

It's All Fair in Love, War, and Business: Cognitive Philosophies in Ethical Decision Making

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ABSTRACT. Exploratory research was undertaken in four locations in the Asia Pacific Rim to investigate the cognitive frameworks used by managers when considering ethical business dilemmas. In addition to culture, gender and organisational dimensions were also studied. Aggregate analysis revealed no significant differences in the cognitive frameworks used by business managers in Hong Kong, Malaysia, New Zealand, and Canada. Of the eight frameworks used in the study four cognitive frameworks appeared to feature predominantly. Utilising the results of regression analysis the most salient cognitive frameworks utilised by managers were identified as; Self Interest, Neutralisation, Justice and Categorical Imperative, with Neutralisation and Self Interest being the most significant among all managers. Religious Conviction and the Light of Day framework (which relates to fear of being exposed) did not feature prominently in the analysis. A few significant differences in the ethical frameworks used by males and females were identi-

fied. For males in all four locations Self Interest, Neutralisation and Justice appeared to be dominant frameworks, while considerable variability was seen in the frameworks used by females. Marginally significant differences were observed in the cognitive frameworks used by managers with differing functional responsibilities. Across all locations respondents with general management responsibilities relied predominately on Self Interest, while those with marketing responsibilities utilised Neutralisation. Respondents with an accounting orientation also relied predominately on Neutralisation and Categorical Imperative frameworks.

Introduction

The decision making process of managers, and potential managers (M.B.A.'s) have previously been examined in a general context (e.g., Bazerman, 1984; Ford and Hegarty, 1984; Fredrickson, 1985), but what is of relevance to this research is the actual cognitive process relating to decisions involving an ethical content. Upon review of the ethical research and theory formulation that has been conducted to date it appears that limited attention has been given to the decision making process and particularly the evaluative frameworks that are employed during the appraisal of ethical dilemmas. Apart from the development of generalized decision making models there has been limited empirical research on the actual cognitive process within the ethical decision making circumstances. This problem has been noted elsewhere.

Despite the interest, concern and a number of published prescriptions to deal with ethical decision making in organisations, little empirical investigation has been conducted. The paucity of research

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is not surprising given the delicate nature and complexity of this area. (Trevino, 1986, p. 601)

Historically we have assumed that most managers utilise a utilitarian perspective/framework in their analysis of ethical problems. For utilitarianism the rule of behaviour is to generate the maximum good for the greatest number, and as a consequential theory utilitarianism proposes that behaviour is dictated by the evaluation of the end-results and promoted by a concerted effort to maximise outcomes. A utilitarian orientation of business managers could be explained by the strong role economics plays in managerial decision making and this framework of analysis is often expanded upon in literature, particularly in case study presentations. For example the Ford Pinto case (e.g., Velasquez, 1988, pp. 119–123) a popular case study which outlines the cost benefit approach used by the organisation during the evaluation of an ethical decision. The Pinto car was designed with a petrol tank positioned in such a way that direct impact resulted in the increased probability of the fuel igniting. Ford used a utilitarian perspective to evaluate engineering changes by calculating the cost of modifying the car design, estimated the number of lives that would be lost, and then assigned a likely value to those lives. This analysis contributed to their decision to manufacture the car without changes, and with consequential loss of life.

Case studies such as the Ford Pinto are frequently used in training circumstances, either with undergraduate, postgraduate, or in-company programs. The assumption underlying use of the utilitarian method in problem solving has economic appeal and appears to be well established. Given the format of business training, the identification and quantification of factors that impact positively and negatively on a business decision, utilitarianism is a logical and methodical approach to assist in the decision making process. However, it would seem appropriate to question whether this is in fact the case. Do managers exclusively rely on a utilitarian framework of analysis for investigating and resolving ethical dilemmas or, are other frameworks more salient in the decision making process?

Normative philosophy has provided a number

of alternative paradigms (e.g., consequential/teleological, single rule nonconsequential/deontological and multiple rule non consequential theories) that can be gainfully employed to guide or explain the ethical decision process. From these normative theories alternative cognitive ethical frameworks can be proposed. What assumptions are made regarding the cognitive frameworks used by business managers in resolving ethical questions, whether they be utilitarian or alternative frameworks, will ultimately impact on such areas as ethical training and the promotion of business ethics. In the training arena results have shown that simple instructions are sufficient to promote a significant shift in the subjects mode of solving the problems toward the autonomous moral function (Kavathatzopoulos, 1993). The materials presented to students i.e., case studies, lecture content, and in-class discussion in ethics courses are however geared predominantly around a utilitarian perspective with often limited consideration of other cognitive perspectives that might be employed.

Continuing with utilitarianism as an example, promotional efforts are also affected and a utilitarian foundation is frequently seen as the foundation in appeals for business personnel to be ethical. "Good ethics is good for business" often implies that being ethical, despite the costs, ultimately will gain long term benefits to the organisation. While the phrase: "good ethics is good for business" makes an excellent "sound bite" it may not in fact contain the motivational influence that we assume. If an alternative framework is more important, for example a light of day framework, where the fear of getting caught, and being publicly exposed is the more pervasive framework utilised by individuals, then surely it would be more sensible to incorporate this knowledge in the promotion of ethics. In Hong Kong, The Independent Commission Against Corruption has assumed that the light of day framework is influential for local business personnel and as such it has produced numerous public service print and television announcements with this theme. One should naturally question if this is the correct framework (or frameworks) predominately used by local

managers, or is another framework more prevalent. One should also question whether there are any differences in the cognitive frameworks used by men and women, or by expatriate and local managers, or across cultures? For those concerned with improving the ethical climate of the business environment more attention needs to be given to the investigation of what are the actual cognitive frameworks employed by managers. Armed with this information we would be able to gain further insight into the ethical decision making process and in a practical context to more effectively target training, promotional, and organisational efforts to improve ethical climates in business.

Literature review

Because of what has been described by Brady and Hatch (1992) as an increasing intolerance for purely normative analyses researchers have been encouraged to produce theory that goes beyond the normative boundary. This has typically led to the development of predictive/casual models. This domain of ethical interest can be referred to as meta-ethical research. Meta-ethical research is the most recent and still undeveloped area of ethical research which investigates questions of meaning and justification, particularly relating to the corporate and individual decision making process.

The current area of meta-ethical research analyses moral reasoning and the cognitive frameworks that are involved in the ethical decision making process, (e.g., Laczniak, 1983). This research is contributing to the development of detailed normative decision models that link the influencing factors of ethical/unethical behaviour with the mediating structure of the individual's decision making process (e.g., Bommer *et al.*, 1987).

Meta-ethical research can be seen to be divided into three domains; (1) cognitive theorists, (2) social situational theorists and (3) interactionist theorists. The first two groups include those that emphasise cognitive structures for moral reasoning, the influence of affective/emotional responses and those that emphasise

social/situational factors impacting on the decision process. More recently attention has been directed by interactionist theorists to the combining of both cognitive and situational domains into more integrative models of ethical decision making. These models appear holistic in that they are attempting to examine the multiple influences on ethical dilemmas rather than the actual evaluative process. Of particular interest to this research is the exploration of the cognitive frameworks that are utilized by individuals during the decision making process.

From a methodological point of view ethical standards, reasoning and the entire decision making process are difficult to observe and measure, however, numerous attempts have been made by researchers to use the theory, constructs and measures of moral psychology and apply them to social scientific research in business (Trevino, 1992, p. 445). Piaget (1932) was the first to view morality as cognitive and developmental. His cognitive research demonstrated that young children make moral judgements on the basis of an act's outcome (objective responsibility), whereas older children tend to take into account the intentions of the actor (subjective responsibility). Utilising moral psychological foundations and expanding on Piaget's (1965) work Kohlberg (1984) developed a theory of cognitive moral development. According to the theory, the ethical justification and moral reasoning underlying individual's actions depend on their relative moral development. Kohlberg proposed that people go through stages of moral development, and naturally the stage of moral development will influence their decision making process. In Kohlberg's theory there are six levels/stages of moral development.

