Electronic Journal of Business Ethics and Organization Studies

ejbo

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Manuscript Submission and Information for Authors

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Editorial objectives

Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the University of Jyväskylä in Finland.

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Each paper is reviewed by the Editor in Chief and, if it is judged suitable for pub-lication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

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• the spesific suitable conferences or
• based on a certain relevant theme

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The manuscript should be submitted in double line spacing with wide margins as an email attachment to the editor. The text should not involve any particular formulations. All authors should be shown and author's details must be printed on a first sheet and the author should not be identified anywhere else in the article. The manuscript will be considered to be a definitive version of the article. The author must ensure that it is grammatically correct, complete and without spelling or typographical errors.

As a guide, articles should be between 3000 and 8000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements. Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

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Multiculturalism and Ethics

EDITORIAL

Tuomo Takala, Editor in Chief

Multiculturalism is seen by its supporters as a fairer system that allows people to truly express who they are within a society, that is more tolerant and that adapts better to social issues. In this new EJBO issue multicultural themes are strongly considered. These points of view may give us some new knowledge about the relative character of human values.

In his article Wahibur Rokhman states that Islam for example has its own concept of ethics that are derived from the Qur'an and sunnah. In a manner similar to Weberian Protestantism, Islam provides the ideological foundation for a variety of personal attributes that promote economic development. Indeed, it is noted that the application of Islamic ethics brought the Muslims to the golden ages in the eighth until the fourteenth century. However, not much is known about Islamic work ethics (IWE). To date, there are only a few researches that have looked at IWE .For example, the moderating effect of the Islamic work ethics on the relationships between the organizational commitment and the job satisfaction are studied. His study used 425 Muslim employees in several organizations in the United Arab Emirates (UAE). The result of the study revealed that IWE directly affected both the organizational commitment and the job satisfaction and that it moderated the relationship between these constructs.

Sohail Kamran studies TV commercials in Pakistan and puts forth that they are reinforcing the stereotype roles of the women's and are not helpful to change the society's perception about women professional abilities. Therefore companies in their advertisements should show women in the professional roles, which might motivate the women to be a professional, change the society's perception and behavior about the professional women in the long run. The participants commented that fairness creams television ads play a role in hurting their self respect and feelings. Most of the advertisements show that a black girl or a dark complexion girl changed her face complexion within few days after the use of the fairness cream. Actually most of these fairness creams advertisements messages have their ironic side as well, which is to show that use of fairness cream will change black skin to white with in few days. So those girls having the black skin color might have to bear jokes, comments and sarcastic suggestions to use the whiteness creams for changing the skin color from few of their friends and class mates etc. These advertisements just focus on the white skin as the prime personality trait, but ignore all other aspects of a woman's personality, such as educational and professional achievements and intelligence etc.

Seema Gupta see that an interesting finding is the significant difference exists in responses to moral philosophy, ethical judgment and behavioral intention as measured by two scenarios in a given study. The Indian managers revealed a variety of ethical theories in their decision making process. In the automobile scenario where dealer does not change the auto-part within the warranty period, the respondents judged the unethical action of the auto dealer harshly and expressed the intention not to engage in such a behavior. It seems the respondents have judged the action of the auto dealer from the point of view of the consumer. In the second scenario, the action of a software engineer who revealed secrets of technological product of former employer to the new employer was more acceptable to the respondents. It exposes dual thinking of respondents and the fact that individuals may change philosophy type depending on the situation. It shows how ethical decision making is related to specific situation and business ethical decision making is different from consumer ethical decision making process.

A Multidimensional Ethics Scale for Indian Managers' Moral Decision Making

Seema Gupta

Abstract

This paper analyses the role of traditional moral theories in managers' moral decision making using the multidimensional ethics scale (MES) developed and refined by Reidenbach and Robin (1988, 1990). This study extends their work by examining the applicability of the scale to subjects from India, other than the country in which the scale was developed. The research question is: what kind of ethical dimensions do Indian managers reveal when they are making moral decisions. Factor analysis is done to investigate the role of five moral philosophies (justice, deontology, relativism, utilitarianism, and egoism) in their ethical decision-making. The results show that the scale holds for the different sample. A broad-based moral equity dimension consisting of items from justice, relativism, contractualism, and utilitarianism emerged. However, an additional egoism construct emerged in the current as an important factor.

Keywords

Ethics, moral philosophy, multidimensional ethics scale, moral judgment

Introduction

The empirical research on ethical decision is based on the identification and measurement of variables based on ethical theories. The theoretical constructs need to be carefully defined and the methods by which these are measured are to be validated (Cohen et al, 1993). Most of the earlier researches on business ethics were based on presenting subjects with vignettes, and asking them to state on a bipolar scale to state the extent to which they are ethical (Randall and Gibson, 1990). As the business research progressed, efforts were made to develop the scale which can measure the construct "ethical-unethical" scale in more rigorous manner based on ethical theories such as deontological ethics and teleological ethics. Reidenbach and Robin (1988) started the development of a multidimensional ethics scale based on the review of the moral philosophy literature. An individual's moral philosophy is considered a key variable in determining ethical decisions (Ferell and Gresham, 1985; Hunt and Vitell, 1986). Loe et al. (2000) identified moral philosophy as an important factor which has been empirically examined to influence moral decision22-making.

Moral Philosophy

Moral philosophy can be classified into deontology and teleology and that this distinction is vitally important in understanding the nature of ethical theories (Beauchamp and Bowie, 1993). Deontological theories of ethics hold that actions, persons, or motives are to be judged not directly by their consequences but by their conformity to moral rules. What these rules are depends on the particular moral theory in question. In teleological moral theories, actions, persons, or motives are to be judged solely according to the nature of their consequences. The ethical theories relevant for the research task are discussed as follows.

Justice

Contemporary Harvard philosopher John Rawls is known as the father of an ethical theory called distributive justice, which holds that ethical acts or decisions are those that lead to an equitable distribution of goods and services. Based on the principles of Justice, Rawls (1971) proposed that ethics of an act are determined by the degree to which opportunity, wealth, and burden are equally available to all members of society. The individual has the moral obligation to treat people equally unless there is some morally significant difference between them and to distribute goods and opportunities in accordance with people's entitlements.

Contractualism

It refers to the creation of moral of moral codes, or 'social contracts' by agreement. Morals by agreement are an emerging school of thought. A convention is a rule of behavior such that almost everyone conforms, and expects other to also conform. They are not enforced by any authority, and are effectively self-policing. According to Scanlon (1982), "an act is wrong if its performance under the circumstances would be disallowed by any system of rules for the general regulation of behavior which no one could reasonably reject as a basis for informed, unforced general agreement".

Ethical Relativism

Ethical relativists hold that all ethical beliefs and values are relative to one's own culture, feelings, or religion. They are of the opinion that there can be no rational, objective basis for a moral judgment. Instead it is suggested, every person, or perhaps every culture, devises its own set of moral standards, and it does so more or less arbitrarily. The ethical courses of action are determined by the culture a decision maker is working within, such that a decision in one culture may be deemed ethical, while the same behavior under the same circumstances may be judged unethical in another culture. However, one has to be careful to distinguish what people believe is right or wrong from what is right or wrong.

Utilitarianism

The theory most representative of teleological approach is utilitarianism, which seeks as its end the greatest "good" (or utility) for the greatest number. Utilitarianism is one of the influential theories of

normative ethics that directs one to the consequences of one's acts to determine right from wrong. Given a choice between two alternative actions, we ought to do the one to seek the "greatest good for the greatest number" or to "maximize the overall good." An act is ethically right if it leads to a net increase in the overall good; an act is ethically wrong if it leads to a net decrease in the overall good.

Egoism

Egoism contends that an act is ethical when it promotes the individual's best long-term interests. If an action produces a greater ratio of good to evil for the individual in the long run than any other alternative, then that action is ethical. Egoism means one takes the action that results in the greatest good for oneself. Thomas Hobbes (1588-1679), one of the most important philosophical egoists showed human beings are concerned with their own well-being and act accordingly. In Business Ethics, generally normative form of philosophical egoism is referred to. Normative egoism implies how people ought to be by nature egoistic that is, people pursue only their self interest.

This article analyses the role of moral theories using the multidimensional ethics scale in a new cultural context. Cohen et al. (1993) recommended testing the validity of the scale in an international setting, particularly in an Asian culture, where the emphasis on familiar and commutarian values is strong. The research question is: what kind of ethical dimensions do Indian managers reveal when they are making moral decisions. To what extent moral theories such as justice, deontology, relativism, utilitarianism, and egoism influence Indian manager's ethical decision making process. The study is divided into six sections. The first section introduces the research question. The second section describes the multidimensional ethics scale development process and third section discusses the questionnaire and the sample. Section four present results from empirical analysis of data and the fifth section discuss the findings and conclude the study.

Methodology

The study is in two parts. In the first part, the multidimensional ethics scale has been developed reducing the 33 items of the original R & R's 1988 study to a 12-item instrument. In the second, the reliability of this instrument has been tested on a sample of Indian managers.

The multidimensional ethics scale

Multidimensional ethics scale represents the evaluative criteria that individuals use in making a moral judgment (Reidenbach and Robin, 1995). Reidenbach and Robin (1988) initially developed a 33 –item multidimensional ethics scales based on a content analysis of five ethical theories: justice, deontology, relativism, utilitarianism and egoism to measure moral reactions of people. The development of the scale is rooted in moral philosophy literature to explore the manner in which individuals combine aspects of the different philosophies in making moral evaluations. The scale provides insights into the philosophies or rationales that underlie ethical judgements. Use of this scale allows an investigation of not only what the respondent believes, but also why he or she believes it. The scale was later refined into 8-items (Reidenbach and Robin, 1990) that measured three orthogonal constructs: a broad based moral equity dimension which included items relating to the philosophies of justice (fair/unfair, just/unjust), relativism (acceptable/unacceptable

to my family), deontology (morally right/not morally right), a relativistic dimensions, which included two relativist items (traditionally acceptable/unacceptable, culturally acceptable / unacceptable) and a contractualism dimensions, which included two deontology items (violates/does not violate an unspoken promise, violates/does not violate an unwritten contract). The average reliability for these scales was 0.80 and there was strong evidence of both discriminant and convergent validity.

Different forms of multidimensional ethics scale have been used in several empirical studies of business studies (Reidenbach and Robin, 1988; Tsalikis and Ortiz-Buonafina, 1990; Cohen et. al., 1993; LaTour, 1995; Cruz et. al., 2000; Kujala, 2001; Rittenburg and Valentine, 2002). Cohen, Pant and Sharp (1993) reduced the original 33 items of Reidenbach and Robin (1998) study to a 15 items instruments following R&R's guidelines and tested the reliability of this instrument on a sample of accounting faculty. The items included in multidimensional ethics scale represented five moral philosophies: justice, deontology, relativism, utilitarianism, and egoism. Tsalikis and Nwachukwu (1998) used the longer 33 item instrument and two of the retail scenarios of the original Reidenbach and Robbin (1988) to determine how black and white U.S. University students differ in their evaluation of business ethics. In a subsequent study (1991), the same authors used a subset of 20 items to examine how U.S. Nigerian business students reacted to six vignettes dealings with bribery and extortion. However, the authors neither questioned nor tested the reliability and validity of the scale used.

Cruz, Shafer and Strawser (2000) investigated professional tax practitioners' ethical judgements and behavioral intentions on the MES dimensions. The multidimensional ethics scale was used to measure the extent to which a hypothetical behavior was consistent with five ethical philosophies i.e. moral equity, contractualism, utilitarianism, relativism, and egoism. Kujala (2001) used the multidimensional scale to analyze Finnish managers' attitudes toward moral dilemmas. The scale consisted of 17 statements: justice- two items, deontology- four items, relativism- four items, utilitarian- four items, and egoism –three scale items.

Cohen et al. (1993) argued to construct and validate Robin and Reidenbach's (1988) original multidimensional scale for each application. For the purpose of the study, the scale was developed by comparing the scales used in above mentioned seven previous studies, selecting those items that have been used and found relevant in these studies (see Appendix A). The similar method of developing the multidimensional scale was used in Kujala's (2001) study while investigating Finnish business manager's moral decision-making.

Justice scale

In the original 30-item ethics scale, the justice scale included three items: "Just," "Fair", and "Result in an equal distribution of good and bad." From these three items, "Just" item was used in five earlier studies and the "Fair" item was used in all seven studies. Hence two items (Just and Fair) were selected in the final scale.

Relativist scale

The original relativist scale consisted of five items: "Culturally acceptable," "Individually acceptable," "Acceptable to people I admire," "Acceptable to my family," and "Traditionally acceptable." From these three items "Culturally acceptable" and "Acceptable to my family (used in seven studies) and "Traditionally Acceptable (used in six studies) were selected. The two items "Culturally Acceptable" and "Traditionally Acceptable" were combined

as one item "Generally Acceptable" for the purpose of this study since it was found to be more suited to speaking language of Indian executives. So, two items of relativist scale (Generally acceptable and Acceptable to my family) were selected.

Contractualism scale

The original Contractualism scale consisted of six items: "Violates an unwritten contract," "Violates my idea of fairness," "Duty bound to act this way," "Morally right," "Obligated to act this way," and "Violates an unspoken promise." The item "Violates an unwritten contract" was used in all seven studies. The items "Violates an unspoken promise" and "Morally right were used in six studies. So, three items of Contractualism scale (Violates an unwritten contract, Violates an unspoken promise, and Morally right) were selected.

Utilitarian scale

The original utilitarian scale included nine items: "Efficient," "O.K. if actions can be justified by their consequences," "Compromises an important rule by which I live," "On balance, tends to be good," "Produces the greatest utility," "Maximizes benefits while minimises harm," "Leads to the greatest good for the greatest number," "Results in a positive cost-benefit ratio," and "Maximizes pleasure." From these, the items "Produces greatest utility," "Leads to the greatest good for the greatest number," "Maximizes benefits while minimizing harm" used in all six studies were selected for final scale. The two items "Maximizes benefits while minimizes harm" and "Leads to the greatest good for the greatest number" were combined as one item "Leads to maximal benefit for society" for the purpose of the study since it was felt it conveys the same meaning. So, two items of utilitarian (Produces greatest utility and Leads to maximal benefit for society) were finally selected.

Egoism scale

The original egoism scale consisted of seven items: "Self promoting," "Selfish," "Self sacrificing," "Prudent," "Under no moral obligation," "Personally satisfying," and "In the best interest of the company." From these items, four items: "In the best interest of the company," "Personally satisfying," "Selfish," and "Self promoting", used in four earlier studies, were selected. It was felt that between the two items "Selfish," and "Self promoting", one item should be selected since in all studies after 1990, either of the two items had been used. Therefore, the "Self promoting" was used in the final scale. So, three items of egoism scale (In the best interest of the company, Personally satisfying, and Self promoting) were finally selected.

The final multidimensional scale used in the questionnaire of this study consisted of 12 items: two justice, two relativist, three contractualism, two utilitarian, and three egoism scale items. The items were presented in the questionnaire after each scenario in random order and the respondents were asked to state their views on the seven point scale from Strongly Agree (1) to Strongly Disagree (7). The individual items of moral philosophy selected for present study are shown in Table 1.

Scenarios

Two ethical decision making scenarios were utilized for measuring ethical judgement and behavioral intentions. Scenarios have been commonly used as a part of data gathering instrument in numerous business ethics studies (e.g., Chonko and Hunt, 1985; Kujala, 2000; Paolillo and Vitell, 2002). Scenario 1 employed in the present study has been utilized in the previous data gathering studies (e.g., Reidenbach and Robin, 1988; Cohen et al, 1993). The first scenario describes a situation where the automobile dealer does not provide the service within the warranty period of one year. Scenario 2 was used in Fritzsche and Becker (1984) study. The second scenario describes a situation where an employee is asked by his new employer to reveal the technological secretes of former employer.

For each scenario respondents read the background information, which described the ethical dilemma and provided with an action statement of the behavior of an individual concerned (see Appendix B). Then, they completed the scale representing five moral philosophies: (1) justice consisting of two items, (2) contractualism consisting of two items (3) relativism consisting of three items, (4) utilitarianism consisting of two items, and (5) egoism consisting of three items measuring moral reactions of people. In addition they were also asked to complete two items of ethical judgment and two items of behavioral intentions.

Pre-testing of questionnaire

The pretesting of questionnaire was conducted with an objective to test the generalizability of Robin & Reidenbach multidimensional scale (1988) using subjects primarily from different cultural setting, in which the scale was evolved. The questionnaire was presented to two senior professors of management and philosophy department and 30 business management students of Delhi University who have been taught business ethics as subject in the previous semester. They were told "This study is designed to validate a questionnaire that measures the importance of beliefs in business decision-making". The subjects were

TABLE 1
A priori normative philosophy scales.

JUSTICE SCALES	Just Fair
RELATIVIST SCALES	Generally acceptable Acceptable to my family
CONTRACTUALISM SCALES	Does not Violates unwritten contract Morally right Does not Violates unspoken promise
UTILITARIAN SCALES	Produces greatest utility for society Leads to Maximal benefit for society
EGOISM SCALES	In the best interest of company Self promoting for the actor Personally satisfying for the actor

asked to respond on the 12-item instrument along with three questions measuring ethical evaluation and behavioral intention on given two scenarios. Certain changes were made in the final questionnaire such as the 7-point semantic scale was changed to 7-point Likert scale such as Just…..Unjust was changed to Strongly Agree …..Strongly Disagree scale.

The Sample

In the given study, Quota Sampling design is adopted to collect the data. It is one of the most commonly used nonprobability sample design used in surveys. This sampling method is based on the principle of stratification. In the given research, a stratum was constructed and bases of stratification are sector of employment and management level. Next, sample sizes called quotas are established for each stratum. The sampling within strata may be proportional or disproportional and identification of individuals with in the designated quota is done at the time of field work of collecting the data. The survey was conducted in November 2004 and spread over the time period of seven months till May 2005. The target group consisted of 1200 executives working at different levels in different public and private organizations. The total of 456 responses were obtained. Out of which 10 questionnaires were rejected due to extreme responses given by respondents which reflected non-seriousness on the behalf of respondents. 12 responses were rejected due to incomplete information of demographic profile. 9 responses were rejected due to missing data of variables under study. The final sample size was 426 respondents i.e. 35.5 % of target group.

Table II summarizes the demographic profile of the respondents of the survey. The data shows that the respondents are pre- dominantly male (58.5%) and over three-fourth respondents (77.9%) are less than 45 years old. Most of the managers (40.4%) have professional academic qualification and 54.7% have monthly incomes below Rs. 30000. About 74% of the managers are employed in private sector and very few respondents (16%) belong to the organizations having workforce less than 100.

Results

Paired sample t-tests

In order to examine whether respondent's response is same or different for the various items of moral philosophy in two scenarios, paired sample t-tests is conducted. The paired t-test will indicate if the perceived differences for items of moral philosophy are significantly different for scenario 1 as compared to scenario 2. If the respondent's differ on items of moral philosophy for Scenario 1 and Scenario 2, then further analysis will be done separately for two scenarios. The results of the paired sample t- test done are shown in Table 2. The mean responses indicate that responses to scenario 2 are judged more moderately as most of the responses lies near the middle-point. The significant difference exists between all the twelve items of moral philosophy of two scenarios at $p < .001$. It can be seen from above analysis that responses to various items of moral philosophy significantly differs between two scenarios.

Factor Analysis

The responses of different items of multidimensional scale were tested by principal component analysis using varimax rotation. Those factors with an eigen value greater than 1.0 were retained. Only items with a loading greater than 0.6 are considered to be included in a factor. The reliability of data can be accomplished by obtaining the reliability coefficient, Cronbach's alpha. The

TABLE II
Demographic Profile of Respondents (N = 426)

Variable	Percentage
Gender:	
Male	58.5
Female	41.5
Age:	
Under 26	35.0
26 -35	26.8
36 – 45	16.2
46 – 55	14.8
Over 56	07.3
Education Level :	
Bachelor's	33.3
Master's	25.1
Professional	40.4
Other's	01.2
Monthly Income (in Rs.) :	
Under 15000	26.8
15001 – 30000	27.9
30001 – 45000	15.5
45001 – 60000	10.8
Above 60000	19.0
Management Level:	
Top Management	17.7
Middle Management	35.5
Lower Management	46.8
Sector of Employment:	
Public Sector	26.1
Private sector	73.9
Organization Size:	
Less than 100	16.0
100 – 999	31.0
1000 – 9999	30.0
10000 and above	23.0

validity of the factor model is assessed through with Kaiser-Meyer–Olkin (KMO) measure of sampling adequacy measure. This measure is an index for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. The measure over 0.90 is considered as marvelous, over 0.80 as meritotious, over 0.70 as middling, over 0.60 as mediocre, over 0.50 as miserable and below 0.50 as unacceptable (Norussis, 1988).

Moral dimensions in Scenario 1.

The respondents had the most critical views of action of automobile dealer for not providing service within the warranty period of twelve months. The KMO measure of sampling adequacy is 0.626 for the given data. Bartlett's test of sphericity (App. = 3056.21) is significant at 0.0001 level. This indicates

TABLE 2
Paired Sample Tests

Variable no.	Variable Name	Scenario 1		Scenario 2		Paired t-test Significance	
		Mean	Std. Dev.	Mean	Std. Dev.		
1	Just	6.06	1.28	4.92	1.84	12.85	S
2	Fair	6.09	1.30	4.96	1.87	11.37	S
3	Generally Acceptable	5.70	1.48	4.15	1.97	15.09	S
4	According to Family	6.22	1.15	5.19	1.71	11.42	S
5	Violate unwritten contract	5.43	1.19	4.88	2.16	5.04	S
6	Violate unspoken promise	5.40	2.01	4.90	2.08	4.55	S
7	Morally Right	5.98	1.71	5.38	1.74	5.34	S
8	Produces greatest utility	6.07	1.31	4.80	1.86	13.52	S
9	Lead to the greatest good	6.04	1.41	4.62	1.92	13.68	S
10	In best interests of company	2.73	1.92	4.29	1.97	-14.42	S
11	Self Promoting	3.01	1.76	4.29	1.78	-11.14	S
12	Personally satisfying	3.43	1.85	3.82	1.74	-3.38	S
13	Act Ethical	6.30	1.24	5.56	1.68	8.49	S
14	Organization Ethical	6.06	1.36	5.04	1.91	1.25	S
15	Prob. I would take action	5.57	1.94	4.83	1.85	7.14	S
16	Prob. Colleagues would take action	5.09	1.82	4.13	1.65	9.62	S

*The differences are highly significant at $p < 0.001$.

that the factor model as a model for analysis can be accepted (see Appendix C). In the first scenario, rotation converged in 5 rotations resulting in 4 factors with an eigen value greater than 1.00. Total variance explained by the four factors is 74.78 % which is comparable to other studies.

