

DISSERTATION

DOING BUSINESS ACROSS CULTURES:
A STUDY IN BUSINESS ETHICS ACCOMMODATION

Submitted by

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School of Education

In partial fulfillment of the requirements

For the Degree of Doctor of Philosophy

Colorado State University

Fort Collins, Colorado

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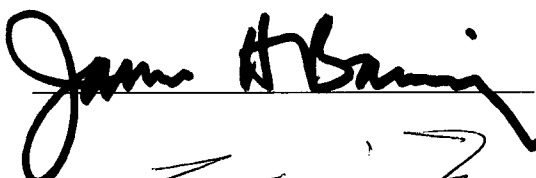
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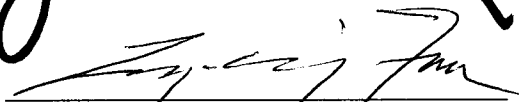
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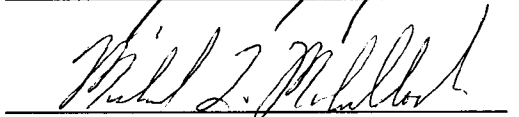
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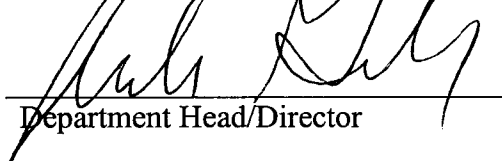








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ABSTRACT OF DISSERTATION

DOING BUSINESS ACROSS CULTURES: A STUDY IN BUSINESS ETHICS ACCOMMODATION

A notion of ethics in the business world has been raised in the past 10 years. Several international efforts to do business ethically in one's own country and with other countries were developed and have needed time to become established. In order to establish them, understanding the ways people perceive and behave in different cultures when doing business with each other is quite an important step. Thus, this study has tried to determine whether managers' perceptions of business ethics are different among other cultures, and to determine whether the managers from external cultures tend to follow a target culture's ethical standards of business behavior or adhere to their own. In addition, the managers' concerns about business ethical practices were examined to learn how the managers express their concerns regarding paying more or less or equal attention to other cultures' business ethical practices. Finally, inappropriate business conduct experiences were examined by asking how managers from the culture use inappropriate business practices when doing business with business partners from other cultures.

The study's conclusions focus on the perception and behavior members of two different groups exhibit regarding other cultures' business ethics. Two different groups, Danish (Group A) and Korean (Group B) business people, have the same perceptions regarding other groups of cultures, Groups A, B, and C (Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria, and Bangladesh).

For the ethics perception difference, members of both groups agree that Group A has the highest business ethical standards, followed by Groups B and C. For the ethics

commitment degree, members of Group A and Group B show different behaviors. Group A use a mix between two cultures ethical standards but Group B tend to follow the other culture's ethical standards.

For the degree of concern about ethics, both Group A and Group B seem to pay more attention to business ethical standards when doing business with other cultures. For the inappropriate business conduct experience, few individuals from Group A used inappropriate business conduct when doing business with other cultures; however, most members of Group B used inappropriate business conduct when doing business with other cultures, especially with Group C.

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Finally, I praise the Lord, heavenly father, for giving me life, family, and friends. I know you always guide me and listen to my little sigh through my life and this accomplishment. Now, I am starting another unknown journey but I do not worry because you are always there for me. Thank you!

Dedication

To my Heavenly Father and my father who is in Heaven.

I praise the Lord,
Dad, you are always in my heart!
I love you!

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CHAPTER 1: INTRODUCTION

Introduction to Issue and Historical Background

Business ethics awareness has increased greatly since the 1990s. A 1994 study of Fortune 500 industrials and 500 service corporations examined how these 1,000 U.S. companies incorporated ethics into their corporate policies, structure, activities, and personnel. It was found that 98 percent of the firms claimed to address issues of ethics and conduct in some kind of formal document. Of the 98 percent, 67 percent did so through regular policy manuals, and 78 percent did so through separate codes of ethics (Weaver, Trevino, & Cochran, 1999a, p. 285). Moreover, recent corporate scandals in America such as Enron, WorldCom, and Martha Stewart have increased public concern for ethical business activities (Byrne, 2002). Ethics awareness is increasing not only in America but in other countries as well. Asian countries after the 1997 financial crisis, and European countries fraught with financial scandals and bribery, all have an interest in cleaning up the ethics of their business practices (Carroll & Meeks, 1999; Kwon, 2000; Spence, 2000).

In today's global markets, businesses are not limited to an own local region. In search of low labor costs, low cost of raw materials, and large untapped markets, businesses are looking to move into foreign countries, particularly less industrialized countries where these three conditions exist.

When a corporation tries to conduct business in a foreign country, cultural differences can become an obstacle. This is particularly true if a company from an

industrialized home country runs a business in a less industrialized host country (Asgary & Mitschow, 2002). According to Carr-Ruffino (2000), culture is “the collective programming of individuals’ minds that determines how a group of individuals perceives reality (pp. 25)”. He adds that culture is “the learning process that results in the members of one group of people being different from those of another (pp. 26)”. Anthropologist Margaret Mead defines culture as “shared patterns and behaviors” (Schneider & Barsoux, 2003). Drawing from these both sources, culture can be defined as one group's unique learning of shared patterns and behaviors. Different groups have different cultures and different cultures influence different ethical values. Thus, it can be assumed that the business ethics of one country differ from those of other countries because their cultures are different.

These differences are neither good nor bad, and we may all be able to benefit from cultural diversity. No one can objectively judge one culture as being better than another. However, the way cultural values become structured social tools differs on degree from culture to culture. According to Davids (1999), the progressive industrialized countries have better rules, regulation, and standards (i.e., higher ethics) concerning business practices, while other countries lack predictable business rules and standards. Although a corporation operating in two countries might have two different ethical standards, it would have to understand the long-term consequences of acting out the standards in both places. When a corporation from a developed country with high ethical standards does business in a country with lower ethical standards, the corporation might find it advantageous to understand and manage the differences between the ethical standards under which it is operating. The following is a case example relating to poor

management of different ethical standards: *The Nike Corporation employed child labor in Cambodia in 2000. Although child labor is legal in Cambodia, it is illegal and considered to be an immoral practice by American ethical standards. As a result, Nike was severely criticized and its valuable image as a wholesome sporting goods company was harmed (Mason, 2000).* Today, companies that hesitate to adopt a new code of ethics to use when operating in a foreign country have become targets of criticism (Davids, 1999).

Increasingly, scholars and experts watch corporate business ethical performance, measuring variables such as corruption, bribery, integrity, and community volunteerism. In published journal articles and media broadcasts, business scandals and other poor business practices are gaining greater prominence, and corruption watch is gaining international scope. However, Transparency International (TI) currently considers itself to be the only global nongovernmental and nonprofit organization devoted to curbing corruption globally. Once per year, TI publishes its Corruption Perceptions Index (CPI), which assigns a CPI number to each country and ranks all the countries based on this score. The score ranges from 0 (highly corrupt) to 10 (highly clean), and indicates the country's degree of corruption as perceived by business and risk analysts. TI defines corruption as the misuse of entrusted power for private gain. This definition includes public and private sector corruption at both petty and grand levels (Transparency International, 2002).

Statement of the Problem

In the past, social responsibility was emphasized in one's own culture because most business performances occurred at a local level. With corporations globalizing their

operations, lack of international business ethics and a narrow view of the scope of corporations' social responsibility have been raised as serious problems (Asgary and Mitschow, 2002; Davids, 1999). Increased international business operations bring about more ethical problems, and the people of the less industrialized host countries often bear the brunt of these problems. For example, a Canadian sales manager working on Brazil calls his/her boss at the home office. The manager can clinch an important \$5 million contract, but needs the boss's permission to "take care of" one of the senior public officials in the licensing bureau. In another example, a company that makes garments for the rag trade easily faces the problem of exploitative child labor in Bangladesh.

Asgary and Mitschow (2002) state that

The progressive industrialized countries (e.g., Canada) that have better rules, regulation, and standards (i.e., higher ethics) are seriously considered by businesses for investment. However, countries that lack predictable business rules and standards (e.g., some African countries) drive businesses away (Davids, 1999). This is true for companies because they are hesitant to establish business operations in a country that does not have a code of ethics that is compatible with that of the home country. A host country without a compatible set of ethical standards could therefore see lower potential economic growth (both in terms of lower employment rates) and a decrease in foreign direct investment (pp. 240).

International business rules and standards are required in host countries in order to grow economically and increase direct foreign investment. International business standards are also required to prevent home countries from taking economic advantage of the situation by using differences in ethical standards and attitudes of host countries to improve their profits.

To comply with the need for international business rules and standards, the Organization for Economic Cooperation and Development (OECD) hosted the *Antibribery Convention*, which endeavored to gain support for ethical global business

practices, in 1997. Although all of the OECD member countries have accepted at the governmental level the policies that were set at the Antibribery Convention, it may take some time for these values to trickle down. Individual managers may have views that differ from these policies, resulting in unethical business practices in host countries. Therefore, gaining insights into the trends of managers' from external cultures perceptions and commitments toward other cultures' business ethics could be useful in anticipating the ethical orientation tendency in a particular set of business relationships.

Purpose of Study

The purpose of this study was twofold. The first purpose was to determine if managers from external cultures, who are from a hierarchically different tier group based on CPI 2002 scores, would have different perceptions from those managers from target culture regarding the ethics of business practices. The second purpose of this study was to determine whether, if there is a difference in perception, the managers from external cultures are more likely to follow the target culture's ethical standards of business behavior or adhere to their own. The terms of "external" and "target" culture are used when two different cultures do business together. For example, if a Danish manager works with a Korean organization, the manager is from an external culture, and the Korean organization is a target culture.

In this study, groups of countries representing a high (A), middle (B), and low (C) Corruption Perception Index score were chosen. In order to better understand the dynamics associated with the study, the crucial elements of business ethics, culture, and the Corruption Perception Index are discussed in the following section.

Grounding and Conceptualization of Business Ethics, Culture, and

Corruption Perception Index

Ethics and Business Ethics

Ferrell and Fraedrich (1997) stated that the term “ethics” has many nuances. In general, it refers to moral philosophy in particular to the principles, rules, or standards that people use to decide what is right or wrong. Ethics also provide guidelines for determining how conflicts in human interests are to be settled and for optimizing mutual benefit of people living together in groups by studying and defining the impacts certain behaviors may have on other groups or individuals. Ethics can be related to other studies and fields, and the term business ethics is used when it deals with the field of business. According to Ferrell and Fraedrich (1997, p. 6), “business ethics comprises moral principles and standards that guide behavior in the world of business.” Business ethics are applied and interpreted theoretically and in practice. Most of the theories fall into two categories.

Two Categories of Theories of Ethics

Theories of ethics are generally divided into two categories: teleological and deontological (DeGeorge, 1999; Ferrell & Fraedrich, 1997; Hartman, 2002). The teleological morality of a decision is determined by measuring its possible outcomes or consequences. The most representative theory of this approach is utilitarianism, which seeks as its end the greatest “good” (or “utility”) for the greatest number (Mill, 1993; Rachels, 1999; Raphael, 1994). Jeremy Bentham (1748-1832) and John Stuart Mill (1806-1873) were the leading intellectual forces in the development of utilitarianism.

Distributive justice, which is based on the concept of fairness, is another teleological approach. Devised by John Rawls, a contemporary Harvard philosopher, distributive justice theory holds that ethical acts or decisions are those that lead to an equitable distribution of goods and services (Rawls, 2002; Thomson & Dworkin, 1968).

A deontological system is based on rules or principles that manage decisions. The German philosopher Immanuel Kant (1724-1804) developed a clear vision of ethics as measured by the idea that the rightness of an act depends little on its results. Kant believed that the key to morality is good will. Kant presented the categorical imperative that every person as a rational person should act on only those principles that can serve as universal laws applicable to all of human nature. Kant also believed that every rational being could act according to his or her categorical imperative because each human is an autonomous being or a law-maker (Kant, 1994; DeGeorge, 1999; Hartman, 2002; Raphael, 1994).

Another deontological approach comes from a religious perspective. This religious point of view is not so different from Kant's perspective, except that the universal principles come directly from religious beliefs (Garner, 1994; Rachels, 1999; Raphael, 1994). Finally, some philosophers have argued in recent years for virtue ethics, claiming that the key to good ethics lies not in rules, rights, and responsibilities, but in the classic notion of character (DeGeorge, 1999; Hartman, 2002).

International Business Ethics

Increasing global business has brought about different ethical issues from local business practices such as bribery, child labor, hazardous occupations, and sexual harassment. In response to concerns about these issues, the U.S. Department of

Commerce issued its Model Business Principles in 1995 as a guideline for business conduct in the United States and abroad (Carlson & Blodgett, 1997; U.S. Department of Commerce, 2002). Also, Caux Round Table developed principles that include the responsibilities of a business, respect for the environment and rules, and stakeholder principles in Switzerland in 1986 (Carlson & Blodgett, 1997; The Caux Round Table, 2002). The round table consisted of a group of international executives who shared a belief that business organizations can be a powerful force for positive change in the quality of life in the world. According to Ferrell and Fraedrich (1997), international businesspeople must both understand the values, culture, and ethical standards of his or her own country and must be sensitive to those of other countries.

Culture

Culture was discussed briefly above. The term has been defined in over 164 different ways by anthropologists (Schneider & Barsoux, 2003). Schneider and Barsoux (2003) suggest there are three different levels of culture: artifact and behavior, beliefs and values, and assumptions. Three different methods are used to discover these three levels of culture: observation, interviews and surveys, and inference and interpretation. Using observation, it is possible to see distinctive behaviors. However, observation alone does not reveal the meaning of a behavior because the same behavior may have different meanings, and different behaviors may have the same meaning. Furthermore, deriving underlying assumptions of a behavior are more significant than simply explaining culture as a system of shared beliefs and values. The assumptions explain why a group of people behave the way they do, and why they hold the beliefs and values they espouse

(Schneider & Barsoux, 2003). Within the business world, cultural differences are most likely to be observed in management groups.

Cultural issues in business occur within a society with a diverse workforce such as the U.S. or among two or more societies. Within a society with a workforce represented by two or more cultures, diversity is usually shaped by differences in ethnicity, gender, age, physical disability, sexual preference, and appearance (Carr-Ruffino, 2000). Among two or more societies, economic, political, and legal differences also exist in the business world in addition to the above-mentioned categories. This means that different societies have different economic systems, such as a free competitive market, a planned economy, or a plural market. Differences in political systems usually refer to the differences among democracy, socialism, and communism. And most societies have their own laws. It is also possible that a society might have different interpretations of a specific law. Further, different societies may have varying degree of punishment for people or institutions that break specific laws.

Within a society, cultural differences in business are interpreted as cultural relativism, and cultural relativism is applied to its conflicts (Carr-Ruffino, 2000). Cultural differences and conflicts become more complex when more societies are involved. During the beginning stages of globalization, most corporations used the concept of cultural relativism, applying different ethical standards to the home country and the host country. Basing corporate performance on double standards has been much criticized. A mixture of practices based on both cultural relativism and on standards provided by the home country, or even on higher global standards, is necessary (Davids, 1999; Drake, 1998; Duerden, 1995; Jackson, 1997).

Corruption Perception Index

Transparent International (TI) has published its Corruption Perception Index (CPI) annually since its foundation in 1993 and its Bribery Payers Index (BPI) since 1999. As mentioned before, the Corruption Perception Index (CPI) indicates a country's corruption score and rank among participating countries. The score relates to perceptions of the degree of the country's corruption as seen by businesspeople and risk analysts, and ranges between 0 (highly corrupt) and 10 (highly clean). Drawing on 15 different polls and surveys of local and expatriate residents, the CPI is a composite index from nine independent institutions such as Columbia University, Political & Economic Risk Consultancy, Institute for Management Development in Switzerland, World Bank, PricewaterhouseCoopers, Gallup International, Economist Intelligence Unit, Freedom House, and World Economic Forum (Table 1.1).

Table 1.1.

Corruption Perception Index 2002.

Rank	Country	CPI 2002 Score	Surveys used	Rank	Country	CPI 2002 Score	Surveys used
1	Finland	9.7	8	52	Czech Republic	3.7	10
2	Denmark	9.5	8		Latvia	3.7	4
	New Zealand	9.5	8		Morocco	3.7	4
4	Iceland	9.4	6		Slovak Republic	3.7	8
5	Singapore	9.3	13		Sri Lanka	3.7	4
	Sweden	9.3	10	57	Colombia	3.6	10
7	Canada	9.0	10		Mexico	3.6	10
	Luxembourg	9.0	5	59	China	3.5	11
	Netherlands	9.0	9		Dominican Rep.	3.5	4
10	United Kingdom	8.7	11		Ethiopia	3.5	3
11	Australia	8.6	11	62	Egypt	3.4	7
12	Norway	8.5	8		El Salvador	3.4	6
	Switzerland	8.5	9	64	Thailand	3.2	11

14	Hong Kong	8.2	11		Turkey	3.2	10
15	Austria	7.8	8	66	Senegal	3.1	4
16	USA	7.7	12	67	Panama	3.0	5
17	Chile	7.5	10	68	Malawi	2.9	4
18	Germany	7.3	10		Uzbekistan	2.9	4
	Israel	7.3	9	70	Argentina	2.8	10
20	Belgium	7.1	8	71	Cote d'Ivoire	2.7	4
	Japan	7.1	12		Honduras	2.7	5
	Spain	7.1	10		India	2.7	12
23	Ireland	6.9	8		Russia	2.7	12
24	Botswana	6.4	5		Tanzania	2.7	4
25	France	6.3	10		Zimbabwe	2.7	6
	Portugal	6.3	9	77	Pakistan	2.6	3
27	Solvenia	6.0	9		Philippines	2.6	11
28	Namibia	5.7	5		Romania	2.6	7
29	Estonia	5.6	8		Zambia	2.6	4
Rank	Country	CPI 2002 Score	Surveys used	Rank	Country	CPI 2002 Score	Surveys used
29	Taiwan	5.6	12	81	Albania	2.5	3
31	Italy	5.2	11		Guatemala	2.5	6
32	Uruguay	5.1	5		Nicaragua	2.5	5
33	Hungary	4.9	11		Venezuela	2.5	10
	Malaysia	4.9	11	85	Georgia	2.4	3
	Trinidad & Tobago	4.9	4		Ukraine	2.4	6
36	Belarus	4.8	3		Vietnam	2.4	7
	Lithuania	4.8	7	88	Kazakhstan	2.3	4
	South Africa	4.8	11	89	Bolivia	2.2	6
	Tunisia	4.8	5		Cameroon	2.2	4
40	Costa Rica	4.5	6		Ecuador	2.2	7
	Jordan	4.5	5		Haiti	2.2	3
	Mauritius	4.5	6	93	Moldova	2.1	4
	South Korea	4.5	12		Uganda	2.1	4
44	Greece	4.2	8	95	Azerbaijan	2.0	4
45	Brazil	4.0	10	96	Indonesia	1.9	12
	Bulgaria	4.0	7		Kenya	1.9	5
	Jamaica	4.0	3	98	Angola	1.7	3
	Peru	4.0	7		Madagascar	1.7	3
	Poland	4.0	11		Paraguay	1.7	3
50	Ghana	3.9	4	101	Nigeria	1.6	6
51	Croatia	3.8	4	102	Bangladesh	1.2	5

Note. From "Corruption Perception Index," by Transparency International, 2002, p. 4-5.

Research Questions

This study will be focused on three groups of countries that have a CPI score of high, middle, or low respectively. The high CPI scored group of countries is named A; the middle CPI scored group of countries is named B; and the low CPI scored group of countries is named C. In order to obtain the external managers' perception differences and commitments degrees, the following research questions will be addressed: In the questions, A is understood to mean "manager from group of country A" and same for B and C.

1. Is there a different perception of business ethical practices when A does business with B, and when A does business with C?
2. Is there a different perception of business ethical practices when B does business with A, and when B does business with C?
3. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C?
4. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when B does business with A, and when B does business with C?
5. What factors influence these differences in views?

Significance of the Study

There are several studies in the literature comparing business ethics within fairly similar cultures such as American versus European, Canadian versus American, and American versus German. However, business ethics comparisons among different

cultures are few. Moreover, no literature was found that compares perceptions and commitments among different cultures in business ethical practices. Therefore, this study will be significant in the field not only of business ethics but also of cultural studies.

CHAPTER 2: LITERATURE REVIEW

This chapter includes a review of relevant literature related to cultural business ethics. The purpose of this chapter is to provide a deeper understanding of the grounding concepts and current issues in the field of business ethics. Two areas will be explored: business ethics in general and international business ethics, and then culture vis-a-vis business ethics. The first part, pertaining to business ethics and international business ethics, will discuss both internal and external pressures on organizations to be ethical, and on international efforts to improve global ethical business conducts. In the culture and business ethics section will deal with general cultural differences and their impact on business performance. The section will include comparative studies of cultural differences in business ethics.

This chapter's purpose is providing literature review to answer the research questions of this study. The researcher is going to diagram out what will happen as a result of literature review (Figure 2.1). The chapter 2 is going to end up to make recommendation one of these three paths. The first one is a strong proposition because literature review provides enough information to answer the research questions. Thus, hypothesis can be developed either directional or non-directional. The second possible path is a weak proposition because literature review provides not sufficient information to answer the research questions but the researcher might infer proposition from the literature review. At this path, two possible hypotheses are developed. One is null hypothesis and the other is either directional or non-directional hypothesis after gathering

more information to strengthen proposition. The last path is a so weak proposition because the literature review provides not sufficient information and hard to infer a proposition from the literature review. Thus, the researcher needs to create new proposition with original data.

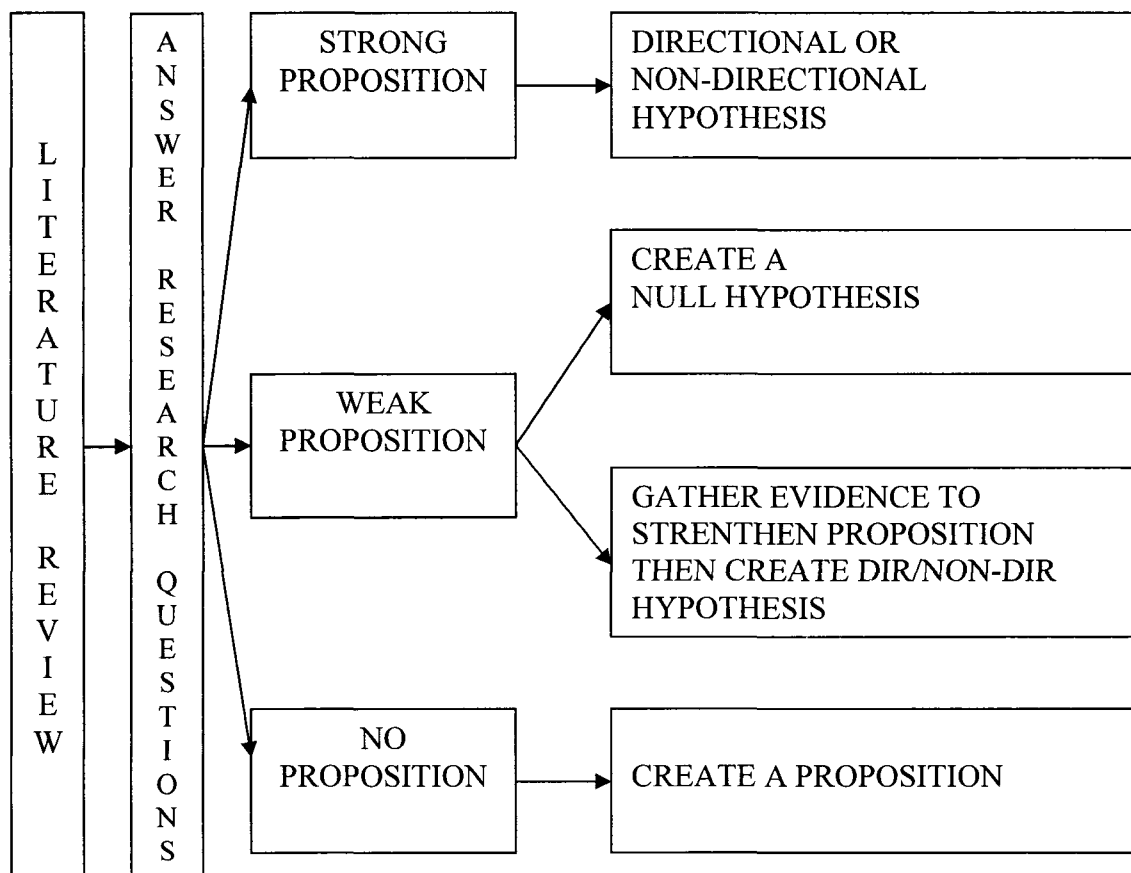


Figure 2.1. Diagram of Three Possible Proposition Paths.

Business Ethics and International Business Ethics

According to Wood (1991), business ethics was introduced as a matter of corporate social responsibility in the United States in the early 1970s because America suffered from high rates of business-related crime, such as embezzlement, consumer fraud, illegal competition, and deceptive practices. A U.S Chamber of Commerce reports on white-collar crime in 1974 estimated losses from such crimes at \$40 billion a year

(Benson, 1982). Security-related crimes accounted for almost \$4 billion a year in 1977 (Conklin, 1977). Jaspan and Black (1960) estimated that in 1960 employees stole more than \$5 billion a year and those kickback payments amounted to \$5 billion a year. Based on 200 clients listed on the New York Stock Exchange, among others, Jaspan and Black showed that dishonest acts on the part of supervisory and executive personnel caused the greatest financial impact. According to Johnson and Douglas (1978), half of the United States' workforce engaged in some type of stealing from businesses in 1973, at a cost of \$15 billion a year.

Throughout the 1970s, scholars sought to define corporate social responsibility. Carroll (1979, p. 500) observed that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” Frederick (1986, p. 4) stated, “The fundamental idea of ‘corporate social responsibility’ is that business corporations have an obligation to work for social betterment.” Davis (1973, p. 312) offered a classic definition of corporate social responsibility as “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks.” The issue of business ethics has been raised since the 1970s in many parts of the world according to each country’s needs, and around the same time, international business ethics began to be discussed, mostly to make distinctions between home and host countries and to define the relationships between domestic and foreign enterprises (Getz, 1990).

With the increasing awareness of social responsibility, corporations have been subject to external and internal influences to compel them to conduct business operations ethically (Weaver, Trevino, & Cochran, 1999c). Some external forces exerting these influences are the government (Weaver, Trevino, & Cochran, 1999b, c; Wood, 1991), international agreements and regulations (Beyer & Nino, 1999; Carlson & Blodgett, 1997; Caux Round Table, 1995; Frederick, 1991; Getz, 1990; OECD, 2003), and the media exposure and reputation (Coleman, 2000; Mole, 2003; Wartick, 1992; Weaver, Trevino, & Cochran, 1999b). Internal influences on business and social performance required commitments by key managers (Haas, 1994; Weaver, Trevino, & Cochran, 1999b, c). In addition, social activists and organizations have exerted an influence (CERES, 2003; DeGeorge, 1993; Greenpeace, 2003; Richter, 2002).

External Influences on Businesses Ethics

Government

In his article “Corporate Social Performance Revisited,” Wood (1991) reconstructed, using existing literature, a corporate social performance (CSP) model. This model has a framework of three categories: principles of corporate social responsibility, processes of corporate social responsiveness, and outcomes of corporate behavior. The first category, principles of corporate social responsibility, has three subcategories: institutional principle (legitimacy); organizational principle (public responsibility); and individual principle (managerial discretion). For purposes of this section, only the institutional principle (legitimacy) in corporate social responsibility will be discussed.

The principle of legitimacy is first mentioned in by Davis's (1973) Iron Law of Responsibility, which views legitimacy as a societal-level concept. Society grants legitimacy and power to businesses, and as responsible social institutions, they must avoid abusing their power. This principle expresses obligations and sanctions that apply equally to all companies, regardless of their particular circumstances. To sum it up, the principle of legitimacy claims that the society has the right to establish and enforce a balance of power among its institutions and to define their legitimate functions. This is a proscriptive and structural principle that focuses on businesses as social institutions, and it also implies that the society has available sanctions that can be used when these obligations are not met. With this notion of the principle of legitimacy as a guiding concept of corporate social responsibility, the United States government began to exert pressures on business activities in the way described in the next few paragraphs.

A survey of large U.S. corporations in the mid-1990s found that 78 percent of responding companies had codes of ethics, 51 percent had telephone lines for reporting ethical concerns, and 30 percent had offices for dealing with ethics and legal compliance. Nearly two-thirds of those offices were created in the 1990s (Weaver, Trevino, & Cochran, 1999a). Weaver, Trevino and Cochran (1999b,c) credit the government for these efforts.

The United States Sentencing Commission (USSC) was established to develop guidelines for ethical business performances. The USSC established the guidelines, released in November 1, 1991, to (1) increase the penalties for convictions on illegal corporate behavior and (2) allow for substantial reductions in penalties for offending companies that had made formal, proactive efforts to improve their business ethics and

ensure legal compliance (United State Sentencing Commission, 1995). The guidelines were implemented after several years of public hearing and analyses by the United State Sentencing Commission (1995). Some 1,741 organizations had been sentenced in the federal courts between 1984 and 1989. Fraud and antitrust offenses were the most common offenses committed by organizations, and owner or top-level executives were frequently involved in organizational crime (United State Sentence Commission, 2003).

Organizations, like individuals, can be found guilty of criminal conduct, and the measure of their punishment for felonies and Class A misdemeanors is governed by Chapter Eight of the sentencing guidelines. While organizations cannot be imprisoned, they can be fined, sentenced to probation for up to five years, ordered to make restitution, made to issue public notices of conviction to their victims, and exposed to applicable forfeiture statutes (United State Sentencing Commission, 1995). Data collected by the USSC show that organizations are sentenced for a wide range of crimes. The most commonly occurring offenses, in order of decreasing frequency are: fraud, environmental waste discharge, tax offenses, antitrust offenses, and food and drug violations.

The sentencing guidelines are designed to further two equally important goals: just punishment and deterrence. Just punishment corresponds to the degree of blameworthiness of the offender, while deterrence involves incentives offered for detection and prevention of criminal acts. During the development of the guidelines, the Council of Economic Advisers, the Departments of Justice, Defense, Health and Human Services, and Interior, the Environmental Protection Agency, the Securities and Exchange Commission, and the Federal Trade Commission provided the USSC with written and oral comments. The Criminal Division of the Department of Justice prepared

a version of proposed organizational guidelines for the commission to consider. In addition, regulatory and law enforcement authorities such as the Environmental Protection Agency, the Department of Health and Human Services, and the Department of Justice's Antitrust Division have developed or are developing model compliance programs, programs for self-reporting, and programs for amnesty – all of which are modeled after some aspect of the organizational sentencing guidelines. Industry and peer organizations are forming to share ideas on “best practices” for compliance training and ethics awareness (United State Sentencing Commission, 1995).

The guidelines specify seven key criteria for establishing an effective program: compliance standards and procedures reasonably capable of reducing the prospect of criminal activity; oversight by high-level personnel; due care in delegating substantial discretionary authority; effective communication to all levels of employees; reasonable steps to achieve compliance that include systems for monitoring, auditing, and reporting suspected wrongdoing without fear of reprisal; consistent enforcement of compliance standards including disciplinary mechanisms; and reasonable steps to respond to and prevent further similar offenses upon detection of a violation (United States Sentencing Commission, 1995). Thus, the USSC guidelines offer strong institutional support for broad-scope ethics programs involving staff, codes, training programs, telephone lines dedicated to ethical practices, and disciplinary mechanisms.

Government pressures on business practice occur not only in the United States but also all over the world. Several governments have legislated new laws and regulations involving organizations' ethical business performance. The United Kingdom launched the Ethical Trading Initiative (ETI) in January 1998. Prime Minister Tony Blair declared

the government's keen interest on business ethics and said, "Many of Britain's best-known companies are already redefining traditional perceptions of the role of the corporation. They are recognizing that every customer is part of the community and that social responsibility is not an optional extra" (Anstead, 1998). The ETI aims to identify and promote ethical trade-good practice in the implementation of a code of conduct for good labor standards, including monitoring and independent verification of the observance of ethics code provisions as standards for ethical sourcing. In 2000, the British Government created a cabinet post especially for corporate social responsibility (CSR) (Coleman, 2000). The post has two main roles: making the business case for CSR and coordinating government activity to promote CSR. The appointed minister for CSR, Dr. Kim Howells, said "My role is not about creating new regulatory burdens for businesses. It is about raising awareness of the business case for corporate responsibility. While CSR is a business-led agenda, government will have a positive role to play in promoting best practice in corporate responsibility" (Coleman, 2000).

