

*National College of Business  
Administration & Economics  
Lahore*



**COMPARING STANDARDS OF BUSINESS ETHICS  
IN USA, CHINA, JAMAICA AND PAKISTAN**

**BY**

*ABDUL GHANI TABISH*

**MASTER OF PHILOSOPHY  
IN  
BUSINESS ADMINISTRATION**

*December 2006 ??????*

# **NATIONAL COLLEGE OF BUSINESS ADMINISTRATION & ECONOMICS**

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IN USA, CHINA, JAMAICA AND PAKISTAN**

**BY**

**ABDUL GHANI TABISH**

**A dissertation submitted to  
School of Business Administration**

**In Partial Fulfillment of the  
Requirements for the Degree of**

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## **DECLARATION**

This is to certify that this research work has not been submitted for obtaining similar degree from any other university / college.

**ABDUL GHANI TABISH**  
**December 2006 ?????**

# *DEDICATED TO*

*Mohammad Ali Tabish*

*My son who is determined to acquire skills of a committed*

*Chartered Accountant and*

*a thorough professional Financial Analyst.*

## **ACKNOWLEDGEMENT**

This humble effort of undertaking research on a relatively newer subject, in our part of the world, could not have succeeded without consistent guidance and encouragement by Dr. Munir Ahmad, the Chairman Dissertation Committee and Rector National College of Business Administration & Economics. The execution and methodology part of the project owes a great deal to Dr. Rashid Rehman, the supervisor of this dissertation, whose conceptual and technical coaching has always been prompt and forthcoming.

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In the end, I wish to thank my entire family for their whole-hearted support in scarifying most of my time in research.

## **RESEARCH COMPLETION CERTIFICATE**

Certified that the research work contained in this thesis entitled **“Comparing Standards of Business Ethics in USA, China, Jamaica and Pakistan”** has been carried out and completed by **“Abdul Ghani Tabish”** under my supervision during his M.Phil. Business Administration programme.

***(Dr. Rashid Rahman)***  
**Supervisor**

## SUMMARY

As the businesses are expanding at a rapid pace, so is the circulation of human resources the world over. Managers and workers are required to work in different socio-economic environments, which at times, may not be similar to those of their home country. It is imperative therefore for business organizations and individuals to acquire in depth knowledge about culture and business ethics prevailing in the country of interest.

“Standards of Business Ethics” is seldom heard of in Pakistan. Although there is no textbook of business ethics, yet a number of scholars have undertaken such studies to compare the standards of different countries. Interestingly, either such studies have been carried out in developed countries like Europe, America and Far East or the researchers have been from these countries. The conduct of such a study in Pakistan by a Pakistani would be the first of its nature.

An effort has been made in this study, to compare the standards of business ethics of Pakistani business professionals and compare them with those of other countries of the world. This would help adjudge differences and similarities on well-established universal norms and ethics prevailing in the world business community. It is expected that this and more such studies would help engage researchers and business professionals develop good and desirable business practices in Pakistan.

Comparing and enhancing awareness about standards of business ethics in Pakistan, is the main objective of this research. It is expected that this humble effort would encourage many more researchers to dive deep into the ocean of business ethics.

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# **CHAPTER 1**

## **INTRODUCTION**

Recent trends of Globalization and worldwide expansion of business organizations have changed the mechanics of 'doing business'. Business professionals are now very keen to address relevant concerns of all stakeholders like the consumers, the workers, labor, distributors, retailers and suppliers. This paradigm shift has been largely brought about by Business Ethics Activists and Consumer Rights Organizations.

Most analysts believe that the basic aim of most commercial and business organizations happens to be 'profit maximization' which is mainly responsible for violations of business ethics. The string of corporate scandals in the West has generated new discussion about intangible correlation between business and ethics. Business giants like Enron, World Com, Arthur, Anderson and Vivendi have shaken the confidence of, not only their shareholders, but also that of the world business community as a whole. Corporate executives and entrepreneur that were once respected and kept in high esteem are now being labeled as arrogant, dishonest, greedy and selfish.

Business professionals have started realizing true importance of ethics in business. Researchers and scholars of business ethics, in most part of the world, have succeeded in highlighting true contribution of business ethics in overall outcome of the business. This study therefore, is an effort in the same direction to make people of, so called under developed, world realize that business without ethics is like a body without soul.

### **1.1 ROOTS OF BUSINESS ETHICS**

This is an important aspect to analyze as to why some people act morally in a given situation, whereas others do not. Scholars of human behavior advocate that a set pattern of human reaction to different scenarios is direct outcome of individual's learnt beliefs, values, traditions and socio-cultural norms. Shaw, B. (2000) is reluctant to accept that morality rests on religion. He is of the opinion that religious teachings are not the main cause of motivating human beings to act ethically. Although a desire to avoid hell and go to heaven may prompt, some of us to morally, this is not the only reason or even the most common reason that people behave morally. Often we act morally out of habit or simply because that is the type of person, we

are. This is however true that religion influences the moral standards and values of most of us.

A number of factors like family influences, life expectations, and personal values shape ethical behavior of the members of a society. Laws can stipulate in detail what is expected from a member of the society. Ethics, however, are open to interpretation. For example, Florence Nightingale's famous assertion is that the very first requirement in a hospital is that it should do the sick no harm. In some situations, "harm" is clear. In others, someone has to decide if and how a practice can inflict "harm". This is to be decided by the concerned member of the society in accordance with his ethical evaluation.

## **1.2 SIGNIFICANCE OF BUSINESS ETHICS**

Business and ethic apparently look two different things. Business by definition aims at profit maximizing whereas ethics are consistent code of conduct regardless of gain or profit. Nevertheless, one would notice that all firms and businesses do follow a certain set of ethics. In fact, business without ethics may be profitable, for a short while, but not sustainable in the long run.

Performance of business organization can be measured in two ways. One is its financial performance which can be gauged from its revenues, cost and profits. The other is its social performance, which can be measured by taking stock of fulfillment of its societal objectives and obligation. Whereas financial performance can be easily worked out, it is not as simple as it looks, to determine social performance of the organization. It involves business ethics, which are Complex in nature and would vary from country to country.

## **1.3 OBJECTIVE OF THE STUDY**

The aim of this study is to examine business ethical standards of USA, China and Jamaica and compare them with those of Pakistan.

## **1.4 DEFINING BUSINESS ETHICS**

Human beings react to given situations in a peculiar way, according to their perceptions, believes, understanding and appreciation of the situation. Dunfee at el (1999), while defining business ethics says that business ethics

are conceptual tools used to evaluate situation and guide decision making from a moral perspective. The codes of ethics are not legal binding but rather voluntary standards, an individual, a profession or industry, adopts. All members of a society are expected to behave in particular manners, in unison with acceptable norms in the society. These norms are self-regulating, in that, they set up an expectation as to how all participants will behave. Codes of ethics also serve as right practices for members of the society.

There is no textbook of Business Ethics that lays down standards to be universally applied everywhere, but there are certain sets of ethical standards that all societies are expected to observe. These standards are derived from practices of local firms, industries, professionals, business associations and other business-related communities. Such norms, practices, values, traditions and perceptions will be used as standards in this study.

## 1.5 RESEARCH HYPOTHESIS

Two hypotheses were tested for each Scenario.

**Hypothesis-1.** US, Chinese, Jamaican and Pakistani business professionals will select the same behavioral choice when faced with the same ethical scenarios.

**Hypothesis-2.** US, Chinese, Jamaican and Pakistani business professionals will select the same rationales to justify their behavioral choices.

## 1.6 METHOD

Usually while conducting research on social issues, qualitative research methods are considered most suited. It is hard to be precise and more specific in quantifying cultural and social phenomenon, as is done in many other fields. Most researchers therefore, have adopted the technique of qualitative research method. In the realm of business ethics, certain practices are considered universal, for example ‘honoring commitment at all costs’, ‘avoiding environmental pollution’, and ‘safety standards for workers and consumers’ etc. Such like business norms have been selected, in the study that are equally practiced in most societies and regions.

The scenarios, a business firm or an individual, is likely to come across during the execution of trade or business deal, have been devised; called “VIGNETTE”. Five selected vignettes have been presented to the

respondents to ascertain their likelihood of taking action and corresponding rationale to justify their action.

## **1.7 RELIABILITY AND VALIDITY FACTOR**

Reliability and validity is the backbone of all research studies. According to Yin (1994), high validity is the absence of systematic error in the measuring, while reliability means the absence of random error in the measuring. In order to avoid systematic error an effort has been made to look for maximum sources of information on the subject including library search, internet search engines, interest groups on internet and available publications on the topic.

Since the valid secondary data of three countries was available and primary data for the fourth country has been collected by physical interviews of all respondents, the question of validity has been largely addressed. We still acknowledge that minor mistakes in computing, sorting or interpreting the data might have occurred at places, but this aspect has also been checked and rechecked at many stages to make the research more authentic.

To minimize the risk of bias respondents, stratification has been done in many aspects like gender, education, managerial status and types of business organizations etc.

## **1.8 CONTRIBUTION OF THE STUDY FOR BUSINESS OPERATORS**

Rapid expansion of business organization worldwide has made geographical boundaries irrelevant. Business operators are made to work in different countries under different socio-economic environments. Prevalent standards of business ethics in a country become more relevant when a multi-national organization intends setting up business in a particular country.

This study is expected to help all such foreign business operators who intend operating in Pakistan. Overseas trade organization can also utilize study in understanding the mindset of business community and dynamics of business ethics in Pakistan.

# CHAPTER 2

## LITERATURE REVIEW

### 2.1 BACKGROUND

Business Ethics are not laid down in a particular textbook; and should there be one, one wonders would it be universally accepted? The hard fact is that ethics and values are derived from culture & belief, which are not only diverse but also conflicting at times. Under such circumstances the increasing relevance of the studies of the norms and values, that are the basis for business decisions, may become apparent which are made in very different cultures.

