The Effect of Home and Host Country Cultures on Marketing Managers' Individual Decision Making Related to Ethical Issues in MNCs

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Preface

It was more than 5 years ago when I came to realization that I wanted to write a thesis on a topic of international business ethics. In fact, it was 10 years ago when I was contemplating what topic to choose for my Bachelor thesis in Business Administration at LCC International University (Lithuania). However, at that time I chose something different, although also related to ethics. Now, looking back at my choice not to write the thesis on international business ethics at the time, I realize that I was not sure whether I was mature enough for that topic then. It took a few years of working in business and academic fields, gaining more theoretical knowledge during various seminars and studies, as well as traveling internationally to personally experience the international aspect of business — all of which led to a stronger feeling of confidence to pursue the subject matter during my Master studies in Leadership and International Management at Kalmar University (Sweden), and after being awarded for the best Master thesis of the year, encouragement to develop it further for my Master thesis in Business Administration at Klaipeda University (Lithuania). It took additional years of working in international business to feel more competent to develop the subject further, narrowing it down from the more general Master thesis topic to the one in its present form.

The feeling of being mature enough to pursue the research on the topic further to arrive at a Ph.D. thesis would not have been reached without the professional and personal experiences that I have had during those years, as well as without the encouragement and support from a number of people to whom I am very thankful. I am deeply grateful for the support my parents have given me throughout this long journey and their encouragement to pursue my dream. I dedicate this thesis to them – my late Mom Aldona Kliukinskienė and Dad Vytautas Kliukinskas. This goal would have been more difficult to reach without the financial support I received from Agder University in the form of a 4-year scholarship and additional financing for my research presentations at international academic conferences around the world and my visit at the University of New Mexico (the U.S.). I appreciate the financial support provided for one of my international conference presentations by the Sheth foundation. I am also thankful to my advisors — professors Andreas Falkenberg at Agder University (Norway) and Sigurd Troye at NHH (Norway), as well as professors Gerald Albaum and O.C. Ferrell at University of New Mexico (the U.S.), the staff and faculty members of the Faculty of Economics and Social Sciences at Agder University (Norway), the external readers, reviewers and editors of the journals that published my

research, the reviewers of my conference papers, my fellow Ph.D. students who morally supported me in times of self-doubt and frustration, and who encouraged to endure the difficult moments by focusing on the goal. Thank you all for your great support and help!

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Abstract

In this thesis the most cited descriptive models of individual managerial decision making related to ethical issues in business, marketing, and international business, as well as related empirical studies are reviewed. The main goal of the study is to show the impact of home and host country cultures on managers' individual decision making related to ethical issues in multinational corporations (MNCs). An extension of the most comprehensive descriptive model of individual managerial decision making related to ethical issues by including host country culture as an additional variable for application to a MNC setting is proposed and tested. It is tested not only *whether* both home and host country cultures have an effect on individual managerial decision making related to ethical issues in a MNC, but also *how* they influence individual managerial decision making that encompasses (1) perception, (2) judgment, (3) deontological evaluation, and (4) teleological evaluation of ethical issues in a MNC setting.

The results of the empirical analysis indicate that in the majority of the cases, home and host country cultures do have a significant effect on the various stages of individual managerial decision making related to ethical issues in a MNC: (1) managers' individual decision making process related to ethical issues is different in different home countries, and (2) individual decision making process related to ethical issues changes when managers live and work in host countries – expatriates come to adopt attitudes related to ethical issues somewhere between those of the home and the host country. Implications of the research findings for theorists and practitioners, limitations of the study, and suggestions for future research are presented as well.

1 Introduction

The first chapter discusses the motivation for researchers to engage in the study of business ethics, as well as the main goal of such studies, resulting in the development of various descriptive models. The differences between descriptive and prescriptive models of individual decision making are discussed, too, along with differences between micro and macro theories. A justification of the study goal to show the impact of home and host country cultures on managers' individual decision making related to ethical issues in MNCs is presented. A definition of the term "ethical" as used in this thesis is also provided. It is noted that most of the descriptive models of individual decision making related to ethical issues are classified as general business, marketing, or international models. It is pointed out what previous empirical studies testing the models in international field have found so far and what still needs to be done in order to have a descriptive model of individual decision making that would be applicable to a multinational corporation setting in particular. Finally, the purpose and main questions of the study are presented, followed by the outline of the thesis.

1.1 Relevance of the subject matter

The topic of business ethics has always been relevant, but never more so than at the present time of the global economic crisis. Nestlè, Lockheed, Union Carbide, Nike, Enron, Tyco, AIG, BP, Halliburton, Lehman Brothers, Bernard L. Madoff are just a few well-known names of businesses and related individuals that at one time or other openly failed ethically. Such cases have prompted researchers to analyze the causes of unethical behavior to understand what drives individuals in business organizations to act unethically and pursue the goal of discouraging — hopefully ultimately reducing and/or eliminating — unethical conduct in companies and organizations.

The efforts to explain the decision making process for situations involving ethical issues resulted in development of various descriptive (sometimes called positive) models. In terms of their nature, purely descriptive models are different from all-normative/prescriptive models. The former analyze the decision making process involving ethical issues as it *is* vs. how it *should be* – the latter being the goal of normative/prescriptive models (Hunt, 1976; Hunt & Vitell, 1986, p. 758; Nill & Schibrowsky, 2007, p. 258-259). Although the models are classified as belonging to either a descriptive or normative model category, they may have some elements in them that belong to the other category. For example, the Hunt & Vitell (1986, 1993,

2005, 2006) model is classified as a descriptive model, however, the authors themselves have pointed out that their model also has some normative aspects — deontological and teleological theories — in it (Hunt & Vitell, 1986, p. 757; Schlegelmilch & Öberseder, 2010 p. 12).

Also, according to their scope, models can be further categorized as belonging to either micro or macro group. Micro means a low level of aggregation and indicates ethically relevant business in general or marketing actions of individual units, like individual companies and the individual decision maker within the company (Nill & Schibrowsky, 2007, p. 259; Hunt, 1976). On the other hand, macro has to do with high level of aggregation and denotes ethically relevant business in general or marketing activities for consumer groups, the society, and business in general or marketing systems. In such a way, macro implies to the ethical perspective of total business or marketing activities with an emphasis on complex issues, the interaction of business/marketing and society (Nill & Schibrowsky, 2007, p. 259; also Hunt, 1976). Sometimes microethical and macroethical issues overlap, like in cases when microethical issues might have consequences affecting society at large (Nill & Schibrowsky, 2007, p. 259).

Having said that, the models presented and analyzed in this thesis can be classified as belonging mostly to a micro/positive category which has emerged as the largest category since the 80s in marketing ethics research, especially after an appearance of such positive decision making models as the Hunt & Vitell model (1986, 1993, 2005, 2006) (Nill & Schibrowsky, 2007, p. 263, 269).

As only descriptive models can be tested empirically, having the goal of demonstrating the impact of home and host country cultures on managers' individual decision making related to ethical issues in MNCs, an extension of the most comprehensive descriptive model of individual decision making related to ethical issues is proposed and tested in this study. Besides, as pointed out by Hunt & Vitell (1986), descriptive research should be done before normative writings. "If one wished to make normative prescriptions about how other people should resolve their ethical conflicts, a useful starting point is to attempt to understand how these "others" do in fact arrive at their ethical judgments" (Hunt & Vitell, 1986, p. 771). As noted by Goolsby & Hunt (1992), "one rationale for pursuing positive research is that a more ethical business environment may possibly be achieved by understanding the processes through which individual ethical decisions are made. With such an understanding, organizations could take normative, proactive steps toward reducing ethical conflict and promoting ethical behavior" (p. 55). The author agrees with Hunt & Vitell (1993)

that "understanding how ethical decisions are made ('*is*') can contribute to making those decisions better ('*ought*')" (p. 782). Someone needs to analyze the state of the matter as it is, be it at the conventional, lower or higher, reasoning stage, be it fair or unfair, right or wrong. Therefore, this study analyzes how things *are* in different cultures, rather than proposing how they *should be*.

It should be noted that the term "ethical", as used in this thesis, is defined as "what is considered right or wrong in a specific culture" (based on descriptive moral relativism), rather than as "what is considered right or wrong universally" (moral universalism). Descriptive moral relativism describes the way things are, without suggesting the way they ought to be. It seeks only to point out that people frequently disagree over what is the most moral course of action. That is, whether an action is right or wrong depends on the moral norms of the society in which it is practiced. The same action may be morally right in one society but be morally wrong in another. Meanwhile, moral universalism (also called moral objectivism/universal morality) is the meta-ethical position that some system of ethics, or a universal ethics, applies universally, that is, for all individuals, regardless of culture, race, sex, religion, nationality, or other distinguishing feature.

Some researchers have developed descriptive models showing which factors determine individual decision making related to ethical issues in organizations/businesses in general (Trevino, 1986; Bommer et al., 1987; Fritzsche, 1991; Jones, 1991; Jones & Ryan, 1997; Brass et al., 1998; Beu et al., 2003). Others have noted that many unethical business actions can be related to marketing positions and have created descriptive models applicable to marketing settings (Zey-Ferrell et al., 1979; Zey-Ferrell & Ferrell, 1982; Ferrell & Gresham, 1985; Hunt & Vitell, 1986, 1993, 2005, 2006; Dubinsky & Loken, 1989; Ferrell et al., 1989). Wines & Napier (1992) and Robertson & Fadil (1999) are among the few scholars who have presented descriptive models applicable to international business settings.

Although neither authors of general descriptive business models nor authors of specific marketing models originally appear to have intended application of their models to individual decision making related to ethical issues in international business, other researchers have used and tested the models empirically in cross-cultural studies. For example, the Hunt & Vitell (1986, 1993, 2005, 2006) model was tested on whether *home* country culture affects decision making related to ethical issues. To date, the so-called international or cross-cultural models remain untested empirically in the settings suggested by their authors (Wines & Napier, 1992). However, most researchers who have carried out empirical research generally conclude and agree that *home*

country/national culture does affect the moral structure upon which individuals base their decisions related to ethical issues (Armstrong, 1992, 1996; Blodgett et al., 2001; Christie et al., 2003; Cherry et al., 2003; Lu et al., 1999).

Despite growing interest in decision making related to ethical issues since the 1960s and in ethical issues in international context since the 1980s (Schlegelmilch & Öberseder, 2010, p. 4-7; Nill & Schibrowsky, 2007, p. 268-269), as well as currently available knowledge about decision making related to ethical issues in international setting, prior research has not explored the specificities of individual decision making related to ethical issues in multinational corporations. The very nature of a MNC implies that individuals working in such an organization will be affected not only by the *home* country culture, but also by the culture of the *host* country in their decision making bearing ethical content. In empirical studies on expatriate managerial attitudes and judgments related to ethical issues, Lee (1981), Lee & Larwood (1983), Bailey & Spicer (2007) found that *host* country culture has a significant effect on individual attitudes in general and decision making related to ethical issues in particular. However, researchers have not incorporated evidence of testing for the influential ethical variable in any previously mentioned descriptive models of individual decision making related to ethical issues in business, marketing, or international business. The influence of the factor on individual decision making in multinational corporation settings related to ethical issues in business, marketing, and international business has not been empirically tested.

1.2 Aims of the study

Therefore, the main purpose of this study is to demonstrate the impact of home and host country cultures on managers' individual decision making related to ethical issues in MNCs. The study goal is achieved by (1) proposing an extension of the Hunt & Vitell (1986, 1993, 2005, 2006) model as the most comprehensive model in the field by adding the effect of the *host* country culture to the present model encompassing the effect of *home* country culture on various stages of individual decision making related to ethical issues in a MNC to make the model applicable to a MNC setting, and (2) testing empirically not only *whether* such a home and host country effect exists, but also *how* home and host country cultures influence different individual managerial decision making stages related to ethical dilemmas in a MNC.

In such a way, the thesis poses the following main questions and the empirical part of it will try to answer them:

- *Do home and host cultures have an impact on such individual managerial decision making stages as (1) perception of ethical issues, (2) judgment on ethical issues, (3) deontological evaluation, and (4) teleological evaluation related to ethical issues in a MNC?*
- *How home and host cultures affect such individual managerial decision making stages as (1) perception of ethical issues, (2) judgment on ethical issues, (3) deontological evaluation, and (4) teleological evaluation related to ethical issues in a MNC?*

1.3 Structure of the thesis

To justify the application of the Hunt & Vitell (1986, 1993, 2005, 2006) model to a MNC setting, an analysis of the most frequently cited descriptive models of the decision making process involving ethical issues is presented in the next section of this thesis. Following the review of existing literature, the Vitell et al. (1993) propositions on *home* country culture effect are extended to include the hypothesized effect of the *host* country culture on the four aforementioned managerial decision making stages related to ethical issues in a MNC setting. Next, the empirical test results are presented, along with their theoretical, managerial, and moral implications, limitations of the study, and suggestions for future research.

This chapter briefly discussed what triggered researchers to study individual decision making related to ethical issues which resulted in the development of descriptive models of individual decision making in business in general, marketing and international business in particular. The chapter also provided a definition of descriptive and prescriptive models of individual decision making, as well as micro and macro theories, together with a definition of the term "ethical" as used in the study. The study goal to show the impact of home and host country cultures on managers' individual decision making related to ethical issues in a MNC setting was justified, followed by proposition to extend the most comprehensive descriptive model of individual decision making related to ethical issues. The purpose and main questions of the study were presented as well, followed by the outline of the thesis.

The following chapter presents the most often discussed in the literature models of individual decision making related to ethical issues in business, marketing, and international business. The empirical studies that have tested the models are presented,

too. Finally, the main problematic areas in the models are discussed for the purpose of choosing the most comprehensive model for the achievement of the study goal.

2 Literature review

The chapter presents models of individual decision making related to ethical issues in business, marketing, and international business most often discussed in the literature. Also, related empirical studies, grouped according to the variable being tested, are reviewed. Finally, the main problematic areas in the models are discussed: (1) the dependent variable defined in a dichotomous or positive/negative way, (2) not all four steps of the process of decision making related to ethical issues are included, (3) the influence of certain factors on the process of individual decision making is not specified or models are built on questionable assumptions, (4) influential factors empirically shown to affect individual decision making are not encompassed or too many of them are included, (5) an influential factor affecting decision making stages related to ethical issues in a MNC setting, in particular, the impact of the *host* country culture is missing.

2.1 Existing models

A number of studies have developed descriptive models determining which factors influence the individual decision making process related to ethical issues in organizations (Trevino, 1986; Bommer et al., 1987; Fritzsche, 1991; Jones, 1991; Jones & Ryan, 1997; Brass et al., 1998; Beu et al., 2003), in marketing settings (Zey-Ferrell et al., 1979; Zey-Ferrell & Ferrell, 1982; Ferrell & Gresham, 1985; Hunt & Vitell, 1986, 1993, 2005, 2006; Dubinsky & Loken, 1989; Ferrell et al., 1989), and in international business (Wines & Napier, 1992; Robertson & Fadil, 1999). The interest in the factors that play a role in the decision making process related to ethical issues surged in 1960s, when Bartels' prominent article on the role of culture in influencing ethics was published in 1967, and has remained until nowadays (Schlegelmilch & Öberseder, 2010 p. 4).

2.1.1 Models of individual decision making related to ethical issues in business

Rest's (1986) "model of moral action" as the basis for other models. Rest (1986) proposed a four-component model for individual decision making and behavior related to ethical issues based on a cognitive-developmental perspective (Kohlberg, 1969). According to Kohlberg's cognitive-developmental theory (1969), an individual's cognitive perception of morality evolves through a series of developmental levels in reaching moral maturity. Kohlberg (1969) argued that similar

situations involving ethics will yield different responses by individuals because they are in different stages of their moral development. Kohlberg outlined six stages within three different levels. Level 1 – pre-conventional morality - encompasses stage 1 – obedience and punishment, at which right behavior is the literal obedience to rules and authority, and stage 2 – individualism and exchange, where right behavior is serving one's own or another's needs and making fair deals. Level 2 – conventional morality level (that is what national culture is about, or to put it in Hofstede's (1980, 2001) words, "collective programming of the mind") – encompasses stage 3 – mutual interpersonal expectations, relationships, and conformity, where right behavior is being concerned with others, being motivated to follow rules and keeping loyalties, and stage 4 — the stage of social system and conscience maintenance, where right behavior is doing one's duty to society. Level 3 – post-conventional morality – covers stage 5 - the stage of prior rights, social contract, or utility, where right behavior is upholding the basic rights, values, and legal contracts of society, and stage 6, the stage of universal ethical principles, where right behavior is determined by universal ethical principles that all should follow, even if they conflict with laws and rules (Table 1). According to Kohlberg (1969), through moral development, managers change their values, and that in turn modifies their behavior.

