Cultural values and management ethics: A 10-nation study

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ABSTRACT   There is currently a lack of empirical work on cross-cultural differ-
ences in ethical attitudes towards day-to-day management decision-
making in organizations. Work that currently exists in the area of
management ethics also lacks cultural explanations of differences. The
present study tries to overcome these deficiencies by providing a
model of ethical decision-making that is based on cultural
antecedents, which may explain differences in judgements of ethical-
ity, and consequential ethical attitudes or professed behaviour. This
article reports a 10-nation empirical study that focuses on ethical
'grey areas' that form part of the day-to-day decision-making in
organizations across the globe. Countries were selected to represent
variation along two cultural dimensions of 'collectivism–individualism',
and 'uncertainty avoidance'. These dimensions were then used to
explain national cultural differences in judgements of ethicality of
decision items concerned with relations with external stakeholders,
with the corporation and with the group. Results generally confirm
that these dimensions, once elaborated to consider more recent
detailed research, provide explanations for differences in ethical atti-
tudes among national groups. This study points the way to further
investigations based on cultural explanations of differences in man-
agers' ethical attitudes and behaviour.

KEYWORDS   cross-cultural ▪ ethics ▪ international ▪ management ▪ values

Introduction

Despite growing interest in the field of cross-cultural differences in management ethics, there is still a lack of empirical work in this area (Ford & Richardson, 1994; Schlegelmilch & Robertson, 1995). Where such work exists (e.g. Alderson & Kakabadse, 1994; Becker & Fritzsche, 1987a, 1987b; Izraeli, 1988; Lysonski & Gaidis, 1991), there is a lack of cultural explanation of national differences. Although the growing literature on national cultural values (e.g. Hofstede, 1980, 1991; Schwartz, 1994; Smith et al., 1996) relates directly to management and work values, there is a lack of connection in the literature between such values and management ethics.

There is another gap in the literature: studies of management decision-making in 'grey areas' that are not universally condemned as 'unethical', and which may have relatively minor or indirect implications for organizational stakeholders (exceptions include studies by Izraeli, 1988, and Jackson & Calafell Artola, 1997). These form part of the day-to-day decision-making of managers across the globe. Existing literature largely concerns ethical decisions that affect outside stakeholders, and involve decisions which have potentially major and direct implications. These include such issues as bribery (e.g. Lane & Simpson, 1984), insider dealing and pollution (e.g. Donaldson, 1989). Relatively minor decisions that do not have direct and major implications for the running of the business, such as 'Should I call in sick to take a day off?', 'Should I claim credit for this work even though it is not mine?' are areas to which managers may attach differing levels of perceived ethicality. Often they have not the same involvement with external stakeholders.

Often these issues reflect wider aspects of corporate and group loyalty. They reflect the conflicts that potentially might arise between the individual, and the group and organization (Jackson & Calafell Artola, 1997). Such relationships are addressed in different societies in different ways, as cultural values influence the nature of relationships within organizations. Differences could therefore be expected to exist among national cultures.

This article presents the results of an empirical study that looks explicitly at the relationship aspect of ethical attitudes. It is proposed that national differences may be attributed to differences in underlying cultural values. The findings of this study involve some 425 managers across 10 nations and four continents. The countries were selected because they provide comparisons along two broad cultural value dimensions that are deemed important to the main arguments of the current study: 'individualism–collectivism' and 'uncertainty avoidance' (Hofstede, 1980, 1991). The countries studied are the USA, Australia, Britain (high individualism, low uncertainty avoidance); France, Germany, Switzerland (moderate individualism and high uncertainty avoidance); Spain, the People's Republic of China (moderate to high

collectivism, high uncertainty avoidance); India and Hong Kong (moderate to high collectivism, low uncertainty avoidance). The countries are positioned along these two dimensions according to Hofstede's (1980) findings with the exception of China. China's position is based on estimates derived from other work discussed below (see Figure 1).

Developing a cross-cultural model

A conceptual framework is elaborated to understand the management of ethical 'grey areas' in terms of both cultural antecedents that may explain differences in judgement of ethicality, and consequential ethical attitudes (Figure 2; cf. Hosmer, 1987). This is based on a postulation that national differences in ethical attitudes may be attributed to differences in cultural values that vary from one nation to the next. Predominantly, literature in this area compares American managers (and often business students) with other
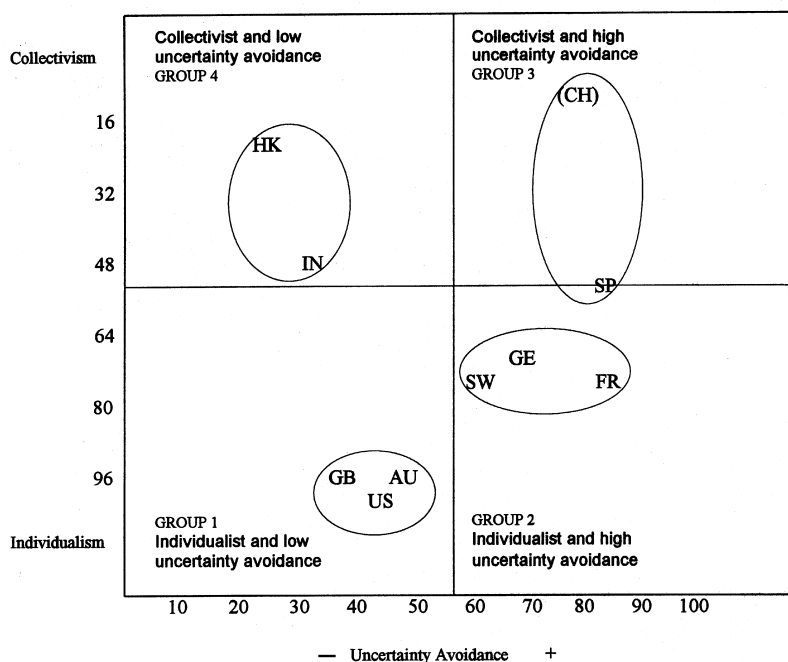
Figure 1 Country positions on Hofstede's value dimensions of uncertainty avoidance and individualism–collectivism
Note: GB (British), US (American), AU (Australian), SW (Swiss), GE (German), FR (French), HK (Hong Kong Chinese), IN (Indian), CH (P.R. Chinese), SP (Spanish). Scales approximate to Hofstede's (1980) indices. The position of P.R. Chinese is an estimate as no data from Hofstede (1980) exists.

nationalities and involves comparison with relatively few countries (see Ford & Richardson, 1994). Conclusions drawn from this literature about the direction of variation among national groups are therefore tentative. The conceptual framework (Figure 2) depicts the relationships between cultural antecedents described by sociocultural value dimensions, and consequential ethical attitudes discerned by the judgements managers make about actions pertaining to relations with external and internal stakeholders. These have not been fully investigated in the existing literature.
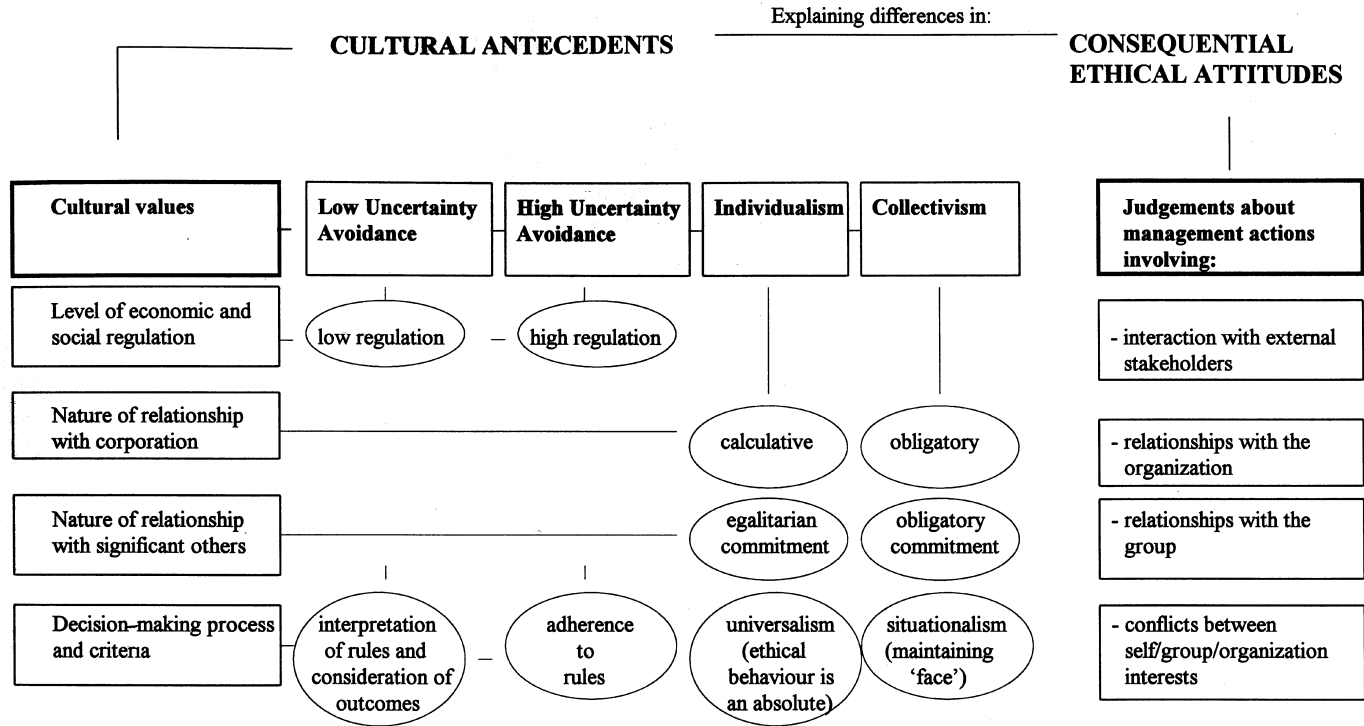
Cultural antecedents