Lillion, Y. at el. (2005) for instant, empirically tested business ethical standards of China and Jamaica and compared them with those of USA. Similarly Andrew, S. at.el, (2004), empirically examined ethical standards of American managers and compared them with those of American expatriate managers working in Russia. This exercise was carried out to ascertain whether international managers change their ethical behavior when they cross international borders.

Such studies have also been conducted in Australia, Britain, Italy and India. It is however important that these studies have been conducted by researches from western cultural backgrounds and in the western countries. This study perhaps, would be the first effort of its kind in which local researcher of an underdeveloped country like Pakistan is making an endeavor to evaluate ethical standards of his own country and comparing them with those of an emerging economy like China, underdeveloped economy like Jamaica and developed economy like USA.

### 2.2 ETHICAL DILEMMAS

Ethical dilemmas are bound to arise when different stakeholders have conflicting interest attached to business. The hard truth is that natural, unavoidable tension is inherent in the term “business ethic” that stems from conflicts between interests of companies and their employees, between firm and customers, between society and the firm.

Society wants companies to create many well paying jobs but companies want to limit compensation costs and raise production level. Customers want to purchase goods and services at low process but the business want to maximize the cost that environment regulations add to their operations. Employees want to get maximum benefits and compensations whereas companies want to minimize overheads.

Donaldson, (1996) argues that there are no easy answers to these questions. A difficult challenge for international managers arises when difference in local and home-country norms lead to tension about which ethical standards should be applied in a particular situation. The question is do managers vary their ethical attitude when they cross national borders? Or do they hold a core set of ethical attitude that they apply consistently, independent of location?

## **2.3 BUSINESS ETHICS: THEORIES**

### **2.3.1 Theory of Universalism vs Relativism**

Scholars have presented many theories in this regard. Theory of Universalism is typically founded upon the concept of rights & Justice. According to Universalism, expatriate managers should engage in consistent ethical decision making across context (Donaldson, 1989). In contrast, theory of Relativism identifies a critical role for national context. Under this view, managers should incorporate local conditions and norms in making ethical decisions because they have a duty to follow local moral standards (Beauchamp & Bowie, 2001). Accordingly, if local and home country norm conflict, expatriate managers should follow the dictates of local norms.

### **2.3.2 Integrative Social Contract Theory (ISCT)**

A recent application of social contract theory (Donaldson and Dunfee, (1994. 1999a) provides a middle position between the broad strokes of Universalism and Relativism. According to ISCT, the ethical standards a manager should apply depend on the type of norm identified as applying to a given situation. For most cases, ethical norms derived locally by firms, industries, professional associations provide appropriate guidance. In other cases “hyper norms” take precedence over local norms.

“Hyper-Norms are manifest, universal norms that represent principles so fundamental to human existence that... we should expect them to be reflected in a convergence of religious, philosophical and cultural belief (Donaldson and Dunfee, 1999b) Hyper-norms are based on the idea that there exists a thin set of standards to which all societies can be held; like negative injunctions, most likely rules against murder, deceit, torture, oppression and tyranny (Walzer, 1994). Donaldson and Dunfee argued that such norms provide a key conceptual resource in resolving ethical issue in a global context. These authors did not attempt a definitive listing of business ethics, instead provided examples of such ethics.

For instance, they argued that informing employees about dangerous health hazards represent universal ethical standard that should over ride any local practice that contradicts this ethical injunction.

The roots of ethics can be traced from number of origins. Donaldson (1989) suggested a process by which ethics can be identified. The process involves considering global industries standards, regional governments, and percepts of major religions, philosophies and legal systems. This indeed is yet another challenge to identify business ethics in a manner that translate abstract moral principles and procedures into concrete situation.

### **2.3.3 Society and Ethics**

It is difficult to determine what is ethical and what is unethical in societies where interpretation of ethics is left to human judgment. Secular societies advocate that human values are transient, cultural standards are changing and contemporary business ethics are evaluated by the outcome of business decisions. This approach of changing ethical standards looks whimsical. For instance, at one time, “it was legal and ethical in the United States to discriminate against women and minorities in hiring; now affirmative action laws make it illegal to discriminate against these groups “(Rafik, 2003)

It is true for Utilitarianism as well, which determines an action to be ethical or unethical depending upon the consequences of individual’s behavior. An action is fairly ethical and legal if it results in the greatest benefits for the largest number of people in a particular society. This is again open-ended phenomenon that leaves it to the

judgment of decision maker to evaluate as to how much harm is fairly ethical he can cause to minority for a greater benefit of majority of the people. On this pretext, is it fairly ethical for someone to deduce that since Ozone is not member of this society, in the classical sense, he can afford to cause 'small little' damage through industrial emissions for the greatest benefit of majority of the people?

Similarly, production, sale promotion and distribution of alcohol, for instance, are major source of earning for a large number of business firms but its ill effects to a small minority. Though it qualifies Utilitarianism test, it cannot be granted the status of ethical business. Even the West has started realizing its negative effects. Bragues, G. (2005) comments that because of drunkenness, people neglect their affairs, destroy their health, fight, rape and even kill. Yet satisfying the demand for alcohol profits both the owners and employees of the bars, restaurants and distillers.

Gambling is yet another industry which is viewed as highly detrimental to social and moral values. It has become even more sophisticated when seen in the context of speculation in stock market. More relevant is still the allusion to card and dice makers, for the gaming industry, fueled specially by the growth of native casinos, has catapulted to prominence in United States over the last decades, while simultaneously raising crime and destroying the fortunes of gambling addicts and their families. (Bragues, 2005).

The impact of religion on different aspects of business ethics is quite substantial. Ethics governed by any human being are directly or indirectly influenced by religious beliefs. Ayubi, (1991) argues that Islam is indeed a religion that stresses, above all, the collective enforcement of public morals. Persons like Hoover, H. (1924) believed that law could not build national cultures, but rather that cultures are the sum of the moral fiber of its individuals.

In fact no religion allows its followers to meddle with business ethics through unethical practice of any nature in pursuit of gains or profit. Religious teachings are immutable in the face of change in time and place. Jamal Uddin (2003), while discussing business ethics in Islam argues that it may appear rigid to the casual eye, in actual fact it is most certainly an adoptable way of life. In Islam, virtue does not imply abandoning the bounties of nature that are lawful.

## **2.4 COUNTRIES SUBJECTED TO TEST**

### **USA**

In USA the issue of “business ethic” has gained higher priority over the past three to four years. The Human Resource Institute of United States conducted its most recent survey of major issues having an impact on business. “The HR executives responding to the survey rated “Ethics in business” as the third most critical issue among 120 issues up from 10<sup>th</sup> in 2001. In terms of its perceived importance 10 years into the future, ethics in business rated eighth in 2003, up from 21<sup>st</sup> in 2001. “(Mark, 2005).

USA continues to hold the status of the best economy in the world with regard to its Gross Domestic Production (GDP). According to International Monetary Fund’s (IMF) statistics released in 2006, USA with its GDP of US\$ 13,194,700 millions ranked first. Similarly as per World Bank’s data, USA with its GDP US\$ 13,201,819 millions also stands number-1.

### **CHINA**

In recent years, in China, the rapid growth of the Chinese economy, the participation of China in WTO and significant involvement of Chinese firms in the global investment community indicates emergence into major power status. It looks as if in China there has been the need to reconcile a Confucian and Communist heritage with the demands of 21<sup>st</sup> Century business.

China, undoubtedly, is emerging as a global economic power to an extent of threatening US and Japanese hegemony over trade and business. It has been 25 years since China began the transition from a socialist based command economy to a free market economy. The success of this conversion has required a modification in the mindset; the rules of the game and in the ethical and social norms guide and reshape business decisions.

According to International Monetary Fund and the World Bank, China ranked 4<sup>th</sup> in 2006, only behind US, Japan and Germany in world economies with its GDP US\$ 2,644,642 millions.

### **JAMAICA**

In understanding the situation in Jamaica, Hofsteds (1983) findings are important. He noted that Jamaica is notably low in uncertainly avoidance. Ronen (1986), compiling the results of several of Hofstede’s studies, points out that Jamaica is the second lowest country in uncertainty avoidance, with Singapore ranked in the lowest position.

Bissessar (2001) points out that the reforms studied failed in Trinidad, Tobago and Guyana, but succeeded in Jamaica. As Bissessar notes the countries have in common their colonial past and “third world” status, but differences in Jamaica permitted it to succeed where the other countries failed. One factor, in Jamaica’s success, he notes, was its embrace of the changes and it’s willingness to change whatever related systems had to change for the reforms to be effective.

According to statistics released by international Monetary Fund in 2006, Jamaica’s economy ranked 107<sup>th</sup> out of 180 countries with its GDP at US\$ 10,365 millions. The World Bank rated Jamaica’s economy at number 103 out of 183 countries with its GDP at US\$ 10,533 millions.

## **PAKISTAN**

Pakistan is that part of the “Third World” which has made sustained efforts to come out of it’s colonial past. Despite it’s willingness to change, availability of natural resources, sufficient human capital and geographical location of strategic importance it has not been able to make requisite development. Some of the analysts consider its political instability and low literacy rate as mainly responsible factors for its undeveloped status whereas others are of the view that mismanagement of available resources by various governments and inconsistent fiscal policies are the basic causes of under-developed status.

Pakistan’s economy was rated 46<sup>th</sup> by the International Monetary Fund’s statistics released in 2006 with its GDP of US\$ 127,002 millions. Similarly, the World Bank rated Pakistan’s economy at number 43 with GDP of US\$ 128,830 millions.

We want to examine the issue from the point of view of Human Resources Management as it relates to Business Ethical Standard and empirically test the hypothesis if this could be one of the factors responsible for its lack of development.

## **2.5 GLOBAL AWARENESS ABOUT BUSINESS ETHICS**

The string of corporate scandals in the West has generated new discussion about intangible correlation between business and ethics. Business giants like Enron, World Com, Arthur, Anderson and Vivendi have shaken the confidence of, not only their shareholders, but also that of the world business community as a whole. Corporate executives and entrepreneur that were once respected and kept in high esteem are now being labeled as

arrogant, dishonest, greedy and selfish. These events raise old questions anew: is Capitalism infected with immorality?