Table 1. Kohlberg's (1969) levels of moral development

LEVEL	STAGE	CHARACTERISTICS OF STAGE/LEVEL
Pre-conventional	Stage 1	Punishment-obedience orientation
	Stage 2	Instrumental relativist orientation
Conventional	Stage 3	Interpersonal concordance orientation
	Stage 4	Authority and social-order maintaining orientation
Post-conventional Autonomous, or Principled	Stage 5	Social-contract legalistic orientation
	Stage 6	Universal ethical principle orientation

Sources: Kohlberg, L. (1969). Stage and sequence: The cognitive developmental approach to socialization. In: Goslin, D. (ed.), *Handbook of Socialization Theory and Research*. Chicago, IL: Rand McNally.
Kohlberg, L. (1984). *The Psychology of Moral Development: The Nature and Validity of Moral Stages.* San Francisco, CA: Harper and Row.

The Rest (1986) model describes components of the reasoning process related to ethical issues, each involving a psychological process and outcome, which lead to an individual's behavior. Reasoning process related to an ethical issue is initiated through: (1) identification of an issue having ethical content. Ethical sensitivity is related to awareness that the resolution of an issue may affect the well-being of others. After an individual identifies an issue involving ethical content, he/she enters a process of prescriptive reasoning in which he/she evaluates the ideal outcomes that should

occur in a certain situation (Kohlberg, 1969, 1976; Rest, 1979). The aftermath of the reasoning process is a (2) judgment of what should be done to resolve that ethical issue. After that, an individual contemplates on his/her (3) intention to act/behave on that issue, which involves a value assessment of the ethical choice vs. other decision choices. After that an individual reaches the final stage of decision making process — (4) action/behavior — which is a function of his/her conscious choice and certain personal characteristics. Rest argued that each component in the process is conceptually distinct and that success in one stage does not guarantee success in any other stage.

The original framework devised by Rest (1986) defining decision making related to ethical issues as a four step process has become the foundation for the majority of models. Since this framework was published, other researchers have included a wide variety of individual, organizational, and contextual factors, and/or elaborated on the decision making stages in models of individual decision making related to ethical issues. In the follow-up empirical studies, other factors have been found to influence the four-step process, yet all research generally supports the basic framework of Rest (O'Fallon & Butterfield, 2005, p. 375).

Trevino's (1986) "person-situation interactionist model." Although Trevino's (1986) so-called "A Person-Situation Interactionist Model" does not directly address the Rest (1986) model, it is a competing model which implicitly builds on it (Jones, 1991, p. 368). Based on the Kohlberg (1969) theory of cognitive moral development which has been extensively tested empirically (e.g., Colby et al., 1983; Kohlberg & Candee, 1984), Trevino posits that the individual's cognitive moral development stage determines his/her reaction to a certain ethical issue. Additional individual and situational variables are shown to interact with the cognitive component to determine how an individual is likely to behave in response to an ethical issue. Individual variables — ego strength (i.e., strength of conviction: individuals high on a measure of ego strength are expected to resist impulses and follow their convictions more than individuals with low ego strength), field dependence (when the situation is ambiguous, and referents provide information that helps remove the ambiguity, field dependent individuals make greater use of external social referents to guide their behavior), and locus of control (the person who has "internal" locus of control believes that outcomes are the result of his/her own efforts, while the one who has "external" locus of control believes life events are beyond control and can be attributed to fate, luck or destiny) — are shown in the model to affect the likelihood of an individual's acting on cognitions of what is right or wrong. Situational variables arising from the immediate job context

and the broader organizational culture are shown to affect the organization's normative structure (collective norms about what is and what is not appropriate behavior). Referent others (the presence of a role model can serve to elicit ethical or unethical behavior), obedience to authority (in organizations where legitimate authority is an accepted tenet of the work setting, most individuals are expected to carry out the orders of those with legitimate authority, even if those orders are contrary to the person's determination of what is right), responsibility for consequences (when individuals are encouraged to take individual responsibility for action consequences, there is higher probability that they will act ethically), reinforcement contingencies (specific rewards and punishments for ethical or unethical behavior), and other external pressures (personal costs of moral behavior, time pressure, scarce resources, competition) — also moderate the cognition/behavior relationship (Trevino, 1986, p. 602).

Characteristics of the job itself (opportunities for role taking and responsibility for the resolution of moral dilemmas) and the moral content of the organizational culture are shown in the model as situational factors affecting the stages of moral development of the individual: individuals whose work either allows or requires them to engage in complex role taking are said to be more likely to continue to advance in cognitive moral development stage; individuals who are responsible at their work for the frequent resolution on moral conflicts are also more likely to continue to advance in cognitive moral development; while the organizational culture itself can also contribute to individuals' moral development by allowing its members decision-making responsibility and encouraging role-taking opportunities (Trevino, 1986, p. 611).

Bommer et al. (1987) "behavioral model of ethical and unethical decision making." The model shows several categories of factors influencing managers' decisions when they are confronted by ethical dilemmas: social, government and legal, work, professional, and personal environment, as well as individual attributes. These variables are shown to affect "ethical and unethical behavior" via the mediating structure of the individual's decision making process (Bommer et al., 1987, p. 267). The decision process in the model functions as a central processing unit with its own internal characteristics such as the individual's cognitive style, type of information acquisition and processing, and perceived levels of loss and reward that influence the decision. The model also shows that the degree of influence which the decision maker perceives the various factors to have is different from the influence they actually have (Bommer et al., 1987, p. 267).

Fritzsche's (1991) model. The Fritzsche (1991) model incorporates the essence of the Ferrell & Gresham (1985), parts of the Hunt & Vitell (1986, 1993, 2005, 2006), and Trevino (1986) models. It portrays the set of personal values of an individual as the dominant individual level input into the decision making process that is mediated by organizational culture. In his model Fritzsche (1991) shows that decision making related to ethical issues is also affected by stakeholders.

The model shows that the recognition of the management problem motivates the decision maker to search for solutions. A set of solution alternatives is evoked which consists of the total set of decision alternatives considered by the decision maker, and each alternative is evaluated on the basis of the economic, political, technological, social, and ethical issues. Fritzsche (1991) claims that the actual decision process may be considered phased heuristic (this aspect is similar to the Hunt & Vitell (1986) model, namely, teleological and deontological evaluation stage): the first phase consists of a conjunctive rule specifying a minimum cut-off point for each of the decision dimensions; decision alternatives that survive the first phase may then be subjected to a linear compensatory heuristic yielding the overall value of each alternative. The model shows that the selection and implementation of decision alternative results in an internal and/or external impact which may influence future decisions, where internal impacts may affect different aspects of the organization culture, while external impacts may change the set of decision alternatives evoked in the future (Fritzsche, 1991, p. 850).

Jones's (1991) "issue contingent model." The model stresses the characteristics of the ethical issue itself as Jones believes the prior models did not adequately account for differences in ethical issues (Jones, 1991, p. 370). Jones argues that six component parts of the moral intensity (magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect) are positively related to all four stages of decision making process related to ethical issues, i.e., to recognizing issues involving ethical content, making judgments, intentions, and behavior (Jones, 1991, p. 372). In his model Jones also showed that such organizational factors like group dynamics, authority, and socialization processes affect two of the four stages of decision making process related to ethical issues, i.e., establishment of intent and behavior itself.

Jones & Ryan's (1997) model. Jones & Ryan (1997) criticized all the previous models for not being able to explain the disparity between what organizational members decide is right to do in a given situation and what they actually do. The researchers came up with their own model based on a so-called idea of moral

approbation, defined as moral approval from oneself or others. By arguing that individuals rely on the opinions of their referent groups when deciding how to behave, the authors showed in their model how organizational or environmental factors affect individuals' behavior related to ethical issues (Jones & Ryan, 1997). The model suggests that individuals consider four factors when defining their own or other person's level of moral responsibility in a certain situation: the severity of the consequences of that act, the certainty that the act is moral or immoral, the individual's degree of complicity in the act, and the extent of pressure the individual feels to behave unethically.

The individual uses the four factors to determine the level of moral responsibility that his/her referent group will attribute to him/her. Based on that, the individual is believed to plan a certain course of action and estimate how much moral approbation can be expected from the referent group based on that behavior. The authors of the model claim then the individual compares this anticipated level of moral approbation to the minimum that he/she can tolerate, and if the anticipated moral approbation matches the threshold, the individual is likely to establish a formal intention of behaving according to the plan, and is more likely to act according to the plan. However, if the comparison shows that the threshold is not met, the individual will rethink his/her course of action and continue to go through the moral approbation process until a plan is developed that will lead to the necessary level of approbation (Jones & Ryan, 1997).

Brass et al. (1998) model. Brass et al. (1998) proposed that it is not only individual, organizational, and issue-related factors that affect decision making process related to ethical issues, it is also relationships among actors that have the effect. The authors of the model think that it is an important omission as behavior is a social phenomenon as it involves a relationship between individuals that is also embedded in a structure of other social relationships (Brass et al., 1998, p. 14-15). At the same time they admit that there is an exception to this omission — the *Jones model (1991)* which emphasizes the influence of proximity among individuals on decision making process related to ethical issues. Brass et al. (1998) claim that it is type and structure of relationships that also affect decision making process related to ethical problems. The authors of the model propose that when relationships are strong, multiplex, symmetric, equal in status, there are no structural holes in relationships, there is high closeness centrality, and when the network is dense, there are more incentives for behaving ethically.

Beu et al. (2003) model. The researchers based their model on accountability theory as they believe that behavior related to ethical issues is a social phenomenon. Accountability theory claims that persons who perceive the need to defend their behavior to an audience that has reward/sanction power are more likely to conform to the expectations of the audience (Beu et al., 2003, p. 90). The model shows that person's cognitive moral development, personality traits (Type A/B, locus of control, Machiavellianism, competitiveness, general self-efficacy) and such demographics as gender and occupation/major directly influence "ethical intent/behavior," while moral intensity is shown to moderate the relationship between different accountability situations and "ethical intent/behavior."

2.1.2 Models of individual decision making related to ethical issues in marketing

Zey-Ferrell et al. (1979), Zey-Ferrell & Ferrell (1982), Ferrell & Gresham (1985), Dubinsky & Loken (1989), Ferrell et al. (1989), as well as Hunt & Vitell (1986, 1993, 2005, 2006) are the most often quoted articles in the field of descriptive marketing ethics that are claimed having determined the factors that affect individual decision making process related to ethical issues in marketing.

In their review of marketing ethics literature spanning the period of almost 50 years (since 1960 until 2008), Schlegelmilch & Öberseder (2010) point out that among the most frequently cited papers in the field have been Ferrell & Gresham's (1985) article which attracted 337 citations and Hunt & Vitell's (1986) paper which attracted 793 citations up to June 2009, considering that only "a very small fraction, namely 7 out of 538 papers analyzed, achieved more than 100 citations" (Schlegelmilch & Öberseder, 2010, p. 14).

Zey-Ferrell et al. (1979) "model of unethical behavior." The Zey-Ferrell et al. (1979) model is based on the Sutherland & Cressey (1966) theory of differential association which claims that the individual does not learn values, attitudes, and norms from society as such but from individuals who are members of disparate social groups, each having distinct norms, values, and attitudes, and whether or not the learning process results in unethical behavior depends on the ratio of contacts with unethical patterns to contacts with ethical patterns (Zey-Ferrell et al., 1979, p. 559). The authors of the model assume that the association with peers and other employees who are defined as participating in unethical behavior/condoning such behavior, and the opportunity to be involved in such behavior oneself, are major predictors of unethical

behavior. Zey-Ferrell et al. (1979, p. 559) claim that peer influences and opportunity are better predictors of individual's behavior than his/her own ethical/unethical belief system.

Zey-Ferrell & Ferrell's (1982) model. The researchers also based their conceptual model on the differential association theory by Sutherland & Cressey (1966) and role-set configuration analysis, role-set configuration being defined as "the mixture of characteristics of the referent others which form the role-set and may include their location and authority as well as their beliefs and behaviors as perceived by the focal person" (Zey-Ferrell & Ferrell, 1982, p. 590). Based on the role-set configuration analysis, the authors claim that in terms of location, that the greater the distance, the less likely the focal person's "ethical/unethical behavior" will be influenced by referent others. In terms of authority, top management as referent others with greater authority will have greater predictive influence on the focal person's "ethical/unethical behavior." In terms of beliefs/behaviors, both beliefs and behaviors of referent others as perceived by the focal person may influence the "ethical/unethical behaviors" of the focal person. Apart from role-set configuration influences, the opportunity of the focal person to become involved in "ethical/unethical behavior" is also claimed to be influential to "ethical/unethical behavior." In general, the model shows that it is two factors that affect "unethical behavior," namely, differential association with peers and top management, and opportunity to behave unethically (Zey-Ferrell & Ferrell, 1982).

Ferrell & Gresham's (1985) model. Ferrell & Gresham (1985) proposed a model that demonstrates that decisions involving ethical dilemmas are affected by individual factors, significant others within the organizational setting, and opportunity for action. The societal/environmental criteria used to define an ethical issue are treated in this model as exogenous variables. The researchers, like Hunt & Vitell (1986, 1993, 2005, 2006), as well as Ferrell et al. (1989) and Fritzsche (1991), developed their models of marketing ethics utilizing the teleological and deontological approach as background for their work. They discuss utilitarianism, the rights, and justice principle as the components of their individual factors construct in their contingency framework for examining marketing ethics (Williams & Murphy, 1990, p. 20). The authors point out that although their proposed model could be equally applicable to other functioning areas of the organization, such as accounting, management, etc., the opportunity to deviate from ethical behavior may be less prevalent in non-marketing areas, due to a lower frequency of boundary spanning contacts (Ferrell & Gresham, 1985, p. 88).

The variables affecting behavior that is related to ethical dilemmas in the field of marketing are categorized into individual and organizational contingencies. The model shows that these variables are interdependent and affecting, either directly or indirectly, the dependent variable, i.e., "ethical/unethical marketing behavior" (Ferrell & Gresham, 1985, p. 88).

Hunt & Vitell's (1986, 1993, 2005, 2006) model. The model addresses the situation in which an individual (1) confronts a problem perceived as having ethical content. If the individual perceives an ethical problem in the situation, then the process shown in the model begins; (2) the next step in the model is the perception of various possible alternatives that might be taken to solve the ethical problem. Having perceived the set of alternatives, (3) two kinds of evaluations — a deontological and a teleological — follow.

In the process of deontological evaluation, the individual considers the inherent rightness or wrongness of the behaviors implied by each alternative. The individual compares each alternative's behaviors with a set of predetermined deontological norms. These norms represent personal values or rules of moral behavior, encompassing both general and issue-specific beliefs. The deontological norms encompass both the hyper-norms and local norms of the integrative social contracts theory (Donaldson & Dunfee, 1994; Dunfee et al., 1999). While evaluating each alternative from teleological perspective, the individual focuses on: (1) the perceived consequences of each alternative for various stakeholder groups, (2) the probability that each consequence will occur to each stakeholder group, (3) the desirability or undesirability of each consequence, and (4) the importance of each stakeholder group (Hunt & Vitell, 1993, 2006). According to the authors, the general result of the teleological evaluation will be beliefs about the relative goodness vs. badness brought about by each alternative, as perceived by the decision maker (Hunt & Vitell, 2006, p. 145). In such a way, the theory claims that an individual's ethical judgments are a function of the individual's deontological and teleological evaluations.

