

UNIVERSITY OF SOUTHERN QUEENSLAND

***The Impact of Certain Determinants on
the ethical perceptions and attitudes of
Corporate Managers in Malaysia***

A dissertation submitted by

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ABSTRACT

The study of business ethics is an area that has gained a lot of attention around the world and is an ever-growing one in light of the many corporate scandals that have rocked economies in many countries around the globe. In many of the cases concerning corporate scandals, many have taken place in developed nations, and authors have devoted much attention to investigating the possible causes, including those that analyse the problem from an individual's ethical behaviour standpoint.

As a developing nation, Malaysia has seen its share of corporate irregularities, and accusations of breaches of ethical conduct by those who have an interest in corporate transparency and governance have made local headlines. What factors or determinants influence an individual's ethical behaviour would be useful in these cases, but a dearth of studies from a Malaysian context does not allow this analysis to take place.

Therefore, the purpose of this exploratory study is to examine the impact of certain determinants on the perceptions of ethical behaviour of corporate managers in Malaysia. The demographic and situational determinants used in this study -- such as age, gender, level of education, and the presence of a code of ethics in the organisation -- are those commonly scrutinized in attempts to understand individual ethical behaviour.

Information analysed quantitatively was obtained from a self-administered questionnaire distributed by e-mail to 750 individuals who are corporate managers in Malaysia.

It is hoped that this study contributes to knowledge by assisting Malaysian managers to understand the factors that affect individual ethical behaviour and designing relevant policies and procedures that take the results of this study into account.

CERTIFICATION OF DISSERTATION

I certify that the ideas, results, analyses and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

Signature of Candidate

Date

ENDORSEMENT

Signature of Supervisor

Date

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CHAPTER 1: Introduction

1.1 Background

Over the past decade, business ethics has increasingly come under the spotlight over cases of unethical business practices by public and private companies around the globe. Shareholders and members of the general public are being confronted with a steady stream of corporate ethical scandals which have an increasingly deteriorating effect on investor confidence. In the United Kingdom for instance, editors of leading medical journals have called for the establishment of an independent body to counter fraud and plagiarism by doctors and academics alike (Gopal, 1999), while in the United States, regulators and investors are responding more and more to reports of corporate malfeasance (Entwistle, Feltham and Mbagwu, 2006). For example, the recent Enron scandal in the U.S.A. had an enormous effect on investor confidence in that country, not to mention negative consumer perceptions of major auditing companies (Knechel, 2007).

In 2002, a major beef mislabelling scandal in Japan raised calls for the establishment of stricter business ethics practices (Japan Times, 2002). Mitsubishi Motors Corporation was indicted over a cover-up of customer complaints about defective vehicles in 1999 (Shanghai Star, 2000), while Nomura Securities illegally compensated major investors for investment losses in the 1990s (Asian Economic News, 2002).

Unethical and greedy acts by a select number of individuals have not only altered the consumers' view of companies in general, but have also heightened consumer doubts about companies' abilities to perform their duties in an ethical or moral way. The amount of damage done by white-collar criminals is shown in a poll conducted by CNN revealing that 72% of consumers did not see a few isolated cases of unethical practices, but a pattern of deception by a large number of companies (St. Charles County Business Record, 2003). Consumer perceptions probably show a higher mistrust since the WorldCom scandal that caused 17,000 employees to lose their jobs (Emerson, Conroy and Stanley, 2007).

According to Wilson (2000), a trend is in the making as companies are realising more and more that their own practices and products are being subjected to moral scrutiny. Whether managers can be helped to change their views on ethics will determine the future and mutual trust of the consumer-company relationship. Some do believe that companies are becoming more ethical. Schramm (2003), for example, believes that despite a 2002 Gallup Poll showing that an astonishing 90% of Americans said that corporate leaders could not be trusted, many firms are attempting to develop ethics policies within their own organisations. However, this does not always prevent people from violating these policies due to pressures to make a profit.

A number of authors have addressed the need for compliance programs within organisations and for company leaders to understand that ethics must be communicated from the top down. Wells and Spinks (1996) and Rowe (2006) argue that organisational communication must be ethical if high morale and productivity among employees are to be achieved. Rowe (2006) further goes on to state that

communication with other organisations must be ethical if good business relationships are to develop, and that communication with customers and clients must be ethical if businesses are to develop bodies of satisfied customers and clients. Wells and Spinks (1996) point out that if social responsibility and supporting codes of ethics are to be effective, not only must upper-level management develop and communicate this throughout the organisation, but also management from the top down must support these codes. Without ethical business practices, no relationship can stand, including the employer-employee relationship (Employee Benefit News, 2003).

Woolnough (2003) argues that a relatively modest investment in a strong set of corporate ethics codes can help a business to improve its productivity and profitability, however it should be linked to the corporate planning area and not just Human Resources (HR) so that the code of ethics becomes embedded in the company. The firm Arthur Andersen (1999) echoed these sentiments (just a few years before the Enron scandal) in a paper from the company's Ethics and Responsible Business Practices Group and added that the key factor in the success or failure of an ethics compliance program is the employees' perceptions of management's motivation for the program. Atkinson and Leandri (2005) highlight the requirement for organisations in general to follow best practices in ensuring that business ethics and compliance so that employees adhere to external regulations and internal expectations.

Owing to the scrutiny that business ethics has come under, a number of authors in various countries have examined the ethical perceptions and attitudes of a cross-section of the economy, including retailers (Sims and Mujtaba, 2006; Abratt, Bendixen and Dropp, 1999; Ross and Robertson, 2003), consumers (Ingram, Skinner and Taylor, 2005, Singhapakdi, Rawwas, Marta and Ahmed, 1999a), business students (Arlow and Ulrich, 1988; Burns and Brady, 1996; Chiu, 2002; Preble and Reichel, 1988; O'Leary and Cotter, 2000), marketers (Rao, Singhapakdi, Karande and Vitell, 2001; Ferrell, Gresham and Fraedrich, 1989; Hunt and Vitell, 1986), and business managers (Chatterjee and Pearson, 2003; McDonald and Kan, 1997; Rashid and Ibrahim, 2002; Wu, 1999).

Some of the aforementioned studies, particularly when it relates to the ethical perceptions and attitudes of business managers (and some including business students), have been made in a cross-cultural or multinational comparative setting (Agacer, Vehmanen and Valcarcel, 2003; Burns and Brady, 1996; Chatterjee and Pearson, 2003, Preble and Reichel, 1988; Rao et al., 2001; Singhapakdi et al., 1999a; Vitell, Singhapakdi and Leelakulthanit, 1994; Wafa, 1990). Some conclusions have been drawn comparing American survey participants with other respondents from around the globe including Asia. For example, developed nations tend to have higher ethical standards in comparison with less-developed countries and differences exist in relation to ethical sensitivity among various nations (Wafa, 1990; Singhapakdi et al., 1999a; Chatterjee and Pearson, 2003). However, little information exists that focuses on ethical perceptions of managers within one particular Asian country, with the possible exception of a number of studies that focus on China (Wu, 1999; Wright, Szeto and Lee, 2003; Chen and Chen, 2005).

This study was conducted within the business context of Malaysia. Malaysia is an ever-growing business hub in Asia, and the country's vision for becoming a developed nation by 2020 may hinge on its ability to meet many of the challenges arising from globalisation, increasing customer expectations, and increased competition. But Malaysia has come under increased scrutiny and criticism in the past few years in terms of the lack of integrity and transparency in regard to the subject of business ethics, and there are those who claim that the root of so many of the country's economic and financial problems lies in ignoring ethical concerns within both government and business alike

The importance of ethical business practices and ethical decision-making may have a direct impact on Malaysia's future business climate as more organisations worldwide feel the pressure and need to comply with ever-increasing global ethics standards. To compete, Malaysian business entities will have to examine ways and means to comply with these standards, and this exploratory study may contribute to this examination through an understanding of the current ethical behaviour of corporate managers in the country.

Therefore, the need to study the ethical behaviour of corporate managers in Malaysia stems from the growing importance of global ethics standards and the lack of existing literature which addresses the determinants of ethical behaviour of corporate managers.

The sections that follow provide justification for the research, the statement of the research problem and the research questions, and the structure of the study as well as a brief overview of the methodology employed.

1.2 Justification for the Research and Research Problem

Undertaking this research has been justified on the basis of the identification of the theoretical gap in relation to the determinants of ethical behaviour of corporate managers in Malaysia.

A number of determinants such as certain demographic issues have been examined that may have an impact or influence on the ethical perceptions and attitudes of individuals. These various studies discuss a number of factors that may affect an individual's ethical behaviour, most notably including those that are to be investigated in this present study: age (Peterson, Rhoads and Vaught, 2001; Volkema, 2004); gender (Dawson, 1997; Deshpande, 1997; Franke, Crown and Spake, 1997; Robin and Babin, 1997; Schminke, Ambrose and Miles, 2003); and level of education (Deshpande, 1997; Kantor and Weisberg, 2002).

A number of studies have examined linkages between age and ethical behaviour. Deshpande (1997) found that older managers were more concerned about certain kinds of unethical behaviour than were younger managers. In another study showing a positive correlation between age and ethics, Peterson et al. (2001) found that business people become "more ethical" with age. According to Kohlberg (1981), an individual's judgment may change as he/she moves through stages of one's own moral development, leading one to expect a positive relationship between age and ethical behaviour. Similarly, Terpstra, Rozell and Robinson (1993) have argued that

people tend to become more ethical as they grow older – as people age they tend to become less concerned with wealth and advancement and more interested in personal growth (Hall, 1976).

An examination of the literature focusing on gender and ethics revealed mixed findings (Ford and Richardson, 1994) with about half the studies reporting that females were prone to more ethical behaviour than men (Deshpande, 1997). Dawson (1997) found in a study of professional salespeople that females exhibited higher ethics scores than did males in a situational dimension. In another study pertaining to gender and ethics, Hoffman (1998) discovered that women were more ethical than men with respect to the promotion and selling of unsafe products, but not more ethical in cases of product misrepresentation. Franke et al. (1997) found that women are more likely than men to perceive business practices as unethical.

In a possible direct relationship between ethical behaviour and level of education, studies generally support the view that the higher the level of education, the more it has a positive effect on one's own ethical behaviour (Levy and Sharma, 1994). Previous research has found that level of education is positively related to an individual's own moral judgment (Rest, 1986; Kohlberg, 1969). Level of education is also believed to result in greater sensitivity to different points of view and to be linked to a person's stage of cognitive moral development (Singhapakdi, Vitell and Franke, 1999).

Another determinant which is frequently examined, other than demographic, is the presence of a formal code of ethics within the organisation. In general, findings in this area support the view that codes of ethics result in generally higher standards of ethical behaviour (Ford and Richardson, 1994; Weeks and Nantel, 1992; Brooks, 1989). Furthermore, organisations that adopted a formal code of ethics exhibited value orientations that went beyond financial performance.

Even though these determinants of ethical behaviour have been the focus of many studies, there is a dearth of studies which particularly examine the ethical behaviour of Malaysian corporate managers and for the most part, studies of a cross-cultural or multinational nature do not focus on Malaysia alone, and pays very little attention to this particular target population.

Malaysia has had a lot of unwanted publicity, particularly when it comes to exploiting cheap labour, and its economy has boomed and competition has intensified, based on what many consider unethical behaviour (Singhapakdi et al., 1999). This, in turn, may have made Malaysians more willing to accept risk, ignore rules and 'potential harm' (Singhapakdi et al., 1999). This speculation is generally consistent with an article by Zabid and Alsagoff (1993) that 53% of Malaysian managers believed that ethical standards were lower than those of 15 years prior due mainly to the existence of many unethical business practices prevalent in the modern business world.

However, for the most part, there is not enough information provided in the literature that discusses the determinants that impact the behaviour of Malaysian corporate managers in the context of general business ethics. This study is an attempt to fill this gap by conducting an in-depth analysis of the ethical behaviour of Malaysian

corporate managers. Furthermore, the choice of Malaysia as the context of analysis is based on the author's interest in the subject of business ethics and having currently resided in the country for the past eight years.

The results of this research have the potential to provide a better understanding of the impact of the presence of certain demographic variables on the ethical behaviour of corporate managers in Malaysia and the impact of the presence of a formal code of ethics on the ethical behaviour of corporate managers in Malaysia. Because these issues have not been previously studied in the Malaysian context, this study could be of great value in informing Malaysian companies what they could do to enhance the ethical practices in their organisations.

The results may also be of value in informing government policy, as the various levels of policy makers move to assist organisations to achieve their potential in the economic arena. Furthermore, the research is expected to raise awareness of successful ethical practices for the organisations participating in this research.

In view of the above, the research objective of this study is:

To examine the impact of certain determinants on the ethical perceptions and attitudes of corporate managers in Malaysia.

In addition, the following research questions have been formulated to examine the research objective:

RQ_1: What is the nature of the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_2: What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_3: What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_4: What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_5: What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

1.3 Brief Overview of Methodology

This study employs survey methodology by combining a mailed self-administered questionnaire with a series of statements and questions used to elicit information about the respondent and his/her work environment. The survey was aimed to gather quantitative field data that form the main research data for statistical analysis including demographic information, a series of questions or statements that the respondent had to rate on a five-point Likert scale in regard to the respondent's organisation, and four hypothetical scenario/vignette questions that the respondent

had to consider and respond to using a five-point Likert scale as well. In this research project, the questionnaire was used to determine the impact of certain determinants on the ethical behaviour of corporate managers in Malaysia.

The self-administered questionnaire allowed respondents to complete the exercise at their own time without an interviewer being present. Owing to the sensitive nature of the subject, it was felt that a self-administered questionnaire offered the anonymity and privacy for respondents to answer questions without any constraints.

Data analysis was evaluated by using established and recognised quantitative procedures (see Chapter 4). Thereafter, the interpretation and discussion conducted on the results of analysis served to highlight the critical relationships concerned and form the source of the research findings (see Chapter 5).

1.4 Delimitations of Scope of the Study

There are a number of limitations embedded in the nature and scope of this study. This study focuses on a specific geographical region and the sample of this study is limited to corporate managers in Malaysia. Therefore, the results only reflect what was happening in that region in relation to a specific sample within a specific timeframe and cannot be generalised to apply in a larger context.

The study field of ethics is extremely broad and the scope of this study will only focus on a very small part of the study area. Prior literature reveals that there are many variables that may have an effect on the ethical behaviour of an individual (e.g. years of work experience, religion, age, level of income, moral philosophy, gender, role of significant others in the organisation, level of education, management level, presence of a code of ethics), but for the purpose of this study the variables examined were restricted to the following in understanding the nature of the ethical perceptions and attitudes of corporate managers in Malaysia: the impacts of age, gender, and the level of education of corporate managers; and the impact of the presence of a formal code of ethics in the companies of corporate managers. These particular variables were chosen for this study because they are the most common variables that are used in a number of studies that examine ethical perceptions of individuals (refer to Chapter 5 for a more in-depth discussion). In addition, each variable was studied as an independent variable and no cross-comparisons were made between variables, e.g. how both age and gender impact an individual.

Since the findings from the survey were derived from voluntary completion of a questionnaire, it is possible that self-selection bias may have occurred in that only those organisations viewing themselves as adopting ethical behaviour/practices chose to participate.

The methodology itself has some inherent limitations. A questionnaire does not give respondents the ability to offer explanation or clarification of their answers (McDonald and Wiesner, 1997). Over-claiming on self-reported questionnaires is a factor that can affect the accuracy of the findings. A form of social desirability bias, where respondents give a 'good' answer rather than a totally accurate answer, could influence the results of the questionnaire (Zikmund, 2003).

Furthermore, the limitation of the mail/e-mail survey is characterised mainly by an anticipated low response rate (Zikmund, 2003). Respondents need time to answer the questions at their own leisure without any pressure from a personal interviewer. Although the response rate is expected to be low (15-20%), certain steps have been incorporated which may increase the number of responses, e.g. cover letter, knowledge of the sample through the use of organisational publications for the use of convenience sampling, and follow-up phone calls or e-mails.

1.5 Structure of the Study

The dissertation is organised into five chapters, following a widely-accepted model of presenting doctoral work (Perry, 1998). Beginning with the introduction, chapter 1 outlines the position of the research in the literature and the determinants of ethical behaviour of corporate managers in Malaysia. The chapter also presents the research objective and research questions.

Chapter 2 deals with the literature review in depth. It states the problem and gives theoretical background covering the relevant issues, contemporary research of related topics, current findings and progress made in the subject matter. Synthesising these issues and findings together, an area that is significant in practice but still not comprehensively investigated was identified.

Chapter 3 describes the research methodology employed in this study. Various sections describe questionnaire and vignette content and design, survey administration, data preparation and data analysis. The chapter also discusses various important aspects for data to conform to the underlying assumptions in justification for statistical treatment. In particular, normality of data, reliability and validity of the research instrument are discussed and evaluated. In addition, the measurement scale and the corresponding appropriate statistical techniques are dealt with and justified.

Chapter 4 contains an analysis of the data and presents the results obtained. The survey data is presented in tabular form with descriptive dialogue in relation to the questions asked on the survey instrument. The chapter consists of a demographic profile of the respondents, the survey results in tabular format with a discussion of the hypotheses, and finally a summary.

Finally, chapter 5 presents a discussion of the findings of this study (obtained in Chapter 4) in view of previous research and literature (Chapter 2). Recommendations and future research directions in both theoretical aspects and practical implications are also discussed.

1.6 Summary

This introductory chapter builds the foundation for this study within the framework of the research objective and questions. The chapter provided the background to the study; justification for the research; the statement of the research problem and the research questions; and the structure of the study as well as a brief overview of the methodology employed.

The research for this study has been justified on the basis of the identification of the theoretical gap in relation to the ethical determinants of ethical behaviour of corporate managers in Malaysia. Even though these determinants of ethical behaviour have been the focus of many studies, there is a dearth of studies which particularly examine the ethical perceptions and attitudes of Malaysian corporate managers.

This study employs survey methodology by combining a mailed self-administered questionnaire with a series of vignette questions that is aimed to gather quantitative field data that form the main research data for statistical analysis. The self-administered questionnaire allowed respondents to complete the exercise at their own time without an interviewer being present, and owing to the sensitive nature of the subject, it was felt that a self-administered questionnaire offered the anonymity and privacy for respondents to answer questions without any constraints.

A number of delimitations are embedded in the nature and scope of the study. The sample is taken from a small geographical region and only one country. In addition, many other variables can affect an individual's ethical behaviour, but for the purpose of this study only a few variables will be used. In terms of the methodology, a questionnaire does not always elicit a high response rate or entirely accurate responses, but for the purpose of this study it is quite a satisfactory approach.

The next chapter consists of a literature review that examines and explains the current relevant literature and existing gap as it relates to the study of ethical behaviour of corporate managers in Malaysia.

CHAPTER 2: Literature Review

2.1 Introduction

In the past few decades more attention has been devoted to business ethics. Due to perceived shortcomings in the ethical standards of business people worldwide, particularly in light of such major scandals as the Enron (Knechel, 2007; Mitchell, 2003; Elliott and Schroth, 2002) and WorldCom affairs (Elliott and Schroth, 2002), researchers and the general public have become more acutely aware of the importance of corporate ethicality. For instance, Burns and Brady (1996) found that in the United States, the public generally perceives the existence of ethical shortcomings in business as a major problem, while in other countries, a similar situation is observed, both for developed and developing nations. Recent opinion polls verify that trust in business has been plummeting (Waggoner and Fogarty, 2002), while Fisscher and Nijhof (2005) and Mundt (1993) have argued that since organisations must operate in an environment containing a multitude of stakeholders such as employees, consumers and shareholders, it is no longer good enough to restrict oneself to compliance to localised or lower-level government legislation – a more value-based position is inevitable (Zain, Dale and Kehoe, 2001).

The issue of business ethics is also becoming more important in the context of an ever-increasing competitive business environment. In this environment, where comparative advantage is a critical factor and competition is intense, more and more managers are faced with difficult situations and decisions which must be right, proper (Hosmer, 1991) and effective (Hosmer, 2000). Management is faced with ethical issues and with increasing pressure on individuals and companies to adhere to ethical standards and behaviour (Ford and Richardson, 1994).

Business ethics is understood as procedural or attitudinal guidelines (e.g. codes of conduct) to determine whether an action is ethically defensible. For instance, Hartman (1998) describes business ethics as ethical behaviour based on standards of right and wrong, not just accounting or managerial practices. This involves putting values into practice which guide decision-making in complex ethical situations. When an ethical dilemma occurs, this is because two or more values are in conflict. Jackson (1996) suggests that there are two kinds of difficulties that are faced:

- Difficulty of Identification – recognising what your duty is in a particular situation, and
- Difficulty of Compliance – doing your duty once recognised what it is.

When faced with an ethical issue, an individual must recognise a choice of what to do or how to act. Woolnough (2003) argues that a relatively modest investment in a strong set of corporate ethics codes can help a business to improve its productivity and profitability, but should be linked to the corporate planning area and not just human resources so that the code of ethics becomes embedded in the company. Atkinson and Leandri (2005) highlight the requirement for organisations in general

to follow best practices in ensuring that business ethics and compliance so that employees adhere to external regulations and internal expectations.

As we shall note later in this chapter, a number of determinants can affect the ethical decision-making process of an individual. According to a landmark study by Hunt and Vitell (1986), an individual's ethical perception is affected by such influences as organisational culture, organisational environment, and personal experience. Trevino (1986) stated that both organisational and situational factors can affect decision-making in relation to ethical dilemmas.

Various demographic issues have been examined in the literature that may have an impact or influence on the ethical perceptions of individuals; most notably those which are investigated in this present study including: age (Peterson et al., 2001; Volkema, 2004); gender (Dawson, 1997; Deshpande, 1997; Franke et al., 1997; Robin and Babin, 1997; Schminke et al., 2003); and level of education (Deshpande, 1997; Kantor and Weisberg, 2002).

Furthermore, ethical variations among managers from different nations have been studied (Armstrong, Stenig, Bruce, Ryans, Marks and Mayo, 1990; Graham, 1985; Becker and Fritzsche 1987) as have the variation in ethics across national cultures (Dubinsky, Jolson, Kotabe and Lim, 1991) where, for example, significant differences in ethical perceptions were found among marketing managers from Japan, Korea and the USA. In another study by Vitell et al. (1994), the results revealed that American and Thai marketers differed in their ethical decision-making process. However, Seitz (2001) argues -- after examining business culture in the USA, Japan and Europe -- that the subject of business ethics in general is an area of concern to the world as a whole rather than trying to identify differences from a country or cultural standpoint.

This chapter discusses the factors determining the ethical perceptions and attitudes of corporate managers in Malaysia. The first theme of this chapter addresses the context of the research for this study. Secondly, definitions and ethical behaviour models are reviewed that are relative to ethical behaviour in business, business ethics is defined, and a discussion of variables used in the studies of business ethics follows. The third theme then identifies the determinants of ethical behaviour on an individual, that is, the factors affecting individual ethical behaviour in an organisation. These factors include: the impact of certain independent demographic variables; the impact of the presence of a corporate code of ethics (independent variable); and finally the dependent variables (constructs) that were used in this study.

2.2 Context of the Research

The study of business ethics in Asia has become increasingly important with global expansion, owing to an increase in ethical and social responsibility (Rao et al., 2001). In addition, the subject of business ethics has become much more publicised since the meltdown in Asia in the late 1990s. Various authors have attempted to find the root causes of the problem, such as concerns over the divergence in the importance of business ethics versus the importance of business expansion (Czinkota and Ronkainen, 1998). In addition, the vast differences that exist in such areas as

economic development, cultural standards, legal and political systems, and expectations regarding business conduct (Wotruba, 1997) have been explored.