Two cultural dimensions (Table 2) are of particular interest here for their explanatory value: uncertainty avoidance in the areas of economic and social regulation, and individualism–collectivism in the area of relations with the corporation and relations with significant others in one's social or work group (Hofstede, 1980, 1991). Cultural variations in these areas are important in explaining the perceived ethicality of management actions within organizations. However, these two dimensions do not exhaust the number of possible explanatory inputs into such a model. Individualism–collectivism in particular comprises a number of complex factors. This construct may represent an oversimplification through which it may be difficult to interpret differences in ethical importance attributed to issues concerning group and organizational loyalty. Other cultural studies (Schwartz, 1994; Smith et al., 1996) have been referred to which may clarify some of the oversimplifications inherent in Hofstede's (1980, 1991) treatment of individualism–collectivism.

Individualism–collectivism

This dimension is well substantiated in the literature (from Tönnies', 1887/1963, *gesellschaft* and *gemeinschaft* to Hofstede, 1980, and Triandis, 1995). Hofstede (1980) defines individualism as 'pertaining to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his immediate family', and collectivism as 'pertaining to societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty' (Hofstede, 1991: 51). This may well have implications for ethical issues concerned with company loyalty. For example, it has been argued that collectivism engenders organizational commitment (Boyacigiller & Adler, 1991).

Figure 2 depicts individualism as engendering a calculative relationship

Explaining differences in:

CULTURAL ANTECEDENTS

**CONSEQUENTIAL
ETHICAL ATTITUDES**

Cultural values	Low Uncertainty Avoidance	High Uncertainty Avoidance	Individualism	Collectivism		Judgements about management actions involving:

| Level of economic and social regulation | low regulation — high regulation | | | | | - interaction with external stakeholders |

| Nature of relationship with corporation | | | calculative | obligatory | | - relationships with the organization |

| Nature of relationship with significant others | | | egalitarian commitment | obligatory commitment | | - relationships with the group |

| Decision–making process and criteria | interpretation of rules and consideration of outcomes — adherence to rules | | universalism (ethical behaviour is an absolute) | situationalism (maintaining 'face') | | - conflicts between self/group/organization interests |

Figure 2 Ethical inputs and ethical outputs

with one's organization and colleagues based upon a concern for individual achievement within an individualist culture. Collectivist societies engender an obligation-oriented concern or moral involvement through patterns of duty towards one's organization (Hofstede, 1991). Schwartz (1994) explores this aspect further in his value dimension of 'conservatism' (which is negatively correlated with Hofstede's individualism). He opposes this to 'intellectual autonomy' (which is positively correlated with Hofstede's individualism). Conservatism represents values that support the status quo and is associated with societies based on close-knit harmonious relations. Interests of the person are the same as the group. Values stress security, conformity, tradition and relations of obligations. In contrast, intellectual autonomy stresses values that favour the individual's pursuit of own interests and desires.

In a collectivist culture, therefore, the nature of the relationship of individuals to organizations is likely to be based on obligation and moral duty. In an individualist culture, it is likely to be calculative, and based contractually on self-interest (Figure 2). This is supported in the cross-cultural ethics literature, which suggests that American managers, comparatively, do not attribute a high ethical importance to issues relating to corporate loyalty (Alderson & Kakabadse, 1994; Izraeli, 1988).

In addition, Hui (1990) argues that Hofstede's view is oversimplistic because collectivism is target specific: individuals feel solidarity with some people (in-group) but not others (out-group). Also, different collectivist cultures differ in their locus of concern. Hence, Japanese men may be more psychologically involved with their organizations and workplace, and Chinese men more psychologically involved with their families, but at the expense of those outside the collective. In Hong Kong there is some evidence that relationships based traditionally on kinship ties are waning, and voluntary and instrumental relationships are gaining ascendancy (Ho & Chiu, 1994). In the People's Republic of China there is evidence that there are high levels of obligatory commitment to one's work organization and group. Over the last 50 years, these units have taken care of their people's welfare and even marriages. Through such state influence as emulation campaigns, they have instilled loyalty into workers of state-owned enterprises (Jackson & Bak, 1998). This may also change with current and projected large-scale layoffs from state-owned enterprises.

Schwartz (1994) is also concerned with the oversimplification of the collectivism–individualism concept. Results from his extensive empirical study contrast 'conservatism' with 'egalitarian commitment'. In the latter, selfish interests are transcended and there is a voluntary commitment to promoting the welfare of other people. This contrasts with obligation and kinship ties that would be found in a society representing 'conservative'

values. Contained within the egalitarian commitment dimension are individual values such as loyalty, social justice, responsibility and equality. Egalitarian commitment is also contrasted with Schwartz's (1994) dimension of 'hierarchy', which correlates negatively with Hofstede's individualism. Egalitarian commitment correlates positively with Hofstede's individualism, and somewhat confounds a simplistic view of individualism–collectivism. Of the countries represented in the current study (see Figure 1), Hong Kong and the People's Republic of China are relatively low on egalitarian commitment, and Spain, France, Germany, Switzerland and the USA are relatively high on egalitarian commitment. Australia is in the middle of this dimension. India and Britain are not represented in Schwartz's study, but on Smith et al.'s (1996) associated dimension of conservatism–egalitarian commitment, India is in the middle of the dimension, with Britain relatively high on egalitarian commitment, grouped together with the USA and Australia.

In collectivist cultures, therefore, the relationship that the individual has with the peer group or work team is likely to be based on an obligatory commitment to promote the interests of the group as a collective entity: possibly at the expense of out-group individuals. In an individualist culture, this relationship is based on an egalitarian commitment to voluntarily promote the welfare of others (Figure 2). This assumption has some support in the cross-cultural ethics literature. American managers in one study (Izraeli, 1988) attribute a high ethical importance to issues of 'collegiality'.

Smith et al.'s (1996) re-analysis of Trompenaars' (1993) extensive database on cultural values provides a first factor 'conservatism–egalitarian commitment'. This is associated with collectivism–individualism as noted above. Items from Trompenaars's (1993) questionnaire relating to a concept of 'universalism–particularism' load highly on this factor. This cultural dimension, which has antecedents in the literature (see Smith et al., 1996; Trompenaars, 1993), concerns the extent to which rules and principles are seen as applying universally to everyone in a society (universalism); or, being seen as applying differently to different significant others and circumstances (particularism). This cross-cultural concept relates to the situationalism discussed in the work of Dolecheck and Dolecheck (1987), Ralston et al. (1994) and Singhapakdi et al. (1994). They propose that the Western view of ethical behaviour is as an absolute which applies universally (universalism). The Eastern view is that ethical behaviour depends on the situation and is not concerned with absolute truths or principles (particularism).

In collectivist cultures, therefore, it is likely that ethical decision-making will be based on the contingencies of the situation and of maintaining 'face'. In individualist cultures, it will be based on concepts of universal principles of what is right and wrong (Figure 2). The illicit pursuit

of self-interest in collectivist societies is well documented in the cross-cultural ethics literature, as is the lack of reference to universal principles of morality (Ralston et al., 1994; Singhapakdi et al., 1994).

Uncertainty avoidance

Hofstede's (1980) value dimension of uncertainty avoidance has conceptual roots in such work as Peltro's (1968) dimension of tight–loose cultures. Triandis (1990) also uses a general construct to describe differences between cultures that adhere to rules and those that 'play it by ear'. This is essentially a measure of the tolerance of ambiguity in a society. In Hofstede's dimension, this combines questionnaire items on the desirability of breaking company rules, the intention of staying with one's company, and the degree to which managers feel nervous or tense at work. It is therefore concerned with the level of regulation that is deemed comfortable in order to manage the potential ambiguity in a situation. Generally, the higher the degree of uncertainty avoidance in a society the higher the level of regulation in such areas as the economy or business life.

In high uncertainty avoidance cultures, therefore, the level of economic and social regulation is likely to be high and internalized within the community. In low uncertainty avoidance cultures, this acceptance of regulation is likely to be low. However, there may be legislation that attempts to regulate the excesses of a free market economy such as in the USA, as well as responding to public indignation against such excesses. There is strong evidence from the cross-cultural ethics literature that managers from 'Anglo-Saxon' countries (which are low in uncertainty avoidance) attribute more ethical importance to issues involving business dealings with external stakeholders. This is in contrast to managers from higher uncertainty avoidance countries, such as Germany and France, which have a higher social and economic regulation (Becker & Fritzsche, 1987a, 1987b; Hegarty & Sims, 1978, 1979; Lyonski & Gaidis, 1991; McDonald & Pak, 1997; Okleshen & Hoyt, 1996; White & Rhodeback, 1992).

