

differences in business ethical values

A Study of Differences in Business Ethical Values in Mainland China, the U.S. and Jamaica.

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Abstract

It has been 25 years since China began the transition from a socialist based, command economy to a free market economy. The success of this conversion has required a modification in the mindset, the rules of the game, and in the ethical and social norms that guide and inform business decisions. Shortly before that time, Jamaica achieved independence from colonial control by Great Britain. The research presented in this paper continues the examination of the transition of the values and ethics that underlie business decisions in the U.S., China and Jamaica by revisiting a survey process begun 10 years ago. Five business scenarios calling for decision choices were given to Jamaican, Chinese and U.S. professionals. The differences and similarities between the choices of the three groups are compared in the current study and the results are compared to those derived in a previous study conducted 10 years ago. The current differences and similarities are discussed, as well as the changes in differences and similarities found a decade ago.

Introduction

Significant changes are occurring in many parts of what has been considered the "Third World." In this study we examine possible perceptual/ethical changes over a 10-year period in two very emerging countries, Jamaica and China, and consider how they compare to the U.S., a "developed" country. The contrasts are notable. In recent years in China, the rapid growth of the Chinese economy, the participation of China in the World Trade Organization and the significant involvement of Chinese firms in the global investment community indicates emergence into major power status. In Jamaica, after independence, there has been a continuing struggle to build the economy and the infrastructure and to emerge from colonial status. In China, there has been the need to reconcile a Confucian and communist heritage with the demands of 21st century business. In Jamaica, capitalist influences are primary but lack of development leads to frustration of those aims. Under such circumstances, the increasing relevance of studies of the norms and values that are the basis for business decisions may become apparent as a basis for understanding decisions which are made in very different cultures. This study seeks to continue a longitudinal study of ethical decision-making that was begun 10 years ago, to gain a clearer understanding of the progress of the transition of two very different cultures to the free market.

We describe a methodology and results of a scenario-based survey conducted among Jamaican, Chinese and American

participants. Both quantitative and qualitative results are put forth and discussed. The discussion includes considerations of historical and cultural influences that impact Jamaican and Chinese values including, in Jamaica, openness to change and the influence of capitalism and, in China, Confucianism, Maoism, market influences and differences in institutional environments.

We note that the empirical research in business ethics has traditionally focused on the U.S. and single country studies conducted in Australia [21], Britain [7,17], India [6], Italy [9] and Russia [13]. It should be noted that, at that time and even today, the major studies from this group are conducted by researchers from Western traditional cultures and conducted in Western countries. The work of the research institute at Hong Kong Baptist University and the China European International Business School efforts appear to be extending these single country studies to China. In this research, we compare across three different cultures: Jamaica (which has not received previous study), China and the U.S.

The Changes Impacting China and Jamaica

China

The Chinese opening to the West and the dissolution of the former Soviet Union have fueled interest in the process of economic transition. Interest in the changes in types and methods of management decision-making was also aroused. Notable in this body of literature are the works of Byrd [5] and Lee [14]. The role of soft-technology transfer, which includes free market management skills, has been studied empirically by Levitt [15,16] and by Shi [20]. The transition toward free market operations offers strategic windows of opportunity as one set of rules of the game replaces another [12,20]. Reform in economic systems redefines corporate sources of legitimacy and substantively alters the business, government and society relationship [1,22]. The overall sense is of a stable culture, but one founded upon Confucian and Maoist, rather than capitalist, social/ethical systems confronting a need to take its place in the 21st century marketplace. What will be the impact upon ethical decision making, given these pressures?

Jamaica

In understanding the situation in Jamaica, of importance is Hofstede's [10] finding that Jamaica is notably low in uncertainty avoidance. Ronen [19], compiling the results of several of Hofstede's studies, points out that Jamaica is the second lowest country in uncertainty avoidance, with Singapore ranked in the lowest position. Given the

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openness to change implied by low uncertainty avoidance, it may be that Jamaicans will be more open to pressures to industrialize than cultures such as China. This point has recently been underscored by Bissessar [3,4], who has studied social services reforms and "pay for performance" appraisal reforms in several Caribbean nations, including Jamaica. Bissessar points out that the reforms studied failed in Trinidad, Tobago and Guyana, the other countries studied, but succeeded in Jamaica. As Bissessar notes, the countries have in common their colonial past and "third world" status, but differences in Jamaica permitted it to succeed where the other countries failed. One factor in Jamaica's success, he notes, was its embrace of the changes and its willingness to change whatever related systems had to change for the reforms to be effective.

In Jamaica, adoption of "capitalist" ethical systems should be far less challenging than is the case with China, in that Jamaica's heritage is capitalist and it has enjoyed a close relationship with the U.S. However, Jamaica is emerging from a colonial heritage, as noted, and is confronted with bringing together the diverse heritages of the many peoples who have contributed to its culture, notably Arawak Indians/Tainos, English, Africans, Jamaican, Indians and Jews [11]. Note, however, that these groups do not share similar ethical backgrounds or capitalist heritages, and, given Jamaica's struggles to emerge from its colonial past and to build an appropriate infrastructure for business, its openness and capitalist, Western, orientation may be less controlling than it may initially appear.

