (Danziger,

1995). For the postpositivists, the empirical data of the positivist consensus is turned into knowledge through interpretative interaction with other perspectives (Fisher, 1998). Emphasis shifts from the narrow concerns of empirical–analytic theory to the development of a “rich perspective” on human affairs (Toulmin, 1990 c.f. Fisher, 1998). Therefore as mentioned in the previous section, instead of concentrating narrowly on the rules of research design and statistical analysis, the postpositivist framework involves the adoption of a multi–methodological range of intellectual criteria, both qualitative and quantitative.

The distinctions between qualitative and quantitative research are often blurred because both qualitative and quantitative techniques are usually applied within given studies (Lee, 1999). Qualitative and quantitative methods should be viewed as complementary rather than as rival camps (Jick, 1983) and used appropriately depending on the research objectives. For this research, qualitative methods were used at the initial stage of the research process to aid the conceptual development and instrumentation. Qualitative methods were useful during the pilot stage of the research to generate ideas and hypotheses. These hypotheses were then tested systematically through quantitative methods at the second stage of the research process. A second qualitative phase was used to deepen and clarify the results of the survey. The combination of qualitative and quantitative methods in a single research design is known as “multi-method” or triangulation.

5.1.3 Triangulation

As mentioned in the previous section, the primary manner of employing multiple methods to a research question has been called triangulation (Webb *et al.*, 1966; Denzin, 1989). The triangulation metaphor is taken from the military and navigation strategy where multiple reference points were used to locate the object’s exact location (Jick, 1979). Triangulation is the “use of two or more methods of data collection in the study of some aspect of human behaviour” (Cohen and Manion, 1989:269).

The reviews of Oppermann (2000) and Scandura and Williams (2000) suggested that the primary reasons for triangulation are to (1) reduce researcher or data-set bias which can be introduced by using only one research method (2) add robustness and

generalisability to a set of findings (higher external validity) (3) ensure that possibly important categories not detected by one method will not be excluded resulting in preconceived categories (4) mutually validate the findings of approaches by combining a range of data sources, methods or observers.

There are four types of triangulation: data triangulation, investigator triangulation, theory triangulation and methodological triangulation (Denzin, 1989:237-241). Data triangulation refers to the use of a variety of data sources in a study while in investigator triangulation, different observers or investigators are employed to detect or minimize biases resulting from the researcher as a person. The third type of triangulation, theory triangulation, uses multiple perspectives to interpret a single set of data and the fourth type, methodological triangulation, refers to the use of multiple methods to study a research problem.

The rationale for the methodological triangulation is to use dissimilar methods in measuring the same unit so that weaknesses of one method can be overcome by strengths of another (Cunningham *et al.*, 2000). That is, it is assumed that multiple or independent methods do not share the same weaknesses or the potential for bias (Cunningham *et al.*, 2000). Denzin (1989) differentiated methodological triangulation into within-method and between-method triangulation. Within-method triangulation uses multiple techniques within a given method to collect and interpret data. For quantitative methods such as the survey research, this can take the form of different subscales to measure the same construct. Between-method triangulation on the other hand combines quantitative and qualitative methods for describing and interpreting organisational social reality (Paul, 1996). This can be by combining a questionnaire with a semi-structured interview. While “within-method” triangulation involves cross-checking for internal consistency or reliability, “between-method” triangulation tests the degree of external validity. This research employs between-method triangulation to examine the influence of cultural values on Malaysian managers’ ethical perceptions.

Blending and integrating a variety of data and methods can be seen in Jick’s (1979) continuum of triangulation design, which ranges from simple to complex design as shown in Figure 5.1 below.

Figure 5.1: A Continuum of Triangulation Design

Scaling.....	Reliability.....	Convergent.....	Holistic (or contextual
		Validity	Description
Simple Design		Complex Design	

Source: Jick (1979:603)

Scaling which is the quantification of qualitative methods would be at the simple end while the more sophisticated triangulation design would be the “within-methods” design for testing reliability. Triangulation can also be designed for convergent validation through the “between-methods” approach. The use of complementary methods is generally thought to lead to more valid results and when the results from multiple methods converge into a coherent interpretation, researchers can be confident of their results. As a sophisticated design, triangulation can capture a more complete and “holistic” view of organisational reality by studying it from more than one standpoint. It can uncover some unique variance which otherwise may be neglected by single methods. In this sense, it enriches and completes the researcher’s understanding by allowing for new or deeper dimensions to emerge. It should however be noted that there are problems associated with triangulation.

Although using more than one method to examine a research question can strengthen the validity of a research work if both methods provide mutual confirmation, Fielding and Fielding (1986) stressed that the use of multiple methods can also increase the chance of error particularly when the various research methods produce different results. Cohen and Manion (1989) have also identified other problems such as the dilemmas about which of the research findings are to be given more weight when drawing results, how the methods are to be combined and how the data are to be used. Multi-method triangulation is also time consuming and expensive (Paul, 1996) and replication is exceedingly difficult (Jick, 1979). Nevertheless, all research methods have advantages and disadvantages, depending on the nature of the research problems.

The decision to use multi-methods for this research was based on the expectation that this approach would be likely to provide better results, even though it might be costly and time-consuming. Reflecting on this point, Paul (1996:136) wrote,

“Single methods only capture a small slice of complex organisational reality. Analysis of complex organisational systems demands requisite variety in data collection methodologies in order to mirror the complexity which they attempt to describe. Between-method triangulation is necessary to generate a valid interpretation of data collected via these multiple methods.”

As mentioned in Chapter 1, the overall objective of this thesis is to analyse the extent to which the main cultural groups in Malaysia perceive the various local business practices as ethical or unethical in terms of their own cultural background and specifically, to analyse how cultural values influence the Malaysian manager’s ethical perception. The use of a combination of methods in each stage of the research process has been recommended in the cross-cultural methodology (Samiee and Athanassiou, 1998). A multiple paradigm research may be able to yield both qualitative depth and quantitative breadth simultaneously (Hassard, 1993). Furthermore, research based on multiple methods lead to more meaningful results than that which is dependent on a single method (Samiee and Athanassiou, 1998).

5.1.4 Validity and Reliability in Mixed Methods

In the broadest sense, the validity and reliability of a measurement refers to the quality of the data and the appropriateness of the methods used in a particular research. Reliability and validity are critical methodological issues because one must be able to evaluate the veracity of the research results and the soundness of the research conclusions based on the appropriateness of the methodology and the quality of the data upon which the conclusions are drawn.

According to Hammersley (1987:69), “An account is valid or true if it represents accurately those features of the phenomena, that it is intended to describe, explain or theorise.” Lee (1999:149-153) classifies validity under the following headings:

1. Construct Validity refers to the extent to which a particular test can be shown to measure a hypothetical construct. This is normally assessed through the convergent–discriminant conception of validity suggested by Campbell and Fiske (1955). Convergent validity is established if scores from several measurement procedures that purport to measure the same concept are highly correlated. Discriminant validity on

the other hand is established if scores from several measurement procedures that purport to measure different concepts are uncorrelated.

2. *Content Validity* is established if the procedures followed in constructing a measure are judged to derive “clearly in a compelling fashion” from a meaningful conceptual domain. According to Sekaran (1992), content validity ensures that the measure includes an adequate and representative set of items that would tap the concept.

3. *Criterion-Related Validity* is established if a statistical association is demonstrated between a predictor variable and some meaningful external measure. The most commonly used statistical association is the Pearson correlation coefficient. Criterion-related validity can be estimated when the measure differentiates individuals on a criterion it is expected to predict (Sekaran, 1992).

4. *External Validity* refers to the judgment that an experiment’s results can be generalised to a larger population or to an alternative population.

5. *Internal Validity* refers to the judgment that an experiment’s procedures are sufficient to justify rejection or provisional acceptance of its hypothesis.

From the above classifications, two common strands of validity emerge: whether the means of measurement are accurate and whether the right concept is measured. When something is measured, the measure should be valid. However, measurement often contains errors. *Reliability* refers to the extent to which a measuring instrument contains variable errors, that is, errors that appear inconsistently from observation to observation during any one measurement attempt or that vary each time a given unit is measured by the same instrument (Frankfort-Nachmias and Nachmias, 1996). Kirk and Miller (1986:19) defined reliability as “the extent to which a measurement yields the same answer however and whenever it is carried out.” While “validity” would suggest accuracy, “reliability” could be that of replicability.

Reliability and validity are critical to methodological rigour in qualitative and quantitative work. Postpositivism acknowledges that the “subjective” perception of the researcher influences the collection of “objective” data (May and Sellers, 1988). All research, from the viewpoint of this epistemology, is value-laden, hence postpositivism’s acceptance of multiple methods. If the two measures agree, it can be assumed that the validity of the measure is comparable with the proven validity of the other measure (Campbell and Fiske, 1955). The use of random samples rather than a

non-random procedure can improve the external validity of the research. Burton (2000) suggests that the questions of the instrument should be reviewed by an academic community in the research field to ensure that the questions constructed adequately address important debates. According to Trochim (2000), the reliability of a research can be affected by poor questionnaire wording and bad instrument design or layout. Therefore the research instrument should be pilot tested so that feedback can be obtained from the respondents regarding the how easy or hard the measure was and about how the testing environment affected the respondent performance.

Random
Sample

=> pilot

According to Cohen and Manion (1989), the most practical way of achieving greater validity in interviews is to minimise the amount of "bias". It has been discussed previously that from a postpositivist perspective, all observations are "already viewed in a certain way" (Trochim, 2000) and that there is always an element of researcher involvement in the research findings. Therefore "bias" in observations is acknowledged and researchers have sought to manage it appropriately. Interview questions, for example, have to be carefully formulated so that their meanings are clear, interviewers must be thoroughly trained in interview procedures, interpretative procedures and about methods of coding and respondents must be selected based on probability sampling (Cohen and Manion, 1989). Of the two constructs, Liedtka (1992) argues that validity is the least problematic in interview research as the method is uniquely positioned to ensure both semantic and construct validity, both of which are enhanced by research that focuses on understanding, in depth, a particular phenomenon. Particular attention must however be paid to enhancing the reliability of qualitative data. For interview data, the quality of the recording and documenting of the data becomes a central basis for assessing their reliability and succeeding interpretations (Kirk and Miller, 1986). Kirk and Miller (1986) suggest that researchers should have a more or less general standardisation of notes, especially if several observers are collecting the data.

The reliability of the whole interview process will also be increased by documenting it (Flick, 2002). The use of field notes and the tape recording and transcription of the interviews are important for ensuring the reliability and validity of interview data (Liedtka, 1992). The collection of data must also be as systematic as possible to ensure the rigour in qualitative research (Allan, 2002). Interviewers must ensure that

the same topics are covered for all respondents and every effort should be made to explore in similar detail each occurrence of significant phenomena.

The traditional quantitative view of reliability is based on the assumption of replicability or repeatability. Critics of qualitative research have argued that the precise procedures used to achieve the data cannot be repeated in detail. It can be argued that in terms of contributing to social scientific knowledge, studies based on qualitative methods can be replicable, in purpose if not in detailed procedures, and cumulative. While no two qualitative researchers will ask the same questions in the same order or observe the same action, it is still possible to study the same range of phenomena and generate analyses which can inform the other and lead to new studies. Qualitative researchers have illustrated that it is possible for qualitative approaches to generate analyses which are replicable and cumulative (for example Boulton, 1983; Brannan and Wilson, 1987).

There is generally a conflict between the concepts of reliability and validity. According to Kirk and Miller (1986:20), "it is easy to obtain perfect reliability with no validity at all. Perfect validity, on the other hand, would assure perfect reliability, for every observation would yield the complete and perfect truth." Although Liedtka (1992) claims that interview data are generally valid, Kirk and Miller disagree with her. While Kirk and Miller (1986) state that non-qualitative research methodologies come complete with a variety of checks on reliability, none are with validity checks. The use of both quantitative and qualitative methods may help towards enhancing the validity and reliability of a research.

5.2 DATA COLLECTION STRATEGY

Self-completion questionnaires and semi-structured interviews were chosen as the data collection methods for this thesis. Questionnaires are currently the dominant mode of measurement in the behavioural sciences and is most appropriately used when the perceptions of individual respondents are of primary interest (Paul, 1996). Although questionnaires permit wide geographic contact at minimal cost, questionnaire data does not penetrate very deeply below the surface. Breadth is often emphasized at the expense of depth. Hence, semi-structured interviews were used to

compensate for this weakness. The following section will briefly discuss the research activity, which can be divided into three main phases. Phase One and Three will be discussed further in Chapter 6 while an in-depth discussion on Phase Two will be provided in Chapter 7. Table 5.3 presents the three main research phases.

Table 5.3: Phases of the Data Collection Activity

Phase One: Exploratory Research	
Date	Activity
<p>Location: Cardiff/Malaysia</p> <p>Period: Four months (May 2002 - August 2002: two month's visit to Malaysia)</p>	<p>Preparation for Preliminary Interviews and Data Collection (Visit to Malaysia I)</p> <p>Prepare Interview Schedule</p> <p>Conduct preliminary interviews and first round of data collection:</p> <p>1. Interviews:</p> <ul style="list-style-type: none"> • Identify and search for managers around the Klang Valley who agree to be interviewed. • Set appointments for interviews. <p>Semi-structured interviews with 22 managers in local and multinational companies and five academics from public and private universities and colleges.</p> <p>2. Gather secondary data from the Malaysian Institute of Management, Malaysian Employers Federation and University Putra Malaysia.</p> <p>3. Transcribe and process interview data.</p>
Phase Two: Main Fieldwork	
Date	Activity
<p>Location: Cardiff</p> <p>Period: Four Months (February 2003 - May 2003)</p>	<p>Preparation work for the main data collection activity:</p> <p>1. Prepare the questionnaire.</p> <ul style="list-style-type: none"> • Identify vignettes for questionnaire. • Design the wording of the questionnaire. • Prepare the general appearance of the questionnaire. <p>2. Conduct a small pretest session for vignettes constructed.</p> <p>3. Gather information about the potential companies for the sample.</p> <p>4. Justify and identify the sample suitable for the research.</p>
<p>Location: Malaysia</p> <p>Period: One month (June 2003)</p>	<p>Preparation for fieldwork (Visit to Malaysia II)</p> <p>1. Pretesting the Questionnaire</p> <ul style="list-style-type: none"> • Conduct a pre-test for vignettes in Malaysian setting.

	<p>Contact Malaysian managers and academics to review vignettes before actual pilot studies.</p> <ul style="list-style-type: none"> • Contact managers who agree to participate in the pilot studies. <p>First round of pilot study.</p> <ul style="list-style-type: none"> • Conduct pilot study on 20 managers. • Revise questionnaire base on managers' suggestions. <p>Second round of pilot study</p> <ul style="list-style-type: none"> • Conduct second pilot study on additional 12 managers. • Final revision of questionnaire
<p>Period: Three months (mid July 2003 – early October 2003)</p>	<p>2. Questionnaire survey:</p> <ul style="list-style-type: none"> • To print and to prepare all the survey documents. • To mail questionnaires to 1500 pre-determined sample managers. • To collect the returned questionnaires. • Follow up for non-respondents by telephone calls and letters. • Resent questionnaires to non-respondents. <p>3. Data Gathering</p> <ul style="list-style-type: none"> • To identify useful and completed questionnaires. • To input data into the SPSS programme files. <p>4. Data analysis for the thesis</p>
Phase Three: Validation of Survey Results	
Date	Activity
<p>Location: Malaysia</p> <p>Period: Three weeks (Early January 2004 - end January 2004)</p>	<p>Interviews (Visit to Malaysia III)</p> <ol style="list-style-type: none"> 1. Set appointments for interviews. 2. Semi-structured interviews with thirteen managers. 3. To transcribe and process the interview data (to compare with questionnaire data and to compile quotations).

The process of the data collection took six and a half months over an 18-month period and incorporated three series of visits to Malaysia: the first involving preliminary interviews and data collection, was completed in two months (July to August 2002), the second lasted about four months (June to early October 2003), in which time the main fieldwork was undertaken. A final trip was made in early January 2004 to conduct interviews which served to clarify and provide explanations for the survey results. The interviews were concluded within three weeks. The entire research

process involved a total of 40 interviews or approximately eighty hours of interviewing.

5.2.1 Phase One: Exploratory Research

The interviews were conducted as an exploratory theory-building stage where the purpose of the preliminary interviews was to uncover categories of ethical issues faced by the respondents and to understand the relationships between cultural variables uncovered during the interviews and the respondent's ethical views. Results of the interviews were used to formulate the research hypotheses and to construct the questionnaire that served as the primary data collection instrument.

During this stage, attention was given to preparing the interview schedule for the preliminary interviews. As two groups of respondents were interviewed, that is managers and academics, the researcher prepared two different types of interview schedules. A copy of both the interview schedules is shown in Appendix 1 and Appendix 2.

The managers chosen for the interviews were identified through trade directories, through personal introductions from managers and from contacts. The strategy of direct, personal approaches to managers was chosen to increase the likelihood of participants agreeing to be involved since respondents may be unwilling to answer questions asked by an unknown investigator. For this research, "managers" would refer to respondents who have some responsibility for management of people/projects. The contacts for the academics were obtained through third parties. Through this effort, twenty-two Malaysian managers from various organisations located predominantly in Petaling Jaya, Shah Alam and Kuala Lumpur and five academics who were experts in cultural studies, agreed to be interviewed. Three respondents who initially agreed to be interviewed were ultimately not included because of scheduling difficulties. A sample of the letter sent to the managers requesting an interview is attached in Appendix 3.

A total of 17 interviews were tape-recorded while five of the managers declined to have their interviews recorded, despite the fact they were assured that their responses would be kept confidential. In the case of the five respondents who specifically

requested that the interview sessions not to be taped, contemporaneous notes were made by the researcher. However, all the managers were very helpful and seemed enthusiastic to know about the aims of the study. They were willing to take time to answer all the questions and made every effort to provide all the information needed. All the interviews took place at the respondent's place of work. The interviews typically took approximately about two hours; several were considerably longer. All twenty-two interviews were conducted and transcribed by the researcher. This stage will be discussed further in the next chapter.

5.2.2 Phase Two: Main Fieldwork

The survey method, specifically the mail survey, was used in Phase Two of the data collection stage. Questionnaires were used to test the hypotheses developed from the semi-structured interviews conducted in Phase One. The questionnaire design can be divided into three stages: vignette construction, developing the dependent variable measures and developing the independent variable measures. As mentioned in Section 5.2.1, the vignettes were constructed based on the examples provided by the managers in the interviews conducted in Phase One. A total of 12 vignettes were initially developed to represent each of the cultural dimensions. The vignettes were pretested on five of the researcher's PhD colleagues for clarity. The revised vignettes were then pretested on five Malaysian managers and two academics in a Malaysian university. Attention was paid to the various aspects concerning the content, wording, sequencing and types of questions included when developing the questionnaire. The development of the questionnaire will be further discussed in Chapter 7. Once the questionnaire was ready, it was pilot tested twice. The first pilot test was conducted on 20 Malaysian managers from the three ethnic groups. Feedback from these managers resulted in a revision of the original questionnaire. After the revision, a second pilot test was conducted on a second group of 12 managers. The revised questionnaire was deemed by the pilots to consist of questions that all the respondents should be able to answer. No additional changes were made to the questionnaire and the final version was confirmed. The final version of the questionnaire had four main parts and consisted of 150 questions.

Once the questionnaire was ready, a package containing (1) a covering letter identifying the research and explaining the research; (2) a complete set of

questionnaire; and (3) a pre-paid reply envelope was sent to 1500 Malaysian managers. Before sending out the questionnaire packs, the managers were contacted to explain the purpose of the study and to increase participation rates. The companies were given three weeks to complete and return the questionnaires. After repeated follow-up contacts, 323 managers or 21.5% returned the questionnaires. An in-depth discussion of this stage will be presented in Chapter 7.

5.2.3 Phase Three: Validation of Survey Results

The purpose of conducting the semi-structured interviews at this stage was to add depth and detail to the survey results where the statistical results indicated patterns emerging from the sample under study. The interview schedule used in this phase is shown in Appendix 4.

The follow-up interviews were conducted with thirteen managers. Seven of the managers had previously participated in the interviews conducted in Phase One while the six other respondents were managers who had participated in the questionnaire survey. It was relatively easier for the researcher to obtain the interviews at this stage because rapport had been established in the previous phases of the research stage. Interviews typically took approximately one and a half hours per respondent; several were considerably longer. The interviews took place at the respondent's place of work. All the interviews were tape-recorded. Each interview was transcribed and each response was allocated to a particular category. Since the purpose of the follow-up interviews was to add depth to the survey results and to aid in interpretation of the survey results, the results from the interviews were used as quotations to complement the quantitative analysis. A detailed discussion of this phase will be presented in Chapter 6.

5.3 CONCLUSION

This chapter presented the overall research methodology and data collection strategy adopted by this research. The first part discussed the philosophical position of this research, that is a postpositivist perspective, compared and contrasted qualitative and quantitative research methods, examining the strengths and weaknesses of both methods and discussing the situations in which they were suitable to be applied. This

chapter also analysed the advantages of using triangulation. Methodological triangulation in the form of interviews (qualitative method) and questionnaires (quantitative method) was utilised. While the interviews provided insights into the problem and helped in identifying the types of variables to be included in the questionnaire, the survey data enabled certain issues to be significantly checked. The use of multi-methods also increased the quality and confidence level of the research findings. This chapter also discussed the validity and reliability issues in a multi-method approach.

The second part of the chapter focused on the data collection strategy adopted in this research. A brief discussion consisting of the three key stages of the research: the exploratory stage, the actual fieldwork and the validation of the survey results was also presented. Each section highlighted the main issues in each of the research phase. An in-depth discussion on the three key stages of the research activity will be presented in the next two chapters.

Chapter 6

RESEARCH METHODOLOGY AND DATA COLLECTION STRATEGY – THE QUALITATIVE APPROACH

6.0 INTRODUCTION

The survey methodology, as previously mentioned in Chapter 5, is the most common research design used by business ethics researchers. However, the questions and scenarios used in survey research are typically too vague and lack realism (Kavali *et al.*, 2001). Furthermore, according to McDonald (2000:96), “the close-ended nature of the vignettes with attached semantic scales greatly facilitate empirical analysis but in doing so, loses insights into the likely responses.” Consequently, a qualitative research design will help identify actual ethical dilemmas faced by Malaysian managers. This is because “scenarios and questions clearly need to be developed with greater concern for realism” (Randall and Gibson, 1990:465). Furthermore, a qualitative research design in the form of interviews will provide the researcher with a richer explanation of the survey results. According to Crane (1999:237), qualitative approaches provide “substantial liberating potential in the development of a stronger and more theory-rich empirical base.”

The focus of this chapter will be on the qualitative aspect of this research. The first part focuses on the justifications for using semi-structured interviews as part of the research design. Discussion then moves on to Phase One and Three of the research activity while the final part of this chapter examines issues relating to the validity and reliability of the interview data.

6.1 THE CHOSEN METHOD

As mentioned in the previous chapter, self-completion questionnaires and semi-structured interviews were chosen as the data collection methods for this thesis. Empirical work in business ethics has focused on quantitative methodologies and the use of qualitative techniques such as interviews in business ethics research has been relatively rare (Brand and Slater, 2003). In a study by Randall and Gibson (1990), out

of 94 published empirical articles in the area of ethical beliefs and behaviour, only 3% made use of a combination of interviews and surveys. Although quantitative methodologies have been the dominant mode of measurement in empirical work in business ethics (Randall and Gibson, 1990; Brand and Slater, 2003), the researcher is of the opinion that qualitative methods have a significant contribution to make in increasing the understanding of the ethical perceptions of the Malaysian managers. According to Brand and Slatter (2003: 169), qualitative approaches “facilitate the initial step by enabling managers to express their reactions in their own words and allow themes to be developed for further testing.” The following section focuses on the appropriateness of semi-structured interviews for this study as well as its limitations as a research method.

6.1.1 Research Design: Choice of Semi-Structured Interviews

Although the survey method has been the most common research design used by ethics researchers (Randall and Gibson, 1990), this method is not designed to unfold the data, uncover underlying constructs or establish causality or association (Samiee and Athanassiou, 1998). Most survey instruments prevalent in business ethics research tended to oversimplify ethical research by recording responses on Likert scales and indicating the rationale predominantly by means of pre-set multiple choice options (Brand and Slater, 2003). Specifically, quantitative methods such as questionnaires do not answer how cultural values influence a particular ethnic group’s ethical perception. Quantitative methods fail to capture much of the complexity of the respondent’s experiences. By contrast, interviews can provide a greater depth of information as it allows the researcher to probe further into the reasons for the participants’ responses. While the quantitative work in Malaysian business ethics research has focused on the attitudes of Malaysian students and managers towards business practices (for example Zabid and Alsagoff, 1993; Fisher *et al.*, 1999; Goodwin and Goodwin, 1999) or on the significance of variables influencing ethical perceptions (for example Zabid, 1989; McDonald and Kan, 1997), yet no effort has been made to determine how and why managers from different ethnic backgrounds might perceive business practices differently. As stated by McDonald (2000:94), the intention of ethical research “is not just to determine what is ethical or unethical but to assess how the characteristics of issues influence ethical beliefs, how individuals think and devise what is ethical or unethical and how cultural, organisational or personal

variables influence ethical perceptions.” Bearing this in mind, interviews were used as a complement to the questionnaire data to produce a richer description and a more penetrating explanation of the quantitative data. The importance of interviews is summarised by Burgess (1982:107) who said that, “the interview is ...the opportunity for the researcher to probe deeply to uncover new clues, accurate inclusive accounts that are based on personal experience.”

Semi-structured interviews were used in this study to explore issues within the manager’s business lives that had/were causing them ethical discomfort. The issues identified from the semi-structured interviews formed the scenarios for the questionnaire survey used in Phase Two of this research. The ethical issues were thus real and relevant to the Malaysian managers. To date, most business ethics studies undertaken in Malaysia have yet to explore the specific types of ethical problems faced by Malaysian managers. These studies were based upon hypothetical scenarios developed by Western researchers without cultural adjustment (for example Zabid and Alsagoff, 1993; Gupta and Sulaiman, 1996). Furthermore, this “view from the top” will add to the understanding of international business ethics. It would also be interesting to determine how the main cultural groups in Malaysia define acceptable business practices differently from the West. The interview technique has been used effectively in several studies to reveal important moral questions and also to gain insight into the ethical decision-making within companies (such as Bird and Waters, 1989; Dukerich *et al.*, 2000; Kavali *et al.*, 2001; Lovell, 2002).

Interviews are also flexible. Although the interviews used for this research were semi-structured, the researcher was still free to pursue emergent topics and themes and to probe for more information. This is because “they were semi-structured by a thematic guide with probes and invitations to expand on issues raised” (Fielding, 1988:212). As the purpose of conducting the interviews at Phase One was to uncover the ethical issues faced by Malaysian managers, the flexibility of the interviews also allowed the respondents to express their thoughts and reactions in their own words. In contrast to the questionnaire which requires the respondent to record their responses into predefined categories, respondents are given the freedom to describe issues and situations in their own words during an interview session. By not constraining the respondent to a fixed set of replies and through careful probing, interviews can elicit a

more accurate picture of the respondent's true opinion about a certain issue. The respondent's reality can be more fully reflected because the emphasis of interviews is on the individual's perspective. Hence, semi-structured interviews characterise the methodology of postpositivism as it allows the researcher to construct the view of the world based on the perceptions of the researcher and the people in it.

Interviews are also suitable in highly confidential or commercially sensitive subject matters (Esterby-Smith *et al.*, 1994:74). Due to the sensitivity of the research topic, interviews were deemed an appropriate method because the respondents may be reluctant to be truthful about issues other than confidentially in a one-to-one situation. When conducting the interviews, the researcher found the managers quite willing to discuss their actual experiences of ethical dilemmas and reveal confidential information about their company's business practices. This could also be due to the fact the researcher, being female, seemed less threatening to both female and male respondents and that deference may have encouraged responses. Furthermore, in a high context culture such as Malaysia (Asma, 1996), the respondents would probably feel more comfortable disclosing sensitive information such as ethical issues faced in a face-to-face interview. The use of structured interviews and the subjects' willingness to discuss sensitive issues with the researcher gave access to some depth of information. Although it has been argued that other qualitative approaches such as focus groups may bring out more issues as compared to a single interviewee (Flick, 2002), social pressures in group discussions may condition the responses gained and so the responses obtained may not reflect the respondent's actual views. The managers may also find it disconcerting to express their ethical stance publicly.

For this research, the interviews were also used to identify the cultural values of each ethnic group as well as an exploratory step to form the thesis's hypotheses. The study of culture in Malaysia has relied heavily on Hofstede's model (Fontaine and Richardson, 2003) and researchers have been encouraged to compile their own dimensions relevant to the construct they are measuring (McDonald, 2000). The semi-structured interviews were used as an exploratory tool in identifying the cultural values of the ethnic groups. The semi-structured interviews were used to answer the research questions of "What are the cultural values of the Malays, Chinese and Indian managers that influence their ethical perception?" and "How do these cultural values

influence each group's ethical perception?" The feedback from the interviews provided the researcher with an initial understanding of the relationship between cultural values and ethical perception. Semi-structured interviews were again used in Phase Three of the data collection stage to explain the findings of the quantitative analysis. Interviews, according to Randall and Gibson (1990), can serve as a valuable role in exploratory research on ethical beliefs and conduct if findings are sufficiently detailed.

Interviews are also easier to arrange, requiring the researcher and the participant to find a mutually convenient time, as opposed to the difficulties associated with trying to organise a group meeting in a focus group. As the respondents for this research were managers, it would be difficult to get together a group of managers. These managers may not be able to make it to the appointed location or time due to job commitments.

Although semi-structured interviews allow a wealth of data and are particularly useful in the exploration of differences and inconsistencies, this approach is not without problems and limitations. There is a high potential for response bias and a lack of anonymity that increases the potential for deception, acquiescence and biased presentation of self. Moreover, the interviewer can also introduce bias by asking leading questions and providing nonverbal cues concerning desired and desirable responses (Esterby-Smith *et al.*, 1994).

While the interview method does have some limitations, the qualities of the interview method make it especially appropriate for business ethics research, given that the field is both exploratory and highly sensitive. The use of interviews in business ethics research is still relatively rare (Brand and Slater, 2003). However, qualitative methods, specifically interviews, can contribute towards understanding the experiences of Malaysian managers as well as to add theoretical depth and methodological rigour to this research.

6.2 DATA COLLECTION STRATEGY

As previously discussed in Chapter 5, the data collection of this research can be basically divided into three main phases: Exploratory Research (Phase One), Main Fieldwork (Phase Two) and Validation of Survey Results (Phase Three). Semi-structured interviews were conducted in Phase One and Phase Three of the data collection strategy. The next section will discuss each phase separately.

6.2.1 Phase One: Exploratory Research

The activities involved in Phase One are presented in Table 6.1. The purpose of conducting the semi-structured interviews at this stage was to uncover the types of ethical dilemmas faced by Malaysian managers and in constructing the research hypotheses.

Table 6.1: Phase One of the Data Collection Activity

Phase One: Exploratory Research	
Date	Activity
<p>Location: Cardiff/Malaysia</p> <p>Period: Four months (May 2002 - August 2002: two month's visit to Malaysia)</p>	<p>Preparation for Preliminary Interviews and Data Collection (Visit to Malaysia I)</p> <p>Prepare Interview Schedule</p> <p>Conduct preliminary interviews and first round of data collection:</p> <p>1. Interviews:</p> <ul style="list-style-type: none"> • Identify and search for managers around the Klang Valley who agree to be interviewed. • Set appointments for interviews. <p>Semi-structured interviews with 22 managers in local and multinational companies and five academics from public and private universities and colleges.</p> <p>2. Gather secondary data from the Malaysian Institute of Management, Malaysian Employers Federation and University Putra Malaysia.</p> <p>3. Transcribe and process interview data.</p>

Before the interviews were conducted, an interview schedule containing the list of questions or issues to be explored in the course of the interview was prepared. A thorough review of business ethics literature was undertaken to determine the appropriate concepts and questions to be included in the interview schedule. Certain

guideline principles, emphasised by interview guideline literature were adopted to minimise biases during the interview. These included the wording, sequencing and the clarity of the questions as well as ensuring appropriate probes and follow-up questions were used to increase the richness of the data obtained. As mentioned previously in Chapter 5, two different types of interview schedules were prepared since the interview respondents consisted of two groups of respondents: managers and academics. The initial development of the interview schedule was from questions developed by Carter (2000) and Vyakarnam *et al.* (1997). This schedule was later adapted to include questions which the researcher had generated from the review of business ethics literature and the aims of the research. The interview schedule used for the managerial interviews was divided into topic areas: education, career history, importance of cultural values in business practices, actual ethical dilemmas faced, the reasoning used to resolve them, pressures and expectations experienced and associated outcomes and conclusions. Key questions outlined in the guide were:

1. How different are the Chinese, Malays and Indians in terms of their cultural values. Are these differences significant?
2. What sort of ethical issues have you faced?
3. How did you resolve the ethical issues?
4. What kind of ethical issues have you faced when dealing with the following groups: a) foreign business partners, governments and suppliers b) your organisation c) employees and d) consumers.
5. How do you deal with an ethical dilemma?
6. Who do you usually turn to when faced with an ethical dilemma?

The interview schedule used in the expert interviews concentrated on questions pertaining to the differences/similarities in cultural values among the cultural groups and the reasons for these differences/similarities. In both guides, transition questions as well as probing and clarifying questions were used to obtain more accurate and in-depth responses. A copy of both the interview schedules is shown in Appendix 1 and Appendix 2. The interview schedules used in the expert interviews covered only questions pertaining to the Indian and Chinese cultural values. The researcher did not manage to interview any of the Malay academics because two of the Malay academics, who were experts on the Malay cultural values, were away on sabbatical

leave while two others who initially agreed to be interviewed were ultimately not included because of scheduling difficulties.

The managers chosen for the interviews were identified through trade directories, through personal introductions from managers and from contacts. The contacts for the academics were obtained through third parties. The interviews were conducted in English although some of the responses were interspersed with Bahasa Malaysia from the Malay respondents and Cantonese from the Chinese respondents. Where possible the interview guide was provided some days before the interview to enable the respondents time to reflect on the issues raised. Arranging for the guide to be sent to the respondent and organising interview arrangements provided the researcher an opportunity to interact with the respondents and build a level of trust before the interview commenced. A sample of the letter sent to the managers is shown in Appendix 3.

The profile of the managers interviewed is as shown in Table 6.2. A total of 22 managers and five academics were interviewed. Of those managers interviewed, nineteen respondents were males and three were females. All the managers interviewed had a minimum of five years of management experience; several managers had ten or more years experience. The positions of managers interviewed included sales and marketing, purchasing, operations, production, accounting and finance, human resource management, project management, marketing research, public relations and managing directorship positions. The managers interviewed represented thirteen different organisations, ranging in size from medium-sized propriety companies to large-public listed organisations and multinationals.

Table 6.2: Composition of Interview Respondents (Managers) in Phase One

Respondent's position in the company	Number	Nationality		
		Malay	Chinese	Indian
Manager	14	7	5	2
Senior Manager	7	0	4	3
Managing Director	1	0	0	1
TOTAL	22	7	9	6

The industries from which the managers were drawn included manufacturing, courier services, electronics and electrical industry, financial services, property, construction, cosmetics, newspaper publication and the dairy products industry. Different sectors were chosen in an effort to include a sample with the widest possible variation since management research acknowledges considerable differences across industries on the ethical perceptions of executives (Schlegelmilch and Robertson, 1995). The respondents were also from various multinationals including American, Dutch, Japanese, German as well as local companies. The respondents were from a broad cross-section and it provided the researcher with a general idea of the actual ethical dilemmas faced by the managers as well as the factors which were thought by the respondents to influence their ethical perceptions. Of the five academics who were interviewed, three were Indians and two were Chinese. The Chinese community leader who agreed to be interviewed also held the position of Deputy President of the Malaysian Chinese Cultural society. All the academics interviewed were males.

Seventeen of the interviews were tape-recorded while five of the respondents declined to have their interviews taped. Where the interviews were not taped, contemporaneous notes were made by the researchers. The taped interviews were transcribed and subjected to a systematic, verifiable analysis of themes and ideas.

Data Analysis for To Identify Ethical Issues

All the interviews were transcribed. The purpose of the interviews was two-fold. Firstly to identify the ethical dilemmas commonly faced by the managers and secondly to identify the cultural values that influenced their ethical perceptions. Therefore, the data analysis was conducted in two separate phases. The first phase was to identify the ethical dilemmas. After transcribing the interviews, the researcher read through the transcriptions carefully and divided up the transcripts into distinct "thought units" or concepts (Miles and Huberman, 1994; Lee, 1999). A thought unit or concept could be a word, a phrase or multiple sentences that represent a distinct and separate thought (Trevino *et al.*, 2003). In identifying the categories for analysis, reference was made to various works in the literature (such as Zabid, 1989; Armstrong, 1996) to identify the major categories of ethical dilemmas. These thoughts or concepts were organised into emergent categories that were conceptually similar to each other and these emergent categories were given labels. For example, if one

interviewee said, "...purchasers who requested for personal gifts before agreeing to purchase from my organisation" and another said, "I've had managers asking for paid golf memberships" both would be included in a category labelled "Gift Giving". The researcher categorised all the ethical problems described by the interviewees and this process yielded forty-three categories of ethical dilemmas. Next, the researcher counted how many times each category was quoted by the interviewees. Since the objective of this research was to determine the ethnic differences in ethical perception, only ethical dilemmas which were distinctly different in their responses among the three ethnic groups were included in the survey instrument. For example, there would be a distinct difference in ethical perceptions with regards to the category, "Gift Giving", if it was identified by only the Malay and Indian managers as unethical but not by the Chinese. Through this method, eleven categories of ethical dilemmas remained. Out of the eleven categories, six ethical dilemmas were chosen as the scenarios for the questionnaire. A further discussion on this will be presented in Chapter 7.

Data Analysis for To Identify Cultural Values

The second phase of the qualitative analysis was conducted to identify the most relevant cultural values influencing the respondent's ethical perceptions. The analysis in this phase is based on the managers' responses to question 2(ii) in Appendix 1. According to Brett *et al.* (1997), when prior research linking the culture of a particular focal group to the variables in the model is lacking, researchers may consult prior research on the focal group to construct a cultural profile on it. As this research looks at the ethical perception of three ethnic groups, it would also be useful to consider the cultural profiles of all the cultural groups in which the model is to be tested (Brett *et al.*, 1997). The cultural profile used for this study is based on the cultural profiles created by Asma (1992) and McLaren and Rashid (2002). The researcher read the transcriptions and coded the text into categories based on the list of Malaysian ethnic values (as shown in Table 6.3) by Asma (1992) and McLaren and Rashid (2002).

Table 6.3: Cultural Values of the Malay, Chinese and Indians in Malaysia

Malay Values	Chinese Values	Indian Values
Respect for elders	Hard Work/Diligence	Fear of God
Spirituality/Faith in God	Success	Sense of belonging
Humility	Pragmatism	Brotherhood
Face/Self-Respect	Perseverance	Family
Tact/Indirectness	Wealth/Prosperity/Money	Hard Work
Sensitivity to feelings	Face	Filial Piety
Politeness	Harmony	Karma
Relationship Orientated	Family Orientated	Champion of Causes
Apologetic	Risk Taking/Gambling	Loyalty
Harmony	Position	Face
Loyalty	Filial Piety	Harmony
Formalities	Entrepreneurship	Modesty
Accommodating		
Trustworthiness/Sincerity		
Teamwork		
Compliance		
Hierarchy/ Obedience		
Non-Confrontational		
Apologetic		
Fairness		

Source: Asma (1992) and McLaren and Rashid (2002)

Statements such as, “My manager’s views would play an important role in influencing my ethical beliefs” and “My ethical perception is influenced to a certain extent on what my superior’s views on the issues are” would, for example, fall under the cultural value of “Hierarchy/Obedience.” On the other hand, statements such as, “To me, I am sometimes influenced by interpersonal relationships” and “There are times I am willing to sacrifice a little bit of moral values for people I know” would be classified under “Relationship Orientated.” During the coding process, statements such as, “How I react to an ethical dilemma depends on the situation”; “I would say that it is my own values-not the environment or the situation” and “There is no single value that I can think of which influences me. Sometimes the “signs” are all there on what action I should take when faced with an ethical issue”, could not be categorised into any of the cultural values in Table 6.3. These statements were categorised under a new value called “Locus of Control.” Locus of control refers to individuals’ beliefs regarding the degree of control they typically have over outcomes and events in life (Terpestra *et al.*, 1991) and as such was thought to reflect the value identified by these statements.

The researcher coded all the cultural values identified by the interviewees and this process yielded twelve cultural values. The twelve cultural values were then grouped into the framework for studying cultural differences by Kluckhohn and Strodtbeck (1961) and Asma (1992; 1996). Asma had identified several key elements on how Malaysians may vary. From Kluckhohn and Strodtbeck's (1961) framework, the researcher considered the dimensions of Relationship with Nature, Activity Orientation and Relational Orientation. The dimensions used from Asma's framework were Man's Relationship with Other People, Secular versus Holistic and Concept of Shame and Guilt. Table 6.4 shows the description for each of the categories chosen and the cultural value(s) classified under each value orientation. As not all of the twelve cultural values identified during the coding process were used in the study, the above frameworks provided the researcher with a systematic approach of reducing the cultural values.

Table 6.4: Cultural Dimensions Identified

Value Orientation	Description	Cultural Values Classified
Relationship with Nature	Some cultures are subjugated to their environment in harmony or dominance. Subjugation to nature involves the belief that nothing can be done to control nature and that fate must be accepted. Mastery over nature involves the perspective that all natural forces can be overcome and/or put to use by humans.	1. Locus of Control 2. Karma
Activity Orientation	Some cultures emphasise accomplishments and seek immediate gratification for desires. Some cultures on the other hand restrain their desires by detaching themselves from objects.	1. Wealth/Prosperity/Money
Relational Orientation	Cultures can also be classified according to where their responsibilities lie for the welfare of others. Some groups only emphasise care for themselves while some cultures emphasise hierarchical relationships.	1. Compliance 2. Hierarchy/ Obedience 3. Loyalty

Man's Relationship with Other People	Some cultures believe it is important to recognise that the basis of establishing contacts with others is to initially cultivate good and friendly relationships with others. But in other culture, individuals would prefer to focus on the task with a need to be friends with the other party.	1. Relationship Orientated 2. Brotherhood
Secular versus Holistic	Some cultures believe there has to be a separation of the state from religion and therefore promote a secular approach to development. But in some cultures, it is important to incorporate a more holistic approach which combines both religious and material dimensions in one's outlook towards life.	1. Spirituality/Faith in God 2. Fear of God
Concept of Shame	In certain cultures, members are driven by a sense of shame as they are expected to demonstrate an acute sense of social sensitivity towards others in the group.	1. Sensitivity to feelings 2. Face/Self-Respect

Source: Asma (1996) and Kluckhohn and Strodtbeck (1961)

Although there were other elements in Kluckhohn and Strodtbeck's framework, for example "Time Orientation" and "Human Nature", these elements were not chosen because the cultural values identified from the coding of the interviews did not fall into those dimensions. This indicates that these dimensions did not influence the managers' ethical perception. According to Brett *et al.* (1997), one approach to selecting relevant cultural dimensions is to consider prior evidence of relationships between the cultural dimensions and the model variables. The researcher also considered other elements of Asma's framework but did not include them because of redundancy with those selected from Kluckhohn and Strodtbeck's (1961) framework. For example, Asma's "Differences in Status and Power" was similar to Kluckhohn and Strodtbeck's "Relational Orientation."

Next the researcher counted the number of times each cultural value was mentioned by the managers. The researcher then chose one cultural value from each of the categories identified in Table 6.4. This was done by taking the cultural value most

quoted by the managers during the interviews. Therefore the cultural values identified from this method were Harmony with the Environment, Wealth/Money/Prosperity, Hierarchy/Obedience, Relationship Orientation, Spirituality/Faith in God and Face/Self-Respect. Some of these cultural values were later renamed to better reflect the values identified by the managers during the interviews. For example, “Wealth/Money/Prosperity” was renamed to “Money Orientation”, “Hierarchy/Obedience” was changed to “Obedience to Authority”, “Spirituality/Faith in God” was renamed to “Religiosity” and “Face/Self-Respect” was incorporated into “Face Orientation.” Therefore the cultural values included in this study are *Locus of Control, Money Orientation, Obedience to Authority, Religiosity, Face Orientation and Relationship Orientation.*

6.2.2 Phase Three: Validation of Survey Results

After the main fieldwork was carried out (that is Phase Two), semi-structured interviews were conducted to validate the survey results. As mentioned in Chapter 5, the purpose of conducting the semi-structured interviews at this stage was to add depth and detail to the survey results where the statistical results indicated significant influences of the cultural values on ethical perception and its components. The main activities for Phase Three are shown in Table 6.5.

Table 6.5: Phase Three of the Data Collection Activity

Phase Three: Validation of Survey Results	
Date	Activity
Location: Malaysia Period: Three weeks (Early January 2004 - end January 2004)	Interviews (Visit to Malaysia III) 1. Set appointments for interviews. 2. Semi-structured interviews with thirteen managers. 3. To transcribe and process the interview data (to compare with questionnaire data and compiling quotations).

The interview guide at this stage focused on the relationships between cultural values and perceptions of ethical dilemmas. Overall, the semi-structured interviews conducted explored the following topics: (1) the influence of cultural values on perceived choice, recognising uncertainty and social consensus for each ethnic group

and (2) the influence of individual variables on ethical perception and its components. The interview schedule used in this phase is shown in Appendix 4.

A profile of the respondents interviewed during this phase is shown in Table 6.6. Thirteen managers were interviewed in this phase and all the managers agreed to have their interviews tape-recorded. Of those interviewed, twelve respondents were males and one female. All the managers interviewed had a minimum of five years management experience; several managers had ten or more years experience. The positions of managers interviewed included sales and marketing, purchasing, operations, human resource management, and managing directorship positions. The industries from which the managers were drawn included manufacturing, financial services, property, construction, shipping and consumer foods. The managers represented different entities ranging in size from medium-sized multinationals to large public-listed locally-owned organisations and multinationals.

Table 6.6: Composition of Interview Respondents (Managers) in Phase Three

Respondent's position in the company	Number	Nationality		
		Malay	Chinese	Indian
Manager	6	2	4	0
Managing Director	7	5	0	2
TOTAL	13	7	4	2

Data Analysis for Interviews

The purpose of conducting the interviews at this phase was to deepen, assess and aid in the interpretation of the survey results. For this purpose, the researcher did not transcribe all the interview data. However, since all the interviews were tape-recorded, the researcher listened to all the recorded interviews to identify portions of the text that relate to the survey results. This process is a simplified version of Lee's (1999) "meaning condensation." In meaning condensation, the researcher strives to extract, abridge or abstract the most important themes from the interviewer's text (Lee, 1999: 89). These may be sentence fragments, complete sentences or portions of paragraphs. The texts that have been identified to fit into the study's research question will then be used as quotations to support and provide explanations for the survey results.

6.3 RELIABILITY AND VALIDITY OF THE INTERVIEW DATA

This section discusses the reliability and validity of the interview data while the reliability and validity of the survey data will be discussed in Chapter 7. The reliability and validity constructs need to be reinterpreted when taken from the quantitative sphere and applied to qualitative studies (Liedtka, 1992). Although the validity and reliability issues were addressed as major goals to be achieved while undertaking the qualitative aspect of this research, several factors could have affected the validity or reliability of the interview results. Due to the sensitivity of the research and also because “people do not wish themselves or their decision-making processes to be studied” (Hornsby-Smith, 1993:55), one of the main obstacles faced by the researcher was obtaining access to the managers. It was difficult for the researcher to enlist the cooperation of the respondent’s secretaries or personal assistants who acted as their gatekeepers. As a result, some of the interviews were obtained through personal introductions. Although random samples would have been preferred, the sampling technique for this research had to be altered from “randomised” to “convenience sampling” due to difficulty of access. Efforts were however made to include a sample of respondents from different industry sectors so that a wider variation of ethical issues could be obtained.

✓ Purposive sampling was employed in this research to ensure that the respondents interviewed were representative of the population. In statistical sampling, it is important to select a truly random and representative sample which will permit confident generalisation from the sample to a larger population. However, in qualitative research the power of purposive sampling lies in selecting information rich-cases for in-depth analysis related to the central issues being studied. According to Patton (1987), information-rich cases are “those from which one can learn a great deal about issues of central importance to the purpose of the evaluation.” Purposive sampling was also particularly relevant for both Phase One and Phase Three since such a sampling method is best used with small numbers of individuals/groups which may well be sufficient for understanding human perceptions, behaviours and contexts (CEMCA, 2000).

The interviews were carried out systematically, by ensuring that the same topics were covered for all the respondents. An interview guide to be used during the interview

sessions was developed. The guide was then pretested on two managers and two of the researcher's colleagues to identify leading questions as well as other flaws in its design such as the language level, vocabulary and the respondent's understanding of the questions. According to Borg and Gall (1989:464), a pilot study "should be conducted to evaluate and improve the guide and would also help the interviewer develop experience in using the procedure before any research data for the main study is collected."

As with all qualitative studies, the researcher had to make assumptions about the accuracy of the respondent's answers. The interaction between the interviewer and the respondent are subject to bias which will affect the validity of the interview data. There could be a tendency for the respondents to organise their responses to what they feel "others" will expect is appropriate for someone like them in a particular situation. Social desirability bias, which is the tendency for individuals to deny the traits they believe to be socially undesirable and to admit to behaviours they think to be acceptable (Randall and Gibson, 1990), is a significant issue in business ethics research (Brand and Slater, 2003). In order to reduce the bias, probes were used to elicit more particulars when inconsistencies surfaced.

During the interviews, participants were encouraged to relate their recent ethical dilemmas which they had experienced in their company. According to Liedtka (1992:172), "the validity of retrospective reports can be enhanced by minimizing the time between the incidents and their discussion, allowing the respondent to select the incident to be discussed and using probes to assist retrieval from long-term memory." For this research, the managers were given the scope to recall the dilemmas. When the respondent was unsure about the definition of an ethical dilemma or whether they had experienced any, the respondents were asked to think about the "most difficult" event they had experienced and why it was difficult. Prompts were also used to guide and elicit detailed responses from the respondents.

In addition to tape-recording the interviews all the respondent's answers were written down. Although it has been claimed by researchers that respondents would be more guarded about their responses, all, except for five of the respondents, did not mind being tape-recorded. In addition, the tape-recording of the interviews also enhanced

the reliability of the data collection. When annotating during interviews, there could be a tendency of the interviewer filtering and writing only what he/she wants to hear. After the completion of the interviews, the interview notes were reviewed – to check the written details against remembered data. According to Patton (1987:140), the period after the interview is a critical time of reflection and elaboration and “it is a time of quality control to guarantee that the data obtained will be useful, reliable and valid.”

Although attempts were made to increase the validity and reliability of the data gathering, loss of validity may still occur at the presentation of findings. Researcher bias will emerge in the coding, category development and interpretation of the data even though a conscientious effort was made to ensure accuracy in the coding and category development. As mentioned previously in Chapter 5, postpositivists believe that all research is value-laden and as such, the best way to achieve objectivity is to use triangulation. Methodology triangulation was used in Phase Three to check the interpretations of the interview data. If the interview and questionnaire results converged, the researcher would have more confidence in her interpretation of her data. If there were discrepancies between the interview data and the questionnaire, then the researcher would be inclined to discard the interview data as being biased. Contextual details which are captured in transcripts may also be lost when sections are edited and selected for writing up. Liedtka (1992) counsels that sufficient details need to be included to ensure that respondents “speak in their own words.”