Malaysia, the country of focus for this study, has come under scrutiny in regard to the subject of business ethics. According to Aziz (1999), Malaysia consigns integrity and transparency to the 'back seat'. The lack of transparency in the disposal of public assets through privatisation has been a real concern, as is the practice of awarding multi-million dollar infrastructure contracts on the basis of closed-door negotiations rather than open bids. The blocking of access to information and the indiscriminate use of the Official Secrets Act has been of great concern to many, and Aziz (1999) claims that the root of so many of the country's economic and financial problems lies in ignoring ethical concerns within both government and business alike. Although the private sector has improved in terms of promoting disclosure policies, protecting shareholder interests and best practices in corporate financial reporting, there is still a greater need for integrity and accountability. Speaking at a dialogue on globalisation in 2001 (*New Straits Times*, 2001), Aziz claimed that one of the most pressing issues facing Malaysia was the subject of business ethics. In 2002, a national code for business ethics was drafted in Malaysia (*New Straits Times*, 2002), but the code would not be binding. Rather, the national code would just act as a loose guideline.

In a study of Malaysian managers in terms of their attitudes toward corporate social responsibility ('CSR'), it was found that although managers had positive attitudes towards CSR, the extent of their involvement was lower than it was ten years prior (Rashid and Ibrahim, 2002). According to their findings, it was important that the private sector moves towards implementing programs that create a fair and just practice of conducting business.

Burns and Brady (1986) and Rao et al. (1991) surmised that Malaysia appears to reflect a situation expected in a developing nation -- a culture which differs from that observed in developed nations, i.e. the expectation that Malaysians in general have 'lower' ethical perceptions than their counterparts in developed nations.

The gap in literature regarding an individual's ethical behaviour in a Malaysian corporate context makes the need for this study all the more necessary. As highlighted above, the studies mentioned above discuss business ethics in general, corporate social responsibility, and ethical perceptions between developed and developing nations. But there has been little or no focus on how various demographical or situational determinants may affect an individual's ethical perceptions.

Before discussing the factors that affect an individual's ethical behaviour in an organisation, a definition of business ethics for the purpose of this study is outlined.

2.3 Business Ethics Definitions

A wide number of definitions in regard to business ethics exist and refer to moral dilemmas and values in the workplace. The International Business Ethics Institute (2003) defined business ethics as a form of applied ethics in which the latter's purpose is to inculcate a sense within a company's employee population of how to

conduct business responsibly. According to the Institute, because the term ‘ethics’ can pose problems in an international context, i.e., the term does not translate well and it can be difficult to find a common understanding of the term, some organisations choose to recast the concept of business ethics through other terms such as integrity, business practices or responsible business conduct.

Columbia Encyclopedia (2008) defines business ethics as the study and evaluation of decision-making by business according to moral concepts and judgments, while the *Philosophy Dictionary* (2008) defines business ethics as the branch of ethics that analyses problems and dilemmas created by business practices such as the social responsibilities of the firm, the weighing of conflicting obligations to stockholders and clients, and the extent and limits of company loyalty. The definition given for business ethics on Wikipedia (www.wikipedia.com) is a form of the art of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

A number of studies examine ethics from a business perspective. For instance, Wells and Spinks (1996) define business ethics as behaviours which include all actions that may result in unfairness to others, whether those behaviours are legal or not. Furthermore, various segments of the economy will hold their own definitions of what business ethics means. For retailers, honest relationships with their customers is important (Abratt et al., 1999), for marketers it is recognised that they must be responsive to various ethical and social factors in the marketplace (Rao et al., 2001), and for consumers there exists a need to trust salespeople and business in general (Singhapakdi et al., 1999). What can be perhaps best summed up as business ethics and corporate responsibility is seen in Marlatt (2003) who highlighted the U.S. Department of Commerce’s set of business ethics guidelines which it hopes will restore confidence in the U.S. economy by making it easier for the public to understand what constitutes unethical behaviour. These guidelines include:

- Social responsibility
- Investigatory response
- Environmental responsibility
- Financial deception
- Executive responsibility
- Defective/Deceptive products / services / practices
- Unfair trade practices
- Integrity of Boards of Directors
- Protection of whistle-blowers

What can be derived from these guidelines is the need to conduct business in an honest, fair and responsible manner. However, it is evident based on the guidelines mentioned above that not all persons hold the same values and that beliefs about ethical behaviour can vary from one person to the next. In addition, variations of interpretation and judgement would be a factor in different national norms and legislation.

Each of the definitions mentioned above are adequate, but for the purpose of this study, a definition that incorporates the importance of proper employee conduct

within a socially responsible organisational environment would be the most appropriate.

2.4 Models of Ethical Behaviour

The importance of a model is emphasised as a tool to understand a complex reality (Burke, 2002), and for that purpose five models of ethical behaviour will be highlighted that can assist in explaining how an individual makes a decision in response to an ethical dilemma.

Several researchers have sought to develop theoretical explanations for ethical behaviour specifically in the context of business. The common theme underlying the earlier models of ethical decision-making is the emphasis of the individual. However in the realm of business, influential work has sought to incorporate both the emphasis of the individual as well as environment in the study of ethics as it relates to business. Five key models are briefly reviewed in the following paragraphs, the first three contributed by marketing researchers and the other two by management researchers.

In an attempt to synthesise existing research and better understand the determinants of ethical decision-making in marketing, Ferrell and Gresham (1985) developed a contingency framework (see Figure 2.1). The framework includes both individual variables (knowledge, values, attitude, intentions) and context variables (significant others, opportunity) that impact individual ethical behaviour in organisations. Individual variables are shaped by the dominant moral philosophy which in turn impacts the actual decision-making process. Significant others from the decision-maker's professional and private life will also shape an ethical decision. Finally, the opportunity to engage in unethical behaviour, which relates to codes of ethics as well as rewards and punishments for ethical or unethical behaviour, will impact the ethical decision process. Therefore, Ferrell and Gresham (1985) propose that three categories of variables should interactively shape the ethical decisions of individuals.

Hunt and Vitell's (1986) general theory of marketing ethics (see Figure 2.2) also focused on how individuals actually make decisions but with a different approach as the one proposed by Ferrell and Gresham (1988). Hunt and Vitell (1986) asserted that the moral process begins with individuals perceiving an ethical situation and envisioning the possible behavioural responses to this issue. At this point, the individual evaluates the outcomes of each behavioural alternative, determining the intrinsic rightness or wrongness (deontological) of each behaviour. Or, individuals will attempt to assess the relative good and bad (teleological) that will result from such behaviour. These evaluations of inherent right and wrong then feed into ethical judgements, which lead to the formation of moral intentions and ultimately result in behaviour.

According to Hunt and Vitell (1986), individuals evaluate the results of their selected behaviours. These evaluations link back to inform and shape their personal experiences which in turn, in combination with cultural, industry and organisation norms, influence the processes of ethical perception and evaluation which appear at the beginning of the model.

Figure 2.1: Ferrell and Gresham's (1985) Conceptual Framework of Ethical Decision-Making

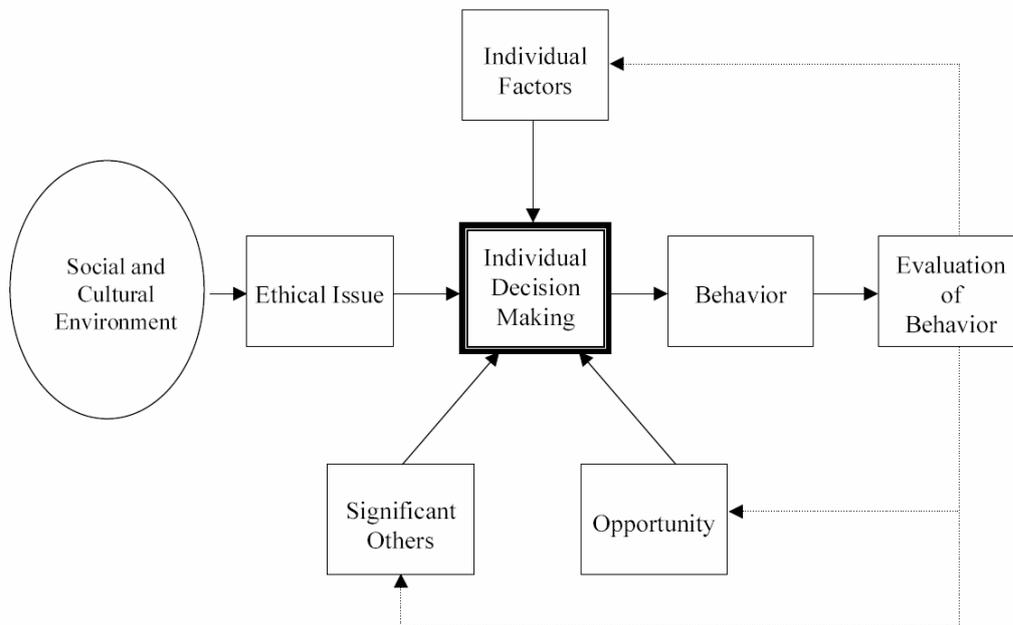
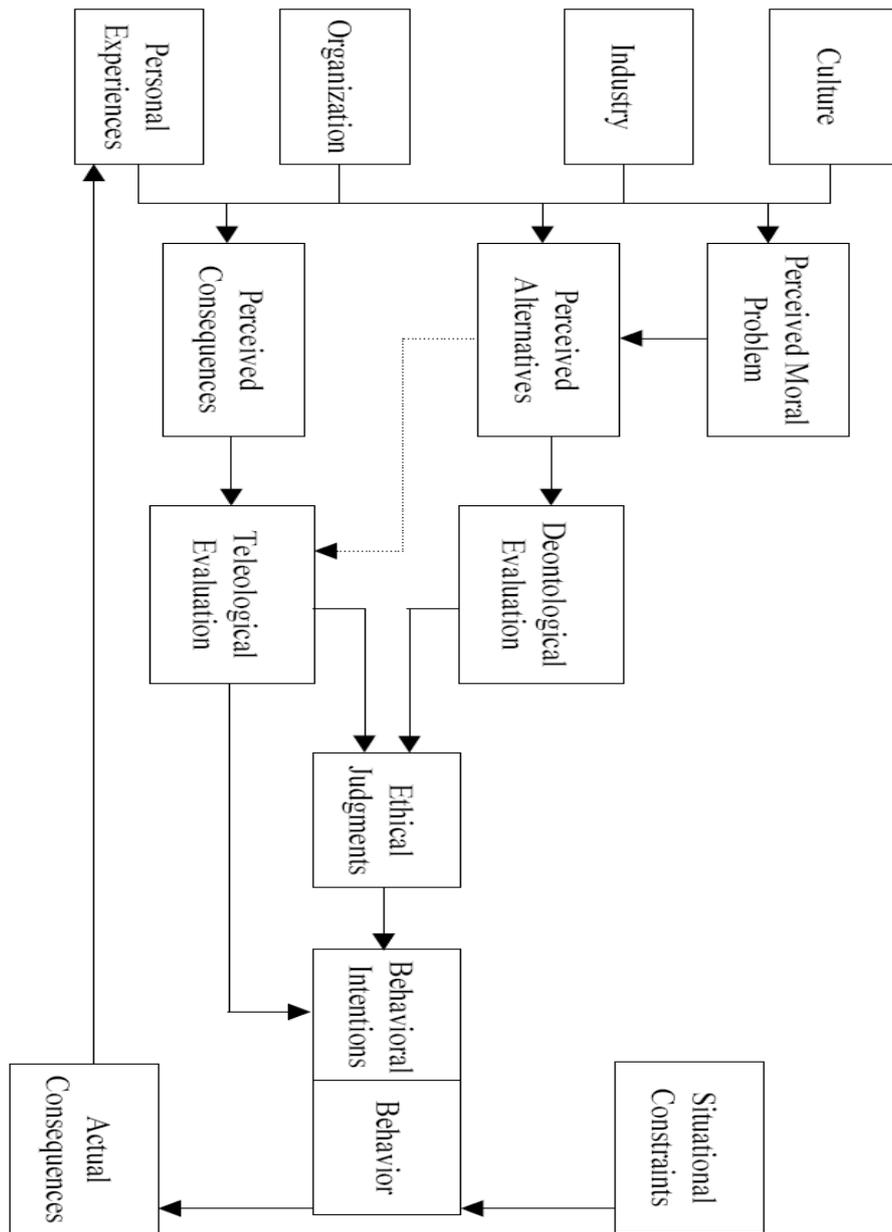


Figure 2.2: Hunt and Vitell's (1986) General Theory of Marketing Ethics



The third influential ethical decision-making model in marketing research was developed by Dubinsky and Loken (1989) in order to address several perceived shortcomings of the comprehensive and complex frameworks previously discussed. While the models proposed by Ferrell and Gresham (1985) and Hunt and Vitell (1986) were considered thorough, Dubinsky and Loken (1989) felt that these models did not offer parsimonious explanations for ethical behaviour in organisations, and as a result they have been difficult to operationalise and validate. Furthermore, both frameworks depend on the assumption that individuals perceive a given situation to pose an ethical dilemma (Dubinsky and Loken, 1989).

Dubinsky and Loken (1989) drew upon the theory that individuals will behave rationally when deciding to engage in a particular behaviour as long as they feel that they are ultimately in control of making the final behavioural decision (see Figure 2.3). Ethical behaviour results from intentions to commit ethical behaviour. These intentions are shaped by both individual attitudes and subjective norms regarding the behaviour. Attitudes are influenced by individual beliefs about the potential results of a particular behaviour as well as the evaluations of these results. Finally, subjective norms are shaped by how individuals perceive relevant others feel about the behaviour and motivating factors to ensure individuals act in accordance with the beliefs of these relevant others.

The fourth influential model, this time a management model, was an attempt to show how various internal and external moderators impact upon the ethical behaviour of an individual when confronted with an ethical dilemma. Trevino's (1986) model is considered to be an appropriate one (see Figure 2.4). When an individual is confronted with an ethical dilemma, one of the most immediate factors that Trevino (1986) believes has an immediate impact on the individual is his/her level of moral development. However, before making a decision as to whether the individual will act in an ethical manner, other moderators will also be considered which are deemed to have an effect on the decision-maker. These moderators are categorised into 'individual' and 'situational' moderators, related to internalised and environmental (organisational) factors respectively.

Figure 2.3: Dubinsky and Loken’s (1989) Framework for Ethical Decision-Making in Marketing

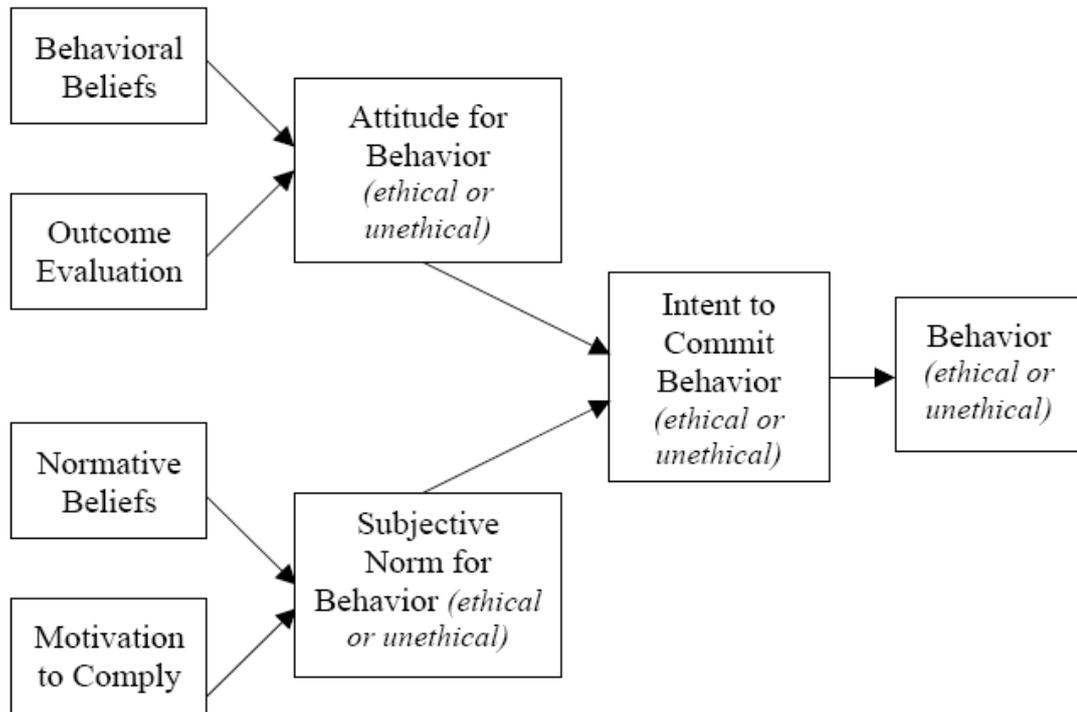
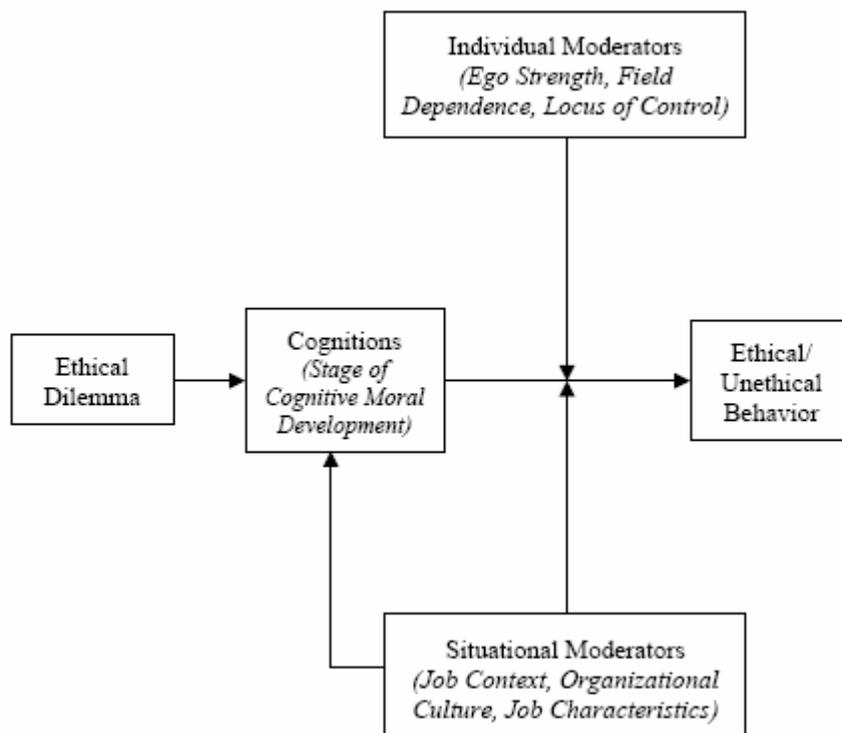


Figure 2.4: Trevino’s (1986) Model of Ethical Decision-Making



Another management model which is particularly useful for the purpose of this study in terms of a strictly Asian perspective is the one proposed by Chatterjee and Pearson (2003). The authors attempted to discuss the issue of ethical perceptions of Asian

managers from six countries through the managers' own local ethical beliefs and behaviour, including various regional religious and political beliefs. The aim of the study by Chatterjee and Pearson (2003) is twofold: first, to explore the variations of ethical intensity along global, societal, organisational, and individual levels; and second, to identify the divergent perceptions on ethics across demographic and occupational levels. In Chatterjee and Pearson's discussion of the Dissonance Model (see Figure 2.5 below), four quadrants of ethical behaviour are shown, ranging from implicit to explicit strength of cultural tradition to acceptance of global values.

Figure 2.5: Chatterjee and Pearson's (2003) Dissonance Model

EXPLICIT

Organisational Domain (Dominance of Global Business Imperatives)	Global Domain (Globally Unifying Values Orientation)
Individual Domain (Dominance of Personal Values)	Societal Domain (Dominance of Traditional Values over Business Values)

IMPLICIT

EXPLICIT

X-Axis: Strength of Cultural Tradition (horizontal)
 Y- Axis: Acceptance of Global Values (vertical)

Source: Chatterjee and Pearson (2003).

The two axes create four typologies for clarifying the basis of an empirical investigation to enquire into the level of dissonance experienced by Asian managers. The purpose of the model is to examine the demographic group differences in ethical perceptions and to determine where convergences and divergences lie. The lower left quadrant (Individual Domain) typifies an individual who feels the pressures of globality and locality in an implicit way. The lower right quadrant, the Societal Domain, defines an individual where societal values dominate, thereby creating significant dissonance where such societal values are set against global pressures. An individual who resides in the Organisational Domain is dominated by global business imperatives over societal values, while an individual placed in the Global Domain is one whose traditional cultural values are in direct opposition to the forces of globality. Chatterjee and Pearson's (2003) study attempts to enquire into the level of dissonance experienced by Asian managers.

Utilising a questionnaire, various respondents in Asia were queried as to which quadrant they felt best reflected their beliefs. The results of the study were not overly conclusive: while divergences in six countries were noticed, so were some convergences. The study found that there was a greater agreement on what is

considered to be ethical decision making in the Global and Societal Domains, but managers are less sure what actions to endorse to meet acceptable ethical decision making and practices to their respective organisations. However, it was noted that the samples of the six nations queried were not equivalent, and there existed a low proportion of female respondents.

It was also shown that the greatest consensus on ethical intensity was for the Global and Societal orientations. In addition, Chatterjee and Pearson (1993) discovered that responses across age revealed that divergences in ethical orientations were more likely for the Organisational and Personal dimensions and that education appears to be the factor that impinges on global and societal dimensions of ethical practices – the greatest opportunity for ethical violations is likely to occur in the Personal and Organisational Domains. However, Chatterjee and Pearson (1993) acknowledge that the results do not suggest a set of formulations determining acceptable ethical behaviour across the six countries studied – it is meant more to explore the trends and transitions in Asia in the dualities of global-local interfaces.

The purpose of highlighting the five models above is to show how a number of specific variables can affect an individual's overall decision-making process and how these variables pertain to this particular study. Although these variables will be discussed more in-depth in the following sections, the specific variables used in this study are individual demographic variables (i.e. age, gender, level of education), and situational variables (i.e. presence of a code of ethics, organisational culture and climate).

In the first model, Ferrell and Gresham (1985) showed how individual factors and a cultural environment could impact on the decision-making process. Hunt and Vitell (1986) identified how the organization specifically plays a part in the individual decision-making process, while Dubinsky and Loken (1989) expanded on the two earlier-mentioned theories to explain individual behaviour more concisely. Although these marketing models were important in attempting to pinpoint individual ethical decision-making behaviour, Trevino's (1986) management model seemed most appropriate for incorporating specific elements that could better explain the ethical-decision making process. Trevino's (1986) model encapsulated the numerous factors, generally labelled as 'individual' and 'situational', that could have an important impact on the individual's ethical decision-making. The individual variables could include such factors as demographics and other personal characteristics, while the situational variables could include general organisational or specific job characteristics. Chatterjee and Pearson's (2003) model highlights the effect of individual and organisational (situational) variables.

Working with a definition of business ethics that incorporates the importance of proper employee conduct within a socially responsible organisational environment, these five models assist in explaining the impact of individual and situational variables on an individual's ethical behaviour.

The following discussion summarises current knowledge of the ethical decision-making process in relation to individual and situational variables.

2.4.1 Individual variables

As noted in Ford and Richardson (1994) and Loe et al. (2000), demographic variables are most commonly included in business ethics studies. One demographic variable in particular, gender, is the most researched area in business ethics, often as a control variable. Other frequently used demographic variables are level of education, work experience, and age (see discussion of age, gender and level of education in Section 2.5).

Other variables that have been used for business ethics research are ‘moral philosophy’ and ‘Machiavellianism’, the latter being treated both as a moral philosophy and a personality variable. ‘Machiavellians’ will consider nearly any alternative that may advance their personal interests (Christie and Geis, 1970) and are likely to participate in manipulative and opportunistic behaviours. However, as Loe et al. (2000) show, moral philosophy has not been systematically linked to the level of ethical behaviour that results from these decision processes. However, these particular variables do leave open opportunities for further research.