Hofstede (1991: 113) defines uncertainty avoidance as 'the extent to which the members of a culture feel threatened by uncertainty or unknown situations'. There is therefore a tendency to shun ambiguous situations. People look for rules and regulations in a situation in order to avoid ambiguity. So, along with the internalization of and adherence to social and economic regulation within a community, the bases of decision-making may be different from high to low uncertainty avoidance cultures. In high uncertainty avoidance cultures, the ethical decision-making process and criteria are likely to be based on the implicit adherence to rules. In low uncertainty avoidance

cultures, they are likely to be based on the interpretation of rules and a consideration of possible outcomes (Figure 2). Apart from individualism, low uncertainty avoidance may provide some explanation for Alderson and Kakabadse's (1994) and Izraeli's (1988) findings that American managers have a more pragmatic attitude towards conflicts of self and organizational interests.

Consequential ethical judgements

The main research assumption, therefore, is that there will be significant national variation in the attribution of ethical importance to particular types of relations: interaction with external stakeholders, loyalty to one's organization, and loyalty to one's group. Individualism–collectivism and uncertainty avoidance together may provide adequate explanations of why differences exist (Figure 2). Other explanations such as religiosity and level of economic development seem less convincing when applied to present-day societies (Hofstede, 1991; Schwartz, 1994). The 'cultural quadrants' shown in Figure 1 provide a basis for considering these two dimensions in interaction (e.g. individualism with low uncertainty avoidance, collectivism with high uncertainty avoidance). The four quadrants of Figure 1 provide the frame for next reviewing the extent to which the cross-cultural management ethics literature supports the research assumptions in Figure 2, and as the basis for hypothesis formulation.

Individualism and low uncertainty avoidance (Group 1: Britain, USA and Australia)

The review of the literature suggests that there is low implicit control of economic relations within low uncertainty avoidance countries (typically Anglo-Saxon countries). There is therefore a need for explicit legislation to control excesses. This may sensitize managers to the ethical importance of issues concerning relations with external stakeholders. Becker and Fritzsche's (1987a, 1987b) study of American, French and German managers indicated that Americans were less pragmatic towards ethical decision-making than their French and German counterparts. Lyonski and Gaidis (1991) undertook a replication of this study with American, New Zealand and Danish business students. They concluded that respondents from the two Anglo-Saxon countries judged more unethical the paying of bribes, divulging propriety information about their previous employer and releasing pollution, compared with their Danish counterparts. Hegarty and Sims (1978, 1979) found that American graduate business students judged

similar actions concerning external stakeholders to be more unethical than their non-American colleagues. White and Rhodeback (1992) also found that American managers were more likely to judge such actions as unethical compared with Taiwanese managers. Okleshen and Hoyt (1996) found differences between two Anglo-Saxon groups in a study of American and New Zealand business students. This indicated that American respondents judged actions involving fraud, coercion and self-interest more unethical than their New Zealand counterparts. Yet Whipple and Swords (1992) found no significant differences between American and British business students, and Abratt et al. (1992) found no differences in the responses between Australian and South African (presumably white) managers in judgements of ethicality.

Findings from a study by McDonald and Pak's (1997) also indicated that American and British managers judge issues concerning external stakeholders as having a higher ethical importance than Hong Kong managers. Their finding also indicated that Anglo-Saxon expatriates living in Hong Kong judge such issues as having more ethical importance than ethnic Chinese managers. Yet, they found no significant differences between Hong Kong managers and those from People's Republic of China and Macau.

There is therefore extensive support in the literature that managers from the Anglo-Saxon countries attribute a higher ethical importance to relations with external stakeholders concerning issues such as gift giving and receiving. They are more likely to rate actions such as paying or accepting bribes as more unethical than their counterparts from the other countries discussed above. As noted, from the literature on cultural value dimensions, this may be because of the low implicit control of economic relations and the need for explicit legislation to control excesses in a low uncertainty avoidance culture. Hence, in comparison with other cultural groups:

> *Hypothesis 1a: Managers from individualistic and low uncertainty avoidance cultures will place a higher ethical importance on issues involving relations with external stakeholders.*

The literature reviewed above on cultural values suggests that a high calculative relationship with the organization in an individualistic culture may diminish the ethical importance placed on loyalty relations with one's organization. Alderson and Kakabadse (1994) in a study of American, Irish and British managers found that the Americans attached less ethical importance to decisions concerning such relations with the organization (judging as more ethically acceptable than their counterparts in the other two countries, kickbacks and expense account fraud). Similarly, a study by Izraeli (1988)

indicated that American managers place less ethical importance than Israelis on issues concerning loyalty to the organization (rating significantly more ethical 'taking extra personal time such as breaks' and 'doing personal business on the organization's time'). Israel would appear in quadrant 2 of Figure 1 (Hofstede, 1991). Hence, in comparison with other cultural groups:

> *Hypothesis 1b: Managers from individualistic and low uncertainty avoidance cultures will place a lower ethical importance on issues involving loyalty relations with the organization.*

The literature on collectivism–individualism discussed above also suggests that a higher level of 'egalitarian commitment' in individualistic cultures may lead to a higher level of collegiality and concern for one's immediate colleagues. There is only some support for this in the cross-cultural ethics literature. In the study by Izraeli (1988), American managers indicated a higher level of collegiality, rating as more unethical than their Israeli counterparts actions involving 'passing blame for errors to innocent co-workers'; and 'claiming credit for someone else's work'. As mentioned above, Israel appears higher in uncertainty avoidance, and lower in individualism than the Anglo-Saxon group in quadrant 1 (Figure 1; Hofstede, 1991). Hence, in comparison with other cultural groups identified in Figure 1:

> *Hypothesis 1c: Managers from individualistic and low uncertainty avoidance cultures will place a higher ethical importance on issues involving loyalty relations with their group.*

Individualism and high uncertainty avoidance (Group 2: Germany, Switzerland and France)

The literature on cultural values reviewed above suggests that in countries with higher uncertainty avoidance cultures, the higher levels of shared regulative norms in business practices and higher levels of social and economic regulation may lead managers to place a lower ethical importance on issues involving external stakeholders (such as customers or suppliers). Such behaviour as gift accepting and giving in exchange for favours may therefore be rated as more ethically acceptable. This may be because internalized norms make this less of an ethical issue than for managers in the Anglo-Saxon group. This has some support in the cross-cultural ethics literature. Hence Becker and Fritzsche's (1987a, 1987b) study indicated that French and German managers have a more pragmatic attitude to such issues than Americans. Some support is also found in a study by Schlegelmilch and Robertson

(1995) which indicated that European managers (German and Austrian, but also including British) are likely to place a lower ethical importance on issues associated with controlling employees' use of corporate information in respect of external stakeholders. Hence, in comparison with managers from the other cultural groups:

> Hypothesis 2a: Managers from individualistic and high uncertainty avoidance cultures will place a lower ethical importance on issues involving relations with external stakeholders.

Higher uncertainty avoidance may be associated with a higher commitment to one's organization. However, the calculative nature of the relationship with organizations, which may be associated with individualistic cultures, may moderate this. This may indicate that managers will judge issues relating to loyalty to the organization as having a moderate ethical importance. The literature on cross-cultural management ethics only tentatively supports this. The findings of Izraeli (1988) suggest that Israeli managers (who would appear in quadrant 2 in Figure 1) judge issues concerning loyalty to the corporation as having a lower ethical importance compared with their American counterparts. There are, however, also differences between German and French managers in the study by Jackson and Calafell Artola (1997) in this area. Schlegelmilch and Robertson's (1995) findings indicate that German and Austrian managers judge issues involving loyalty to the corporation (use of corporate information) as having a lower ethical importance than American managers, but the same importance as British managers (in quadrant 1 in Figure 1). Hence, with these somewhat mixed results in the literature, in comparison with managers from the other cultural groups:

> Hypothesis 2b: Managers from individualistic and high uncertainty avoidance cultures will place a moderate ethical importance on issues involving loyalty relations with the organization.