Looking for ways to solve corruption problems, the Korean government implemented new laws dealing with corruption and money laundering. Such efforts of the government are the result of various factors. South Korea experienced a series of high-profile corruption scandals and underwent a national financial crisis in 1997. After the financial crisis the International Monetary Fund (IMF) and World Bank required the Korean government to upgrade Korean accounting standards and disclosure rules to meet international practices as part of their loan requirements. Moreover, increasing international anti-corruption movements such as the 1997 Organization for Economic Cooperation and Development (OECD) anti-bribery convention, the World Bank's anti-

corruption strategy, and the UN convention against corruption all have made an impact (Asia Times, 2000). As a result, the South Korean government reformed financial accounting standards and legislated the Corruption Control Law in 2001. The law is under the direct supervision of the president (Office of the Prime Minister, 2001).

Historically, Saudi Arabians have rarely involved themselves in activities that affect changes in society, government policies, and business practices. Fatalism is prevalent in this culture; many Saudis tend to attribute to fate any misfortune, including unfair treatment of consumers. Culturally, Saudis are accustomed to authoritarian rule (Bhuiyan 1998; Hofstede, 1980). For centuries, tribal chiefs played sovereign paternal roles and were succeeded by monarchs who were also revered as father figures. So far, there are no organized consumer movements because organized political activities and free speech are prohibited. However, changes are taking place. More and more Saudis are involved in activities to bring about changes that protect their interests. Increasing education, globalization, and awareness are the driving forces behind this shift. Today, the local popular press regularly reports stories about consumer problems and questionable business practices. Also, consumers may voice their demands through tribal networks, which extend to the highest ranks of political hierarchy. The king appoints members, chosen from various tribes and clans, to the Shura Council, which is the Saudi version of the U.S. Congress. Similar representative bodies are formed at the local government level, which increasingly seek people's input in policy decisions (Bhuiyan, Abdul-Muhmin, & Kim, 2002).

According to Izraeli (1997), business ethics is still not recognized as a valid field of inquiry and worthwhile activity in the Middle East; there is no commonly used term of

business ethics in Hebrew or Arabic. Hardly a handful of Israeli firms have ethical codes, and those that do are firms that are involved in multinational business with pressures from American firms. With a few exceptions, there exists no ethics training of employees or managers, and despite the growth of white-collar crimes, there are no business initiatives against corruption. As a result of these shortcomings, most governments in the Middle East have begun to form agencies whose specific purpose is to combat corruption, especially among government officials, interestingly enough. Some examples are the Central Audit Agency and Administrative Control Agency in Egypt, and the state comptroller, ombudsman and special police units that combat white-collar crime in Israel. These agencies, which focus on corruption in government administration, are indirectly related to business ethics insofar as corrupt activities in promoting business interests involve government officials.

International Agreements and Regulations

International business ethics have been gaining emphasis because a growing number of companies do business globally. In this section, several international codes of conduct and regulations will be discussed. The Caux Round Table Principles, the United Nations Code of Conduct on Transnational Corporations, the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises, and the International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy will be introduced, and the recent OECD Antibribery Convention will be addressed.

The Caux Roundtable Principles for Business is the first international ethics code for business (Carlson & Blodgett, 1997). Held in Caux, Switzerland, in 1986, the round

table meeting included international leaders and senior executives from multinational companies from the U.S., Europe, and Japan (Carlson & Blodgett, 1997; Caux Round Table, 1995). Currently, the Caux Principles are based on the Minnesota Principles, which originated from the Minnesota Center for Corporate Responsibility (MCCR) affiliated with the University of St. Thomas in the Twin Cities, Minnesota. The goal of the Caux Round Table Principles is to set “a world standard against which business behavior can be measured,” a yardstick that individual companies can use to write their own codes. Two ethical concepts pervade the Caux Principles: Japanese *kyosei* and human dignity. The Japanese concept of *kyosei* is “living and working together for the common good,” – enabling cooperation and mutual prosperity to coexist with healthy and fair competition. “Human dignity” is defined by the code as the “sacredness or value of each person as an end, not simply as a means to the fulfillment of other’s purposes or even majority prescription” (Caux Round Table, 1995). The Caux Principles encourage two main concepts of fairness and respect for others by promoting free trade, environmental and cultural integrity, and prevention of actions that fall into the category of foreign corrupt practices as defined by U.S. law (e.g., bribery and money laundering) (Carlson & Blodgett, 1997; Caux Round Table, 1995; Nelton, 1996).

The Caux Roundtable Principles have three sections. The first section is titled Preamble, Section 2 is General Principles, and Section 3 is Stakeholder Principles. General Principles in Section 2 consist of seven principles, which seek to clarify the spirit of *kyosei* and human dignity. The Following principles are from the Caux Round table and are quoted here on their entirety.

- Principle 1. The Responsibilities of Businesses: beyond shareholders toward stakeholders. Businesses have a role to play in improving the lives of all their customers, employees, and shareholders by sharing with them the wealth they have created. Suppliers and competitors as well should expect businesses to honor their obligations in a spirit of honesty and fairness. As responsible citizens of the local, national, regional, and global communities in which they operate, businesses share a part in shaping the future of those communities.
- Principle 2. The Economic and Social Impact of Businesses: toward innovation, justice and world community. Businesses established in foreign countries to develop, produce or sell should also contribute to the social advancement of those countries by creating productive employment and helping to raise the purchasing power of their citizens. Businesses also should contribute to human rights, education, welfare, and vitalization of the countries in which they operate. Businesses should contribute to economic and social development not only in the countries in which they operate, but also in the world community at large, through effective and prudent use of resources, free and fair competition and emphasis upon innovation in technology, production methods, marketing and communications.
- Principle 3. Business Behavior: beyond the letter of law toward a spirit of trust. While accepting the legitimacy of trade secrets, businesses should recognize that sincerity, keeping of promises and transparency contribute not only to their own credibility and stability but also to the smoothness and efficiency of business transactions, particularly on the international level.

- **Principle 4. Respect for the Rules.** To avoid trade frictions and to promote freer trade, equal conditions for competition, and fair and equitable treatment for all participants, businesses should respect international and domestic rules. In addition, they should recognize that some behavior although legal, may still have adverse consequences.
- **Principle 5. Support for Multilateral Trade.** Businesses should support the multilateral trade systems of the GATT/World Trade Organization and similar international agreements. They should cooperate in efforts to promote the progressive and judicious liberalization of trade, and to relax those domestic measure that unreasonably hinder global commerce, while giving due respect to national policy objectives.
- **Principle 6. Respect for the Environment.** A business should protect and, where possible, improve the environment, promote sustainable development, and prevent the wasteful use of natural resources.
- **Principle 7. Avoidance of Illicit Operation.** A business should not participate or condone bribery, money laundering, or other corrupt practices: indeed, it should seek cooperation with others to eliminate them. It should not trade in arms or other materials used for terrorist activities, drug traffic or other organized crime.

Section 3 describes Stakeholder Principles, defining stakeholders as customers, employees, owners/investors, suppliers, competitors and communities. This section is generally concerned with the practical application of the principles from Section 2.

- **Customers:** All customers should be treated with dignity therefore the members have a responsibility to provide the highest quality products and services; treat fairly in all aspects of business transactions; make effort to ensure the health and safety; assure respect for human dignity; respect the integrity of the culture.
- **Employees:** Every employee has the dignity, therefore the members have a responsibility, to provide jobs and compensation; provide good working condition; be honest in communication with employees; avoid discriminatory practices.
- **Owner/Investors:** Investors should be honored for trusting Stakeholder Principles, therefore the members have a responsibility to apply professional and diligent management; disclose relevant information; conserve, protect, and increase the owners/investors' assets; and respect owners/investors' requests, suggestions, and complaints.
- **Suppliers:** Relationship with suppliers and subcontractors must be based on mutual respect therefore the members have a responsibility to seek fairness and truthfulness in all activities; ensure business activities are free from coercion; foster long-term stability; share information; and pay suppliers in time and in accordance with agreed terms and trade.
- **Competitors:** Fair economic competition is one of the basic requirements for increasing the wealth of nations therefore the members have a responsibility to foster open markets for trade and investment; respect both tangible and

intellectual property rights; and refuse to acquire commercial information by dishonest or unethical means.

- **Communities:** As global corporate citizens, the members can contribute to such forces of reform and human rights as are at work in the communities therefore the members have a responsibility to respect human rights and democratic institutions; recognize government's legitimate obligation; promote and stimulate sustainable development; support peace, security, diversity and social integration; respect the integrity of local cultures; and be a good corporate citizen through charitable donations, educational and cultural contributions and employee participation in community and civic affairs (Caux Roundtable, 1995).

Prior to establishment of the Caux Round Table Principles, there existed various international agreements during the 1970s. Several organizations created and formulated general principles for business practice: The United Nations (UN) Code of Conduct on Transnational Corporations, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and the International Labor Office (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, established respectively in 1972, 1976, and 1977 (Beyer & Nino, 1999).

The United Nations Code of Conduct for Transnational Corporations was created as a forum for comprehensive and in-depth consideration of the full range of issues relating to multinational enterprises in 1974 (Beyer & Nino, 1999; Frederick, 1991; Getz, 1990). The UN Code of Conduct tried to ensure that corporations would contribute to

national economic development and to prevent harm to citizens all over the world. During the late 1970s and early 1980s, there were about 30 codes proposed for transnational corporations. In the 1990s, a notion of deregulation or self-regulation was raised rather than a notion of international regulation. Therefore, the U.S. government, corporate managers, and different UN agencies engaged in different efforts to self-regulate instead of focusing on external regulations. In addition to the very broadly defined UN code for transnational corporations, sectional codes addressing specific industry practices served as important guidelines. One of the codes pertaining to self-regulation is the Code of Marketing of Breast Milk Substitutes. The code tries to ensure that corporations do not willingly harm the health and life of children. It tries to ensure that a child's caretakers are able to make decisions on infant feeding based on unbiased and complete information (Beyer & Nino, 1999; Frederick, 1991; Getz, 1990).

The Organization for Economic Cooperation and Development (OECD) is the main international policy-formulating body for the industrialized nations. Until 1990, its members consisted of the nations of Western Europe, the United States, Canada, Japan, Australia, and New Zealand. The OECD is home to nearly all of the world's multinational enterprises (MNEs). The organization became involved in the development of a code of conduct for MNEs to provide a conservative institutional response to the demands of the third world countries for control of MNE activities. In 1976, the OECD adopted a Declaration of International Investment and Multinational Enterprises, which included the Guidelines for Multinational Enterprises. The guidelines were revised in 1979 and again in 1984. The OECD guidelines are addressed to both MNEs and governments. Governments are directed to cooperate with one another and with

nonmember states in encouraging MNEs to comply with the guidelines, and are exhorted to provide to all foreign MNEs to which they are hosts equal treatment as their domestic counterparts. The directives for MNEs focus on five issues: competition, financing, taxation, employment and industrial relations, and science and technology (Beyer & Nino, 1999; Frederick, 1991; Getz, 1990).

The International Labor Organization (ILO) is a specialized agency of the United Nations. It has a tripartite structure, with representatives of governments, employers, and employees from 150 countries. Although affiliated with the UN, the ILO operates independently. The ILO's principal policy actions take the form of conventions and recommendations that become operational only when they are ratified by individual member countries. In effect, the ILO develops standards, which become elements of a multinational policy regimen through the process of national ratification.

In the early 1970s, an ILO interest in MNEs was developing that arose from the ILO's basic concerns for social matters. By 1976, the ILO had decided that arrangements should be made to formulate a code of conduct on principles regarding MNEs and social policy. However, negotiations broke down a month after they decided to formulate such a code (Black, Black, & Hanson, 1978; Robinson, 1983). Some representatives from the Group of seventy-seven (made up of developing third world countries) had concerns about the issue of the balance of economic power within states, and other representatives wanted to focus on broader social issues. Further, there was disagreement among representatives of labor and management about how far the code should go in formally acknowledging MNEs for spurring economic development in the world. For these and other reasons, the ILO has not adopted a formal code of conduct for MNEs. In 1977, the

ILO did adopt the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. It has a three-part structure made up of representatives of governments, employers, and employees from 150 countries. Although the declaration is not as formal as its participants might have hoped for, it serves as a code because it makes suggestions for both MNEs and governments (Black, Black, & Hanson, 1978). Also, many MNEs know about the declaration and know it could have an impact on their behavior (Feld, 1980; Robinson, 1983).

The ILO declaration focuses on direct foreign investment in host countries in six main areas: equality of opportunity and treatment; security of employment; wages, benefits, and conditions of work; safety and health; freedom of association; and collective bargaining. If the ILO had established a formal code by creating a convention, the code's provisions would have been legally binding on the MNEs if their home countries had ratified the convention. The provisions of a convention might or might not have differed significantly from those of the existing declaration, but the difference in legal status between the two would have had a notable effect on corporations. Under a ratified convention, MNEs, both morally and legally, would be obliged to follow the terms of the accord (Beyer & Nino, 1999; Frederick, 1991; Getz, 1990).

According Frederick (1991) and Beyer and Nino (1999), there were four shortcomings of these three agreements and guidelines: They are largely agreements between national governments and do not involve corporations or business leaders; they rely on voluntary compliance of the signatories; the values represented by these codes may not fit with those of all countries; and they are so broad as to be incomplete.

Despite these shortcomings, the OECD continues to be a major influence in the business ethics arena. Where international transactions were once the purview of large multinational enterprises, companies of all sizes are now selling goods, rendering services, and licensing intangibles across national borders. Some factors, such as technology and eliminating trade barriers, contribute to this rapid expansion in world trade. Such international transactions face a number of challenges: differences in currency, language, and laws, and bribery of foreign public officials. According to World Bank data, five percent of exports to developing countries, or \$50 to \$80 billion annually, goes to corrupt officials (Moss, 1997). Another World Bank survey of 3600 firms doing business in 69 countries showed that 40 percent of the firms were paying bribes (Omestad, 1997). U.S. government data for the period May 1994 until April 1998 indicate that bribes were used to influence the outcome of 239 international contract competitions totaling \$108 billion (George, Lacey, & Birmele, 2000). Bribery activities are not limited to the newly emerging nations of Asia, Africa, and South America but are a global phenomenon also affecting developed countries, including member nations of the European Union (EU), the United States, Canada, Australia, and Japan (Drozdiak, 1999; Gantz, 1998; Pacini, 2002).

Bribery is a widespread phenomenon in international business transactions, including trade and investment, which undermines good governance and economic development and distorts fair international competition. With increasing awareness of serious moral and political concerns, the OECD hosted an Antibribery Convention in 1997. The OECD, consisting of 29 member countries and five non-member countries

(Argentina, Brazil, Bulgaria, Chile and the Slovak Republic), has adopted the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The OECD Convention became effective in February 1999 and it now requires signatory nations to enact or harmonize domestic legislation in order to be in accord with the convention's bribery provisions. Previously, most countries had laws making it illegal for citizens or businesses to bribe their own officials (George, Lacey, & Birmele, 2000). The OECD Convention goes further because its signatory nations are obliged to make bribery of foreign public officials a criminal act on an extraterritorial basis.

The problem from the "supply side" can be addressed by the Antibribery Convention, and the problem from the "demand side" can be addressed by Anti-Corruption activity. Corruption can be defined as "the misuse of authority as a result of considerations of personal gain which need not be monetary and includes bribery, nepotism, extortion, embezzlement, and utilization of resources and facilities which do not belong to the individual for his own private purposes" (Muzaffar, 1980). In the 1990s, sexual harassment was added to the list quoted above because it was considered to be an abuse of power. The OECD Anti-Corruption activity includes initiatives that address the problems in implementing the Antibribery Convention through work on public service ethics. The work of the OECD Public Management Committee (PUMA) on ethics and corruption prevention supports OECD member countries in their efforts to improve their systems of governance and public sector management. This activity led to the adoption by the OECD Council in April 1998 of the "Recommendation on Improving Ethical Conduct in the Public Service" (Bertok, 1999). The purpose of this activity is to help governments monitor the broader public service environment in order to maintain

effective frameworks for promoting integrity and preventing corruption on the part of public officials. Since the Antibribery Convention became effective in 1999, the work on bribery in national export credit systems accelerated, culminating in December 2000. The OECD also assists non-member countries in improving their governance and anti-bribery standards through a number of outreach activities in the Anti-Corruption Division and the Public Management Service as well as through the work of the OECD Development Center (OECD, 2003; Bertok, 1999).

Media Exposure and Reputation

According to Weaver, Trevino and Cochran (1999b), public opinion can spread legitimating and delegitimizing accounts of organizations and influence the behavior of consumers, interest groups, government agencies, and other institutional actors. In particular, media organizations that can shape public opinion are in a position to exert pressure on organizations by publicizing companies' real or alleged ethical failings (Greening & Gray, 1994; Wartick, 1992). Companies that have been the targets of critical media attention tend to develop visible policies and practices in an attempt to restore lost legitimacy or to prevent further negative coverage in the future (Ashforth & Gibbs, 1990). For example, several apparel marketers and retailers have developed codes and policies regarding their own and suppliers' treatment of employees following media attention to overseas sweatshops (Miller, 1997). Thus, negative media attention toward an organization influences a company to engage in broad ethics management.

On the subject of media influence on business ethics, Weaver, Trevino, and Cochran (1999b) hypothesize that the more media attention a company receives for its ethical failures, the broader the scope of its ethical program becomes. The authors define

the scope of ethics programs as the number of different ethics program elements included in its formal ethics management effort. In some companies, ethics programs are broad in scope, with multiple elements, including dedicated staff, supporting structures and policies, and extensive employee involvement. In other companies, the scope of ethics management is limited, with few staff and supporting structures.

As the population of their study, Weaver, Trevino, and Cochran (1999b) targeted all of the *Fortune* 500 Industrial and Service companies listed for 1994. They obtained data from survey and archival sources, including (1) a mail survey of officers knowledgeable about company ethics practices, (2) registration lists for conference board ethics meetings, and (3) a database of article abstracts from 25 major U.S. newspapers for the period 1989-1994. Dependent variables used in their study are ethics program scope and ethics program mode of control. Higher scores on the scope measure reflect the presence of more ethics-oriented structures and activities. The degree to which a values orientation and a compliance orientation characterized an ethics program's mode of control was measured according to the reported emphases in the program on values and aspirations and on monitoring and punishment. The result indicated that the independent variable, media attention to a firm's ethical failures, was significantly and positively correlated to the breadth of the corporate ethics program scope. This means the more media attention a corporation's ethical failures receives, the broader is the scope of its resulting ethics program (Weaver, Trevino, & Cochran, 1999b).

An effort to provide a corporate ethics program is regarded as an important way to obtain and sustain a good reputation as a corporation (Coleman, 2000). In a study of 21 leading electric power companies (Resnick, 2002, p.38), organizational culture/ethics

emerged as the second most important characteristic, following marketing effectiveness that shapes the strength of a company's corporate image. Given the significant interest in ethics, Rating Research LLC (RRC) decided to go back to its electric power industry reputation database and take a more in-depth look at its ethics-related findings. RRC's analysis focused on measuring the impact of the perception of a company's ethics on its overall reputation in the marketplace (Mole, 2003).

For perception of ethics and reputation study, RRC surveyed more than 500 senior executives and nearly 50 financial analysts specializing in the electric industry for their perceptions of their peers' ethics. The respondents were first contacted between January and March 2002 and then again between September and early November 2002. RRC's proprietary ethics reputation model generates companies' ethics reputation scores (ERS) from a company's responses to survey questions. Each company's ERS thus reflects the perceptions of industry executives of that company's ethics performance. Finally, RRC's Ethics Rating Committee assigns an ethics reputation rating to each company included in an industry study. This number reflects not only a company's ERS but also the committee's assessment of the company's overall ethics reputation, as gleaned by RRC analysts from business and financial media, financial analysts, and other sources (Mole, 2003).

The first task was to determine how significantly a company's ethics reputation affects its overall reputation. The results of RRC's research confirm the hypothesis that the contribution of ethics to a company's overall reputation is statistically significant. Statistical analysis indicates that external perceptions of a company's business ethics (Mole, 2003):

- Materially affect the degree of industry support the company may expect to enjoy during periods of controversy (28%).
- Play an important role in determining whether the company's securities are perceived by industry executives as attractive investments (20%).
- Significantly color a company's overall reputation by affirming or undermining its image as an "excellent company" (22%).

The next step in the process was to determine which business practices have a significant impact on a company's ethics reputation. Industry executives associated the following seven characteristics with sound ethical behavior:

- Adherence to ethical business practices
- Fair treatment of employees
- Environmental consciousness
- Positive relationship with regulatory bodies
- Openness and honesty with the public
- Trustworthiness
- Excellent safety record

Rating Research LLC's ethics reputation ratings range from E1 ("highest quality") to E5 ("poorest quality"). Companies rated E4 or E5 have poor ethics reputations and are considered to be at high-risk of "ethics default"- meaning that the company had grossly violated the trust of significant stakeholders (customers, suppliers, shareholders, and employees) and the public at large. The difference between the latter two ratings is that E4 companies can rehabilitate their reputation if they take corrective measures, whereas E5 companies have no such prospect.

The overall results of the analysis indicate that the electric power industry enjoys good ethics reputation ratings, with most of the 21 companies in the survey receiving an above-average E2 rating. Two of the 21 companies earned the top rating of E1, and none received an E4 or E5. In summary, RRC's study of ethics in the electric power industry confirms that companies exhibiting high ethical standards earn equivalent levels of reputation from their peers (Mole, 2003). Thus, a significant relationship has been shown to exist between reputation and business ethics. The following study will examine the relationship between corporate reputation and media exposure.

In his 1992 study, Wartick defined media exposure as news coverage a specific company within a defined period. Corporate reputation refers to the aggregation of a single stakeholder's perception of how well organizational responses are meeting the demands and expectations of many organizational stakeholders. The author studied how media exposure changes corporate reputation and analyzed in more depth than some prior studies varying characteristics of media exposure that are associated with changes in corporate reputation.

Prior to Wartick (1992), one study that examined four cases - Tylenol, Ford Pinto, Dodge Omni/Plymouth Horizon and Rely Tampon - concluded that the magnitude of negative media exposure leads to a proportionate decline in corporate reputation (Weinberger & Romeo, 1989). In another study, statistical support was found for the hypothesis that any media exposure, whether positive, negative, neutral, or mixed, negatively affects corporate reputation (Fombrun & Shanley, 1990). Griffin, Babin, and Attaway concluded from their 1991 study that episodes of negative publicity do negatively affect corporate reputation, but "source credibility and firm responsibility,

history, and response tactic are important situational factors” (p. 340) that moderate the degree of impact. Although few in number, these studies provide a solid foundation for motivating more detailed examinations of the relationship between media exposure and changes in corporate reputation.

For the purposes of Wartick’s (1992) study, a *Fortune* magazine data set was used to measure corporate reputation. *Fortune*’s “Most Admired Corporations” survey provides measures consistent with corporate reputation and has become well known to business and other scholars. Wartick’s study has several hypotheses that can be generated and analyzed about the relationship between media exposure and changes in corporate reputation. Table 2.1 summarizes the specific hypotheses. Wartick’s study has four media exposure-related variables:

- (1) the amount of media exposure (as measured by ad value)
- (2) the tone of the media exposure (positive or negative)
- (3) the recency of the media exposure (the most recent period is assigned a value of 25 and all earlier periods are assigned values in descending order until the least recent period in the 1987-88 year is assigned a value of one), and
- (4) the topic (grouped into three categories: strategy and management, marketing and products, and issues and events)

The relationship among these media exposure variables and the magnitude, the direction, and the total movement of the change in corporate reputation can be analyzed using simple correlational statistics. Wartick’s hypotheses are intended primarily as tests of theoretical relationships developed with social cognition principles, even though a few

Table 2.1.

Hypotheses about relationship
Between Media Exposure (ME) and Changes in Corporate Reputation (CR).

	Magnitude of Change in CR (direction ignored)	Direction of Change in CR (size of change ignored)	Total Movement of Change in CR (continuous from largest positive change to largest negative change)
Amount (i.e. Ad Value) of ME (tone ignored)	More ME is associated with larger, absolute change in CR.	More ME is associated with negative change in CR.	More ME is associated with larger, negative changes in CR.
Tone of ME (amount ignored)	Negative tone is associated with larger, absolute change in CR.	Negative tone is associated with negative change in CR.	Negative tone is associated with larger, negative change in CR.
	Magnitude of Change in CR (direction ignored)	Direction of Change in CR (size of change ignored)	Total Movement of Change in CR (continuous from largest positive change to largest negative change)
Recency of ME (most recent has highest value)	More recent ME is associated with larger, absolute change in CR.	More recent ME is associated with change in CR in the direction of the tone of the ME.	More recent ME is associated with larger changes in CR.
Topic of ME	Unrelated to Changes in CR		

Note. From "The relationship between intense media exposure and change in corporate reputation," by S. L. Wartick, 1992, *Business and Society*, 31(1), p. 40.

of the hypotheses are based on the findings of previous studies. For example, it is expected that greater media exposure is associated with greater changes in perceptions of corporate image (Fombrun & Shanley, 1990). The logic is that media exposure increases the probability of discovering discrepant information that can disturb existing perceptions and stereotypes about a corporation. It is also expected that negative media coverage, which is more salient than positive coverage, will result in greater negative change in

corporate reputation. The logic here is that although both positive and negative coverage may be directly related to changes in corporate reputation, negative coverage will have greater impact. It also seems reasonable to expect that more recent media exposure will be associated with larger absolute changes in corporate reputation, with these changes in the direction of the tone of media exposure. Because more recent media exposure is less subject to distortion, it is more likely to be associated with changes in perception consistent with the characteristics of the media exposure. Finally, because nothing in theory or previous study suggests how or why topics of media exposure will be associated with changes in corporate reputation, it is hypothesized that no relationship exists (Wartick, 1992).

In Wartick's study, the statistical analysis is presented in three parts: analysis of control variables; analysis of the correlations between the media exposure variables and the overall sample; and analysis of correlation between the media exposure variables and reputation subgroups within the overall sample. Inter-rater differences and market value of the company were initially considered as possible significant control variables. Inter-rater differences do seem to have the possibility of influencing change in corporate reputation because different set of "judges" rates each industry in the *Fortune* survey. To determine whether controlling for these differences is needed, a Duncan's multiple range test was run on rating of the 32 sets of industry judges in the 1988 *Fortune* data. This test examines whether different sets of judges appear to be using common criteria or if standardization of the judges' rating is necessary. The best result from this test found that six of the sets of industry judges appeared to be using criteria that were significantly different from the other 26 sets of judges. Because four of those six industries included

companies in the sample of 30 with intense media exposure, standardization of corporate reputation ratings across industries was found to be necessary (Wartick, 1992).

Using the adjusted change in corporation reputation as the only control variable, Table 2.2 shows the results of correlations run between the amount, tone and recency of media exposure and the magnitude, direction, and total movement of the changes in corporate reputation. From the correlations, only three correlations were found to be statistically significant. The three supported relationships suggest that the tone of media exposure is indeed a key factor associated with both the direction and the total movement of change in corporate reputation. Recency proved to be the only variable to have a significant relationship with the magnitude of the changes in corporate reputation.

Table 2.2.

Correlations for the Overall Sample in Wartick's study of the Effect of Media Exposure on Corporate Reputation.

Correlations for the Overall Sample (n=29)			
	Magnitude of Change in CR ^a Mean=0.374 s.d.=0.305	Direction of Change in CR Mean=-0.103 s.d.=0.995	Total movement of Change in CR Mean=-0.084 s.d.=0.476
Amount of ME ^b Mean=750.6 s.d.=425.9	r =0.164	r =0.226	r =0.200
Tone of ME Mean=-0.172 s.d.=0.985	r =-0.304	r =0.509**	r =0.403*
Recency of ME Mean=13.10 s.d.=7.170	r =0.355*	r =-0.046	r =-0.097
*significant at the P< .05 level **significant at the P< .01 level			

Note. ^aCR = Corporate Reputation, ^bME = Media Exposure, From "The relationship between intense media exposure and change in corporate reputation," by S. L. Wartick, 1992, *Business and Society*, 31(1), p. 42.

To summarize this section, three different studies are discussed. Weaver, Trevino and Cochran's (1999b) study shows that media attention to a firm's ethical failures broadens the scope of corporate ethics programs in general. Mole (2003) asserts that the level of business ethics standards results in similar level of corporate reputation. And Wartick's 1992 study reveals that intense media exposure changes corporate reputation. From a Recent Rating Research LLC (RRC) survey of over 450 consumers who own stocks or bonds, a resounding 94 percent said that information about a company's reputation and business practices is important to them (Resnick, 2002). Especially with increasing media attention on business ethics issues, it would be wise for corporations to give more thought to their ethical practices in improving their corporate image. The following section will discuss internal influences on a corporation's business ethics.

Internal Influences on Business Ethics

One important internal pressure or influence on an organization to perform morally is management commitments (Weaver, Trevino, & Cochran, 1999b, c). An executive's exercise of choice is influenced in part by characteristics of that executive (Finkelstein & Hambrick, 1990 & 1996). According to the upper echelons theory (Hambrick & Mason, 1984), executives have cognitive frameworks and value commitments that influence organizational outcomes. The value commitments of top executives are of predominant importance because these officers have the status necessary to influence organizational actions (Finkelstein & Hambrick, 1990, 1996). Weaver, Trevino, and Cochran (1999b) proposed that executives who are strongly committed to ethics would influence their organizations to develop formal ethics

programs. This view is consistent with the business ethics literature, which stresses the importance of executives' commitment to ethics (Paine, 1996).

The point might best be illustrated with an example. Robert Haas, CEO of Levi Strauss & Company (*Business Week*, 1994; Haas, 1994; Howard, 1990) has been described as someone who wants his company to not only make profits but to make the world a better place. To this end, he requires that the corporate mission statement, "aspirations," guide all decisions (*Business Week*, 1994, p. 46). As a young adult, Haas marched for civil rights, served in the Peace Corps, served in the White House in the Johnson administration, and worked as a McKinsey & Company consultant, where he was known as an environmentalist (Sherman, 1997). Haas's ethical commitment appears to have influenced Levi Strauss's development of an aspirations statement, diversity programs, ethics initiatives, and child labor policies for overseas suppliers (Levi Strauss & Company, 2003a, b).

In a study mentioned in the previous section on media, Weaver, Trevino, and Cochran (1999b) hypothesized that the stronger the top management's commitment to ethics, the broader the scope of the company's ethics program will be. The results of the study indicate that top management's commitment to ethics is significantly and positively related to the scope of an ethics program ($t = 4.54, p < .01$). The study further shows that the commitment to ethics by management, especially by top-level management, is an important variable in a corporation's business ethics. Further, an example of top management's ethical commitment has a strong influence on the corporation's ethical conducts and concerns.

In addition to management commitment to ethics, another internal influence on ethics is permanent monitoring. Permanent monitoring includes steps such as establishing an ethics office and encouraging employees to use hotlines to report unethical practices. The Conference Board's (1999) Working Group conducted research on Global Business Ethics Principles between 1997 and 1998. Composed of sponsoring organizations representing major governmental and nongovernmental institutions, corporations, and leading academicians from North and South America, Europe, and Asia, the Conference Board's Working Group on Global Business Ethics Principles first convened on July 16, 1997. Participants of the Working Group determined that its first priority was to facilitate a truly global exchange of views through meetings in Asia, Latin America, and Europe. In 1998, the Working Group held sessions in New Delhi, Mumbai, Rio de Janeiro, Buenos Aires, and Paris. In cooperation with the Business Ethics Research Center in Tokyo, the Working Group's director, Ronald E. Berenbeim, was invited to speak at the Center's International Symposium and to discuss Japanese views on the issues raised in the Working Group's questionnaire and at the five prior Working Group meetings. The proceedings of those meetings form the basis of this report (The Conference Board, 1999). At the same time, a survey was mailed to a representative list of companies active in global markets, mostly large companies from all major industries worldwide. Of the responding companies, the median figure for their 1997 revenues from outside the home country was 28 percent. About 53 percent were non-U.S. companies and 37 percent of the participants came from outside North America and Europe (The Conference Board, 1999).

From the research, 52 percent of the respondents said their company had an ethics officer or person with equivalent responsibilities. Among the 15 Japanese companies, the percentage was much higher (93 percent). Ethics-related staff size varied with a median figure of two. Only four companies said their ethics officer had no other staff. The median budget for the ethics officers was \$200,000, but three companies reported spending more than \$2 million. The research revealed that 46 percent of the ethics officers reported to the CEO, and 22 percent to the general counsel. Of the remaining group, the chief financial officer and vice president of auditing were the most likely to exercise supervisory authority over ethics programs. In some cases, the board of directors had program oversight – particularly where, as in one instance, the ethics officer is the CEO (The Conference Board, 1999).

As for employee hotlines, 52 percent of the responding companies maintain telephone information and reporting services (commonly known as hotlines) at all or some locations for employee use in reporting potential irregularities and seeking clarification of company ethics and business conduct policies. Some companies experienced resistance to using hotlines due to cultural differences. Despite minor setbacks, employee use of hotlines was generally successful. Many senior ethics officers agree that a utilization figure of 2 percent to 7 percent is a reasonable confirmation of employee awareness and acceptance. Increase in call volume is another test. For example, Tenet Healthcare Corporation's number of inquiries increased from 880 when the program began in 1995 to 4,179 in 1997. Obviously more employees were served in 1997, but more importantly, the increase in call volume was much greater than the increase in number of employees. Another test for successful usage is whether the caller

is reporting a possible infraction that has already occurred, or is seeking advice that may result in avoidance of a potential problem. Opportunities for intervention in the latter situation can result in more cost-effective outcomes, and signal growing employee sensitivity to ethical issues. In view of these considerations, a change in the caller mix from “complaint” to “consultative” – based inquiries can be very encouraging (The Conference Board, 1999).