Methodology

Method and Design

The current study replicates the method and design used in previous studies in this series, continuing the vein of management and business ethics literature that uses vignettes to present various kinds of real life ethical dilemmas [8,18]. In an effort to facilitate wider generalization and comparison with previous studies, the vignette set developed by Fritzsche and Becker [8] was used. Instrument and hypotheses replicate those used in similar studies beginning in 1993. Similar subject groups were selected to aid the comparison.

Instrument

The instrument was derived from the Becker and Fritzsche instrument and presents five vignettes. For each vignette, two responses were solicited. First, subjects were asked to indicate on a 0 to 10 point Likert Scale what their own

decision would be to the scenario issue. Second, they were asked to indicate the reasoning behind their decision. Options were presented in multiple-choice format, including an open-ended option.

Hypotheses

Two hypotheses were tested for each vignette.

Hypothesis 1: Chinese, Jamaican and U.S. subjects will select the same behavioral choice when faced with the same ethical dilemma.

Hypothesis 2: Chinese, Jamaican and U.S. subjects will select the same rationales to justify their behavioral choices.

Subjects in the Current Study

- Subjects in the Chinese sample were approximately 49 managers from primarily government organizations (93.9%). The managers were roughly 90% male, and the age range was from the late 20's to early 40's, with an average age of 35.2.
- Subjects in the Jamaican sample were approximately 39 managers from a wide variety of manufacturing and service organizations. The managers were roughly 50% males, and the age range was from mid 20's to early 50's, with an average of 35.1.
- Subjects in the U.S. sample were approximately 81 managers from a wide variety of primarily service organizations (83%, with 21% of them in health care). The managers were roughly 53% male. The age range was from the late 20's to early 70's, with an average age of 34.6.

All respondents were attending graduate level management training.

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

Results

The findings from all three samples are summarized in Exhibits 1 through 7. The average scores and standard deviation of the likelihood of taking the action in each vignette are summarized by country in Exhibit 1. A "0" means "definitely would not" take the action and a "10"

means "definitely would." For each vignette, ANOVA (Analysis of Variance) was used to see if the average scores from the Chinese, the Jamaican and the U.S. samples were significantly different from each other. The ANOVA results are summarized in Exhibit 2.

EXHIBIT 1. DESCRIPTIVE STATISTICS OF LIKELIHOOD TO TAKE ACTION

		N	Mean	Std. Deviation
Vignette 1	U.S.A.	81	4.84	3.11
	China	49	5.69	3.34
	Jamaica	39	5.44	3.44
Vignette 2	U.S.A.	81	3.49	3.23
	China	49	3.43	2.71
	Jamaica	39	3.18	2.57
Vignette 3	U.S.A.	81	1.83	2.16
	China	49	1.71	2.65
	Jamaica	39	3.26	3.35
Vignette 4	U.S.A.	81	2.67	2.91
	China	49	1.57	2.59
	Jamaica	39	1.92	2.95
Vignette 5	U.S.A.	81	7.89	2.76
	China	49	7.92	2.98
	Jamaica	39	8.23	2.60

Hypothesis 1 suggested that there would be no difference in the selection of behavioral choice when faced with an ethical dilemma among the subjects from China, Jamaica and the U.S. As shown in Exhibit 2, Vignette 3 is the only one that has significant ANOVA results among the 5 vignettes. Vignette 3 describes a situation where a new technology can give the company a competitive edge but will produce excess air pollutants. With significance in the ANOVA, this finding implies that the average scores for some of countries are statistically different in Vignette 3. All three sample means were on the low side but the Jamaican sample (3.26) is significantly higher than the Chinese sample (1.71) and the U.S. sample (1.83) (see Exhibit 1). In other words, all respondents were inclined not to use the new technology that exceeded pollution limits, but those in the Chinese and the American samples were much less likely to do so than the Jamaicans. As for the other four vignettes, the data does not support significant difference among the three nations.

The findings in this study are consistent with the Whitcomb, Erdener, and Li study [22] in four out of the five vignettes.

EXHIBIT 2. SUMMARY OF ANOVA RESULTS

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
V11	Between Groups	24.544	2	12.272	1.158	.317
	Within Groups	1758.911	168	10.596		
	Total	1783.456	188			
V21	Between Groups	2.648	2	1.324	.153	.858
	Within Groups	1437.991	168	8.663		
	Total	1440.639	188			
V31	Between Groups	65.374	2	32.687	4.781	.010
	Within Groups	1135.016	168	6.837		
	Total	1200.391	188			
V41	Between Groups	39.905	2	19.953	2.493	.086
	Within Groups	1328.769	168	8.005		
	Total	1368.675	188			
V51	Between Groups	3.309	2	1.654	.212	.809
	Within Groups	1292.597	168	7.787		
	Total	1295.905	188			

The only inconsistency is in Vignette 1. In this study, there was no significant difference in two countries, but it was found that the Chinese gave a significantly higher action score than the Americans.