1. The Pre-conventional Level: individuals are guided by punishment, reward, and obedience.
2. The Conventional Level: individuals have internalised shared norms of society and recognise the need to accommodate the interests of others.
3. The Post Conventional Level: individuals are guided by what pleases, helps or is approved by others.

4. Social System and Conscience Maintenance Level: individuals take into consideration the rules and laws of social, legal and religious systems.
5. Prior Rights and Social Contract Level: individuals are still guided by social contract and rules but they consider changing the law for social useful purposes, or maximum utility.
6. Universal Ethical Principles Level: individuals are guided by self chosen ethical principles of justice and the rights of human beings.

Kohlberg's theory essentially posits that moral judgements have a cognitive base and individuals develop through an invariant sequence of hierarchical stages. Therefore, individuals may behave differently in similar situations over time depending on their level of moral development.

A number of studies have investigated the relationship between Kohlberg's stages of moral reasoning and criminal behaviour with the consensual finding that known delinquents tend to use less mature forms of moral judgements (Thornton and Reis, 1982). Consistent with many studies in business ethics cognitive moral development research provides evidence that moral reasoning increases with age and with significant positive correlations between adult cognitive moral development and education level (Trevino, 1992, p. 449). Broverman *et al.* (1972) and Freeman and Giefink (1979) have also shown that age and gender affect the level of an individual's moral development.

In regard to gender Carol Gilligan (1982) has been critical of the justice perspective of Kohlberg's theory and his assumption that the theory is applicable to both genders despite the fact that the data was generated using an all male longitudinal sample. Gilligan's study with abortion decisions of women suggested that Kohlberg's justice dimension on moral reasoning is gender biased and inadequate for capturing women's moral reasoning. Derry (1989) in a study of business managers however found no significant differences in the moral reasoning of men and women managers and attributed this finding to the possibility the women managers

have been fully acculturized to the reasoning and decision processes of their organisations.

Kohlberg's theory has been further criticized (Gibbs and Schnell, 1985) and concern has been expressed regarding the implied hierarchy of moral stages. It has also been suggested that western developed theory of moral reasoning may not represent a culturally unbiased perspective, but rather one entrenched in the ideology of western individualistic philosophy. For example one could propose that by virtue of their culture. Asians appear to reside predominantly at level two, the conventional level, where action is a reflection of what is expected by others notably family and peers. The fulfilling of duties and obligations and following the rules is highly characteristic of the decision making process at level two and is also firmly embed in Asian culture. In an extensive review of 44 studies in 26 cultural areas Snarey (1985, p. 228) concluded that the claim of universality of Kohlberg's theory was not consistent with empirical research. He also noted that subjects from "traditional folk societies" never scored beyond stage 4. Cross cultural variations in moral reasoning have also been observed by Logan *et al.* (1990).

Cognitive theorists have expanded from moral development to the investigation of cognitive processes and their impact on ethical reasoning and decision making. Forsyth (1980, 1981, 1985, 1992), and Forsyth *et al.* (1982), contend that individuals differ significantly in their moral judgements. The differences are the result of adopting different decision ideologies. Forsyth has developed four ideologies which are based on two dimensions. The first dimension is idealism: the degree to which an individual believes that ethical behaviour always results in good outcomes. Second is relativism: the degree to which an individual believes that moral rules are situational.

Fleming (1985), McIntyre and Capen (1993) have discussed the relationship between cognitive styles, based on Jungian personality types, and business ethics. Flemming has proposed that decision makers with different cognitive styles differ in their analysis of ethical situations. McIntyre and Capen (1993, p. 629) tested this

proposal with the hypothesis that individuals of different cognitive styles will vary in their perceptions of whether various actions represent ethical issues. They concluded that cognitive style can play a role in one's perceptions of ethics, and may help further our understanding of the factors that bear on ethical points of view. In their investigation McIntyre and Capen utilised the three most common ethical frameworks: a utilitarian model, a rights (Kantian) model, and a justice (golden rule) model.

Other writers have also provided discussions of ethical frameworks (e.g., Cavanagh *et al.*, 1981; Laczniak, 1983; Laczniak and Murphy, 1991; Brady, 1987; Vitell and Grove, 1987; Fine and Urlich, 1988; Fraedrich, 1993). An extensive list of ethical frameworks of moral reasoning have been provided by Arthur (1984) and Steiner and Steiner (1988). Arthur (1984, p. 325) proposed ten frameworks for possible operationalising in ethical research;

- Hedonism – Extreme selfishness
- Utilitarianism – The greatest good for the greatest numbers
- Pragmatism – Whatever minimizes conflict
- Salvation (a) – Good works to earn redemption
- Salvation (b) – Isolation, meditation and devotion
- Golden Rule – Based on faith, charity and reciprocity
- Divine Right – Maintenance of the “pecking-order”
- Egalitarianism – Push down the rich, push up the poor
- Paternalism – Protection and security
- Physiocrats – Nature is sacred

Additional frameworks have been proposed by a variety of researchers (Laczniak, 1983; Laczniak and Murphy, 1991; Steiner and Steiner, 1988), for example: professional ethic – where one is guided to take only actions which would be viewed as proper by a panel of professional colleagues, categorial imperative – act in a way such that the action taken under the circumstances could be a universal law of behaviour for everyone facing those circumstances, T.V. test – act in such a way that one would be comfort-

able explaining his/her actions on T.V. to the general public (Laczniak, 1983; Laczniak and Murphy, 1991), doctrine of the mean – the decision maker seeks the mean or moderate course of action between the extreme of behaviours, the intuition ethic – the decision maker is guided simply by what they feel or understand to be the right course of action, and the conventionalist ethic – the decision maker is permitted to participate in unethical actions in business because it is assumed that business is like a game and therefore with its own set of rules (Steiner and Steiner, 1988), supporting the sentiments that it's all fair in love, war and business.

The testing of these frameworks has not been common. In general previous studies have shown the significance of ethical frameworks but they differ significantly on what frameworks are most dominant. Utilising normative theory Premeaux and Mondy (1993) examined the use of utilitarian, rights, and justice frameworks. They concluded that the practitioners in their study relied almost totally on the utilitarian ethical philosophy with a predominant ‘rule’, as opposed to ‘act’ utilitarian orientation when making decisions. Premeaux and Mondy did suggest that the vignettes used might be responsible for the strong utilitarian bias. A similar result was also concluded by Fritzsche and Becker (1984) and Cohen *et al.* (1993). In both studies the rationale provided by the respondents for their vignette decisions was predominantly of a utilitarian nature.

Focusing on just one issue, the inclination to report a peer for theft, Victor *et al.* (1993, p. 259) noted that this behaviour was positively associated with procedural justice evaluations (in contrast to distinctive, and retributive justice), role responsibility, and interest of group members. Derry (1989) in her investigation of the kinds of moral reasoning used by managers in work related conflicts concluded that inherent in the preferred mode of moral reasoning was also a justice orientation. Utilising Kohlberg's theory Wood *et al.* (1988) concluded from their empirical research that individualism and egoism were the predominant patterns in the moral reasoning of business professionals. Carroll (1990)

studied a small group of managers and was able to rank six ethical principles. In contrast to previous investigation utilitarianism was ranked last and the golden rule – do unto other as you would have them do unto you, was ranked first.

Undergraduate and postgraduate students have also been the focus of study. Borkowski and Ugras (1992, p. 961) compared the ethical attitudes of freshman and junior accounting majors, and graduate M.B.A. students. Undergraduates were found to be more justice oriented than their M.B.A. counterparts, who were more utilitarian in their ethical approach. Recently Fraedrich (1993) provided further diversity with his finding that managers in his study, with the philosophy type classified as rule deontologists, appear to rank higher on an ethical behaviour construct.