6.4 CONCLUSION

This chapter began with a discussion of the suitability of the semi-structured interviews for this research. The qualities of the interview method made it especially appropriate for this research because of the unstructured nature of the ethical dilemmas and the highly sensitive nature of this research. The suitability of the interview method for exploring meaning and context is well established (Liedtka, 1992).

The second part of the chapter detailed Phase One and Phase Three of the data collection process and the strategies adopted in securing a high participation rate for

the interviews. The difficulties in gaining access to the respondents were expected and the interview process proved to be very challenging and demanding. However, these efforts have produced very meaningful data sets which have helped answer the research questions effectively. Although the interview method appears to be well-suited for exploratory and validation research, it is important to recognise the methodology's weaknesses as well and to build rigour into the qualitative studies by addressing these weaknesses. The concepts of reliability and validity are important to ensure methodological rigour and a discussion on the steps taken to enhance the validity and reliability of the interview method for this research was also included in this chapter.

Chapter 7

RESEARCH METHODOLOGY AND DATA COLLECTION STRATEGY – THE QUANTITATIVE APPROACH

7.0 INTRODUCTION

In Chapter 5, it was noted that this research employed a combination of qualitative (semi-structured interviews) and quantitative (questionnaire survey) research methods as an integrated way of enhancing the quality of data. While Chapter 6 concentrated on the qualitative methodological issues, this chapter discusses the quantitative research methodology and data collection strategy adopted by the study. The principal themes in this chapter are: the choice of the questionnaire approach, the questionnaire design, the initial preparation for the pilot testing and the details of the actual fieldwork. The process of data storage and analysis is also briefly discussed in this chapter.

7.1 THE CHOSEN METHOD

Survey research is the most common research design used by business ethics researchers (Randall and Gibson, 1990). The main attraction of survey studies is in its “transparency or accountability - the fact that the methods and procedures used can be made visible and accessible to other parties so that the implementation as well as the overall research design can be assessed” (Hakim, 1987:48). Survey designs can be readily replicated (Hakim, 1987) and its administration is usually quicker than interviews (Bryman, 1989). Furthermore, the questionnaire survey permits a large population to be surveyed (Newell, 1993; Frankfort-Nachmias and Nachmias, 1996) which gives a broad, generalizable set of findings (Patton, 1987). The principal weakness of a questionnaire survey, however, is that it is often difficult to obtain an adequate response rate (Frankfort-Nachmias and Nachmias, 1996). The answers obtained through the questionnaire survey must also be accepted as final since the researchers have no opportunity to probe beyond the given answer or to clarify ambiguous answers (Frankfort-Nachmias and Nachmias, 1996). As the researcher will

show in the next section, although interviews would generate higher response rates and permit issues to be studied in depth and detail, the time and resource constraint as well as the accessibility of the sample made the self-completion questionnaire a suitable method.

7.1.1 Research Design – Choice of Questionnaire Survey

The survey method, specifically the mail survey, was used in Phase Two of the data collection stage. As noted in Chapter 5, questionnaires were used to test the hypotheses developed from the semi-structured interviews conducted in Phase One. There are compelling reasons for utilising this technique. Firstly, mail surveys permit a wide geographic contact which in turn, increases the generalisability of the study. It must be stressed that the objective of the research at this stage was to secure the participation of as many Malay, Chinese and Indian managers as possible, as well as to include managers representing firms of various equity ownerships and locations within Malaysia. It was hypothesised in Chapter 3 that the three ethnic groups had different cultural values and ethical perceptions. Therefore, a representative sample of the three ethnic groups was vital to enable valid comparisons between groups. Malaysia, as discussed in Chapter 4, consists of thirteen states and obtaining a sample of managers representative of each state would have been preferred. When a research project requires wide coverage and addresses a population that is dispersed geographically, the questionnaire survey has a distinctive advantage over alternative methods (for example interviews). Interviewing at this stage would involve high travel costs and large investments of time.

The intention of this study is to assess how the three ethnic groups perceive what is ethical or unethical and how cultural values influence their ethical perceptions. Although it was mentioned in Chapter 6 that the managers interviewed were willing to share the kinds of ethical dilemmas faced, they were more apprehensive when answering questions about their own ethical beliefs and conducts. The cultural origin of the researcher may have also influenced the kind of responses given by the managers, as the cultural origin of the researcher can impact on cross-cultural research (McDonald, 2000). The researcher, being Chinese, found that the Chinese managers when interviewed gave more candid answers than either the Malay or Indian managers, who were more apprehensive and cautious with their responses regarding

their ethical beliefs and conduct. Interviews may have been suitable to determine the kinds of ethical dilemmas faced but may produce unreliable or biased results when determining ethical attitudes. The use of mail surveys reduces biasing errors that might result from the personal characteristics of interviewers (Frankfort-Nachmias and Nachmias, 1996; Glastonbury and MacKean, 2002) since the questionnaires were sent directly to the respondents and the researchers was not present to “bias” the data obtained. By using a self-complete questionnaire for this research, anonymity of the respondents was also assured. The assurance of anonymity that a mail questionnaire provides is especially helpful when researching sensitive issues such as this research topic. This is because people are likely to respond to sensitive questions when they do not have to face the interviewer or speak to someone directly and moreover, respondents are more likely to be candid in their responses.

A common problem in investigating ethical attitudes is the possibility of encountering social desirability bias (Crane, 1999; McDonald, 2000) and the failure to control for this potential bias can have an adverse impact on the validity of the research findings (Nyaw and Ng, 1994). Whilst it is admittedly difficult to counter social desirability biases, it is harder to control for it in interview methods. Respondents who are interviewed are particularly likely to express socially acceptable responses as a convenient way of dealing with interviewers rather than expressing their actual views (Fielding, 1993). However, the researcher was able to incorporate the Crowne and Marlowe’s (1967) Social Desirability Scale into the questionnaire to detect and control for this bias.

A questionnaire survey allowed the respondents who were managers to fill in the questionnaires at a time that was convenient to them. As the respondents for this research were managers, such flexibility increased the participation and cooperation among the managers. The questionnaire survey also allowed the managers time to think about their responses as the questionnaire for this research was ten pages long and the questions posed required considered answers from them.

Finally, data collection through a questionnaire survey is less costly. It does not require travelling to the site (as in interviews) and the cost entailed is only the cost of duplicating, mailing and providing stamped self-addressed envelopes for the returns.

It was also less time-consuming as compared to the interview approach which may take months in the field to obtain a large number of responses. Moreover, the self report survey can be administered in a relatively short time period. Given that time and costs were the main constraints of this research, the questionnaire survey was the most appropriate data collection method.

Mail surveys do however have disadvantages. They tend to have low response rates (Randall and Gibson, 1990). According to Randall and Gibson (1990), the response rates for surveys in business ethics can range from 10% to 96% with a mean response rate of 43%. However, McDonald and Kan (1997) have commented on the low response rates for mail surveys conducted on managers in Malaysia (between 7.6% - 27.4%). The cause of the low response rate could probably be attributed to managers not wanting to have their “ethics” observed or measured directly (Trevino, 1986) or that certain cultural groups are more disposed to participation in research activities (McDonald and Kan, 1997). Mail surveys also do not provide assistance to respondents. They ask only standardized questions to all participants and require valuable time to complete (Forte, 2004). Furthermore, respondents are required to fit their opinions into predetermined response categories. As such, while questionnaire surveys can achieve the kind of breadth regarded as necessary to infer generalisability of the research findings, it generally sacrifices the contextual depth found in qualitative methods. Despite the disadvantages of mail surveys, the advantages of this method outweighed its disadvantages and made it a suitable method for this research.

7.2 PHASE TWO: PREPARATION WORK FOR THE QUESTIONNAIRE SURVEY

Phase One of the data collection strategy involved conducting semi-structured interviews with twenty-two Malaysian managers. As discussed in Chapter 6, one of the main purposes of conducting the exploratory interviews in Phase One was to identify the ethical dilemmas faced by Malaysian managers. The ethical dilemmas identified in the interview session were then used to construct the scenarios for the questionnaire survey. The researcher hoped that the scenarios developed through this method would be more realistic and provide a more accurate portrayal of the types of dilemmas faced by Malaysian businesses. This was following the comments made by

Randall and Gibson (1990) that the questions and scenarios used in survey research are typically too vague and lack realism. After the initial interviews in Phase One, the next stage was preparing for the questionnaire survey (that is Phase Two).

The main activities in Phase Two were designing the questionnaire, piloting, conducting the actual survey and analysing the survey data. The activities for this phase are shown in Table 7.1. The time period taken for completing Phase Two was eight months: constructing the questionnaire and conducting a small pretest was completed in four months (February to May 2003) while the pilot testing of the questionnaire and the actual questionnaire survey in Malaysia lasted approximately another four months (June to early October 2004). The next section will discuss the designing, piloting, administrating as well as the reliability and validity issues of the questionnaire survey.

Table 7.1: Phase Two of the Data Collection Activity

Phase Two: Main Fieldwork	
Date	Activity
Location: Cardiff Period: Four Months (February 2003 - May 2003)	Preparation work for the main data collection activity: <ol style="list-style-type: none"> 1. Prepare the questionnaire. <ul style="list-style-type: none"> • Identify vignettes for questionnaire. • Design the wording of the questionnaire. • Prepare the general appearance of the questionnaire. 2. Conduct a small pretest session for vignettes constructed. 3. Gather information about the potential companies for the sample. 4. Justify and identify the sample suitable for the research.
Location: Malaysia Period: One month (June 2003)	Preparation for fieldwork (Visit to Malaysia II) <ol style="list-style-type: none"> 1. Pretesting the Questionnaire <ul style="list-style-type: none"> • Conduct a pre-test for vignettes in Malaysian setting. Contact Malaysian managers and academics to review vignettes before actual pilot studies. • Contact managers who agree to participate in the pilot studies. First round of pilot study. <ul style="list-style-type: none"> • Conduct pilot study on 20 managers. • Revise questionnaire base on managers' suggestions. Second round of pilot study

	<ul style="list-style-type: none"> • Conduct second pilot study on additional 12 managers. • Final revision of questionnaire
Period: Three months (mid July 2003 – early October 2003)	2. Questionnaire survey: <ul style="list-style-type: none"> • To print and to prepare all the survey documents. • To mail questionnaires to 1500 pre-determined sample managers. • To collect the returned questionnaires. • Follow up for non-respondents by telephone calls and letters. • Resent questionnaires to non-respondents. 3. Data Gathering <ul style="list-style-type: none"> • To identify useful and completed questionnaires. • To input data into the SPSS programme files. 4. Data analysis for the thesis

7.2.1 Designing the Questionnaire

After conducting the preliminary interviews, attention was given to developing the questionnaire. It was important at this stage that the right variables were measured and included in the questionnaire. Hence, an extensive review of the literature was undertaken after the preliminary interviews. The purpose of the review was two-fold. Firstly, to identify the constructs of cultural values and, secondly, to identify factors that could influence an individual's ethical perception. The factors identified from the literature review were then compared with the factors identified from the preliminary interviews. Once the factors which influenced the Malaysian manager's ethical perception were identified, they were included in the design of the questionnaire.

According to Cohen and Manion (1989), questionnaires should be clear, unambiguous and uniformly workable. They should be able to interest the respondents, encourage their co-operation and elicit answers as close as possible to the truth. With these qualities in mind, the questionnaire for this research was designed. The questionnaire design can be divided into three stages: vignette construction, developing the dependent variable measures and developing the independent variable measures.

Stage 1: Vignette Construction

Part I of the questionnaire consisted of scenarios or vignettes in which the respondent was asked to place himself/herself in the position described in the scenarios. Scenarios

or vignettes are “short descriptions of a person or a social situation which contain precise references to what are thought to be the most important factors in the decision-making or judgment-making processes of respondents” (Alexander and Becker, 1978:94). They have been used extensively in ethics research (Randall and Gibson, 1990; Weber, 1992; Chia and Lim, 2000; Tsalikis *et al.*, 2001; Paolillo and Vitell, 2002; Christie *et al.*, 2003) and its utilisation is considered a positive solution to improving the quality of data from questionnaires (Paolillo and Vitell, 2002). According to Weber (1992), researchers using scenarios may be less vulnerable to social desirability bias than researchers using direct question surveys. Ethical issues in the form of vignettes or scenarios are also frequently used in business ethics research because it allows the researcher to frame the research questions to incorporate complex, multidimensional issues reflecting decision-making in the real world (Cavanagh *et al.*, 1985). The researcher for the purpose of this study used vignettes to present a variety of common ethical issues faced by Malaysian managers, for example, gift-giving, wealth accumulation, environmental pollution, defective products, prayer times and promotions. These issues could be presented to the respondents as concrete, detailed and realistic as possible through scenarios. The closer the questions approximate real world conditions, the more realistic the responses elicited. Furthermore, realism in the questions asked would help “generate interest and therefore the involvement of the respondents” (Fredrickson, 1986:481).

Vignettes are also frequently used in business ethics research to provide consistency across circumstances. Because business ethics cover a wide spectrum of business issues under the general term “ethics,” respondents may resort to their own private situational examples or set of circumstances relating to each issue if specific ethical issues in the form of vignettes were not present to “anchor” respondent’s perception to the construct under study (Alexander and Becker, 1978; McDonald, 2000). Without vignettes, each respondent will be answering the research questions in terms of his or her own mental picture of the task before him/her (Alexander and Becker, 1978), resulting in unreliable and inaccurate measures of attitudes and behaviours. The use of vignettes therefore helps to standardise the social stimulus across respondents, makes the decision-making situation more real and helps emphasise the critical aspects that are of interest to the researcher (Alexander and Becker, 1978; Weber, 1992; McDonald, 2000).

Two approaches were taken in the development of the scenarios: from the review of literature and from the examples elicited from the managers during the semi-structured interviews conducted in Phase One. During the interviews, the managers were asked about ethical situations and dilemmas that were faced in their course of work. The exploratory interviews were conducted with 22 managers and five university academics. As discussed in Chapter 6, the transcribed interviews yielded forty-three categories of ethical dilemmas. However, the number of categories was later reduced to include only ethical dilemmas which were distinctly different in terms of their perceived ethicalness among the three ethnic groups. Eleven categories remained: bribery/kickbacks, gifts/favours/entertainment/trips, nepotism, inappropriate employee activities (long prayer time, stealing, doing business on personal time), conflict of interest, management pressure, pricing, inappropriate sales practices, inappropriate products, environmental pollution and discriminatory employee practices. After consultation with the researcher's supervisors, Professors Jonathan Morris and Andy Crane, the six most frequently cited categories of dilemmas were chosen for the vignette construction. Two vignettes were developed for each category resulting in a total of 12 vignettes. Nine vignettes were developed from the examples elicited during the interviews while three others were adapted from previous studies, based on the examples of ethical dilemmas given by the managers. They were then distributed to five of the researcher's PhD colleagues for suggestions on how they might be further improved. Based on their comments, the wordings to some of the scenarios were reworded. After developing the scenarios, the next step was to construct the questions and rating scales to measure the subjects' ethical perceptions.

Stage 2: Dependent Variable Measures – Ethical Perception

Psychologists have struggled with the problem of measuring awareness (Nisbett and Wilson, 1977) and consensus has not been achieved on a methodology that captures subjects' mental processes (Butterfield *et al.*, 2000). However, previous researches on ethical perception believed a qualitative dependent measure was the best way to capture the respondent's awareness of the issue present in the scenarios (Shaub *et al.*, 1993; Butterfield *et al.*, 2000). Therefore, apart from using several validated quantitative measures, the research instrument also included a qualitative measure to determine the ethical sensitivity of the sample. Immediately after reading each

scenario, respondents were asked to write down the issues that the respondents considered as important in the scenario. The purpose of this qualitative question was to measure the respondent's level of awareness of ethical issues in the scenarios. They were also required to rate the significance of the issue(s) identified on a 7-point scale (1=Very Significant Issue to 7=Very Insignificant Issue). Recognition of the ethical issues in the scenario, regardless of the importance attached to the issues, serves as the absolute measure of ethical sensitivity (Shaub *et al.*, 1993).

Ethical perception, as described in Chapter 3, is postulated to consist of seven dimensions: perceived uncertainty in decision-making, perceived difficulty in decision-making, perceived intensity, perceived conflict over moral values, perceived consequences on others, perceived choice and perceived social consensus. Perceived difficulty in decision-making and perceived choice in decision-making were adapted from the scales used in Chia and Lim's (2000) study. Perceived difficulty was measured with a structured question with three alternatives: "Yes, it was easy," "Unsure" and "No it was difficult". A "difficult" or "unsure" answer indicated the presence of a dilemma. An example of this question is: "You have to decide whether to give the trip to the customer. Do you think that this is an easy decision for you to make?" Perceived choice was measured with the question: "To what extent do you perceive that you have a choice with regard to how you should act in this situation?" Participants reported their choice on a 7-point scale (1= "I have a choice" to 7= "I have no choice at all"). For the remaining five constructs, the respondents reported their level of agreement to each item on a 7-point scale (1= "Strongly Agree" to 7= "Strongly Disagree"). Perceived intensity was measured by asking the respondent's perception of the severity of the unethical act. An example of this question is: "I am uncomfortable about giving the trip to the customer because giving the trip might influence the customer's future decisions to purchase from the company." Perceived uncertainty was measured by asking the respondents "There is no clear-cut "Yes-No" decision to be made in this situation." Perceived conflict was measured by asking the respondents if they perceived the situation as conflicting with their moral standards. An example of this question is: "Giving the trip conflicts with my moral values." Perceived social consensus was measured with a three-item scale. An example of these items are: "Giving the trip to the customer is a normal business practice"; "The people in my industry would think that giving the trip is a normal business practice"

and “I perceive that I would have a different ethical perception from my colleagues of another ethnic group regarding this situation.” Perceived consequences was measured by a three-item scale which described the consequences of the unethical action on the various parties potentially affected by the decision in each situation. An example for these statements are: “My decision in this situation will have (positive/negative) consequences for me alone and nobody else”; “My decision in this situation will have (positive/negative) consequences for the individual requesting the trip” and “My decision in this situation will have (positive/negative) consequences for my company.”

According to Serwinek (1992), responses in increments from "very unethical" or "not at all unethical" could be indicated by either a 5-point scale or a 7-point scale. It is generally acknowledged that data in this format is interval data. All questions for this study were therefore consciously constructed to elicit responses that could be recorded in terms of interval data. With interval data, the researcher was in a position to construct indices that could be manipulated mathematically including the obtaining of standard deviations, correlations, factor analysis and regression equations (Serwinek, 1992).

Stage 3: Independent Variables

The independent variables for this research were cultural values, social desirability bias and the social context variables.

A. Cultural Values

In the previous chapter, the researcher hypothesised that the Malays, Chinese and Indians were different in terms of six cultural dimensions: locus of control, money orientation, obedience-to-authority, religiosity, face and relationship orientation. These values were measured using attitude scales which consisted of attitude statements with which the respondent was asked to agree or disagree (Oppenheim, 1984). There were a total of 49 questions measuring locus of control (11 questions), money orientation (10 questions), obedience-to-authority (8 questions), religiosity (9 questions), face orientation (4 questions) and relationship orientation (7 questions).

The attitude scales for this research were based on two sources. Locus of control was measured using MacDonald and Tseng's (1971) eleven-item internal/external orientation scale, religiosity was measured using the I-Revised Scale developed by Gorsuch and McPherson (1989), the relationship orientation scale was adapted from a study by Ang (2000) and the money orientation scale was based on the scale developed by Tang and Gilbert (1995). The measurements for face orientation and obedience to authority were developed by the researcher based on readings by Asma (1996), Ang and Leong (2000) and from the interview data. For each attitude statement, the respondents were asked to indicate their level of agreement or disagreement on a 7-point Likert scale which ranged from 1(*strongly agree*) to 7 (*strongly disagree*).

B. Social Desirability Response Bias

Ethical instruments have been subjected to criticism because of social desirability response bias (McDonald, 2000). Social desirability is generally defined as the need for social approval, or acceptance, and is the belief that this approval or acceptance can be achieved through culturally accepted or appropriate behaviour (Crowne and Marlowe, 1967). The pressure for respondents to provide morally correct answers, instead of true answers, is considered stronger in ethics research than in other attitudinal research (McDonald, 2000) and a failure to consider and control for this potential response bias can have an adverse impact on the validity of the research findings (Nyaw and Ng, 1994). Since the nature of business ethics research includes a high probability of social desirability bias, Weber (1992) urged researchers to control for this factor in their data collection and report the potential for social desirability bias in their findings. Bearing this in mind, this research incorporated Crowne and Marlowe's (1967) Social Desirability scale in the questionnaire to control for social desirability response bias. Crowne and Marlowe's (1967) Social Desirability scales were chosen due to their longstanding popularity (Fernandes and Randall, 1992). Although the Crowne and Marlowe's original Social Desirable Scale consisted of 33 items, a cut-down version consisting of a set of ten items was used for this research because of the already lengthy questionnaire. When the Social Desirability Scale is used as a supplementary measure, it is unlikely because of length, that the full scale will be used and McDonald (2000) recommends a cut-down version. A cut-down version consisting of 10 randomly selected items from Crowne and Marlowe's

original Social Desirability Scale has been used by Nyaw and Ng (1994) and Jones and Kavanagh (1996). The ten questions selected for this study was randomly selected from the 33 items and respondents endorsed the item on a 7–point Likert scale (where 1=*strongly agree*, 7= *strongly disagree*). The questions to measure social desirability bias were in Part III of the questionnaire.

C. Social Context Variables

It was previously discussed in Chapter 2 how demographic variables such as gender, age and the level of education can influence the ethical perception of individuals. Previous studies have found ethical differences related to gender (Luthar *et al.*, 1997; Reiss and Mitra, 1998; Coleman and Mahaffey, 2000; Silver and Valentine, 2000; O'Leary and Radich, 2001; Conroy and Emerson, 2004), age (Ruegger and King, 1992; Serwinek, 1992; McDonald and Kan, 1997; Peterson *et al.*, 2001) and education level (Mehta and Keng, 1984; Kaynama *et al.*, 1996; Harsh *et al.*, 1997; Viswesvaran and Deshpande, 1998; Singhapakdi *et al.*, 1999). Apart from these factors, researchers have also found that situational factors such as codes of ethics can influence the individual's perception of ethical issues (Tsalikis and Fritzsche, 1989; Nwachukwu and Vitell 1997; Adams *et al.*, 2001; Schwartz, 2001; Valentine and Barnett, 2002). The literature review also identified nationality of parent organisation as one of the factors influencing the ethical perception of individuals (Jackson and Artola, 1997). Previous studies have shown that nationality of the parent organisation can influence the individual's ethical perception through the types of values emphasised by multinationals of different nationalities in their codes of conduct (Langlois and Schlegelmilch, 1990; Kaptein, 2004).

As both individual and situational factors can directly influence the ethical perception of individuals (Adams *et al.*, 2001; Ross and Robertson, 2003) and to arrive at a more accurate conclusion that cultural values do influence ethical perception, these individual and situational factors were identified as the control variables for this study. Therefore, questions regarding the respondent's gender, age, educational level, the existence of a code of ethics in the respondent's organisation and his/her nationality of parent organisation were included in Part IV of the questionnaire. As part of the demographic profile of the respondents, questions regarding the respondent's job title, working experience, ethnicity, religion, the industry and the

department of the respondent as well as the level of enforcement of the respondent's company's code of ethics were also included in this section.

7.2.2 Pre-testing the Questionnaire

Pre-testing is the use of the questionnaire in a small pilot study to ascertain how well a questionnaire works (Hunt *et al.*, 1982). It is the final stage of the questionnaire-development process. According to Bailey (1982), pre-testing can help increase the reliability and validity of measures, improve questionnaire wording, question order, poor scale items and identify redundant questions or confusing response categories.

Before the actual pilot test was conducted, the researcher distributed the questionnaire to five Malaysian managers and two academics in a local university in Malaysia (from cross-cultural business research and accounting studies respectively). They were asked to review the twelve vignettes in terms of realism and plausibility of the vignettes as well as to identify the types of ethical dilemmas represented in each scenario. They were also asked to suggest how the vignettes could be further improved. Based on their review, the managers and academics concluded that the vignettes were clear and realistic. The actual pilot study was then carried out. Ferber and Verdoorn (1962) suggest a pretest sample of 12 is satisfactory, while Newell (1993) says that a 10 per cent pilot sample would be helpful. However, Borg and Gall (1989) advocate that if the research subjects are from a well-defined professional group, as few as 20 cases will often be sufficient. The sample selected for the pretest should also be similar to that of the target population (Borg and Gall, 1989; Randall and Gibson, 1990). Bearing all these guidelines in mind, the first round of pilot tests was carried out on 20 Malaysian managers, from the three ethnic groups, in various organisations and industries located in Selangor, Malaysia. The purpose of the pilot test was to obtain feedback about the clarity and answerability of the questions. It was also to ensure that the scenarios accompanying the questions were understandable and were an accurate portrayal of the situation. The questionnaire was administered in English for all three ethnic groups because English is a well understood language in Malaysia, particularly in the business setting. Based on the feedback, the following changes were made to the instrument:

1. Providing an example for answering Question 1 of each scenario to reduce item non-response and confusion in answering the question.

2. Reducing the number of scenarios from twelve to six scenarios. According to the managers, the initial questionnaire with twelve scenarios took close to 2 hours to complete. The time needed to answer the questionnaire was shortened to approximately 45 minutes when the scenarios were reduced to six.
3. Re-sequencing the questions in Part IV, the “Demographics” section, to facilitate easy and smooth progress from one question to the next.

The major change to the questionnaire was the reduction in the number of scenarios. As mentioned in the vignette construction section, a total of 12 vignettes were developed based on feedback obtained from the interviews. However, based on the feedback obtained from the pilot test subjects, the number of vignettes was later reduced to six to due to the length of the questionnaire. Furthermore, too many scenarios could lead to information overload and fatigue for the respondent (Weber, 1992). The final form of the questionnaire therefore contained six scenarios. Ethical issues relating to gift-giving was represented by Scenario 1, wealth accumulation by Scenario 2, environmental pollution by Scenario 3, defective products by Scenario 4, prayer times by Scenario 5 and promotion by Scenario 6. Scenarios 1, 3, and 6 were adapted from several studies including Oklekshen and Hoyt (1996), Nyaw and Ng (1994) and Radtke (2000) and the remaining three scenarios were developed specifically for the present study by the researcher. A summary of the vignettes is shown in Table 7.2.

Table 7.2: Summary of Vignettes

Scenario 1 (Gift-Giving)

You have just joined this company as a sales manager and while making sales calls, one of your clients asks you about the year-end trip which he says your company gives to all its customers as a token of appreciation for their support throughout the year. You know that your company has no such policy. You discover that this was in fact promised to the customer by the previous sales manager who has since left the company. You know that this client is one of the major customers in your company and your company would not mind giving this client a trip as a token of appreciation for his/her support of your company's products.

Scenario 2 (Wealth Accumulation)

You are a manager of the purchasing department of Company A. Your friend suggests to you that both of you should establish a company to acquire the materials needed by Company A and subsequently sell the same materials to Company A at a mark-up price of 50%. You will be the “sleeping partner” in this partnership.

Scenario 3 (Environmental Pollution)

You have just been transferred to one of your company's factories. You see an employee pouring solvents and cleaning solutions from your factory down a drain and you tell him to

stop immediately. You know that it is illegal to dispose of harmful chemicals through the public sewers. You tell your immediate superior, who is the factory manager, about the employee's illegal act. He tells you not to worry. He says that your factory has disposed of its chemicals through the drains for the last 10 years and no one has ever found out about it. Your superior asks you not to report it to senior management.

Scenario 4 (Defective Products)

Your colleague, who is also your good friend, works in the R&D department and has developed a new model of laptops. Since your company launched the new model of laptops, sales have been picking up steadily and senior management has praised your colleague for his work. However, your colleague has just discovered a defect in the computer where prolonged usage of the laptop will cause one of its chips to burn and make the computer unusable. So far your company has not received any complaints from your customers on this matter. Your colleague decides to keep quiet about the matter and requests you not to report it to senior management. You know that exposing your colleague's error will embarrass him.

Scenario 5 (Prayer Times)

Your colleague is a deeply religious person. Your office has provided a prayer room for its employees. You notice that every time this colleague of yours goes into the prayer room, it is for at least an hour. You wonder if you should tell your superior about your colleague's actions.

Scenario 6 (Promotion)

You and a colleague of yours started work at the same time after university. Both of you are quick learners but your colleague seems to always get things done faster and is continually receiving praise from your superior, who supervises you both. Both of you are up for a promotion. On a night out with your spouse, you run into this colleague of yours and your immediate superior having a lavish dinner. At the end of the dinner, it is your colleague who picks up the bill. Your spouse thinks that you should also start buying your immediate superior lavish gifts and meals to enhance your chances of getting the promotion. You are not so sure because you feel that even if you don't get the promotion this time, your chance will come if you continue to work hard at your job.

After the revision, a second pilot test was conducted on a second group of 12 managers. The purpose of the second pilot test was to ensure that the limitations of the initial questionnaire had been eliminated. It was also to check if the rewording in the questions could have introduced new difficulties (Oppenheim, 1984). Managers who had participated in the first pilot test were excluded from the second pilot test. This was to eliminate any biases that would exist if the same respondents were selected again for the pilot test. The revised questionnaire was deemed by the pilots to consist of questions that all the respondents should be able to answer. No additional changes were made to the questionnaire and the final version was confirmed. A copy of the questionnaire is in Appendix 5. The final version of the questionnaire had 150 questions and consisted of four main parts:

Part 1: comprised six vignettes and seventy-two questions. The first part of the section measured the respondent's moral awareness. It was then followed by questions that measured the seven dimensions of ethical perception: perceived difficulty in decision-making, perceived conflict over moral values, perceived consequences on others, perceived choice in decision-making, perceived social consensus, perceived uncertainty in decision-making and perceived intensity.

Part II: focused on identifying the cultural values of the ethnic groups. This section contained forty-nine questions designed to measure the respondent's locus of control, relationship orientation, money orientation, religiosity, face and obedience-to-authority.

Part III: consisted of ten questions to detect social desirability bias, if any.

Part IV: was the demographic section of the questionnaire and consisted of 19 questions. It had questions to obtain a more complete description of the respondents.

7.2.3 The Questionnaire Survey

The questionnaire survey was completed in three months (mid July to early October 2003). The membership lists of the Malay Chamber of Commerce, the Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCIM), the Indian Chamber of Commerce and Industry (MAICCI), the Federation of Malaysian Manufacturers (FMM) and the American Malaysian Chamber of Commerce served as the sampling frame for this research. From each membership list, one in every five companies was selected. This resulted in 100 companies being selected from the membership list of the Malay Chamber of Commerce, 120 companies from the Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCIM), 100 companies from the Indian Chamber of Commerce and Industry (MAICCI), 350 from the Federation of Malaysian Manufacturers (FMM) and 80 companies from the American Malaysian Chamber of Commerce. Two managers from each company was contacted and a survey packet containing the cover letter signed by Professor Jonathan Morris, the researcher's supervisor, and the researcher, a set of the questionnaire and a self-addressed stamped envelope was mailed to these managers. Therefore a total of 1500 questionnaires were sent out to the companies.

Before sending out the questionnaire packs, the managers were contacted to explain the purpose of the study and to increase participation rates. According to McDonald (2000), preliminary notification can increase sample sizes. The managers were given three weeks to complete and return the questionnaires. Follow-up telephone calls were made to the managers who had not returned the questionnaires in order to encourage participation. As anonymity is particularly important when the research involves sensitive areas such as ethics (Randall & Fernandes, 1991), no identifying data were obtained on the respondents. Respondents were assured of their confidentiality, including the reporting of data in summary form. Follow-up calls were made to the managers again two weeks after the mailing of the questionnaires to remind them to complete and return the questionnaires. After repeated follow-up contacts, 323 managers or 21.5% returned the questionnaires. This response rate is, according to McDonald and Kan (1997), in the range of response rates for studies previously conducted in Malaysia which ranged between 7.6% and 27.4%. While the response rates for business ethics studies using student populations generally cite 96 per cent or higher, these rates are significantly influenced by the environment in which the data are collected (Weber, 1992). These studies are usually collected as part of an in-class exercise where all students are expected to participate. Generally, the response rates for studies using scenarios with managerial populations have been between 21 and 50 per cent (Weber, 1992). The lower response rates which seem to be common in business ethics research could be due to the sensitive nature of business ethics issues (Randall and Gibson, 1990).

7.2.4 Reliability and Validity of the Questionnaire Results

Reliability refers to the stability and consistency of a measure (Procter, 1993). There are three basic measures for measuring the reliability of a measurement scale: test-retest method, internal-consistency reliability and parallel-forms technique. A brief explanation of these three measures is presented in Table 7.3.

Table 7.3: Types of Reliability

Type of Reliability	Characteristics	Comments
Test-Retest Reliability	Measures the stability of the instrument over time. The measuring instrument is administered to the same group of persons at two different times under the same conditions.	Different results may be obtained depending on the length of time between measurement and re-measurement. If a change occurs between the first and second administration, there is no way to distinguish between change and unreliability.
Internal Consistency Reliability	Measures how well several items that reflect the same construct yield similar results.	Different results may be obtained depending on how the items are split.
Alternative Form Reliability	Uses differently worded items or questions that address the same construct on the same group of respondents.	The researcher has to be able to develop substantially equivalent measures that reflect the same construct.

Source: adapted from Peter (1979:3-4)

Stability is the consistency of the scores over time and consistency is most often thought to mean repeatability (Lee, 1999). In quantitative studies, consistency is generally thought to be more significant and the most widely used measure of consistency is Cronbach's alpha coefficient. Cronbach's alpha coefficient is the average correlation between a scale and another scale of the same length drawn from the same content domain (Cronbach, 1951). It is suitable for items which are answered along a scale of response ("strongly agree, "agree" etc.). If the coefficient is low, then the scale is not internally consistent and does not sample adequately from the content area which it is designed to measure. Bryman (1989) said that most researchers accept 0.80 as the minimum acceptable level of internal reliability for a multiple-indicator scale while Sekaran (1992) stated that the minimum acceptable level is 0.60. However, Becker (1999) says that if the test is going to be used to make decisions about peoples' lives (for example if the test is used as a diagnostic tool that will determine treatment, hospitalisation, or promotion) then the minimum acceptable coefficient alpha is 0.90. On the other hand, this rule of thumb can be substantially relaxed if the test is going to be used for research purposes only. A discussion on the reliability values for the scales developed will be presented in Chapter 8.

Steps were taken to ensure that the questionnaire had a high degree of content validity. This included an extensive literature review of past studies relating ethical perception to cultural values, using semi-structured interviews to verify concepts read, discussions with the researcher's supervisors, practitioners and other academic staff to check that the content of measures matched the content. The scenarios used for the questionnaire survey were also pre-tested for face validity by distributing the questionnaire for a review by a panel consisting of five Malaysian managers and two academics at a local university.

7.3 DATA ANALYSIS PROCESS

After the data collection period, the data was edited and cleaned. Editing and cleaning the data are important steps in data processing and should precede analysis of collected information (Frankfort-Nachmias and Nachmias, 1996). During the data editing process, it was found that some questionnaires were completed by incorrect respondent groups (that is non-managers). Such questionnaires had to be eliminated from the sample and the initial screening revealed that 25 of the 323 questionnaires had to be eliminated because they did not fulfil requirements – 10 of the questionnaires returned were by managers who were non-Malaysians and 15 of them were from non-managerial respondents.

After editing the data, the data was then prepared for analysis. The data was coded and entered for analysis using the Statistical Package for Social Sciences (SPSS) version 11.0. Before the actual statistical analysis was carried out, the data set was screened and checked for errors. The purpose of the data cleaning at this stage was to detect errors and inconsistent codes that could result during the data-entry. This screening process revealed a further 26 questionnaires with missing data. Questionnaires with missing data were excluded from the analysis. Thus the final analysis consisted of 272 usable questionnaires, a usable response rate of 18.1%.

A number of statistical analyses were used to investigate the hypotheses developed in Chapter 3. The first stage of the analysis involved testing if the Malay, Chinese and Indian managers differed with regards to the six cultural dimensions (that is Hypothesis H1). The analysis was conducted using the one-way analysis of variance

(ANOVA). The one-way analysis of variance (ANOVA) was also used to test if the ethical perceptions between the three ethnic groups were significantly different (that is Hypothesis H2). Next, the influence of cultural values on the seven dimensions of ethical perception was examined (that is Hypotheses H3- H8). For this purpose, the Analysis of Covariance (ANCOVA) was used to assess the influence of the various cultural values on each dimension of ethical perception. Finally, a two-step hierarchical regression analysis was used to determine how cultural values affect the ethical perception of each ethnic group for each scenario. The method of analysis employed for each of these hypotheses will be further discussed in Chapter 8 (Hypothesis H1), Chapter 9 (Hypothesis H2), Chapter 10 (Hypotheses H3-H8) and Chapter 11.

7.4 CONCLUSION

This chapter presented the quantitative phase of the research methodology and data collection strategy adopted in this study. The first part discussed the suitability of the survey method for this research, whereby time constraint and accessibility of the sample were the main reasons for choosing this method. The second part of this chapter detailed the key stages in the quantitative data collection stage. This included designing the questionnaire, pilot testing it and the actual questionnaire survey. Although the questionnaire survey was carried out on a very tight schedule, every effort was made to produce a meaningful data set to answer the research questions effectively. The chapter also discussed the measures taken to clean the data and briefly explained the data analysis procedures. The next four chapters will present and discuss the results obtained from the various statistical analyses.

Part III: Results, Discussion and Conclusion

In this part, the researcher provides the demographic information about the survey respondents and presents the findings of the study. Part III also discusses the research, managerial and policy implications based on the findings of this research. This part concludes with the possible avenues for future studies. The chapters in Part III are:

Chapter 8: **Profile of Respondents Surveyed and Differences in Cultural Values** is presented to provide a clear background to the sample in the research, and to divide all the respondents into the various demographic characteristics according to gender, age, level of education, ethnic group and religion. The first part of the chapter outlines the main characteristics of the 272 respondents surveyed. The second part of the chapter examines whether the Malay, Chinese and Indian managers are culturally different in terms of the six cultural value dimensions identified in Chapter 3.

Chapter 9: **The Ethical Perception of the Malays, Chinese and Indians** is examined in this chapter. The focus of this chapter will be to determine if the Malays, Chinese and Indian managers have differing ethical perceptions. A closer analysis will also be conducted to determine which ethical perception dimensions are significantly different.

Chapter 10: **The Influence of Cultural Values on the Malaysian Managers' Ethical Perception** will be examined. This chapter investigates how the various cultural dimensions influence the Malaysian managers' ethical perception and its seven dimensions.

Chapter 11: **Analysis by Ethnic Group** examines how the cultural values influence the ethical perception of the three ethnic groups in the specific issues related to gift-giving, wealth accumulation, pollution, defective products, prayer times and promotion.

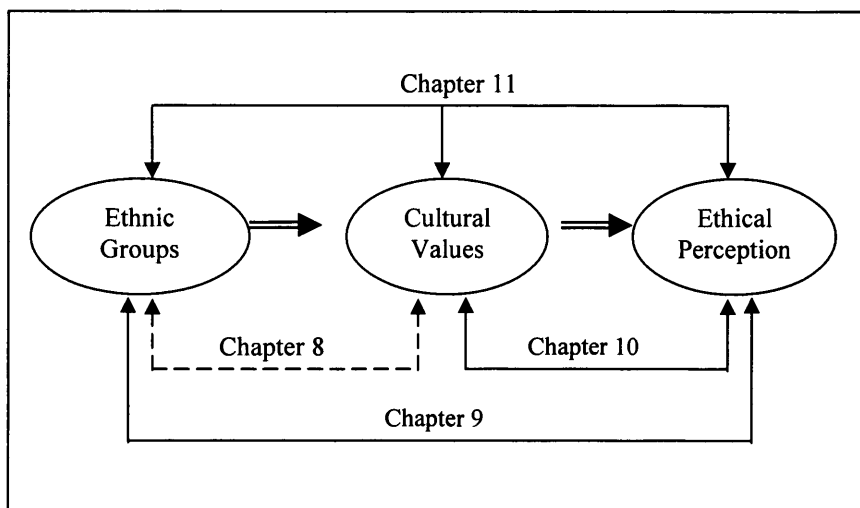
Chapter 12: **Discussion and Conclusion** is presented in two main parts. The first part sums up all the findings presented in the earlier chapters and discusses the implications of these findings. The second part discusses the managerial, theoretical and policy implications of the research. It also suggests directions for future research.

Chapter 8

PROFILE OF RESPONDENTS AND DIFFERENCES IN CULTURAL VALUES

8.0 INTRODUCTION

The results and analyses for this research are divided into four chapters. This chapter discusses the profile of the respondents and the differences in cultural values between the different groups as indicated in Chapter 3. Chapter 9 will then discuss the differences in ethical perception between the three groups while Chapter 10 will examine how each cultural value influences their ethical perceptions and its components. Chapter 11 will discuss, by ethnic group, how their cultural values affect their ethical perceptions when faced with ethical dilemmas such as gift-giving, wealth accumulation, pollution, defective products, prayer times and promotion. The sections looked at in each chapter are illustrated in the diagram below and the dotted line indicates the section examined in this chapter.



This chapter is divided into three main parts: the first part outlines the profile of the respondents, while the second part concerns the information regarding the purification and reliability of the measurement scales. The final part discusses the statistical results regarding the differences in cultural values between the three ethnic groups.

8.1 PROFILE OF RESPONDENTS

As discussed in Chapter 7, a total of 323 questionnaires were completed and returned, constituting a response rate of 21.5%. However, after the data cleaning process, questionnaires which were completed by incorrect respondent groups (that is, non-managers) or had missing data had to be excluded from the analysis. The editing and cleaning of the quantitative data was discussed in Chapter 7. The final analysis consisted of 272 usable questionnaires, a usable response rate of 18.1%.

Table 8.1 summarises the characteristics of the 272 respondents and their organisations based on information gathered from the questionnaires. The following sections will discuss the characteristics of the respondents in more detail according to each aspect of the structural framework.

Table 8.1: Salient Characteristics of the Respondents
(N=272 respondents)

Salient Characteristics:	Frequency	%
Ethnic Distribution		
Malay	77	28.3
Chinese	152	55.9
Indian	43	15.8
Gender		
Male	195	71.7
Female	77	28.3
Religion		
Islam	77	28.3
Buddhist	93	34.2
Hindu	35	12.9
Christian	51	18.8
Own Beliefs	15	5.5
Age		
30 years & below	28	10.3
31-40 years old	113	41.6
41-50 years	97	35.7
51 years and above	34	12.5
Highest Education Level		
Secondary School (equiv.)	27	9.9
Diploma/Advanced Diploma	40	14.7
Bachelor's Degree/ Professional Qualifications	128	47.1
Masters Degree	71	26.1
Doctorate Degree	6	2.2
Designation		
Vice-President	1	0.4
Chief Executive Officer	14	5.1
Director	26	9.6
Manager	222	81.6
Assistant Manager	9	3.3
Years of Working Experience		
1-5 years	15	5.5
6-10 years	51	18.8

11-15 years	74	27.2
16-20 years	42	15.4
more than 20 years	90	33.1
Industrial Sector		
Manufacturing	139	51.1
Services	114	41.9
Construction and Engineering	19	7.0
Equity Ownership of Respondent Organisations		
Locally-owned <i>Bumiputera</i> organisations	66	24.3
Locally-owned Chinese organisations	51	18.8
Locally-owned Indian organisations	21	7.7
British-owned organisations	18	6.6
Japanese-owned organisations	29	10.7
American-owned organisations	42	15.4
Other European-owned organisations	30	11.0
Other East-Asian owned organisations	8	2.9
Others (e.g. Joint-Ventures etc.)	7	2.6
Does Your Company Have a Code of Ethics?		
Yes	201	73.9
No	40	14.7
Don't Know	31	11.4

8.1.1 Ethnic Distribution

In terms of ethnic distribution, 28.3% of the respondents were Malays, 55.9% were Chinese and 15.8% were Indians. The sample was representative of the population of managers in Malaysia in terms of the Malay and Indian respondents. According to the Department of Statistics (2002), 28% of the country's managers and professionals were Malays and 12.1% were Indians. The Chinese respondents for this sample were higher than the national population of 22.5% (Department of Statistics, 2002).

With respect to gender, 71.7% of the respondents were males and 28.3% were females. It was estimated that 65% of Malaysian managers and professionals were males while 35% were females (Department of Statistics, 2002). As indicated in Table 8.2, 27.2% of the male respondents are Malays, 54.4% are Chinese males and 18.5% are Indian males. Of the female respondents, 31.2% are Malays, 59.7% are Chinese and 9.1% are Indians.

Table 8.2: Ethnic Distribution of Respondents by Gender

Ethnic Group	Gender			
	Male		Female	
	Frequency	%	Frequency	%
Malay	53	27.2	24	31.2
Chinese	106	54.4	46	59.7
Indian	36	18.5	7	9.1
Total	195	100	74	100

8.1.2 Religion

Table 8.3 presents the religious distribution of the respondents. A Malay by definition in the Federal Constitution has to profess to the Islamic religion. As such, all 77 Malay respondents were Muslims. Although all Malays in the country have to practice Islam as their religion, this does not extend to the other two ethnic groups. For the Chinese, majority (61.8%) of them were Buddhists and this is not surprising because Buddhism is largely identified with the Chinese. Almost 28.9% of the Chinese were Christians and 9.2% of the Chinese respondents reported they did not have any religion. Hinduism appears to be the main religion for the Indian respondents where almost 81.4% of the Indian respondents were Hindus, this compared to 16.3% of the respondents who were Christians and 2.3% who reported they did not have any religion. The high number of Hindus among the Indians is expected because 87% of Malaysian Indians today are practising Hindus.

Table 8.3: Religion Distribution of Respondents by Ethnic Group

Religion	Ethnic Group					
	Malay		Chinese		Indian	
	Frequency	%	Frequency	%	Frequency	%
Islam	77	100	-	-	-	-
Buddhist	-	-	94	61.8	-	-
Hindu	-	-	-	-	35	81.4
Christian	-	-	44	28.9	7	16.3
Own Beliefs	-	-	14	9.2	1	2.3
Total	77	100	152	100	43	100

8.1.3 Age

Table 8.4 presents the details of the age distribution of the 272 respondents. In the sample, 41.6% of the respondents were between 31-40 years old, 35.7% were between 41-50 years old. 10.3% of the respondents were 30 years and below while 12.5% of the respondents were aged 51 years and above. Thus overall, 77% were aged between 31-50 years old with fewer at the extreme ranges of age.

Table 8.4: Age Distribution of Respondents

Range	Frequency	%
30 years & below	28	10.3
31-40 years old	113	41.6
41-50 years	97	35.7
51 years and above	34	12.5
Total	272	100

The relatively small number of respondents in the “51 years and above” category could be due to the fact that at this age, they would probably be holding more senior positions in their organisations (such as Directors or Vice-Presidents) and may not have the time to participate in research activities. Such activities would probably be delegated to the managers reporting to them.

8.1.4 Education

Table 8.5 shows the distribution of the sample by educational qualifications. The respondents for this sample were relatively well-educated with 47.1% of the respondents having at least a bachelor’s degree or professional qualifications, 26.1% having either a Master’s or MBA degree, 2.2% having doctorate degrees, 14.7% having either a diploma or advanced diploma and 9.9% having at least secondary school qualifications. A majority of the respondents (75.4%) had received university education and this relatively high figure can be attributed to the government’s efforts in giving education a central role in its development policies.

Table 8.5: Education Distribution of Respondents

Highest Educational Level	Frequency	%
Secondary School (equiv.)	27	9.9
Diploma/Advanced Diploma	40	14.7
Bachelor’s Degree/ Professional Qualifications	128	47.1
Masters Degree	71	26.1
Doctorate Degree	6	2.2
Total	272	100

Cross-tabulation of the sample in Table 8.6 by ethnicity reveals that 5.2% of the Malay respondents possessed secondary school qualifications, this compared to 10.5% of the Chinese and 16.3% of the Indian managers. The analysis showed a higher number of diploma/advanced diploma holders among the Malays (22.1%), compared to 13.2% for the Chinese and 7.0% for the Indians. This can be attributed to the availability of diploma programmes in some local universities where entrance into such programmes are only open to the Malays. In terms of bachelor’s degree or professional qualifications, the distribution was almost equal where 45.5% of the Malay respondents reported they had a bachelor’s degree compared to 50.7% of the Chinese respondents and 37.2% of the Indian respondents. Among the three groups,

the Indian respondents held the highest percentage of Masters/MBA degrees (37.2%); this compares with 27.3% of the Malay managers and 22.4% of the Chinese respondents.

Table 8.6: Education Distribution by Ethnic Background (N=272)

Highest Educational Level	Ethnic Group					
	Malay		Chinese		Indian	
	Frequency	%	Frequency	%	Frequency	%
Secondary School (equiv.)	4	5.2	16	10.5	7	16.3
Diploma/ Advanced Diploma	17	22.1	20	13.2	3	7.0
Bachelor's Degree/ Professional Qualifications	35	45.5	77	50.7	16	37.2
Master's Degree/ MBA	21	27.3	34	22.4	12	37.2
Doctorate	-	-	5	3.3	1	2.3
Total	77	100	152	100	43	100

8.1.5 Designation and Years of Work Experience

Respondents were also asked to assess their relative position within the organisation in which they worked in terms of their designation. As indicated in Table 8.7, a majority of the respondents were managers (81.6%), 3.3% were assistant managers, 9.6% were directors and 5.1% were Chief Executive Officers in their organisations. One respondent was the Vice-President in his organisation. The managers in this sample were also quite experienced. Table 8.7 showed that 33.1% of the managers had more than 20 years of work experience, 15.4% had between 16-20 years of working experience, 27.2% of the managers had 11-15 years of work experience, 18.8% of them with 6-10 years of working experience and 5.5% of the managers with working experience of between 1-5 years.

Table 8.7: Distribution of Respondents by Designation and Working Experience (N=272)

Designation	Frequency	%
Vice-President	1	0.4
Chief Executive Officer	14	5.1
Director	26	9.6
Manager	222	81.6
Assistant Manager	9	3.3

Years of Working Experience		
1-5 years	15	5.5
6-10 years	51	18.8
11-15 years	74	27.2
16-20 years	42	15.4
more than 20 years	90	33.1

8.1.6 Industrial Sector

Data was drawn from a diversity of business sectors that included financial institutions, education, construction, transportation, food manufacturing companies, retailing, engineering companies, advertising and technology corporations. For this study, the various business sectors were grouped in three industrial categories. Table 8.8 shows the distribution of the sample according to the industrial sector of the respondents' organisations. A total of 139 (51.1%) managers were from the manufacturing industry, 114 (41.9%) were from the services sector and 19 (7.0%) managers were from the construction and engineering industry.