Both external and internal influences on business ethics, and international agreements and regulations have been discussed so far. Although the internal influences mentioned in this section are fewer in number than the external ones, they cannot be overlooked. Key people in management positions are the driving force behind adopting and adapting ethical policies, and employee awareness of these policies is key to carrying them out while engaging in business activities. The following section will introduce some international organizations that are striving to abate unethical business behaviors.

Increasing Public Interest Organizations’ Involvement in Business Ethics

Organizations mentioned earlier such as the Caux Round Table, the OECD, the UN, and the ILO have principles, agreements, or regulations for promoting ethical international business conduct. In addition, some political action groups or public interest organizations that do not have specific ethical principles, agreements, or regulations demonstrate a high level of ethical concerns for business performances. For example, the Infant Feeding Action Coalition (INFACT) started the well-publicized boycott of the Nestle Corporation for Nestle’s unethical practices connected with selling baby formula in underdeveloped countries (DeGeorge, 1993). In this section, the efforts of several public interest organizations will be introduced.

In 1978, INFACT asserted that around one and a half million children in developing countries died in a year because their mothers had been persuaded to give them breast milk substitutes. The organization pointed out two main problems that led to infant deaths. The first is lack of access to safe water in developing countries. Mothers often mixed the formula with contaminated water that caused severe diarrhea that can prove to be fatal to infants. The other problem was that poor families with little money to buy the product often used too little powder, leading to malnutrition and starvation (DeGeorge, 1993; Richter, 2002).

INFACT started the boycott of Nestle, denouncing the company for marketing a product that kills its consumer, especially when the consumers – babies – can in no way participate in decision-making in purchasing and using the product. INFACT made this issue very public, and it became even more so when the U.S. Senate held a hearing on the issue in 1978. With effective lobbying by INFACT, the United Nation's Children's Fund (UNICEF) and the World Health Organization (WTO) called a meeting in 1979. That meeting gave the WHO a mandate to work on a code concerning selling breast milk substitute. There were four drafts, and finally, the World Health Assembly, the decision-making body of the WHO, adopted the Code of Marketing of Breast Milk Substitutes in 1981. A few months later the UNICEF executive board approved the Code as an international regulatory instrument (Richter, 2002).

According to Richter (2002), the gap between commitment to the code and actual implementation is due to changing political climate. The 1980s was the decade when political balances started to shift. Neo-liberal ideas increasingly started to shape policies the world over, transnational corporations got bigger and bigger, and the United States

used its leverage to influence the UN to not be so supportive of strict regulation of transnational corporations. Countries were left to implement the Code on their own when regulation of transnational corporations was coming to be seen as something that was a negative public measure (Richter, 2002).

Even when a country did adopt the Code into national legislation, many failed to have a good monitoring system in place. Much of the monitoring was done by civil society organizations, in particular the International Baby Food Action Network (IBFAN). The IBFAN issued monitoring reports about every two years, and they showed that companies continue to violate the code. For example, Nestle signed an agreement to stop these practices, and be subject to monitoring by an independent audit commission, but only in developing countries (Paul & Lydenberg, 1992). The company argued that specific monitoring of the implementation of the Code interferes with national sovereignty. The United States is one of the few countries that refused to implement the Code because the Code violates freedom of commercial speech, and Nestle did not want to interfere with U.S. national sovereignty.

Concerns for environmental issues have spawned a number of other groups advocating ethical corporate conduct. The Coalition for Environmentally Responsible Economies (CERES) is comprised of environmental advocacy organizations, labor unions, public interest groups, community-based activists, and investment institutions that explicitly consider environmental factors in their investment decisions. CERES encourages corporate environmental responsibility in a number of ways by encouraging companies both on meeting their commitment and on environmental reporting through

the global reporting initiative, and by mobilizing the network in activist projects like the Sustainable Governance Project and the Green Hotel Initiative (CERES, 2003a).

CERES began its work in 1988 when the Board of the Social Investment Forum, an association of socially responsible investment firms and public pension funds, decided to form an alliance with leading environmentalists to find ways in which investment dollars could promote a healthy environment. While work progressed on the coalition and its mission, the Exxon Valdez oil spill disaster was added to a list of environmental disasters that included Bhopal, dirty beaches and species extinction and rising public awareness about corporate environmental management. In the fall of 1989, CERES announced the creation of the Valdez Principles (later renamed the CERES Principles), a ten-point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic. Embedded in that code of conduct was the mandate to report periodically on environmental management structures and results. The coalition released the principles with little knowledge of possible corporate reaction. The initial corporate reaction to the Principles and their reporting mandate was negative; they resisted releasing data on environmental issue. For the first several years, the CERES Principles were mainly adopted by companies that already had a strong “green” reputation, as exemplified by firms such as Smith and Hawken, Aveda, Ben & Jerry’s, and The Body Shop (CERES, 2003b).

Throughout the 1990s, the tide began to shift. Stakeholder involvement, increasing public attention to environmental ethics, voluntary initiatives promoted by the government, and annual environmental reporting became accepted by influential members of the mainstream business community. CERES has conducted numerous

negotiations and informational meetings with companies and other stakeholders, further fine-tuning the coalition's approach, principles and reporting model. As a result, over 50 companies have endorsed the CERES Principles, including 13 Fortune 500 firms. More than 2000 companies worldwide regularly publish environmental reports (CERES, 2003b).

Other well-known examples of public interest organizations' involvement in business ethics are close monitoring by various activist groups of the fishing industry, the timber industry and the use of nuclear power. Greenpeace is a non-profit organization with a presence in 40 countries across Europe, the Americas, Asia, and the Pacific. To maintain its independence and objectivity, Greenpeace does not accept donations from governments or corporations but relies on individual contributions and foundation grants. As a global organization, Greenpeace focuses on the most insidious threats to our planet's biodiversity and environment. The organization campaigns to reduce climate change, protect ancient forests and the oceans, stop whaling, say no to genetic engineering, prevent the use of nuclear power, eliminate toxic chemicals, and encourage sustainable trade (Greenpeace, 2003).

Greenpeace has been campaigning against environmental degradation since 1971, when a small boat of volunteers and journalists sailed into Amchitka, an area north of Alaska where the U.S. Government was conducting underground nuclear tests. The non-violent boat journey sparked a flurry of public interest, and nuclear testing on Amchitka ended that same year. This tradition of 'bearing witness' in a non-violent manner continues. Today, Greenpeace is based in Amsterdam and has 2.8 million supporters

worldwide, and national as well as foreign regional offices in 41 countries (Greenpeace, 2003).

So far, internal and external influences, social organizations' efforts to promote business ethics, and international business ethics have been discussed. In the discussion, it has been shown that many countries and organizations have been involved against unethical business conduct and have promoted the adoption of ethical regulations and principles. Each country has its own culture, and even an organization's employees have different backgrounds and inherent characteristics. Therefore, when referring to business ethics, especially international business ethics, the notion of culture should always be considered. The following section will discuss culture and how it relates to business ethics.

Culture and Business Ethics

It is often said that the world is getting smaller. Advances in television, telecommunications, and transportation make the world a global village. Large cities such as Paris, London, Toronto, or Bombay are becoming more and more diverse, populated by people from different geographical and cultural backgrounds. Despite the semblance of a melting pot, people from different origins tend to maintain public and private artifacts of their culture. For example, in New York City, Little Italy sits alongside Chinatown, and the Ukrainian restaurant on East 10th street prints its menu in Ukrainian.

Examples of cultural enclaves can easily be founded in Europe. The creation of an economic union in 1992 was expected to lead to business conformity, but the event has done little to form a common European culture. Throughout Europe walls have

collapsed, border guard posts have been vacated, and airport passport control booths for Europeans are supposed to have disappeared. But the promise of global products, uniform standards, and equal access to jobs or markets exists more in theory than in practice. Violent protests and demonstrations block free transportation of produce, meat, and fish across borders. The pressures to preserve political and economic sovereignty as well as cultural identity and integrity have grown stronger as evidenced by continuing regional tensions in Spain, Ireland, Belgium, and most dramatically in the former Yugoslavia and USSR (Schneider & Barsoux, 2003). With this reality, one can possibly say that even if the world is getting smaller technologically, cultures are not converging. So far the term “culture” has been used abstractly, but more detailed descriptions will be given later. The following section will discuss cultural differences in business, cultural differences in business ethics, and comparative studies of cultural differences in business practices.

Culture

According to Schneider and Barsoux (2003), over 164 different definitions of culture are given by anthropologists. The most common way to define culture is as a “way of life.” More specifically, culture means a special way of life for individuals who belongs to a particular group, race, class, community or nation, in accordance with a system of values, and support of certain ideas, perceptions, and meanings (O’Hagan, 2001). The special way of life within a particular culture has been determined in part by physical environment, climate, and geographical location, all of which influence physical characteristics and the development of perception, emotion, cognition, communication, mobility and gesture. This point is also made by Schneider and Barsoux (2003). The

authors present methods of discovering three levels of culture. One of their three levels is artifact and behavior. Observation is a method used to discover cultural elements, especially artifacts and behaviors. Using observation, people notice distinctive behaviors. However, observation alone does not reveal the meaning of a behavior because the same behavior can have different meanings, and different behaviors can have the same meaning. In order to understand the meaning of behaviors, additional methods, which will soon be discussed, are necessary.

The way of life within cultures has also been determined and shaped by values, ideas, perceptions, and meanings that evolve over time. These values, ideas, perceptions, and meanings constitute the individual's knowledge and understanding of the world in which he or she lives. And individuals, as a group, contribute to significant components of culture, such as myth, legend, language, religion, morality, belief systems, mores and customs, dress, diet, art, sports, education, and the manufacture and use of functional tools and material objects. Culture embraces all of these, and the individual may regard each of them, as culturally significant (Figure 2.2).

One way to shed light on these values, ideas, perceptions, and meanings that exist in a culture is through interviews and surveys (Schneider & Barsoux, 2003). Using questionnaires and surveys, scholars have provided more and more evidence about different cultural beliefs and values. Schneider and Barsoux (2003) add assumptions regarding an additional classification of culture. The assumptions held by a culture exist at the most profound level of a culture, and they represent why groups of people behave the way they do, and why they hold the beliefs and values they espouse. Discovering

underlying assumptions, which are difficult to access, have to be inferred through interpretation.

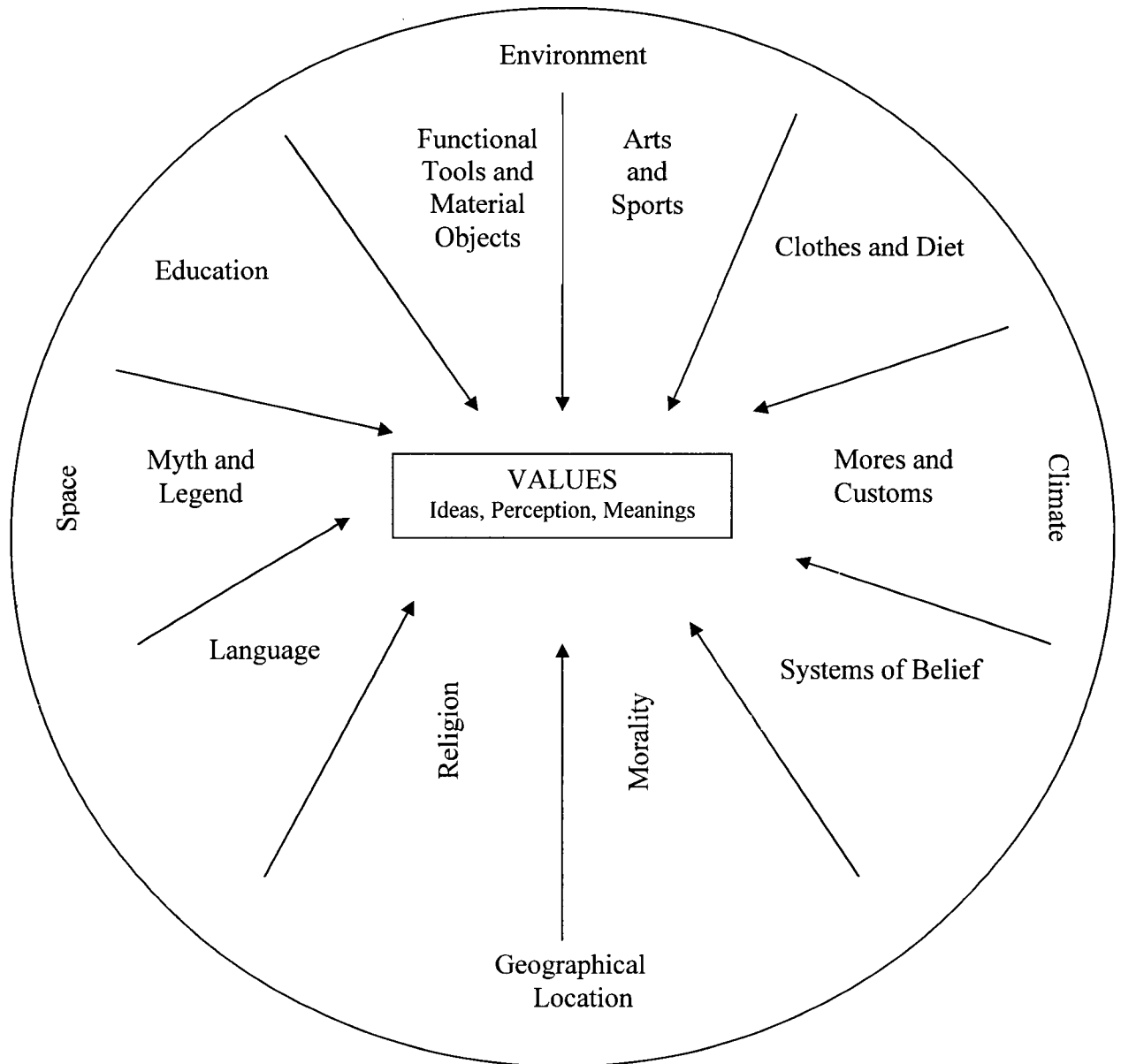


Figure 2.2. Culture.

Note. From Cultural competence in the caring professions, by K. O'Hagan, 2001, London, England: Jessica Kingsley Publishers Ltd., p. 234.

Cultural Differences in Business Areas

An increasing awareness of culture has sparked interest in academic fields, both in conceptual and applied areas of study. There are studies on culture and how it relates to: health and social care (O'Hagan, 2001), counseling (Garcia et al., 2003), the military (Van Aller, 2001), anthropology (Ota, 2002), politics (Chambers, 1996), family study (Mize, Russell, & Petit, 1998), merchandising (Solomon, Bamossy, & Askegaard, 2002), psychology (Cohn, 2002), medicine (Payer, 1986), and business (Durand, 1996; Hofstede, 1983; Lovett, 1999; Mitchell, 2000; Puffer, 1996; Schneider & Barsoux, 2003). As in many other fields, cultural issues have significant influences in the business world. The workplace is getting more diverse due to increasing immigration and growth of international business. The following section will discuss cultural differences and their impact on businesses.

A large-scale survey conducted by the *Harvard Business Review* of 11,678 managers in 25 countries concluded that “the idea of a corporate global village where a common culture of management unifies the practice of business around the world is more a dream than reality” (Kanter, 1991). An unpublished report by Euromas, the European mergers and acquisition service of Coopers & Lybrand, the international accounting firm, says that “cultural differences are the biggest source of difficulty in integrating European acquisitions” (Buchanan, 1989, p. 9). According to a survey by the Geneva office of Business International, a business research firm, 35 percent of senior executives said cultural differences were the major problem in foreign acquisition compared with 20 percent who ranked unrealistic expectations highest, and 13 percent who attributed poor management (Buchanan, 1989). Thus, despite technological and economic forces

favoring integration or convergence, there are equal or perhaps greater forces, including cultural differences, favoring fragmentation. For this reason it is necessary to understand how culture affects businesses.

Cultural differences in business can be defined as “disparities between traditions involving potential misunderstandings related to the traditional requirements of the exchange process” (Armstrong et al., 1990, p.17). One of the most important studies in the field, which attempted to establish the impact of cultural differences on management, was conducted by Geert Hofstede, first in the late 1960s, and continuing through the next three decades (Hofstede, 1980 & 1991). The original study was based on an employee opinion survey examining preferences in management style and work environment among 116,000 IBM employees in 40 different countries. From the results of this survey, Hofstede identified four “value” dimensions on which countries differed: power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity.

The Power Distance Index (PDI) refers to the degree of inequalities in power and wealth in a given society. According to Hofstede, organizations in countries with a high PDI exhibit the following characteristics: greater centralization; tall organization structure; large proportion of supervisory personnel; large wage differentials; low qualification strata; white-collar jobs valued more than blue-collar jobs. The converse characteristics tend to hold for organizations in countries with low PDI (Hofstede, 1980).

Uncertainty avoidance pertains to how societies deal with future unknowns. Organizations in countries with a high uncertainty avoidance index (UAI) exhibit the following characteristics: structuring of activities; more written rules; larger number of specialists; higher standardization; attention to detail; task-oriented managers; greater

consistency in managerial style; unwillingness to make individual and risky decisions; lower labor turnover; less ambitious employees; and more ritualistic behavior. According to Hofstede, the countries with the lowest UAI in his study were Singapore and Hong Kong; the U.S. scored moderately low on UAI, whereas Spain, Italy, Greece, Portugal, and Japan had high UAI scores (Hofstede, 1980).

Individualism versus collectivism pertains to an individual's relationship to others in a group. Organizations in countries scoring high on individualism exhibit the following characteristics: Individual involvement with organizations is primarily reward-based; organizations are not expected to look after employees from the cradle to the grave; an organization has moderate influence on members' well-being; employees are expected to defend their own interests; policies and practices allow individual initiative; hiring and promotions are based on market value (cosmopolitanism) and occur from inside and outside; managers endorse modern management practices and stay up-to-date on current information; and policies and practices apply to all (universalism). According to Hofstede (1991), organizations in collectivist countries like China, India, and Columbia tend to exhibit characteristics that are the diametrical opposite of individualism (Hofstede, 1980).

Masculinity versus femininity (MAS) refers to the differentiation of sex roles in a society. Organizations in countries with a high MAS index tend to exhibit the following characteristics: self-esteem based on social status for young men; organizational interests taking precedence over people's private lives; fewer women in better-paid and higher-level jobs; high job stress; and resistance to job restructuring that promotes individual achievement. According to Hofstede (1991), the U.S. scored moderately high on MAS,

whereas Nordic countries e.g. Denmark, Sweden, Norway, scored low. Country rankings on each dimension are provided in Table 2.3.

Table 2.3.

Hofstede's Rankings

Country	Power distance		Individualism		Masculinity		Uncertainty avoidance	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Argentina	49	35-6	46	22-3	56	20-1	86	10-5
Australia	36	41	90	2	61	16	51	37
Austria	11	53	55	18	79	2	70	24-5
Belgium	65	20	75	8	54	22	94	5-6
Brazil	69	14	38	26-7	49	27	76	21-2
Canada	39	39	80	4-5	52	24	48	41-2
Chile	63	24-5	23	38	28	46	86	10-5
Colombia	67	17	13	49	64	11-2	80	20
Costa Rica	35	42-4	15	46	21	48-9	86	10-5
Denmark	18	51	74	9	16	50	23	51
Ecuador	78	8-9	8	52	63	13-4	67	28
Finland	33	46	63	17	26	47	59	31-2
France	68	15-6	71	10-1	43	35-6	86	10-5
Germany (FR)	35	42-4	67	15	66	9-10	65	29
Great Britain	35	42-4	89	3	66	9-10	35	47-8
Greece	60	27-8	35	30	57	18-9	112	1
Guatemala	95	2-3	6	53	37	43	101	3
Hong Kong	68	15-6	25	37	57	18-9	29	49-50
India	77	10-1	48	21	56	20-1	40	45
Indonesia	78	8-9	14	47-8	46	30-1	48	41-2
Country	Power distance		Individualism		Masculinity		Uncertainty avoidance	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Iran	58	29-30	41	24	43	35-6	59	31-2
Ireland	28	49	70	12	68	7-8	35	47-8
Israel	13	52	54	19	47	29	81	19
Italy	50	34	76	7	70	4-5	75	23
Jamaica	45	37	39	25	68	7-8	13	52
Japan	54	33	46	22-3	95	1	92	7
Korea (S)	60	27-8	18	43	39	41	85	16-7
Malaysia	104	1	26	36	50	25-6	36	46
Mexico	81	5-6	30	32	69	6	82	18
Netherlands	38	40	80	4-5	14	51	53	35
New Zealand	22	50	79	6	58	17	49	39-40
Norway	31	47-8	69	13	8	52	50	38
Pakistan	55	32	14	47-8	50	25-6	70	24-5
Panama	95	2-3	11	51	44	34	86	10-5
Peru	64	21-3	16	45	42	37-8	87	9
Philippines	94	4	32	31	64	11-2	44	44
Portugal	63	24-5	27	33-5	31	45	104	2
Salvador	66	18-9	19	42	40	40	94	5-6
Singapore	74	13	20	39-41	48	28	8	53
South Africa	49	35-6	65	16	63	13-4	49	39-40
Spain	57	31	51	20	42	37-8	86	10-5
Sweden	31	47-8	71	10-1	5	53	29	49-50

Switzerland	34	45	68	14	70	4-5	58	33
Taiwan	58	29-30	17	44	45	32-3	69	26
Thailand	64	21-3	20	39-41	34	44	64	30
Turkey	66	18-9	37	28	45	32-3	85	16-7
United States	40	38	91	1	62	15	46	43
Uruguay	61	26	36	29	38	42	100	4
Venezuela	81	5-6	12	50	73	3	76	21-2
Yugoslavia	76	12	27	33-5	21	48-9	88	8
Regions:								
East Africa	64	21-3	27	33-5	41	39	52	36
West Africa	77	10-1	20	39-41	46	30-1	54	34
Arab	80	7	38	26-7	53	23	68	27
Countries								

Note. Rank numbers: 1 – Highest; 53 – Lowest. From *Cultures and Organizations: Software of the Mind* (p.26, 53, 84, &113), by G. Hofstede, 1991, London: McGraw-Hill.

Another cultural difference in business can be seen in time management. When comparing the habits of American and Asian managers, it is found that American managers like to do things one at a time. Chinese executives, on the other hand, often talk on the telephone, write a memo to a colleague, and continue to listen to a visiting businessperson all at the same time without appearing to miss a beat. The Chinese are considered highly polychronic, able to carry out multiple tasks simultaneously. Most polychronic societies believe that time is circular and therefore eternal. What does not get done in this life will be taken up in the next. Time is used to attempt to accomplish whatever task presents itself in the order it happens, and efficiency is not as important as the process. Polychronic groups plan little and accomplish less. To an individual from a monochronic society, time is used for ordering one's life, for setting priorities, for making a step-by-step list for doing things in sequence, and for dealing with one individual at a time. Americans – and those in most Western societies – are monochronic. They believe in linear time and they believe it must be used efficiently because they perceive it to be limited. They plan their work and work their plan (Mitchell, 2000).

People from different cultures process and disseminate information differently. Cultures termed “low context” are much more precise in their communication, zeroing in

on correct words to describe an event and providing mountains of detail. They assume a relatively low level of shared knowledge on the part of the person with whom they are communicating. Low-context cultures, such as the United States, Britain, and the Scandinavian countries focus more on what is being said, rather than on who is saying it. Body language, hand and facial gestures are secondary to the message itself, if not entirely ignored. Business can be conducted successfully by letter, telephone, fax, or email in such cultures. It is not necessary to meet face-to-face to get things done (Mitchell, 2000).

High-context cultures are the exact opposite. Communication tends to be imprecise, and as much attention is paid to the person delivering the message as to the message itself. In high-context cultures -most of Latin America, Asia, the Middle East and Africa – personal encounters are essential before business can begin. These people need as much ancillary information as possible. They pay more attention to physical surroundings and physical appearance. Body language, facial gestures, and voice inflections are believed to be important methods of communication. The physical surroundings for a meeting or a business meal are just as important as the substance of the discussion (Mitchell, 2000).

The “relationship-driven” versus “task-driven” factor is another cultural dimension that is important within the business culture in a society and also has application to societies as a whole. Cultures, especially in reference to business dealings, are either relationship-driven, which would be classified as feminine culture under Hofstede’s theory, or task-driven (masculine). Knowing which side of the fence your potential business partner sits on will allow you to prioritize your presentation and give

you a fair estimate of the time frame needed for closing a potential deal (Armstrong, 1996; Mitchell, 2000).

Task-driven cultures are usually low-context cultures, while relationship-driven cultures tend to be high-context ones. When giving a presentation to an individual from a task-driven culture, the main concerns will be the price, quality, and guarantees associated with a product or service. A sale can be closed on the first meeting. When presenting to people from a relationship-driven culture, failure is imminent unless a personal relationship is established beforehand. The product could be the best on the market, but without personal trust, the buyer would not want to hear about it. Conversely, attempting to rely solely on friendship in a task-driven society is of minimal use. While the friendship will not be rebuffed, the presentation and the deal structure had better be organized and to the point to seal the deal (Mitchell, 2000).

Cultural Differences in Business Ethics

In addition to impacting businesses in general, cultural differences have gained increasing attention in the field of business ethics. Armstrong et al. (1990) state that cultural differences are a factor in 10 major ethical problems, including large scale bribery, involvement in political affairs, pricing practices, gifts/favors/entertainment, and so on. Local business practices that would clearly be considered as corrupt in the home country, continue to challenge international managers. And managers from different countries report different behaviors when faced with these situations. For example, in a comparative study of U.S. and European managers (Becker & Fritzsche, 1987), bribery was more often considered the necessary price of doing business and competition forces by French (55 percent) and German (38 percent) managers than by their U.S.

counterparts (17 percent). Forty-seven percent of American managers said that the action described in the scenario the researchers presented was a bribe and was therefore unethical, illegal, or against company policy (as compared with 15 percent of the French or 9 percent of the German respondents). While bribery is illegal at home in France (French Penal Code, 1960) and in Germany, there is no legislation that makes it a crime to bribe or corrupt a public or private official of another country (Goldstein, 1979).

In Becker and Fritzsche's study (1987), it was found that all managers indicated similar concern in cases involving personal injury or the protection of society. However, different reactions to other scenarios clearly existed. French and American managers were found to be more likely to blow the whistle on unethical activities in their organizations to outside authorities than were German managers. In addition, managers in France and Germany were more willing than American managers to let slide a minor infraction concerning pollution, despite their countries having had major environmental laws since early the 970s. The greater likelihood of enforcement against people who were proved to have engaged in illegal practices in the United States was considered a key factor in explaining the differences found in this study.

Another study examined European and American executives' viewpoints in the areas of corporate social responsibility, business ethics, and the role of the government in the economy (O'Neil, 1986). Twelve chief executive officers of multinational corporations were interviewed. Three of them were non-committal, and three expressed the view that there was no real difference in ethical standards between America and Europe. Among the remaining six executives, 50 percent stated unequivocally that ethical standards in American business were lower than in European business. No one

claimed that ethical standards were higher in America. With regard to corporate social responsibility, the viewpoints of the European executives were similar to those of the American executives. However, their priorities were distinctly different. Europeans asserted that their primary responsibility is to the employees, particularly in meeting employee needs that will result in low turnover rates. Ten out of 12 interviewees responded that Europeans are much more tolerant than Americans of government regulations and involvement in the economy. This study showed that European executives perceived of American business ethics to be much lower than their own standards. This finding is different from the comparative study of Becker and Fritzsche (1987), which showed American managers' standards of business practice to be higher than European managers.'

A comparative study (Dubinsky et al., 1991) examined ethical perceptions of industrial salespeople in the United States, Japan, and South Korea. Questionnaires were distributed by mail to salespeople in cooperating firms in the United States (three firms, 218 people), Japan (three firms, 220 people), and Korea (five firms, 156 people). A questionnaire included twelve situations respondents were asked three "ethical questions": (1) Do you believe the situation or practice presents an ethical question? (2) Does your firm now have a stated policy - either written or verbal - that addresses the situation or practice? (3) Regardless of your answer to Question #2, do you feel it is a good idea for your firm to have a stated policy that addresses the situation or practice? (Dubinsky et al., 1991) An "ethical question" was defined as a pressure to take an action that was inconsistent with what one feels to be right. The study result indicated that there are significant differences in perception on ten out of 12 situations. Between U.S. and

Japanese salespeople, significant differences existed in the following five situations: using the firm's economic power to obtain concessions, circumventing the purchasing department, giving preferential treatment to good suppliers, giving preferential treatment to customers top management prefers, and gaining competitive information. In all of the above, the U.S. salespeople experienced fewer ethical dilemmas than their Japanese counterparts (Dubinsky et al., 1991).

Between the U.S. and Korean salespeople, six situations elicited significant differences. Compared to the Koreans, the U.S. sales personnel felt the following five situations posed less of an ethical question: soliciting low priority business, using the firm's economic power to obtain concessions, having less competitive prices or terms for sole source buyers, circumventing the purchasing department, and giving preferential treatment to customers top management prefers. Korean salespeople felt that giving free gifts to a buyer is less of an ethical question than the U.S. salespeople did (Dubinsky et al., 1991).

Between Japanese and Korean salespeople, seven of the twelve situations exhibited significant differences. The following three situations were perceived to be less of an ethical question for Japanese salespeople than for their Korean counterparts: soliciting low priority business, allowing personalities to affect the terms of the sale, and having less competitive prices or terms for sole source buyers. Korean sales personnel believe that the following situations are less of an ethical question than the Japanese salespersons: giving free gifts to a purchaser, providing free entertainment to a purchaser, giving preferential treatment to good suppliers, and gaining competitive information (Dubinsky et al., 1991).

Dolecheck and Dolecheck's (1987) study found that both similarities and differences existed when comparing attitudes of managers in the United States and Hong Kong. While differences were evident with regard to attitudes toward patent protection and price-fixing, almost all managers agreed on reporting defective or unsafe products to superiors even if their job was potentially in jeopardy (94 percent Hong Kong versus 99 percent U.S.). Although Hong Kong managers indicated that they were less inclined toward whistle blowing (50 percent Hong Kong versus 77 percent U.S.), they reported often having to compromise personal principles to conform (92 percent Hong Kong versus 41 percent U.S.).

Differences were also found in resolving ethical dilemmas: US managers were more likely to consult with their boss (42 percent U.S. versus 26 percent Hong Kong), while Hong Kong managers were more likely to discuss the issue with a friend (20 percent Hong Kong versus 6 percent U.S.). These differences - sharing of information and consensual agreements, loyalty, and pressures for conformity - can be taken as an evidence of greater collectivism in Hong Kong when compared to the United States (Dubinsky et al., 1991)

The study also asked managers to rank the factors contributing to unethical behavior. Neither group considered the society's moral climate or personal financial needs as important determinants. For both groups, the most important factor was the behavior of superiors. U.S. managers placed more importance on the behavior of peers as a determining factor, while managers in Hong Kong considered company policy and industry norms more important (Dubinsky et al., 1991).

According to the authors of this study, laws and regulations were considered unnecessary in Hong Kong due to the strong social controls created by intense interpersonal relationships. For example, insider trading is not considered a criminal offense; public exposure, loss of face, is considered to be sufficient punishment. Nonetheless, 82 percent of Hong Kong citizens indicated a need for regulation to improve ethical conduct in business. Apparently, more formal guidelines would be welcomed.

In the comparative studies discussed above, there are many differences among nations and cultures in business ethics. In the following section, the way different cultures are grouped in comparative studies will be analyzed. The way comparison grouping are made will also be discussed.

Analysis of Comparative Studies of Cultural Differences

There are several methods for identifying cultural traits in a group. As mentioned earlier, Hofstede (1983) separated cultures using four categories: power distance (PDI), uncertainty avoidance (UAI), individualism versus collectivism (IDV), and masculinity versus femininity (MAS). Carr-Ruffino (2000) categorized American culture into nine groups “Euro-Americans, Men and Women, African Americans, Asian Americans, Latino Americans, Gay Persons, Disabled Persons, Older Persons, and All Sizes and Shapes.”

In comparative studies on cultural differences, the comparison groupings are varied. As mentioned earlier in the culture section, geographical location, language, or religion could be used as different ways of grouping culture. Most studies group cultures in a comparison by geographical location. Some studies compare similar cultures in different geographical locations, such as Western cultural traits in America, France, and

Germany (Becker & Fritzsche, 1987) or the U.S. and Germany (Palazzo, 2002). There are comparative studies within a culture such as gender differences in Turkey (Ekin & Tezolmez, 1999) and Hispanics and Anglos in the United States (Shepherd, Tsalikis, & Seaton, 2002). Some studies compare different cultures in different geographical locations, such as Western and Eastern cultures in the U.S. and Malaysia (Karande et al., 2000) and Australia and Canada (Chan & Armstrong, 1999). A study can also present two or more similar cultures with one different culture, such as a study on the United States, Japan, and South Korea (Dubinsky et al., 1991) or three different cultures such as America, Australia, Malaysia (Karande et al., 2002) or a comparisons five different cultures such as United States, Japan, Korea, Australia and India (England, 1978). In their Indian Spiritual Transcendence Scale study (2002), Piedmont and Leach grouped culture along the religious and cultural lines such as Hindu, Christian, and Muslim.