Although studied less frequently, locus of control is a personality trait that has also been linked to the ethical decision-making process. Individuals with an internal locus of control feel that they can alter their environment (Bandura, 1977). They believe that they can have a differential impact on the process of their circumstances and can take actions to bring about more favourable outcomes (Ferris, Russ and Fandt, 1989). Studies are quite scarce in this area and thus more research is warranted.

Another individual variable that is frequently linked to ethical behaviour is religion. This variable is more frequently related to ethics on an intuitive rather than on an empirical or theoretical one (Weaver and Agle, 2002). It scarcely has been studied in business ethics and is often operationalised in different ways. Weaver and Agle (2002) suggest that religion can be more accurately conceptualised as religious role identities, the salience of which is likely to impact individual ethical decision processes.

For the purpose of this study then, and in accordance with empirical research, independent demographic variables were used, particularly those that pertained to age, gender, and level of education. The other demographic variable, i.e. work experience, was considered as another variable, but it was decided to focus on only three as a good start for an exploratory study.

2.4.2 Situational variables

Situational variables have been examined less frequently in ethics research in business (Loe et al., 2000). These situational variables include codes of ethics, rewards and sanctions, culture and climate, and significant others.

A code of ethics as a situational variable does appear in a good number of business ethics studies (Loe et al., 2000). They are meant to articulate an organisation’s risk areas and reflect the ethical values of top management. For a discussion on codes of ethics and related studies, see Section 2.5.2).

Another situational variable that has been investigated concerns ‘rewards and sanctions’. Rewards and sanctions are the primary components of opportunity. Overall, studies tend to reveal a linkage between rewarding unethical behaviour and the persistence of such behaviour (Loe et al., 2000).

Organisational climate and work culture also have been studied as key influences on ethical decision processes and behaviour in business. A work climate can be generally defined as observations that “are psychologically meaningful descriptions that people can agree characterise a system’s practices and procedures” (Schneider, 1975). When individuals are faced with the task of making an ethical decision in their work environments, it is the elements of the work climate that indicate what constitutes ethical behaviour in a given organisation or job (Victor and Cullen, 1988). In contrast to formally stated codes of ethics that are in part produced as a response to institutional pressures, ethical work climate or culture imply that organisational norms regarding ethical behaviour have been institutionalised within a given organisation (Victor and Cullen, 1988). Research has found that culture and climate are key influences on ethical decision processes (see Section 2.6 below).

Another situational variable that has been studied in business ethics is the impact of significant others on an individual’s perception and behaviour. This variable is derived from Bandura’s (1977) social learning theory and studied further by Ferrell and Gresham (1985) where they proposed that significant others affect ethical decision making depending on the amount of personal contact they have with a significant other (actor), their relative authority when compared to the actor, and organisational distance from the actor. Although it appears that influential others are an important consideration in ethical decision processes, there is a need for additional research to delineate the context and limitations of this influence.

Given that a code of ethics and organisational culture and climate are the most studied and prevalent situational variables, for the purpose of this study it has been decided to use the presence of a code of ethics as an independent variable. Organisational culture and climate were used as dependent variables in order to examine the impact of certain determinants on the ethical perceptions and attitudes of ethical behaviour of corporate managers in Malaysia.

2.5 Discussion of the independent variables in this study

For the purpose of this study, the determinants (independent variables) that may impact the ethical behaviour of an individual are:

- Demographic: age, gender, level of education (individual), and
- Presence of a formal code of ethics (situational)

Research identifies (Section 2.4.1) a range of demographic factors impacting upon ethical behaviour, however this study focuses specifically upon age, gender and level of education as independent variables owing to the fact that numerous studies incorporate these three elements into their discussion on individual ethical perceptions and behaviours. Additionally, the presence of a code of ethics in an

organisation and its impact on ethical behaviour has become a topic of discussion in a number of studies.

These determinants will be examined in the following sections.

2.5.1 Impact of Demographics on Ethical Behaviour

Demographic factors which are uniquely associated with the individual decision maker have received attention from Ford and Richardson (1994), Kohlberg (1969), Braverman, Vogel, Braverman, Clarkston and Rosenkrantz (1972) and Freeman and Giefink (1979), all of whom have suggested that age, gender and education affect an individuals' ethical behaviour. Ferrell and Gresham (1985) and Hunt and Vitell (1986) recognise personal characteristics as determinants of various aspects of an individual's ethical decision-making process.

For the purpose of this study, the demographic factors that will be examined are age, gender, and level of education and how they relate to research questions 2-5 of this study (Research Question 1 asks the nature of the ethical perceptions and attitudes of corporate managers in Malaysia. This question is answered by the general profile data captured in Questions 1-10 in Section A of the questionnaire). In Section 2.5.2, the impact of a presence of a code of ethics on ethical behaviour will be discussed.

2.5.1.1 Impact of age on ethical behaviour

This section discusses the literature as it relates to Research Question 2:

What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

The research results in relation to the literature on the effect of age on individuals' ethical behaviour are mixed. Callan (1992), Izraeli (1988), and Stevens (1984) found that the influence of age is not significant, while Browning and Zabriskie (1983), Ruegger and King (1982), and Serwinek (1992) reported a significant relationship between age and ethicality. Browning and Zabriskie (1983) found that younger managers subscribe to a more ethical viewpoint than older managers, while Serwinek (1992) found that older insurance employees adhered to stricter interpretations of ethical standards.

Because personal characteristics are determinants of various aspects of one's ethical decision-making process (Yoo and Donthu, 2002; Hunt and Vitell, 1986; Ferrell and Gresham, 1985), age can also directly influence an individual's ethical decision-making. The results in relation to the impact of age on ethical decision-making are also mixed. Roozen, De Pelsmaker and Bostyn (2001) found a negative correlation between age and ethical decision-making, while Weber and Wasieleski (2001), in a study of 308 managers in the United States, found that both the age and gender factors had no significant influence when analysing the respondents' answers to questions regarding ethical decision-making.

However, even though the research evidence is mixed in relation to the impact of age on ethical decision-making, there is strong support for a positive relationship

between these two variables. Terpstra et al. (1993) have argued that people tend to become more ethical as they grow older, and that as people age they tend to become less concerned with wealth and advancement and more interested in personal growth (Hall, 1976). Therefore, an older individual is more likely to appreciate the long-term benefits (to organisational performance) of acting in an ethical and socially responsible manner. Accordingly, one would generally expect a positive relationship between an individual's age and his or her perception about the importance of ethics and social responsibility (Rao et al., 2001).

Deshpande (1997) provides further support for a positive relationship. This particular study ascertained that older managers were concerned more by unethical behaviour than were younger managers. Similarly, Peterson et al. (2001) found that business people became more ethical with age. Terpstra et al. (1993) go a step further by stating emphatically that people tend to become more ethical as they grow older.

Overall, the effect of age on ethical decision making has yet to be determined. In the next section, the effect on age on the ethical behaviour of the decision-maker will be examined.

2.5.1.2 Impact of gender on ethical behaviour

This section discusses the literature as it relates to Research Question 3:

What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

An examination of the literature focusing on gender in regard to ethics values has been mixed (Ford and Richardson, 1994), the results generally finding that half of the studies reporting that females were prone to more ethical behaviour than men. In particular, men are more likely to adhere to the 'ethic of justice' by emphasising rules and individual rights. Women, on the other hand, are more likely to adhere to the 'ethic of justice' by emphasising relationships and compassion. The 'ethic of caring' would lead women to believe that taking actions in the interest of the customer would enhance company performance and would contribute to a perception of greater importance of ethics and social responsibility as a determinants of organisational effectiveness.

Several studies provide strong support for a positive relationship between gender and ethical behaviour (Chonko and Hunt, 1985; Ferrell and Skinner, 1988; Whipple and Swords, 1992). A central feature of women's development seems to be a sense of connectedness or relationship-building with others. This relational theory suggests that women bring to organisations a unique desire to make and maintain personal connections with others (Miller, 1987; Miller and Stiver, 1997). Marshall (1993) found that women's values or principles include a stronger tendency toward receptivity, awareness of patterns, and personalistic perception, all of which enhance the ability to detect differences in others. Similarly, Swim (1994) and Zuckerman, DePaulo and Rosenthal (1981) report that women are more attentive during interactions and more adept at detecting deception than men. The ability to recognise unethical activity is an advantage in attending to and understanding it.

In Chatterjee and Pearson's study (2003) of the Dissonance Model discussed earlier in this chapter (Section 2.4), one of the results showed that female managers perceived themselves to be more ethically oriented than their male counterparts. Other studies found similar results reporting that females were prone to more ethical behaviour than men (Dawson, 1997; Deshpande, 1997), while Singhapakdi (2004) found that in a survey of business students in the USA, females were more ethical in their intentions than the males.

Franke et al. (1997) found that in a study of more than 20,000 respondents in 66 samples that women are more likely than men to perceive business practices as unethical. Schminke (1977) surveyed managers and future managers concerning how they believed people respond to ethical business situations. There were no gender differences in the basic ethical orientations of the subjects. Gilligan (1982) contends that men and women differ in how they solve ethical dilemmas and that men are more likely to consider ethical issues in terms of justice, rules, and individual rights. On the other hand, Gilligan (1982) believes that women tend to consider such issues in terms of relationships, caring, and compassion. While this may indicate that gender differences in ethical judgment may exist, it does not take into consideration whether this may be the case at all points of an individual's career.

Because women show greater tendencies toward self-disclosure than do men (Hall, 1984), lies told by women may be more easily detectable than lies told by men (DePaulo, Stone and Lassiter, 1985) which suggested that unethical behaviour on their part may be more easily identified.

On the other hand, considerable evidence also indicates that women and men do not differ significantly on these dimensions (Robin and Babin, 1997; Rest, 1986; Tyson, 1992; Browning and Zabriskie, 1983; Callan, 1992; Hegarty and Sims, 1979). In three studies conducted by Loo (2003), there was little difference between male and female managers in their ethical beliefs. Glover (2002) suggests that gender differences warrant further study due to women's growing representation in management positions.

Another study that found mixed results in relation to the impact of gender on ethics is the study by Schminke et al. (2003). The author concludes that findings in the area of gender differences are mixed: while some studies indicate that gender differences do matter (Dawson, 1997; Singhapakdi et al., 1999; White, 1992) – others indicate that there are no significant differences between the two genders (Robin and Babin, 1997; Rest, 1986; Tyson, 1992). Hence, Schminke et al. (2003) make the observation that the role that gender differences play remains an unanswered and potentially unanswerable question, but does concede that because ethical issues are by nature private events, women may be better in detecting and understanding non-public ethical tendencies for distinct reasons as outlined below.

Some researchers have proposed that a more promising path may involve exploring perceptions of gender differences rather than actual gender differences (Ambrose and Schminke, 1999; Heilman, Block, Martell and Simon, 1989; Schein, 1975). However, for the purposes of this study actual gender differences were examined.

In the next section the third demographic factor as it pertains to this study will be examined – the individual's level of education and how it impacts on an individual's ethical behaviour.

2.5.1.3 Impact of level of education on ethical behaviour

This section discusses the literature as it relates to Research Question 4:

What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

In line with the previous two sections, studies examining the influence of years of education on ethics have also reported mixed results. Several studies provide strong support for a positive relationship between the level of education and ethical behaviour. For example, Browning and Zabriskie (1983) and Jones and Gaultschi (1988) reported that more educated individuals held higher ethical standards than less educated individuals. Similarly, Roman and Munuera (2005) expected an individual's level of education to have a positive influence on a person's ethical behaviour. The authors argue that the educational system is designed to foster critical thinking and the ability to view situations from multiple perspectives (Levy and Sharma, 1994). In this sense, previous research has found that education is positively related to ethical judgment (Rest and Thoma, 1985; Rest, 1986). Furthermore, the positive effect of educational level on ethical behaviour is also supported by Kohlberg's (1969) typology. According to this typology, level of education is believed to result in greater sensitivity to different points of view and to be linked to a person's stage of cognitive development (Singhapakdi et al., 1999).

A possible alternate view is that the core of education itself is virtue or right conduct (Hogness, 1986; Howard, 1989). This would suggest that the more educated that a person is, the more virtuous he or she is. Deshpande and Viswesvaran (1998) argue that an increase in educational level is likely to be associated with more complex cognitive processing. Greenberg (1990) argues that justice perceptions are more salient for educated workers than for semi-skilled workers.

In contrast with the studies above, Dubinsky and Ingram (1984), Harris (1990), and Serwinek (1992) found no significant relationship between ethical behaviour and years of formal education. However, the majority of studies pertaining to a relationship between ethical behaviour and level of education have found that the relationship is positive.

The next determinant that may have an impact on an individual's ethical behaviour is the presence of a corporate code of ethics.

2.5.2 Impact of the Presence of a Corporate Code of Ethics on Ethical Behaviour

This section discusses the literature as it relates to Research Question 5:

What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

A number of definitions and approaches exist in regard to a discussion of codes of ethics. Verbos, Gerard, Forshey, Harding and Miller (2007) define a code of ethics as the cognitive, affective, and behavioral manifestation of an ethical organisational identity within a positive ethical organisation. It encompasses the cognitions of members about acting ethically within their organisational roles, a profound feeling that ethical action is not only right, but the only way to act within an organisation. It is felt that this type of code of ethics is rare across many organisations (Spreitzer and Sonensheim, 2003).

Concurrently, the act of building, sustaining, and growing a business necessitates good ethical practices which can translate into good public relations value for the organisation through reputation management techniques (Levine, 2006). The company's code of ethics should be the cornerstone of all of the organisation's public relations actions. Briggs (1992) goes on to state that corporate ethics, articulated in the corporate code of ethics as the central aspect of corporate culture, is the primary enabler not only of cooperative behaviour in an organisation but also of individual employees' propensity to share innovative knowledge, pursue quality and relate to customers across the globe.

Evidence of the impact of ethics programs on employee behaviour has been quite positive, with most of the empirical studies to date having focused on the most widespread program element: codes of conduct. (Stansbury and Barry, 2007) report that employees were twice as likely to claim to have reported observed violations of the law or of ethical principles in organisations that had four major ethics program elements in place (written standards of conduct, an anonymous helpline for ethical advice, anonymous reporting of misconduct, and training), than in organisations that had none (Joseph, 2003). Furthermore, employees in organisations where there is a code of conduct but no other program elements, claimed to have reported observed misconduct fifty-two percent of the time, compared with sixty-seven percent in organisations with a code and one or two of the other program elements listed above, and seventy-eight percent in organisations with all four program elements (Joseph, 2003). This finding raises the possibility that general perceptions of an ethics program's broad orientation towards goals and values matter more than specific program characteristics (Trevino, Weaver, Gibson and Toffler, 1999).

There have been few evaluations of the effectiveness of the presence of codes of ethics within organisations (Weaver, 1995; Farrell, Cobbin and Farrell, 2002), the difficulty being in measuring behavioural outcomes. The lack of adequate operational definitions in many codes has precluded the possibility of measuring their impact (Farrell et al. 2002). Brien (1996) has cited a list of studies supporting his argument that there was no evidence that codes actually improve ethical standards. The assumption was merely accepted that codes could affect particular behaviours. For instance, in Australia, Clamp (1994) acknowledged the strong empirical evidence that demonstrated ethics maxims failed to ensure an ethical New South Wales Police Service.

However, a review of the literature regarding codes of ethical conduct revealed that codes result in generally higher standards of ethical behaviour (Ford and Richardson, 1994; Weeks and Nantel, 1992; Brooks, 1989). Furthermore, organisations that adopted a formal code of ethics exhibited value orientations that went beyond

financial performance. Adams, Tashchian and Shore (2001) investigated effects of codes of ethics on perceptions of ethical behaviour and found that persons within organisations that had codes of conduct to be more ethical and more encouraged to support ethical behaviour than those who were employed by companies that did not have a formal code of ethics.

Key aspects of the organisational climate, such as supportiveness for ethical behaviour, freedom to act ethically, and satisfaction with the outcome of ethical problems were also impacted by the presence of an ethics code. The mere presence of a code of ethics appeared to have a positive impact on perceptions of ethical behaviour in organisations, even when respondents could not recall specific content of the code. Therefore, people in companies with an ethical climate that encourages ethical and socially responsible behaviour and that punishes unethical behaviour would perceive ethics to be more important for organisational effectiveness. Hunt et al. (1989) found that when ethical standards of an organisation are widespread, organisational success is enhanced.

In a study relating to professional firms, Cooper and Frank (1997) found that in addition to codes, company policies that encourage employees not to put organisational goals ahead of ethics were also effective in increasing ethical standards. A study of managers in Singapore by Koh and Boo (2004) discovered that there are significant and positive links between ethical culture constructs (top management support for an ethical organisation) and job satisfaction. Webb and Badaracco (1995) and Nash (1990) reported in their studies that in organisations that tend to emphasise the bottom line and short-term results, then unethical behaviour tends to be pronounced. After studying ethics codes of a number of professional organisations, Tucker, Stathakopolous and Patti (1999) indicated that many firms believe that codes of conduct help members behave more ethically and, as a result, have developed such codes.

Similarly, researchers found that corporate codes of conduct provide an explicit guide to an organisation's expectations of its members (McCabe, Trevino and Butterfield, 1996). Codes of conduct lead to lower levels of self-reported unethical behaviour when they reflect the informal norms of the organisation, are clearly understood by employees, and guide everyday decision-making (McCabe et al., 1996).

Trevino et al. (1999) arrived at the conclusion that when leadership talks openly about ethics and visibly acts consistently with their rhetoric, it has a positive effect on such outcomes as awareness of ethical issues, a willingness to ask for advice, and reporting of issues. A culture of obedience or a perception that the compliance program exists to diffuse blame from top management has a negative effect. Empirical studies indicate that values-based approaches influence a number of beneficial organisational ethics outcomes (Stansbury and Barry, 2007), including employees' awareness of ethics at work, their integrity, their willingness to seek ethical advice, lower observed unethical conduct, commitment to the organisation, and perceptions that better decisions are made because of the program (Weaver and Trevino, 1999).

Lerner (2006) asserts that ethical behaviour is one of the key elements that distinguish any profession. For instance, users and employers of the services of a professional accountant are entitled to expect standards of integrity, objectivity, and competence. A workable, enforceable code of ethics that addresses the practical issues involved in the wide variety of activities that chartered accountants are engaged in contributes towards upholding these standards (Lerner, 2006). Eisenstodt (2006) further states that ethical behaviour, when guided by a strong code of ethics, can actually be a competitive advantage in the workplace – if organisations choose to work ethically and to investigate the policies and practices of those with whom business is done, then a competitive advantage can be gained in the marketplace.

However, personal ethical perceptions, ethical judgments, and ethical intentions of employees vary across cultural backgrounds (Allmon, Chen, Pritchett and Forrest, 1997). Moreover, as perceived ethical problems (Armstrong, 1993) and standards of ethical norms (Tsalikis and Nwachukwu, 1988) vary across cultures, members of various cultural groups may react differently to ethical issues that may be common in the conduct of business, particularly in multinational firms. Therefore, Sarwono and Armstrong (2001) argue that through a proactive engagement of the corporate international human resources function, the establishment of ethical corporate culture and formalised codes of conduct are recommended and needed for future ethics training.

From a global standpoint, differences in value systems across the world have led to studies such as Roth, Hunt, Stavropoulos and Babik (1996) arguing that international codes of ethical behaviour are feasible despite these differences, while Smeltzer and Jennings (1998) proposed that codes that set forth guidelines for core ethical practices across cultures should be developed, making adaptations where necessary. Singhapakdi, Kraft, Vitell and Rallapalli (1995) believed that marketers in organisations with high levels of corporate ethical values tended to assign a higher level of importance to elements of corporate ethics and social responsibility.

Novecevic, Buckley, Harvey, Halbesleben and Des Rosiers (2003) have suggested that there are differences in the content of codes of ethics between countries, suggesting differences in how cultures codify ethics. The implication of this is that not only do employees from different cultures codify ethics differently, but they also may react in very different ways to the ethical codes developed in the home country of a multinational organisation. Simply presenting a home-country-based code of ethics may lead to vast interpretive differences based on an individual's culture and perceptions. Further, codes of ethics alone are not enough to make meaningful changes to behaviour in organisations. Instead, they must be reinforced by further integrating them with the culture of the organisation through socialisation such as training and appraisals.

The next section examines the dependent variables (constructs) that were used in this study. For instance, when the following research question is asked, "What is the impact of age of corporate managers in Malaysia and their perceptions of various aspects of ethical behaviour?" it is the dependent variables that are referred to as the 'various aspects' in the question.

2.6 Discussion of the Dependent Variables in this study (perceptions of various aspects of ethical behaviour)

The purpose of this section is to discuss the dependent situational variables (constructs) that were used in this study.

Hunt and Vitell (1986) stated in a landmark study of marketing ethics that an individual's perceptions (what an individual believes others think or what others will do) of an ethical problem situation is the catalyst of the ethical decision process and that ethical perceptions are related to one's own value/belief system. One of the issues highlighted in the literature is employees' perceptions of an organisation's ethical climate.

Practitioners and academicians have been concerned for many years about the ethical climate within organisations, examining the link between ethical climate and organisational behaviours in a variety of circumstances (Bourne and Snead, 1999). Victor and Cullen (1989) developed a typology of ethical climate that considered the developmental process from which ethical climates result, as well as the subjects to whom ethics may be applied. The typology is based upon the belief that three factors determine corporate ethical climate: (1) the environment in which the firm operates, (2) organisational form, and (3) the historical developments within the firm. For the purpose of this study, it is the point relating to the environment in which the firm operates as most relevant.

Prior research has viewed environment from several perspectives: the environment within a specific part of the firm (i.e. department, plant, division, etc.); the overall environment within the firm as a whole; the industry within which the firm operates; and the broader concerns of society (i.e. external stakeholders). It is the overall environment within the firm as a whole that this study is focused on.

In relation to the overall environment within an organisation, Ford and Richardson (1994) identified numerous studies dealing with the intra-organisational dimensions of ethical climate, many of which focused on the impact of significant others within the organisation on one's ethical decisions. This concept of 'differential association' recognises that the ethical learning process is often a gradual one in which one's interaction with others identifies those behaviours that are acceptable or unacceptable within the organisation (Ferrell and Fraedrich, 1994), meaning that the formal position of an organisation on ethical issues may be modified by the actual behaviours that are encountered in various role associations within the firm. The reference groups cited most frequently in the literature as having significant influence on one's ethical behaviour are peer groups, supervisors and top management (Izraeli, 1988; Wimbush and Shepard, 1994). Some studies have supported the contention that differential association influences ethical decision making, with some finding this factor to be more significant than an individual's own personal belief system (Zey-Ferrell, Weaver and Ferrell, 1979).

Previous research into the various dimensions of organisational environment has contributed significantly to our understanding of this construct (Bourne and Snead, 1999). However, not all dimensions of the organisational environment have received sufficient examination. Most notably, the impact of distinct 'microcultures'

(subcultures) within an organisation on ethical dimensions and perspectives has received insufficient attention in the literature (Bourne and Snead, 1999).

Some limited analysis of microcultural influence is available. The microcultural dimension of ethical dimensions based on religious belief has been explored (Burns, Fawcett and Lanasa, 1994; Rossouw, 1994). Victor and Cullen (1989) determined that accounting for different levels of analysis both within and outside of the firm is critical to understanding an organisation's ethical climate. The 'local' level of analysis indicates a focus on referent others within the firm, while referent others at the 'cosmopolitan' level are outside the organisation. The acceptance of the critical role of 'local' or intra-organisational referent groups in determining ethical behaviour is widespread (Bourne and Snead, 1999), however consideration of significant "cosmopolitan" referent groups' impact on ethical decision making has received less attention in the ethical literature.