Table 8.8: Distribution of Respondents According to Industrial Sector

Industrial Sector	Frequency	%
Manufacturing	139	51.1
Services	114	41.9
Construction and Engineering	19	7.0
Total	272	100

8.1.7 Equity Ownership

The respondents were also asked about the equity ownership of their organisations. Table 8.9 shows the distribution of the respondents according to the equity ownership of their organisations. For the locally-owned companies, 24.3% of the respondents worked in locally-owned *Bumiputera* (Malay) organisations, 18.8% were from Chinese-owned organisations while 7.7% of the managers worked in Indian-owned companies. A majority of the managers worked in foreign-owned companies with 10.7% of the managers from Japanese-owned organisations, 15.4% in American organisations and 6.6% in British-owned companies. Approximately 11.0% of the managers were from other European-owned companies such as Dutch, Swiss, French, German, Norwegian and Australian organisations while 2.9% of the managers were from Taiwanese or Singaporean companies (categorised as "other East-Asian owned

organisations”). Approximately 2.6% of the managers were from joint-venture companies. Managers from such group of companies were categorised as “Others”.

Table 8.9: Equity Ownership of Respondent Organisations

Equity Ownership	Frequency	%
Locally owned <i>Bumiputera</i> organisation	66	24.3
Locally owned Chinese organisation	51	18.8
Locally owned Indian organisation	21	7.7
British-owned organisation	18	6.6
Japanese-owned organisation	29	10.7
American-owned organisation	42	15.4
Other European-owned organisation	30	11.0
Other East-Asian-owned organisation	8	2.9
Others	7	2.6
Total	272	100

Analysis of ethnic distribution by equity ownership of organisations (Table 8.10) revealed 36.4% of the Malay managers were from locally-owned *Bumiputera* organisations while 27.6% of the Chinese managers were from locally-owned

Table 8.10: Ethnic Distribution by Equity Ownership of Respondent Organisations

	Ethnic Group					
	Malay		Chinese		Indian	
	Frequency	%	Frequency	%	Frequency	%
Locally-owned <i>Bumiputera</i> organisation	28	36.4	25	16.4	13	30.2
Locally-owned Chinese organisation	4	5.2	42	27.6	5	11.6
Locally-owned Indian organisation	3	3.9	6	3.9	12	27.9
British-owned organisation	7	9.1	10	6.6	1	2.3
Japanese-owned organisation	8	10.4	19	4.7	2	4.7
American-owned organisation	10	13	25	16.4	7	16.3
Other European-owned organisations	15	19.5	15	9.9	-	-
Other East-Asian owned organisations	-	-	6	3.9	2	4.7
Others	2	2.6	4	2.6	1	2.3
Total	77	100	152	100	43	100

Chinese organisations. While there were only four Malay managers from locally-owned Chinese organisations, there were twenty - five Chinese managers working in locally owned-Bumiputera organisations. None of the Malay managers worked for either a Singaporean or Taiwanese (other East-Asian owned organisations) organisation. While the Malays and Chinese tended to work for organisations similar to their cultural values, the Indian managers showed a slightly different trend. A majority of the Indian managers (30.2%) were from Bumiputera-owned organisations. Almost twenty-eight per cent of the Indian managers did work for local Indian organisations. Only five of the Indian managers were working in local Chinese organisations. None of the Indian managers were from other European-owned organisations. These findings indicated that the Malay and Chinese respondents were ethnocentric in their preferences for the types of organisations they worked in.

8.1.8 Codes of Ethics in Organisation

Respondents were also asked if any codes of ethics were present in their organisation. This was accomplished using a single-item indicator which gave the respondents one of three choices as to whether their organisation has a company code of ethics which included: “yes”, “no” and “don’t know.” Table 8.11 shows responses for the above question. A total of 201 (73.9%) managers said that their organisation had a company code of ethics, 40 (14.7%) of the managers reported that their organisation did not have any codes of ethics and 31 (11.4%) managers did not know if their organisation had any codes of ethics.

Table 8.11: Prevalence of Codes of Ethics in Organisations

Does your company have a code of ethics?	Frequency	%
Yes	201	73.9
No	40	14.7
Don't Know	31	11.4
Total	272	100

Analysis by equity ownership of organisations revealed that codes of ethics were most prevalent in Bumiputera organisations (26.9%) while a large number of locally Chinese owned organisations (47.5%) did not have any code of ethics. Among the foreign multinationals, business codes were most prevalent among U.S companies. This is not surprising as the U.S has a long tradition of business codes (Kaptein,

2004). The prevalence of company codes of ethics by equity ownership is outlined in Table 8.12.

Table 8.12: Prevalence of Codes of Ethics by Equity Ownership of Organisation

	Does Your Company Have a Code of Ethics?					
	Yes		No		Don't Know	
	Frequency	%	Frequency	%	Frequency	%
Locally-owned <i>Bumiputera</i> organisation	54	26.9	5	12.5	7	24.3
Locally-owned Chinese organisation	25	12.4	19	47.5	7	22.6
Locally-owned Indian organisation	15	7.5	3	9.7	21	7.7
British-owned organisation	13	6.5	1	2.5	4	12.9
Japanese-owned organisation	19	9.5	7	17.5	3	9.7
American-owned organisation	37	18.4	1	2.5	4	12.9
Other European-owned organisations	27	13.4	1	2.5	3	6.5
Other East-Asian owned organisations	6	3.0	1	2.5	1	3.2
Others	5	2.5	2	5.0	0	0
Total	201	100	40	100	31	100

In terms of the level of enforcement of such codes (Table 8.13), of the 201 managers who reported that their company had a code of ethics, only 23.6% of the respondents from local-owned Bumiputera organisations perceived their organisations to have a strict level of code enforcement in the organisation, this compared to 11.8% in local Chinese organisations and 6.8% in local Indian organisations. A majority (44.4%) of the managers working in locally-owned organisations (Bumiputera, Chinese or Indian) perceived that though these codes existed, such codes were loosely enforced in these organisations. Among the foreign-owned multinationals, the highest number of respondents who perceived their organisation's codes of ethics were strictly enforced were managers from the U.S companies (22.4%) while codes of ethics were

perceived to be most loosely enforced by managers who worked in Japanese-owned organisations (22.2%).

Table 8.13: Level of Enforcement by Nationality of Parent Organisation
(N = 201)

Ownership Type	Level of Enforcement*			
	Strictly enforced	Neither strictly nor loosely enforced	Loosely enforced	Not enforced at all
Locally-owned <i>Bumiputera</i> organisation	38 (23.6%)	13 (43.3%)	2 (22.2%)	1 (100%)
Locally-owned Chinese organisation	19 (11.8%)	5 (16.7%)	1 (11.1%)	-
Locally-owned Indian organisation	11 (6.8%)	3 (10.0%)	1 (11.1%)	-
British-owned organisation	13 (8.1%)	-	-	-
Japanese-owned organisation	10 (6.2%)	7 (23.3%)	2 (22.2%)	-
American-owned organisation	36 (22.4%)	-	1 (11.1%)	-
Other European-owned organisations	27 (16.8%)	-	-	-
Other East-Asian owned organisations	5 (3.1%)	-	1 (11.1%)	-
Others	2 (1.2%)	2 (6.7%)	1 (11.1%)	-
Total	161	30	9	1

*Responses to the level of enforcement will be from respondents who answered “yes” to question 6 (part iv): “Does your company have a code of ethics?”

8.2 DATA ANALYSIS PROCESS

This section will discuss the results obtained from the confirmatory factor analysis and the reliability analysis of the scales used to measure the cultural values.

8.2.1 Confirmatory Factor Analysis

As discussed in Chapter 7, four of the cultural dimensions used to determine the respondents' cultural values were based on scales used in previous studies and two were developed specifically by the researcher for this study. MacDonald and Tseng's (1971) eleven-item scale was used to measure locus of control, religiosity was measured using Gorsuch and McPhearson's (1989) I-Revised Scale and the money orientation scale was based on the scale developed by Tang and Gilbert (1995). The relationship orientation scale was adapted from a study by Ang (2000) while the measurements for face orientation and obedience to authority orientation were developed by the researcher based on readings from the literature.

Given the fact that two of the scales were created for this study and that some of the items from another scale were altered from their original form, the researcher conducted a full confirmatory factor analysis to estimate the convergent validity of the individual constructs as well as to purify the scale. The confirmatory factor analysis was also conducted to estimate the psychometric properties of the four scales that were based on previous studies. Although these attitude measures have been reported to possess adequate reliability by their developers and have been used in various organisational studies, the confirmatory factor analysis was conducted to estimate their construct validity. As mentioned previously in Chapter 5, construct validity refers to the extent that a measuring instrument measures the construct it intends to measure and is explored by investigating the relationship of the construct with other constructs, both related (convergent validity) and unrelated (discriminate validity) (Campbell and Fiske, 1955). Operationally, this means that correlation coefficients among scores for the same property measured should be higher than correlation coefficients among scores for different properties (Frankfort-Nachmias and Nachmias, 1996). Factor analysis is a suitable technique to evaluate scales because it summarises a large set of variables into smaller sets by looking at the inter-correlations between the variables (Pallant, 2001) and has been used by previous researchers to establish content validity of attitude scales (for example Reiss and Mitra, 1998; Reynolds, 2003). Results of the confirmatory factor analysis are presented in Table 8.14. Tabachnik and Fidell (1996) suggest the criterion for meaningful correlation loading of items is 0.30 or larger. In this study, the researcher has decided on 0.40 as the

criterion for meaningful correlations. In general, each item loaded strongly on the individual dimension with which it was associated.

Two of the items Q19 (“One must always build and maintain social relationships with others in case their services are needed in the future”) and Q13 (“It doesn’t matter what I believe so long as I behave ethically”) loaded on a different dimension than hypothesised. While Q19 was a scale-item constructed to measure the relationship orientation of the sample, the factor analysis results showed that it loaded on Factor 1 (that is Money Orientation). Similarly, Q13 was hypothesised to measure the cultural dimension of religiosity but it loaded on Factor 6 (that is Face Orientation). The researcher decided to exclude both these items from the sample since it did not load onto its proper scale which suggested a lack of discriminating and content validity of these items.

Items which loaded on Factors 7 and 8 were excluded from further analysis as this indicated a lack of content validity of the items. Therefore Q8 (“Obedience to authority is important”), Q24 (“I will execute my superior’s decisions on the assumption that these are good decisions”), Q9 (“I find it difficult to say “no” directly to requests from others (for example to get something done) because I do not want to embarrass the person) and Q16 (“In order for a business to survive, it is more important to have good products or services than the right contacts”) which loaded on Factor 7 and Q3 (“Money is the root of all evil”) which loaded on Factor 8 were excluded from the sample.

The factor analysis results showed there was a high degree of accuracy in which the scale-items were factored correctly into the cultural dimensions with which it was measuring. This was very encouraging given the rigour of the process used on the attitude measures to determine their construct validity. Most of the items loaded on its proper scale and this allowed the researcher to conclude that there was a relatively high degree of construct validity in the attitude measurements used for this research.

Table 8.14: Results of Full Confirmatory Factor Analysis

Items	Factors							
	1	2	3	4	5	6	7	8
Money Orientation								
Money is a major motivator (Q38)	0.77							
Money makes me work harder (Q42)	0.75							
Money represents my achievement (Q26)	0.73							
Money is a symbol of my success (Q22)	0.73							
I am motivated to work hard for money (Q36)	0.65							
Money is precious (Q18)	0.64							
Having lots of money (being rich) is good (Q46)	0.59							
Money is an important factor in the lives of all of us (Q33)	0.55							
Money is important (Q10)	0.40							
Religiosity								
My whole approach to life is based on my religion (Q35)		0.86						
I try hard to live all my life according to my religious beliefs (Q27)		0.82						
I often have a strong sense of God's presence (Q21)		0.79						
I enjoy reading about my religion (Q4)		0.76						
There are more important things to life than religion (Q43)		-0.70						
It is important to have religious values (Q44)		0.67						
I don't let my religion affect my life (Q31)		-0.63						
It is important to me to spend time in private thought and prayer (Q14)		0.59						
Locus Of Control								
Getting a good job is a matter of being lucky enough to be in the right place at the right time (Q2)			0.64					
There's not much use in worrying about things in life...what will be will be (Q30)			0.59					
Achieving success is a matter of luck (Q29)			0.59					
I have usually found that what is going to happen will happen, regardless of my actions (Q23)			0.58					
When things are going well for me, I consider it to be due to a run of good luck (Q17)			0.57					

Items	Factors							
	1	2	3	4	5	6	7	8
It isn't wise for me to plan too far ahead because most things turn out to be a matter of good or bad fortune anyhow (Q12)			0.54					
Success in dealing with people seems to be a matter of the other person's moods and feelings at the time rather than one's own actions (Q47)			0.54					
I think that life is mostly a gamble (Q48)			0.47					
I often feel that we might just as well make many of our decisions by flipping a coin (Q1)			0.41					
It is difficult for ordinary people to have much control over what politicians do in office (Q15)			0.40					
Many a times I feel that I have the power to influence the things that happen to me (Q45)			0.40					
Obedience to Authority								
I am not likely to question my superior's decision (Q41)					0.78			
I will go ahead with my superior's decision even if it goes against my own values (Q40)					0.75			
If my superior asks me to do something unethical, I really don't have a choice about doing it or not (Q34)					0.61			
My subordinate should do what I instruct, though they may have doubts about it being the right thing to do (Q49)					0.50			
I don't often think to myself whether my boss is right or wrong in his/her decisions (Q28)					0.49			
Relationship Orientation								
In business, it is important to maintain a good network of relationships (Q5)					0.52			
Doing business involves knowing the right people (Q11)					0.50			
Developing the right contacts helps in the smooth running of a business (Q37)					0.49			
Returning favours is an important feature when we want business to succeed (Q32)					0.40			
Gift giving is an important feature when we want business to succeed (Q20)					0.40			

Items	Factors							
	1	2	3	4	5	6	7	8
Face Orientation								
There is nothing wrong with criticising a person's work publicly (Q6)						0.62		
I frequently challenge my superior's views (Q7)						0.61		
I would not point out my subordinate's mistakes in front of others as this would cause him/her to lose "face" (Q39)						0.55		
It is sometimes necessary to have direct confrontations with my subordinates to get my points across to them (Q25)						0.50		
Factor 7								
I will execute my superior's decisions on the assumption that these are good decisions (Q24)							0.67	
Obedience to authority is important (Q8)							0.55	
I find it difficult to say "no" directly to requests from others (e.g. to get something done) because I do not want to embarrass the person (Q9)							0.37	
In order for a business to survive, it is more important to have good products or services than the right contacts (Q16)							0.34	
Factor 8								
Money is the root of all evil (Q3)								0.53

8.2.2 Reliability Analysis

After determining the construct validity of the cultural dimension scale, the internal consistency of the scales was checked using Cronbach's Coefficient Alpha. Cronbach's Coefficient Alpha as mentioned in the previous chapter, is the most commonly accepted formula for assessing the reliability of a measurement for multi-point items. The reliability analysis was conducted on the remaining 42 questions. Attitude scale items that did not factor correctly into the proper cultural dimensions during the factor analysis process were not included into the reliability analysis.

Before checking for the reliability, the remaining items which were negatively worded were reversed coded. Specifically, questions 7 ("I frequently challenge my superior's views"), 16 ("In order for a business to survive, it is more important to have good

products or services than the right contacts”), 31 (“I don’t let my religion affect my life”), 43 (“There are more important things to life than religion”) and 45 (“Many times I feel that I have the power to influence the things that happen to me”) were reversed coded.

During the SPSS reliability tests, a further three questions (Q49, Q28, and Q45) were removed from the sample to improve the reliability of the scales. Table 8.15 summarises the reliability scores for each of the cultural dimension.

Table 8.15: The Reliability Coefficients of the Cultural Dimension Scales

	Cronbach Alpha	Number of items
Obedience to Authority	0.73	3
External Locus of Control	0.76	10
Religiosity	0.88	8
Relationship Orientation	0.60	5
Money Orientation	0.85	9
Face Orientation	0.53	4

The six dimensions demonstrated satisfactory levels of reliability although the alpha coefficient for Face Orientation was slightly low. However, given the few items and the exploratory nature of this construct, the alpha renders the scale reliable for further analysis (Nunnally, 1967). Although the minimum acceptable level for most studies can range from 0.60 (Sekaran, 1992) to 0.80 (Bryman, 1989), there are no hard and fast rules for evaluating the magnitude of reliability coefficients (Peter, 1979:15). According to Nunnally (1967), in the early stages of research, a modest reliability range of 0.50–0.60 will suffice. For basic research, it is unnecessary to have a reliability measurement beyond 0.80 because at that level, correlations are attenuated very little by measurement errors. This view is also supported by Allison (1978) who state that an alpha coefficient of between 0.50 and 0.60 is an acceptable criterion for internal consistency estimate in scale development.

The purified scale consisted of 39 items representing the six cultural dimensions and would be used for the subsequent analyses in this research. This purified scale will be

used to test the relationships hypothesised in the theoretical framework shown in Chapter 3.

The reliability coefficient was also calculated for the social desirability scale. This measure was included to determine if the respondents were simply trying to “look good” instead of answering frankly about the ethical statements. As indicated in Chapter 7, a cut down version of the Crowne–Marlowe (1967) Social Desirability was used instead of the full–scale of 33 items. Although the cut–down version has been used by previous researchers (such as Nyaw and Ng, 1994; Jones and Kavanagh, 1996; Valentine and Fleischman, 2002), only Jones and Kavanagh (1996) provided a reliability value for the scale when it was used in their study. The reliability coefficient obtained in their study was 0.56. The coefficient alpha for this measure in this research was 0.53. While the coefficient alpha was not high, it is in the degree of acceptability (Nunnally, 1967; Allison, 1978) and was similar to the value obtained by Jones and Kavanagh (1996) in their research.

8.3 STATISTICAL ANALYSIS

A number of analyses were performed to assess the associations in the proposed framework. The first stage of the analysis involved testing hypotheses H1(a)-H1(f) identified in Chapter 3 to determine if the Malay, Chinese and Indian managers differed with regards to the six cultural dimensions. Since the purpose at this stage was to show overall differences in cultural values between the groups, the one-way analysis of variance (ANOVA) was deemed a suitable statistical technique.

8.3.1 Value Orientation

The framework in Chapter 3 postulated that the three ethnic groups had differing ethical perception because of the differences in their cultural values. Therefore an important step in this research would be to see if there were any significant differences in the cultural values among the three ethnic groups. The analysis of variance (ANOVA) was used to assess the statistical significance of the relationships hypothesised between the six cultural values and three ethnic groups, that is whether the general hypothesis H1 as identified in Chapter 3 was supported.

Before the ANOVA analysis was run, the data was checked for outliers because many statistical techniques are sensitive to outliers (Pallant, 2001). Outliers are values that are substantially lower or higher than the other values in the data set and can have a deleterious effect on the analyses (Pallant, 2001). There are four sources for the presence of outliers (Tabachnik and Fidell, 1996). First, data entry error could have occurred. Second, a missing value indicator could have been unspecified, so the computer programme reads the value as a real one. Third, the outlier is not a member of the intended population. Finally, the outlier could be from the intended population but an unusual member of the population. As graphical plotting of distributions can be useful in identifying cases with extreme values (Malhotra *et al.*, 1996), a boxplot was used to check for outliers on the dependent variables (that is the six cultural dimensions). Observations with values that were a distance from the bulk of the data were considered outliers. If any outliers were detected, they would be excluded from the analysis so that the “true” mean of the population will be obtained. No outliers were identified during the analysis. The ANOVA analyses were then conducted for each cultural dimension and differences between groups were tested at the 0.05 level. Post hoc comparison specifically the Scheffe test was used to identify which groups differed significantly. The ANOVA results are shown in Table 8.16.

Table 8.16: Mean Responses by Ethnic Groups

Cultural Dimensions	Malays (n = 77)	Chinese (n = 152)	Indians (n = 43)	F - Values
External Locus of Control	4.85 ^a (SD=0.713)	4.70 (SD=0.825)	4.47 ^a (SD=0.856)	3.31 (0.038)*
Money Orientated	3.02 (SD=0.860)	2.86 (SD=0.818)	2.72 (SD=0.669)	2.02 (0.135)
Obedient to Authority	5.51 ^b (SD=0.815)	5.13 ^b (SD=1.169)	4.87 ^b (SD=1.217)	5.28 (0.006)*
Religiosity	2.28 ^c (SD=0.803)	3.43 ^c (SD=1.134)	3.00 ^c (SD=0.915)	31.80 (0.000)**
Not Face Orientated	4.26 ^d (SD= 0.919)	4.58 ^d (SD = 0.832)	4.45 (SD=1.019)	3.45 (0.033)*
Relationship Orientated	2.62 ^e (SD=.641)	2.45 (SD=0.585)	2.30 ^e (SD=0.632)	4.09 (0.018)*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

Significant values are given in parentheses in the F-values column.

* denotes significant differences at $p < 0.05$.

** denotes significant differences at $p < 0.001$

Smaller numbers mean more of the cultural dimension as described.

The ANOVA results showed that there were significant differences between the three cultural groups in five of the six cultural dimensions, indicating the Malays, Chinese and Indians have different cultural values. Therefore, hypothesis H1, that there is a significant difference in the cultural values between the Malay, Chinese and Indian managers, was supported at the $p < 0.05$ level. The cultural dimensions of External Locus of Control, Obedience to Authority, Not Face Orientated and Relationship Orientation were significant at the $p < 0.05$ level while Religiosity was significant at the $p < 0.001$ level. A lower mean value indicates more of the cultural dimension described.

8.3.2 Supplementary Analysis

To confirm if these differences were driven by ethnicity and not caused by group differences, a supplementary analysis using the analysis of covariance (ANCOVA) was conducted. ANCOVA is a suitable confirmatory test because it tests for differences among groups while removing the influences of the covariates (that is group differences). The ANCOVA analysis was run twice to address the validity of excluding company code of ethics and nationality of parent organisation from the analysis. Because code of ethics and nationality of parent organisation was shown to be not significant factors in influencing the cultural dimensions at the $p < 0.05$ level, it was concluded that code of ethics and nationality of parent organisation had no influence on cultural values. This method of excluding variables which do not have a significant influence from the analysis has been used by previous researchers (such as Jones and Kavanagh, 1996; Verbeke *et al.*, 1996; Knotts *et al.*, 2000). The variables included in the trimmed ANCOVA model were the individual variables of age, gender and the level of education. After controlling for age, gender and the level of the respondent's education, ethnicity was shown to be a significant variable in four cultural dimensions. The ANCOVA results are shown in Table 8.17.

The only exception was the cultural dimension of Relationship Orientation, which was shown to be significant in the ANOVA analysis but not in the ANCOVA results. A plausible explanation could be that cultural values such as locus of control, religiosity, face orientation and obedience to authority are more like trait variables which affect the character of the individual. They are enduring beliefs which are

deeply internalised in the individuals of a particular culture and as such are not easily influenced by individual factors such as age, gender or the level of education. Relationship orientation on the other hand, is a cultural value that is related to the need to build harmonious and enjoyable relations with superiors, associates and subordinates and may be influenced by the social environment or individual factors. According to the gender socialisation approach, females are more concerned about harmonious relationships than males (Roxas and Stoneback, 2004) and as such gender may be an influencing factor in this cultural value.

Table 8.17: ANCOVA Results for Cultural Values

Cultural Dimensions	Malays (n = 77)	Chinese (n = 152)	Indians (n = 43)	F - Values
External Locus of Control	4.85 (SD=0.713)	4.70 (SD=0.825)	4.47 (SD=0.856)	3.90 (0.021)*
Money Orientated	3.02 (SD=0.860)	2.91 (SD=0.876)	2.77 (SD=0.852)	1.29 (0.276)
Obedient to Authority	5.41 (SD=0.937)	5.12 (SD=1.168)	4.87 (SD=1.217)	2.95 (0.054)*
Religiosity	2.32 (SD=0.803)	3.43 (SD=1.134)	3.00 (SD=0.915)	29.62 (0.000)**
Not Face Orientated	4.26 (SD= 0.919)	4.56 (SD = 0.866)	4.46 (SD=1.018)	3.44 (0.033)*
Relationship Orientated	2.62 (SD=.640)	2.46 (SD=0.599)	2.30 (SD=0.632)	2.71 (0.068)

Notes: Significant values are given in parentheses in the F-values column.

* denotes significant differences at $p < 0.05$.

** denotes significant differences at $p < 0.001$

Smaller numbers mean more of the cultural dimension as described.

Based on the ANCOVA results, it was confirmed that the three ethnic groups have different cultural values and the differences in the cultural dimensions of locus of control, religiosity, obedient to authority and face orientation between the three groups were attributed to ethnicity and not individual differences. Although the ANCOVA analysis slightly weakened the ANOVA results by having one less cultural dimension significant, it is suffice to confirm the three ethnic groups have different cultural values. The discussion on the differences in the cultural groups will be based on the ANOVA results.

8.4 DISCUSSION OF THE ANOVA RESULTS

This section will discuss the ANOVA results on the cultural values obtained in Section 8.3.1.

8.4.1 Locus of Control

It was hypothesised in Chapter 3 that the Malay, Chinese and Indian managers were significantly different at the $p < 0.05$ level in their locus of control. The ANOVA results showed that there were significant differences between the three ethnic groups in terms of their locus of control. Hypothesis H1(a) was confirmed. Post-hoc comparison using the Scheffe test indicated that the mean score for the Malay managers was significantly different from the Indian managers. Since smaller values indicated more of a cultural dimension, the mean scores showed that the Indian managers had a higher external locus of control than the Malay managers. The Indians may have a stronger tendency to feel that their lives are being controlled by “external” forces than the Malay managers because many Hindus still practice the Indian caste system, a rigid social order where the individual has little hope of changing his/her fate through his/her own efforts (Palazzo, 2002). This result also showed that the Malays were not as fatalistic as described by Asma (1996). The Malay managers were shown to possess a more internal locus of control than the Chinese managers. This contradiction could be due to either the observation about the Malay values as viewed by some people is an oversimplification or the Malay managers in this sample who have chosen employment in the private sector may have learnt that survival means to depend on one’s own actions rather than on luck or fate.

8.4.2 Money Orientation

Asma (1996) and Sendut (1990) have described the Malaysian Chinese as being wealth-orientated. This study, however, does not find the Chinese managers to be so. The mean scores in Table 8.16 showed the Indian managers as the most money-orientated group and the Malay managers as the least money-orientated. However, there were no significant differences between the three ethnic groups in their money orientation. Therefore, hypothesis H1(b), that there is a significant difference in the money orientation among the Malay, Chinese and Indian managers, was not supported at the $p < 0.05$ level.

8.4.3 Obedience to Authority

With respect to being obedient to authority, the ANOVA results supported hypothesis H1(c) at $p < 0.05$ level that there is a significant difference in the obedience to authority among the three ethnic groups. The mean comparisons indicated that the Malay managers differed significantly from the Indian managers. Although it was indicated in Chapter 3 that the Malays, more so than the Indians and Chinese tend to demonstrate a respect for hierarchy, the results did not reflect this. The Malay managers scored a higher mean than the Indian sample, indicating that they were less obedient to authority. According to Ismail (1982), the contradiction could be due to the influence of the New Economic Policy, previously discussed in Chapter 3, which called for the restructuring of society through strategies such as:

- eradicating poverty through redistribution of income and ownership, restructuring employment patterns in the various organisations according to racial origins;
- developing a Malay industrial and commercial society;
- developing the non-growing region, and
- providing better educational opportunities for the population

The joint effects of the above policies and efforts could have changed the Malays to be less conformist, more confident in their views toward work and their boss as a whole (Ismail, 1982). The Indian managers, on the other hand, were the most obedient to authority. The Indian society generally acknowledges the inequality of status or positions of people in the social environment and in such a culture where hierarchy reflects the inequality of positions and roles, the more respect the people in the society has for hierarchy (Md. Zabid *et al.*, 1997). Indian employees tend to find it easier when working in superior/subordinate roles rather than as equals, with peer/group relationships inducing anxiety until the peers “are ranked with some real or imaginary dimension” (Sinha and Sinha, 1990). The Chinese score was near the overall mean score. The Chinese generally have a strong sense of hierarchy (Jacobs *et al.*, 1995) and this could be attributed to the importance the Chinese cultural values place on the Confucian teachings (Noronha, 2002). According to Confucius, people exist in the relationship to others (Bond and Hwang, 1986) and these relationships are structured hierarchically, with people accepting a hierarchical order in which everybody has a rightful place and that needs no further justification (Patel, 2003).

8.4.4 Religiosity

In terms of religious commitment, there was a significant difference at the $p < 0.001$ level between the three ethnic groups, thus, confirming hypothesis H1(d). The Scheffe test indicated that the Malay managers were significantly different from the Chinese or Indian managers at the $p < 0.001$ level. The Malay managers had the lowest mean, compared to the Indian or Chinese managers indicating they were the most religious. This result is not surprising since religious education is emphasised even at an early age. Malays, according to Asma and Lim (2001), believe very strongly in being spiritually fulfilled. The Malays, according to Md. Zabid *et al.* (1997), value spirituality more than the Chinese or Indians. The Indian managers were the next most religious group while the Chinese were the least religious. These results were consistent with a previous study by Asma and Lim (2001) who also found the Malay respondents in their sample to be the most religious and the Chinese to be least committed to their religion. A cross-tabulation of the managers in this sample by religious groups showed that of the 15 managers who were atheists, 14 were Chinese managers. The lack of religious commitment from the Chinese may be attributed to the fact that the Chinese in Malaysia practice a mixture of Confucianism, Buddhism and Taoism in their belief system (Storz, 1999) and these are more secular religions which allow a degree of flexibility to its followers compared to Islam, Christianity or Hinduism (Wafa, 1995). Furthermore, unlike Islam or Christianity which emphasise individual accountability, Buddhism or Confucianism stress ordering of people's conduct by family relations, emphasising that the individual is accountable to the family and ancestors rather than to a divine being.

8.4.5 Face Orientation

With respect to hypothesis H1(e), the ANOVA results supported the hypothesis that there were significant differences in the face orientation dimension between the Malay, Chinese and Indian sample at the $p < 0.05$ level. Post-hoc comparisons using the Scheffe test indicated that the mean scores for the Malay sample was significantly different from the Chinese sample. The mean scores showed the Malays to be least concerned with preserving face while the Chinese sample was the most concerned about preserving face. This result lends support to the findings of Md. Zabid *et al.* (1997) and Asma (2001). The Chinese culture pays particular attention to "mien tsu" or face, that is maintaining one's dignity by not embarrassing or humiliating a person

in front of others (Asma, 1996). To a Chinese, shame is associated with “losing face” and the loss of face is perceived to be more painful than physical treatment. This may be attributed to the Buddhism or Confucianism of the Chinese culture which stresses the family structure and public disgrace or ridicule not only affect the individual concerned but also the reputation of the extended family (Patel, 2003). The Malay managers, however, were least concerned about “face” and one possible explanation could be that the Chinese have played a dominant role in the Malaysian business scene (Zabid and Ho, 2003), and in order to survive, the Malay managers have learnt to be more aggressive and thus to do away with the characteristics to be shy (“malu” or segan”) (Ismail, 1982).

8.4.6 Relationship Orientation

Significant differences were also found in the relationship orientation of the three ethnic groups. The ANOVA results supported hypothesis H1(f) at the $p < 0.05$ level that there was a significant difference in the relationship orientation among the Malay, Chinese and Indian managers. Post-hoc comparison using the Scheffe test indicated that the differences were between the Malay and Indian managers. As lower mean values indicate more of a cultural dimension, the lower mean score of the Indian managers (mean = 2.30) indicated that they were more relationship focused than the Malay sample (mean = 2.62). Building relationships are therefore more important to the Indians than to the Malay or Chinese managers. Indians may strive to build and maintain good relationships in the social environment because they believe in “cultural coexistence”, wherein the avoidance of conflict and maintenance of hierarchical equilibrium are the cardinal rules (Patel, 2003). The Malay managers were least concerned about building relationships. This result appeared to contradict previous research by Asma and Lim (2001) who found the Malays in their study to score the highest on the importance of relationships. Perhaps the Malay managers in this sample find that the only way to succeed in the business world is to depend on oneself (indicated by their low external locus of control scores) and thus did away with depending on relationships and networking.

8.5 CONCLUSION

This chapter has presented the main characteristics and other important details of the respondents in this research. The objectives of this chapter were two-fold: to provide a background to the respondents involved in the research and secondly to show that the three ethnic groups had different cultural values.

The one-way analysis of variance (ANOVA) revealed that five of the six cultural dimensions were significantly different between the Malays, Chinese and Indians. Therefore, the general hypothesis H1, that there is a significant difference in the cultural values between the Malay, Chinese and Indian managers, was supported at the $p < 0.05$ level. These dimensions were relationship orientation, obedience to authority, locus of control, face orientation and religiosity. An analysis of covariance (ANCOVA) was then conducted to determine if these differences were driven by ethnicity. Age, gender and the level of education were used as the control variables. The ANCOVA results showed that ethnicity was a significant variable in four of the six cultural dimensions, indicating that cultural differences between the ethnic groups were ethnically driven. Although the cultural differences between the ethnic groups were slightly diminished in the ANCOVA analysis, there was still a strong indication that the three cultural groups have different cultural values. These results appear to contradict previous research by Yusof and Amin (1999) and Asma and Lim (2001) who have found little differences among Malaysian cultural values.

The a priori expectation that the Malays are fatalistic and obedient, the Chinese as wealth-seeking and the Indians as non-conformist as indicated in Chapter 3, are found to be unsupported, at least among the managerial groups of this sample. The findings of this study showed that the Malay and Chinese respondents were internal locus controlled while the Indian managers were external locus controlled. The Indian managers were the more money-orientated group compared to the Chinese or the Malay managers, although there were no significant differences between the three groups. In terms of being obedient to authority, the Indians were the most obedient and this was followed by the Chinese. The Malays were the least obedient. The mean scores also showed the Malays clearly have more positive attitudes towards religion.

This was followed by the Indians while the Chinese were the least religious. While all three groups emphasised the notion of face, the Chinese showed the greatest tendency to preserve face, followed by the Indians. It was surprising to note that the Malays scored the lowest on this dimension indicating a lack of importance attached to this cultural dimension. Malaysians are generally relationship-orientated (Asma, 1996) and the mean values show that the Indians, more so than the Malays or the Chinese attached more weight to this cultural dimension. The findings of this section so far have established that the value system of Malay, Chinese and Indian managers are different. The next chapter examines the differences in ethical perception among the three groups as well as the influence of the cultural values on each component of ethical perception.

Chapter 9

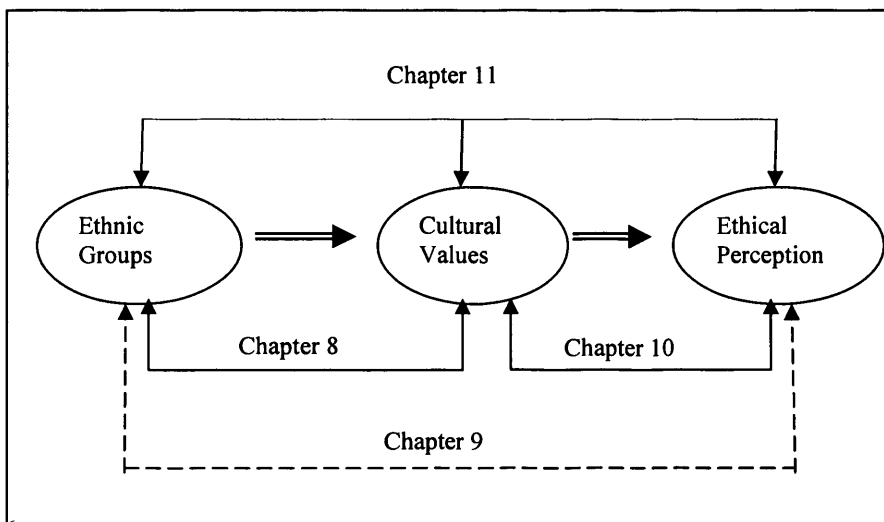
THE ETHICAL PERCEPTION OF THE MALAYS, CHINESE AND INDIANS

9.0 INTRODUCTION

In the previous chapter, the results obtained from the one-way analysis of variance (ANOVA) have shown that the three ethnic groups had different cultural values. This chapter will now examine whether the differences in cultural values would lead to differences in ethical perceptions between the three ethnic groups. As discussed in Chapter 1, cultural background has been found to influence an individual's ethical perception, values and behaviours (Husted *et al.*, 1996; Allmon *et al.*, 1997; Karande *et al.*, 2000; Wimalasiri, 2004). However, previous studies on ethical decision-making have treated ethical perception as a single independent variable and have associated differences or similarities between cultures with it (for example Singhapakdi *et al.*, 1996; McDonald and Kan, 1997; Karande *et al.*, 2000; Honeycutt *et al.*, 2001). As previously discussed in Chapter 3, ethical perception in this research is unpacked into a set of seven interpretable dimensions. The seven ethical perception dimensions identified in this research are: *Uncertainty in Decision-Making*; *Perceived Difficulty in Decision-Making*; *Perceived Intensity of an Ethical Issue*; *Perceived Conflict Over Moral Values*; *Perceived Consequences on Others*; *Perceived Choice in the Decision-Making* and *Perceived Social Consensus*. These dimensions would provide a richer understanding for empirical research in business ethics than ethical perception taken as a whole.

The ANOVA results in Chapter 8 indicated that the Malay, Chinese and Indian respondents had significantly different cultural values. Significant differences in their cultural values were found in five cultural dimensions: External Locus of Control, Obedience to Authority, Face Orientation, Relationship Orientation and Religiosity. In terms of their value orientation, the mean scores indicated that the Indian and Malay managers had opposing values. The Indian managers were the most obedient to authority, placed great importance on relationships with others, had an external locus of control and were the most money-orientated. On the other hand, the Malay

managers were the least obedient to authority, placed little importance on relationships with others, had an internal locus of control and were the least money-orientated. They were however, the most religious and the least face orientated among the three ethnic groups. The Chinese managers were most central in their values and showed extreme mean scores in only two dimensions: religiosity and face orientation. They were the least religious and the most face-orientated group among the three ethnic groups. As it has been established that the three ethnic groups have different cultural values, the next stage is to determine whether they have different ethical perceptions (illustrated by the dotted line in the diagram below).



It makes use of both the qualitative and quantitative sections of the questionnaire to examine this question fully. This chapter begins by presenting the ANOVA results on the ethical sensitivity scores before proceeding with a discussion of the ANOVA results obtained from the analysis of the ethical perception dimensions.

9.1 STATISTICAL ANALYSIS OF ETHICAL PERCEPTION

In Chapter 7, it was explained that two kinds of measurement were used to measure ethical perception: a qualitative and a quantitative dependent measure. An open-ended question was developed as a first step in capturing the respondent's ethical sensitivity and the closed-ended questions were used to measure the seven ethical perception dimensions identified in Chapter 3. The next two sub-sections will discuss

the results of the respondents' ethical sensitivity scores and examine if the respondents held significantly different perceptions in terms of the seven dimensions of ethical perception. This involves a two-step process:

Step 1: Using the one-way analysis of variance (ANOVA) to test if there were significant differences in the mean ethical sensitivity scores of the respondents. The mean ethical sensitivity score of each respondent was calculated based on their responses to the open-ended question which required the respondents to identify three ethical issues for each scenario. The ethical sensitivity scores represented the first stage of the ethical issue recognition stage of the respondent.

Step 2: Testing, through the one-way analysis of variance (ANOVA), if there were any differences among the respondent groups based on their responses to the closed-ended questions in each scenario.

9.1.1 Step 1: Ethical Sensitivity Scores

For the open-ended questions, respondents were asked to state what they considered to be important issues in the scenario and the relative importance of those issues. Each issue was coded a "1" if the respondent identified an ethical or legal concern pertaining to the scenario or a "0" if the respondent did not identify any ethical or legal issues in the scenarios. The summary of the results is presented in Table 9.1.

For scenario 1 (Gift-Giving), 44.2% of the Malay managers, 37.5% of the Chinese managers and 44.2% of the Indian managers recognised the ethical or legal issues in the scenario. For scenario 2 (Wealth-Accumulation), 77.9% of the Malay managers, 69.7% of the Chinese managers and 76.7% of the Indian managers recognised profiting at the company's expense as being an issue. Eighty-two per cent of the Malay managers identified "damage to the environment" as the issue in scenario 3 (Pollution) compared to 78.3% of the Chinese managers and 81.4% of the Indian managers. The Indian sample had the highest number of managers (81.4%) who were able to recognise the ethical issue in scenario 4 (Defective Products). This was followed by the Malay managers (74%) and the Chinese sample (67.1%). Although

scenario 5 (Prayer Times) involved a religious issue, 61% of the Malay managers and 69.8% of the Indian managers were able to recognise that religion should not infringe onto company time. However, less than half of the Chinese managers (49.3%) recognised this issue. In terms of scenario 6 (Promotion), almost 70% of the Indian respondents perceived the scenario as unethical. This was followed closely by the Malay managers (64.9%). Only 49.3% of the Chinese managers noted the use of lavish meals and gifts to obtain the promotion as an unethical issue.

Table 9.1: Descriptive Analysis of the Ethical Sensitivity Scores

Scenario and Recognition of Ethical Issue		Respondent's Ethnic Group		
		Malays (%)	Chinese (%)	Indians (%)
Scenario 1 (Gift-Giving)	Recognised Ethical Issues	44.2	37.5	44.2
	Did Not Recognise	55.8	62.5	55.8
Scenario 2 (Wealth-Accumulation)	Recognised Ethical Issues	77.9	69.7	76.7
	Did Not Recognise	22.1	30.3	23.3
Scenario 3 (Pollution)	Recognised Ethical Issues	81.8	78.3	81.4
	Did Not Recognise	18.2	21.7	18.6
Scenario 4 (Defective Products)	Recognised Ethical Issues	74.0	67.1	81.4
	Did Not Recognise	26.0	32.9	18.6
Scenario 5 (Prayer Times)	Recognised Ethical Issues	61.0	49.3	69.8
	Did Not Recognise	39.0	50.7	30.2
Scenario 6 (Promotions)	Recognised Ethical Issues	64.9	49.3	69.8
	Did Not Recognise	35.1	50.7	30.2

These preliminary results indicated that the three ethnic groups varied in their recognition of ethical issues. There was a high percentage of ethical issue recognition among the managers for ethical dilemmas involving wealth-accumulation, environmental pollution and defective products. However, less than half the managers in each ethnic group recognised the ethical issues in the gift-giving scenario. Almost 56% of the Malay and Indian managers and 63% of the Chinese managers did not recognise the ethical issues in this scenario. The managers may not perceive gift-giving as unethical probably because it is now an accepted norm in the oriental culture to offer gifts to one's associates in appreciation for their services rendered (Gupta and

Sulaiman, 1996). Less than half (49.3%) of the Chinese managers recognised the ethical issues in the prayer and promotion scenarios. Perhaps the Chinese managers still remembered the race riots of May 1969, which involved ethnic clashes between the Malay and Chinese communities, and hence may be more cautious when dealing with issues involving other ethnic groups, particularly when it involves sensitive issues such as religion. Less than half of the Chinese managers (49.3%) did not recognise the ethical issues in the promotion scenario probably because as individuals with an internal locus of control, they may perceive that it as acceptable to take control of the events in their life (Ang and Hong, 2000).

The mean ethical sensitivity score for each respondent was then calculated by dividing the total scores for all the scenarios by the number of scenarios (that is 6). The higher the mean scores (meant that) the more ethical issues the respondents picked up from the scenarios. The one-way analysis of variance (ANOVA) was then used to test if the ethical sensitivity scores were statistically different between the ethnic groups. The ANOVA results are presented in Table 9.2 and indicate that there were significant differences in the overall ethical sensitivity scores between the three ethnic groups at the $p < 0.05$ level (F-Value=7.04, $p = 0.001$). Post-hoc comparisons using the Scheffe test indicated that the mean score for the Chinese (Mean=0.330, SD=0.226) was significantly different from the Indians (Mean=0.474, SD=0.245).

Table 9.2: ANOVA Results of Ethical Sensitivity Scores for the Ethnic Groups

	Malay	Chinese	Indian	F-statistics	p-value
Ethical Sensitivity Score	0.4019 (0.249)	0.330 ^a (0.226)	0.474 ^a (0.245)	7.04	0.001*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

An analysis by scenario was also conducted and the results are shown in Table 9.3. The results showed that the ethical sensitivity scores were significantly different between the three ethnic groups in all the scenarios except for the gift-giving scenario (scenario 1). Post-hoc comparison using the Scheffe test showed that there were significant differences between the mean scores of the Chinese and Indian managers for dilemmas which involved wealth-accumulation (scenarios 2), pollution (scenario 3), defective products (scenario 4), prayer times (scenario 5) and promotion (scenario

6). For all these scenarios, the Indian managers picked up the most issues pertaining to the scenarios while the Chinese managers picked up the least issues.

Table 9.3: ANOVA Results of Ethical Sensitivity Scores for the Ethnic Groups by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	0.229 (0.292)	0.189 (0.273)	0.209 (0.262)	0.567	0.568
Scenario 2	0.446 (0.345)	0.377 ^a (0.318)	0.527 ^a (0.373)	3.678	0.027*
Scenario 3	0.602 (0.371)	0.491 ^b (0.351)	0.651 ^b (0.385)	4.455	0.012*
Scenario 4	0.446 (0.353)	0.390 ^c (0.343)	0.574 ^c (0.366)	4.666	0.010*
Scenario 5	0.342 (0.333)	0.276 ^d (0.332)	0.450 ^d (0.377)	4.544	0.011*
Scenario 6	0.346 (0.317)	0.257 ^e (0.310)	0.434 ^e (0.353)	5.872	0.003*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

The results presented in Table 9.2 and Table 9.3 were very encouraging and were seen as the first step towards the testing of hypothesis H2 identified in Chapter 3, that is there were significant differences in the ethical perceptions of the Malay, Chinese and Indian managers. The results in Table 9.3 showed that significant differences between the ethnic groups were found in situations that depicted wealth accumulation (scenario 2), pollution (scenario 3), defective products (scenario 4), prayer times (scenario 5) and promotion (scenario 6). Ethical dilemmas which involved gift-giving were not perceived as unethical by the Malays, Chinese or the Indian managers. Given that significant differences in the ethical sensitivity scores were found between the three ethnic groups, the researcher now set out to examine if the Malay, Chinese and Indian managers differed in the seven dimensions of ethical perceptions.

9.1.2 Step 2: Dimensions of Ethical Perceptions

The one-way analysis of variance (ANOVA) was used to test the general hypothesis H2, that there are significant differences in the ethical perceptions between the three ethnic groups.

As indicated previously, ethical perception for the purpose of this research was hypothesised to consist of seven dimensions: *Uncertainty in Decision-Making*; *Perceived Difficulty in Decision-Making*; *Perceived Intensity of an Ethical Issue*; *Perceived Conflict Over Moral Values*; *Perceived Consequences on Others*; *Perceived Choice in the Decision-Making* and *Perceived Social Consensus*. An example of the statements utilised to measure each dimension is given in Appendix 6. The responses to all seven dimensions were summed across all the six scenarios and averaged to create a mean score for each dimension. For example, by summing all the responses for Question 4a across the six scenarios and dividing the total score derived by six (that is the number of scenarios), the respondent's score for *Perceived Intensity* was obtained.

To examine if the ethical perceptions of the three ethnic groups were significantly different, separate ANOVA analyses were run on each of the dimensions of ethical perception. ANOVA is a suitable technique when we are interested in comparing the mean scores of more than two groups (Pallant, 2001). It was also chosen as a method of analysis for this section as it allowed for post-hoc comparisons which tell us which groups differed when a significant result was found. Before the analysis was run, each dimension was checked for outliers as many statistical analyses are sensitive to them (Pallant, 2001). As indicated in the previous chapter, outliers are values that are substantially lower or higher than the other values in the data set. A boxplot was used to identify the outliers. Outliers were checked for each of the ethical perception dimension and when identified, were omitted from the ANOVA analyses of the dimension. This is to ensure that the "true" mean of the population is obtained. The results of the analyses are reported in Table 9.4.

The ANOVA results showed that there were significant differences between the three ethnic groups in six of the seven ethical perception dimensions with the ethical perception dimensions of *Perceived Difficulty in Decision-Making*; *Perceived Intensity of the Ethical Issue*; *Perceived Conflict Over Moral Values*; *Perceived Choice in Decision-Making* and *Perceived Social Consensus* significant at the $p < 0.05$ level, while *Uncertainty in Decision-Making* was significant at the $p < 0.001$ level. The ANOVA results provided strong support for hypothesis H2, that there is a significant difference in the ethical perception between the Malay, Chinese and Indian managers

at the $p < 0.05$ level when faced with a range of typical ethical dilemmas that might confront them.

Table 9.4: ANOVA Results: Ethical Perception and Ethnicity

Ethical Perception Dimension	Malay	Chinese	Indian	F-statistics	p-value
Uncertainty in decision-making	2.123 ^a (0.739)	2.507 ^{a b} (0.843)	2.102 ^b (0.642)	8.07	0.000**
Perceived difficulty in decision-making	1.353 ^c (0.232)	1.363 ^d (0.225)	1.457 ^{c d} (0.200)	3.46	0.033*
Perceived intensity of the ethical issue	1.945 ^e (0.617)	2.235 ^e (0.651)	2.039 (0.485)	5.80	0.003*
Perceived conflict over moral values	1.982 ^f (0.721)	2.288 ^f (0.688)	2.263 (0.794)	4.76	0.009*
Perceived to have consequences on others	2.764 (0.618)	2.845 (0.578)	2.910 (0.631)	0.906	0.405
Perceived choice in the decision-making	2.089 ^g (0.905)	2.210 (0.872)	2.535 ^g (0.914)	3.46	0.033*
Perceived social consensus of the ethical issue	3.317 ^h (1.113)	3.759 ^h (1.066)	3.602 (0.895)	4.490	0.012*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.
 The Standard Deviations are given in parentheses.
 * denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

9.1.3 Supplementary Analysis

Before the discussion of the ANOVA results in Table 9.4, a supplementary analysis using the Analysis of Covariance (ANCOVA) was conducted to confirm that these differences were driven by ethnicity and not caused by group differences such as differences in age, gender, education or situational variables (nationality of organisation and company codes of ethics). This method was also used in the previous chapter as a confirmatory test. ANCOVA was deemed a suitable statistical technique at this stage because it allowed the researcher to examine for differences between groups while statistically controlling for differences associated with one or more covariates (Tabachnik and Fidell, 1996). In the case of this research, it would enable the researcher to control for the influences of the situational (nationality of parent organisation and company's code of ethics) and individual (gender, age and the level of education) variables as these variables have been shown by previous researchers to affect ethical perception (for example Jones and Kavanagh, 1996; Paolillo and Vitell, 2002; Forte, 2004). By removing the influence of these variables, it allowed the

researcher to diminish the effect of individual and situational differences and thus provided a more powerful test of differences among the groups uncontaminated with differences in covariates.

Before the analysis was run, each dimension was checked for outliers. The standardised residual (greater than three) was used to check for the outliers. Outliers were checked for each of the ethical perception dimension. To determine if the outliers should be removed from the analysis, the ANCOVA analysis was run twice, once with the identified outliers and once without. Because the outliers were shown to have a considerable impact on the values, a decision was made to omit the identified outliers from the ANCOVA analyses of the ethical perception dimension it was influencing. Preliminary checks were conducted to ensure that there was no violation of the assumptions of normality, linearity, homogeneity of variances and homogeneity of regression slopes. Results of these checks were satisfactory.