Titled “Doing business across cultures: A study in business ethics accommodation,” grouping of countries in this research will be based on the Transparency International Corruption Perception Index (CPI) (2002). For purpose of the study, the 102 countries listed on CPI 2002 are divided into three cultural groups. The first group consists of countries that ranked in the top 25 percent in CPI 2002. The dominant geographical locations of this group are Western Europe and North America. The second group ranked between top 26 percent and 59 percent in CPI 2002. The second group’s dominant geographical locations are East Asia, Eastern Europe, and South America. The third group, composed of countries in the bottom 40 percent, are located predominantly in South Asia, Central America, the Middle East, and Africa.

In order to support the current research, study will examine previous similar research. In looking at the research, this study will do comparative analysis using the following groupings: (1) Western Europe and North America (2) East Asia, Eastern Europe, and South America (3) South Asia, Central America, the Middle East, and Africa. While studies exist that compare the first and the second culture groups; only one study has been found to compare to all three culture groups.

Comparative studies Between Culture Groups One and Two

Several comparative studies will be mentioned in the following section: (1) a comparison between the general Chinese system *guanxi* and the Western market system (Lovett, Simmons & Kali, 1999); (2) a comparison among United States, Hong Kong, and Chinese managers (Ralston et al., 1992); (3) a comparison among United States, Japanese and South Korean industrial salespeople (Dubinsky et al., 1991), and (4) a comparison between American and Malaysian managers (Karande et al., 2000).

Comparison of Chinese system (guanxi) and Western Market system

According to Lovett, Simmons, and Kali (1999), Chinese influenced economies are not moving toward a market capitalism similar to many Western economies, but rather toward a relationship-based “network capitalism.” The Chinese system of doing business on the basis of personal relationships, termed *guanxi*, is representative of the way business is conducted in much of the Asian world. The Chinese word *guanxi* refers to networks of informal relationships and exchanges of favors that dominate business activities throughout China and East Asia (Lovett, Simmons, & Kali, 1999, p. 231). In contrast, traditional Western business practice is based on discrete transactions and formal agreements. The *guanxi* system may appear to be corrupt and inappropriate by

Western standards, but it is a normal part of doing business for the Chinese. Yang (1994) provides three distinctions between *guanxi* and bribery. First, bribery is based on a simple gain-and-loss calculation, but *guanxi* takes into account a great deal more. Second, the *guanxi* obligation is long-term and diffused, while bribery is for an immediate and specific purpose. Third, unlike bribery, *guanxi* involves some level of emotional content or effect.

However, even after the distinctions are made clear, the *guanxi* relationship itself might still be criticized on ethical grounds. Most Western criticisms of *guanxi* are based on a principled approach. For example, awarding a contract to a supplier within the *guanxi* network rather than to the lowest bidder violates the Western principle of “fairness” or “equal opportunity.” Reflecting ethical perspectives, classical Western contract law is based on the discrete-transaction paradigm, which has a clear beginning when an agreement is finalized and a clear ending when the action is completed. In contrast, underlying Chinese ethical perspective is *renqing*, which means “human feelings,” or respect and caring for significant others (Yang, 1994).

The authors refrained from making a value judgment on which system is better but simply stated that differences exist between Western (United States) and Eastern (Chinese) economic systems and ethical perspectives. Furthermore, they concluded that most of the non-Western world currently does business based on *guanxi*-type systems, and there may be circumstances under which such systems can be more efficient. Faced with an increasing need to adapt to and operate in non-Western systems, it is likely that Western businesspeople will increasingly adopt elements of the *guanxi* system such as relationship marketing and virtual integration.

Comparison of Managers in the U.S., Hong Kong, and China

Another comparative study between the first and second culture groups is Ralston et al. (1992) "Eastern values: A comparison of managers in the United States, Hong Kong, and the People's Republic of China." Although the Ralston et al. study compared managerial values found in the United States, Hong Kong, and China, only the comparison between the United States and China will be discussed in this section because Hong Kong does not fit into the three selected cultural groupings of "Doing business across cultures: A study in business ethics accommodation" study.

The "Eastern values" study used an instrument that was developed in Asia to measure Eastern values, Chinese values more specifically. Most other cultural comparative studies found in the literature use instruments developed in the West. The Chinese Value Survey (CVS) was developed by the Chinese Culture Connection (1987), an international network of colleagues orchestrated by Michael H. Bond. In their study of 22 countries, the Chinese Culture Connection identified four factors within the CVS instrument. These factors have been identified as: Integration (CVS-I), which focuses on social stability; Confucian Work Dynamism (CVS-II), which reflects the teachings of Confucius; Human Heartedness (CVS-III), which deals with compassion; and Moral Discipline (CVS-IV), which focuses on self-control. The CVS consists of 40 items, and each item was measured with a 9-point Likert scale that ranged from extreme importance (9) to no importance (1). Table 2.4 presents the 40 items and the CVS dimensions to which they belong.

The study's sample consisted of managers from the United States (36 men, 25 women) and China (75 men, and 7 women). In the first analysis, a MANOVA was used to determine the country, gender, and interaction effects of the subjects (Wilks's lambda = .719, $df = 4, 2, 320$, $p < .001$). The means, standard deviations, and sample sizes for the countries are shown in Table 2.5. Stepwise multiple discriminant analyses (SMDA) were then used to identify the contributions of the individual dimensions. In this analysis, the dimension of moral discipline was not included because it failed to achieve the necessary significance level for entry into the model. Bonferroni t tests were used to compare means for the three selected CVS subscale scores (see Table 2.6).

Table 2.5.

Mean Scores and Standard Deviations on the Chinese Value Survey Subscales, Broken Down by Country and Gender.

Country/ gender	N	Integration (I)	Confucian Work Dynamism (II)	Human Heartedness (III)	Moral Discipline (IV)
United States	62				
Male	36				
M		5.6	4.9	5.7	4.0
SD		.51	.56	.84	.85
Female	26				
M		5.9	4.8	6.2	4.0
SD		.38	.61	.70	.70
China	82				
Male	75				
M		5.1	5.3	5.0	4.0
SD		.66	.57	.56	.98
Female	7				
M		4.9	5.1	4.7	3.7
SD		.60	.59	.74	.91
Total	326				
M		5.5	5.1	5.5	4.2
SD		.64	.59	.77	.88

Note. From "Eastern values: A comparison of managers in the United States, Hong Kong, and the People's of China," by Ralston et al., 1992, *Journal of Applied Psychology*, 77(5), p.668.

Table 2.6.

Bonferroni *t* Test Comparisons of Differences Between Countries on Three Chinese Value Survey Subscales.

Subscale	United States-China
Integration	6.20*
Confucian Work Dynamism	-5.17*
Human Heartedness	7.56*

Note. $df = 141$, $*p < .05$, controlling for experimentwise error rate. From "Eastern values: A comparison of managers in the United States, Hong Kong, and the People's of China," by Ralston et al., 1992, *Journal of Applied Psychology*, 77(5), p.669.

On the integration dimension, there were significant differences between U.S. and Chinese managers. The integration subscale focuses on social stability, and stability in the context of the CVS means a sense of propriety and being in harmony with oneself, one's family, and other associates. The lower Chinese Integration score can be attributed to Chinese historical events. A series of purges from the 1950s through the 1980s and the Cultural Revolution of the 1960s were events with destabilizing effects on the Chinese people and the Chinese concept of family. The Cultural Revolution encouraged children to report on their parents and to examine and criticize themselves. The result was a disruption in the harmony with self and family that lies at the heart of the integration dimension (Yang, 1994).

Confucian work dynamism reflects the teaching of Confucius and emphasizes social hierarchy, maintenance of the status quo, and personal virtues. Chinese managers scored significantly higher on this dimension than the U.S. managers. Despite Communist attempts to prevent the spread of Confucianism, prevailing Confucian values have been passed from one generation to the next through family socialization (Baker, 1979).

Human heartedness deals with a person's social awareness and can be characterized by a felt need to be kind and courteous to others. In the organizational context, it may be viewed as being people-oriented rather than being task-oriented. A higher score implies a more task-oriented perspective. The finding shows that U.S. managers scored significantly higher on human heartedness than Chinese managers did. These findings suggest that U.S. managers tended to be more concerned with getting the job done and that Chinese managers were more concerned with maintaining a harmonious environment.

Moral discipline focuses on personal control, especially as it relates to whether or not one sees oneself as a part of a group. In this study, the term group refers to the work group. Interestingly, the study results showed no significant differences between U.S. and Chinese managers. The authors suggest that putting the good of one's group ahead of one's personal good is believed to be necessary for organizational survival in today's highly competitive global business world. The authors concluded that awareness of the similarities and differences they described in their study should help managers better understand and appreciate their international counterparts and lead to improved cross-national working relationships.

Comparison of Industrial Salespeople from the U.S. and South Korea

A study by Dubinsky et al. (1991) examined ethical perceptions of industrial salespeople from the United States, Japan, and South Korea. Only ethical perceptions of United States and South Korean salespeople will be discussed here because Japan and the U.S. belong to the same group in the TI 2002. The sample consisted of salespersons from the computer-related products and services industry in the United States (three firms) and

South Korean (five firms). The participants were presented with descriptions of twelve sales situations and for each situation, the following three questions were asked (Dubinsky et al., 1991):

1. Do you believe the situation or practice presents an ethical question?
2. Does your firm now have a stated policy – either written or verbal – that addresses the situation or practice?
3. Regardless of your answer to Question #2, do you feel it is a good idea for your firm to have a stated policy that addresses the situation or practice?

A three-step process was used to analyze the data. Multivariate analysis of variance (MANOVA) was employed to assess the overall effects of the country's culture on each of the three major questions posed to respondents across the 12 situations. Analysis of variance (ANOVA) was conducted to examine the impact of the country on each of the 12 situations. Finally, significant differences between pairs of countries on each of the variables of interest were examined using Scheffe contrasts.

MANOVA results (see Table 2.7) indicate that the country is related to whether salespeople see the 12 situations as ethical questions ($F=10.75, p<.0001$), whether their companies have policies addressing the 12 situations ($F=4.44, p<.0001$), and whether they feel their companies should have policies addressing the 12 situations ($F=5.14, p<.0001$). Thus, the country variable appears to be related to the three major questions posed to the respondents. ANOVA results are also summarized in Table 2.7. The 12 situations, respective means and standards deviations for each country and situation across the three major questions, associated F -values, and Scheffe contrasts results ("significant contrast" column) are reported in Table 2.7 (Dubinsky et al., 1991).

Dubinsky et al. (1991) found out that six situations out of the 12 exhibit significant differences between the U.S. and Korean salespeople regarding whether a situation presents an ethical question. Compared to the Korean salespersons, the U.S. sales personnel felt that the following five situations are not very an ethical in nature: soliciting low-priority business (#1), using the firm's economic power to obtain concessions (#6), having less competitive prices or terms for sole source buyers (#7), circumventing the purchasing department (#9), and giving preferential treatment to customers top management prefers (#11). Korean salespeople feel that giving free gifts to a purchaser (#4) is less of an ethical question than do U.S. salespersons.

The respondents' perceptions about the existence of company policy dealing with the 12 situations show that there are relatively similar perceptions between the two countries. The following seven situations show a similarity in the salespeople's perceptions: soliciting low priority business (#1), allowing personalities to affect the terms of the sale (#3), having less competitive prices or other terms for sole source buyers (#7), exaggerating a purchaser's problem (#8), giving preferential treatment to customers top management prefers (#11), and gaining competitive information (#12). As for the differences, American companies are more likely than Korean companies to have a policy about providing free entertainment to a purchaser (#5). Conversely, American companies are less likely than Korean firms to have a policy that pertains to circumventing the purchasing department (#9) and giving preferential treatment to good suppliers (#10).

As was the case for the issues requiring company policies, the following four situations show no significant differences between the two countries: seeking information

on competitors' quotation (#2), circumventing the purchasing department (#9), giving preferential treatment to good suppliers (#10), and gaining competitive information (#12). On the other hand, the following four situations show significant differences in this area: soliciting low-priority business (#1), using the firm's economic power to obtain concessions (#6), having less competitive prices or terms for sole source buyers (#7), and exaggerating a purchaser's problem (#8). For all of these four situations, American sales personnel feel more strongly than their Korean counterparts that a policy should be established to address the situation (Dubinsky et al., 1991).

In summary, Dubinsky et al.'s (1991) findings reveal that American salespeople perceived fewer of the 12 situations to involve ethical problems than did Korean sales personnel. In fact, Americans ranked significantly higher than Koreans in only one situation of a perceived ethical problem. The authors interpret this finding to mean that the U.S. salespersons desire to do the job the way they think that it should be done. And U.S. sales personnel seek to maintain their self-esteem by exercising independent thought and the originality and flexibility required by each selling circumstance. On the second question, the U.S. salespersons, unlike their Korean counterparts, overwhelmingly indicated that their firms have existing policies to guide and control selling behaviors and that they desire company policies to address these issues. The authors see the main viewpoint of the U.S. respondents as: "I think I am doing the right thing, but I would welcome guidelines and constructive correction from management if deserved" (Dubinsky et al., 1991). The U.S. companies are more likely to have policies addressing gift-giving and free entertainment. The authors cite the need for strict adherence to the U.S. governmental guidelines as a possible reason for this result. Given Korean

government beneficence toward industry (Yoo & Lee, 1987), policies addressing business entertainment and gift-giving may be of less significance in Korea.

Table 2.7.

MANOVA, ANOVA, and Mean Comparison Test Results^a

Situation	1. Does this situation present an ethical question?				2. Does your company have a policy addressing this situation?				3. Should your company have a policy addressing this situation?			
	U.S. Mean (SD)	Korea Mean (SD)	F-value	Significant Contrasts ^b	U.S. Mean (SD)	Korea Mean (SD)	F-value	Significant Contrasts ^b	U.S. Mean (SD)	Korea Mean (SD)	F-value	Significant Contrasts ^b
1. Soliciting low-priority or low-volume business that the salesperson's firm won't deliver or service in an economic slowdown or periods of resource shortages.	3.41 (1.26)	3.86 (0.95)	18.57 ^d	U<K	2.79 (1.24)	2.93 (1.03)	0.80		3.82 (1.24)	3.39 (1.35)	15.79 ^d	U>K
2. Seeking information from purchasers on competitors' quotations for the purpose of submitting another quotation.	3.07 (1.33)	2.83 (1.09)	2.88		3.08 (1.34)	3.06 (1.10)	0.05		3.40 (1.38)	3.29 (1.05)	1.33	
3. Allowing personalities-liking for one purchaser and disliking for another – to affect price, delivery, and other decisions regarding the terms of sale.	3.14 (1.33)	3.43 (0.99)	3.91 ^c		2.78 (1.28)	2.97 (1.06)	1.33		3.33 (1.42)	3.10 (1.32)	8.81	
4. Giving physical gifts such as free sales promotion prizes or "purchase-volume incentive bonuses" to a purchaser.	2.81 (1.35)	2.40 (1.05)	11.14 ^d	U>K	3.65 (1.34)	3.37 (1.03)	8.47		3.91 (1.26)	3.64 (1.09)	17.58	
5. Providing free trips, free luncheons or dinners, or other free entertainment to a purchaser.	2.92 (1.32)	2.40 (1.02)	3.23 ^c		3.63 (1.35)	3.16 (1.06)	10.53 ^d	U>K	3.84 (1.28)	3.57 (1.00)	14.95	
6. Using the firm's economic power to obtain premium prices or other concessions from buyers.	2.86 (1.27)	3.37 (1.03)	10.49 ^d	U<K	3.21 (1.27)	3.17 (1.07)	3.50 ^c		3.55 (1.30)	3.24 (1.14)	10.92 ^d	U>K

Table 2.7. (Continued)

Situation	1. Does this situation present an ethical question?				2. Does your company have a policy addressing this situation?				3. Should your company have a policy addressing this situation?			
	U.S. Mean (SD)	Korea Mean (SD)	F - value	Significant Contrasts ^b	U.S. Mean (SD)	Korea Mean (SD)	F - value	Significant Contrasts ^b	U.S. Mean (SD)	Korea Mean (SD)	F - value	Significant Contrasts ^b
7. Having less-competitive prices or other terms for buyers who use your firm as the sole source of supply than for firms for which you are one of two or more suppliers.	3.03 (1.27)	3.69 (1.14)	15.55 ^d	U<K	3.08 (1.16)	3.06 (1.06)	0.02		3.55 (1.32)	3.10 (1.32)	7.24 ^d	U>K
8. Making statements to an existing purchaser that exaggerate the seriousness of his/her problem in order to obtain a bigger order or other concessions.	3.45 (1.32)	3.46 (1.10)	2.26		3.10 (1.30)	2.93 (1.07)	0.95		3.61 (1.36)	3.01 (1.17)	15.53 ^d	U>K
9. Attempting to reach and influence other departments (such as engineering) directly rather than go through the purchasing department when such avoidance of the purchasing department increases the likelihood of a sale.	2.37 (1.22)	3.30 (0.99)	41.20 ^d	U<K	2.80 (1.26)	3.19 (1.08)	5.36 ^d	U<K	2.94 (1.38)	3.23 (1.25)	2.99	
10. Giving preferential treatment to customers who are also good suppliers.	2.55 (1.16)	2.38 (0.89)	25.20		2.99 (1.12)	3.27 (1.24)	3.21 ^c	U<K	3.32 (1.22)	3.51 (1.06)	2.93	
11. Giving preferential treatment to purchasers whom higher levels of the firm's own management prefer or recommend.	2.69 (1.06)	3.29 (1.00)	19.21 ^d	U<K	3.04 (1.12)	3.01 (1.04)	0.03		3.28 (1.25)	3.06 (1.29)	3.29 ^c	
12. Gaining information about competitors by asking purchasers for information.	2.48 (1.32)	2.71 (1.05)	14.71		3.06 (1.36)	3.05 (1.07)	2.84		3.14 (1.46)	3.30 (1.08)	1.46	
MANOVA Results	Wilk's lambda = .649, F(2,547)=10.75, p < .0001				Wilk's lambda = .828, F(2,548)=4.44, p < .0001				Wilk's lambda = .807, F(2,555)=5.14, p < .0001			

Note ^aMean scores were calculated on a 5-point scale, where 1=Definitely no, 3=Maybe yes/maybe no, and 5=Definitely yes. ^bSignificant contrasts ($p < .05$) were determined using the Scheffe procedure. U=US; K=Korea. ^c $p < .05$, ^d $p < .0001$. From "A Cross-National Investigation of Industrial Salespeople's Ethical Perceptions," by A. J. Dubinsky et al., 1991, *Journal of International Business Studies*, 22, p. 660-661.

Comparison Between U.S. and Malaysian Managers

Karande et al.'s study (2000) investigated the differences in perceived moral intensity, ethical perception, and ethical intention of managers from the United States and Malaysia. For the American group, the sample consisted of 439 professional members of the American Marketing Association. For the Malaysian group, the sample consisted of 119 managers handling the marketing function from companies listed in the Kuala Lumpur Stock Exchange. An instrument composed of four scenarios involving ethical situations measured perceived moral intensity, ethical perception, and ethical intention.

Scenario 1 was adopted from Reidenbach, Robbin, and Dawson (1991); scenarios 2, 3, and 4 were adopted from Dornoff and Tankersley (1975). The three measuring variables (perceived moral intensity, ethical perception, and ethical intention) are described below.

Scenario 1: Misleading the Appraiser: An automobile salesman is told by a customer that a serious engine problem exists with a trade-in. However, because of his desire to make the sale, he does not inform the used car appraiser at the dealership, and the problem is not identified. Action: The salesman closes the deal that includes the trade-in (Reidenbach, Robbin, & Dawson, 1991).

Scenario 2: Over-Eager Salesperson: A young man, recently hired as a salesman for a local retail store, has been working very hard to impress his boss with his selling ability. To place many sales orders, he exaggerates the value of the item or withholds relevant information concerning the product. No fraud or deceit is intended by his actions, but he is simply over-eager. Action: The owner of the retail store is aware of this salesman's actions, but has done nothing to stop such practice (Dornoff & Tankersley, 1975).

Scenario 3: Withholding Information: Sets of a well-known brand of “good” china dinnerware are advertised on sale at a considerable discount by a local retailer. Several patterns of a typical 45-piece serving set for eight are listed. The customer may also buy any “odd” pieces, like a butter dish or a gravy bowl are also available. The ad does not indicate, however, that these patterns have been discontinued by the manufacturer.

Action: The retailer offers this information only if the customer directly asks if the merchandise is discontinued (Dornoff & Tankersley, 1975).

Scenario 4: Failure to Honor a Warranty: A person bought a new car from a franchised automobile dealership in the 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. Each time, the dealer made only quick fixes to the car. When the car was brought in again after the 13th month from the purchase date, the transmission was completely overhauled. Action: Since the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts and labor (Dornoff & Tankersley, 1975).

A single statement was used for each component of perceived moral intensity, and respondents were asked to indicate the extent to which they agreed or disagreed with each statement on a nine-point Likert scale. The six components are: (1) Magnitude of consequence: the overall harm (if any) done as a result of the marketer’s action would be small; (2) Social consensus: most people would agree that the marketer’s action is wrong; (3) Probability of effect: there is a very small likelihood that the marketer’s action will actually cause any harm; (4) Temporal immediacy: the marketer’s action will not cause

any harm in an immediate future; (5) Proximity: if the marketer is a personal friend of the [victim], the action is wrong; and (6) Concentration of effect: the marketer's action will harm very few people (if any) (Karande et al., 2000).

After explaining each scenario, ethical *perception* was measured on a nine-point Likert scale that asked the respondent to agree or disagree with the statement, "The situation described above involves an ethical problem." On the same Likert scale, ethical *intention* was measured by asking the respondent to agree or disagree with the following statement, "I would act in the same manner as the marketer did in the above scenario" (Karande et al., 2000).

The authors found that American managers perceive higher levels of moral intensity than Malaysian managers on the components that relate to the extent of harm done to the victim. However, there are no significant differences between the two groups on those components that relate to social pressure. Also, the ethical perception and ethical intention of American managers were higher than those of Malaysian managers in all four scenarios. For these differences, the authors provide an explanation based on the differences in social moral climate, organizational culture, cultural factors, and cognitive moral development.

According to Karande et al. (2000), the moral climate in American society is at a high, with increasing awareness among all tiers of the society from the general public to students to business managers. A study by Alam (1995) revealed that business students in Malaysia are of the opinion that Malaysian businesses consider ethics as secondary. Zabid and Alsagoff (1993) pointed out the prevalence in Malaysia of morally

inappropriate but generally acceptable business practices like bribery, gifts, “call girls,” and cheating on customers.

Regarding organizational culture, American firms distribute codes of ethics to all employees, and use legal and human resource departments to communicate codes of ethics. The use of legal departments points to the seriousness regarding the enforcement of codes of ethics. In contrast, although 70 percent of Malaysian managers recognize the existence of formal written codes of ethics in their companies, a relatively large percentage of them “do not know” the existence of a formal written code in industry (Gupta & Sulaiman, 1996). Further, codes of ethics are not enforced in a proper and consistent manner in the Malaysian context, leading to a low degree of serious implementation of the codes (Gupta & Sulaiman, 1996).

Karande et al. (2000) pointed to cultural factors for high individualism and low power distance characteristic of American managers and low individualism and high power distance characteristic of Malaysian managers. As for cognitive moral development, the authors claimed that in collective societies, individuals find it very difficult to move beyond the conventional stage of moral development due to pressures to conform. Therefore, in a collective society like Malaysia, individual ethics will tend to hover around the norms established by peer groups and social consensus, thereby yielding to informal pressures to conform to existent unethical practices.

Comparative Studies Among Culture Groups One, Two and Three

Comparisons of Managers in Korea, India, and the U.S.

England (1978) studied the personal value systems of over 2,500 managers in five countries: Australia, Japan, Korea, India, and the United States. According to England

(1975), a personal value system is considered to be a relatively permanent perceptual framework, likely to shape and influence the general nature of an individual's behavior. In this section, his comparison of Korea, India, and the United States will be discussed because these three groups fit into the three selected cultural groupings chosen for this study.

In England's study (1975 & 1978), the development of a Personal Values Questionnaire (PVQ) was used, based on the meanings attached by an individual to a carefully specified set of concepts, providing a useful description of one's personal value system. The PVQ is a set of 66 concepts reduced from a pool of 200 concepts that were selected from literature dealing with organizations and with individual and group behavior. In addition, ideological and philosophical concepts were included to represent major belief systems. To provide a framework within which respondents could conveniently evaluate each concept, the concepts were divided into five categories: goals of business organizations, personal goals of individuals, groups of people and institutions, ideas associated with people, and ideas about general topics (England, 1978).

With a sample of over 2,500 top- and middle-level managers from various industries from three countries, the study revealed that there are large individual differences in personal values within each group. The U.S. and Korean managers had a pragmatic orientation in which they judged ideas and concepts in terms of their successful application; in contrast, Indian managers had an ethical-moral orientation in which they viewed ideas in abstract terms of right or wrong (Table 2.8) (England, 1975).

In the category of business organization goals, the U.S. managers scored relatively high in the categories organizational efficiency, high productivity, and profit

maximization while Korean managers scored relatively high in organizational growth and high productivity, and low in organizational efficiency and industry leadership. Indian managers scored relatively high in organizational stability and employee welfare but low in Profit maximization (England, 1975).

In the category of personal goals of individuals, Indian managers placed the greatest relevance on personal goals while American managers place the least relevance on them. This finding of a high degree of personalism for Indian managers is consistent with Chowdhry's observations about managing agencies in India: "The typical organization of a managing agency can be described as highly centralized and personal, with a rigid social structure" (Chowdhry, 1970).

Table 2.8.

Comparison of Value Systems of U.S., Korean, and Indian Managers.

U.S. Managers	Korean Managers	Indian Managers
<ul style="list-style-type: none"> • Large element of pragmatism • Have a high achievement and competence orientation • Emphasize traditional goals such as profit maximization, organizational efficiency and high productivity • Place high value on most employee groups as significant reference groups 	<ul style="list-style-type: none"> • Large element of pragmatism • Place low value on most employee groups as significant reference groups • Display a self-oriented achievement and competence orientation • Place moderate value on organizational goals • Show an intended egalitarian orientation 	<ul style="list-style-type: none"> • High degree of moralistic orientation • Value stable organizations with minimal or steady change • Value personalistic goals and status orientation • Value a blend of organizational compliance and organizational competence • Place low value on most employee groups

In the category of groups of people and institutions, groups of people played a much more significant part in the value system of American managers and a much less significant part in that of Indian managers. Korean managers scored between the two countries, slightly closer to the Indian end of the continuum (England, 1975).

In the category of ideas associated with people, Indian managers score relatively high on the concepts of obedience, loyalty, trust and honor, and rejected the notion of aggressiveness as being behaviorally relevant. This result is compatible with an orientation toward organizational compliance. American managers placed relatively high value on ambition, and Korean managers place relatively low value on loyalty and honor (England, 1975 & 1978).

Lastly, in the category of ideas about general topics, American managers' value of change was relatively high and their value of caution was low. This suggests an active or dynamic orientation. Korean managers' values of caution, force, and compromise were relatively high and values of risk and change were relatively low. This suggests a cautious and static strategy in behaving that requires a high degree of accommodation or compromise in achieving desired outcomes (England, 1975).

Literature Based Response to the Research Questions

At the beginning of this chapter, it is suggested that a literature review could support choices about answers to the research questions (Figure 2.1). Based on that, this study faces the task of recommending one proposition path for each research question. The literature review for this study has examined the concept of business ethics and international business ethics as well as the concept of culture and its relation to business ethics. Through the following section, each research question will be given a

recommended choice of one of three proposition paths. In the research question, A is understood to mean “managers from Group A”(high CPI score); B is “managers from Group B”(middle CPI score); and C is “managers from Group C”(low CPI score).

Research Question 1. Is there a different perception on business ethical practices when A does business with B, and when A does business with C?

Research question 1 is about perception of business ethical practices. The literature review is not clear on this relationship, nor does it provide sufficient information to form a strong proposition, which could be tested as a hypothesis. The literature review does not tell the relationship exactly but shows the relationships between group A and B. From the literature, Lovett, Simmons, and Kali (1999), Dubinsky et al. (1991), Karande et al. (2000), and Ralston et al. (1992) talk about the relationship between A and B. However, the relationship is not about perception but about general differences concerning business ethics. The England study (1975) is about business ethics of groups A and C; however, no inferred relationship of perception could be derived. Thus, the recommendation is to go with no proposition. It would be necessary to collect and analyze original data to attempt to create a proposition.

Research Question 2. Is there a different perception on business ethical practices when B does business with A, and when B does business with C?

Research question 2 is also about perception of business ethical practices. As with research question 1, the literature review is not clear on this relationship, nor does it provide sufficient information to form a strong proposition. About the relationship of research question 2, England’s study (1975) describes business ethics of groups A, B, and C but it is not about the exact relationship on perception. Thus, the recommendation is to

go with no proposition. It would be necessary to collect and analyze original data to attempt to create a proposition.

Research Question 3. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standard, when A does business with B, and when A does business with C?

Research question 3 is about commitment of external managers toward local business ethics standards. A strong proposition would be rejected because the literature review is not clear on this relationship, nor does it provide sufficient information. The literature review does not tell the relationship exactly, but shows the relationship between groups A and B. From the literature, Lovett, Simmons, and Kali (1999), Dubinsky et al. (1991), Karande et al. (2000), and Ralston et al. (1992) refer to the relationship between A and B. However, the relationship is not about commitment but about general differences in business ethics. The England study (1975) is about business ethics of groups A and C; however, no inferred relationship of perception and commitment could be derived. Thus, the recommendation is to go with no proposition. It would be necessary to collect and analyze original data to attempt to create a proposition.

Research Question 4. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when B does business with A, and when B does business with C?

As with research question 3, research question 4 is also about commitment of external managers toward local business ethics standards. A strong proposition would be rejected because the literature review is not clear on this relationship, nor does it provide sufficient information. As discussed earlier, the relationship of B and C is not clear based

on England's (1975) study. Also, the relationship of A and B in the literature is not about commitment. Therefore, the recommendation is to go with no proposition. It would be necessary to collect and analyze original data to attempt to create a proposition.

Research Question 5. What factors influences these differences in views?

The literature review does not have sufficient influential data to form a strong proposition. Therefore, the recommendation is to go with no proposition. It would be necessary to collect and analyze original data to attempt to create a new proposition to answer this question.

In summary, the research questions can be put in the following order (Figure 2.3).

Research Question 1 → No Proposition → Create a Proposition

Research Question 2 → No Proposition → Create a Proposition

Research Question 3 → No Proposition → Create a Proposition

Research Question 4 → No Proposition → Create a Proposition

Research Question 5 → No Proposition → Create a Proposition

Figure 2.3. Proposition Paths.

This study has tried to answer the research questions listed in Chapter 1 through a literature review. Further, it has tried to infer some relationships between factors based on the literature. Direct answers do not seem to exist from the literature, regarding research questions concerning the doing business across cultures: A study in business ethics accommodation. The reason no direct answers to the questions exist is that the current studies discussed above are comparisons of direct cultures or countries. The research being proposed here queries not direct differences among cultures, but different perceptions from a third person regarding two other different cultures. Therefore, this

study is challenged to venture into an unexplored field. In order to respond to the purpose of the study, this study must now develop a phenomenological view of this set of issues using original data.

CHAPTER 3: METHODOLOGY

This chapter begins with a restatement of the problem posed in Chapter 1. Next, it addresses the research design and its rationale to explain why a phenomenological designed inquiry is used in this study. In addition, the procedures that are followed, including choosing data sources, data collection, and data analysis, are described. Finally, trustworthiness for proving this study's validity is addressed. At the end of the chapter, phases of the study are presented in graphic form (Figure 3.1) to detail the processes and production of the study.

Restatement of the Problem

This is a determination study that describes different cultural perceptions and commitments toward other cultures' ethical business practices. Increased international business operations bring more ethical problems, and the people of the less industrialized host countries often suffer the consequences of these problems. Thus, international business rules and standards are required in host countries in order for those countries to grow economically and increase direct foreign investment. International business standards are also required to prevent businesses from home countries from taking economic advantage of host countries by using differences in ethical standards and attitudes that they find in host countries to improve their profits. In response to the need for international standards, the Organization for Economic Cooperation and Development (OECD) hosted an Antibribery Convention, which endeavored to gain support for ethical global business practices, in 1997. Although all of the OECD member countries have

accepted at the governmental level the policies that were set at the Antibribery Convention, it may take some time for these values to trickle down. Individual managers may have views that differ from the policies established by the OECD, resulting in unethical business practices in host countries. Gaining insights into the trends of different cultures managers' behaviors and perception toward other cultures' business ethics could be useful in anticipating the ethical orientation tendency in a particular set of business relationships.