Bragues, G. (2005) in his article published in *Business Ethics Quarterly*, quotes Bernard Mandeville as saying “Morality requires self-denial while capitalism runs on self-interest. As such business and ethics are essentially separate. Religion is one thing; trade is another.” “Mandeville believes that “Selfishness drives the commercial system that generates wealth benefits, while morality rejects selfishness. Therefore morality requires a system conducive to poverty.”

Empirical studies show no clear-cut correlation between democracy and growth but they do show that basic civil and economics rights, foster economic growth. (Stefan, 2005). A survey of business firms contributing towards social welfare indicates that firms that are undertaking social development activities, beyond their legal obligation, were doing very well in business growth as well. For example IBM donates a large number of computers to education institutions as a good will gesture. Some other companies hire employees from minorities and socially oppressed groups and help create jobs for some handicapped individuals. Some businesses are paying regular scholarships for needy students in the colleges and universities. Regardless of whether growth and social initiatives were empirically correlated, a general growth audit of such organization indicates that they were doing much better than their competitors. It is a matter of defining some bottom line to make reasonable profits. There is nothing wrong with earning profit; the problem is as to what is the scale of reasonability of profits. How to define the limit where profit ends and greed begins?

The issue of business ethics is gaining importance and significant changes are occurring in many parts of, what has been considered, the “Third World”. In this study, we will examine possible perceptual/ethical standards of business ethics that prevail in Pakistan. Pakistan in its effort to consolidate its rapid economics growth in the recent years seems determined to inculcate international corporate culture in all areas of trade and business.

# **CHAPTER 3**

## **RESEARCH METHODOLOGY**

### **3.1 STUDY DESIGN**

In order to gauge prevalent standards of business ethics of a particular country, it is important to compare them with those of other countries. The research presented in this paper is designed to study the standards of business values and ethics that influence business decisions in different countries by comparing behavioral choices and rationale of business decisions by professionals under peculiar circumstances. Five business scenarios have been presented to business professionals in Pakistan. The same scenarios had been presented to US, Chinese and Jamaican subjects, calling for decision choices, in a study conducted by Lillian et al (2005). The differences and similarities between the obtained responses have been compared and results drawn.

### **3.3 STUDY SETTINGS**

Secondary data has been obtained from the research paper by Lillian et al (2005) The data was collected by these researchers from business managers of Mainland China, USA and Jamaica.

The primary data has been obtained from Pakistani respondents through personal interviews. These respondents include business professionals, business managers and business operators belonging to various business organizations (both services and manufacturing sectors), business graduates in various institutions and individual business and trade related respondents. Obtained data has then been compared with existing secondary data of other three countries.

### **3.3 SAMPLE SIZE**

The sample size used by above mentioned researchers in various countries has been different i.e. USA 81, China 49 and Jamaica 39. Whereas the primary data collected in Pakistan comprises 76 respondents who were interviewed and were willing to fill the questionnaire. Of these, 9 female respondents and 5 male respondents could not answer all questions and

showed their inability to participate in the survey. As a result, the data was collected from 62 valid respondents who have fully participated in the survey and answered all questions.

### **3.4 SUBJECTS IN THE CURRENT STUDY**

Subjects in the Chinese sample were approximately 49 managers from primarily government organizations (93.9%). The managers were roughly 90% male, and the age range was from the late 20's to early 40's, with an average age of 35.2.

Subjects in the Jamaican sample were approximately 39 managers from a wide manufacturing and service organizations. The managers were roughly 50% males, and the age range was from mid 20's to early 50's with an average of 35.1.

Subjects in the USA sample were approximately 81 managers from a wide variety service organization (83%, with 21% of them in health care). The managers were roughly 53% male. The age range was from the late 20's to early 70's with an average age of 34.6.

All respondents were attending graduate level management training.

1. The USA sample was from two universities, with one in a large Southern city and one from the West Coast.
2. The Jamaican sample was from a USA-based university.
3. The Chinese sample was from two different provinces in China.

### **3.5 DATA COLLECTION INSTRUMENT**

The current study uses the method and design used by Lillian Y. Fok, Sandra J. Hartman, and Kern Kwong in their studies while evaluating business ethical standards of China, USA and Jamaica. The questionnaire presents 5 Scenarios. For each Scenario, two responses were solicited. First, the subjects were asked to indicate on 0 to 10 point Likert Scale what their own decision would be to the scenario presented to them. Second, they were asked to indicate the reasoning behind their decision. Options were presented in multiple-choice format, including an open-ended option.

This instrument was originally used by Andrew, S. (2004) in his paper “Does National context Matter in Ethical Decision Making”? *Academy of management Journal*, Vol. 47, No. 4, 610-620. The researcher therefore, contacted Mr. Andrew Spicer on internet to obtain his formal permission for use of the instrument. Mr. Andrew Spicer was very prompt in granting permission to use the instrument. The instrument is attached as Annex A.

# CHAPTER 4

## ANALYSIS OF DATA

### 4.1 BACKGROUND

Before starting the actual survey we planned to include respondents from different walks of life ranging from multinational organizations to private limited companies and sole proprietorship. We therefore included business operators both from manufacturing and services sectors. We further stratified by incorporating a reasonable proportion of respondents from different levels of management i.e. from top, middle and lower management level. An effort was also made to include both male and female respondents to get balanced and more credible results.

### 4.2 DEMOGRAPHICS OF SAMPLE

Table 4.1 below shows the demographic of 62 Pakistani respondents who responded comprehensively and fully participated in the survey.

**Table 4.1**  
**Demographic of Pakistani Respondents**

Category of Respondents	Services Sector	Manufacturing Sector	Total	%age
Gender				
Male	24	16	40	64.52
Female	9	13	22	35.48
Level of Management				
Top	9	12	21	33.87
Middle	17	14	31	50
Lower	7	3	10	16.13
Education				
Masters	9	4	13	20.97
Graduate	16	9	25	40.32
FA & below	8	16	24	38.71

Out of 62 valid respondents 40 are male (64.52%) and 22 are female (35.48%). Effort has been made to include equal number of respondents both from the Services Sector 33 (53.23%) and Manufacturing Sector 29 (46.77%).

Business operators belonging to Lahore, Karachi and Rawalpindi working at various levels of management were interviewed mostly from middle level of management i.e. 31 (50%). A total of 21 (33.87%) from top management whereas 10 respondents (16.13%) were taken from the lower management level. Respondents had different educational background. Most respondents i.e. 25 (40.32%) were graduate. 24 (38.71%) were intermediate whereas 13 (20.97%) had Master degree or above.

### 4.3 DESCRIPTIVE STATISTIC

After computing primary and secondary data, the findings from all four samples are summarized in Table 4.2 through 4.8. The average scores and standard deviation of the likelihood of taking the action in each vignette are summarized by country in Table 4.2 below. A “0” means "definitely would not” take the action (Positive Zone) and a “10” means, “Definitely would take action (Negative Zone).

The rationale or reasons described by respondents corresponding to their decision, in each vignette, are given in Tables 4.4 to 4.8. The rationales in each vignette have also been represented in the form of Bar Charts in the next chapter.

**Table 4.2**  
**Descriptive Statistics of Likelihood to take Action**

<b>Vignette</b>	<b>Country</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Vignette-1	USA	81	4.84	3.11
	China	49	5.69	3.34
	Jamaica	39	5.44	3.44
	Pakistan	62	6.42	3.65
Vignette-2	USA	81	3.49	3.23
	China	49	3.43	2.71
	Jamaica	39	3.18	2.57
	Pakistan	62	4.31	3.39
Vignette-3	USA	81	1.83	2.16
	China	49	1.71	2.65
	Jamaica	39	3.26	3.35
	Pakistan	62	4.66	3.52
Vignette-4	USA	81	2.67	2.91
	China	49	1.57	2.59
	Jamaica	39	1.92	2.95
	Pakistan	62	4.35	3.35
Vignette-5	USA	81	7.89	2.76
	China	49	7.92	2.98
	Jamaica	39	8.23	2.60
	Pakistan	62	3.16	3.14

For each vignette, ANOVA (analysis of Variance) was used to see if the average scores from Chinese, the Jamaican the USA and the Pakistani samples were significantly different.

#### 4.4 COMPARING STANDARDS OF BUSINESS ETHICS

In order to compare the standards of business ethics both quantitative and qualitative results are put forth and discussed. The discussion includes data based results and considerations of cultural and historical influences that impact the responses.

#### 4.5 ANOVA TEST RESULTS

**Table 4.3**  
**Summary of ANOVA Results**

		<b>Sum of squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig</b>
V-1	Between Groups	89.12	3	29.71	2.62	0.0514
	within Groups	2570.01	227	11.32		
	Total	2659.13	230			
V-2	Between Groups	39.77	3	13.26	1.41	.2412
	within Groups	2137.31	227	9.42		
	Total	2177.08	230			
V-3	Between Groups	1553.78	4	388.44	46.81	.0000
	within Groups	2704	326	8.30		
	Total	4258.76	330			
V-4	Between Groups	255.26	3	85.09	9.64	.0000
	within Groups	2003.21	227	8.82		
	Total	2258.47	230			
V-5	Between Groups	1055.27	3	351.76	42.18	.0000
	within Groups	1892.93	227	8.34		
	Total	2948.48	230			

*Hypothesis 1* suggested that there would be no difference in the selection of behavioral choice when faced with an ethical dilemma among the subjects from China, Jamaica, USA and Pakistan. As shown in Table 4.3, Vignette 3, 4 and 5 have significant ANOVA results among the 5 vignettes. This finding implies that the average scores for countries are statistically different in Vignette 3, 4 and 5.