The research suggests that a correlation between gender and preferred cognitive mode may be context specific. Gender differences were confirmed by Harris (1989) in his study of four ethical maxims. The model responses of male showed a decisive preference for egoist (self interest) based decision approach. Females, in contrast, professed the use of a utilitarian approach. This finding was supported by a recent replication study in which Galbraith and Stephenson (1993) using the same ethical maxims as Harris concluded that males and females use different decision rules when making ethical evaluations (males-egoist and females-utilitarian) and that no one particular decision rule is used by the majority of either males or females in different types of ethical judgements.

At this early stage of ethical framework research regrettably, often a limited range of potential frameworks are used and problems in consistency and terminology are apparent. In one of the few studies to investigate multiple frameworks Dahl *et al.* (1988) explored the influence of five ethical philosophies on business students' resolution of an ethical dilemma. Categorical imperative – universal principles of morality showed the strongest influence. The problems with consistency in terminology is probably to be expected when a number of researchers enter a new area of study. For example, is the framework of hedonism, characterised by Arthur as extreme selfishness, compatible with the Wood

et al. (1988) notion of individualism, or the egoist philosophy type (Fraedrich, 1993), which in turn appears to be remarkably similar to the framework of self interest, or the market ethics which Steiner and Steiner (1988) suggest would guide a decision maker to take selfish actions and be motivated by personal gain? To facilitate research in business ethics, further refinement and standardisation of terminology, as well as the operationalization of cognitive constructs and consistency in the frameworks investigated, needs to occur.

Hypotheses

The principal research questions to be addressed in this study are: what are the dominant cognitive frameworks that are used in the moral justification process and specifically do culture, gender, and organisational variables impact on the cognitive frameworks utilized during the consideration of an ethical dilemma. Drawing from existing research findings and in an attempt to assist the development of cognitive ethical theory the specific hypothesis investigated in this study are as follows:

- (1) There are statistically significant differences in the cognitive frameworks used by business managers in differing cultural settings.
- (2) There are statistically significant differences in the cognitive frameworks used by male and female business managers.
- (3) There are statistically significant differences in the cognitive frameworks used by business managers with differing functional responsibilities.

Ethical frameworks used: Operational definitions

In determining what ethical frameworks are likely to be employed during the decision making process initially one must place heavy reliance on existing philosophical themes which could be the dominant mechanism utilized in the decision makers cognitive process. The eight ethical

frameworks that are used in this research are as follows:

Self interest

Based on the teleological/consequential theory, the self interest framework relies heavily on the egoist school of ethical philosophy which dictates that during the decision process the principal evaluative concern is one of selfishly gaining the greatest degree of personal satisfaction. The decision is therefore made in such a way that will ensure the best interest, or self promotion of the individual decision maker. If the decision is an organisational decision then the corporate entity is considered to be the moral agent and the same rule of prudence applies.

Utilitarianism

As the flagship theory of the teleological/consequential school utilitarianism, one might expect, would have the greatest appeal to business persons because of its reliance on the balancing of costs and benefits, or good and bad in an effort to maximise utility. Utilitarianism asserts that the decision maker should always act so as to produce the greatest ratio of good over bad for everyone. Individuals who have adopted the utilitarian framework will attempt to emphasise the best interest of everyone involved in the action, and even if sacrifices need to be made, these are done in order to ensure the greatest good for the greatest number. In order to undertake this type of analysis the decision maker must focus on the consequences of his/her decision and to assess the impact of these consequences to those concerned with the decision.

Categorical imperative

The categorical imperative framework is drawn from Immanuel Kant's contribution to deontological normative theory. The deontological approach is based on the principle that an action is either morally right or wrong regardless of

the consequences. Kant's categorical imperative actually comprises of two formulations which simplistically can be referred to as the universal rule and the means-end rule. The universal rule is concerned with the question: would the decision maker be willing to have others act in this way? The means-end rule is concerned with the question: are the individuals concerned being treated as 'ends' in themselves, i.e., respected and in possession of rights, or are they being treated as 'means' and utilised purely for the sole achievement of a specific objective?

Despite its western origins many of the sentiments inherent in the categorical imperative, particularly the elements of "the golden rule" are also to be found in Eastern philosophies, notably Confucianism. Confucianism which dictates a system of social ideology and order with an emphasis on; inner, social and structural harmony. Within the schema of social harmony key values such as "Jen" are internalised. Jen has been described as "human-heartedness in which the person can only be considered fully human when s/he takes proper account of others and acts towards them as s/he would be wanted to be acted towards" (Redding 1990, p. 48).

Duty

The essence of the deontological school is that an action may be inherently right because of the duty that one possesses. In an organisational context a decision would involve consideration of whether the action of interest was in keeping, or violated, any prescribed rules of duty, such as the managerial function of stewardship. For example, the framework of duty would approve actions that were seen to be in keeping with one's fiduciary relationships but would disapprove of an action that would violate that obligation, such as a circumstance involving a conflict of business interests.

Justice

A logical ethical framework that could be employed by decision makers is the direct

questioning as to the 'fairness' of the decision and whether there has been a just distribution of benefits and burdens among all those concerned with the decision, despite their age, sex, religion, interests, income, personal characteristics, social or occupational position. Admittedly utilizing justice as an ethical framework to evaluate an ethical dilemma does require the pre-existence of moral beliefs on such concepts as freedom, equality, and concern for the disadvantaged, although it has been suggested that most adult individuals do possess an intuitive sense of fairness based on natural justice.

Neutralisation

In response to the proposed use of normative theory to explain or predict ethical decision making Trevino (1986) has identified two moot points. The first is that normative ethical theory represents an ideal and is not designed for the purpose of explaining or predicting behaviour. As representing ideals, normative theory may not accurately reflect the 'process' that is engaged in by individuals in actual situations, particularly business situations. The second difficulty suggested by Trevino is that utilizing a philosophical/normative theory approach lacks face validity as few managers are likely to be conscious of their daily decision process evoking specific normative theories such as utilitarianism, duty or rights.

An examination of ethical frameworks that are grounded in normative theory also appears to ignore the circumstances where an individual may in the main possess conventional ethical norms but on occasions, perhaps because of situational variables (such as supervisory influence), deviates from this norm. The individual does not necessarily feel that the norms they are violating should be replaced, only that they do not or should not apply to these particular instances (Vitell and Grove, 1987). With this point in mind, a framework of neutralisation which examines the cognitive deviation from an individuals prescribed normative base could be utilized to analyze the ethical decision process.

The concept of neutralisation has been

borrowed from the literature on social disorganisation and deviance (Sykes and Matza, 1957). The concept is often used as a technique by individuals to lessen the possible impact of norm-violating behaviours upon their self concept and their social relationships. The most common perceptual components of neutralisation are: (1) Denial of responsibility: where individuals argue that they are not personally accountable for their actions because of circumstances beyond their control. (2) Denial of injury: where individuals contend that the action was not of importance and is an acceptable violation of normative behaviour because no-one was hurt or experienced any form of injury, i.e. no-one suffered. (3) Denial of victim: where individuals condone their actions by arguing that the violated party deserved whatever happened, i.e. a form of retributive justice is evoked. (4) Condemning the condemners: where individuals point out that they are not alone in the unethical action and that others are involved in similar disapproved behaviour, i.e. condoning by majority action. (5) Appeal to higher loyalties: where individuals proposed that the norm violation action is required in order to achieve a higher order ideal or value, i.e. for the good of the organisation or society (Vitell and Grove, 1987, p. 434).

Previously neutralisation techniques have been used as verbal symbols and rationalizations, and as a means of diminishing one's culpability for socially disapproved acts. The primary application of neutralisation techniques for justification should not prevent the use of neutralisation as an ethical framework. This is not inconsistent given that it has been recognised that neutralisation techniques operate at two levels in an individuals decision process: at the pre-decision or information processing stage and/or the post decision or evaluation of behaviour stage (Sykes and Matza, 1957; Vitell and Grove, 1987). As yet the application of neutralisation as a framework utilised for empirical research in ethical decision making has not been fully investigated.

Religious/philosophical conviction

The ethical framework of religious conviction is more easily understood when referenced to the Judeo-Christian philosophy but is equally applicable to non Western religious orientations. The religious decision maker will refer to their religious conviction and the decision is based on the directions of one's faith. For example, for the christian this would commonly be the ten commandments and for the confucianist the doctrines of Confucius.