Hunt & Vitell (1986, 1993, 2005, 2006) claim their model shows that ethical judgments affect behavior through the intervening variable of intentions. Since according to the Hunt & Vitell (1986, 1993, 2005, 2006) model, teleological evaluation independently affects intentions, too, ethical judgments can sometimes differ from intentions. Another variable depicted in the Hunt & Vitell (1986, 1993, 2005, 2006) model — action control — according to the authors, is the extent to which an individual exerts control in the enactment of an intention in a particular situation, i.e., situational constraints (e.g., and opportunity to adopt a particular alternative) may

result in behaviors inconsistent with the individual's intentions and ethical judgments. The model also shows that after a certain behavior, the actual consequences of the alternative selected are evaluated, which serves as a feedback to the category of variables named "personal characteristics" (based on the Hegarty & Sims (1978) research results) (Hunt & Vitell, 1986, 1993). Because of such a feedback, the theory claims that individuals can be conditioned to behave ethically (Hunt & Vitell, 2006, p. 146).

The revised model (Hunt & Vitell, 1993) demonstrates that certain aspects of the decision making process can be influenced by several personal characteristics (i.e., individual's personal religion (Wilkes et al., 1986; Vitell & Paolillo, 2003), value system (i.e., organizational commitment (Hunt et al., 1989), belief system (i.e., Machiavellianism (Singhapakdi & Vitell, 1991)), strength of moral character (Williams and Murphy, 1990), cognitive moral development (Kohlberg, 1969, 1976; Trevino, 1986), and ethical sensitivity (Sparks & Hunt, 1998)). Cultural (i.e., religion, legal, and political systems), industry, professional, and organizational environments (the latter three consisting of informal norms, formal codes, and code enforcement) also are said to influence the individual decision making process related to ethical issues.

Dubinsky & Loken's (1989) "model for analyzing ethical decision making in marketing." The model has its origins in social psychology, the approach being derived from the theory of reasoned action (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975), used to study consumer behavior. According to the theory, individuals are usually rational, they make use of information that is available to them when deciding to engage in a given behavior, and their behavior is under volitional control (Ajzen & Fishbein, 1980). According to the authors of the theory of reasoned action, Fishbein & Ajzen (1975), people are rational in that they process information in a systematic way, although the behaviors that follow from the process are not necessarily ethical.

In their model, Dubinsky & Loken (1989) claim the immediate determinant of engaging in "ethical/unethical behavior/action" is one's intention to perform the behavior. Intention is influenced by the individual's attitude toward the behavior (i.e., an individual's judgment concerning whether engaging in a certain behavior is good or bad) and/or subjective norm (i.e., perceived social influence/pressure placed on the individual to perform or not to perform the behavior) (Dubinsky & Loken, 1989). The theory proposes that the relative importance attached to attitudes and subjective norms in predicting intentions (and therefore behavior) varies depending upon the particular

ethical behavior tested or the particular subgroup or population investigated (Dubinsky & Loken, 1989, p. 87).

The model shows that attitude is determined by the person's salient behavioral beliefs about the outcomes related to performing the behavior and evaluations of those outcomes. The authors claim that evaluating the outcomes of a particular behavior directly affects one's attitude toward the behavior but only indirectly influences actual performance of the behavior (Dubinsky & Loken, 1989).

Subjective norm in the model is a function of the individual's normative beliefs about whether salient referents think the individual should engage in the behavior and motivations to comply with the referents (Dubinsky & Loken, 1989, p. 85).

Ferrell et al. (1989) model. It is a synthesis model based on the earlier models of decision making related to ethical issues in marketing by Ferrell & Gresham (1985), Hunt & Vitell (1986, 1993), and the Kohlberg model (1969) of cognitive moral development. From the Hunt & Vitell (1986) model the researchers took a micro aspect of the individual's cognitive decision process (i.e., in their model Hunt & Vitell (1986, 1993, 2005, 2006) show how individuals' ethical judgments are a function of both deontological and teleological evaluation). From the Ferrell & Gresham (1985) model the authors adapted a more macro orientation as they think the organizational culture component included in Ferrell & Gresham (1985) model is equally important in ethical decision making process. Since the authors think that the decision making process consists of problem recognition, search, evaluation, choice, and outcome, where recognition of ethical dilemma is a critical matter which depends on different stages of cognitive moral development, from the Kohlberg model (1969) the authors used the aspect of cognitive moral development to show that a person at a lower (pre-conventional) stage of moral development may not recognize a certain situation as an ethical issue, while another person at a higher (principled) stage of cognitive moral development may see the ethical component of the same dilemma. Besides, based on the Ferrell & Gresham (1985) model, which shows that recognition of an ethical issue also depends on the evaluation of "ethical/unethical behavior" which in turn is affected by social learning, the researchers also included the social learning as a variable in their synthesized model.

2.1.3 Models of decision making related to ethical issues in international business

Wines & Napier's (1992) "model for cross-cultural ethics." The Wines & Napier (1992) model is based on the *Owens (1983) "model of business ethics."* Wines & Napier (1992) have pointed out that the Owens model (1983) is not applicable to international company context since it is based on a simple framework for viewing moral values and ethics within a single culture and suggests that cultures are closed systems in which public opinion involving moral beliefs is reflected through the political and economic system to change the external environment for business decisions. In the Owens model (1983), a manager's decisions are at the center of concentric circles; the middle layer represents the political and economic contexts that influence decisions; while the outer layer includes moral values, beliefs and public opinion that includes cultural elements; values and opinions are shown to influence both inner layers — the political and economic contexts — as well as decisions.

Wines & Napier (1992) point out that the Owens model (1983) needs to be extended to a cross-cultural perspective as they believe that cultures may overlap or interface when a firm conducts business outside its home country or when a domestic company employs individuals from several cultures. The focus of their model is on clusters of cultures with shared moral values, as Hofstede (1980, 2001) suggested with his cultural dimensions (Wines & Napier, 1992, p. 835-836). The model shows how different cultures may be linked by "value strings" representing common moral values (Wines & Napier, 1992, p. 836).

Robertson & Fadil's (1999) "culture-based consequentialist model of ethical decision making." Since Robertson & Fadil (1999, p. 385) believed researchers had not integrated the influence of cultural values into the ethical decision making paradigm, they constructed their own model. The authors built their model on previous models of decision making related to ethical issues, with a focus on cultural dimension of individualism/collectivism and the ethical philosophy of consequentialism. The authors of the model claim that their model also incorporates "other key stages in ethical decision making process" such as education and training, moral development (based on the Kohlberg (1969) theory), the intensity of the ethical dilemma (based on the Jones (1991) model), and moderating factors (i.e., individual and situational factors that in their own turn are influenced by manager's national culture) (Robertson & Fadil, 1999, p. 387).

2.2 Related empirical studies[1]

[1] Some of the related empirical studies can be found in Appendix 1.

In their comprehensive review of marketing ethics literature covering the period between 1960 and 2008, Schlegelmilch & Öberseder (2010) note that the interest in the effect of such organizational factors as "codes and norms of conduct/ethics" has been since 1960s (p. 4). Although one of these organizational variables — "(formal) codes of conduct/ethics" — is not included in all the aforementioned models, results of the empirical studies in the field demonstrate that in general this variable does affect decision making process related to ethical issues (Adams et al., 2001; Somers, 2001; Peterson, 2002; Hegarty & Sims, 1979; Laczniak & Inderrieden, 1987). After reviewing 20 of the empirical studies that were published during the period of 1996-2003 on decision making related to ethical issues in business, O'Fallon & Butterfield (2005) found only two that revealed no significant findings. Out of the remaining 18 findings, 6 reported mixed results or suggested that the existence of a code of ethics did not affect decision making process related to ethical issues (Sims & Keon, 1999). 11 of the other 12 empirical findings showed that the very presence of codes of ethics positively affected decision making process (McDevitt & Hise, 2002). Likewise, in the earlier review of empirical studies, Ford & Richardson (1994) also noted that codes of ethics/conduct have a significant influence on decision making process related to ethical issues. In their review of empirical studies, Loe et al. (2000), too, noted that 7 out of 10 studies supported the claim that codes of ethics are positively related to decision making process. In general, it can be pointed out that although there are some exceptions, the majority of the studies support the notion that the very existence of a code of ethics positively influences decision making process (O'Fallon & Butterfield, 2005, p. 397).

Another organizational factor — "ethical climate/culture," "(informal) norms of conduct/ethics" — appears in several previously analyzed models (assuming Bommer et al. (1987) implicitly included it under the variable called "corporate culture", Brass et al. (1998) under "climate", Hunt & Vitell (1993) under "informal norms", Ferrell et al. (1989) under "organizational culture", Owens (1983) under "ethical beliefs and codes"). The empirical studies show informal norms do have an effect on individual decision making process related to ethical issues (VanSandt, 2003; Verbeke et al., 1996; Singhapakdi et al., 2001).

From all the models described previously, only the Hunt & Vitell model (1986, 1993, 2005, 2006) has a variable called "industry environment." In some other models it can be only speculated what the authors actually had in mind by introducing variables called "economic environment" (Ferrell et al., 1989) or "economic systems" (Owens, 1983), while the remaining models do not have such a variable at all. In their

review of the empirical literature, O'Fallon & Butterfield (2005) note that from 1996 to 2003 there were 9 empirical studies done that tested the influence of industry type on decision making related to ethical issues, only 1 study produced significant findings (Shafer et al., 2001), while the remaining findings cannot be directly compared as different industries were chosen for each study. Ford & Richardson (1994) found 3 studies, 2 of which produced no significant findings, while the remaining study found significant difference among retailers toward actions taken in certain situations. As pointed by the reviewers, due to the different industries investigated, no general conclusion can be drawn. It can be pointed out that from the 12 studies, 8 produced significant differences among industries (O'Fallon & Butterfield, 2005).

While the majority of the researchers did not think code enforcement was an important influencing factor on individual decision making related to ethical issues, Trevino (1986) implicitly included it under "responsibility for consequences," Brass et al. (1998) named it "reward systems," Ferrell & Gresham (1985) "rewards/punishment," Fritzsche (1991) "reward structure." Although Hunt & Vitell (1986) did not specify in their original model what they had in mind under "organizational environment," in the revised model (Hunt & Vitell, 1993) there is a variable named "code enforcement." Results of the empirical studies (Cherry & Fraedrich, 2002; Hegarty & Sims, 1978; Tenbrunsel & Messick, 1999) show a clear impact of rewards and sanctions on decision making related to ethical issues. That is, rewarding unethical behavior tends to increase the frequency of unethical behavior, while effective sanctioning systems tend to decrease it (O'Fallon & Butterfield, 2005).

Other factors like "referent others/differential association of peers/employees/significant others" have been included implicitly or explicitly in the Trevino (1986), Zey-Ferrell et al. (1979), Zey-Ferrell & Ferrell (1982), Ferrell & Gresham (1985), Dubinsky & Loken (1989) models; "obedience to authority/authority factors/managers" in the Trevino (1986) and Jones (1991), models; "characteristics of the work" in the Trevino (1986) model; "group dynamics" in the Jones (1991) model; "socialization processes" in the Jones (1991) model. According to O'Fallon & Butterfield (2005), the most consistent findings were those of the studies testing for the effects of ethical climate/culture, codes of ethics, and rewards and sanctions, while the results related to studies testing industry type and other variables are mixed (O'Fallon & Butterfield, 2005, p. 398).

Since the time Jones (1991) suggested to include one more variable in models of decision making process related to ethical issues — "moral intensity of the issue" — only Jones & Ryan (1997), Brass et al. (1998), Robertson & Fadil (1999) included

it explicitly in their models. According to O'Fallon & Butterfield (2005), although moral intensity is a relatively new construct in business ethics literature, there has been a strong support for its influence on decision making process related to ethical issues (Singhapakdi et al., 1996; Singer & Singer, 1997; Valentine & Fleischman, 2003).

Another individual factor — "gender" — is implicitly included only in the Bommer et al. (1987) model under "demographics." However, gender is one of the most frequently researched variables within the business ethics literature (Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005). Prior research that examined the effect of gender on decision making involving ethical issues has produced largely mixed results. For example, Ford & Richardson (1994) reviewed seven studies that find no significant gender differences and seven studies that find that females were more sensitive to ethical issues than males. Loe et al. (2000) reviewed nine papers that find no significant gender differences and 12 studies that find that females respond more ethically than males. O'Fallon & Butterfield (2005) reviewed 23 studies that fail to detect a significant gender difference and 16 studies that find that females report more ethical intentions, judgments, or behaviors.

While these results are mixed and the majority of the studies reported few (e.g., Fleischman & Valentine, 2003; Serwinek, 1992; Kidwell et al. 1987) or no significant gender differences (e.g., Derry, 1989; Browning & Zabriskie, 1983; Callan, 1992; Dubinsky & Levy, 1985; Hegarty & Sims, 1978; Brady & Wheeler, 1996), the common finding of these studies is that *when* differences exist, females report more ethical responses than males (O'Fallon & Butterfield, 2005): more ethical intentions (Cohen et al., 2001; Singhapakdi, 1999), judgments (Christie et al., 2003; Cole & Smith, 1996; Dawson, 1997; Deshpande et al., 2000; Fleischman & Valentine, 2003; Malinowski & Berger, 1996; Okleshen & Hoyt, 1996), and behaviors (Glover et al., 1997; Libby & Agnello, 2000; Ross & Robertson, 2003) than males. However, some research indicated that females are more prone to responding in a socially desirable fashion (Bernardi, 2006; Bernardi & Guptill, 2008; Schoderbek & Deshpande, 1996; Dalton & Ortegren, 2011). Therefore, it is uncertain whether gender differences in decision making related to ethical issues exist because females are more ethical or because females are more prone to the social desirability response bias. Dalton & Ortegren (2011), using a sample of 30 scenarios from previous studies that found gender differences (Ameen et al., 1996; Cohen et al., 2001; Cole & Smith, 1996; Okleshen & Hoyt, 1996; Weeks et al., 1999), examined whether the gender differences remain robust when social desirability is controlled for in the analysis. The Dalton & Ortegren (2011) data suggest that the effect of gender on decision making related to

ethical issues is largely attenuated once social desirability is included in the analysis. Therefore, the social desirability response bias seems to be driving a significant part of the relationship between gender and decision making related to ethical issues (Dalton & Ortegren, 2011). The Dalton & Ortegren (2011) study findings do not necessarily imply that males are, in fact, as ethical as females; however, the difference between male and female ethical behavior may be less pronounced than previously considered. According to gender socialization theory, females are more susceptible to the social desirability response bias (Chung & Monroe, 2003). As a consequence of gender socialization, females are, in general, more concerned for the well-being of others (Barnett et al., 1996). Females are also more likely to be influenced by societal norms to create a favorable impression (Chung & Monroe, 2003), which, in turn, leads to a greater propensity for females to respond in a socially desirable manner.

Quite a few researchers included another individual variable in their models—"deontological and teleological norms/values/philosophy." Jones & Ryan (1997) called it "philosophy," Ferrell & Gresham (1985) — "values," Hunt & Vitell (1986, 1993, 2005, 2006) — "deontological and teleological evaluations," Dubinsky & Loken (1989) — "outcome evaluations," Ferrell et al. (1989) — "consequentialist theories of ethical behavior." In fact, deontological and teleological theories as the two major *normative* ethical theories in moral philosophy. And, although, as pointed out by Hunt & Vitell (1986), "these theories are normative to the extent that people actually follow their prescriptions, any positive theory of marketing ethics must incorporate them" (p. 757). There have been comparatively a lot of empirical studies testing the influence of this factor on decision making process related to ethical dilemmas (Singhapakdi et al., 1996; Sparks & Hunt, 1998; Yetmar & Eastman, 2000; Mayo & Marks, 1990; Keyton & Rhodes, 1997; DeConinck & Lewis, 1997). All of these studies support the hypothesis that idealism and deontology are positively related to the decision process, while relativism and teleology are negatively related, at the same time providing support that decision making process is influenced by both teleological evaluations and deontological norms. In the latter case, the Hunt & Vitell (1986, 1993, 2005, 2006) model, which shows that decision making process is affected by deontological and teleological evaluations, has been tested the most (Vitell & Hunt, 1990; Mayo & Marks, 1990; Singhapakdi & Vitell, 1990, 1991; Hunt & Vasquez-Parraga, 1993; Menguc, 1998; Vitell et al., 2001). O'Fallon & Butterfield (2005) think that the research related to this variable reveals fairly consistent findings.

