

IACCM Naples, 2012: Teaching ethics as culture:

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Abstract

As teachers of cross-cultural management we have to guide our students through the methodology of ethnorelative sensitivity but decide which issues are so important that we should take a position and attempt to influence them. This is the meaning of ethics, which pervades all business activities. In this paper I discuss the possible relationships between value dimensions and tolerance of unethical behaviour, in particular the universalism/particularism dimension, contrast the institutional anomie approach and explore paradoxical and sometimes contradictory predictions. I briefly contrast the main approaches to ethics: virtue, deontology, consequentialism and pragmatism and suggest that the most enlightening approach for students is Donaldson and Dunfee's ISCT, as a framework for understanding the complexity of ethical choices facing business and to supplement the Buller decision tree. I conclude that we are faced with ambiguity, possible manipulation and changing standards in declarations about ethics. There is a lack of clarity about how to deal with the impact of change on tolerance of unethical behaviours.

Introduction

There is no such thing as a teacher of culture. It is meaningless for me to walk into the classroom and claim to teach what cultures "are": the sense of collective identity, shared values, socially generated beliefs about the world, common sense of history... in short, I cannot teach the emics of cultural affiliation. I can, however, claim to do certain other things which might be described as "teaching about how to approach cultural questions or understand the nature of cross-cultural tensions or epistemology in the field of culture", or elicit appreciation of why culture makes a difference and is often of key importance in understanding people's feelings, attitudes, behavior and interactions.

It is more likely that there is such thing as a teacher of ethics: we are frequently exhorted to take an unequivocal position on the desirability of ethical practices and the fight against corruption. Business schools are increasingly seen as bearing responsibility for the ethical training of managers and in bringing CSR issues to our students as an integral part of their studies. This is evidenced by the Aspen Institute's "Beyond Grey Pinstripes" reports on MBA programmes, which since 1999 have evaluated MBA programmes' commitment to social, environmental and ethical issues. A 2004 AACSB report stated "all of us involved in business education need to think more deeply and creatively about... ethical awareness, ethical reasoning skills and core ethical principle [and] must socialize students in the obligations and rewards of stewardship, including the concerns of multiple stakeholders and the responsible use of power" (Safranski, 2010).

By the nature of the issue itself we ask ourselves whether ethics is or can be culturally relativistic. As teachers in the field of culture we have to choose between neutral suspension of judgment and pro-active positions. The non-neutral approach we actively

proselytize means arguing in favour of more ethical conduct; that is, building ethical issues into our teaching.

Business necessarily takes a pragmatic view. From a virtue ethics standpoint doing good because it is profitable has no merit or at least does not have the status of ethical behavior (Dobson, 2007; Comte-Sponville, 2009), an argument that can be traced back to Aristotle. For such writers the key is “underlying motivation...[which] determines whether the act is fundamentally ethical or economic”. In Kantian terms the categorical imperative is a “thin” i.e. de-contextualized abstract exhortation to “act only according to that maxim whereby you can, at the same time, will that it should become a universal law.” (Kant, I (1785/ 1993) p 30. General statements such as that one should never lie are made ridiculous in a situation where refusing to lie would lead a murderer to his victim (Gennuso, date NA). For modern business this does not appear to offer practical guidance in solving problems: we need more contextualization.

Why are we interested?

Donaldson and Dunfee observe that “business ethics ... is a subject of monumental significance”: allowing products to contaminate and investing in cures for disease in developing countries are examples of ethical choices, that is, choices that affect stakeholders beyond immediate shareholders. The deleterious effects of corruption are widely documented. “Among the effects (of corruption) is misallocation of resources that disrupts economic development, the distortion of public policy and the degrading of integrity of the business system” (Davis & Ruhe, 2003). Other consequences attributed to corruption are delay in growth and flows of investment, reduced human capital and weakened confidence in institutions (Seleim & Bontis, 2009)

Documents such as the Caux Round Table (CRT) principles for business indicate how this worry is even greater in the current recession when the “dependency of business on an underlying social culture of trust and responsibility” is threatened more than ever.¹ The CRT document lays out seven major principles: respect for stakeholders, sustainability, trust, observance of rules, support for responsible globalization, respect for the environment and avoiding illicit activities, as areas of responsible stewardship. The underlying principles are “kyosei” and human dignity: “living and working together for the common good...” and “the sacredness or value of each person as an end not simply as a means to the fulfillment of others’ purposes or even majority prescription” respectively. This seems as near to a statement of the scope of business ethics as we are likely to get.

A practical introduction to ethics in business?

For some teachers and for many business practitioners an early taste of ethics as culture came in the popularizing book “Riding the Waves of Culture” by Fons Trompenaars and Charles Hampden-Turner (1998) in the mid 90’s. The authors derived their cultural values dimension approach from sociologist Talcott Parsons and anthropologists

¹ <http://www.cauxroundtable.org/index.cfm?menuid=8>

Kluckhohn and Strodtbeck. The dimension that is presented as most relevant to ethics and culture is “universalism versus particularism”.