As the end of Chapter 2, it was concluded that the literature review does not provide sufficient information on this study's five research questions to form propositions concerning the questions. In order to answer these questions, this study has developed a phenomenological view of this set of issues using original data. A research design and its rationale were developed in order to answer the study's five research questions.

Research Approach and Rationale

Qualitative Study Approach

This study is to be exploratory in nature because there was not sufficient information in the literature to answer the research questions posed here. Without this information, it is impossible to form propositions or hypotheses. According to Fraenkel and Wallen (2003), hypotheses are not posed at the beginning of a qualitative study; they emerge from the data as the study progresses.

The suggested contour of qualitative research has several characteristics: a natural setting as a source of data, a researcher as a key instrument of data collection, data collected as words or pictures, outcomes viewed as process rather than product, inductive analysis of data, a focus on participants' perspectives and meaning, the use of expressive

language, and persuasion by reason. Denzin and Lincoln (1994) define qualitative research in the following way:

Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials—case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts—that describe routine and problematic moments and meaning in individuals' lives (p. 2).

Another author, Creswell (1998), defines qualitative research as:

Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports a detailed view of informants, and conducts the study in a natural setting (p. 15).

Creswell (1998) suggests that a strong rationale should exist when a researcher is engaged in a qualitative approach. The first reason for conducting qualitative research in this study was the ability to work in a natural setting (Creswell, 1998; Denzin & Lincoln, 1994; Fraenkel & Wallen, 2003; Moustakas, 1994; Natanson, 1973). This study profiled the quality of activities such as business ethics perception and commitment with no

manipulation of or intervention in the informants' setting. In other words, the participants in this study were not removed from their natural life settings.

The second reason to take a qualitative approach is the nature of the research question (Creswell, 1994 & 1998). In a qualitative study, the research question seeks to describe what is going on instead of examining the relationship of variables to determine why something happened as is done in quantitative studies. The research questions asked in this study have led the researcher to determine what is going on relative to the external culture manager's perception and commitment toward the host culture's business ethical practices.

The third reason to take a qualitative approach in this study is that the lack of information about the topic dictates the need for exploration and development of a detailed view of the topic (Creswell, 1994). Because variables had not yet been defined, they needed to be determined and detailed in a specific way. A wide-angle lens approach is not sufficient to present answers to the research questions because cultural differences may mean that several views exist regarding each culture's business ethical practices, and the views may bring detailed and specific strategies to mitigate or reinforce the different viewers' concerns.

Finally, a qualitative approach emphasizes the researcher's role as an active learner who can tell the story from the participants' view rather than as an "expert" who passes judgment on participants (Creswell, 1994, p.18). In this study, participants' views are important variables; therefore, there is no judgment made, but the story is told by an active learner. The objectives of the proposed study fit well with the rationale of a qualitative study.

Phenomenological Study Approach

According to Miller and Salkind (2002), a phenomenological study describes the meaning for several individuals of the lived experiences surrounding a concept or a phenomenon. Thus, phenomenologists explore the structures of consciousness in human experiences (Polkinghorne, 1989). The history of phenomenology started with Edmund Husserl (1889-1938) (Moustakas, 1994; Natanson, 1973). In general, when they use a phenomenological approach, researchers search for the essential, invariant structure (or essence) or the central underlying meaning of an experience. They emphasize the intentionality of consciousness, in which experiences contain both an outward appearance and inward consciousness based on memory, image, and meaning. Phenomenological data analysis proceeds through the methodology of reduction, the analysis of specific statements and themes, and a search for all possible meanings. The researcher also sets aside all prejudgments, brackets his or her experiences (a return to “natural science”), and relies on intuition, imagination, and universal structures to obtain a picture of the experience (Moustakas, 1994; Natanson, 1973).

The reason for selecting a phenomenological approach for the current study is that this research explores workforce members’ experiences regarding phenomena of business ethical practices among different cultures, which fits into the description of phenomenological study.

In addition, the present study had attempted to understand the particular circumstances of several individuals from hierarchically different groups of the CPI and to describe the meaning (Creswell, 1998) of the situation or concept (perception and commitment toward business ethical practices in other cultures). A phenomenological

approach works well in this context. Therefore, the nature of this study fits well with the rationale of a phenomenological approach.

Procedures

Data Sources

According to Patton (1987), qualitative inquiry typically focuses in depth on relatively small samples that have been selected purposefully. The power of purposeful sampling lies in selecting information-rich cases for study in depth (Patton, 1987). This study used a purposive sampling strategy to capture major divergences and to identify common strategies from participants to mitigate or reinforce various concerns. Even though purposive sampled participants are representative of the accessible source, there is a limitation. The limit is that purposive sampling is often misapplied as convenience or accidental sampling when a researcher selects participants not because the participants are representative of the accessible source but because they are the only available sources. This researcher has selected participants not because they are interesting or available, but because they are representative of the accessible source.

In this study, the participants represent two groups. One is a group of managers from Denmark and New Zealand, countries that scored 9.5, the mean of the top 5 percent of countries in the CPI 2002. Another is a group of managers from Costa Rica, Jordan, Mauritius, and South Korea, countries that scored in the mean (4.5) in the CPI 2002. Among the two participant groups, Denmark and South Korea were selected as accessible sources using purposive sampling for reasons of financial resources and accessibility. Another reason for the selection of Denmark is that most top 5 percent countries are

located in Scandinavia; therefore, Denmark could be more representative of the top 5 percent group of countries than New Zealand.

The selected two manager groups were asked to look at two other groups of countries. The first country group will be called A for purposes of managing information and managing study. Group A represents the high-scored CPI countries that are in the top 5 percent of the CPI 2002: Finland, Denmark, New Zealand, Iceland, Singapore, and Sweden. The second group will be called B. Group B represents the middle-scored CPI countries that are at the mean of the CPI 2002, such as Costa Rica, Jordan, Mauritius, and South Korea. The third group will be called C. Group C represents the low-scored CPI countries, those countries in the bottom 5 percent of CPI 2002, including Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria, and Bangladesh. Therefore, managers from two countries, Denmark and South Korea, were asked to view, respectively, the ethical practices of managers from two other groups - middle and bottom for A, and high and bottom for B (Table 3.1).

Table 3. 1.

Participants' Perception and Commitment to Two Other Groups.

	High CPI Group A	Middle CPI Group B	Bottom CPI Group C
Danish Managers		X	X
Korean Managers	X		X

Data Collection

According to Miller and Salkind (2002), phenomenology researchers need to understand the philosophical perspectives behind this approach, especially the concept of

studying how people experience a phenomenon. The concept of “epoche” is central, where researchers bracket their own preconceived ideas about the phenomenon to understand it through the voices of the informants (Creswell, 1998; Field & Morse, 1985). Typically in phenomenological study, information is collected through long interviews (Creswell, 1998; Fraenkel & Wallen, 2003; Polkinghorne, 1989) with groups of informants ranging in size from 5 to 25 members (Polkinghorne, 1989).

In this study, two groups of Danish and Korean workforce members, each group having 8 to 20 participants, were used for data collection. Each participant has had at least one interaction, either direct or indirect, with other cultures. Direct interaction means firsthand work experience and indirect interaction means secondhand work experience or knowledge about such interaction. The participants were considered as a data source in this study.

In this study, a telephone interview data collection method, a face-to-face interview, or an email interview were used based on participants’ convenience and availability. Both groups were interviewed using a structured interview followed by open-ended non-directive questions. This type of interview is useful when participants cannot be observed directly. Participants can provide historical information about phenomena and the interview method allows the researcher “control” over the line of questioning (Creswell, 2003). On the other hand, the interview method has limitations. The interview provides indirect information filtered through the views of interviewees and provides information in a designated place rather than in a natural field setting. Also, the researcher’s presence may bias responses. Further, all people are not equally articulate and perceptive (Creswell, 2003). Prior to the interviewing, human subjects’

approval was obtained from the Human Research Committee at Colorado State University.

The structured interview has the benefit of increasing comparability of responses because people are answering the same questions and it is easy to get complete data (Patton, 1990). It has weaknesses; there is little flexibility in relating the interview to particular individuals and circumstances, and the standardized wording of questions may constrain and limit the naturalness and relevance of questions and answers (Patton, 1990). In this study, interview participants were asked open-ended and non-directive questions, because phenomenological study requires entering the life and world of the research participant (Willig, 2001). The purpose of these questions is to provide participants with an opportunity to share their personal experience of the phenomenon under investigation.

A brief background to the study was presented and each participant chose the time and place for the interviews. The interviews were audiotaped to facilitate the preparation of transcripts. Danish participants were interviewed in English, and Korean participants were interviewed in Korean.

Structured Open-ended Non-directive Questions

1. Is there a different perception of business ethical practices when A does business with B, and when A does business with C?
2. Is there a different perception of business ethical practices when B does business with A, and when B does business with C?

3. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C?
4. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C?
5. What factors influence these differences in views?

Data Analysis

The aim of the phenomenological data analysis is to explicate the phenomenon and to grasp its most prominent elements or characteristic. This is different from the analysis of quantitative data, in which the aim is to reduce an object to static elements. According to Willig (2001), interpretative phenomenological analysis starts with transcripts of structured interviews generated by participants. Interpretative phenomenological analysis takes an idiographic approach whereby insights produced as a result of intensive and detailed engagement with individual cases (e.g., transcripts, texts) are only integrated in the later stages of the research. Willig's four-stage phenomenological study analysis and integration of master themes and themes are:

Stage 1: Initial Encounter With the Text

The first stage of phenomenological analysis involves the reading and re-reading of the text. At this stage, wide-ranging and unfocused notes are produced, which reflect the analyst's initial thoughts from the record in response to the text. These might include associations, questions, summary statements, comments on language use, absences,

descriptive labels, and so on. These notes are simply a way of documenting issues that come up during the initial encounter with the text.

Stage 2: Identification of Themes

The second stage of analysis requires identifying and labeling the themes that characterize each section of the text. Theme titles are conceptual and they should capture something about the essential quality of what is represented by the text.

Stage 3: Clustering of Themes

The third stage involves an attempt to introduce structure into the analysis by listing. List the themes identified in stage 2 and finding the relationships among them. Some of the themes will form natural clusters of concepts that share meanings or references, whereas others will be characterized by hierarchical relationships with one another. Clusters of themes need to be given labels that capture their essence. In this study, brief quotations or descriptive labels were used to cluster themes.

It is important to ensure that clustering of themes identified at this stage make sense in relation to the original data. This means that it is necessary to move back and forth between the lists of themes to be structured. The connections between themes identified on paper need to be reflected in the details of the respondent's account.

Stage 4: Production of a Summary Table

The fourth stage of analysis involves the production of a summary table of the structured themes, together with quotations that illustrate each theme. The summary table will include those themes that capture something about the quality of the participants' experience of the phenomenon under investigation. This means that some

of the themes generated during stage 2 will have to be excluded. These excluded themes are not well represented within the text or are not important to the phenomenon being studied. The summary table needs to include the cluster labels together with their subordinate theme labels and brief quotations.

The number of clusters and themes identified could vary widely and depend entirely upon the text being analyzed. Some clusters might consist of many themes, whereas others could be much more narrowly focused. At the same time, there may be many quotations that support a particular theme, while others are less frequently found in the text. The summary table should reflect the meanings that structure the participant's account rather than the expectations of what constitutes an acceptable number of clusters and themes.

Integration of Master Themes and Themes

Willig (2001) introduces two types of integration. After summary tables have been made, these tables should be integrated into an inclusive list of master themes that reflect the experiences of the group of participants as a whole. Data collection of this study is based on purposive sampling, in which participants are selected according to criteria of relevance to the research question. This means that the group of participants is homogeneous to the extent that they share the experience of a particular condition, event, or situation (e.g., exposure to another culture's business ethical practices) that they are asked to describe or discuss. Therefore, it makes sense to look across the entire corpus of data (i.e., all cases) to obtain a more generalized understanding of the phenomenon. As in stage 3 above, it is important that the process of integration is carried out in a cyclical manner, so that any emerging higher-order themes are checked against the transcripts. It

is important to ground both integrative themes and lower-level conceptual themes in the data.

An alternative strategy for integrating cases involves using the first participant's summary table in the analysis of subsequent cases. Here, the original list of themes is used to code the other interviews – other themes are added or elaborated in the process. Again, a cyclical movement is required so that themes that emerge in the later transcripts can be checked against earlier transcripts. This allows the researcher to see whether newly emerging themes are new manifestations of old themes or whether they introduce truly new concepts. As a result of this process, a progressively integrated list of themes develops over time from the first to the last transcript.

In this study, the first approach was used to capture the quality of participants' shared experience of the phenomenon under investigation. The lists of master themes and themes tell something about the essence of the phenomenon under each category.

Research Trustworthiness

The trustworthiness of phenomenological data analysis is of continued concern to researchers. The language of positivistic research is not congruent with, or adequate for, qualitative work (Ely et al., 1991). To establish trustworthiness of a qualitative study, Lincoln and Guba (1985), Marshall and Rossman (1989), and Erlandson et al. (1993) suggest the use of terms that are appropriate for naturalistic axioms. The terms are credibility, transferability, dependability, and confirmability. They state that the terms are naturalistic equivalents for internal validity, external validity, reliability, and objectivity.

Credibility (Internal Validity)

Credibility is a key factor in establishing qualitative research trustworthiness (Lincoln & Guba, 1985). Credibility seeks to answer questions like: Do the findings make sense? Do we have a true picture of what we were looking for? (Miles & Huberman, 1994) and Is the researcher actually observing and measuring what she/he thinks she/he is observing and measuring? (LeCompte & Preissle-Goetz, 1982). Miles and Huberman (1994) and Lincoln and Guba (1985) suggest that credibility can be achieved through peer examination and triangulation of data sources and methods. For this study, a peer examination was done through expert reviews of methodology to ensure that the research procedures were effective. In addition, translation and back-translation checking for Korean interview scripts were done by the researcher and one of the Korean-English fluent CSU faculty members.

Transferability (External Validity)

Transferability is related to the degree that a study could be applied in a different context (Miles & Huberman, 1994). The most useful generalizations from qualitative research studies are analytic, and do not represent a 'sample to population' relationship (Firestone, 1993). In terms of generalizability, LeCompte (1987) says that qualitative research focuses on deriving universal statements of general processes rather than statements of commonality between two similar settings. In qualitative research, the question is: to which other setting and subjects are the results generalizable? The results of this study could be applicable in different contexts related to cultural differences and different business ethical practices. Lincoln and Guba (1985) and Miles and Huberman (1994) suggest that for a study to be transferable the data collection and analysis must

include full and rich descriptions. This study has detailed descriptions and interpretations of processes, trends, and patterns of phenomenon.

Dependability (Reliability)

Dependability is related to the degree that a study could be replicated or repeated (Miles & Huberman, 1994). Miles and Huberman suggest that dependability seeks to address the question: Were data collected across a full range of appropriate settings? For this study, data was collected in almost all cases from managers who have been exposed to other cultures, and they were interviewed in natural settings.

A dependable study must have an audit trail (Miles & Huberman, 1994; Lincoln & Guba, 1985). An audit trail entails thorough documentation from the beginning to the end of the research study. This trail provides future researchers with evidence to conduct a similar study. If the research is reliable, future researchers should come up with similar conclusions. All sources of information consulted in this study are cited in the references section at the end of this study. Some of the components of the audit trail are: the raw data collected in the form of tapes and transcripts, write-ups, descriptions, notes, etc. In this study, the audit trail consists of data collection in the form of tapes and transcripts.

However, this study acknowledges Mone and McKinley's (1993) observation that organization studies today have a low incidence of replication. This could be due partly to rapid changes in the variables studied. Consistent with Mone and McKinley's observations about replication, dependability seems more appropriate for this study.

Confirmability (Objectivity)

Confirmability is related to relative neutrality and reasonable freedom from researcher biases (Miles & Huberman, 1994). Guba and Lincoln (1989) suggest that

confirmability addresses the question: Do the conclusions depend on the subjects and conditions of the inquiry? For this study, the conclusions are clearly linked with the used or displayed data. Confirmability is closely related to replicability of the study by other researchers (LeCompte & Preissle-Goetz, 1982). Other researchers can replicate this study if their general methods and procedures are similar to those used and followed in this study. To this effect, Glaser and Strauss (1967) suggest that clarity of methods assists in assuring study validity, reliability, and ultimately credibility of the research.

According to Guba (1981), member checking increases the validity of the study by ensuring that what was recorded was a true reflection of the comments of the participant. This involves returning to participants from the study at various times throughout the analysis and presenting them with data, interpretations, findings, and conclusions for the purpose of determining if the information was consistent with their lived experiences. Lincoln and Guba (1985) refer to it as a member check “whereby data, analytic categories, interpretations, and conclusions are tested with members of those stakeholding groups from whom the data were originally collected.... Member checking is both formal and informal, and it occurs continuously” (p. 314). Member checking was used prior to interviewing in this study.

Data was to be collected as a designed method and process for the next process, data analysis, and presentation of findings. This study followed the phases illustrated in figure 3.1.

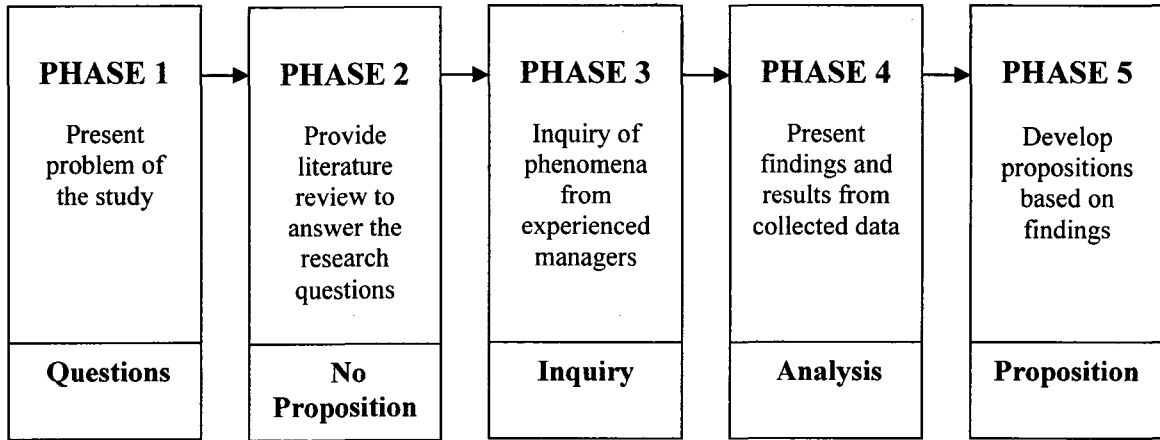


Figure 3.1. Phases of the Study

CHAPTER 4: FINDINGS AND RESULTS

This chapter represents the findings of this study. The purpose of this study was twofold. The first purpose was to determine if managers from external cultures, who are from hierarchically different tier groups based on CPI 2002 scores, would have different perceptions than managers from target cultures regarding ethical business practices. The other purpose was to determine whether, if there is a difference in perception, the managers from external cultures are more likely to follow the target culture's ethical standards of business behavior or adhere to their own. In addition, concerns of business ethical practices and inappropriate business conduct experiences were examined during the interview process. In order to accomplish these purposes of study, data were collected and analyzed. In this chapter, participants are introduced, demographic information and profiles are given, data collection and analysis processes are explained, and the results follow.

Method and Demographics of Participants

The data for this study were collected through interviews. There was a choice of three interview methods: face to face, telephone, or email interview. The participants chose their preferred method based on convenience.

The purposeful sampling method was used to focus in depth on the participants' experiences. The power of purposeful sampling lies in selecting information-rich cases for study in depth (Patton, 1987). Two groups of people, Danish and Korean were chosen. Seven Danish people and eleven Korean people were interviewed with an age

range of 23 to 60 and 45 to 62, respectively. Five male and two female Danish participants and ten male and one female Korean participated. The Danish participants' occupations are: marketing director, managing director, graduate student, senior lecturer, English teacher, CEO of a trade company, graduate student. Even though some Danish participants' current occupations are not at the manager level, they all have relevant work experiences such as former managers or indirect knowledge of working with different cultures. The Korean participants' occupations are: CEO of an overseas company, retired from a Scandinavian company, chairman of a fabric company, office manager of a private institution, retired from a whisky company, retired from a food company, president of a non-profit organization, president of a trading company, CEO of a food company, CEO of a seasoning company, and professor.

Participant Profiles

A brief profile of each participant is included in this section so the reader can have a better sense of who these people are. To ensure anonymity, each participant is identified using his or her nation and a number.

Danish One. Danish One is a 35-year-old male. He is a marketing director of a Danish company in the company's Seoul, Korea branch office.

Danish Two. Danish Two is a 39-year-old male. He is a managing director of a Danish company in one of Africa countries.

Danish Three. Danish Three is a 23-year-old male. He is a graduate student majoring in English. He has been working for a child adoption association for two years.

Danish Four. Danish Four is a 43-year-old male. He is a senior lecturer at an institute. He used worked for a toy company as a consultant, and he is a Protestant.

Danish Five. Danish Five is a 30-year-old female. She is an English teacher in Korea and worked as a logistics assistant for a liquor company in Denmark.

Danish Six. Danish Six is 60-year-old male. He is CEO of a trade company in Denmark and is about to retire.

Danish Seven. Danish Seven is a 31-year-old female. She is a graduate student in Denmark and worked as an assistant at PR Company in Denmark.

Korean One. Korean One is a male and CEO of his own company in an East Asian country where he lives in with his family. He started his business in 1993 and consulting with IT programs and doing some auto business. He used to work for a large multinational IT company in its Korean branch office. He is a 50-year-old and a Protestant.

Korean Two. Korean Two is a 61-year-old male who worked in a Scandinavian company for twenty years and lived there for three years.

Korean Three. Korean Three is a male and a CEO of a fabric company. He is a 62-year-old.

Korean Four. Korean Four is a male and an office manager of a private institution in the southern region of Korea. He worked in Saudi Arabia and Indonesia for several years. He is 54 years old.

Korean Five. Korean Five is a male and operates his own company near the capital city, Seoul, Korea, after working in a whisky company for 25 years. He is 53 years old.

Korean Six. Korean Six is a male who worked at a beverage company in Korea for over 20 years. He is a Catholic and is 59 years old.

Korean Seven. Korean Seven is a male and president of a non-profit organization with long work experience in a large organization in Korea. He made business trips all over the world and resided in several foreign countries during his work in the large company. He is 56 years old.

Korean Eight. Korean Eight is a 55-year-old male who operates his own trading company after working in a large company for several years.

Korean Nine. Korean Nine is a male who has operated his own food-related company for over 20 years. He is 56 years old.

Korean Ten. Korean Ten is a male who has operated his own chemical-agriculture-related company in Seoul, Korea, for 18 years. He is 54 years old.

Korean Eleven. Korean Eleven is a female and a professor at a private college in Korea. She studied at Denmark after her bachelor's degree and she still has close relationships with Danish people. She is 61 years old.

Interview Process

There was a choice of three options for participating in this study's interview: face to face, telephone, and email interview. The email interview option was emerged when a participant asked to use email because of the person's location and unavailable telephone service. It was approved by the Colorado State University Human Research Committee. Face-to-face and telephone interviews were conducted in a relaxed atmosphere following the participant's choice. Email interviewees were asked to make their responses in a time and place where the participants would feel most comfortable. Based on the interview guide, open-ended structured questions were asked with follow-up questions when relevant issues came up. Most of the face-to-face interviews were

conducted in a public place such as coffee shops. Telephone interview were conducted with interviewees in their offices or homes at their convenience. The open-ended structured questions in the interview guide were designed to help the participants to explore the issues to the depth they chose. One Danish participant was interviewed in a face-to-face situation, two were interviewed using telephone, and four Danish participants were interviewed using email. These emails went back and forth regarding relevant issues. Among the Korean participants, eight were interviewed face to face, and three were interviewed by telephone. All face-to-face and telephone interviews were recorded following the participants' agreement. The interviews lasted about 40 minutes with both Danish and Korean participants who did face-to-face or telephone interviews.

All recorded interviews were transcribed and typed. The email interviews were used as they were written. Transcripts of Korean participants were translated into English by the researcher and then a Colorado State University Korean faculty member back-translated the English transcripts into Korean language. After that, both the translated scripts and the back-translated scripts were checked by the researcher to increase internal validity.

Five research questions were introduced in Chapter 1. They are basically a set of questions about different perceptions and another set of questions about maintenance of ethical standards for each group and an influence factor question relating to maintenance of ethical standard. In addition to those, two more questions emerged when conducting interviews. Thus, two open-ended structured directional questions were asked of all participants. One question is about the degree of business ethics concerning toward two other cultures, and the other question is about inappropriate business conduct experiences

when doing business with two other cultures. Therefore, seven interview questions in four categories were given to each participant. Figure 4.1 shows the five original research questions and two added interview questions in four categories. The names of the countries that were discussed in this study and the abbreviations of Groups A, B and C follow.

Interview Questions

1. Is there a different perception of business ethical practices when A does business with B, and when A does business with C? (Ethics Perception Differences)
2. Is there a different perception of business ethical practices when B does business with A, and when B does business with C? (Ethics Perception Differences)
3. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C? (Ethics Commitment Degree)
4. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C? (Ethics Commitment Degree)
5. What factors influence these differences in views?
6. Do you perceive that managers from your culture pay more attention to business ethical practices when doing business with one group than when doing business with your culture or with the other group and vice versa? (Ethics Concerning Degree)
7. Have you or your colleagues used bribes (inappropriate business conduct) when doing business with the two other groups? Or have you heard of your culture's

businessmen using bribes (inappropriate business conduct) when doing business with the two other groups? (Inappropriate Business Conduct Experiences)

Categories	Research Questions	Added Interview Questions
Ethics Perception Differences	<p>1. Is there a different perception of business ethical practices when A does business with B, and when A does business with C?</p> <p>2. Is there a different perception of business ethical practices when B does business with A, and when B does business with C?</p>	
Ethics Commitment Degree	<p>3. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C?</p> <p>4. Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when B does business with A, and when B does business with C?</p> <p>5. What factors influence these differences in views?</p>	
Ethics Concerning Degree		6. Do you perceive that managers from your culture pay more attention to business ethical practices when doing business with one group than when doing business with your culture or with the other group and vice versa?
Inappropriate Business Conduct Experiences		7. Have you or your colleagues used bribes (inappropriate business conduct) when doing business with the two other groups? Or have you heard of your culture's businessmen using bribes (inappropriate business conducts) when doing business with the two other groups?

Figure 4.1 Research and Interview Questions in Four Categories.

Countries and Their Abbreviations in the Three Groups

Three groups were selected based on CPI (Corruption Perception Index) 2002.

Group A (GA) is the top five percentage countries that got the lowest corruption scores: Finland (F), Denmark (D), New Zealand (NZ), Iceland (IC), Singapore (S), and Sweden (SW). Group B (GB) is the median countries that got average scores in corruption: Costa Rica (CR), Jordan (J), Mauritius (M), and South Korea (K). Group C (GC) is the bottom five percentage countries that got the highest score in corruption: Indonesia (I), Kenya (KN), Angola (Ag), Madagascar (MD), Paraguay (P), Nigeria (N), and Bangladesh (B). Some participants mentioned Scandinavian (SV), European (EU), developed (DV), underdeveloped (UV), and developing (DI) countries as terms for indicating groups.

Data Analysis Process

An interpretative phenomenological analysis was used in this study. Willig's four-stage phenomenological study analysis and integration of master themes and themes was used for data analysis. As discussed in Chapter 3, reading and re-reading the interview scripts provided the initial encounter. Identifying themes (open coding) and master themes (axial coding/categorized coding) followed, and generated the identified themes based on the grouping of the codes. The next stage, the production of a summary table of the structured themes is illustrated in figure 4.1 above. After these four stages, integration of the master themes and the themes was described to and used discuss the findings and results of this study. Figure 4.2 shows master themes and themes under four categories: ethics perception differences, ethics commitment degree, ethics concerning degree, and inappropriate business conduct experiences. The master themes were

common phenomena and the themes represented specific notions from all participants in seven interview questions.

Ethics Perception Differences		
Master Themes	Themes	
Historical or Cultural understanding	<ul style="list-style-type: none"> • General cultural differences • Historical views • Population • Chinese influences 	<ul style="list-style-type: none"> • Western cultural characteristics • Cultural adaptation • Human nature
General Features	<ul style="list-style-type: none"> • Personal relationship • Straightforward characteristics 	
Business-Related Characteristics	<ul style="list-style-type: none"> • Personal connection • Quality and value • Rational business conduct 	<ul style="list-style-type: none"> • Decision-making • General work style
Business Ethical Practices	<ul style="list-style-type: none"> • Monetary activity • Influences of government or military officials • Jeob-de or Hyang-ung comment • Higher ethical standards or morality expression • Criminal incident • No understanding of unethical practices 	
Order of Three Cultures from Higher to Lower	<ul style="list-style-type: none"> • Group A>Group B>Group C 	
Ethics Commitment Degree		
Master Themes	Themes	
Follow Target Culture	<ul style="list-style-type: none"> • Competition • Business survival • Consider partners 	<ul style="list-style-type: none"> • Business tradition • Higher standards in developed country • Personal value system
Maintain Own Culture	<ul style="list-style-type: none"> • Competition 	
Mixed or Between	<ul style="list-style-type: none"> • Cultural adaptation • Competition • Business survival 	<ul style="list-style-type: none"> • Religion and Chinese culture • Corruption in the underdeveloped country
Depends on Power	<ul style="list-style-type: none"> • Consider partners 	<ul style="list-style-type: none"> • Business tradition
Ethics Concerning Degree		
Master Themes	Themes	
Pay More Attention	<ul style="list-style-type: none"> • Lack of ethics • Specific requirement of higher business standards 	<ul style="list-style-type: none"> • Same in general, but... • Being representative
Pay Less Attention	<ul style="list-style-type: none"> • Higher ethics 	
Pay Equal Attention	<ul style="list-style-type: none"> • Case of no bad ethics • Colleagues 	<ul style="list-style-type: none"> • Weak ethics • Focused on home culture
Depends on Power	<ul style="list-style-type: none"> • Supply or demand 	
Inappropriate Business Conduct Experience		
Master Themes	Themes	
No	-	
Yes	<ul style="list-style-type: none"> • Bribes • Commissions • Kickbacks • Lobbying • Under the table money 	<ul style="list-style-type: none"> • Corruption • Tax evasion • Manipulating documents • Smuggling • Government or military official involvement
No but or Yes but	<ul style="list-style-type: none"> • No but it occurs 	<ul style="list-style-type: none"> • No or Yes but only dinner

Figure 4.2 Themes and Master Themes.

The first five interview questions were nondirectional questions, and they have master themes and themes; the last two questions were directional questions, so the master themes are their directional answers and the themes are the reasons given for the answers. Among themes under the business ethical practices master themes, two unfamiliar concepts appeared: one is “Jeob-de” and the other is “Hyang-ung.” Jeob-de is a Korean cultural behavior that provides a huge meal, which is usually dinner; and Hyang-ung is a similar Korean cultural behavior as Jeob-de, but it includes alcoholic drinks and singing, and sometimes it includes prostitutes.

Integration of the Master Themes and Themes from the Interviews

The following sections of this chapter present the integration of the master themes and the themes that emerged from all interviews. Citation from the interview transcripts will be made to capture the experiences of participants. Text in italics represents direct citation from the interview transcripts. The presentation will be guided by the themes and sub-themes that are shown in Figure 4.2.

Ethics Perception Differences

An open-ended structured non-directional question was asked to get information of ethics perception differences: Is there a different perception of business ethical practices when A does business with B, and when A does business with C? Is there a different perception of business ethical practices when B does business with A, and when B does business with C? When the respondents expressed their experiences of ethics perception toward two other groups, their notions converged into four master themes: historical or cultural understandings, general features, business-related characteristics, and business ethical practices. In this section, the identified themes of each master theme

will be presented as they were given by Danish and Korean participants. The order of themes is not based on ranking. Regarding ethics perception differences, every participant placed three cultures (or countries) from among Groups A, B, and C on a line based on business ethical practices from higher (better) to lower (worse). The orders the given are presented at the end of this section.

Historical or Cultural Understanding

When speaking of ethics perception differences, the majority of Korean respondents began by talking about the history or culture of the target cultures. However, a minority of Danish respondents express their notions of general cultural differences. It seems Korean businessmen try to understand the other culture's specific historical or cultural background, while Danish businessmen acknowledge the general cultural differences between two cultures.

General Cultural Differences

A minority of Danish respondents expressed their notions of understanding of cultural differences when doing business with other cultures. A Danish participant, D3, stated,

There are cultural differences and I believe one country's culture is mirrored in the way business is conducted there.

Similar views were shared by D4,

I think there are differences in business ethics between the Danish culture and the cultures in Group B countries. Furthermore, from my point of view there are differences in business ethical behaviors inside the countries – some people are absolutists, situationists, exceptionists or subjectivists. This indicates that we have to consider the culture of the country and each individual in order to understand how we behave in a business situation.