Light of day

The most practical of the ethical frameworks, the light of day principle suggests that during the decision making process, the most salient factor that is taken into consideration by the decision maker is in connection with the question, 'what if this information went public?' i.e., their decision was fully reported on the 6 o'clock news. The decision maker is therefore overtly conscious of what might be the reaction of family, friends and associates if all details relating to his decision circumstances were revealed and received extensive publicity.

Methodology

For the purpose of this research, eight ethical frameworks were chosen for inclusion in the study.

- (1) Self interest
- (2) Utilitarian
- (3) Categorical imperative
- (4) Duty
- (5) Justice
- (6) Neutralisation
- (7) Religious conviction
- (8) Light of day

For each framework four statements were assigned (see appendix for the cognitive component of the research instrument). The statements were allocated following a pretest with Chinese

and Occidentals ($n = 23$). In an effort to enhance the validity of the instrument pretest subjects were provided with brief descriptions of frameworks and a list of related normative statements. To ensure that the right statements expressed the ethical framework under consideration subjects were required to nominate what cognitive frameworks the statements reflected.

Reliability of the instrument has been assessed by calculating Cronbach's alpha. The coefficient estimate of internal consistency was 0.7870. This coefficient is well within the recommend level of 0.70 for research (Nunnally [1978, 1988]). A factor analysis was also undertaken with all but one of the 32 statements correctly assigned to each of the eight frameworks.

Having determined which ethical frameworks will be subject to investigation attention was then directed to the design of an instrument to assess which evaluative framework(s) are typically used by managers. It is realistic to assume that the framework utilised by decision makers will vary according to the circumstances of the decision, therefore it appears appropriate to control for these variations and that all subjects should be exposed to the same situation stimulus. The value of the research vignettes as a means of achieving this standardisation appears apparent.

After extensive pretesting with both Chinese and Occidental subjects fourteen ethical scenarios were selected for use in the research instrument. Each vignette is of a paragraph in length and is briefly described as follows:

Ethical scenarios

1. Deceptive gaining of competitor information.
Sending an employee, pretending to be a potential client, to the unveiling of a new product development launch in order to gain valuable information.
2. Exposure of personal error.
The hiding a potentially costly personal error.
3. Deceptive advertising/labelling.
Falsely putting "new and improve" on product packaging and advertising know-

- ing that the statement is not true but it will increase sales.
4. Exploitation of employees.
Proposing to pay women workers 15% lower than their male counterparts because the needs of the home may, on occasion, take precedent over their jobs.
 5. Deceptive pricing.
Proposing to pay the asking price for a piece of property for which the real value, due to valuable deposits, would be twice the asking price.
 6. Manipulation of expenses.
Billing two potential employers, in the same location, full expenses for which only one trip was needed.
 7. Consumer welfare.
Waiting until further cases are reported on the suggestion that your consumer product may be contaminated.
 8. International bribery.
Paying an influential individual in a large Asian country 5% of expected first year profits to "smooth the way" for initial market entry.
 9. Whistle blowing.
Not reporting to external authorities information that one of the products produced by your firm is defective and unsafe.
 10. Nepotism.
Employing a less qualified immediate relative in favour of a more experienced long term employee.
 11. Insider trading.
With the knowledge that the value of your company stock will shortly rise with the announcement of new innovations it is proposed to buy up stock for the companies treasury stock, pension portfolio and executive stock options.
 12. Sexual equality.
The firing of a recently declared homosexual member of the sales team who is involved in considerable client contact in a industry which has a particularly masculine culture.
 13. Bribery third party.
Appointing a sub agent to handle the

market development and necessary gift giving and money transfers.

14. Protection of dishonest employee.
Not firing a valuable but dishonest employee.

A five point Likert scale anchored by strongly agree to strongly disagree was used for each scenario. The Cronbach's alpha for the fourteen scenarios was also at an acceptable level of 0.7271.

The scenarios used occupied the first six pages of a 14 page questionnaire. The ethical dilemmas were followed by the cognitive framework component (see appendix).

Sampling

The data from respondents ($n = 4044$) was generated as part of an extensive four country cross cultural comparison study of ethical attitudes and cognitive processes of managers in the Asia Pacific region. The respondents were drawn from two groups; (1) graduate M.B.A. students who are in full time employment but attending a part-time post-graduate business degree program, (2) general business respondents who were drawn from business associations with Pacific Rim referents.

Both groups were administered a questionnaire. In the case of the M.B.A. students the questionnaire was distributed during a week-end teaching module and to be expected this "captured sample" generated a high response rate. The business association sample, or general management sample, received the questionnaire by mail. The countries utilized in the study were: Hong Kong ($n = 1224$), Malaysia ($n = 718$), New Zealand ($n = 1202$), and Canada ($n = 900$).

As multiple response groups were used in different locations the response rates varied considerably. In Hong Kong the "captured" sample of student managers revealed a response rate of 94.1% and the mail survey responses for six business groups ranged from 11.2% to 40%. In Malaysia the response rates averaged 41.9% for students from seven academic programs and ranged from 12.1% to 20.9% for the general

business sample from five business groups. In New Zealand the student response rate averaged 54.8% from three M.B.A. programs and the general business sample response rates varied from 20.9% to 47.3% for eight business groups. In Canada the student response rate averaged 52.3% and the general management responses ranged from 14.3% (an Asian Business group) to 42.0% from ten business groups. In general higher response rates were experienced in Western environments.

For the purpose of the current study and to further refine the analysis of the cultural differences in cognitive ethical frameworks only local managers in each location were utilised, i.e., only local managers were selected for analysis. Local managers were defined as a respondent manager within one country location who has also specified that location as his/her country of origin, i.e., a respondent in New Zealand who has also indicated New Zealand as his/her country of origin. By selecting these respondent we are reasonably assured that these individuals are those most fully acculturated to the specific culture and therefore any cultural differences displayed will be more genuine. For details about the local managers in the four locations see Table I: Profile of local managers in Hong Kong, Malaysia, New Zealand, and Canada.

With fourteen ethical scenarios yielding interval data it could be assumed that despite covering specific issues such as whistleblowing, bribery etc., the fourteen measures may be considered jointly since they are expected to be related to the major area of concern, that of ethics. Closer examination of the data however indicated that the use of an aggregate, or total scenario score, would be inappropriate for the reason that scores displayed varying degree of consistency in their responses. A correlational analysis was done on the scores for the total sample, and low correlations between the various questions were recorded. No correlation coefficients were greater than 0.2817. This finding illustrates that an individual who agreed strongly with one unethical practice might disagree strongly with another. Acceptance of unethical behaviour in one situation cannot be used as an indication of likely agreement to unethical

behaviour in another situation, nor can it be taken as a measure of overall agreement to unethical behaviour. Thus, an individual should not be labelled "unethical" in an overall sense; each circumstance would need to be examined separately.

When examining ethical issues studies other researchers (Krugman and Ferrell, 1981; Ferrell and Weaver, 1978; Becker and Fritzsche, 1987; and Fritzsche, 1988) also found a differential response effect across issues. As a partial explanation Reidenbach and Robin (1988) have suggested that individuals may not use clearly defined normative ethical philosophies in evaluating ethical dilemmas but appear to organize and use the evaluative criteria differently from situation to situation.

In order to overcome the likely analytical profusion that could result from analysis of each situational scenario as a separate entity an alternative method of analysis has been utilised. A factor analysis was undertaken to detect underlying data structure and three factors were observed (See Table II: Total sample factor analysis of the fourteen ethical scenarios).

Factor one which contained six scenarios (q^2 , q^6 , q^7 , q^9 , q^{10} , q^{14}) was labelled disadvantaging others. Factor two which also contained six scenarios (q^1 , q^3 , q^5 , q^8 , q^{11} , q^{13}) was labelled deceptive practices. Factor three contained three scenarios (q^4 , q^{12}) was labelled sexual equity.