We see the examples of a journalist who must decide whether to support his friend who opens a mediocre restaurant and the driver who causes a minor accident: what right would s/he have to expect protection from his/her friend in an enquiry demonstrating the tension between an abstract principle or “golden rule” and a concrete relationship. The idea of a golden rule is a popular form of the concept of hypernorms developed by Donaldson and Dunfee (1999): an over-arching principle by which to judge and assess the legitimacy of local and culturally specific norms and social contracts; indeed these authors quote Trompenaars and Hampden-Turner’s cases in “Ties that Bind”.

Trompenaars and Hampden-Turner analyze their results on a national comparison basis and conclude that cultures can be compared in terms of universalism and that this can be used to predict ethical behavior. Unethical behavior is thus seen as the propensity to deviate from the abstract principle, or at least report expectations that a “normal person” in a given situation and cultural context would do so. There is a relationship of degree between expected tolerance of unethical behavior, how wrong it is considered to be and the likelihood that one would act unethically oneself. A fourth level would be the record of real events.

This idea can be demonstrated in the classroom using any number of scenarios. I use the following four, the first two taken from Hampden-Turner & Trompenaars (1993), pp 22-3.

- a) You were having a beer with your friend the foreman in the factory where you both work. A minor accident occurred while he was thus distracted from his duties.
- b) A subordinate of yours, who you know has trouble at home, has come in late to work on a couple of occasions though his record is generally OK. Should you let him off with a warning and protect him from disciplinary procedures?
- c) You are planning to set up a factory in another country. Your go-between has explained that if you make a facilitation payment to local officials you will get the permit in a few days instead of waiting for many months, adding that this is standard practice. The transaction can be recorded as commission without too much difficulty.
- d) Your company is interested in investing in a low cost country but you suspect that suppliers use sweat shops and under-age children in manufacturing. Using these cheap suppliers keeps your own staff in work.

Students answer the questions: 1: should s/he expect you to defend him in a subsequent enquiry? 2: should you do so? 3: would you do so? The instructions ask for an instinctive response first and only then a discussion of the reasons and variables that affect the decision.

Responses to these mini-cases are compared and tentative conclusions drawn about how ethical attitudes might reflect cultural variability. Sample size is too small to draw statistical conclusions though a sum of data over time could be. In addition to this the students are “unlikely to be familiar with the customs and traditions of the particular business community” (Donaldson & Dunfee, 1999, p106/7) nonetheless it is an excellent stimulator of discussion. Situational variables such as the closeness of the relationship, gravity of consequences, professional responsibility or how the transaction was initiated in turn suggest a universal principle of mitigating effects.

The results are broadly similar to the widely respected Transparency International rankings of perception of corruption (CPI) for 1999, the year after the appearance of the 2nd edition of the book but with major anomalies: Romania is ranked as more universalistic than Germany in the authors’ findings but ranked 63 in the CPI, Nigeria is ranked as more universalistic than Singapore though ranked as 98th out of 99 countries in the 1999 CPI, findings that are counter-intuitive to say the least. The relationship between supposed national cultural characteristics and situational responses and behavior is notoriously unreliable (Osland & Bird, 2000; Bell, 2006) but Hofstede suggested that the methodology used by Trompenaars was in any case faulty (Hofstede, 1996). Self report is an additional problem.

Transparency International tables are based on the transparency-opaqueness dimension and parallels universalism – particularism as an explanatory mechanism. Deviation from transparency parallels deviation from universalism: where it is easier to conceal transactions it is easier to be corrupt, leading to the hypothesis that universalistic cultures are more transparent and by both predictors less likely to be corrupt.

Business ethics in practice

Milton Friedman is famously reported to have said: “There is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud”. Even this high priest of freedom recognizes the need for ethical standards. Systems cannot work without rules, but his view does not take into account the range of stakeholders to whom business should be answerable.

Business ethics embraces practices in business usually referred to as corporate social responsibility (CSR) or performance (CSP), ranging from sustainability, diversity management, safety and consumer protection to corruption and graft. Corporations have long been publicly attacked as public opinion focused on ethics, sometimes vociferously as in campaigns against Nike in the 1990s, by among others a group called Team Sweat, “an international coalition of consumers, investors and workers committed to ending the injustices in Nike’s sweatshop around the world” and striving to ensure that all workers who produce Nike products are paid a living wage. The CEO, Mark Parker, subsequently claimed the company “learned to view transparency as an asset, not a risk” fitting the universalistic – transparent link and demonstrating the effectiveness of public opinion - at least in their public declarations. As Schein points out what is declared in management communications is not always in line with more deeply held convictions (Schein, 1999)

In 2009 Paul Polman CEO of Unilever expressed the idea of “doing well by doing good”, the classic so-called “business case” for CSR, that has developed over the last 20 years. Public attitudes change: Shell when involved in the Nigerian crisis and Brent Spar disposal issue were operating in an environment in which public opinion had not developed awareness of a corporations’ responsibility to multiple stakeholders and broader social interests such as sustainability. (Donaldson & Dunfee, 1999; Magala, 2009). The disastrous outcomes were again reported as major learning experiences for the company.