The results of rotated factor loadings are presented in Table 3. The first factor consists of two items of justice scale (just and fair) and two items of relativism scale items (generally acceptable and acceptable to my family). The factor is named as justice-relativism dimension and explains maximum of 34.55% of variance. The Cronbach's alpha for the dimension was 0.84. The second factor is pure egoist dimension consisting of three egoism scale items (in the best interests of company, self promoting and personally satisfying) and explains 17.54 % of variance. The Cronbach's alpha for the dimension was 0.78. The third factor consists of both items of utilitarianism scale (produces the greatest utility and leads to the greatest good for the greatest number) and one item of contractualism scale (morally right) and explains 12.63 % of variance. The Cronbach's alpha for the dimension was 0.69 but improved to 0.81 after deleting item "morally right". The fourth factor consists of pure contractualism scale items (violates unwritten contract and violates unspoken promise) and explains 10.05 % of variance. The Cronbach's alpha for the dimension was 0.94.

TABLE III
Factor Analysis of Scenario 1

Variables	Factor 1	Factor 2	Factor 3	Factor 4	Extracted Communality
Just	0.66				0.75
Fair	0.82				0.75
Generally acceptable	0.87				0.80
According to family	0.70				0.58
Violates unwritten contract				0.94	0.92
Violates unspoken promise				0.96	0.95
Morally right			0.61		0.48
Produces maximum utility			0.86		0.83
Leads to greatest good			0.82		0.76
In the best interest of company		0.70			0.56
Self promoting		0.91			0.86
Personally satisfying		0.83			0.70
Initial Eigen Value	4.14	2.10	1.51	1.20	
% of variance	34.55	17.54	12.63	10.05	74.78
Cumulative % of variance	34.55	52.09	64.73	74.78	
Cronbach's Alpha	0.84	0.78	0.69	0.94	

Moral dimensions in Scenario 2.
The respondents had less negative response for action of software engineer revealing the product secrets of his former employer to new employee. The KMO measure of sampling adequacy is 0.81. Bartlett's test of sphericity (App. = 3056.21) is significant at 0.0001 level. This indicates that the factor model as a model for analysis can be accepted. In the second scenario, rotation converged in four rotations resulting in three factors with eigen value greater than 1.00. Total variance explained by the four factors is 74.78 % which is comparable to other studies.

The results of rotated factor loadings are presented in Table 4. The first factor represented the broad-based moral equity dimension consisting of seven items and explains maximum of 53.29 % of variance. The variables consisted of the two items of justice scale (just and fair), two items of relativism scale (generally acceptable and acceptable to my family), two items of utilitarian scale (produces the greatest utility and leads to the

TABLE IV
Factor Analysis of Scenario 2

Variable	Factor 1	Factor 2	Factor 3	Extracted Communality
Just	0.80			0.82
Fair	0.78			0.81
Generally acceptable	0.69			0.68
Acceptable to family	0.70			0.61
Violates unwritten contract			0.97	0.91
Violates unspoken promise			0.98	0.95
Morally right	0.85			0.72
Produces maximum utility	0.83			0.74
Leads to greatest good	0.85			0.79
In the best interest of company		0.70		0.73
Self promoting		0.89		0.85
Personally satisfying		0.88		0.83
Initial Eigen Value	6.39	1.95	1.19	
% of variance	53.29	16.30	9.98	79.57
Cumulative % of variance	53.29	69.59	79.57	

greatest good for the greatest number) and one scale items of contractualism scale (morally right). The Cronbach's alpha for the dimension was 0.93.

The second factor is pure egoist dimension consisting of three items of egoist scale (in the best interests of company, self promoting and personally satisfying) and explains 16.30 % of variance. The Cronbach's alpha for the dimension was 0.87. The third factor consists of two items of utilitarianism (violates unwritten contract and violates unspoken promise) and explains 9.98 % of variance. The Cronbach's alpha for the dimension was 0.96.

The factor analysis results in emergence of four factors consisting of broad-based moral equity dimension, egoist, utilitarianism and contractualism dimension in Scenario 1 and three factors consisting of moral equity, egoist and utilitarianism in Scenario 2. Thus,

Multidimensional ethics factor structure confirms the existence of the justice, contractualism, relativism, utilitarianism, and egoism philosophies for executive's decision making.

Discussion

The Indian managers revealed a variety of ethical theories in their decision making process. In automobile dilemma, the four natural dimensions emerged consisting of justice-relativism, egoism, utilitarianism, and contractualism. In the second scenario, the respondents have accepted the action of software engineer revealing secrets of product of former employer to the new employer. In this dilemma, a broad-based moral equity dimension with items from justice, relativism, and utilitarianism emerged. In both scenarios, pure egoism and contractualism dimension emerged as an important factor. Emergence of moral equity dimension of deontological philosophy and egoism dimension of teleological philosophy show individuals use philosophies from both deontology and teleology simultaneously in ethical decision-making process supporting the Hunt and Vitell (1986) model.

Moral equity dimension was strongly represented by justice and relativism philosophy and it emerged as an important factor in the both scenarios influencing the managers' decision making. Non consequential evaluations in general and moral equity in particular have emerged as a factor in several empirical studies supporting Hunt and Vitell's (1986) theory (Robin and Reidenbach, 1990; Hansen, 1992; Cohen et al., 1993; Cruz et al., 2000). The point to be noted is that managers are combining justice thinking with relativist thinking in resolving the ethical dilemma, though both dimensions represents different theoretical viewpoint in discussion. It implies the differentiation between right and wrong is based on what is just, fair, generally acceptable, and acceptable to his/her family. The mean scores of relativism scale depicts that action of software engineer giving away information of new product of former employee was more acceptable on cultural norms as compared to the action of automobile dealer. In Indian business settings, such viewpoint certainly has the relevance since such perceptions may engage them in unethical behavioral intentions.

Along with it, teleological philosophy consisting of egoist dimensions emerged as an important factor in ethical decision-making. The managers judged the action in the interests of company, self promoting, and personally satisfying. Compared to earlier studies using the multidimensional scale, a notable difference is the emergence of pure egoism dimension in both scenarios. In the previous studies, either this philosophy has not emerged as an important dimension or a combination of

egoism-relativism emerged in few studies (Kujala, 2001). From this we can conclude that consequential thinking comprising interest for self and for company exists for Indian managers. The findings suggest that managers using the egoist philosophy may commit acts that they perceive as unethical.

The philosophy of "contractualism" requires the action to be judged on the principles of right and violation of unwritten contract and/or unspoken promises. In automobile scenario, the customer expects to be served for faulty transmission of car within the warranty period and higher means for three items of the scale depicts that such an action is violated on contractual norms. In software scenario, the mean score of respondents is around 4 i.e., mid value which shows that executives does not view such action as violation of unwritten contract and unspoken promise. The mean scores of three items of contractualism with very high standard deviation and variance depicts true ethical dilemma faced by Indian respondents. The reason could be attributed to the difference in nature of problem encountered by actor in both the scenarios.

Another interesting finding is that a significant difference exists in responses to moral philosophy, ethical judgment and behavioral intention as measured by two scenarios in a given study. In the automobile scenario where dealer does not change the auto-part within the warranty period, the respondents judged the unethical action of the auto dealer harshly and expressed the intention not to engage in such a behavior. It seems the respondents have judged the action of the auto dealer from the point of view of the consumer. In the second scenario, the action of a software engineer who revealed secrets of technological product of former employer to the new employer was more acceptable to the respondents. It exposes dual thinking of respondents and the fact that individuals may change philosophy type depending on the situation. It shows how ethical decision making is related to specific situation and business ethical decision making is different from consumer ethical decision making process. Further research can be taken to explore consumer ethics (Muncy and Vitell, 1992).

Conclusion

The concept of justice has been traditionally concerned with rights and duties; with a person being given his due for good moral reasons. A just society enables each person to realize this aim whereas a utilitarian society is concerned with realization of the greatest sum of individual goods. The concept of fairness and justice does not arise out of any agreement between the parties involved. In Indian sub-continent, the customs and conventions have evolved over a period of time and have a long history. Conventions are not enforced by any authority but almost everyone conforms to particular rules of behavior and there is no agreement or contract about it. If such conventions have conformity and acceptability, then these conventions acquire moral dimension. This may explain the reason of predominance of existence of justice and relativism philosophy amongst Indian manager's decision-making over contractarianism (morality by agreement) philosophy.

The results are important for organizational area researchers who are interested in knowing "what kinds of moral philosophies will be most effective in encouraging ethical behavior?" The emergence of various factors reveals that moral philosophy plays an important role in the entire process of ethical decision-making of managers. Managers need to recognize that their organizations consist of different individuals who are of different philosophy type and react differently to the given situation. The

ethical behavior of deontological philosophy type managers can be governed more by rules and regulations, clearly laid-down policies, and code of conduct. The ethical conduct of teleological philosophy type can be governed by reward and penalty structure and strict enforcement of code of conduct. The ethical climate of the organization should be designed in such a manner which includes individuals of all philosophy types in decision-making.

The results of the study can be further analyzed to explore the ethical decision making process of Indian managers. The ethical decision making process of an individual is a complex phenomenon and various authors have suggested theoretical models of decision making based on moral theories. Hunt and Vitell (1986) General Theory of Marketing Ethics is one such theoretical model based on the theories of deontology and teleology and their influence on decision-making behavior.

APPENDIX C

There has been concern with regards to mediocre K-M-O value of 0.626 in Scenario 1 which may not be appropriate for factor analysis. The SPSS software used in my research includes Bartlett's test of sphericity (Bartlett 1950) and the Kaiser-Meyer-Olkin measure (Kaiser 1970) of sampling adequacy to assist users to assess the adequacy of their correlation matrices for factor analysis. For a large sample Bartlett's test approximates a chi-square distribution. Very small value of significance (below 0.05) indicates a high probability that there are significant relationships between the variables, whereas higher values (0.1 and above) indicate the data is appropriate for factor analysis. . Bartlett's test of sphericity (App. = 3056.21) is significant at 0.0001 level. This indicates that the factor model as a model for analysis can be accepted

APPENDIX B

Scenarios used in the study
Scenario 1:

A person bought a new car from a franchised automobile dealership in the prestigious local area. Eight months after the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months he continually had a similar problem with the transmission slipping. Each time the dealer would ask the mechanic to make only minor adjustments on the car. Again, during the thirteenth month after the car was purchased the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.

Action: Since the warranty was for only one year from the date of purchase, the dealer charged the full price for parts and labor.

Scenario 2:

A young computer engineer has recently accepted a job with a microcomputer manufacturer. The microcomputer manufacturers are engaged in intense competition to become the first on the market with a software package which utilizes the Hindi language and thus is easily used by the average customer. His former employer is supposed to be the leader in this software development. When he was hired he was led to believe his selection was based upon his management potential. After the third week on the new job, the engineer received the following memo from the Chairman: please meet with me tomorrow at 8:15 for the purpose of discussing the developments your former employer has made in the micro computer software.

Action: He provided new employer with the software information.

APPENDIX A
Construction of multidimensional scale

Study	Robin & Reiden	Tsalikis & Ortiz	Cohen	Tsalikila tour	Cruz	Kujala	Rittenburg	Final items selected
Year	1988	1990	1993	1995	2000	2001	2002	
No. of items	30	29	15	20	12	17	11	12
JUSTICE Just	•		•		•	•	•	• Just
Fair	•	•	•	•	•	•	•	• Fair
Results in equal distribution of good and bad	•	•						
RELATIVISM Culturally acc	•	•	•	•	•	•	•	• Generally acceptable
Traditional acc	•	•	•		•	•	•	
Individual acc	•	•	•	•		•		
Acceptable to my family	•	•	•	•	•	•	•	• Acceptable to my family
Acceptable to people I admire	•	•		•				
DEONTOLOGY Violates an unwritten contract	•	•	•	•	•	•	•	• Violates an unwritten contract
Violates an unspoken promises	•	•	•	•	•		•	• Violates an unspoken promises
Duty bound to act this way	•	•		•				
Obligated to act this way	•	•	•	•		•		
Morally right	•	•		•	•	•	•	• Morally right
Violates my idea of fairness	•	•				•		
UTILITARIAN Efficient	•	•		•		•		
O.K. if actions can be justified by their consequences	•	•		•		•		
Produces the greatest quality	•	•	•		•	•	•	• Produces the greatest utility
Maximizes pleasure	•	•						
Compromises an important rule by which I live	•	•		•				
On balance, tends to be good	•	•		•				
Results in a positive cost-benefit ratio	•	•						
Leads to the greatest good for the greatest number	•	•	•	•		•	•	• Leads to maximal benefit for society
Maximizes benefits while minimizes harm	•	•	•		•	•	•	
EGOISM In the best interest of the company	•	•		•		•		• In the best interest of the company
Self sacrificing	•	•	•					

Personally satisfying	•	•	•		•			• Personally satisfying
PRUDENT	•	•		•				
Under no moral obligation	•	•		•				
Selfish	•	•		•		•		• Self promoting
Self promoting	•	•	•		•			

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Potential Issues of Skin Fairness Creams
TV advertisements in Pakistan

Sohail Kamran

Abstract

The purpose of this study was to explore the potential product performance and social issues caused by Fairness creams Television advertisements in Pakistan. Qualitative data was gathered from the female university students and gilrs from low socio economic backgrounds in Rawalpindi (19-28 years, n=96) through twelve focus group interviews. Firstly; study results suggest that fairness creams television ads overstate the product benefits. Some respondents revealed face skin problems after the usage of fairness creams. Secondly; study findings suggest that roles shown in the commercials are potentially reinforcing and raising negative values in the society, show stereo type roles of the women and hurt self esteem of women. These TV ads need to be regulated and the best possible way in the absence of any other types of consumer protection laws are the industry's self regulations. Policy implications include restriction on the distribution of fairness creams through medical stores only and roles such as girl marrying and wearing large quantity of gold jewelry, avoiding deceptive claims, change of face complexion within few days from dark to white after cream use, showing the superiority, status, achievement and beauty through white face skin should not be shown in the commercials, because of their negative effects on the society as a whole.

Keywords

Issues of fairness creams ads, Deceptive advertising

1. Introduction

There is a common liking for white face skin in the South Asian countries. Fair skin especially in the female segment of south Asian countries suggests superiority and beauty. The trend of using the fairness creams among the South Asians has emerged in the last fifty years. This need of being whitish has been exploited by the producers of skin whitening creams (Goon, 2003). Skin whitening cream manufacturers show fair skin in their advertisements as a necessity for success, and promote the use of their product to achieve the ideal face, partner, desired behavior from the society and attention from the opposite sex (Shankar et al, 2006).

There are different types of TV ads of fairness creams, which now a days are being shown on different TV channels of Pakistan. Some of the fairness creams TV ads and roles shown are being discussed below briefly to facilitate the understanding of the readers about the issues.

(a) A Young girl is worried about her dark face skin. She used a fairness cream and became pale with in few days. (b) A poor dark color gipsy girl used the skin whitening cream became white and then a rich boy got married with that poor gipsy girl.(c) A college girl with tan color used the fairness cream, which made her face skin white. She received approval from female friends and opposite sex. (d) A young girl was worried because of her dark skin. She used a skin whitening cream, which changed her dark color to white. After that, she is shown as a bride, wearing too much gold jewelry on her wedding day. (e) A boy denied marrying a girl, because of her dark face skin color. The same girl used a fairness cream, became pale with in few days and then same boy married with that girl, because of her fair white face skin. (f) A girl changed her face skin from dark to white within three days after the use of a fairness cream.

Although there is a great use of these fairness creams manufactured by both local and multinational companies, but issues of product performance are still common among the users. Most of these fairness creams are nonprescription products, and generally targeted to the young female population of the society through

TV commercials (Shankar et al, 2006). Different groups of academicians and journalists in Bangladesh have expressed concerns about the dangerous effects of skin fairness cream usage and its advertisements. Islam et al, (2006) maintain that common skin whitening chemicals are linked with negative side effects for the face skin. Skin whitening creams cannot be useful without the use of skin bleaching chemicals such as steroids, mercury salts, hydroquinone and other skin damaging chemicals (Islam et al, 2006). Head of the Department of Dermatology in All India Institute of Medical Sciences in Delhi, Dr. R.K. Pandhi, stated that he has never come across a medical study that validates the claims of skin whitening by applying skin creams (Sinha, 2000).

Personal, Social, and ideal body image should be seriously debated, which are caused by the marketing of these fairness creams (Shankar et al, 2006). For a long time large social and economic issues have been raised concerning the role of advertising in the society (Batra et al, 2005). False claims and promises about the product through marketing communications could be categorized as unethical marketing practice (Kotler & Armstrong, 2001). One of the basic areas of advertising regulation is deception and unfair advertising. Three primary groups consumers, industry and government may play their roles to regulate advertising practices (O'Guinn et al, 2003).

Consumers complaining behavior can be categorized in to three main categories. Firstly; voice response to the party directly involved in the complaint, secondly; negative word of mouth or brand switching by the customers, and thirdly; legal actions. Due to the varying personal concepts, perceptions of others and level of social activity, consumers across cultures are expected to vary with respect to complaining behavior. Those consumers with the collectivistic national culture as compared to the individualistic societies are less likely to voice complaints, when they experience post purchase problem (Mooij, 2004). Uneducated consumers are less likely to complain in case of post purchase dissatisfaction (Lindquist & Sirgy, 2003).

Ads have been widely criticized on being unethical and issues such as mis-

informing, misleading, making false promises, creating undesirable demands, making false promises, lowering the dignity of women, influencing disadvantaged target groups and defaming any individual or class of persons have been raised quite frequently (Sekhar, 1999).

Marketing communications may hurt the personal feelings. A survey of 1,000 adults carried out by the center for advertising studies, University of Illinois's Cummings, found that 51 percent of consumers feel that they are insulted by marketing communications "sometimes or often", 47% consumers consider that the majority of brand messages insult their intelligence and that 67% think they are occasionally misled by any marketing message (Shavitt et al, 1998). There is an accusation on advertising that it has contributed to the role stereotyping of women and ethnic minorities. This has been supported by numerous studies. In 729 advertisements appearing in 1970, none showed women in a professional capacity, where as 35 of them so showed men. The author concluded that advertisements reflected the stereotype that women do not perform important things, are dependent on men, are regarded by men primarily as sex objects, and should be in the home (Courtney & Lockeretz, 1971).

The United Nations, UNESCO Organization arranged a sixteen members commission to study the "Totality of communication problems in modern society". The commission's report, which is called as the Mac Bride Report (named after the Irish diplomat Sean McBride who led the commission). The commission produced eighty two recommendations directed mainly at the possible dangers of advertising and the needs for controls on advertising practices. As it was anticipated, the reactions to the report were extremely polarized with support largely coming from the third world countries and opposition coming from industry representatives in developed nations. Three main issues, which attracted particular attention, were (a) the role that advertising has played in creating harmful stereotypes of women and ethnic minorities, (b) the possible contribution of advertising in promoting harmful products and, (c) the relationship of advertising to materialism (Singh & Gross, 1981).

Values are among the first things children learn unconsciously, but implicitly. Development psychologists consider that by the age of 10, majority of the children have their basic value systems definitely in place (Mooiji, 2004). A study conducted by Thomas Lipscomb on boys and girls of the first, third, fifth and seventh grades revealed that materialism tends to be developed earlier in boys than girls and that elder children speak about consumer products to considerably greater degree than younger children (Lipscomb, 1998). It is argued that advertising has an impact on the values and lifestyles of the society and that advertising impacts both negative and positive sides (Batra et al, 2005). Myers (1972) states that key issues are that, which values and lifestyles are to be encouraged as positive, which are to be avoided, and what relative impact or influence advertising has on the society? Regardless of their complexity and their association to deep philosophical questions, they are well worth addressing to illuminate judgments and assumptions about our market system and society that are too often glossed over (Myers, 1972).

1.1 Objectives of the Study

Although there is a growing body of literature on advertising ethics (Dean, 2005), but there was no research, which specifically addressed the potential product performance and social issues caused by the fairness creams television commercials in Pakistan. Skin fairness creams are used by the female population in the south Asian countries, but there is a dearth of published literature about the product performance, its side effects, social, personal and economic issues caused by the marketing of these creams. These types of issues remain unaddressed because consumer concerns are rarely debated in these countries. So the main objectives of this paper are as follows:

1) To explore the potential product performance issues of the skin whitening creams.

2) To examine that how the roles shown in the fairness creams TV commercials potentially reinforce and raise social issues in Pakistan?

2. Methodology

The current exploratory study was carried out by using qualitative research approach. The study took place in Rawalpindi city, Pakistan. The units of data collection were obtained from female students of a University and three vicinities of Rawalpindi city. Focus Group Discussions (FGD's) were conducted for the data collection in both research arenas (University & Vicinities). Firstly, University students of all undergraduate and postgraduate programs were informed about the study and all the previous and current users of the fairness creams were requested to participate in the focus groups. For the University students focus groups were conducted within the University setting, during the university timings and in a large room, which had a quite peaceful environment (Guinard, 2001, Burns & Bush, 2000). Secondly, three Key Informants were selected to approach poor and illiterate girls living in the three vicinities of Rawalpindi city. Participants from the community were screened by using socio-economic census survey form and FGD's were conducted at the homes of Key Informants selected from the community. Girls from low socio-economic background were selected to know their attitude and views about the fairness creams and their TV commercials.

The population age was ranged from 19-28 years. This population age group was chosen because of the fact that the fairness creams are generally targeted and used by the young girls. The target customers for skin fairness creams are mainly 18-35 old women (Srisha, 2001).

