

Culture, economic development, and national ethical attitudes [☆]

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Abstract

To understand the influence of culture on ethical attitudes, a variety of countries must be compared simultaneously to avoid confounding of cultural dimensions. This study uses data from the World Values Survey to develop a measure of ethical attitudes that shows partial measurement invariance across 44 countries. Regressing the resulting latent means on four cultural dimensions [Hofstede G. *Culture's Consequences: comparing values, behaviors, institutions, and organizations across nations*. 2nd ed. Beverly Hills, CA: Sage Publications, 2001] and per capita gross domestic product (PCGDP) reveals effects that are not suggested by examining the predictors in isolation, and explains more variance than analysis of the raw means. However, the model does not account for ethical attitudes reported in Brazil, Japan, and the Philippines. In the remaining 41 countries, uncertainty avoidance, power distance, and PCGDP are found to have negative influences on national ethical attitudes. © 2007 Published by Elsevier Inc.

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1. Introduction

Market globalization has led growing numbers of firms to compete in areas around the world that are quite distant from their traditional strongholds, both geographically and culturally. These new markets and their accompanying business relationships offer participants many potential rewards. However, crossing national borders often leads organizations to encounter customers, employees, and suppliers who possess unfamiliar perceptions of right and wrong. Differing perspectives on bribery, intellectual property rights, negotiation techniques, personnel practices, and a host of other issues may cause managerial and legal problems for organizations that operate in multiple cultures. Understanding global variations in ethical decision-making is therefore critical for multinational businesses (Srnrka, 2004). As Carroll (2004, p. 114) notes, “the explosive growth of [multinational corporations] has set the

stage for global business ethics to be one of the highest priorities over the coming decades”.

The influence of culture on ethical attitudes has been the focus of an extensive body of research. A review of the business ethics literature shows nationality to be in fourth place on a list of eighteen individual factors examined in 174 studies from 1996–2003 (O’Fallon and Butterfield, 2005). Hofstede’s (1980, 2001) well-known data on cultural dimensions have often been used to explain these national differences in ethical perceptions, with mixed success (e.g., Christie et al., 2003; Singhapakdi et al., 2001).

Because of the difficulties involved in cross-national data collection, past tests of cultural influences on ethical attitudes have often examined just two or three countries at a time. In such comparisons, cultural dimensions may be confounded, such that all countries high on (say) collectivism are also high on (say) power distance (cf. Hofstede, 2001, p. 217). If the cultural characteristics are more varied, competing influences on ethical perspectives could cancel each other out, falsely suggesting that culture has no effect, or that the cultural measures are invalid. Therefore, without relatively large numbers of countries for comparison, it may be difficult to determine *which* if any cultural characteristics are responsible for national differences in ethical attitudes.

Past research has also generally paid little attention to measurement invariance in comparing ethical perceptions across cultures. When it has not been empirically established that a

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measure has the same meaning across cultures, “cross-national differences in scale means might be due to true differences between countries on the underlying construct or due to systematic biases in the way people from different countries respond to certain items” (Steenkamp and Baumgartner, 1998, p. 78). Similarities in observed means might also reflect actual similarities or uncorrected biases. For example, Steenkamp and Baumgartner (1998) describe a study in which response biases led the raw observed scores to be equal across four European countries, though the correct latent means differed significantly. Therefore, the possibility of bias in measured ethics perceptions makes the available empirical evidence ambiguous about similarities and differences across cultures.

The purpose of this study is to address these two gaps in the literature. The focus is on national ethical attitudes, based on perceptions of the justifiability of four behaviors having moral implications. Ethics data for 44 countries are taken from the World Values Survey (www.worldvaluessurvey.org) and examined for measurement invariance. The resulting latent means are then regressed on cultural scores from Hofstede (2001) and values of per capita gross domestic product (PCGDP) as a measure of economic development. The findings add to the literature by revealing strong, significant influences on ethical attitudes that could not be recognized by studying cultural or economic dimensions in isolation.