Levi Strauss famously pulled out of China (and Myanmar) in 1993 citing "pervasive violation of human rights". Levi's had branded themselves as a company with a conscience and Robert Haas, chairman and CEO at that time, noted that “decisions which emphasize cost to the exclusion of all other factors don't serve the company and its shareholders' long term interests". The company returned in 2008 when “conditions in many multinational-affiliated factories have improved because the focus has been put on them," according to Geoffrey Crothall, editor of China Labor Bulletin in Hong Kong. "But conditions in Chinese factories as a whole haven't." The tension between public image and business strategy is clear: ethics are also felt as an external constraint.

More recently the Google case ignited controversy when the company appeared to bow to Chinese pressure to censor access to politically sensitive sites. They decided to stay in China for a number of years on the grounds that they could play a role more useful to the cause of free speech by participating in China's IT industry than by refusing to comply and being denied admission to the mainland Chinese market: "While removing search results is inconsistent with Google's mission, providing no information (or a heavily degraded user experience that amounts to no information) is more inconsistent with our mission," a statement said. In 2010 the company withdrew and re-directed searches to Hong Kong.

Anti-corruption struggles are being fought at government level in developing countries from Philippines to Mongolia with varying degrees of success as countries see a clean-up as a way of attracting foreign investment ². These are only a minute sample of ethical issues in global business over recent decades.

Etic value dimensions as predictor of ethical behavior

A number of studies have attempted to correlate Hofstede’s national dimensional national and some measure of ethical behavior. Davis & Ruhe argue that there is a correlation with the three dimensions PDI, UAI and MAS, and inversely with IDV. All these hypotheses are supported except H2 referring to the correlation with UAI. This may be related to the nature of the uncertainty avoidance variable measured by Hofstede, which is different from that used in the GLOBE study, which is closer to a measure of rule observance: the latter would appear to be a more appropriate measure to use (Venaik & Brewer, 2010). In any case it has long been questioned whether the use of Hofstede’s rankings as a proxy for national cultures is legitimate (McSweeney, 2002).

² For example Financial Times May 30th, 2012: P6: Mongolia to rethinking investment law; and Wall St Journal (same date) P11: Philippines continues corruption fight

Davis and Ruse's study also use control variables: population, population density, per capita GDP growth, government spending and inflation rate since variables other than cultural dimensions are clearly relevant, whether as moderators or as antecedents for the dimensional rankings. Ashour (2006) sees culture as one of a set of variables that are significant as antecedents of corruption along with political infrastructure, economic structure and institutions. Lambsdorff also mentions absence of competition, poverty and inequality and gender discrimination (Lambsdorff, 1999). Multiple causes are invariably involved.

The study by Seleim and Bontis (2009) uses the GLOBE study dimensional rankings as the independent variable and corruption as dependent variable in preference to Hofstede on the grounds that they are "more recent, extensive and reliable". The paper finds that UA values and humane orientation and family collectivism practices are significant and positively related with the incidence of corruption and notes that the GLOBE values and practices produce often opposed results, which is not surprising, as noted elsewhere. This suggests that a desire for rule orientation, tolerance for others and strong family bonds encourage corruption. A study by Getz and Volkema consider a number of antecedents such as economic development and bureaucracy as well as Hofstede's four dimensions to represent culture. In this study uncertainty avoidance and power distance were found to be positively related to corruption.

The problem with relating culture to ethics is that the relationship with etic dimensions is non-linear and often ambiguous. Potentially paradoxical and counter-intuitive results arise in predicting un/ethical attitudes and behaviours. The problem is compounded when the terms themselves are used in different ways or are open to different interpretations. As noted Venaik & Brewer (2010) show that the uncertainty avoidance concept is used with different meanings by Hofstede and in the GLOBE models. Students have always been confused by Hofstede's finding that southern Europe, where relationship business dominates are characterized as having high UAI whilst northern Europe scores much lower. Students and consultant simplifications see high UAI as simply sticking by the rules for safety but the items from which Hofstede generated the UAI scores (how often do you feel stress at work, how long do you think you will continue working in same company, company rules should not be broken in VSM 82) in fact focus on stress and need for security rather than rule-based behaviour as the author explains in the text of *Culture's Consequences* (Hofstede, 1980, 2001), though these have been modified in subsequent questionnaires. Venaik et al also find that Hofstede's UA is likely to be inversely correlated with rule of law and respect for police and positively with political violence and absence of rule of law.

GLOBE on the other hand base their measure on "orderliness and consistency are stressed", "highly structured lives", "societal requirements are spelled out in detail", "rules or laws to cover situations", that is, directly about rules. Furthermore as a much applauded feature of GLOBE is offering the "as is" and "as should be" contrast there are two different results on all of these variables corresponding to practices and values. The consequence is that Hofstede, GLOBE as is and GLOBE as should be produced different results and markedly different rank orderings. This means that students and practitioners need to be much more thoughtful in looking for behavioral predictions from dimensional rankings.

The authors demonstrate the dangers of this situation by contrasting a study by Parboteeah et al (2005) that finds high UA cultures less likely to justify ethically suspect behavior whereas Husted (1999) demonstrates that high UA cultures are likely to be more corrupt using Hofstede's UA data (which pre-dates GLOBE). Venaik and Brewer's analysis demonstrate the importance of understanding the dimension we are using to predict behavior: apparently conflicting conclusions can be reconciled as soon as we recognize that we are in fact talking about different dimensions.