An assumption may be made from the literature review, that managers would place a higher level of ethical importance on issues involving relations with the group through the need to reduce uncertainty by having stable relations with one's group in a high uncertainty culture. The higher level of egalitarian commitment in an individualistic culture may also contribute to this attribution of a higher ethical importance. They would therefore judge as unethical actions that may be detrimental to this relationship. Prior studies of this aspect of management ethics are limited. Jackson and Calafell Artola

(1997) provide a comparison between their results for Germany and France, and the studies by Newstrom and Ruch (1975) and Ferrell and Weaver (1978) on American managers, and by Izraeli (1988) on Israeli managers. This is on the same questionnaire items measuring ethical attitudes to group loyalty. This shows uniformly low ratings (seeing as unethical 'passing blame for errors onto an innocent co-worker', and 'claiming credit for someone else's work') for this cultural group. Hence, in comparison with managers from other cultural groups:

> *Hypothesis 2c: Managers from individualistic and high uncertainty avoidance cultures will place a higher ethical importance on issues involving loyalty relations with their group.*

Collectivism and high uncertainty avoidance (Group 3: Spain, China)

A higher obligation-based culture (Hofstede's, 1991, collectivism; Schwartz's, 1994, and Smith et al.'s, 1996, conservatism) together with higher levels of regulation (Hofstede's, 1991, uncertainty avoidance) would suggest that managers from this loose grouping would judge issues involving relations with external stakeholders, organization and group as having a higher ethical importance. However, there is a lack of reported comparative findings on managers from Spain and People's Republic of China in connection with such ethical issues. A comparable country, which would appear in quadrant 3 (Figure 1), is Thailand, which is both high on uncertainty avoidance and collectivism (Hofstede, 1991, Singhapakdi et al., 1994). Singhapakdi et al.'s (1994) findings suggest that in relations with external stakeholder, Thai marketers (in comparison with Americans) are more idealistic and adhere to 'moral absolutes', which represent a reduction in uncertainty. This finding may seem contradictory to those studies reported above which suggest that American managers also judge issues involving external stakeholders as having a higher ethical importance. However, this may represent the difference between what Paine (1994) has called a compliance attitude, and an integrity-based attitude to ethical issues. In the American situation (low uncertainty avoidance, individualism), a compliance attitude may prevail. Laws and rules are needed to curb excesses of a highly individualistic and competitive free market, but are not internalized. In a Thai situation (high uncertainty, collectivism) idealism, and an integrity-based attitude, may prevail to reduce uncertainty. The difference also between the countries in this quadrant 3, and quadrant 2 (high uncertainty avoidance and individualistic) is the extent to which collectivism through networks of reciprocal and

obligatory relations may encourage such practices as giving and receiving gifts in exchange for favours. Using the study of Thai marketers (Singhapakdi et al., 1994) as a surrogate for Chinese and Spanish managers in the current study, it may be proposed that in comparison with managers from other cultural groups:

> *Hypothesis 3a: Managers from collectivist and high uncertainty avoidance cultures will place a higher ethical importance on issues involving relations with external stakeholders.*

The growing literature on other aspects of corporate life in China indicates higher levels of loyalty to the corporate than may be expected in countries in the Anglo-Saxon group (Jackson & Bak, 1998). Both Korea and Japan would also appear in this quadrant (Hofstede, 1991; and Figure 1). A study by Bae and Chung (1997) indicates a higher level of employee commitment to the corporate and to the group of Japanese and Korean employees compared with those from the USA. This may be indicative of the situation in the two countries (particularly the People's Republic of China) which appear in the current study, and provides some confidence in positing hypotheses 3b and 3c below. Hence, in comparison with managers from other cultural groups:

> *Hypothesis 3b: Managers from collectivist and high uncertainty avoidance cultures will place a higher ethical importance on issues involving loyalty relations with the organization.*

> *Hypothesis 3c: Managers from collectivist and high uncertainty avoidance cultures will place a higher ethical importance on issues involving loyalty relations with their group.*

Collectivism and low uncertainty avoidance (Group 4: Hong Kong, India)

This grouping differs from the last as it has low uncertainty avoidance cultures. Higher levels of social and economic control may not therefore counter higher levels of obligatory relations that encourage practices such as gift giving and accepting. Hence, as reported above, in comparison with Anglo-Saxon managers, Ralston et al.'s (1994) and McDonald and Pak's (1997) findings suggest that ethnic Chinese managers from Hong Kong place a lower ethical importance on issues concerning external stakeholders. Lee's (1982)

earlier study which found no significant differences in ethical standards in marketing practices between ethnic Chinese and British expatriates in Hong Kong may urge caution. However, Lee (1982) believes that this may simply be a function of the high levels of acculturation of the British managers. Hence, in comparison with managers from other cultural groups:

> *Hypothesis 4a: Managers from collectivist and low uncertainty avoidance cultures will place a lower ethical importance on issues involving relations with external stakeholders.*

Lower levels of uncertainty avoidance and a low dependence on one's organization may give rise to a more instrumental view of one's organization. Hence, managers may judge issues involving loyalty to their organization as having a lower ethical importance. There is little direct support of this assumption in the ethics literature. However, in Chinese cultures outside the People's Republic of China the literature suggests that collectivism is targeted towards the family rather than the corporation (Hui, 1990), and that in Hong Kong, instrumental relationships in corporate life are becoming more prevalent (Ho & Chiu, 1994). Gupta (1991) also provides evidence of a lack of identification with the organization of Indians, and a tendency to draw meaning from familial relations. Hence, in comparison with managers from other cultural groups:

> *Hypothesis 4b: Managers from collectivist and low uncertainty avoidance cultures will place a lower ethical importance on issues involving loyalty relations with the organization.*

As collectivism may be directed more towards the family rather than the organization for managers within quadrant 4, their in-group may well be their family members rather than work colleagues. This may suggest that managers judge issues involving loyalty relations with their work colleagues as having a low ethical importance. Some evidence of this in the ethics literature suggests that Hong Kong managers judge the use of self-serving behaviour, such as spreading rumours about others, as more ethically acceptable than their American counterparts (Ralston et al., 1994). Hence, in comparison with managers from other cultural groups:

> *Hypothesis 4c: Managers from collectivist and low uncertainty avoidance cultures will place a lower ethical importance on issues involving loyalty relations with their group.*

Situational dependency in collectivist cultures

Ralston et al.'s (1994) finding that self-serving behaviour, which may be generally covert, is acceptable to Hong Kong managers is explained by their contrasting this with the Western view of ethical behaviour as an absolute that applies universally. In the East, ethical behaviour may depend more heavily on the situation. The Chinese translation of the word 'ethics' is 'dao de' which means 'the path to virtue'. Ethics is relative in the East, although more associated with 'the truth' in Western cultures. In the context that Ralston et al. (1994) provide, Hong Kong managers may be more concerned with 'face' rather than what is 'right'. Dolecheck and Dolecheck (1987) previously found that Hong Kong managers equate ethics with acting within the law, whereas American managers see ethics as going beyond simply keeping within the law.

This element of situationalism is also detected in the results of a survey of American and Thai marketing managers by Singhapakdi et al. (1994). Thai managers were found also to rely on the nature of the ethical issue or circumstance and less on 'universal' moral principles when making ethical judgements. This apparent contradiction to the 'idealism' of Thai marketers in Singhapakdi et al.'s (1994) study, noted above, is explained by their reference to Forsyth's (1992) taxonomy of ethical ideologies. Situationalists are those 'who eschew universal moral principles (high relativism) but still insist that one should produce positive consequences that benefit all involved (high idealism)' (p. 462). Hence, hypotheses 3 and 4 are stated in a situational vacuum. This should be borne in mind when interpreting results. This situationalism may be more apparent when loyalties conflict. That is, when conflicts among self, group and corporate loyalties emerge, ethical judgements about resulting behaviours may be more dependent on the situation. This aspect is also considered in the empirical study reported below.

Research methods

Sampling frame and data collection

The sampling frame used in this study included only individual managers who work for companies in their native country. Respondents were recruited from either part-time current or past attendees of management programmes, as difficulties were initially experienced in approaching companies with a project that was felt to be sensitive. A subsequent postal survey of management programme alumni produced only an average 18% response rate. This meant that some nationalities in the survey did not provide adequate sample

sizes. The data arising from this first round of data collection were used in a pilot study. Academic associates of the author then collected data in their respective countries. They were briefed on the purpose of the research instrument, and asked to comment on its contents and appropriateness of items. Associates were then briefed on the manner of data collection in order to ensure uniformity in questionnaire administration across the samples. This involved collecting questionnaire data from part-time MBA and equivalent post-experience management programmes in which the majority of participants would be middle-ranking managers. This was to ensure several years' experience as managers and of managing subordinate personnel and organizational resources. All would be currently serving in management positions. The selection of this sampling frame enabled a matching of respondents across the countries surveyed (van de Vijver & Leung, 1997) of similarly educated individuals who have the potential to occupy key positions of influence in their organizations. Participants were asked to complete the questionnaire independently and anonymously during class and using approximately 45 minutes of time set aside.

Research instrument

A questionnaire was developed from those used in three previous studies (Ferrell & Weaver, 1978, in the USA; and Izraeli, 1988, in Israel and Newstrom & Ruch, 1975, in the USA); and further developed by the current author (Jackson & Calafell Artola, 1997). This contains 12 items, each relating to a specific action such as 'accepting gifts/favours in exchange for preferential treatment' and 'calling in sick to take the day off' (Table 1 contains the wording of all 12 items). Managers were asked to respond both as 'participants' within their organizational situation by responding to each item according to 'what I believe' and 'what I do', and as 'observants' of the situation by responding to 'what my peers believe' and 'what my peers do'. This was done in order to establish the stability of responses across different responder positions, and to attempt to identify social desirability response bias by asking respondents to act as observants as well as participants (see Verma, 1992). Each response was on a 5-point Likert type scale, from 1 = *unethical* to 5 = *ethical for 'believe' items*, and 1 = *infrequently* to 5 = *frequently for 'do' items*. Hence, respondents make a judgement as to the extent to which they believe (or they think their colleagues believe) an action is ethical: the higher the score, the higher the belief that the action is ethical. Items are grouped into scales (reliabilities for the current study are shown in Table 1) in order to interpret responses in terms of the relative ethical importance attributed to relations with external stakeholders (2 items), loyalty

relations with the organization (6 items), and loyalty relations with one's work group (2 items).