Only several researchers considered an individual's "education" and "work experience" as influential factors on individual's decision making process related to

ethical issues. In their model Bommer et al. (1987) included a variable named "position/status," Ferrell & Gresham (1985) — "knowledge," Robertson & Fadil (1999) — "education and training." Hunt & Vitell (1986) in their original model had a variable generally named "personal experiences," while in the revised model (1993) the researchers excluded it. In general research on the effect of this particular individual variable on decision making process related to ethical issues indicates that the results are mixed: some studies found that education affects the process of decision making involving ethical issues (e.g., Browning & Zabriskie, 1983; Hawkins & Cocanougher, 1972; Sankaran & Bui, 2003), others found no effect (e.g., Dubinsky & Ingram, 1984; Kidwell et al., 1987; Serwinek, 1992; Goodman & Crawford, 1974; McNichols & Zimmerer, 1985; Green & Weber, 1997; Wimalasiri et al., 1996) or very small one (e.g., Jones & Gautschi, 1988; Deshpande, 1997; Wu, 2003). Similarly, employment/work experience was found to have mixed effect on decision making related to ethical issues: some studies found its significant effect (e.g., Arlow & Ulrich, 1980; Stevens, 1984; Kidwell et al., 1987; Cole & Smith, 1996), others no effect (e.g., Callan, 1992; Kohut & Corriher, 1994; Wimalasiri et al., 1996; Roozen et al., 2001), or small effect (e.g., Stevens et al., 1989; Deshpande, 1997). Also, type of education has been found to have little or no effect. Besides, the reviewers of the empirical studies noticed that 7 of 18 empirical studies compared business practitioners to students; 3 of them found students to be less ethical than practitioners, which has important implications for research since many researchers study decision making process using student samples (O'Fallon & Butterfield, 2005).

Another individual variable — "age" — implicitly appears only in the Bommer et al. (1987) model under "demographics." Empirical research findings on the influence of this factor on decision making involving ethical issues are varied and inconsistent: some of them suggest that age is positively correlated with decision making involving ethical issues (e.g., Browning & Zabriskie, 1983; Ruegger & King, 1992; Serwinek, 1992; Eynon et al., 1997; Latif, 2000; Kracher et al., 2002), others find weak (e.g., Jones & Gautschi, 1988; Kelley et al., 1990; Muncy & Vitell, 1992; Stevens et al., 1993; Brady & Wheeler, 1996; Desphande, 1997) or no effect of age (e.g., Callan, 1992; Izraeli, 1988; Kidwell et al., 1987; Stevens, 1984; Tyson, 1992; Kohut & Corriber, 1994; Larkin, 2000; Shafer et al., 2001; Singhapakdi et al., 2001) on the decision making that involves ethical dilemmas.

Quite a few researchers hypothesize an individual's "cognitive moral development" (CMD) is a significant factor affecting his/her decision making process (perception, judgment, behavior, etc.) (Trevino, 1986; Bommer et al., 1987; Jones &

Ryan, 1997; Brass et al., 1998; Hunt & Vitell, 1993; Ferrell et al., 1989; Robertson & Fadil, 1999). However, the findings of empirical studies on this factor effect on decision making process have been inconsistent. Although a link between CMD and behavioral measures has been found in a few studies (e.g., Goolsby & Hunt, 1992), it has appeared to be a very weak one (Robin et al., 1996). Although Trevino (1986) had modeled CMD to be a central component for predicting ethical/unethical behavior, her later work with Youngblood (Trevino & Youngblood, 1990) produced a very weak empirical relationship [R^2 about 0.06] between the two. In a different study, Goolsby & Hunt (1992) conclude "to the extent that there truly is a disproportionate number of ethical problems in marketing, our study suggests that 'low cognitive moral development' is probably not an explanatory factor (p. 62)." In a study to evaluate auditors' moral decision making patterns, Shaub (1994) used CMD and the DIT but admitted that "a significant piece of a person's ethical make-up is excluded by moral reasoning" (p. 2).

Only three researchers included an individual factor "locus of control" in their models (Trevino, 1986; Brass et al., 1998; Robertson & Fadil, 1999). And indeed, the findings of empirical studies are somewhat mixed. Several studies report no significant differences (Bass et al., 1999; Granitz, 2003; Hegarty & Sims, 1978, 1979; Singhapakdi & Vitell, 1990). Those that have found differences consistently report internal locus of control is positively related to decision making while external locus of control is negatively related to decision making (Reiss & Mitra, 1998; Cherry & Fraedrich, 2000).

Bommer et al. (1987) have "Machiavellianism" as an individual factor located under the variable called "personality," Brass et al. (1998) name it directly, while Hunt & Vitell (1993) in the revised model put in under "belief system" (Hunt & Vitell, 2006, p. 146). The empirical studies testing the effect of this individual factor on decision making process have produced rather consistent results (with some exceptions, when no significant effect was found, e.g., Schepers, 2003), suggesting that Machiavellianism is negatively related to decision making process involving ethical issues, i.e., high Machs tend to be less ethical than low Machs in their decision making (O'Fallon & Butterfield, 2005; Ford & Richardson, 1994; Loe et al., 2000). Based on Christie & Geis (1970) review of 38 studies utilizing the MACH scale, the authors reported that "high Machs" differ in their behavior and characteristics from "low Machs". The study concluded that individuals who score high on the MACH scale tend to manipulate more, win more, are persuaded less, and influence others more than those who score low on the same scale. The study also reported that high

Machs tend to exhibit a relative lack of affect in interpersonal relationships and a lack of concern with conventional morality. This lack of involvement with others, perhaps, leads the more Machiavellian individual to be more accepting of potentially less ethical business practices. Numerous studies have investigated the impact of Machiavellianism on individuals' ethical perceptions (Hegarty & Sims, 1978; 1979; Singhapakdi & Vitell, 1990; Jones & Kavanagh, 1996; Bass et al., 1999; Granitz, 2003; Al-Khatib et al., 1997; Chan et al., 1998; McHoskey et al., 1999; Muncy & Vitell, 1992; Rawwas, 2001; Rawwas & Singhapakdi, 1996). The conclusions of these studies suggest that the higher the individual's Machiavellianism tendencies, the less likely that individual will negatively perceive unethical or questionable actions.

"Religion/religiosity" as an individual variable explicitly appears in the Jones & Ryan (1997) and Hunt & Vitell (1993) models. Out of 14 total studies testing the influence of this factor on decision making, 9 reported a positive relationship with the process. In general, "religion/religiosity" was found to have a positive relationship with decision making process related to ethical dilemmas (Singhapakdi et al., 2000; Tse & Au, 1997; Wagner & Sanders, 2001).

Under the heading "individual variables/factors/moderators" some authors included other factors such as "ego strength" (Trevino, 1986; Robertson & Fadil, 1999), "field dependence" (Trevino, 1986; Robertson & Fadil, 1999), "moral level" (Bommer et al., 1987), "personal goals" (Bommer et al., 1987), "motivation mechanism" (Bommer et al., 1987), "self-concept" (Bommer et al., 1987), "life experiences/personal experiences" (Bommer et al., 1987/Ferrell et al., 1989), "values/value system" (Ferrell & Gresham, 1985; Ferrell et al., 1989/Hunt & Vitell, 1993), "attitudes" (Ferrell & Gresham, 1985; Ferrell et al., 1989), "intentions" (Ferrell & Gresham, 1985; Ferrell et al., 1989), "strength of moral character" (Hunt & Vitell, 1993), "altruism" (Robertson & Fadil, 1999), "loyalty" (Robertson & Fadil, 1999), "honesty" (Robertson & Fadil, 1999). Although these individual variables have not been researched as frequently as the ones presented above, research findings on an individual's value system indicate that this variable is influential. Considering "organizational commitment" as one of such values, Hunt et al. (1989) found out that companies that have high ethical values also have employees more committed to the company's welfare. At the same time, the researchers have noted that it is possible that individuals that have high organizational commitment may place such great importance on the welfare of the organization that they can engage in unethical behavior if such behavior was thought to be beneficial for the organization.

One of the most important factors hypothesized as having effect on individual decision making process related to ethical issues for international business is "nationality/culture." Quite a few researchers included "nationality"[2] or "culture" variable in their models, e.g., Bommer et al. (1987) as "cultural values", Ferrell & Gresham (1985) as "social and cultural environment", Hunt & Vitell (1986, 1993) as "cultural environment", Ferrell et al. (1989) as "social environment", Wines & Napier (1992) as "culture", Robertson & Fadil (1999) as "national culture." Hunt & Vitell (1986) cite the research of Bartels (1967) who emphasized the role of culture in influencing ethics and who also found that different cultures have different expectations and these expectations are expressed in dissimilar ethical standards.

As pointed out by the reviewers of the empirical studies, most studies and results related to this variable are not directly comparable as, in most cases, each study examined different nations. Among the studies comparing the different nations, the results have been mixed. Some studies suggest that respondents differ in their ethical beliefs, perceptions, attitudes and behavior depending on which nation they come from (Cherry et al., 2003; Hegarty & Sims, 1978; 1979; White & Rhodeback, 1992; Becker & Fritzsche, 1987a, 1987b; Robertson & Schlegelmilch, 1993; Schlegelmilch & Robertson, 1995; Okleshen & Hoyt, 1996; Armstrong, 1996; Christie et al., 2003; Allmon et al., 1997; Clarke & Aram, 1997; Davis et al., 1998; Cherry et al., 2003; Jackson, 2001), others conclude that responses do not differ depending from which country respondents come (Volkema & Fleury, 2002; Abratt et al., 1992; Whipple & Swords, 1992; Wimalasiri et al., 1996; Rittenburg & Valentine, 2002; Volkema & Fleury, 2002; Kracher et al., 2002; Lysonski & Gaidis, 1991; Preble & Reichel, 1988). According to Christie et al. (2003, p. 267), certain obvious cross-cultural research methodological problems in some of these studies may have contributed to the research outcome, such as (a) choice of sample size (Abratt et al., 1992; Jackson & Artola, 1997), (b) choice of countries (Vijver & Leung, 1997; Whipple & Swords, 1992), (c) possible influence of other personal, organizational and environmental factors besides the culture and their interactive effects on culture (Jackson & Artola, 1997; Newstorm & Ruch, 1975; Ferrel & Weaver, 1978; Izraeli, 1988; Kelley et al., 1987), and (d) lack of rigor in statistical analysis (Izraeli, 1988). "Therefore, in order to draw valid conclusions from a cross-cultural research, it is imperative to study the

[2] Although as pointed out by Thorne & Saunders (2002), the concept of culture often differs from that of the concept of nation as several cultures may exist within one nation (the case of Canada having a French-speaking and an English-speaking subcultures) and a culture may cross national boundaries (the case of gypsies in Eastern Europe), "national boundaries are implicitly accepted as operational definitions of culturally distinct units" (Adler, 1997, p. 40) in cross-cultural management research.

differences and similarities among the countries chosen for a study and their relationship with each of the issues studied (Christie et al., 2003, p. 267).” However, O’Fallon & Butterfield (2005) point out that nationality has been found to influence decision making process related to ethical issues, even if it is still not clear to what extent. It can be partly due to the fact that researchers have studied many different nations and it is difficult to make comparisons across studies (O’Fallon & Butterfield, 2005).

2.3 Problematic areas

All models briefly described earlier have uniquely contributed toward building a descriptive theory of individual decision making related to ethical issues in business, marketing, and international business. Despite their valuable contribution, the models have some areas that could be improved further. (1) In most of the models the dependent variable is defined in a dichotomous or positive/negative way. (2) Some models do not include all four steps of the process of decision making related to ethical issues. (3) Others do not specify the influence of certain factors on the process of individual decision making or are built on questionable assumptions. (4) Some either do not encompass influential factors empirically demonstrated to affect individual decision making or include too many of them. (5) None reflects an influential factor affecting decision making stages related to ethical issues in a MNC setting, in particular, the impact of the *host* country culture.

2.3.1 Models with dependent variable defined in a dichotomous or positive/negative way[3]

In some of the models presented earlier, the dependent variable is dichotomous, that is, “ethical/unethical judgment/behavior” (as it is the case in Trevino, 1986; Bommer et al., 1987; Ferrell & Gresham, 1985; Dubinsky & Loken, 1989; Ferrell et al., 1989). In others – the dependent variable focuses only on one end of the continuum, that is, “ethical/moral judgment/intent/behavior” (as in the Rest, 1986; Jones, 1991; Jones & Ryan, 1997; Hunt & Vitell, 1986, 1993, 2005, 2006 models) or “unethical judgment/intent/behavior” (as in the Zey-Ferrell et al., 1979; Zey-Ferrell & Ferrell, 1982; Brass et al., 1998 models). While in the Ferrell et al. (1989), as well as in the Dubinsky & Loken (1989) models the authors clearly show that the dependent variable is “ethical/unethical behavior”, it is not clear what the dependent variable is in

[3] The discussion can be found in Kliukinskaitė-Vigil (2009).

the Ferrell & Gresham (1985) model since there is a box in the model labeled "behavior" and an arrow pointing to another box labeled "evaluation of behavior: ethical/unethical". However, in the article, Ferrell & Gresham (1985, p. 88) explicitly state that "the dependent variable is ethical/unethical marketing behavior".

Whatever the case, having framed the dependent variable in a dichotomous way, that is, "ethical/unethical behavior", the problem is crudeness. The authors of the models containing a so-framed dependent variable assume that decisions are either ethical or unethical and ignore the possibility that decisions may vary in terms of ethicality. For example, there is a difference between stretching and bending tax practices ("grey areas") and engaging in flagrant acts of tax evasion. However, such nuances are ignored in the dichotomous dependent variable case. Besides, such an approach excludes decisions that perhaps could be called "a-ethical" (as compared with "amoral", as opposed to "immoral"). Many decisions are made without ethical considerations and may lack obvious ethical consequences. Although such decisions may not be driven by evil-minded motives or may hurt anyone, they can hardly be considered ethical. Looking at the Hunt & Vitell (1986, 1993, 2005, 2006) model it is rather difficult to see right away what the dependent variable is and the authors of the model never mention it explicitly in the explanatory text surrounding their model. Judging from the following quotes taken from their article, it can only be assumed that the dependent variable in the Hunt & Vitell (1986, 1993) model is "ethical judgments" (italics in the quotes are added by the author of this study):

> "…the model suggests that deontological evaluation and teleological evaluation, taken collectively, would explain a higher percentage of the variance in *ethical judgments* than either construct taken separately…" (Hunt & Vitell, 1986, p. 767).

> "…the model proposed here suggests four major sources of variance in *ethical judgments*..." (Hunt & Vitell, 1986, p. 68).

> "…as previously described, the model suggests that individuals or groups could have different *ethical judgments* because of four sources of variance…" (Hunt & Vitell, 1986, p. 770).

> "…if one wished to make normative prescriptions about how to attempt to understand how these 'others' do in fact arrive at their *ethical judgments*…" (Hunt & Vitell, 1986, p. 771).

Judging from the following quotes in their article introducing the revision of their model, it seems that the dependent variable is, indeed, "ethical decision making" or "ethical judgments":

> "…our attempt to model *ethical decision making* was…" (Hunt & Vitell, 1993, p. 775).

> "…our efforts at developing a better understanding of how marketers (and others) form their *ethical judgments* and determine what to do in ethically troublesome situations" (Hunt & Vitell, 1993, p. 775).