Interestingly the same study shows the relationship between GLOBE as is scores for UA and economic prosperity. The argument is that high rule orientation creates more favourable conditions for "good economic governance" (Dervis, 2006 –in Venaik and Brewer, p1306) including rule of law and predictability of economic policies" (ibid). By the same token there is a correlation between economic prosperity as measured by GNP per head and position on the TI ranking (TI report, 2009); if this is the case then high UA in the sense of rule based transaction preference is correlated with lower corruption when mediated by economic prosperity.

Venaik & Brewer show that there is a reverse relationship between GLOBE's "as is" and "as should be" scores, which is intuitively not surprising. Members of societies frequently observe low standards in their cultures and see the "should be" value as an ideal which is not met. This is clear from Spanish results for example where extreme scores on humane orientation or assertiveness are correspondingly far from their "should be" values. This is what Javidan et al (2006) of the GLOBE study described as the "deprivation hypothesis".

We find a similar discrepancy between Trompenaars and Hampden-Turner' prediction that high universalism is associated with high levels of ethical behavior and Parboteeah's study that concludes exactly the opposite: that high universalism is associated with high tolerance of unethical behavior! Prediction is thus unreliable or rather requires considerable caution.

Is universalism/particularism the right measuring stick?

Every cross-cultural textbook has cases such as that of the Canadian company supplying a Saudi manufacturer with ball bearings who agreed on a 10 year contract, but ceased buying after 6 years demonstrating that particularistic relationship oriented firms may consider that when the person who signed the contract left the company the obligation ceases; it seems that the purchase was in fact more or less a favour to this person since the goods were never used (Trompenaars & Hampden-Turner, 1998). This is seen as unethical and particularistic by the Western supplier but clearly not by the manufacturer, who is behaving according to accepted business principles in his culture based on the importance of personal relationships. How far can ethical behavior legitimately be culture specific?

If perceptions of corruption are different in different cultures we are in danger of falling into the ethnocentric trap by supposing that our beliefs are better. Western cultures believe in the individual as the central entity in society and universalism as a reflection of the fact that we all have rights and no-one has greater rights than any other. This basic perception is not necessarily shared by other cultures and never has been. Survival

values for the community as a whole dominate issues of individual identity and welfare in most societies (Inglehart, 2008). This may translate into inter-cultural conflict over human rights issues that the West regard as universal but are seen as imperialistic impositions in other places.

Hooker (2009) argues that the major part of the population of the world belongs to cultures which are essentially relationship oriented rather than rule oriented, which translate in our discourse into particularistic as opposed to universalistic. He goes on to make some powerful assertions about differences between cultures: “behavioural differences result partly from different norms and partly from the fact that cultures deviate from their norms in different ways. Cultures sometimes truly differ in what they value: the common view that cultures agree on the basics but differ on the details is simply false” (Hooker, 2009). He goes further: “the differences are fundamental because they are rooted in different conceptions of human nature. At the same time all cultures fall short of their ideals” as reflected in the contrast between as is and as should be in the GLOBE study – “it is not that some cultures are “less ethical” than others but that every culture has its own way of breaking down”.

Hooker is not among those who argue the developmental case of “progress” to more rule oriented societies. What is fascinating in his analysis is the idea that corruption is that which corrupts: “it undermines the cultural system in which it occurs” and therefore “because cultures can operate in very different ways, very different kinds of behavior can be corrupt”. He cites cronyism and nepotism as being regarded as unethical in the West but no less corrupting and dysfunctional in other cultures is bringing a lawsuit for breach of contract or asking to see the financials of a deal, which demonstrates lack of trust and is thus offensive; in Japan threats of litigation are destructive of the essential harmony between the people concerned and the social order. Confrontational bargaining is destructive of loyalty in Confucian cultures as is job hopping for higher salaries (Hooker, 2009). These behaviours have as corrupting an effect in relationship based cultures as nepotism in rule-oriented ones.

Hooker regards Western universalism not so much as a principle from which deviation is potentially unethical but as an assumption that “every society works, or should work, essentially the same way” (Hooker, 2009). It overlooks the fact that relationship oriented cultures have different ways to get things done from rule-oriented ones and therefore different things are corrupting. Rules can command respect only if they are seen as inherently logical, and since logic is universal this means the rules are universally valid. This also implies that less inspection is necessary since rules are internalized and also subject to guilt as a mechanism that encourages self enforcement of appropriate behavior. One of the characteristics of traditional collectivistic family bound societies is personal supervision which tends to ensure compliance by social shame mechanisms. This was frequently reported in China during the cultural revolution (Chang & Halliday, 2006) when neighbours spied on and often betrayed people they lived with, as later in the Dan Wei or work based residential units, where people lived with little privacy and norms were enforced by neighbour’s pressure notably in the case of the one child policy in the 1990’s (personal reports, 2001). This is a traditional mode of controlling for deviant behavior.