A total of 96 females participated in the study. Sixty Four participants were University students (64 Participants, 67%) and Thirty Two participants were from the three vicinities of Rawalpindi (32 Participants, 33%). Participants were asked to watch the fairness creams TV advertisements one week prior to the conducting of the focus groups. TV commercials were also shown and discussed with the participants before the start of each focus group. Each participant had worn the name tag, which helped the moderator of the focus groups to call each participant by name (Hair et al, 2006). Each of the participants was asked to speak one by one to participate in the discussion. This helped to make sure that every one is participating and expressing their views. Participants were divided in to twelve focus groups and each group comprised of eight members. Because a group with less than eight participants is not likely to produce the energy and group dynamics necessary for truly beneficial focus group session (Burns & Bush, 2000).

All focus groups were conducted by the same moderator and each focus group on the average lasted about 45 minutes. All the focus groups discussions were audio recorded with the permission of the participants, which helped to analyze the information gathered during the study (Burns & Bush, 2000). To maintain the uniformity moderator guide was prepared, which outlined the topics, questions and sub questions used by the moderator to run the focus group sessions properly. Recorded interviews of 9.5 hours were written down word by word to create the man-

uscripts. Content Analysis Approach was used to analyze the data (Hair et al, 2006).

2.1 Limitations of the study

This study was carried out in general about the fairness creams product performance issues; however, any single brand or specific brands were not discussed with the participants. So directions for the future research may be firstly: to explore the product performance issues about a specific brand or brands of fairness creams. Secondly; this study was conducted with a small sample size through focus group discussions. The same type of study may be conducted with a large sample size by using different methodology and at a different location.

3. Results

The main topics explored from the focus groups participants are categorized in the following themes.
  (ii)   Product performance problems
  (iii)   Reinforcing and raising negative values in the society
  (iv)   Stereotype roles of Women
  (v)   Hurting the self esteem of the girls

3.1 Product Performance Issues

According the question that whether these creams improve the skin color in reality, participants revealed that (89%, 85 responses), what is claimed in the TV commercials of fairness creams is never true and product do not deliver. (… They lie that fairness creams make face white…- Undergraduate student). (…It is just a waste of money…- Poor House wife). Some respondents (44%, 42 respondents) feel that continuous use of the fairness cream can bring freshness in the face skin, but does not make face skin white. According to (67 %, 64 respondents), these fairness creams could cause skin problems, if not used properly or without the advise of a beautician. However, (56%, 54 respondents) have experienced the skin problems after the use of skin whitening creams, such as itchiness, rashes, dryness, pimples, hardness and darkness of the face skin. (…I experienced irritation on my face after applying the cream… after few days some pimples were appeared on my face…-Postgraduate student). (… After two weeks of cream use, I experienced stiffness on my face skin… Shop Sales Girl).

None of the participants of the focus groups used the medicated fairness cream. Further only (4%, 4 respondents) of those, who experienced the skin problems complained to the retailers. On a question that from, where do they buy the skin whitening creams? Respondents purchased it from the small or large grocery shops located near to their home (88%, 85 respondents).

3.2 Reinforcing and raising negative values in the society

Girls believe that the roles shown in the fairness creams TV advertisements are potentially reinforcing and raising negative values, such as materialism, dominance of white face skin, and negative effects on the youth thinking. TV commercials present white skin superiority and as criterion of judging female beauty, which has been negatively affecting the ethical considerations in the matrimonial matters (…Boy's parents demand white skin girl for their son…-A poor girl). Furthermore, in most of the advertisements, model girls are shown marrying and wearing gold ornaments. Respondents stated that these types of advertisements have a great potential of increasing the materialism in the society (72%, 69 respondents). (…We can only dream about the dresses and jewelry shown in the TV {fairness creams} commercials…- A housemaid).

Respondents perceive that these ads are negatively affecting the thinking and approach toward life in the kids and adolescent group of the society. They are becoming more materialistic, idealistic, and beauty or skin color conscious in the teenage. Participants reported that they have witnessed the negative effects of these skin whitening TV ads in their younger brothers, sisters or cousins etc (40%, 39 respondents). (…my younger sister, who is just 12 years old, buys skin whitening cream from her pocket money and is worried about her skin color…- Postgraduate student). (…My younger 16 years old sister uses fairness cream to become white…-A housemaid).

Respondents also reported the negative effects on the youth male segment of the society as well. One of the respondents said… My younger brother, who is 11 years old, says to her mother that I will marry with a white girl…- Undergraduate student).

3.3 Stereotype Roles of Women

Majority of the young female students believe that these advertisements show stereotype roles of the women in the society (87%, 84 respondents). Roles such as marrying, dreaming to marry a rich or handsome man, social approval of the young girls in the society and other house hold roles are always shown in the television advertisements. (…an educated woman of today is also involved in professional activities…but always traditional roles of the women are represented in the fairness television advertisement, which is very discouraging…- Postgraduate student). (…Girls are never shown as bread earners, infact we do earn…-Poor Girl)

3.4 Hurting the self esteem of the girls

Participants of the study believe that fairness cream TV advertisements play a vital role in hurting the self respect of the girls. After viewing the advertisements black or dark skin color girls could have the feelings of inferiority, social disapproval, lack of confidence, family and friends jokes aimed at their skin color, and other psychological problems. (70%, 67 respondents). (… My few class mates often say sarcastically to me to use fairness cream and it will make you white… I cannot confidently participate in the class discussion …- Undergraduate student). A girl said that (… I feel very oppressed when some people make jokes and pass comment on my face skin …which is very intimidating and disgraceful for me…- Postgraduate student). (… Street Boys often pass comments on my tan skin color…-An Illiterate poor girl).

4. Analysis and Discussion

Majority of the participants revealed that the fairness creams do not perform as claimed by the sellers through TV advertisements. As fairness creams advertisers always state that the cream use will make one white or fair within few days. In reality, it is impossible to change dark skin color to white with the use of a cream. Participants of the study also revealed that continuous use of the fairness cream made their face skin look fresh, but not white. Claims made by the manufacturers increase the expectations of the consumers and when the product actually does not deliver up to the expectations, it results in the consumers dissatisfaction. Therefore fairness creams sellers should claim only what their product can deliver.

Fairness creams advertised through television are non prescriptive products. Further they are sold at a low price, which perhaps communicates low quality and poor efficacy of the product (normally price of a cream tube falls in the bracket of 40

to 120 Pakistani Rupees, which is about US $0.50 to US $1.50). But the manufacturers keep claiming high quality and excellent results of their product. The question arises that, how the manufacturers are able to produce high quality creams by adding expensive ingredients in their products at such a low cost? As mostly, these creams are targeted to the lower and middle class female population, who do have fewer choices, less purchasing power and mostly either are illiterate or have very basic literacy skills. So the advertising messages of fairness cream could potentially exploit the target market very easily.

A fair number of the respondents believe that use of the creams could cause skin problems such as itchiness, rashes, dryness, pimples, hardness and darkness of the face skin. According to (Shankar et al, 2006) most of these creams are non prescriptive products and could potentially cause face skin problems. The information, which is totally missing in the TV commercials, is the precautions of using these fairness creams. In fact, it is vital to give information through TV ads and retailers about the product such as, skin suitability, quantity of use, frequency of use, time of use, precautions and contact information in case of the skin problem after the use. These misleading claims and lack of clarity in the information delivery by the sellers could well be classified as unethical advertising practice.

Majority of the respondents purchased the fairness creams from the small or large grocery shops. These grocery stores do not keep any specialized person or beautician to suggest the product use. In general retailers in Pakistan are either illiterate or have little literacy skills. So they are not in a position to understand and convey the written product information to the buyers.

Product manufacturers should include product usage information in their advertising messages. Secondly; in spite of selling the product from traditional retail stores, companies must restrict the distribution of their product to the medical stores only. Because the owners of the medical stores in Pakistan do have license to operate, normally have educated staff and can convey the product information to the consumers in their local language better than the conventional retailers. The other good reason of this proposal is the fact that a large majority of Pakistani population is illiterate. So it is impossible for majority of Pakistani consumers to understand the written product information included in the product pack.

As majority of the participants revealed that product do not perform as claimed in the TV commercials, but the question arises that despite the product failing to deliver and skin problems faced by some of the consumers, why consumer do not complain? According to (Mooij, 2004) dissatisfied consumers complaining behavior can be categorized as either voice response to the party directly involved in the complaint, negative word of mouth or legal action. In case of Pakistan, consumers may only spread unfavorable comments or negative word of mouth marketing. Consumers would normally not go for the legal action or complaining to any other concerned authority. There is a widespread illiteracy in Pakistan and as (Lindquist & Sirgy, 2003) maintain that consumers with less education or no education are less likely to involve themselves in any type of product complains. In general complaining about the product is not going to be beneficial, and may only result in the wastage of time, money and energy. So Pakistani consumers do not generally take any legal action in case of any unethical marketing practices mainly because of unawareness, widespread illiteracy, poverty, absence of the consumers groups and poor implementation of the commercial laws. The main cause of deceptive advertising and unethical business practices are the clear absence of consumer concerns in the judicial debate of Pakistan. (Khan & Hafeez, 1999). The complain procedures are expensive and lengthy which discourages the consumers to complain. This requires a complete legal and institutional framework to make sure speedy, inexpensive and appropriate consumer protection. Such framework is essential to restrict unfair business practices and to protect consumers in the market place (Humayun et al, 2000).

Most of the respondents commented those roles shown in the fairness creams TV commercials do have the potential of reinforcing and raising the negative values in the society among different age groups. Firstly, focus group participants commented that the roles shown can potentially increase the materialism. Most of the TV commercials of the fairness creams show that after applying the cream girl became white, marrying with a rich boy and girl wearing a lot of gold ornament in her wedding ceremony. According to (Batra et al, 2005), advertisements may effect the values and life styles of any society in both negative and positive way (Batra et al, 2005). According to (Singh & Gross, 1981) advertising could potentially promote materialism in the society. According to (Betra et al, 2005) advertising has the potential of promoting materialism, envy, insecurity, and selfishness in the society (Batra et al, 2005). In the long run the roles shown in TV commercials can potentially change society's values either towards negative or positive side. Roles shown in the TV commercials may also potentially reinforce the negative or positive behaviors and values in any society. As the role of girl in the wedding dress wearing too much gold jewelry potentially increases the materialism and greed in the society. Those girls, who are at economic and social disadvantage, might feel more deprived, as they can not acquire expensive jewelry and dresses. So fairness creams TV ads are strengthening the unwanted customs, perceptions, practices and values in the society. Some respondents from the low socio background mentioned that, expensive dresses and jewelry shown in the commercials are far behind their reach. It gives the idea that information about expensive products is being provided to the target audience through TV Ads, but the financial resources to acquire those material objects are not there. So these types of roles will potentially create anxiety among the economically disadvantaged female segment of the society.

According to most of the participants roles shows in the fairness creams TV commercial are negatively affecting the thinking of the kids and adolescent groups of the society. They are becoming more idealistic and skin color conscious. As almost all the kids and adolescents in the urban areas are exposed to these TV commercials on daily basis. Electronic media consumption and exposure has been increased significantly in the teenage group mainly because of two reasons. Firstly; Opening and availability of new private cable TV channels and secondly; lack of recreational and sports opportunities available to the youth in the urban areas of Pakistan. So viewing the roles and marketing messages, where white face skin of the girls are shown as a symbol of superiority motivate the teenage group to romanticize these roles and to buy the product even though it is not needed. Clearly roles shown in fairness creams TV commercials have a potential of affecting the teenage groups thinking and approach towards their lives negatively.

Majority of the Television commercials of the Fairness creams show the domestic roles of the women, such as marrying and attracting the opposite sex through the face skin. Participation of the urban female population is increasing in the education and employment activities, but still things need to be improved significantly. Women are never shown in the professional roles in the

TV commercials. Actually Pakistani society is fairly a conservative society and some educated women either are not motivated to participate in the economic activities or not permitted by the family members to do the job. Roles shown in the TV commercial potentially strengthen the perception of women domestic roles in the society, which is the stereotyping of the women as dependent, as a sex object and domestic roles as also mentioned by Courtney & Lockeretz (1971). These TV commercials are reinforcing the stereotype roles of the women and are not helpful to change the society's perception about women professional abilities. Therefore companies in their advertisements should show women in the professional roles, which might motivate the women to be a professional and might change the society's perceptions and behaviors about the professional women in the long run.

The participants commented that fairness creams television ads play a role in hurting their self respect and feelings. Most of the advertisements show that a black girl or a dark complexion girl changed her face complexion within few days after the use of the fairness cream. Actually most of these fairness cream advertisements messages have their ironic side as well, which is to show that use of fairness cream will change black skin to white with in few days. So those girls having the black skin color might have to face jokes, comments and sarcastic suggestions to use the whiteness creams for changing the skin color from few of their friends and class mates etc. These advertisements just focus on the white skin as the prime personality trait, but ignore all other aspects of the women personality, such as educational and professional achievements and intelligence etc. This study results are in concurrence with the findings of the study conducted by the center for advertising studies, University of Illinois's Cummings, which revealed that advertising messages and roles shown could well be source of humiliation for them (Shavitt et al, 1998).

In Pakistani likewise other societies the concept of beauty extends far beyond the physical appearance, where character, morality, ethics and education are considered equally important attributes of an individual's personality and beauty. Advent of modernization, media glamour, material culture and new beauty constructions have been influencing the above mentioned attributes negatively. Advertisements of fairness creams have given a new version of beauty, which totally negates the individual morality, moral standards and emphasized only on physical appearance. Fairness creams TV ads deliver messages to the Pakistani society that only white face skin is the necessity for success, intelligence, social approval and beauty. These types of messages could well be a source of humiliation for those, who are having black or dark complexion. So these messages could potentially hurt a great number of women population's feelings. Fairness creams seller need to understand that there is no universal definition of the beauty. Judgment of beauty differs from person to person and country to country. So the ads messages and roles deserve criticism because of promoting the white skin as a symbol of beauty in the South Asian countries, which is unattainable for the majority of the women population. But this could be a possible source of disgrace and lowering their dignity as majority of women do have Asian skin color.

5. Conclusion

This study qualitatively explored the potential product performance and social issues of Fairness creams television commercials in Pakistan. The study results show that fairness creams sellers overstate the product benefits, which actually are not delivered. Results showed congruity between the literate and illiterate, poor and middle class girls responses in terms of product performance and social issues raised by fairness creams TV Ads. The most basic ethical issue of fairness creams advertising is making false or misleading statements. Although Government, Consumers and Industry self regulations could be used to regulate these unethical advertising practices in Pakistan. But, Government interventions to regulate these marketing practices are mainly missing because of the absence of rules and regulations against deceptive advertising, raising the issues by consumers in front of government or regulatory bodies, absence of the consumer groups, widespread illiteracy and lack of awareness in the consumers about their rights in Pakistan. The only possibility is the industry's self regulation, which could work well to protect the consumers and society from the negative aspects of these advertisements. In the contemporary world most of the organizations talk about the corporate social responsibility, but in case of fairness creams television advertisements, there is a clear divergence between the social welfare and companies economic goals. Therefore, the issues of product performance need to be addressed by the manufacturers of these fairness creams to protect the consumers from possible skin and financial detriment. It is the right of the consumers to buy the cosmetic products like fairness creams, but at least they must be informed about the true product ingredients, use frequency, precautions, possible side effects and complain procedure etc. Secondly; the sellers must not make false promises about the product performance. Generally, public trust on the companies' product claims is very low, because often companies mislead the customers through marketing messages. So those companies which do not exaggerate their product benefits could get a position of an honest business in the mind of consumers and it could well be a source of competitive advantage for those companies making product claims, which are actually delivered. Thirdly, roles showing white face skin color superiority among the Asian cultures, girl marrying after applying the cream, house hold roles of the women need to be stopped in the TV commercials, because they could potentially reinforce and raise the negative values and customs in Pakistani society. Although, it can not be established that TV commercials are the only source of reinforcing the negative values and customs in the society, but electronic media is the strongest institute to transform any society's values from negative to positive and vice versa. Therefore, these fairness creams advertisers could play a vital role as a change agent in positive change process of Pakistani society. Perception and beliefs of the people about the white face skin superiority in the South Asian countries, women stereotype roles, and materialism could be changed by altering the message contents and roles in the fairness creams TV ads in Pakistan.

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The Effect of Islamic Work Ethics on Work Outcomes

Wahibur Rokhman

Abstract

This study was conducted to investigate the effect of Islamic work ethic on work outcomes (job satisfaction, organizational commitment and turnover intention). The study used a sample of 49 employees from 10 institutions of Islamic microfinance in Demak regency, Central Java Indonesia. The empirical testing indicates that Islamic work ethic has positive effects on both job satisfaction and organizational commitment; whereas there is no significant evidence of the effect of Islamic work ethic on turnover intention. Implication, limitation and suggestion for future research are discussed.

Keywords

Islamic work ethic, job satisfaction, organizational commitment, turnover intention, and Islamic microfinance.

Introduction

The study of work ethics has gained significant interest in recent years following the failures of major corporations like Enron and WorldCom. However, most studies in this area, as well in the bigger subject area of business ethics, have been based on the experiences in the American and some European countries (Lim and Say, 2003; Rizk, 2008). Essentially, these studies (see Furnham, 1982, 1990; Furnham and Rajamanickam, 1992) relied on the Protestant Work Ethic (PWE) as advocated by Max Weber (Yousef, 2001). Notwithstanding the impact of Protestantism and PWE on economic development in the West (Weber, 1958), the applicability of models that are based on these elements maybe be limited in non-Western societies. This may be particularly so in societies which are dominated by the non-Islamic religion. Islam for example has its own concept of ethics that are derived from the Qur'an and sunnah. In a manner similar to Weberian Protestantism, Islam provides the ideological foundation for a variety of personal attributes that promote economic development (Ali, 1992). Indeed, Ali (2005) noted that the application of Islamic ethics brought the Muslims to the golden ages in the eighth until the fourteenth century.

However, not much is known about Islamic work ethics (IWE). To date, there are only a few researches that have looked at IWE (see Ali, 1988 and 1992; Yousef, 2000 and 2001; Rahman et al., 2006; and Ali and Al-Kazemi, 2007). For example, Yousef (2001) investigated the moderating effect of the Islamic work ethics on the relationships between the organizational commitment and the job satisfaction. This study used 425 Muslim employees in several organizations in the United Arab Emirates (UAE). The result of the study revealed that IWE directly affected both the organizational commitment and the job satisfaction and that it moderated the relationship between these constructs.

Furthermore, Ahmad (1976, in Yousef, 2001) suggested that the Islamic work ethic stands not for the life denial but for the life fulfillment and regards business motives as one of the priorities of life. As a result, the employees who belief in Islam and follow the Islamic ethics tend to be more satisfied with their job and more committed to their organization. Consequently, they will have low intention to leave the organization. The role of IWE on job satisfaction, organizational commitment and turnover intent has not received adequate attention in the literature and research. This is so, especially, in the Islamic financial institutions context. Therefore, the present study is designed to investigate the effect of the Islamic work ethics on job satisfaction, organizational commitment and turnover intention in the Islamic microfinance institutions in Central Java, Indonesia.

Indonesia, a country with the largest Muslim population in the world, has seen rapid development in the financial service sector since the 1990s. This followed the issuance of Act No. 7 of 1992 on banking. The Indonesian government has actively promoted Islamic microfinance. In 2002, Bank Indonesia prepared a "blueprint of Islamic banking development in Indonesia" in which it developed a nine-year plan for the development of the Islamic finance. This plan includes support for the 105 sharia rural banks and Islamic microfinance called baitul mal wal tamwil (BMT). The development of BMT has been very fast. According to Seibel (2007), the number of BMTs was around 2.900 units, with total assets of more than Rp110 billion (around US$11 million).

As a result of the rapid growth of BMTs, competitions amongst the Islamic microfinance institutions are becoming tougher. It is unavoidable that BMTs should compete with the conventional microfinance which has more experiences and funding to respond to the ever changing customers' needs and expectation. Having different strategies in attracting customers will be of great importance. Therefore it is imperative for managers of the Islamic microfinance to attract their customers with the Islamic value. It can be argued, therefore, that holding up the Islamic work ethics should be of the utmost importance in winning over the clients.

Islamic Work Ethics

IWE may be defined as the set of moral principles that distinguish what is right from what is wrong (Beekun, 1997) in the Islamic context. According to Rizk (2008), IWE is an orientation towards work and approaches work as a virtue in human's lives. IWE is originally based on the Qur'an, the teachings of the Prophet who denoted that hard work caused sins to be absolved and the legacy of the four Caliphs of Islam (Ali, 2005; Rizk, 2008). Critically, these limited studies on IWE indicate that it may share a number of similarities with PWE. For instance, both IWE and PWE place considerable emphasis on hard work, commitment, and dedication to work, work creativity, avoidance of unethical method of wealth accumulation, cooperation and competitiveness at the work place (Yousef, 2001).

Islam clearly counters the Weber's thesis that Muslim societies could not develop their economy. Weber (1982) argued that Islam could not produce values, such as, Protestant ethics "the spirit of capitalism" due to a number of reasons (in Arslan, 2000). Firstly, Sufism is viewed as an otherworldly character because of its avoidance of worldly materialistic affairs. Weber believed that Sufism is a barrier to the development of a capitalistic spirit because it encourages a fatalistic way of life. Secondly, warrior ethic or the spirit of conquest is regarded to be antithesis of the productive capitalist spirit because war is closely related with a destruction and assassination. Thirdly, Weber argued that most of the Islamic empires are despotic; they restricted property rights and capital accumulation. It created laziness amongst the people (Arslan, 2000).