In such a case, when decisions/judgments are pre-classified, which requires a focus on whatever appears to characterize ethical decisions/judgments, one then arrives at the same problems that researchers on "group think" are subject to, and which was also the problem with *In Search of Excellence* study by Peters & Waterman (1982). The consequences of framing the dependent variable either in positive (for example, "excellent companies", "ethical judgments", etc.) or negative way (for example, groupthink as a negative phenomenon or focus on unethical behavior/unethical judgments, etc.) can be seen from the Peters & Waterman study (1982). Such a procedure easily leads to identification of characteristics that the selected firms or decisions for testing the model empirically may share with companies or decisions that are not classified as "ethical" (or "unethical"). Research on "ethical decision making" or "ethical/unethical decision making" may easily fall into an analogous trap.

In their article on the groupthink phenomenon, Aldag & Fuller (1993) point out that:

> "…groupthink has been overwhelmingly viewed as an evil, leading to uniformly negative outcomes. Such a view is universally implicit in the language of groupthink (e.g., the common references to 'symptoms of groupthink', 'victims of groupthink' and 'defects of groupthink'). When used in [groupthink] research, such negative terminology can invite distortions in responses caused by scale-use tendencies and related psychometric difficulties and can also result in framing effects" (p. 539).

By presenting an example from a certain area, the authors of the article warn researchers in any field against holding a strong prior belief about the outcome and urge them to define the dependent variable in neutral terms.

There is a problem with not only wording the dependent variable but also with the way the models are referred to by their authors themselves. For example, Hunt & Vitell put the title "General Theory of Marketing Ethics" under their model introduced in their article in 1986, and revised in 1993, as "Hunt-Vitell Theory of Ethics", and sometimes they name the process they visualize as "the decision making process for situations involving an ethical problem" (Hunt & Vitell, 1986, p. 758), that is, in neutral terms. However, most of the time, in their articles they switch to a single-sided wording by referring to the models as: "models of *ethical* decision making" (Hunt & Vitell, 1986, p. 757), "determinants of *ethical* decision making" (Hunt & Vitell, 1986, p. 758), "attempt to model *ethical* decision making" (Hunt & Vitell, 1993, p. 775), "a basic outline of a theory of *ethical* decision making was developed…" (Hunt & Vitell, 1993, p. 777), "the model that constitutes what we believe is a general theory of *ethical* decision making in all contexts" (Hunt & Vitell, 1993, p. 779), "understanding how *ethical* decisions are made can contribute…" (Hunt & Vitell, 1993, p. 782). In their 2006 article, the authors refer to the decision making process related to ethical issues in marketing, as "most of the theory was really applicable to *ethical* decision making…" (Hunt & Vitell, 2006).

The authors of the other models also refer to their models in one-sided way, for example, Dubinsky & Loken (1989) (even though the dependent variable in their model is called "ethical/unethical behavior"). It is seen from the very title of their article (that is, "Analyzing *Ethical* Decision Making in Marketing") to the way they name the decision making process itself (i.e., "analyzing *ethical* decision making in marketing" (Dubinsky & Loken, 1989, p. 83), "for analyzing *ethical* decision making in marketing" (Dubinsky & Loken, 1989, p. 84), "the theory, as it applies to *ethical* decision making in marketing" (Dubinsky & Loken, 1989, p. 85). Ferrell & Gresham (1985) also refer to their model in a similar way – "contingency model of *ethical* decision making in a marketing organization" and in the title as "A Contingency Framework for Understanding *Ethical* Decision Making in Marketing" and later in the text they switch to a dichotomous term, claiming that "a contingency framework is recommended as a starting point for the development of a theory of *ethical/unethical* actions in organizational environments", as well as "this model demonstrates how previous research can be integrated to reveal that *ethical/unethical* decisions are moderated by…" (Ferrell & Gresham, 1985, p. 87).

Having noted that, a certain aspect of the models has to be changed in order to make them more clear and precise. In particular, it is necessary to change the dependent variable which is worded in a dichotomous way as "ethical/unethical decision/behavior/judgment" and therefore ignores possibilities of arriving at either in-between "ethical" and "unethical" decision/behavior/judgment or "a-ethical" decision/behavior/judgment. Instead, it should be simply referred to as "decision/behavior/judgment". Based on that, the models showing how decisions carrying an ethical content in business, marketing, or international business are arrived at should be called accordingly, that is, "decision making models related to ethical issues in business/marketing/international business" instead of naming them "ethical decision making models in business/marketing/international business". It is important to clarify the dependent variable – i.e., decision/behavior/judgment – the subject of business ethics studies in general and international business and marketing ethics research in particular. It helps scholars in these research fields target their efforts more precisely. Aldag & Fuller (1993) also stress the importance of framing the dependent variable in neutral terms for testing models empirically:

> "Individuals (whether subjects or researchers) presented with negatively framed terminology may adopt the readily available negative frame and respond accordingly. Therefore, even simple attempts by the subjects to give responses that are consistent with the tone of the questions would result in negatively oriented responses. There is evidence that when individuals are provided with knowledge of a negative outcome, they infer a negative process. Furthermore, a focus only on […] negative outcomes invites illusory correlation" (p. 539).

> "Thus, researchers may learn little […] by a focus solely on fiascoes. Instead, a focus on decision with a broad range of outcomes […] is necessary. The focus on fiascoes makes it impossible to say anything even about the determinants of fiascoes" (p. 539).

2.3.2 Models missing certain stages of individual decision making

Zey-Ferrell et al. (1979), Zey-Ferrell & Ferrell (1982), Beu et al. (2003) do not include the stages of decision making process related to ethical issues in their models. The Fritzsche (1991) model does not incorporate the stages of decision making process

itself; the model only describes the decision making process listing dimensions by which alternative solutions may be evaluated (Bartlett, 2003). The Trevino (1986) and Ferrell & Gresham (1985) models, when compared to the Rest (1986) framework for decision making, do not address all the stages of the decision making process related to ethical issues; only cognition/evaluation and action/behavior are included, while intention is omitted. Research has shown that intentions mediate between perceptions/cognitions of an ethical issue, judgment, and the behavior itself. The Brass et al. (1998), Robertson & Fadil (1999), and Wines & Napier (1992) models do not address the actual decision making process related to ethical issues, but rather identify groups of factors affecting the outcome of the process—as in the resulting observed behavior. Therefore, these do not function as models, but rather, as frameworks listing various factors affecting decision making.

2.3.3 Unspecified factor influence on decision making process/Models built on questionable assumptions

Jones & Ryan (1997) criticized previous models for being unable to explain the relationship between what organizational members decide is right to do in a given situation and what they actually do. Fritzsche (1991) observes that as formulated in the Trevino (1986) model, the Kohlberg (1969) stages of moral development construct seem to contribute little to the understanding of *actual* behavior. He points out that the construct provides a rationale for exhibited behavior depending on the stage of moral development that an individual has reached. However, "while the rationale may change depending upon the level of development, the behavior is a constant" (Fritzsche, 1991, p. 842). This specific criticism related to the Trevino (1986) model can be traced back to one of the main issues related to the Kohlberg (1969) theory of moral development on which the Trevino (1986) model is built. The critics of the Kohlberg (1969) model have noted that moral reasoning does not necessarily lead to moral behavior. The critics point out that the theory is concerned with moral reasoning, but there is a difference between knowing what one ought to do vs. one's actual actions. In a comprehensive review of empirical literature dealing with moral cognition and moral action, Blasi (1980) concluded that the "psychological meaning of statistical correlations between moral reasoning and action" had not been determined (40).

Robin et al. (1996) also note that Kohlberg (1969, 1984) did not design his CMD theory to be a predictor of ethical or unethical behavior. The researchers point

out that while Kohlberg (1969) thought that there may be a relation between moral cognition and moral behavior, he felt that there were many other factors that might influence behavior (Robin et al., 1996). Therefore, Robin et al. (1996) warn against using CMD as a construct for predicting behavior as they point its inability to retrodict ("retrodiction" being defined as a strong form of explanation where knowing the outcome allows one to discover the forces that produced it (Ryle, 1949, p. 124)). Robin et al. (1996) note that there are numerous behavioral intention outcomes from CMD that would not allow retrodiction. The researchers present the following example: an individual in stage 6 of CMD who is a Kantian deontologist that lives by her/his beliefs notices that a friend accidentally drops twenty dollars from his pocket while leaving the room. The stage 6 individual reasons that keeping the twenty dollars would be stealing. Since s/he would not want to live in a world where it was acceptable to steal, keeping the twenty dollars would be self-defeating; therefore, s/he decides to return it (behavioral intention). In such a way, the forward link seems to work as frequently suggested. However, the researchers ask what if everything is understood about the scenario except the individual's stage of moral development? Can one retrodict and determine the stage? (Robin et al., 1996). The answer is no. Robin et al. (1996) note that individuals in any of the six stages are likely to have developed the same intention. In stage 1, the individual's reasoning could simply be that his/her parents told him/her not to take something that belonged to others. A stage 2 person could incorporate the fear of being caught, and a stage 3 or 4 person could use variations of the law and order argument to come to the same conclusion. While desirable, retrodiction is not necessary for scientific explanation (Robin et al., 1996). Robin et al. (1996) pose the following rhetorical questions: "When all of the alternative causes can produce exactly the same response, why would a researcher expect differences in the stages of CMD to produce comparable differences in ethical judgment and behavioral intent? Where is the common variance between changes in CMD and behavioral intent?"

As it has been discussed in the previous section on related empirical studies and as observed by Robin et al. (1996), only a weak link has been found between CMD and behavioral measures (Trevino & Youngblood, 1990; Goosby & Hunt, 1992; Shaub, 1994).

Second criticism is that justice should not be the only aspect of moral reasoning that an individual should consider. Critics have noted that the Kohlberg's (1969) theory overemphasizes the concept of justice when making moral choices (Robin et al., 1996). They point out that such factors as compassion, caring, and other

interpersonal feelings may play an important role in moral reasoning (Gilligan, 1982). Gilligan and supporters of her view believe that Kantian deontology is not an appropriate moral philosophy for creating a moral development construct. According to Robin et al. (1996), Rest's use of stages 5 and 6 as the primary test for moral development (P scores) is inappropriate.

Another concern is that CMD is not context-dependent, and instead, represents an enduring individual trait that is independent of the situation. This characteristic both isolates CMD from the situation-specific involvement of the individual and produces some concern about the philosophical legitimacy of the measure (Robin et al., 1996).

Some criticism of the Kohlberg (1969) theory of CMD has to do with the invariance or orderliness of stages: the critics have wondered whether it is a property of the object of study or is an artifact of the observer's attempt at schema-building (Keil, 1981; Flavell, 1982). "Kohlberg's genius and tenacity afforded him an orderly sequence in cognitive moral development, but he was surely constrained by the 'facts' to put certain reasoning capabilities at the end and not the beginning of the sequence" (Western, 1985). Therefore, the development of theory is like any other human cognition — humans categorize experiences in order to make them meaningful and manageable (Western, 1985). This simplifies human understanding of a phenomenon and makes it difficult to understand experiences which violate those categories. The importance of the claim that individuals must pass through the stages in a certain sequence is that it applies to all cases and persons (Phillips, 1987). Therefore, if there are instances where individuals regress in their CMD or utilize different moral reasoning strategies in different situations, then the Kohlberg (1969) theory becomes untenable (Fraedrich et al., 1994).

The Kohlberg (1969) theory has also been criticized for overemphasizing Western philosophy. Having in mind that individualistic cultures tend to emphasize personal rights while collectivistic cultures put greater emphasis on the importance of society and community, Eastern cultures might have different moral outlooks that the Kohlberg (1969) theory does not consider.

The models by Zey-Ferrell et al. (1979) and Zey-Ferrell & Ferrell (1982) lack specificity with regard to individual marketing behaviors. They imply that the relative influence of a given factor on behavior will inhibit consistency in behavior generally (Dubinsky & Loken, 1989, p. 90). The Ferrell & Gresham (1985) model stresses the social learning elements, but does not provide a component analysis of the moral evaluation process. The dependent variable in the Robertson & Fadil (1999) model is unclear: is it "consequentialist theories of ethical behavior"?

Although Jones & Ryan (1997) discuss the influence of organizational factors generally and in particular, referent others in more detail in two of the four stages of decision making (moral judgment and moral behavior), the idea that decision making is affected by organizational factors is not new. The notion was previously included in the Jones (1991) and Trevino (1986) models under the heading of "organizational factors." It had also been tested earlier in several empirical studies (Trevino & Youngblood, 1990). The main contribution of the Jones (1991) and Trevino (1986) model is a more detailed theoretical explanation of how organizational factors affect decision making related to ethical issues. However, moral intensity should be seen as a consequence of the ethical sensitivity of an individual. The individual him/herself is able/unable to detect the degree of moral intensity. For this reason this variable should be classified as an individual factor. In this regard, Hunt & Vitell (1993) propose an individual variable called "ethical sensitivity". In other words, if an individual is unable to detect that a given issue contains ethical aspects, whatever the moral issue, he/she will not react or respond to the inherent ethical implications.

Dubinsky & Loken (1989) as well as other researchers think the Hunt & Vitell (1986, 1993, 2005, 2006) model is the most comprehensive. However, they also criticize the model for incorporating elements of deontological and teleological moral philosophies that require the individual perceive the situation as having ethical content. Such critics claim that for many ethical behaviors, individuals may be unaware of the ethical content of a behavior; that is, its "rightness" or "wrongness" may not be salient. As an illustration of their critique, the critics of the Hunt & Vitell (1986, 1993, 2005, 2006) model present an example of a salesperson who may have a positive attitude toward giving gifts to customers, not because the behavior is perceived as ethical, but because of the favorable consequences of giving them gifts. The authors point out that even when the ethical content of a behavior is salient, it may not contribute significantly to intentions (Dubinsky & Loken, 1989, p. 90). As an example, they present an idea that while a certain behavior may be perceived as unethical, a person may intend to engage in it because it leads to favorable consequences that outweigh ethical considerations or because significant others tolerate the behavior (Dubinsky & Loken, 1989, p. 90).

Laczniak & Murphy (1993) think that the biggest problem with the Hunt & Vitell (1986, 1993) model is that "it never clearly specifies whether the deontological and teleological evaluations are made from the standpoint of the self-interest of the individual, the manager as representing the shareholders of the organization, or the manager taking into account all the various stakeholders (i.e., consumers, employees,

etc.)… Perhaps the greatest shortcoming of such models is that they are basically descriptive" (Laczniak & Murphy, 1993, p. 48).

2.3.4 Influential factors missing or too many variables included

Dubinsky & Loken (1989) think the Zey-Ferrell et al. (1979), as well as Zey-Ferrell & Ferrell (1982) models have too few variables to be useful for theorists and/or managers. The same observation applies to the Beu et al. (2003) model. Meanwhile, the Bommer et al. (1987) model appears to function more like a "catalogue of factors" than a model, as it lists over twenty variables claimed to influence decision making process related to ethical issues (Jones, 1991, p. 369).

In their model Brass et al. (1998) proposed that it is not only individual, organizational, and issue-related factors that affect the decision making process related to ethical issues, but also relationships among actors that produce the effect. Researchers consider it an important omission (except in the Jones model (1991)) as behavior is inherently a social phenomenon involving a relationship between individuals embedded in a structure of other social relationships (Brass et al., 1998, p. 14-15). Brass et al. (1998) claim that types and the structure of relationships also affect the decision making process related to ethical dilemmas.

Kelley & Elm (2003) criticized the Jones (1991) model for minimizing both the impact of organizational setting and organizational factors on experience dealing with ethical issues. The critics point out that in the Jones model (1991) context is shown to directly affect the moral intent and behavior of the individual rather than the moral intensity of the issue (Kelley & Elm, 2003). Based on the Jones model, Kelley & Elm (2003) proposed their own model showing how organizational factors directly affect the moral intensity of an issue. However, in neither the Jones (1991) nor Kelley & Elm (2003) models are individual factors included. Brass et al. (1998) did not include cultural effects as a factor in their model. Although the Ferrell & Gresham (1985) model is comprehensive, it contains too many variables to be able to test the model as a whole (Dubinsky & Loken, 1989, p. 89). Although Ferrell & Gresham (1985) take a more macro approach compared to Hunt & Vitell (1986, 1993, 2005, 2006) whose main focus is on the micro aspects of the individual cognitive decision process, their model neither incorporates the moral development process nor lists the moral philosophical components that include the basic principles managers use in ethical decision making (Ferrell et al., 1989, p. 62). Fritzsche thinks the main shortcoming of

the model is that little development of the role individual factors play in the decision making process or in the actual decision making process itself exists (1991, p. 841).