Table 9.5: ANCOVA Results: Ethical Perception and Ethnicity

Ethical Perception Dimension	Malay	Chinese	Indian	F-statistics	p-value
Uncertainty in decision-making	2.128	2.532	2.352	5.806	0.003*
Perceived difficulty in decision-making	1.372	1.367	1.470	3.267	0.040*
Perceived intensity of the ethical issue	2.061	2.330	2.087	5.182	0.006*
Perceived conflict over moral values	2.010	2.290	2.264	3.832	0.023*
Perceived to have consequences on others	2.775	2.860	2.885	0.618	0.540
Perceived choice in the decision - making	2.110	2.209	2.507	2.690	0.070
Perceived social consensus of the ethical issue	3.307	3.733	3.713	4.604	0.011*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.
 The Standard Deviations are given in parentheses.
 * denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

The ethical perception dimension was specified as the dependent variable in the ANCOVA, and the covariates were the individual variables (age, the level of education and gender) and situational variables (codes of ethics and nationality of parent organisation). The independent variable was ethnic groups. The results of the analyses are reported in Table 9.5.

The ANCOVA results showed that, after controlling for situational and individual influences, ethnicity was shown to be a significant variable in five of the seven ethical perception dimensions. The only exception was *Perceived Choice in Decision-Making*, which was shown to be significant in the ANOVA analysis but not in the ANCOVA analysis. This ethical dimension may be influenced by individual variables such as age, or situational variables such as company code of ethics. Younger individuals, for example, are purported to be more interested in money, advancement and achievement (Hoffman *et al.*, 1991). They tend to be more easily influenced by their superiors and peers and may feel that it is necessary to engage in behaviour that compromises their own ethical principles to succeed in their organisation. Hence they may perceive themselves as not having a choice in a decision when faced with an ethical issue. Older managers, on the other hand, are usually more mature and tend to be less susceptible to external influences. As such they may perceive themselves as having more of a choice in ethical decision-making. The existence of the company's code of ethics may also influence a person's perceived choice in ethical decision-making. If the individual worked in an organisation which had a company code of ethics, then the individual might be guided by the code when making an ethical decision. The company's code of ethics would probably act as a guidepost in the person's ethical decision-making and limiting the choices of actions that the individual might perceive.

Based on the ANCOVA results, it was confirmed that the three ethnic groups had different ethical perceptions and the differences in their perceptions were attributed to ethnicity, and not due to individual or situational differences. Although the ANCOVA analysis slightly weakened the ANOVA results by having one less significant cultural dimension that is *Perceived Choice in Decision-Making*, it is sufficient to confirm that the three ethnic groups have different ethical perceptions.

9.2 DISCUSSION OF THE ANOVA RESULTS

The discussion on the differences in ethical perception between the three ethnic groups will be based on the ANOVA results presented in Table 9.4.

9.2.1 Perceived Uncertainty in Decision-Making

It was hypothesised in Chapter 3 that there would be a significant difference in the recognition of uncertainty in ethical issues between the Malay, Chinese and Indian managers. The ANOVA results indicated that there were significant differences between the three ethnic groups at the $p < 0.001$ level in terms of their perceived uncertainty in decision-making when faced with ethical issues. Thus hypothesis H2(a) was supported. The Scheffe test showed that the mean score for the Chinese managers was significantly different from the Malay and the Indian sample.

The analysis by scenarios (Table 9.6) revealed that significant differences between the Malay and Chinese managers were found in ethical issues pertaining to gift-giving (scenario 1), pollution (scenario 3), defective products (scenario 4) and promotion (scenario 6) and the Chinese were significantly different from the Indians in the pollution (scenario 3) and the promotion scenario (scenario 6). In all these scenarios, the mean scores showed that the Chinese managers were more likely to perceive uncertainty in decision-making when faced with ethical dilemmas as compared to their Malay or Indian counterparts.

Table 9.6: ANOVA Results of Uncertainty in Decision-Making by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	2.13 ^a	3.17 ^a	2.83	8.421	0.000*
Scenario 2	1.27	1.29	1.33	0.147	0.863
Scenario 3	2.23 ^b	2.75 ^{b,c}	1.84 ^c	7.476	0.001*
Scenario 4	2.03 ^d	2.60 ^d	2.10	5.219	0.006*
Scenario 5	2.23	2.63	2.47	2.090	0.126
Scenario 6	1.58 ^e	2.16 ^{e,f}	1.62 ^f	10.628	0.000*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

Previous research have shown that among the Chinese, risk-taking is not a common characteristic (Hofstede, 1980; Ismail, 1982; Ang and Hong, 2000). A possible explanation could be that the Chinese managers who have an internal locus of control (from the ANOVA results in Chapter 8) believe that they can control for the outcomes in their lives (Terpestra *et al.*, 1991; Granitz, 2003) and are less likely to leave outcomes to fate or luck. This characteristic may result in the Chinese managers

generally exhibiting lower tolerance for ambiguity and divergent views. As such they may be adverse to uncertainty and hence are more likely to recognise uncertainties when faced with them. The Indian managers, on the other hand, have an external locus of control and as such believe that events that happen in their life are always beyond their control (Granitz, 2003). They may therefore view uncertainties as a normal part of life and are less likely to recognise them when faced with one.

Based on these findings, it can be concluded that the Chinese managers were most likely to perceive uncertainty in decision-making when faced with an ethical dilemma, especially dilemmas involving gift-giving, pollution, defective products and promotion.

9.2.2 Perceived Difficulty in Decision-Making

Statistical differences were also found between the three ethnic groups in terms of their perceived difficulty in decision-making. The ANOVA results supported hypothesis H2(b) at the $p < 0.05$ level that there is a significant difference in the perceived difficulty in decision-making between the Malay, Chinese and Indian managers. Post-hoc comparison using the Scheffe test showed that the Indian managers were significantly different from the Malay and Chinese managers. The Indian managers exhibited the highest mean score for this dimension and this implied that they were more likely to perceive difficulty in decision-making when faced with an ethical dilemma as compared to the Malay and Chinese managers. The analysis by scenarios presented in Table 9.7 showed significant differences at the $p < 0.05$ level between the Indian and Chinese managers in the defective product scenario (scenario 4). The Indian managers were also significantly different at the $p < 0.05$ level from the Malay and Chinese managers in terms of perceived difficulty in decision-making for the promotion scenario (scenario 6). For both these scenarios, the mean scores of the Indian managers were higher than the Malay and the Chinese managers, indicating that they perceived difficulty in decision-making when faced with ethical dilemmas involving defective products and promotions.

Table 9.7: ANOVA Results of Perceived Difficulty in Decision - Making by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	1.31	1.35	1.33	0.234	0.791
Scenario 2	1.26	1.26	1.43	2.786	0.063
Scenario 3	1.58	1.598	1.598	0.025	0.975
Scenario 4	1.60	1.47 ^a	1.66 ^a	3.577	0.029*
Scenario 5	1.30	1.36	1.47	1.973	0.141
Scenario 6	1.05 ^b	1.21 ^c	1.27 ^{b,c}	6.847	0.001*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

The finding that the Indian managers perceived it was difficult for them to make a decision when faced with an ethical issue is contradictory to the a priori expectation that the Malay managers were more likely to perceive difficulty in decision-making than the Indian managers. As explained in Chapter 3, an individual is said to have perceived an issue as an ethical problem when they perceived difficulty in the decision-making. The Malay managers were expected to perceive difficulty in decision-making when faced with an ethical dilemma since they were the most religious group, had an internal locus of control and were least obedient to authority. This is based on previous studies which found religiosity (Wimalasiri *et al.*, 1996; Knotts *et al.*, 2000; Christie *et al.*, 2003; Chung and Monroe, 2003) and internal locus of control (Jones and Kavanagh, 1996; Cherry and Fraedrich, 2000; Coleman and Mahaffey, 2000) to have a positive effect on ethical perception. Since one's superiors and supervisors was also critical in influencing unethical attitudes (Vitell *et al.*, 2000), the Malay managers were also less likely to be influenced by their superiors as they were least obedient to authority.

The contradiction may be due to one or all of the following reasons:

1. As the most relationship-orientated group (from the ANOVA results in Chapter 8), building and maintaining good relationships would be important to the Indians. According to Patel (2003), Indians believe in avoiding conflict in the social environment to maintain a harmonious working relationship. The defective product scenario would involve a confrontational behaviour and such behaviour would undermine the harmony in the relationship. As a relationship-orientated group, the Indian managers may also realise that one's personal ego

is not as important as maintaining the harmonious relationships in the social environment. Therefore they were more likely to perceive difficulty in decision-making for both these scenarios.

2. Superiors can exert strong pressure on the individuals for compliance with their expectations (Ferrell and Gresham, 1985; Jones *et al.*, 2003) and as the most obedient to authority among the three ethnic groups, the Indian managers may find it difficult to make an ethical decision when their moral values oppose their superior's directives. This view is supported by an Indian credit control manager, who said,

“Sometimes it is quite difficult for me to make a decision because what I think is right goes against what my superior thinks I should do. When this happens, what can I do? Do I sacrifice my own values just to please my boss? I find it very difficult to tell my boss that he is wrong. If I don't do it, my boss will think that I'm going against him and one day I may find myself without a job!”

(Mr. J, Credit-Control Manager, Bumiputera-owned financial institution, 7 years managerial experience)

Based on both the results presented in Table 9.4 and Table 9.7, it can be concluded that in terms of perceived difficulty in decision-making, the Indian managers were more likely to recognise this dimension as compared to the Malay or Chinese managers. They were also more likely to recognise this dimension if the questionable practice involved issues such as defective products or promotions.

9.2.3 Perceived Intensity of Ethical Issue

In terms of perceived intensity, the ANOVA results in Table 9.4 showed that there was a significant difference at the $p < 0.05$ level between the three ethnic groups, confirming hypothesis H2(c). The Scheffe test indicated the significant differences for this ethical perception dimension was between the Malay and Chinese managers. For this dimension, lower mean scores indicate a higher level of perceived intensity in the ethical issue. The Malay managers had a lower mean score than the Chinese sample, indicating that they perceived the ethical issues to have a higher intensity than the Chinese managers. In terms of individual scenarios (Table 9.8), the significant differences between the Malays and Chinese were found at the $p < 0.05$ level in

questionable business practices which involved defective products (scenario 4), prayer times (scenario 5) and a marginal significant difference was found for the promotion scenario (scenario 6). For all three scenarios, the Malay managers were more likely to recognise the perceive intensity dimension as compared to the Chinese managers.

Table 9.8: ANOVA Results of Perceived Intensity of An Ethical Issue by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	3.21	3.49	3.19	0.710	0.492
Scenario 2	1.26	1.25	1.31	0.202	0.818
Scenario 3	1.38	1.56	1.54	2.618	0.075
Scenario 4	1.39 ^a	1.63 ^a	1.43	4.632	0.011*
Scenario 5	2.01 ^b	2.70 ^b	2.24	5.735	0.004*
Scenario 6	1.40 ^c	1.60 ^c	1.57	2.920	0.056*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

In the Malay cultural values, “Islam represents a primary component of the cultural identity of this population” (Burns and Brady, 1996:202) and the Quran provides guidelines for almost every aspect of human life from highly spiritual to material, including conducting business (Uddin, 2003). The Quran often speaks about honesty and justice in trade (Yousef, 2000) and reminds its followers to “remain on guard and not to slip away into the indulgence of unethical or immoral activities” (Uddin, 2003:26). This may explain why the Malay managers perceived the defective product and promotion dilemma as issues with high moral intensity. However, it was surprising that they perceived the prayer time scenario as an issue with a high moral intensity. As Muslims, the Malays are required to perform the ritual prayers five times a day. However, one manager said,

“I don’t mind my staff performing their daily prayers but some of them take longer than what is actually needed. The actual prayer should last no more than 20 minutes. It becomes an issue when staff starts taking 30-45 minutes. When staff starts taking such a long prayer time, their productivity suffers.”

(Mr. H, Malay, Executive Vice-President, Public listed company, 17 years managerial experience)

Another said,

“...To me this has become an ethical issue because he/she is taking too long to perform the daily prayers. If they have to pray twice a day during office hours, it would definitely affect their productivity.”

(Ms. N, Malay, Human Resource Manager, American-owned organisation, 13 years managerial experience)

Based on the two interviews, it can be concluded that the Malay managers recognised the perceived intensity dimension in the long prayer time scenario probably because it affected their employee's productivity. This may be explained by the Islamic work ethic which cautions against time wasting and emphasises constant hard work to meet one's responsibilities (Yousef, 2000).

The findings from this section showed that the Malay managers were most likely to perceive the intensity of an ethical issue as compared to the Chinese or Indian managers. They were also most likely to recognise moral intensity in ethically ambiguous scenarios involving defective products, prayer times and promotion.

9.2.4 Perceived Conflict Over Moral Values

With respect to hypothesis H2(d), the ANOVA results supported the hypothesis at the $p < 0.05$ level, that there were significant differences between the Malay, Chinese and Indian managers in terms of their perceived conflict over moral values. The Scheffe test shown in Table 9.4 indicated that the mean differences were between the Malay and Chinese managers. For this dimension, lower mean scores indicate a higher level of perceived conflict in the ethical issue. Among the three ethnic groups, the Malay managers were most likely to perceive that ethical issues conflicted with their moral values while the Chinese sample was least likely to perceive a conflict over their moral values when faced with an ethical issue. The analysis by scenarios in Table 9.9 revealed that significant differences between the Malay and Chinese managers in this ethical dimension were found in the long prayer time scenario (scenario 5) and the promotion scenario (scenario 6).

Table 9.9: ANOVA Results of Perceived Conflict Over Moral Values by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	3.16	3.61	3.88	2.050	0.131
Scenario 2	1.24	1.44 ^a	1.00 ^a	7.677	0.001*
Scenario 3	1.40	1.53	1.44	1.420	0.244
Scenario 4	1.57	1.78	1.64	2.227	0.110
Scenario 5	2.10 ^b	2.82 ^b	2.67	6.925	0.001*
Scenario 6	1.41 ^c	1.64 ^c	1.55	2.899	0.057*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

It was mentioned in the previous section that religion plays an important component in the cultural identity of the Malays and being the most religious of the ethnic group (based on the results in Chapter 8), they would probably base their ethical perception on their religious principles. Therefore, they would perceive a conflict over their moral values when faced with an ethical issue.

Table 9.9 also showed that there were significant differences between the Chinese and Indian managers at the $p < 0.05$ level in terms of their perceived conflict over moral values in the wealth-accumulation scenario. Although both the Chinese and Indian managers perceived this issue as conflicting with their moral values, it was the Indian managers who had a lower mean score. This indicated that the Indian managers were more likely to perceive the issue as conflicting with their moral values as compared to the Chinese managers. The result was surprising given that the Indians were the most money orientated group among the three ethnic groups (based on the ANOVA results on cultural values in Chapter 8). Perhaps as Hindus, the Indian managers believe in the doctrine of *karma*, where their reincarnation after death will depend very much on the actions of their present life (Gopalan and Rivera, 1997; Ahmad and Surjit, 2001). As such, even though they were money-orientated, the Indian managers might perceive the wealth-accumulation as conflicting with their moral values since it involved a questionable business practice.

The findings from this section indicated that when faced with an ethical dilemma, the Malay managers were more likely to perceive a conflict over their moral values especially in ethical dilemmas which involved prayer times and promotions.

However, in ethical issues pertaining to wealth-accumulation, the Indian managers were more likely to perceive a conflict over their moral values as compared to the Chinese or Malay managers.

9.2.5 Perceived Consequences On Others

The results of the ANOVA analysis failed to support hypothesis H2(e) at the $p < 0.05$ level, that there were significant differences between the Malay, Chinese and Indian managers in the dimension of perceived consequences on others. Perhaps the questionable business practices depicted in the scenarios failed to reach a threshold of magnitude of consequences. Although the definition of moral issue for this research included consequences on others, many moral issues are trivial in terms of consequences (Jones, 1991). The respondents in this sample probably perceived the consequences in the scenarios as minor since none of the unethical acts depicted in the scenarios were life-threatening.

Table 9.10: ANOVA Results of Perceived Consequences on Others by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	2.93	2.85	2.85	0.200	0.819
Scenario 2	2.67	2.87	3.08	2.518	0.083
Scenario 3	1.90 ^a	2.21 ^a	2.29	3.75	0.025*
Scenario 4	2.25	2.15	2.29	0.556	0.574
Scenario 5	2.99	3.00	2.85	0.368	0.672
Scenario 6	3.60	3.89	3.81	1.557	0.213

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test. The Standard Deviations are given in parentheses.
* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

The analysis by scenarios in Table 9.10 revealed only one significant scenario at the $p < 0.05$ level. In the pollution scenario (scenario 3), the Malay managers were significantly different from the Chinese managers in their perceived consequences on others. According to Uddin (2003), Muslims are not authorised to destroy or waste God's given resources. Furthermore, the results on the cultural values in Chapter 8 revealed the Malay managers as having an internal locus of control and individuals with an internal locus of control are more likely to take responsibility for the consequences of their behaviour (Chiu, 2003). This may explain why the Malay managers recognised this ethical dimension in the pollution scenario.

The findings of this section imply that when faced with an ethical dilemma, managers from the three ethnic groups were less likely to recognise the ethical dimension of perceived consequences on others.

9.2.6 Perceived Choice in Decision-Making

Significant differences were found between the three ethnic groups in the perceived choice element of the ethical perception dimension. The ANOVA results supported hypothesis H2(f) at the $p < 0.05$ level, that there were significant differences between the Malay, Chinese and Indian managers in terms of the perceived choices they have in their decision-making when faced with an ethical issue. Post-hoc comparison using the Scheffe test indicated that the mean score for the Malay managers were significantly different from the Indian managers at the $p < 0.05$ level. In this dimension, a low mean score would indicate as perceived to have a choice in the decision-making when faced with an ethical issue. The lower mean scores of the Malay managers indicated that when faced with an ethical issue, they perceived themselves as having a choice in decision-making while the mean scores of the Indian managers implied that they perceived themselves as having less choice in the decision-making. The analysis by scenarios in Table 9.11 showed the Malay managers perceived themselves as having a choice in ethical dilemmas involving gift-giving (scenario 1), defective products (scenario 4), prayer times (scenario 5) and promotions (scenario 6). For all these scenarios, the Malay managers perceived themselves as having a choice in the decision-making and the Indian managers perceived themselves as having a less of a choice in the decision-making when faced with an ethical issue.

Table 9.11: ANOVA Results of Perceived To Have a Choice in the Decision-Making by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	2.48 ^a	3.09	3.51 ^a	4.351	0.014*
Scenario 2	1.12 ^b	1.22 ^{b c}	1.00 ^c	9.968	0.000*
Scenario 3	1.77	1.96	1.94	0.819	0.442
Scenario 4	1.71 ^d	2.12 ^e	2.75 ^{d e}	10.094	0.000*
Scenario 5	1.94 ^f	2.01 ^g	2.88 ^{f g}	9.052	0.000*
Scenario 6	1.34 ^h	1.42	1.72 ^h	4.102	0.018*

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

Two possible reasons may explain why the Malay managers, as opposed to the Indians, may perceive themselves as having more of a choice in the decision-making when faced with an ethical issue. The first reason is probably because the Malay managers may not be easily influenced by their superiors. It was indicated previously that superiors and supervisors have been found in previous research to play an important role in influencing unethical perception (Ferrell and Gresham, 1985; Vitell *et al.*, 2000; Lord and DeZoort, 2001; Jones *et al.*, 2003). As the Malay managers appeared to be the least concerned over hierarchical status, they may feel that it is more important to uphold their ethical values than to obey authority. The Indian managers, on the other hand, were the most obedient to authority and as such may feel the need to comply with their superior's suggestions even if they were unethical. Another possible reason could be explained in terms of their locus of control. The Indian managers have an external locus of control while the Malay managers have an internal locus of control. Individuals with an external locus of control are more likely to rely on external forces to guide their attitudes and attribute the cause and the control of events to their surroundings. Being fatalistic, Indians feel that everything is controlled by the external environment (Kanungo, 1990). They may therefore perceive themselves as having little choice in the decision-making when faced with an ethical dilemma since to them, everything in life is already predetermined (Gopalan and Rivera, 1997). Conversely, the Malay managers are more likely to feel that they are in control of the events in their life and to rely on their own internal determination of right and wrong to guide their ethical attitudes. As such, they are more likely to perceive themselves as having a choice in the decision-making when faced with an ethical dilemma.

Although among the three ethnic groups, the Malay managers perceived themselves as having a choice in the decision-making when faced with an ethical dilemma, this was not the case for the wealth-accumulation scenario (scenario 2). For the wealth-accumulation dilemma, it was the Indian managers who perceived themselves as having more of a choice in the decision-making. It was not surprising that the Indian managers would perceive themselves as having a choice in the decision-making when faced with an ethical dilemma involving wealth-accumulation since they also perceived that this scenario conflicted with their moral values.

Based on the findings of this section, it can be concluded that when faced with an ethical issue, the Malay managers were more likely to perceive as having a choice in the decision-making as compared to the Indian or Chinese managers. They were also more likely to perceive a choice in decision-making when faced with ethical dilemmas involving gifts, defective products, prayer times and promotions. However, when the ethical dilemma involved wealth-accumulation, it was the Indian managers who perceived themselves as having a choice in the decision-making.

9.2.7 Perceived Social Consensus

In terms of *Perceived Social Consensus*, the ANOVA results showed there were significant differences at the $p < 0.05$ level in the perceived social consensus between the three ethnic groups, supporting hypothesis H2(g). Post-hoc comparison using the Scheffe test indicated that the significant differences were between the Chinese managers and the Malay managers. In this dimension, a low score would indicate a high degree of social consensus regarding a particular dilemma. The ANOVA results presented in Table 9.4 showed the Malay managers perceived a higher degree of social consensus that the scenarios were normal business practices as compared to the Chinese managers. The analysis by scenarios presented in Table 9.12 showed that significant differences between the Malay and Chinese managers were found in ethical dilemmas involving pollution (scenario 3) and prayer times (scenario 5). For both these scenarios, the Malay managers perceived a higher degree of social consensus than the Chinese managers that these were normal business practices.

Table 9.12: ANOVA Results of Perceived Social Consensus of the Ethical Issue by Scenario

Scenario	Malay	Chinese	Indian	F-statistics	p-value
Scenario 1	4.38	4.45	4.78	0.847	0.430
Scenario 2	3.35	3.65	3.42	0.902	0.407
Scenario 3	2.81 ^a	3.48 ^a	3.21	4.600	0.011*
Scenario 4	3.14	3.59	3.26	2.379	0.095
Scenario 5	2.59 ^a	3.48 ^a	3.04	9.355	0.000*
Scenario 6	3.64	3.92	3.92	0.807	0.447

Notes: Superscripts indicate significant differences at the 0.05 level on the Scheffe test.

The Standard Deviations are given in parentheses.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$

It was previously discussed in Section 9.2.3 that the Malay managers perceived the prayer time scenario as a high moral intensity issue. Perhaps because this issue is widely happening in the Malaysian business environment, that there is a social agreement among the Malay managers that such a practice is a normal business practice even if it was perceived as a high moral intensity issue. According to one Malay manager,

“The scenarios in your questionnaire are very common business practices. They may not seem ethical, but it’s happening every day.”

(Mr. I, Malay, Executive Vice-President, Bumiputera-owned organisation, 18 years managerial experience)

Another manager said,

“Sometimes as managers, we have to be “flexible”; as long as the practices are not life-threatening or very detrimental to an individual, I would be willing to go along with it. Society seems to accept these “unethical” practices as part and parcel of doing business anyway.”

(Mr. M.A.I., Malay, Managing Director, Swedish-owned organisation, 10 years managerial experience)

Although the Malay managers perceived the prayer time scenario as a high moral intensity issue, they were more likely to perceive consensus that this was part and parcel of the Malaysian business scene. The compromising attitude of the Malays may have contributed to this type of behaviour. It was surprising, however, to find the Chinese managers as having the lowest degree of perceived social consensus that the dilemmas were common business practices. It was previously thought that the Malays (and the Indians) were following the typical business practices of the Chinese (Zabid and Ho, 2003). This was probably due to the reason that the Chinese ethnic group plays a dominant role in the Malaysian business scene. However, this finding seems to imply that some business practices adopted by the Malays and Indians may not actually be perceived as common business practices by the Chinese managers.

Based on the findings of this section, it can be concluded that among the three ethnic groups, the Malay managers had the highest degree of perceived social consensus that the ethical dilemmas presented were normal business practices and the Chinese

managers had the lowest degree of perceived social consensus. When faced with ethical dilemmas regarding prayer times and environmental pollution, the Malay managers were most likely to perceive a high degree of social consensus that these practices were normal business practices.

9.3 CONCLUSION

The purpose of this section was to investigate whether differences in cultural values would lead to differences in ethical perception. The ANOVA results indicate that ethical perception does vary by ethnic groups, supporting the findings of previous studies (Sarwono and Armstrong, 2001; Mukherji and Mukherji, 2002). With the exception of *Perceived Consequences On Others*, there were significant differences between the three ethnic groups in six of the seven ethical perception dimensions. These dimensions were *Uncertainty in Decision-Making*, *Perceived Difficulty in Decision-Making*, *Perceived Intensity of the Ethical Issue*, *Perceived Conflict Over Moral Values*, *Perceived Choice in Decision-Making* and *Perceived Social Consensus*. Therefore, the general hypothesis H2, that there is a significant difference in the ethical perception of the Malay, Chinese and Indian managers, was strongly supported at the $p < 0.05$ level. There was also further evidence supporting hypothesis H2 based on the significant differences found in the ethical sensitivity scores between the three ethnic groups and the confirmatory ANCOVA analysis. The results of the three analyses confirmed the researcher's expectation that differences in cultural values would lead to differences in ethical perception.

An analysis by scenario was also conducted for each ethical perception dimension. The ANOVA results by scenarios appear to suggest that the recognition of each ethical perception dimension varied by ethnic groups and the types of ethical scenarios. The Chinese managers were more likely to perceive uncertainty in decision-making when faced with ethical issues which involved gift-giving, pollution, defective products and promotions. The Indian managers perceived difficulty in decision-making when faced with ethical issues pertaining to defective products and promotions. They were also more likely to perceive a conflict over their moral values and a choice in their decision-making in ethical dilemmas which involved wealth-accumulation. When confronted with ethical dilemmas involving prayer times and

promotions, the Malay managers were more likely to recognise the ethical perception dimensions of *Perceived Intensity of An Ethical Issue*; *Perceived Conflict Over Moral Values* and *Perceived Choice in Decision-Making*. They were also more likely to recognise the perceived intensity and perceived choice components when faced with ethical issues involving defective products. The Malay managers also perceived a high degree of social consensus that ethical issues involving environmental pollution and prayer times were normal business practices.

In this chapter, it was established that different ethnic groups do exhibit significant differences in their ethical perception. The next chapter will examine how cultural values affect ethical perception and its various dimensions.

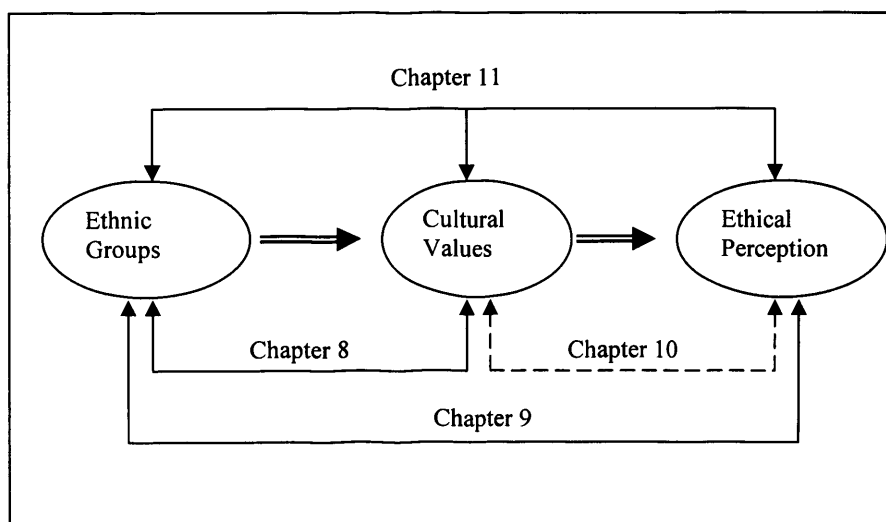
Chapter 10

THE INFLUENCE OF CULTURAL VALUES ON THE MALAYSIAN MANAGERS' ETHICAL PERCEPTION

10.0 INTRODUCTION

It was established in Chapter 8 that the Malay, Chinese and Indian managers have different cultural values and in Chapter 9, the ANOVA results showed that these managers differed in terms of their ethical perceptions. Significant differences between the Malays, Chinese and Indian managers were found in six of the seven dimensions of ethical perception. Therefore, it can be said that the different ethnic groups have different ethical perceptions.

Although many theorists posit a relationship between the cultural environment and ethical perception, very little attention has been given to understanding how cultural values affect the perception of ethical problems (Thorne and Saunders, 2002). According to Vitell *et al.* (1993:759), most studies on ethical issues in business “merely provide descriptive statistics about ethical beliefs and significant covariations of selected variables” and that few researchers have addressed how cultural dimensions influence the ethical decision-making process. This chapter will illustrate how the cultural values hypothesised in Chapter 3 affect ethical perception and its dimensions. The relationship examined in this chapter is illustrated as the dotted lines in the diagram on the next page.



10.1 PROCEDURE FOR STATISTICAL ANALYSIS

The purpose of this chapter, as mentioned earlier, is to examine the general influence of the cultural values on each dimension of ethical perception regardless of ethnic group. For this purpose, the Analysis of Covariance (ANCOVA) was used to assess the contribution of the various cultural values to each dimension of ethical perception. The original sample of 272 was reduced to 265. Seven respondents did not provide information as to the kind of organisations they worked in.

As with the previous ANCOVA and ANOVA analysis, each dimension was checked for outliers. To determine if the outliers should be removed from the analysis, the ANCOVA analysis was run twice, once with the identified outliers and once without. Since the outliers were shown not to have a considerable impact on the values of the variables, the outliers were retained in the analysis. Separate ANCOVA analysis was run on each of the ethical perception dimensions. The ethical perception dimension was specified as the dependent variable in the ANCOVA, and the covariates were the individual variables (age, education and gender), cultural values dimension (external locus of control, money orientation, obedience to authority, religiosity, face orientation and relationship orientation), situational variables (codes of ethics and nationality of parent organisation) and the ten items from the Crowne-Marlowe Social Desirability Scale. The independent variable was the ethnic groups. Preliminary checks were conducted to ensure that there was no violation of the assumptions of normality, linearity, homogeneity of variances and homogeneity of regression slopes. Results of these checks were satisfactory.

10.2 DISCUSSION OF THE ANCOVA RESULTS

The ANCOVA analysis showed five of the six cultural values had main influences on the various dimensions of ethical perception. These cultural values were locus of control, face orientation, religiosity, relationship orientation and obedience to authority. Money orientation did not significantly influence any of the ethical perception dimensions. The Crowne-Marlowe (1967) Social Desirability Scale had also been included in the analysis as a control variable to detect social desirability bias. Since it was entered as a control variable in the ANCOVA analysis, the

significant effects that were found would not be attributed to social desirability bias. The results of the ANCOVA analysis are discussed in the following subsections.

10.2.1 Locus of Control

In Chapter 3, it was hypothesised that ethnic groups with an external locus of control will have a lower ethical perception than ethnic groups with an internal locus of control. The hypothesis formulated was:

H3: External locus of control will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

H3(a): External locus of control will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

H3(b): External locus of control will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

H3(c): External locus of control will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

H3(d): External locus of control will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

H3(e): External locus of control will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

H3(f): External locus of control will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

H3(g): External locus of control will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

Based on the ANCOVA results presented in Table 10.1, hypothesis H3 was weakly supported at the $p < 0.05$ level. After controlling for the individual and situational factors, locus of control was significant in two of the ethical perception dimensions: *Perceived Consequences on Others* and *Perceived Social Consensus*. Hypothesis

H3(e), that external locus of control will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue was supported at the $p < 0.001$ level. The ANCOVA results also supported hypothesis H3(g) at the $p < 0.05$ level that external locus of control will significantly and positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

Table 10.1: Effects of External Locus of Control on Dimensions of Ethical Perception

Ethical Perception Dimension	Coefficient ^a	F-Statistic	Statistical significance
Uncertainty in decision - making			NS
Perceived difficulty in decision - making			NS
Perceived intensity of the ethical issue			NS
Perceived conflict over moral values			NS
Perceived to have consequences on others	-0.215	19.240	0.000**
Perceived to have a choice in the decision - making			NS
Perceived social consensus of ethical issue	0.216	6.367	0.012*

Notes: ^a For significant variables only.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$.

The relationship between locus of control and ethical perception was not as strong as expected and this may be because the majority of the respondents in this study had an internal locus of control rather than an external one. From the results on the cultural values in Chapter 8, it was found that only the Indian managers had an external locus of control while the Malay and Chinese managers were more internally controlled. Hypothesis H3(e), that external locus of control will negatively influence perceived consequences among the Malay, Chinese and Indian managers, was supported at the $p < 0.001$ level. The negative coefficient in the *Perceived Consequences on Others* showed that the ethnic groups with an external locus of control would not perceive ethical issues as having consequences on others. Perhaps because these individuals believe that expected outcomes are not linked to their efforts, but to the control of luck, fate, or powerful others, that they do not generally believe in the acceptance of responsibility for what happens to them or to others (Rogers and Smith, 2001). Since

people with an external locus of control believe that everything is beyond their control and is attributed to fate or luck, they tend to feel less responsible for outcomes (Jones and Kavanagh, 1996) and hence are less likely to perceive that their choices would have consequences on others.

The ANCOVA results also supported hypothesis H3(g) that external locus of control will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice. The results showed that ethnic groups with an external locus of control were more likely to perceive the ethical dilemmas as normal business practices than ethnic groups with an internal locus of control. Compared to locus internals who tend to rely on their own judgment of right and wrong (Kohlberg, 1976), locus externals tend to perceive that some powerful other has a tremendous amount of influence over the occurrences in their life (Reiss and Mitra, 1998). As such, they are more likely to be influenced by the frames of reference provided by the physical or social surroundings (Ji *et al.*, 2000). Based on the ANCOVA results, ethnic groups who are locus externals would perceive a higher degree of social consensus than ethnic groups with an internal locus of control that the ethical dilemmas in the questionnaire were normal business practices.

10.2.2 Money Orientation

Money orientation, as discussed in Chapter 3, refers to the importance one attaches to financial rewards. It was hypothesised in Chapter 3 that money orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers. The hypothesis formulated was:

H4: Money orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

H4(a): Money orientation will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

H4(b): Money orientation will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

- H4(c): Money orientation will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.
- H4(d): Money orientation will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.
- H4(e): Money orientation will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.
- H4(f): Money orientation will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.
- H4(g): Money orientation will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

The ANCOVA analysis however failed to provide support for any of the sub-hypothesis on money orientation at the $p < 0.05$ level. Therefore, hypothesis H4 that money orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers was not supported at the $p < 0.05$ level. Based on these findings, it can be concluded that money orientation was not an important variable influencing the ethical perception of the Malay, Chinese and Indian managers in ethical dilemmas involving gift-giving, wealth-accumulation, pollution, defective products, prayer times or promotions.

One possible explanation why money orientation did not have a significant influence on the ethical perception of the Malay, Chinese and Indian managers could be attributed to the sample used in this study. Almost 97% of the respondents for this study were managers, chief executive officers or vice-presidents in their organisations (based on the profile of respondents presented in Chapter 8). According to Harpaz (1990:84), money assumes a “decreasing importance as a person advances in the organisational hierarchy.” Furthermore, this group of people would be earning a relatively high income and high-income people are less obsessed with the love of money (Tang and Chiu, 2003). Both these reasons may explain why the managers in

this study were not influenced by money-orientation in their perception of the ethical dilemmas depicted in this study.

10.2.3 Obedience to Authority

In terms of obedience to authority, it was hypothesised that this cultural dimension will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers. The following hypothesis was formulated to test the relationship between obedience to authority and ethical perception:

H5: Obedience to authority will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

H5(a): Obedience to authority will significantly but negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

H5(b): Obedience to authority will significantly but negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

H5(c): Obedience to authority will significantly but negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

H5(d): Obedience to authority will significantly but negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

H5(e): Obedience to authority will significantly but negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

H5(f): Obedience to authority will significantly but negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

H5(g): Obedience to authority will significantly but positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

Based on the results presented in Table 10.2, there was partial support for hypothesis H5 at the $p < 0.05$ level, that obedience to authority will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers. Ethnic

groups who were more obedient were less likely to recognise three ethical perception dimensions: *Uncertainty in Decision-Making*, *Perceived Intensity* and *Perceived Conflict Over Moral Values*. Thus hypotheses H5(a), H5(c) and H5(d) were supported at the $p < 0.05$ level.

Table 10.2: Effects of Obedience to Authority on Dimensions of Ethical Perception

Ethical Perception Dimension	Coefficient ^a	F-Statistic	Statistical significance
Uncertainty in decision - making	-0.107	4.894	0.028*
Perceived difficulty in decision - making			NS
Perceived intensity of the ethical issue	-0.129	8.874	0.003*
Perceived conflict over moral values	-0.105	6.385	0.012*
Perceived to have consequences on others			NS
Perceived to have a choice in the decision - making			NS
Perceived social consensus of ethical issue			NS

Notes: ^a For significant variables only.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$.

This result was not surprising since in a high power distance, collectivistic country such as Malaysia, employees are likely to take their ethical cues from their superiors (Vitell *et al.*, 1993), accept their superiors' unethical practices (Nyaw and Ng, 1994) and obey their superior's unethical instructions (Cohen *et al.*, 1992). These findings are consistent with the findings of Lord and DeZoort (2001) who found that obedience to authority has a strong association with ethical intentions. It is expected that more obedient orientated groups are likely to take their ethical cues from their superiors and would tend to base their ethical beliefs and attitudes on the actions of their superiors. Top management has also been rated by Malaysian managers (Zabid and Alsagoff, 1993; Gupta and Sulaiman, 1996) and Malaysian business students (Alam, 1995) as one of the most important factors influencing ethical perceptions and the corporate ethical environment. The negative beta coefficients in the three significant ethical perception dimensions seem to indicate that ethnic groups who were obedient to their superiors seemed less likely to recognise an ethical problem when they were faced with one.

Malaysians, irrespective of ethnicity, generally have a high power distance which translates into a strong respect for their elders and seniors (Asma, 1996). Subordinates would not question their superior's authority or argue with the boss as this would be considered rude and improper on their part. Individuals from ethnic groups who are obedient to their superiors tend to also feel strong pressures to conform to the expectations of their superiors. Therefore, superiors would be in a position to exert strong role pressure on the individuals for compliance with their expectations (Ferrell and Gresham, 1985). This may explain why individuals who were more obedient to their superiors were less likely to perceive the intensity (seriousness) of the ethically ambiguous issues or perceive the uncertainty element in the decision-making of an ethical issue.

The unethical behaviour of superiors and top senior management may also influence the ethical perception of subordinates through "parallel deviance" (Kemper, 1966). According to Kemper (1966), if an individual sees their superior committing an unethical act, they may think that such behaviour is legitimate. When faced with a similar situation, the individual may conclude that since such a situation is legitimate, they will be less likely to perceive the situation as unethical. Superiors and senior management are therefore seen as ethical guideposts by these individuals as a basis for their ethical beliefs and attitudes. An individual who is obedient to authority tends to accept that only leaders are entrusted to make the right decisions and that their orders or "advice" are often unchallengeable (Asma, 1996). Therefore, individuals from ethnic groups who are obedient to authority were also not likely to perceive questionable business practices as conflicting with their moral values, as shown in Table 8.13. Since superiors are found to exert a significant influence on the ethical perception of the Malaysian managers, the Malaysian boss must have personal integrity and high moral standards and must show seriousness about business ethics.

10.2.4 Religiosity

To examine the influence of cultural values on religiosity, the following hypothesis was formulated:

H6: Religiosity will significantly and positively influence the ethical perception of the Malay, Chinese and Indian managers.

- H6(a): Religiosity will significantly but positively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.
- H6(b): Religiosity will significantly but positively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.
- H6(c): Religiosity will significantly but positively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.
- H6(d): Religiosity will significantly but positively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.
- H6(e): Religiosity will significantly but positively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.
- H6(f): Religiosity will significantly but positively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.
- H6(g): Religiosity will significantly but negatively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

In Chapter 3, religiosity was defined as the strength of an individual's religious beliefs. Religiosity is expected to have a positive effect on ethical perception, that is, a more religious person would have a higher moral standard relative to a less religious person (Chung and Monroe, 2003). The ANCOVA results in Table 10.3 illustrate that, after controlling for individual and situational variables, significant differences between ethnic groups who were more religious and less religious ethnic groups were found in five of the six ethical perception dimensions. All significant variables had a positive coefficient, indicating that religiosity was positively related to all the five dimensions of ethical perception. Therefore hypothesis H6, that religiosity will significantly and positively influence the ethical perception of the Malay, Chinese and Indian managers, was supported at the $p < 0.05$ level. Ethnic groups who were religious were more likely to recognise the dimensions of *Uncertainty in Decision-Making*, *Perceived Intensity* and *Perceived Choice in the Decision-Making* at the $p < 0.05$ level.

Meanwhile significant differences between more religious and less religious ethnic groups were also found in the dimensions of *Perceived Conflict Over Moral Values* and *Perceived Consequences on Others* at the $p < 0.001$ level.

Table 10.3: Effects of Religiosity on Dimensions of Ethical Perception

Ethical Perception Dimension	Coefficient ^a	F-Statistic	Statistical significance
Uncertainty in decision - making	0.132	7.397	0.007*
Perceived difficulty in decision - making			NS
Perceived intensity of the ethical issue	0.085	3.750	0.054*
Perceived conflict over moral values	0.193	20.955	0.000**
Perceived to have consequences on others	0.161	21.975	0.000**
Perceived to have a choice in the decision - making	0.186	10.644	0.001*
Perceived social consensus of ethical issue			NS

Notes: ^a For significant variables only.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$.

This may be because religion tends to provide the reason for being ethical and the points of reference for evaluating conduct (Christie *et al.*, 2003). Compared to the less religious managers, the ANCOVA results showed the more religious group ethnic groups perceived that unethical issues conflicted with their moral values and that the decisions made on such issues would have consequences on others. Since religion provided instructive moral guidance (Friedman, 2000), more religious ethnic groups tended to recognise the intensity of an ethical dilemma than less religious ethnic groups. This explanation was supported by the positive relationship between *Perceived Intensity of the Ethical Issue* and religiosity. The ANCOVA results also showed a positive beta coefficient for *Uncertainty in Decision-Making*. In Chapter 3, it was explained that a person is said to have recognised a moral issue when he/she is able to perceive uncertainty in decision-making (Hosmer, 1991). Since religion has a positive effect on the ethical perception of individuals, it would be expected that more religious person ethnic groups perceived uncertainty in decision-making. These results may further explain why religion has a positive effect on ethical perception

(Wimalasiri *et al.*, 1996; Knotts *et al.*, 2000; Chung and Monroe, 2003; Conroy and Emerson, 2004).

According to Jones (1991), to recognise a moral issue, a person must also acknowledge that he or she has a choice. Therefore, the positive relationship obtained from the ANCOVA results between religiosity and *Perceived Choice in Decision-Making* was in the expected direction. According to Angelidis and Ibrahim (2004), people who are more religious will tend to weigh the significance of elements of organisational performance differently than groups who are less religious. Persons who are less religious may have greater concern for economic performance and a weaker orientation towards ethical issues. As such, they may perceive themselves as having little choice but to comply with unethical suggestions to “stay ahead.” On the other hand, persons with a more religious conviction would place greater emphasis on ethical issues than on economic matters (Angelidis and Ibrahim, 2004). They may feel less pressured to comply with unethical suggestions in their organisations and thus perceived themselves as having a choice in the decision-making when faced with an ethical issue. This view was supported by the following manager,

“If I were asked by my superior to commit an unethical act, I will not do it because it goes against my moral and religious values. I will not sacrifice my religious beliefs. If my superior still insists on me doing it, then I will resign.”

(Mr. D, Indian, Senior Manager, Chinese-owned organisation, 8 years managerial experience)

Another Malay manager said,

“I will never commit an unethical act. If the values of my organisation go against my religious and moral values, then I will not work for the company.”

(Mr. H, Malay, Production Manager, Chinese-owned organisation, 9 1/2 years managerial experience)

10.2.5 Face Orientation

Face orientation was also identified as one of the cultural values which can influence the ethnic group’s ethical perception. The relationship between face orientation and ethical perception was hypothesised as:

H7: Face orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

H7(a): Face orientation will significantly and negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

H7(b): Face orientation will significantly and negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

H7(c): Face orientation will significantly and negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

H7(d): Face orientation will significantly and negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

H7(e): Face orientation will significantly and negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

H7(f): Face orientation will significantly and negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

H7(g): Face orientation will significantly and positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

The ANCOVA results presented in Table 10.4 showed that face-orientation was significant at the $p < 0.05$ level in only one ethical perception dimension, that is uncertainty in decision-making (Hypothesis H7a).

Table 10.4: Effects of Face Orientation on Dimensions of Ethical Perception

Ethical Perception Dimension	Coefficient ^a	F-Statistic	Statistical significance
Uncertainty in decision - making	-0.120	4.152	0.043*
Perceived difficulty in decision - making			NS
Perceived intensity of the ethical issue			NS
Perceived conflict over moral values			NS
			NS

Perceived to have consequences on others	
Perceived to have a choice in the decision - making	NS
Perceived social consensus of ethical issue	NS

Notes: ^a For significant variables only.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$.

Therefore, the general hypothesis (H7), that face orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers was not fully supported at the $p < 0.05$ level. The negative beta coefficient in the ANCOVA results in Table 10.4 showed that ethnic groups who were face orientated were less likely to perceive uncertainty in decision-making when faced with an ethical issue than individuals who were not face orientated. Although face-orientation was not a significant variable influencing the ethical perception of the Malaysian managers, the ANCOVA results seem to indicate that individuals who are not face orientated are more likely to recognise an ethical issue than individuals who are face orientated, since an individual who perceives uncertainty in decision-making is more likely to recognise an ethical issue (Hosmer, 1991). The finding of this section seems to provide partial support to previous studies which have reported that face-saving behaviour underlies unethical practices and may not be compatible with honest or truthful interactions (Gao *et al.*, 1996; Ang and Leong, 2000). Gao *et al.* (1996) explains that engaging in face-saving behaviour may not be compatible with honest or truthful interactions because an individual who places importance in maintaining face might, for example, avoid embarrassment and criticism of others by covering up their mistakes.

10.2.6 Relationship Orientation

Relationship orientation is a cultural value characterised by interdependence and reciprocity. Malaysian managers and Malaysians often have to spend time on building personal relationships (Asma, 1996). It can be viewed as a Malaysian way of doing business based on friendship and trust. Some of the practices involved in establishing and maintaining good relationships are gift-giving, entertainment and hospitality. The

hypothesised relationship between relationship orientation and the ethical perception of the Malaysian managers are:

H8: Relationship-orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers.

H8(a): Relationship-orientation will significantly and negatively influence the recognition of perceived uncertainty in ethical issues among the Malay, Chinese and Indian managers.

H8(b): Relationship-orientation will significantly and negatively influence the recognition of perceived difficulty in ethical decision-making of the Malay, Chinese and Indian managers.

H8(c): Relationship-orientation will significantly and negatively influence the recognition of perceived intensity of the ethical issue of the Malay, Chinese and Indian managers.

H8(d): Relationship-orientation will significantly and negatively influence the recognition of perceived conflict over their moral values of the Malay, Chinese and Indian managers.

H8(e): Relationship-orientation will significantly and negatively influence the Malay, Chinese and Indian managers' recognition of perceived consequences on others when faced with an ethical issue.

H8(f): Relationship-orientation will significantly and negatively influence the recognition of perceived choice in the ethical decision-making of the Malay, Chinese and Indian managers.

H8(g): Relationship-orientation will significantly and positively influence the Malay, Chinese and Indian managers' perceived social consensus that the ethically ambiguous situation is a normal business practice.

The ANCOVA results presented in Table 10.5 below showed that, after controlling for situational and individual influences, only one significant difference was found for this cultural dimension, that is in the ethical perception dimension of *Perceived Social Consensus*. Thus, hypothesis H8 that relationship-orientation will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers, was not supported at the $p < 0.05$ level. Although relationship orientation was not a significant variable influencing the Malaysian managers' ethical perception, it had a significant influence on perceived social consensus at the $p < 0.05$ level. However, the coefficient was not in the hypothesised direction. The negative beta

coefficient indicated that ethnic groups who were relationship-orientated would perceive a lower degree of consensus that the ethical issues depicted were normal business practices than ethnic groups who were not relationship-orientated.

Table 10.5: Effects of Relationship Orientation on Dimensions of Ethical Perception

Ethical Perception Dimension	Coefficient ^a	F-Statistic	Statistical significance
Uncertainty in decision - making			NS
Perceived difficulty in decision - making			NS
Perceived intensity of the ethical issue			NS
Perceived conflict over moral values			NS
Perceived to have consequences on others			NS
Perceived to have a choice in the decision-making			NS
Perceived social consensus of ethical issue	-0.311	7.448	0.007*

Notes: ^a For significant variables only.

* denotes significant differences at $p < 0.05$; ** denotes significant differences at $p < 0.001$.

One possible reason could be that ethnic groups who were relationship-orientated were probably very aware of the scandals regarding nepotism and “cronyism”, since these issues were constantly highlighted in the daily Malaysian newspapers. For example one manager had this to say,

“I think nepotism, cronyism has become something like buzzwords in organisations. People are more aware of these practices because it got so much attention in the newspapers.”

(Mr. K.CT, Chinese, Senior Manager, Japanese-owned organisation, 12 years managerial experience)

Another manager said,

“Our Prime Minister (then Dr. Mahathir) is always highlighting the issues of cronyism and nepotism in the newspapers. It has probably made us managers more sensitive towards such practices.”

(Mr. KDP, Indian, Senior Operations Manager, American-owned organisation, 5 years managerial experience)

As such, the relationship-orientated ethnic groups may be more sensitive to the legal injunctions against conducting business based on close relationships. Hence they might be more careful so as not to allow personal relationships to interfere with their perception of ethical/unethical practices. The awareness among the Malaysian managers regarding the legal implications of conducting businesses based on close, personal relationships may also be the reason why relationship-orientation does not have a significant influence on their ethical perception.

The ANCOVA results in Table 10.5 can also be interpreted as managers who are not relationship orientated would perceive a higher degree of consensus that the ethical issues depicted in the study were normal business practices. These results were consistent with the earlier findings obtained in Section 9.2.7 (Chapter 9) regarding *Perceived Social Consensus*. In that section, the ANOVA results showed that the Malay managers, who were the least relationship-orientated group (based on the ANOVA results in Chapter 8), perceived a higher degree of social consensus that the scenarios were normal business practices as compared to the Chinese or Indian managers. This may indicate that more relationship-orientated ethnic groups were more likely to recognise an ethical issue than a less relationship orientated individuals.

10.3 CONCLUSION

The purpose of this chapter was to examine how the cultural values affect ethical perception and its seven dimensions. The Analysis of Covariance (ANCOVA) was used to determine the influences of the cultural values on ethical perception. The control variables for this research were individual factors (gender, age and the level of education) and situational factors (nationality of parent organisation and company's code of ethics). The analysis also took into account the possible problem of social desirability response bias on the responses. It is a well-known fact that when self-report questionnaires are used to gather data, there is a possibility that the respondents would answer the questions in a socially desirable manner (Randall and Fernandes, 1991; Nyaw and Ng, 1994). The social desirability measure includes a set of 10 items derived from the Crowne and Marlowe's (1967) social desirability scale. These items were entered as covariates (that is as control variables) in the ANCOVA analysis.