Weber's opinion about the Islamic values in economics is rejected because faith in Islam includes work as an integral component of the human life. Work and faith, according to Abeng (1997), can be regarded as a root to a tree; one is interdependent on the other. Researches conducted by Arslan (2000 and 2001) have provided empirical support to refute Weber's thesis. Arslan (2000) compared the performance of the British and the Turkish managers using PWE. He found that the Turkish managers scored higher points in all characteristics in PWE than the British managers. In his conclusion, Arslan mentioned that the result of his research had some impacts: firstly, Weber's criticism of the Islamic terms in the economic behavior is not valid, especially, in the case of the Turkish manager. Secondly, religious motives had an important impact on business. Lastly, the Turkish Sufi movements had the same role as Calvinism in Northern Europe in the eighteenth century. Also the Islamic ethics and heritage had an important role in the business ethics. Critically, Aslan's findings mirrored the findings of an earlier research by Ali (1988), who found Arab managers to be more productive than the Western managers.
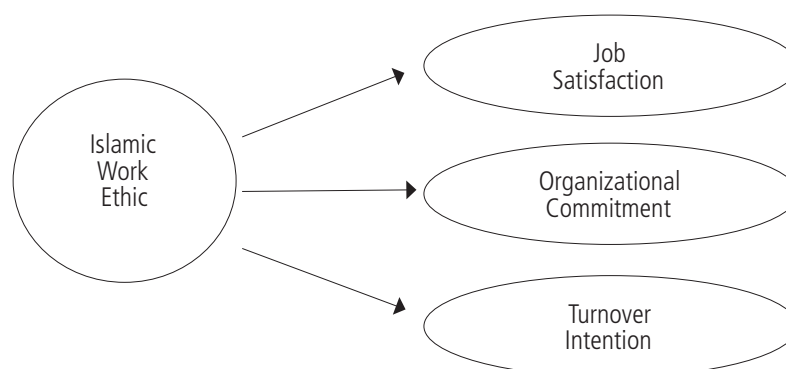
Work Ethics, Job Satisfaction, Organizational Commitment and Turnover intention

Work ethics are closely related to job satisfaction (Yousef, 2001; Koh and Boo, 2001; Viswesvaran and Deshpande, 1996; Vitell and Davis, 1990). Understanding the relationship between work ethics and job satisfaction is essential in determining methods on intervention and strategies for mitigating factors that reduce satisfaction towards the work conditions (Yousef, 2000). Robbins (2005) described job satisfaction as a collection of feelings that individual holds towards his or her job. This means that an employee who has a high level of job satisfaction will hold positive feeling towards job and vice versa. Typically, job satisfaction is a person's evaluation of the overall quality of his or her present job. The evaluation measures may include either an effective orientation towards one's job or job position or an attitude one holds about the job (Spector, 1997).

Research has also shown that work ethic is also related to organizational commitment (Yousef, 2001; Kidron, 1979; Peterson, 2003). For over a decade, organizational researchers have been studying organizational commitment in its relations to various situational characteristics, attitudes and behaviors of employees. Moreover, according to Allen and Mayer (1990), the organizational commitment is a psychological state that attaches an employee to an organization, thereby reducing the incidence of turnover. Kidron (1979) further observed that work values show higher correlations with moral commitment to the organization than calculative commitment (Elizur and Koslowsky, 2001). Putti, Aryee, and Ling (1989) analyzed the relationship between work values and organizational commitment based on a sample of workers in Singapore. They found that intrinsic work values relate more closely to organizational commitment than extrinsic work values.

On turnover intentions, studies showed the negative relation between work ethic and turnover intention. Sager et al, (1998) suggested that turnover intention is a mental decision intervening between an individual's attitude regarding a job and the stay or leave decision. Turnover intention refers to the three elements in the withdrawal cognition process: i) the thinking of quitting, ii) the intention to search for another job elsewhere and iii) the intention to quit (Miller et al., 1979; Mobley et al., 1979). Lewis (1991) pointed to three factors that influence turnover or intention to turnover: age, amount of experience, and rate of pay. More specifically, Lewis argued that the new young employee would be least attached to a particular employer. The older employee, on the other hand, might be likely to anchor themselves in a certain job. This may be due to the location and given their stronger ties to the community. Turnover rates are highest for employees in their twenties and in their first few years. That

Figure: Research Framework

is, a growing lack of loyalty has caused higher rates of turnover among employees seeking out new opportunities and larger career part (Abbasi and Hollman, 2000).

The link between work ethics and job satisfaction, organizational commitment and turnover intention can be explained by the organizational justice theory (Koh and Boo, 2004). This theory explained that the justice perception of employees affect their job attitudes and organizational outcome. Employees who perceive their organizations to be ethical are likely to perceive their organization as being fair to them. Thus, in turn, this is likely to enhance employee job satisfaction and organizational commitment, and also decrease turnover intention (Koh and Boo, 2004). Studies showed that ethical conduct in the work influence job satisfaction organizational commitment and reduce turnover intention (Weeks et al, 2004; Schwepker, 2001). Furthermore, Kidron (1979) explores the link between PWE and commitment to organization. The study revealed that work ethic is more related to moral commitment than calculative involvement. Schwepker (2001) found that a positive association between a positive ethical climate and job satisfaction existed inseparably. Likewise, Peterson (2003) found the relationship between ethical pressure and lower organizational commitment and higher intentions to leave the organization.

Based on the above discussion, the following hypotheses are discernable:

H1. IWE is positively related to job satisfaction.

H2. IWE is positively related to organizational commitment.

H3. IWE is negatively related to turnover intention.

Research Method

Sample

The research was conducted on an Islamic microfinance institution in Demak regency in Central Java, Indonesia. 10 organizations were selected for this research. Since most respondents speak only in Bahasa Indonesia, the questioners were translated from English into Indonesian and the translation was checked by a language expert. The study used self-administered questioners as the data collection technique. Of the sixty questioners that were distributed, fifty three were returned (response rate 88 percent), but only forty nine were complete and can be used in further analysis. Table 1 below provides a demographic summary of the respondents in the study.

Measurement

IWE was measured using an instrument developed by Ali (1992). This instrument consisted of 17 items (short version). Example for these items include: laziness is a vice, dedication to work is a virtue, and justice and generosity in the work place are a necessary condition for the societal welfare, etc. This short version has been applied in several Muslim countries, such as, Saudi Arabia, UEA, Kuwait, and the result was relatively high. A five-point scale is employed ranging from 1 (strongly disagree) to 5 (strongly agree). The Cronbach's alpha of this scale was 0.85.

Job Satisfaction was measured by the 3 item scale used by Dubinsky and Harley (1986). One characteristic example of job satisfaction scale is "generally speaking, I am satisfied with this job". A five-point scale is employed ranging from 1 (strongly disagree) to 5 (strongly agree). This scale had a coefficient alpha of 0.89.

Organizational Commitment. This commitment was measured with a three-item version of the organizational commitment questioners (OCQ) adapted from Bozeman and Perrewe, (2001). This has been used by Luna-Arocas, and Camp, (2008). A five-point scale is employed ranging from 1 (strongly disagree) to 5 (strongly agree).

Turnover Intention. This variable was measured using the two items adapted from the previous research (Hom and Griffeth, 1991; Luna-Arocas, and Camp, 2008). For example: "I consider taking another job". A five-point scale is employed ranging from

Table 1 Demographic Characteristics of the Sample

Characteristics	Frequency	Percentage
Gender		
• Male	24	49
• Female	25	51
Total	49	100
Education		
• High School	14	29
• College	18	37
• Undergraduate	17	33
Total	49	100
Age		
• 25 years or less	12	24
• 26-30 years	20	40
• 31-35	15	30
• 36-40	2	5
Total	49	100
Length of Employment		
• 2 – 4 years	11	22
• 5 – 7 years	18	37
• 8 – 10 years	5	10
• 11 – above	5	10
Total	49	100

1 (strongly disagree) to 5 (strongly agree). For the complete set of items of the scales used in the study see Appendices 1, 2, 3 and 4.

Analysis

The data was analyzed using SPSS 15.0 software. The analysis included descriptive statistics, such as, frequencies and percentage to present the main characteristics of the sample. For testing the hypotheses, this research used a simple regression analysis as the main method of analysis. Here, we examined the effect of the Islamic work ethic on job satisfaction, organizational commitment and turnover intention one after another.

Results

Means, standard deviations, and correlations of the variables are reported in table 2.

Results show that the overall means of the Islamic work ethics are relatively high. This can be interpreted that employees in the institutions under study strongly adhere to IWE. The overall mean of the job satisfaction is above the mid-point. It means that the employees in the investigated organization are not fully satisfied with their job, however, they are more inclined towards being satisfied. Furthermore, the overall mean of organizational commitment is also reasonably high, This indicates that the commitment of the employees in the investigated organization are committed to their organization. However, the overall mean of the turnover intention is relatively low, meaning that the employees in the Islamic microfinance institutions who were investigated had low intention to leave the organization.

In addition, table II also explained that the relationship between IWE and job satisfaction is positively significant (r = 0.36; p < 0.01) and also significantly related to the organizational commitment (r =0.35; p <0.05). However, it is not significantly correlated to the turnover intentions. Likewise, table II showed that job satisfaction is significantly related to the organizational commitment (r = 0.39; p < 0.05) but negatively related to turno-

ver intention (r = -0.292; p < 0.01). Moreover, the relationship between the turnover intention to both the Islamic work ethic and the job satisfaction is not significant.

To test the first hypothesis, the study regressed IWE on job satisfaction. The relationship between IWE and job satisfaction is highly significant, as indicated in the table III (R2 = 0.131, p< 0.05). The null hypothesis is therefore rejected. IWE scores explained about 13.1% of variance (F = 7.069, p < 0.05) in job satisfaction. The second hypothesis was also supported, as indicated by R2 = 0.119, p < 0.05 (see table III), therefore null hypothesis is rejected. The third hypothesis is not supported; the effect of IWE on turnover intention is not significant. The null hypothesis is therefore accepted.

Discussion

The result that employees in the organizations investigated scored high on the IWE scale, as indicated by the means, might show that they are highly supportive of the Islamic ethics. That overall mean of job satisfaction is slightly below commitment, implies respondents were not fully satisfied with their current jobs. The high score on the organizational commitment indicates that the employees in the institutions investigated have high commitment to their current organization. In contrast, the overall mean of the turnover intention has a low score (2.04) below the mid point scale, which indicates that the employees have less intention to leave their current organization.

For the first and second hypothesis testing, the results indicate that the relationships between the IWE to both job satisfaction and organizational commitment are positive and significant. These are in line with the prior research (Yousef ,2001; Koh and Boo, 2001; Visweswaran and Deshpande, 1996; Vitell and Davis, 1990), which demonstrated the positive effect of work ethics on job satisfaction and organizational commitment. The result suggests that those who strongly support IWE would be more satisfied with their job and committed to their organization.

Interestingly, however, the third hypothesis is not supported

Table II Means, standard deviations, correlations of the variables

No	Variables	2	3	4	Means	SD
1	Islamic Work Ethic (IWE)	.36*	.35*	.006	4.19	0.51
2	Job Satisfaction		.39**	.084	3.89	0.55
3	Organizational Commitment			-.292*	4.00	0.26
4	Turnover Intentions				2.04	0.77

*p < .01
**p < .05

Table III. The result of regression analysis

Variables	Independent Variable Islamic Work Ethic (IWE)					
	R	Adj R^2	R^2 Change	F change	β	Sig
Dependent Variable • Job Satisfaction • Organizational Commitment • Turnover Intentions	.362 .345 .006	0.112 0.1 -0.21	0.131 0.119 0.000	7.069 6.34 0.002	0.749** 0.67** 0.17	0.011 0.015 0.967

Note: * p < 0.01, ** p <0.05

as the result indicated that the effect IWE on turnover intention is not significant. This finding was supported by Pettijon, et al (2008) who reached a similar conclusion. These results indicated that IWE has no direct impact on employee turnover intention. However, it may be mediated by job satisfaction or organizational commitment. This confirms the finding in Mulki, Jaramillo, and Locander (2008) that the relationship between ethical climate and turnover intention was fully mediated by the role stress.

Conclusion

This study examines the effect of IWE on job satisfaction, organizational commitment and turnover intention. It is evident that the effect of IWE on job satisfaction and commitment is positive and significant. In contrast, the effect of IWE on turnover intention is not significant.

The finding of this study has some implications. The results present the theoretical and empirical research regarding the effect of the Islamic work ethic, since there have been few researches in this regard. As expected, the study revealed the importance and impact of the Islamic work ethics on the employee's perception on job satisfaction and organizational commitment. Thus, this study provides a basis for further research in the Islamic work ethics area.

For practical implication, it offers some interesting guidelines for managers in the Islamic microfinance organizations in formulating their human resource policies and strategies. This is more so, as it relates to the importance of developing ethics in the organization. In addition, in order to enhance job satisfaction and organizational commitment, managers need to support the Islamic work ethics in their organizations. Thus, the manager can ensure that every employee should actively participate in the training and educational programs that place more emphasis on the application of the Islamic morality and values in the work place.

Finally, there are some limitations to this study which need to be considered. Firstly, the number of samples and organizations is small and further study should use bigger sample size and involve more institutions in order to get better results. Secondly, the generalization of the findings of the present study might be questionable due to the nature of the sample. Thirdly, the limited number of variables may affect the findings. It is better for the next study, therefore, to include performance, job stress and other work outcomes in relation to the Islamic work ethics to produce more convincing results.

Acknowledgements

Appendix 1: Islamic Work Ethic Scale

1. Laziness is a vice
2. Dedication to work is a virtue
3. Good work benefits both one's self and others
4. Justice and generosity in the work place are necessary conditions for society's welfare
5. Producing more than enough to meet one's needs contributes to the prosperity of society as a whole
6. One should carry work out to the best of one's ability
7. Work is not an end in itself but a means to foster personal growth and social relations
8. Life has no meaning without Work
9. More leisure time is good for society
10. Human relations should be emphasize and encourage
11. Work enables man to control nature
12. Creative work is a source of happiness and accomplishment
13. Any person who works is more likely to get ahead in life
14. Work gives one the chance to be independent
15. A successful person is the one who meets deadlines at Work
16. One should constantly work hard to meet responsibilities
17. The value of work is delivered from the accompanying intention rather than its result

Appendix 2: Job Satisfaction Scale

1. Generally speaking, I am very satisfied with my job
2. I am generally satisfied with the feeling of worthwhile accomplishment I get from doing this job
3. I am satisfied with the kind of work I do in this job

Appendix 3: Organizational Commitment Scale

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization to be successful
2. I talk up this organization to my friends a great organization to work for
3. I would accept almost any type of job assignment in order to keep working for this organization

Appendix 4: Turnover Intention Scale

1.   I often think about quitting
2.   It is very likely that I will actively look for a new job in the next year
3.   I will leave this organization in the next year

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Leadership Styles and the Moral Choice of Internal Auditors

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Abstract

Internal auditors' performance largely depends on their moral decisions when faced with ethical dilemmas. This study explores the impacts of different leadership styles on internal auditors' moral choice using ERG theory and Path-goal theory. The findings of the survey demonstrated support for both theories. Regression analysis revealed that a sample of West Australian internal auditors were motivated by growth needs and the motivation was enhanced if the leader took a Standard-achievement-oriented approach. Gender appeared as an important predictor and female respondents in the survey were younger and less experienced than their male counterparts and appeared less motivated towards moral choice.

Keywords

Internal auditors, leadership theory, growth needs, moral judgment regression analysis

1. Introduction

Internal auditing, as a profession, has been elevated largely in recent years as enormous efforts have been made to improve corporate governance and restore market confidence. Because of the nature of internal audit, internal auditors are often faced with ethical dilemmas unique to their profession and have to make moral decisions. To improve internal auditing performance and enhance corporate governance, it is crucial to understand the factors that motivate internal auditors to make moral decisions.

In the wake of recent high profile company failures, the role of internal audit and auditors has changed historically in aspects of organizational status, function and accountability. Porter (2004) identifies internal auditors as one of the components of the "Audit Trinity" in line with external auditors and audit committee. As such, the performance of internal auditors has a significant impact on the governance process in the organization.

However, the performance of internal auditors is not only affected by their specialised skills but also on their ethical decision making ability. In practice, the ethical standards of internal auditors are often challenged by dilemmas involving split loyalty, the expectation gap and conflicts of interest between various parties. Given the massive responsibility and growing expectations, internal auditors' moral decision can have a critical impact on the governance of the organization in many ways.

What will motivate the internal auditor to make ethical decisions when faced with such challenges? The answer to this question will be of great value to the Board and management, as well as to the internal audit profession at this historical time of the professional growth and change.

The rapid development of the profession has produced much behavioural research into the activities of internal auditors. Little, if any, past research is known to have found convincing evidence that the IIA Code of Ethics has any overwhelming influence over internal auditors' moral perceptions. Therefore, it would be interesting to identify other principal do-

main drivers of ethical behaviour.

Bass (1990) argued that much evidence has been found indicating that leader behaviour impacts subordinates' satisfaction and motivation in the work environment. However, there has been little research examining the impact of leadership styles on internal auditors' moral choice. This study aims to fill the gap and trigger future interest in this area. Practically, the researchers aimed to explore the impact of leadership on internal auditor's motivation towards moral behaviour.

2. A Review of Morality and Motivation Theory

2.1 Morality Studies

The term morality is defined in several ways. Rest (1981, p.81) reviewed the main streams of morality and suggested morality could be regarded as 'standards or guidelines that govern human cooperation – in particular, how rights, duties, and benefits are to be allocated'. Rest elaborated further that morality reflects shared values within a cultural or professional setting because 'moralities are proposals for a system of mutual coordination of activities and cooperation among people'.

Morality plays a significant role in the process of decision-making. Numerous efforts have been devoted to the measurement of morality and prediction of moral behaviour. Because of the difficulties associated with directly observing behavioural processes as they occur, many researchers use surrogate measures of moral behaviour. For example, 'moral choice' was used as precursor to moral behaviour (e.g., Woodbine and Taylor, (2006)). The use of surrogates is based on the theory of reasoned action developed by psychologists Ajzen & Fishbein (1977) Their theory suggests that 'most actions of social relevance are under volitional control' (Ajzen & Fishbein, p. 5). A person's intention to undertake an action or attitude towards others' action may be viewed as the likelihood he/she is going to perform the same action.

Understanding and measuring a person's intention provides valuable information when predicting behaviour. The theory of reasoned action provides a

theoretical foundation that allows the researcher to study the moral intention of the subjects as substitute of their moral behaviour. 'Moral choice', adopted from Woodbine and Taylor [4], will be used as the substitute measure of moral behaviour in this project.

Rest (1981) further studied 'reasoned action' and presented an 'interactive four-component model'. The four components are interpretation, judgment, motivation and character. They 'work in an interrelated fashion to explain moral behaviour' (Woodbine and Taylor, (2006), p. 264) Any deficiency in one of the processes would affect the action undertaken by the individual. Within the domain of this study, interest will only focus on moral motivation and the issues involved determining the moral choice of internal auditors.

2.2 Motivation Theory

According to the theory of reasoned action, the intention of an individual is influenced by personal attitudes, the social norms and weighing of these two considerations. These motivational factors emanate from the self (personal identity), the environment and the interaction of the two. Within organizational settings, the self could be studied using needs theory, while the environment can be studied using leadership theory. This study assumes that internal auditors are motivated to make moral choices by their personal needs and the leadership style of their immediate supervisors.

2.3 Needs Theory

Although Maslow's hierarchy of needs model initiated personal needs research, it is Alderfer's ERG theory (1972) that received greater support in arena of empiricism. ERG theory categorizes human needs into three groups: existence, relatedness and growth needs. The three needs categories are ranked in terms of concreteness with the existence needs, the most material-oriented, at the lowest level of abstraction, and growth needs at the highest level. Alderfer suggested that:

• The lack of satisfaction of a need will increase motivation or desire to have the need fulfilled;

• The satisfaction of a need results in a decrease in the motivational effect and an increase in the desire for a higher level need;

• A satisfied need may remain active if it serves as a substitute for an unsatisfied need.

These threefold needs concepts are the elementary drivers of motivation. They can be simultaneously active in varying degrees and the strength of each category of needs changes over time as circumstances change. One need category is not contingent on the order of the other needs, although they may interact with one another in certain ways.

At the workplace, people are particularly sensitive to the behaviour of supervisors or managers. It is understandable that the leadership approach is an essential source of motivation for subordinates.

Yukl (1994) suggests that the existing leadership theories can be classified into four approaches: trait approach, behaviour approach, power-influence approach and situational approach. Typically, situational theorists, like Spector (2006) argue that a certain type of person, behaviour or power cannot predetermine leadership effectiveness in all situations. It is necessary to address the confronting effects of contextual factors such as work environment and followers' characteristics, and responsive managerial behaviour that attempts to cope with situational factors.

Path-goal theory, a branch of situational leadership theory, was initially proposed in the early 1970s (House (1971), House and Mitchell (1974)) and has been well tested over the last three decades (e.g., Silverthorne (2001), Al-Gattan (1985)). House and Mitchell (1974) believe that effective leadership is seen as supplemental to what is lacking in the subordinates and the environment and is necessary for effective performance. Based on the knowledge of subordinate wants and needs and the workplace environment, the manager should adjust his/her leadership style (not the environment or the subordinates) to 'make satisfaction of subordinate's needs contingent on effective performance' (p. 84). An appropriate leadership style should 'increase subordinate goal attainment and clarifies the paths to these goals' (p. 81), and thus maximize subordinates' motivation and satisfaction. In other words, one type of leadership style, which is effective under certain circumstances with certain people, will not necessarily guarantee success if the situation changes.

House and Mitchell (1974) identified four leadership categories of Path-goal theory:

• Supportive – the leader displays concern for subordinates' well-being and needs and creates a friendly and psychological supportive working environment;

• Directive – the leader gives specific guidance and clarifies paths, including roles, procedures and rules etc., to expected performance and rewards;

• Participative – the leader encourages subordinates to present ideas and so contribute in decision-making. Through participation, subordinates

    o Clarify the path to performance and rewards by themselves

    o Increase congruence of personal and organizational goals

    o Are rewarded with greater autonomy and ability to achieve the intended goals

    o Are faced with increased pressure for satisfactory performance through self-commitment and peers' comments.

• Achievement-oriented – the leader allows subordinates higher autonomy by showing high confidence in the subordinates and encourages them to seek and achieve challenging goals and/or performance excellence.

As previously stated, none of the four leadership styles is superior. The effectiveness of a leadership style depends on the situation. Different leadership styles can be seen in the same leader under various circumstances. It is also possible that a leader adopts a strategy of using different leadership approaches to deal with different subordinates.