Prior research on ethics which discusses the impact of cosmopolitan roles has centred on the role of professional standards. The advocates of this position posit that professional dictates and custom establish acceptable standards of behaviour that will govern actions in a variety of situations (Beauchamp and Bowie, 1997). Thus individuals having such professional guidance will tend to view ethical dilemmas in consistent fashion due to the impact of the 'community of professionals' (Bourne and Snead, 1999). However, professional standards are one component of this cosmopolitan dimension, but they do not constitute its sum total. Consideration must also be given to those numerous employees in organisations who do not belong to professional groups. In most organisations, this non-professional segment of the workforce constitutes the majority, while other cosmopolitan reference groups will also impact one's ethical decisions.

One dimension of the cosmopolitan role construct that has received relatively little attention in the literature is the impact of 'community' norms and values in determining a firm's ethical climate (Bourne and Snead, 1999). The term 'community' refers to the locality in which the firm operates, and might exist in the form of a large metropolitan area or a small rural setting. Of particular interest is whether variations in ethical perceptions are reduced when the moderating impact of community norms and values are taken into account. For instance, Smith and Oakley (1994), in a study of the ethical values of metropolitan and non-metropolitan business owners, found a strong link between community environment and the core values of the respondents. Individuals in non-metropolitan areas were less accepting of questionable ethical practices. Thus it is possible that in some locations the core value sin the community establish a microculture that impacts the ethical decision making of members of the firm.

Bourne and Snead's (1999) study entailed asking actual workforce participants a series of questions to examine the 'community' aspect of ethical perceptions across organisations, the respondents having a wide variance with respect to age, education, work history, position in the firm, and gender. Six ethical dimensions were analysed and relevant questions asked which form the basis of this current study in terms of the research issues and questionnaire that has been developed (see Appendix):

- Organisational cultural environment – ways in which respondents viewed the cultures of their respective organisations. A variety of cultural measures are included in this dimension, including the extent to which employees are treated with dignity, respect, and fairness; whether the firm shows integrity and honesty in its dealings with employees; the level of overall trust in management; the fairness of compensation; whether management can be characterised as highly ethical; the presence of discrimination; how well the values of the organisation are communicated to employees; whether the organisation has a code of ethics that is articulated to all employees; if acting in an ethical manner is rewarded by the company; the extent to which managers earn their money; the degree to which personal ethical beliefs conflict with those of the organisation; and overall job satisfaction.
- External stakeholder interaction – the firms’ relations with groups which operate external to the organisation. This dimension measures the extent to which the businesses demonstrate integrity and honesty in their dealings with customers and suppliers, as well as the honesty of communications with government agencies.
- Employee ethics – employees’ ethical actions and expectations. The issues of whether employees give “a full day’s work for a full day’s pay,” expect honesty from one another, can be characterised as highly ethical, or take company supplies or other resources for personal use are included in this measure.
- Ethical conflict situations – extent to which the giving and receiving of gifts, special favours, or bribes is customary within the industry or particular firm.
- General business climate – respondents’ beliefs regarding whether the majority of managers and workers in the region are ethical in their business activities.
- Determinants of ethical values – origins of ethical values, specifically the role that beliefs play in shaping ethical behaviour, whether ethical behaviour can be taught, and the need for laws to force companies to be fair with employees, customers, and suppliers.

The sub-sections below further discuss the six ethical dimensions in greater depth.

2.6.1 Organisational Cultural Environment

The findings in Bourne and Snead’s (1999) study appear to confirm the existence of a unique, community-based microculture that moderates the cultures of the respective organisations. This finding is quite interesting because most of the organisational climate literature has overlooked the influence of forces operating external to the organisation. The study showed that while organisational culture is important, it is not the only factor to be considered when analysing organisational participants’ shared values, beliefs, and behaviours. The ethical climate of a community that partially determines its particular microculture will clearly be a

moderating influence in shaping the organisational cultures of firms that operate in that community.

2.6.2 External Stakeholder Interaction

Among a limited number of studies that examine ethical perceptions and external stakeholder interaction from a single country standpoint, Chinese professionals enrolled in a management development program and their ethical perceptions were the subject of a study by Wright et al. (2003). A cross-section of business persons were queried about their perceptions, their occupations ranging from small business owners, senior staff members, managers and professionals. The results of the study were rather inconclusive: half of the respondents agreed that questionable ethics in government and business was on the rise, while it was also found that small business owners who were in closer contact with customers were more ethically inclined than those in large organisations. Wu (1999) focused on the eastern part of China to attempt to gauge the ethical perceptions of business people. Results of this study showed that business people in general are pessimistic about the ethical standards of their superiors and co-workers and about the ethical climate of east Chinese enterprises. Overall, various ethical perceptions were seen to be owing to individual values, supporting studies conducted by Seitz (2001), Vitell et al. (1994) and Armstrong et al. (1990).

A significant amount of literature exists regarding ethical perceptions and external stakeholder interaction from a cross-cultural or multinational perspective. Comparing Australian and U.S. responses to queries regarding ethical problems encountered by international firms, a study by Armstrong et al. (1990) showed that bribery, cultural differences and unfair pricing practices topped the list of the Australian firms, while bribery, government interference and transfer of funds headed the U.S. list. The significance of this study is that U.S. and Australian firms did not vary greatly in terms of their respective ethical perceptions regarding international trade. This finding was supported by Manley, Russell and Buckley (2001) which showed that U.S. business students at one Midwestern university were in general agreement regarding their ethical perceptions, although the findings had more to do with the risk of being caught. The author believes that the ethics of managers particularly influence subordinates' behaviours, trust and commitment. What will now be shown is how 'Western' and 'Eastern' ethical perceptions can indeed vary.

2.6.3 Employee Ethics

Peer group theory, a theory of ethical behaviour, revolves around the argument that people might be influenced to engage in cheating behaviour because they believe that everyone else in the organisation does it (Manley et al., 2001). Individuals who believe that they are ethical and that unethical behaviour is common conclude that everyone else is unethical. These individuals holding such a view enhance their perceptions and attitudes of their own ethical standards relative to others. This perception of widespread unethical behaviour may lead people to engage in unethical behaviour in order to 'compete' on even ground even though they know that their actions are considered wrong. In this particular study, business students' perceptions of their own and other students' (marketing) ethics were compared. Respondents

perceived themselves as less likely to engage in unethical behaviour than the average person across all scenarios, but this perception has a caveat – the greater the increase of risk of getting caught, the less a respondent was expected to engage in unethical behaviour.

Following Trevino's (1986) model (see Figure 1) which argues that the perceptions individuals hold about others' ethics are critical in shaping their own ethical beliefs and behaviours, it has been found that the behaviour of superiors is among the strongest influences on an individual's ethics (Arlow and Ulrich, 1988) and that peer group influences play a significant role as well (Ferrell and Zey-Ferrell, 1982).

In a brief study by Zabid and Alsagoff (1993), it was concluded that Malaysian managers felt that unethical business practices exist because they seem to be generally accepted by their peers in the business world. While the perceived values of the Malaysian managers seemed high, respondents felt that standard had declined over the past fifteen years

A study by Jones and Nisbett (1971) concluded that people tend to attribute their behaviour to situational factors and attribute other people's behaviour to dispositional causes, known as the 'actor-observer' effect. This study further suggested that this effect is partially due to varying degrees of information that is available to actors and observers. Ferrell and Gresham (1985) proposed that significant others affect ethical decision-making depending on the amount of personal contact they have with an actor, their relative authority compared with an actor, and organisational distance from the actor. There has also been substantial empirical support for this proposition in other studies (Bruce, 1994; Tyson, 1992; Wahn, 1993; Morgan, 1993). Thus, it appears that influential others are an important consideration in ethical decision processes.

In another case, Brown (1986) found that positive attributes were rated more descriptive of self, whereas negative attributes were less descriptive of self. In agreement with Brown (1986), Alicke, Klotse, Breitenbecker, Yurak and Vredenburg (1995) reported that people evaluate themselves more favourably than others – they demonstrated a positive leniency bias when people compared themselves with someone whom they did not necessarily know (such as an 'average student'). Similarly, Endo (1995) found that self-enhancement bias when individuals compared themselves with most other people, but not when they compared themselves with specific others.

2.6.4 Ethical Conflict Situations

A study by Buckley, Harvey and Wiese (1997) argues and agrees with Manley et al. (2001) that persons believing they themselves are ethical but everyone else is not may lead to one engaging in unethical behaviour to compete on even ground even though they are aware that their actions are considered to be wrong. In Buckley et al.'s study (1997), the authors examined influences on unethical behaviour in school and business settings. The findings were as expected: the higher the chances of being caught, the lower the indication of engaging in the unethical behaviour.

According to Trevino's (1986) model (see Figure 1 above) of ethical decision-making, the author claimed that individuals have cognitive reactions to ethical situations. In these cognitive reactions, individuals determine what components of the situation are right or wrong. The relationship between cognitive activity and subsequent behaviour is moderated by both individual and situational influences. Trevino proposed that three key individual factors will interact with cognitive activity to influence behaviour: ego strength, field dependence, and locus of control. Additionally, several situational factors are proposed to moderate the relationship between cognitive activity and ethical behaviour. These situational factors arise from the actor's: job context, organisational culture, and characteristics of the job itself. Finally, the actor's organisational culture and job characteristics also will influence his/her ethical behaviour.

2.6.5 General Business Climate

A limited number of studies have been conducted that examine the ethical perceptions of a particular segment of the economy and the general business climate in a country. For instance, Abratt et al. (1999) -- in his study of the ethical perceptions of South African retailers (including management and sales personnel) -- hypothesised that there were no significant differences between the ethical beliefs of sales personnel, managers and executives in retailing. In fact, his findings showed that salespeople were in fact more likely to act unethically than managers and executives. Therefore there is a need for clear policies in an organisation when it comes to ethical standards, the need to communicate them, and the need by executives and managers to lead by example. Abratt et al. (1999) surmised that it would appear that ethical conduct is largely an individual process.

Singhapakdi, Rawwas, Marta and Ahmed (1999a) and Rao et al. (2001) each conducted a multinational study of those involved in the marketing profession regarding their perceptions about marketing ethics. Singhapakdi et al. (1999a) examined consumer responses to ethics in the U.S. and Malaysia, while Rao et al. (2001) took a look at marketing professionals in Australia, Malaysia, South Africa and the U.S.A. Self-administered questionnaires in both instances generally supported Singhapakdi et al.'s (1999) hypotheses that there are country differences in the perceived importance of ethics and social responsibility in achieving organisational effectiveness, and that an organisation's ethical climate can influence a manager's perceived importance of ethics. Rao et al. (2001) also found that Malaysian consumers have a less positive attitude toward salespeople and business than their U.S. counterparts.

Vitell et al. (1994) made a comparison of the ethical perceptions and judgments of marketers from the U.S. and Thailand. The hypothesis stated that Thai marketers would be less likely to perceive ethical problems, based on Hofstede's (1984), Thorelli's (1983) and Hunt and Vitell's (1986) theories. These theories derived that lower ethical perceptions exist among residents of developing countries, i.e. Thai marketers would be less ethical when compared to American marketers. While these hypotheses were generally supported in the study, it was acknowledged that this was only one comparison and that cross-cultural differences in terms of business ethics was a more important issue.

2.6.6 Determinants of Ethical Values

The sixth dimension mentioned in Bourne and Snead's (1999) study is actually called 'Determinants of Ethical Behaviour' but has been more appropriately changed to 'Values' for the purposes of this study. Bourne and Snead (1999) loaded the questions on their survey instrument in order to better gauge the role of value-based factors such as the influence of family in shaping ethical behaviour, whether personal beliefs affect ethical behaviour, whether ethical behaviour can be learned or taught, and the need for legal guidelines to ensure that companies act in a fair manner toward internal and external stakeholders.

2.7 Summary

This chapter reviewed the context of the research, various definitions of business ethics, the ethical behaviour models that are pertinent to this study, and the factors that determine the ethical behaviour of an individual in an organisation. These factors include individual and situational independent variables: the impact of certain demographic variables (individual); the need for a corporate code of ethics (situational); and certain dependent situational variables that affect individuals' ethical perceptions and attitudes.

A review of the literature encompasses studies that discuss ethical perceptions of such groups as marketers, or cross-cultural studies that attempt to compare ethical perceptions across various regions or countries. Other studies attempt to discern whether culture, age, gender, level of education, or position affect an individual's ethical perceptions or behaviour. Because this study and the associated self-administered questionnaire that was given to respondents was designed to elicit information regarding ethical behaviour as it pertains to business ethics in general, the research questions and issues previously highlighted will be examined.

The discussion of the literature shows that very little pays direct attention to the target population of this paper, i.e. corporate managers in Malaysia and their perceptions and attitudes in a general business ethics sense. A number of comparative and cross-cultural studies have been done that take a look at results of surveys from respondents of different nations, but no important study has directly focused on Malaysia in a formal manner.

Papers that do look at the ethical perceptions of Malaysians are, for the most part, cross-cultural or multinational, but they are limited in scope. For the most part, there is not enough information provided that discusses Malaysian corporate managers' ethical behaviour in the context of general business ethics. What is required is an in-depth analysis of the subject, based on a thorough methodology which incorporates the best survey questions in order to obtain useful and meaningful information.

In conclusion, it shall be stated that the integrated framework developed here shall contribute to the understanding of the determinants of ethical behaviour of corporate managers in Malaysia. Given the limited effort directed toward theory testing in the field so far, it ideally will not only add to general ethics theory on the one hand and aid practitioners in the cross-cultural context on the other, but also inspire empirical studies in the future.

CHAPTER 3: Research Methodology

3.1 Introduction

In Chapter 2 the literature in regard to business ethics was reviewed along with the research questions and issues to be studied in this paper.

This chapter outlines the research question and hypotheses utilised in this study; discusses the research design and methodology; selection of the sample and the data collection methods; and reviews the validity and reliability issues in relation to this study. Finally the issues of data collection, data analysis, limitations of the research method and ethical considerations are considered.

3.2 Research Questions and Hypotheses

The main research objective of this study is:

To examine the impact of certain determinants on the ethical perceptions and attitudes of corporate managers in Malaysia.

In addition, the following research questions have been formulated to examine the research objective;

RQ_1: What is the nature of the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_2: What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_3: What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_4: What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_5: What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

To answer the research questions above, fifty-six hypotheses have been generated. These hypotheses are outlined below. Owing to the mixed research findings in the literature pertaining to the impact of the independent variables on the dependent variables and since there is in the literature very little detailed empirical research on these relationships within a Malaysian context, null hypotheses were employed. The significance of the task in employing tests of null hypotheses was to establish whether a relationship exists between the demographic variables and the presence of a formal code of ethics on the one hand and perceptions of ethical behaviour on the

other. Where a null hypothesis is rejected, a relationship between the independent variables and dependent exists (Zikmund, 2003).

Hypotheses 1 to 14 relate to research question 2 which examines the impact of age on various aspects of ethical perceptions and attitudes of ethical behaviour.

H₁: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.

H₂: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.

H₃: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.

H₄: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.

H₅: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.

H₆: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.

H₇: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.

H₈: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.

H₉: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.

H₁₀: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.

H₁₁: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.

- H₁₂: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.
- H₁₃: There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.
- H₁₄: There is no significant relationship between the age of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.

Hypotheses 15 to 28 relate to research question 3 which examines the impact of gender on various aspects of ethical perceptions and attitudes of ethical behaviour.

- H₁₅: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.
- H₁₆: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.
- H₁₇: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.
- H₁₈: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.
- H₁₉: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.
- H₂₀: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.
- H₂₁: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.
- H₂₂: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.
- H₂₃: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.

- H₂₄: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.
- H₂₅: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.
- H₂₆: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.
- H₂₇: There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.
- H₂₈: There is no significant relationship between the gender of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.

Hypotheses 29 to 42 relate to research question 4 which examines the impact of level of education on various aspects of ethical perceptions and attitudes of ethical behaviour.

- H₂₉: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.
- H₃₀: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.
- H₃₁: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.
- H₃₂: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.
- H₃₃: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.
- H₃₄: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.

- H₃₅: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.
- H₃₆: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.
- H₃₇: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.
- H₃₈: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.
- H₃₉: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.
- H₄₀: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.
- H₄₁: There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.
- H₄₂: There is no significant relationship between the level of education of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.

Hypotheses 43 to 56 relate to research question 5 which examines the impact of the presence of a formal Code of Ethics on various aspects of ethical perceptions and attitudes of ethical behaviour.

- H₄₃: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and the cultural environment within which they work.
- H₄₄: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of stakeholder interaction.
- H₄₅: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of employee ethics.

- H₄₆: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of ethical conflict situations.
- H₄₇: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of the general business climate.
- H₄₈: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of whether the family bears most of the responsibility for teaching ethics.
- H₄₉: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of whether strong personal beliefs play an important part in determining if someone will behave ethically.
- H₅₀: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.
- H₅₁: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.
- H₅₂: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of coercion and control.
- H₅₃: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of deceit and falsehood.
- H₅₄: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of conflict of interest.
- H₅₅: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their perceptions of personal integrity.
- H₅₆: There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their overall perceptions of ethical behaviour.

3.3 Research Design and Methodology

Research design is defined as a strategic plan to execute a research study (Zikmund, 2003) and falls within a particular research paradigm. Kuhn (1962) defined a paradigm as a framework of beliefs, values, orientations and techniques shared by the members of a specific professional community. This study employs a positivist research paradigm as an objectivist approach to studying social phenomena which focuses on such quantitative research methods such as surveys (Manchester Metropolitan University, 2008). According to this paradigm the researcher is concerned with gaining knowledge in a world which is objective using scientific methods of enquiry. Methods of analysis aligned with this paradigm frequently employ statistical or mathematical procedures. Other paradigms that are qualitative in nature and that rely on direct observation and interviews were not considered due to the large number of respondents to be queried. Therefore, the positivist paradigm offered the best viable option.

Conclusions drawn from the research provide evidence to support or dispel various hypotheses. The emphasis is on measurement, whether this be of attitudes and opinions by means of surveys and questionnaires or by means of experimental activities (Zikmund, 2003). In line with this paradigm, quantitative methodology is utilised in this study by employing a survey in the form of a self-administered questionnaire.

Zikmund (2003) generally refers to three types of research designs: exploratory, which tends to attempt to classify the nature of problems and to develop hypotheses to be developed in a future study; causal research which seeks to discover the statistical causal effect that one variable has on another; and descriptive which is to describe characteristics of a population by determine answers to who, what, where, when, where and how questions. This study employs a mix of the three types of research designs. Exploratory because there is not a proliferation of subject material that exists in this area; it is anticipated that managers can gain a better understanding of the problem in a broad sense; and it is hoped that the proposed study will serve as a jumping-off point for further research into more specific areas. Even though this research is not causal and therefore predictive, this research is correlative in the sense that correlations are calculated between independent and dependent variables. This study is also descriptive in nature because there has been a paucity of research in relation to the research topic examined in this study and it provides data about a specific sample drawn from a population being studied. Furthermore, the objective is to provide a systematic description that is as factual and accurate as possible. The sample consisting of Malaysian managers will be discussed in the next section.

Even though certain relationships between the independent and dependent variables are calculated, this study is not causal in nature and will not be examining the complex cause and effect relationships between variables. This type of analysis falls beyond the scope of this study and will be a topic for further research (Zikmund, 2003).

The next two sections examine how the sample population was chosen and how data was collected for this particular study.

3.4 Sampling

The member databases of three popular Malaysian directories were used in establishing the population of this study. These directories are the 2006-2007 Malaysian Business Pages, the 2007 SMI/SME Business Directory of the SMI Association of Malaysia, and the 2007 Federation of Malaysian Manufacturers' Malaysian Industries Directory. These directories provided a comprehensive list of companies operating in Malaysia along with up-to-date contact details of corporate managers. A stratified sample of companies was utilised (no overlaps) according to the following criteria: organisation size, gender, and location. This was the only available information that could possibly be gleaned from the directories and the names of the contacts listed. According to Zikmund (2003), stratified sampling consists of dividing a population into subgroups, or strata, whose members are more or less equal on some characteristic, and then going a step further by drawing a sub-sample using simple random sampling within each stratum, in this case organisation size, gender and location.

Another reason for taking a stratified sample is the assurance that the sample will accurately reflect the population on the basis of the criterion or criteria used for stratification (Zikmund, 2003). In order to get the best stratification possible, organisation size, gender and location were the only possible strata that could accurately be used for the purpose of this study. In addition, the directories mentioned above give a good cross-section of the various types of companies that exist in Malaysia, such as manufacturing, service, government, banking and finance, information technology, logistics and more.

A total of 750 questionnaires were sent directly by e-mail through the Internet survey tool Zoomerang (www.zoomerang.com) to managers which consisted of a cover letter and a questionnaire. Respondents then filled out the questionnaire electronically and submitted the completed questionnaire in the same manner.

Of the 750 questionnaires sent out, a total of 138 were returned. Eighteen questionnaires were considered unusable due to incompleteness of the survey instrument, so they had to be disregarded. Therefore, 120 usable questionnaires were returned. Thus, the overall response rate was 16%.

Although the overall response rate was low, this was to be expected. Due to the sensitive nature of the subject, the anticipated number of respondents was deemed to be in the 15-20% range: the low response rate seems to be in accordance with other studies of a similar nature including one which examined the ethics of advertising agency executives where the response rate was 17% (Chonko and Hunt, 1987). Vitell, Singhapakdi and Leelakulthanit's (1994) study of Thai marketers using a questionnaire method yielded a response rate of 16%, Armstrong et al.'s (1990) study of ethics and Australian marketers resulted in a response rate of 25%, and Rao, Singhapakdi, Karande, and Vitell's (2001) study of ethics of marketing professionals in four countries resulted in a response rate of both 23% from the American respondents and 13% from the South African group. Therefore, the response rate of 16% for this study is acceptable given the sensitive nature of the topic.

3.5 Data Collection Methods

Primary data is defined as data gathered and assembled for the research project at hand (Zikmund, 2003). For the purpose of this study, the survey method was used to collect this primary data (see Appendix B for a sample of the questionnaire).

Because of the sensitivity of the subject, questionnaires offer an unobtrusive approach and allow the respondent to maintain a degree of anonymity. With this in mind, the questionnaires were self-administered, i.e. the researcher was not present, in order that the respondent could answer without any general time constraints.

This method for collecting information therefore allows a respondent to maintain confidentiality and privacy without the need for an interviewer to be present. By answering a series of questions regarding the subject of business ethics, a respondent can answer in his or her own time and in a private environment – since the subject is considered rather sensitive, it is hoped that respondents offer comprehensive feedback by answering as many questions as possible. Finally, self-administered questionnaires are the best avenue because of the number of respondents that will be receiving the survey (Zikmund, 2003).

As highlighted in Gable (1994), the survey (or questionnaire) approach refers to a group of methods which emphasise quantitative analysis where data from a large number of organisations is collected and analysed using statistical techniques. By studying a representative sample of organisations, the survey approach seeks to discover relationships that are common across organisations and to then provide general statements about the object of study. Although Gable does admit that the survey approach only presents a snap-shot at a certain point in time, the approach can accurately document the norm and delineate associations between variables in a sample. Vidich and Shapiro (1955) concur with Gable by stating that the survey method is relatively superior to the field method in terms of deductability: without the survey data, the observer could only make reasonable guesses about an area under study. Jick (1983) suggests that survey research may contribute to greater confidence in the generalisation of results.

Some studies argue that an approach combining survey and fieldwork is ideal and that each approach is incomplete without the other (Attewell and Rule, 1991; Kraemer, 1991). Others argue that it is always best to utilise several methods of data collection (Kling, 1991; Gutek, 1991; Bikson, 1991) as does Jick (1983). These authors feel that qualitative and quantitative methods should be viewed as complements rather than as competitors, while Jick stresses that it is best to mix methods based on his findings as found in Table 3.1 below. Gable (1994) found that research designs that extensively integrate both fieldwork (for example, case studies) and survey research are rare, more than likely due to researchers engaging in purity of method.

Table 3.1 summarises the relative strengths of case study versus survey methods.