Hence, the lower the scale score (indicating that respondents believe that such actions as 'calling in sick to take a day off' and 'doing personal business on organization time' are unethical) the more the respondents judge issues involving loyalty relations with the organization as having a high ethical importance (in Figure 3 the bars are reversed to aid interpretation: the longer the bar the greater the ethical importance attributed). This approach, as far as possible, attempts to avoid an ethnocentric interpretation that managers from one country are more unethical than those from another country. Variation across countries is therefore based on the different levels of ethical importance that managers attribute to issues that involve relations with external stakeholders, organization and group. Hence if managers from one country provide a high average score indicating that they believe giving gifts is ethical, this is interpreted that they judge this issue as not having a high ethical importance (in their culture). It is not interpreted to mean that they are unethical.

One-item measures were also provided to obtain managers' perceptions on conflicts between organizational and group loyalty ('not reporting others' violations of organizational policies') and conflicts between self and group or organization ('concealing one's errors') (see Table 1).

Samples

Respondents from the USA ($n = 25$) were drawn from a university business school in Indiana, in Britain ($n = 64$) from three university business schools, and from France ($n = 64$), Germany ($n = 29$) and Spain ($n = 30$) from a European graduate business school with campuses in these countries, and whose attendees are fluent in English. The Swiss sample ($n = 31$) was drawn mainly from German first language speakers from a Swiss university business school, the Indian sample ($n = 49$) from a university business school in the state of Jammu and Kashmir but included out-of-state attendees including a number from the capital New Delhi, and the Chinese ($n = 65$) from Beijing. The Australian sample ($n = 35$) was collected from two university business schools in Queensland and New South Wales, and the Hong Kong sample ($n = 32$), which comprises only indigenous Chinese, was collected from a university business school. An English version of the questionnaire was used with the exception of the Spanish and Chinese samples where the translated questionnaires were subsequently verified by independent back-translation.

The mean age of all respondents was 34.7 years. The mean age of all national samples was between 30.3 and 38.1, with India providing the oldest

mean, and Germany the youngest. Respondents were asked to indicate whether they regarded themselves as junior, middle of senior managers. The majority of respondents (54.4%) regarded themselves as middle managers, with the American and Hong Kong samples having a comparatively low representation of senior managers (8 and 9.7% respectively against an average of 20.9%) and the Spanish sample having a low representation of junior managers (7.1% against an average of 24.8%). Most respondents work in what they regarded as large companies (47.6%) varying from 72% of the American sample to 28.8% of the Australian sample. For this, managers were simply asked if they work in large, medium or small companies, in order to obtain a measure of size relative to perceptions in their particular country. Respondents were from a spread of industries, with the highest proportion from industrial manufacturing companies (33%). Financial companies are over-represented in the Chinese sample (47.5% against a mean of 18.8%) with the public sector not represented at all (although the majority from the industrial sector worked in state-owned enterprises). The public sector is over-represented in the British sample (40.7% against a mean of 13.4%). The service sector is over-represented in the Swiss sample (40% against a mean of 17.7%). The majority of respondents worked in organizations whose nationality is the same as their own nationality (77.2%). The exceptions among the national samples are those from Hong Kong (56.7% foreign owned) and Germany (57.7% foreign owned). The American and Chinese samples worked in 100% home-owned organizations. All respondents worked in their home countries.

To test for effects by management level, size of company and industrial sector, separate analyses of variance (ANOVAs) were run. These indicated no significant differences in scores for items among groups defined by management level, size of company or industrial sector. There was a small but significant negative correlation ($r = -.154$, $p < .01$) between age and the mean observant score for the organizational loyalty scale.

Results

Results on all individual items between each respondent position (participant and observant, and believe and do) correlated significantly at the individual level, with participant ratings lower than observant ratings. This may indicate, across all the national groups, that managers see others as less ethical than themselves. Even higher were the ratings for what respondents believe others do, indicating the perception of a higher frequency of engaging in each of the behavioural situations for their peers than for themselves (although

care should be taken in directly comparing 'do' and 'believe' responses, as respondents are asked to measure two conceptually different aspects). Hence, respondents indicate that peers are more likely to accept and give gifts, divulge confidential information, pass blame to innocent co-workers (and so on) than they are themselves. These findings are consistent with those of other studies in different areas using participant and observant scoring. For example, self-ratings of work performance have been found to be more lenient than co-worker ratings in studies in Anglo-Saxon countries (McEnery & McEnery, 1987; Tsui & Ohlott, 1988), and in cross-cultural studies where, for example, social desirability response bias is found to be less pervasive with observant ratings than participant ratings (Aycan et al., 1999). Within the current findings, there are specific anomalies between observant and participants scores for national groups, which are discussed in the relevant sections of these findings.

Generally, the management actions described by each item of the questionnaire are seen by the respondents as more unethical than ethical (indicated by a low rating for 'I believe' responses). This would suggest systematic social desirability response bias: tending to a use of the scale 1 (*unethical*) to 5 (*ethical*) towards the low end of the range. The high degree of intercorrelation among respondent positions, a reasonable range of variance among individual respondents across the national samples (the range indicated by standard deviations for 'all' scores suggests that these items are not facile: see, for example, Rust & Golombok, 1989), and significant differences among national groups provide confidence in the use of these scores for comparison purposes. The possibility that differences in mean scores among national groups may be a reflection of national differences in social desirability response set is not excluded. This should be taken into consideration in subsequent analysis as part of the explanation of differences in judgement of the degree of ethicality of the actions that are here explored.

Table 1 shows scores on two respondent scales, one each for participant (What I believe) and observant (What my peers believe). For brevity and clarity the 'do' item scores have not been shown, as they are correlates of the scores which have been included as well as being indicative of the perception of the frequency of behaviour rather than perception of ethicality, and therefore (at least conceptually) not directly comparable.

Table 1 indicates differences among the national groups. Inequality of sample variance made it necessary to adopt non-parametric methods of analysis. The Kruskal–Wallis one-way ANOVA confirms that there are significant differences in ethical attitudes among the national groups for all items, with lower confidence levels for: item 8 'doing personal business on organizational time' for the observant response; item 2 'passing blame for errors onto an

Table 1 Item and scale scores by nationality

| Item (Lower item score indicates judgement that action is less ethical) | | Mean score | | | | | | | | | | | | Kruskal-Wallis[b] | |
		All	SD	US[a]	GB	AU	FR	GE	SW	SP	CH	HK	IN	χ^2	Sign.
1. Accepting gifts/favours in exchange for preferential treatment	Participant	1.39	0.78	1.16	1.25	1.26	1.37	1.72	1.98	1.13	1.46	1.59	1.19	41.39	.000
	Observant	1.72	0.97	1.68	1.41	1.49	1.66	1.93	2.17	1.57	1.61	2.15	1.90	30.09	.000
6. Giving gifts/favours in exchange for preferential treatment	Participant	1.74	1.08	1.36	1.69	1.41	1.85	2.00	2.31	1.43	1.48	1.94	1.94	30.08	.000
	Observant	2.06	1.18	1.96	1.77	1.69	2.11	2.07	2.30	1.87	1.89	2.37	2.63	26.55	.002
Mean score *External stakeholders* (r = .507, p < .01) (Lower scale score indicates attribution of higher ethical importance to relation with external stakeholders)	Participant	1.57	0.79	1.26	1.47	1.32	1.62	1.86	2.16	1.28	1.46	1.77	1.57	36.75	.000
	Observant	1.88	0.94	1.82	1.60	1.59	1.89	1.98	2.23	1.72	1.74	2.27	2.27	34.34	.000
3. Divulging confidential information	Participant	1.17	0.45	1.08	1.28	1.09	1.31	1.41	1.22	1.07	1.03	1.09	1.08	36.03	.000
	Observant	1.36	0.69	1.29	1.54	1.17	1.42	1.66	1.47	1.27	1.04	1.53	1.35	38.42	.000
4. Calling in sick to take a day off	Participant	1.52	0.90	1.84	1.58	1.44	1.20	1.41	1.09	1.50	1.52	2.09	1.68	42.51	.000
	Observant	1.96	1.13	2.20	1.90	1.80	1.60	2.07	1.47	1.97	1.86	2.84	2.29	38.33	.000
5. Pilfering organization's materials and supplies	Participant	1.45	0.71	1.36	1.54	1.44	1.60	2.03	1.44	1.63	1.00	1.75	1.12	67.45	.000
	Observant	1.75	0.93	1.96	1.77	1.71	1.87	2.28	1.63	2.10	1.08	2.28	1.57	71.35	.000
8. Doing personal business on organization's time	Participant	1.92	1.03	2.28	2.14	2.09	2.14	2.59	1.88	1.93	1.48	2.00	1.20	65.46	.000
	Observant	2.22	1.07	2.44	2.18	2.31	2.30	2.68	2.03	2.23	1.92	2.44	2.06	20.43	.016
10. Taking extra personal time (breaks, etc.)	Participant	2.15	1.20	2.16	2.36	2.13	2.42	2.72	2.19	2.23	1.57	2.03	1.39	52.88	.000
	Observant	2.30	1.17	2.40	2.27	2.29	2.40	2.86	2.25	2.53	1.83	2.56	2.14	27.14	.001
11. Using organizational services for personal use	Participant	1.98	1.09	1.96	2.27	2.28	1.92	2.38	2.59	1.90	1.48	2.09	1.15	56.79	.000
	Observant	2.29	1.19	2.12	2.47	2.43	2.05	2.62	2.53	2.37	1.67	2.60	2.59	34.94	.000
Mean score *Organizational loyalty* (Cronbach's alpha = .764) (Lower scale score indicates attribution of higher ethical importance to loyalty relation with organization)	Participant	1.69	0.60	1.77	1.86	1.79	1.75	2.09	1.72	1.71	1.34	1.84	1.33	70.57	.000
	Observant	1.97	0.71	2.07	2.02	1.95	1.94	2.31	1.90	2.07	1.56	2.38	2.00	42.61	.000
2. Passing blame for errors to an innocent co-worker	Participant	1.11	0.41	1.08	1.16	1.06	1.11	1.17	1.19	1.13	1.05	1.28	1.00	19.18	.024
	Observant	1.52	0.85	1.36	1.56	1.40	1.53	1.62	1.53	1.40	1.14	2.06	1.73	35.30	.000
7. Claiming credit for someone else's work	Participant	1.25	0.61	1.04	1.33	1.06	1.30	1.31	1.41	1.27	1.08	1.75	1.08	48.57	.000
	Observant	1.79	1.05	1.52	1.84	1.54	1.97	2.00	1.70	1.57	1.28	2.37	2.18	41.96	.000