3. Modelling and Research Methodology

3.1 Modelling

Based on literature review, a conceptual model was developed for the study of motivational factors for internal auditors. The model is shown in Figure 1. It is proposed that personal needs strengths, the leadership style of the immediate supervisor, the interaction of the needs strengths and leadership style, and situational factors could impact internal auditors' moral choice when faced with ethical dilemmas.

3.2 Research Subject

The research subject population is "internal auditor currently holding a full-time internal auditing job or who worked in this area in the previous 12 months in an organization located in Australia". A mailed survey was conducted during 2006-7 to measure critical variables and to explore the relationships between them. The questionnaires were firstly sent to the IIAA.
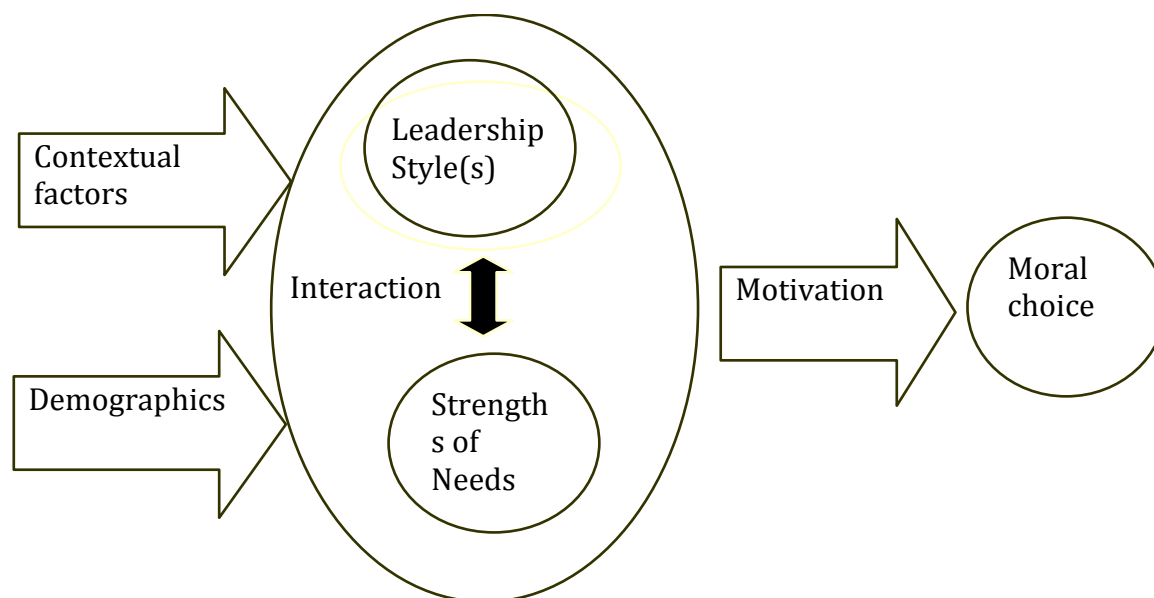
Figure 1 Motivation Process Model

The Institute used its West Australian mailing list to post each member with a copy of the questionnaire, which they could choose to complete, ensuring complete anonymity. It was not possible to determine which member completed the instrument and the Institute did not wish to be involved in contacting non-respondents.

3.3 Measurement Instruments

The dependent variable is internal auditors' moral choice, which was measured using three scenario questions specifically designed for this study. Each scenario, detailed in an Appendix, describes a challenging and commonplace situation and the action taken by the auditor. The respondents are required to state their level of agreement with the auditor's action using a Likert ranking from "strongly disagree" to "strongly agree".

The independent variables used are: leadership styles in the workplace, auditors' personal needs strengths, and demographic variables such as gender and age. Leadership styles were measured using a simplified 20-question model, which was extracted from the Leader Behaviour Descriptive Questionnaire XII (LBDQ XII) and verified in previous research. (e.g., Schriesheim, Kiniki, & Schriesheim (1979)) To measure needs strength, the researchers adopted a modified version of Alderfer's (1972) 'E.R.G. Need Questionnaire' used and validated in previous studies. (Rauschenberger Schmitt & Hunter,1980)

A six-point Likert scale was used to measure all above variables. Based on previous research, the researchers also identified 11 demographic variables including age, gender and years of experience.

4. Data Analysis and results

The complete questionnaire was sent to 317 potential participants in Western Australia. One hundred and twenty-eight useable responses were returned. As shown in Table 1, the respondents consist of 84 male and 44 female, which is close to the member/non-member breakdown for Western Australia (WA). According to the Member Services Manager of the IIA Australia, 35% of all IIA members and non-members in WA are female.

As indicated in Table 1, male respondents have a relatively higher average age at 44.4 years in comparison to the female average age of 36.3. Two female respondents left the age question unanswered. The mean experience in years of males is nearly twice as much as that of females. More (62%) male auditors have at least one professional certificate compared to females (52%). Forty-three percent of male respondents occupy audit manager or equivalent positions compared to 30% female respondents.

As shown in Table 2, only 9 respondents had recent experience but are not currently working in the internal auditing area. The internal auditing area is dominated by auditors with western cultural backgrounds. Ninety-seven respondents reported having Australian, New Zealand, North American, or European heritages. Twenty-four reported an Asian cultural background.

Table 1 Personal Profile.

		Total	Age (mean)	Experience (mean, year)	Certificate	Audit Manager or equivalent
Gender	Male	84	44.4	13.9	52	36
		65.6%			62%	43%
	Female	44	36.3	7.4	23	13
		34.4%			52%	30%

Seven respondents are classified as others because they do not belong to any of the above groups or it is difficult to identify them with one of the groups. Most respondents plan either to continue internal auditing work in the same organization or to move to an upper management position in the next 5 years.

At the time, fifteen respondents claimed no access to an audit committee or equivalent independent oversight body. The 128 respondents consist of 48 audit managers or equivalent. Twenty-six of the audit managers report to the audit committee or an equivalent independent oversight body; eighteen report to senior managers including CEO's and CFO's; and four report to both audit committees and senior managers. Nearly half of the respondents work for government departments or instrumentalities; about 31% work in the private sector, mainly in large companies. Others come from accounting firms and other types of organizations. The organizational profile is summarized in Table 3.

4.1 Dependent Variable

Three scenarios were designed to test the auditors' reaction to different ethical issues (Refer to Appendix). The respondents' degree of agreement with the decision made by the auditor in each scenario is used as a reflection (or proxy) of respondent moral choice in each case. Respondents' moral choices were coded 1 through 6 with 1 representing 'strongly agree' and 6 'strongly disagree'. Table 4 shows the summary of the frequencies of scenario scores. The responses to all 3 scenarios are heavily skewed to the end of 'strongly disagree'.

Correlation analysis suggested that the 3 scenarios were significantly related to each other at the 0.01 level (2-tailed test). A

Table 2 Personal Profile – 2.

Experience in internal audit	Current		Past		Total			
	119		9		128			
Cultural Background	Western		Eastern		Other		Total	
	97		24		7		128	
Career Plan	Same Job Same Org.		Same Job Diff. Org.		Promotion		Other	Total
	48		12		49		18	127

Table 3 Organizational Profile.

Access to Audit Committee	Access	No Access	Total					
	113	15	128					
Reporting Line of audit manager	Audit Committee	Senior Manager	Both	Total				
	26	18	4	48				
Type of Employer	Tier 1 Acc. Firm	Tier 2 Acc. Firm	Small Acc. Firm	Government	Private Sector	Other	Total	
	17	5	2	59	40	5	128	

Table 4 Summary of Scenario Scores.

	Scenario 1 (%) (N = 124)	Scenario 2 (%) (N = 122)	Scenario 3 (%) (N = 123)
Strongly Agree	0.0	0.0	0.0
Agree	0.8	1.6	0.0
Somewhat Agree	0.8	6.3	0.8
Somewhat Disagree	3.1	10.9	1.6
Disagree	31.3	41.4	21.9
Strongly Disagree	64.1	37.5	75.0
Total	100	97.7	99.2
Missing		2.3	0.8

single underlying construct was then extracted using multivariate factor analysis. The principal component explained 54.4% of the total variance and was titled 'Moral choice construct'. This factor variable appeared heavily skewed because of two outliers (identified by checking z-scores). A review of outlier cases revealed that the two cases were doubtful, so that they were removed. After removal of the outliers, the normality descriptives of the variable are acceptable, i.e., –0.683 (skewness) and –0.455 (kurtosis). Satisfactory Q-Q plots and detrended normal plots were obtained to establish normality and reliability of the dependent variable.

4.2 Independent Variable

Principal Component analysis (along with a Varimax rotation of factors) was conducted in an attempt to identify the principal needs and leadership style components from the measurement models. Meaningful factors were extracted for the purpose of further analysis each with eigenvalues greater than 1; and together they explained 68.2% of the total variance.

The original model measuring personal needs strengths contains 12 questions. The factor analysis showed only 9 questions are effective measures of the needs of internal auditors. In particular, "perks and fringe benefits" is a measure of existence needs strength in the original model, but was here included in the relatedness needs factor. It suggests that internal auditors view perks and fringe benefits more in terms of what is socially acceptable rather than as a form of remuneration per se. "Trust between me and my colleagues" was originally designed as an indicator of relatedness needs; however in this analysis it identified best with growth needs. An understanding of internal auditors' work environment would help explain how critical "trust" is for auditors to improve performance. Other items fell in needs categories in consistence with the original design.

Table 5 summarizes the average scores of the three needs categories and their corresponding measures. The maximum score is 6. All three needs categories received average scores over 4, indicating the level of desire to have all three needs satisfied. Growth needs received the highest score among the three. According to

ERG theory, it may suggest growth needs is the strongest motivational factor influencing internal auditors.

The leadership style measurement model investigates the respondents' perception about their supervisor in 20 dimensions, i.e., the 20 questions. Principal Component analysis (with rotation) extracted four leadership styles with eigenvalues greater than 1 and 62.4% total variance explained. Except for one principal component, the meanings of the three leadership styles appeared consistent with path-goal theory and thus were named accordingly.

The average score of each measure is given by category in Table 6. The questionnaire used 6 levels of agreement from strongly disagree (score 1) through strongly agree (score 6). Reverse measurement were used in some instances as a validity check, and have been converted back in Table 6.

The last factor in the factor model has an item that focuses on standards, rules, regulations and uniform audit procedures, which can be related to the characteristics of the audit profession.

Indeed, the auditor's performance can hardly be measured in terms of the results of the review, such as frauds/errors found in the audit. It is more important that the auditor apply standardized audit procedures and regulations and performs audits with professional diligence and care. Thus, the fourth factor is named as standard – achievement – oriented leadership style.

The statistics shows that, Supportive and Participative leadership styles are generally more popular than Directive and Standard-achievement-oriented leadership styles in the workplace of internal auditors. However, in the regression analysis below, it appeared that Standard-achievement-oriented leadership styles are positively associated with the higher ethical perceptions of internal auditors (as identified by the dependent variable moral choice).

As leadership styles may interact with needs strengths it is suggested that some may impact internal auditors' motivation towards moral choice. The interaction effects were measured using a data transformation technique, that is, to multiply each leadership style with every needs category. With 4 leadership

Table 5 Average Scores of Needs Measurement.

Existence Needs	4.89	
Measure 1	4.87	the importance of remuneration
Measure 6	4.91	the importance of potential pay rises
Relatedness Needs	4.27	
Measure 9	4.34	the importance of acceptance by others
Measure 3	4.05	the importance of having opportunities to develop friendships at work
Measure 4	3.68	the importance of perks and fringe benefits
Measure 5	5.01	the importance of having colleagues who will cooperate with me
Growth Needs	5.33	
Measure 8	5.35	the importance of opportunities for personal growth and development
Measure 10	5.30	the importance of opportunities to develop new skills and knowledge at work
Measure 7	5.34	the importance of trust between me and my colleagues

styles and 3 needs categories, 12 interaction variables were produced. These 12 new variables were treated as independent variables in the regression analysis.

A regression analysis using Stepwise Method was run to explore the relationships between the variables. A total of 21 predictor variables were included in the analysis, including the 7 identified leadership styles and needs categories, 12 interaction variables and 2 demographics (age and gender). The relevant final regression indices are illustrated in Table 7. Any missing variables were excluded list wise and the linear regression resulted in a significant and stable model (F-value 5.310, Durban Watson index 1.91) identifying three factors influencing moral choice, with the model explaining a small but significant variation in the variance (adjusted R^2 10.3%)

Table 6 Average Scores of Leadership Style Measurement.

Supportive Leadership Style	4.37
My supervisor acts with consulting me on matters affecting me	4.70
My supervisor does little things to make it more pleasant at work	4.29
My supervisor does not keep work issues to himself/herself	4.12
My supervisor explains his/her actions	4.50
My supervisor look out for my personal welfare	4.07
My supervisor is flexible in the way he/she makes and administers decisions in the work place	4.32
My supervisor treats me as his/her social equal	4.62
Participative Leadership Style	4.55
My supervisor makes his/her opinions clear to me	4.72
My supervisor accommodates my suggestions	4.70
My supervisor is friendly and approachable	4.92
My supervisor lets me know what is expected of me.	4.70
My supervisor makes sure that his/her role is understood by me	4.39
My supervisor tries out his/her ideas on me	3.84
Directive Leadership Style	3.63
My supervisor schedules the work to be done	3.36
My supervisor decides what should be done and how it should be done	3.29
My supervisor is in the habit of assigning specific tasks in an approved program	3.70
My supervisor give advance notice of changes	4.17
Standard-Achievement-Oriented Leadership Style	3.83
My supervisor asks that I follow standard rules and regulations	3.72
My supervisor encourages the use of uniform audit procedures	3.86
My supervisor maintains definite standards of performance	3.92

Table 7 Summary of Regression Analysis – factors affecting moral choice.

Regression Model	Standardized Beta Coefficients	t-values	Sig.	Model Summary		ANOVA	
				R²	Adj R²	F-value	Sig.
(Constant)		1.748		0.125	0.103	5.310	0.002
Gender*	-.216	-2.428	.017				
Standard-achievement-oriented leadership style	.241	2.659	.009				
Growth	.223	2.448	.016				

Dependent Variable: Moral choice construct
* Gender coded as dummy variables, Male = 0, Female = 1 and missing variables

5. Discussion and conclusions

The above analysis supports the proposed conceptual model (refer Figure 1). That is, moral choice of internal auditors in Western Australia can be explained by the leadership style, personal needs strengths and demographic variables.

It is interesting to note that the findings of this study continue to support Path-goal and ERG theories, which were first presented over three decades ago. In this instance, a regression model revealed that internal auditors were motivated by growth needs and that the motivation to make moral choices is enhanced if the leader is seen to take a Standard-achievement-oriented approach, one that encourages individual achievement while emphasising the relevance of standards and procedures. Gender also appeared as an important predictor in the regression model.. Female survey respondents were younger and less experienced than their male counterparts; and appeared less inclined to make moral choices compared to than male auditors.

Codes of conduct may provide guidelines to the Board, management and professionals and help them recognize and deal with ethical issues. In addition, governance systems can build mechanisms of internal control, channels for whistle-blowing, and cultures of honesty and accountability. However, the results of this study suggest that much still depends on individual employee motivation to make appropriate moral choices in any given instance. Employees' motivation towards moral decision making and subsequent moral action can be difficult to predict in practice, but they can be encouraged with proper leadership.

Internal audit has become a critical element of the 'audit trinity' in an organization's governance system. Audit responsibility has extended from traditional compliance tests to including operational efficiency, risk management and assurance. The extent to which these extended responsibilities are achieved in practice depends, not only on audit professionalism and good practice, but also on the auditor's motivation towards moral choice.

The individual's motivation to make moral choices comes from the self. Unsatisfied desires or needs effect motivation. It is suggested from this study that internal auditors are motivated most by growth needs when making moral choices. Good choices are enhanced if the leader (e.g., audit manager, CFO or CEO) adopts a Standard-achievement-oriented approach a concept that appears particularly applicable to internal auditors. Obviously it is difficult to measure an auditors' performance by the results as it is for salespeople and line workers and ultimately it is well designed rules, regulations, uniform audit procedures and standards of practice that provide the best benchmarks of audit performance. It appears the Standard-achievement-oriented leadership style can to a large extent reduce performance measurement ambiguity for auditors. Auditors possessing high growth needs would be motivated by Standard-achievement-oriented leadership approach, because they can see clear performance benchmarks and expect fair performance assessment and growth opportunities.

The sample data used in this study suggested that female internal auditors were less motivated towards moral choice, which is consistent with some previous studies (e.g., Woodbine, (2006)) and opposite to others (e.g., Larkin (2000), Gilligan, C & Attanucci, (1988)). In the area of internal auditing, female auditors may be distracted by factors other than their career prospects and may be influenced more by these motivations, particularly when making ethical decisions under pressure. Further exploration into gender issues in the accounting profession could also be valuable.

The limitations of this research, e.g., in variable identification and measurement, sample size and the one-off use of a relatively simple three-vignette based model to identify a proxy for moral choice can be overcome in further explorations. It is acknowledged that the regression model identified predictors capable of explaining only 10.3% of the variation in the dependent variable, moral choice. Given the nature of this exploratory behavioral research, which includes the use of contrived dependent and independent variables, statistical observations are likely to lack robustness, but continue to produce stable and significant outcomes (Field, 2005). Better interpretative links between the independent variables used to identify leadership style and need strengths, might have been disclosed if a structural equation model had been applied. Organizational ethical cultural background and individual religious affiliation could also be critical predictors, as found in previous studies. (e.g., Woodbine and Taylor (2006))

The contribution of this study to the extant literature is that it explored an uncharted area using traditional motivation theory, theory that continues to have relevance in today's business environment. The insights obtained from this project may open a new window for future research.

Appendix: Scenarios for moral choice measurement

Scenario 1   During an audit of revenue, Amanda, an internal auditor, noticed that a number of potential sales were recognized as receivables in order to keep a 10-year record of continuous growth. The potential sales are occurring, according to some long term sales contracts, in a couple of weeks following the end of financial year and account for 8% of annual sales.
Action: Under the instruction of her supervisor, Amanda kept silent about the finding. Her supervisor's annual bonus is related to company profitability.

Scenario 2   Tom, a recently appointed audit manager in a large company, has a dilemma. The Chair of the Audit Committee had told him that he was disappointed with his audit reports. He said that his audit reports were too "safe" and appeared afraid to offend colleagues. On the other hand, Tom's CEO told him that his senior executives are fed up with the constant demands of the Audit Committee. The CEO told him to tone down the audit reports or face his wrath. From the CEO's body language, Tom had little doubt that he meant what he said.
Action: Tom did as the CEO directed. Although he reports to the Audit Committee, Tom spends most time at work under the CEO's influence.

Scenario 3   John was an IT technician before he was employed by this company's Internal Auditing Department 6 months ago. He was assigned to review the organization's information systems; in particular, the IT supported accounting system. He is concerned that the time budgeted for the task, which was approved by his supervisor, is not sufficient to complete a thorough review. John's supervisor has no strong IT background.

Action: John is keen to appear competitive and efficient to his supervisor. In the mean time, he spends nearly all his leisure time studying for his CIA qualification. John decides to overlook some audit tasks and report that all necessary work was completed and that no significant control weaknesses were observed.

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Moral Tension in the Psyche: A Jungian Interpretation of Managers' Moral Experiences

Cécile Rozuel

Abstract

The psyche imbues our behaviour and our moral choices. C.G. Jung placed an archetypal, spiritual self at the centre of the psyche which represents who we really are and evinces fundamental moral potential. This paper proposes that a Jungian framework of morality unravels our understanding of moral experiences by identifying points of moral tension in the psyche. The structure of the psyche is briefly outlined, with a clear emphasis on the morally relevant concepts of the persona, the self and the two-tiered conscience. The second part of the paper introduces a research study led amongst managers with an aim to make sense of their moral experiences. The results are discussed in light of the Jungian framework of morality, and conclusions are drawn on the moral significance of connectedness to the self.

Keywords

Jung, ethics, self, persona, conscience, managers

Introduction

Management research is not usually shy at borrowing concepts from other disciplines. Interdisciplinary or cross-disciplinary projects aiming at a better understanding of the behaviours, actions and strategies of management people have abounded even more so in recent years. The Organisational Behaviour field has been keen on integrating a wide range of psychological concepts, whilst the Critical Management Studies area has welcomed contributions from sociology, philosophy, political sciences and popular culture amongst others. Given such an apparent openness and desire to share, it is surprising that management scholars have not turned to the particular stream of psychoanalysis defined by analytical psychology.

De Swarte (1998) remarks that both psychoanalysis and management science have taken off around the same time in the early twentieth century. Although ontologically and epistemologically at odds, de Swarte (1998) nevertheless believes that management research can redefine and rejuvenate its significance by welcoming psychoanalytical contributions. Gabriel and Carr (2002: 349) concur and explain that a psychoanalytical take on organisations shift the focus from a somewhat static and unrealistic model lauding "rationality, hierarchy and obedience" to a more complex yet realistic "symbolic, irrational, emotional and discursive" model of organisational life. They argue that although management scholars have not extensively made use of psychoanalytical tools, many organisational dysfunctions would benefit from the insights of the discipline which celebrates unconscious manifestations (Gabriel and Carr, 2002).

The dialogue between management scholarship and the psychoanalytical discipline kicked off with Freud and Schumpeter (de Swarte, 1998) but has remained fairly cautious ever since. Gabriel and Carr (2002) summarise these contributions into two different approaches: "Approach A" comprise those who, in a Freudian tradition, study organisations in a psychoanalytical manner whereby the organisation and its members are the subjects of the analysis. The purpose is to uncover the unconscious content that affect the health of the subjects and highlight the social and cultural dynamics at play in the organisation as representative of broader phenomena. Whilst "Approach B" adopts a more pragmatic, interventionist stance whereby researchers aim to "fix" organisations (and sometimes their members) using psychoanalytical tools to bring back health and performance. The authors thus suggest that, for instance, Erich Fromm's humanistic stance (Fromm, 1947/2003) pertains to "Approach A" whereas Manfred Kets de Vries's take on troubled leadership and its pervasive influence on organisational life belongs to "Approach B" (Kets de Vries and Miller, 1986; Kets de Vries, 2006; Kets de Vries and Korotov, 2007).