Hooker sees cronyism as a trust mechanism in which all interests coincide and quality is guaranteed as no-one wants to endanger the relationship. He notes that this is also

common in Western cultures and so is a question of degree: we all prefer trusted suppliers even if the price is higher: so Western universalism is also tempered with relationship preferences.

These reflections cause us to question the simple universalistic v particularistic argument insofar as the test for corruption is “whether the practice tends to undermine the system” (Hooker, 2009). Bribery is not only unacceptable in universalistic cultures but also undermines relationship building in particularistic ones by buying advantage and thus is no less dysfunctional and corrupting: it is thus everywhere considered unethical. As we will see this suggests that the proscription of bribery is a hypernorm.

It is to be noted that the everyday “grease” payments that are part of life in India and many other places can be regarded as a functional part of the relationship based system rather than “a force that tends to undermine it”, putting such “grease” payments on a par with tipping in restaurants in the West, arguing that that tips are also institutionalized payments to individuals that enables them to benefit by virtue of their office.

As to the age-old question of whether a trusted family member is more reliable than a highly qualified non-member it has frequently been argued that the guarantee of trust and accessibility to development is greater than where the person is an unknown outsider. Hooker points out that the western idea of nepotism is of a “lazy and incompetent relative”, whereas in many situations a hired family member will work harder and sacrifice themselves to the interests of the company without needing constant supervision. Again it is a commonplace in Western family companies that trusted insiders are preferred and are more reliable since the interests of the individual, the family and the company coincide. Graft in public services is another question since no blood bonds are involved and this is considered corrupt and corrupting in varying degrees in non-rule based cultures as well: the difference is the resignation of the man in the street to its widespread practice.

Collectivism is characterized by loyalty to the family in return for support for the individual. Was'ta in Arab societies is a traditional form of relationship mediation but can be corrupted when motivated by bribes. All cultures have a distinction between relationships and abuse of position power at the expense of another person. Guan xi in China is likewise contrasted with corrupt behavior. Westerners sometimes fail to see this distinction and regard gift giving and entertaining as improper and no doubt there are cases where this distinction is not clear. The basic difference is between building a trust based relationship and buying specific favours that benefit the recipient at the expense of a competing interest without regard for the merits of the cases. Western presence has a corrupting influence in such traditional societies by failing to see this difference; colonialism by Western powers is blamed for corruption as traditional patterns and relationship were disrupted and bribery substituted to get things done (Hooker, 2009)

Institutional anomie approaches

Using institutional anomie theory based on the premise that pressure for goal achievement displaces normative control mechanisms (Martin et al, 2007) brings us to different conclusions. This tendency is exacerbated in certain cultural conditions so that

cultures with higher achievement orientation and in-group collectivism and low humane orientation (using the dimensions identified by the GLOBE (check if they're as is or as you'd like it to be!). Situational factors such as financial pressures compound these tendencies and should in my view be distinguished: multiple influences must be taken into account whether cultural or situational (Bell, 2006).

Note once again this article points out there is “not a country in the world which does not treat bribery as criminal on its lawbooks” (Noonan 1984 in Martin et al, 2007) and that organizations such as OECD and OAS strive to combat bribery. The conclusion once again is that there is a hypernorm above the local cultural level at work here (Martin et al, 2007) at least if universal declarations on support are the criterion. But even if behaviour is socially or even universally considered unethical there are processes of rationalization which lead to its being condoned universally but with variations of degree resulting from cultural variation (Anand, 2004). Further complications arise for students of anomie where culturally sanctioned goal seeking norms are widely frustrated by barriers to achieving goals leading to widespread deviance (Merton 1968 quoted in Martin et al 2007). The impact of cultural dimensions are moderated by social structural factors, in this case state welfare socialism and political constraints on government, both of which were shown to limit the propensity to local bribery, so the cultural dimension alone may only tell half the story: institutional factors must also be taken into account in the complex multi-level set of explanatory variables (Martin et al 2007). One conclusion in this paper is that individualistic cultures are more prone to unethical behaviour lacking the control systems of collectivistic communities. This is counter-intuitive if we consider the opaqueness associated with highly collectivistic cultures, which tends to foster special relationships and non-impartial behaviour.

Cullen et al (2004) also argue in favour of considering social institutional factors as well as national cultural dimensions and also argue from institutional anomie theory and its impact on deviant behaviour. What is interesting in their argument is that universalism appears as a key cultural dimensional variable but as a factor that encourages egoistic goal achievement at the expense of “concern for the ethical consequences of the means chosen to achieve goals” (Cullen et al (2004). The goal orientation and status by achievement arguments are familiar but in this case the authors, using Trompenaars & Hampden-Turner's analysis (1998) extend the argument to universalism: “the expectation of equality of opportunity in a universalistic society also encourages more individuals to strive to achieve their goals”, an argument which I find profoundly counter-intuitive. Individualism is related to universalism through the logic of all having the same rights and implies a rule based approach to moral problems. It is the goal orientation or “pecuniary materialism” not the universalism that is the driving force behind the unethical behaviours.