On the other hand, the majority of Korean participants expressed their ethical perception differences toward other cultures with the notion of historical or cultural understanding in various different ways.

Historical Views

Some Korean respondents showed their ethics perception differences by explaining historical events or background of other cultures. A Korean participant, K1, who stated his knowledge of Singaporean history, which underlies of Singapore business practices, said,

Historically, Singapore was a part of Malaysia and became independent from Malaysia. Personal connections (cliques) are very strong among Malay-Chinese in Malaysia. The Malaysian government could not handle those personal connections (cliques), so the government let the group of Chinese be an independent country, which is Singapore. Singapore-Chinese personal connections (cliques) are very strong; therefore, it is difficult do business without their help in Singapore.

Describing their perception of differences in ethics between Indonesians and Koreans, two Korean participants, K4 and K9, who shared their knowledge of Indonesian historical business conditions as compare to Korean's, responded,

Speaking of business ethics, Indonesian business and civilization are about 30 years behind Korea. Indonesia's 2000 is late 1960s in Korea (K4).

The current business situation in Indonesia is very similar to that of Korea in the 1960s (K9).

A Korean respondent who replied that he saw a big differences in the 1960s between Korean and Group A, but believes business ethics between two cultures are similar now, stated,

Based on my working experience, I think there is not big difference in business ethics between Group A and Korea. It has changed through time: Korean business ethics were similar to Group C's business conditions at the beginning of economic development, which was in the 1960s, when international trade was in

its inception. However, business ethics have changed to being close to those in Group A after 30-40 years (K7).

Population and Chinese Influences

Some Korean participants mentioned the population characteristics of Singapore and Indonesia as being mostly Chinese-Singaporean and Chinese-Indonesian. Relating the Chinese, some Korean participants remarked on the Chinese cultural influence on Singapore (K1 and K5) and Korea (K5). And a Danish respondent mentioned a general characteristic of Korean culture, that of respecting seniors.

Singapore is a cash-oriented culture with a practical accounting system with multinational corporations, but it has somewhat primitive religious decision-making standards under the influence of Chinese culture (K1).

Singapore and Korea are influenced by Chinese culture, but Singapore became westernized earlier and has westernized business ethics and Korea still has Confucian business ethics as its base (K5).

Respect for seniors still prevails and seems to be an essential element everywhere [in Korea], including at work (D5).

Western Cultural Characteristics and Cultural Adaptation

Speaking of Western cultural characteristics in Group A, a minority of Korean participants commented that Singapore was westernized and accommodated the concept of business ethics earlier than Korea; and Denmark has an individualistic culture, which is the most common characteristic of western cultures. Relating to the cultural issue, a Korean participant, K2, mentioned the cultural adaptation of Danish people,

Branch offices in other countries should follow the local culture standards as a part of localization. Thus, a branch office in Korea should consider and follow Korean local conditions and local business ethical standards. I am not sure that Danish businessmen have sexual Jeob-de [a Korean cultural behavior that provides a huge meal, which is usually dinner] or Hyang-ung [a similar cultural behavior as Jeob-de, but it includes alcoholic drinks and singing; and sometimes includes prostitutes], but Danish businessmen accept those in Korea. It is a type of localization.

Human Nature

A minority of Korean respondents described their views of ethics perception with a characterization of human beings, human nature. They stated respectively,

If I were to say it in a nice way, it could be called a 'human nature, or warm-hearted, or affectionate' culture. One of the reasons is that Muslims call each other 'brothers'; therefore, they have to help each other (K1).

Koreans consider human nature as important so there are tight relationships in territorial and academic cliques while Danish people are individualistic and do not have to live with their aged parents (K7).

General Features

General features were another converging notion in which respondents shared their perception of ethics differences toward other cultures. General features are separated from business-related characteristics, the next master theme, because those are related to everyday living.

Personal Relationship

Personal relationship is a different notion from "personal connection," which falls within the master theme of business-related characteristics. Whereas personal connections take place in business conduct, personal relationships take place in everyday living. The existence of personal relationship was mentioned among Koreans. They responded,

S. Korean businessmen prefer to be in good personal relationships, but Singapore businessmen do not have that culture (K1).

When a business relationship is over, the personal relationship is also stopped in Denmark; but the personal relationship keeps going after the business is over in Korea (K6).

Through the lens of Danish people, Korean personal relationships are maintained by drinking alcohol and having lunch or dinner together. Respondents stated,

In Korea, business is very personal and emotional. Personal contact is very important and business dinners, and lunches mean a lot (D3).

Drinking with your colleagues is a natural part of working in an office in Korea (D5).

And one Danish respondent (D5) added that Danish people do not believe in strong hierarchies, but a strong sensed hierarchy exists in Korea.

Straightforward Characteristics

The other general feature includes straightforward characteristics such as obeying the laws, reporting income correctly, and lodging complaints. Those characteristics were spoke about regarding Singaporeans (K1 and K9), Indonesians (K9), Danish (K11, D5, and D6), and Koreans (K11, D5, and D6). The comments about Singaporean and Danish people were positive straightforward characteristics but the comments about Indonesian and Korean were the opposite. Those were described as,

Sometimes, I was surprised by their unexpected questions. Specifically, these questions are very straightforward and down-to-earth, and Koreans are not used to this style. For example, "Could you (foreign corporations) do business well without Singapore personal connections (cliques)?" Their conversations are not always sweet-talk, but also include realistic business conditions (K1).

Singapore people understand well about the consequences of breaking the law, so they try not to break the law as much as possible. Singaporeans have a consciousness that if they abide by the law, there will be advantages and benefits.

It is a common perception that business people have more disadvantages when they abide by the law in Indonesia. If they abide by the law, it seems they lose in some way (K9).

Even daily wage earning employees report their income, so the society is transparent, and the national integrity is high without illegality or corruption in Denmark (K11).

One of my friends drove a car and he thought he followed all the traffic signals; but the following driver reported him and said that he violated traffic signals. The driver lodged a complaint against the preceding driver's traffic violation to the police.

It seems that the Danish culture does not tolerate small mistakes so they lodge complaints about such misconduct even if it is not their business (K11).

Korean people try to pay less income tax as much as possible. They also brag about how they pay less income tax, and tell their success stories as examples of heroism (K11).

Saying no does not really seem to be an option in Korea; but the situation is much different in Denmark. You do what you want to do and only join your colleagues when you want to (D5).

In Korea, I see a different way to be honest. Koreans do not give direct answers, so I have to understand the way they express things such as positive response or not. "Maybe" means negative in Korea. In Denmark, Danish people answer either yes, no, or I do not know. In Korea, I nearly always hear "yes, I know (even if they do not)." (D6).

Business-Related Characteristics

A majority of the participants responded to their perceptions of ethics differences by speaking directly about business-related characteristics of other cultures that they have experienced. As illustrated in Figure 4.2, personal connection, quality and value, rational business conduct, general work style, controls and regulations, and decision-making are the themes.

Personal Connection

The most popular phenomenon of ethics perception differences related to business conducts was personal connection (cliques). The phenomenon was remarked on by both Danish and Korean participants. As earlier mentioned, personal connection is a different notion from personal relationship, which is grouped in the master theme of general features. Whereas personal relationships take place in everyday living, personal connections take place in business conduct. Danish and Korean participants spoke about

personal connection among Singaporeans (K1), Koreans (K3, K5, K6, and D1), and Indonesians (K2 and K8). The Korean culture was the most common place to find the personal connection element among the three groups of cultures in the study. Personal connection was stated as a factor in several areas, such as human resources, decision-making processes, and academic and territorial cliques. Statements included,

In the human resources area, there is personnel favoritism in recruiting and promotion in Korea (K5).

The academic and territorial cliques and personal networks influence human resources and business in Korea (K6).

I think that in Korea, a lot of business decisions are made based on personal relationships. Whereas in Denmark business decisions would be made more... let's take an example. When employing a person in Korea, my feeling is that the big role is how you are related to the person who is going to employ you. Same university, come from same hometown, family relationship, those are counted as a plus (D1).

I think Korea is a typical case of business where if you do not know somebody you can never do any business [laugh] so I can see why you sometimes have to employ people who have a certain type of group of connection to your company in order to get access to that particular group (D1).

In addition to those points, one respondent added a rather different view,

In Korea, personal connections are important as well as technique and quality (K3).

About Indonesian personal connection, two Korean participants (K2 and K8) used strong language to express their thoughts,

Indonesia is a military clique society. Indonesians regard personal connections (cliques) to be important (K2).

All businesses go well and smoothly, no matter the ability and performance when you have personal connections with influential government officials in Indonesia (K8).

Different from Korean and Indonesian personal connection, Singaporean personal connection seems to have an interesting characteristic. Singaporean businessmen also consider personal connection (cliques) very important, but they do not provide their personal connections to foreign partners when they first meet. Rather, they watch and keep their relationships for a long time with foreign partners and then they provide their “real” personal connections to introduce business partners to foreign businessmen. It was stated,

Chinese-Singaporean personal connections (cliques) are very strong; therefore, it is difficult do business without their help in Singapore. If a foreign businessman provides Jeob-de to a Singapore business partner, the partner would accept. However, the partner thinks that ‘that person will go back to her or his country.’ Therefore, the partner is not willing to introduce real close friends or business partners to that person. It often happens that a foreign businessman leaves without any notice after getting information from local people. Therefore, Singapore businessmen do not open their mind and do not introduce real personal connections (cliques) to foreign businessmen (K1).

Quality and Value

When doing business with other cultures, different views of quality and value related to business conduct were a phenomenon. A minority of Korean participants stated the importance of quality and value in doing business in Singapore (K1), Denmark (K3), and Korea (K8). All of those responses were positive on this issue, but only one participant (K8) responded that Group A’s research and development is poor because of high income tax rates.

When S. Koreans do business in Singapore, it is not easy to be successful in Singapore unless products are extremely high quality and valuable (K1).

When doing business in Singapore and Denmark, technique and quality are key success factors (K3).

Different from Indonesian business conducts, Korean businesses need more than that. Technology, ability of new product development, and marketing are key factors in businesses success in Korea (K8).

Group A imposes a high income tax, so employees seem to not be interested in their incomes. The employees seem delinquent; and research and development seems slow and poor (K8).

Rational Business Conduct

Rational business conduct is another theme of the business-related characteristic used to identify ethics perception differences. Responses of Danish and Korean participants were presented about Danish (K6, D1, D3, and D4), Singaporeans (K1), and Koreans (D1 and D4). This characteristic was commented about regarding Singaporean and Danish people with positive meanings but regarding Koreans with negative meanings.

In Denmark, people would expect a person who is being employed because he is the most qualified person for the job from an educational point of view or from a performance point of view, etc (D1).

I mean that a lot of business that is conducted in our sector is based on personal relationships and I think that the Korean organization will go to a very large degree and a very long way in order to make sure any business decision and any transaction is being conducted in a way that maintains personal relationships between one person in our company and one person in another company. But in Denmark, it would be slightly more business oriented and you wouldn't do it to the same degree unless it benefited the company (D1).

Denmark, business and pleasure are not supposed to be mixed (D3).

In the Danish culture, an agreement between two partners means both actors will make every effort to fulfill the objectives – this means if you have said yes, you will do it. In Group B countries, a “yes” to an agreement is not always a “yes” but sometimes a “no.” Sometimes I felt it was acceptable to tell a lie to save face (D4).

Singaporeans try to do business rationally based on business principles and specific contract setup because of their national pride (K1).

Decision-making

Related to rational business conduct, decision-making is another business-related characteristic of ethics perception differences. It was claimed that a business decision was made by only a few people of high level; or influenced by personal relationships; or influenced by personal thought and issues in Korea. Similar to Korean culture, people who have political or economic power influence decision-makers in Indonesia. This will be mentioned under the theme of influence of government officials or military in the next master theme. Contrary to those phenomena, all decision-making in Group A was based on business aspects only, and the business system is more horizontal than in Group B and C. With the horizontal system, decision-making was done with a manager and the manager's next higher-level senior's approval in Denmark.

General Work Style

Identified differences such as human resources, agreement style, and work style belonged in the theme of general work style. Korean respondents shared their perceptions of human resources of Group A versus the Korean business culture, where human resources were managed by personal favoritism and personal connections in Korea, but by ability-centered aspects in Group A. Opposite to Group A's appearance, ability-centered business processes were not found in Group C. Respondents stated,

In the human resources area, there is personnel favoritism in recruiting and promotion in Korea but there is ability-centered recruiting and promotion in Singapore. It is impossible to do business without the government offices in Indonesia. The controls and regulations are strong and it is not an ability-centered society. Thus, businessmen must pay attention to under the table money besides other business conduct in Indonesia (K5).

The academic and territorial cliques and personal networks influence human resources and business in Korea. In Denmark, businesses are usually conducted based on performance (K6).

A Danish respondent identified agreement style differences between Danish and Korean business culture as an ethics perception difference. This is similar to two other Danish respondents' comments about no direct answers in straightforward characteristics in general features. The agreement style was stated as,

In the Danish culture, an agreement between two partners means both actors will make every effort to fulfill the objectives – this means if you have said yes, you will do it. In Group B countries, a “yes” to an agreement is not always a “yes” but sometimes a “no.” Sometimes I felt it was acceptable to tell a lie to save face (D4).

Two Danish respondents indicated the other Korean businessmen's work style and accepting attitude of mistakes, stating,

I have also heard from a few Danish businessmen that they were not too impressed with the way Koreans conduct business. They have been very worried whether their Korean counterpart would live up their end of the bargain. It seems they promised a great deal, but have either been slow to deliver or are not really capable of providing what they have promised (D3).

In Denmark it is allowed to make mistakes and talk about it. Danish people learn from their mistakes. However, in Korea, people almost never talk about mistakes. People feel ashamed (D6).

Business Ethical Practices

Among responses of ethics perception differences, themes under the business ethical practices were the most dynamic phenomena. A lot of monetary activities occurred, mostly in Group C; Jeob-de (a Korean cultural behavior that provides a huge meal, which is usually dinner) or Hyang-ung (a similar Korean cultural behavior as Jeob-de, but it includes alcoholic drinks and singing; and sometimes it includes prostitutes)

occurred in Group B. Relating business ethical practices, comments on higher ethical standards or morality emerged from discussions about Group A.

Monetary Activity

Monetary activity was a business practice that went against ethical standards. It includes all practices that require physical treatment except Jeob-de and Hyang-ung, because those activities were more specific practices and were identified mostly with Group B. The physical treatments include bribes, lobbying, under the table money, under valuation, and tax evasion; those activities occurred mostly in Group C and were stated as,

Basically, Indonesians are accustomed to bribes; therefore, giving gifts/presents to intermediaries who can influence a decision-maker is common in doing businesses. Nobody is ashamed of it. Bribes are all over the place in Indonesia like Jeob-de is in S. Korea. For example, when I was waiting in line for an immigration procedure, one of the immigration officers approached me and asked for money for beer. The officer did not care about other foreigners waiting behind me. I have never gone through the airport immigration formally in Indonesia. I passed through the immigration checkup informally through my personal connection. Not only businessmen take bribes, but also university faculty members such as professors and deans of a college at a prestigious university like Po-Hang Tech University [the school is like Texas Tech University in the U.S.] accept bribes. The government officials working for the subsidiary of the Economic Planning Board also take bribes without hesitation. It is very common to offer bribes indirectly to the subordinates of chairmen who are respected. Bribes (money) are usually handed out without an envelope. The person who receives the money usually counts it right away in the presence of the giver. Professors do the same (K1).

I heard businessmen need to have good relationships with the government employees; thus, they need to lobby in those countries. I heard that the government employees have powerful influences and are mostly relatives of the presidents of those poor countries. I heard that Indonesian government employees are relatives of President Suharto and they are related to the power of business and politics, so foreign businessmen need to lobby for their business successes (K3).

It is different in that Indonesia and Nigeria are poor countries so there are strong desires for money and the bribes are necessary for each business step. One example is giving commissions (bribes) to government officials for business. The officials ask money first for each business step, or foreign businessmen promise money for business success. The promise would be giving money after the business success (K6).

My husband, who did business in Indonesia, said that Indonesian businessmen ask for money (bribes of specific amounts) in every process and stage and there is no progress without money (K11).

Indonesian people are generally honest, but government officials are corrupted and ask for under the table money. It happens to the commercial businessmen (K4).

It is impossible to do business without the government offices in Indonesia. The controls and regulations are strong and it is not an ability-centered society. Thus, businessmen must pay attention to under the table money besides other business conduct in Indonesia (K5).

I think the Bangladesh business culture sometimes demands that the decision-maker who works for a Bangladesh company be personally rewarded in some way for buying your product. It is like direct kickbacks, etc. The definitions of kickback and bribes: kickbacks are if you are a public employee and bribes are if you are a private employee. You come across requests where the decision-maker in a company asks you to give him some money or provide him an overseas holiday in order to make a decision in your favor.

I think that you also find requests for providing some sort of financial favor in the Korean business environment, but I think it happens much less often compared to Bangladesh business (D1).

I heard that Group C businessmen sometimes ask for money from foreign businessmen (D3).

I have had difficulties in doing business in Indonesia. Bribes are much commended in Indonesia (D6).

About under valuation and tax evasion activities in Group C, a Korean respondent (K9) explained with an example, stating,

The current business situation in Indonesia is very similar to that of Korea in the 1960s. They commonly ask for 'under value.' An under value is that when a product's price is \$100, they have to pay 50% customs, which is \$50. The rate of

customs is 50% by law and cannot be changed; thus, they write \$10 as a product price on the contract.

Fifty percent of \$10 is \$5, so they only pay \$5 for customs. Technically, they have to pay \$50 for customs, but they would pay \$5 for that, so the difference is \$45. That is the under value of tax evasion.

A Danish respondent (D2) shared his work experiences especially about monetary activities in Korea and Nigeria, stating,

Corrupted business conducts and personal gain from doing business are broadly accepted in Korea. I do not believe corruption is very widespread in South Korea but it is definitely socially accepted, whereas it is a complete taboo in Denmark. Korean staff or manager could be given a gift or money in order to endorse or even push a deal with my company. Most common gift is flight tickets of a manager's family trip for a holiday. Nobody in South Korea seems to be acknowledged that this is a corruption. Also very expensive lounge visits of clients are considered a must, or at least, a way to convince a client to buy my equipment.

In Nigeria, corruption is completely natural to discuss and bribes are openly taken prior to any deals. Both the government leaders and business people are enjoy and spend wealth obviously corruptly collected. For instance, nobody complain when a Senator or Minister owns a large house or houses in overseas, even though the person hardly pays for the airline ticket on first class with one's local income. Governors and Ministers open own large car pools of fancy cars and large houses without anybody in the environment lifting an eyebrow.

A Korean respondent (K2) revealed that sometimes, under the table money exists in Korea; about that issue, another Korean respondent (K11) said that government-level corruption has been cleared in Korea.

Influence of Government or Military Officials

Most monetary activities that the respondents discussed were related to governmental officials and military in Group C, especially in Indonesia. Some respondents added that the reason for the involvement of government and military official is that those countries still are underdeveloped so the power or influence of the

government and military is dominant. Those activities will be treated again in inappropriate business conduct experiences section. A majority of Korean respondents who have work experiences with Indonesian commented,

I heard businessmen need to have good relationships with the government employees; thus, they need to lobby in those countries. I heard that the government employees have powerful influences and are mostly relatives of the presidents of those poor countries (K3).

Indonesian people are generally honest, but government officials are corrupted and ask for under the table money. It happens to the commercial businessmen (K4).

It is impossible to do business without the government offices in Indonesia. The controls and regulations are strong and it is not an ability-centered society. Thus, businessmen must pay attention to under the table money besides other business conduct in Indonesia (K5).

One example is giving commissions (bribes) to government officials for business. The officials ask money first for each business step, or foreign businessmen promise money for business success. The promise would be giving money after the business success (K6).

Especially, I heard that the influence of the military is very powerful in forest and mine development in Indonesia. Thus, knowing influential military people is important in doing business in Indonesia (K8).

For every business process such as purchasing a site for plants, planning plants, and building [manufacturing] plants, the government officials asked for specific amounts of money (bribes) for progress; no money, no progress. They are the government officials who give permissions to do business. Any kind of business needs to get more than one permit from government officials, and they always request money (bribes) for processing the permits (K11).

Jeob-de or Hyang-ung Comment

Relating to monetary activity, Jeob-de (a Korean cultural behavior that provides a huge meal, which is usually dinner) or Hyang-ung (a similar cultural behavior as Jeob-de, but it includes alcoholic drinks and singing; and sometimes includes prostitutes) is a physical treatment. Activities similar to Jeob-de and Hyang-ung occur anywhere in the

world, but those activities are Korean cultural customs that involve spending a lot of money. Minority participants responded about those activities in a negative way. They stated,

When doing business in Denmark, there are simple dinner offers, but when doing business in Korea, there are Jeob-de [a type of Korean cultural behavior that provides a huge meal, which is usually dinner] and Hyang-ung [similar cultural behavior to Jeob-de, but it includes alcoholic drinks and singing] (K6).

The same respondent explained the reason for doing Jeob-de in Korean culture,

We [Koreans] feel guilty if we do not Jeob-de them and we think those are good practices for long and short business partnerships. Sometimes, we offer Jeob-de to them even if we know the business has not made it. If there is a business partnership, we do Jeob-de with obligation, following our tradition. Korean people do not receive guests at their everyday meal. It happens in business also. Mostly, we do Jeob-de to Group A with dinner; and sexual Hyang-ung is optional. When the business scale is small, we pay less attention. But if the business scale is large, we do Jeob-de for our partners even if we are the customers.

A Korean respondent (K10) gave a detailed explanation of doing Jeob-de and Hyang-ung, stating,

For example, we [Korean] businessmen do Jeob-de [a Korean cultural behavior that provides a huge meal, which is usually dinner] when business partners are visiting. My rule for treating my business partners, including foreigners, is simple: my Jeob-de usually includes both dinner and drinks. I usually spend \$20 per person, \$40 for a VIP guest, and \$100 for a special occasion per person. Another rule is that I do not provide Jeob-de with sexual entertainment when drinking alcohol. When I provide alcohol to a group of business partners, I do not go to a place that serves individual prostitutes to each guest but go to a place that has one female server for a whole group of people sometimes. [This server pours drinks and flirts, but does not perform sexual acts.] When we went to the place for drinking, the foreign partners seemed to be enjoying it. But I heard a few days later that the foreign partners blamed me for bring them to an immoral place. Korean Jeob-de culture is way too much sometimes. You cannot imagine. Every country has its own way of doing Jeob-de, because doing business involves people. I think the degree of doing Jeob-de is getting worse in corrupted countries.

I usually categorize business partners into three groups of A, B, and C class. When doing Jeob-de [Hyang-ung] for B class, B class could be divided into three classes, upper, middle, and bottom. It again depends on the spending for Jeob-de. The amount of money may vary in doing Jeob-de for the highest level, A class. When you serve the B class, the middle category is called a full course, which usually includes a dinner, drinks, and a prostitute. After a dinner and drinks, the business partner spends time with a prostitute at a motel (not a hotel) for 2-3 hours. A prostitute takes 1,000,000 Won [Korean currency], which is about \$800 US per person. Thus, the full course costs about \$3,000 US including dinner and drinks. If they drink overnight, it costs 2,000,000 Won per person. Most Group A businessmen do not understand this Jeob-de culture.

Group A businessmen do not ask for Jeob-de first but Korean businessmen provide Jeob-de beforehand with over-kindness. When Group A experiences the full course of Jeob-de, they enjoy it for the first time and they are curious. It is a paradise on the earth. How could they get those treats? However, I do not give that kind of Jeob-de to Group A partners because the partners may think 'Am I doing right ethically?' or 'Where does the money come from?' so the business partnerships will not go farther.

Group A partners just follow the Korean business culture and standards. I have never met or heard of Group A people saying no to Korean Jeob-de or Hyang-ung. The business would go well in the short run, but they would think it could be a problem to build trustworthy and interchangeable partnerships in the long run.

The same respondent shared his experience of foreign partners not understanding about the expenses of Jeob-de or Hyang-ung,

For the other example, I discussed the expenses for Jeob-de with some foreign business partners. When a foreign business launches to Korea for the first time, the foreign businessmen need to provide Jeob-de to lots of people. However, the foreign partners do not understand the expenses for Jeob-de as a business account. Here is one more example. An Australian businessman who is working at a branch office in Japan spent money on Jeob-de in Korea and asked me a favor because he could not report the total expenses of Jeob-de to his office. He asked me to take care of half of the expenses with fake receipts at that time, and he would report half of the expenses to his office. Then he would report later with fake receipts. I did what he asked.

Higher Ethical Standards or Morality Expression

Different from inappropriate business practices like monetary activities, influence of government and military officials, and doing Jeob-de or Hyang-ung to indicate ethics

perception differences, expression about higher ethical standards or morality were given by Korean participants toward Group A,

I think that Denmark is a country where bribes do not exist because of strict controls and regulations and because the country itself has transparent business practices (K2).

I heard that they keep their ethical standards and Singapore corporations are trustworthy because of their transparent business system and high degree of integrity. Scandinavian countries are similar to Singapore in having a high degree of integrity and a transparent business management system (K5).

Generally, Singapore businessmen are honest, work hard, and keep doing business for a long time when they trust their partners. Singapore businessmen mostly tell the truth, whereas Korean businessmen do not tell the truth and do this to make profits (K4).

Criminal Incident

Speaking of ethics perception differences toward Group C, a minority of Korean participants revealed experiences in Group C, especially in Nigeria. A short story was given,

My younger colleague said that there are lots of thieves and business swindlers in Nigeria. And foreign businessmen are targets of plunder and robbery because Nigerians are so poor (K3).

A long story was told,

I know a notorious story about Nigeria.

There are lots of intentional frauds in Nigeria and I know of a huge fraudulent practice. According to a Nigerian, a senior official of the Nigerian government concealed petroleum funds and saved the money in his account, but he could not take out money after the political revolution. The minister who was taking care of the money was fired so he couldn't take the money back.

When business takes place, a rebate of 10% occurs. If someone helps him to get the money back, that person would get 10% of the rebate, which is about \$20 million. If I help him to get the money back, he would give me 20% of his rebate, he said.

It was 10 years ago when this happened and they keep sending emails and letter. There are lots of Koreans running medium and small businesses who were swindled. I have received those letters 5 to 6 times.

Most Korean financial banks acknowledge this fraud. I heard that there are lots of notorious swindlers in Nigeria.

The people ask for many things. They ask for information and gifts. They ask to open a bank account in Korea. Then they can transfer money in each direction. They say they will pay 20% of the rebate when the business goes well. 20% of 20 million is \$400,000. Korean businessmen fall into a trap because of the huge amount of money.

The Nigerians keep asking for confidential business information. They ask us to send gifts as bribes to government officials to get jobs done smoothly. Sometimes they ask for Rolex watches.

They want me to open bank accounts to trust them and ask for information about companies that I work with. They say that the amount of money they can control is about \$20 million. After a rebate of 20%, they want to use the remaining more than \$10 million to do business in Korea later. They ask us to do research about possible types of businesses and to look for partners.

I am the one of victims. [After that,] I did research about the fraud in order to give information to Korean banks.

Now, many people know about it, but still at least one or two people are deceived by them. Even though it has become a public knowledge, one to two businessmen are victimized every year. The victims cannot report this because they are ashamed.

I heard that a Korean businessman went to Nigeria for business but was robbed and came back home as a penniless person (K10).

No Understanding of Unethical Practices

Minority Korean respondents commented that Group A businessmen do not understand the use of under the table money or Jeob-de. Group A businessmen consider those types of business conduct as immoral practices.

Order of Three Cultures from Higher to Lower

Regarding ethics perception differences, every participant placed three cultures (or countries) among Group A, B, and C on a line based on business ethical practices from higher (better) to lower (worse). All participants, both Korean and Danish, presented the same ordering from higher (better) to lower (worse) as Group A, Group B, and Group C. About half of the Korean respondents were more specific, saying that

Korea is placed in the middle but it leans to Group C (K6, K9, and K11) or to Group A (K7 and K8).

Answers to Research Question 1 and 2

Is there a different perception of business ethical practices when A does business with B, and when A does business with C? Is there a different perception of business ethical practices when B does business with A, and when B does business with C? According to the Danish and Korean respondents, there are different perceptions of business ethical practices when A (Danish managers) do business with B, and when managers from A do business with C. All of the Danish participants responded that they perceived business ethical practices differently when they did business with managers from Group B and Group C. In addition to those answers, all of the Danish participants agreed that the orders from the higher business ethical practice group to the lower business ethical practice group was Group A, B, and C.

As with the Danish participants, all of Korean participants (Group B) responded that they perceived business ethical practices differently when they did business with managers from Group C. In doing business with Group A, the majority of Korean participants responded that they perceived business ethical practices differently when they did business with managers from Group A. As did the Danish participants, all of Korean participants ordered Group A, B, and C from higher ethical practices to lower ones.

Ethics Commitment Degree

A set of questions, which were open-ended structured non-directive questions, and a question of influence factors, were asked to learn how people from one culture

behave regarding ethics when working with other cultures: Is there a different commitment, such as maintaining one's own business ethical standards or following the local culture's standards, when A does business with B, and when A does business with C? Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when B does business with A, and when B does business with C? What factors influence these differences in views? The degree of following the target culture's business ethical standards, maintaining one's own culture's business ethical standards, mixing the two cultures' business ethical standards and staying, varied depending on business power player and the following factors. The reasons for those degrees were based on personal value system or religion; influence of the other culture or cultural adaptation; business tradition or survival; considering partners or competition; or the target culture's business ethical conditions.

Follow the Target Culture

When doing business with other cultures, a majority of Korean participants responded that they follow the target culture's business ethical standards; none of Danish participants responded this way. There were several reasons for following the target culture's business ethical standards: competition, considering partners, business survival and tradition, higher standards in the developed country, and personal value system.

Competition

Among Korean respondents who followed the target culture's business ethical standards, a minority of respondents said that they followed Group C's standards for winning in competition because Group C was more competitive than Group A. Those who answered this way stated,

The reason that I follow the Indonesian standards is for winning in competition and for business achievement. I also watch competitors' business conduct (K2).

The competitor's business practices and Korean traditional practices are big influences. It is competition itself because I think the competition is more severe in Group C. Only rational thinking is required in Group A (K6).

It is for competition and survival of the business. In the worst case, the Indonesian partner says the business must do something by following their requests. I think Indonesia and China have similar business conditions, and when they buy sugar or snacks from Korea, they ask for other commissions. For example, when sugar costs \$100 US per ton, they make a contract with \$100 US but pay \$110 US. They say they will pay \$110 US then give \$10 US back as a rebate. Buyers ask for kickbacks and say if we do not accept their request, they will do business with another country or partner. In these circumstances, I accept their request to do business (K8).

Business Survival

Another reason that Korean respondents followed the target culture's business ethical standards was to survive in doing business. Those respondents who gave that reason were following Group C's standards to continue to exist in severe competitive business circumstances. This reason is similar to winning a business competition, but the notion is separated to satisfy the respondents' classified replies. Those replies stated,

It is for competition and survival of the business. In the worst case, the Indonesian partner says the business must do something by following their requests. I think Indonesia and China have similar business conditions, and when they buy sugar or snacks from Korea, they ask for other commissions (K8).

[Decisively] I follow Group C's standards because no one can do business when following Korean ethical standards. Even though Indonesian business practices are corrupt, I have to follow their requests for business progress. If I do not follow their standards, I cannot do business in Group C (K11).

Consider Partners

A minority of respondents replied that they considered partners' business condition and circumstances so they followed the target culture's business ethical

standards. Those respondents had mostly same reason, considering partners, for both Groups A and C. Considering partners means customer satisfaction and putting oneself into another's shoes.

Korean Nine responded that he followed both Group A's and Group C's ethical standards when doing business with them; and he thought that the strategy of considering partners let his business partnership exist for a long time. His comments were,

All influences are condensed to one thought. Education, reading, direct experience, and indirect experience are considered as condensed. When a partner [Group A] exists, I exist. Besides partners, business is not continued without putting oneself into other people's shoes. I always talk to my employees, family, and junior colleagues to consider others and put myself into their places.

In doing business with Indonesia, I insist on Korean business ethical standards as much as I can when it is right. But when my partners do not agree with and follow them, there is no way to do business with them except by following their ways. Thus, I follow my partner's standards and ways of doing business.

[Interviewer] Do you follow your partners' standards when you are doing business with Singapore and Indonesia?

Yes, I tend to. I am still doing business with the partners and I follow their rules; otherwise, the business relationships are not continued. If a conflict persists, the business would be discontinued. When both parties try to follow each other's rules, the business will be continued – in my case, for 15 years.

[Interviewer] Could you tell me more about the case of quitting doing business? Although two parties have different business ethics, doing business should produce mutual benefits or win-win relationships between the two parties. If one party has no benefit and has losses, the relationship would end. The first reason that doing business stops is when product quality does not match the other party's expectation. The second reason is when they cannot arrive at a compromise about a price agreement. Even if the first two agreements are satisfactory between two parties, there is another reason to stop doing business. The third one has to do with ethical standards, cooperation, consideration, or a malicious manager asking for personal money from company finance.