Factor analyses were also conducted for each country location and while differences sometimes existed in the number of factors identified factor two was predominately consistent. Consequentially factor two was chosen for further analysis and the combined scores for the six scenarios contained in factor two were used as the dependent variable in the regression analysis. The cognitive frameworks were used as independent variables and the total samples were delineated according to the research hypotheses (e.g., males/females, cultural setting, and functional responsibility).

TABLE I
Profile of local managers in Hong Kong, Malaysia, New Zealand and Canada

| | | H.K. | Malaysia | N.Z. | Canada |
|------------------------------------|----------------|-------------|-------------|-------------|-------------|
| Local managers | | 765 | 606 | 838 | 606 |
| Age | 20–29 | 192 (26.4%) | 68 (11.6%) | 37 (5.1%) | 45 (7.5%) |
| | 30–39 | 436 (60.0%) | 347 (59.3%) | 227 (31.1%) | 229 (38.4%) |
| | 40–49 | 93 (12.8%) | 138 (23.6%) | 212 (29.0%) | 208 (34.8%) |
| | 50–59 | 6 (0.8%) | 30 (5.1%) | 207 (28.3%) | 81 (13.6%) |
| | 60–69 | – | 2 (0.4%) | 45 (6.1%) | 27 (4.5%) |
| | 70–79 | – | – | 3 (0.4%) | 7 (1.2%) |
| Sex | Male | 588 (78.2%) | 530 (88.3%) | 755 (90.3%) | 436 (72.2%) |
| | Female | 164 (65.1%) | 64 (10.8%) | 209 (25.2%) | 154 (25.7%) |
| Religion | Yes | 253 (34.9%) | 530 (88.3%) | 755 (90.3%) | 436 (72.2%) |
| | No | 472 (65.1%) | 64 (10.8%) | 209 (25.2%) | 154 (25.7%) |
| MNC employees | Yes | 425 (57.7%) | 344 (58.2%) | 300 (36.1%) | 176 (29.3%) |
| | No | 312 (42.3%) | 253 (42.8%) | 532 (63.9%) | 425 (70.7%) |
| Education | High school | 45 (6.1%) | 57 (9.6%) | 169 (20.5%) | 48 (8.0%) |
| | Post secondary | 368 (49.7%) | 147 (24.8%) | 253 (30.7%) | 196 (32.5%) |
| | Bachelor | 230 (31.1%) | 258 (43.5%) | 311 (37.7%) | 254 (42.1%) |
| | Post-graduate | 97 (13.1%) | 131 (22.1%) | 92 (11.1%) | 105 (17.4%) |
| Level | Senior | 573 (83.4%) | 459 (81.0%) | 757 (94.5%) | 516 (90.4%) |
| | Junior | 114 (16.6%) | 108 (19.0%) | 44 (5.5%) | 55 (9.6%) |
| Work experience | 1–9 | 307 (44.9%) | 164 (29.3%) | 78 (9.5%) | 82 (13.7%) |
| | 10–19 | 335 (49.0%) | 301 (53.8%) | 232 (28.2%) | 246 (41.0%) |
| | 20–29 | 40 (5.8%) | 80 (14.3%) | 281 (34.1%) | 185 (30.8%) |
| | 30–39 | – | 14 (2.5%) | 177 (21.5%) | 57 (9.5%) |
| | 40–49 | 1 (0.1%) | 1 (0.2%) | 51 (6.2%) | 26 (4.3%) |
| | 50–59 | 1 (0.1%) | – | 4 (0.5%) | 4 (0.7%) |
| Company size (no. of employees) | 1–99 | 179 (24.6%) | 97 (16.3%) | 255 (31.1%) | 259 (44.1%) |
| | 100–499 | 126 (17.3%) | 95 (16.0%) | 162 (19.8%) | 74 (12.6%) |
| | 500–999 | 82 (11.2%) | 70 (11.8%) | 70 (8.5%) | 26 (4.4%) |
| | 1000–9999 | 184 (25.2%) | 130 (21.8%) | 189 (23.0%) | 121 (20.6%) |
| | 10000 + over | 158 (21.7%) | 203 (34.1%) | 144 (17.6%) | 107 (18.2%) |
| Functional area | Mktg/sales | 177 (24.5%) | 104 (17.6%) | 159 (19.4%) | 140 (23.8%) |
| | Acctg/finance | 145 (20.0%) | 91 (15.4%) | 117 (14.3%) | 193 (32.8%) |
| | Production | 46 (6.4%) | 129 (21.8%) | 41 (5.0%) | 8 (1.4%) |
| | Computing | 67 (9.3%) | 25 (4.2%) | 43 (5.3%) | 59 (10.0%) |
| | General mgmt | 150 (20.7%) | 128 (21.6%) | 349 (42.7%) | 158 (26.9%) |
| | Human resource | 54 (7.5%) | 27 (4.6%) | 75 (9.2%) | 22 (3.7%) |
| | Engineering | 84 (11.6%) | 88 (14.8%) | 34 (4.1%) | 8 (1.4%) |

TABLE II
Factor analysis of the fourteen ethical scenarios

| | | Factor 1 | Factor 2 | Factor 3 |
|-----------------|---|--------------------------|------------------------|--------------------|
| | | Disadvantaging others | Deceptive practices | Sexual equality |
| Q ¹ | Deceptive gaining of competitor information | 0.22225 | 0.62519* | 0.19454 |
| Q ² | Exposure of personal error | 0.64333* | 0.13656* | 0.20795 |
| Q ³ | Deceptive advertising and labelling | 0.37761 | 0.59104* | 0.23106 |
| Q ⁴ | Exploitation of employees | 0.22942 | 0.17708 | 0.80272* |
| Q ⁵ | Deceptive pricing | -0.39351 | 0.42580* | 0.08810 |
| Q ⁶ | Manipulation of expenses | 0.52663* | 0.40199 | 0.25692 |
| Q ⁷ | Consumer welfare | 0.52209* | 0.16615 | 0.17419 |
| Q ⁸ | International bribery | 0.06754 | 0.62994* | 0.10989 |
| Q ⁹ | Whistle blowing | 0.42424* | 0.23368 | 0.17735 |
| Q ¹⁰ | Nepotism | 0.45498* | 0.12784 | 0.27730 |
| Q ¹¹ | Insider trading | 0.39506 | 0.53033* | 0.16992 |
| Q ¹² | Sexual equality | 0.24105 | 0.19366 | 0.79367* |
| Q ¹³ | Bribery third party | 0.28830 | 0.57870* | 0.31828 |
| Q ¹⁴ | Protection of a dishonest employee | 0.59321* | 0.24541 | 0.20552 |

Results and Discussion

Culture

An analysis of managers in the four cultural locations and their utilisation of the eight cognitive frameworks revealed prominent similarities. Five cognitive frameworks were commonly indicated by respondents although the ranking, or importance, attached to each framework did vary. These cognitive frameworks, as displayed in Table III, were given as; Duty, Self Interest, Utilitarianism, Justice, and Categorical Imperative. All four locations shared these frameworks within the first five ranked positions, with Duty and Justice displaying the most prominent positions.

Clearly multiple frameworks were indicated as being taken into consideration when deliberating an ethical scenario. It would therefore appear simplistic for researchers to assume a decision making process that is restricted to only one cognitive framework or reference. The identification of multiple cognitive frameworks is not unusual, Reidenbach and Robin (1988) have also concluded that individuals do not use a single

moral philosophy as a critical for evaluating the ethical content of marketing activities.

The conspicuous similarities of the cognitive frameworks employed across all four locations prompted the undertaking of a regression analysis with factor two as the dependent variable. The intention of this analysis was to find out to what extent the cognitive frameworks are used in the ethical decision making process across all four locations. Interesting differences as depicted in Table IV emerged.

Utilising multiple regression analysis the four most salient cognitive frameworks used by managers in all the four country locations in the Asia Pacific Rim were identified as; Self Interest, Neutralisation, Justice and Categorical Imperative, with Neutralisation and Self Interest being the most significant among all managers.