Table 3.1: Relative Strengths of Case Study and Survey Methods

	Case Study	Survey
Controllability	Low	Medium
Deductibility	Low	Medium
Repeatability	Low	Medium
Generalisability	Low	High
Explorability	High	Medium
Representability	High	Medium

Source: Jick (1983)

This study strictly focuses on one particular type of method, i.e. the self-administered questionnaire. However, as outlined in Cooper and Schindler (1998), the primary advantages of using the mail/e-mail survey are:

- Relatively inexpensive to administer
- Allows respondents to complete the survey on their own time
- Reach many people more easily than telephone or personal interviews

The above points also allow for respondents to answer questionnaires in not only Peninsular Malaysia, but East Malaysia (Borneo) as well, thus making the survey more representative of the country. In addition, the survey instrument can be designed to be filled out in a brief time than what could take place in a personal or phone interview. Although it is acknowledged that the response rate for e-mail surveys can be lower than other types of surveys, it is felt that e-mail surveys offer the best approach to elicit feedback from a large number of people (Zikmund, 2003).

Questionnaires were sent out and respondents were asked to return them no more than two weeks later in order to facilitate the return of the survey instrument, thereby giving respondents ample time to complete the survey. Every effort was made to ensure that questionnaires were sent to local Malaysian managers and not those considered to be expatriates living and working in Malaysia.

As is mentioned in Zikmund (2003), surveys can suffer from low response rates. In order to help alleviate this problem, follow-ups by e-mail were conducted as gentle reminders to respondents to please send the surveys back, and the importance of the survey was stressed in a covering letter to the respondent (See Appendix A). The covering letter attempted to stress the fact the respondent was specially chosen for taking part in the survey.

3.5.1 The Measurement Instrument

The survey questionnaire in this study has been adapted from the questionnaire developed by Bourne and Snead (1999) and four vignettes/scenarios developed by Lund (2000) to measure ethical perceptions and attitudes respectively. The questionnaire has been divided into three sections (A, B & C) with a total of 43 questions/statements which were meant to ask about the respondent's demographics (Section A), the respondent's perceptions regarding various aspects of ethical behaviour (Section B), and the respondent's perceptions regarding certain ethical problems (Section C). The questionnaire has been designed for clarity and ease of responding in order to facilitate an increase in the response rate.

Section A is concerned with the respondent and the organisation he or she works for. Questions A1-A10 were asked in order to capture as much data about the respondent and his or her organisation. These questions are general demographic questions designed to elicit a basic background of an individual in terms of company title, age, gender, level of education, employment categorisation and business background. Three demographic variables including age, gender and level of education were employed as independent variables in the examination of research questions two to four.

All the questions/statements in Section B were derived from Bourne and Snead's (1999) study in which quantitative data were initially collected on the ethical perceptions of workers along the following dimensions: determinants of ethical values, workplace fairness, issues involving one's position within the organisation, general organisational climate, and the general ethical climate existing in today's business environment. They conducted a principle component factor analysis after which six ethical dimensions emerged. These six dimensions were also employed as the main measurement constructs in this study.

The questions in **Section B** were utilised as dependent variables in the examination of research questions 2 to 5, with the exception of questions B8 and B9 which deal with the presence of a code of ethics and which were used as independent variables in examining research question 5. This research question examines the impact of the presence of a formal code of ethics on the ethical behaviour of corporate managers in Malaysia. Question B8 asks whether the organisation has a code of ethics that is articulated to all employees and, if yes to this question, then question B9 asks whether the code of ethics is clearly communicated to employees (B9).

There were only minor modifications to Bourne and Snead's (1999) questionnaire. One question in relation to the 'communication of the code of ethics' was removed from the 'cultural environment' construct. This was done because originally in Bourne and Snead's (1999) questionnaire, the question was posed whether 'this company has a Code of Ethics which is clearly communicated to all employees.' Because it is quite possible that a respondent to this study's questionnaire may not have a Code of Ethics in place at his/her organisation, two new questions were asked, 'Does your organisation have a Code of Ethics in place?' and 'Is the Code of Ethics clearly communicated to all employees?' These two questions were measured on a nominal scale of 'Yes' and 'No'. The other change was the addition of another possible response of 'Neutral' to make this study's questionnaire into a Likert five-point scale rather than a four-point scale as employed in Bourne and Snead's (1999) study.

A total of thirteen constructs are measured in this survey. Nine constructs, apart from the questions concerned with code of ethics, are measured in Section B of the survey, consisting of 27 questions/statements (B1 – B7 and B10 – B29) including cultural environment, external stakeholder interaction, employee ethics, ethical conflict situations, general business climate, and origins of ethical values. These constructs are outlined below:

The first measurement construct in the survey is **‘cultural environment’** which consists of 11 statements. This construct measures the internal environment within which employees operate. The sub-dimensions relating to this construct include: the extent to which employees are treated with dignity, respect and fairness (B1); the fairness of compensation (B2); whether the firm shows integrity and honesty in its dealings with employees (B3); whether management can be characterised as highly ethical (B4); the level of overall trust in management (B5); how well the values of the organisation are communicated to employees (B6); the presence of discrimination (B7); if acting in an ethical manner is rewarded by the company (B10); the extent to which managers earn their money (B11); the degree to which personal ethical beliefs conflict with those of the organisation (B13); and finally the respondent’s overall job satisfaction (B12).

The second measurement construct is **‘external stakeholder interaction’** which could be interpreted as the firm’s relations with groups which operate external to the organisation. This construct measures two dimensions including: the extent to which businesses demonstrate integrity and honesty in their dealing with customers and suppliers (B14, 15 and 17); and the honesty of communication with government agencies (B16).

The third measurement construct is **‘employee ethics’** which refers to assessments of employees’ ethical actions and expectations. Four dimensions are measured by this construct including: whether employees give ‘a full days work for a full days pay’ (B18); whether they expect honesty from one another (B19); whether employees can be characterised as highly ethical (B20); and whether employee stake company supplies or other resources for personal use (B21).

The fourth measurement construct is **‘ethical conflict situations’** which refers to situations which may cause ethical conflict within an individual. Two dimensions are measured by this construct including: firstly, the extent to which the giving and receiving of gifts, special favours or bribes is customary within the industry (B22), and secondly, the extent to which the giving and receiving of gifts, special favours, or bribes is customary within the respondents particular firms (B23).

The fifth measurement construct is **‘general business climate’** which refers to the general business climate within respondent companies operate. Two dimensions are measured including beliefs regarding whether the majority of managers and workers in the region are ethical in their business activities (B24); and whether overall businesses activities are as ethical as they were thirty years ago (B25).

Statements B26 – B29 each consist of separate constructs (constructs six through nine) which correspond to origins of ethical values. After conducting a reliability analysis (discussed in section 3.6.3), it was clear that these four statements could not be utilised as part of one particular scale and constituted separate measurement entities.

The sixth construct measures whether the **family bears most of the responsibility** for teaching ethics (B26).

The seventh construct measures **whether strong personal beliefs play an important part in determining if someone will behave ethically** (B27).

The eighth construct measures **whether ethical behaviour is personal** and is not something that a company can teach or force on its employees (B28).

The ninth construct measures whether **laws are necessary** to force most companies to be fair with their employees, customers, and suppliers (B29).

The questions for **Section C** were adopted from Lund's (2000) study which utilised four vignettes to examine responses to a series of ethically challenged business situations and dilemmas. The study research instrument included four ethical situation vignettes which operationalised the constructs of (1) coercion and control, (2) deceit and falsehood, (3) conflict of interest, and (4) personal integrity. The vignettes originally corresponded to the marketing mix elements of place, promotion, price and product, but they seemed adaptable to any dilemma that a typical corporate manager could either face or have a comment on.

Abratt et al. (1999), Agacer et al. (2003), Wu (1999) and Schoenberg et al. (2000) stress that the contribution made by asking 'scenario' or 'vignette' questions can appreciably add to the importance of a survey (Cavanagh and Fritzsche, 1985; Christie et al., 2003).

Researchers believe that it is difficult to get accurate empirical data on ethical attitudes and behaviour of respondents, since business ethical decisions involve complex, multidimensional issues and it is impossible to address and control all the variables in a questionnaire. Christie et al. (2003) support that in the past, vignettes or scenarios have found to be one of the most effective collection techniques for ethics research since they help to standardise a series of independent variables.

In their general theory of marketing ethics, Hunt and Vitell (1986) recognise the use of scenarios as suitable for research, while Schoenberg and Ravdal (2000) attest to the benefit of scenarios for empirical research due to flexibility in questionnaire design, enjoyment and creativity for the respondent, and depersonalisation that causes a respondent to think beyond his or her own circumstances, an important feature for sensitive topics.

The only notable modification to the vignettes used in this study's questions and the ones found in Lund (2000) is the alteration of the possible choice of 'Neither Would or Would Not' in the latter study to the word 'Neutral'. This was done for the sake of ease in presenting the questionnaire.

The four scenarios/vignettes each constituted a separate measurement construct, including:

Construct 10: **coercion and control** (C1); Construct 11: **deceit and falsehood** (C2); Construct 12: **conflict of interest** (C3); and Construct 13: **personal integrity** (C4).

The questions C1-C4 also assisted in answering Research Question 2 to 5.

Because the fluency of corporate managers in the English language is not considered a problem in Malaysia, the survey was presented in that language alone. The largest circulating newspapers in Malaysia are *The Star* and *The New Straits Times*, and both are published in English.

3.5.2 Data Measurement

The form of data measurement was nominal measurement in relation to questions A1-A10 which serve as demographic questions and respondents were required to tick one box per question. The second form of data measurement in the questionnaire entails a five-point Likert scale where respondents have a choice of answering:

- 1 – Disagree
- 2 – Tend to Disagree
- 3 -- Neutral
- 4 – Tend to Agree
- 5 – Agree

Questions C1-C4 are also based on a five-point Likert scale where respondents have a choice of answering:

- 1 – Definitely Would
- 2 – Probably Would
- 3 - Neutral
- 4 – Probably Would Not
- 5 – Definitely Would Not

Likert scales provide a range of responses to a given question or statement (Cohen et al., 2000). Responses to a single Likert item are normally treated as ordinal data because, especially when only using five levels, one cannot assume that respondents perceive the difference between adjacent levels as equidistant (Pett, 1997; Blaikie, 2003; Jamieson, 2004; Sproull, 1995). When treated as ordinal data, Likert responses can be analysed using non-parametric tests, such as the Mann-Whitney test, the Wilcoxon signed-rank test, and the Kruskal-Wallis test (Institute for Computer Based Learning, 2007).

Likert scales were also employed in relation to the specified scenarios in section C of the questionnaire.

The section that follows examines the validity and reliability of the measures used to examine the issue being explored, i.e. the ethical perceptions and attitudes of corporate managers in Malaysia.

3.5.2.1 Recoding and transformation

Statements B13, B21-B23, B26 and B29 were recoded due to the connotation being considered to be negatively-oriented in an ethical sense, with the same recoding being applied to questions C2 and C4 in order to maintain a positive connotation for all the statements in the survey.

Six constructs were computed including cultural environment, external stakeholder interaction, employee ethics, ethical conflict situations, general business climate and an overall score for perceptions of ethical behaviour. This was done in order to obtain composite scores for items on these scales. The computation of these scales were conducted once the reliability analysis described below was performed.

The section that follows examines the validity and reliability of the measures used to examine the issue being explored, i.e. the ethical behaviour of corporate managers in Malaysia.

3.6 Validity and Reliability

Validity has to do with whether the methods, approaches, and techniques utilised in this study actually relate to, or measure, the issues being explored (Blaxter, Hughes and Tight, 1996), or as Gilbert (1993) states it by accurately measuring the concept. Reliability addresses the consistency and stability of measures (O’Leary-Kelly and Vokurka 1998) and the degree to which measures are free from error and yield consistent results (Zikmund, 1997).

The validity and reliability considerations in this study include content validity and construct validity as discussed below.

3.6.1 Content Validity

Content validity or ‘face validity’ has to do with knowing what the dimensions are of what you are measuring. In order to ensure content validity a questionnaire could be judged in pre-testing to accurately capture the concept and to contain the full content of a definition in the measure (Zikmund, 2003; Zikmund 1997). In line with this approach the questionnaire in this study was subjected to a pre-test. Zikmund (2003) notes that the pre-testing process allows researchers to determine whether respondents have any difficulty understanding the questionnaire and whether there are any ambiguous or biased questions. Usually, the questionnaire is tried out on a group that is selected on a convenience basis and that is similar in makeup to the one that will ultimately be sampled.

A pre-testing of the questionnaire was conducted among ten corporate managers in Malaysia who provided feedback via email regarding the content, clarity and relevance to the study being conducted.

For the most part, the ten managers were unanimous that the survey design, content, clarity and relevance was quite good and that there were no major issues that could prevent it being used. One individual felt that Question C3 could be modified to make it more clear that ‘Jack Brown’ was involved in his own private joint venture, but it was felt to leave the question as it is since the other nine participants in the pre-testing thought it was fine. The only other feedback entailed very minor spelling changes to the content.

Furthermore the questionnaire was also submitted to a small group of academics at various stages of questionnaire development. These academics have an in-depth knowledge of the constructs being measured in the questionnaire and they were

asked to provide feedback on the appropriateness and face validity of each of the questions and whether these questions accurately reflect the constructs measured in the research questions and hypotheses.

3.6.2 Construct Validity

In its simplest form construct validity relates to whether you are measuring what you thought you were measuring (Zikmund, 2003). One way to maximise construct validity would be to explore the literature for the given construct and utilise the experience of previous researchers. In regard to this study, the questionnaire items have been adapted from previous validated studies (see section 3.5.1 in regard to the questionnaire development for this study). Therefore a thorough evaluation has been made in relation to how the constructs measured in the questionnaire have been previously researched and whether there had been a reliance on previously utilised questionnaires in addition to pre-testing (Perry and McPhail, 2002).

3.6.3 Reliability

Reliability addresses the consistency and stability of measures (O'Leary-Kelly and Vokurka 1998) and the degree to which measures are free from error and yield consistent results (Zikmund 1997). Reliability also refers to the question whether the procedures employed can be repeated with the same results. In this study the survey instrument was developed from two previous instruments with adaptations and enhancements including those arising from the conduct of the pre-test which was employed to modify and improve the questionnaire. Furthermore the various scales, which had been selected to represent the dimension measured in the questionnaire, were subjected to reliability analysis.

The various constructs (scales), which had been selected to represent the constructs of perceptions of ethical behaviour characteristics were subjected to a reliability analysis. Cronbach's α tests were used to establish the reliability of the data. This is significant in that the α coefficient represents the probability of concluding that the specified value of the parameters being tested (in this case, the constructs outlined previously) under the null hypothesis may be plausible (Berenson and Levine, 1996). The α coefficient ranges from 0-1, with the reliability of the findings being greater as the coefficient approaches 1, although there is no agreement among researchers as to the acceptable size of the coefficient. Generally, Cronbach's α with values of .60 to .70 are deemed to be at the lower end of acceptability (Hair, Anderson, Tatham, and Black, 1998). This varies according to the type of research conducted with .60 considered by some as acceptable for exploratory research (Robinson, Shaver and Wrightman, 1991).

In examining the reliability of the scales used in this study, that is, the various constructs, the individual items, overall scale and relationship between the overall items and the individual scale were examined.

The scales that were analysed using the Cronbach α test were applied to each of the constructs outlined previously in Sections B and C of the survey.

A reliability analysis was conducted on the scale for **cultural environment** including statements B1-B13 (but excluding questions B8 and 9 which were measured on a nominal scale and utilised as independent variables). The reliability analysis indicated that a removal of question B13 would increase the reliability from 0.882 to 0.941. However, since the reliability was satisfactory it was decided to keep this question.

A reliability analysis was initially conducted for the second construct, **external stakeholder interaction**, where statements B14-B17 and questions C2 and C4 were included. Questions C2 and C4 were included because these two questions also seem to measure aspects of external customer interaction. A Cronbach α was achieved of 0.566. The analysis showed that the Cronbach α would improve to a value of 0.755 with the removal of both of the vignette questions C2 and C4, and it was therefore decided to remove these two items from this scale and to use these items as separate constructs as originally intended.

The third construct, **employee ethics**, considered statements B18-B21 and C3. Question C3 was initially included because this question because C3 could be seen as part of the employee ethics construct. A Cronbach α of 0.701 was achieved, but with the removal of question C3, the value rose to 0.793. It was therefore decided to use question C3 as a separate construct.

The fourth construct, **ethical conflict situations**, included statements B22, B23 and C1. Question C1 was included for the same reasons as stated in the paragraphs above. The Cronbach α for this group was 0.278, but once the question C1 was removed, the value rose to 0.802. It was clear that question C1 should be a separate construct.

Therefore, in regard to the vignettes, the removal of each of the questions C1-C4 resulted in each being considered a separate construct.

The fifth construct, **general business climate**, consisted of statements B24 and B25. The Cronbach α was not high (0.543), but it was considered acceptable for the purpose of this study.

The sixth construct, **overall perceptions of ethical behaviour** consisted of all the statements in the questionnaires, excluding B8 and B9 which were measured on a nominal scale and that were used as independent variables. The Cronbach α for this overall scale was 0.905 which was a significant value for this study.

A reliability analysis was conducted on statements B26-B29 to determine whether these questions could be used as a scale. Owing to the Cronbach α being unacceptably low at -0.753, each of the statements had to be considered as a separate construct.

The next section discusses how the data from the self-administered questionnaire was analysed.

3.7 Data Analysis Techniques

There are four features of the data analysis in this thesis. The first refers to the conduct of the reliability tests of the questions in the survey questionnaire (discussed in section 3.6.3). The second was the computation of constructs (scales) to obtain composite score for items on a scale (discussed in section 3.5.2.1). The third, the presentation of the descriptive data for each of the questions and constructs measured in each section in the questionnaire. The fourth refers to the correlational analysis in relation to the dependent and independent variables which link to the various research questions and were used for the testing of the hypotheses.

Non-parametric statistics have been used in the analysis of the data because the assumptions of parametricity have not been met. For instance, there is no normality of the population distribution which would allow one to evaluate the percentage of the population under what is considered a normal curve. In addition, the homogeneity of variance, which signifies that the variances of the groups being compared are equal, is not the case in regard to the data collected in this study (Coakes and Steed, 2001).

The following statistical techniques have been used in analysing the survey data and answering the research questions. Firstly, descriptive statistics in the analysis of research question 1 (for the demographic data obtained in this study such as frequency, mean, and standard deviation). Secondly, the Mann-Whitney U-Test in the analysis of research questions 3 and 5. This technique is applied to two separate and uncorrelated groups which might or might not be of the same size, in this case the data obtained in this study as it relates to gender (two independent variables) and the presence or absence of a code of ethics in relation to the various constructs (Bless and Katharia, 1993). Finally, for research questions 2 and 4, the Kruskal-Wallis Test, an extension of the Mann-Whitney U-Test, which is applied to three or more independent variables and the various constructs (Bless and Katharia, 1993).

Quantitative analysis of the survey results was undertaken with the aid of the Statistical Package for Social Sciences (SPSS).

The following two sections discuss the limitations that may affect the outcome of the survey undertaken and the ethical considerations that must be recognised.

3.8 Limitations

Survey research has some reservations attached to it as a methodology. Marginson (1998) refers to the limitations in the ability of surveys to discover the processes that lie behind the structures and processes surveyed. This applies especially to surveys addressing the ethical realm, which might be elusive, and in this project relies heavily upon proxies. In that sense, the resultant data from any survey need to be treated cautiously. However, if it is possible to survey participants about the intentions that orientate their actions (Marginson, 1998), then it is possible to extend the methodology to managers' perceptions of ethical behaviour.

Buchanan (1999) advances surveys as a good research instrument for ascertaining the prevalence of the phenomena being studied. The weakness, he argues, was the

weakness in revealing the processes that generate them. De Vaus (1995) disagrees, arguing that while data from a survey may describe the phenomena which are the topic of a survey, it may also provide an understanding of such phenomena. This is attempted in this study by the subsequent analysis.

The research design also could be said to suffer from focusing on a single research instrument and the absence of a qualitative interviewing process. Furthermore, an employee interview programme and a selection of case studies might have provided a greater wealth of data. These limitations are a function of resources which constrain the research boundaries in any case. A single survey has the limitation of providing a 'snapshot' of a research issue with the danger of failing to seize upon the dynamics of social phenomena. However, a survey does have the potential of its findings being applicable to a broad population, in this case corporate managers in Malaysia, provided the sample is representative (Callus, 1999).

One of the main limitations of this study has been the anticipated low response rate (Zikmund, 2003). Although personal and telephone interviews are considered to offer higher response rates, the nature of the study and its need for confidentiality does not warrant these latter two approaches. In addition, respondents need time to answer the questions at their own leisure without any pressure from a personal interviewer. Although the response rate was low (16%), certain steps have been incorporated which may increase the number of responses, e.g. cover letter, knowledge of the sample through the use of organisational publications for the use of convenience sampling, and follow-up phone calls or e-mails.

In addition, a questionnaire does not give respondents the ability to offer explanation or clarification to their answers (McDonald and Wiesner, 1997). Over-claiming on self-reported questionnaires is a factor that can affect the accuracy of the findings. A form of social desirability bias, where respondents give a 'good' answer rather than a totally accurate answer, could influence the results of the questionnaire (Zikmund, 2003).

Because the focus of this study was on one specific geographic region only, the findings cannot be generalised to managers in other countries. It may be also be that other factors that were not covered in this thesis may have an influence on ethical perceptions such as geographical location and ethno-cultural makeup -- because of Malaysia's diversity in geography and its ethno-cultural composition, these factors could have an influence on one's ethical perceptions -- religion and other personal values. For the sake of sensitivity, subjects such as religion and other personal values were not discussed in any form with the respondents.

In regard to the actual questionnaire items, there are two questions that are highlighted in relation to limitations with regard to possible interpretation. The statement made in B24 pertains to whether managers or employees in the region are ethical in their business activities, and it has been left to the respondent to decide what the term 'region' means precisely. The statement in B25 -- whether business activities today are more ethical than thirty years ago -- again is left to the respondent to decide how to make that comparison, whether country-specific or global-specific.

In addition, another notable limitation found in the study was the requirement to address each vignette or scenario question (C1-C4 of the questionnaire) as a separate construct. When each of the questions C1-C4 was included in a particular group of constructs, the reliability value (Cronbach α) was considered too low. This may indicate that the questions were deemed to be too long for a respondent to want to take the time to read, particularly as the questionnaire constituted 39 questions or statements to read and to then tick the appropriate box. Perhaps it was felt that the vignette questions were just too long to be considered properly in their own right.

3.9 Ethical Considerations

Sproull (1995) defines ethical research practices as those practices that protect respondents, appropriate methodology, conclusions and recommendations based on actual findings, and complete and accurate research reports. Zikmund (2003) states that the purpose of research should be research, and that surveys should be objective with high standards being met for accurate data collection.

In order that general business ethics are followed during the course of this study, the points below will be adhered to as outlined in Sproull (1995):

- Obtaining free consent from the respondent
- Assuring and maintaining confidentiality
- Assuring and maintaining privacy
- Assuring and maintaining anonymity
- Using appropriate methodology
- Reporting of the research appropriately and completely

This study has at no time intentionally tried to prove a particular point for political or any other purpose, and it will not purposely attempt to draw faulty conclusions.

The protocol for this research was approved by the Ethics Committee at the University of Southern Queensland where the researcher is a doctoral student. The study has been conducted according to the following guidelines:

3.9.1 Informed Consent

The survey questionnaire provides for informed consent of the respondents (see Appendix A).

3.9.2 Plain Language for Consent Mechanism

The consent was provided in plain language in English (see Appendix A).

3.9.3 Respondents free to Withdraw at any Stage

Respondents were able to withdraw from the questionnaire at any time simply by not continuing with it.

3.9.4 Preservation of Confidentiality

Confidentiality has been preserved by the researcher in accordance with the ethical guidelines to researchers provided by the University of Southern Queensland. The resultant data will only ever be reported in total and summary form without disclosing any individual or corporate participants.