The ANCOVA analysis revealed that only the influence of religiosity on ethical perception was strongly supported at the $p < 0.05$ level. The hypothesis that external locus of control will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers was weakly supported at the $p < 0.05$ level. Significant differences between locus externals and locus internals were found in only two ethical perception dimensions at the $p < 0.05$ level: *Perceived Consequences on Others* and *Perceived Social Consensus*. There was partial support for hypothesis H5 that obedience to authority will significantly and negatively influence the ethical perception of the Malay, Chinese and Indian managers at the $p < 0.05$ level. Three ethical perception dimensions were significantly influenced by this cultural value at the $p < 0.05$ level: *Uncertainty in Decision-Making*, *Perceived Intensity Of An Ethical Issue* and *Perceived Conflict Over Moral Values*. No significant differences were found for the cultural dimensions of money orientation, face orientation and relationship orientation at the $p < 0.05$ level.

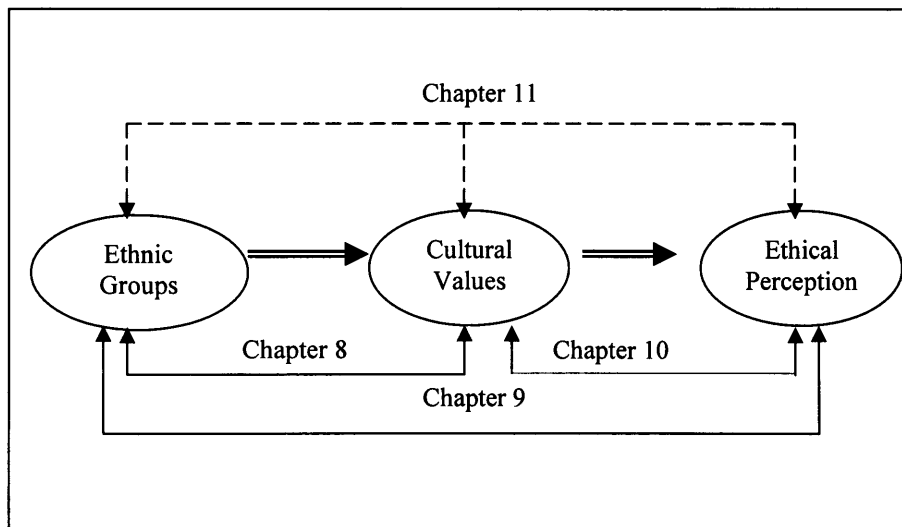
Based on these findings, it can be concluded that religiosity has the strongest influence on the ethical perception of the Malaysian managers. One reason why religion was such a strong predictor of ethical perception could be the fact that most religions contain universal moral tenets, for example, the Ten Commandments as applied to Christianity and Islam (Ali *et al.*, 2000) that provide instructive moral guidance. Perhaps religious-orientated ethnic groups are less willing to think unethical thoughts because they believe that an omniscient God will know their unethical thoughts or attitudes (Conroy and Emerson, 2004). The findings for the cultural dimensions of money-orientation, face-orientation and relationship orientation were not significant influencers of ethical perception for the Malaysian managers. The next chapter will examine how the cultural values in each ethnic group affect the different dimensions of ethical perception in each scenario.

Chapter 11

ANALYSIS BY ETHNIC GROUPS

11.0 INTRODUCTION

In Chapter 10, the researcher examined the influence of the six cultural values on ethical perception and its dimensions, that is whether the influence of each cultural value on ethical perception was significant. Based on the findings of the previous chapter, religiosity was found to have the most significant influence on the ethical perception of the Malay, Chinese and Indian managers while marginal influences were found for the cultural dimensions of obedience to authority and locus of control. The cultural dimensions of face orientation, relationship orientation and money orientation did not significantly influence the ethical perception of the respondents. However, the influence of these cultural values on ethical perception was examined by looking at the sample as a whole, regardless of their ethnicity. This chapter will now examine, by ethnic group, how the cultural values affect their ethical perception for each scenario. This is illustrated by the dotted line shown in the diagram below.



The explanation for the results in this chapter makes use of all available sources of data and information in order to examine the topic fully. The main data is derived from the questionnaire as well as from the feedback from the interviews with

managers in the various organisations. This chapter consists of two main sections. The data analysis procedure is discussed in the first section while the second section examines the influence of the cultural values on the ethnic groups' ethical perception for each scenario.

11.1 PROCEDURE FOR STATISTICAL ANALYSIS

To determine the influence of the cultural values on the dimensions of ethical perception for each scenario, two steps were followed:

11.1.1 Step 1: Determining the Influence of the Cultural Values on Ethical Perception by Scenarios

The first step was to determine which cultural values were most important in influencing the respondent's ethical perception for each scenario. For this purpose, each respondent's ethical perception score would need to be calculated. This ethical perception score provides the overall picture of the ethnic group's ethical perception for each scenario. This score was obtained by adding together the responses to the seven ethical perception dimensions in each scenario. Before calculating the scores, the three-point scale used to measure the responses to Question 2 in each scenario was transformed to a seven-point scale to ensure consistency in all the scales. The negatively worded items for each scenario were also reversed coded before the total ethical perception score was calculated so that a higher ethical perception score denote higher ethical perception. These were questions 3, 4a, 4c, 4h and 4i in each scenario. Examples of these questions, taken from the gift-giving scenario (Scenario 1), are: Q3 ("To what extent do you perceive that you have a choice with regard to how you should act in this situation?"); Question 4a ("I am uncomfortable about giving the trip to the customer because giving the trip might influence the customer's future decisions to purchase from my company."), Q4c ("Giving the trip conflicts with my moral values."), Q4h ("My decision in this situation will have (positive/negative) consequences for the individual requesting the trip.") and Q4i ("My decision in this situation will have (positive/negative)consequences for my company").

The ethical perception score for each respondent was then obtained by adding together the individuals' responses to all the statements (that is Q2-Q4i) in each scenario. Then, the two-step hierarchical regression analysis was used to examine which cultural values were most important in influencing the respondent's ethical perception in each scenario. The two-step hierarchical regression analysis was used as it allowed the researcher to examine the relative contribution of each cultural value while controlling for the influence of the situational and personal variables that might be influencing the managers' ethical perception. The control variables which comprised of the individual and situational variables were entered as Step 1 in the regression model and the control variables were entered as Step 2. The dependent variable was the ethical perception score.

11.1.2 Step 2: Determining the Influence of the Cultural Values on the Dimensions of Ethical Perception by Scenarios

For the next step, the researcher wanted to determine which ethical perception dimensions were influenced by the significant cultural values for each scenario. The two-step hierarchical regression analysis was again used for this purpose. For each regression model, the independent variables comprised the cultural values, individual and situational variables, while the ethical perception dimensions became the dependent variable. As in Step 1, the first hierarchical step regressed the ethical perception dimension (as the dependent variable) on the control variables (that is the individual and situational variables as well as the social desirability measurement). In the second step, the independent variables (that is the cultural values) were added into the regression model.

Before both of the regression analyses was conducted, the data was checked so that the assumptions of multiple regression were met (that is multicollinearity, normality, linearity, homoscedasticity and independence of residuals) (Tabachnik and Fidell, 1996). The data met all the required assumptions and the VIF and Tolerance values were consulted to ensure low collinearity (Hair *et al.*, 1998). For both Step 1 and Step 2, the hierarchical regression analysis was conducted on 265 respondents since seven respondents did not provide information as to the type of organisations they worked in. Separate regression analysis was run for each ethnic group. According to Pallant (2001), regression analysis is not a technique to use on small samples because small

samples may obtain results which do not generalise. While the researcher recognises the limitations in conducting regression analysis on small sample sizes and caution should be exercised in interpreting the findings for the Indian sample ($n = 42$), the researcher was of the opinion that the results of this section would still contribute to the understanding of the influence of cultural values on the ethical perception of the Malaysian managers. Furthermore, regression analysis conducted on a small sample size has been used to arrive at valid conclusions in other studies of ethical decision-making (for example Bennett III, 1999; Cruz *et al.*, 2000; Silver and Valentine, 2000; Granitz, 2003).

In comparing the contribution of the cultural values, standardised coefficients were used for both the hierarchical regression analyses conducted in Steps 1 and 2. According to Pallant (2001), the “standardised coefficients means that the values for each of the different variables have been converted to the same scale so that you can compare them” (Pallant, 2001:145). Therefore the standardised beta values will be used to show the contribution of the cultural values in each scenario.

11.2 THE INFLUENCE OF CULTURAL VALUES ON THE ETHNIC GROUPS

As discussed in Chapter 1, culture reflects social norms which influences preferences for actions, especially at individual and interpersonal levels (Child, 1981) and as such it has been identified as a significant determinant of ethical attitudes of business managers (Nyaw and Ng, 1994; Christie *et al.*, 2003). The ANOVA and ANCOVA results in Chapter 8 showed the Malay, Chinese and Indian sample were significantly different in their cultural values. This indicated that individuals belonging to different ethnic groups have different cultural value structures. The researcher then went on to show in Chapter 9 that differences in cultural values do lead to differences in ethical perception among the three ethnic groups. While the previous chapter also highlighted the influence of cultural values on the various dimensions of ethical perception, the focus was on the sample as a whole. However, the influence of cultural values on an individual’s ethical perception may vary according to cultural backgrounds. The purpose of this chapter is to highlight the most important cultural values influencing the ethical perception of each ethnic group in each scenario. The next three sub-

sections will examine the main influences of these cultural values on each ethnic group's ethical perception as well as the dimensions of ethical perception influenced by these values in each scenario.

11.2.1 The Influence of Cultural Values on the Overall Ethical Perception and its Dimensions: Malay Managers

The regression results for the Malay sample were analysed based on 75 respondents. As shown in Appendix 7a, the cultural value influencing the overall ethical perception of the Malay managers when faced with the wealth accumulation scenario (scenario 2) was their obedience to authority (Beta= -0.372, $p < 0.05$). The regression results in Appendix 7b showed that obedience to authority influenced *Perceived Intensity of the Ethical Issue* (Beta= -0.293, $p < 0.05$), *Perceived Conflict over Moral Values* (Beta= -0.283, $p < 0.05$) and *Perceived Consequences On Others* (Beta= -0.303, $p < 0.05$) in the wealth accumulation scenario. It was quite surprising to note that obedience to authority would be an important variable influencing the Malay managers' ethical perception since the ANOVA results on the cultural values in Chapter 8 showed the Malay managers to be the least obedient to authority among the three ethnic groups. Furthermore, it would have been expected that religion would influence their ethical perception regarding this scenario since (as Muslims) Islam prohibits the excessive accumulation of wealth and it condemns greed, unscrupulousness, deception and "secret" business dealings (Ali *et al.*, 2000; Uddin, 2003). Although the Malay managers were the least obedient to their superiors, the regression results and the feedback from the interviews seem to indicate that the unethical behaviour of their superiors or senior management would influence the Malay managers' ethical perception when they were faced with an ethical dilemma involving wealth accumulation. The negative beta coefficients for their overall ethical perception score indicated that the more obedient the Malay managers were to their superiors, the less they would perceive the wealth accumulation scenario as an ethical dilemma. Perhaps the Malay managers may feel that it is an acceptable practice to profit through their organisations if others such as senior management are doing it as well. Mr. S, a marketing manager, said,

"Setting up a company and selling your company's products to your own organisation is a very common practice. Some of my friends and even some of the directors in

other organisations are doing this. Our religion (Islam) prohibits us from cheating, but I think when it concerns money, it can sometimes cloud your religious values.”

(Mr. S, Malay, Marketing Manager, American-owned organisation, 5 years managerial experience)

Another Malay manager said,

“...the practice of setting up your own company and selling your products is a very common practice especially among the senior management. If they are doing it, another manager may think why can't I do it as well?”

(Mr. J, Malay, Public Relations Manager, British-owned organisation, 9 1/2 years managerial experience)

While Mr. M, another marketing manager said,

“I think if a manager knows that the top people are doing it, then he or she would think why they can't have a slice of the cake as well.”

(Mr. M, Malay, Marketing Manager, German-owned organisation, 6 years managerial experience)

Although the Malay managers may not be obedient to their superiors, the regression results and the feedback from the interviews seem to indicate that the unethical behaviour of their superiors or senior management may influence the Malay managers' ethical perception when faced with a wealth accumulation scenario. This may be an example of Kemper's (1966) “parallel deviance” as discussed in Chapter 10. However, as the Malay respondents in this sample were not obedient to authority (as indicated in the ANOVA results in Chapter 8), they were more likely to perceive the wealth accumulation scenario as an ethical dilemma.

In the pollution scenario (scenario 3), the regression results in Appendix 7a showed that the Malay managers' ethical perception was influenced by their locus of control (Beta= -0.284; $p < 0.05$). From the results in Appendix 7b, this cultural dimension influenced the managers' *Perceived Conflict Over Moral Values* (Beta = -0.255; $p < 0.05$). The regression results indicate that managers who have an external locus of control were less likely to perceive a conflict over their moral values when faced with ethical situations involving environmental pollution. As the Malay managers in this sample have an internal locus of control (based on the ANOVA results in Chapter 8),

they are more apt to perceive that outcomes and events in life are the direct result of their own actions (Terpestra *et al.*, 1991; Jones and Kavanagh, 1996). Moreover, Malays believe that man must live in harmony with nature (Asma, 1996) because Islam prohibits the destruction and wasting of God-given resources (Uddin, 2003). Consequently, the Malay managers may perceive themselves as having a responsibility towards the environment and may therefore perceive the pollution scenario as conflicting with their moral values. This result also supports the study by Chiu and Erdener (2003) who found that individuals with an internal locus of control are more likely to report in whistle-blowing activities.

For the prayer time scenario (scenario 5), religiosity was found to have a significant influence on the Malay managers' ethical perception at the $p < 0.05$ level (Beta= 0.365, $p < 0.05$) (as indicated in Appendix 7a). The positive beta coefficient indicates that the more religious the managers were, the more likely they were to perceive the long prayer time as an ethical issue. The regression results in Appendix 7b showed that religiosity was found to influence *Perceived Conflict Over Moral Values* (Beta= 0.259, $p < 0.05$). The Malay managers also perceived a conflict over their moral values when the ANOVA analysis was conducted in Chapter 9 to determine the influence of the ethical perception dimensions on each scenario. This indicates consistency in the results obtained. Although the Malay managers were the most religious among the three ethnic groups and the ritual prayers is one of the five fundamentals of the Islamic faith, they may have perceived the act as conflicting with their moral values because they viewed the long prayer time as an abuse of the religious facility. According to one Malay manager in an American organisation,

“Prayers play an important role in our life (as a Muslim). The Quran states that we must pray five times in a day. But it is sometimes very difficult for us to fulfil that... My organisation has a prayer room for the Muslims. My Muslim employees use it for their daily prayers but there will be one or two of them who abuse this facility. The actual prayer takes only about 15 minutes but they are in the room for about 30-45 minutes or even up to an hour! They end up chatting with their colleagues in the prayer room and I've even caught one of them taking a nap there! As a Muslim myself, I find that very unethical. Staff praying for longer than 30 minutes happens all

the time in organisations and it is very difficult for us (HR managers) to deal with them.”

(Ms. N, Malay, Human Resource Manager, American-owned organisation, 13 years managerial experience)

The regression results in Appendix 7b also showed that the Malay managers perceived the prayer time scenario as having consequences on others as religiosity was found to influence *Perceived Consequences on Others* (Beta = 0.339; $p < 0.05$). One possible explanation why long prayer times were perceived as having consequences on others could be due to the reason that it affected the productivity of the staff. According to Uddin (2003), it is the religious duty for a Muslim to be involved in good productive works and this view was supported by a Malay director, who said,

“I don’t mind my Muslim employees going for prayers. But they take up to 30 minutes in the prayer room and I know that their actual prayer takes about 15–20 minutes. It is not right for them to abuse the office facility like that and it also affects their productivity.”

(Mr. I, Malay, Executive Vice-President, Bumiputera-owned organisation, 18 years managerial experience)

For the promotion scenario (scenario 6), the cultural value found to influence the Malay managers’ ethical perception was external locus of control (Beta= -0.265, $p < 0.05$) (as shown in Appendix 7a). The negative beta coefficient for external locus of control showed an inverse relationship between external locus of control and the overall ethical perception score of the Malay managers. This implies that the Malay managers who were more externally controlled were less likely to perceive the promotion scenario as an ethical dilemma. As mentioned previously, the Malay managers in this sample have an internal locus of control and based on the above results, they are more likely to perceive the promotion scenario as an ethical dilemma. These findings support previous studies which have found that individuals with an internal locus of control will have higher ethical perceptions (Jones and Kavanagh, 1996; McCuddy and Peery, 1996).

The regression results in Appendix 7a showed that none of the cultural values were significant in influencing the Malay managers for the gift-giving scenario (scenario 1) or the defective products scenario (scenario 5). A reason for this may be because both these scenarios were perceived by the Malay managers as common business practices and as such were not seen as posing an ethical dilemma. Ms. R, a marketing manager said,

“It is definitely very common in my business to give trips or gifts to our customers. You may think that it is not right to give such gifts but your customer might not see it that way. They will feel that you don’t appreciate their business support and take their business elsewhere. Showing your appreciation through gifts are so common that people perceive it as part and parcel of the business practice in Malaysia.”

(Ms. R, Malay, Marketing Department, Japanese-owned Organisation, 10 years managerial experience)

Another manager said,

“If the organisation that you are working for is a big multinational organisation, then they might recall their defective products. But if you work for small family-owned organisations, do you think they are able to recall their products? They just wouldn’t have the financial backing to do that even if they wanted to.”

(Mr. I, Malay, Executive Vice-President, Bumiputera-owned organisation, 18 years managerial experience)

Mr. I went on to say,

“It is definitely common for us to show our appreciation to our loyal customers with gifts or trips.”

Table 11.1: Summary of Dominant Influencing Cultural Values: Malay Managers

Scenarios	Influencing Cultural Value
Gift-Giving (Scenario 1)	-
Wealth Accumulation (Scenario 2)	Obedience-to-authority
Pollution (Scenario 3)	Locus of control
Defective Products (Scenario 4)	-
Prayer Times (Scenario 5)	Religiosity
Promotions (Scenario 6)	Locus of control

11.2.2 The Influence of Cultural Values on the Dimensions of Ethical Perception and Overall Ethical Perception: Chinese Managers

Appendix 7c presents the regression results based on 148 Chinese respondents. As Appendix 7c shows, the ethical perception of the Chinese managers for the gift-giving scenario (scenario 1) was influenced by the cultural values of external locus of control (Beta= -0.233; $p < 0.05$) and relationship orientation (Beta= -0.220, $p < 0.05$). The results in Appendix 7d showed that external locus of control has a significant influence on *Perceived Consequences on Others* (Beta= -0.289; $p < 0.05$). The results indicated that individuals with an external locus of control were less likely to perceive the gift-giving scenario as having consequences on others. The ANOVA results in Chapter 8 showed that the Chinese managers in this study had an internal locus of control, indicating they would perceive the gift-giving scenario as having consequences on others. Although the Chinese managers perceived the gift-giving scenario as having consequences on others, 63% of the Chinese managers did not recognise the ethical issues when confronted with a gift-giving dilemma (based on the findings in Table 9.1 in Chapter 9). This was explained by one of the Chinese managers interviewed,

“Gift-giving may be perceived by some (people) as an unethical practice. But no one is actually harmed by it. In fact, it is a win-win situation. Everyone is happy—the person asking for the gifts and the organisation giving the gifts. The person “helping” gets his gifts and the company gets the contract. It is a different case if some one is harmed in the process. In your scenario, the company gains through the client’s continued support and the client is happy because he feels appreciated.”

(Mr. T, Chinese, Finance Manager, local Chinese-owned organisation, 8 years managerial experience)

Another Chinese manager said,

“There are definitely some consequences when you engage in gift-giving. But in my opinion, the consequences have a positive rather than a negative effect. Everyone is happy...my company and the other party.”

(Mr. SK, Chinese, Senior Contracts Manager, Chinese-owned organisation, 8 years managerial experience)

Based on the following explanations, it can be concluded that although the Chinese managers have an internal locus of control and perceived that gift-giving did have consequences, they may not perceive it as having *negative* consequences.

In the gift-giving scenario (scenario 1), the regression results in Appendix 7c showed that relationship orientation was also a significant variable influencing the Chinese managers' ethical perception (Beta= -0.220, $p < 0.05$). The ANOVA results in Chapter 8 showed that interpersonal relationships were important to the Chinese managers. Interpersonal relationships are a core concern in Chinese culture (Yan and Sorenson, 2004). They believe that one's existence is influenced by relationships with others and that such relationships are needed in order to succeed in a competitive environment (Ang and Leong, 2000). This view is supported by Mr. H, a Chinese manager in a Dutch organisation. According to Mr. H,

“Cultivating relationships is very important in business because you never know when you will need a person's help. In any business environment, not just in Malaysia, you need these relationships to survive.”

(Mr. HCS, Chinese, Purchasing Manager, Dutch-owned organisation, 10 years managerial experience)

Another Chinese manager had this to say,

“Even in a large organisation like mine, it pays to have the right connections at the right places. As a HR manager, (for example) it definitely helps if I have a good relationship with the Immigration Department. My foreign workers' work permits get processed faster with less hassle. I'm happy, they (the immigration authorities) are happy, it's a win-win situation.”

(Mr. S, Chinese, Human Resource Manager, Bumiputera-owned organisation, 8 years managerial experience)

The above statements show that the Chinese develop interpersonal connections to overcome problems and get things done (Ang and Leong, 2000). According to Yeung and Tung (1996), interpersonal relationships are taken as a long-term investment for future help and support. Building and maintaining good relationships often mean that both parties are committed to each other on a long-term basis of reciprocity (Ang and Leong, 2000). Reciprocity, for the purpose of establishing good relationships, often take the form of gifts, favours and even nepotism towards subordinates and superiors

(Ahmad and Surjit, 2001). The results presented in Appendix 7d show that the ethical perception dimensions influenced by this cultural value are *Perceived Intensity of an Ethical Issue* (Beta= -0.269, $p < 0.05$) and *Perceived Social Consensus* (Beta= 0.260, $p < 0.05$). The regression results in Appendix 7c indicate that the more relationship-orientated the individual was, the lower the individual's ethical perception. The statement by Ang and Leong (2000) and Au and Wong (2000) that relationship orientation may underscore possible unethical practices was supported for the Chinese managers. As one of the managers interviewed said,

“As managers, we build relationships so that it's easier to get things done. At the end of the day, the relationships we build benefits the organisations because we work for these organisations. A faster approval for the work permits doesn't benefit me, but the organisation. A sales manager who treats his customers well doesn't benefit directly from the relationship-it's the company which benefits, either through increased sales or continued patronage by the customers.”

(Mr. T, Chinese, Finance Manager, local Chinese-owned organisation, 8 years managerial experience)

In a similar view, another observed that,

“I think there's nothing wrong with “building” relationships with customers, suppliers or even those in the government sector. Everyone else does it...it's so common in the business world. There's nothing wrong with having the right people at the right places.”

(Mr. SK, Chinese, Senior Contracts Manager, Chinese-owned organisation, 8 years managerial experience)

Mr. JT, a marketing manager, said,

“Relationship building is such a common business practice that people don't even think about whether it's ethical or not. Businesses just have to have it. To me, such relationships are not unethical because the organisation needs it to survive.”

(Mr. JT, Chinese, Marketing Manager, Dutch-owned organisation, 15 years managerial experience)

Based on the regression results presented in Appendix 7d, the more relationship-orientated Chinese managers perceived the gift-giving scenario as having a high degree of social consensus that it was a normal business practice. This is indicated by

the significant influence of relationship orientation on *Perceived Social Consensus* (Beta= 0.260, $p<0.05$) in the gift-giving scenario. As the most relationship-orientated group, they also did not perceive the gift-giving scenario as a high moral intensity issue (Beta =-0.269, $p<0.05$). The results on the influence of relationship orientation on *Perceived Social Consensus* and *Perceived Intensity of an Ethical Issue* provided further support why the majority of the Chinese managers did not perceive gift-giving as an ethical dilemma.

For the wealth accumulation scenario (scenario 2), the results in Appendix 7c showed that the ethical perception of the Chinese managers was influenced by religiosity (Beta= 0.247, $p<0.05$). It was surprising to find that religiosity would be a significant predictor in any of the scenarios since the Chinese were the least religious among the three ethnic groups (based on the ANOVA results in Chapter 8). In this scenario, religiosity was marginally significant in *Perceived Conflict Over Moral Values* (Beta =0.161, $p=0.056$) and a significant predictor at the $p<0.05$ level in *Perceived Consequences on Others* (Beta =0.282, $p<0.05$) (as indicated in Appendix 7d). As the least religious group, the Chinese managers would not perceive the wealth-accumulation scenario as conflicting with their moral values. They were also less likely to perceive wealth-accumulation as having consequences on others. As such, it was not surprising to find that the Chinese managers perceived wealth-accumulation as having a high degree of social consensus that it was a normal business practice. This was indicated by the marginally significant influence of religiosity on *Perceived Social Consensus* (Beta= -0.158, $p=0.058$) (from Appendix 7d). As discussed in Chapter 10, religion provides the reason for being ethical and the points of reference (Christie *et al.*, 2003) when faced with an ethical dilemma. As the least religious group, the Chinese managers are less likely to use religion as a guide when faced with an ethical dilemma. Furthermore, individuals who are less religious may have greater concern for economic performance and a weaker orientation towards ethical issues (Angelidis and Ibrahim, 2004). This may explain why the Chinese managers were less likely to perceive the wealth-accumulation scenario as an ethical dilemma.

As shown in Appendix 7c, the dominant cultural value influencing the ethical perception of the Chinese managers in the pollution scenario (scenario 3) was not being face orientated (Beta= 0.298, $p<0.05$). From the regression results presented in

Appendix 7d, not being face orientated influenced the Chinese managers' *Perceived Conflict Over Moral Values* (Beta= 0.229, $p < 0.05$) and *Perceived Social Consensus* (Beta= -0.250, $p < 0.05$). Based on the analysis of cultural values in Chapter 8, the Chinese managers were the most face-orientated among the three ethnic groups. As such, it can be concluded that the Chinese managers were more likely to perceive a high degree of consensus that the superior's suggestion of keeping quiet about the environmental pollution was a normal business practice. They were also less likely to perceive the superior's suggestion in the pollution scenario as conflicting with their moral values. Face-saving relates to the need to preserve one's social standing (Ang and Leong, 2000) and maintaining one's dignity by not embarrassing or humiliating a person in front of others (Md. Zabid *et al.*, 1997). Therefore, the Chinese managers, as the most face-orientated group, may feel that going against their superior's orders would result in embarrassment or a loss of face to their superiors. According to Gao *et al.* (1996), engaging in face-saving behaviour may not be compatible with honest or truthful interactions because an individual who places importance in maintaining face, for example, avoids embarrassment by covering up their mistake. This view is supported by these results of the Chinese managers in the pollution scenario.

For the defective product scenario (scenario 4), the regression results in Appendix 7c showed that the Chinese managers were influenced by the cultural dimension of external locus of control (Beta = -0.208, $p < 0.05$). From Appendix 7d, it can be seen that external locus of control significantly influence their *Perceived Consequences on Others* (Beta= -0.227, $p < 0.05$). Consistent with the earlier explanations provided by Mr. T and Mr. SK, the Chinese managers perceived this scenario as an ethical dilemma probably because they may perceive the defective product scenario as having negative consequences on others (for example law suits to the company if the defect is discovered or the customer may be hurt by using the defective product). As individuals with an internal locus of control, the Chinese managers also perceived that keeping quiet about their colleague's mistake in the defective product scenario conflicted with their moral values since external locus of control significantly influenced *Perceived Conflict Over Moral Values* (Beta= -0.197, $p < 0.05$) (as shown in Appendix 7d). The results showed that the Chinese managers, like their Malay counterparts, were more likely to engage in whistle-blowing activities. Another possible explanation for the influence of locus of control on *Perceived Consequences*

On Others and *Perceived Conflict Over Moral Values* in the defective product scenario may also be attributed to the fact that more than half of the Chinese managers (61.8% from the descriptive statistics in Chapter 8) were Buddhists. This may have influenced the results since Buddhists believe in reincarnation and retribution where their reincarnation after death will depend very much on their conduct in their present life (Ahmad and Surjit, 2001). As such, the Chinese managers who are Buddhists may be more cautious in their actions so that no one is unduly harmed by their actions. According to Au and Tse (2001), the respondent's belief in retribution can significantly affect their ethical standards. As the Deputy President of the Malaysian Chinese Cultural Society, Mr. Yeoh Bah Chee, noted,

“Buddhists believe that for every action, there are always consequences. If I do something bad, this does not only affect my *karma* but my children and my grandchildren will also have to pay a price for my wrongdoing.”

For the prayer time scenario (scenario 5), the ethical perception of the Chinese managers was influenced by relationship orientation (Beta= 0.260, $p < 0.05$) (as shown in Appendix 7c). However, unlike the gift-giving situation (scenario 1), the regression results presented in Appendix 7c revealed that relationship-orientation did not negatively influence the ethical perception of the Chinese managers for the prayer scenario (scenario 5). The regression results in Appendix 7d showed that the Chinese managers still perceived the long prayer time taken by their colleague as having consequences on others as indicated by the marginal significant influence of relationship orientation on *Perceived Consequences on Others* (Beta= 0.206, $p = 0.057$). As shown in Appendix 7c, not being face orientated also influenced the Chinese managers' ethical perception in this scenario (Beta= -0.254, $p < 0.05$). Not being face orientated influenced the managers' *Perceived Social Consensus* (Beta= -0.284, $p < 0.05$) (as indicated in Appendix 7d). As the Chinese managers in this study are face-orientated (based on the ANOVA results in Chapter 8), it can be interpreted that they would perceive a high degree of social consensus that the long prayer time is a normal business practice. Although they perceived the long prayer time as a normal business practice, they still perceived the scenario as having consequences on others.

The influence of relationship orientation on both the gift-giving and the prayer scenarios seem to indicate that a particular cultural value can exert different

influences on ethical perception and its dimensions depending on the type of ethical dilemmas. In situations where the act benefits the organisation, for example, the continued support from a major customer (depicted in the gift-giving scenario), relationship orientation would lower the Chinese managers' ethical perception. However, when the questionable practice involved a loss to the organisation, for example, a loss of productivity as depicted in the prayer scenario (scenario 5), relationship-orientation did not have a negative influence on the Chinese managers' ethical perception even though it may be perceived as a normal business practice.

The regression results in Appendix 7c showed that religiosity was a marginally significant cultural value influencing the Chinese managers' ethical perception in the promotion scenario (Scenario 6) (Beta= 0.163, p =0.053). In this scenario, the regression results in Appendix 7d showed that religiosity influenced *Perceived Consequences on Others* (Beta = 0.264, p<0.05). As the least religious group, the Chinese managers were less likely to perceive the promotion scenario as having consequences on others. This supports the earlier contention that the less religious Chinese managers tend to have greater concern for economic performance and a weaker orientation towards ethical issues (Angelidis and Ibrahim, 2004). Moreover, it has been mentioned in Chapter 8 that the Chinese managers in Malaysia practice a mixture of Confucianism, Buddhism and Taoism in their belief system (Storz, 1999). These are secular religions which allow a degree of flexibility to its followers to react to circumstances without violating any of its tenets (Callender, 1996).

Table 11.2: Summary of Dominant Influencing Cultural Values: Chinese Managers

Scenarios	Influencing Cultural Value
Gift-Giving (Scenario 1)	Locus of Control Relationship Orientation
Wealth Accumulation (Scenario 2)	Religiosity
Pollution (Scenario 3)	Face Orientation
Defective Products (Scenario 4)	Locus of Control
Prayer Times (Scenario 5)	Relationship Orientation Face Orientation
Promotions (Scenario 6)	Religiosity

11.2.3 The Influence of Cultural Values on the Dimensions of Ethical Perception and Overall Ethical Perception: Indian Managers

The regression analysis was also performed on the sample of Indian managers. However as indicated in the earlier discussion, caution should be exercised in interpreting the findings of this group due to its small sample size (n=42). The regression results obtained for the Malay and Chinese managers have so far been consistent and valid. Thus it would be expected that the regression results for the Indian sample would also yield consistent and significant results.

The regression results in Appendix 7e showed that for the gift-giving scenario (scenario 1) and the prayer time scenario (scenario 5), none of the cultural values were found to significantly influence the overall ethical perception of the Indian managers. A probable explanation could be that the Indian managers perceived the actions in both these scenarios as not causing immediate discernable harm and as such may not have perceived both scenarios as ethical dilemmas. Gift giving and performing favours in the Indian cultural context, for example, may not be motivated by a hidden agenda for seeking personal favours in an organisational context (Gopalan and Rivera, 1997).

For the wealth accumulation scenario (scenario 2), the regression results in Appendix 7e showed that the Indian managers' ethical perception was influenced by the cultural value of money orientation (Beta= 0.464, $p < 0.05$). The results in Appendix 7f showed that money orientation had a significant influence in *Perceived Consequences on Others* (Beta= 0.615, $p < 0.001$). This result was consistent with the findings in Chapter 9 where the Indian managers also perceived a conflict over their moral values in the wealth accumulation scenario. Although the Indian managers in this study were the most money-orientated group, they still perceived the wealth accumulation scenario as having consequences on others probably because this scenario involved a questionable act. According to some of the managers interviewed:

“I agree that to a certain extent we (the Indians) are money-orientated...The economic conditions make us such; it's difficult for us to find jobs and we have to take care of our families. So it is not surprising that money is very important to us. But I think there is a difference on *how* we earn the money. I think we won't earn

“illegal” money. The money we earn has to come from “legitimate” sources.”

(Mr. S, Indian, Managing Director, Indian-owned organisation, 10 years managerial experience)

Another Indian manager said,

“We may be money-orientated but it doesn’t mean that the Indians would sacrifice their ethical beliefs just to get the money. I think the Indians are money-orientated in a sense that they try to look for opportunities to earn money; and these have to be legal ways!”

(Mr. R, Indian, Human Resource Manager, Chinese-owned organisation, 15 years managerial experience)

While another said,

“This (cheating the company) is definitely not the way to get rich. It is wrong and goes against our religion’s teaching of honesty.”

(Mr. JG, Indian, Credit Control Manager, Bumiputera-owned financial institution, 7 years managerial experience)

The wealth-accumulation scenario was also perceived by the Indian managers to have consequences on others as it may mean a loss of face (and public image) to the Indian managers if the act was discovered. According to the Chief Executive Officer of a private college,

“As an Indian, I can say that the (wealth accumulation) scenario depicted in your questionnaire is very unethical although some managers are committing it. If you don’t get caught, it is fine. But if you do get caught, I think it is not the action taken by the company which matters but it is the loss of face. For me, you lose a job, what’s the big deal? I can always look for another job but a loss of face is simply inconceivable. How can anyone ever get that respect back?”

(Dr. P, Indian, CEO, local Indian- owned private college, 7 years managerial experience)

As such, although the Indian managers were the most money orientated among the three ethnic groups (based on the discussion in Chapter 8), they still perceived the wealth accumulation scenario as having consequences on others.

The regression results in Appendix 7e showed that for the pollution scenario (scenario 3), the defective products scenario (scenario 4) and the promotion scenario (scenario 6), the cultural value influencing the Indian managers' ethical perception is religiosity. Religion permeates the lives of most Indians (Sahav and Walsham, 1997) and based on the ANOVA results in Chapter 8, the Indians were the most religious group after the Malay managers. For the pollution scenario (scenario 3), the results in Appendix 7f showed that religiosity influenced four ethical perception dimensions: *Perceived Consequences on Others* (Beta =0.363, $p<0.05$), *Perceived Difficulty in Decision-Making* (Beta =0.356, $p<0.05$), *Perceived Intensity of the Ethical Issue* (Beta =0.631, $p<0.001$) and *Perceived Conflict over Moral Values* (Beta =0.458, $p<0.05$). The Indians have a high respect for nature and the natural forces of the world (Gopalan and Rivera, 1997) and as such they believe that "taking care of nature goes hand in hand with moral and religious beliefs" (Tan and Khoo, 2002:423). Perhaps it is because of this respect for nature that the Indian managers may have perceived the employee's action of pouring solvents and cleaning solutions into the drain as unethical (depicted in scenario 3). This result was also consistent with a previous study conducted by Christie *et al.* (2003) who found that conservation of the environment is given more emphasis than economic growth by the Indian managers in their sample.

Religiosity was also a significant variable influencing the managers' ethical perception when they were faced with an ethical dilemma involving defective products (scenario 4) (Beta= 0.399, $p<0.05$) (as indicated in Appendix 7e). The regression results in Appendix 7f showed that religiosity influenced the ethical perception dimension of *Perceived Choice in Decision-Making* (Beta =0.579, $p<0.001$). The positive beta coefficient showed that the Indian managers perceived a choice in the decision-making when faced with an ethical issue involving defective products. Similar to the Chinese managers who are Buddhists, the Indians as Hindus also believe in reincarnation. Indians believe that if an individual conducts a proper life, his/her status will be improved in the next life because their reincarnation after death will depend very much on their conduct in their present life (Ahmad and Surjit, 2001). As such, they may feel guilty for keeping quiet about the defective products since this may affect their *karma*. Dr. P, the Chief Executive Officer said,

“The defect may cause harm to our customers. If I know that there is a defect in the product and kept quiet about it, I am also liable for the harm caused.”

(Dr. P, Indian, CEO, local-Indian owned private college, 7 years managerial experience)

Another Indian Senior Manager said,

“You can never be sure if the defect is life-threatening or not. If I knew of a defective product and kept quiet about it, it will be bad for me. We Indians believe that everything that goes around, comes around. If I know that it is a defective product and keep quiet about it to protect my friend, I am just as guilty as my friend.”

(Mr.KDP, Indian, Senior Operations Manager, American-owned organisation, 5 years managerial experience)

From the regression results in Appendix 7e, religiosity was also a marginally significant cultural value influencing the Indian managers' ethical perception in the promotion scenario (scenario 6) (Beta =0.298, p=0.059). However, this result was unexpected since the scenario involved taking control of the external factors to obtain the promotion and as such, it would have been expected that the cultural value influencing the Indian managers' ethical perception would be external locus of control. Although religiosity was a significant cultural value influencing the ethical perception of the Indian managers for this scenario, the regression results in Appendix 7f did not show this cultural value to significantly influence any of the individual ethical perception dimensions. The promotion scenario may have been influenced by the Indian managers' religiosity possibly because the Hindu religion encourages a form of work ethic that considers work as central to one's life, but maintains that it must be performed as duty in the service of others (family members, friends, relatives and even strangers) and not for one's own personal achievement (Kanungo, 1990). Kanungo (1990:803) further states that “the Indians have an idealised work ethic where they tend to subscribe in an abstract to the norm: Your right is to work only. But never to the fruit thereof. Let not the fruit of action be your object. Nor let your attachment be to inaction.” According to Chowdhry (1966), one of the distinctive factors in the Indian cultural system is the lack of competitiveness among its members. Social scientists have noticed the presence of this desire for collective rather than individual success among Indian workers (Kanungo, 1990). Perhaps as

Hindus, they believe that work should be the centre of one's life not because work can promote personal achievement but because it can fulfil the collectivist goals of brotherhood and sharing in life (Kanungo, 1990). The above explanation may be the reason why religiosity had a significant influence on the Indian managers' ethical perception for the promotion scenario.

Table 11.3: Summary of Dominant Influencing Cultural Values: Indian Managers

Scenarios	Influencing Cultural Value
Gift-Giving (Scenario 1)	-
Wealth Accumulation (Scenario 2)	Money Orientation
Pollution (Scenario 3)	Religiosity
Defective Products (Scenario 4)	Religiosity
Prayer Times (Scenario 5)	-
Promotions (Scenario 6)	Religiosity

11.3 CONCLUSION

The purpose of this chapter was to highlight the cultural values influencing each ethnic group in the various scenarios as well as identifying the ethical perception dimensions that were influenced by the significant cultural value(s). The hierarchical regression analysis was used for the analysis in this chapter.

For the gift-giving scenario (Scenario 1), none of the cultural values influenced the Malay or Indian managers' ethical perceptions. However, for the Chinese sample, their ethical perception for this scenario was influenced by their locus of control and relationship orientation. In terms of the wealth accumulation scenario (that is scenario 2), the Malay managers' ethical perception was influenced by obedience to authority, while the Indian managers were influenced by money orientation. At the other end, the Chinese managers were influenced by religiosity.

The significant cultural values influencing the three ethnic groups' ethical perceptions were again different for the pollution scenario (Scenario 3). In this scenario, the Malay sample was significantly influenced by the locus of control, the Indians were influenced by religiosity and the Chinese managers were influenced by their face

orientation. When faced with an ethical issue involving defective products (scenario 4), none of the cultural values significantly influenced the Malay managers' ethical perception. However, the Indian managers were influenced by the cultural value of religiosity while the ethical perception of the Chinese managers was significantly influenced by their locus of control.

In terms of the long prayer time scenario (scenario 5), the Malay managers were influenced by religiosity, while the Chinese managers were influenced by two cultural values: relationship orientation and face orientation. On the other hand, the ethical perception of the Indian managers for this scenario was not influenced by any of the cultural values. The Indian and Chinese managers were influenced by the same cultural value in the promotion scenario (scenario 6). Both these ethnic groups were influenced by religiosity in the promotion scenario. The Malay managers, however, were influenced by the cultural value of locus of control.

Two implications were obtained from the findings of this chapter. The first is that the cultural values do influence the Malaysian managers' ethical perception. This is especially true in situations which involved wealth accumulation, pollution, prayer times and promotion. Based on the regression results, it can also be concluded that the Malay, Chinese and Indian managers were influenced by different cultural values even when confronted with the same ethical issue. For example, when faced with an ethical issue involving wealth-accumulation, the Malay managers were influenced by the cultural value of obedience to authority, the Chinese were influenced by religiosity and the Indians were influenced by money orientation. This implies that different ethnic groups would be influenced by different cultural values in their perception of ethical problems.

The second implication is that the influence of cultural values on the individual managers' ethical perception varied according to the type of problem. In the gift-giving scenario, for example, relationship orientation has a negative influence on the ethical perception of the Chinese managers. However, in the prayer time scenario, this cultural value did not have a negative influence in the Chinese managers' ethical perception. This may indicate that the influence of the cultural value varied not only according to the ethnic group but also by the type of ethical dilemma faced. Based on

the results of this chapter, it can be concluded that the different ethnic groups were influenced by different cultural values in their ethical perception and the influence of the cultural value varied according to the types of ethical dilemmas faced.

Chapter 12

DISCUSSION AND CONCLUSION

12.0 INTRODUCTION

The last three chapters have, systematically, set out the survey evidence concerning the differences in cultural values and ethical perceptions among the three ethnic groups, as well as how the cultural dimensions affect ethical perception and its components. The review of the literature has shown that different cultures lead to different ways of perceiving the world (Thorne and Saunders, 2002) and cultural differences affect individuals' ethical perception (Vitell *et al.*, 1993). Although there have been a number of studies examining ethical perception in a cross-cultural context, most of these studies make cross-national rather than cultural (or intra-national) comparisons (McDonald, 2000). There have been demands for the examination of ethical perceptions from an intra-cultural context. For example, Armstrong and Sweeney (1994) called for more research on differences in perception of ethical problems across different cultures. Similarly, Lenartowicz *et al.* (2003:1006) called "researchers to pay more attention to the issue of defining and assessing cultures, since using countries as dummy variables may introduce measurement errors." Researchers have also been urged to come up with their own cultural dimensions (McDonald, 2000), since most studies have relied almost exclusively on the work of Hofstede (1980). This research adds to the knowledge base of cross-cultural research on ethical perceptions by identifying the dimensions of culture into a set of interpretable components (cultural values).

Most of these studies examining ethical perception are also descriptive in nature; their main objective is to state similarities and differences in ethical perceptions between cultures. However, it was noted in Chapter 2 that although the perception of an ethical issue seems almost immediate and automatic, the ethical perception process actually involves the categorisation and classification of information (Rodgers and Gago, 2001) and so it should be conceived of as a multifarious moral and psychological process (Blum, 1991). As such, ethical perception for the purpose of this research is

unpacked into seven dimensions. These dimensions provide a richer understanding for empirical research in business ethics than ethical perception taken as a whole.

This concluding chapter provides an overview of the research, restating the three main research questions and the implications of the research findings. It is presented in two main parts. The first section summarises some of the findings from each of the empirical chapters and discusses the significant issues emerging from each finding. The second section discusses the theoretical, managerial and policy implications and the suggestions for future research.

12.1 SUMMARY OF RESEARCH FINDINGS AND SIGNIFICANCE OF RESULTS

This research has demonstrated the applicability of a triangulation research method incorporating both qualitative and quantitative techniques, designed to identify the types of ethical dilemmas faced by Malaysian managers and to verify the survey results. The findings are concerned with the differences in cultural values (Hypothesis H1), the differences in ethical perception (Hypothesis H2) and the influence of cultural values on ethical perception and its components (Hypotheses H3-H8). An exploratory analysis was also conducted to determine the significant cultural value influencing each ethnic group's ethical perception when they were faced with specific ethical dilemmas relating to gift-giving, wealth accumulation, environmental pollution, defective products, prayer times and promotions. The **objectives** of this research were:

1. To operationalise culture as the cultural identity differences among the three ethnic groups in Malaysia (the Malays, Chinese and Indians);
2. To identify the dimensions of ethical perception and to determine if the three ethnic groups in Malaysia have different ethical perceptions; and
3. To determine how culture influences ethical perception.

12.1.1 Cultural Value Dimensions

Researchers have recognised that culture can serve as a promising framework in cross-cultural studies in ethical decision-making (for example Wines and Napier, 1992; Robertson and Fadil, 1999; Thorne and Saunders, 2002). While social

psychologists have gone beyond broad conceptualisations of culture (Robertson and Fadil, 1999), most business ethics researchers still tend to reduce culture to a single datum influencing ethical decision-making (Christie *et al.*, 2003). In addition, most cross-cultural research in ethical perception can be characterised as “cross-national” than “cross-cultural” because it usually interprets differences and similarities between nations by using the name of the country (Negandhi, 1983; McDonald, 2000; Thorne and Saunders, 2002) even in multicultural societies like USA, Canada, United Kingdom and Malaysia. For example, many cross-cultural research in business ethics tend to treat their subjects as “Americans” (Grünbaum, 1997; Cherry *et al.*, 2003; Axinn *et al.*, 2004), “Malaysians” (Armstrong, 1996; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002), “British” (Hay *et al.*, 2001) and “Australians” (Karande *et al.*, 2002). Georgas *et al.* (2004) have termed the use of nation as a substitute for a plethora of cultural variables as the “onomastic fallacy”.

The **first objective** of this study was to operationalise culture as cultural identity differences among the three ethnic groups (the Malays, Chinese and Indians) in Malaysia. To achieve this objective, the culture of the three ethnic groups was arrayed along several interpretable dimensions. The cultural values used in this research are locus of control; money orientation; obedience to authority; religiosity; face orientation and relationship orientation. A discussion on the selection of these cultural values was provided in Section 6.2.1. Although most recent studies in the cross-cultural ethical literature have relied extensively on Hofstede’s cultural dimensions, the researcher has chosen to compile her own cultural dimensions. This is based on the reasoning that the cultural values used in this study were more reflective of the cultural norms and values of the Malaysian Malays, Chinese and Indians. Moreover, various researchers have identified methodological and sampling limitations associated with Hofstede’s work (Robinson, 1983; Korman, 1985; Johnson and Lenartowicz, 1998; Sivakumar and Nakata, 2001). Some of these limitations associated with Hofstede’s cultural dimensions were discussed in Section 3.2. Whilst it cannot be denied that Hofstede’s work has been important to cross-cultural research and theory, the extensive reliance on Hofstede’s value dimensions has also “allowed us to become lazy” (Harrison and McKinnon, 1999:502). Furthermore, Matsumoto (2004) states that there are other important dimensions along which culture differs and

researchers have been encouraged to compile their own cultural dimensions relevant to the construct they are measuring (McDonald, 2000).

The one-way analysis of variance (ANOVA) revealed that there were significant cultural differences between the Malays, Chinese and Indians in five of the six cultural dimensions. The differences between the three ethnic groups were found in the dimensions of relationship orientation, obedience to authority, external locus of control, face orientation and religiosity. Therefore, hypothesis H1 that there were significant differences in the cultural values between the Malay, Chinese and Indian managers was supported. These findings are important for a number of reasons:

- a. It shows that domestic populations are not culturally homogeneous;
- b. It adds to the understanding of the cultural values of the three ethnic groups in Malaysia;
- c. It provides new dimensions of cultural values; and
- d. It shows that cultures may still be similar on a few cultural values although there may be differences in other cultural values.

a. Domestic Populations Are Not Culturally Homogenous

First, many cross-cultural studies in business ethics research do not make the distinction that domestic populations are multi-cultural (McDonald, 2000). However, the significant differences between the three ethnic groups found in this study show that it is inappropriate to assume that domestic populations are culturally homogeneous (Adler, 1984) and to treat the respondents of such studies as ethically homogenous. It is hoped that the significant differences found between the three ethnic groups would serve as a reminder to business ethics researchers wishing to study multicultural societies such as Malaysia, the United States, Canada and Australia that consideration must be given to the country's sub-cultural differences.

b. New Knowledge About the Cultural Values of Malays, Chinese and Indians

Second, this study also adds to the understanding of the cultural values of the three ethnic groups, specifically on the Malaysian Indians, as the majority of the cross-cultural studies in Malaysia have focused mostly on the Malays and Chinese (Fontaine and Richardson, 2003). From the results of my study, it can be conceived that the Indians have an external locus of control, are obedient to authority and are

money-orientated. The results of this study also add to the existing knowledge that we have about the Malays and Chinese in terms of the cultural dimensions used for this study. For example, whilst previous research by Asma and Lim (2001) and Md. Zabid *et al.*(1997) have examined the cultural orientation of the Malays and Chinese in terms of their religiosity, obedience to authority and relationship orientation, none of these studies have examined the cultural orientation of the Malays and Chinese in terms of their locus of control, money orientation and face orientation. Therefore, the results on the cultural values from this study should reveal new knowledge about the three ethnic groups.

c. New Dimensions of Cultural Values

Third, although some business ethics researchers are slowly moving beyond its atheoretical stage to one where most studies now consider culture explicitly, most cross-cultural studies in business ethics research still rely extensively on the work of Hofstede (1980). This research has attempted to go further than relying on existing cultural typologies by compiling a set of cultural dimensions relevant to the country under study. Although Hofstede (1980) has showed the way toward unpacking the culture concept into a set of interpretable dimensions (Kim, 1994), the researcher hopes that the development of such alternative cultural dimensions would encourage other fellow researchers to move beyond Hofstede's cultural typology.

d. Similarities in Some Cultural Values

Finally, seemingly distinct as they appear to be, cultures may still be similar on a few cultural values. For example, in this study, though at the outset the Malays, Chinese and Indians appeared to be different, they were found to be similar in the cultural value of money orientation. The view by previous researchers that the Indians are not-money orientated (Saha, 1992; Gopalan and Rivera, 1997) or that only the Chinese community are inspired by financial rewards (Ang, 2000) does not seem to hold, at least for the respondents in this study. The results of this study showed that the three ethnic groups were similar in terms of their money orientation value. As noted in Chapter 4, the Chinese and Indians have been in Malaysia since the 19th century and it is possible that the socialisation between the three ethnic groups over time may have resulted in them adopting each other's cultural values. According to Berry (1997), migrant groups usually change as a result of living with two sets of cultural influences

and these changes can range from relatively superficial changes in what is eaten or worn to deeper ones involving fundamental alternations to value systems. The increasing diversity of the Malaysian workforce (Burgess and Muthaly, 2002) may have also resulted in increased interaction among the three ethnic groups. According to Gordon (1964), when two cultures have a high degree of contact with each other, an outcome similar to integration is likely. This view is consistent with the Dynamic Social Impact Theory which states that the coalescence of distinctive shared beliefs and norms within a population—can arise simply as a consequence of interpersonal communication (Latane, 1996; Latane and Bourgeois, 2001; Harton and Bourgeois, 2004). Because social influence attends any act of communication, and because individuals communicate more regularly with others who are closer to them in geographic or social space, a dynamic process is set in motion in which individuals mutually influence each other on a wide variety of beliefs and behaviours (Lehman *et al.*, 2004). Over time, diversity in beliefs, values, and practices among groups will diminish (Lehman *et al.*, 2004). Another possible explanation for the similarities in some cultural values could also be attributed to the Malaysian government’s policies such as the New Economic Policy, the national education policy and the efforts of the Ministry of National Unity and Social Development (as noted in Chapter 4). These policies may have also resulted in the integration of some cultural values among the ethnic groups.