As it has been already mentioned earlier, Wines & Napier (1992) claim that the Owens model (1983) is not applicable to an international company context because the basic framework for viewing moral values and ethics within a single culture as used by Owens (1983) is inadequate to address the complexities of an international setting. They suggest that cultures are closed systems in which public opinion involving moral beliefs is reflected through the political and economic system to change the external environment for business decisions (Wines & Napier, 1992). In the Owens model (1983), managerial decisions are the core and center of three concentric circles. The middle layer represents the political and economic contexts influencing decisions. The outer layer represents moral values, beliefs, and public opinion. The surrounding values and opinions influence both inner layers — the political and economic contexts—as well as core decisions. Wines & Napier (1992) propose the Owens (1983) model should be extended to include a cross-cultural perspective as they believe cultures may overlap or interface when a firm conducts business outside its home country or when a domestic company employs individuals from several cultures. Their model focuses on clusters of cultures with shared moral values as Hofstede (1980) suggests in his cultural dimensions (Wines & Napier, 1992, p. 835-836). The model shows how different cultures may be linked by "value strings" representing common moral values (Wines & Napier, 1992, p. 836). However, the Wines & Napier (1992) cross-cultural model does not include any other influential factors apart from national culture(s).

The Robertson & Fadil (1999) model incorporates only one of the five Hofstede (1980, 2001) cultural dimensions. The researchers include only consequentialist theories in their model. However, earlier theoretical and empirical research demonstrates that both deontological and teleological judgments influence decision making process related to ethical issues.

2.3.5 Missing factor specific to a MNC[4]

None of the reviewed and analyzed models can be applied to a MNC setting, a unique company that differs from a local company (only the Wines & Napier (1992) model considers the presence of common moral values among different cultures but suffers from the other shortcomings discussed earlier in the text). Some researchers

[4] This discussion can be found in Kliukinskaitė-Vigil (2011).

conceptualize the MNC as a social community that crosses national boundaries (Kogut & Zander, 1992). Others visualize it as a complex geographically dispersed organization with goal-disparate subordinate organizations including headquarters and different national subsidiaries. The broadest view of this definition describes the MNC as "an inter-organizational network that is embedded in an external network consisting of all other organizations such as customers, suppliers, regulators, etc., with which the different units of the multinational must interact" (Ghoshal & Bartlett, 1990, p. 603). According to Watson & Weaver (2003), "internalized firms are characterized (in part) according to the dispersion of their operations over varied cultural groups or 'psychic zones' featuring different conceptions of acceptable management practices and variation in other culturally based attitudes, beliefs, and behaviors" (p. 79).

Judging from their descriptions and titles (the Fritzsche (1991) "Model of Decision Making Incorporating Ethical Values," the Hunt & Vitell (1986, 1993, 2005, 2006) "General Theory of Marketing Ethics"), the majority of the models of decision making process related to ethical issues in business or marketing have not likely been intended by their authors to be applied to an international setting such as a MNC. However, if the factor called "culture/nationality" was included, the model may have been tested in international as well as in domestic settings. For example, the Hunt & Vitell (1986, 1993) model was tested by Armstrong (1992), Cherry et al. (2003). Other models such as Robertson & Fadil (1999), judging from the title of the article "Ethical Decision Making in Multinational Organizations: A Culture-Based Model," were likely intended by their authors to be applied to a MNC setting.

As expected, with some exceptions, empirical cross-cultural comparisons of attitudes/awareness/judgments/intentions/behaviors of business managers in various countries have confirmed that the national/home country culture does have a strong influence on various decision making stages related to ethical issues (Armstrong, 1992; Christie et al., 2003; Cherry et al., 2003; Hegarty & Sims, 1978; 1979; White & Rhodeback, 1992; Becker & Fritzsche, 1987a, 1987b; Robertson & Schlegelmilch, 1993; Okleshen & Hoyt, 1996; Armstrong, 1996; Allmon et al., 1997; Clarke & Aram, 1997; Davis et al., 1998; Jackson, 2001).

According to integrative social contracts theory, decision making involving ethical issues is highly context-specific. Decisions involving ethical issues are not made in isolation from the broader community, but are strongly embedded in situational norms and practices (Bailey & Spicer, 2007). Integrative social contracts theory applies a multilevel approach to the study of context-specificity in decision making related to ethical issues in that community (where community is defined as a

self-circumscribed group of people who interact in the context of shared tasks, values, or goals and who are capable of establishing norms of ethical behavior for themselves (Donaldson & Dunfee, 1999, p. 39)) norms are examined as important sources of ethical standards for individual decisions. Donaldson & Dunfee (1999) defined community norms as extant social contracts that constitute "a significant source of ethical norms in business" and act as "an important standard for right/wrong behavior" for community members (p. 19, 149). Integrative social contracts theory finds various communities that generate important ethical norms in business situations (Bailey & Spicer, 2007). As it has been noted in the review of various models of individual decision making related to ethical issues, Rest (1986), Beu et al., (2003), Trevino (1986), Ferrell & Gresham (1985), Fritzsche (1991), Jones & Ryan (1997), Brass et al. (1998), Zey-Ferrell et al. (1979), Zey-Ferrell & Ferrell (1982), Hunt & Vitell (1986, 1993, 2005, 2006), Dubinsky & Loken (1989), Ferrell et al. (1989), and Owens (1983) have all developed empirical models that either explicitly or implicitly take into account the role of social norms in shaping individual decision making related to ethical issues (e.g., in their models, Tevino (1986) has a factor called "referent others", Ferrell & Gresham (1985) – "significant others", Hunt & Vitell (1986, 1993, 2005, 2006) – "stakeholders", Dubinsky & Loken (1989) – "salient referents"). Trevino (1986) noted that "collective norms about what is and what is not appropriate behavior are shared and are used to guide behavior…These help individuals judge both what is right and who is responsible in a particular situation" (p. 612). Similarly, Ferrell & Gresham (1985) posited that individuals use significant others as reference points in their own decisions about what they consider to be morally correct or incorrect behavior. Reidenbach & Robin (1990) found that social norms act as "sources of and standards for ethical evaluation" (p. 647). Their results indicated that individuals use standards derived from cultural traditions and from unwritten rules and norms to shape their own evaluations of ethicality of a business practice.

According to Bailey & Spicer (2007), national culture is one type of an ethical community. There is a significant difference between traditional research into national culture and integrative social contracts theory in the way each of them formulates the cross-level relation between social norms and individual decision making involving ethical dilemmas. The national culture literature examines values and norms that persist over generations in a cultural environment, passed on from one generation to the next through the socialization of children into the norms of society (Robertson & Crittenden, 2003). Such perspective on the relationship between community values and individual beliefs related to ethical issues is called "internalization".

Internalization happens when an individual accepts social norms as his/her personal standards, for example, as in the case of children taking as their own the ethical values of their parents (Bailey & Spicer, 2007). Likewise, but on a broader level, as children learn the rules and values of the society they live in, they often come to accept the community standards as their own when evaluating themselves and others. From this perspective, the national/home country culture in which an individual was born and raised is likely to have a strong and long-lasting effect on that individual's beliefs and attitudes (Bailey & Spicer, 2007). According to the internalization perspective on the relation between national culture and its members, when facing individual ethical choice, individuals mostly accept the social values of their families and home communities (Bailey & Spicer, 2007). Therefore, from this perspective, it can be expected that national identity has a significant effect on decision making involving ethical issues; the place in which an individual was born and socialized likely has a long-term effect on his/her attitudes and behavior related to ethical issues (Christie et. al., 2003; Vitell et al., 1993).

On the other hand, integrative social contracts theory, in contrast to a theory of internalized norms, interprets the multilevel interaction between social context and individual actions in a way similar to how theories of "partial inclusion" approach cross-level relations (Bailey & Spicer, 2007). Partial inclusion theories see the cross-level relations between higher-level groups and lower-level entities often as "partial" in their effects (Bailey & Spicer, 2007). The effect of any single community only partially explains individual behavior as individuals are often members of multiple communities (Drazin et al., 1999; Rousseau, 1985). A partial inclusion perspective is consistent with the main proposition of integrative social contracts theory that individuals derive ethical standards from their knowledge of and attachment to the multiple communities in which they are included (Bailey & Spicer, 2007). A multilevel approach to integrative social contracts theory suggests numerous ways that the convergence rather than divergence of ethical attitudes between members of different national groups can be expected (Bailey & Spicer, 2007).

Integrative social contracts theory differs from the national culture approach in its examination of the way that the "partial inclusion" of individuals within multiple communities shapes ethical behavior. Individuals may be members of a broad national culture, yet they may also be members, to various degrees of inclusion, of numerous other communities (Bailey & Spicer, 2007). For some individuals the social norms used to evaluate ethical behavior may not come from their national identity — whether they are Japanese or American, for example — but instead from the institutional

context in which they are located: whether they are working in Japan or in America (Bailey & Spicer, 2007).

The idea can be applied to the case of expatriates who often times face conflicting business norms in foreign countries. By observing the overt behaviors of host country nationals, and possibly even through explicit discussion of assumptions and values, expatriates gain insight into the deep level differences between themselves and other local stakeholders (Bailey & Spicer, 2007). With growing understanding of these differences, expatriates are able to see beyond surface-level differences to develop meaningful relationships with local nationals. The new social ties and relationships give them new sources of social support within a foreign community (Bailey & Spicer, 2007).

Whatever the case, no model of individual decision making related to ethical issues appears to have taken into account the nature of a MNC in general or specifically the manager who operates outside his/her home country location, in the different cultural setting of a host country; that is, the expatriate manager who in many instances is faced with additional and often significant psychological and behavioral adaptive demands (McDonald, 1993, p. 20).

As McDonald (1993) notes, while extensive research work of an *inter*-cultural comparative nature has been undertaken in the area of cross-cultural management, very few *intra*-cultural studies have been initiated regarding the divergent attitudinal positions of expatriate versus local managers. Lee & Larwood (1983) examined the socialization of managers, hypothesizing that expatriates would come to adopt attitudes somewhere between those of the parent and the host country. These researchers based their hypothesis on two bodies of research: the search for important attitude differences among nationals of different cultural groups; and general examination of the cultural learning process or socialization. Lee & Larwood (1983) observe that roles generally are learned most rapidly through observation, repeated practice, and the receipt of reinforcement for carrying out a consensual role appropriately.

When exposed to such patterns, individuals living in a given culture are most likely to be able to observe the behaviors expected of them by others. Researchers claim that individuals can engage and endure such anticipatory socialization knowing that they will be rewarded for carrying out their role in an appropriate way (Lee & Larwood, 1983). The authors of the study observe that usually expatriates work closely with host country nationals who provide alternative role models to parent country attitudes and behavior. To increase their level of reinforcement in social interactions,

expatriates may be forced to make some changes in their behavior. Having done so, they may incur parallel self-concept changes that bring them into greater agreement with the way of thinking of members of the host country (Lee & Larwood, 1983).

An empirical study (Lee & Larwood, 1983) revealed that attitudes of American expatriates appear to fall between those of Korean and American (home country) managers and overall expatriate attitudes seemed less likely to differ from those of the parent than from those of the host country. This observation gave additional support to the socialization theory which claims that individuals who seek to maximize their reinforcement levels attempt to behave in ways seen to be appropriate by those with whom they interact. Those who carry out new roles most readily expose themselves to the possibility of self-concept change in which they adopt attitudes supporting their new behavior (Lee & Larwood, 1983, p. 663).

McDonald & Kan (1997) also noted similar conclusions in a very rare purely *intra*-cultural empirical comparison of ethical attitudes between expatriate and local managers. Lee (1981) researched the possible differences in ethical attitudes between expatriate and local managers. This researcher concluded that although it had been generally accepted and assumed that managers brought up in different cultures held different values and ethical beliefs, no differences of ethical standards in business practices between British and Chinese managers in Hong Kong were found (Lee, 1981). The finding that expatriates and local managers held the same moral standards is due to the acculturation process undertaken by British expatriates (McDonald, 1993, p. 21). From their study of ethical perceptions of expatriate and local managers in Hong Kong, McDonald & Kan (1997) found significant differences in the responses to ethical dilemmas between local and expatriate personnel with expatriate respondents indicating a lower level of agreement with unethical actions.

In a more recent study based on two conditions of integrative social contracts theory (type of norm and degree of communication inclusion), Bailey & Spicer (2007) found support for their hypotheses about the convergence of decision making related to ethical issues. Russian and American managers expressed similar attitudes toward organizational practices violating ethical "hyper-norms." Furthermore, American expatriate managers who were highly integrated in Russian communities were similar in their attitudes to those of Russian managers when evaluating practices related to so-called "local norms" (Bailey & Spicer, 2007, p. 1462). The findings support similar research done a few years earlier by Spicer et al. (2004) who also based their hypotheses on integrative social contracts theory, in the end finding that the type of norm ("local norm" or "hyper-norm") presented in the selected scenarios moderates

the effect of national context on decision making related to ethical issues. Their expatriate sample of Americans in Russia used relativistic reasoning in assessing "local norm scenarios" and their evaluations and intended behaviors differed significantly from those of the Americans in the U.S. (Spicer et al., 2004), while the expatriate sample of Americans in Russia showed little difference from the comparative Americans in the U.S. sample in assessing "hyper-norm scenarios." Comparing the ethical attitudes and intended behaviors of American managers in America to those of American expatriates in Russia, Spicer et al. (2004) found that location had an important effect.

This chapter briefly presented the models of individual decision making related to ethical issues in business, marketing, and international business most often discussed in the literature. Also, related empirical studies, grouped according to the variable being tested, were introduced. Finally, the main problematic areas in the majority of the models were discussed: (1) the dependent variable defined in a dichotomous or positive/negative way, (2) not all four steps of the process of decision making related to ethical issues are included, (3) the influence of certain factors on the process of individual decision making is not specified or models are built on questionable assumptions, (4) influential factors empirically demonstrated to affect individual decision making are not encompassed or too many of them are included, (5) an influential factor affecting decision making stages related to ethical issues in a MNC setting, in particular, the impact of the *host* country culture is missing.

In the following chapter of the thesis, after reviewing the main criticisms of the Hunt & Vitell (1986, 1993, 2005, 2006) model and the authors' responses to them, as well as the strengths of their model as compared to the alternative models, the Hunt & Vitell (1986, 1993, 2005, 2006) model is chosen as the most comprehensive model of individual decision making related to ethical issues for the proposed testing of the impact of home and host country cultures on managers' individual decision making related to ethical issues in a MNC setting. Likewise, the Hofstede (1980, 2001) model upon which the hypotheses are built, its main criticisms and the author's responses to them, as well as competing models and their shortcomings are presented. Afterwards, based on the Hunt & Vitell (1986, 1993, 2005, 2006) and Hofstede (1980, 2001) models, the original Vitell et al. (1993) propositions are presented along with their suggested extensions.

3 Towards theory development

In their review of the empirical studies done on decision making related to ethical issues, O'Fallon & Butterfield (2005) assert that "if the field of descriptive ethics is to move forward to strengthen our understanding of the ethical decision making process, it is imperative that future studies focus more attention on theory development, which includes developing and/or moving beyond Rest's framework, conceiving and testing additional individual, situational, and issue-related influences, and considering potential moderators of the ethical decision making process" (p. 399). Much earlier Robertson (1993) had also noted that most studies have not progressed in a cumulative sense. Instead studies have been largely isolated, addressing issues using given methodologies, thus offering largely exploratory findings. Robertson (1993) stressed the challenge to build broader models of decision making related to ethical issues specifying the need to consider individual, organizational, as well as contextual factors (p. 591).