Results of all 5 vignettes are summarized through Table 4.4 to 4.8 in the ensuing paragraphs. Reasons for taking particular decision have been described in detail to compare their standards of ethics. These results indicate thinking pattern of respondents from all four countries, which in turn helps in analyzing underlying reasons of justifications.

#### 4.6 REASON FOR DECISIONS (FREQUENCY DISTRIBUTION)

**Table 4.4**  
**Rationale given for Vignette-1**

Choice	Reason	USA	China	Jamaica	Pakistan
A	Against company policy	4.9%	8.2%	2.6%	4.8%
B	Illegal	9.9	6.1	5.1	12.9
C	Bribe ; unethical	23.5	8.2	17.9	8.1
D	No one is hurt	4.9	2.0	7.7	12.9
E	Is an Acceptable practice in other countries	28.4	10.2	23.1	24.2
F	Is not unethical, just the price paid to do business	13.6	46.9	30.8	35.1
G	Other	14.8	18.4	12.8	1.6

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Significance level</b>
<b>Chi-Square</b>	<b>41.88</b>	<b>18</b>	<b>.001</b>

In Vignette-1, majority of Chinese, Jamaican and Pakistani respondents feel that it is not unethical, just the price paid to do business (Rationale F, Table 4.4). Whereas majority of Americans justify their response by claiming that it is an acceptable practice in other countries (Rationale E).

This may be noticed that respondents of both groups do not approve of the action but there is a 'Hair Line' difference between thinking of the two; one saying 'it is the price of doing business' whereas the other saying 'it is an acceptable practice in other countries'. These are qualitative differences in the standards of business ethics, which help understand the thinking process of business operators in various countries.

**Table 4.5**  
**Rationale given for Vignette-2**

<b>Choice</b>	<b>Reason</b>	<b>USA</b>	<b>China</b>	<b>Jamaica</b>	<b>Pakistan</b>
A	Unethical for Smith to Provide, and unethical for Employer to ask	30.9%	30.6%	20.5%	25.8%
B	Unethical for employer to mislead Smith when he was hired	11.1	10.2	25.6	16.1
C	Protects Smith's reputation Provide some but not all information	2.5	4.1	7.7	11.3
D	Provide some but not all security agreement is in force	14.8	10.2	12.8	21.0
E	Decision based on whether security agreement is in force	28.4	42.9	23.1	3.2
F	To keep job: loyalty to new employer	4.9	0	7.7	19.4
G	Other	7.4	2	2.6	3.2

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Significance level</b>
<b>Chi-Square</b>	<b>49.71</b>	<b>18</b>	<b>.000</b>

In Vignette -2, Table 4.5, significance level in Chi-square test indicates there are different reasons to justifying this particular action by respondents. A clear majority of US respondents (30.9%) and Pakistani (25.8%) agree that such an action would be unethical for both; the employer and the employee to reveal business secrets (Rationale A). Majority of Jamaican (25.6%) however, feel that the action by employer is unethical to extract such information from the employee (Rationale B).

A large number of Chinese (42.9%) have given altogether different reason from all other countries. They are of the opinion that the question of ethical or unethical would be decided after having seen the security arrangements made in the contract of both employers. This is typical response of an orthodox society where most things are decided based on rules and regulations and not by ethics alone.

With regard to taking action though, all four countries are in the Positive Zone (Table 4.2), yet reason behind this decision speaks of different

mindset in different countries. In the larger perspective, it can be argued that decision to disclose or otherwise about a confidential piece of information is a matter of Intellectual or Personal Property right. But at the same time it also involves an element of Copy Right which prohibits any organization or individual, for that matter, to insist an employee to disclose confidential formulae of the previous organization.

In both cases it involves behavioral and conceptual brought up of the individual to take an appropriate action in line with his acquired standards of business ethics.

**Table 4.6**  
**Rationale given for Vignette-3**

<b>Choice</b>	<b>Reason</b>	<b>USA</b>	<b>China</b>	<b>Jamaica</b>	<b>Pakistan</b>
A	It would be illegal	37.0%	46.9%	15.4%	6.5%
B	Concern for the environment/life	30.9	18.4	48.7	37.1
C	Risk of getting caught with resulting negative consequences too great	18.5	20.4	10.3	4.8
D	Not their fault; equipment would be installed if available	3.7	4.1	2.6	19.4
E	The pollution would not really hurt the environment	1.2	8.2	5.1	25.8
F	Larger potential with low risk	4.9	2.0	12.8	6.5
G	Other	3.7	0	5.1	0

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Significance level</b>
<b>Chi-Square</b>	<b>81.81</b>	<b>18</b>	<b>.000</b>

In Table 4.6, Vignette 3 concerns an adoption of a new technology that will give the company a competitive edge and yet will produce exceptionally high levels of air pollutants.

Rationales A and B are the two top choices among all four nation, and yet the levels of agreement are significantly different. Majority i.e. 37% of the American respondents and 46.9% of the Chinese respondents believed that it would be illegal to adopt the new technology (Rationale A), while only 15.4% of the Jamaicans and 6.5% of Pakistani respondents shared the same view.

With significance in the ANOVA, all four sample means were on the lower side (Positive Zone), showing that they are concerned about environment, but the Pakistani sample (4.66) and the Jamaican sample (3.26) is significantly higher than the Chinese sample (1.71) and the USA sample (1.83) (see Table 4.2). In other words, all respondents were inclined not to use the new technology that exceeded pollution limits, but those in the Chinese and the American samples were much less likely to do so than the Pakistani and Jamaicans.

**Table 4.7**  
**Rationale given for Vignette-4**

<b>Choice</b>	<b>Reason</b>	<b>USA</b>	<b>China</b>	<b>Jamaica</b>	<b>Pakistan</b>
A	Too dangerous to world safety	58.0%	61.2%	79.5%	32.3%
B	May create image detrimental for company	9.9	6.1	7.7	16.1
C	Concerned with legal ramifications	6.2	20.4	5.1	9.7
D	Don't see responsibility as theirs to make choice	4.9	2.0	0	37.1
E	Those who want the information can get it now from other sources	12.3	8.2	5.1	4.8
F	Other	8.6	2.0	2.6	0

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Significance level</b>
<b>Chi-Square</b>	<b>75.94</b>	<b>15</b>	<b>.000</b>

Vignette 4 depicts a scenario where a manufacturing company has introduced a Rickshaw, which is very cheap, faster and consumes less fuel, but it quickly over turns at sharp turnings. Since the product is popular among buyers and users, company is continuing its sale. With significance in the ANOVA, there is a difference in the opinion of some of the countries. Though all four sample means were on the low side, showing that they disagree to undertake any such manufacturing activity, but the Pakistani sample (4.35) and the USA sample (2.67) is significantly higher than the Chinese sample (1.57) and the Jamaican sample (1.92) (see Table 4.2). In other words, all respondents were of the opinion that they would not initiate any such business, but those in the Chinese and the Jamaicans samples were much less likely to do so than the Pakistani and the American.

**Table 4.8**  
**Rationale given for Vignette - 5**

<b>Choice</b>	<b>Reason</b>	<b>USA</b>	<b>China</b>	<b>Jamaica</b>	<b>Pakistan</b>
A	Contractor has no additional responsibility; loyalty will keep him quiet	3.7%	12.2%	0%	9.7%
B	Risk of injury or death too low to halt sale	4.9	2.0	2.6	14.5
C	The company has a responsibility to the public; criminal and dishonest to remain silent	38.3	69.4	30.8	22.6
D	Risk to firm's image, profitability and long run potential too great to remain silent	14.8	10.2	15.4	21.0
E	Chances of causing injury or death too great to remain silent	38.3	4.1	41.0	30.6
F	Other	0	2.0	10.3	1.6

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Significance level</b>
<b>Chi-Square</b>	<b>60.19</b>	<b>15</b>	<b>.000</b>

Vignette 5 describes a situation wherein an auto parts contractor is supplying a defective brake cylinder. If its buyers find out that the part is defective, the company is likely to face bankruptcy. Significance in ANOVA results, in this situation again indicates difference of opinion among respondents of some countries. The situation in this scenario is unique wherein the sample means of three countries (USA, China and Jamaica) are on the higher side but that of the fourth country (Pakistan) is on the lower side. The USA sample mean of 7.89, China's sample mean of 7.92 and Jamaican sample mean of 8.23 indicates that the respondents of all three countries agree to continue sale of the product but those of Pakistan do not agree to continue sale.

## 4.7 CHI-SQUARE TEST RESULTS

*Hypothesis 2* Suggested that Chinese, Jamaican, American and Pakistani respondents would select the same rationales to justify their behavioral choices in each case. A chi-square test of independence was used to test this hypothesis. The results are summarized in Table 4.4 to 4.8. All the five vignettes reported p-values less than 0.05. This finding implies that certain of the rationales used to justify their behavioral choices are different in all the four countries.

The first vignette concerns a bicycle company. It must make a payment to a foreign businessperson if it wants to gain access to his country's market. After making this payment, the resulting new business will yield \$5 million in annual profit for the company.

From Table 4.4, the biggest discrepancy between the four countries is found in Rationales C, E and F. 23.5 % of the American respondents and 17.9% of the Jamaican respondents believed that a bribe would be unethical (rationale C), while only 8.2% of the Chinese and 8.1% of the Pakistani respondents shared this belief.

Additionally, 28.4% of the American respondents, 24.2% of Pakistani, 23.1% of the Jamaican respondents versus 10.2% of the Chinese respondents justified their decision by claiming that it is an acceptable practice in other countries (Rationale E).

This is interesting however that 46.9% of the Chinese respondents, 35.1% of Pakistani and 30.8% of the Jamaican respondents rationalized their decision by stating that making such a payment is not unethical and is just the price paid to do business (Rationale F), when only 13.6% of the American respondents agreed with this justification

Vignette 2 deals with business ethics of an employee and the employer. Smith is a chief chemical officer in a drug manufacturing company. Another company, on a better pay package, has hired him. On insistence by new employer, Smith revealed all confidential formulae and business secrets of his previous company to new employer.