Gabriel and Carr (2002) further point out that the two approaches diverge quite significantly, especially with regards to the nature and role of conflict as either an unavoidable, compensatory, even necessary mechanism (Approach A) or a dysfunction which can and must be corrected (Approach B). Whilst such divergence implies a deep incompatibility between these two approaches, Jung's analytical psychology offers a different proposition. A former disciple of Freud before splitting with the "father of psychoanalysis" on conceptual grounds, Carl Gustav Jung was firmly attached to understanding and analysing psychic phenomena. However his depth psychology also lends itself to very practical steps to consciously transform our lives and our environment, albeit through a lengthy process on a life-time scale. This paper aims to show that Jung's analytical psychology doesn't belong to either Approach A or B, but instead brings together both a conceptual richness for diagnosis and self-understanding, as well as practical layouts that empower each of us as agents of (self-)change.

Jung's work is truly interdisciplinary and his ideas have much to contribute to our knowledge of man, human relationships and the interconnectedness of peo-

ple and systems. Tarja Ketola (2006; 2008a; 2008b) has most extensively applied analytical psychology to redefine corporate responsibility and leaders' moral influence. Other scholars have referred to archetypes (Carr, 2002; Hart and Brady, 2005) or to the unconscious and its influence on subjectivity (Figler and Hanlon, 2008) whilst involved in management research; however these studies remain rare and are designed to inform a specific management area, mostly leadership and effectiveness. This paper embraces a more holistic view. Ethics is an integral part of life, so that what makes us morally better also makes us better as a whole person. The paper suggests that Jung's psychology is strongly moral and offers a comprehensive framework to make sense of managers' moral experiences. The paper starts with a summary of Jung's fairly spiritual approach and defines the central moral elements of the psyche. The Jungian framework is then discussed in light of the results of a research study led amongst managers with regards to their moral experiences.

The Spiritual Roots of Ethics and Self

Whilst the tradition of Virtue Ethics has sparkled new interest over the past decades, the overall ethical debate has opened up to more intuitive approaches. Ethicists have welcomed more integral perspectives of ethics, encompassing not only a guide for good behaviour but also a dedication to achieve a happy, meaningful, fulfilling life. As a result, a growing literature on spirituality and ethics (e.g. Zsolnai, 2004), spirituality, happiness and positive psychology (e.g. Csikszentmihalyi, 1994) and the more applied spirituality in the workplace (e.g. Giacalone and Jurkiewicz, 2003) is now on offer. The widely popular concept of Corporate Social Responsibility has also been questioned by one of its champion, William C. Frederick (1998) who called for a broader vision centred around the cosmos rather than the corporation with inputs from both natural and social sciences – to better organise our responses to environmental and social problems – and an integration of religious or spiritual values in corporate management. Frederick (1998) called this version CSR4, in reference to the CSR1 (Corporate Social Responsibility), CSR2 (Corporate Social Responsiveness) and CSR3 (Corporate Social Rectitude) which have so far been narrowly defined and proved more reactive than proactive.

Management research has embraced the spirituality movement in the hopes of increasing staff morale, performance, commitment and possibly improving the ethical climate. However this move remains borderline and controversial for both management scholars and spiritual practitioners. The former are sceptical at best, suspicious at worst of the intrusion of an irrational, feel-good thematic that sounds just like religion in disguise; whilst the latter worry that spirituality may lose its spirit if used as a purely motivational, instrumental strategy to get people to work without complaining too much. This paper does not aim to assess the virtues and downfalls of bringing spirituality into the workplace; it is however concerned with demonstrating how a more spiritual approach to work in general, and to management in particular, contributes to a better understanding of the moral experiences and moral behaviours of managers. The concept of self in a holistic sense is central to most spiritual traditions and shares close resemblance with Jung's archetype of wholeness. Therefore the paper adopts a Jungian moral framework, articulated around the concept of self, in order to bring light to moral experiences and to strengthen moral practice in organisations.

The work of Carl Gustav Jung is indeed clearly rooted in spirituality. The richness of his influences and the deep psy-

chological work he completed throughout his years of practice and research enabled Jung to build a strongly multidisciplinary school he soberly called analytical psychology. By and large Jung's theories are very much inspired by his own experiences and questioning. He examined cases of spiritualism for his doctoral dissertation and went on to explore topics as varied as mythology and symbolism, alchemy, Eastern spirituality, African and Indian traditions and practices, the I-Ching and Teilhard de Chardin's works (Jung, 1961/1995; Crowley, 1998; Robinson, 2005). Jung's influence has spread beyond the psychological field but remains clustered. I particularly wish to discuss here the distinctive flavour Jung's approach brings to studies in ethics and organisational ethics.

A Jungian Moral Framework

According to Jung, the psyche is central to our life and to our perception of the external world (Jung, 1969a, para. 357). The psyche is composed of two parts, the conscious and the unconscious. The conscious part is the domain of the ego or ego-consciousness. The unconscious part is composed of a personal layer and a collective layer. The personal unconscious contains hidden memories or ideas we rejected but which remain on the edge of consciousness. However the collective unconscious encompasses the footprint of humanity and manifests itself in the form of archetypes notably. An archetype is an influential symbolic image, "an unlearned tendency to experience things in a certain way" (Boeree, 2006).

At the forefront of ego-consciousness stands the persona, the mask we wear to interact with the world and suit perceived social expectations. The persona acts as a protection as much as a deception. Eventually identification with the persona (the role we play, the attitude we adopt in certain settings) constrains the expression of true individuality. Social roles are by essence collective, so that a persona-led individual is subjected to a collective script (Hill, 2000). Jung argues that our life purpose is to become a fully autonomous and authentic individual. He labels this process individuation. Individuation consists in "the conscious coming-to-terms with one's own inner center (psychic nucleus) or Self" (von Franz, 1968: 169). The self in Jungian terms is the archetype of wholeness, unifying and transcending the dual forces present in the psyche to express our true nature and personality (Jung, 1971). In other words, individuation involves the exploration of the personal unconscious to uncover the presence and influence of archetypes, as well as the assimilation of the dual forces in the psyche to eventually embrace the archetypal self. A life-long process which never really ends, it requires to bring ego-consciousness in line with the self so as to express one's true potential, to be an individual agent (Jung, 1971). This means acceptance and integration of our dark sides, simplistically pictured as the archetypal shadow, to allow a more conscious relationship with others to develop (Jung, 1970).

Jung took some great care to distinguish moral conscience from ethical conscience. He envisioned moral conscience as a mirror of the moral codes prevalent in society. Later shaped by custom and historical changes, the moral codes we traditionally obey first originated from a fundamental "moral reaction" arising from the collective unconscious (Robinson, 2005: 20). Therefore if moral codes are generally acceptable to most, it is because they partly reflect an original collective moral reaction. However may come a time when we experience a conflict between what our conscience dictates and what moral codes require us to do. These conflicts of duty highlight the different nature of moral conscience and ethical conscience (Jung, 1970, para.

855). Whilst moral conscience consists mainly in obedience and conformity to the social norms (the "mores"), ethical conscience represents an inner voice, a Vox Dei whose authority lies in its unconscious character.

Ethical conscience may require the individual to act against the moral codes to avoid a disagreeable feeling of self-betrayal. Jung (1970, para. 841) explains that: "[Ethical] Conscience – no matter on what it is based – commands the individual to obey his inner voice even at the risk of going astray. We can refuse to obey this command by an appeal to the moral code and the moral views on which it is founded, though with an uncomfortable feeling of having been disloyal." The unconscious agency depicted through ethical conscience brings forward moral impulses to the ego-consciousness which informs the process of moral deliberation and, eventually, our moral knowledge (Jung, 1970). In cases of conflict of duty, the inner voice (the Vox Dei) taps into the vast, unconscious archetypal reservoir to provide a creative solution to the moral dilemma. Not only is this solution original but it is also "in accord with the deepest foundations of the personality as well as with its wholeness" (Jung, 1970, para. 856). Bridging conscious and unconscious, the inner voice opens up a world of moral alternatives, beyond what moral imagination (Werhane, 1999) allows us to envision. To obey ethical conscience means being connected to our collective heritage, to a universal human collective.

Jung nevertheless warns that conscience, just like everything in the psyche, is naturally dual. Therefore even conscience can be "false" at times (Jung, 1970, para. 844), complexifying the task of discernment (Robinson, 2005: 24). In that purview, strength of character, faith and consciousness become determining factors in our ability to make moral decisions. Jung (1970, para. 835) explains: "Were it not for this paradox the question of conscience would present no problem; we could then rely wholly on its decisions so far as morality is concerned. But since there is great and justified uncertainty in this regard, it needs unusual courage or – what mounts to the same thing – unshakable faith for a person simply to follow the dictates of his own conscience." Self-knowledge through awareness of the ego's tricks and conscious integration of the contents of our shadow participate in equipping us with such courage to follow the right call of our conscience. In other words, individuation is moral action, an uncanny process which reconnects morality with its unconscious foundations.

Jung's moral framework is summarised in Figure 1. The persona is at the forefront of ego-consciousness and interacts with society. The ego is influenced by moral conscience, itself partly a by-product of social norms. To become individuated, the individual must become consciously aware of his or her personal unconscious. The images attached to their personal unconscious will direct them towards the relevant archetypes (A) they refer to, in particular but not only the shadow, which are located in the fuzziness of the collective unconscious. Once the archetypes are consciously integrated, the person has established a connection to his or her self. Ethical conscience follows a similar yet reversed path. When the ego experiences a conflict of duty originating from the insufficiencies of moral conscience, it appeals to the inner agency (which we can assimilate to the archetypal self since the self is also recipient of God – the Vox Dei) which then produces moral material true to the self.

The Study

The rest of the paper discusses the Jungian framework of morality as applied to managers. The analysis is based on a research study led in 2006 and 2007 during which nineteen managers were interviewed. The research participants held various managerial positions, ranging from middle manager in a multinational company to CEO in a small-sized enterprise, and worked in various activity sectors which included human resources, banking, direct marketing, retail, technology development and social care. Although the respective positions of the participants were varied, they all shared a certain level of managerial responsibilities including supervision and strategic planning. The study took place in France (nine participants) and Britain (ten participants). All but three participants were male. Their age ranged from early 30s to late 50s. The names provided are aliases so as to protect the confidentiality of the respondents.

The research participants were asked to relate their moral experiences, by which is meant instances of moral conflict, their personal interpretation of the conflict, their moral deliberation, and the subsequent decision and behaviour. The interviews were recorded and later transcribed by the researcher, and translated into English when necessary. The rich qualitative data which emerged from the interviews was analysed using an interpretive approach to respect the "wholeness" and "meaningfulness" of the data (Willis, 2007: 298). Transcripts were read several times to identify emerging themes, and were later analysed against the Jungian framework of morality (Patton, 2002; Rubin and Rubin, 2005; Willis, 2007). This process aligns with qualitative content analysis methods of reduction and interpretation (Patton, 2002; Rubin and Rubin, 2005). The purpose of the study was not to test the framework but rather to use its original approach to make sense of moral experiences. Three main themes emerged from the interviews as representing a significant moral concern: the persona, conscience and compartmentalization. Each theme is discussed below.

Figure 1. A Jungian Framework of Morality
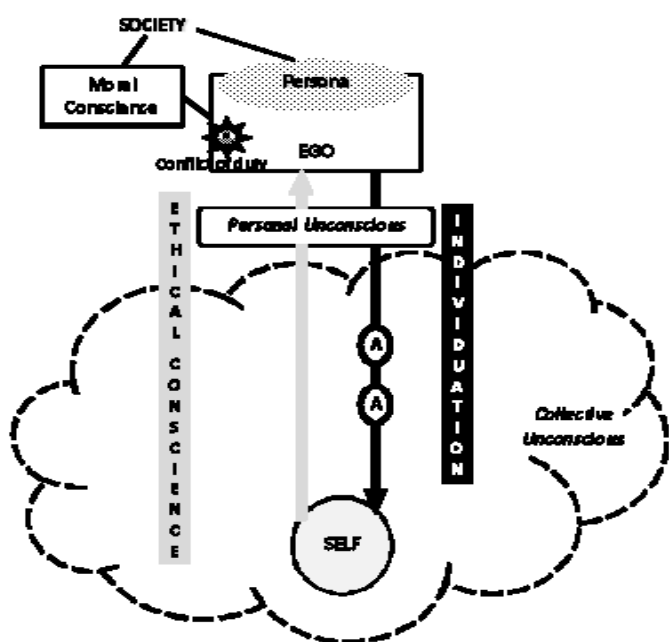
Source: Compiled by author

A Jungian Analysis of Moral Experiences

The persona

The persona, also perceived through one's self-image, emerged as a critical concept in apprehending and making sense of the moral experiences narrated by the research participants. The persona often seemed to underpin a person's relationship to the world and more specifically to his or her perceived obligations as a manager. Some of the respondents clearly evinced a "business persona" or a "manager persona" which in their view embodies the features necessary to perform well in a somewhat ruthless and result-centred world. In this respect the persona reflects a stereotypical picture of a "good" business person: ambitious, results-orientated, pragmatic, rational rather than emotional, able to favour the organisation's interests over the individuals' interests. Yet for many respondents the persona seemed to occupy the major part of consciousness so that the ego could not turn its attention to the richness of the unconscious psyche. Indeed, when the ego-consciousness is busy fostering a persona, it does not have the resources to uncover the contents of the unconscious and to gain knowledge of the self at the same time. The apparent confidence or the obvious contradictions that were evident in some interviews illustrate how the persona has a direct effect on the perception of who one is as a person, and consequently on the actions of that person.

The persona also influences the quality of people's relationships to others. Indeed the respondents with a relatively weak persona seem to appreciate that other people first and foremost deserve the same respect as anyone else. A strong persona, on the other hand, can more easily trigger projections and confuse the perception we have of other people in terms of what they represent. In fact when we direct, either consciously or unconsciously, our psychic energy towards creating an image we want to project in society, our perception of reality might equally be filtered by the persona. Thus instead of seeing others "as they really are" we may be partly blinded by our own persona and perceive others in a deformed way, even though we are certain our judgement of them is accurate.

The type of relationship a person has with others, especially with one's colleagues, employees or customers to a lesser extent, also shows the degree of compartmentalisation of the individual. Indeed it proves difficult to delineate when professional friendliness slips into personal friendliness. Yet a few respondents were keen on separating the professional from the social sphere, only to later admit that it is a difficult and flimsy boundary to maintain.

Conscience

Jung's conceptualisation of two various types of conscience eases our understanding of the moral deliberation of managers. In the analysis, moral conscience and ethical conscience, which respectively stands for the social norms on the one hand, and the inner voice reflecting the self on the other hand, were linked to the perception of having or not having a choice in the moral matter. The respondents who seemed to rely mainly on their moral conscience tended to feel more constrained by the context (for example the short-term profitability imperative) than the respondents who had a stronger sense of self and could rely on ethical conscience as well.

This is because moral conscience is necessarily limited by the rules and customs of a social group, whilst ethical conscience draws from an archetypal source of knowledge. Indeed, as Jung explains, ethical conscience enables us to find "creative solutions" when we face a dilemma which we cannot solve by calling upon the moral rules and customs we usually rely on. Ethical conscience can be viewed as a way to free oneself from the bounds of customary morality in order to find a new path of moral action.

Compartmentalization

The contrast between compartmentalized and non-compartmentalized research participants is particularly interesting, in so far as it most clearly demonstrates the significance of connectedness to self in the enactment of one's morality. Compartmentalization consists in a more or less voluntarily separation of aspects of our own personality or character. Psychology-wise, compartmentalization may serve a fair purpose, allowing an easier recovery after a traumatic experience or boosting self-esteem by focussing essentially on our positive qualities in a given context (Showers and Zeigler-Hill, 2007). It becomes problematic when a context-specific identity is essentially or exclusively attached to negative traits however.

From a moral perspective, the issue lies in the fact that compartmentalization does not suppress but rather stores away the psychic energy associated with the trauma or the experience. The psychic energy thus remains unassimilated, likely to become a complex attached with a "relevant" archetype. Over time, this complex may very well perturb our psychic and emotional balance. In the short-term, it also has a direct effect on our ability to act with authenticity and not compromise our values. Some study participants devoted much effort in compartmentalizing their work-life from their social-life, adapting or changing their personality according to the context. They generally seemed to alter their value-ladder at the same time, thereby accepting more readily that compromises "just have to be made" however hard and unsatisfactory they may be. On the other hand, non-compartmentalized participants were much more able to bring their values to work and to shape their environment according to these values. They showed a greater tendency to be "whole" and to be themselves at work as well as outside work. Their moral choices tended to be less compromised as a consequence.

A Typology of Moral Characters

As was suggested above, the persona plays a significant role in the overall moral character of the research participants. In many cases some level of a persona was identified. The extent to which the persona prevails as well as the reasons behind the persona's strength are varied. Nevertheless the presence of a persona usually directs the attention of ego-consciousness away from the self to more collective matters, weakening the individuality of the person.

On the contrary, some respondents did not seem to demonstrate the existence of such a persona. Instead, the connection to the self seemed stronger in so far as these respondents embraced their individuality more fully and seemingly more comfortably than others. Three broad categories have thus been identified according to the persona-self characteristics: cases where a strong persona prevails; cases where the persona is used as a protection; and cases where the participants are connected to the self to a greater or lesser degree (see Table 1). This typology does not claim to be comprehensive and it is possible that the research participants have evolved since. However it aims to demonstrate how the Jungian framework of morality helps identify practical issues in one's moral character.

Table 1. Summarised Typology of Participants' Moral Character

Participant	Type
Charlie	Strong persona prevails and "fills in"
Ethan	
Louis	
Amy	Strong persona prevails and claims to "exist"
Oliver	
Will	
Samuel	Persona is a deliberate but "controlled" protection
Yohann	
Irene	Persona is a deliberate but necessary protection
Martin	
Zack	
John	Persona is "non-consciously" used as a protection
Ryan	
Tim	
Xavier	
Nick	Connectedness to self through enacting a passion
Paul	
Deborah	Connectedness to self through enacting strong values
Vincent	

Strong Persona

"People are not perfect, there are instances where people do things to fit in…I think if you're not true to yourself, you risk being pretentious, you know, or you're just lying to yourself anyway… It depends on the situation, because if I give you a big job [you think] "I can do this" [but then you admit] "Oh, shut it now, I can't!". And then you find ways to try and justify that you can do it – or you don't. It's a situational thing, you just think about it, make a rationalisation, as we said, appraise pros and cons, go with it, don't go with it." (Ethan)

"It's all about perception. Even if I don't know something, you have to appear as if you do to the other people because, you know, just that impression – cause then you can go out and come back home and find out about it. But you have to give them the confidence that they can trust you and you know what you're talking about. Cause if you go "Well, oh, I'm not quite sure" then obviously it's "Gosh, she works for my company, and she doesn't even know what she's talking about!" – so then it looks badly on the company." (Amy)

Two main reasons emerged to explain the significance of the persona amongst these six managers. For Charlie, Ethan and Louis, the persona tends to "fill in" for something else. In Ethan and Louis's cases, the persona seems to make up for an unsubstantial self whereas for Charlie the persona has apparently "replaced" the self completely. For these three respondents, the persona is the essential point of contact with the world and the ego-consciousness seems fully directed towards fostering the persona rather than questioning it. Morally these respondents tended to adopt a self-interested approach, although they did not frame it in those terms.

For Amy, Oliver and Will, things are slightly different. Their persona prevails but its function is to maintain a sense of existence. Indeed Amy and Oliver characteristically present a front

because it reassures them; it gives them the impression that they exist. In other words, they seem so unsure of the value of their self that they rely on a constructed image to claim their place in society. The brighter this image, the more they sense their existence and their place in society are acknowledged. Rather than filling in a void as the respondents mentioned above, these managers use the persona to disguise a deep uncertainty or insecurity about themselves. Will fits into this category in so far as his great need for recognition tends to reflect insecurity about his real capabilities and his ability to stand out. Yet again the ego-consciousness seems completely dedicated to nurturing the persona rather than questioning it.

For these respondents, the significance of the moral rules and customs tends to be relative, in particular to their own interests. This means that they refer to the moral rules and customs that best foster their personal goals. Of course these six respondents have different motivations and they don't necessarily act immorally. However their actions are guided by values that emerge from a collective image rather than an individual will. Being selfish does not necessarily imply that one expresses one's individuality in the Jungian sense. The persona is "a mask of the collective psyche. Fundamentally the persona is nothing real: it is a compromise between individual and society as to what a man should appear to be" (Jung, 1966, para. 246). Thus the respondents subjected to the influence of a strong persona remain the objects of a collective and do not exist as true individuals. The persona prevents them from breaking off the dominating influence of the collective to assert their individuality. As such they are unable to use their libre arbitre, that essential constituent of moral responsibility. They are equally prevented from acting upon the ethical conscience since they remain in the bounds of a narrow interpretation of moral conscience. Jung (1966, para. 240) stresses that "every man is, in a certain sense, unconsciously a worse man when he is in society than when acting alone; for he is carried by society and to that extent relieved of his individual responsibility."

Persona as Protection

"I have two driving forces: doubt and stress. Stress pushes me forward – I am always doing things urgently, I am good at doing things at the last minute and doing them well. The second aspect is doubt. I doubt a lot and I doubt of everything, personal stuff and professional stuff. Externally no one sees it but internally I'm in turmoil. It affects the way I work somehow as I struggle with very self-confident people! Some of my collaborators are self-confident and I may admire them a bit, however when they get it wrong I don't let them off the hook easily." (Samuel)

"On the Friday, there's a dress down, okay? And in our factory this is really important, people don't wear ties. And people laugh at me saying "Don't wear ties" and I say "Well I don't know whom I'm gonna meet", and they say "Yeah, but it doesn't matter" and I say "What if the CEO of the company is coming?" I don't wanna be in jeans and tee-shirt. And people find that funny actually. I don't, it's like a uniform. In business. I feel more professional dressed that way. I'm very different in my personal life, I'm very neutral, I'm very relaxed." (Zack)

"Nowadays the boss of a small-to-medium-sized company can only succeed if he stays close to his employees… When the company just started, we were 6 or 7 friends, I had worked with them for years or I knew them from the times when we drove on the same roads and we used to have lunch together. But a change was needed, so today we are "less" friends because I had to break up this friendship. Before then we attended parties together at week-ends but then on the Monday morning there was no more

respect [for the boss-employee relationship]. So I put an end to that, but I really miss it, so I try to be available and close to my employees." (John)

The second category subsumes the respondents whose persona is present but somewhat more elusive than in the previous category. These managers tend to use the persona as a protection but they are not as comfortable with this situation as their previous counterparts. Somehow they have a more spontaneous relationship with others which suggests they feel or yearn for something more than just the persona. Establishing "fake" relationships with people based on their persona does not appear to satisfy them. Yet they seem to neither understand the nature of this dissatisfaction nor to know how to confront it. Within this group, two types of attitude can be distinguished: some of the respondents appear to use the persona as a protection almost deliberately, whilst others seem less aware of acting in such a way. Using the persona deliberately does not imply manipulative behaviour; rather it means that the respondents demonstrate awareness that they display a front to others which does not fully correspond to who they actually are, and they feel uneasy about it.