Based on integrative social contracts, socialization, and acculturation theories, and partial inclusion perspective, as well as on the findings of the previous *intra*-cultural empirical studies on the experience of expatriate managers suggesting that *host* country cultural environment has an effect on various stages of expatriate managers' decision making involving ethical issues, choosing the most comprehensive model of decision making related to ethical dilemmas in business to include with an influential variable specific to a MNC setting — the "*host* country culture" — seems logical and self-evident for the purpose of achieving the main study goal, that is, showing the impact of home and host country culture on managers' individual decision making related to ethical issues in a MNC setting.

Empirical research on expatriate experiences demonstrates that in the process of working in a foreign subsidiary, managerial attitudes (in general and related to ethical issues) change, becoming more like those of the *host* country nationals, in other words, decision making related to ethical issues converges rather than stays divergent. This research infers that various stages of managerial decision making related to ethical issues are affected not only by the *home* country cultural environment, but also by the *host* country culture.

As the hypotheses and their variations introduced later in this chapter are based on the Hunt & Vitell model (1986, 1933, 2005, 2006), as well as on the Hofstede (1980, 2001) cultural dimensions, before the hypotheses are presented, the strengths and weaknesses of both models are discussed, followed by presentation of alternative models and their criticisms.

3.1 The most comprehensive model

Of all the reviewed existing models of individual decision making related to ethical issues in organizations, marketing, and international business, the model by Hunt & Vitell (1986, 1993, 2005, 2006) (Figure 1) demonstrates the least number of weaknesses (the majority of the criticisms the authors of the model have defended) for the purposes of studying decisions related to ethical issues in an international context.

As it has been mentioned previously in Section 2 of this thesis, Dubinsky & Loken (1989) criticized the Hunt & Vitell (1986) model for incorporating elements of deontological and teleological moral philosophies that require the individual perceive the situation as having ethical content. The critics claim that for many ethical behaviors, individuals may be unaware of the ethical content of a behavior; that is, its "rightness" or "wrongness" may not be salient. Also, the critics pointed out that even when the ethical content of a behavior is salient, it may not contribute significantly to intentions (Dubinsky & Loken, 1989, p. 90).

The authors of the model have been challenged to present the justification for using normative ethical theory as a starting point for positing a positive ethical theory (Hunt & Vitell, 2006). Hunt & Vitell (2006) clarified that their model is a positive, not a normative, theory of ethics, that has an objective to increase understanding of ethical decision making through a process theory that explains decision making related to ethical issues rather than to provide guidance for making decisions that are more ethical. As it has been discussed previously, Laczniak & Murphy (1993) think that the biggest problem with the Hunt & Vitell model (1986, 1993) is that "it never clearly specifies whether the deontological and teleological evaluations are made from the standpoint of the self-interest of the individual, the manager as representing the shareholders of the organization, or the manager taking into account all the various stakeholders (i.e., consumers, employees, etc.). Perhaps the greatest shortcoming of such models is that they are basically descriptive" (Laczniak & Murphy, 1993, p. 48).

Hunt & Vitell (2006) responded to Laczniak & Murphy's (1993) criticism by, first of all, expressing their belief that their model, as a positive (i.e., descriptive) theory of ethics, allows exploration of the issue of whose standpoint decision makers actually use in their ethical evaluations. Hunt & Vitell (2006) doubted whether the theory does not (and should not) prescribe whose standpoint individuals use (p. 149). Besides, the authors of the theory also noted that it is not a weakness of their model that it is descriptive, on the contrary, Hunt & Vitell claim the purpose of the theory is being descriptive (2005, p. 25-26; 2006, p. 149). Finally, Hunt & Vitell (2006) expressed their belief that both positive and normative theories have value in research

on decision making related to ethical issues and that both theories can and should complement each other (p. 149).

In their original article published in 1986, Hunt & Vitell justified their use of normative moral philosophy as "*one* source to draw on in developing their positive theory on the grounds that *if* people actually followed the suggestions and advice of moral philosophers, then both deontological theories and teleological theories could provide a framework for a positive theory of ethics" (1986, also 2006). The authors of the model reminded that "there is no set procedure for discovering or developing theories that guarantees the formation of good positive theories" and that "theories may be proposed on the basis of all kinds of grounds" (Hunt & Vitell, 2006, p. 149). At the same time, Hunt & Vitell (2006) reminded that there is logic of justification in science that supports the acceptance of positive theories in science on the results of empirical studies (p. 149). In terms of this measure, the Hunt & Vitell (1986, 1993) model has been supported in numerous empirical studies, e.g., Vitell & Hunt (1990), Mayo & Marks (1990), Singhapakdi & Vitell (1990, 1991), Hunt & Vasquez-Parraga (1993), Menguc (1998), Burns & Kiecker (1995), Vitell et al. (2001) (also see Appendix 1 for more related studies).

Some critics of the Hunt & Vitell (1986, 1993) model, assuming that it is a causal model where each concept is a construct to be measured, doubt whether it was possible to capture, for example, a wide variety of deontological norms in a single construct (Hunt & Vitell, 2006, p. 149). Hunt & Vitell (2006) responded to the criticism by noting that deontological and teleological evaluations should be viewed as processes, not constructs. Therefore, the authors of the model call their model a process model, not a causal model, and suggest using "inferred" measures of deontological or teleological evaluations instead of direct ones (Hunt & Vitell, 2006, p. 149). For empirical testing, the authors suggested to develop causal models consistent with their theory (Hunt & Vitell, 2006).

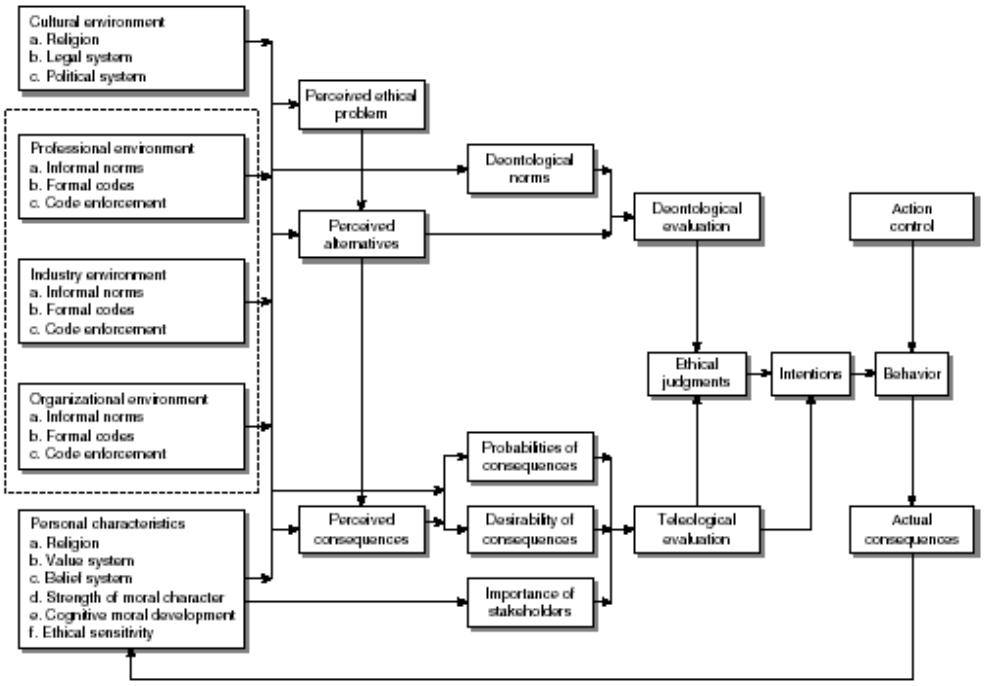
In comparison to the other positive models, the Hunt & Vitell (1986, 1993, 2005, 2006) model includes all variables demonstrated to be influential in a number of empirical studies and also contains all stages of the decision making process demonstrated empirically to be valid. Compared to such models as the Ferrell & Gresham (1985) or Trevino (1986), the Hunt & Vitell model (1986, 1993, 2005, 2006) explicates the individual decision making process in detail, presenting philosophical theories that could explain the judgments of a decision maker. Therefore, the model begins at an earlier point of origin and explanatory stage than other models (Burns & Kiecker, 1995, p. 24; Vitell et al., 2001).

Additionally, the Hunt & Vitell model (1986, 1993, 2005, 2006) proposes specific empirically testable hypotheses regarding philosophical theories driving decision making related to ethical issues. Therefore, the Hunt & Vitell model "is the most detailed and comprehensive" (Burns & Kiecker, 1995, p. 24; also O'Fallon & Butterfield, 2005; Vitell & Ho, 1997, p. 700).

Despite the criticisms (the majority of which have been defended against by the authors of the model), the Hunt & Vitell (1986, 1993, 2005, 2006) work is recognized not only as one of the most important works that had a very deep impact on the discipline in the 1980s (Schlegelmilch & Öberseder, 2010, p. 6), but also as one of the "highly influential papers" in-between 1960 and 2008, scoring "a tremendously high 793 citations" according to *Google Scholar* in June 2009 (considering the fact that only a very small fraction – 7 out of 538 papers analyzed by Schlegelmilch & Öberseder (2010) in the period of almost 50 years – achieved more than 100 citations (Schlegelmilch & Öberseder, 2010, p. 8, 14). In other words, only 7% of the published articles over the analyzed period have been cited between 21 and 50 times, while 3% have been cited between 51 and 100 times, and only 1% more than 100 times (Schlegelmilch & Öberseder, 2010, p. 11).

On this recommendation and basis, the Hunt & Vitell (1986, 1993, 2005, 2006) model (Figure 1) is the chosen research model for this study after an additional variable – *host* country culture — is added to it for the purpose of showing the impact of home and host country cultures on managers' individual decision making related to ethical issues in MNCs (Figure 2).

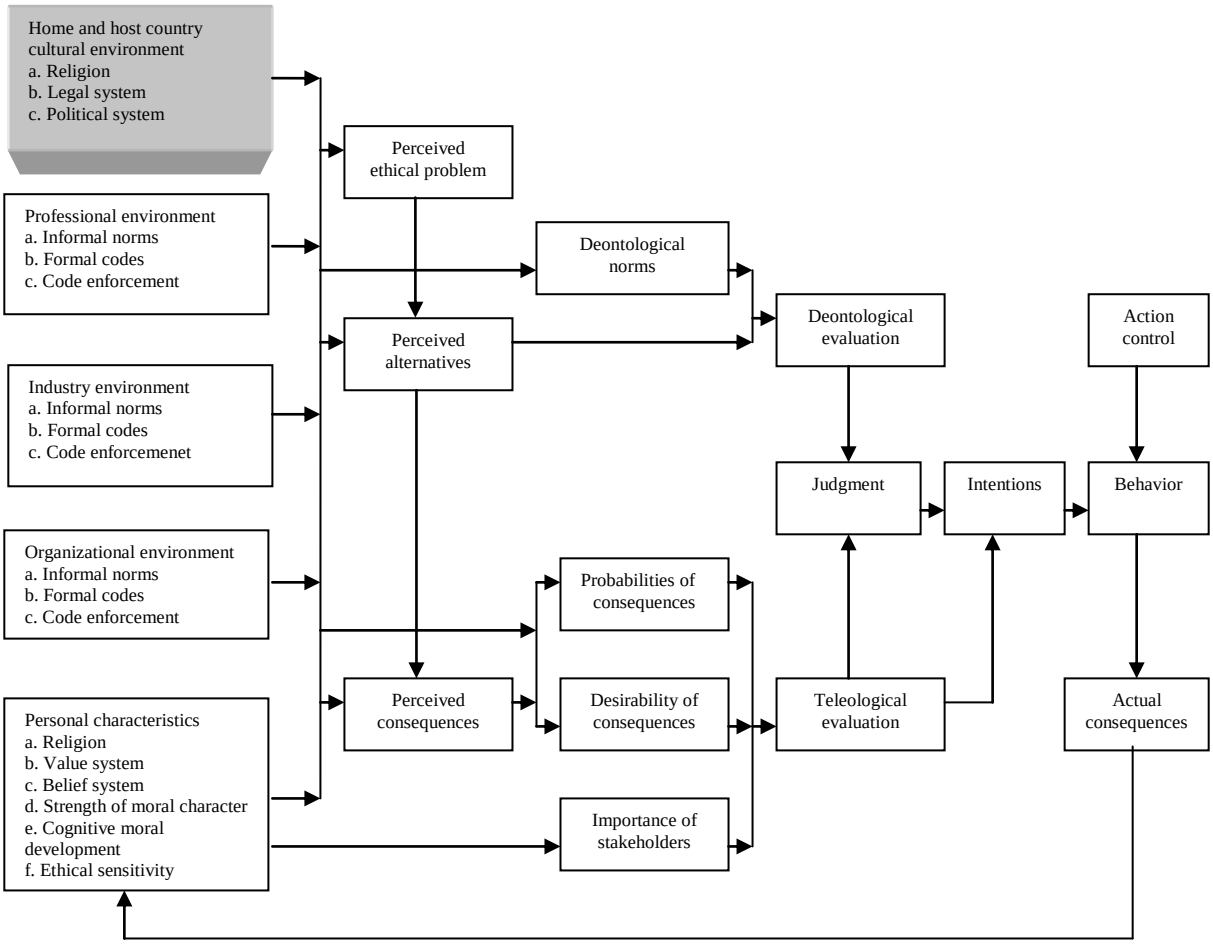
Figure 1. Hunt & Vitell (1986, 1993, 2005, 2006) Theory of Ethics[5]



Source: Hunt, S. D., & Vitell, S. J. (2006). The general theory of marketing ethics: A revision and three questions. Journal of Macromarketing. 26 (2) p. 144.

[5] The authors of the model, Hunt & Vitell, kindly gave their permission to use their model in this dissertation.

Figure 2. Extended Hunt & Vitell (1986, 1993, 2005, 2006) Theory of Ethics

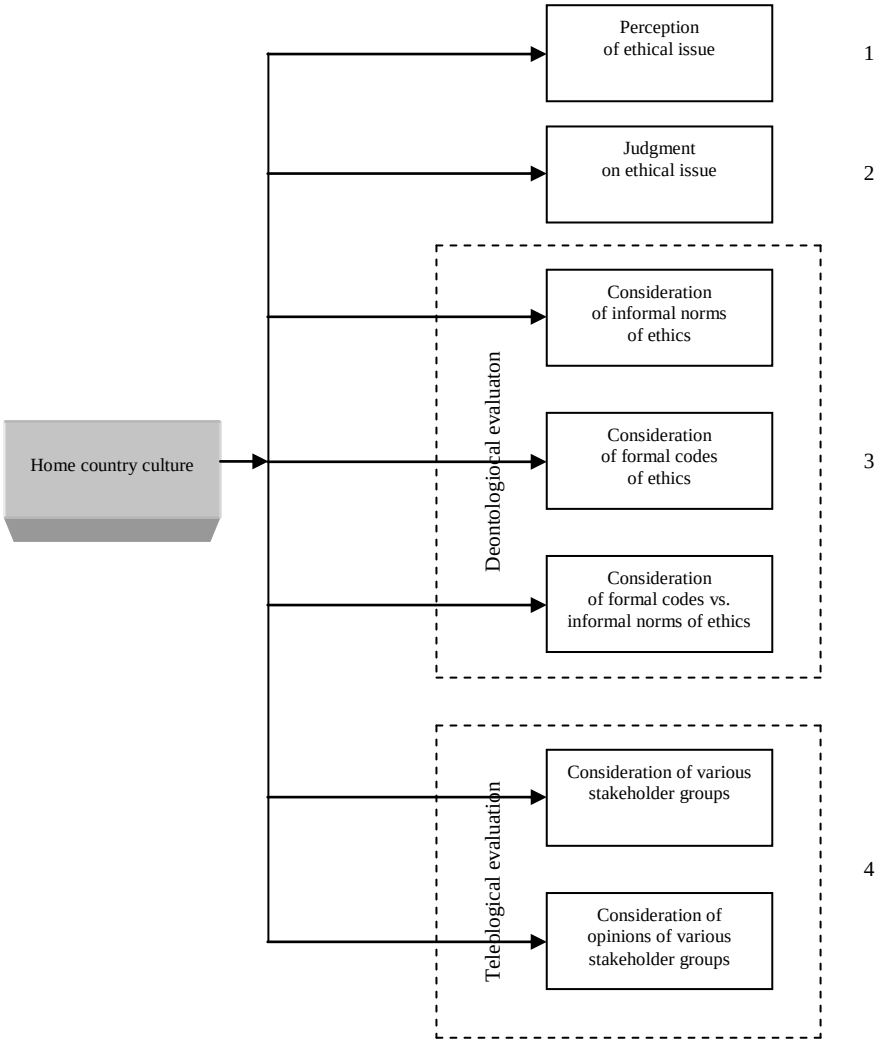


Sources: Hunt, S. D., & Vitell, S. J. (2006). The general theory of marketing ethics: A revision and three questions. Journal of Macromarketing. 26 (2) p. 144.
The author.