Further observations can also be made. The cognitive framework of Duty only appeared in New Zealand and Canada, while Religious Conviction and Utilitarianism only appeared in Malaysia and New Zealand. Interestingly the Light of Day Framework is not significant in all four locations.

It should be noted that while more apparent

TABLE III
Differences in the cognitive frameworks utilized by local managers in Hong Kong, Malaysia, New Zealand and Canada^a

| Ethical frameworks | Hong Kong | Malaysia | New Zealand | Canada | F-value ^b |
|------------------------|------------|------------|-------------|------------|----------------------|
| Self-interest | 1.9816 (3) | 1.6285 (5) | 1.0908 (5) | 1.2637 (5) | 103.88 |
| Neutralization | 1.2688 (6) | 1.0846 (6) | 0.4289 (6) | 0.5075 (6) | 147.45 |
| Duty | 2.3474 (1) | 2.7993 (1) | 2.3871 (2) | 1.8576 (3) | 52.00 |
| Justice | 2.1717 (2) | 2.6269 (2) | 2.4624 (1) | 2.6159 (1) | 21.28 |
| Religious conviction | 0.6649 (8) | 0.8939 (7) | 0.3238 (7) | 0.4046 (8) | 47.64 |
| Light of day | 0.7573 (7) | 0.5033 (8) | 0.2485 (8) | 0.4677 (7) | 45.73 |
| Utilitarianism | 1.9498 (4) | 2.0782 (3) | 1.3405 (4) | 1.2935 (4) | 74.99 |
| Categorical imperative | 1.2698 (5) | 1.6412 (4) | 2.0000 (3) | 2.1940 (2) | 80.70 |

^a ANOVA has been used to test the differences among the four countries. The number in the bracket shows the ranking of the ethical framework as compared to others in the same country.

^b Differences are significant at 0.0001 level.

TABLE IV
Regression results showing differences in the cognitive frameworks utilized by local managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|-----------|-------------|----------|
| Self-interest | 0.191*** | 0.194*** | 0.154*** | 0.151*** |
| Neutralization | 0.142*** | 0.214*** | 0.238*** | 0.211*** |
| Duty | | | 0.090** | 0.098* |
| Justice | -0.157*** | -0.188*** | -0.138*** | -0.109* |
| Religious conviction | | -0.216*** | -0.140*** | |
| Light of day | | | | |
| Utilitarianism | | 0.136** | 0.130*** | |
| Categorical imperative | -0.084* | -0.097* | -0.147*** | 0.105* |
| R-Square | 0.1004 | 0.2340 | 0.2360 | 0.1548 |

^a Beta values with $p > 0.05$ are shown.

*** significant at 0.001 level; ** significant at 0.01 level; * significant at 0.05 level.

differences occur in the cognitive frameworks detected through regression analysis overall similarities still do exist. The evaluation decision however rests on which method is the more appropriate for analytical purposes. The ANOVA analysis compares the mean values of the cognitive frameworks, as reported by respondent managers in four different locations. While the multiple regression analysis has examined the linear relationship between a dependent or criterion variable, i.e., the responses to the ethical issues contained in factor two, and a set of

independent or predictor variables, i.e., the cognitive frameworks.

Effectively we are distinguishing between what the respondents have stated as the cognitive frameworks they use in contrast to what frameworks have statistically been identified as accounting for the differences in responses to the ethical scenarios. Simplistically what we are differentiating through the use of the two techniques is initially what the respondents "indicate" are the cognitive frameworks used in comparison to the "actual" frameworks that are utilised. It

can be seen that the cognitive frameworks through the multiple regression analysis are less flattering than the more altruistic frameworks of Duty and Justice.

As shown in Table IV New Zealand and Malaysia displayed the most similarity with managers in both countries using multiple cognitive frameworks. In New Zealand seven frameworks demonstrated significant accountability for the ethical responses with only one framework, Light of Day not being significant at $p > 0.05$.

Malaysian managers, like New Zealand managers, appear to employ multiple cognitive frameworks in their ethical decision making process. Consistent with the increasing religious influence (predominately Islamic) which is evident in Malaysia it is understandable that religion was one of the cognitive frameworks employed by local managers. All cognitive frameworks except Duty and Light of Day have been found to be significant.

In Hong Kong, where there is a strong motivation for financial advancement Self Interest was seen as a commonly utilised cognitive framework in conjunction with Neutralisation and Justice. The Justice perspective is born of Confucian influence although it is with surprise that the cognitive framework of Duty, also a Confucian dictate, and a common value in Chinese society, was in reality not seen to be an important framework.

Despite cultural divergence managers in Canada and Hong Kong also displayed similarities in the cognitive frameworks used. Canadian managers utilised basically the same frameworks as Hong Kong managers but with the addition of a marginal significant presence of the importance of Duty. For Canadian and Hong Kong managers Self Interest and Neutralisation appears to be the most salient.

It is interesting to note that Religious Conviction, and Light of Day have been claimed by managers in four locations as insignificant in their ethical decision-making (See Table III). However, only Light of Day is found to be true. Religion has been shown, using multiple regression analysis as an important factor in Malaysia and New Zealand.

From a practical stand point it would appear

therefore that in different locations appeals "to be ethical" requires utilising different themes. Appeals to religious tenants (if any) in some locations and the fear of getting caught in all locations do not appear to be essential considerations for managers facing ethical dilemmas.

Gender

In general, analysis for all females and males reveal marginal differences between the cognitive frameworks indicated by managers although differences in the number of frameworks used, and differences across the four cultures are more noteworthy.

Previously differences in the decision rules used by males have indicated a Self Interest orientation and for females a Utilitarian framework (Harris, 1989 and Harris *et al.*, 1993). The results of this study show basically no major difference in the cognitive frameworks used by males and female managers.

Table V demonstrates identical ranking of the cognitive frameworks for both males and females. For the total sample statistically significant differences by gender were exhibited in only three of the eight cognitive frameworks; Duty, Self Interest and Categorical Imperative. However multiple regression analysis has revealed differences in ethical responses for males than females. Tables VI and VII display the multiple frameworks that relate to the males decision process in comparison to the limited but often similar frameworks employed by women.

Gender and culture

In general, and as noted previously, the results indicated a similarity in the cognitive frameworks used among male and female managers in all four locations. However a breakdown by country does indicate more obvious differences in the frameworks used in each cultural location.

With 27.8% of the sample female the Canadian results provide us with the best opportunity for comparing differences. Canadian females in the sample indicated only one cogni-

TABLE V
Differences in the cognitive frameworks utilised by male and female managers in the sample^a

| Ethical frameworks | Male | Female | F-value ^b |
|------------------------|------------|------------|----------------------|
| Self-interest | 1.4234 (5) | 1.5282 (5) | -2.27* |
| Neutralization | 0.7806 (6) | 0.8524 (6) | 1.75 |
| Duty | 2.3869 (2) | 2.1246 (2) | 4.68*** |
| Justice | 2.4356 (1) | 2.5253 (1) | -1.85 |
| Religious conviction | 0.5199 (7) | 0.5174 (7) | 0.06 |
| Light of day | 0.4544 (8) | 0.5166 (8) | -1.66 |
| Utilitarianism | 1.6183 (3) | 1.6368 (4) | -0.36 |
| Categorical imperative | 1.7263 (4) | 1.8466 (3) | -2.30* |

^a *t*-test has been used to test the gender differences. The number in the bracket shows the ranking of the ethical framework.

^b *** significant at 0.001 level; * significant at 0.05 level.

TABLE VI
Regression results showing differences in the cognitive frameworks utilized by local male managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|-----------|-------------|----------|
| Self-interest | 0.204*** | 0.223*** | 0.168*** | 0.165*** |
| Neutralization | 0.136*** | 0.187*** | 0.240*** | 0.227*** |
| Duty | | | 0.101** | 0.125** |
| Justice | -0.137** | -0.198*** | -0.141*** | -0.099* |
| Religious conviction | | -0.189*** | -0.133*** | |
| Light of day | | | | |
| Utilitarianism | | 0.118* | 0.112** | |
| Categorical imperative | -0.135** | | -0.141*** | |
| R-square | 0.1042 | 0.2066 | 0.2390 | 0.1917 |

^a Beta values with $p > 0.05$ are shown.