Table 1   Continued

Item (Lower item score indicates judgement that action is less ethical)		Mean score												Kruskal-Wallis[b]	
		All	SD	US[a]	GB	AU	FR	GE	SW	SP	CH	HK	IN	χ^2	Sign.
Mean score *Group loyalty* (r = .477, p < .01)															
(Lower scale score indicates attribution of higher	Participant	1.17	0.41	1.06	1.24	1.06	1.19	1.24	1.31	1.20	1.05	1.52	1.04	49.19	.000
ethical importance to loyalty relations with work group)	Observant	1.65	0.81	1.44	1.70	1.47	1.72	1.81	1.62	1.48	1.20	2.21	1.96	49.07	.000
12. Not reporting others' violations of organizational policies	Participant	2.35	1.22	2.08	2.20	1.78	2.85	2.93	2.57	2.63	1.98	2.31	2.27	40.96	.000
	Observant	2.44	1.18	2.52	2.40	2.14	2.64	3.03	2.66	2.63	2.12	2.56	2.16	24.62	.003
Conflict between organizational and group loyalty															
9. Concealing one's errors	Participant	2.00	1.11	1.88	2.22	1.59	2.08	2.28	1.97	2.28	2.00	2.25	1.84	19.14	.024
	Observant	2.29	1.13	2.32	2.40	1.89	2.18	2.54	2.14	1.93	2.11	2.56	2.73	19.51	.021
Conflicts between self and group/organization															

[a] US (American), GB (British), AU (Australian), FR (French), GE (German), SW (Swiss), SP (Spanish), CH (P.R. Chinese), HK (Hong Kong Chinese), IN (Indian).

[b] Kruskal-Wallis non-parametric one-way analysis of variance. Participant scores are for 'what I believe' (1 = *unethical* to 5 = *ethical*). Observant scores are for 'what my peers believe' (1 = *unethical* to 5 = *ethical*).

innocent co-worker' for the participant response; and item 9 'concealing one's errors' for the observant response. As predicted, items group in scales which access the ethical importance attributed to relations towards external stakeholders, organization and group shown in Figure 2 (coefficients for reliability are shown in Table 1 together with mean scale scores). All items represent actions that are sufficiently different, and access different issues, to justify separate treatment, particularly within the organizational loyalty scale, in order to provide more detailed comparison among national groups (Table 1).

Mann–Whitney U-tests, performed on national samples within groups of countries and among groups of countries as defined in Figure 1, provide pairwise comparison. Table 2 shows that in the Anglo-Saxon group 1, there are no significant differences among the three countries except between Australian and British managers on issues of group loyalty. Differences within the European group 2 are only significant between French and German, and Swiss and German groups for issues of organizational loyalty. Assumed similarities among China and Spain in the third group are only supported for gift giving and accepting. Generally, differences among groups of countries are significant as predicted. However, there are no significant differences between groups 1 and 4 for organizational loyalty, and conflicts between organizational loyalty and group loyalty; and between groups 2 and 4 for organizational loyalty. There is also no significant difference between groups 3 and 1 for accepting and giving gifts. Other differences between group 3 and other groups should be treated cautiously because of the apparent low correspondence between Chinese and Spanish managers on other issues.

Relations with external stakeholders

The British, American and Australian managers (individualist and low uncertainty avoidance) attribute a higher ethical importance to relations with external stakeholders than do managers of the other country groupings. This supports the assumption of hypothesis 1a. There is disparity between the American scores for 'I believe' and 'peers believe'. Managers perceive that their peers believe gift giving and accepting is ethically more acceptable. An explanation for this might be what Paine (1994) regards as the difference between compliance with (US) legislation, and an integrity-based attitude, which goes beyond pure compliance. While one might expect a reported self-belief under a compliance attitude that condemns gift giving and receiving (that is, a social desirable response), American respondents may be more willing to attribute a lack of integrity-based attitude to their peers.

Of the individualistic and high uncertainty avoidance grouping, the German and Swiss managers provide the highest participant scores of all

**Table 2** Within group differences and between group differences in scale scores (Mann–Whitney *U*-test)

Within group	Accepting and receiving gifts		Organizational loyalty		Group loyalty		Conflict organization vs group loyalty		Conflict self vs group/ organization	
	Z	Sign.	Z	Sign.	Z	Sign.	Z	Sign.	Z	Sign.
Group 1										
American vs British	−1.00	.317	−0.45	.656	−1.53	.127	−0.48	.633	−0.20	.844
American vs Australian	−1.16	.247	−0.71	.476	−0.39	.700	−1.31	.190	−1.93	.054
Australian vs British	−0.48	.629	−0.33	.740	−1.97	.049	−1.34	.180	−1.13	.260
Group 2										
French vs German	−0.45	.652	−2.42	.016	−0.16	.870	−1.39	.165	−1.61	.107
French vs Swiss	−2.06	.039	−0.09	.993	−0.06	.954	−0.05	.961	−0.14	.887
Swiss vs German	−1.25	.213	−2.47	.014	−0.27	.788	−1.23	.221	−1.75	.080
Group 3										
Spanish vs Chinese	−0.53	.600	−3.99	.000	−2.58	.010	−1.99	.047	−0.41	.683
Group 4										
Hong Kong vs Indian	−0.16	.875	−2.07	.038	−1.61	.107	−1.43	.152	−0.25	.804
Between groups										
Group 1 vs Group 2	−3.06	.002	−0.09	.932	−1.09	.275	−3.08	.002	−0.09	.931
Group 1 vs Group 3	−0.46	.677	−3.18	.001	−3.19	.001	−0.54	.587	−1.56	.126
Group 1 vs Group 4	−4.72	.000	−0.96	.334	−3.50	.000	−0.46	.647	−2.00	.036
Group 2 vs Group 3	−2.39	.017	−3.24	.001	−4.04	.000	−3.27	.001	−1.58	.115
Group 2 vs Group 4	−2.03	.043	−0.82	.414	−2.46	.014	−2.85	.004	−1.98	.047
Group 3 vs Group 4	−4.00	.000	−3.42	.001	−5.77	.000	−0.02	.999	−3.09	.002

Relations with external stakeholders: accepting/giving gifts
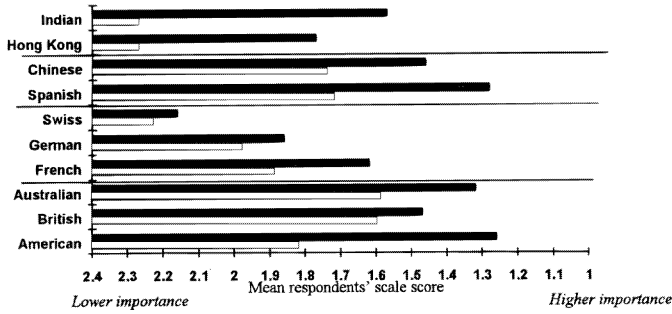
Relations with the corporation: organizational loyalty
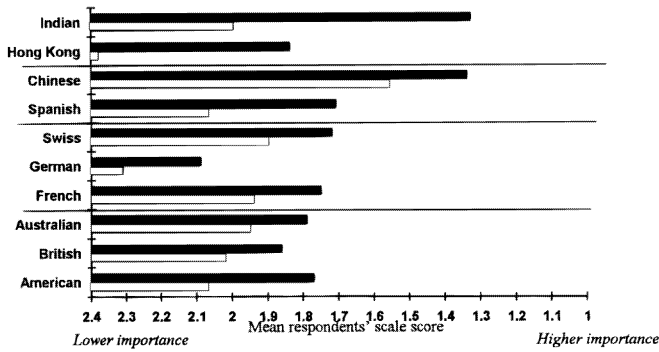
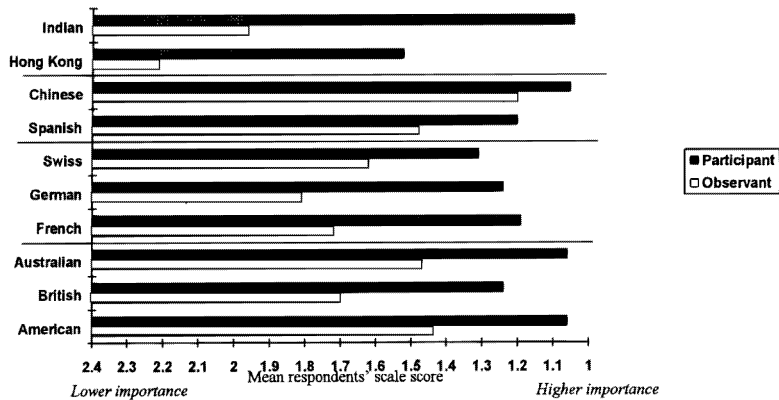Relations with the group: group loyalty