Institutional anomie theory argues that “the dominance of the economy breaks down traditional normative controls” and this is seen as a function of industrialization. (P414L) and state socialism as a countervailing force (Cullen et al, 2004) as is the strength of the family as an institution and higher educational attainment levels. These are thus moderating institutional factors but one might consider to what extent these are related to cultural variables. Their dimension “pecuniary materialism” is derived from the WVS (P416O) and reminiscent of Hofstede's work goals items in his individualism measure. The paper also confirmed the predictions referring to industrialization and

family breakdown, and education. The authors confess to their surprise that individualism and achievement orientation did not correlate with tolerance of unethical behaviour since this is a major plank in the institutional anomie theoretical framework. Our surprise is greater with respect to universalism, a dimension supposedly directly linked with ethical behaviour: more universalism means less particularism and hence less motivation and opportunity for collusive behaviour.

The weakness in this may be that relationship orientation is not in itself likely to encourage unethical behaviour since, as we have argued, bribery is everywhere unacceptable. If so universalism has little to do with it and other factors discussed in the anomie literature have more explanatory power. Hooker's arguments are vindicated: bribery is universally corrupting and occurs in many different cultural settings for other reasons.

Ties that Bind

The principles lying behind ethical issues are different in kind because we feel instinctively that they should have a non-relativistic function as criteria for judging the quality of behaviour. We seek universalization but are confronted with difference in local norms and seek to accommodate them. In their classic book "Ties that Bind", Donaldson and Dunfee (1999) explore this dilemma identifying a continuum from extreme relativism, in which no view is better than any other, to extreme universalism, "universally binding moral precepts ... that capture all issues of global ethical significance" (Donaldson & Dunfee, 1999, P23).

The book proposes an "integrated social contracts approach to business ethics" on two levels: a macro-level social contract and a local or "micro-contract" level. They emphasize that contracts depend on choice and autonomy -acceptance on local level makes norms authentic - but that our decisions are constrained by bounded moral rationality: we are limited to the ethical principles of our time and social environment and thus, in Herbert Simon's expression, satisfice with limited resources. Furthermore as the authors point out, moral theory does not always give a satisfactory account of instinctive common sense feelings: should one save one's wife from drowning rather than an important stranger?

"Successful economic communities and systems require a foundation of ethical behavior". Where a business culture is less legalistic trust is even more essential in guaranteeing delivery on contracts; in firms, ethical behavior reduces opportunism and makes customer confidence possible (Donaldson & Dunfee, 1999).

There is a range over which a community necessarily exercises local judgment and preferences, referred to as "free moral space", in which local norms are generated which are legitimate as long as they are compatible with over-arching hypernorms, turning an authentic norm into a legitimate one. Authentic business deals to supply components needed in weapons of mass destruction such as nerve gas for example would contravene a hypernorm that proscribes massive attacks on civilians and would therefore not be legitimate and so unethical.

What is more problematic is where different communities have differing legitimate norms. Donaldson and Dunfee use the example of an Indian company that offers a job to one of the children of each employee, which would be seen as nepotism by most Western societies. Insofar as there is no impact outside Indian society the practice should be regarded as authentic and legitimate since no hypernorm appears to be breached and no action need be taken. The Western company then has to decide if they wish to exit or express disapproval or as the authors put it “priority must be established through the application of rules consistent with the spirit and letter of the macrosocial contract”, that is, the shared implicit norms of global business. Where hypernorms are breached as in the case of offences against human rights there is a burden of responsibility to work actively to improve the practices even if they are in a another country from one’s own. (ibid, P221)

Hypernorms, whether procedural or substantive do not pre-exist and cannot be “discovered” with good will and hard work and then laid down in any document. The most we can hope for is the “epistemic grounds for the discovery of hypernorms” (ibid P67/8). Walzer (1994) states that “it is not the case that different groups of people discover that they are all committed to the same set of ultimate values”. The most we can hope for is “principles and rules that are reiterated in different times and places and ...reflect different histories and different version of the world”. Issues present themselves in ways that are “thick” with culture, tradition and institutional significance”; the claim for the existence of hypernorms becomes the claim for “a significant area of overlap among local cultures” (Donaldson & Dunfee, 1999, P57). So it’s the majority feeling that counts after all.

However, they note that anti-semitism is “an ethically repugnant doctrine from an objective moral perspective” but that had Nazism been successful “the majority of people around the world would simply have failed to recognize its moral ugliness”. But in what sense is it “objectively” repugnant if a majority can fail to recognize it? They say “we propose to use the existence of the convergence of religious, cultural and philosophical beliefs around certain core principles as an important clue to the identification of hypernorms” (ibid, P 59) and “expect to see their views [of moral savants], like those of the communities they guide, converging in a common direction” (ibid P 58). So we have to rely on evidence of common acceptance across cultures and institutions of the type “known to be consistent with precepts of major philosophies”, “widespread consensus” and “consistently referred to as a global ethical standard by international media”. This would apply to proscribing international bribery and enforcing safety wear at work. In the case of gender discrimination and women driving in Saudi Arabia they argue that since a majority of Islamic countries permit the practice this suggests the existence of a hypernorm against gender discrimination. In the case of market researchers not revealing who they’re working for there is no relevant hypernorm. (ibid, P 62).