12.1.2 Ethical Perception and Its Dimensions

The **second objective** of this research was to conceptualise ethical perception into dimensions. Ethical perception represents an important step towards ethical behaviour (Hunt and Vitell 1993; Honeycutt *et al.*, 2001) because it initiates the ethical reasoning process through the identification of an ethical dilemma (Thorne and Saunders, 2002). It is unlikely that individuals could act ethically when faced with a variety of situations without ethical perception which allows them to recognise a situation as one requiring ethical consideration in the first place (Dutton and Duncan, 1987; Wyld *et al.*, 1994). Based on the importance given to this dimension by previous researchers such as Hunt and Vitell (1986), Rest (1986) and Ferrell *et al.* (1989), it can be conceived that “perception is the setting for action” (Blum, 1991:703). As Blasi (1980:8) notes, “Almost any action can be relevant to morality if it is perceived as relevant by the agent, whereas no action is appropriate if the agent

does not see its moral import.” For the purpose of this research, ethical perception is defined as the degree to which an individual is able to recognise an issue as a moral issue. Based on this definition of ethical perception then, individuals vary in giving ethical meaning to situations.

While the perception of an ethical issue seems immediate and automatic, ethical perception is actually a process which involves the classification and categorisation of information (Rodgers and Gago, 2001). The perception process according to cognitive psychologists (such as Treisman and Gelade, 1980; Biederman, 1987; Kaas, 1987) requires that a particular stimulus must be ordered and categorised along some dimensions which allows the individuals to ascribe meanings to the selected stimulus information before it can be perceived and identified. Based on the cognitive psychology theories, this study conceptualises ethical perception along the following dimensions: *perceived uncertainty in decision-making*; *perceived difficulty in decision-making*; *perceived intensity*; *perceived conflict over moral values*; *perceived consequences on others*; *perceived choice in decision-making* and *perceived social consensus*. These dimensions were identified based on the reasoning that when we perceive and identify any complex objects, we normally register the features of the object (Treisman and Schmidt, 1982). Therefore, using the characteristics of ethical issue introduced by previous researchers in the business ethics field (Waters *et al.*, 1986; Hosmer, 1991; Shaw and Berry, 1998; Velasquez, 1998), the above dimensions of ethical perception were conceived. A discussion on these dimensions was presented in Section 3.4.2.

Part of the **second objective** of this research was also to examine if the three main ethnic groups in Malaysia (that is the Malays, Chinese and Indians) would have different ethical perceptions. To achieve this objective, ANOVA was used to determine the differences between the ethnic groups. The ANOVA results showed that there were significant differences between the Malays, Chinese and Indian managers in six of the seven ethical perception dimensions: *Perceived Uncertainty in Decision-Making*; *Perceived Difficulty in Decision-Making*; *Perceived Intensity*; *Perceived Conflict over Moral Values*; *Perceived Choice* and *Perceived Social Consensus*. A confirmatory ANCOVA analysis was also conducted at this stage to confirm that these differences were driven by ethnicity and not caused by group

differences such as individual or situational factors. The ANCOVA results showed that, after controlling for situational and individual influences, ethnicity was a significant variable in five of the seven ethical perception dimensions. The only exceptions were *Perceived Choice in Decision-Making* and *Perceived Consequences on Others*, which were not significantly different in the ANCOVA analysis. This dimension may be influenced by individual or situational variables. However, the overall ANCOVA and ANOVA analyses confirmed that the three ethnic groups have different ethical perceptions and these differences were attributed to ethnicity and not to the individual or situational variables identified in this study. The ANOVA results supported hypothesis H2 that there were significant differences in the ethical perception between the Malay, Chinese and Indian managers. There are a number of implications from these results:

- a. Ethnic groups do not have the same ethical perception even though they come from the same country;
- b. Adds to the literature regarding the ethical perceptions of the Malays, Chinese and Indians in Malaysia; and
- c. More accurate prediction of differences in ethical perception between ethnic groups.

a. Differences in Ethical Perception Among Ethnic Groups

Firstly, the results of this section contribute to our understanding of the differences in seemingly similar cultures. As a result of these findings, the researcher would like to highlight that ethnic groups are not necessarily similar to one another in their ethical perception, despite coming from the same country. For example, treating the subjects as “Malaysians” regardless of their ethnicity may lead to confounding of results, and may explain some of the anomalies in cross-cultural research in this area. Similar cases can be made about Latin America, Canada or the United States where several cultural groups can be found within its national boundaries. This study serves as a basis for conducting further comparative studies involving ethnic groups.

b. Better Understanding of the Three Main Ethnic Groups’ Ethical Perception

Secondly, very few studies have been conducted to determine the ethical perception of the Malays, Chinese and Indians in Malaysia. To the knowledge of the researcher, only four studies have been previously conducted on the ethical perception of

Malaysians (Zabid 1989; Zabid and Alsagoff, 1993; Ho, 1999; Zabid and Ho, 2003), of which three of those studies studied the ethical perceptions by ethnic groups (Zabid 1989; Ho, 1999; Zabid and Ho, 2003). Only Zabid (1989), however, found marginal significant differences among the Malays, Chinese and Indian managers, in this case working in the banking sector. Clearly the limited research support in this area means that intra cultural ethical comparisons are worthy of further investigation.

c. More Accurate Prediction of Ethical Perception Differences

Thirdly, the results of this study show that by breaking down ethical perception into several dimensions, the differences between the ethnic groups can be more accurately predicted. This compared with an earlier research conducted by the researcher to determine differences in ethical perception between the Malay, Chinese and Indian managers. In the earlier study, ethical perception was considered a unidimensional construct and measured using a single item. The results of the study showed no significant differences between the three ethnic groups (Ho, 1999). Therefore, this study shows ethical perception can be predicted more accurately by breaking down into dimensions than ethical perception taken as a whole. Finally, by conceptualising ethical perception into seven dimensions, we can obtain a more in-depth knowledge of how the different ethnic groups differ. For example, from the results we know that the differences between the ethnic groups in their ethical perception are found in the way the Malays, Chinese and Indians perceive uncertainty, difficulty, intensity, conflict over moral values and choice when faced with an ethical dilemma.

12.1.3 Analysis of Culture on Ethical Perception

This section looks at the **third objective** of this research which was to determine how the various cultural values affect ethical perception of the three ethnic groups. The Analysis of Covariance (ANCOVA) was used to determine the influence of the cultural values on ethical perception. Based on the ANCOVA results, it was found that only three of the six cultural values had significant influences on the dimensions of ethical perception. These cultural values are religiosity, obedience to authority and external locus of control. The finding of this study showed that cultural values have a limited influence on ethical perception and this result was consistent with a previous study conducted by Zabid and Ho (2003) who also found ethnic cultural values to have a limited influence on business practices. This section will be divided into two

sections. The first section will briefly discuss the influence of the cultural values on ethical perception and the second section will discuss the implications of the results.

1. The Influence of Cultural Values on Ethical Perception

As noted earlier, only religiosity, obedience to authority and locus of control were found to significantly influence ethical perception while money orientation, face orientation and relationship orientation were found not to influence ethical perception.

Religiosity

In terms of the significant variables influencing ethical perception, the ANCOVA results indicated that religiosity has a positive influence on the ethical perception dimensions. The results showed that more religious ethnic groups are more likely to recognise questionable business practices as ethical issues. All religion and denominations have some perspectives on business practices (Christie *et al.*, 2003). The researcher argues that more religious ethnic groups would be familiar with the teachings of their religions and would be more likely to internalise their religious beliefs such that these beliefs and teachings become their master motivation in life. Therefore, when faced with a morally ambiguous situation, religious-orientated groups are more likely to recognise the perceived seriousness of the situation. This result was supported by the significant relationship between religiosity and *Perceived Intensity of the Ethical Issue*. When an individual considers the ethical content to be serious and important, they would expand more time and effort to determine if the issue has moral implications (Sparks and Merenski, 2000). An individual who engages in effortful thinking about an issue is more likely to recognise the moral aspects of the situation (Petty, 1995; Petty *et al.*, 1995).

Religiosity also influences ethical perception because more religious ethnic groups are more likely to perceive a conflict over their moral values when faced with a questionable business practice which does not conform to their religion. This is because more religious orientated ethnic groups would also be more committed to their religious teachings and are said to actually live their religion (Knotts *et al.*, 2000). Therefore, they are more likely to perceive a conflict over their moral values when questionable business practice does not conform to their religious beliefs and teachings. When there is a conflict because the information in the environment is

inconsistent with the subjects' original attitudes, individuals are motivated to think more about the issue (Petty and Cacioppo, 1979). This increased amount of cognitive effort will increase the likelihood that the individual recognises the moral aspects of the situation (Street *et al.*, 2001).

Religiosity also influences ethical perception because more religious ethnic groups are also likely to perceive themselves as having a choice in the decision-making when faced with a morally ambiguous situation. This was based on the positive relationship between *Perceived Choice in Decision-Making* and religiosity. Persons who are less religious tend to have a greater concern for economic performance (Angelidis and Ibrahim, 2004). As such, less religious ethnic groups may feel that the environment obligates them toward a prescribed course of action because they are constrained by their concern for economic performance. On the other hand, more religious ethnic groups would perceive themselves as having more choice in their decision-making as they have the freedom to choose from a particular set of available options which are not forced upon them by circumstances. This is because more religious persons would place more emphasis on ethical issues than on economic matters (Angelidis and Ibrahim, 2004). An individual who perceives he/she has a choice will be more likely to recognise the moral aspects of the situation because people pay more attention to situations when they believe they will be held accountable for their related outcomes (Street *et al.*, 2001).

Obedience to Authority

In terms of obedience to authority, the ANCOVA results showed this cultural dimension to have a negative influence on three of the ethical perception dimensions: *Uncertainty in Decision-Making*, *Perceived Intensity Of An Ethical Issue* and *Perceived Conflict Over Moral Values*. The results indicated that ethnic groups who were more obedient were less likely to recognise questionable business practices as ethical issues. These results were expected because obedient individuals tend to be submissive and to have an uncritical attitude toward authority (Elms and Milgram, 1966). More obedient ethnic groups are more likely to sublimate their values and conform to the moral ethos of those in the corporate hierarchy whom they need to please. As such, when faced with a morally ambiguous situation, more obedient ethnic groups are likely to think about how their superiors are likely to perceive the situation and adopt

their superior's perceptions. The ANCOVA results also imply that when faced with a moral issue, they are less likely to recognise a conflict over their moral values. This is probably because more obedient ethnic groups tend to view their superiors as wiser and more experienced (Bien, 2001) and so are able to make the right decisions (Asma, 1996). Because the stimulus information is perceived as consistent with the subject's attitudes, it is unlikely that the person will expand much cognitive effort in the consideration of the situation. Since they are less likely to expend cognitive energy in assessing the merits and attributes of the situation, more obedient groups are less likely to recognise the moral aspects of the situation (Street *et al.*, 2001).

Obedience to authority is also likely to influence the recognition of ethical issues because more obedient ethnic groups are less likely to perceive the seriousness of an ethical dilemma. This is because more obedient orientated groups tend to pay more attention to conforming to their superior's expectations and beliefs such that they may over look the seriousness of the ethical issue. Individuals who fail to recognise the seriousness of the ethical dilemma are less likely to reason thoroughly about the possible consequences of their decision than individuals who recognise the seriousness of the issue. As such, more obedient ethnic groups are less likely to recognise the moral aspects of an ethical issue.

Locus of Control

The results of this study also showed that locus of control have an influence on the recognition of moral issues. Based on the ANCOVA results, locus externals are less likely to recognise the ethical perception dimension of *Perceived Consequences on Others* and *Perceived Social Consensus*. Since locus externals believe that the outcomes of life is the result of fate, luck, destiny or the behaviour of other people (Rotter, 1966), they are less likely to perceive responsibility for any outcomes (Rogers and Smith, 2001). Information regarding consequences has been shown to be particularly powerful in shaping ethical decision-making (Fritzsche and Becker, 1984; Fritzsche, 1988) both when the consequences affect the decision maker (Laczniak and Inderrieden, 1987) and when the consequences affect others (Forsyth and Nye, 1990; Wittmer, 1992). This is because thinking about the consequences of a particular dilemma have been found to trigger anticipatory negative emotions such as regret, shame, guilt and fear (Connelly *et al.*, 2004) and such negative emotions increases the

vigilance needed to search for information which acts as a catalyst in initiating the ethical decision process (Gaudine and Thorne, 2001). These emotions can also influence ethical perception because they make dilemmas with severe consequences more salient and vivid (Connelly *et al.*, 2004). Because locus externals are less likely to perceive ethical issues as having consequences on others, this result suggests that ethnic groups with an external locus of control are less likely to identify ethical dilemmas as an ethical issue.

Money Orientation, Face-Orientation and Relationship Orientation

The three cultural values which did not have a significant influence on ethical perception were money orientation, face-orientation and relationship-orientation. Money orientation did not have a significant influence on the ethical perception possibly because the respondents of this study, who consist of middle and upper-level managers. According to Harpaz (1990:84), “money assumes a decreasing importance as a person advances in the organisational hierarchy”. This is based on the reasoning that higher level jobs usually pay better and the more income one receives, the more one’s satisfaction with it intensifies. When one is fully satisfied, the prominence of economic rewards may then dissipate (Harpaz, 1980). With respect to face and relationship-orientation, the results showed that the three ethnic groups seem to rely less on relationships and face saving behaviour in their ethical perception. As noted in Chapter 10, the awareness among the Malaysian managers regarding the legal implications of conducting businesses based on close, personal relationships may lead to a weaker relationship between relationship-orientation and ethical perception. It may also be possible that variables such as the amount of business experience and education may have counteractive effects in the development of these two cultural values. For example, those who are more educated tend to rely less on business relationships to become successful (Su *et al.*, 2003). An in-depth discussion on these three cultural values was provided in Chapter 10.

2. Implications of the Results

There are two important implications based on the above results:

- a. Culture has a limited influence on ethical perception and
- b. Certain aspects of culture influence ethical perception.

a. Culture Has A Limited Influence on Ethical Perception

The results of this study showed only a weak relationship between culture and the dimensions of ethical perception. This finding was unexpected given that significant differences between the three ethnic groups were found when their cultural values and ethical perception were analysed independently (as discussed in Section 12.1.1 and Section 12.1.2). Many cross-cultural studies tend to attribute differences in ethical perception between different cultural groups to culture. However, the results of this study show that this assumption may not be entirely correct. The weak influence of culture on ethical perception shows that business ethics researchers should be cautious in attributing the differences in ethical perception found in their studies entirely to cultural differences. Clearly, many factors other than culture affect ethical perception. It was noted in Chapter 2 that culture is not the only reason for explaining differences in ethical perception (Nyaw and Ng, 1994) as other factors such as the organisational environment (Chen *et al.*, 1997; Nwachukwu and Vitell 1997; Sims and Keon, 1999), the industry and professional environment (Hunt and Vitell 1993; Vitell *et al.*, 1993; Schlegelmilch and Robertson, 1995; Christie *et al.*, 2003), the organisational structure (Robertson and Anderson, 1993; Schminke, 2001) and the cognitive moral development of individuals (Trevino, 1986; Wyld *et al.*, 1994; Bernardi *et al.*, 2004) may also influence their ethical perception. The weak relationship between culture and ethical perception provides support for other studies who have found that culture has little or no impact on ethical beliefs and attitudes (Lee, 1981; Tsalikis and Nwachukwu, 1988; Abratt *et al.*, 1992; Whipple and Swords, 1992; Husted *et al.*, 1996; Stevenson and Bodkin, 1998).

The type of education obtained by the respondents may also affect the relationship between culture and ethical perception. It was noted in Chapter 4 that the Malaysian national education system allows the setting-up of vernacular schools. As a result, the type of school attended by Malaysians, for example, may also influence the strength of the cultural values on ethical perception. In a study conducted by Ong (1993) on Malaysian Chinese consumers, the Chinese who were educated in Chinese schools were found to strongly hold on to traditional values whereas Chinese who have been educated in national type schools only have a weak identification with traditional Chinese values. As such, it may be possible that a Chinese manager who has been educated in a Chinese school would have strong Chinese values and may be

influenced by those values in his/her ethical perception but a Chinese manager who has been educated in a national-type school would have only a weak identification with his/her values. He/she may disregard those cultural values and choose to rely instead on experience or professional codes of conduct when faced with an ethical issue. Whilst this study controlled for the level of education, the type of education obtained by the respondents (for example vernacular vs. national-type schools and overseas vs. local education) was not controlled for. Although the level of education has been identified as an important variable in influencing the ethical perception of the individuals (Silver & Valentine, 2000; Viswesvaran and Deshpande, 1998; McDonald and Pak, 1997), the type of education may also influence the ethical perception for the Malaysian respondents.

Another reason which may account for the weak relationship between culture and ethical perception could also be due to the number of control variables used in this study. Situational and individual variables as well as social desirability biases were used as control variables in this research. Although the statistical analysis employed in this study (that is ANCOVA) successfully filtered out the effects of the control variables, this treatment of data weakens somewhat the statistical strength of the main relationships (between culture and ethical perception) (Hair *et al.*, 1998; Cherry *et al.*, 2003). According to Hair *et al.* (1998), while ensuring that effective covariates are not eliminated, researchers should attempt to minimise the number of covariates because in many cases, they can markedly affect the sensitivity of the statistical tests. Studies which have found a strong relationship between culture and ethical perception have tended to report only their ANOVA findings. ANOVA and simple regression methods do not properly control for other factors (Serwinek, 1992) and once the other factors are carefully controlled for by using more stringent statistical methods, culture does not appear to have a strong influence on ethical perception. Another possible reason which may have caused the weak relationship between culture and ethical perception could result from the low reliability level of the face-orientation scale developed by the researcher (Cronbach alpha = 0.53). The low reliability level of this scale would mean that the four items of the scale did not adequately capture the different dimensions of face-orientation. The low reliability of this scale could have possibly affected the relationship between this dimension and ethical perception.

Finally, the weak relationship between culture and ethical perception found in this study may also be due to the similarities between the Malays, Chinese and Indian managers in the attention styles of the three ethnic groups. It is reasoned that the three ethnic groups hold on to the holistic mode of thought when perceiving. This is based on the studies of previous researchers such as Norenzayan *et al.* (2002), Nisbett and Miyamoto (2005) and Norenzayan and Nisbett (2000) who have found this mode of thought to be prevalent in collectivist cultures. According to Nisbett and Miyamoto (2005), the holistic mode of thought is more prevalent in Asian cultural groups. As noted in Chapter 2, the *holistic* mode involves attention to the context or field as a whole, a concern with relationships among objects and object–field relationships, a preference for intuitive reasoning, and “dialectical” reasoning, which seeks the “middle-way” between conflicting propositions (Norenzayan *et al.*, 2002). The researcher opines that the Malays, Chinese and Indians, as Asians, engage in context-dependent and holistic perceptual processes by attending to the relationship between the object and the context to which the object is located. Perhaps when faced with an ethical issue, the three ethnic groups may rely on the same mode of thought to perceive the ethical issue and that the differences in the ethical perception of the three ethnic groups may be caused by some other variables apart from culture.

b. Certain Aspects of Culture Influence Ethical Perception

The results of this section also show that not all cultural values would have an influence on ethical perception. In the Malaysian managerial sample, only religiosity, obedience to authority and locus of control was found to relate significantly to ethical perception. However, the other three cultural values of money orientation, face orientation and relationship orientation did not have a significant influence on the ethical perception of Malaysian managers. This result seems to imply that only certain aspect of culture influences ethical perception but others do not. This finding is similar to previous studies which have used Hofstede’s cultural dimensions and have also found that only certain cultural dimensions, namely individualism-collectivism (Cohen and Pant, 1995; Armstrong, 1996; Teoh *et al.*, 1999; Christie *et al.*, 2003), power distance (Cohen *et al.*, 1992; Christie *et al.*, 2003) and uncertainty avoidance (Armstrong, 1996) influence the ethical perception or ethical attitudes of the respondents. In this study, the influence of obedience to authority, religiosity and locus of control seem to imply that the Malaysian managers are inclined to attribute

their ethical perception to factors external to themselves either in the form of a higher authority (such as their superiors), religious teachings or some external forces (such as luck, fate or the environment). The other variables such as money orientation, face orientation and relationship orientation which did not have an influence on ethical perception do not involve external forces or a higher order authority.

The influence of religiosity and obedience to authority on the Malaysian managers' ethical perception also shows that the managers' ethical perception may be justified largely on the basis of avoiding punishment or obeying authority levels. For example, the influence of religiosity shows that believers in God may believe that an omniscient God will "catch" their unethical thoughts or attitudes (Conroy and Emerson, 2004) and these thoughts will lead to punishment by God or suffering in the after-life. Similarly with the influence of obedience to authority on ethical perception, the fear of being punished by the organisation or their superiors for not having the "right" ethical perception may result in the managers looking to their superiors or senior management for ethical cues. The influence of these variables seem to suggest that the Malaysian managers' perception of "ethical" or "unethical" are on the basis of avoidance of punishment and the unquestioning deference to power.

12.1.4 The Influence of the Ethnic Group's Cultural Values on Ethical Perception

The final data analysis in this study examined how cultural values affect the ethical perception of each ethnic group according to the types of ethical dilemma. As discussed in Chapter 7, the scenarios presented different ethical dilemmas commonly faced by Malaysian managers. The ethical dilemmas presented in the questionnaire were ethical issues involving gift-giving (scenario 1), wealth accumulation (scenario 2), environmental pollution (scenario 3), defective products (scenario 4), prayer times (scenario 5) and promotions (scenario 6). While the previous section highlighted the influence of cultural values on the various dimensions of ethical perception, the focus was on the sample as a whole, that is regardless of the respondent's ethnic group. The discussion in this part is divided into two sections. The first section will discuss how the Malay, Chinese and Indian respondents perceive the above six ethical dilemmas and the reasons they identified the situation as an ethical dilemma/ not an ethical dilemma. The second section will discuss the implications of these findings.

1. Results By Ethnic Groups

Malays

The Malays as the most religious among the three ethnic groups believe that that man must live in harmony with nature (Asma, 1996) and Islam prohibits the destruction of God-given resources (Asma, 1996; Uddin, 2003). Therefore, the Malay managers may perceive themselves as having a responsibility towards the environment and so would perceive situations which involved environmental pollution as an ethical issue. As Muslims, it is also their religious duty to be involved in good productive work (Asma, 1996; Uddin, 2003) and so they would also view activities which affect their work productivity (in the case of this study, long prayer times) as an ethical issue. The Malay managers would also view that promotions should be based on merit and not on one's relationship with the superior. Malay managers would also be more likely to view the accumulation of wealth at the expense of their organisation as an ethical dilemma since as Muslims, Islam prohibits the excessive accumulation of wealth and it condemns greed, unscrupulousness, deceptions and "secret" business dealings (Uddin, 2003). The Malay managers are likely to view issues relating to gift-giving and defective products as common business practices. Based on the above results, it can be concluded that Malay managers are more likely to identify issues which involve profiting at the expense of their organisation and environmental pollution as ethical dilemmas. They were also more likely to perceive situations which resulted in a loss of productivity to the organisation (even if it involved fulfilling religious obligations) and promotions based on relationships as ethical dilemmas. However, issues relating to gift-giving and defective products were not perceived as ethical dilemmas by the Malay managers.

Chinese

The Chinese managers in this study perceived issues which can result in having negative consequences on the organisation as an ethical issue. For example, situations which resulted in negative consequences to the organisation such as lawsuits to the company if the defect in the product was discovered or a loss of productivity if the employee takes longer than necessary to fulfil his religious obligations (as depicted in the prayer time scenario) were viewed by the Chinese managers as ethical issues. However, if the situation involves a higher hierarchy, the Chinese managers did not identify the issue as an ethical dilemma. They are more likely to place importance on

face-saving behaviour than on the unethical act itself. This was evident in the environmental pollution scenario where the Chinese managers perceived their superior's suggestion of not reporting about the company's activities as a normal business practice. On the other hand, in situations which benefited the organisation such as in the case of gift-giving where the act of giving the gift would result in the continued support of the major customer, the Chinese managers were less likely to view such situations as ethical dilemmas. Based on these results, it can be concluded that the Chinese managers would not identify issues which will benefit the organisation as ethical dilemmas. Issues which had negative consequences on the organisation would be identified as ethical dilemmas unless the ethical issue involved a superior or someone more senior than the manager in terms of hierarchical status. In such cases, the Chinese managers are likely to give greater reverence to the opinions of one's superiors and place greater consideration on face-saving activities. As such, ethical dilemmas which involve face-orientation would not be identified as an ethical issue.

Indians

The Indian managers' ethical perception was most influenced by religiosity. Because their religious values require the Indians to have a high respect for nature (Gopalan and Rivera, 1997) and to take care of the environment (Tan and Khoo, 2002), Indian managers are more likely to perceive actions which damage the environment as an ethical dilemma. They are more likely to place emphasis on the situation rather than the people involved. For example, in the pollution scenario, unlike the Chinese managers who are more likely to pay attention to social norms and saving face, the Indian managers would place more emphasis on the conservation of the environment. The conservation of the environment was even given more emphasis than economic growth by the Indian managers in a study conducted by (Christie *et al.*, 2003). As Hindus too, the Indians believe in reincarnation where the status in their next life would depend very much on their conduct in their present life (Ahmad and Surjit, 2001). Therefore, they are more likely to recall faulty products because they perceived that keeping quiet about the defect in the product might affect their *karma*. As there is a desire for collective rather than individual success in the Indian culture (Kanungo, 1990), the Indian managers are also more likely to identify issues which stress individual success as ethical dilemmas. The Indian managers being a religious group

were also less likely to view situations which involve employees/colleagues fulfilling their religious obligations as ethical dilemmas. Based on the above discussion, it can be concluded that the Indian managers are likely to identify issues relating to environmental pollution, defective products and activities that promote competition among their colleagues as ethical dilemmas. They were less likely to perceive gift-giving and activities which involved fulfilling one's religious obligations as ethical dilemmas.

2. Implications of the Results

Based on the above results by ethnic groups and ethical scenarios, five important implications were obtained:

- a. The same cultural value can lead to opposite conclusions in different cultures;
- b. Differences in ethical perception exist when one culture attributes moral significance to something that another culture does not;
- c. Similarities in ethical perception can happen when the situation is viewed as an accepted and institutionalised part of doing business;
- d. The mediating influence of the scenarios; and
- e. Various dimensions of cultural values can give rise to differences in ethical perception.

a. The Same Cultural Value Can Lead to Opposite Conclusions in Different Cultures

The results of this section showed that the same cultural values can lead to opposite conclusions in different cultures. For example, in the promotion scenario, both the Indians and the Chinese managers' ethical perceptions were influenced by the cultural value of religiosity. The Chinese managers perceived that there was nothing wrong with buying your superior expensive lunch/dinner to secure the promotion whereas the Indian managers perceived this practice as an ethical dilemma. While this issue is perceived as an ethical dilemma in one culture (Indians), it is not seen as an ethical issue in another culture (Chinese). Therefore, this result seems to imply that cultural values can lead to opposite conclusion and this was consistent with Hendry's (1999) view. This may be attributed to the reason that a person's cultural values can affect the way he/she construes or defines a situation so that some issues or potential outcomes are seen as acceptable while some issues are seen as aversive. The Chinese

managers did not perceive the promotion scenario as an ethical dilemma probably because the Chinese managers in Malaysia practice a mixture of Confucianism, Buddhism and Taoism in their belief system (Storz, 1999). These are secular religions which allow a degree of flexibility to its followers to react to circumstances without violating any of its tenets (Callender, 1996). On the other hand, the religious values of the Indian managers maintain that work must be performed as duty in the service of others (family members, friends, relatives and even strangers) and not for one's own personal achievement (Kanungo, 1990). Furthermore, the Indians desire more for collective rather than individual success (Kanungo, 1990). As a result of this cultural influence, the Indian managers were more likely to identify the promotion scenario as an ethical dilemma. Based on the above results, it is probably correct to say that a person's cultural values can determine which type of issue is perceived as positive and which types of issue is perceived as negative for an individual in a given situation.

b. Differences in Ethical Perception Exist When One Culture Attributes Moral Significance to Something That Another Culture Does Not

The results of this study also showed that differences in ethical perception were found when one culture attributes moral significance to something that another culture does not (Hendry, 1999). For example in this study, the Chinese managers did not identify environmental pollution as an ethical issue. However both the Malay and Indian managers identified this situation as an ethical dilemma. Both the Malays and Indians perceived this situation in terms of an issue of serious moral concern (as shown by the significant results in the dimensions *Perceived Intensity of the Ethical Issue*, *Perceived Conflict Over Moral Values* and *Perceived Consequences on Others* for the Indians and *Perceived Conflict Over Moral Values* for the Malays). The Chinese, on the other hand, viewed this situation from the perspective of a cultural context. They placed more importance in preserving the social standing of their superior and were more concerned with "face-saving" than the unethical act of the pollution itself. Therefore, whilst the Malays and Indians attached moral weight to the environmental pollution scenario and this scenario was seen as a moral matter, the Chinese managers viewed this situation from the perspective of upholding a cultural value with little or no moral significance. Based on this reasoning, it can be conceived that differences in ethical perception can occur between cultures when one culture attributes moral

significance to a situation and another culture conceives the situation at a matter of social custom (Hendry, 1999).

c. Similarities in Ethical Perception When the Situation is Viewed As An Accepted and Institutionalised Part of Doing Business

In some situations, culture did not seem to influence the ethical perception of the respondents. For example the results showed that for the ethical dilemma involving gift-giving, none of the cultural values were significant in influencing the ethical perception of the Malay and Indian managers and the ethical sensitivity score for this scenario did not show any significant differences between the three ethnic groups. A possible explanation could be due to the reason that not all ethical situations are viewed in a moral context; some situations are viewed as an accepted and institutionalised part of doing business (Hendry, 1999). This explanation may hold true for the practice of gift-giving in Malaysia. Among the Chinese community, for example, gift-giving plays an important part in the creation and maintenance of social relationships and there is evidence that the Malays and Indians have adopted a large proportion of the Chinese business values in Malaysia (Zabid and Ho, 2003). Gift-giving is seen by the managers in this study as part of the business practices in Malaysia, as evident from their feedback from the interviews. This seems to suggest that the Malays, Chinese and Indians may not identify certain issues as ethical dilemmas not because they are seen as morally correct in their culture but because the ethnic groups may not see such practices in terms of a moral context. They perceive such situations as an accepted part of business practice. This view may be consistent with Hendry's (1999) explanation that some practices are acceptable among cultures, not because they are seen as morally correct, but because they are not seen as having any significant moral import. He further explained that in some cultures, some practices such as the giving of personal payments or gifts are, within variously defined limits, neither morally good nor morally bad but an accepted part of business practice (Hendry, 1999). These gifts may play an important part in the creation and maintenance of social relationships and so personal gifts have become regarded as an accepted part of doing business (Hendry, 1999). When situations are considered as part of the business practices, it could also be possible that cultural values would not play a role in influencing the ethical perception of an individual. It may be conceived then that there would be similarities in the ethical perception of the three ethnic

groups in some situations when some practices are seen as part of business practices and not viewed in a moral context.

d. The Mediating Influence of the Scenarios

Based on the discussion above, it was observed that the influence of culture on ethical perception varied according to the different types of scenarios. The influence of culture on ethical perception may be mediated by the scenarios and it could be this mediating effect which resulted in the weak relationship obtained in this study between culture and ethical perception. While previous researchers have stated that situational and individual variables moderate the ethical decision-making process (Trevino, 1986; Knouse and Giacalone, 1992; Adams *et al.*, 2001; Ross and Robertson, 2003), it is possible that the characteristics of the ethical issue may also mediate the relationship between culture and ethical perception. A possible explanation why different scenarios can influence the relationship between culture and ethical perception is probably because different scenarios make salient one set of cultural value over another. It is reasoned then that ethical perception will be affected by which meaning a particular cultural value is made salient by the scenarios. A person's cultural values may affect the ways a person construes or defines a situation so that some situations are seen as acceptable/not an ethical dilemma whereas others are seen as aversive and thus perceived as unacceptable/an ethical dilemma.

e. Various Dimensions of Cultural Values Can Give Rise to Differences in Ethical Perception

The findings of this section also showed how the various dimensions of cultural values may give rise to differences in ethical perception. For example, when faced with an ethical situation involving environmental pollution, the Malay managers would be influenced by locus of control and the ethical perception dimension influenced by this cultural dimension is *Perceived Conflict Over Moral Values*. On the other hand, a Chinese manager would be influenced by face orientation when faced with the same ethical issue and this cultural dimension would influence their *Perceived Conflict Over Moral Values* and *Perceived Social Consensus*. Meanwhile, the Indian managers would be influenced by religiosity and this cultural dimension would influence their *Perceived Difficulty in Decision-Making*, *Perceived Intensity Of A Moral Issue*, *Perceived Consequences on Others* and *Perceived Conflict Over*

Moral Values. The findings from this section will contribute to a better understanding of the influence of cultural values on each ethnic group's ethical perception.

12.2 THEORETICAL AND MANAGERIAL IMPLICATIONS

In this section the researcher will discuss the theoretical and managerial implications of her study. This study has important theoretical implications because it:

- a. Provides a new way of looking at ethical perception and
- b. Adds to the understanding of the influence of culture on ethical perception.

In terms of the managerial and policy implications, this study:

- a. Suggests that management can increase ethical perception in the work place by emphasising the consequences of an action;
- b. Provides managers with an awareness of the differences/similarities in ethical perception;
- c. Shows organisations where the three ethnic groups differ culturally;
- d. Suggests that organisations should provide support for religious activities; and
- e. Provides an assessment of the government's efforts in national integration.

12.2.1 Theoretical Implications:

a. Provides A New Way Of Looking At Ethical Perception

Perhaps the most important theoretical implication from this study is the treatment of ethical perception as a multidimensional construct. Although there have been related studies on ethical perception in business ethics research, there appears to be no specific studies that conceptualises ethical perception into interpretable dimensions. Researchers have noted that ethical perception is a complex process (Blum, 1991; Rodgers and Gago, 2001), but many business ethics researchers have treated ethical perception simplistically. In most business ethics literature, ethical perception is treated as a unified capacity and is estimated based on a single item index, which only inquires of the respondents' agreement/disagreement as to the extent they perceived the ethical problem in the scenarios tested (for example McDonald and Kan, 1997; Karande *et al.*, 2002; Singhapakdi *et al.*, 2002; Marta *et al.*, 2003). This study explicitly rejects such a simplistic view of ethical perception adopted by most researchers. Based on the work on perception by cognitive psychologists (such as

Treisman and Gelade, 1980; Biederman, 1987; Kaas, 1987) and work conducted in the business ethics field (by Waters *et al.*, 1986; Hosmer, 1991; Shaw and Berry, 1998; Velasquez, 1998), this study has identified the various dimensions of ethical perception. By breaking down ethical perception into several dimensions, we know exactly how the ethical perception between cultures differs. For example, based on the results of this study, differences between the Malays, Chinese and Indians are in the dimensions of *Uncertainty in Decision-Making*, *Perceived Difficulty in Decision-Making*, *Perceived Intensity of the Ethical Issue*, *Perceived Conflict Over Moral Values* and *Perceived Choice in Decision-Making* and that the three cultures do not differ in terms of their *Perceived Consequences on Others*. If ethical perception was considered as a whole, differences between the ethnic groups might not be uncovered. Previous studies which have used ethical perception as a whole to study ethical perception differences between the three ethnic groups in Malaysia have found only limited or no significant differences between them (Zabid and Alsagoff, 1993; Ho, 1999; Zabid and Ho, 2003). Therefore, a single measurement of ethical dimension may not fully capture the various components of the ethical perception process and this may lead to inaccurate results. The researcher has also shown how each of the seven dimensions can be operationalised using techniques introduced by others in the psychology and business ethics fields (Shaub *et al.*, 1993; Butterfield *et al.*, 2000; Chia and Lim, 2000).

b. Adds to the Understanding of the Influence of Culture On Ethical Perception

As a result of this study, we have learned that other factors apart from organisational and individual factors can moderate the relationship between culture and ethical perception. The influence of culture on ethical perception may also vary depending on the types of scenarios. This finding was clearest for the Chinese respondents in the gift giving and prayer time scenarios. Both these scenarios were influenced by the same cultural value but the differences in the scenarios led to different ethical perception for the Chinese managers. The Chinese managers in this study perceived issues which can result in negative consequences on the organisation as an ethical issue (as depicted in the prayer time scenario) while situations which benefited the organisation such as in the case of gift-giving where the act of giving the gift would result in the continued support of the major customer, were less likely to be viewed as an ethical dilemma by the Chinese managers. Culture is conceptualised as cultural

values in this study and it may be reasoned that the scenarios affect ethical perception by making particular cultural values salient as guides for ethical perception. These values then affect the way a person construes or defines a situation so that some situations are seen as acceptable whereas others are seen as unacceptable.

12.2.2 Managerial and Policy Implications

a. Emphasise the Consequences of An Action

Another important implication from this study is that the Malay, Chinese and Indian managers did not perceive the ethical issues to have consequences on others. According to Jones (1991), the decision made on the moral issues would have potentially negative consequences on others. To recognise an ethical dilemma, the individual must therefore recognise that his/her potential action or decision will affect other human beings (Butterfield *et al.*, 2000). However, the ANOVA results on the ethical perception on the Malaysian managers in Chapter 9 showed that the managers from the three ethnic groups did not perceive the ethical scenarios presented as having consequences on others. This finding is important because it suggests that business managers may not always be consciously aware of the harm that their actions may cause. Organisations can contribute to moral awareness by encouraging the managers to take responsibility for the consequences of their actions and to be ethically concerned when a decision or action is likely to have negative consequences for others. Ethics training could teach managers to be sensitive to the consequences of their actions and to evaluate the magnitude of the consequences for different stakeholder groups (Butterfield *et al.*, 2000).

b. Provides Managers With An Awareness of the Differences/Similarities in Ethical Perception

Overall, the results of this study offer an insight into the ethical perceptions of the three largest ethnic groups in Malaysia. Managers and employees working with individuals from differing cultural backgrounds may be faced with perceptions towards business ethics which differ from their own. These perceptions may not be transparent, instead only surfacing when a situation warrants an ethical decision (Sims and Gegez, 2004). The ethical perception of one ethnic group may be quite different from the ethical perception of another ethnic group. Unless these differences are discussed before the dilemma presents itself, conflict between ethnic groups is likely

to occur. “Cultural diversity and different perceptions of right and wrong will create ethical conflict” (Ferrell, 1999:226). It would be helpful when managers are aware of the differences/similarities between cultures in ethical norms. For example, the findings of this study suggest no differences in the ethical perception of the three ethnic groups regarding gift-giving. However, issues pertaining to environmental pollution and defective products showed significant differences between the Indian and Chinese managers. An awareness of such differences/similarities in ethical perceptions and how the different cultural values influence the ethical perception of the three ethnic groups can facilitate a better understanding of business ethics across cultures and to reduce the misunderstandings of cross-cultural differences. The results of this study can be used as a guide for uncovering where the differences in ethical perception lie between the three ethnic groups. There is also the potential to use the scenarios in this study as a discussion of the different worldviews of the Chinese, Indians and Malay managers regarding each situation and how each situation can be handled successfully and ethically.

c. Provides Organisations with a Knowledge of the Differences/Similarities in Cultural Values

Intercultural communication has become more common in recent years with increases in international business and diversity in the workplace. At the same time, miscommunication between cultures and resulting misunderstandings seem to be high (Ting-Toomey and Oetzel, 2001; LeBaron, 2003). Paying attention to cultural variations is important because the potential for costly misconceptions and errors substantially increases when managers from one culture interact with their employees, other managers and business partners of a different culture. Pruegger and Rogers (1994:370) described intercultural training as being “concerned with increasing our ability to communicate with culturally diverse people and monitoring and adjusting our behaviour to deal effectively with those of different cultures”. The importance of increasing “cultural awareness” has been emphasised by many researchers (Brislin, 1990; Triandis, 1990; Chen and Starosta, 1996). According to Brislin and Yoshida (1994), becoming aware of culture and cultural differences would help people to monitor their ethnocentrism, to respect and be sensitive toward culturally different others, and also to become comfortable with the differences. For example, the results of the differences and similarities in cultural values can be used to communicate to

participants where the differences and similarities in cultural values lie, thus enhancing the cultural awareness among the three ethnic groups. By showing where these differences and similarities in cultural values lie, participants will not only acquire knowledge about the characteristics of their own culture but also knowledge of other cultures. The awareness and understanding of cultural differences may also foster better working relationships between the three ethnic groups.

d. The Importance of Supporting Religious Activities

Another result of this study indicates that religiosity is strongly related to several dimensions of ethical perception. This suggests that individuals who are religious are more likely to perceive ethical problems. In the Malaysian setting, a possible implication of such finding is that management may need to promote or at least provide support for religious activities in the company since personal religiousness can be seen as a source of ethical norms. Companies can provide support for the employee's religious activities by trying to accommodate the religious observances, beliefs and practices of the employee. For example, in the Malaysian Civil Service, Muslims are allowed a period of 40-day unrecorded leave to perform the *Hajj* and *Umrah* while non-Muslims are eligible for unrecorded leave up to four days in a year to observe religious festivities (Government, 2005). Private organisations can provide a similar allocation for their employees wishing to fulfil their religious obligations. Depending on the circumstances, companies could also provide flexible arrival and departure times, voluntary swaps of shifts or assignments, time to pray, and some modifications of practices, policies and/or other procedures in the workplace to accommodate the religious requests of their employees. It is also suggested managers should be flexible in adjusting the employee's work schedules to accommodate his/her religious observance - for example, Sabbath or religious holiday observance - if an adequate substitute is available, or if the employee's absence would not otherwise impose an undue burden on the company.

It is also suggested that universities should make religious education an integral part of the curricula in universities. The Malaysian education system does include religious and moral teaching in the school curriculum through the New Primary School Curriculum (KBSR) and the New Secondary School Curriculum (KBSM). The *Pendidikan Islam* (Islamic Education) for the Muslim students and Moral

Education for the non-Muslim students was considered to be the most important strategy in the new school curriculum (Ahmad, 1998). However, when an individual enters university, these subjects are no longer taught. Being the future managers and executives, university students represent an important group with strong potential impact on both the everyday practice and the principles governing businesses. As such, it is suggested that universities can heighten undergraduates' sensitivity towards ethical issues by including a variety of religious elements in their curriculum. For example, religious-related seminars and discussion groups could be organised regularly so as to enhance students' religious knowledge and understanding (Siu *et al.*, 2000) or to promote the active participation of university students in their religion of choice (Conroy and Emerson, 2004).

e. Provides An Assessment of the Government's Efforts in National Integration

In terms of the policy implication of the research, the results of this study seem to indicate that the Malaysian government may be closer in achieving its aspiration of a *Bangsa Malaysia* (Malaysian Race). Although the ANOVA results on the cultural groups showed that there were differences between the three ethnic groups, there were some similarities in the cultural values between the three ethnic groups. For example in both the relationship orientation and locus of control cultural dimensions, although significant F-values were obtained for both these dimensions, the pos-hoc comparisons showed that the differences were only between the Malays and Indians. Furthermore, the cultural dimension of money orientation did not show any significant cultural differences between the three ethnic groups.

As noted in Section 12.1.1, it may be possible that the socialisation between the three ethnic groups may have resulted in them adopting each other's cultural values. The Malaysian Chinese, for example, have been found to be distancing themselves from the ancestral homeland in China and increasingly rooted in the country where they reside (Hoe, 2005). They have developed their own localised identities which resulted from the extension of family into places where they live, the shift of political loyalty from China, and the rise of local consciousness. After World War II, the younger generation of Malaysian Chinese had left the traditional occupations generally associated with the Chinese (such as tailoring, manual labourers in tin mines and plantation, agriculturists) and diversified into a wider range of careers (Hoe, 2005).

Leaving the traditional economic activities and residential settlements, set up by the British, diluted group identities and, to some extent, weakened the ties to the homeland in China (Hoe, 2005). She further states that only the older generation, which is rapidly dwindling, is able to identify more fully at the level of ancestral village. Among the younger generation, while not all those Chinese-educated are able to do so, many of the locally-born Chinese educated in English and Malay find no need to maintain such identification (Hoe, 2005). Furthermore, being a minority group (albeit a large minority) it may be that a “cognitive transition” (Holt and Keats, 1992) effect has occurred among the Malaysian-Chinese in that their values and belief systems have been influenced to some extent by those of the majority Malay ethnic group (Smith, 2001). The weakening identification of the Malaysian Chinese to Mainland China can also be attributed to the Malaysian government’s effort of education programs and media propaganda which have fostered and inculcated national identities and local consciousness among the Chinese communities (Hoe, 2005). As a result, the Malaysian Chinese may be more similar to the Malaysian Malays and Indians rather than to their non-Malaysian counterparts. The various national integration policies implemented by the Malaysian government during the past 30 years may have met with a certain amount of success in attaining racial integration in the country.

12.3 SUGGESTIONS FOR FUTURE RESEARCH

a. Improving the Measurement Scales of the Ethical Perception Dimensions

This study represents a small step in an area much in need of future research. First, much research is needed in the development of the scales used to measure the dimensions of ethical perception. Some of the ethical perception dimensions were measured using single-item measures. For example relating to the gift-giving scenario, *Uncertainty in Decision-Making* was measured directly by asking the respondents if giving the trip to the customer would be an easy decision to make and *Perceived Difficulty in Decision-Making* was measured by asking the respondents if they perceived the decision was an easy decision. Although previous studies have used single items to operationalise the variables in their study (for example Chia and Lim, 2000; Singhapakdi *et al.*, 2000; Marta *et al.*, 2003), the researcher recognises that the use of single-item measures may pose limitations. For future studies, the

measurement scales for the ethical perception dimensions could be further developed to improve the psychometric quality of the measurements and thus the validity of the results. Perhaps additional items can be included when developing some of the scales for the ethical perception dimensions. For example the ethical dimension of perceived conflict in this study looked at only conflict over the individual's moral values. However, moral conflict can also exist when a person recognises that their inclination to act might lead to a violation of fundamental norms of their reference groups or persons are motivated to act in mutually exclusive ways that differ in their outcomes for others' welfare (Schwartz *et al.*, 1969). Future studies may want to incorporate these two dimensions when developing the scale to measure perceived conflict.

b. Relationship between Culture, Ethical Perception and Cognitive Moral Development

The study was not designed to explicitly investigate the cognitive processes involved in triggering ethical perception. However, a person at a lower stage of moral development may not see a situation as an ethical issue, whereas an individual at a higher stage may recognise the ethical component (Ferrell *et al.*, 1989; Wimbush, 1999). For example obedience to authority and locus of control were two cultural variables which were found to influence the respondents' ethical perception in this study. Previous studies have found that locus internals is associated with a higher level of moral reasoning (Trevino, 1986; Singhapakdi and Vitell, 1991; Rest, 1994). Locus internals were found to be in the postconventional, or higher order, level of moral reasoning, whereas locus externals was found to be at the preconventional and conventional stages (Maqsd, 1980). The results of this study found that ethnic groups with an internal locus of control were more likely to recognise the various components of ethical perception compared to ethnic groups with an external locus of control. Similarly, since obedience to authority was also a moderately significant variable influencing the ethical perception of the Malaysian managers, it is expected that their ethical perception would be largely shaped by their superiors and senior management. However it was noted in Chapter 2 that individuals at the highest level of cognitive moral development are expected to act based on universally applied principles (Kohlberg, 1969) and therefore should not be influenced by their superiors. Conversely, only individuals at lower levels of cognitive moral development are more susceptible to the influence of their superiors. These results seem to indicate a

relationship between ethical perception, culture and cognitive moral development. Additional studies should be conducted to determine the relationship between cognitive moral development and ethical perception. If a relationship between ethical perception and the level of cognitive development can be established, conducting a cross-cultural study utilising some of the cultural values identified in this study such as religiosity, obedience to authority and locus of control would also help researchers understand whether differences in cultures affect the relationships between cognitive moral development and ethical perception.

c. Scenarios As Mediators

Although this study did not address the question of the mediating effects between culture and ethical perception, there may be such an effect. It was observed that different scenarios resulted in different ethical perception even when influenced by the same cultural value and that culture influences the ethnic groups' ethical perception in some scenarios but not in others. Additional research should be conducted to determine the mediating influence of the scenarios on culture and ethical perception. For example, in an ethical situation which involves padding one's expense account, even though the ethnic group has an external locus of control, they may perceive this situation as an unethical issue because they perceive that this act would result in a negative consequence to the organisation. However, when faced with a situation which involves obtaining a competitor's trade secret through devious means, these groups may not perceive this issue as an ethical dilemma because his/her organisation benefits through the manager's actions. Jones (1991) hypothesised that the characteristics of the issue can influence the ethical decision-making process. However, it may be possible that the characteristics of the issue may also have a mediating influence between the independent variables (in this case culture) and the stages in ethical decision-making (in this case it is ethical perception). More empirical work will be required in order to understand these relationships.

d. Influence of the Cultural Values on the Various Stages of Ethical Decision-Making

Future studies can also be conducted to determine how the cultural values identified in this study may affect the various components of the individuals' ethical decision-making process. The results from this study showed that religiosity, obedience to

authority and locus of control were the most significant cultural values influencing the ethical perception of the managers while face, relationship-orientation and money orientation was not significant at all. It would be interesting to examine if such influences extend to other stages of ethical decision-making, for example, on ethical judgments and intentions.

e. An International Perspective

Finally, future researchers can also use the cultural values and ethical perception dimensions identified in this study to investigate the influence of culture on ethical perception from a more international perspective. This study could be replicated in other countries with plural societies such as Indonesia, Thailand, Canada, the United Kingdom and the United States of America. Since the cultural environment, both social and physical, shapes the perceptual process (Nisbett and Miyamoto, 2005), it would also be interesting to compare the differences in the ethical perception between respondents in Japan or China (Asian cultures) with respondents in the United Kingdom or Canada (Western cultures). Because people in Western cultures tend to focus on salient objects and use rules and categorization for purposes of organizing the environment while people in East Asian cultures tend to focus more holistically on relationships and similarities among objects when organizing the environment (Norenzayan *et al.*, 2002; Nisbett and Miyamoto, 2005), significant differences in terms of the influence of the cultural values on ethical perception would be expected. For example, it might be expected that in the Asian cultures, obedience to authority, relationship orientation and face-orientation might have an influence on ethical perception whereas in the Western cultures, it might be expected that locus of control to significantly influence ethical perception whereas face-orientation and relationship to have limited influence on the dimensions of ethical perception.