Samuel and Yohann clearly use a persona as a deliberate protection and keep it under some degree of control. Both are very reflective and display some sensitivity to their self and to their ethical conscience. Yet they appear to hide their self behind a business persona because it seems to them the most appropriate behaviour given the circumstances, that is managing a profitable business. Although different, Samuel and Yohann both appear to be affected by their shadow and they seem conscious of their capacity to act in a way they would judge morally wrong. Yet instead of integrating the archetypal shadow and asserting the self, as the process of individuation would require, they appear to focus on the persona to help them cope with their shadow. Acting a part is perceived as a safeguard against their own dark motives in so far as the part they act is under control whilst the influence of the shadow is far less controllable. Should they accept to confront the shadow and to integrate their dark motives in a conscious effort to achieve their individuality, Samuel and Yohann would no longer need the illusory protection of a persona for they would embody their self, their true nature.

The cases of Irene, Martin and Zack are slightly different. They do not seem to control the use of their persona so much as they need their persona to protect them. It is almost a matter of survival because the gap between their self, their values and their job requirements is too wide to be managed suitably. These three respondents consciously try to compartmentalize their life tightly although they are not so successful in that endeavour. They apparently need to convince themselves that "being the persona" will prevent them from feeling ill-at-ease when they have to make difficult work decisions. Thus they have deliberately built a character which they want different from who they really are, but whose features are adapted to the business environment especially through the "uniform" of a suit. Yet the pain, especially the moral pain, remains because they feel the betrayal of their core values when they do what their job requires them to do. They want to find a comfortable moral space, which is why they try to convince themselves they can cope with adopting different moral behaviours when acting in different settings.

Other respondents use the persona as a form of protection in non-conscious manner. To this category would belong John, Ryan, Tim and Xavier, although the reasons for which they use their persona greatly vary. All of them display (along with the other respondents of this group) a certain degree of connected-

ness to self. However they do not seem to trust their self entirely. John feels he "has to" put some distance in his relationships with others, yet he suffers from this because it does not correspond to his personality. Ryan always feel the need to be an exemplar of hard work and commitment in order to motivate and manage his team; however he eventually pushes himself far too much as if being himself was not sufficient. Tim is eager to learn from others and to satisfy his strong desire to "win" so as to distinguish himself from the crowd and define who he is. Finally Xavier doubts his ability to make the best moral decisions; hence he prefers to hide behind the formal codes attached to his business responsibilities rather than get to grips with the issue. None of these four respondents seems to have established this protective persona deliberately; rather it has developed through time without them being aware of it. Nevertheless they display some instances of dissatisfaction with the existing status quo, and their otherwise open relationships with others may entice them to aspire for something different: a more spontaneous, true-to-self behaviour.

Overall, these managers may occasionally glimpse towards the self and get some sense of an intuitive moral call that echoes ethical conscience, but they feel more comfortable with the formality of moral conscience. They experience sometimes painful conflicts of duty. They may be sufficiently reflective to feel that they are not who they pretend to be in society but they remain attached to this image, deliberately or not. Their position is morally difficult because they tend to be constantly unsure of what the right thing to do is. They are torn between what moral customs say (which tends to align with the persona) and what they perceive as another, perhaps more radical but no less imperious voice representing the Vox Dei, the expression of the self. For Jung, the only way out is to pursue the process of assimilation of unconscious contents, both personal and collective, in order to build up the individual personality: "In the last resort it is a man's moral qualities which force him, either through direct recognition of the need or indirectly through a painful neurosis, to assimilate his unconscious self and to keep himself fully conscious. Whoever progresses along this road of self-realization must inevitably bring into consciousness the contents of the personal unconscious, thus enlarging the scope of his personality" (Jung, 1966, para. 218). It is all the more important to obey "the will of God" as controlling it is not entirely possible, and resisting it leaves one with "a resentment that makes the otherwise harmless natural impulse our enemy" (Jung, 1969b, para. 51).

Connectedness to Self

"My values are humanism, it's respect for the other, it's all those values without which you can't live in a community outside, and without which you cannot live in an organisation… You can't disconnect from real life. These core values are also my professional values. And I happen to be lucky enough to work for an organisation that has the same values as me… If I had been hired by an organisation that did not champion these values, I wouldn't have stayed, it's very clear. I mean there are things on which I'm personally not prepared to compromise." (Paul)

"Telling somebody they no longer have a job [is difficult]. You begin to think about do they have a wife? Do they have children? Do they have, you know, large mortgage and bills to pay? Even if you try to remove yourself completely, that will still go across your mind at some point cause losing your job is a major life changing thing for most people. So from a morality perspective, you certainly think about it… I certainly need to sit and take a little bit of time before I actually get through with the action to sort of remove all the thoughts of "concern and why" out of my

mind to actually focus on what needs to be done. So it's taking time to reflect and be quite conscious of pushing some thoughts out of the way. Because it's clearly a function of "this must be done and you need to execute that", albeit someone might say." (Vincent)

The third category includes the respondents who seem generally more acquainted with their self. It is impossible to assess whether they are individuated or not, but they nevertheless seem to display the most direct connection to their self compared with the other respondents. Within this category, we can highlight two paths: Nick and Paul seem closer to their self through a passion for their work. Nick is an authentic craftsman, and his enterprise is more a means to serve his art than a business organisation. Paul, director of a children's home, is genuinely dedicated to the children's well-being and his work is ingrained in his dedication. Neither Nick nor Paul care to count the hours they spend working because their work is almost an extension of who they are. They express their nature in what they do so that they do not need to pretend to be someone they are not; instead their actions echo the concerns and aptitudes of the self. In other words Nick or Paul actually "realise" their self. They naturally celebrate the virtues of perfection because their purpose is the perfect realisation of their art or their mission.

Deborah and Vincent are also closer to their self than the other respondents, but their rationale lies more in the strength of their values than in the love of their job, although they enjoy their work. Deborah and Vincent both act out of a strong consideration for others. Deborah believes in honesty and fairness and her values are so strong that she acts as if they were constitutive of her being. Not to act according to her values would be like betraying herself. On the other hand, Vincent has a strong connection to others so that not to act in full consideration of the other person as a person would be morally wrong. To consider the other person as a person means to acknowledge the self in the other person, so that the connection is actually made between two selves who acknowledge one another. In fact Vincent would not be true to himself if he did not act in a considerate way towards others. Hence for Deborah and Vincent, their values are central to their sense of self, to who they are. To betray their values would mean betraying themselves, something they are not readily capable of. Neither of them manage to control the circumstances in which they work so they sometimes face situations they morally disapprove of, but which they cannot change. Yet in those cases they either feel a strong uneasiness, or they disengage themselves so as not to compromise their values.

These four managers seem more sensitive to their ethical conscience. Even if they are not individuated as yet, they have a strong enough sense of self to act as individuals and extricate themselves from the collective. They have sensed that "[f]ar too much of our common humanity has to be sacrificed in the interests of an ideal image into which one tries to mould oneself"

(Jung, 1966, para. 244). By rejecting the persona society wants them to wear, and by enacting instead what they feel is right, they get closer to the "shared humanity" (Vine, 1983) embodied in the archetypal self. They react to that humanity in their relationships with others whom they recognise as bearing the same nature. Since ethical conscience goes beyond the rules and customs of a society limited in time and space, drawing from the collective history of humanity, it potentially attracts more innovative solutions to moral dilemmas or at least it gives the strength or the impetus to act "as one should act" according to the Vox Dei, albeit one can never be sure of the real nature of this inner voice (Jung, 1969b, para. 49).

Conclusion

Bankwala (2004: 162) argues that: "In understanding behavior it is important to see that I behave the way I do depending on what I value in life. … If I lack clarity [of my values], any method will do." The discussion presented in this paper invites a reinterpretation of Bankwala's statement: In understanding moral behaviour it is important to see that I behave the way I do depending on how I value my self; if I lack clarity of my self, any moral attitude will do (whether right or wrong). Morality begins with the self, and organisational ethics will only improve if individuals strengthen their own consciousness and morality.

Successful modern managers are pictured as capable of adapting both from experience and from a knowledge-database to respond effectively and efficiently to the issues and the prospects of the business (Hannagan, 2005). On the moral front, however, successful managers need to develop a propensity to self-reflect. They equally need to adapt less to the circumstances and instead favour the expression of their self. Failure to do so does not make managers necessarily wrong in ethical terms, but it certainly makes them much more susceptible to fail morally in the course of their job. Being and acting as an individual, capable of discerning the appropriate virtues and values to further one's good as well as the common good cannot possibly prevent moral mistakes. However it would encourage the development of a more comprehensive approach to moral issues, which in turn would lead to a more human and more fulfilling management style located in the spiritual and moral space of the organization and society (Losoncz, 2004). Managers should not be expected to detach their personal values from their work; rather they should be allowed and encouraged to express their self in their work, providing they possess an appropriate level of self-consciousness. As Pfeffer (2003: 42) underlines: "An individual's desire and right to be treated with dignity at work, to be able to grow and learn, to be connected to others, and to be a whole, integrated person cannot simply be sacrificed for economic expediency." This, after all, is good old common sense and has never been more important than today.

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Students' Perceptions of Forest Industries Business Ethics - A Comparative Analysis of Finland and the USA

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Abstract

It has been recognised that personal values have a significant impact on views of business ethics. The basic purpose of this paper is to describe and compare student perceptions of business ethics in Finland and the USA. Another objective is to examine the value dimensions of students and the interrelationships between these values and views of business ethics. The following results have been found in this study: 1) US students generally represent more individualistic and harder values, whereas the Finnish students represent more collectivistic and softer values; 2) US students are less concerned about the weight of multiple responsibilities in the forest industries than their Finnish counterparts; 3) the Finnish students represented a stronger shareholder view than their US counterparts; 4) the differences in business ethics perceptions between genders and study directions mainly reflected the varieties in value backgrounds; 5) there is a direct interrelationship between values and perceptions on business ethics.

Keywords

Corporate Social Responsibility, business ethics, value, student, Finland, and USA.

1. Introduction

Recent years have seen increased public debate on business ethics and corporate responsibility (CR). Several phenomena are driving this trend, primarily intensifying globalisation and the fact that multinational corporations have gained an exceptionally influential position in modern society (Ibrahim et al., 1993; Mikkilä, 2005). Additionally, recent corporate scandals such as Enron have focused attention on CR (Angelidis et al., 2004; Elias, 2004; Maignan et al., 2004). Such scandals typically damage several stakeholder groups, such as shareholders, employees and local communities, further raising public awareness regarding business ethics and CR.

Business ethics and CR have become central issues for 21st-century companies. In some basic industry sectors such as the forest industry these issues have become exceptionally sensitive, particularly their environmental aspects (Halme, 1997; Näsi et al., 1997; Takala, 1998; Rytteri, 2000). Above all, the forest industry's dependence on forests and wood as raw material has contributed to enhanced societal expectations about its performance throughout the world (Panwar et al., 2006). The forest industry is thus often used as an example in academic research related to such responsibilities (Halme, 1997; Kärnä, 2003; Mikkilä, 2005).

Business ethics and CR are closely interrelated theoretical concepts (Joyner et al., 2002). Ethics are often defined as the conception of what is right and fair conduct (e.g., Freeman et al., 1988; Malhotra et al., 1998). Then again, according to De George (1999), business ethics can be defined as "the interaction of ethics and business". In the management literature, the concept of CR, or corporate social responsibility (CSR), is often seen as this interacting link between ethics and business (e.g., Swanson, 1995). In other words, CR can be considered a managerial approach which turns underlying ethics into actual business activity.

There are differences among societies with respect to values and ethics. Differences in views of business ethics derive from both institutional environments and social value bases. According to Matten & Moon (2004), for example, a fundamentally different institutional environment is a central issue shaping the views of business ethics and CR in North America and Europe. For instance, many of the firm-based policies considered as CR in North America are redundant in European institutional frameworks as they are already mandatory or customary for companies (Matten & Moon, 2004). Governmental input through legislative and regulative action imposes particularly diverse transatlantic demands on CR. In Europe, the responsibilities of business to society is more strictly regulated by codified rules and laws, whereas in North America CR is largely based on voluntary action. Matten and Moon capture this by introducing the North American view as "explicit CSR" and the European view as "implicit CSR" (Matten & Moon, 2004).

Matten & Moon's theory on explicit and implicit CSR is supported by general differences in the social value base between North America and Europe. Several scholars (e.g. Lodge et al., 1987; Maignan et al., 2003) have stated that the social value base in North America is mainly characterised by individualism. Individualistic societies emphasise short-term self-interest, and each social actor is expected to see to his own survival and well-being (Maignan et al., 2003). Furthermore, individualistic societies are generally characterised by a universalistic view of ethics in which people are equal and deserve the same rights (Palazzo, 2002). According to Jackson (2000), a high level of individualism and universalism in US society is likely to lead to a need to regulate individual behaviour in an explicit way. As a consequence, codes of ethics are more common in the US than in Europe, making American business ethics often seem rather legalistic (Palazzo 2002).

Unlike the US, the European value base is more communitarian by nature. Such values underline the needs of the community and the benefits of consensus

(Lodge, 1987; Maignan et al., 2003). In more communitarian societies, ethical decisions are typically made on the basis of shared values, which are bound into a network of social obligations and relationships (Palazzo, 2002). Consequently, European CSR is more driven by society-wide shared views on CR, and less by company-specific codes of ethics. In summary, previous studies have shown that there are differences in social values and business ethics between the US and Europe, which provided an essential reason for this study to conduct a comparison of the perception of business ethics between the US and Finland.

Increasing attention to CR has brought more CSR-related research conducted on university students. Above all, students as future managers are considered an important target group for current CSR research. Students have generally become more aware of CR, as business ethics and CSR are increasingly integrated into the curriculum (Elias, 2004).

The research on student views of business ethics has provided new information on the phenomenon, particularly in the USA (e.g., Arlow, 1991; Ahmed et al., 2003; Elias, 2004; Bodkin et al., 2006; Phau et al., 2007; Fukukawa et al., 2007). The majority of existing research has focused on the views of business ethics of business students. Thus in this respect, the comparison between various study majors can be considered under-researched issue so far. Another under-researched issue is the impact of values on student perceptions of business ethics. Neither has most researchers generally focused on direct interrelationships between personal values and views of business ethics.

The basic purpose of this paper is to describe and compare student perceptions of business ethics in Finland and the USA. Another objective is to examine the value dimensions of students and the interrelationships between these values and views of business ethics. The general background of this study is introduced in the first part of the paper, followed by the theoretical part, which discusses the theories of value and business ethics, as well as providing hypotheses based on theoretical findings. The third part of the paper introduces the data and research method, and the main empirical results are outlined in the fourth part. The last part is a summary and conclusion.

2. Theoretical background and hypotheses

This part, dealing with theories of values, business ethics and the relationship between them, provides a clear theoretical background to support the empirical studies. Based on the theoretical findings, values are suggested as a driver in determining the respondents' perceptions of business ethics.

2.1. Values
In a broad sense, values function as standards that guide personal thoughts and actions. The academic literature on values yields a large number of definitions. Schwartz and Bilsky concluded that five general features are common to most of these definitions (Schwartz and Bilsky, 1987). They claim that values are "1) concepts or beliefs, 2) about desirable end states or behaviours, 3) transcend specific situations, 4) guide selection or evaluation of behaviour and events, and 5) are ordered by relative importance". In contrast to attitudes, which can be considered as the individual's particular feelings towards objects, situations or phenomena, values are enduring beliefs that may affect a person's views on many issues (Rokeach, 1973; Gable and Wolf, 1993). Values may therefore be characterised as determinants of specific attitudes and behaviour (Fukukawa et al., 2007).

Values have a significant role in the process of defining and redefining the individual's sense of self and enhancing self-esteem.

However, in addition to reinforcing the individual's self image, the moral nature of values also contributes to their function in the interest of society (Rokeach, 1973; Hemingway, 2005). For example, Schwartz and Bilsky (1987) emphasised the role of values as cognitive representations of social interactional requirements for interpersonal coordination, and social institutional demands for group welfare and survival. In other words, values have a dual purpose: enhancing the sense of self, and enhancing the welfare of society. In the literature, this view has generated a popular classification into "individualistic" and "collectivist" values (Wojciszke, 1997; Hemingway, 2005). This classification has its roots in England's definition of values as being "individualistic" or "group oriented", and similarly "hard" and "soft" (Hemingway, 2005; England, 1971).

Triandis investigated the behavioural patterns of individualism and collectivism, distinguishing a wide range of differences in the value dimensions of these two groups, claiming that the individualists emphasise individual goals rather than the goals of collectives, and values such as achievement and competition (Triandis, 1989). In individualistic cultures, concepts such as equality, limited government and individual rights are important. By contrast, collectivists promote the welfare of their group, and values such as family integrity, security, obedience, and conformity are crucial. In collective cultures, the goals of society are typically put above individual ones, and respect for authorities and loyalty to the state is high (Triandis, 1989).

Schwartz (1992, 1994) further developed the classification of value types, mainly based on Rokeach's earlier work on the structure and content of values. Schwartz introduced four universal value categories present in all cultures: 1) self-transcendence, 2) self-enhancement, 3) openness, and 4) conservation. According to Schwartz, self-transcendence includes the altruistic value types of universalism and benevolence. This dimension is close to the category of collectivist values introduced earlier in the academic literature. In contrast, self-enhancement, including the more egoistic values relating to personal power and achievement, is largely equivalent to the category of individualistic values. Openness is driven by individual motivation to follow one's own intellectual interests, whereas conservation refers to the need for a status quo and the certainty provided by close relationships (Schwartz, 1992, 1994; Fukukawa et al., 2007). In academia, Schwartz's categorisation of value types has been widely used in cross-cultural studies (e.g., Schwartz and Bardi 2001; Shafer et al., 2007) and with regard to the concepts of business ethics (e.g., Puohiniemi, 1995; Schultz et al., 2005; Siltaoja, 2006; Shafer et al., 2007; Fukukawa et al., 2007).

2.2. Business ethics
Ethics forms the basis of the conduct of people as well as business organisations. In academic literature, ethics is generally defined as the conception of what is right and fair conduct (e.g., Freeman et al., 1988; Carroll, 1991). The concept of ethics is closely connected with values. As Carroll (1996) put it: "One's values shape one's ethics". On this view, ethics can be seen as a system of principles or judgements which state whether something is good or bad, right or wrong.

Several scholars have suggested that modern business is an integral part of society and its actions, and that businesses must participate in society in an ethically symbiotic way (e.g., De George, 1990; Joyner et al., 2002). According to De George, this interaction between ethics and business can be defined as the concept of business ethics, which deals with moral standards and principles in business operations (Ferrell and Fraedrich, 1997). At the macro level, this definition particularly encompasses the

moral evaluation of the economic system of free enterprise, as well as of possible alternatives to and modifications of it (De George, 1990). The possible alternatives and modifications of the role of businesses particularly have aroused considerable academic debate over the past few decades. Some scholars, such as Milton Friedman (1962), have highlighted that the only objective of businesses is to make a profit (Shafer et al., 2007). According to Friedman, since corporations are not moral entities, ethics can not be adopted in business life. Friedman's theory was partly supported by Adam Smith (1976) who claimed that economy functions best when the agent's freedom is greatest. (Jakobsen et al., 2005) However, Smith also highlighted that each individual's role in promoting public interest and common welfare is effective. This "invisible hand" acknowledges the importance of ethical values and norms as necessary conditions for the market economy to function, and thus influences the role of business as well. Smith's theory corresponds with classical liberalism, whereas Friedman's view can be seen as more neo-liberal. Both Friedman and Smith recognise that the market can and must be regulated by law. However, particularly in Europe, political life and the democratic society system also control business life by other means than legislation; for example, in terms of standards and guidelines provided by governmental institutions and networks.

The general awareness of the ethical dimensions of business practices in the modern society is growing substantially, and business ethics is increasingly becoming a subject for academia, government and the general public (Ahmed et al., 2003). As a consequence, ethical aspects have a more direct impact on business than before, and corporations have started to investigate the subject as well. At corporate level, ethics include issues on the sustainability of finances, the environment and society (Lindfeldt et al., 2006). In this context, a typical element of ethical business conduct is going beyond the law and legislative requirements in general. As Rytteri (2000) put it, there are issues beyond the legislation.

According to Axinn et al. (2004), a central issue in business ethics is the question of "to whom a business is primarily responsible". Scholars have typically distinguished between "stockholder" and "stakeholder" approaches to this question (e.g., Argandona, 1998; Axinn et al., 2004). The stockholder approach is close to Friedman's views on the role of business, arguing that the companies should conduct business according to the interests of stockholders because, by prioritising social aspects, the company jeopardises organisational survival and places the company and its management in the role of "non-elected policy makers" (Etheredge, 1999; Axinn et al., 2004). The stakeholder approach however, values the companies' responsibilities toward multiple stakeholders including the general public. This viewpoint sees it as profitable for companies to solve problems of public concern (Axinn et al., 2004).

2.3. Values driving views of business ethics

The impact of personal value systems on views of business ethics is recognised by several scholars (such as Hemingway and MacLagan, 2004; Shafer, 2007). Generally speaking, value research is considered to provide more insightful and deeper understanding of the ethical orientations of individuals, and explain differences in ethical orientations (Kumar, 1995). However, the interrelationship between detailed personal value systems and business ethics can still be seen as an under-researched issue (Shafer et al., 2007).