The authors of *Ties that Bind* are very cautious in naming hypernorms and more concerned with the process of ways of deducing that they exist by authority, convergence of views and respected declarations. However, they venture freedom of movement, non-discriminatory treatment, minimal education and political participation and efficient use of social resources. By extrapolation from several of these they argue that bribery and corruption are illegitimate in any microsocial context (ibid P226/7)

The “so what?” question.

At the end of the day students are still likely to be bemused and confronted with the age old naturalistic fallacy: how many descriptive statements make “is” into “should”. If 95% of cultures reject something as unethical does that make it so? There is no logical answer to this: we must choose to commit ourselves as a statement of ethical conviction. What Donaldson and Dunfee contribute is, as Hartman pointed out, a sense of the importance of asking this question, going so far as to say that this was more important than the authors’ coinage of the concept of hypernorms (Hartman, 2009). In the negotiated space where cross-cultural ethical expectations, feelings, tolerance and absolute refusal play out, over-arching hypervalues are as much human constructs as local ones. The universal value is that we should all believe there is a right way and be concerned to evaluate to what extent this is negotiable.

Buller et al (2000) proposed a decision tree as an essentially pragmatic tool which makes no substantive statements about the content of right/wrong decisions simply that they need to be recognized as such: first one has to decide if there is moral importance in the issue facing the decision maker. Thus whether a Western manager should agree to pay bribes to a local official in return for his not exaggerating environmental dangers to the local community is likely to be a moral issue for the manager because of company policy, because of the personal feeling of being taken advantage of but beyond this his or her own sense that bribes are wrong. Appeal to the hypernorm proscribing bribery offers a clear solution. The ISCT model of Donaldson and Dunfee offers a more ethically conscientious framework for students to work with that is richer in contrasting thick description with relevant hypernorms construed to exist in each case.

The Buller analysis in contrast offers less guidance to the decision maker but does, however, focus on the importance of time scale: what can be done in the long run is very different from possible immediate actions. In the Buller decision tree the manager has to make a judgment on the influence he or she wields and the urgency of the response, two criteria that are obviously intertwined: many solutions involving persuasion, education, working on social conditions and similar take time whilst a short term decision may be required. The outcomes of these decisions are six alternatives: avoiding, forcing, accommodating, compromise collaborating/negotiating and educating similar to any presentation of strategies where interests are potentially in conflict. The ideals are the negotiated (in the integrative not distributive sense) and education, which is in reality a long term process of culture change. It is not made clear in the model that “education” is a two way process, concerned with sensitizing both parties and not simply “teaching the natives” how to do business as might appear at first sight.

It can be seen that Buller et al propose a negotiated and culturally neutral set of outcomes. What is played down in this framework is the balance of moral importance as perceived by the two parties or the possible existence of any over-arching hypernorm. There is no way to adjudicate on the justification of moral importance between two parties in the absence of such a hypernorm; unlike the ISCT framework, the model simply sees a conflict of local norms and values which may be open to negotiation. The Changmai case (Butler & de Bettignies, 2007)) points up the dilemma with reference to worker safety, not seen as vital by the company buying in services from outside and thus with has no duty to pressure the supplier to improve conditions. Arguments

adduced are the low expectations of the workers and the lack of acculturation to use safety equipment as a result of the undeveloped nature of labour and safety law and consequent indifference to enforcement. For Donaldson and Dunfee this involves limited decisions in free moral space: some margin of variation is legitimate in worker conditions for example but activates the hypernorm concerned with acceptable minimum rights in terms of reasonable protection against accidents at work.

The developmental argument

It is argued in the case that Western influence on morals and family values is no less corrupting than the lack of labour protection or the prevalence of bribing. Western business people would instinctively feel that collectivistic values militate against individual responsibility and that the importance of the rule of law and its connection with economic prosperity (noted above) justifies some erosion of traditional family values. We thus enter the arena opened up by the WVS: development is related to changing cultural values toward secular- rationalistic and self-expression, representing more choice and freedom, both of which would most likely be seen as corrupting in traditional societies. The WVS dimensions and especially these conclusions drawn by Christian Welzel relating change in cultural values to freedom and increased options come close to being a statement of faith in post-modernist and post-materialist values (Inglehart & Welzel, 2005).

It is often argued that less developed societies cannot permit themselves the luxury of leaving their traditional family based, low individualism pattern and see the incompatibility with universal principles of respect for individuals. We as westerners see a developmental progression here in the tradition identified long ago by Maslow who concluded that needs disappear as societies and individuals move to high levels of aspiration. The idea that alternative forms of the Maslowian pyramid should be substituted as alternatives as suggested for example by David Pinto (2000) may be missing this point: the pyramid with self actualization as its higher level can still represent needs in societies that are at present the most socially rigid. Maslow thus turns out to be universalist after all since we will all one day be prosperous enough to concern ourselves with self actualization instead of keeping from being hungry and sacrificing individuals wishes to traditional family dominated social demands.