The top choice of American (30.9%) and Pakistani (25.8%) respondents is Rationale A. According to their choice, Smith is being unethical for revealing his previous company's secrets. Although 30.6% Chinese (second highest) and 20.5% Jamaican (second highest) also express

the same feelings but this is not their top choice. Majority of Chinese respondents (42.9%) and Jamaican respondents (23.1%) rationalized their decision by stating that the matter would be determined based on security arrangements agreed in the hiring contract. This view is also shared by 28.4% (Second Highest) respondents of USA

A sizable number (19.4%) of Pakistani respondents and 7.7% of Jamaican respondents feel that Smith has not violated ethics instead he is being loyal to his new employer. This indicates that in relatively under developed countries, economic compulsions and financial difficulties of individuals and businesses perhaps, take precedence over business ethics..

Vignette 3 concerns an adoption of a new technology that will give the company a competitive edge and yet will produce exceptionally high levels of air pollutants.

Rationales A and B are the two top choices among all four nation, and yet the levels of agreement are significantly different. Majority i.e. 37% of the American respondents and 46.9% of the Chinese respondents believed that it would be illegal to adopt the new technology (Rationale A), while only 15.4% of the Jamaicans and 6.5% of Pakistani respondents shared the same view. However, 30.9% of the American respondents and 48.7% of the Jamaican and majority i.e. 37.1% of Pakistani respondents indicated a concern for the environment (Rationale B) in their decision making process, while only 18.4% of the Chinese respondents have this concern.

It is however, a matter of great concern that a sizable number of respondents from Pakistan, China and Jamaica do not feel too much concerned about environmental pollution. For example, 25.8% Pakistani and 8.2% Jamaican respondents feel that the risk of pollution is too low to undertake such business venture (Rationale E). Another 19.4% Pakistani respondents are of the opinion that it is not their fault (Rationale D). Similarly 12.8% Jamaican and 6.5% Pakistani respondents rationalized their choice by stating that the business venture has large potential for low risk of environmental pollution (Rationale F). Such sentiments are, though not in great number yet, a matter of concern for environmentalists.

Vignette 4 depicts a scenario where a Manufacturing Company has introduced a Rickshaw, which is very cheap, faster and consumes less fuel, but it quickly over turns at sharp turnings. Since the product is popular among buyers and users, company is continuing its sale. A large number of respondents from three nations i.e. China (61.2%), USA (58%) and Jamaica (79.5%) predominantly feel it is too dangerous, whereas 32.3% of Pakistani

respondents share these concerns (Rationale A). On the other hand 37.1% or Pakistani respondents chose Rationale D, stating that company is not responsible and it is consumer driven product designed to suit customer's choice. This phenomenon again points out how financial compulsions overlook safety standards and health hazards.

Vignette 5 concerns the issue that an auto parts contractor will face bankruptcy if its buyer finds out that a part sold by the contractor is defective. From Table 4.8, the major difference in the reason for the selection is in Rationale C and E. The Chinese respondents predominately (69.4%) chose Rationale C: The Company has a responsibility to the public; it is criminal and dishonest to remain silent, while only 38.3% of the American respondents, 30.8% of the Jamaican respondents and 22 Pakistani respondents shared this belief. On the other hand, 38.3% of the American respondents, 41% of the Jamaican respondents and 30.6% of Pakistani respondents versus 4.1% of the Chinese respondents reported Rationale E: Chances of causing injury or death are too great to remain silent.

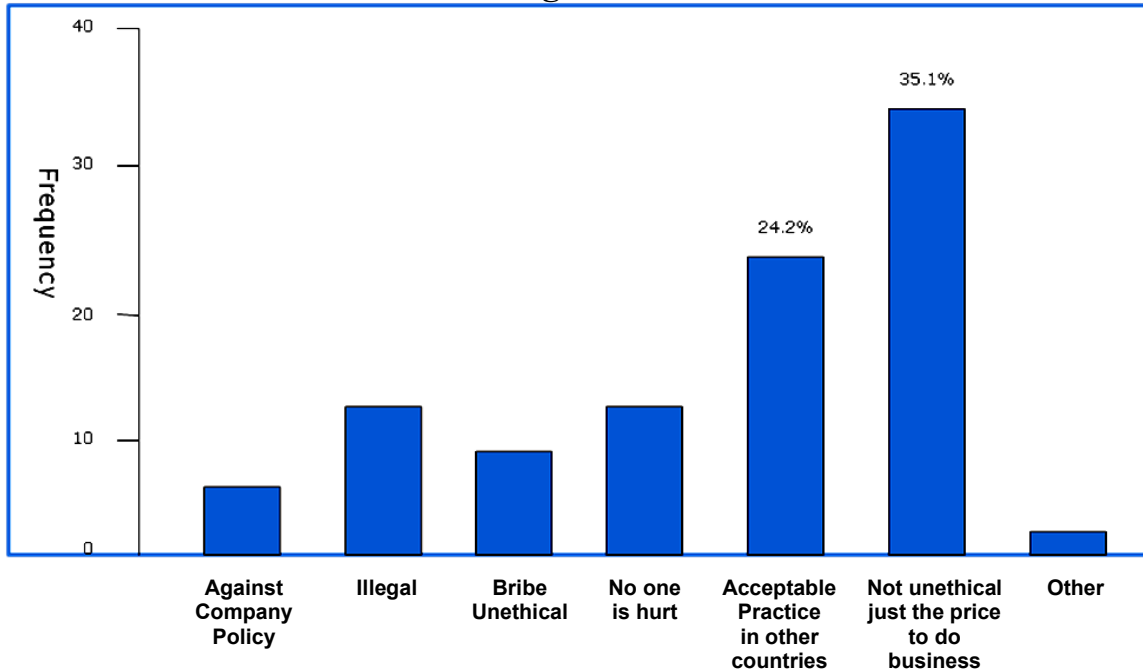
#### **4.8 BAR CHART COMPARISON**

Bar Chart comparison has been worked out for Pakistani respondents. These charts greatly help in comparing their specific rationale with the respondents of other countries about each vignette. Chart 1 to 5 reflect the logic or reason used by Pakistani respondents while justifying their behavioral choices.

#### 4.8.1 Vignette-1 (Payment to Third Party for Business)

Majority of Pakistani respondents (31.5%) in this situation have justified their rationale by expressing that ‘such payment is not unethical; just the price to do business’ (Chart-1).

**Chart-1**  
**Vignette-1**



The second highest response suggests that 24.2% respondents feel that ‘it is an acceptable practice in other countries’.

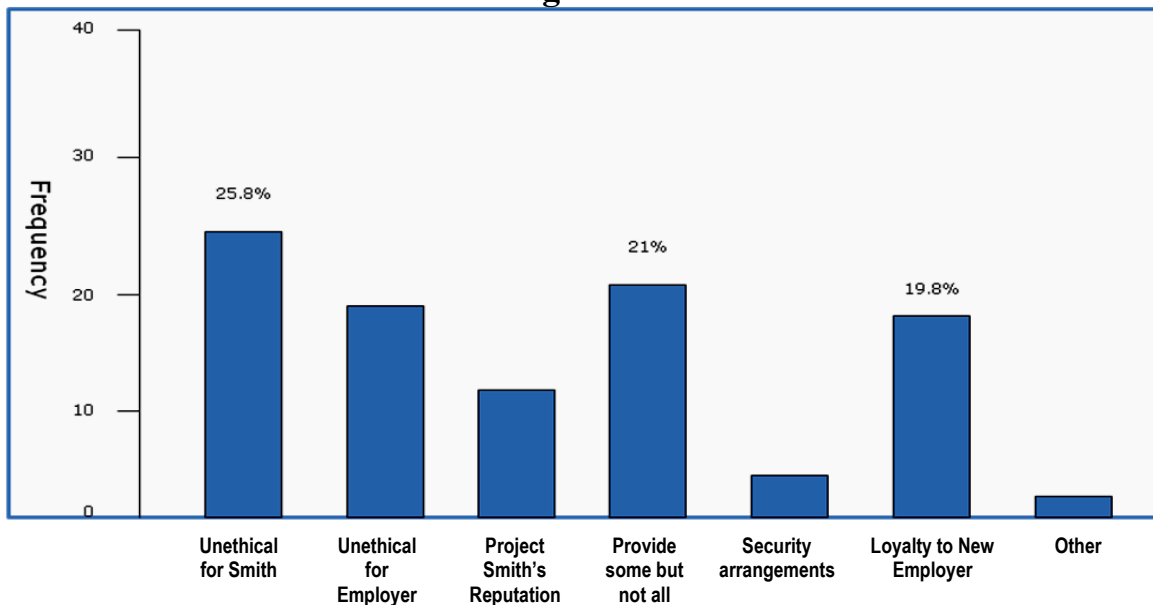
This trend, of about 60% respondents, signifies that business professionals do not make decisions on the basis of ethics alone but they also give due weightage to their economic compulsions and financial difficulties.

#### 4.8.2 Vignette-2 (Business Secret)

In a situation where an employee is forced by new employer to disclose business secrets of previous firm, respondents of all nations are consistent with response that this is unethical action. It is however interesting to note that only 4.9% American, 0% Chinese and 7.7% Jamaican respondents approve such action with the reason ‘to keep job loyalty to new employer’ whereas 19.8% of Pakistani respondents have justified this rationale (Exhibit-9). Another 21% Pakistani respondents opine that he ‘should provide some but not all information’.

This response again indicates that individuals do not make such decisions based on ethics alone but more so because of their job insecurity, unemployment and weak economic stamina.