3.9.5 Research Findings reported to Respondents

The summary findings from the survey questionnaire were made available to all participants with a report via e-mail.

3.9.6 Data Security and Storage

The data collected from the survey has been stored in a locked filing cabinet with the researcher and will be kept for a period of five years in compliance with the University of Southern Queensland guidelines.

3.9.7 Contact Details Provided

Contact details of the researcher are provided in the introduction to the questionnaire (see Appendix A).

3.9.8 Respondent Access to Research Ethics Board

Respondents to the questionnaire were provided with contact details for the Ethics Committee at the University of Southern Queensland.

3.9.9 Privacy Regulations

No intrusive enquiry was undertaken as part of the survey. The questionnaire protocol was submitted, reviewed and approved by the Ethics Committee at the University of Southern Queensland.

3.9.10 Psychological and other Risks

There are no known psychological or physical or other potential risks to the respondents.

3.10 Summary

This chapter has specified the overall research objective, the related research questions, and the related hypotheses.

Positivist realism was selected as the research paradigm because it provided an appropriate match to the research objective. The selected methodology to address the research objective is a quantitative method, utilising a self-administered questionnaire. The research questions have been related to the various components of the research design, and the participant selection process for the primary research has been described.

The potential limitations have been identified and addressed and the issues relating to research ethics have been considered and the appropriate approvals received. The importance of the subject of ethical behaviour of corporate managers in Malaysia -- namely their ethical perceptions and attitudes -- that is the focus of the study, along with the expectations for the future importance of examining this area, provides justification for the research.

This research has the potential to contribute to the body of knowledge on how managers in Malaysia cope with ethical problems. It also has the potential to inform policy to encourage the study and application of solutions to guide ethical behaviour. All participants were advised of this potential. In addition, the communication of the findings to the participants should serve to make present and future managers better informed and better equipped to cope with any future ethical dilemmas.

The next chapter reflects the results of the survey employed in this study.

CHAPTER 4: Analysis of Results

4.1 Introduction

4.1.1 Chapter Introduction

In Chapter 4, the data and analysis of the information derived from the respondents of the survey are presented. The significance of the overall findings of the questionnaire is discussed in Chapter 5.

The chapter consists of a demographic profile of the respondents and an analysis of the survey results according to the various research questions and associated hypotheses.

4.2 Demographic Profile

In Section A of the questionnaire, respondents were asked ten questions in order to capture as much data about the respondent and his or her organization.

The demographic breakdown of the 120 persons who responded to the survey can be found in the following tables below. Table 4.1 captures general personal demographic data such as age, gender and level of education (questions 2, 3 and 4 of the survey), while Table 4.2 captures personal organizational data (questions 1, 5 and 6 of the survey). Table 4.3 captures data in regard to the nature of the organization that the respondent works for (questions 7-10 of the survey).

Table 4.1: Personal Demographic Profile (n=120)

Question A2: Gender	f (%)
Male	73 (61%)
Female	47 (39%)
Question A3: Age	f (%)
25 years and below	2 (2%)
26-35 years of age	38 (32%)
36-45 years of age	43 (36%)
46-55 years of age	29 (24%)
Above 55 years of age	8 (6%)
Question A4: Level of Education	f (%)
Secondary	5 (4%)
College	5 (4%)
Diploma	26 (22%)
University	45 (37%)
Postgraduate	36 (30%)
Other	3 (3%)

As can be seen from Table 4.1 above, 61% of the respondents are males. Thirty-six percent were in the 36-45 age range, 32% in the 26-35 age range, and 24% in the 46-55 age range.

In terms of level of education, the majority of respondents had tertiary education. Thirty-seven percent had a university degree, 30% had a postgraduate education, and 22% held a diploma.

Table 4.2 displays the data regarding the information about the organization that the respondent works for.

Table 4.2: Respondent Organizational Data Profile (n=120)

Question A1: Position in Organization	f (%)
CEO	20 (17%)
Senior Management	49 (41%)
Middle Management	33 (27%)
Other	18 (15%)
Question A5: Work Experience (Years)	f (%)
1-5	7 (6%)
6-10	21 (18%)
11-15	20 (17%)
16-20	25 (21%)
21-25	19 (15%)
25+	28 (23%)
Question A6: Number of Immediate Subordinates	f (%)
Less than 5	44 (37%)
5-10	33 (28%)
11-20	23 (19%)
21-50	12 (10%)
50-100	4 (3%)
More than 100	4 (3%)

Table 4.2 illustrates that 41% of respondents were from the senior management category, with middle management comprising 27%. The category ‘Other’ included those who held management positions but wanted to be more explicit about their titles.

The amount of work experience held by the respondents was, for all intents and purposes, split among the categories across the 6-25+ years of experience range. In terms of number of immediate subordinates, a majority of corporate managers had less than five subordinates (37%), the next highest category being 5-10 subordinates (28%). Table 4.3 displays data regarding the nature of the respondents’ organizations.

Table 4.3: Nature of the Organization (n=120)

Question A7: Location	f (%)	Question A7: Location	f (%)
Kuala Lumpur	74 (61%)	Pahang	1 (1%)
Selangor	29 (24%)	Perak	0 (0%)
Johor	5 (4%)	Pulau Pinang	2 (2%)
Kedah	1 (1%)	Perlis	0 (0%)
Kelantan	0 (0%)	Sabah	4 (3%)
Melaka	2 (2%)	Sarawak	1 (1%)
Negeri Sembilan	1 (1%)		
Question A8: Business Sector	f (%)	Question A8: Business Sector	f (%)
Accommodation, Bars, Restaurants	8 (7%)	Health Services	2 (2%)
Agriculture, Forestry, Fishing	2 (2%)	Investment	2 (2%)
Banking	7 (6%)	Manufacturing	17 (14%)
Communications	4 (3%)	Mining/Oil	5 (4%)
Computers	6 (5%)	Personal Services	2 (2%)
Construction	2 (2%)	Property	4 (3%)
Consulting	8 (7%)	Retail Trade	11 (9%)
Cultural and Recreational	0 (0%)	Transport/Storage	4 (3%)
Education	6 (5%)	Wholesale Trade	0 (0%)
Electricity, Water, Gas	1 (1%)	Other	27 (22%)
Government	2 (2%)		
Question A9: Number of Staff in Organization		f (%)	
Less than 10		15 (13%)	
11-50		25 (21%)	
50-100		17 (14%)	
101-500		27 (22%)	
501-1000		12 (10%)	
More than 1000		24 (20%)	
Question A10: Entity		f (%)	
Sole Proprietorship/Partnership		17 (14%)	
Private Limited (Sdn. Bhd.)		74 (62%)	
Public Listed (Berhad)		29 (24%)	

In Table 4.3 above, the vast majority of respondents worked in organizations located in Kuala Lumpur (61%) and Selangor (24%), a state that is located in close proximity to the city of Kuala Lumpur. Therefore a total of 85% of respondents were situated in the environs of the area of the Klang Valley, consisting of the Federal Territory of Kuala Lumpur and its suburbs.

The business sector question showed that a majority of respondents worked in the manufacturing sector (14%) and retail trade (9%). The 'Other' category shows a response percentage of 22% which is due to respondents not ticking the available categories in the questionnaire. These respondents filled in an occupation in the blank option offered but actually could have ticked the available industry box on the questionnaire.

Finally, a large majority of respondents (62%) were employed in a Sendirian Berhad (a private limited company), while 24% were employed in a Berhad (a public firm).

4.3 Survey Results

The purpose of this and the following sections in this chapter is to present the survey results as per the data gathered from the self-administered questionnaire. The descriptions in each of the following sections will address the findings in terms of the research questions that have been highlighted previously.

4.3.1 What is the nature of the ethical perceptions and attitudes of corporate managers in Malaysia?

The results in relation to this research question are presented in tables 4.4 to 4.7. Table 4.4 summarizes the results in relation to the descriptive data regarding the individual statements measuring ethical behaviour in the questionnaire. Not all statements are represented here since some statements are summarized in table 4.5 and 4.6.

Upon looking at the overall data as presented in Table 4.4, it is worth noting that very high mean values were obtained for all of the individual statements. This indicates very strong agreement by respondents with all the statements in relation to all the ethical behaviour issues presented in table 4.4.

Table 4.4: Results in relation to the descriptive data regarding the individual ethical behaviour statements

#	Statement	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean	SD
B1	Dignity	1 (1%)	8 (7%)	18 (15%)	29 (24%)	64 (53%)	4.23	0.991
B2	Compensation	2 (2%)	4 (3%)	19 (16%)	37 (31%)	58 (48%)	4.21	0.943
B3	Integrity/Employee	1 (1%)	6 (5%)	16 (13%)	37 (31%)	60 (50%)	4.24	0.926
B4	Management	1 (1%)	2 (2%)	23 (19%)	32 (26%)	62 (52%)	4.27	0.886
B5	Trust Mgmt.	2 (2%)	11 (9%)	17 (14%)	43 (36%)	47 (39%)	4.02	1.029
B6	Org. Values	1 (1%)	9 (7%)	24 (20%)	30 (25%)	56 (47%)	4.09	1.021
B7	Discrimination	4 (3%)	13 (11%)	14 (12%)	31 (26%)	58 (48%)	4.05	1.158
B10	Reward	3 (2%)	9 (7%)	38 (32%)	37 (31%)	33 (28%)	3.73	1.027
B11	Earn Money	1 (1%)	5 (4%)	23 (19%)	47 (39%)	44 (37%)	4.07	0.896
B12	Job Satisfaction	1 (1%)	8 (7%)	20 (17%)	40 (33%)	51 (42%)	4.10	0.965
B13	Org. Conflict	9 (7%)	21 (18%)	26 (22%)	24 (20%)	40 (33%)	3.54	1.315
B14	Integrity/Customer	1 (1%)	1 (1%)	16 (13%)	35 (29%)	67 (56%)	4.38	0.812
B15	Integrity/Supplier	1 (1%)	3 (3%)	18 (15%)	32 (26%)	66 (55%)	4.33	0.881
B17	Truthful	2 (2%)	3 (3%)	29 (24%)	42 (35%)	44 (36%)	4.03	0.930
B16	Government	1 (1%)	4 (3%)	21 (18%)	34 (28%)	60 (50%)	4.23	0.914
B18	Full day's work	2 (2%)	13 (11%)	21 (17%)	45 (37%)	39 (33%)	3.88	1.039
B19	Honesty	2 (2%)	4 (3%)	19 (16%)	44 (36%)	51 (43%)	4.15	0.923
B20	Employees	3 (3%)	6 (5%)	33 (28%)	44 (36%)	34 (28%)	3.83	0.982
B21	Personal use	2 (2%)	10 (8%)	22 (18%)	43 (36%)	43 (36%)	3.96	1.016
B22	Gift/Industry	5 (4%)	13 (11%)	24 (20%)	33 (28%)	45 (37%)	3.83	1.169
B23	Gifts/Business	2 (2%)	6 (5%)	18 (15%)	35 (29%)	59 (49%)	4.19	0.981
B24	Ethical region	6 (5%)	7 (6%)	51 (43%)	29 (24%)	27 (22%)	3.53	1.061
B25	Ethical 30 yrs ago	13 (11%)	25 (21%)	34 (28%)	29 (24%)	19 (16%)	3.13	1.229

Table 4.5 displays the results in relation to the nine constructs derived from the individual statements. The measurement instrument and the compilation of these nine constructs have been discussed in section 3.5 1 in the methodology chapter.

Table 4.5: The nature of ethical perceptions and attitudes of ethical behaviour of corporate managers in Malaysia

	Ethical Behaviour Constructs	Mean	SD
1	‘Cultural environment’	3.95	0.691
2	‘External stakeholder interaction’	4.24	0.762
3	‘Employee Ethics’	3.96	0.778
4	‘Ethical conflict situations’	4.01	0.986
5	‘General business climate’	4.01	0.986
6	‘Family bears most of the responsibility’	1.92	1.017
7	‘Whether strong personal beliefs play an important part in determining if someone will behave ethically’	4.52	0.686
8	‘Whether ethical behaviour is personal’	3.23	1.405
9	‘Laws are necessary’	1.95	0.986
	Overall	3.74	0.515

The results in table 4.5 show overwhelmingly positive perceptions towards seven of the nine constructs. The only two exceptions were in relation to disagreement with the notion that the family bears most of the responsibility for teaching ethics and that laws are necessary to force most companies to be fair with their employees, customers, and suppliers.

Table 4.6 displays the results for questions B8 and B9 which ask ‘Yes’ or ‘No’ questions that pertain to the presence of a code of ethics.

Table 4.6: Presence of a Code of Ethics

#	Statement	Yes f(%)	No f(%)
B8	Code Of Ethics in place?	92 (77%)	28 (23%)
B9	If yes, clearly communicated?	86 (72%)	34 (28%)

Table 4.5 shows that for a majority of respondents (77%), there exists a code of ethics within their respective workplaces. Also, a majority (72%) do claim that the code of ethics in place is clearly communicated to employees.

Finally, Table 4.7 below shows the results for each of the vignettes.

Table 4.7: Respondent Answers to Vignettes C1-C4

#	Statement	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	Mean	SD
C1	Coercion and Control	4 (3%)	14 (12%)	12 (10%)	36 (30%)	54 (45%)	4.02	1.152
C2	Deceit and Falsehood	48 (40%)	28 (23%)	18 (15%)	15 (13%)	11 (9%)	2.28	1.347
C3	Conflict of Interest	4 (3%)	12 (10%)	14 (12%)	42 (35%)	48 (40%)	3.98	1.108
C4	Personal Integrity	8 (7%)	7 (6%)	18 (15%)	24 (20%)	63 (52%)	4.06	1.232

In Table 4.7, the data captured for each of the vignette/scenario questions shows that C1, C3 and C4 have high mean values while C2 does not. This indicates that for questions C1, C3 and C4 most respondents would not engage in behaviour that was considered unethical. However, in regard to question C2 (the scenario whereby a statement would be included in an advertisement regarding the flooding of homes), the majority of respondents would consider acting unethically in that particular scenario dealing with deceit and falsehood.

4.3.2 What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

Table 4.8 summarized the results in relation to research question 2. Each of the constructs is presented along with the frequency of respondents pertaining to age. The last two columns show the values for mean rank and the value derived from the chi-square test.

Table 4.8: The Impact of Age on various aspects of Ethical Behaviour

Construct	Age	f (%)	Mean Rank	Chi-Square Test
Cultural Environment	<25	2 (2%)	34.75	12.776*
	26-35	38 (32%)	45.89	
	36-45	43 (26%)	64.26	
	46-55	29 (24%)	72.31	
	>55	8 (6%)	73.31	
Stakeholder Interact.	<25	2 (2%)	63.25	7.279
	26-35	38 (32%)	48.28	
	36-45	43 (26%)	65.34	
	46-55	29 (24%)	67.79	
	>55	8 (6%)	65.44	
Employee Ethics	<25	2 (2%)	17.25	6.693
	26-35	38 (32%)	52.62	
	36-45	43 (26%)	65.83	
	46-55	29 (24%)	64.78	
	>55	8 (6%)	64.63	
Ethical Conflict	<25	2 (2%)	60.50	7.879
	26-35	38 (32%)	47.96	
	36-45	43 (26%)	66.94	
	46-55	29 (24%)	64.57	
	>55	8 (6%)	70.69	
Business Climate	<25	2 (2%)	60.50	7.879
	26-35	38 (32%)	47.96	
	36-45	43 (26%)	66.94	
	46-55	29 (24%)	64.57	
	>55	8 (6%)	70.69	
Family	<25	2 (2%)	27.50	8.555
	26-35	38 (32%)	71.57	
	36-45	43 (26%)	57.70	
	46-55	29 (24%)	56.03	
	>55	8 (6%)	47.44	

Table 4.8 – The Impact of Age on various aspects of Ethical Behaviour (cont'd.)

Personal Beliefs	<25	2 (2%)	83.50	5.476
	26-35	38 (32%)	51.86	
	36-45	43 (26%)	64.19	
	46-55	29 (24%)	64.07	
	>55	8 (6%)	63.06	
Ethical behaviour is personal	<25	2 (2%)	59.25	3.571
	26-35	38 (32%)	67.08	
	36-45	43 (26%)	54.59	
	46-55	29 (24%)	58.12	
	>55	8 (6%)	69.94	
Laws are necessary	<25	2 (2%)	23.50	9.069
	26-35	38 (32%)	51.62	
	36-45	43 (26%)	61.31	
	46-55	29 (24%)	69.95	
	>55	8 (6%)	73.31	
Coercion and Control	<25	2 (2%)	71.00	15.896**
	26-35	38 (32%)	45.79	
	36-45	43 (26%)	60.03	
	46-55	29 (24%)	76.16	
	>55	8 (6%)	73.50	
Deceit and Falsehood	<25	2 (2%)	43.50	7.619
	26-35	38 (32%)	68.42	
	36-45	43 (26%)	64.19	
	46-55	29 (24%)	48.66	
	>55	8 (6%)	50.25	
Conflict of Interest	<25	2 (2%)	17.00	17.262**
	26-35	38 (32%)	47.71	
	36-45	43 (26%)	60.71	
	46-55	29 (24%)	75.64	
	>55	8 (6%)	76.13	
Personal Integrity	<25	2 (2%)	46.75	6.125
	26-35	38 (32%)	50.61	
	36-45	43 (26%)	64.60	
	46-55	29 (24%)	66.12	
	>55	8 (6%)	68.50	
Overall	<25	2 (2%)	37.25	13.426**
	26-35	38 (32%)	44.97	
	36-45	43 (26%)	65.35	
	46-55	29 (24%)	72.52	
	>55	8 (6%)	70.44	

* p≤ 0.05

** p≤ 0.01

It is evident from Table 4.8 that there is a significant positive correlation between age and three of the ethical behaviour constructs: cultural environment, coercion and control, and conflict of interest. Based on the mean rank, it seems that the groups that consist of the ages 36 and above are considered more ethical than the younger groups. The results also indicate that overall, age does have a significant correlation with the perceptions of ethical behaviour among corporate managers in Malaysia even though eleven of the constructs did not show a significant relationship with age.

Fourteen hypotheses were formulated in relation to the relationship between age and ethical perceptions and attitudes. Table 4.9 summarizes these hypothesis testing.

Table 4.9: Summary of Hypotheses (Age and ethical perceptions and attitudes)

Hypothesis	Result
H ₁ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.	Reject
H ₂ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.	Cannot Reject
H ₃ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.	Cannot Reject
H ₄ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.	Cannot Reject
H ₅ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.	Cannot Reject
H ₆ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.	Cannot Reject
H ₇ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.	Cannot Reject
H ₈ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.	Cannot Reject
H ₉ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.	Cannot Reject
H ₁₀ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.	Reject
H ₁₁ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.	Cannot Reject

Table 4.9 – Summary of Hypotheses (Age and ethical perceptions and attitudes) (cont'd.)

H ₁₂ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.	Reject
H ₁₃ : There is no significant relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.	Cannot Reject
H ₁₄ : There is no significant relationship between the age of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.	Reject

As illustrated in table 4.8, H₁, H₁₀ and H₁₂ and H₁₄ are rejected.

The summary of hypotheses above shows that there is a relationship between the age of corporate managers in Malaysia and their ethical perceptions and attitudes of: the

cultural environment within which they work; coercion and control; conflict of interest; and their overall ethical perceptions and attitudes.

4.3.3 What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

See Table 4.10 below which displays the data in regard to research question 3.

Table 4.10: The Impact of Gender on various aspects of Ethical Behaviour

Construct	Gender (M, F)	f (%)	Mean Rank	Mann-Whitney U-Test
Cultural Environment	M	73 (61%)	66.45	0.019*
	F	47 (39%)	51.27	
Stakeholder Interact.	M	73 (61%)	65.05	0.068
	F	47 (39%)	53.43	
Employee Ethics	M	73 (61%)	64.92	0.080
	F	47 (39%)	53.63	
Ethical Conflict	M	73 (61%)	60.27	0.928
	F	47 (39%)	60.85	
Business Climate	M	73 (61%)	60.27	0.928
	F	47 (39%)	60.85	
Family	M	73 (61%)	59.90	0.803
	F	47 (39%)	61.43	
Personal Beliefs	M	73 (61%)	57.82	0.221
	F	47 (39%)	64.67	
Ethical behaviour is personal	M	73 (61%)	62.07	0.524
	F	47 (39%)	58.06	
Laws are necessary	M	73 (61%)	62.09	0.506
	F	47 (39%)	58.03	
Coercion and Control	M	73 (61%)	64.18	0.123
	F	47 (39%)	54.78	
Deceit and Falsehood	M	73 (61%)	57.40	0.205
	F	47 (39%)	65.31	
Conflict of Interest	M	73 (61%)	61.69	0.620
	F	47 (39%)	58.65	
Personal Integrity	M	73 (61%)	59.88	0.790
	F	47 (39%)	61.47	
Overall	M	73 (61%)	64.55	0.112
	F	47 (39%)	54.21	

* $p \leq 0.05$, ** $p \leq 0.01$

It is evident from Table 4.10 that there is a significant correlation between gender and only one of the ethical behaviour constructs: cultural environment. Overall, gender does not have a statistical significant impact on the ethical perceptions and attitudes of corporate managers in Malaysia.

Table 4.11 summarizes the hypotheses and the results according to research question 3.

Table 4.11: Summary of Hypotheses (Gender and ethical perceptions and attitudes)

Hypothesis	Result
H ₁₅ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.	Reject
H ₁₆ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.	Cannot Reject
H ₁₇ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.	Cannot Reject
H ₁₈ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.	Cannot Reject
H ₁₉ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.	Cannot Reject
H ₂₀ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.	Cannot Reject
H ₂₁ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.	Cannot Reject
H ₂₂ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.	Cannot Reject
H ₂₃ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.	Cannot Reject
H ₂₄ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.	Cannot Reject
H ₂₅ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.	Cannot Reject
H ₂₆ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.	Cannot Reject
H ₂₇ : There is no significant relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.	Cannot Reject
H ₂₈ : There is no significant relationship between the gender of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.	Cannot Reject

As illustrated in table 4.10, only H₁₅ is rejected.

The summary of hypotheses above shows that there is a relationship between the gender of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work. All of the other hypotheses show that there is no significant relationship between all of the other constructs.

4.3.4 What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

Table 4.12 summarizes the results in relation to research question 4.