Recent studies have provided information on the impact of collectivistic and individualistic value dimensions on views of

business ethics. Views on the ecological component of business ethics has been a particular subject of research. Collectivistic values appear to be consistent with concerns regarding both environmental and social justice. For example, Puohiniemi pointed out that values relevant to "pro-green" attitudes mainly concentrated on collectivistic value domains, whereas values relevant to "non-green" attitudes concentrated on individualistic value domains (Puohiniemi, 1995). Puohiniemi's findings were supported by Schultz and Zelezny (1999), who found that individuals with a more collectivistic value background are more likely to define themselves as part of nature, and thus reflect a greater degree of environmental concern. Similarly, previous research has shown that individuals with harder values are likely to be less concerned about environmental issues and less likely to take action on such issues (Fukukawa et al., 2007). According to the study results of Maignan (2001), a similar phenomenon can be identified with regard to social issues. Maignan pointed out that individuals with more collectivistic values were mostly concerned about business conforming to social norms, not about its economic performance.

Among more collectivistic cultures, individuals are typically embedded within a network of social relationships that must be maintained by adjusting to the dynamic needs of the group and its members (Kitayama et al., 1997). Some researchers have pointed out that collectivistic values correspond with the stakeholder views, highlighting for example the welfare of people and the employee morality of companies (Axinn et al., 2004; Shafer et al., 2007). Similar studies have also suggested that individuals with collectivistic values do not undervalue shareholder views either, although the theoretical constructs of the collectivistic value domain would predict this. However, the interrelationships between personal values and the perceived role of business has remained a little understood issue in academia so far.

2.4. Hypotheses

A wide range of studies has revealed variation in the value priorities of individuals within societies as well as groups across nations (see Schwartz & Bardi, 2001; Myyry & Helkama, 2001; Lindeman & Verkasalo, 2005). In this context, the intra-groups in societies are separated by gender, age, major study and political orientation, for example. The differences in personal value priorities are relevant in business ethics related research because, as previously stated, personal values impact the individual's perceptions on business ethics. However, personal values do not necessarily fully correspond with underlying cultural values in society. Schwartz (1999), for example, separates individual values from culture-level values. Schwartz claims that cultural values implicitly or explicitly represent shared views about what is good, right and desirable in society, serving as bases for specific norms in various situations. Furthermore, Schwartz states that "individual value priorities are a product both of shared culture and of unique personal experience" (Schwartz, 1999). In other words, personal values within larger cultural groups are built upon cultural value constructs, and the unique experiences and personalities of different individuals.

In academia, most researchers have considered culture as the predominant aspect influencing the differences in business ethics perceptions across countries (as in Ahmed et al., 2003; Axinn et al., 2004; Phau & Kea, 2006). In other words, individuals who are raised in different nations have different values and ethical views. Typically, cultural differences with regard to values and ethics are discussed within the framework of Hofstede's typology (Hofstede, 1991). In this context, the confrontation between individualism and collectivism can be highlighted particularly.

In individualistic cultures, citizens primarily value personal achievement, whereas the well-being of the "in-group" is more prioritized in collectivistic cultures (Shafer et al., 2007). Several studies have shown that the US culture is high on individualism and low on collectivism (Lodge et al., 1987; Vitell et al., 1993; Akiba et al., 1999; Hofstede, 2001). In comparison with American culture, the European ones including Finland, are generally considered more collectivistic by nature (Lodge, 1990; Maignan et al., 2003). For example, Schwartz studied the cultural values of 49 different nations, founding that the Finnish culture stresses egalitarianism and harmony above all (Schwartz, 1992). According to Schwartz egalitarianism refers to "a cultural emphasis on transcendence of selfish interests in favour of voluntary commitment to promoting the welfare of others", whereas harmony in this context refers to "a cultural emphasis on fitting harmoniously into the environment" (Schwartz, 1992). The Finnish culture thus can be considered highly collectivistic by nature. As a consequence, it can be expected that Finnish students will represent more collectivistic values than their American counterparts. Accordingly, we suggest that:

H1: Finnish students are more likely to represent collectivistic/softer values than American students.

Basically, since the individualistic values reflect views according to which each social actor is expected to be responsible for its own survival and well-being, it can be presumed that the respondents with more individualistic values, i.e., the US students, have generally lower expectations of business ethics in companies. Additionally, as Palazzo stated, strong optimism characterises American culture with regard to business ethics (Palazzo, 2002). Consequently, we hypothesise that:

H2: US students are less concerned about the multiple responsibilities of the forest industry corporations than their Finnish counterparts.

The examination of direct connections between personal values and views of business ethics is poorly understood. Several scholars (e.g., Singhapakdi et al., 2001; Hemingway, 2005) have suggested that cross-national differences in culture and personal values contribute to differences in the perceived importance of ethics and social responsibility. Most researchers have relied on this assumption in analysing the connections between values and views on business ethics and CR. For example, Maignan et al., pointed out that economic responsibilities was rated as significantly more important than the ethical ones in the USA, whereas in Germany and France the least importance was allocated to the economic responsibilities of the companies (Maignan et al., 2003). These differences were explained by the national ideologies and cultural values, but the impact of values was evaluated based on earlier studies, not on the examination of a sample in that particular study. Similarly, Axinn et al., pointed out that the American beliefs on business ethics were closer to the stockholder view, whereas the respondents from more collectivistic cultures, such as Asia, emphasised the stakeholder view (Axinn et al., 2004). Thus, earlier studies and existing theories suggest that the students from more individualistic cultures will emphasise economic responsibilities and the stockholder view more than their counterparts from collectivistic cultures. As a consequence:

H3: US students emphasise shareholder orientation in forest industry business more than their Finnish counterparts.

The previous studies have shown that women emphasise values such as universalism and benevolence more than men. Males tend to mainly emphasise values such as power and achievement more than females. (see Myyry et al., 1999; Schwartz et al., 2001; Lindeman et al., 2005). The value background of females is thus typically more collectivistic and soft than the value background of men. Additionally, according to Myyry et al., females tend to have greater emotional empathy than men. Emotional empathy is closely related to helping and pro-social behaviour (Myyry et al., 1999). Therefore, we suggest that:

H4: Male students represent harder values than female students, and thus have a more positive view on the current state of business ethics in forest industry operations

With regard to study majors, Lindeman et al., found that business and technology students show more individualistic and hard values than other students (Lindeman et al., 2005). Similar findings were also pointed out by Schwartz, who suggested that business majors give higher priority to power and achievement values, whereas humanities majors accord priority to universalism values. Therefore, we hypothesise that:

H5: Business and technology students have harder values than other students, and thus have a more positive view on the current state of business ethics in forest industry operations

3. Methodology

The data for the study was collected by using a structured self-completion questionnaire. The questionnaire was pre-tested and independently back-translated between Finnish and English versions in order to ensure the accuracy and understandability of the information.

The intervening and dependent variables used in the analysis were mainly statements on a five point Likert scale, from 1=Totally disagree to 5=Totally agree, or from 1=Not at all to 5=Very strongly. Additionally, one barometer variable was used in the Likert scale to measure the shareholder/stakeholder orientations of the respondents. On this scale, the respondents had options from 1=Corporations should make a profit for their shareholders to 2=Corporations should create welfare for all stakeholders.

Stratified sampling was utilised to obtain representative data covering a relatively even distribution of Finnish and US students; both male and female; and students majoring in business, technology, forest economics and environmental science.

The sample for this study consisted of undergraduate and graduate students in five universities located in Finland and the USA. In Finland, 311 students from the University of Helsinki, Helsinki School of Economics and Helsinki University of Technology participated. In the USA, the sample consisted of 257 students from Oregon State University and University of Montana, making the total sample size 568 students.

The primary data of the study was analysed by using the SPSS 13.0 statistical software. A wide range of analysis techniques was used in the interpretation of the data. In this study, the personal characteristics of the respondents and study majors have been set as background variables. Personal values are considered as an intervening element, and a driver which partly determines the respondents' perceptions of business ethics, which are dependent variables containing the core information of this study.

At the basic level, means were used to interpret the magnitude of ratings in the Likert-type scale. In the analysis of intervening variables, i.e., values, factor analysis (principal axis factoring, varimax rotation) was used to examine dimensions in the social value background of the respondents. The applicability of factor analysis was tested by using Bartlett's Test of Sphericity, in which the significance level of 5% ($p<0.05$) was considered appropriate.

The differences among student groups and value clusters were analysed by One-way ANOVA. The significance level applied

in the analysis was 5% (p<0.05). The interrelationships between the values and business ethics perceptions were also analysed by correlation examination.

4. Results

4.1. Description of background variables

As table 1 below shows, male students represented a majority of the respondents, at 58%. This is mainly related to the large number of male students at the US universities included in the study. The total distribution of the respondents in classes according to their major is relatively even, although in the Finnish data the students majoring in forest ecology/environmental sciences were somewhat over-represented, and under-represented in the US data. The average age of the respondents was only 24 years, because the sample consists of students. The dominant age group was 22-24 years, at over 40%.

4.2. Value dimensions

Students were asked which factors contribute to the common good: 1) Free market forces, 2) NGOs, 3) The political systems which control business life and 4) Corporate adoption of more responsibility. The views on creation of the common good are supposed to reflect the values of the respondents.

Factor analysis was used to determine the core dimensions of values in this variable set. Bartlett's test for Sphericity (p<0.000) indicated that the variable set was appropriate for factor analysis. The eigenvalues indicated that a two-factor solution was the most appropriate. Table 2 shows the factor solution with extracted factor loadings, communalities and the means of individual variables. The factor solution explains 68% of the total variation in the variable set.

In the variable set, factor 1 showed a negative loading on the variable considering free market forces. Factor 1 received the strongest positive loadings on variables connected with political systems. This factor was thus bipolar, and was called "Societal control vs Free market forces". In this juxtaposition, "societal control" reflects communitarian and softer values more, whereas "free market forces" reflects individual and harder values more. Factor 2 has the highest loadings on variables connected with corporations and NGOs. These loadings refer to the enhancement of "civil society", this factor being named accordingly.

The divergence between countries, gender and study majors in these social value dimensions was analysed by comparing the means of factor scores in One-way ANOVA. The results are shown in Table 3.

Table 1: Background characteristics of the respondents

	Country				Total	
	Finland		**USA**			
	respondents					
	311		**257**		**568**	
Gender	**No**	**%**	**No**	**%**	**No**	**%**
Male	162	52.1	168	65.4	330	58.1
Female	149	47.9	88	34.2	237	41.7
Missing	0	0	1	0.4	1	0.2
Study major						
Engineering	67	21.5	50	19.5	117	20.6
Business	79	25.4	92	35.8	171	30.1
Forest Economics / Forestry / Marketing	62	19.9	68	26.5	130	22.9
Forest Ecology / Environmental Sciences	103	33.1	46	17.9	149	26.2
Missing	0	0	1	0.4	1	0.2
Age group						
-< 21	73	23.5	48	18.7	121	21.3
22-24	121	38.9	123	47.9	244	43.0
25-27	93	29.9	42	16.3	135	23.8
28 ->	24	7.7	41	16.0	65	11.4
Missing	0	0	3	1.2	3	0.5

Table 2: Dimensions of values

Variables	Factors		Commu-nality	Means
	Societal control vs. Free market forces (F1)	Civil society (F2)		
Market forces can freely operate	**-0.52**	*	0.29	3.1
NGOs strong participate on societal decision making	*	**0.58**	0.58	3.6
Political systems control the business life	**0.48**	*	0.24	2.7
Corporations adopt more responsibility	*	**0.60**	0.36	4.0
Total Eigenvalue	1.69	1.04	2.73	
Cumulative % of variance	42%	26%	68 %	
Reliability coefficient Alpha (of highlighted variables)	-0.65	0.51		

Table 3: Divergence of values within different backgrounds

Countries		Factor I Societal control vs. Free market forces		Factor II Civil society	
		Mean	F-Prob	Mean	F-Prob
Finland		0.13	0.00	0.03	0.24
USA		**-0.16**		-0.40	
FIN	**Gender**				
	Male	0.01	0.00	-0.13	0.00
	Female	0.27		0.21	
	Study majors				
	Engineering	-0.01	0.00	-0.30	0.00
	Business	-0.22		-0.01	
	Forest Economics and Marketing	-0.16		0.04	
	Forest Ecology / Environmental Science	0.48		0.28	
USA	**Gender**				
	Male	-0.25	0.00	-0.20	0.00
	Female	0.00		0.26	
	Study majors				
	Engineering	-0.40	0.00	-0.44	0.00
	Business	-0.34		-0.14	
	Forest Economics and Forestry	-0.08		0.00	
	Forest Ecology / Environmental Science	**0.38**		**0.57**	

The results of One-way ANOVA indicate that the US students emphasise the role of free market forces in the creation of the common good more than their Finnish counterparts. Thus, the US students' values can be considered slightly more individualistic and harder than those of Finnish students. Similarly, male students represented more individualistic values than females in both countries. The business and engineering students stressed the role of free market forces in creation of the common good most within study majors in both countries. By contrast, the students of forest ecology and environmental science emphasised the role of societal control, and had thus the most collectivistic values in both countries. By using the post hoc test, the most significant differences by study major were found between the ecology students and business students. Additionally,

the differences between the Finnish engineering and ecology students were statistically significant, as well as between the US forest economics and ecology students (we use the significant level Tukey test p= 0.00 and the Scheffe test p = 0.00).

4.3. Perceptions of Business Ethics

Student perceptions of the business ethics of forest industries were mainly investigated by asking the respondents to judge to whom the corporations are responsible. The first question asked the students to evaluate how much the corporations emphasise the welfare of the environment and people at the expense of profits, in other words, at the expense of the financial success of both the companies and shareholders'. As table 4 depicts, the US students had more positive opinions on the way industry sees to environmental and people's welfare than their Finnish counterparts. However, the differences were not statistically significant in the evaluation of environmental issues.

Major study is closely related to the perceptions of responsible and ethical business. As table 4 indicates, in both countries the engineering students have the most positive view on how corporations take environmental and people's welfare into ac-

count. Similarly, the students taking major in forest ecology or environmental science had the most sceptical viewpoint on the issue. Within the study major comparison, the post hoc test results indicate that the most significant statistically differences were between engineering and forest ecology/environmental science students.

The perceptions of the forest industry business ethics was also explored by asking the students to rank stakeholder groups according to their views on how the benefits of these groups are emphasised by the companies. Table 5 shows the outcome of this ranking in Finland and the USA in terms of means. As the results show, the students in both countries consider that the benefits of shareholders and customers are promoted most by the companies. However, the US students considered the gap between shareholders and customers clearly smaller than the Finns.

The results clearly show that the students considered the shareholder benefits best promoted by the industry at the moment. In order to improve understanding of this phenomenon, the students were also asked to evaluate the desired role of forest industry companies. The question was put in the form of

Table 4: Perceptions of the forest industry's emphasis on environmental and social welfare
(Differences between different backgrounds).

Country		Environmental welfare at expense of profits		People's welfare at expense of profits	
		Mean	F-Prob	Mean	F-Prob
Finland		2.87		2.66	
USA		3.00	0.14	3.07	0.00
Study majors					
FIN	Engineering	3.15		2.88	
	Business	2.86		2.65	
	Forest Economics / Marketing	3.13		2.81	
	Forest Ecology / Environmental Science	2.54	0.00	2.42	0.00
USA	Engineering	3.25		3.19	
	Business	3.22		3.13	
	Forest Economics / Forestry	2.93		3.12	
	Forest Ecology / Environmental Science	2.33		2.69	

Table 5: Perceptions of the industry's emphasis on stakeholder benefits

Stakeholder group	Country	
	Finland	USA
	Means	
Shareholders	1.65	2.31
Customers	2.01	2.37
Employees	3.63	3.35
Environment	4.39	3.98
Forest owner	4.12	3.09
Whole society	5.19	4.50

a barometer variable, which forced them to choose either the benefits of shareholders or the welfare of all stakeholders. The results in table 6 show that the opinions of the US and Finnish students were significantly different on this measure. In both countries, generating welfare for all stakeholders was considered more important than profit-making for shareholders, but the US students stressed this viewpoint more strongly than the Finns. In national comparison, the Finnish students gave a stronger impression that companies should also make profits for their shareholders.

Comparison between study majors (Table 7) shows that in both countries engineering and business students evaluate the forest industry corporations' operations more positively than the students representing more forest-related disciplines. The students in forest ecology and environmental science majors consider the forest industry's operations as ethically doubtful much more strongly than other students. Statistically the differences were significant between the engineering students and those majoring in forest ecology and environmental science based on the post hoc test. Statistical differences were found also between the Finnish business students and the Finnish ecology students, as well between the Finnish business students and the US ecology students (significant level been used in this study is Tukey test p= 0.00 and the Scheffe test p = 0.01).

4.4. Values influencing the perceptions of business ethics

The impact of values on student perceptions of the business ethics of the forest industries was conducted using correlation analysis. The correlation matrix in table 8 shows interrelationships between personal value dimensions and the variables measuring the perceptions of business ethics. As the results show, the connections between values and views of business ethics are statistically significant. Harder values imply less concern over the current state of multiple responsibilities and less doubt on ethically questionable industry operations. Furthermore, hard values imply an orientation towards the shareholder view. The correlations were highest in the variables measuring "Whose benefits should the companies emphasise?" and "Ethically doubtful operations of the forest industry."

Summary and conclusions

The empirical results support H1, indicating that "Finnish students are more likely to represent collectivistic/softer values than American students". According to the study, the respondents from the USA emphasise the role of free market forces and corporations in creation of the common good more, whereas their Finnish counterparts give greater emphasis to societal control in creating common welfare. Additionally, the proportion of

Table 6: Perceptions of the desired target of companies' emphasis

Country	Companies should make profits for their shareholders		Companies should create welfare for all stakeholders	
	Mean	F-Prob	Mean	F-Prob
Finland	2.93		3.07	
USA	2.58	0.00	3.42	0.00

Table 7: Opinion of forest industry operations (Country and gender comparison).

Country		Forest industry operations are ethically questionable	
		Mean	F-Prob
Finland		3.19	0.03
USA		3.41	
Gender			
Male		3.19	0.01
Female		3.44	
Study majors			
FIN	Engineering	2.81	
	Business	2.99	
	Forest Economics / Marketing	3.05	
	Forest Ecology / Environmental Science	3.69	
USA	Engineering	2.92	0.00
	Business	3.22	
	Forest Economics / Marketing	3.62	
	Forest Ecology / Environmental Science	4.11	

Table 8: Interrelationships between values and views of business ethics

Societal control vs. Free market forces (ValueFac1)	1.00					
Civil society (ValueFac2)	0.33**	1.00				
Environmental welfare (Var1)	**-0.21****	**-0.20****	1.00			
People's welfare (Var2)	**-0.16****	**-0.16****	0.54**	1.00		
Profits for shareholders (Var3)	**-0.25****	**-0.30****	-0.15**	-0.07	1.00	
Industry ethically questionable (Var4)	**0.31****	**0.26****	-0.36**	-0.22**	-0.28**	1.00
	ValueFac1	ValueFac2	Var1	Var2	Var3	Var4

** Correlation is significant at the 0.01 level

respondents reflecting clearly neoliberal values; in other words, giving strong emphasis to free market forces in society, is significantly higher among the US students. This showed that the US students generally represent more individualistic and harder values, whereas the Finnish students represent more collectivistic and softer values. Furthermore, the results indicated that there are significant differences in the values between genders and students representing different study majors. The male respondents and students from business and engineering majors predominantly have harder values than the female respondents and the students from forest ecology and environmental science majors. This also supports earlier findings with regard to value orientation in different groups.

In agreement with H2, the study results show that US students are less concerned about the weight of multiple responsibilities in the forest industries than their Finnish counterparts. In other words, US students consider the companies' emphasis on environmental and social welfare as being stronger than the Finnish students do. This may be related to the fact that US companies tend to make their business ethics more explicit than European companies (Matten & Moon, 2004). However, the study results supported H2 only partially because, surprisingly, the US students consider forest industry operations as more ethically questionable than the Finnish students. These contradiction views on the current state of business ethics in forest industries require further research.

As against earlier findings and H3 – "US students emphasise shareholder orientation in forest industry business more than their Finnish counterparts", the Finnish students represented a stronger shareholder view than their US counterparts, even though the Finns generally reflected softer values. According to most Finnish students, forest industry companies emphasise the benefits of shareholders, which is the way it should be in business. The US students place great value on the general stakeholder focus. However, it should be noticed that the respondents were not asked to evaluate the level of responsibility, i.e., how and the extent to which companies should accept their responsibilities and generate welfare for various stakeholders.

The differences in business ethics perceptions between genders and study directions mainly reflected the varieties in value backgrounds. Male respondents and the students from engineering and business majors see the current state of multiple responsibilities positively, whereas the students from forest ecology and environmental science have a more sceptical view of corporate emphasis on environmental and social welfare at the expense of profits. Thus, the empirical results support H4 and H5, which were that male students and the students from engineering and business majors consider forest industry operations as less ethically doubtful than the others.

The direct interrelationships between values and perceptions on business ethics came out clearly in the results. The respondents who represent harder values are more optimistic on the current state of business ethics in the forest industries. Similarly, they represent orientation towards the shareholder view, i.e., the perceptions that the companies should predominantly emphasise the benefits of shareholders.

However, as the study results show, national comparisons cannot be made according to the prevailing value settings. Even though the US students originate from a more individualistic culture and predominantly tend towards harder values, they are more critical of the ethics of forest industry operations and show a stronger orientation towards the stakeholder view than the Finnish respondents. This suggests that, in addition to personal values, the perception of business ethics heavily relies on culturally shared views on ethical business behaviour. This phenomenon is still under-researched, and requires further study.

Since the students of today can be considered the managers of tomorrow, some forecasts on the future development of ethical business behaviour can be made on the basis of these research findings. Female students represent softer values and more critical views on the current state of business ethics in forest industry operations, whereas the males, especially those majoring in engineering, represent harder values and less critical views on business ethics. Thus, it may be expected that the potential increase in females in managerial positions will lead to more ethical business behaviour in the forest industry of the future. Similarly, the more male engineers take managerial positions in the future, the less changes can be expected to take place in business ethics in the forest industry.

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