**Chart-2**  
**Vignette-2**

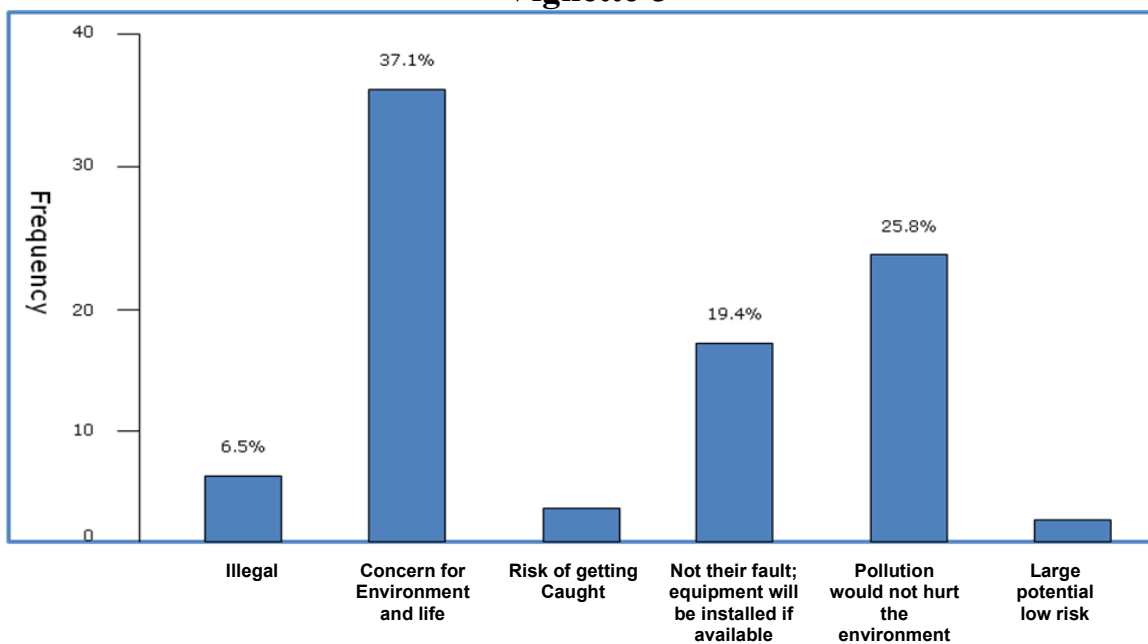


### 4.8.3 Vignette-3 (Industrial Pollution)

Although a large number of Pakistani respondents (37.1%) in this situation have expressed great concern for the environment and life, only 6.5% feel that 'it would be illegal' (Chart- 3). The second highest response suggests that 25.8% respondents feel that 'pollution would not really hurt the environment'.

This trend signifies that Pakistani business community is using utilitarian approach rather than reflecting great concern for environmental protection against industrial pollution.

**Chart-3**  
**Vignette-3**

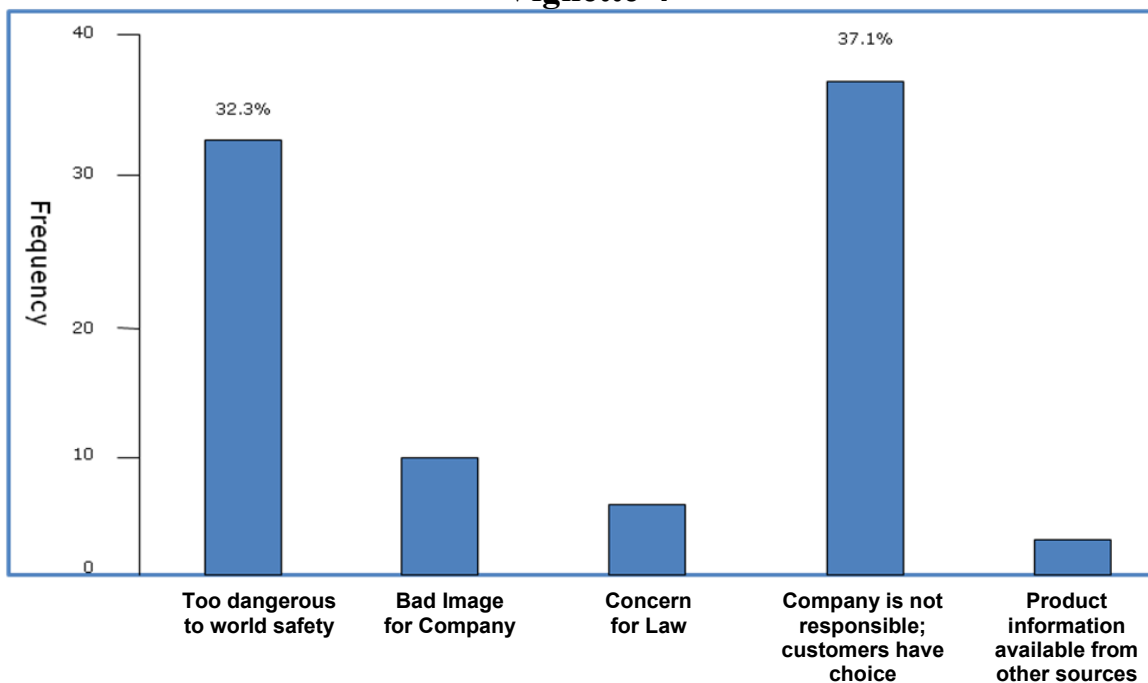


#### 4.8.4 Vignette-4 (Sale of Defective Product)

Majority of Pakistani respondents (37.1%) in this situation have justified their rationale by expressing that ‘Company is not responsible; customers have choice’ (Chart-4). The second highest response suggests that 32.3% respondents feel that ‘it is too dangerous for world safety’.

The results in this vignette reflect a blend of mix feelings of utilitarian approach and ethical concerns for world safety. This signifies that business professionals do not make decisions based on ethics alone but they also consider their economic compulsions and financial difficulties.

**Chart-4  
Vignette-4**

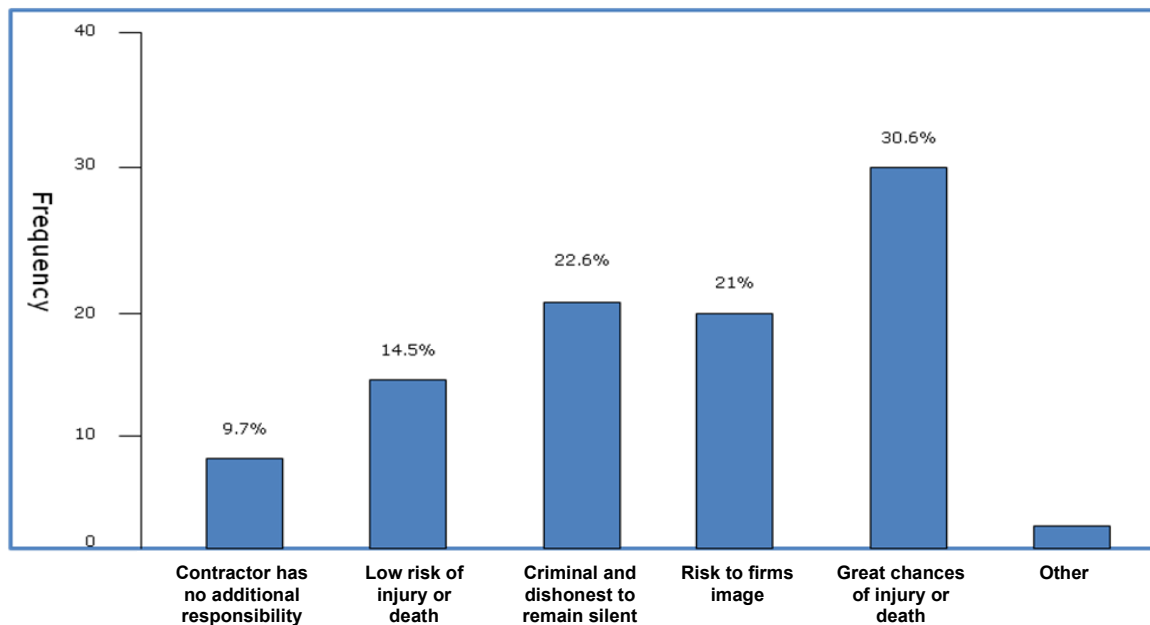


#### 4.8.5 Vignette-5 (Auto Parts Contractor)

In a situation where an auto parts contractor is supplying defective part, an overwhelming majority of respondents did not approve this action. 30.6% feel ‘there are great chances of death or injury in this venture, 22.6% think ‘it is criminal and dishonest to remain silent’ and another 21% expressed their concerns about risk to company image (Chart-5).

All nations are consistent with response that this is an unethical action. This response indicates that individuals are not willing to compromise world safety standards.

**Chart-5**  
**Vignette-5**



# CHAPTER 5

## IMPORTANT CONCLUSIONS

### 5.1 SUMMARY OF SCENARIOS

Before carrying out analysis of standard of business ethics of various countries it would be relevant to briefly summarize 5 scenarios (vignettes) presented to respondents.

- a. **Vignette-1.**  
A bicycle manufacturing company is required to make a payment to a foreign country's businessman if it wants to gain access to his country's market. (Bribe or Commission).
- b. **Vignette-2.**  
A Chief Chemical officer, hired by a new company has been asked to reveal all confidential formulae and business secrets of his previous company. (Violation of copy right)
- c. **Vignette-3.**  
A cement manufacturing plant installed latest technology that gives company a competitive edge but produces high level of air pollution. (Environment Pollution)
- d. **Vignette-4.**  
A company is producing a cheap and economical product but dangerous for human life. (Violation of Consumer rights)
- e. **Vignette-5.**  
A contractor is supplying defective brake cylinder made by some other company. (Human Safety Concern)

For ease of understanding, a graphic representation has been made in Graph-1 and Graph-2 to gauge the standards of business ethics of respondents from four countries. In Graph-1, all 5 vignettes have been shown along X-axis by V1, V2, V3, V4 and V5. The Likert Scale from 0-10 has been drawn along Y-axis depicting the standards of business ethics. A "0" line shows perfect standard (positive) whereas "10" reflects violation of ethics (negative). Scale "5" that is the mid point indicates moderate approach depending upon social and cultural norms of various countries.