Figure 3 Attribution of ethical importance to different types of relations (longer bars, and lower scale scores, indicate greater ethical importance)

national groups here. This indicates an attitude that relations with external stakeholders are of a lower ethical importance. This lends support to hypothesis 2a, which suggests that the higher economic/social regulation in these countries may render this not such a relevant issue. This is not entirely substantiated by the French group, which provides a relatively middle range score. This does, however, support the findings of Becker and Fritzsche (1987a, 1987b), which indicate that German managers attribute a lower ethical importance than French managers to these issues.

Managers from the grouping of China and Spain (collectivist and higher uncertainty avoidance) show a relatively low participant score for these two items indicating that they place a higher ethical importance to relations with external stakeholders concerning gift giving and accepting. Hypothesis 3a is therefore generally supported. The Spanish participant response for accepting gifts is much lower relative to the observant response for these two items (Table 1). The explanation of why Spanish managers attribute a very high ethical importance to this aspect of relations with external stakeholders may be the same as that for the Indian and American managers. The social desirable response is to be seen not to condone this behaviour in oneself, but indicating that others are more likely to condone it. A compliance approach rather than an integrity approach (Paine, 1994) is therefore suggested in societies in which it is necessary to have legal sanctions against gift giving and receiving.

The managers from Hong Kong and India (collectivist and lower uncertainty avoidance) generally have higher scores for these items indicating a relative belief that these are not strongly ethical issues. By supporting hypothesis 4a, this makes feasible the explanation that an attribution of a lower ethical importance is due to a higher obligation-based relationship with such stakeholders, which may favour reciprocity and thus gift giving and receiving as expressing mutual obligation. The lower regulatory framework makes it difficult to exert sanctions on this. However, the Indian managers have very low scores for the participant response for accepting gifts (see Table 1). This therefore indicates a disparity between attributing a high ethical importance to the issue of accepting gifts and favours, and a low ethical importance to the issue of giving gifts. This may suggest that this is practised (people give gifts and others do not perceive this as an ethical issue), but a self-professed belief that generally the practice is unethical (I should not accept gifts).

Relations with the corporation

The individualist and low uncertainty avoidance grouping (British, American and Australian managers) have medium to high scores for items, which relate

to organizational loyalty (Figure 3). This generally supports the assumption of hypothesis 1b that managers will judge issues involving loyalty relations with the organization as having a lower ethical importance. A high calculative involvement with the corporation provides a feasible explanation. However, there are exceptions to this. In item 3 'divulging confidential information', the American and Australian managers have relatively low scores (judging this to be less ethical) indicating that this aspect of loyalty to the organization is seen as ethically important (Table 1). While this may be regarded as a corporate loyalty issue, this item is apart from the other corporate loyalty items. It directly involves external stakeholders (namely, those to whom one is divulging the information) and may, at least in part, support hypothesis 1a regarding external stakeholders. This is also consistent with Schlegelmilch and Robertson's (1995) findings, which indicate that Americans judge issues relating to the controlling of employees' use of corporate information as having a higher ethical importance than other national groups.

The individualist and high uncertainty avoidance grouping (France, Germany and Switzerland) scores relatively high on item 3 (judging 'divulging confidential information' to be more ethical). This lends weight to the assumption about the attribution of a lower ethical importance to issues involving external stakeholders (hypothesis 2b). It is difficult to draw general conclusions about this group over all items concerned with relations with the organization. Item 4 'calling in sick to take a day off' is seen by this grouping as more unethical than the other groupings. For other items, they score medium to high (the German sample has the highest scores of all national groups on items 3, 5, 8, and 10 indicating also that they believe that pilfering organizational supplies, doing personal business on organizational time and taking extra personal time are relatively more ethical than the other groups believe). The mean scale score (Figure 3) indicates that German managers judge issues concerning loyalty relations with the organization as having a lower ethical importance than do their French and Swiss counterparts (Table 2 indicates significant differences between the German, and the French and Swiss groups). This provides some support for the assumption of hypothesis 2b that high uncertainty avoidance will temper individualism's calculative relations with the organization.

Although there is a significant difference between the mean scale scores for organizational loyalty for the Spanish and Chinese managers, they show similarities in judging organizational loyalty issues as having a relatively high ethical importance. Both perceive item 4 'calling in sick to take a day off' as relatively more ethical, and differ on the issues of 'pilfering organizational supplies' (item 5) and 'taking extra personal time' (item 10). The Chinese

managers see both these actions as relatively less ethical. The Spanish managers see them as relatively more ethical. That the People's Republic of China is likely to be higher in both collectivism and uncertainty avoidance than Spain provides some support for the assumption of hypothesis 3b, that the higher obligation-based culture and higher levels of regulation explain why managers attribute a higher ethical importance (judging such actions as less ethical) to issues involving relations with the organization.

The two countries grouped under collectivist and low uncertainty avoidance (Hong Kong and India) also show somewhat different characteristics in their ethical attitudes towards corporate loyalty. The Indian managers place a higher ethical importance on all issues (rating items as relatively less ethical) except for item 4 'calling in sick to take a day off', which they judge as relatively more ethical than other items. The Hong Kong managers judge these issues as having a lower ethical importance (rating these items as relatively more ethical). The exception is their own professed attitudes about divulging confidential information that they judge as relatively less ethical, while indicating that their peers would judge this as relatively more ethical. These are somewhat ambivalent results. They support an instrumental view of one's organization to explain judging issues involving loyalty relations with the organization as having a lower ethical importance (hypothesis 4b). However, Indian managers are perhaps expressing their own belief that this relationship should be less instrumental. This attitude certainty reflects much of the work on human resource development currently being undertaken in India, which seeks to develop this relationship as a more humanistic one (Rao, 1996).

Relations with the group

Results for the individualistic and low uncertainty avoidance grouping (American, British and Australian managers) indicate that managers judge issues involving loyalty relations with the group as having a higher ethical importance (Figure 3). This supports the assumption of hypothesis 1c. A higher level of egalitarian commitment may explain managers' attributions of a higher ethical importance to such issues. Similarly the individualistic and high uncertainty avoidance grouping (French, German and Swiss managers) attribute a higher ethical importance to such issues (also judging the actions of 'passing blame for errors to an innocent co-worker' and 'claiming credit for someone else's work' as less ethical). This supports hypothesis 2c (with no significant differences between these two groupings: Table 2). Within the collectivist and high uncertainty avoidance countries the Chinese managers attribute significantly more ethical importance to these issues (with lower

scores for items 2 and 7), which may reflect China's higher levels of both collectivism and uncertainty avoidance. A higher obligation culture with higher levels of regulation may provide explanations for this. This generally supports hypothesis 3c.

Hypothesis 4c postulated that with low regulation and collectivism, which is based more on obligations to the family group, managers from countries which fall into the collectivist and low uncertainty avoidance category would judge issues involving relations with the work group as having a lower ethical importance. This is supported by results for the observant scale (perception of judgements of others), but not for the participant scale (self-judgements) (Figure 3). This may reflect a perception that, despite people regarding organizations instrumentally, and loyalty being directed towards the family rather than the work group, there is a need to change (that is, other people see these issues as not so ethically important, but my view is that they are).

Conflicts between different interests

Many of the items discussed above represent conflicts between self-interest and corporate or group interests. However, two items in particular set out to capture the possible conflicts between organizational and group loyalty (item 12. 'Not reporting others' violations of organizational policies'), and between self-interest and group and/or organizational loyalty (item 9. 'Concealing one's errors'). Australian managers are the most consistent in indicating their opposition to self-interest to the detriment of the interests of the organization or the group. For the item 'not reporting others' violation of organizational policy', the Anglo-Saxon individualist and low uncertainty avoidance countries generally provide lower scores relative to the other groups. The individualist and high uncertainty avoidance countries (Germany, France and Switzerland) provide higher scores. However, relative to scores for other items, these scores are generally high. This indicates no general moral condemnation of those who do not report others' violations. Reporting others for wrongdoing is an active response, whereas concealing one's errors takes on a more passive character. However, here again scores are at the higher end relative to other item scores. The higher scores for 'concealing one's errors' (conflict between self-interest and interests of group or organization) and 'claiming credit for someone else's work' (in the group loyalty scale) for Indian and Hong Kong managers' observant scores may in part reflect the findings of Dolecheck and Dolecheck (1987), Ralston et al. (1994) and Singhapakdi et al. (1994) of a tendency in Asian societies to be more pragmatic and situational, and perhaps ruthless in such issues. The lower participant

scores for these items may also reflect the findings of these studies for the need to keep 'face'.