2. Background and hypotheses

2.1. Ethical attitudes

Ethical attitudes involve people’s cognitive, affective, and behavioral predispositions to respond to issues and activities involving social standards for what is morally proper and virtuous. Models of ethical decision-making (e.g., Ferrell et al., 1989; Hunt and Vitell, 2006; Srnka, 2004) indicate that moral judgments depend in part on the deontological (inherent righteousness) and teleological (consequential) nature of the issue, and in part on the personal and situational characteristics of the evaluator. National culture, organizational culture, personal religious beliefs, economic pressures, and other factors will influence judgments, intentions, and behaviors regarding such actions as giving gifts/bribes for favorable treatment by government officials, operating a business on holy days, or running sweatshops to manufacture goods.

Many aspects of ethical attitudes have been examined in past research, including sensitivity to the existence of ethical problems (e.g., Sparks and Hunt, 1998), stages of moral development in reasoning about ethical issues (e.g., Goolsby and Hunt, 1992), and moral judgments on the appropriateness of specific behaviors (e.g., Volkema, 2004). O’Fallon and Butterfield’s (2005) review of the recent ethics literature shows that the most common dependent variable is moral judgment, being used slightly more often than intentions and behaviors combined.

One approach to studying ethical attitudes is to measure and interpret them on an issue-by-issue basis (e.g., Singhapakdi et al., 2001; Volkema, 2004). However, when general rather than issue-specific attitudes are of interest, psychometric theory indicates

that combining responses across multiple indicators will yield more reliable measures (Nunnally and Bernstein, 1994). A composite of evaluations of multiple ethical issues from representative samples in multiple countries should therefore prove useful in assessing the effects of culture on national ethical attitudes.

2.2. Culture

Many definitions of *culture* are available (e.g., Kroeber and Kluckhohn, 1952). Hofstede’s (2001, p. 9) widely-quoted definition is that culture is “the collective programming of the mind that distinguishes the members of one group or category of people from another”. He further explains (p. 10), “culture in this sense includes values; systems of values are a core element of culture”. Cultures may be identified at multiple levels, from narrow microcultures (family, organization) to broad supracultures (nations with similar economic systems, ethnicities, religions, and so on) (Srnka, 2004). For comparisons across countries, national culture may be “broadly defined as values, beliefs, norms, and behavioral patterns of a national group” (Leung et al., 2005, p. 357).

Literally thousands of studies have relied on the work of Hofstede (1980, 2001) to provide a conceptual framework for understanding differences in national culture. Based on surveys of more than 116,000 IBM employees in 72 countries, Hofstede classifies 50 countries and 3 multicountry regions in terms of their relative standings on the cultural dimensions of individualism/collectivism, uncertainty avoidance, power distance, and masculinity/femininity. Hofstede (2001) summarizes scores based on various sources for an additional 16 countries, and also provides scores for a subset of the original countries on a fifth dimension, Confucian Dynamism or long-term orientation (Hofstede and Bond, 1988).

Hofstede’s original data were collected in the late 1960s and early 1970s. However, Hofstede (2001) and Kirkman et al. (2006) summarize a wide range of significant correlations between Hofstede’s country scores and other national-level variables from the 1990s and beyond. More recent conceptualizations of cultural dimensions also show significant relationships with Hofstede’s scores (Hofstede, 2001, 2006). Therefore, Hofstede’s dimensions continue to serve as useful predictors in cross-cultural research.

2.2.1. Individualism and collectivism

Individualistic cultures stress personal responsibility and achievement, and individuals are self-oriented rather than group-oriented. In collectivistic societies, individuals are integrated from birth into cohesive in-groups, and group goals and norms outweigh personal goals and attributes in guiding behavior (e.g., Triandis, 1995). Individualistic traits include assertiveness, competitiveness, self-assurance, and initiative; collectivism is marked by traits such as dependence, empathy, self-control, self-sacrifice, and conformity (Church, 2000).

2.2.2. Uncertainty avoidance

Uncertainty avoidance reflects intolerance of ambiguity about the future. Technology, law, religion, rules, and rituals are used to

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