Table 4.12: The Impact of the Level of Education on various aspects of Ethical Behaviour

Construct	Education Level	f (%)	Mean Rank	Chi-Square Test
Cultural Environment	Secondary	5 (4%)	79.10	3.468
	College	5 (4%)	57.80	
	Diploma	26 (22%)	54.42	
	University	45 (37%)	55.59	
	Postgraduate	36 (30%)	63.94	
Stakeholder Interact.	Secondary	5 (4%)	66.70	1.869
	College	5 (4%)	53.70	
	Diploma	26 (22%)	52.00	
	University	45 (37%)	60.99	
	Postgraduate	36 (30%)	61.24	
Employee Ethics	Secondary	5 (4%)	57.40	0.326
	College	5 (4%)	51.30	
	Diploma	26 (22%)	59.96	
	University	45 (37%)	58.71	
	Postgraduate	36 (30%)	59.96	
Ethical Conflict	Secondary	5 (4%)	45.80	1.911
	College	5 (4%)	51.00	
	Diploma	26 (22%)	55.21	
	University	45 (37%)	61.97	
	Postgraduate	36 (30%)	60.97	
Business Climate	Secondary	5 (4%)	45.80	1.911
	College	5 (4%)	51.00	
	Diploma	26 (22%)	55.21	
	University	45 (37%)	61.97	
	Postgraduate	36 (30%)	60.97	
Family	Secondary	5 (4%)	49.20	1.194
	College	5 (4%)	49.20	
	Diploma	26 (22%)	58.23	
	University	45 (37%)	61.24	
	Postgraduate	36 (30%)	59.47	
Personal Beliefs	Secondary	5 (4%)	70.90	4.008
	College	5 (4%)	60.30	
	Diploma	26 (22%)	49.58	
	University	45 (37%)	61.19	
	Postgraduate	36 (30%)	61.24	
Ethical behaviour is personal	Secondary	5 (4%)	73.50	5.697
	College	5 (4%)	58.50	
	Diploma	26 (22%)	70.33	
	University	45 (37%)	55.28	
	Postgraduate	36 (30%)	53.53	
Laws are necessary	Secondary	5 (4%)	56.50	1.775
	College	5 (4%)	69.00	
	Diploma	26 (22%)	52.83	
	University	45 (37%)	61.44	
	Postgraduate	36 (30%)	59.36	

Construct	Education Level	f (%)	Mean Rank	Chi-Square Test
Coercion and Control	Secondary	5 (4%)	43.80	9.227
	College	5 (4%)	57.30	
	Diploma	26 (22%)	45.08	
	University	45 (37%)	61.99	
	Postgraduate	36 (30%)	67.67	
Deceit and Falsehood	Secondary	5 (4%)	54.10	3.543
	College	5 (4%)	45.50	
	Diploma	26 (22%)	68.17	
	University	45 (37%)	55.53	
	Postgraduate	36 (30%)	59.26	
Conflict of Interest	Secondary	5 (4%)	22.20	24.539**
	College	5 (4%)	41.90	
	Diploma	26 (22%)	40.69	
	University	45 (37%)	64.47	
	Postgraduate	36 (30%)	72.88	
Personal Integrity	Secondary	5 (4%)	53.10	4.076
	College	5 (4%)	50.70	
	Diploma	26 (22%)	51.19	
	University	45 (37%)	65.42	
	Postgraduate	36 (30%)	58.58	
Overall	Secondary	5 (4%)	57.40	2.367
	College	5 (4%)	49.30	
	Diploma	26 (22%)	52.38	
	University	45 (37%)	59.70	
	Postgraduate	36 (30%)	64.47	

* $p \leq 0.05$

** $p \leq 0.01$

It is evident from Table 4.12 that there is a significant correlation ($p \leq 0.01$) between level of education and only one of the ethical behaviour constructs: conflict of interest. The overall mean rank shows that the higher-educated corporate managers can be considered more ethical, but it appears that the level of education does not have a statistical significant impact on the ethical perceptions and attitudes of corporate managers in Malaysia.

Table 4.13 summarizes the hypotheses and the results according to research question 4.

Table 4.13: Summary of Hypotheses (Level of Education and ethical perceptions and attitudes)

Hypothesis	Result
H ₂₉ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of the cultural environment within which they work.	Cannot Reject
H ₃₀ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of stakeholder interaction.	Cannot Reject
H ₃₁ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of employee ethics.	Cannot Reject
H ₃₂ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of ethical conflict situations.	Cannot Reject

Table 4.13: Summary of Hypotheses (Level of Education and ethical perceptions and attitudes) (cont'd.)

H ₃₃ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of the general business climate.	Cannot Reject
H ₃₄ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether the family bears most of the responsibility for teaching ethics.	Cannot Reject
H ₃₅ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether strong personal beliefs play an important part in determining if someone will behave ethically.	Cannot Reject
H ₃₆ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.	Cannot Reject
H ₃₇ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.	Cannot Reject
H ₃₈ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of coercion and control.	Cannot Reject
H ₃₉ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of deceit and falsehood.	Cannot Reject
H ₄₀ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest.	Reject
H ₄₁ : There is no significant relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of personal integrity.	Cannot Reject
H ₄₂ : There is no significant relationship between the level of education of corporate managers in Malaysia and their overall ethical perceptions and attitudes of ethical behaviour.	Cannot Reject

As illustrated in table 4.13, only H₄₀ is rejected.

The summary of hypotheses above shows that there is a relationship between the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes of conflict of interest. All of the other hypotheses show that there is no significant relationship between all of the other constructs.

4.3.5 What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

Table 4.14 below summarizes the results in regard to research question 5.

Table 4.14: The Impact of a Presence of a Formal Code of Ethics on various aspects of Ethical Behaviour

Construct	Code of Ethics in place (Y, N)	f (%)	Mean Rank	Mann-Whitney U-Test
Cultural Environment	Y	92 (77%)	64.30	0.030*
	N	28 (23%)	48.00	
Stakeholder Interact.	Y	92 (77%)	63.90	0.048*
	N	28 (23%)	49.34	
Employee Ethics	Y	92 (77%)	63.84	0.055
	N	28 (23%)	49.52	
Ethical Conflict	Y	92 (77%)	65.96	0.001**
	N	28 (23%)	42.55	
Business Climate	Y	92 (77%)	65.96	0.001**
	N	28 (23%)	42.55	
Family	Y	92 (77%)	62.02	0.356
	N	28 (23%)	55.52	
Personal Beliefs	Y	92 (77%)	61.59	0.471
	N	28 (23%)	56.93	
Ethical beliefs are personal	Y	92 (77%)	58.61	0.263
	N	28 (23%)	66.71	

Table 4.14: The Impact of a Presence of a Formal Code of Ethics on various aspects of Ethical Behaviour (cont'd.)

Laws are necessary	Y	92 (77%)	58.55	0.235
	N	28 (23%)	66.91	
Coercion and Control	Y	92 (77%)	62.04	0.347
	N	28 (23%)	55.43	
Deceit and Falsehood	Y	92 (77%)	60.61	0.946
	N	28 (23%)	60.13	
Conflict of Interest	Y	92 (77%)	59.43	0.519
	N	28 (23%)	64.00	
Personal Integrity	Y	92 (77%)	63.38	0.073
	N	28 (23%)	51.04	
Overall	Y	92 (77%)	65.66	0.003**
	N	28 (23%)	43.55	

* $p \leq 0.05$

** $p \leq 0.01$

It is evident from Table 4.14 that there is a significant correlation between the presence of a formal code of ethics and four of the ethical behaviour constructs: cultural environment; external stakeholder interaction; ethical climate; and business climate. Overall, the presence of a code of ethics shows a significant impact ($p \leq 0.01$) on the ethical perceptions and attitudes of corporate managers in Malaysia.

Table 4.15 summarizes the hypotheses and the results according to research question 5.

Table 4.15: Summary of Hypotheses (Code of Ethics and ethical perceptions and attitudes)

Hypothesis	Result
H ₄₃ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and the cultural environment within which they work.	Reject
H ₄₄ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and stakeholder interaction.	Reject
H ₄₅ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and employee ethics.	Cannot Reject
H ₄₆ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and ethical conflict situations.	Reject
H ₄₇ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and the general business climate.	Reject
H ₄₈ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and whether the family bears most of the responsibility for teaching ethics.	Cannot Reject
H ₄₉ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and whether strong personal beliefs play an important part in determining if someone will behave ethically.	Cannot Reject
H ₅₀ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and whether ethical behaviour is personal, and is not something that a company can teach or force on its employees.	Cannot Reject
H ₅₁ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and whether laws are necessary to force most companies to be fair with their employees, customers, and suppliers.	Cannot Reject
H ₅₂ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and coercion and control.	Cannot Reject
H ₅₃ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and deceit and falsehood.	Cannot Reject
H ₅₄ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and conflict of interest.	Cannot Reject
H ₅₅ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and personal integrity.	Cannot Reject
H ₅₆ : There is no significant relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their overall perceptions of ethical behaviour.	Reject

As shown in Table 4.14, H₄₃, H₄₄, H₄₆, H₄₇ and H₅₆ are rejected.

The summary of hypotheses above shows that there is a relationship between the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and the cultural environment in which they work; stakeholder interaction; ethical conflict situations; the general business climate; and their overall ethical perceptions and attitudes.

4.4 Summary

This chapter discussed the results of the survey in regard to the demographics, research questions, and the acceptance or rejection of the hypotheses in relation to each of the research questions.

Analysis of the survey results has been provided in the tables and sections of this chapter, providing information relating to the objective of this study and the research questions.

The results of the survey show that a majority of the respondents were males, a majority of respondents were in the range of 26-45 years of age, and most had a post-secondary level of education. In terms of management positions within the organization, a majority of the respondents were in senior management positions with six years or more of working experience. Most of the respondents' organizations consisted of private-limited companies located in the greater Kuala Lumpur area (this geographical area most commonly referred to as the Klang Valley)

Overall, the high mean values for most of the constructs developed in Chapter 3 showed a tendency for respondents to act in an ethical manner. In particular, age and the presence of a code of ethics showed that these two factors had a significant impact on the perceptions and attitudes of corporate managers in Malaysia and their overall perceptions and attitudes. Gender and the level of education did not have a significant impact on corporate managers' ethical perceptions and attitudes.

This chapter has addressed the research objective, the related research questions, and hypotheses. The final chapter discusses and interprets the results of the survey findings in view of the literature and other research studies.

CHAPTER 5: Discussion and Conclusions

5.1 Introduction

The purpose of this chapter is to interpret, critically discuss, and integrate the research findings from the survey results with relevant literature.

The research objective of this study is:

To examine the impact of certain determinants on the ethical perceptions and attitudes of corporate managers in Malaysia.

This study seeks to answer the research objective by determining the nature of the ethical perceptions and attitudes of corporate managers in Malaysia and the impact of four independent variables (age, gender, level of education, and the presence of a formal code of ethics) on their ethical perceptions and attitudes. Thus, the five research questions addressing this research objective are:

RQ_1: What is the nature of the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_2: What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_3: What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_4: What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

RQ_5: What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

The discussion in this chapter is structured around these research questions.

Building on the literature review in Chapter 2, the methodology in Chapter 3 and the data analysis of Chapter 4, the purpose of this chapter is to draw specific conclusions and discuss the implications of this study. Directions for future research are identified and directions for future study are identified. The discussion in this chapter has been organised around the research questions.

5.2 What is the nature of the ethical perceptions and attitudes of corporate managers in Malaysia?

This section examines and interprets the literature and survey results in relation to the first research question. The first research question concerns the nature of the ethical perceptions and attitudes of corporate managers in Malaysia.

Overall, the survey results of this study indicate that corporate managers in Malaysia are acting in a more ethical manner than previous studies would indicate. It may be an indication that, over the past few years, ethics has taken on a more positive influence on the ethical perceptions of managers and their subsequent ethical decision making. Thus the argument by Aziz (1999) that integrity and transparency have taken a ‘back seat’ in Malaysia may indeed be changing.

The results of this survey contradict the findings of other studies conducted on ethics in a Malaysian context. Of the thirteen constructs measured in this study,

- i. Cultural environment
- ii. External stakeholder interaction
- iii. Employee ethics
- iv. Ethical conflict situations
- v. General business climate
- vi. Family bears most of the responsibility
- vii. Strong personal beliefs
- viii. Ethical behaviour is personal
- ix. Laws are necessary
- x. Coercion and control
- xi. Deceit and falsehood
- xii. Conflict of interest
- xiii. Personal integrity,

Respondents scored relatively high means, except for two constructs: the questions pertaining to the influence of family and the necessity of laws to govern ethical behaviour. In addition, in regard to the four vignette/scenario questions (x-xiii), results indicate that respondents would not engage in unethical behaviour, the only exception being the construct deceit and falsehood (vignette question C2 in the questionnaire). This indicates that the corporate managers surveyed for this study could be considered ethical to quite a fair degree.

These findings indicate that there may be a fundamental shift away from Burns and Brady’s (1986) and Rao et al.’s (1991) conclusion that in a developing country like Malaysia, the expectation is that Malaysians in general have lower ethical perceptions than their counterparts in developed nations. Furthermore, as recently as 1999, Aziz claimed that Malaysia does not hold integrity and transparency as an important issue. In a study of Malaysian managers in terms of attitudes toward corporate social responsibility (‘CSR’), Rashid and Ibrahim (2002) found that although managers had positive attitudes towards CSR, the extent of their involvement was lower than it was ten years prior. However, this study showed that Malaysian managers considered business activities to be more ethical today than they were 30 years ago.

The positive picture presented in this study in relation to the ethical perceptions of Malaysian managers therefore represents a fundamental shift in perceptions towards more positive levels of ethical behaviour. This may be owing to some passage of time which may indicate higher levels of awareness of the importance of ethics. Furthermore, perhaps the importance of global ethics and compliance programs have

made managers in Malaysia shift their emphasis towards these areas due to global competition which demands increased observance of corporate diligence.

The survey results of this study show that managers do have positive attitudes towards business ethics. When respondents were queried about whether managers were more ethical now than thirty years ago, the tendency among them was to agree.

Chatterjee and Pearson's (2003) study, which centres on the Dissonance Model (see Chapter 2, Section 2.4), indicated that in a study of managers in six Asian countries – including Malaysia – the results were not conclusive. Divergences and convergences in the six countries were noticed, including one of the findings that there was a greater agreement on what is to be considered ethical decision making in the global (global unifying values) and societal domains (dominance of traditional values over business values), indicating a higher acceptance of global values and strength of cultural tradition. Another conclusion found from Chatterjee and Pearson's (2003) study was that managers are less sure of what actions to endorse to meet acceptable ethical decision making and practices to their respective organisations. However, it may indicate that the level of the societal domain found in the Dissonance Model has actually decreased, that is, the dominance of traditional values over business values has decreased in Malaysia.

There is support for this argument in the present study. The results indicate that Malaysian managers placed a higher value on the organisational context over traditional values in terms of ethical decision making. This can be evidenced by the high ratings given to the individual statements and the majority of constructs, even though respondents believe that personal values still play a strong part in determining if someone will act ethically, and that a company cannot teach ethical behaviour.

5.3 What is the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia?

This section examines and interprets the literature and survey results in relation to the second research question. The second research question concerns the impact of age on the ethical perceptions and attitudes of corporate managers in Malaysia.

The results indicate that overall, age does have a significant correlation with the ethical perceptions and attitudes of corporate managers in Malaysia even though eleven of the constructs did not individually show a significant relationship with age.

In determining the impact of age on the ethical perceptions and attitudes of managers for this study, a significant correlation was found between age and each of the following constructs: cultural environment; coercion and control; and conflict of interest. Hypotheses H₁, H₁₀ and H₁₂ were thus rejected. Although the other hypotheses pertaining to age could not be rejected, hypothesis H₁₄ does indicate a significant correlation between age and ethical perceptions and attitudes.

There is strong support for a positive relationship between age and ethical perceptions and attitudes. Terpstra et al. (1993) have argued that people tend to become more ethical as they grow older, and that as people age they tend to become less concerned with wealth and advancement and more interested in personal growth

(Hall, 1976). Therefore, an older individual is more likely to appreciate the long-term benefits (to organisational performance) of acting in an ethical and socially responsible manner. Accordingly, one would generally expect a positive relationship between an individual's age and his or her perception about the importance of ethics and social responsibility (Rao et al., 2001).

In addition, Browning and Zabriskie (1983), Ruegger and King (1982), Yoo and Donthu (2002), Hunt and Vitell (1986), and Serwinek (1992) reported a significant relationship between age and ethicality. Serwinek (1992) found that older employees adhered to stricter interpretations of ethical standards. Terpstra et al. (1993) and Hall (1996) argued that people tend to become more ethical as they grow older, while Deshpande (1997) ascertained that older managers were concerned more by unethical behaviour than were younger managers. Similarly, Peterson et al. (2001) and Serwinek (1992) found that business people became more ethical with age. Terpstra et al. (1993) stated emphatically that people tend to become more ethical as they grow older.

However, while there is strong support from a number of studies, much of the research results in relation to the literature on the effect of age on individuals' ethical behaviour are mixed. Callan (1992), Izraeli (1988), and Stevens (1984) found that the influence of age is not significant, while Browning and Zabriskie (1983) found that younger managers subscribe to a more ethical viewpoint than older managers. Roozen, De Pelsmaker and Bostyn (2001) found a negative correlation between age and ethical decision-making, while Weber and Wasieleski (2001), in a study of managers in the United States, discovered that both the age and gender factors had no significant influence when analysing the respondents' answers to questions regarding ethical decision-making.

Fry (1990) postulates that in certain societies, individuals accrue the prestige and authority associated with that stage in life, while Abdullah (1996) goes further by saying that because wealth and power are distributed unequally in Malaysia, this inequality manifests itself in respect for those who are senior in age and position.

5.4 What is the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia?

This section examines and interprets the literature and survey results in relation to the third research question. The third research question concerns the impact of gender on the ethical perceptions and attitudes of corporate managers in Malaysia.

The results of the survey for this study indicate overall that gender does not have a significant impact on the ethical perceptions and attitudes of managers in Malaysia and is supported by previous research that shows mixed findings. Hypothesis H₂₈ proposes that there is no significant relationship between the gender of corporate managers in Malaysia and their overall ethical perceptions and attitudes. The data showed that gender does have a positive impact on only one of the thirteen constructs measured – cultural environment – and thus hypothesis H₁₅ was the only hypothesis in regard to gender that could be rejected.

Authors such as Robin and Babin, (1997), Rest (1986), Tyson (1992), Browning and Zabriskie, (1983), Callan (1992), Hegarty and Sims (1979), Schminke et al. (2003) and Loo (2003) concluded there was little difference between male and female managers in their ethical beliefs. Gilligan (1982) contends that men and women differ in how they solve ethical dilemmas and that men are more likely to consider ethical issues in terms of justice, rules, and individual rights. Schminke (1977) surveyed managers and future managers concerning how they believed people respond to ethical business situations. There were no gender differences in the basic ethical orientations of the subjects.

Several studies do, however, provide strong support for a positive relationship between gender and ethical behaviour (Chonko and Hunt, 1985; Ferrell and Skinner, 1988; Whipple and Swords, 1992). Miller (1987) and Miller and Stiver (1997) developed a relational theory that suggests that women bring to organisations a unique desire to make and maintain personal connections with others. Marshall (1993), Swim (1994) and Zuckerman, DePaulo and Rosenthal (1981) found that women's values or principles enhance the ability to detect differences in others and that women are more attentive during interactions and more adept at detecting deception than men. Others have determined that gender differences do matter (Dawson, 1997; Singhapakdi et al., 1999; White, 1992).

Also, in Chatterjee and Pearson's study (2003) of the Dissonance Model, one of the results showed that female managers perceived themselves to be more ethically oriented than their male counterparts. Other studies found similar results reporting that females were prone to more ethical behaviour than men (Dawson, 1997; Deshpande, 1997; Franke et al., 1997).

Schminke et al. (2003) go further by making the observation that the role that gender differences play remains an unanswered and potentially unanswerable question, while Glover (2002) suggests that gender differences warrant further study due to women's growing representation in management positions.

Keillor, Thomas and Hauser (2006) came to the conclusion in a study of gender and its impact on salespeople in three countries including Malaysia, that in a multi-cultural male-dominated sales force, the cultural challenges may not be focused on the somewhat more tangible historical/social-based characteristics but on the less tangible perceptual/value-based characteristics. Another possible explanation is that, as a traditional culture, the level of participation of women in the workforce in a country like Malaysia is lower in less-developed countries (Keillor, Thomas and Hauser, 2006).

This result might be caused by the fact that women have been socialised into more insular traditional roles (Abdoolcarim, 1993) while men, by virtue of their longer experience in the business world, have a broader world view. In addition, Asian businesswomen are expected to maintain a dual role of family caretaker and businesswoman with caretaker as the primary task (Lee and Tan, 1993).

5.5 What is the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia?

This section examines and interprets the literature and survey results in relation to the fourth research question. The fourth research question concerns the impact of the level of education on the ethical perceptions and attitudes of corporate managers in Malaysia.

Overall, the results of the survey of this study indicate that level of education does not have an impact on the ethical perceptions and attitudes of managers in Malaysia and supports previous research in this area which shows that the impact of level of education on ethical perceptions and attitudes is mixed. Hypothesis H₄₂ proposes that there is no significant relationship between the level of education of corporate managers in Malaysia and their overall ethical perceptions and attitudes. The results showed that level of education does have a positive correlation with only one construct -- conflict of interest. Also, the findings show that higher-educated managers can be considered more ethical, but it appears that the level of education does not have an impact on managers' ethical perceptions and attitudes.

In studies pertaining to the relationship between level of education and ethical behaviour, Dubinsky and Ingram (1984), Harris (1990), and Serwinek (1992) found no significant relationship between ethical behaviour and years of formal education.

The research findings of this study are in contrast to the majority of several studies that show strong support for a positive relationship between the level of education and ethical behaviour. For example, Browning and Zabriskie (1983) and Jones and Gautschi (1988) reported that more educated individuals held higher ethical standards than less educated individuals. Similarly, Rest and Thoma (1985), Rest (1986), Roman and Munuera (2005), and Deshpande and Viswesvaran (1998) expected an individual's level of education to have a positive influence on a person's ethical behaviour.

In addition, Roman and Munuera (2005) expected an individual's level of education to have a positive influence on a person's ethical behaviour. The authors argue that the educational system is designed to foster critical thinking and the ability to view situations from multiple perspectives (Levy and Sharma, 1994). Previous research has also found that education is positively related to ethical judgment (Rest and Thoma, 1985; Rest, 1986). Furthermore, the positive effect of educational level on ethical behaviour is also supported by Kohlberg's (1969) typology. According to this typology, level of education is believed to result in greater sensitivity to different points of view and to be linked to a person's stage of cognitive development (Singhapakdi et al., 1999).

The findings from this study indicate that level of education does not have an impact on the ethical perceptions and attitudes of corporate managers in Malaysia. Why this is so may warrant further research, given the dearth of literature which discusses level of education and ethical behaviour in Malaysia. However, a study by Rashid and Ho (2003) indicated that in Malaysia's multi-cultural society, it was only the ethnic minority Chinese in the country (30%) that held level of education to be of significant value.

5.6 What is the impact of the presence of a formal Code of Ethics on the ethical perceptions and attitudes of corporate managers in Malaysia?

This section examines and interprets the literature and survey results in relation to the fifth research question. The fifth research question concerns the impact of the presence of a formal code of ethics on the ethical perceptions and attitudes of corporate managers in Malaysia.

The results of the survey for this study indicate that the presence of a formal code of ethics has a highly significant impact on the ethical perceptions and attitudes of corporate managers in Malaysia and is supported by previous research in this area. Hypothesis H₅₆ proposes that there is no significant relationship between the presence of a formal code of ethics on the ethical perceptions and attitudes of corporate managers in Malaysia and their overall ethical perceptions and attitudes. This hypothesis can be rejected. The findings also showed that the presence of a code of ethics has a significant impact on two constructs, namely cultural environment and external stakeholder interaction, and a highly significant impact on ethical climate and business climate. Thus hypotheses pertaining to these constructs, H₄₃, H₄₄, H₄₆, and H₄₇ were rejected.

Evidence of the impact of ethics programs on employee behaviour has been quite positive, with most of the empirical studies to date having focused on the most widespread program element: codes of conduct (Stansbury and Barry, 2007; and Joseph, 2003). Employees in organisations where there is a code of conduct claimed to have reported observed misconduct more than in organisations that do not (Joseph, 2003).

A review of the literature regarding codes of ethical conduct revealed that codes result in generally higher standards of ethical behaviour (Ford and Richardson, 1994; Weeks and Nantel, 1992; Brooks, 1989). Adams, Tashchian and Shore (2001) investigated effects of codes of ethics on perceptions of ethical behaviour and found that persons within organisations that had codes of conduct to be more ethical and more encouraged to support ethical behaviour than those who were employed by companies that did not have a formal code of ethics.

Empirical studies indicate that codes of conduct influence a number of beneficial organisational ethics outcomes (Stansbury and Barry, 2007), including employees' awareness of ethics at work, their integrity, their willingness to seek ethical advice, lower observed unethical conduct, commitment to the organisation, and perceptions that better decisions are made because of the program (Weaver and Trevino, 1999).

Cooper and Frank (1997) found that in addition to codes, company policies that encourage employees not to put organisational goals ahead of ethics were also effective in increasing ethical standards. After studying ethics codes of a number of professional organisations, Tucker, Stathakopoulous and Patti (1999) indicated that many firms believe that codes of conduct help members behave more ethically and, as a result, have developed such codes.