12.4 CONCLUDING REMARKS

The current research indicates that there are differences in the cultural values and ethical perception of the three ethnic groups in Malaysia, which suggests that ethical perceptions differ according to the differences within a nation arising from ethnic origin. As such, it would be inappropriate for cross-cultural researchers to assume that domestic populations are culturally homogeneous, especially when studying

respondents from geographic regions which experience considerable population movement, for example Europe, America and Asia. Business ethics researchers should also be cautious in attributing the differences in ethical perception found in their studies entirely to cultural differences. This study has found only a weak relationship between culture and ethical perception. A possible explanation for this weak relationship could be due to the mediating influence of the different scenarios. Different scenarios seem to make salient one set of cultural value over another and because a person's cultural values may affect the ways a person construes or defines a situation, some situations are therefore seen as acceptable/not an ethical dilemma whereas others are seen as aversive and thus perceived as unacceptable/an ethical dilemma. The results of this study also seems to imply that only certain aspects of culture influences ethical perception but others do not. In the Malaysian managerial sample, only religiosity, obedience to authority and locus of control was found to relate significantly to ethical perception, implying that the Malaysian managers are inclined to attribute their ethical perception to factors external to themselves either in the form of a higher authority (such as their superiors), religious teachings or some external forces (such as luck, fate or the environment).

Perhaps the main contribution of this study is its treatment of the ethical perception variable as a multidimensional construct. This study has identified ethical perception as a construct which consists of seven dimensions. Ethical perception is a complex process and should not be considered as a unidimensional variable. Various theorists have recognised ethical perception as an important stage (Hunt and Vitell 1986; Rest, 1986; Ferrell *et al.*, 1989; Jones, 1991) because it is the catalyst driving the entire ethical decision-making process (Hunt and Vitell 1986). The researcher hopes that by breaking ethical perception into seven interpretable dimensions it will contribute to a better understanding of this first stage in the larger process.

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APPENDICES

Appendix 1: Interview Schedule For Managers

1. Ask the respondent the following:
 - Job Title
 - Length of tenure in the present company
 - Type of companies they have worked for
 - Qualifications.

2. As Malaysia is a multicultural country, it cannot be denied that the workforce will be a diverse workforce which comprises of individuals from different cultural beliefs and values. Some people will say that such differences in cultural values will lead to differing views on what is considered right or wrong in one culture. Do you think differences in cultural values would lead to differing views on what is considered appropriate or inappropriate business practice?
 - i) Do you perceive these differences to be significant? (If the respondent does not think that such differences are significant, why?)
 - ii) Which cultural value(s) do you think plays an important role in influencing an individual's ethical perception?

3. Looking back on your experience as a manager, how would you define unethical behaviour?

4. Can you please tell me about some ethical business dilemmas which you have recently faced? (Probes: If the respondent cannot answer this, ask him/her to tell you about some of the ethical dilemmas recently faced by their colleagues.) OR What are your three most frequent ethical problems?
 - i) What happened?
 - ii) Why did it happen?
 - iii) How do you feel about it?

Can you also tell me the three unethical acts that you will not commit?

5. Do you have any dealings with your organisation's foreign business partners; government agencies or suppliers? My next question is regarding business-to-business ethics. In your organisation's dealings with its local or foreign business partners or government agencies, what are some of the issues that you consider to be unethical practices?

Appendix 1: Interview Schedule For Managers

(Probes: awarding contracts or tenders based on ethnic consideration, Gift-giving, bribery)

- i) Why do you consider these issues to be unethical?
- ii) Did your colleagues think that these practices are unethical too?
- iii) How did you resolve the dilemma(s) described? (Or how did your colleague resolve it? Would you have resolved it differently from your colleague? What would you have done?)
- iv) Do you think the issues which you had described are also faced by managers in other countries? (If yes, in which countries?)

Next, I would like to ask your opinion on organizational ethics. There are two ways of looking at organizational ethics. One way is to look at it from the perspective of the employer (i.e what are the policies of the organisation which are considered unethical) and the other is by looking at it from the perspective of the employees (unethical practices committed by employees).

6. Let's begin by looking at it from the employer's perspective. Based on your experience as a manager, what are some organizational policies/practices (e.g. its human resource policy, financial and administrative policies) which you feel to be morally problematic? (Probes: gender discrimination in the recruitment process, nepotism in hiring practices or window dressing of published financial statements)

- i) Why do you consider these issues to be unethical?
- ii) Did your colleagues think that these practices were unethical too?
- iii) How did you resolve the dilemma(s) described? (Or how did your colleague resolve it? Would you have resolved it differently from your colleague? What would you have done?)

7. What are some of the specific activities that you consider to be unethical behaviour which you have observed committed by employees? (Probes: Taking credit for another person's work, padding one's expense account, insider information)

- i) Why do you consider these issues to be unethical?
- ii) Did your colleagues think that these practices were unethical too?
- iii) How did you resolve the dilemma(s) described? (Or how did your colleague resolve it? Would you have resolved it differently from your colleague? What would you have done?)

Appendix 1: Interview Schedule For Managers

8. My next question is regarding consumer ethics. Based on your experiences, what are some specific activities that you consider to be unethical marketing practices? (Probes: Marketing unsafe products overseas, lying that a product is “new & improved”)
 - i) Why do you consider these issues to be unethical?
 - ii) Did your colleagues think that these practices were unethical too?
 - iii) How did you resolve the dilemma(s) described? (Or how did your colleague resolve it? Would you have resolved it differently from your colleague? What would you have done?)

9. Think back to the last time that you were faced with an ethical issue, where your values did not mesh with those of your organisation’s policies or supplier. How did you deal with the situation? (Probes: refer to the Company’s Code of Ethics, superior)

10. Who do you usually turn to when you are faced with an ethical problem? (Probe: your own values, top management, spouse)
 - i) Would you say that your ethical values are the same as those of your colleagues?
 - ii) How different are those values from those of your colleagues?

11. Do you know of 2 other managers who would not mind being interviewed for this purpose?

Locus of Control:

We will begin with a question on locus of control. Locus of control refers to the individual's belief regarding the degree of control they have over the outcomes and events in life.

Locus of control can be divided into 2 types: internal locus of control (where individuals believe that they have control over their own destiny) and external locus of control (which refers to individuals who believe that whatever happens to them is the result of fate, luck or the behaviour of other people).

Q1: Among the Malaysians, do you think that there is a difference in the locus of control among the three races?

Q2: In your opinion, where do you think the Chinese fall- are they internal locus of control or are they external locus of control? Why? Can you please give 1/2 examples to illustrate your opinion?

Q3: How does a Chinese achieve success in his/her life? (Probe: through hard work? Diligence? Leave it to fate?)

Money Orientation

Next I would like to ask your opinion on how the Chinese perceive financial rewards. Money orientation involves the importance one attaches to financial rewards.

Q1: The Chinese are said to equate success with prosperity. Do you agree with this and can you please illustrate your comments with some examples?

Q2: A priority among the Chinese is to "work hard and get rich." Can you please explain the Chinese' penchant for money?

Obedience to Authority

My next question is on obedience to authority. In general, it is perceived that Malaysians tend to be respectful of their seniors and leaders and there is a general reluctance for Malaysians to challenge and disagree with their superiors.

Q1: In general, do you think Chinese are obedient to their superiors? Can you please explain why you think so?

Q2: What kind of leaders do you think a Chinese subordinate would respect?

Religiosity

My next question is on religiosity. Religiosity here refers to the strength of the individual's religious beliefs and not to the individual's religious affiliations.

Q1: Can you please tell me how the Chinese generally view their religion?

Q2: In your opinion, are Chinese committed to their religion?

Face

I'll now move on to my next question which is on the concept of face. In Malaysia, I would think preserving face is a very important aspect. Preserving face means maintaining one's dignity and not embarrassing the person in front of others.

Q1: How important do you think is "face" to the Chinese? Why do you say this?

Q2: How do you think a Chinese would resolve disputes? (Probe: Is it through negotiation and compromise or through confrontation?)

Relationship Orientation

My final question concerns relationship orientation. In the business world, most people feel that there is a need to build relationships before getting down to serious business. Malaysians tend to focus on relationships more than the task. For example some people may say that going for lunches/dinners is all part of relationship building. In the business setting, this relationship orientation can be akin to the concept of *guanxi*.

Q1: Do you think that building and maintaining good relationships is important to a Chinese businessman? Why are such relationships important/unimportant to a Chinese businessman?

Q2: If such relationships are important, how would a Chinese businessman develop such relationships? (If the respondent thinks that building relationships are not important in Chinese businesses, then ask "In what ways does a Chinese businessman conduct his business?")

Locus of Control:

We will begin with a question on Locus of control. Locus of control refers to the individual's belief regarding the degree of control they have over the outcomes and events in life.

Locus of control can be divided into 2 types: internal locus of control (where individuals believe that they have control over their own destiny) and external locus of control (which refers to individuals who believe that whatever happens to them is the result of fate, luck or the behaviour of other people).

Q1: Among the Malaysians, do you think that there is a difference in the locus of control among the three races?

Q2: In your opinion, where do you think the Indians fall- are they internal locus of control or are they external locus of control? Why? Can you please give 1/2 examples to illustrate your opinion?

Q3: How does an Indian achieve success in his/her life? (Probe: through hard work? Diligence? Leave it to fate?)

Money Orientation

Next I would like to ask Dr's/ Professor's opinion on how the Indians perceive financial rewards. Money orientation involves the importance one attaches to financial rewards.

Q1: Some people are of the opinion that the Chinese tend to equate success with prosperity. Do you think that the Indians are also like this? (Can you please illustrate your comments with some examples?)

Q2: In your opinion, what do you think motivates an Indian employee?

Obedience to Authority

My next question is on obedience to authority. In general, it is perceived that Malaysians tend to be respectful of their seniors and leaders and there is a general reluctance for Malaysians to challenge and disagree with their superiors.

Q1: In your opinion, Dr/Prof, do you think Indians are obedient to their superiors? Can you please explain why you think so?

Q2: What kind of leaders do you think an Indian subordinate would respect?

Q3: The Indians are often described as outspoken and tend to voice their concerns on issues which matter greatly to them. They are usually seen to champion worthy causes. What is your opinion on this Dr/Prof?

Religiosity

My next question is on religiosity. Religiosity here refers to the strength of the individual's religious beliefs and not to the individual's religious affiliations.

Q1: Can you please tell me how the Indians generally view their religion?

Q2: How does religion affect their (an Indian's) daily life?

Face

I'll now move on to my next question which is on the concept of face. In Malaysia, I would think preserving face is a very important aspect. Preserving face means maintaining one's dignity and not embarrassing the person in front of others.

Q1: How important do you think is "face" to the Indians? Why do you say this?

Q2: How do you think an Indian would resolve disputes?

Q3: What kind of issues/actions would embarrass an Indian?

Relationship Orientation

My final question concerns relationship orientation. In the business world, most people feel that there is a need to build relationships before getting down to serious business. Malaysians tend to focus on relationships more than the task. For example some people may say that going for lunches/dinners is all part of relationship building.

Q1: Do you think that building and maintaining good relationships is important to an Indian businessman? Why are such relationships important/unimportant to an Indian businessman?

Q2: If such relationships are important, how would an Indian businessman develop such relationships? (If the respondent thinks that such relationships are not important in Indian businesses, then ask "In what ways does an Indian businessman conduct his business?")

My very final question Dr.: Is there anything else Dr. would like to add before we conclude this interview? Is there any particular cultural value which is very strongly held by the Indians but not seen much in the Malays or the Chinese?

Appendix 3: Sample Letter Requesting for Interviews

23 August 2002

Dear Mr.,

I am a full-time PhD student at the Department of Human Resource Management at the Cardiff Business School (University of Wales). The Cardiff Business School is one of UK's leading business schools and the recent Research Assessment Exercise has placed the University of Cardiff 7th out of 106 in Britain.

The subject of my research is "Attitudes Towards Business Ethics In A Multicultural Community: The Case of Malaysia." A substantial proportion of the thesis involves creating, distributing and analysing a questionnaire. The aim of this questionnaire is to determine how ethnic values influence the Malaysian manager's perception of business practices in the country. This questionnaire will be sent to approximately five hundred managers, divided equally into the three main ethnic groups.

However, as a preparatory exercise, I would like to interview managers from the various organizations located in and around the Klang Valley. The purpose of the interview will allow me to create a questionnaire which reflects the actual local business practices and to avoid the inclusion of irrelevant material. The broad areas which I would like to discuss include your views on business practices in your industry, your perceptions of marketing and organizational ethics and its relation to ethnic values. I anticipate the interview lasting for approximately forty minutes. Your views and comments on my research topic are an invaluable part of my doctoral dissertation and I believe that your input will certainly enhance the quality of my questionnaire.

I would like to stress that any information that you give will be kept **strictly confidential** and no references will be made by name to any of the firms which participated in the interviews. I hope that you will be able and willing to see me. I would be grateful if you could indicate whether this would be possible. I will then contact you to make the necessary arrangements. Thanking you in advance for your attention.

Yours sincerely,

Ho Jo Ann

Professor Jonathan Morris
Distinguished Research Fellow
Cardiff Business School
Cardiff University

Introduction

a. Begin by telling your respondent about your research and the purpose of the interview. (The purpose of my interview is just to obtain managerial views about certain aspects of my results. All your responses will be kept confidential and will not be used for any other purpose except for my study.)

Perceived Difficulty

a. We will begin with one of the characteristics of an ethical issue: that it is quite difficult to make a decision when faced with an ethical dilemma. The preliminary results of my study show that the Indian managers found it harder to make a decision when faced with an ethical issue. (For example, more Indian managers said “No, it is harder for me to make a decision when faced with an ethical dilemma.”) Why do you think this is so?

b. In your opinion, how do you think that the nationality of the parent organisation influences the perception of the manager in terms of difficulty in making an ethical decision?

Choice in Decision Making

a. Another characteristic of an ethical issue is that a person faced with an ethical dilemma must perceive that he/she has a choice in the decision-making, that is, there is more than one course of action available. How do you think a person’s ethnicity influences his/her perception of whether or not he/she has a choice in dealing with the issue? (Probe: The results of my study show that more Malays said that they have a choice as to how they would react in a particular situation while majority of the Indian managers said that when faced with an ethical issue, they have no choice at all in the decision.)

b. How do you think the nationality of the parent organisation would influence an individual’s perception of whether or not he/she has a choice when making a decision in an ethical issue? (Probe: more managers from local companies answered they had a choice with regard how they should act in a situation compared to managers from MNCs).

c. Another factor which can influence an individual’s perception of whether or not he/she has a choice in decision-making is the individual’s years of work experience. Why do you think individuals with many years of work experience would perceive to have more choices in their decision-making compared to managers with fewer years of work experience?

Recognising Uncertainty

a. Ethical issues also involve an element of uncertainty in its decision-making i.e ethical issues seldom come with a definite right or wrong answers. The results of my study show that there is a significant difference among the ethnic groups in terms of recognising this uncertainty. Why do you think such a difference exists?

b. Another significant factor which influences a person's recognition of uncertainty is the level of enforcement of the company's code of ethics. In your opinion, what role does the enforcement of the company's code of ethics play in the individual's recognition of moral issues?

c. The preliminary results of my study also show that the nationality of the parent organisation is an important factor in the individual's moral issue recognition. In your opinion, why do you think this is so?

d. Do you think other factors such as gender and work experience would influence a person's recognition of moral issues?

Social Consensus

a. Social consensus here refers to the "degree of social agreement that a proposed act is evil (or good)". (i.e. whether society at large perceive a particular act to be a normal business practice or to be an unethical act). The results of my study shows that the Chinese managers tend to say view unethical practices are normal business practices. Do you think this is true?

b. Do you think a company's code of ethics would play an important role in determining what an acceptable business practice is and what is not?

c. How about the nationality of the parent organisation?

**ATTITUDES TOWARDS BUSINESS
PRACTICES IN A MULTICULTURAL
COUNTRY: THE CASE OF MALAYSIA**



August 2003

General Tips for doing the survey

It is generally better to go with your first opinion rather than think about each question for a long time. Spontaneous responses are all that are required. Please answer every question as truthfully as you can.

Confidentiality

The views expressed in the completed questionnaire will be kept absolutely confidential. Any information identifying the respondents will not be disclosed under any circumstances.

Guide to Answering Question 1 of Part 1

This example is provided as a guide to answering only Question 1 of Part 1. Please answer the rest of the questions (2, 3, 4 etc.) according to the scales provided.

Example of Scenario

You are an engineer in a construction company. Your company is bidding for a RM2 million contract from the local government and if your company is successful, it would mean at least a RM800, 000 profit for your company. The contract will probably go to a competitor if your company does not win it. A few days before the awarding of the contract, you receive a call from an individual who works at the government agency that will be awarding the contract. He asks for an all-expenses-paid trip to Australia as a consulting fee. In return, he promises you special assistance in obtaining the contract.

1. Based on the above scenario, please state the important issue(s) for you if faced with such a situation and rate how significant is the issue(s) to you according to the scale below (Please write "No Issue" if there is none).

1	2	3	4	5	6	7
Very Significant Issue	Significant	Slightly Significant	Neither Significant nor Insignificant	Slightly Insignificant	Insignificant	Very Insignificant issue

Sample Answers

Issue 1	<u>Profits to the company if the contract is awarded to my company</u>	1	2	3	4	5	6	7
Issue 2	<u>The certainty of getting the contract if the trip is given</u>	1	2	3	4	5	6	7
Issue 3	<u>The value of the trip vs the benefit obtained from giving the trip.</u>	1	2	3	4	5	6	7

Part 1: Please read each situation carefully and answer ALL the following questions. Circle where appropriate.

Scenario 1

You have just joined this company as a sales manager and while making sales calls, one of your clients asks you about the year-end trip which he says your company gives to all its customers as a token of appreciation for their support throughout the year. You know that your company has no such policy. You discover that this was in fact promised to the customer by the previous sales manager who has since left the company. You know that this client is one of the major customers in your company and your company would not mind giving this client a trip as a token of appreciation for his/her support of your company's products.

Please answer ALL the following questions. Circle where appropriate

1. Based on the above situation, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write "No Issue" if there is none). Please refer to the example on Page 1.

1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificantly	7 Very Insignificant issue					
Issue 1					1	2	3	4	5	6	7
Issue 2					1	2	3	4	5	6	7
Issue 3					1	2	3	4	5	6	7

2. You have to decide whether to give the trip to the customer. Do you think that this is an easy decision for you to make?

- (1) Yes, it is easy (2) No, it is difficult (3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

- I have a choice Indifferent I have no choice at all
 1 2 3 4 5 6 7

4. Referring to Scenario 1, please indicate the extent to which you agree or disagree with the following statements. **CIRCLE** your response.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
a. I am uncomfortable about giving the trip to the customer because giving the trip might influence the customer's future decisions to purchase from my company.						1 2 3 4 5 6 7	
b. There is a clear-cut "Yes-No" decision to be made in this situation.						1 2 3 4 5 6 7	
c. Giving the trip conflicts with my moral values.						1 2 3 4 5 6 7	
d. Giving the trip to the customer is a normal business practice.						1 2 3 4 5 6 7	
e. The people in my industry would think that giving the trip is a normal business practice.						1 2 3 4 5 6 7	
f. I perceive that I would have a different ethical perception from my colleagues of another ethnic group regarding this situation.						1 2 3 4 5 6 7	
g. My decision in this situation will have (positive/negative) consequences for me alone and nobody else.						1 2 3 4 5 6 7	
h. My decision in this situation will have (positive/negative) consequences for the individual requesting for the trip.						1 2 3 4 5 6 7	
i. My decision in this situation will have (positive/negative) consequences for my company.						1 2 3 4 5 6 7	

Scenario 2

You are a manager of the purchasing department of Company A. Your friend suggests to you that both of you should establish a company to acquire the materials needed by Company A and subsequently sell the same materials to Company A at a mark-up price of 50%. You will be the "sleeping partner" in this partnership.

1. Based on Scenario 2, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write "No Issue" if there is none). *Please refer to the example in Page 1.*

	1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificant	7 Very Insignificant issue
Issue 1						1	2 3 4 5 6 7
Issue 2						1	2 3 4 5 6 7
Issue 3						1	2 3 4 5 6 7

2. You have to decide whether to follow your friend's suggestion. Do you think that this is an easy decision for you to make?

(1) Yes, it is easy

(2) No, it is difficult

(3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

I have a choice
1

2

3

Indifferent
4

5

6

I have no choice at all
7

4. Referring to Scenario 2, please indicate the extent to which you agree or disagree with the following statements. **CIRCLE** your response.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
a. I am uncomfortable with my friend's suggestion because I may lose my job if Company A discovers that I'm one of the partners in this company.						1	2 3 4 5 6 7
b. There is a clear-cut "Yes-No" decision to be made in this situation.						1	2 3 4 5 6 7
c. My friend's suggestion conflicts with my moral values.						1	2 3 4 5 6 7
d. My friend's suggestion is a normal business practice.						1	2 3 4 5 6 7

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
e. The people in my industry would think that my friend's suggestion is a normal business practice.						1 2 3 4 5 6 7	
f. I perceive that I would have a different ethical perception from my colleagues of another ethnic group regarding this situation.						1 2 3 4 5 6 7	
g. My friend's suggestion will have (positive/negative) consequences for me alone and nobody else.						1 2 3 4 5 6 7	
h. My friend's suggestion will have (positive/negative) consequences for the other suppliers.						1 2 3 4 5 6 7	
i. My friend's suggestion will have (positive/negative) consequences for my company.						1 2 3 4 5 6 7	

Scenario 3

You have just been transferred to one of your company's factories. You see an employee pouring solvents and cleaning solutions from your factory down a drain and you tell him to stop immediately. You know that it is illegal to dispose of harmful chemicals through the public sewers. You tell your immediate superior, who is the factory manager, about the employee's illegal act. He tells you not to worry. He says that your factory has disposed of its chemicals through the drains for the last 10 years and no one has ever found out about it. Your superior asks you not to report it to senior management.

1. Based on the above situation, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write "No Issue" if there is none). Please refer to the example in Page 1.

	1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificant	7 Very Insignificant issue
Issue 1						1 2 3 4 5 6 7	
Issue 2						1 2 3 4 5 6 7	
Issue 3						1 2 3 4 5 6 7	

2. You have to decide whether to expose your superior's actions. Do you think that this is an easy decision for you to make?

(1) Yes, it is easy

(2) No, it is difficult

(3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

I have a choice

1

2

3

Indifferent

4

5

6

I have no choice at all

7

4. Referring to Scenario 3, please indicate the extent to which you agree or disagree with the following statements. CIRCLE your response.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
a. I am uncomfortable with my superior's directive because the action may be discovered.						1	2 3 4 5 6 7
b. There is a clear-cut "Yes-No" decision to be made in this situation.						1	2 3 4 5 6 7
c. My superior's directive conflicts with my moral values.						1	2 3 4 5 6 7
d. My superior's directive is a normal business practice.						1	2 3 4 5 6 7
e. The people in my industry would think that my superior's directive is a normal business practice.						1	2 3 4 5 6 7
f. I perceive that I would have a different ethical perception from my colleagues of another ethnic group regarding this situation.						1	2 3 4 5 6 7
g. My superior's directive will have (positive/negative) consequences for him and nobody else.						1	2 3 4 5 6 7
h. My superior's directive will have (positive/negative) consequences for the local community.						1	2 3 4 5 6 7
i. My superior's directive will have (positive/negative) consequences for my company.						1	2 3 4 5 6 7

Scenario 4

Your colleague, who is also your good friend, works in the R&D department and has developed a new model of laptops. Since your company launched the new model of laptops, sales have been picking up steadily and senior management has praised your colleague for his work. However, your colleague has just discovered a defect in the computer where prolonged usage of the laptop will cause one of its chips to burn and make the computer unusable. So far your company has not received any complaints from your customers on this matter. Your colleague decides to keep quiet about the matter and requests you not to report it to senior management. You know that exposing your colleague’s error will embarrass him.

1. Based on the above situation, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write “No Issue” if there is none). Please refer to the example in Page 1.

	1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificant	7 Very Insignificant issue
Issue 1						1 2 3 4 5 6 7	
Issue 2						1 2 3 4 5 6 7	
Issue 3						1 2 3 4 5 6 7	

2. You have to decide whether to notify senior management regarding the laptop defect. Do you think that this is an easy decision for you to make?

- (1) Yes, it is easy (2) No, it is difficult (3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

- I have a choice Indifferent I have no choice at all
 1 2 3 4 5 6 7

1. Based on Scenario 5, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write "No Issue" if there is none). *Please refer to the example in Page 1.*

	1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificant	7 Very Insignificant issue
Issue 1 _____						1 2 3 4 5 6 7	
Issue 2 _____						1 2 3 4 5 6 7	
Issue 3 _____						1 2 3 4 5 6 7	

2. You have to decide whether to tell your superior about your colleague's action. Do you think that this is an easy decision for you to make?

- (1) Yes, it is easy (2) No, it is difficult (3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

- I have a choice Indifferent I have no choice at all
 1 2 3 4 5 6 7

4. Referring to Scenario 5, please indicate the extent to which you agree or disagree with the following statements. **CIRCLE** your response.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
a. I am uncomfortable with my colleague's action because of the length of time involved in performing his/her prayers.							1 2 3 4 5 6 7
b. There is a clear-cut "Yes-No" decision to be made in this situation.							1 2 3 4 5 6 7
c. My colleague's action conflicts with my moral values.							1 2 3 4 5 6 7
d. My colleague's action is a normal part of business practice.							1 2 3 4 5 6 7

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree					
e.	The people in my industry would think that my colleague's action is a normal part of business practice.					1	2	3	4	5	6	7
f.	I perceive that I would have a different ethical perception from my colleagues of another ethnic group regarding this situation.					1	2	3	4	5	6	7
g.	My colleague's action will have (positive/negative) consequences for him/her alone and nobody else.					1	2	3	4	5	6	7
h.	My colleague's action will have (positive/negative) consequences for the employees in the company.					1	2	3	4	5	6	7
i.	My decision will have (positive/negative) consequences for my company.					1	2	3	4	5	6	7

Scenario 6

You and a colleague of yours started work at the same time after university. Both of you are quick learners but your colleague seems to always get things done faster and is continually receiving praise from your superior, who supervises you both. Both of you are up for a promotion. On a night out with your spouse, you run into this colleague of yours and your immediate superior having a lavish dinner. At the end of the dinner, it is your colleague who picks up the bill. Your spouse thinks that you should also start buying your immediate superior lavish gifts and meals to enhance your chances of getting the promotion. You are not so sure because you feel that even if you don't get the promotion this time, your chance will come if you continue to work hard at your job.

1. Based on the above scenario, please state the important issues for you if faced with such a situation and rate how significant are these issues to you according to the scale below (Please write "No Issue" if there is none).
Please refer to the example in Page 1.

	1 Very Significant Issue	2 Significant	3 Slightly Significant	4 Neither Significant nor Insignificant	5 Slightly Insignificant	6 Insignificant	7 Very Insignificant issue				
Issue 1					1	2	3	4	5	6	7
Issue 2					1	2	3	4	5	6	7
Issue 3					1	2	3	4	5	6	7

2. You have to decide whether to treat your immediate superior to lavish meals and gifts. Do you think that this is an easy decision for you to make?

(1) Yes, it is easy

(2) No, it is difficult

(3) Unsure

3. To what extent do you perceive that you have a choice with regard to how you should act in this situation?

I have a choice

1

2

3

Indifferent

4

5

6

I have no choice at all

7

4. Referring to Scenario 6, please indicate the extent to which you agree or disagree with the following statements. CIRCLE your response.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
a. I am uncomfortable with my spouse's suggestion because it would be trying to influence my immediate superior through the lavish meals and gifts to get the promotion.	1	2	3	4	5	6	7
b. There is a clear-cut "Yes-No" decision to be made in this situation.	1	2	3	4	5	6	7
c. Influencing my immediate superior through lavish meals and gifts to get a promotion conflicts with my moral values.	1	2	3	4	5	6	7
d. Influencing my immediate superior through lavish meals and gifts to get a promotion is a normal business practice.	1	2	3	4	5	6	7
e. The people in my industry would think that influencing my immediate superior through lavish meals and gifts is a normal business practice.	1	2	3	4	5	6	7
f. I perceive that I would have a different ethical perception from my colleagues of another ethnic group.	1	2	3	4	5	6	7
g. My spouse's suggestion will have (positive/negative) consequences for me alone and nobody else.	1	2	3	4	5	6	7
h. My spouse's suggestion will have (positive/negative) consequences for my colleague.	1	2	3	4	5	6	7
i. My spouse's suggestion will have (positive/negative) consequences for my company.	1	2	3	4	5	6	7

Part II: The next section is on your personal values. Using the scale provided, please CIRCLE one number in each line to indicate your choice. Please answer all questions.

	1 Strongly Agree	2 Agree	3 Slightly Agree	4 Indifferent	5 Slightly Disagree	6 Disagree	7 Strongly Disagree
1. I often feel that we might just as well make many of our decisions by flipping a coin.	1	2	3	4	5	6	7
2. Getting a good job seems to be largely a matter of being lucky enough to be in the right place at the right time.	1	2	3	4	5	6	7
3. Money is the root of all evil.	1	2	3	4	5	6	7
4. I enjoy reading about my religion.	1	2	3	4	5	6	7
5. In business, it is important to maintain a good network of relationships.	1	2	3	4	5	6	7
6. There is nothing wrong with criticizing a person's work publicly.	1	2	3	4	5	6	7
7. I frequently challenge my superior's views.	1	2	3	4	5	6	7
8. Obedience to authority is important.	1	2	3	4	5	6	7
9. I find it difficult to say "no" directly to requests from others (e.g. to get something done) because I do not want to embarrass the person.	1	2	3	4	5	6	7
10. Money is important.	1	2	3	4	5	6	7
11. Doing business involves knowing the right people.	1	2	3	4	5	6	7
12. It isn't wise to plan too far ahead because most things turn out to be a matter of good or bad fortune anyhow.	1	2	3	4	5	6	7
13. It doesn't matter what I believe so long as I behave ethically.	1	2	3	4	5	6	7
14. It is important to me to spend time in private thought and prayer.	1	2	3	4	5	6	7
15. It is difficult for ordinary people to have much control over what politicians do in office.	1	2	3	4	5	6	7

	1	2	3	4	5	6	7
	Strongly Agree	Agree	Slightly Agree	Indifferent	Slightly Disagree	Disagree	Strongly Disagree
16. In order for a business to survive, it is more important to have good products or services than the right contacts.	1	2	3	4	5	6	7
17. When things are going well for me I consider it to be due to a run of good luck.	1	2	3	4	5	6	7
18. Money is precious.	1	2	3	4	5	6	7
19. One must always build and maintain social relationships with others in case their services are needed in the future.	1	2	3	4	5	6	7
20. Gift giving is an important feature when we want business to succeed.	1	2	3	4	5	6	7
21. I often have a strong sense of God's presence.	1	2	3	4	5	6	7
22. Money is a symbol of my success.	1	2	3	4	5	6	7
23. I have usually found that what is going to happen will happen, regardless of my actions.	1	2	3	4	5	6	7
24. I will execute my superior's decisions on the assumption that these are good decisions.	1	2	3	4	5	6	7
25. It is sometimes necessary to have direct confrontations with my subordinates to get my points across to them.	1	2	3	4	5	6	7
26. Money represents my achievement.	1	2	3	4	5	6	7
27. I try hard to live all my life according to my religious beliefs.	1	2	3	4	5	6	7
28. I don't often think to myself whether my boss is right or wrong in his/her decisions.	1	2	3	4	5	6	7
29. Achieving success is a matter of luck.	1	2	3	4	5	6	7
30. There's not much use in worrying about things in life ...what will be will be.	1	2	3	4	5	6	7
31. I don't let my religion affect my life.	1	2	3	4	5	6	7
32. Returning favours is an important feature when we want business to succeed.	1	2	3	4	5	6	7

	1	2	3	4	5	6	7				
	Strongly Agree	Agree	Slightly Agree	Indifferent	Slightly Disagree	Disagree	Strongly Disagree				
33. Money is an important factor in the lives of all of us.					1	2	3	4	5	6	7
34. If my superior asks me to do something unethical, I really don't have a choice about doing it or not.					1	2	3	4	5	6	7
35. My whole approach to life is based on my religion					1	2	3	4	5	6	7
36. I am motivated to work hard for money.					1	2	3	4	5	6	7
37. Developing the right contacts helps in the smooth running of a business.					1	2	3	4	5	6	7
38. Money is a major motivator.					1	2	3	4	5	6	7
39. I would not point out my subordinate's mistake in front of others, as this would cause him/her to lose "face."					1	2	3	4	5	6	7
40. I will go ahead with my superior's decision even if it goes against my own values.					1	2	3	4	5	6	7
41. I am not likely to question my superior's decision.					1	2	3	4	5	6	7
42. Money makes me work harder.					1	2	3	4	5	6	7
43. There are more important things to life than religion.					1	2	3	4	5	6	7
44. It is important to have religious values.					1	2	3	4	5	6	7
45. Many times I feel that I have the power to influence the things that happen to me.					1	2	3	4	5	6	7
46. Having a lot of money (being rich) is good.					1	2	3	4	5	6	7
47. Success in dealing with people seems to be a matter of the other person's moods and feelings at the time rather than one's own actions.					1	2	3	4	5	6	7
48. I think that life is mostly a gamble.					1	2	3	4	5	6	7
49. My subordinates should do what I instruct, though they may have doubts about it being the right thing to do.					1	2	3	4	5	6	7

Part III: Listed below are a number of statements concerning personal attitudes and traits. Please read each statement and using the scale provided, please **CIRCLE** the response which most closely corresponds to the way you personally feel.

	1	2	3	4	5	6	7
	Strongly Agree	Agree	Slightly Agree	Indifferent	Slightly Disagree	Disagree	Strongly Disagree
1. I would never think of letting someone else be punished for my wrongdoings.	1	2	3	4	5	6	7
2. I like to gossip at times.	1	2	3	4	5	6	7
3. On a few occasions, I have given up doing something because I thought too little of my ability.	1	2	3	4	5	6	7
4. At times I have really insisted on having things my own way.	1	2	3	4	5	6	7
5. I never resent being asked to return a favour.	1	2	3	4	5	6	7
6. There are times when I've been quite jealous of the good fortune of others.	1	2	3	4	5	6	7
7. I never make a long trip before checking the safety of my car.	1	2	3	4	5	6	7
8. I have almost never felt the urge to tell someone off.	1	2	3	4	5	6	7
9. I never hesitate to go out of my way to help someone in trouble.	1	2	3	4	5	6	7
10. I have never deliberately said something that hurt someone's feelings.	1	2	3	4	5	6	7

Part IV: Thank you for answering the previous sections. This study also requires a profile of the respondents. All information will be kept strictly confidential and your responses in this questionnaire will be completely anonymous. Please answer ALL the following questions. Indicate your most appropriate choice with a (✓).

Q1. What is your job title?

- (1) Chief Executive Officer
- (2) Director
- (3) Manager (please state how many employees report to you _____)
- (4) Other (please specify _____)

Q6. Does your company have a company code of ethics?

- (1) Yes, **proceed to Q7**
- (2) No, **proceed to Q8**
- (3) Don't Know, **proceed to Q8**

Q2. How many years have you been in a management position?

- (1) 1-5 years
- (2) 6-10 years
- (3) 11-15 years
- (4) 16-20 years
- (5) more than 20 years

Q7. The level which your company enforces its code of ethics is...

- (1) very strictly enforced
- (2) strictly enforced
- (3) quite strictly enforced
- (4) neither strict nor loosely enforced
- (5) loosely enforced
- (6) quite loosely enforced
- (7) very loosely enforced
- (8) not enforced at all

Q3. What is your job specialization?

- (1) Finance
- (2) Human Resource/Personnel/Admin
- (3) Accounts & Credit Control
- (4) Customer Service
- (5) Technical Service
- (6) Sales & Marketing
- (7) Operations
- (8) Other (please specify _____)

Q8. Would you say your organisation is ...

- (1) a multicultural organisation?
- (2) dominated by one ethnic group?
(please specify ethnic group _____)

Q4. Is your current organisation...

- (1) a locally-owned Bumiputera organisation?
- (2) a locally-owned Chinese organisation?
- (3) a locally-owned Indian organisation?
- (4) a British-owned organisation?
- (5) a Japanese-owned organisation
- (6) an American-owned organisation?
- (7) a Taiwanese-owned organisation?
- (8) Other (please specify _____)

Q9. What is your ethnic group?

- (1) Malay
- (2) Chinese
- (3) Indian
- (4) Other (please specify _____)

Q5. What industrial sector is your current organisation?

- (1) Manufacturing
- (2) Finance & Banking Services
- (3) Trade & Commerce

Q10. What is your religion?

- (1) Islam
- (2) Buddhist
- (3) Christian
- (4) Other (please specify _____)

- (4) Construction
- (5) Information & Technology
- (6) Other (please specify _____)

Q11. What is your gender?

- (1) Male
- (2) Female

Q12. What is your highest level of educational qualification?

- (1) SPM/SPMV/STPM
- (2) Diploma/ Advanced Diploma
- (3) Bachelor's Degree
- (4) Master's Degree/MBA
- (5) Doctorate
- (6) Other (please specify _____)

Q16. How long have you been working? (This includes all your previous work experience)

- (1) 1-5 years
- (2) 6-10 years
- (3) 11-15 years
- (4) 16-20 years
- (5) over 20 years

Q13. Did you obtain your tertiary education overseas?

- (1) Yes, **proceed to Q14**
- (2) No, **proceed to Q15**

Q17. Have you ever worked in any *multinational** organisations?

- (1) Yes, **proceed to Q18**
- (2) No, **proceed to Q19**

Q14. Which educational qualification was obtained overseas? (You may have more than one response for this question)

- (1) Bachelor's Degree
- (2) Master's Degree/MBA
- (3) Doctorate
- (4) Other (please specify _____)

Q18. Please state the country of origin of the *multinational** companies which you have worked for:

1. _____
2. _____
3. _____

Q15. Are you...

- (1) 30 years old & below?
- (2) 31-35 years old?
- (3) 36-40 years old?
- (4) 41-45 years old?
- (5) 46-50 years old?
- (6) 51 or older?

Q19. What proportion of your working life have you spent in *multinational** organisation(s)?

- (1) None-all my life in locally-owned organisations
- (2) 10%
- (3) 20%
- (4) 30%
- (5) 40%
- (6) 50%

* Note: A *multinational* in this questionnaire is defined as an organisation where its parent company is not Malaysian-owned.

Thank you very much for your cooperation and have a pleasant day!

Example of items for assessing the seven dimensions of ethical perception (taken from Scenario 1).

Uncertainty in Decision – Making

There is a clear-cut “Yes-No” decision to be made in this situation.

Perceived Difficulty in Decision-Making

You have to decide whether to give the trip to the customer. Do you think that this is an easy decision for you to make?

Perceived Intensity of an Ethical Issue

I am uncomfortable about giving the trip to the customer because giving the trip might influence the customer’s future decisions to purchase from my company.

Perceived Conflict Over Moral Values

Giving the trip conflicts with my moral values.

Perceived Negative Consequences on Others

My decision in this situation will have (positive/negative) consequences for me alone and nobody else.

My decision in this situation will have (positive/negative) consequences for the individual requesting for the trip.

My decision in this situation will have (positive/negative) consequences for my company.

Perceived Choice in the Decision-Making

To what extent do you perceive that you have a choice with regard to how you should act in this situation?

Perceived Social Consensus

Giving the trip to the customer is a normal business practice.

The people in my industry would think that giving the trip is a normal business practice.

Appendix 7a: Hierarchical Regression Results For Total Ethical Perception Score by Scenarios: Malay Managers (N = 75)

	Variables	β	T
Scenario 1			
(Gift-Giving)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.028	-0.214
	With Code of Ethics	-0.147	-1.120
	Gender	-0.059	-0.423
	Education	-0.023	-0.173
	Age	-0.010	-0.073
	Social Desirability Bias	0.028	0.204
Step 2	(Cultural Variables)		
	External Locus of Control	-0.033	-0.223
	Not Face Orientated	0.157	1.093
	Religiosity	0.165	1.228
	Relationship Orientation	0.010	0.060
	Money Orientation	-0.095	-0.623
	Obedience to Authority	-0.068	-0.443
	ΔR^2	0.060	
	F Change	0.698	
	Overall R^2	0.113	
	Adjusted R^2	0.059	
Scenario 2			
(Wealth Accumulation)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	0.036	0.295
	With Code of Ethics	0.038	0.311
	Gender	0.006	0.044
	Education	-0.160	-1.287
	Age	-0.201	-1.624
	Social Desirability Bias	0.094	0.725

Step 2	(Cultural Variables)		
	External Locus of Control	-0.22	-0.157
	Not Face Orientated	0.101	0.748
	Religiosity	0.048	0.383
	Relationship Orientation	-0.025	-0.162
	Money Orientation	0.134	0.946
	Obedience to Authority	-0.372	-2.603*
	ΔR^2	0.143	
	F Change	1.897	
	Overall R ²	0.223	
	Adjusted R ²	0.073	
Scenario 3			
(Pollution)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.032	-0.269
	With Code of Ethics	0.264	2.234
	Gender	0.189	1.505
	Education	-0.019	-0.157
	Age	-0.247	-2.075
	Social Desirability Bias	-0.093	-0.745
Step 2	(Cultural Variables)		
	External Locus of Control	-0.284	-2.158*
	Not Face Orientated	0.187	1.448
	Religiosity	0.087	0.720
	Relationship Orientation	0.172	1.169
	Money Orientation	0.095	0.697
	Obedience to Authority	-0.177	-1.293
	ΔR^2	0.174	
	F Change	2.505*	
	Overall R ²	0.283	
	Adjusted R ²	0.144	

Scenario 4			
(Defective Products)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.097	-0.749
	With Code of Ethics	0.001	0.009
	Gender	-0.085	-0.616
	Education	0.004	0.034
	Age	-0.160	-1.221
	Social Desirability Bias	0.107	0.778
Step 2	(Cultural Variables)		
	External Locus of Control	-0.021	-0.146
	Not Face Orientated	0.014	0.098
	Religiosity	0.021	0.159
	Relationship Orientation	0.008	0.049
	Money Orientation	0.143	0.949
	Obedience to Authority	-0.233	-1.547
	ΔR^2	0.068	
	F Change	0.807	
	Overall R^2	0.132	
	Adjusted R^2	0.036	
Scenario 5			
(Prayer Times)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.019	-0.160
	With Code of Ethics	-0.076	-0.629
	Gender	0.038	0.293
	Education	0.214	1.737
	Age	-0.224	-1.829
	Social Desirability Bias	-0.111	-0.870
Step 2	(Cultural Variables)		
	External Locus of Control	-0.003	-0.022
	Not Face Orientated	-0.049	-0.371
	Religiosity	0.365	2.943*
	Relationship Orientation	-0.223	-1.476

	Money Orientation	0.035	0.249
	Obedience to Authority	0.164	1.164
	ΔR^2	0.123	
	F Change	1.671	
	Overall R ²	0.20	
	Adjusted R ²	0.093	
Scenario 6			
(Promotions)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.141	-1.298
	With Code of Ethics	0.130	1.194
	Gender	-0.011	-0.093
	Education	0.137	1.241
	Age	-0.208	-1.894
	Social Desirability Bias	-0.112	-0.973
Step 2	(Cultural Variables)		
	External Locus of Control	-0.265	-2.186*
	Not Face Orientated	0.272	1.313
	Religiosity	0.094	0.848
	Relationship Orientation	-0.353	-1.508
	Money Orientation	0.141	1.125
	Obedience to Authority	-0.137	-1.083
	ΔR^2	0.297	
	F Change	5.045**	
	Overall R ²	0.392	
	Adjusted R ²	0.275	

Notes: * p < 0.05; ** p < 0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Step 1								
Control Variables	Nationality of Parent	Perceived Choice	0.023 (0.175)	0.051 (0.393)	0.059 (0.534)	-0.019 (-0.159)	-0.155 (-1.185)	0.293 (2.297)
	Organisation	Perceived Intensity	-0.151 (-1.162)	-1.390 (0.169)	-0.200 (-1.570)	-0.145 (-1.094)	-0.089 (-0.716)	-0.211 (-1.687)
		Uncertainty	-0.124 (-0.972)	-0.132 (-1.102)	-0.038 (-0.313)	-0.200 (-1.556)	-0.161 (-1.291)	0.020 (0.161)
	Perceived Conflict	Perceived Conflict	-0.188 (-1.473)	-0.172 (-1.441)	-0.106 (-1.000)	-0.225 (-1.775)	-0.155 (-1.341)	-0.175 (-1.576)
		Perceived Difficulty	-0.170 (-1.291)	-0.226 (-1.893)	-0.074 (-0.574)	-0.021 (-0.159)	-0.160 (-1.275)	0.146 (1.243)
		Perceived Consensus	-0.094 (-0.786)	-0.009 (-0.077)	0.053 (0.459)	0.036 (0.300)	0.047 (0.384)	0.039 (0.345)
Consequences	Perceived	0.079 (0.638)	0.008 (0.067)	-0.106 (-0.849)	-0.175 (-1.455)	-0.022 (-0.181)	-0.156 (-1.250)	

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
With Code of Ethics	Perceived Choice		-0.14 (-0.108)	-0.033 (0.250)	0.238 (2.143)	0.057 (0.0470)	-0.014 (-0.110)	0.004 (0.031)
	Perceived Intensity		-0.054 (-0.415)	0.166 (1.363)	0.03 (0.240)	0.042 (0.318)	-0.142 (-1.140)	-0.159 (-1.274)
	Uncertainty		-0.055 (-0.428)	0.082 (0.686)	-0.034 (-0.284)	-0.135 (-1.054)	0.132 (1.063)	-0.144 (-1.185)
	Perceived Conflict		-0.112 (-0.884)	0.077 (0.647)	0.318 (2.998)	0.052 (0.410)	-0.004 (-0.039)	0.002 (0.019)
	Perceived Difficulty		0.120 (0.915)	0.088 (0.738)	0.017 (0.135)	-0.023 (-0.177)	0.040 (0.321)	-0.337 (-2.881)
	Perceived Consensus		-0.290 (-2.438)	0.069 (0.584)	-0.025 (-0.213)	-0.134 (1.127)	0.002 (0.012)	-0.040 (-0.359)
Gender	Perceived	Consequences	0.134 (1.078)	-0.035 (-0.284)	0.278 (2.223)	0.007 (0.060)	0.013 (0.105)	0.113 (0.907)
	Perceived Choice		-0.26 (0.186)	-0.112 (-0.805)	-0.012 (-0.098)	-0.095 (-0.739)	-0.089 (-0.636)	-0.064 (-0.468)
	Perceived Intensity		0.044 (0.316)	-0.083 (-0.641)	-0.007 (-0.052)	-0.044 (-0.312)	0.111 (0.838)	-0.016 (-0.121)
	Uncertainty		0.294 (2.167)	-0.061 (-0.481)	-0.016 (-0.129)	-0.125 (0.912)	-0.073 (-0.553)	0.030 (0.233)
	Perceived Conflict		-0.070 (-0.513)	-0.145 (-1.141)	-0.111 (-1.039)	-0.081 (-0.602)	0.082 (0.665)	-0.014 (-0.116)
	Perceived Difficulty		-0.120 (-0.861)	-0.172 (-1.360)	-0.161 (-1.176)	-0.052 (-0.371)	0.143 (1.078)	-0.220 (-1.762)
Consequences	Perceived Consensus		0.144 (1.138)	0.012 (0.097)	0.309 (2.499)	0.168 (1.329)	0.120 (0.922)	0.000 (0.002)
	Perceived		-0.212 (-1.600)	0.019 (0.143)	-0.036 (-0.271)	-0.227 (-1.774)	-0.041 (-0.312)	-0.068 (-0.513)

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Education	Perceived Choice		-0.031 (-0.234)	-0.007 (-0.056)	-0.115 (-1.022)	-0.151 (-1.238)	-0.182 (-1.370)	-0.118 (-0.916)
	Perceived Intensity		-0.072 (-0.551)	0.047 (0.381)	0.035 (0.273)	0.039 (0.288)	0.196 (1.549)	0.134 (1.061)
	Uncertainty		0.021 (0.165)	-0.035 (-0.287)	-0.008 (-0.063)	-0.087 (-0.668)	-0.024 (-0.187)	0.011 (0.090)
	Perceived Conflict		0.012 (0.092)	0.041 (0.336)	-0.008 (-0.072)	0.083 (0.649)	0.146 (1.250)	0.262 (2.332)
	Perceived Difficulty		0.046 (0.343)	0.045 (0.375)	-0.183 (-1.407)	-0.199 (-1.501)	-0.028 (-0.220)	0.127 (1.071)
	Perceived Consensus		-0.021 (-0.174)	-0.190 (-1.591)	-0.019 (-0.158)	0.101 (0.841)	0.109 (0.877)	0.045 (0.395)
Age	Perceived	Consequences	0.066 (0.528)	-0.121 (-0.970)	-0.077 (-0.611)	-0.232 (-1.905)	0.207 (1.650)	0.129 (1.025)
	Perceived Choice		0.026 (0.198)	-0.022 (-0.168)	-0.275 (-2.452)	-0.196 (-1.612)	-0.095 (-0.720)	-0.071 (-0.552)
	Perceived Intensity		-0.137 (-1.049)	-0.143 (-1.165)	-0.148 (-1.156)	-0.061 (-0.454)	-0.135 (-1.072)	0.031 (0.243)
	Uncertainty		-0.022 (-0.173)	0.124 (1.027)	-0.269 (-2.226)	-0.190 (-1.469)	-0.192 (-1.532)	-0.216 (-1.755)
	Perceived Conflict		-0.128 (-0.994)	-0.115 (-0.953)	-0.111 (-1.039)	-0.183 (-1.432)	-0.299 (-2.562)	-0.249 (-2.225)
	Perceived Difficulty		-0.156 (-1.178)	-0.204 (-1.695)	-0.057 (-0.438)	-0.058 (-0.437)	-0.109 (-0.864)	0.083 (0.706)
Consequences	Perceived Consensus		-0.059 (-0.489)	-0.257 (-2.153)	-0.296 (-2.523)	-0.209 (-1.739)	-0.178 (-1.437)	-0.037 (-0.327)
	Perceived		0.106 (0.847)	-0.092 (-0.741)	-0.072 (-0.574)	-0.014 (-0.119)	-0.151 (-1.209)	-0.234 (-1.857)