*** significant at 0.001 level; ** significant at 0.01 level; * significant at 0.05 level.

tive framework: Neutralisation, in contrast, Canadian males in addition to using Neutralisation they displayed a tendency to employ Self Interest and to a lesser extent Justice and Duty.

Malaysian managers shared Neutralisation and Religious Conviction frameworks. Consistent with the total country sample in Malaysia both genders used religion however the more salient cognitive framework used by Malaysian males is Self Interest and Utilitarianism.

Hong Kong demonstrated limited differences between genders in the cognitive frameworks used. In Hong Kong males and female shared only two of the four dominant cognitive frame-

works; Self Interest and Justice, although in both instances these were more significant for men (males $p > 0.001$ and $p > 0.01$, females $p > 0.05$). Managers in Hong Kong therefore regardless of gender rely primarily on Self Interest and Justice when resolving ethical dilemmas. Hong Kong males do however use additional frameworks of Neutralisation and Categorical Imperative, whereas females use the supplemental frameworks of Light of Day and Religious Conviction. This is the only occasion when the Light of Day framework has been in evidence and it appears that Hong Kong females are influenced in their ethical decision making by the prospect of being

TABLE VII
Regression results showing differences in the cognitive frameworks utilized by female managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|----------|-------------|---------|
| Self-interest | 0.201* | | | |
| Neutralization | | 0.383** | | 0.233** |
| Duty | | | | |
| Justice | -0.214* | | | |
| Religious conviction | -0.171* | -0.352** | -0.231** | |
| Light of day | -0.188* | | | |
| Utilitarianism | | | 0.330** | |
| Categorical imperative | | | -0.238** | |
| R-square | 0.1615 | 0.4930 | 0.2864 | 0.0997* |

^a Beta values with $p > 0.05$ are shown.

** significant at 0.01 level; * significant at 0.05 level.

Table VIII
Regression results showing differences in the cognitive frameworks utilized by accounting managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|----------|-------------|----------|
| Self-interest | 0.210** | | 0.185* | 0.184** |
| Neutralization | | 0.305** | 0.315*** | 0.254*** |
| Duty | | | | |
| Justice | -0.161* | | | |
| Religious conviction | | | | |
| Light of day | | | | |
| Utilitarianism | | 0.283* | | |
| Categorical imperative | -0.201** | | -0.241** | -0.179** |
| R-square | 0.1288 | 0.2419 | 0.2671 | 0.2080 |

^a Beta values with $p > 0.05$ are shown.

*** significant at 0.001 level; ** significant at 0.01 level; * significant at 0.05 level.

discovered and exposed. This fear could naturally dissuade Hong Kong females from unethical action.

New Zealand females were the only female group in the total sample to utilise Utilitarianism (as did New Zealand males), and Categorical Imperative. A possible explanation for the Utilitarian perspective is the inherent pragmatism within the New Zealand value system which would incline individuals toward a traditional cost versus benefit analysis. In regard to Categorical Imperative it should be remembered that a component of the Categorical Imperative framework

is the means end rule which is concerned with respects and rights of individuals. New Zealand was the first country in the world to grant women the vote and this has left a legacy of concern for individuals rights which has been further promoted in recent years with increasing Maori minority awareness. The remaining framework of religious orientation utilised by New Zealand females is also shared by New Zealand males. The strength of the religious framework is consistent with the biographical finding of 74.8% of respondents indicating a religious orientation and possibly the age of the sample

Table IX
Regression Results Showing Differences in the Cognitive Frameworks Utilized by Marketing Managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|-----------|-------------|----------|
| Self-interest | 0.285*** | | 0.192** | 0.175* |
| Neutralization | 0.174** | 0.319*** | 0.229*** | 0.317*** |
| Duty | | | | |
| Justice | -0.243*** | | | |
| Religious conviction | | -0.304*** | | |
| Light of day | | | | |
| Utilitarianism | 0.127* | | | |
| Categorical imperative | | | -0.168* | |
| R-square | 0.2372 | 0.3024 | 0.1991 | 0.2036 |

^a Beta values with $p > 0.05$ are shown.

*** significant at 0.001 level; ** significant at 0.01 level; * significant at 0.05 level.

Table X
Regression results showing differences in the cognitive frameworks utilized by general managers in Hong Kong, Malaysia, New Zealand and Canada^a

| | Hong Kong | Malaysia | New Zealand | Canada |
|------------------------|-----------|----------|-------------|----------|
| Self-interest | 0.226*** | 0.288*** | 0.189*** | 0.224*** |
| Neutralization | 0.265*** | | 0.146*** | 0.140* |
| Duty | | | | |
| Justice | | -0.178* | -0.223*** | -0.137* |
| Religious conviction | | -0.157* | -0.113** | |
| Light of day | | | | |
| Utilitarianism | | 0.189* | 0.182*** | |
| Categorical imperative | -0.149* | | -0.126* | |
| R-square | 0.2208 | 0.2068 | 0.2391 | 0.1594 |

^a Beta values with $p > 0.05$ are shown.

*** significant at 0.001 level; ** significant at 0.01 level; * significant at 0.05 level.

(57.3% between the ages of 40–59 years). New Zealand males used all the cognitive frameworks except Light of Day.

In general for males in all four locations Self Interest, Neutralisation and Justice appeared to the dominant frameworks utilised in the ethical decision making process, while considerable variability was seen in the frameworks used by females.

Functional area of responsibility

Of the seven functional areas solicited from respondents the three most prevalent areas are; accounting and finance (accounting), marketing and sales (marketing) and general management. General managers were operationally defined as those managers who operated in multiple functional areas, e.g., a manager who had financial, human resource, and production responsibilities.

Marginal differences in the ethical framework can be identified according to the functional area

of responsibility. Given the quantitative nature of the accounting function one would have expected a utilitarian orientation by accounting managers and yet this was not the case. Utilitarianism occurred only once in the context of Malaysia. Alternatively Categorical Imperative was found important in three locations with the exception of Malaysia. Remarkably similarities across all locations did however reveal that those in the accounting profession also utilise Neutralisation, and Self Interest.

Neutralisation was also a dominant framework used by those in Marketing and was present in all locations. For respondents with a general management orientation Self Interest, Neutralisation and Justice appeared important. The inclusion of Justice as a cognitive framework is not surprising given a general managers responsibility to consider, coordinate and accommodate many demanding interests.

The differences in cognitive frameworks used in each functional area appeared more prominent in Asian environments i.e., Malaysia and Hong Kong than in a Western environment i.e., Canada and New Zealand. New Zealand and Canadian respondents displayed the least amount of variation across functional areas with the dominant presence of Self Interest, Neutralisation and Categorical Imperative. The variations exhibited by the Asian locations could be attributed to more evidential role playing within functional areas.

To summarise, across all locations respondents with general management responsibilities relied predominately on Self Interest, Neutralisation and Justice and those with marketing responsibilities utilised Self Interest and Neutralisation. Respondents with an accounting orientation also relied predominantly on Self Interest, Neutralisation and Categorical Imperative frameworks.

It is interesting to note that despite the fact that Duty to one's profession is often used by professional associations in their statements of conduct and "what if you got caught" advertisements are also commonly seen in regard to criminal behaviour, the cognitive frameworks of Duty and Light of Day once again did not feature significantly in the analysis.