Similarly, researchers found that corporate codes of conduct provide an explicit guide to an organisation's expectations of its members (McCabe, Trevino and Butterfield, 1996). Codes of conduct lead to lower levels of self-reported unethical behaviour when they reflect the informal norms of the organisation, are clearly understood by employees, and guide everyday decision-making (McCabe et al., 1996).

Conversely, Brien (1996) has cited a list of studies supporting his argument that there was no evidence that codes actually improve ethical standards. The assumption was merely accepted that codes could affect particular behaviours. In addition, personal ethical perceptions, ethical judgments, and ethical intentions of employees vary across cultural backgrounds (Allmon, Chen, Pritchett and Forrest, 1997). As perceived ethical problems (Armstrong, 1993) and standards of ethical norms (Tsalikis and Nwachukwu, 1988) vary across cultures, members of various cultural groups may react differently to ethical issues that may be common in the conduct of business, particularly in multinational firms. Webb and Badaracco (1995) and Nash (1990) reported in their studies that in organisations that tend to emphasise the bottom line and short-term results, then unethical behaviour tends to be pronounced.

The findings from this study indicate that the presence of a code of ethics does have a significant impact on the ethical perceptions and attitudes of corporate managers in Malaysia.

5.7 Practical Implications

In addition to contributing to theory (sections 5.2-5.6), the nature and intention of this study is to gain insights that are of practical relevance for practitioners attempting to gain an understanding and for implementing policies and procedures to elicit high standards of ethical behaviour among their employees. This section looks at the practical implications of this study and offers recommendations that managers might consider within their own respective areas to enhance the ethical practices within their organisations.

In a Malaysian context, overall it would appear that in analysing the impact of age, it may be prudent to institute a code of ethics in those organisations that do not have one at present, and have the older managers convey the importance of this need for all employees to follow ethical guidelines. The creation and implementation of a code of ethics seems to be of paramount importance which when properly communicated and followed has a positive impact on the ethical behaviour of employees within the organisation.

Terpstra et al. (1993) have argued that people tend to become more ethical as they grow older, and they become less concerned with wealth and advancement and more interested in personal growth (Hall, 1976). Therefore, an older individual is more likely to appreciate the long-term benefits (to organisational performance) of acting in an ethical and socially responsible manner. The provision to support ethics and organisational performance initiatives that encourage the development of increased expertise in human resource management and strategic planning may well help achieve that agenda by utilising employees who are considered more ethical in their outlook.

In this study, gender and level of education were not deemed to have an impact on ethical perceptions and attitudes in this study. However, that does not mean that either of these variables should be ignored.

As such, it appears that the role of mentoring and transmitting the ethical message can be given to more senior managers of either gender. Swim (1994) and Zuckerman, DePaulo and Rosenthal (1981) reported that women were more attentive during interactions and more adept at detecting deception than men. The ability to recognise unethical activity is an advantage in attending to and understanding it.

The positive effect of educational level on ethical behaviour is supported by Kohlberg's (1969) typology. According to this typology, level of education is believed to result in greater sensitivity to different points of view and to be linked to a person's stage of cognitive development (Singhapakdi et al., 1999). However, critical thinking in the area of business ethics must be supported by a proper educational system which views situations from multiple perspectives (Levy and Sharma, 1994). It would appear then that courses in business ethics would provide a good background to support these initiatives.

From the literature examined, it appears that an effective code of ethics provides an explicit guide to an organisation's expectations of its members (McCabe, Trevino and Butterfield, 1996). Codes of conduct will lead to lower levels of self-reported unethical behaviour when they reflect the informal norms of the organisation, are clearly understood by employees, and guide everyday decision-making (McCabe et al., 1996). Eisenstodt (2006) further states that ethical behaviour, when guided by a strong code of ethics, can actually be a competitive advantage in the workplace. Koh and Boo (2004) discovered that there are significant and positive links between ethical culture constructs (top management support for an ethical organisation) and job satisfaction.

'The act of building, sustaining, and growing a business necessitates good ethical practices which can translate into good public relations value for the organisation through reputation management techniques' (Levine, 2006). The company's code of ethics should be the cornerstone of all of the organisation's public relations actions. Briggs (1992) goes on to state that corporate ethics, articulated in the corporate code of ethics as the central aspect of corporate culture, is the primary enabler not only of cooperative behaviour in an organisation but also of individual employees' propensity to share innovative knowledge, pursue quality and relate to customers across the globe.'

In response to a growing demand for social responsibility and ethical behaviour in business, including Malaysia, many organisations have developed social responsibility programs and supporting codes of ethics. If these are to be effective, not only must upper management develop and communicate these throughout the organisation, but also management from the top-down must communicate positive attitudes of support for these codes of ethics (Wells and Spinks, 1996). However, when developing codes of ethics, employees must not be placed under undue pressure to achieve goals that are not possible without practicing unethical behaviours (Wells and Spinks, 1996).

Therefore, an ethical organisational identity can only exist if there exists the following: authentic leadership, aligned processes, and an ethical organisational culture (Verbos, Gerard, Forshey, Harding and Miller, 2007). Authentic leaders model and promote the values underlying the code of ethics, an ethical decision-making process begins by identifying ethical issues, and behavioural aspects of the code of ethics are expected to align with cognitive and affective aspects of organisational culture (Verbos, Gerard, Forshey, Harding and Miller, 2007).

All elements must be present and consistent for a code of ethics program to be implemented and effective within the Malaysian context.

The next section discusses the areas for future research.

5.8 Directions for Future Research

A number of possibilities exist for future research in consideration of this study. These possibilities include the independent variables used in this study, other variables and constructs, and methodology.

In the discussion of the various models in Chapter 2 of this study, culture was considered as a significant factor. However, a researcher could look at culture from a traditional or ethnic sense to determine specific impacts in various regions of a country, on a certain ethno-cultural group, or comparisons between groups within Malaysia. Other significant factors found in the various models which could also be examined are opportunities to act ethically or not, personal experiences that may affect ethical behaviour, and motivation to comply, to name but a few.

Although organisational culture is important, it is not the only factor to be considered when analysing organisational participants' shared values, beliefs, and behaviours (Bourne and Snead, 1999). As identified in Trevino's (1986) model of ethical-decision-making, other individual and situational moderators can have an impact on an individual's ethical behaviour including ego strength, job context, and job characteristics for example. Another area that can be examined is whether the ethicality of an organisation has an impact on an individual's perceptions and attitudes as an extension of how individuals perceive the ethicality of their own organizations.

In regard to the variables examined in this study, possible future research in the area of the impact of gender on ethical perceptions could consist of studying ethical perceptions of males versus females if the head of the organisation is, for example, a female, or the impact if a female holds a more senior position over male counterparts. More research concerning various situational factors and their interaction could be used to investigate potential differences. It may be found that gender does indeed have an impact on ethical perceptions in certain circumstances.

In regard to cross-comparisons, a number of possibilities exist in terms of analysing the impact of co-variables (e.g. both age and gender) on ethical perceptions and attitudes.

The contrast between various levels of education (or even none at all) could be analysed in relation to age, gender and any other independent variable. This study showed that the level of education does not have an overall impact on ethical perceptions. However, there may be certain conditions where this factor has the opposite result.

In terms of the impact of the presence of a code of ethics, possible future research could analyse, for example, the impact of a code of ethics that is or is not supported from the top down, communicated poorly, whether an ethical culture exists in the organisation, whether the presence of a code and individual perceptions are an outcome of some other organisational attention to ethics, or how processes are aligned to enforce ethical behaviour. This study showed that the presence of a code of ethics did have a significant impact on ethical behaviour, but this may not always be the case in regard to different variables being used.

There are various possibilities to expand the knowledge base by considering other independent or dependent variables that may impact the ethical perceptions and attitudes of Malaysian managers. Additional areas of study could include the following: management level; years of work experience; a specific industry; a particular geographical location; or company type, variables which were not considered in this particular study. Because this study focused more on the organisational culture context, future researchers may want to expand on the variables or constructs used in this study to examine additional areas such as rewards and sanctions, accountability, resource scarcity, and the role of significant others. Various groups could also be analysed for differences in ethical perceptions, such as: males and females; younger and older employees; employee income levels; ethno-cultural background; senior and junior managers; low and highly-educated managers; or for that matter, all employees as a whole, rather than just managers alone.

There is considerable scope for researching ethical perceptions and attitudes. In fact, because basically every person is touched by the carrying on of business, there is great potential for cross-disciplinary research. Combined with the emphasis and expectations of individuals in the ever-changing business environment, potential topics and directions for future research are almost limitless.

A study of the ethical perceptions and attitudes can lead to many target groups being considered and analysed. Because this study is an exploratory one, it was decided to conduct a survey of managers in Malaysia in order to have a general understanding of how the leadership perceived those variables that can impact ethical behaviour within the organisations they influenced. However, other approaches could be used to obtain data such as focus groups, case studies or interview methods which may add more in-depth data or new insight in terms of respondents' ability to provide more comprehensive answers than can be had with the survey method.

The ethical dilemmas that are presented in the survey may cue subjects to the underlying purpose of the study and prevent them from participating honestly and fully. It is advisable then for researchers to find ways to ensure full and honest participation through means which allow respondents to answer questions in an environment which fosters trust, anonymity, and confidence that the answers

provided will be held in the strictest confidence. The approach of this study through the survey method did take these aspects into account.

5.9 Conclusions

The main contribution to theory of this study is in relation to the impact of certain determinants on the ethical perceptions and attitudes of corporate managers in Malaysia. Chapter 2 shows that there is a dearth of literature that thoroughly examines this area within the Malaysian context, and this research attempts to narrow this gap. Thus, the ability to offer recommendations for managerial practice is the prime benefit of examining the research objective.

This study has attempted to contribute on three levels. The first level, addition to knowledge due to the present literature gap, makes up the largest component of contribution of this study.

The three levels of contribution could be seen as:

1. Confirmation of the literature could be considered an **addition** to knowledge due to the present literature gap in the area of study.
2. Combining aspects of the existing literature could be considered an **extension** of research based on previous studies that relate to the some of the various constructs and variables used in this study.
3. Contributions based on the findings, either not researched before or disconfirming literature, could be considered the **new** contributions to the body of knowledge.

Table 5.1 below summarises the contributions of this study and illustrates the contributions made by this study in examining the impact of certain determinants on the ethical perceptions and attitudes of corporate managers in Malaysia.

Table 5.1: Summary of the research conclusions and contributions to knowledge

Research Question	Conclusions based on Data Analysis	Knowledge Contribution in relation to research within the Malaysian context
RQ_1: 'Nature'	Managers more ethical than previously thought.	New
RQ_2: 'Age'	-- Age has highly significant impact.	Addition
RQ_3: 'Gender'	Gender has no impact.	Addition
RQ_4: 'Level of Education'	Education level has no impact.	Addition
RQ_5: 'Code of Ethics'	Presence of a code of ethics has highly significant impact	Addition
Overall	Confirmation of questions or issues related to managers in Malaysia	Extension

Research question 1 examined the nature of the ethical perceptions and attitudes. The findings show, according to the data, that Malaysian managers are acting in a more ethical manner than previously thought. This is considered a new contribution to the body of knowledge.

Research question 2 examined the impact of age of corporate managers in Malaysia and their ethical perceptions and attitudes. The findings show that age has a highly significant impact. This is considered an addition to the body of knowledge.

Research question 3 examined the impact of gender of corporate managers in Malaysia and their ethical perceptions and attitudes. The findings show that gender does not impact on ethical perceptions and attitudes, and this is considered an addition to the body of knowledge.

Research question 4 examined the impact of the level of education of corporate managers in Malaysia and their ethical perceptions and attitudes. The findings show that the level of education does not impact on ethical perceptions and attitudes, and this is considered an addition to the body of knowledge.

Research question 5 examined the impact of the presence of a code of ethics on their ethical perceptions and attitudes. The findings indicate that the presence of a code of ethics has a highly significant impact. This is considered an addition to the body of knowledge.

Overall, this study addresses the literature gap by providing a new study on the impact of certain determinants on the ethical behaviour of corporate managers in Malaysia which is an addition to knowledge. By combining aspects of the existing literature, this body of knowledge is an extension of research into a new area, and the results and findings of this study are the contributions to the body of knowledge.

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APPENDIX A – SAMPLE COVERING LETTER

Dear Respondent:

I am writing to request your personal participation in a research study being conducted within the Faculty of Business at the University of Southern Queensland in Australia regarding ethical perceptions of corporate managers in Malaysia. The survey is being sent to a sample of 750 corporate managers around the country, and your participation will help ensure that the survey is fully representative and that my findings are valid.

I would appreciate it if you could take some valuable time to respond to the survey. The 43-item questionnaire should take approximately 15-20 minutes to fill out and mostly requires indicating a response by ticking the appropriate box. I would appreciate your completing the questionnaire within the next two weeks in order to facilitate the completion of the study.

Please be assured that your responses will be held in the strictest of confidence and used only to gather data for university research about ethical perceptions of corporate managers in Malaysia. The information provided by you is vital in ensuring a successful and useful outcome to this research.

Your prompt co-operation and participation in this important survey is appreciated. Thank you again for taking the time to assist with this research.

Yours sincerely,

Allan James Miller
(Doctoral Candidate)

APPENDIX B – SAMPLE QUESTIONNAIRE

Section A – You and Your Organization

This section consists of 10 questions related to you and your own organization.

A1: What is your position or title in your organization? (*Please tick most relevant box.*)

- CEO
- Senior Management
- Middle Management
- Other (please state): _____

A2: What is your gender? (*Please tick one box.*)

Male Female

A3: What is your age group? (*Please tick one box.*)

- 25 years and below
- 26-35 years of age
- 36-45 years of age
- 46-55 years of age
- above 55 years

A4: What is your highest level of education? (*Please tick one box.*)

- Secondary
- College
- Diploma
- University
- Postgraduate
- Other_____

A5: Approximately how many years of work experience do you have? (*Please tick one box.*)

- 1-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21-25 years
- 25+ years

Section A – You and Your Organization (continued)

A6: Approximately how many people immediately report to you? (*Please tick one box.*)

- | | |
|--------------------------------------|--|
| <input type="checkbox"/> Less than 5 | <input type="checkbox"/> 21-50 |
| <input type="checkbox"/> 5-10 | <input type="checkbox"/> 50-100 |
| <input type="checkbox"/> 11-20 | <input type="checkbox"/> More than 100 |

A7: Where is your organization located? (*Please tick one box.*)

- | | |
|---------------------------------------|--|
| <input type="checkbox"/> Kuala Lumpur | <input type="checkbox"/> Negeri Sembilan |
| <input type="checkbox"/> Selangor | <input type="checkbox"/> Pahang |
| <input type="checkbox"/> Johor | <input type="checkbox"/> Pulau Pinang |
| <input type="checkbox"/> Kedah | <input type="checkbox"/> Perlis |
| <input type="checkbox"/> Kelantan | <input type="checkbox"/> Sabah |
| <input type="checkbox"/> Melaka | <input type="checkbox"/> Sarawak |
| <input type="checkbox"/> Perak | |

A8: To which business sector does your organization belong? (*Please tick one box.*)

- | | |
|---|---|
| <input type="checkbox"/> Accommodation, Cafes, Restaurants | <input type="checkbox"/> Health |
| <input type="checkbox"/> Agriculture, Forestry, Fishing | <input type="checkbox"/> Investment |
| <input type="checkbox"/> Banking | <input type="checkbox"/> Manufacturing |
| <input type="checkbox"/> Communication Services | <input type="checkbox"/> Mining/Oil |
| <input type="checkbox"/> Computers | <input type="checkbox"/> Personal Services |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Property |
| <input type="checkbox"/> Consulting | <input type="checkbox"/> Retail Trade |
| <input type="checkbox"/> Cultural and Recreational Services | <input type="checkbox"/> Transport/Storage |
| <input type="checkbox"/> Education | <input type="checkbox"/> Wholesale Trade |
| <input type="checkbox"/> Electricity, Water, Gas | <input type="checkbox"/> Other (please state) |
| <input type="checkbox"/> Government | |
-

Section A – You and Your Organization (continued)

A9: Approximately how many staff does your organization employ? (*Please tick one box.*)

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> Less than 10 | <input type="checkbox"/> 101-500 |
| <input type="checkbox"/> 11-50 | <input type="checkbox"/> 501-1000 |
| <input type="checkbox"/> 50-100 | <input type="checkbox"/> More than 1000 |

A10: The organization I work for is which of the following? (*Please tick one box.*)

- Sole proprietorship / Partnership
- Private Limited (Sdn. Bhd.)
- Public-listed (Berhad)

Section B – Ethical Dimensions

This section asks about your responses to the following 29 questions.

SCALE FOR RESPONSES TO QUESTIONS:

1 - Disagree 2 – Tend to Disagree 3 – Neutral 4 – Tend to Agree 5 – Agree

Questions/Statements:	<i>Tend to</i>		<i>Tend to</i>		
	<i>Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Agree</i>
	1	2	3	4	5
B1: Employees are treated with dignity, respect, and fairness in the company.	<input type="checkbox"/>				
B2: The company compensates its employees fairly for their effort.	<input type="checkbox"/>				
B3: This company shows integrity and honesty in its dealings with employees.	<input type="checkbox"/>				
B4: I would characterize the management of this company as highly ethical.	<input type="checkbox"/>				

Section B – Ethical Dimensions (continued)

SCALE FOR RESPONSES TO QUESTIONS:

1 - Disagree 2 – Tend to Disagree 3 – Neutral 4 – Tend to Agree 5 – Agree

Questions/Statements:	<i>Tend to</i>		<i>Tend to</i>		
	<i>Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Agree</i>
	1	2	3	4	5
B5: Trust of management is very high among employees in this company.	<input type="checkbox"/>				
B6: The values of this organization are clearly communicated to all employees in the firm.	<input type="checkbox"/>				
B7: Discrimination is <i>not</i> a problem in this company.	<input type="checkbox"/>				
B8: Does your organization have a Code of Ethics in place?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
B9: If yes, is this Code of Ethics clearly communicated to employees?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
B10: Acting in an ethical manner would be rewarded in this company.	<input type="checkbox"/>				
B11: Managers in this firm earn their money.	<input type="checkbox"/>				
B12: I am satisfied in my job.	<input type="checkbox"/>				
B13: My personal beliefs about ethical behaviour are often in conflict with the ethical views of this organization.	<input type="checkbox"/>				
B14: This company shows integrity and honesty in its dealings with customers.	<input type="checkbox"/>				
B15: This company shows integrity and honesty in its dealings with suppliers.	<input type="checkbox"/>				

Section B – Ethical Dimensions (continued)

SCALE FOR RESPONSES TO QUESTIONS:

1 - Disagree 2 – Tend to Disagree 3 – Neutral 4 – Tend to Agree 5 – Agree

Questions/Statements:	<i>Tend to</i>		<i>Tend to</i>		
	<i>Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Agree</i>
	1	2	3	4	5
B16: The communications between this company and government agencies are honest.	<input type="checkbox"/>				
B17: In this company being truthful with customers is a way of doing business, even if it harms our business.	<input type="checkbox"/>				
B18: Employees for this firm give ‘a full day’s work for a full day’s pay’.	<input type="checkbox"/>				
B19: Employees in this firm expect honesty from one another.	<input type="checkbox"/>				
B20: I would characterize the employees of this firm as highly ethical.	<input type="checkbox"/>				
B21: Employees of this company take company supplies, resources, or inventory for their personal use.	<input type="checkbox"/>				
B22: Giving/receiving gifts, special favours, or bribes is common in the industry in which we operate.	<input type="checkbox"/>				
B23: Managers and/or employees in this company give/receive gifts, special favours, or bribes in the course of doing business.	<input type="checkbox"/>				
B24: The vast majority of managers/employees in this region are ethical in their business activities.	<input type="checkbox"/>				

Section B – Ethical Dimensions (continued)

SCALE FOR RESPONSES TO QUESTIONS:

1 - Disagree 2 – Tend to Disagree 3 – Neutral 4 – Tend to Agree 5 – Agree

Questions/Statements:	<i>Tend to</i>		<i>Tend to</i>		
	<i>Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Agree</i>
	1	2	3	4	5
B25: In general, business activities today are more ethical than they were 30 years ago.	<input type="checkbox"/>				
B26: The family bears most of the responsibility for teaching ethics.	<input type="checkbox"/>				
B27: Strong personal beliefs play an important part in determining if someone will behave ethically.	<input type="checkbox"/>				
B28: Ethical behaviour is personal, and is not something that a company can teach or force on its employees.	<input type="checkbox"/>				
B29: Laws are necessary to force most companies to be fair with their employees, customers, and suppliers.	<input type="checkbox"/>				

Section C – Vignettes

This section asks about your responses to the following four vignettes/scenarios.

SCALE FOR RESPONSES TO QUESTIONS:

1 – Definitely Would 2 – Probably Would 3 – Neutral 4 – Probably Would Not 5 – Definitely Would Not

Questions/Statements:	<i>Definitely Would</i>	<i>Probably Would</i>	<i>Neutral</i>	<i>Probably Would Not</i>	<i>Definitely Would Not</i>
	1	2	3	4	5
C1: Company X has been barred from entering the market in a large Asian country by collusive efforts of the local bicycle manufacturers. The company could expect to net \$5 million dollars per year from sales if it could penetrate the market. Last week a businessman from the country contacted the management of Company X and stated that he could smooth the way for the company to sell in his country for a price of \$500,000. If you were responsible, what are the chances that you would pay the price?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C2: Dave Smith is developing an advertisement for a new housing development his firm is about to start. The development is located in a low area which has flooded in the past. The company has recently done some work to reduce the danger of flooding in the future. In the preliminary advertisement, Smith has included a statement indicating that the firm has solved the flooding problem. The fact is that if a flood occurs, the homes are still likely to be flooded with up to five feet of water. If you were Smith, what are the chances that you would include the statement in the advertisement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section C – Vignettes (continued)

This section asks about your responses to the following four vignettes/scenarios.

SCALE FOR RESPONSES TO QUESTIONS:

1 – Definitely Would 2 – Probably Would 3 – Neutral 4 – Probably Would Not 5 – Definitely Would Not

Questions/Statements:	<i>Definitely</i>	<i>Probably</i>	<i>Neutral</i>	<i>Probably</i>	<i>Definitely</i>
	<i>Would</i>	<i>Would</i>		<i>Would Not</i>	<i>Would Not</i>
	1	2	3	4	5
<p>C3: Jack Brown is vice president of marketing for Tangy Spices, a large spice manufacturer. Brown recently joined in a private business venture with Tangy's director of purchasing to import black pepper from India. Brown's private venture is about to sign a five-year contract with Tangy to supply its black pepper needs, but the contract is set at a price 3 cents per pound above contracts available from other spice importers that provide comparable service and quality. If you were Brown, what are the chances that you would sign the contract?</p>	<input type="checkbox"/>				
<p>C4: John Ward is working in product development for an auto parts contractor. Wards' firm received a large contract last summer to manufacture transaxles for use in a new line of front wheel drive cars. The contract is very important to Ward's firm because prior to obtaining it, half of the firm's employees, including Ward, had been scheduled for an indefinite layoff. Final testing of the assemblies ended last Friday, and the first shipments are scheduled for three weeks from today. As Ward was examining the test reports, he discovered that the transaxle tended to fail when loaded at more than 120% of rated capacity and subjected to strong torsion forces. (Continued on next page.....) (...Continued from previous page)</p>	<input type="checkbox"/>				

<p>Such a condition could occur with a heavily loaded car braking hard for a curve down a mountain road. While the driver would not lose control of the car, the resulting damage to the car would cost several thousand dollars to repair. The manufacturer's specifications call for the transaxle to carry 130% of its rated capacity without failing. Ward showed the results to his supervisor and the company president, both of whom indicated that they were aware of the report. If they did not deliver the assemblies on time, they would lose the contract. If you were Ward, what are the chances that you would notify the auto manufacturer of the defect?</p>	
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Many Thanks For Participating In This Survey