I could accept a request for sometime, but when I do not accept any more because the requesting goes on too long, and it makes trouble for the company, the business will be stopped while the malicious manager is working. If the manager causes big problems, I could report him to his/her senior manager to fire or change but that would also be a problem. Those and other invisible malpractices are barriers to doing business.

[Interviewer] Do the first two reasons to stop doing business happen in both Singapore and Indonesia?

Yes.

[Interviewer] In which country does it happen frequently for the third reason? That happens mostly in highly corrupted countries. Those countries are Indonesia, China and Korea (K9).

Another Korean respondent replied that he followed both cultures' ethical standards because he considered the partner's conditions; but his specific considerations of Group A and C were different,

My partners in Group A have their own corporation policy and so does my company. My final goal of doing business is to develop fair business partnerships. I might move to another company, but my goal is let partners think of me as 'the person who is reliable and trustworthy' in any situation. Then wherever I go, I could make and keep new business partnerships. To sum up, I decided to follow Group A's standard according to my personal value system. I spend much time and effort to build fair business partnerships with Group A. I consider Group C as my customer and the customer is everything to me. I consider Group A as my partner and companion (K10).

Business Tradition

A Korean respondent said that he followed the target culture's (regardless of culture or country) business ethical standards because of his traditional business conducts, saying,

I have been doing this business all my life, and have my own business philosophy as guidance. When I do business in Columbia, I follow more my moral goodwill than business profits. I invest in the foreign country, Columbia, not because of future business profits but because of the goodwill of contributing to the Columbia economy as a Korean company (K3).

Higher Standards in the Developed Country

A minority of Korean respondents responded that they followed Group A's business ethical standards because their standards are higher than the Korean standards

and they are developed countries. Following higher standards was related as a reasons for winning business competition and for the notion of higher being better. They stated,

I follow Singapore business ethical standards because of their higher business ethical practices. If I do not follow the standards, I cannot win the bids. There is no under the table money to government officials to gain winning bid. Singapore is one of the high-ranking non-corrupt countries, and government officials' salaries and welfare seem good enough. The business processes are honest and follow principles and policies. And there is no tax evasion. When doing business, businessmen should follow principles and policies for business success in Singapore. It does not make sense to do business unethically. A bid takes place in an open competition and is won by the cheapest and best offer (K4).

Basically, most businesses are arranged within boundaries of both countries' standards and laws, but when doing business with Group A, Group A's standards are a priority. When doing business with Group C, Korean standards are a priority. It depends on which country I do business with. Group A has well-established systems so it is easy for us to accept them when doing business with Group A. The systems are standards of value including culture, which is based on customs and practices (K7).

Personal Value System

A Korean respondent replied that she followed Group A's business ethical standards because of her personal value system. Responding to the same question about Group C, she replied that she follows Group C's standards for business survival. Her explanation of her personal value system was,

I follow their business ethical standards when doing business with Group A. I have Korean cultural influences in conducting business practices, but I try to follow Group A's rules for not being looked down on or not making excuses or saving face for being a Korean. I think the influence is mostly from my personal background. When my colleagues and I went to Denmark to study, everybody had different conduct even if we were all college graduates. Thus, education may influence one's basic discretion, but a person's conduct is mostly under the influence of one's background like home training and personal consciousness (K11).

Maintain Own Culture

When doing business with other cultures, only one Korean respondent replied that he maintained Korean ethical standards when he did business with Group A. This participant is a unique case; he (K2) worked at Danish Branch office in Seoul, Korea, for a long time. This meant that the target culture of his business was Korea. For winning business competition in Korea, he maintained Korean standards. He stated,

Competition

[Pause] I think I follow Korean standards. Branch offices in other countries should follow the local culture standards as a part of localization. Thus, a branch office in Korea should consider and follow Korean local conditions and local business ethical standards. I am not sure that Danish businessmen have sexual Jeob-de [a Korean cultural behavior that provides a huge meal, which is usually dinner] or Hyang-ung [a similar cultural behavior as Jeob-de, but it includes alcoholic drinks and singing; sometimes includes prostitute], but Danish businessmen accept those in Korea. It is a type of localization. I follow the way of doing business as well as the way of competitors doing business (K2).

Mixed or Between

All the Danish participants and little bit less than half of the Korean participants responded that they sustained their commitment mixed in between two different cultures' business ethical standards. A majority of Danish respondents replied that this was because of cultural adaptation. Other than this reason they gave the same reasons for following the target culture's standards: competition, business survival or tradition, religion and Chinese culture, making a change or a difference, or corruption in an underdeveloped country.

Cultural Adaptation

All Danish respondents replied that they sustained ethical commitment mixed in between two cultures because of the need for cultural adaptation. Those respondents had

the same commitments toward Group B and C. The first Danish respondent (D1) said that he used a mix between commitment but he experienced blocking from multinational ethical codes to adapt to the local culture.

I use a mix-in between. I think that to some degree you have to be honest with yourself and do business in a way which you feel comfortable with and which you can live with from your home background of business ethics. At the same time, when you do business in a different culture, you also need somehow to adapt to the culture. I think it is like the balance between what you can live with and what business area you are in order you to do business. And then of course you have to work within the frame of the law in the country where you are working. I don't think it [ethical standards and commitment] will change. I have been working as an adult in this part of the world [East Asia] and I think there are some similarities between how you do business here and how you do business there. It is very very personally oriented. I worked in a multinational company that has certain guidelines and ethical standards that we must follow. Our labor flexibility and our adaptation to the local business culture or business ethics are, in reality, blocked because we have certain ethical codes that we must follow. And that is what most European businesses do (D1).

Another Danish respondent mentioned that he used a combination between two cultures' ethical standards because he experienced a different degree of agreement when he worked with Group B. The different degree of agreement was expressed in the theme of rational business conduct under the master theme of business ethical practices. D4 stated,

It is a combination. You have to understand your partners, listen to them, try to internalize their way of thinking, and then try to make a consensus between the "Danish culture" and the partner's culture. I think it is my way to internalize and understand ethical judgment. Perhaps it comes from my upbringing, education, and my working experiences. I don't think it comes from the policy of the company or my religion. Yes, especially to be sure the partner in the interacting company has understood the contents of the agreement and actually will fulfill the agreement.

Two other Danish respondents replied that the more accustomed one is to the target culture, is the better he or she will perform with the target culture's people,

A high standard must be maintained while considering the local culture. If one disregards the local culture, one cannot do business well in that country and one is likely to end up being cheated or passed over in the end. The more one knows about the local customs and culture, the better one can implement one's own business ethics and know how to implement them. In order to make changes or make a difference, one must know what to do, how to do it, and when to do it. Therefore, one must become as native as possible to see the opportunities, the pros and cons, which can be used in business. It is like the art of war and the Musashi Book of Five Rings; knowing is dead important if you want to accomplish great things (D3).

In terms of doing business, showing understanding of local culture and respecting the local customs are needed. Considering the local culture is an important impact. In a competitive environment, I think people will be likely to choose the lowest acceptable business ethical standard for making profits (D5).

I respect to what I heard and learned about the local culture. I try to consider the local culture's customs (D6)

Competition

A Korean respondent replied that he used a mixed ethical standard when doing business with Group A because there could be a conflict if one only followed one's standards, and he cared about his competitors' business conducts. He stated,

I follow the Singaporeans' requests. When a Singaporean partner gives their business standards, I usually follow them, but if there is a conflict between Korean and Singaporean standards, I follow Korean standards. I would say it is better to use mixed business ethical standards. If one follows only one party, it could mean falling behind. It is the competitor's business conduct (K5).

Business Survival

A Korean respondent (K4) answered that he worked between two ethical standards to survive in business circumstances when doing business with Group C. He answered same question by saying that he followed Group A's standards because of their higher ethical standards. He said,

Mostly I follow Korean business ethical standards and use Indonesians' when necessary. If I follow only Korean business ethical standards, I cannot do

business in Indonesia. If there are Indonesian employees, the business should use mixed business ethical standards for survival.

Religion and Chinese Culture

A Korean respondent expressed that his religion and Chinese cultural influence, Confucianism, affect his ethical commitment to use between-cultures ethical practices.

The person used mixed standards when doing business with Group A and C. He stated,

I am a Christian, so first of all I follow the standard of Christianity. And there is Confucianism, which existed before Christianity came to Korea. I do business following one of the Confucian ideas such as 'Ye,' courtesy, which is consideration of others. So I keep in mind my employees' welfare after making profits. In sum, I do business based on the principles of Christianity and Confucianism (K1).

On the other hand, a Danish respondent replied that he did not think religion influenced his decision to use mixed ethical standards.

I think it is my way to internalize and understand ethical judgment. Perhaps it comes from my upbringing, education, and my working experiences. I don't think it comes from the policy of the company or my religion (D4).

Corruption in the Underdeveloped Country

A Korean respondent replied that he used standards mixed between Group C and Korean ethical standards because Group C's is corrupted and representative of underdeveloped countries. Answering the same question but toward Group A, he answered that he followed Group A's standards because of their higher ethical standards.

His comment was,

When doing business with Group C, Korean business ethical standards are a priority. It depends on which country I do business with. The system of Group C is more loose than that of Korea. Therefore, Korean law, regulations, and ethical standards are followed first, then standards in Group C are supplemented as needed (K7).

Depends on Power

Some Korean participants considered the balance of business power between two countries. This consideration will be presented in the next section, as will ethics concerning degree of power. Those respondents followed the power player's (customer's or demand's) ethical standards for the following two reasons.

Consider Partners

A Korean respondent replied that he decided his ethical commitment degree depending on who has the power in a business relationship. This response was about Group A; the response about Group C was to follow Group A's standards to win business competition. He stated,

I mostly do importing business with Group A, and I ask them to follow Korean standards. I ask them to follow Korean business transactions and customs. I think that suppliers should follow the buyers' culture. Supply and demand determines which standards should be followed. Following standards depends on supply and demand. The owner is not the supplier [manufacturer] but the consumer [user] [Decisively] because the supplier [manufacturer] can make hundreds of products in a few seconds, but the consumer [user] may use the product forever. I learned the owner is the customer when doing my own business a long time ago because the customer is the one who feels the inconvenience of a product and makes claims against the supplier (K8).

Business Tradition

A Korean respondent shared his notion of degree of ethical commitment toward Group A. He decided his degree of ethical commitment depends on business power. To answer the same question regarding Group C, he responded that he followed Group C's standards to win business competition. His comment of business tradition was,

It depends on who is more powerful in a business relationship. For example, when I import a machine, if there is only one supplier and several customers who want to be a monopolist, then I must do anything the supplier wants. However, if

there are lots of suppliers for a machine, I as a customer follow my own standards. When doing business with A, I do not pay attention to business ethics. Traditional conduct is the most common influences. For example, when a predecessor provides bribes, a successor must provide bribes, too.

[Interviewer] Does it happen with Group A?

It does not happen with Group A. With Group A, the Korean buyers have power and Group A follows what we ask for, but they do not ask first for those things (K6).

Answers of Research Question 3, 4, and 5

Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C? Is there a different commitment, such as maintaining one's own business ethical standards or following the local culture's standards, when B does business with A, and when B does business with C? What factors influence these differences in views? According to Danish respondents, there is the same level of commitment when A (Danish managers) do business with Group B and Group C. All of the Danish participants responded that they used a mix of the two different cultures' business ethical standards because they consider the target cultures' business customs.

On the other hand, the Korean participants' responses are somewhat different. When B (Korean managers) do business with Group A, about half of the respondents follow Group A's business ethical standards; and minority responses were about maintaining one's own culture's ethical standards, using a mix between two cultures' business ethical standards, and depending on power of business partnership (following customers' standards). The main factors are consideration of Group A's business conditions as partners and trusting Group A's higher ethical standards.

Doing business with Group C, the majority of Korean participants said that they follow Group C's business ethical standards with different influences. The main factors of influence are severe competition and business survival. A minority of Korean responses was using a mix of between Korean and Group C's business ethical standards. Factors of influence are competition, business survival, religion, Chinese culture, and corruption in an underdeveloped country.

Ethics Concerning Degree

Learning about degree of ethics concerns was presented by open-ended structured directional questions: Do you perceive that managers from your culture pay more attention to business ethical practices when doing business with one group than when doing business with your culture or with the other group and vice-versa? The responses went to participants' behavioral directions, such as pay more attention, pay less attention, pay equal attention, and depend on supply or demand. The behavioral directions and their reasons will follow.

Pay More Attention

A majority of Korean participants responded that they paid more attention to business ethics when doing business with Group C; and about half of the Korean participants answered that they paid more attention when doing business with Group A. About half of Danish participants expressed that they paid more attention when doing business with both Group B and C. The reasons for paying more attention went to mainly two areas: the target culture's lack of ethics and specific requirement of higher business standards. Other than these, the reasons were "exceptional paying more attention" and representing a country. The term 'pay attention' in the Korean language

seems subtle. The researcher asked the participants who used it to express the concept in other words, and they said another translation for pay attention is concern or agony.

Lack of Ethics

All of Danish respondents who paid more attention to business ethics when doing business with Group B and C gave the reasons of the target culture's use of unethical business conduct or a lack of fulfillment of business conduct. Danish respondents stated,

I pay more attention to Group C because of their reputation of bad business ethics (D3).

Yes, especially to be sure the partner [Group B] in the interacting company has understood the contents of the agreement and actually will fulfill the agreement (D4).

I pay more attention to possible differences when doing business outside [Group B and C] my own "homefield (D5)."

I pay more attention to doing business with Group C (D6 and D7).

Korean respondents shared specific experiences of lack of ethics with Group C, and stated,

Yes. I have to contact someone for business personally in Indonesia. When doing business in Indonesia, one should contact someone who can make a decision for the business, or a friend of such a person by personal connection. They accept proposals but they do not choose a product because of its high quality. Indonesian businessmen might choose a low-quality product because they consider their personal connection over the quality of a product.

So no one could think of business ethics. The Indonesian culture is deeply rooted in personal embezzlement behavior and does not care about business ethics at all (K1).

I pay more attention to their businesses because of their requests. I pay more attention to the requests for double offers and kickbacks (K8).

Yes, businessmen like Indonesians request something that is against business ethics, and I consider it carefully and cooperate with them because that is common sense (K9).

Specific Requirement of Higher Business Standard

A minority of Korean respondents indicated that Group A required specific or detailed work when doing business with them. Also Group A's business ethical standards are higher than Korea's, so Korean businessmen should paid more attention to business practices when doing business with Group A. The responses were,

Yes. When doing business with Group A, every business process is followed with documentation and one is required to follow their business standards. Also, the documentation includes more detail than when doing business with Group C (K5).

It is inevitable to pay more attention to their laws and regulations because theirs are better than Korea's, and to try to learn Group A's standards because their customs and law and regulations are better than Korea's (K7).

Yes, I pay more attention.

I think the Korean business environment is becoming improved in terms of business ethics because of influences from Group A. Businessmen of Group A are ethically better than Korean businessmen, so Korean businessmen may change their conduct (K10).

Same in General, but...

Minority Korean respondents said that they generally paid same attention to other cultures but they paid more attention to technique and quality with Group A and to bribes and lobbying with Group C.

Being Representative

A Korean respondent and a Danish respondent said that they paid more attention to business practices when doing business with both Group A and C. Both respondents were female and explained,

Yes, I pay more attention to doing business with Group A.

I may behave roughly in Korea, but I try to behave better when I go to another country [Group A] because they perceive my behavior as a representative of Korea (K11).

When going abroad, I believe that people carry with them a wish to represent their country in the best possible way (D5).

The Korean respondent added an explanation of “pay more attention” to Group A and C. With Group C, she paid more attention to get information of dirty conduct for successful business, but toward Group A, she did not pay attention to ethical perspective but paid more attention to her behavior to avoid making any shameful impression because Korean ethical standards are lower than Danish ones.

[Pause] Yes. When doing business in a highly ethical country, I do not have to pay attention to ethical practices; however, when doing business in a low ethical country, I do not have information about how much money I should pay as bribes. If I do not pay attention to bribes, there will be no business progress and the business may fail, so I could be bankrupt. Thus, I pay more attention to detailed information about dirty business conduct.

Pay Less Attention

When doing business with Group A, about half the Korean respondents said that they paid less attention; and minority respondents paid less attention to doing business with Group C. The reasons were also opposite notions as with paying more attention: higher ethics of Group A and weak ethics of Group C.

Higher Ethics

All respondents who gathered their reason to pay less attention toward Group A cited Group A’s higher ethics, so they saw no need of care of business ethical practices,

No. Singapore people have strong business ethics and philosophies that are built through multinational corporations. They are proud of their nationality because they have a great government leadership. The culture is formed not only based on social customs but also based on laws, which have strong enforcement. There are laws for not throwing cigarettes and fastening seat belts in Korea, but the regulations in Singapore are much stronger. Therefore, it is easy to do business in Singapore when I have information about those laws and obey them (K1).

When doing business with A, I do not pay attention to business ethics. I think Denmark businessmen are good enough. Thus, I pay attention to business ethics in Denmark less than I do in Korea (K6).

A respondent added that two other reasons for paying less attention to Singapore were the fact that the nation has no tariffs and Singaporeans' higher social consciousness, saying,

When I do business with Singapore, I never pay attention to business ethics because Singapore is a customs-free country so the partner does not request something that goes against business ethics. I think that problems in business ethical practices happen in a country whose regulations and controls are strict; it rarely happens in less controlled and regulated countries. I think that Singaporeans are born and raised with the laws and regulations so they have a social consciousness about abiding by the laws and regulations rigidly (K9).

Weak Ethics

A minority of Korean participants commented that the reason for paying less attention to Group C was Group C's weak or faulty ethics,

I pay less attention when doing business with Group C because their system and customs are weaker or more faulty than Korean ones. Korean businessmen do not have to pay attention to the products they sold to Group A when selling the products to Group C.

On the other hand, Group C has more rigmarole in the process of exporting and importing and government regulation. The meaning of 'more rigmarole in the process of exporting and importing' is that the government is more involved in business and they do complicated inspections and authorizations for importing (K7).

Pay Equal Attention

A minority of Danish and Korean participants responded that they paid the same attention to Group B and their own culture and to Group C and their own culture, respectively.

Cases of No Bad Ethics

A Danish respondent stated that he pays equal attention to all cultures unless a culture has a bad ethical reputation,

I believe they pay equal attention to business ethical practices when doing business with both groups. However, those countries that are the most reliable have less chance of coming under severe scrutiny than countries with a reputation of bad business ethics (D3).

Colleagues

A Korean respondent mentioned that he considered his foreign business partners as his colleagues; thus, he paid equal attention,

No. I pay attention to Danish business ethical practices equally to those in Korea and Indonesia because I treat my foreign colleagues as I do my Korean colleagues (K2).

Focused on Home Culture

A Danish respondent (D7) responded that she focused on her home culture's ethical standards and she paid same attention to both Group B and C.

Depends on Power

Like the degree of ethical commitment target cultures, participants expressed that their degree of concern depends on who has the power in the supply and demand situation. A minority of Korean participants indicated that supply and demand were important roles they needed to pay attention in business ethical practices. They said that they paid more attention when they were the supplier and they paid less attention when they were the buyers. Thus, the power player in the business relationship paid less attention. Those notions were stated,

I think that it depends not on Group A or C but on the type of business. If the type of business were changed, the degree of attention paid would also be changed. It depends on supply and demand (K6 and K8).

Answers to Interview Question 6

Do you perceive that managers from your culture pay more attention to business ethical practices when doing business with one group than when doing business with your culture or with the other group and vice versa? According to Danish and Korean respondents, the degree of attention they pay are different. Danish participants' responses were separated - half of them pay more attention to Group B and half of them pay more attention to Group C. The main concern of Danish respondents' when doing business with Group B and C is their (Groups B and C) lower ethics behavior relative to Denmark.

The majority of the Korean participants responded that they pay more attention to Group C because of Group C's lower ethics behavior relative to Korea. About half of Korean respondents said that they pay more attention to Group A because of Group A's higher ethical business standards. With the same reason, rest half of Korean respondents said that they pay less attention to Group A. Like the answers about degree of commitment, some Korean respondents mentioned that the degree of paying attention depends on the power in the partnership: suppliers pay attention to customers.

Inappropriate Business Conduct Experience

Exposure to inappropriate business conduct experiences was expressed by open-ended structured directional questions: Have you or your colleagues used bribes (inappropriate business conduct) when doing business with the two other groups? Or have you heard your culture's businessmen using bribes (inappropriate business conduct)

when doing business with the two other groups? Those responses basically went in two direction: no or yes. In addition, some answers contained “but”: no but or yes but. For presenting the inappropriate business conduct experience, the directional answers with the specific inappropriate business conducts will be following. The responses of no experience do not have themes because there is no content regarding inappropriate business conduct.

No

The majority of Korean participants responded that they have never used or heard of inappropriate business conduct in doing business with Group A. About half of the Danish participants answered that they have never been involved with or heard of using inappropriate business conduct with both Groups B and C.

Yes

All Korean participants revealed involvement with or indirect experiences of using inappropriate business conduct with Group C. However, only one Danish participant agreed with this. The inappropriate business conducts that Korean respondents experienced varied. Some of the participants shared their experiences in detail.

Bribes

The most common experience that Korean participants shared was bribes. Respondents shared their experiences in detail, including,

Basically, giving bribes is widespread in Indonesia. Giving bribes is natural to middlemen and decision-makers in all businesses and no one feel guilty about it.

For example, when I was waiting in line for an immigration procedure, one of the immigration officers approached me and asked for money for beer. The officer did not care about other foreigners waiting behind me.

Not only businessmen take bribes, but also university faculty members such as professors and deans of a college at a prestigious university like Po-Hang Tech University (the school is like Texas Tech University in the U.S.) accept bribes. The government officials working for the subsidiary of the Economic Planning Board also take bribes without hesitation.

It is very common to offer bribes indirectly to the subordinates of chairmen who are respected.

Bribes (money) are usually handed out without an envelope. The person who receives the money usually counts it right away in the presence of the giver. Professors do the same. Thus, I think it is easy to contact them [laugh] (K1).

I heard that Indonesia is a military government so every business goes through the military. I heard that bribes should be used when going through military connections (K2).

The country, Columbia, which I work with is the same as Indonesia. Columbia has different customs and ethical standards from Korea, but business conduct is similar to that in Korea.

I pay my respect to politicians and the chief secretary of the president of Columbia when asking for business assistance, then they provide some help. I had an experience of giving \$3,000 to a Columbian politician. The politicians frequently asked \$1,000 US, and sometimes I gave some before they asked. Columbian people like bribes so they become very kind after receiving bribes (K3).

Yes. I heard that giving bribes to military and the government officials is common in Indonesia because of their powers in doing businesses (K8).

Yes. When doing business with C, money, bribes exist. I heard that Korean businessmen should present gifts to every person in charge. Everyone in charge gets a gift and upper levels of people get money. Group C businessmen say clearly what they want, either money or gifts. If they are not satisfied with their requests, the business cannot succeed [Shakes head decisively] (K10).

A Danish respondent (D2) responded that he have seen inappropriate business activities were committed by Danish businessmen in Korea and Nigeria. However, he believes that Danish businessmen are much less involved and much more reluctant to discuss or accept corrupted practices than other cultures. Stating,

Obviously, nobody can operate in cultures like the South Korea and Nigeria without conducting corrupted behaviors. I'm not able to say numbers of people, purpose, or places of these events; corruption is obviously committed by Danes. However, I strongly believe that Danes are much less involved and much more reluctant to discuss or accept corruption than other cultures, where corruption has become a part of their system. For instance, French and Italian business people are notorious, everywhere in the world, for being much easier let into discuss corruption than many others.

Another Danish respondent (D6) responded that he have heard of inappropriate business conduct uses in both Group B and C, but it did not occur in Group B often; in Group C, it occurred very often.

I have heard that inappropriate business conducts are used on request, but not so often in Group B. I have heard about using bribes very often in Group C, even it is not legal in Denmark to do so. In Denmark, I guess people will use others' names for these expenses (D6).

Commissions and Kickbacks

Commissions and kickbacks were widespread as well in Group C. A Korean respondent explained the different roles of commission and the ways they are taken in Group A, B, and C, stating,

Group C people ask for commissions in many cases. The people are government officials and the charged managers of the business. Group A businessmen do not ask for money but Group C businessmen ask for money a lot. It could be a social system issue. There is a legal commission for doing business in Group A, but the concept of commission is vague in Group C.

It happened in Korea before, and Koreans consider brokers who take commission as not good.

Group C countries do not have a legal commission based on labor. Their practice shows the indirect way of taking commissions through relatives of a buyer. When the concept of commission is not defined well, taking commissions might be an ethical issue. They ask commissions for introducing their friends (K6).

After making contracts, kickbacks are often used (K8).

A Danish participant did not respond to this question of his or his colleagues' involvement; however, he commented about kickbacks when answering a question that related to Group C's business conducts,

I think the Bangladesh business culture sometimes demands that the decision-maker who works for a Bangladesh company be personally rewarded in some way for buying your product. It is like direct kickbacks, etc. The definitions of kickback and bribes: kickbacks are if you are a public employee and bribes are if you are a private employee. You come across requests where the decision-maker in a company asks you to give him some money or provide him an overseas holiday in order to make a decision in your favor (D1).

Lobbying

Participants named lobbying as an unethical monetary practice when doing with Group C. This activity occurred in every process where business regulations exist, and lobbying was done with government officials because those business regulations were controlled by government officials in Group C.

I heard from my younger colleague who worked at Indonesia, and he used to do lobbying a lot. He had a hard time to lobbying in every process which has a regulation (K3).

Some Indonesian businessmen, both Indonesian-Chinese and original Indonesians, do lobbying the government officials. They lobbying for their concessions (K9).

Under the Table Money, Corruption, Tax Evasion, and Manipulating

Documents

Some inappropriate business practices such as using under the table money, corruption and tax evasion, and manipulating documents were spoken of by a Korean respondent,

When I worked in Indonesia, my company brought materials to Indonesia and the company had to pay an entry port fee at the Indonesian harbor. The custom duty is calculated by the mast size and it was about \$25,000 US but the company found

a way of not paying the duty but giving \$1,000 US to a charged official. The branch office told the Korean headquarters to change documents and the office did not pay the duty and got a job done.

There are lots of government officials who could be corrupted with \$1,000 US. The controls and regulations of government officials are sloppy. All businesses are controlled by the government offices. It means the businesses are related to the government officials. For instance, if someone has a personal connection with the government officials, that person would get the apartment construction business. Every business and process needs approval from the government offices, so business accomplishment is determined not by ability and quality but by connections with government officials. I used to give bribes, use inappropriate business practices such as tax evasion, and manipulate documents under the Korean head office's recognition. For tax evasion, I asked a local employee with 10 years experience working experience with the company for any possible ways, and he suggested how to do it. First, manipulate documents and give \$1,000 US to a charged government official if you are caught. I followed that way, and I saved \$25,000 US (K4).

Smuggling

A Korean respondent related his experience of inappropriate business conduct, smuggling, in Group C,

And there is a lot of smuggling. My partners boast about their stories. They exchange products on the ships when they import them from China or Korea. That is smuggling. If the government officials did not take care of the businessmen behind the smuggling, it would be possible (K9).

Government or Military Official Involvement

As identified in the ethics perception differences section, government and military officials influence business activities in Group C. Therefore, inappropriate business practices were conducted easily with government and military officials. A majority of Korean respondents revealed,

I heard that Korean businessmen give bribes to the government officials for passing the customs easily (K5).

Group C people ask for commissions (bribes) in many cases. The people are government officials and the charged managers of the business (K8).

some Indonesian businessmen, both Indonesian-Chinese and original Indonesians, do lobby the government officials. They lobby for their concessions. I have often heard that they do document manipulations, but I have never experienced it. Basically, the Indonesian economy is similar to the Korean economy of the 1960s, and government officials have strong powers and no one can do business without their authorization (K9).

Yes, of course. [Decisively]

Bribes take place in government offices and business offices in each process and stage. The bribes go to personal pockets and the amount of the bribe varies with the rank of the official. The higher the rank is, the more the amount of the bribe. I heard that the Indonesian requests bribes first.

I think that the corrupt government leadership causes Indonesia's corrupt system. I have heard through the media and my husband that President Suharto and his relatives accumulated wealth from illegality and corruption. If you have personal connections with higher government officials, business goes very smoothly and well (K11).

Yes. I heard that Indonesia is a military government so every business goes through the military. I heard that bribes should be used when going through military connections (K2).

Yes. I heard that giving bribes to military and government officials is common in Indonesia because of their powers in doing businesses (K8).

No but or Yes but

Most answers were directly yes or no, but there were some exceptional responses.

Danish respondents' answers were about both Group B and C; Korean respondents' answers were about Group A.

No but It Occurs

About half of the Danish respondents gave conditional answers: "no but." A respondent's answer was basically the same regarding both Group B and C. D3 indicated that inappropriate business practices were conducted by Danish businessmen at some point; D4 heard Danish news about the necessity of using bribes in some countries for business success. Those were stated as,

I have not heard of any Danish businessman using bribes, but I'm sure it has occurred in some form or another at some point. I have not used that method either though, I have wanted to (D3 with Group B).

I have not heard of any Danish businessmen using bribes, but I'm sure it has occurred in some form or another at some point (D3 with Group C).

I have never done that. It has never been a topic of discussion in the companies I have worked for. I have heard in the Danish news that it is necessary to use bribes in some countries for obtaining an agreement or order. As far I remember, countries from Group B or C have never been mentioned (D4 with both Groups B and C).

No or Yes but Only Dinner

A minority of Korean respondents gave conditional answers regarding Group A: “no or yes but only dinner.” Half the respondents said that they had never used or heard about inappropriate business conduct but did exchange meals with Group A (K7); but Danish headquarters acknowledged inappropriate money uses in their Korean branch office (K2). Those were stated,

I have never heard of it, but we as business partners exchange meals in Korea and Group A (K7).

Never. A Korean representative visits the headquarters in Denmark 3 times per year and this is same as the Danish headquarters does. When a Korean representative visits the Danish headquarters, the Korean presents a gift, but it is not a bribe. The gift is given to the person's immediate supervisor in Denmark, and it is mostly liquor as a personal present.

The Korean branch office of a Danish corporation gives money to its local plant manager sometimes. The Korean plant manager asks first, saying, 'I need money for my employees' dinner together.' I am not sure if the actual usage is for employees' dinner expenses or personal embezzlement. The money is given by a Korean representative and the amount is about \$1000 each time, 4 times a year, and the plant manager expresses appreciation for the money. It usually takes place at the plant manager's office, and I think the money is useful for fast and smooth progress. I give money mainly to two plants among several plants that I work with and have kept good business relationships for 5 years.

The first time this happened, the Danish head office did not understand the accounting process regarding these expenses, but they started understanding when I explained Korean business culture to them (K2).

Last half of Korean respondents answered “yes but only dinner or Jeob-de or Hyang-ung.” They added that these dinners or providing Jeob-de were not for bribes but for expressing Koreans’ kindness to Group A. It means those respondents thought the activity was inappropriate but not as bad as bribes. They stated,

Mostly, we [Korean] do Jeob-de to Group A with dinner; and sexual Hyang-ung is optional. When the business scale is small, we pay less attention. But if the business scale is large, we do Jeob-de for our partners even if we are the customers. The most inappropriate conduct is Jeob-de (dinner); and bribes are not placed unless the Koreans party requests them first (K6).

I think Korean businessmen are too kind to Group A. Group A businessmen do not ask for Jeob-de first but Korean businessmen provide Jeob-de beforehand with over-kindness (K10).

Answers to Interview Question 7

Have you or your colleagues used bribes (inappropriate business conduct) when doing business with the two other groups? Or have you heard your culture’s businessmen using bribes (inappropriate business conduct) when doing business with the two other groups? According to Danish and Korean participants, experiences or hearing about experiences are very different. The majority of Danish respondents said that they have never used or heard of doing inappropriate business conduct with Group B and C. Only a Danish respondent revealed that inappropriate business conducts occurred toward both Group B and C; not often in Group B, but very often in Group C. Those practices were carried out after they had been requested. On the other hand, a majority of Korean respondents said that they have used or heard of doing inappropriate business practices with Group C. Korean managers used inappropriate business conduct for business survival and for winning competition. The majority of Korean respondents said that they

have never used or heard of using inappropriate business practices with Group A. Some of them responded that they exchange meals with Group A but they have never thought the meals are inappropriate or bribes.

The interviews were conducted as structured and the results have been presented in this chapter. The presentation focused on the main issues and themes that emerged from the data analysis in four categories: ethics perception difference, ethics concerning degree, degree of commitment to ethics, and inappropriate business conduct experiences. At the end of each category, the answers to the research and interview questions were presented. Citations from the interview transcripts were used to give voice to the text. With the themes and results of the interviews, this study now develops propositions to satisfy the purpose of study.

CHAPTER 5: DISCUSSION AND RECOMMENDATIONS

This is a determination study that tries to describe different cultural perceptions and commitments toward other cultures' ethical business practices. Increased international business operations bring more ethical problems, and the people of the less industrialized host countries often suffer the consequences of these problems. Thus, international business rules and standards are required in host countries in order for those countries to grow economically and to increase direct foreign investment. International business standards are also required to prevent businesses from home countries from taking economic advantage of host countries by using differences in ethical standards and attitudes that they find in host countries to improve their profits.