But this introduces some difficult arguments: the developmental argument suggests progress and qualitative comparisons; it sounds as if we're saying West is best in fact. From here to Michaelson's (2010) view that economic power interests masquerade as ethical values is a small step. He considers that whilst there is not necessarily a perception that people in other cultures are more corrupt (though I suspect such perceptions do exist fairly widely) it is the ethical and legal frameworks of host markets that are seen as "not sufficient to support fair and responsible free market capitalism" (Michaelson, 2010). He goes on that it has been argued that "MNEs have a responsibility to promote well-ordered institutions in societies there they operate that are not well-ordered" This claim smacks of the 19th century imperialistic notion of the "white man's burden associated with Rudyard Kipling as the arch-manifestation of manipulative paternalistic attitudes. To state that the "rule of law, a corporate governance system and transparency" do not fit easily into the government and cultural systems of an "authoritarian regime, military government or desert kingdom" is a

judgmental position. The implied answer to the question “when moral business conduct standards conflict across borders whose standards should prevail?” approaches the morally absolutist view that our system is more developmentally advanced than theirs and thus by definition preferable and a “universal economic destination”. Moral superiority and deterministic views on development are a camouflaged way of imposing economic power. No doubt there was genuine feeling that imperialism had associated responsibilities but the scope of colonial exploitation far outstrips any such justification – or rationalization.

He states “it is worth questioning whether free speech, a private interest, necessarily is prior to social order, the public interest which the Chinese government evidently put ahead of private rights” (with reference to the recent case of Google and censorship in China) in other words whether the background assumptions of “order ... and deliberative democracy reflect the universal consensus of reasonable human being or rather the more tenuous consensus of more economically powerful human beings that have had disproportionate influence”...

A major force in thinking about management are the critical, post-modern and feminist discourses, which for many years have questioned the Western model as fraudulent in the sense that it is not based on all individuals’ interest impartially (Primecz et al, 2011, Magala, 2009), and Rawls’ view that policy should reflect the interests of the least favoured groups if it is to be ethical (Rawls, 1971)

Michaelson admits that insofar as non-Western countries (he cites the BRIC countries) are successful free market capitalists the imperialistic stigma will be dissipated but seems skeptical about this occurring in the near future. The idea is nonetheless interesting; if moral right is a function of economic power then shifts in the balance of that power should also shift the moral advantage. Will this mean a shift in the view that the individually driven democratic free market is the ideal model to which all others tend over time? Michaelson argues that the model of determining an “instrumentalist rationalist path” and policing compliance with it is likely to shift to a less litigious model taking into account “cultural conformity and pressure from community elders and threat of being ostracized for the market community”. Does this mean that our universalistic compliance model is not the only one and not an absolute and if so how do we feel about this?

Shifts in cultural values

On the much vexed question of intellectual property it is well known that the concept of knowledge as patentable protectable private property is alien to cultures such as the Chinese in which it has always been considered a public good. But can such values survive in a globalized world, meaning a world in which conditions are changing (how does this affect the issue?) and in which trading partners believe in protection for individuals and companies to be able to develop and exploit their inventions and products and services. One might wonder indeed how a society can function without such protection, or perhaps this is a completely ethnocentric position.

Ethical standards undoubtedly shift under the forces of international trading and global communication. The Chinese and many others feel that this is the case but it is very

difficult to unravel what is the result of new opportunities without traditional restraints, e.g. vainglorious blogs of a young woman called Guo Meiling that defied social traditions by being ostentatious about her wealth. This was considered to be unethical and contaminated by Western values in contrast to Confucian family oriented individual modesty.

Persuasion, education and other arguments to the effect “look it works better if you do it our way!” Argument that you get something out of being nicer to people for example; that you get more respect and thus investment. But as Michaelson says if these instrumental arguments are based on relative market power and if that is shifting in the 21st century towards Asia as we are told then we will have to speculate about different avenues of change and dynamics of negotiation.

A view widely held among educated Chinese is that Western values are corrupting the anti-materialistic Confucian beliefs which have played a major role of the last two and a half millennia. The case of the melamine in milk scandal has been attributed to this effect, and by the same token the suicides in Foxconn with repercussions for Apple and other Western companies supplied by this Taiwanese firm were seen as inspired by Western materialism though other interpretations are also possible such as the power distance that makes abuse of workers common in poor and under-developed economies (apparently the first solution proposed was compulsory installation of safety nets on balconies) (Yu 2010). Yu also cites the case of Guo Meiling, a young woman who got rich quick (and was associated with the Chinese Red cross causing substantial damage to the reputation of this organization.³ The wealth flaunting was seen as a Western influence.

However, this conflicts with the idea that China and other countries have become more money conscious these economic as well as institutional changes have led to cultural changes, suggesting acceptance of ostentatious consumption.

Conclusion.

In answer to the “so what?” question, we as teachers cannot always know answers but can guide the approach to analysis of issues. This means helping students to handle the difficulties of predictions from cultural data and also to see that globalization and change result in different “thick” data but the same basic duty to seek ethical conscientious outcomes; as critically aware teachers we have a duty to take sides on ethical issues. It is important to be sensitive to which areas are cultural negotiable or in “moral free space” and which subject to non-negotiable hypernorms. Ties that Bind offer considerable support in this venture as a guide for thought and conscience but can usefully be combined with the Buller framework which takes time scale into account.

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³ http://www.szdaily.com/content/2011-06/28/content_5785007.htm

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