Conclusion

Numerous models developed in recent years have generated a long list of factors that have been proposed as potential influences on ethical/unethical behaviour. Most of these factors are either personality traits or background variables such as age, education, ego strength etc. However repeated examination of these variables have not yielded conclusive results and on many occasions they have been found to be poor indicators of ethical attitudes. Attention has therefore turned to socialization factors, the role of significant others and the ethical ideologies and philosophies that are believed to be more salient. What constitutes a person's ethical philosophy has been described by Stead *et al.* (1990) as the content of one's ethical system, the network of ethical norms and principles. It has been repeatedly suggested that normative structures influence ethical decisions thus, an individual's ethical philosophy will likely influence his or her ethical decisions and in the current research a multiple regression analysis for the Hong Kong location, the largest sample group, indicated that the ethical frameworks accounted for 26% ($R^2 = 0.25849$) of the variation in the total ethical score for all fourteen scenarios. For solely expatriate managers in the Hong Kong sample the frameworks accounted for 39% ($R^2 = 0.39444$) of the variation.

Interestingly, what limited work that has been proposed in the area of conceptual frameworks has largely originated from the field of marketing ethics (Hunt and Vitell, 1986; Robin and Reidenbach, 1986; Reidenbach and Robin, 1988), although other writers have attempted to either clarify or test similar frameworks in a more generalised context (Steiner and Steiner, 1985; Dahl *et al.*, 1988; Arthur, 1984; Tsalikis and Nwachukwu, 1988; Carroll, 1990). As stated previously in determining what ethical frameworks are likely to be employed during the decision making process initially one must place heaving reliance on existing philosophical themes as it can be easily recognised that in an operational form a number of these theories could be the dominant mechanism utilized (although possibly not consciously realised) in the decision

makers cognitive process. It has been suggested that when and how persons apply their ethical philosophies will vary from individual to individual (Stead *et al.*, 1990). Forsyth and Berger (1982) have also warned that the variations in ethical ideologies can be used to predict individual differences in moral behaviour. Consequently in addition to the need for further study of ethical ideologies these frameworks need to be incorporated into larger and more complex predictive models of ethical decision making.

Consideration also needs to be given to the practical implications of cognitive framework research. Given the impact of supervisory and peer influence on ethical behaviour, knowledge of the ethical frameworks/philosophies used by these individuals is of considerable importance. The role of one's boss has been studied extensively with the stable conclusion that unethical decisions of business executives is significantly influenced by the perceived attitudes and behaviour of immediate supervisors and peers (Baumhart, 1961; Brenner and Molander, 1977; Carroll, 1975; Hegarty and Sims, 1978, 1979; Zey-Ferrell *et al.*, 1979; Arlow and Ulrich, 1980; Zey-Ferrell and Ferrell, 1982; Posner and Schmidt, 1984; Vitell and Festervand, 1987). Stead *et al.* (1990, p. 236) has pointed out that ethical philosophy will have little impact on employees' ethical behaviour unless they are supported by managerial behaviours which are consistent with these philosophies. Despite the existence of strong ethical philosophies by subordinates there is the possibility that these philosophies will be undermined if they are inconsistent with the philosophies used by upper management. As the research clearly supports the conclusion that the ethical philosophies of management have a major impact on the ethical behaviour of employees (Stead *et al.*, 1990, p. 235) it is within our interest to determine what philosophies are utilised by these individuals and whether differences exist by organisational level, function or industry.

In the wake of such texts as: In Search of Excellence, many organisations today are initiating steps to establish and maintain a strong corporate culture. The essential feature of a strong corporate culture is the internalisation of

shares values to guide decisions and attitudes of its members. In recent years ethical values have become more evident in corporations although in reality ethical awareness tends to take on alternative forms of: specific codes of conduct or vague pronouncements of intent. Given the impact the ethical philosophies of senior executives have on lower level members of the organisation, and the differences in philosophies that may prevail, it is suggested that in addition to pursuing competitive advantages such as technological superiority or customer service attention should also be given to the ethical philosophy that is desired in the organisation. The ethical philosophy can then be communicated and reinforced through out the organisation. Research in ethical behaviour strongly supports the conclusion that to reinforce a desirable ethical philosophy in the organisation the performance measurement, appraisal, reward, audit and disciplinary systems must be modified (Stead *et al.*, 1990; Hegarty and Sims, 1978, 1979; Trevino, 1986). The prevailing ethical philosophy that has been established can then act as a universal, or company wide guide in decision making thus avoiding the potential for conflicts in the philosophies currently in existence with each member of the organisation.

To conclude, in relation to this research, where multiple cognitive frameworks have been used, it should be remembered that differing statistical methods give different results. Researchers of business ethics should carefully select the appropriate methodology for their studies. Differences clearly exist between what managers *say* are the cognitive frameworks that they use and the frameworks that are actually employed. While most managers profess a lofty concern for Duty and Justice in reality Self Interest, (the desire to selfishly gain the greatest degree of personal satisfaction) and Neutralisation, (the use of rationalizations that deny hurt or injury) are more apparent in the ethical decision making process.

By virtue of the human cognitions being studied here these differences are to be expected. Many individuals are probably not consciously aware of the parameters of their decision process and therefore when asked will state the obvious

socially acceptable response. It is therefore important that the subconscious, and rarely articulated factors are in fact revealed. Care therefore needs to be taken in our interpretation of the findings of empirical research as an overt dependence on self reported data and ANOVA analyses (as is common in ethical research) could result in alternative conclusions with stated expectations not necessarily reflecting reality.

The descriptive discussion above has, at this stage, merely presented the findings of a number of essentially disparate variables and their relationship to a derived set of ethical cognitive frameworks. Clearly this analysis is at a preliminary step and further consideration as to why these results have occurred is needed. Drawing heavily upon sociological and anthropological knowledge insights as to why the observed differences have occurred need to be made and consideration of further refinement of the related constructs is needed.

Appendix

Cognitive framework component of the questionnaire

When making a decision on each of the cases just presented, what factors did you generally take in to consideration? Review the statements below and place a tick beside the statement(s) that you thought about when you were deciding on the cases. (You may like to briefly look over the cases again – Remember that you may tick more than one response).

When deciding on the cases I generally considered . . .

1. ____ What was best either for myself or for my company.
2. ____ That as long as no one gets hurt an action is o.k.
3. ____ That as a manager my first responsibility and ultimate duty is to my company and it's shareholders.
4. ____ In today's business world one must look after one's self and one's interests.
5. ____ That it is important that justice is seen to be done.
6. ____ What my spiritual advisor might do or recommend.
7. ____ I would feel embarrassed if people found out what I had decided to do.
8. ____ That sacrifices are often needed in order to secure the greatest good for the greatest number.
9. ____ Not to treat people as means to an end.
10. ____ What is the right thing to do in the light of my religious beliefs.
11. ____ What might be the reaction I would get from my family and friends if the details relating to this action were revealed.
12. ____ Whether the outcome of my decision produces the greatest net value to all parties involved.
13. ____ What effect that the action might have on my personal reputation and career.
14. ____ That an unethical action is ok if it is directed at someone, or organisation, who also acts unethically.
15. ____ What would be the most efficient and effective outcome in the long run.
16. ____ How would I feel if someone did that to me.
17. ____ That people must be treated fairly.
18. ____ What would be the most equitable decision.
19. ____ That ultimately one should ask whether actions are consistent with organisational goals and do what is good for the organisation.
20. ____ That many actions are described as unethical are in reality common business practices.
21. ____ What advice is available from a religious or philosophical source.
22. ____ Would I lose face if my involvement in this decision was publicized.

23. ____ Do unto others as you would have them to unto you.
24. ____ It is wasted energy worrying about the effect that an action may have, one should just get on with what one has to do.
25. ____ Whether any inherent harm in an action is outweighed by the good.
26. ____ That as long as the consequences of the decision affect the majority in a positive way.
27. ____ That one can't be expected to be responsible for everyone and everything.
28. ____ That it is the outcome that is important not the means by which it is achieved.
29. ____ My first priority and duty should be in fulfilling my company obligations.
30. ____ It is important that discriminatory practices be avoided.
31. ____ My religious faith would not permit such an action.
32. ____ I would not want knowledge of my actions to be known by others.
33. ____ Some things in life are definitely right or wrong regardless of the consequences of the decision.

* Statement number 28 was not included in the analysis as it was used as an internal check for another component of the questionnaire that dealt with the psychological variable of Machiavellianism.

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