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 (Pollution) β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
	Social Desirability Bias	Perceived Choice	-0.060 (-0.431)	-0.054 (-0.392)	-0.146 (-1.246)	-0.029 (-0.226)	0.027 (0.199)	0.022 (0.165)
		Perceived Intensity	-0.061 (-0.442)	-0.022 (-0.174)	-0.118 (-0.879)	-0.052 (-0.375)	0.016 (0.124)	-0.190 (-1.442)
		Uncertainty	-0.024 (-0.178)	-0.173 (-1.372)	-0.079 (-0.621)	-0.263 (-1.940)	0.239 (1.825)	-0.051 (-0.397)
		Perceived Conflict	0.108 (0.803)	0.063 (0.503)	0.071 (0.634)	-0.061 (-0.458)	0.129 (1.057)	-0.163 (-1.394)
		Perceived Difficulty	-0.003 (-0.024)	0.170 (1.351)	0.163 (1.199)	0.126 (0.910)	0.221 (1.673)	0.253 (2.045)
		Perceived Consensus	-0.117 (-0.935)	0.206 (1.653)	-0.082 (-0.668)	0.082 (0.654)	0.098 (0.756)	0.145 (1.229)
	Consequences	Perceived	0.218 (1.666)	0.021 (0.160)	0.090 (0.686)	0.143 (1.127)	-0.160 (-1.227)	-0.108 (-0.823)
Step 2	External Locus of Control	Perceived Choice	-0.065 (-0.440)	0.085 (0.583)	0.056 (0.454)	0.014 (0.106)	-0.028 (-0.190)	0.100 (0.701)
		Perceived Intensity	0.044 (0.303)	0.166 (1.222)	-0.033 (-0.232)	-0.089 (-0.605)	-0.032 (-0.231)	-0.148 (-1.060)
		Uncertainty	0.038 (0.265)	-0.041 (-0.304)	0.029 (0.219)	0.088 (0.611)	-0.162 (-1.165)	0.050 (0.371)
		Perceived Conflict	-0.073 (-0.516)	0.078 (0.583)	-0.255 (-2.150)*	-0.029 (-0.202)	-0.018 (-0.138)	-0.188 (-1.517)
		Perceived Difficulty	-0.097 (-0.664)	-0.221 (-1.663)	0.061 (0.426)	-0.022 (-0.152)	-0.180 (-1.287)	0.025 (0.189)
		Perceived Consensus	0.006 (0.048)	-0.152 (-1.153)	-0.214 (-1.652)	-0.132 (-0.995)	-0.134 (-0.980)	-0.135 (-1.080)
	Consequences	Perceived	-0.081 (-0.585)	-0.154 (-1.124)	-0.225 (-1.612)	0.162 (1.206)	-0.020 (-0.142)	-0.180 (-1.290)

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Religiosity	Not Face Orientated	Perceived Choice	0.196 (1.364)	0.277 (1.938)	0.287 (2.362)	0.35 (2.652)	0.068 (0.471)	0.085 (0.607)
		Perceived Intensity	-0.018 (-0.125)	0.053 (0.395)	-0.086 (-0.622)	-0.160 (-1.105)	0.099 (0.725)	-0.049 (-0.357)
	Consequences	Uncertainty	0.011 (0.076)	-0.129 (-0.986)	0.195 (1.484)	-0.035 (-0.246)	0.197 (1.446)	0.107 (0.806)
		Perceived Conflict	0.032 (0.228)	0.135 (1.033)	0.187 (1.609)	0.011 (0.076)	0.204 (1.608)	0.058 (0.480)
		Perceived Difficulty	-0.171 (-1.191)	0.156 (1.197)	-0.025 (-0.179)	0.101 (0.703)	-0.116 (-0.846)	-0.018 (-0.144)
		Perceived Consensus	-0.011 (-0.085)	0.046 (0.354)	0.122 (0.956)	-0.032 (-0.249)	-0.161 (-1.202)	-0.245 (-1.005)
		Perceived	0.232 (1.703)	-0.009 (-0.068)	0.111 (0.814)	-0.009 (-0.067)	-0.119 (-0.877)	-0.204 (-1.491)
		Consequences						
	Consequences	Perceived Choice	0.051 (0.383)	-0.076 (-0.569)	0.047 (0.415)	-0.086 (-0.699)	-0.067 (-0.504)	0.025 (0.192)
		Perceived Intensity	0.214 (1.614)	0.146 (1.172)	0.139 (1.072)	-0.087 (-0.645)	0.160 (1.253)	0.043 (0.341)
Uncertainty		0.149 (1.145)	-0.032 (-0.262)	0.131 (1.065)	0.094 (0.717)	0.066 (0.518)	0.200 (1.605)	
Perceived Conflict		0.100 (0.770)	0.206 (1.693)	0.099 (0.910)	0.037 (0.283)	0.259 (2.191)*	0.247 (2.176)	
Perceived Difficulty		-0.013 (-0.100)	0.033 (-0.271)	0.076 (0.577)	-0.007 (-0.050)	-0.049 (-0.380)	0.181 (1.514)	
Perceived Consensus		0.050 (0.412)	-0.041 (-0.341)	-0.027 (-0.225)	-0.016 (-0.134)	0.216 (1.730)	0.126 (1.102)	
Perceived	0.236 (1.857)	0.028 (0.222)	0.184 (1.438)	0.158 (1.290)	0.339 (2.683)*	0.059 (0.465)		

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)		
Relationship Orientation	Perceived Choice	Perceived Choice	0.328 (2.000)	0.056 (0.345)	0.413 (2.984)	0.376 (2.502)	0.222 (1.363)	0.119 (0.748)		
		Perceived Intensity	0.016 (0.100)	0.122 (0.804)	0.197 (1.243)	0.162 (0.985)	-0.009 (-0.057)	0.075 (0.481)		
		Uncertainty	-0.090 (-0.565)	-0.157 (-1.054)	0.088 (0.590)	0.165 (1.034)	0.080 (0.518)	-0.141 (-0.932)		
		Perceived Conflict	-0.088 (-0.556)	0.041 (0.274)	0.047 (0.359)	0.081 (0.510)	-0.090 (-0.626)	-0.134 (-0.968)		
		Perceived Difficulty	-0.190 (-1.161)	-0.227 (-1.534)	-0.047 (-0.295)	0.001 (0.006)	0.012 (0.075)	-0.110 (-0.756)		
		Perceived Consensus	-0.331 (-2.234)	-0.276 (-1.897)	-0.051 (-0.352)	-0.295 (-1.995)	-0.313 (-2.053)	-0.483 (-0.472)		
		Perceived	0.146 (0.942)	-0.011 (-0.07)	0.045 (0.287)	0.118 (0.787)	-0.186 (-1.212)	-0.214 (-1.381)		
		Consequences								
		Money Orientation	Perceived Choice	Perceived Choice	-0.163 (-1.072)	-0.137 (-0.906)	-0.209 (-1.629)	-0.103 (-0.736)	0.068 (0.446)	-0.075 (-0.506)
				Perceived Intensity	0.230 (1.534)	0.053 (0.373)	0.038 (0.258)	0.015 (0.099)	-0.132 (-0.914)	-0.091 (-0.628)
Uncertainty	0.171 (1.159)			-0.214 (-1.545)	-0.230 (-1.659)	-0.135 (-0.908)	0.086 (0.5950)	-0.136 (-0.966)		
Perceived Conflict	0.009 (0.061)			-0.118 (-0.853)	0.104 (0.850)	0.106 (0.724)	0.088 (0.656)	-0.032 (-0.248)		
Perceived Difficulty	0.196 (1.290)			0.133 (0.964)	0.054 (0.364)	-0.208 (-1.372)	0.101 (0.699)	-0.275 (-2.026)		
Perceived Consensus	-0.037 (-0.268)			-0.168 (1.228)	0.069 (0.510)	0.098 (0.711)	0.256 (1.806)	0.012 (0.090)		
Perceived	-0.057 (-0.396)	0.189 (1.331)	0.130 (0.896)	-0.011 (-0.077)	-0.062 (-0.437)	0.125 (0.869)				
Consequences										

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7b: Results of the Hierarchical Regression Analysis: Malay managers (N = 75)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
	Obedience to Authority	Perceived Choice	-0.131 (0.855)	-0.221 (-1.455)	-0.405 (-3.140)	-0.233 (-1.659)	-0.145 (-0.954)	-0.270 (-1.826)
		Perceived Intensity	0.012 (0.078)	-0.293 (-2.070)*	-0.165 (-1.120)	-0.156 (-1.018)	0.196 (1.354)	-0.186 (-1.280)
		Uncertainty	-0.092 (-0.619)	-0.112 (-0.803)	-0.300 (-2.151)	-0.015 (-0.099)	-0.103 (-0.712)	-0.188 (-1.332)
		Perceived Conflict	-0.101 (-0.682)	-0.283 (-2.040)*	-0.469 (-3.798)	-0.206 (-1.401)	0.169 (1.257)	-0.102 (-0.791)
		Perceived Difficulty	0.150 (0.982)	-0.053 (-0.381)	-0.199 (-1.330)	-0.035 (-0.233)	0.181 (1.248)	0.181 (1.330)
		Perceived Consensus	0.000 (0.000)	-0.165 (-1.203)	-0.089 (-0.658)	-0.035 (-0.256)	0.286 (2.009)	0.024 (0.181)
		Perceived Consequences	-0.016 (-0.110)	-0.303 (-2.119)*	-0.078 (-0.535)	-0.186 (-1.337)	0.011 (0.076)	-0.030 (-0.207)

Notes

Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7c: Hierarchical Regression Results For Total Ethical Perception Score by Scenarios: Chinese Managers (N = 148)

Variables		β	T
Scenario 1			
(Gift-Giving)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.025	-0.299
	With Code of Ethics	0.040	0.482
	Gender	0.089	1.083
	Education	0.083	1.030
	Age	0.190	2.159
	Social Desirability Bias	-0.116	-1.351
Step 2	(Cultural Variables)		
	External Locus of Control	-0.233	-2.664*
	Not Face Orientated	0.000	-0.001
	Religiosity	-0.032	-0.388
	Relationship Orientation	-0.220	-2.150*
	Money Orientation	0.004	0.044
	Obedience to Authority	0.100	1.159
	ΔR^2	0.107	
	F Change	2.886*	
	Overall R ²	0.169	
	Adjusted R ²	0.096	
Scenario 2			
(Wealth Accumulation)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	0.110	1.320
	With Code of Ethics	-0.111	-1.309
	Gender	-0.042	-0.499
	Education	0.151	1.856
	Age	0.009	0.097
	Social Desirability Bias	-0.02	-0.230

Step 2	(Cultural Variables)		
	External Locus of Control	-0.128	-1.447
	Not Face Orientated	-0.072	-0.845
	Religiosity	0.247	3.000*
	Relationship Orientation	0.139	1.345
	Money Orientation	0.025	0.256
	Obedience to Authority	-0.040	-0.462
	ΔR^2	0.100	
	F Change	2.650*	
	Overall R ²	0.151	
	Adjusted R ²	0.076	
Scenario 3			
(Pollution)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.112	-1.346
	With Code of Ethics	-0.061	-0.720
	Gender	-0.119	-1.421
	Education	0.048	0.594
	Age	-0.007	-0.074
	Social Desirability Bias	-0.136	-1.568
Step 2	(Cultural Variables)		
	External Locus of Control	-0.063	-0.711
	Not Face Orientated	0.298	3.483*
	Religiosity	0.128	1.551
	Relationship Orientation	0.103	0.996
	Money Orientation	0.017	0.168
	Obedience to Authority	0.032	-0.363
	ΔR^2	0.126	
	F Change	3.331*	
	Overall R ²	0.148	
	Adjusted R ²	0.072	

Scenario 4		
(Defective Products)		
Step 1	(Control Variables)	
	Nationality of Parent Organisation	-0.048 -0.562
	With Code of Ethics	-0.038 -0.439
	Gender	-0.133 -1.540
	Education	0.083 0.983
	Age	0.018 0.197
	Social Desirability Bias	0.012 0.137
Step 2	(Cultural Variables)	
	External Locus of Control	-0.208 -2.276*
	Not Face Orientated	-0.084 -0.949
	Religiosity	0.089 1.051
	Relationship Orientation	0.089 0.835
	Money Orientation	-0.020 -0.191
	Obedience to Authority	-0.770 -0.775
	ΔR^2	0.069
	F Change	1.704
	Overall R ²	0.093
	Adjusted R ²	0.012
Scenario 5		
(Prayer Times)		
Step 1	(Control Variables)	
	Nationality of Parent Organisation	-0.014 -0.164
	With Code of Ethics	-0.018 -0.211
	Gender	-0.001 -0.013
	Education	0.019 0.238
	Age	-0.020 -0.223
	Social Desirability Bias	-0.07 -0.806
Step 2	(Cultural Variables)	
	External Locus of Control	-0.160 -1.798
	Not Face Orientated	-0.254 -2.954*
	Religiosity	0.033 0.395
	Relationship Orientation	0.260 2.500*

	Money Orientation	-0.078	-0.776
	Obedience to Authority	-0.118	-1.337
	ΔR^2	0.137	
	F Change	3.611*	
	Overall R ²	0.144	
	Adjusted R ²	0.067	
Scenario 6			
(Promotions)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	0.087	1.030
	With Code of Ethics	0.018	0.205
	Gender	0.047	0.556
	Education	0.056	0.680
	Age	-0.108	-1.193
	Social Desirability Bias	0.070	0.803
Step 2	(Cultural Variables)		
	External Locus of Control	-0.068	-0.633
	Not Face Orientated	-0.069	-0.797
	Religiosity	0.163	1.951*
	Relationship Orientation	-0.115	-1.094
	Money Orientation	0.071	0.704
	Obedience to Authority	0.162	1.824
	ΔR^2	0.092	
	F Change	2.373*	
	Overall R ²	0.134	
	Adjusted R ²	0.056	

Notes: * p < 0.05; ** p < 0.001; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (<i>T</i> value)	Scenario 2 (Wealth Accumulation) β (<i>T</i> value)	Scenario 3 Pollution β (<i>T</i> value)	Scenario 4 (Defective Products) β (<i>T</i> value)	Scenario 5 (Prayer Times) β (<i>T</i> value)	Scenario 6 (Promotions) β (<i>T</i> value)
Step 1								
Control Variables	Nationality of Parent Organisation	Perceived Choice Perceived Intensity Uncertainty Perceived Conflict Perceived Difficulty Perceived Consensus Perceived Consequences	0.013 (0.148) 0.059 (0.695) 0.019 (0.222) 0.103 (1.209) 0.023 (0.268) -0.142 (-1.703) -0.001 (-0.017)	-0.153 (-1.776) -0.028 (-0.332) -0.012 (-0.141) -0.023 (-0.273) -0.049 (-0.569) 0.134 (1.598) 0.112 (1.353)	-0.061 (-0.704) 0.082 (0.947) 0.161 (1.965) 0.057 (0.692) 0.194 (2.226) 0.048 (0.567) -0.074 (-0.896)	-0.003 (-0.042) 0.006 (0.072) -0.006 (-0.072) -0.019 (-0.232) 0.153 (1.820) 0.047 (0.549) -0.037 (-0.431)	-0.076 (-0.885) -0.006 (-0.067) -0.048 (-0.567) -0.037 (-0.426) 0.019 (0.221) -0.044 (-0.529) 0.053 (0.617)	-0.139 (-1.641) 0.076 (0.902) -0.132 (-1.706) -0.036 (-0.430) -0.209 (-2.568) 0.021 (0.240) 0.011 (0.126)

Notes: Parenthesis indicate *t*-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
With Code of Ethics	Perceived Choice	Perceived Choice	0.030 (0.343)	0.069 (0.785)	-0.047 (-0.540)	-0.206 (-2.508)	-0.042 (-0.477)	0.019 (0.219)
	Perceived Intensity	Perceived Intensity	-0.121 (-1.406)	-0.034 (-0.401)	0.011 (0.126)	0.034 (0.410)	0.066 (0.745)	-0.077 (-0.904)
	Uncertainty	Uncertainty	-0.176 (-2.043)	0.048 (0.551)	-0.032 (-0.385)	0.003 (0.038)	-0.064 (-0.757)	0.044 (0.561)
	Perceived Conflict	Perceived Conflict	0.035 (0.403)	-0.119 (-1.393)	-0.017 (-0.205)	0.063 (0.765)	0.018 (0.200)	0.105 (1.223)
	Perceived Difficulty	Perceived Difficulty	0.042 (0.473)	-0.085 (-0.977)	-0.029 (-0.325)	-0.059 (-0.688)	-0.022 (-0.253)	0.052 (0.633)
Perceived Consensus	Perceived Consensus	Perceived Consensus	-0.006 (-0.070)	-0.188 (-2.217)	-0.099 (-1.163)	-0.054 (-0.619)	-0.101 (-1.198)	-0.019 (-0.220)
	Perceived	Perceived	0.062 (0.728)	-0.009 (-0.107)	-0.013 (-0.160)	0.012 (0.134)	-0.007 (-0.081)	0.063 (0.726)
Gender	Consequences	Consequences						
	Perceived Choice	Perceived Choice	-0.034 (-0.387)	-0.120 (-1.385)	-0.040 (-0.464)	0.146 (1.795)	-0.045 (-0.520)	-0.046 (-0.544)
	Perceived Intensity	Perceived Intensity	0.021 (0.249)	-0.119 (-1.410)	-0.095 (-1.099)	-0.115 (-1.406)	-0.011 (-0.126)	-0.032 (-0.374)
	Uncertainty	Uncertainty	-0.117 (-1.376)	-0.122 (-1.406)	-0.099 (-1.208)	0.038 (0.448)	-0.147 (-1.748)	-0.109 (-1.401)
	Perceived Conflict	Perceived Conflict	0.057 (0.675)	-0.144 (-1.706)	-0.142 (-1.713)	-0.093 (-1.140)	-0.120 (-1.380)	-0.166 (-1.960)
	Perceived Difficulty	Perceived Difficulty	-0.098 (-1.126)	-0.084 (-0.978)	0.015 (0.170)	0.119 (1.408)	-0.108 (-1.234)	-0.173 (-2.129)
Perceived Consensus	Perceived Consensus	Perceived Consensus	0.015 (0.174)	0.005 (0.065)	0.072 (0.858)	0.008 (0.099)	-0.041 (-0.491)	0.112 (1.284)
	Perceived	Perceived	0.051 (0.604)	-0.045 (-0.542)	-0.254 (-3.079)	-0.147 (-1.721)	-0.009 (-0.109)	-0.052 (-0.610)

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Education	Perceived Choice		-0.044 (-0.515)	0.019 (0.230)	0.085 (1.006)	-0.045 (-0.564)	-0.020 (-0.243)	-0.001 (-0.017)
	Perceived Intensity		0.178 (2.141)	0.088 (1.077)	0.144 (1.707)	0.156 (1.952)	0.043 (0.502)	-0.008 (-0.092)
	Uncertainty		0.028 (0.339)	-0.081 (-0.956)	-0.003 (-0.036)	0.015 (0.176)	-0.053 (-0.648)	-0.117 (-1.552)
	Perceived Conflict		0.137 (1.654)	0.051 (0.626)	-0.052 (-0.641)	0.131 (1.644)	-0.066 (-0.779)	0.043 (0.520)
	Perceived Difficulty		-0.011 (-0.128)	-0.113 (-1.348)	-0.112 (-1.318)	-0.014 (-0.171)	0.039 (0.457)	-0.132 (-1.669)
	Perceived Consensus		0.021 (0.261)	0.130 (1.585)	-0.069 (-0.844)	0.067 (0.799)	-0.006 (-0.075)	0.055 (0.646)
	Perceived		0.019 (0.229)	-0.010 (-0.123)	-0.020 (-0.246)	-0.026 (-0.313)	0.062 (0.730)	-0.066 (-0.794)
	Consequences							
Age	Perceived Choice		0.177 (1.910)	0.014 (0.149)	0.100 (1.089)	0.246 (2.844)	0.037 (0.403)	0.036 (0.399)
	Perceived Intensity		-0.048 (-0.529)	-0.007 (-0.077)	0.046 (0.502)	-0.064 (-0.730)	-0.010 (-0.104)	-0.006 (-0.071)
	Uncertainty		-0.088 (-0.970)	-0.159 (-1.722)	-0.038 (-0.436)	0.017 (0.185)	-0.096 (-1.074)	0.073 (0.880)
	Perceived Conflict		-0.052 (-0.577)	-0.022 (-0.247)	0.005 (0.053)	-0.054 (-0.617)	-0.095 (-1.027)	-0.054 (-0.596)
	Perceived Difficulty		-0.258 (-2.792)	-0.110 (-1.201)	-0.046 (-0.497)	-0.078 (-0.865)	-0.009 (-0.097)	0.050 (0.576)
	Perceived Consensus		0.050 (0.561)	-0.098 (-1.099)	-0.188 (-2.094)	-0.191 (-2.083)	-0.192 (-2.166)	-0.101 (-1.087)
	Perceived		0.172 (1.900)	0.002 (0.027)	0.062 (0.705)	0.134 (1.475)	0.124 (1.339)	-0.023 (-0.254)
	Consequences							

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Step 2	Social Desirability	Perceived Choice	0.022 (0.247)	-0.067 (-0.751)	-0.053 (-0.588)	0.230 (2.732)	0.133 (1.487)	0.082 (0.935)
		Perceived Intensity	-0.050 (-0.567)	0.146 (1.677)	0.128 (1.432)	0.143 (1.685)	0.092 (1.017)	0.123 (1.403)
	Bias	Uncertainty	0.114 (1.297)	0.175 (1.949)	0.141 (1.661)	0.193 (2.173)	0.182 (2.089)	0.404 (5.032)
		Perceived Conflict	-0.034 (-0.381)	0.159 (1.818)	0.077 (0.896)	0.225 (2.663)	0.032 (0.360)	0.229 (2.604)
		Perceived Difficulty	0.028 (0.311)	-0.093 (-1.040)	0.012 (0.135)	0.085 (0.974)	0.133 (1.467)	0.104 (1.234)
	Consequences	Perceived Consensus	-0.070 (-0.803)	-0.051 (-0.585)	-0.027 (-0.304)	0.008 (0.086)	-0.050 (-0.583)	0.064 (0.713)
		Perceived	-0.094 (-1.069)	-0.043 (-0.498)	-0.212 (-2.480)	-0.102 (-1.152)	-0.063 (-0.704)	0.082 (0.925)
	External Locus of Control	Perceived Choice	0.010 (0.109)	-0.056 (-0.616)	-0.129 (-1.410)	0.017 (0.194)	-0.204 (-2.230)	-0.114 (-1.273)
		Perceived Intensity	0.022 (0.238)	0.128 (1.432)	0.018 (0.192)	-0.102 (-1.171)	-0.008 (-0.088)	-0.122 (-1.359)
		Uncertainty	0.103 (1.148)	-0.019 (-0.204)	-0.076 (-0.875)	-0.032 (-0.355)	-0.024 (-0.271)	-0.002 (-0.018)
Perceived Conflict		-0.111 (-1.235)	-0.046 (-0.510)	-0.061 (-0.690)	-0.197 (-2.280)*	-0.007 (-0.071)	-0.148 (-1.801)	
Perceived Difficulty		0.101 (1.099)	-0.140 (-1.536)	-0.001 (-0.009)	0.032 (0.357)	-0.047 (-0.508)	0.135 (1.574)	
Perceived Consensus		-0.126 (-1.430)	-0.109 (-1.227)	0.052 (0.580)	-0.053 (-0.578)	-0.139 (-1.588)	-0.088 (-0.953)	
Perceived Consequences		-0.289 (-3.218)*	-0.235 (-2.676)	-0.144 (-1.649)	-0.227 (-2.517)*	-0.150 (-1.635)	-0.141 (-1.557)	

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Not Face Orientated	Perceived Choice	0.026 (0.295)	-0.012 (-0.131)	-0.003 (-0.029)	-0.009 (-0.111)	-0.005 (-0.060)	-0.190 (-2.195)	
	Perceived Intensity	-0.004 (-0.046)	-0.116 (-1.341)	-0.142 (-1.608)	0.065 (0.780)	-0.011 (-0.122)	-0.077 (-0.889)	
Religiosity	Uncertainty	0.119 (1.361)	0.049 (0.554)	0.016 (0.186)	0.084 (0.956)	0.074 (0.863)	0.001 (0.007)	
	Perceived Conflict	-0.051 (-0.580)	0.031 (0.354)	0.229 (2.700)*	0.167 (1.999)	-0.044 (-0.495)	-0.026 (-0.295)	
	Perceived Difficulty	0.035 (0.389)	0.039 (0.443)	0.046 (0.517)	0.133 (1.537)	0.154 (1.721)	-0.186 (-2.240)	
	Perceived Consensus	0.121 (1.412)	-0.106 (-1.230)	-0.250 (-2.900)*	-0.168 (-1.902)	-0.284 (-3.342)*	-0.078 (-0.880)	
	Perceived Consequences	-0.016 (-0.189)	0.068 (0.799)	-0.099 (-1.164)	0.074 (0.847)	-0.125 (-1.406)	-0.016 (-0.189)	
	Consequences							
Religiosity	Perceived Choice	0.169 (1.965)	0.119 (1.394)	0.132 (1.547)	0.144 (1.793)	0.075 (0.875)	0.087 (1.036)	
	Perceived Intensity	0.045 (0.536)	-0.116 (-1.392)	-0.045 (-0.523)	0.079 (0.974)	-0.074 (-0.854)	0.113 (1.348)	
	Uncertainty	0.086 (1.021)	0.039 (0.459)	0.185 (2.285)	0.064 (0.757)	0.075 (0.903)	0.050 (0.655)	
	Perceived Conflict	-0.102 (-0.967)	0.161 (1.931)^{MS}	0.149 (1.828)	0.146 (1.820)	0.095 (1.117)	0.074 (0.890)	
	Perceived Difficulty	0.048 (0.564)	0.003 (0.037)	-0.048 (-0.560)	0.021 (0.254)	-0.032 (-0.374)	0.050 (0.620)	
	Perceived Consensus	-0.074 (-0.900)	-0.158 (-1.912)^{MS}	0.069 (0.834)	-0.003 (-0.030)	-0.022 (-0.269)	-0.086 (-1.007)	
Perceived Consequences	-0.108 (-1.293)	0.282 (3.442)*	0.150 (1.832)	0.056 (0.667)	0.068 (0.800)	0.264 (3.131)*		

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Relationship Orientation	Perceived Choice	Perceived Choice	-0.051 (-0.471)	-0.008 (-0.071)	-0.061 (-0.570)	0.080 (0.792)	0.167 (1.557)	0.042 (0.399)
	Perceived Intensity	Perceived Intensity	-0.269 (-2.543)*	0.113 (1.081)	0.132 (1.231)	0.062 (0.608)	0.199 (1.838)	-0.069 (-0.653)
	Uncertainty	Uncertainty	0.103 (0.976)	-0.086 (-0.802)	-0.106 (-1.039)	-0.143 (-1.342)	-0.002 (-0.017)	0.030 (0.316)
	Perceived Conflict	Perceived Conflict	-0.102 (-0.967)	0.226 (2.167)	0.172 (1.679)	-0.010 (-0.099)	0.158 (1.470)	-0.128 (-1.215)
	Perceived Difficulty	Perceived Difficulty	-0.044 (-0.412)	-0.141 (-1.319)	-0.150 (-1.394)	-0.240 (-2.298)	0.002 (0.022)	-0.039 (-0.388)
	Perceived Consensus	Perceived Consensus	0.260 (2.514)*	-0.046 (-0.442)	-0.173 (-1.653)	-0.122 (-1.146)	0.111 (1.079)	-0.131 (-1.218)
	Perceived Consequences	Perceived Consequences	0.042 (0.398)	0.097 (0.941)	0.151 (1.475)	-0.011 (-0.108)	0.206 (1.917)^{MS}	-0.009 (-0.086)
Money Orientation	Perceived Choice	Perceived Choice	0.121 (1.159)	0.025 (0.242)	-0.017 (-0.161)	-0.091 (-0.941)	-0.036 (-0.349)	-0.096 (-0.952)
	Perceived Intensity	Perceived Intensity	0.005 (0.045)	0.157 (1.560)	0.007 (0.068)	-0.040 (-0.409)	-0.037 (-0.352)	-0.023 (-0.227)
	Uncertainty	Uncertainty	-0.075 (-0.734)	0.029 (0.278)	0.106 (1.085)	0.081 (0.784)	0.098 (0.975)	-0.132 (-1.427)
	Perceived Conflict	Perceived Conflict	-0.175 (-1.720)	-0.170 (-1.685)	0.018 (0.181)	-0.061 (-0.627)	-0.003 (-0.028)	0.015 (0.150)
	Perceived Difficulty	Perceived Difficulty	0.133 (1.287)	0.018 (0.172)	0.091 (0.877)	0.057 (0.563)	0.112 (1.074)	-0.057 (-0.583)
	Perceived Consensus	Perceived Consensus	0.099 (0.994)	0.006 (0.058)	0.162 (1.609)	0.136 (1.316)	0.092 (0.927)	0.002 (0.021)
	Perceived Consequences	Perceived Consequences	-0.030 (-0.295)	0.035 (0.355)	-0.028 (-0.287)	-0.011 (-0.112)	-0.113 (-1.087)	0.067 (0.655)

Notes

Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7d: Results of the Hierarchical Regression Analysis: Chinese managers (N = 148)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Obedience to Authority	Perceived Choice	Perceived Choice	-0.033 (-0.357)	-0.183 (-2.022)	-0.089 (-0.985)	-0.118 (-1.387)	-0.039 (-0.425)	-0.051 (-0.577)
	Perceived Intensity	Perceived Intensity	0.053 (0.590)	0.040 (0.447)	-0.072 (-0.800)	-0.273 (-3.173)	-0.186 (-2.023)	-0.096 (-1.079)
	Uncertainty	Uncertainty	0.105 (1.171)	0.047 (0.516)	-0.177 (-2.049)	-0.107 (-1.190)	-0.197 (-2.241)	0.073 (0.891)
	Perceived Conflict	Perceived Conflict	0.103 (1.155)	-0.067 (-0.761)	-0.138 (-1.584)	-0.050 (-0.584)	-0.211 (-2.322)	0.067 (0.753)
	Perceived Difficulty	Perceived Difficulty	0.008 (0.085)	0.001 (0.010)	-0.075 (-0.821)	-0.101 (-1.139)	-0.023 (-0.253)	-0.160 (-1.872)
	Perceived Consensus	Perceived Consensus	0.092 (1.051)	0.032 (0.363)	0.000 (-0.001)	-0.074 (-0.818)	-0.109 (-1.248)	0.151 (1.651)
	Perceived Consequences	Perceived Consequences	0.151 (1.698)	-0.020 (-0.227)	-0.082 (-0.948)	0.038 (0.423)	-0.044 (-0.488)	0.102 (1.134)

Notes

Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7e: Hierarchical Regression Results For Total Ethical Perception Score by Scenarios: Indian Managers (N = 42)

Variables		β	T
Scenario 1			
(Gift-Giving)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.156	-0.961
	With Code of Ethics	-0.067	-0.450
	Gender	-0.018	-0.107
	Education	-0.115	-0.737
	Age	0.398	2.290
	Social Desirability Bias	-0.164	-0.859
Step 2	(Cultural Variables)		
	External Locus of Control	-0.109	-0.617
	Not Face Orientated	0.157	0.979
	Religiosity	0.148	0.992
	Relationship Orientation	-0.023	-0.122
	Money Orientation	0.101	0.538
	Obedience to Authority	-0.085	-0.505
	ΔR^2	0.065	
	F Change	0.587	
	Overall R^2	0.468	
	Adjusted R^2	0.248	
Scenario 2			
(Wealth Accumulation)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	0.157	0.852
	With Code of Ethics	-0.130	-0.764
	Gender	-0.129	-0.657
	Education	0.026	0.149
	Age	0.094	0.475
	Social Desirability Bias	-0.406	-1.869

	(Cultural Variables)		
Step 2	External Locus of Control	-0.196	-0.977
	Not Face Orientated	-0.078	-0.428
	Religiosity	0.050	0.293
	Relationship Orientation	-0.016	-0.074
	Money Orientation	0.464	2.169*
	Obedience to Authority	0.270	1.415
	ΔR^2	0.202	
	F Change	1.423	
	Overall R^2	0.313	
	Adjusted R^2	0.028	
Scenario 3			
(Pollution)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	0.013	0.086
	With Code of Ethics	0.000	0.002
	Gender	0.011	0.071
	Education	0.022	0.157
	Age	-0.007	-0.043
	Social Desirability Bias	-0.219	-1.268
Step 2	(Cultural Variables)		
	External Locus of Control	-0.253	-1.581
	Not Face Orientated	-0.105	-0.729
	Religiosity	0.513	3.811*
	Relationship Orientation	-0.194	-1.144
	Money Orientation	0.200	1.175
	Obedience to Authority	-0.165	-1.089
	ΔR^2	0.403	
	F Change	4.489*	
	Overall R^2	0.566	
	Adjusted R^2	0.387	

Scenario 4			
(Defective Products)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.246	-1.337
	With Code of Ethics	0.147	0.869
	Gender	-0.073	-0.373
	Education	-0.209	-1.182
	Age	0.066	0.334
	Social Desirability Bias	0.059	0.271
Step 2	(Cultural Variables)		
	External Locus of Control	-0.179	-0.893
	Not Face Orientated	-0.041	-0.228
	Religiosity	0.399	2.355*
	Relationship Orientation	0.337	1.584
	Money Orientation	-0.242	-1.131
	Obedience to Authority	0.065	0.342
	ΔR^2	0.227	
	F Change	1.604	
	Overall R ²	0.315	
	Adjusted R ²	0.031	
Scenario 5			
(Prayer Times)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.233	-1.187
	With Code of Ethics	-0.024	-0.134
	Gender	-0.107	-0.513
	Education	0.155	0.821
	Age	-0.179	-0.853
	Social Desirability Bias	-0.133	-0.575
Step 2	(Cultural Variables)		
	External Locus of Control	-0.078	-0.364
	Not Face Orientated	-0.185	-0.955
	Religiosity	0.180	0.997
	Relationship Orientation	-0.131	-0.576

	Money Orientation	0.270	1.183
	Obedience to Authority	-0.299	-1.473
	ΔR^2	0.176	
	F Change	1.091	
	Overall R ²	0.218	
	Adjusted R ²	0.105	
Scenario 6			
(Promotions)			
Step 1	(Control Variables)		
	Nationality of Parent Organisation	-0.096	-0.580
	With Code of Ethics	-0.594	-3.908
	Gender	-0.190	-1.086
	Education	-0.202	-1.275
	Age	-0.267	-1.512
	Social Desirability Bias	-0.158	-0.811
Step 2	(Cultural Variables)		
	External Locus of Control	-0.108	0.599
	Not Face Orientated	-0.007	-0.043
	Religiosity	0.298	1.962^{MS}
	Relationship Orientation	0.102	0.535
	Money Orientation	0.025	0.128
	Obedience to Authority	0.023	0.133
	ΔR^2	0.093	
	F Change	0.812	
	Overall R ²	0.449	
	Adjusted R ²	0.221	

Notes: * p < 0.05; ** p < 0.001; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Step 1								
Control Variables	Nationality of Parent	Perceived Choice	-0.072 (-0.450)	0.012 (0.061)	-0.202 (-1.019)	0.031 (0.196)	-0.063 (-0.331)	0.004 (0.018)
		Perceived Intensity	-0.092 (-0.480)	0.008 (0.045)	-0.019 (-0.133)	-0.215 (-1.193)	0.112 (0.637)	-0.168 (-0.918)
		Uncertainty	-0.110 (-0.628)	0.005 (0.030)	-0.056 (-0.285)	0.035 (0.193)	0.479 (2.909)	0.096 (0.511)
		Perceived Conflict	-0.306 (-1.831)	0.087 (0.500)	-0.023 (-0.133)	-0.258 (-1.426)	0.081 (0.450)	-0.287 (-1.604)
		Perceived Difficulty	0.037 (0.206)	-0.059 (-0.307)	-0.193 (-1.090)	-0.103 (-0.608)	0.317 (1.897)	-0.112 (-0.605)
		Perceived Consensus	-0.122 (-0.681)	0.165 (0.822)	-0.134 (-0.752)	-0.046 (-0.253)	0.098 (0.510)	-0.034 (-0.183)
	Consequences	-0.006 (-0.037)	0.059 (0.454)	0.141 (0.878)	-0.292 (-1.769)	-0.143 (-0.767)	0.046 (0.263)	

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 (Pollution) β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
With Code of Ethics	Perceived Choice	Perceived Choice	0.021 (0.139)	-0.051 (-0.271)	-0.116 (-0.634)	-0.230 (-1.573)	-0.104 (-0.589)	-0.182 (-0.987)
	Perceived Intensity	Perceived Intensity	0.117 (0.663)	0.107 (0.631)	0.059 (0.437)	0.180 (1.082)	0.087 (0.541)	-0.341 (-2.024)
	Uncertainty	Uncertainty	0.003 (0.019)	-0.309 (-1.932)	-0.237 (-1.318)	-0.487 (-2.905)	-0.060 (-0.392)	0.036 (0.209)
	Perceived Conflict	Perceived Conflict	0.110 (0.715)	-0.09 (-0.561)	-0.106 (-0.669)	-0.026 (-0.154)	0.049 (0.293)	-0.146 (-0.888)
	Perceived Difficulty	Perceived Difficulty	0.084 (0.501)	-0.064 (-0.357)	-0.220 (-1.349)	-0.138 (-0.881)	-0.295 (-1.915)	0.061 (0.356)
	Perceived Consensus	Perceived Consensus	-0.095 (-0.575)	-0.152 (-0.822)	-0.202 (-1.233)	-0.254 (-1.507)	-0.182 (-1.028)	-0.383 (-2.235)
Gender	Perceived	Perceived	-0.185 (-1.265)	-0.236 (-1.960)	-0.008 (-0.057)	0.246 (1.618)	-0.099 (-0.572)	-0.453 (-2.787)
	Consequences	Consequences						
	Perceived Choice	Perceived Choice	0.005 (0.031)	0.030 (0.140)	-0.110 (-0.520)	0.286 (1.694)	0.058 (0.287)	-0.095 (-0.445)
	Perceived Intensity	Perceived Intensity	-0.222 (-1.095)	0.174 (0.891)	0.257 (1.657)	-0.098 (-0.511)	-0.003 (-0.017)	-0.278 (-1.431)
	Uncertainty	Uncertainty	-0.216 (-1.155)	0.113 (0.611)	-0.113 (-0.543)	0.096 (0.497)	-0.155 (-0.886)	0.101 (0.501)
	Perceived Conflict	Perceived Conflict	-0.213 (-1.199)	-0.06 (-0.323)	0.198 (1.078)	-0.162 (-0.841)	0.109 (0.566)	-0.103 (-0.541)
Consequences	Perceived Difficulty	Perceived Difficulty	-0.094 (-0.490)	0.064 (0.311)	0.056 (0.296)	0.379 (2.100)	-0.210 (-1.180)	0.190 (0.963)
	Perceived Consensus	Perceived Consensus	-0.274 (-1.431)	-0.022 (-0.102)	-0.222 (-1.173)	0.227 (1.171)	-0.389 (-1.901)	-0.040 (-0.203)
	Perceived	Perceived	0.336 (1.997)	-0.177 (-1.274)	0.125 (0.731)	-0.155 (-0.883)	-0.133 (-0.671)	0.016 (0.086)
	Consequences	Consequences						

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Education	Perceived Choice Perceived Intensity Uncertainty Perceived Conflict Perceived Difficulty Perceived Consensus Perceived	Perceived Choice	0.115 (0.746)	-0.099 (-0.509)	0.050 (0.264)	-0.097 (-0.635)	-0.042 (-0.230)	0.049 (0.256)
		Perceived Intensity	0.060 (0.324)	0.073 (0.412)	0.280 (1.997)	0.235 (1.357)	0.124 (0.736)	-0.064 (-0.367)
		Uncertainty	-0.118 (-0.700)	-0.055 (-0.327)	-0.004 (-0.021)	0.180 (1.027)	0.068 (0.427)	0.183 (1.010)
		Perceived Conflict	-0.252 (-1.571)	-0.166 (-0.988)	0.195 (1.176)	-0.011 (-0.064)	0.192 (1.104)	-0.121 (-0.704)
		Perceived Difficulty	-0.078 (-0.448)	-0.132 (-0.713)	-0.186 (-1.097)	0.275 (1.688)	-0.068 (-0.425)	0.135 (0.756)
		Perceived Consensus	-0.365 (-2.114)	-0.105 (-0.543)	-0.302 (-1.769)	-0.143 (-0.815)	-0.135 (-0.732)	-0.085 (-0.477)
Age	Perceived Choice Perceived Intensity Uncertainty Perceived Conflict Perceived Difficulty Perceived Consensus Perceived Consequences	Perceived Choice	-0.149 (-0.862)	-0.221 (-1.016)	-0.187 (-0.878)	-0.097 (-0.572)	-0.355 (-1.731)	-0.040 (-0.188)
		Perceived Intensity	0.136 (0.664)	0.256 (1.299)	-0.024 (-0.152)	0.315 (1.629)	-0.045 (-0.239)	-0.008 (-0.041)
		Uncertainty	-0.414 (-2.197)	0.007 (0.039)	0.094 (0.450)	0.114 (0.586)	0.130 (0.735)	0.304 (1.504)
		Perceived Conflict	0.021 (0.119)	0.087 (0.464)	0.212 (1.149)	-0.121 (-0.622)	0.060 (0.308)	0.074 (0.384)
		Perceived Difficulty	-0.476 (-2.456)	0.001 (0.003)	0.034 (0.179)	-0.116 (-0.640)	0.170 (0.948)	0.335 (1.682)
		Perceived Consensus	0.280 (1.451)	0.010 (0.045)	-0.162 (-0.850)	-0.138 (-0.706)	0.241 (1.169)	-0.185 (-0.926)
	Perceived	0.214 (1.262)	0.176 (1.253)	0.306 (1.776)	0.250 (1.412)	-0.173 (-0.866)	-0.092 (-0.489)	

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Step 2	External Locus of Control	Perceived Choice	-0.121 (-0.637)	-0.151 (-0.630)	-0.132 (-0.564)	-0.031 (-0.167)	-0.286 (-1.268)	-0.059 (-0.250)
		Perceived Intensity	-0.164 (-0.729)	-0.012 (-0.055)	-0.242 (-1.407)	0.355 (1.666)	0.465 (2.252)	-0.145 (-0.675)
		Uncertainty	-0.155 (-0.747)	0.029 (0.140)	0.235 (1.020)	0.088 (0.410)	0.252 (1.301)	0.089 (0.402)
		Perceived Conflict	-0.543 (-2.757)	-0.438 (-2.130)	0.004 (0.018)	0.085 (0.398)	0.301 (1.413)	0.020 (0.093)
		Perceived Difficulty	0.070 (0.326)	0.290 (1.275)	0.183 (0.876)	0.170 (0.852)	0.283 (1.439)	0.337 (1.539)
		Perceived Consensus	0.185 (0.874)	-0.190 (-0.803)	0.227 (1.082)	0.225 (1.046)	-0.030 (-0.130)	-0.029 (-0.132)
		Perceived Consequences	-0.119 (-0.637)	-0.137 (-0.886)	-0.180 (-0.948)	-0.117 (-0.598)	-0.147 (-0.670)	0.003 (0.016)
		Perceived Choice	-0.394 (-2.237)	-0.142 (-0.641)	-0.198 (-0.912)	0.052 (0.298)	-0.328 (-1.569)	-0.076 (-0.349)
		Perceived Intensity	-0.093 (-0.447)	0.260 (1.293)	0.273 (1.711)	0.213 (1.080)	0.058 (0.304)	0.455 (2.277)
		Uncertainty	-0.247 (-1.284)	-0.243 (-1.278)	0.094 (0.441)	-0.055 (-0.277)	0.245 (1.363)	0.029 (0.141)
Perceived Conflict	0.048 (0.264)	-0.74 (-0.386)	0.214 (1.134)	0.080 (0.407)	0.432 (2.188)	0.054 (0.276)		
Perceived Difficulty	-0.163 (-0.826)	-0.345 (-1.636)	-0.084 (-0.433)	0.177 (0.956)	0.058 (0.318)	0.239 (1.180)		
Perceived Consensus	-0.019 (-0.097)	-0.360 (-1.643)	-0.368 (-1.895)	-0.308 (-1.546)	0.149 (0.709)	-0.401 (-1.973)		
Perceived Consequences	-0.226 (-1.303)	-0.318 (-2.223)	-0.131 (-0.745)	-0.091 (-0.505)	-0.194 (-0.952)	0.045 (0.233)		

Notes: Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
Religiosity	Not Face	Perceived Choice	0.237 (1.492)	0.118 (0.588)	0.155 (0.790)	0.229 (1.462)	0.105 (0.558)	0.102 (0.517)
		Perceived Intensity	0.172 (0.911)	-0.439 (-2.416)	-0.367 (-2.550)	0.036 (0.201)	-0.142 (-0.823)	-0.085 (-0.471)
	Orientated	Uncertainty	0.105 (0.607)	0.204 (1.190)	0.180 (0.931)	0.076 (0.421)	0.050 (0.310)	0.337 (1.808)
		Perceived Conflict	0.126 (0.766)	0.144 (0.834)	-0.039 (-0.229)	-0.043 (-0.243)	-0.218 (-1.223)	0.097 (0.550)
	Perceived Difficulty	Perceived Difficulty	0.026 (0.146)	0.192 (1.007)	0.226 (1.296)	0.040 (0.241)	0.322 (1.948)	0.215 (1.171)
		Perceived Consensus	0.233 (1.310)	0.101 (0.510)	0.189 (1.079)	0.090 (0.497)	-0.030 (-0.156)	-0.015 (-0.081)
	Perceived	Consequences	-0.109 (-0.698)	0.008 (0.062)	-0.063 (-0.397)	-0.249 (-1.523)	0.044 (0.240)	0.184 (1.056)
		Perceived Choice	0.344 (2.319)	0.214 (1.142)	0.043 (0.236)	0.579 (3.956)**	0.221 (1.254)	0.279 (1.517)
	Perceived Intensity	Perceived Intensity	0.133 (0.755)	0.198 (1.166)	0.631 (4.699)**	0.083 (0.497)	-0.078 (-0.481)	0.153 (0.911)
		Uncertainty	-0.118 (-0.732)	0.341 (2.134)	0.048 (0.266)	-0.020 (-0.120)	0.116 (0.765)	0.088 (0.504)
Perceived Conflict	Perceived Conflict	0.222 (1.445)	0.222 (1.380)	0.458 (2.883)*	0.318 (1.908)	-0.080 (-0.479)	0.265 (1.609)	
	Perceived Difficulty	-0.012 (-0.071)	0.031 (0.172)	0.356 (2.188)*	-0.279 (-1.785)	-0.113 (-0.773)	-0.055 (-0.322)	
Perceived Consensus	Perceived Consensus	-0.187 (-1.131)	-0.120 (-0.652)	-0.034 (-0.207)	-0.210 (-1.247)	-0.074 (-0.415)	-0.003 (-0.019)	
	Perceived	0.043 (0.295)	0.102 (0.848)	0.363 (2.455)*	0.236 (1.552)	0.315 (1.832)	0.277 (1.705)	
	Consequences							

Notes: Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)	
	Relationship	Perceived Choice	0.053 (0.282)	-0.135 (-0.575)	-0.197 (-0.857)	0.025 (0.136)	0.021 (0.093)	0.066 (0.284)	
		Perceived Intensity	0.085 (0.383)	-0.039 (-0.183)	-0.099 (-0.586)	0.176 (0.843)	-0.004 (-0.018)	-0.026 (-0.122)	
	Orientation	Uncertainty	0.465 (2.284)	0.034 (0.167)	0.105 (0.464)	0.067 (0.319)	0.129 (0.675)	0.056 (0.258)	
		Perceived Conflict	0.269 (1.391)	0.039 (0.195)	-0.086 (-0.430)	0.268 (1.279)	-0.375 (-1.791)	-0.134 (-0.646)	
		Perceived Difficulty	0.146 (0.698)	0.094 (0.418)	0.123 (0.599)	-0.313 (-1.593)	0.378 (1.954)	-0.303 (-1.409)	
		Perceived Consensus	0.089 (0.425)	-0.027 (-0.117)	-0.017 (-0.081)	-0.017 (-0.081)	0.390 (1.748)	0.095 (0.439)	
		Consequences	Perceived	-0.062 (-0.337)	0.145 (0.957)	-0.003 (-0.014)	0.300 (1.565)	-0.086 (-0.397)	0.039 (0.193)
			Money	Perceived Choice	0.285 (1.522)	-0.094 (-0.398)	0.262 (1.135)	-0.350 (-1.896)	0.025 (0.114)
		Orientation	Perceived Intensity	0.185 (0.833)	0.090 (0.419)	0.129 (0.760)	-0.141 (-0.673)	0.012 (0.058)	0.096 (0.451)
			Uncertainty	0.221 (1.082)	-0.054 (-0.268)	-0.029 (-0.128)	-0.064 (-0.301)	0.017 (0.091)	0.033 (0.152)
Perceived Conflict			0.198 (1.023)	0.367 (1.812)	0.088 (0.440)	0.136 (0.649)	0.076 (0.364)	0.147 (0.708)	
Perceived Difficulty			0.082 (0.389)	-0.119 (-0.529)	0.065 (0.316)	-0.027 (-0.137)	-0.459 (-2.363)	0.039 (0.182)	
Perceived Consensus			-0.225 (-1.077)	0.023 (0.100)	0.072 (0.346)	-0.304 (-1.434)	-0.205 (-0.915)	-0.207 (-0.958)	
Perceived			0.244 (1.326)	0.615 (4.046)**	0.074 (0.396)	0.035 (0.185)	0.313 (1.441)	0.076 (0.373)	
Consequences									

Notes
Parenthesis indicate t-values

*p<0.05; **p<0.001; MS-marginally significant

Appendix 7f: Results of the Hierarchical Regression Analysis: Indian managers (N = 42)

Hierarchical Regression	Variables	Ethical Dimensions	Scenario 1 (Gift-Giving) β (T value)	Scenario 2 (Wealth Accumulation) β (T value)	Scenario 3 Pollution β (T value)	Scenario 4 (Defective Products) β (T value)	Scenario 5 (Prayer Times) β (T value)	Scenario 6 (Promotions) β (T value)
	Obedience to	Perceived Choice	0.436 (2.614)	-0.127 (-0.602)	-0.232 (-1.128)	0.061 (0.372)	-0.241 (-1.220)	0.031 (0.150)
	Authority	Perceived Intensity	-0.227 (-1.146)	0.199 (1.042)	-0.112 (-0.742)	-0.144 (-0.772)	-0.172 (-0.947)	-0.293 (-1.547)
		Uncertainty	0.122 (0.668)	-0.189 (-1.051)	-0.357 (-1.764)	-0.186 (-0.984)	0.040 (0.237)	-0.166 (-0.850)
		Perceived Conflict	-0.116 (-0.668)	-0.104 (-0.576)	-0.258 (-1.447)	-0.306 (-1.637)	-0.514 (-2.749)	-0.377 (-2.037)
		Perceived Difficulty	0.129 (0.686)	-0.090 (-0.451)	-0.056 (-0.305)	-0.553 (-3.146)	-0.219 (-1.264)	-0.213 (-1.111)
		Perceived Consensus	0.024 (0.132)	0.214 (1.031)	-0.194 (-1.052)	-0.006 (-0.034)	0.029 (0.144)	0.190 (0.989)
		Perceived Consequences	-0.174 (-1.064)	0.189 (1.393)	-0.100 (-0.599)	-0.199 (-1.163)	-0.167 (-0.865)	0.032 (0.176)

Notes

Parenthesis indicate t-values

* $p < 0.05$; ** $p < 0.001$; MS-marginally significant