In Vignette-1, which concerns paying bribe or commission to another country's businessman, three countries lie in the negative Zone whereas only USA is in the Positive Zone by a small margin (4.84). Pakistan with 6.42 is leading in Negative Zone. In other words Pakistani respondents are more willing to pay bribe or commission to foreign businessman for gaining market access whereas USA respondents are least inclined in such a deal.

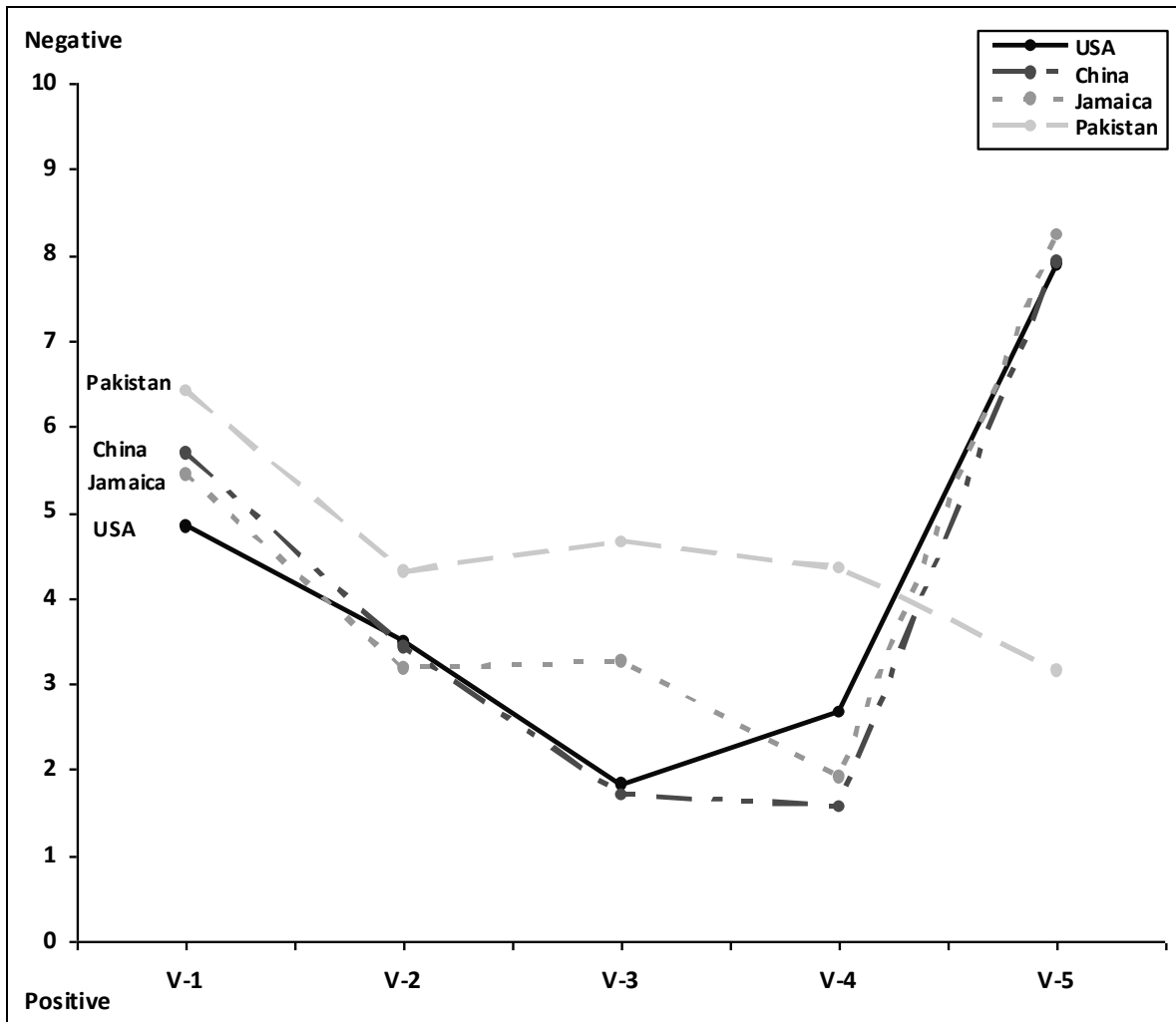
In vignette-2, which relates to violation of intellectual property right and the issue of copy right, all four countries are in the Positive Zone. Within this zone, however, Jamaica is most positive and Pakistan is least positive. This aspect understandably explains job opportunities, job security and prevailing government rules and regulations. Pakistani respondents are more willing to violate copy right issue in a quest to keep their job secure and prove their loyalty to the new employer.

In vignette-3, that concerns environmental pollution, all four countries are in Positive Zone. However, Pakistan with 4.35 is close to mid-point which means the respondents from Pakistan have shown lesser concern about environmental pollution as compared to other countries.

In vignette-4, that concerns manufacturing a product that is cheap but of lower quality, impinging consumer rights, all four countries are in Positive Zone.

Vignette-5 however, presents a unique situation where three countries are in Negative Zone but Pakistan is in a Positive Zone. In this situation a contractor is supplying a defective brake cylinder to clients which he is not manufacturing himself.

## GRAPHIC PRESENTATION STANDARD OF BUSINESS ETHICS



Graph-1: Graph showing standard of business ethics of various countries surveyed during the research.

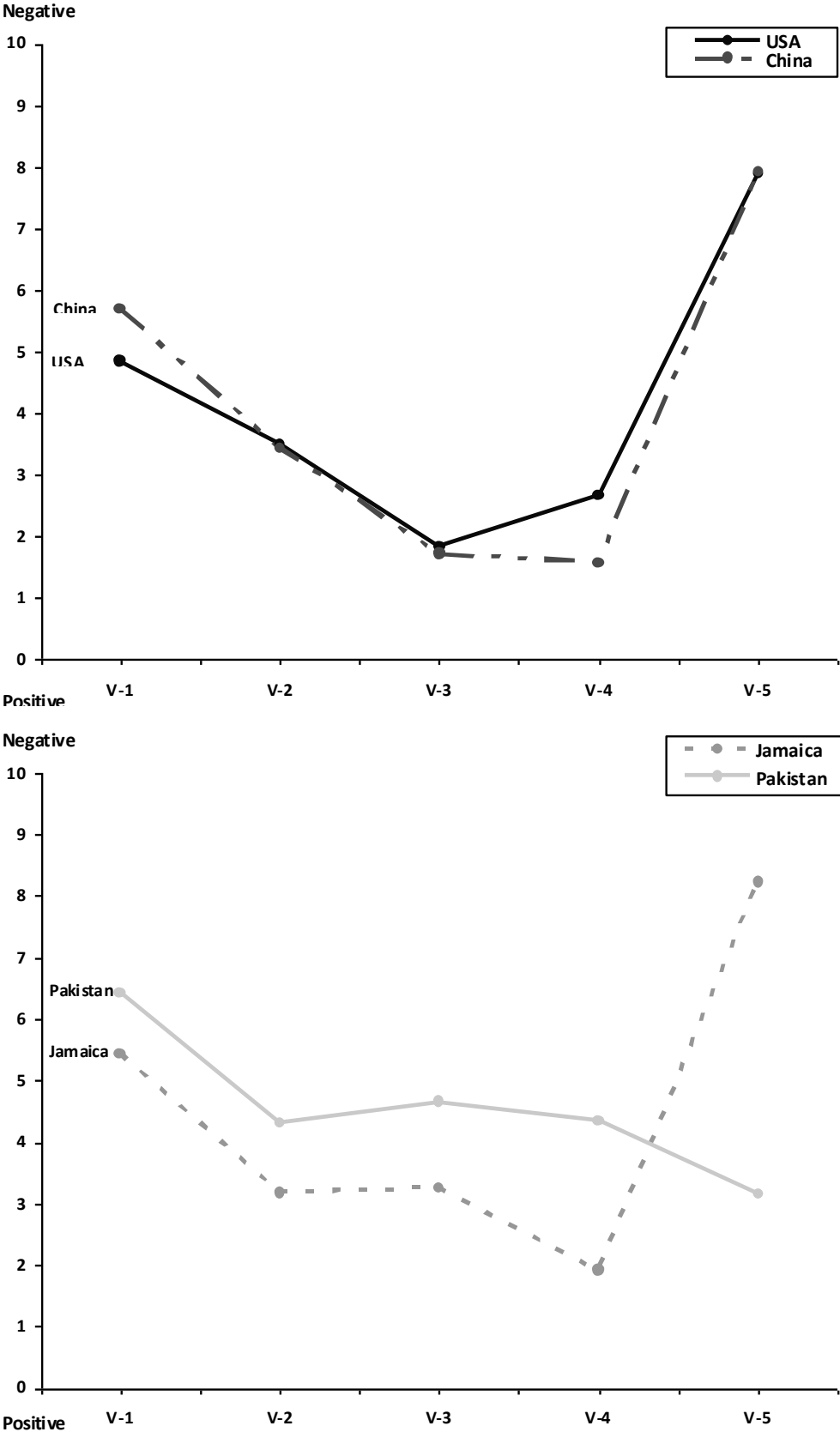
## 5.2 SIMILARITIES AND DIFFERENCES

In Graph-2, it is however interesting to note that there is a great similarity of view among Chinese and US respondent in all 5 vignettes with a marginal difference in V-1 and V-4 (Graph-2). Similarly there is a fair amount of similarity of views between Jamaican and Pakistani respondent in 4 out of 5 vignettes. The only difference is in vignette-5 which relates to supply of defective brake cylinder by a contractor. In this case, Pakistanis think positively and are not inclined to undertake such business, whereas Jamaica feel no hesitation in doing so, as long as they are not involved in its manufacturing.