Discussion and conclusions

The results of this study support the assumption that ethical attitudes differ among national groups. However, although there is some variation among these national groups in the difference between self-judgements of ethicality and respondents' perceptions of others' judgements of ethicality, a universal feature across the 10 countries studied is that managers appear to see others as less ethical than themselves. The phenomenon of rating others less leniently than oneself is supported in the organization literature (McEnery & McEnery, 1987; Tsui & Ohlott, 1988), but has not been investigated extensively in international comparative studies (Aycan et al., 1999, is a limited exception). In the area of management ethics, Izraeli's (1988) study of Israeli managers shows higher ratings of others than of self, which may indicate a judgement that their colleagues are less ethical than they are. That this may be a universal phenomenon may be explained by the sensitivity of completing a questionnaire on ethical attitudes. The tendency of ratings in the current study towards the lower end of the rating scale was indicated above. This is more pronounced for self-ratings (participant) and less so for others-ratings (observant). Sinha and Verma (1987), and Verma (1992) note that social desirability response bias is reduced when respondents act as observants rather than as participants. The difference between the observant and participant scores in the current study may just be a function of systematic response bias, in which the former represents a 'true' score and the latter a biased score: the observant score is a projection of one's own attitudes rather than a reflection of one's perceptions of others' attitudes.

This phenomenon, however, is particularly noticeable for the collectivist/low uncertainty avoidance group of India and Hong Kong (see Figure 3 and results section above). One explanation is that social desirability response bias is more pronounced in collectivist cultures where respondents may have a tendency to try to please the researcher (Aycan et al., 1999). If this were the case, it would support the explanation of response bias above. Another explanation could be a genuine desire to curb some of the practices encouraged by mutual obligation networks, in the absence of effective regulative controls. That is, a recognition that these attitudes prevail (observant perceptions), yet my attitude is that I disagree with these attitudes and practices (participant perceptions). This would distinguish between this group and the collectivism/high uncertainty avoidance group in which this

phenomenon is not so pronounced. Clearly, these are issues that need further investigation.

The results of this study supporting the assumption that ethical attitudes differ among national groups also support the findings of other studies, although prior work has focused on relatively few countries, has been more concerned with decision-making involving external stakeholders, and often implied that managers from one country may be more 'ethical' than managers from other countries. This is because many studies have lacked cultural explanations of why differences may exist (exceptions reported in this article include studies by Dolecheck & Dolecheck, 1987 and Ralston et al., 1994). The lack of extensive studies, the lack of cultural explanation, and the lack of prior studies in what we have described as 'grey areas' have made prediction of direction of variation tenuous.

By offering cultural explanations of why ethical attitudes may vary, the current work has tried to avoid profiling nations in terms of their degrees of ethicality. It has attempted to provide a model of ethical attitudes in relation to their cultural context. This may be useful in understanding managers' ethical attitudes in countries outside the current study. It may also point towards a direction for future work.

Hofstede's (1980) dimensions of individualism–collectivism and uncertainty avoidance have provided a good starting point but seem inadequate in providing a comprehensive explanation and prediction of variation in ethical attitudes. However, the assertion that culture may explain ethical attitudes is a logical (if not tautological) one as ethical attitudes are a part of the culture of any defined social group. The inadequacy seems to arise from the explanatory power of the base cultural constructs used because of their oversimplification. It is for this reason that the current work has qualified the concepts of collectivism and individualism by referring to the work of Schwartz (1994) and Smith et al. (1996). Individualism is more complex than Hofstede (1980, 1991) suggests, and the attribution of higher ethical importance to issues involving group relations can be explained in individualistic countries by higher levels of 'egalitarian commitment' (Schwartz, 1994; Smith et al., 1996).

The implications of the combination of individualism–collectivism and level of uncertainty avoidance has also not been adequately discussed and investigated in the literature (see Hofstede, 1991, for a brief discussion of this issue). It does seem that a higher level of uncertainty avoidance, within which job certainty and loyalty to one's organization may satisfy the need for security, may modify the calculative nature of the relationship with one's organization in an individualistic society. However, this and other implications of the combinations of these two cultural dimensions need further investigation.

It is also unlikely that explanations based on these two dimensions exhaust all possible explanations of differences in ethical attitudes among managers from different nations. Level of economic development may be considered an explanation for different ethical attitudes regarding issues concerned with external stakeholders. Hence, Donaldson (1989) argues that the level of economic development may explain differences in attitudes towards such issues as releasing pollution. Hofstede (1991) provides evidence that GNP/capita correlates positively with individualism (although Schwartz, 1994, queries this). However, it is unlikely that this would provide an adequate explanation of differences in the attribution of ethical importance to issues involving group or corporate loyalty. Yet, there is some evidence that employees in 'developing' countries regard their work organizations instrumentally, and loyalty is directed towards the family group rather than the corporation (Blunt & Jones, 1992). The nature of collectivism in 'developing' countries, rather than the level of economic development may equally explain this.

The level and nature of religiosity would also seem logically to explain ethical attitudes. Hofstede (1991) has made a link between religion and uncertainty avoidance, associating high uncertainty avoidance with Orthodox and Roman Catholic Christian countries, medium uncertainty avoidance with Judaic and Muslim countries, and low uncertainty avoidance with Protestant Christian countries. However, he admits that trying to classify countries by religion is problematic because of the internal heterogeneity of the major religions. He also deals with the differences in regard for the 'truth' between Western and Eastern religions. As seen above (Ralston et al., 1994; Singhapakdi et al., 1994) this may be an important explanation of differences between universalistic and situational decision-making attitudes. Although associated with individualism–collectivism, this provides a qualitatively different type of cultural explanation, and therefore has value as a predictor of variation in ethical attitudes. As noted above, this aspect may be particularly important in decisions involving conflicts between different loyalty relations such as conflicts between self, group and organization interests.

In view of the inadequacy of cultural explanation and studies in the literature, which are confined to relatively few countries, the current study has been designed to provide national samples from country populations that adequately represent variation along the individualism–collectivism and uncertainty avoidance dimensions. However, this in itself may be cross-culturally problematic and a limitation on this study. The cultural dimensions chosen may not be an appropriate or adequate explanation in the country cultures surveyed. Similarly, the ethical attitude variables used in the questionnaire may be regarded as an imposed etic construction (Berry, 1969).

They therefore may be at the same time imposing particular cultural constructs which are inappropriate to some of the country cultures surveyed, while missing other constructs which may be important within the cultures of these countries. The current work has tried to guard against this problem as much as possible, by subjecting concepts used to the scrutiny of the collaborators in the different countries. This has provided some safeguards against the types of etic–emic problems encountered by monocultural investigations into other people's cultures. Also, tests for internal consistency of the scales used across the countries surveyed (Table 1) provide some confidence that the constructs are universally consistent.

Nevertheless, in future studies, as far as possible, concepts arising directly from the cultures studied should be integrated initially with the constructs used (this recommendation even transcends that given by Berry, 1969, in cross-cultural research who suggests starting with an imposed etic and comparing this with emic constructs from the cultures investigated: a process which the current study has tried to follow).

Sampling adequacy may also be a problem in the current study. Direct approaches to companies were rebuffed, and low responses to mailings of the questionnaire produced inadequate national samples. The sensitivity of the subject matter may have been an issue. In either case, respondents were self-selecting. Although this was avoided by collecting samples from attendees of management programmes, this may have introduced bias into the results. Similarly, the use of English language questionnaires may have introduced bias even though the medium of instruction used in each collaborating institution was English and the associates were satisfied with fluency levels except in the case of Spain and the People's Republic of China. The geographically restrictive nature of sampling (Beijing-based managers are unlikely to represent all managers within the 9.6 million square kilometres of the People's Republic of China) is also seen as a limitation of this study. However, the concurrence of the current results with previous studies does provide some confidence in its validity and contribution to the small but growing number of empirical studies on cross-cultural differences in management ethics. As such, this study should be regarded as indicative rather than definitive and its value and contribution may be summarized as follows.

Significant differences are shown to exist among country cultures on issues which, although relatively minor, are part of the decision-making fabric within organizations across the globe. Managers working across borders should be aware of these important differences and their implications for relations with various organizational stakeholders inside and outside the organization.

In countries that are not covered by the present study, a consideration

of country cultures along the two dimensions of individualism–collectivism and uncertainty avoidance, as elaborated above, may provide important clues to differences in ethical attitudes. It is significant that countries such as Spain and the People's Republic of China, which may be regarded as quite culturally distinct, may display some similarities when considering these two cultural dimensions as explanations of ethical attitudes. Dissimilarities may be explained by differing degrees of collectivism and uncertainty avoidance.

This study may be seen as a move away from comparing countries on the basis of how ethical managers are. It is a move towards a view that the ways in which the ethical content of a decision are perceived may simply be different, because of cultural difference in what goes into that decision, and which give rise to different decision outcomes. It is therefore hoped that the current study will now lay the foundations for further cross-cultural studies of management ethics which take proper account of the importance of cultural factors in explaining differences in ethical decision-making.

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