Hypothesis 2 suggested that Chinese, Jamaican, and American respondents would select the same rationales to justify their behavioral choices in each case. A chi-square test of independence was used to test this hypothesis. The results are summarized in Exhibits 3 to 7. Among the five vignettes, Vignette 1, 3 and 5 reported p-value less than 0.05. This finding implies that certain of the rationales used to justify their behavioral choices are different in the three countries.

The first vignette concerns a bicycle company. It must make a payment to a foreign country businessman if it wants to gain access to his country's market. After making this payment, the resulting new business will yield \$5 million in annual profit for the company. From Exhibit 3, the biggest discrepancy between the three countries is found in Rationales C, E, and F. 23.5% of the American respondents and 17.9% of the Jamaican respondents believed that a bribe would be unethical (Rationale C), while only 8.2% of the Chinese respondents shared this belief. Additionally, 28.4% of the American respondents, 23.1% of the Jamaican respondents versus 10.2% of the Chinese respondents justified their decision by claiming that it is an acceptable practice in other countries (Rationale E). However, 46.9% of the Chinese respondents and 30.8% of the Jamaican

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respondents rationalized their decision by stating that making such a payment is not unethical and is just the price paid to do business (Rationale F), when only 13.6% of the American respondents agreed.

EXHIBIT 3. VIGNETTE #1

Reasons for Decisions (Frequency Distributions)				
Choice	Reason	U.S.	China	Jamaica
A	Against company policy	4.9%	8.2%	2.6%
B	Illegal	9.9	6.1	5.1
C	Bribe; unethical	23.5	8.2	17.9
D	No one is hurt	4.9	2.0	7.7
E	Is an acceptable practice in other countries	28.4	10.2	23.1
F	Is not unethical, just the price paid to do business	13.6	46.9	30.8
G	Other	14.8	18.4	12.8

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	25.649	12	.012

EXHIBIT 4. VIGNETTE #2

Choice	Reason	U.S.	China	Jamaica
A	Unethical for Smith to provide, and unethical for employer to ask	30.9%	30.6%	20.5%
B	Unethical for employer to mislead Smith when he was hired	11.1	10.2	25.6
C	Protect Smith's reputation	2.5	4.1	7.7
D	Provide some but not all information	14.8	10.2	12.8
E	Decision based on whether security agreement is in force.	28.4	42.9	23.1
F	To keep job; loyalty to new employer	4.9	0	7.7
G	Other	7.4	2	2.6

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	16.884	12	.154

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

EXHIBIT 5. VIGNETTE #3

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

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	24.805	12	.016

EXHIBIT 6. VIGNETTE #4

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

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	17.055	12	.073

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EXHIBIT 7. VIGNETTE #5

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

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	41.657	12	.000

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

Vignette 5 concerns the issue that an auto parts contractor will face bankruptcy if its buyer finds out that a part sold by the contractor is defective. From Exhibit 7, the major difference in the reason for the selection is in Rationales C and E. The Chinese respondents predominantly (69.4%) chose Rationale C: The company has a responsibility to the public; it is criminal and dishonest to remain silent, while only 38.3% of the American respondents and 30.8% of the Jamaican respondents shared this belief. On the other hand, 38.3% of the American respondents and 41% of the Jamaican respondents versus 4.1% of the Chinese respondents reported Rationale E: Chances of causing injury or death are too great to remain silent.

The results for Hypothesis 2 are slightly different from the Whitcomb [22] study. While Vignettes 1, 3 and 5 have shown significant results in this study, Whitcomb et al. had significance in all five vignettes.

Conclusions, Summary and Afterthoughts

Two hypotheses were tested in the current study of cross-cultural, ethical decision-making. The results of this current study were then tested against the results of the same survey administered 10 years ago as reported in the Whitcomb et al paper [22]. The findings for the first hypothesis indicate that the decisions made by the respondents of the three nations – China, Jamaica and U.S. – were not significantly different in four out of five scenarios and are consistent with the findings of the earlier study. Note, however, that the differences we report suggest that Jamaica, perhaps in its concern for rebuilding its economy, is willing to tolerate more violations of pollution standards than are the other countries. The flexibility implied in openness to change may be a factor, as well.

The second hypothesis deals with the rationales underlying the decisions. Results of the current study indicate significant cross-cultural differences in the decision-making rationale for three out of five scenarios. It is interesting to note the inconsistencies in alignments. At times, Jamaican rationales appear similar to those in the U.S., while at other points, China and the U.S. seem better aligned. What may be suggested is that the countries are using utilitarian approaches and are selecting the issues they will support based upon country/economic necessities rather than upon ethical concerns alone.

An encouraging note is that the previous study found significance for all five scenarios, rather than the three in this study. This finding suggests that, perhaps, the cultural gap is narrowing and that critical thought patterns are becoming increasingly similar. Further study would be required to connect this narrowing of the cultural gap to the economic transition and the changes in institutional environments.

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

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