There is a thin line of error of judgment which creates difference of opinion between respondent of two countries. Jamaican respondents feel it is the responsibility of manufacturing company to halt or continue sale of the defective product. A contractor or supplier has no additional responsibility in this regard. On the other hand Pakistani respondents realize that supply of defective brake cylinder involves greater risk of life and dangerous consequences therefore, not only its manufacturing, but even its supply is unethical.

Such are the qualitative hair – line differences that depict the mindset and ethical brought up of business community in different countries.

### SIMILARITIES AND DIFFERENCES



Graph-2: Graph showing similarities of views between Chinese and US respondents and between Jamaica and Pakistan respondents.

### 5.3 ANALYSIS

Four countries subjected to test have different cultural and social backgrounds. Two hypotheses were tested in the current study of cross-cultural, ethical decision-making. The results of this current study were then tested on comparative basis.

The findings for the *first hypothesis* indicates that the decisions made by the respondents of all four nations-USA, China, Jamaica and Pakistan – were not significantly different in two out of five scenarios and are consistent. Note, however, that the differences were reported in 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> scenario which pertain to industrial pollution, production of sub-standard product and world safety standard respectively. Salient outcome of the study of business ethics can be summarized as under:

1. With regard to industrial pollution, it was noticed that Pakistan and Jamaica, are willing to tolerate more violations of pollution standards than are the other countries. This aspect could be attributed to many underlying factors like quality of legislation process and effectiveness of law enforcing agencies in a particular country. An other reason could be perhaps in their concern for rebuilding their economies, some nations are willing to tolerate these violations for some time. The flexibility implied in openness to change may be a factor, as well.
2. The matter of continuing sale of a sub-standard product, despite knowing it's technical faults, is yet another issue involving business ethics. In this study, only Pakistani respondents are more willing to tolerate this violation of business ethics contributing their rationale to customer's affordability. Majority feels that if a product is popular, affordable and suits customer's needs, there is no harm in producing such product though it involves some element of risk to human safety.
3. The last vignette that highlighted cross-cultural difference among 4 nations concerns supply of faulty brake cylinder by a contractor that fears to face bankruptcy, if disclosed. Two aspects are quite significant. First, almost 25% of Pakistani respondents remarked that 'contractor has no additional responsibility (Rationale A) and the risk of causing injury or death is too low to stop the sale' (Rationale B). Secondly, more than 30 – 41% respondents from US, Jamaica and Pakistan expressed their concern about human safety saying 'chances of

causing injury or death too great to remain silent' (Rationale E) whereas only 4.1% of Chinese expressed this concern. This indicates that Chinese and Pakistani respondents, are not too concerned about human safety.

The *second hypothesis* deals with the rationales underlying the decisions. Results of the current study indicate significant cross-cultural differences in the decision-making rationale for three out of five scenarios. It is interesting to note the inconsistency in alignment. All the five vignettes reported p-values less than 0.05. This finding implies that certain of the rationales used to justify their behavioral choices are different in all the four countries.

At times, Jamaican and Pakistani rationales appear similar to those in the USA, while at other points; China and the USA seem better aligned. What may be suggested being salient feature of the study is:

1. The countries are using utilitarian approaches and are selecting the issues they will support based upon country/economic necessities rather than upon ethical concerns alone.
2. An encouraging note is that the cultural gap and critical thought patterns, with regard to reacting to a given scenario, are marginal and the general pattern of mindset is more or less similar.
3. Most respondents are inclined not to use the new technology that exceeded pollution limits, but those in the Chinese and the American samples were much less likely to do so than the Pakistani and Jamaicans.
4. With regard to paying money to third party for business, results are interesting. 46.9% of the Chinese, 35.1% of Pakistani and 30.8% of the Jamaican respondents rationalized their decision by stating that making such a payment is not unethical and is just the price paid to do business, when only 13.6% of the American respondents agreed with this justification. This indicates that in relatively under developed countries, economic compulsions and financial difficulties of individuals and businesses perhaps, take precedence over business ethics.
5. In case of consumer driven product, Companies design their products to suit customer's choice. This phenomenon again highlights utilitarian approach and signifies how financial compulsions overlook safety standards and health hazards.

Business professionals do not make decisions on the basis of ethics alone but they also give due weightage to their economic compulsions and financial difficulties.

6. In a situation where an employee is morally bound to keep business secrets of the previous employer confidential, the response again indicates that individuals do not make such decisions based on ethics alone but more so because of some other compulsions like job insecurity, unemployment and weak economic stamina.
7. All nations are consistent with response that this is an unethical action. This response indicates that individuals are not willing to compromise world safety standards.

#### **5.4 LIMITATION OF THE STUDY**

As mentioned earlier, we had to compare the results of our primary data from Pakistan with that of the secondary data of other three countries, we had to strictly follow the same experimental instrument as used by other researchers. This is the limitation of this study that we could not change the questionnaire at will.

# **CHAPTER 6**

## **FURTHER RESEARCH**

### **6.1 FUTURE RESEARCH AREAS**

The potential implications for firms seeking to do business in China, Jamaica, Pakistan and the USA are encouraging in that these findings suggest that the bases for cross-cultural understanding are improving, albeit slowly and incrementally. The implications for future research in this vein are rich in possibility, calling for continuing studies including examinations of regional differences within and among the countries, exploration of alternative scenarios and the development of alternative hypotheses.

### **6.2 CORRELATION OF ETHICS AND DEVELOPMENT**

Empirical studies show no clear-cut correlation between democracy and growth, but they do show that basic civil and economics rights, foster economic growth. This is relevant to examine correlation between business ethics and resultant growth or development. Apparently, though it looks convincing that standards of business ethics should logically be directly proportional to virtual gains in business initiative. Nevertheless, this has not been proved empirically so far. It is one of the promising areas for any future research.

### **6.3 ALTERNATE SCENARIOS**

A difficult challenge for international managers arises when difference in local and home-country norms lead to tension about which ethical standards should be applied in a particular situation. It is therefore important that alternate scenarios and alternate hypothesis should be framed to initiate fresh research in other countries.

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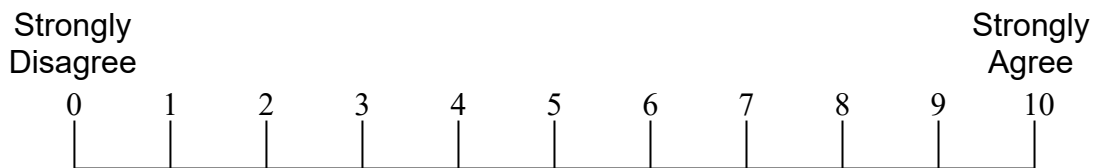
**EXPERIMENTAL INSTRUMENT**

**Scenario-1**

A bicycle manufacturing company has been given the understanding that it must make a payment to a foreign country's businessperson if it wants to gain access to his country's market. After making this payment, the resulting new business will yield \$ 5 million in annual profit for the company.

**Question-1**

If you were manager responsible for the decision how likely is it that you would agree for such personal payment?



**Question-2**

What are the reasons behind your decisions? Tick appropriate one from following:

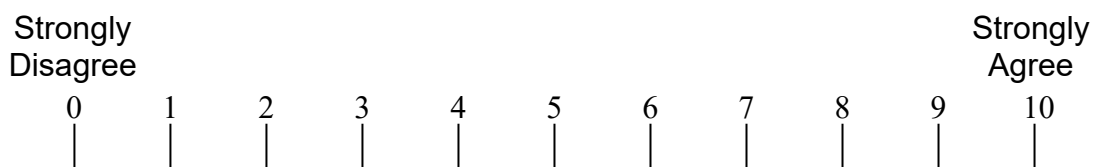
- A. Against company policy.
- B. Illegal
- C. Bribe; unethical
- D. No one is hurt.
- E. Is an acceptable practice in other countries.
- F. Is not unethical, just the price paid to do business.
- G. Any other.

**Scenario-2**

Smith is a chief chemical officer in a drug manufacturing company. He has been hired by another company on a better pay package. On insistence by new employer Smith revealed all confidential formulae and business secrets of his previous company to new employer.

**Question-1**

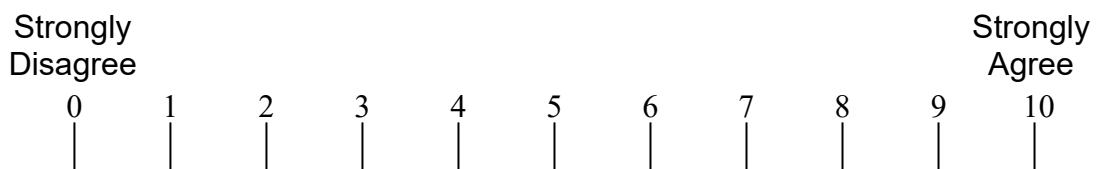
In your opinion, is Smith's decision to reveal all confidential information and employer's insistence to ask such information justified?



**Question-2**

What are the reasons behind your decisions? Tick appropriate one from following:

- A. Unethical for Smith to provide and unethical for employer to ask.
- B. Unethical for employer.
- C. Smith must protect his reputation.
- D. Provide some but not all information.
- E. Decision based on whether security agreement is in force.
- F. To keep job loyalty to new employer.
- G. Any other.



**Scenario-3**

A cement manufacturing plant installed latest technology that will give the company a competitive edge by producing more cement in shortest possible time with less cost of production. The new technology, however, produces exceptionally high level of air pollution.

**Question-1**

In your opinion, is this decision of installing new technology justified?

**Question-2**

What are the reasons behind your decisions? Tick appropriate one from following:

- A. It would be illegal
- B. Concern for the environment/life.
- C. Risk of getting caught with resulting negative consequences too great.
- D. Not their fault; equipment would be installed if available.
- E. The pollution would not really hurt the environment.
- F. Large potential with low risk.
- G. Any other.

**Scenario-4**

A new Rickshaw Manufacturing Company has introduced a Rickshaw which is very cheap, faster and consumes less fuel. Due to faulty design however, it quickly over turns at sharp turnings. Since the product is popular among buyers and users, company is continuing its sale.