In response to the need for international standards, the Organization for Economic Cooperation and Development (OECD) hosted an Antibribery Convention, which endeavored to gain support for ethical global business practices, in 1997. Although all of the OECD member countries have accepted the policies that were set at the Antibribery Convention at the governmental level, it may take some time for these values to trickle down. Individual managers may have views that differ from the policies established by the OECD, resulting in unethical business practices in host countries. Gaining insights into the trends of different cultures managers' attitudes and perceptions toward other cultures' business ethics could be useful in anticipating the ethical orientation tendency in a particular set of business relationships.

With the situations of the current ethical business environments, the purpose of this study was twofold. The first purpose was to determine if managers from external cultures, who are taken from a hierarchically different tier group based on CPI 2002 scores, would have different perceptions from those managers from target cultures regarding business ethical practices. The other purpose was to determine whether, if there is a difference in perception, the managers from external cultures are more likely to follow the target culture's ethical standards of business behavior or adhere to their own. In addition to those, inappropriate business conduct experiences were revealed during the interview process.

Chapter Two presented the literature related to business ethics and cultural differences to answer the research questions listed in Chapter 1. Further, it tried to infer some relationships between factors based on the literature. Direct answers do not seem to exist in the literature regarding the research questions concerning doing business across cultures for a study in business ethics accommodation. The reason no direct answers to the questions exist is that the studies discussed in the literature review were direct comparisons of cultures or countries. However, the proposed study queries not direct differences among cultures, but different perceptions from a third person regarding two other different cultures. Therefore, this study had the challenge of venturing into an unexplored field. In order to respond to the purpose of the study, this study developed a phenomenological view of this set of issues using original data.

Chapter Three explored the qualitative methodologies used in this study. It covered rationale, a choice of research design, data sources, collection and analysis, and

research trustworthiness. Chapter Four presented findings and results of the interviews. Direct answers of the research and interview questions were presented.

Following through the phases of the study in figure 3.1, this study now sets up propositions. Creswell and Brown (1992) formed propositions in their qualitative method study and Strauss and Corbin (1990) suggested forming propositions in their basic qualitative research book. Thus, this chapter presents propositions derived from the findings and results; and it also presents recommendations for future research.

Propositions

In order to develop propositions, it is necessary to identify what research questions were raised in the first part of this study. Five research questions were raised in Chapter 1 and two more interview questions emerged when interviews were conducted. Those were illustrated in Figure 4.1.

Proposition of Research Questions 1 and 2

Question 1: Is there a different perception of business ethical practices when A does business with B, and when A does business with C? Question 2: Is there a different perception of business ethical practices when B does business with A, and when B does business with C? (Ethics Perception Differences)

The first two research questions are about the ethics perception of differences in business ethics. The first question was asked of Danish managers about their ethical perception regarding Group B (Costa Rica, Jordan, Mauritius, and South Korea) and Group C (Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria, and Bangladesh). The second question was asked of Korean managers about their ethical perception regarding Group A (Finland, Denmark, New Zealand, Iceland, Singapore, and Sweden)

and Group C (Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria, and Bangladesh).

As mentioned at the end of the ethics perception differences category in Chapter 4, both Danish and Korean managers have different perceptions regarding Groups B and C, and Groups A and C, respectively. Those ethical perception differences are illustrated in Figure 5.1.

In Figures 5.1, 5.2, 5.3, and 5.4, the variables A, B, and C represent groupings of countries based on CPI scores (see the section on Corruption Perception Index (CPI) in Chapter 1 for a detailed explanation of CPI). “Group A” means managers from Group A, which contains the countries in the top 5 percent of the CPI 2002. “Group B” means managers from Group B, the mean countries in the CPI 2002. And “Group C” means managers from Group C, which contains countries in the bottom 5 percent the CPI 2002. In the figures, locus of perception refers to the view held by representatives of Groups A and B, Danish and Korean business people.

In the body of Figure 5.1, expressions such as “A>B” mean that managers from Group A perceive their ethical standards are greater than the ethical standards of Group B. The results of differences in ethics perception among the three groups of cultures are illustrated as follow.

		Ethics Assessment Grouping Based on CPI Score			Proposition
		A	B	C	A, B, C
Locus of Perception	A	A > B			A>B>C
		A > C			
	B	B < A			
			B > C		

Figure 5.1. Ethics Perception Differences.

As shown in Figure 5.1, both Danish and Korean managers view other cultures' business ethical standards with greater or less and they have same degree of perception that the business ethical standards of Group A are greater than those of Group B; and the business ethical standards of Group B are greater than those of Group C. Moreover, at the end of the research questions 1 and 2, all participants agreed that the degree of business ethical standards perception among the three groups of cultures were ranked $A > B > C$. Thus, the proposition of ethics perception differences is that Group A's ethical standards are greater than those of Groups B and C; Group B's ethical standards are greater than those of Group C but less than those of Group A.

Proposition of Research Questions 3, 4, and 5

Question 3: Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when A does business with B, and when A does business with C? Question 4: Is there a different commitment, such as maintaining one's own business ethical standards or following local culture standards, when B does business with A, and when B does business with C? Question 5: What factors influence these differences in views? (Ethics Commitment Degree)

The third, fourth, and fifth research questions are about the degree of ethics commitment. The third question was asked of Danish managers and the fourth was asked of Korean managers. The fifth was asked of both Danish and Korean managers about factors that influenced their answers. All of Danish participants responded that they use a mix between two different cultures' business ethical standards when they do business with both Groups B and C. The main factor that influences their answers is their consideration of the target cultures' business customs.

On the other hand, when Korean managers do business with Group A, about half of the respondents follow Group A's business ethical standards; and minority responses included were maintaining one's own culture's ethical standards, using a mix between two cultures' business ethical standards, and depending the power relationship in the business partnership (following customers' standards). The main factors are consideration of Group A's business conditions as partners and trusting Group A's higher ethical standards.

When doing business with Group C, the majority of Korean participants said that they follow Group C's business ethical standards with different influences. The main factors of influence are severe competition and business survival. A minority of Korean responses was about using a mix between Korean and Group C's business ethical standards. Factors of influence are competition, business survival, religion, Chinese culture, and corruption in the underdeveloped countries.

With those responses, the results of degrees of ethics commitment among three groups of cultures are illustrated as follows in Figure 5.2. Figure 5.2 provides three sets of information, two sets information about relations, and one set of information about interrelations. The first set of information is a relationship difference between Groups A and B. The expression, " $AA \Delta AB$ ", means Group A managers' ethics commitment to do business in their own cultures, A level, is different from their ethics commitment to do business with Group B. The second set of information is degree of ethics commitment. Danish managers' degree of ethics commitment toward Group B and C would be expressed as $AA \Delta AB = AA \Delta AC$. It means that the degree of ethics commitment of managers from Group A to Groups B and C are same. Danish participants used a mix of

the two different cultures' (Group B and C) business ethical standards, whereas they maintain Danish ethical standards when doing business in Denmark. Under the expression of "AA Δ AB = AA Δ AC," the set of interrelation information regarding, how managers make ethics commitments in their culture and other cultures, is provided. M stands for maintain own culture's ethical standards, X stands for using a mix of one's own and the target culture's ethical standards. In the same figure, "BB Δ BA" means Group B managers' ethics commitment to do business with their own cultures, B level, is different from their ethics commitment to do business with Group A. About half of the Korean respondents follow Group A's business ethical standards because Group A's business conditions and ethical standards are better (higher) than Korea's. Korean managers' degree of ethics commitment toward Group A and C would be expressed as BB Δ BA < BB Δ BC. It means that the degree of ethics commitment of managers from Group B to Group A is less than to Group C. In other words, Korean respondents prefer to follow Group C's ethical standards rather than Group A's for reasons of business survival and competition. Under the expression "BB Δ BA < BB Δ BC," M stands for maintain one's own culture's ethical standards and F stands for following the target culture's ethical standards.

		Ethics Assessment Grouping Based on CPI Score			Proposition			
		A	B	C	A, B, C			
Locus of Perception	A	AA Δ AB			AA Δ AB = AA Δ AC			
		AA Δ AC				M	X	M
	B	BB Δ BA			BB Δ BA < BB Δ BC			
			BB Δ BC			M	F	M

Note. M=Maintain own ethical standards, X=Mixed between two cultures' ethical standards, F=Follow the other culture's ethical standards.

Figure 5.2 Ethics Commitment Degree.

Proposition of Interview Question 6

Question 6: Do you perceive that managers from your culture pay more attention to business ethical practices when doing business with one group than when doing business with your culture or with the other group and vice versa? (Concerning Degree of Ethics)

Interview question six is about degree of ethics concern of Groups A and B. About half of the Danish participants said that they pay more attention to both Group B and Group C because of their lower business ethical behaviors relative to Denmark's. It means that Danish managers' degrees of concern are equal toward both Groups B and C. However, a majority of Korean managers pay more attention when doing business with Group C because Group C's business ethical behavior is lower than Korea's. Half of the Korean participants said that they pay more attention to ethics when doing business with Group A because of Group A's higher business ethics standards. For the same reason, the other half of the Korean participants said that they pay less attention to ethics when doing business with Group A. Thus, Korean managers' degrees of concern toward Group C are greater than toward Group A.

With those findings, the results of degree of ethics concern among the three groups of cultures are illustrated as follows in Figure 5.3. Figure 5.3 provides three sets of information, two sets of information about relations, and one set of information about interrelations. The first set of information is a relationship difference between Group A and B. In Figure 5.3, "AA Δ AB" means Group A managers' concerns about doing business in their own cultures, A levels, are different from Group A managers' concerns

about doing business with Group B. Group A managers pay more attention to Group B than when doing business in their own cultures.

The second set of information about relations, relates to degree of ethics concern. Danish managers' degree of ethics concern regarding Groups B and C would be expressed as $AA \Delta AB = AA \Delta AC$. It means that managers from Group A have the same degree of ethics concern toward both Groups B and C. Korean managers' degrees of ethics concern about doing business with Group A are less than about doing business with Group C, which is expressed as $BB \Delta BA < BB \Delta BC$. This means that managers from Group B much pay more attention to Group C's business ethical practices than to Group A because of Group C's lower business ethical practices relative to Korea. Under the two sets of propositions, interrelation information is provided regarding managers' concern about doing business with other cultures' managers. PM stands for pay more attention and PL stands for pay less attention.

		Ethics Assessment Grouping Based on CPI Score			Proposition	
		A	B	C	A, B, C	
Locus of Perception	A	AA Δ AB			AA Δ AB = AA Δ AC	
		AA Δ AC			PM	PM
	B	BB Δ BA			BB Δ BA < BB Δ BC	
		BB Δ BC			PM/PL	PM

Note. PM=Pay more attention to do business with other cultures, PL=Pay less attention to do business with other cultures.

Figure 5.3 Ethics Concerning Degree.

Proposition of Interview Question 7

Question 7: Have you or your colleagues used bribes (inappropriate business conduct) when doing business with the two other groups? Or have you heard of your

culture's businessmen using bribes (inappropriate business conduct) when doing business with the two other groups? (Inappropriate Business Conduct Experiences)

The seventh interview question is about inappropriate business conduct experiences. Both Danish and Korean managers shared their direct experiences or second-hand experiences. The majority of Danish managers have never used or heard of doing inappropriate business practices when Danish managers do business with Groups B and C. Only one Danish manager revealed that inappropriate business conduct occurred with both Groups B and C but not often with Group B; very often with Group C. Those practices were based on requests from Groups B and C. A minority of Danish managers said that they have never used or heard of using inappropriate business conduct but that those could occur at some level. On the other hand, a majority of Korean managers have used or heard of doing inappropriate business practices with Group C. The main reasons for using inappropriate business practices are for business survival and to win competition. Most common inappropriate business conduct is related to monetary activities such as bribes, under the table money, commissions, kickbacks, and tax evasion. When doing those business practices, government officials or military influences were heavily involved. The majority of Korean managers have never used or heard of doing inappropriate business practices with Group A. Some of them responded that they exchange meals with Group A but they have never thought the meals are inappropriate or bribes.

With those findings, the results of inappropriate business conduct experiences among three groups of cultures are illustrated as follows in Figure 5.4. Figure 5.4 provides four sets of information, two sets of information about relations, and two sets of

information about interrelations. The first information is a relationship difference between Groups A and B. In Figure 5.4, “ $AA \Delta AB$ ” means Group A managers’ inappropriate business conduct experiences when doing business in their own cultures, A level, are different from Group A managers’ inappropriate business conduct experiences when doing business with Group B. Group A managers are more likely to use inappropriate business conduct with Group B than when doing business in their own cultures.

The second set of information about relations is degree of conducting inappropriate business practices. Group A managers’ degree of conducting inappropriate business practices with Groups B and C would be expressed as $AA \Delta AB = AA \Delta AC$. It means that managers from Group A have the same degree of conducting inappropriate business practices toward both Groups B and C. Even though the majority of Danish managers expressed that they have never used or heard of using those practices, a minority of Danish managers from Group A used inappropriate business practices toward both Groups B and C in the same amount. Group B’s degree of conducting inappropriate business practices with Group A are much less than with Group C, which is expressed as $BB \Delta BA < BB \Delta BC$. This means that managers from Group B conduct inappropriate business activities with Group C more than Group A in response to Group C’s requests for those activities and for business survival and to win competition.

The next set of information regards interrelations between Group A’s and B’s perceptions. The expression of “ $AA \Delta AB > BB \Delta BA$ ” means the inappropriate business practices Group A conducts with Group B are more than when Group B conducts inappropriate business practices with Group A. In other word, Group A’s

managers used few inappropriate business practices to Group B, and only because Group B asked for them. However, Group B's managers do not use any inappropriate business practices with Group A because there is no reason to do so. The other expression, "AA Δ AC < BB Δ BC," means Group A's inappropriate business conducts are much fewer than Group B's inappropriate business conducts with Group C. That is, Group B is more likely to or will more easily accept Group C's unethical business requests than Group A.

The other set of information about interrelations falls more those propositions. I stands for more use of inappropriate business conduct and N stands for no use of this type of conduct.

		Ethics Assessment Grouping Based on CPI Score			Proposition
		A	B	C	A, B, C
Locus of Perception	A	AA Δ AB			AA Δ AB = AA Δ AC I I
		AA Δ AC			AA Δ AB > BB Δ BA I N
	B	BB Δ BA			BB Δ BA < BB Δ BC N I
			BB Δ BC		AA Δ AC < BB Δ BC I I

Note. I=Use inappropriate business conducts, N=No use inappropriate business conducts.

Figure 5.4 Inappropriate Business Conduct Experiences.

Conclusions

Based on the answers to the research questions, the following conclusions are made. The conclusions focus on the perception and behavior of two hierarchically different groups exhibit regarding other cultures' business ethics. Two hierarchically different groups, one from the top 5 percent of the countries in the Corruption Perception Index (CPI) 2002 and the other from the mean of the countries in the CPI 2002, have the

same perceptions regarding other groups of cultures that make up Group A (Finland, Denmark, New Zealand, Iceland, Singapore, and Sweden), Group B (Costa Rica, Jordan, Mauritius, and South Korea), and Group C (Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria, and Bangladesh). Both Group A and Group B perceive and agree that Group A has the highest business ethical standards, followed by Group B and Group C.

Business behavior regarding business ethics in different cultures falls into three sets of information. The first set of information is about the ethics commitment of doing business with other cultures. Group A is more likely to use a mix between its own culture and the other culture no matter what cultures they do business with. Group B is more likely to follow the other culture's ethical standards no matter what cultures they do business with. However, Group B is more likely to follow Group C's business ethical standards than Group A's because the business environment of Group C is more competitive and Group C requires more specific less ethical business practices for continuing business relationships.

The second set of information is about the ethics concerns of doing business with other cultures. Both Group A and Group B seem to pay more attention to business ethical standards when doing business with other cultures. However, Group A's degree of ethical concern about doing business with Group B and Group C are the same; Group B's degree of ethical concern about doing business is greater with Group C than with Group A. Both Group A and Group B pay more attention to cultures that have relatively lower business ethical practices than their own cultures. Group B's concerns about doing business with Group A are divided -- half pay more attention and the other half pay less

attention for the same reason, which is Group A's higher ethical practices relative to Group B's.

The last set of information regarding business behavior is about uses of inappropriate business practices. Few individuals from Group A used inappropriate business conduct when doing business with other cultures; however, most of Group B used inappropriate business conduct when doing business with other cultures, especially with Group C. Group A used the same degree or frequency of inappropriate business practices with Groups B and C, whereas Group B used more inappropriate business practices with Group C than with Group A in response to Group C's requests for those activities both for business survival and to win competition. Most Group B individuals did not use inappropriate business conduct with Group A because there is no reason to do so. Between Groups A and B, Group A's inappropriate business conduct usage with Group B is greater than Group B's usage with Group A, but these activities only happen when Group B asks Group A to do so. Doing business with Group C, Group A's inappropriate business conduct usage is much less than Group B's. These activities of Group B are related to Group B's commitment and concerns about doing business with Group C. Group B is more likely to follow Group C's business ethical standards and pay more attention to Group C's business ethical standards; thus, Group B is more likely to use inappropriate business practices by accepting Group C's requests.

This study has explored business ethical perceptions and behaviors of Danish business people who represent Group A and Korean business people who represent Group B. This study suggests that members of other countries in those groups would perceive and behave in the same ways as members of these two representative countries

did. This study also suggests that Asian countries that have a higher CPI score than Korea, such as Hong Kong, Japan, Taiwan, and Malaysia, and countries that have lower CPI scores than Korea, such as China, would perceive and behave in some cases in the same ways and in some cases in different ways.

Future Study

Viewing other cultures through one's home culture's lens is an interesting task; and it is more interesting in the business environment. Doing business is always related to make profits, so much literatures has been devoted how to make profits or how to succeed in the severely competitive business environment. The issue of doing business ethically or morally in one's own culture or outside of the culture has been raised in the past 10 years. Famous international organizations' efforts such as established international business ethical standards and enhanced ethical motivation are praiseworthy deeds. Looking for those activities' successful implementation, and checking current business conditions by raising relevant issues is always necessary. Accepting cultural differences has been raised in academic and practical arenas recently. Thus, this study has investigated ethical business practices in ethically hierarchically different cultures after applying intense business ethical efforts.

This study recommends that when collecting data from individual managers from countries in different tiers, regarding business ethics, it would be better to find managers who have had only one interaction with another culture. This study looked for people who have dual interactions with two other cultures, and it was very hard to find those people, especially in Group A, Danish people. Group A managers are more likely to

have had only one interaction than Group B managers. If using developed, developing, and underdeveloped terms, Group A can be called developed countries, Group B can be called developing countries, and Group C can be called underdeveloped countries.

Usually developing countries seem more dynamic when doing business; thus, Group B managers who are from developing countries are more likely to do business with Groups A and C.

This study also suggests that other members of countries in a group would perceive and behave in same ways as these two representative countries did. Based on this information, further study could include non-empirical content analysis about what these people have in common, what are the strengths of commonality, why do they have common ethical practices? This study suggests that it would be valuable to collect data from Singaporean managers in Group A. Among six members of countries in Group A, Singapore is located in Asia and is highly influenced by the Chinese culture. Thus, it would be interesting to study whether their perception and behaviors are the same as Danish managers or not. If not, what are the differences, and how does Singapore fit in Group A?

This study suggests that other Asian countries, which have higher CPI score than Korea such as Hong Kong, Japan, Taiwan, and Malaysia, and which has lower CPI score than Korea such as China would perceive and behave whether in same ways or different ways. If they would do same ways, what influences do they have? If they would do different ways, what are differences, and how do they perceive and behave?

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Appendix

Tables of Integration Cases

Table 1. Ethics Perception Difference

Master Theme			
Themes	Participant/Target culture		Text
Master Theme 1: Historical or Cultural Understanding			
General cultural differences	D3	GB,	Cultural differences
	D4	GC	Cultural differences
Historical views	K1	S	An independent country from Malaysia
	K7	K	Big differences in 1960s but not now between K and GA
	K4	I	2000 I = late 1960s K
	K9	I	2004 I = 1960s K
Population	K1	S	Singapore-Chinese
	K4	S	Mostly immigrant Chinese, Malaysian, and Indian
	K4	I	90% Muslim; not under the Arab culture
	K9	S	Chinese-Singaporean
		I	Chinese-Indonesian
Chinese influence	K1	S	Cash-oriented culture
	K5	S	Influenced by Chinese culture
		K	Influenced by Chinese culture
		K	Still has Confucian business ethics
	D5	K	Respect for seniors
Western cultural characteristics	K5	S	Westernized and accept business ethics earlier than K
	K6	D	Individualistic culture
	K8	GA	Introduce capitalism and welfare system earlier than K
Cultural adaptation	K2	D	Localized to understand the use of under the table money
Human nature	K1	I	Human nature or warm-hearted or affectionate culture; call each other 'brother'
	K6	K	Human nature so tight relationships
Master Theme 2: General Features			
Personal relationship	K1	K	Prefer to stay in good relationships
	K6	D	No more personal relationship after business
		K	Personal relationship keeps going
	D3	K	Drinking and having lunch or dinner
	D5	K	Drinking with colleagues; hierarchy relationship
D		No hierarchy relationship	
Straightforward characteristics	K1	S	Singapore-Chinese are more realistic Straightforward and down-to-earth questions used
	K9	S	Not to break the laws; strict fine and abide by laws Abide by laws means disadvantage
		K11	D
	K		K
	D5	K	Saying no option
	D6	K	No direct answer
		D	Yes, no, I do not know

Table 1. Continued

Master Theme 3: Business relating characteristics			
Personal connection	K1	S	Singapore-Chinese personal connections (cliques) are very strong; know each other through personal networks (cliques); should reside for good connection and business; do not introduce real personal connections because foreigners leave without notice after getting information
	K2	I	Military clique society and personal connections important
	K3	K	Personal connections are important as well as techniques and quality
	K5	K	Personal favoritism in recruiting and promotion Tight relationships; academic & territorial cliques; personal networks influence human resource and business
		GC	Need to have good relationship with the government employees
	K6	D	No more personal relationship after business
	K8	I	All businesses go well & smoothly with personal connections of government officials
	D1	K	recruiting; academic & territorial cliques; interpersonal relationship
Quality and value	K1	S	Extremely high quality and valuable products
	K3	D	Technique and quality are key success factors vs. personal connection is important in K
	K8	K	Technology, ability of product development, and marketing are key factor in business success
		GA	R&D slow & poor because of high income tax rates
Rational business conduct	K1	S	Do business rationally based on business principles and specific contract setup; mutually rational manner
	K6	D	Performance based business conducts
	D1	D	Seeing quality of person, education, performance; business oriented
	D3	D	Separate business from pleasure
	D4	D	Yes means yes in agreement
		K	Yes does not mean yes in agreement to save faces
Decision-making	K1	I	Influence a decision-maker
	K2	K	Decision-making by few people vs. only one next higher level
		D	senior in D
	K5	S	Horizontal business system
	D1	K	Decision making through personal relationship and personal thought and issues
D		Business aspects	
General work style	K1	S	Request more specific conditions to establish business corporations People do business based on hunches
		K	Work hard
	K4	S	Work hard
		K	Relax and not hurry because of tropical climate
		I	Not an ability-centered
	K5	I	Slow deliver; not really capable of promises
		K	Personal favoritism in recruiting and promotion
		S	Ability-centered recruiting and promotion
	K6	K	Academic & territorial cliques influence human resources
	D3	K	Not really capable of providing what they have promised
	D4	K	Yes does not mean yes in agreement to save faces
D6	K	Feel ashamed when talking about mistakes	

Table 1. Continued

Master Theme 4: Business ethical practices			
Monetary activity	K1	I	Bribes, gifts/presents all over the place; no shame; too poor to live without bribes; businessmen, government officials, and university faculty members take without hesitation and envelopes; count it right away
	K2	D	Do not exist
		K	Used under the table money
	K3	GC	Need to lobby for business with government employees; lobby to politics because of their power of business
	K4	I	Government officials ask for under the table money
	K5	I	Must pay attention to under the table money
	K6	I, N	Strong money desire & bribes necessary each business step because of the poor; bribes to government officials; foreign businessmen promise money for success
	K7	GC	Interested in personal wealth amassment; tax evasion
	K9	I	Tax evasion; lobby against the law; under value; document manipulation
	K10	B	Uses of bribes; under the table money
	K11	I	Ask for bribes; every process
	D1	GC	Demands personal reward and kickbacks; overseas holidays Ask money for business
	D2	K	Bribes, Corruption broadly accepted
		N	Bribes discussion is natural
D6	I	Bribes	
D3	GC	Ask money for foreign businessmen	
Influences of government officials or military	K3	I	Need good relationship with government employees; need to lobby; have powerful influences; relatives of the president-Suharto Corrupted; ask for under the table money
	K4	I	No business without government officials
	K5	I	Bribes go to government officials; government officials ask money first for each step; foreign businessmen promise money for success
	K6	I, N	All businesses go well & smoothly with influential government officials
	K7	I	Influence of military is very powerful in forest & mine development
	K8	I	Government official takes bribes for permit
	K11	I	To get permission from government officials and they asks money
Jeob-de or Hyang-ung comment	K1	S	Would accept Jeob-de but do not introduce real personal connections because foreigners leave without notice after getting information
		I	Sexual entertainment providing by K and Japanese businessmen
		K	Jeob-de exist
	K6	D	Simple dinner offers
		K	Jeob-de and Hyang-ung
K10	GA	Do not understand Jeob-de; consider immoral place; every culture do Jeob-de; worse degree of Jeob-de in corrupted countries; biggest difference-Jeob-de culture	
Higher ethical standards or morality expression	K2	D	Transparent business practices
	K4	S	Honest; keep doing business long time when trust; mostly tell the truth
		K	Do not tell truth for profits in K

Table 1. Continued

	K5	S	Trustworthy corporations; high degree of integrity S=SV in high degree of integrity
	K10	GA	Higher ethical standards; ethics and morality considering
	K8	I	Businessmen have lower business ethics than K
		GA	Seem delinquent
	K7	K, GA	Both K and GA have social responsibilities in management and business
Criminal incident	K3	N	Lots of thieves & business swindlers; target of foreign businessmen; plunder; robbery
	K10	N	Robbed; fraudulent
No understanding of unethical practices	K2		Do not understand use of under the table money vs. Finally acknowledged and agreed to use under the table money in K
	K10		Do not understand Jeob-de; consider immoral place
Master Theme 5: Order of Three Cultures from Higher to Lower			
A>B>C	ALL		A>B>C

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Table 2. Ethics Commitment Degree

Master Theme			
Themes	Participant/Target culture		Text
Master Theme 1: Follow Target Culture			
Competition	K2	GC	Winning competition
	K6	GC	Competition itself
	K8	GC	For competition
Business survival	K8	GC	Survival of business
	K11	GC	Business progress
Consider partners	K9	GA	Put myself into their places
		GC	Follow their rules
	K10	GA	Consider them as partner or companion
		GC	Consider them as customers
Business tradition	K3	GA	My whole business life
		GC	My whole business life
Higher Standards in developed country	K4	GA	Follow GA because of higher ethical standards
	K7	GA	GA standard is priority
		GC	K standard is priority
Personal value system	K11	GA	Background, home training, personal consciousness

Table 2. Continued

Master Theme 2: Maintain Own Culture			
Competition	K2	GA	Competitor's doing
Master Theme 3: Mixed or Between			
Cultural adaptation	D1	GB	Somehow adapt
		GC	Somehow adapt
	D2	K	Adjustment
		N	Adjustment
	D3	GB	Considering local culture
		GC	Considering local culture
	D4	GB	Internalize and understand
		GC	Internalize and understand
	D5	GB	Considering local culture
		GC	Considering local culture
	D6	GB	Considering local culture and customs
		GC	Considering local culture and customs
	D7	GB	Considering local culture and customs
		GC	Considering local culture and customs
Competition	K5	GA	Competitor's business conducts
Business survival	K4	GC	For survival
Religion and Chinese culture	K1	GA	Christianity; Confucian idea 'Ye' courtesy
		GC	
Corruption in under developed country	K7	GC	System of GC more loose than K
Master Theme 4: Depends on Power			
Consider partners	K8	GA	Customers are owners
Business tradition	K6	GA	Traditional conduct

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Table 3. Ethics Concerning Degree

Master Theme			
Themes	Participant/Target culture		Text
Master Theme 1: Pay More Attention			
Lack of ethics	D2	K	Hold business ethics in very high respect
		N	Hold business ethics in very high respect
	D3	GC	Bad business ethics reputation
	D4	K	Especially to be sure the partner in the interacting company has understood the contents of the agreement and actually will fulfill the agreement

Table 3. Continued

	D5	K	Possible differences
	D6 D7	GB, GC	Pay more attention
	K1	I	Personal connection; no think of business ethics; embezzlement behavior
	K8	GC	To their requests; double offers and kickbacks
	K9	I	Request against business ethics
	K11	GC	Detail information; dirty business conducts
Specific requirement of higher business standards	K5	GA	Documentation, more detail
	K7	GA	Better laws and regulation; try to learn GA's standards because their customs and law and regulations are better than K. strict regulation and quality control
	K10	GA	Improve K's b condition from influenced by GA; ethically better; K's businessmen may change
Same in general but	K2	I	To bribes but same in general
	K3	GA GC	To technique and quality but same in general To lobby but same in general
Being a representative	K11	GA	Representative of Korea
	D5	GB	Represent a country
Master Theme 2: Pay Less Attention			
Reason of higher ethics	K1	S	Strong business ethics and philosophy; great government leadership; strong enforcement
	K6	GA	No pay attention; good enough
	K8	GA	Do not care too much. Open all my business to GA
	K9	GA	No attention; no request; S custom free country; social consciousness influence to business
Weak ethics	K7	GC	System and customs are weaker or more faulty than K. GC has more rigmarole in the process
Master Theme 3: Pay Equal Attention			
In case of no bad ethics	D3	K	Under the condition of most reliable of less chance of coming under severe scrutiny than countries with a reputation of bad business ethics.
Colleagues	K2	D	Colleagues
Focused on home culture	D7	GB GC	Focused on home culture
Master Theme 4: Depends on Power			
Supply or demand	K6	GA GC	Depends on type of business; supply and demand
	K8	GA GC	Depends on type of business; supply and demand
Exception	K10	EX	Exceptional buyer behavior

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Table 4. Inappropriate Business Conduct Experience

Master Theme			
Themes	Participant/Target culture		Text
Master Theme 1: No			
No	D1	GB	No
	D5	GC	No
	D7	GB	No
		GC	No
	K1	GA	No
	K3	GA	No
	K4	GA	No
	K5	GA	No
	K8	GA	Never
	K9	GA	No
K11	GA	Never	
Master Theme 2: Yes			
Bribes	K1	I	Bribes; commissions; Entertainment
	K2	I	Bribes to military
	K3	I	Lobby; bribes to politician & a chief secretary of the president
	K4	I	Under the table money; corruption; personal relationship; tax evasion; manipulate documents
	K5	GC	Bribes to government official
	K8	I	The influence of the government and military; bribes and kickback
	K10	I	Bribes; gifts
	K11	I	Bribes; president; his relatives; the government officials; businessmen
	D2	K	Flight tickets for managers' family trip
		N	All over the places
	D6	GB	Occurred but not often and requested first
		GC	Occurred very often and requested first
Commissions	K6	GC	Commission; government officials and businessmen
Kickbacks	K8	I	The influence of the government and military; bribes and kickback
Lobby	K3	I	Lobby; bribes to politician & a chief secretary of the president
	K9	GC	A lot; lobby; government official; smuggling
Under the table money	K4	I	Under the table money; corruption; personal relationship; tax evasion; manipulate documents
Corruption	K4	I	Under the table money; corruption; personal relationship; tax evasion; manipulate documents
Tax evasion	K4	I	Under the table money; corruption; personal relationship; tax evasion; manipulate documents
Manipulate documents	K4	I	Under the table money; corruption; personal relationship; tax evasion; manipulate documents
Smuggling	K9	GC	A lot; lobby; government official; smuggling
Government officials or military involvement	K2	I	Bribes to military
	K8	I	The influence of the government and military; bribes and kickback
	K6	GC	Commission; government officials and businessmen
	K5	GC	Bribes to government official
	K3	GC	Lobby; bribes to politician & a chief secretary of the president
	K7	GC	In the government relating business not frequently in the commercial
	K8	I	The influence of the government and military; bribes and kickback

Table 4. Continued

	K9	GC	A lot; lobby; government official; smuggling
	K11	I	Bribes; president; his relatives; the government officials; businessmen
Master Theme 3: No but or Yes but			
No but occur	D3	GB	No but sure it occurs
		GC	No but sure it occurs
	D4	GB	No but news of necessary to use bribes
		BC	No but news of necessary to use bribes
No or Yes only dinner	K2	GA	No but dinner money use of K branch office
	K6	GA	Yes but only dinner no bribes
	K7	GA	Never but exchange meals
	K10	GA	Yes but K is too kind to GA for doing Jeob-de and Hyang-ung

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