Recalling the Hunt & Vitell (2006) claim that their model is a process rather than a causal model of decision making and that each concept in the model is not necessarily meant to be a measured construct, testing the entire model is unnecessary for the purpose of this thesis. Following the Hunt & Vitell (2006) suggestion that it is preferable to develop causal models consistent with the theory underlying their model, hypotheses are developed for extending and testing subject appropriate parts of the original Hunt & Vitell (1986, 1993, 2005, 2006) model. Due to its scope, the present study only examines the relative impact of *home* country culture, as well as *home and host* country cultures (while controlling for some of the other factors discussed later in the text)[6] on various stages of managers' individual decision making process related to ethical issues in a MNC: (1) perception of ethical issues, (2) judgment on ethical issues, (3) deontological evaluation consisting of consideration of informal norms of

ethics, formal codes of ethics, choosing between formal codes and informal norms of ethics, and (4) teleological evaluation, consisting of consideration of various stakeholder groups and their opinions (Figures 3 and 4). This particular category of background factors was selected because of its relative salience as evidenced in previous empirical works in business ethics (Bailey & Spicer, 2007; McDonald & Kan, 1997; Lee, 1981; Lee & Larwood, 1983).

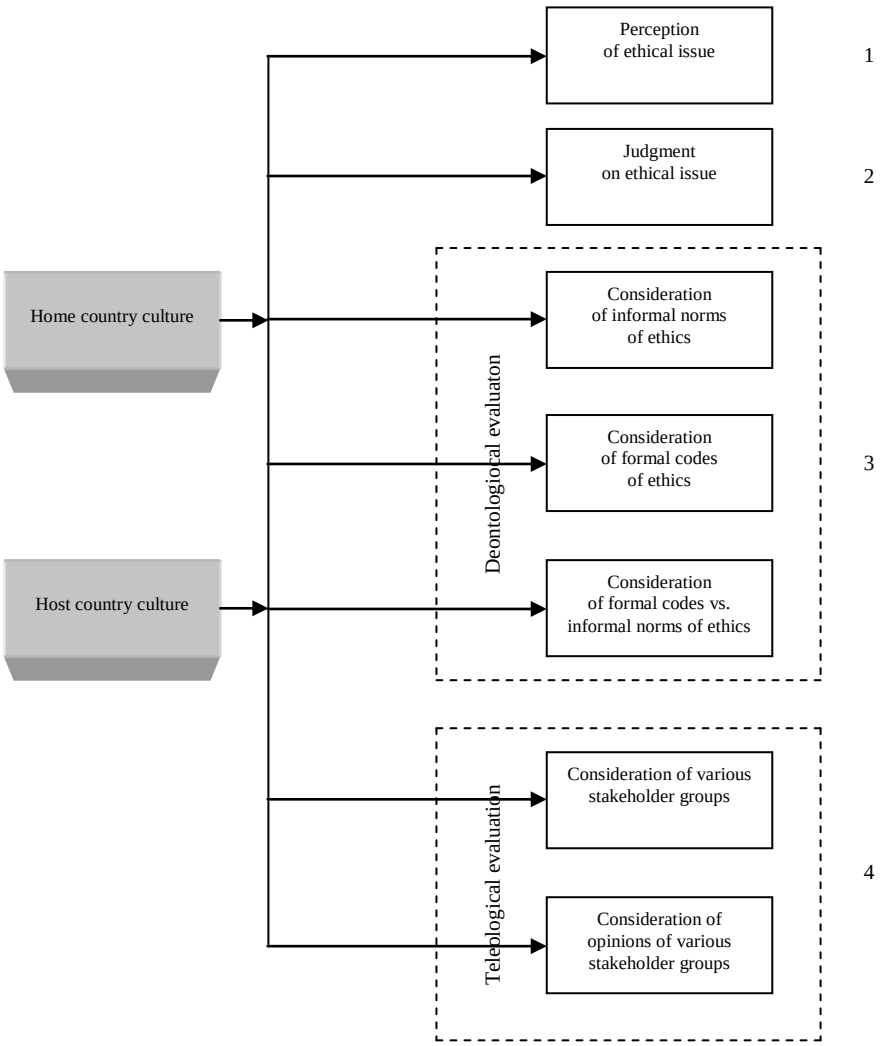
Figure 3. Proposed model for empirical testing: The effect of home country culture on various stages of managerial individual decision making related to ethical issues in a MNC



Source: The author.

[6] The implications of ignoring the rest of the model are discussed in Chapter 6.3.

Figure 4. Proposed model for empirical testing: The effect of home and host country cultures on various stages of managerial individual decision making related to ethical issues in a MNC



Source: The author.

3.1.1 Hofstede's cultural dimensions as the basis for the model

Hofstede defined culture as "the collective programming of the mind which distinguishes the members of one human group from another" (1980, p. 25). He developed his cultural value framework with data from about 116,000 morale surveys completed by 88,000 IBM employees living in 72 countries and regions (reduced to 40 countries that had more than 50 responses each) and speaking 20 languages in the late

1960s and early 1970s. Country-level factor analytic results allowed him to classify the represented countries along four dimensions (later, Hofstede & Bond (1988) developed a fifth dimension): (1) individualism/collectivism, (2) power distance, (3) uncertainty avoidance, (4) masculinity/femininity, and (5) Confucian dynamism. Individualism/collectivism describes the degree of integration between members of society and the relative emphasis on individual needs over the needs of the community. Power distance describes the degree to which an unequal distribution of power is accepted in society. Uncertainty avoidance characterizes the degree to which members of a society tolerate ambiguity and uncertainty. Masculinity/femininity is the relative emphasis a certain society places on achievement vs. overall quality of life. Confucian dynamism reflects the degree to which a society takes a long-term vs. a short-term perspective in life.

Vitell et al. (1993) noted that the first four Hofstede's cultural dimensions relate to ethics in that they may influence individual perception of ethical issues, norms for behavior, ethical judgments, and other factors (also empirically shown by Blodgett et al., 2001). As societies differ with regards to these cultural dimensions, so various components of their decision making process related to ethical dilemmas differ.

Hunt & Vitell (1986) proposed that cultural norms affect perceived ethical situations, perceived alternatives, perceived consequences, deontological norms, probabilities of consequences, desirability of consequences, and importance of stakeholders (p. 764). However, Vitell et al. (1993) noted that neither the earlier/original version of the theory (Hunt & Vitell, 1986) nor the revised version (Hunt & Vitell, 1993) specifies *how* cultural norms affect various stages of individual decision making process related to ethical issues.

To address the issue of cultural norms, Vitell et al. (1993) conceptualized the impact of culture on perception of ethical issues, judgment on them, as well as the deontological and teleological evaluation of business practitioners. For example, in regard to the deontological evaluation of an individual: how important are factors such as organizational, industrial, and professional norms? Similarly, in regard to teleological evaluation of an individual: how important are the various stakeholder groups such as the individual, his/her family, the organization, or other social units of which the individual is a member? Vitell et al. (1993) formulated several propositions by applying Hofstede's (1980) cultural typology to the revised Hunt & Vitell (1993) model by pointing out that although Hunt & Vitell (1986, 1993) are specifically concerned with marketing ethics, their model can be easily extended and generalized to apply to all business situations. Thus, the extension of the Vitell et al. (1993)

original propositions to reflect the main proposition of this thesis: not only *home* country culture affects various stages of the decision making process, but also the *host* country culture influences the expatriate managerial decision making process related to ethical issues.

3.1.2 Criticisms of the Hofstede study

Several studies (Kirkman et al., 2006; McSweeney, 2002; Oyserman et al., 2002; Schwartz, 1994; Shenkar, 2001; Smith, 2002; Tang & Koveos, 2008, etc.) have criticized Hofstede's (1980, 2001) research.

One of the criticisms is that self-response questionnaires may not be a suitable way to gather culture survey data, as self-reports are influenced by personal biases and motivations, differences in understanding of questions and points of references, and differences in response styles and the ways in which people respond to Likert-type scales (Harzing, 2006; Merseland & van Hoorn, 2009; Smith, 2004; Taras & Steel, 2009). Taras et al. (2010, p. 431) noted that culture research would benefit by adopting a multi-source research design, rather than relying exclusively on self-report, survey-based designs. Hofstede agreed that surveys should not be the only way (Hofstede, 2001, p. 73), but also pointed out that "it all depends on what one asks, and on how one asks it" (Hofstede, 2010, p. 1343).

The critics of Hofstede's study have also pointed out that nations may not be the best units for studying cultures. Hofstede agreed with the argument, but also pointed out that usually nations are the only kinds of units available for comparison, and they are better than nothing (Hofstede, 2001, p. 73).

Hofstede has also been criticized for his study of the subsidiaries of one company. The critics pointed out that such a study cannot provide information about entire national cultures - the IBM employees surveyed were not representative of the general population of their respective countries as related to their education, scientific and technological background, as well as modernization. Regarding this argument, Hofstede pointed out that what he measured were differences between national cultures and that any set of functionally equivalent samples from national populations can provide information about such differences. He also reminded that the IBM set consisted of unusually matched samples for an unusually large number of countries. The extensive validation he presented in his book (Hofstede, 2001) showed that the country scores obtained correlated highly with all kinds of other data, including results obtained from representative samples of entire national populations (Hofstede, 2001, p. 73).

A few studies have pointed out the IBM data that Hofstede (1980) used in his study may be outdated as the data was obtained between 1967 and 1973 and therefore obsolete (Taras & Steel, 2009; Nardon & Steers, 2009, p. 17). Taras et al. (2010, p. 431) suggested there should be a moratorium on using Hofstede's country scores due to increases in the pace of cultural change worldwide. Regarding this argument, Hofstede (2001) has claimed the dimensions found are assumed to have centuries-old roots; only data that remained stable across two subsequent surveys were maintained, and they have been validated against different kinds of external measurements: and recent replications show no loss of validity (73). To Hofstede's defense in this argument, Drogendijk & Slangen (2006) in their empirical study on the effects of different cultural distance measures on establishment mode choices by MNCs noted that "it may be premature to dismiss Hofstede's (1980) work as outdated or an inaccurately reflecting national cultures," and to consider more recent frameworks to be superior (362, 376). Getz & Volkema (2001) also think the studies suggesting that since then countries' cultures may have changed provide "an insufficient basis upon which to reject Hofstede's measures" (p. 18).

Others have pointed out that four or five dimensions are not exhaustive as the survey Hofstede analyzed was not designed to identify dimensions of national culture, therefore may not have encompassed all relevant questions. In response to this particular argument, Hofstede (2001) has encouraged other researchers to come up with additional dimensions but at the same time reminded that additional dimensions should be both conceptually and statistically independent from the five dimensions he has already defined and should be validated by significant correlations with conceptually related external measures (73). According to Nardon & Steers (2009), who analyzed major cultural models and came up with five major cultural themes and cultural dimensions that closely resembled the Hofstede (1980) cultural dimensions, "for purposes of better understanding organization and management across culture, it is logical to focus on a small number of critical dimensions that account for most of managerial behavior instead of cutting the cultural pie into several smaller pieces" (p. 14).

3.1.3 Competing models and their shortcomings

Taras et al. (2010) suggested that one of the ways to answer the question whether or not the Hofstede (1980, 2001) model has continued relevance for future research is to examine competing models and determine the degree of conceptual overlap between them (p. 431).

The *Kluckhohn & Strodtbeck (1973)* model is one of six major cultural value models (the others being the-already-presented Hofstede, 1980, 2001; as well as Hall, 1990; Trompenaars, 1993; Schwartz, 1994; and House et al., 2004) (Nardon & Steers, 2009). The researchers came up with one of the earliest models of culture that some scientists used as a foundation for their models (Nardon & Steers, 2009). Based on value orientations, Kluckhohn & Strodtbeck (1973) argued that there is a limited number of problems common to all human groups and for which there is a limited number of solutions. They also proposed that values in any society are distributed in a way that creates a dominant value system. The researchers used anthropological theories to identify five value orientations: (1) relationship with nature (beliefs about the need or responsibility to control nature), (2) relationship with people (beliefs about social structure), (3) human activities (beliefs about appropriate goals), (4) relationship with time (extent to which past, present, and future influence decisions), and (5) human nature (beliefs about good, neutral or evil human nature).

Mead (1998) noted that the Kluckhohn & Strodtbeck (1973) model has several weaknesses as far as the manager is concerned: (1) the authors were not centrally concerned with management studies, and did not describe the implications for management; (2) the orientation and variations are imprecisely defined; and (3) interpretations are subjective (p. 28).

A cultural anthropologist, *Hall (1990)*, presented his model of culture based on his ethnographic research in several societies: Germany, France, the U.S., and Japan. He focused on how cultures vary in (1) interpersonal communication/context (extent to which the context of a message is as important as the message itself), (2) personal space (extent to which people are comfortable sharing physical space with others), and (3) time (extent to which people approach one task at a time or multiple tasks simultaneously).

Although Hall's (1990) publications indicated countries/societies in each group, he did not conduct systematic research to provide scores for individual countries/regions on a "dimension" similar to Hofstede's work. His model is built on qualitative insights rather than quantitative data, and he did not rank different countries (Mead, 1998, p. 30).

Building on Hofstede's (1980) cultural model, a management researcher *Trompenaars (Trompenaars, 1993; Trompenaars & Hampden-Turner, 1998)* proposed a model of culture based on his study of Shell and other managers over a ten-year period. The model is based on the early work of Parsons & Shils (1951) and focuses on variations in values and personal relationships across cultures. It consists of seven

dimensions: (1) universalism-particularism (relative importance of applying standardized rules and policies across societal members; role of exceptions in rule enforcement), (2) individualism-collectivism (extent to which people derive their identity from within themselves or their group), (3) specific-diffuse (extent to which people's various roles are compartmentalized or integrated), (4) neutral-affective (extent to which people are free to express their emotions in public), (5) achievement-ascription (manner in which respect and social status are accorded to people), (6) time perspective (relative focus on the past or the future in daily activities), and (7) relationship with environment (extent to which people believe they control the environment or it controls them).

Hofstede (1996) treated data read from Trompenaars' (1993) book using correlation and factor analysis at the country level. Results indicated that only two dimensions could be clearly confirmed statistically: individualism/achievement and universalism/diffuse. Both were correlated with Hofstede's individualism dimension. Based on his re-analysis, Hofstede (1996) questioned Trompenaars' (1993) conclusions and his methodology. He argued that the theory in Trompenaars' (1993) book was not supported by the database. Hofstede's (1996) major concern regarding Trompenaars' (1993) work was the lack of content validity—the extent to which an instrument covers the universe of relevant aspects of the phenomenon studied—of the instrument Trompenaars (1993) used. Hofstede (1996) noted that Trompenaars (1993) did not start his research with an open-ended inventory of issues that his future respondents around the world had on their minds; rather he took his concepts and most of his questions from the American literature of the middle of the century, which was ethnocentric. Hofstede (1996) pointed out that Trompenaars (1993) did not change his concepts on the basis of his own findings nor did he follow the development of the state-of-the-art in comparative culture research since 1961 (p. 198).

According to Kim & Gray (2009), Schwartz (1994, 2003) and House et al. (2004) (GLOBE) studies are perhaps the most important studies that have emerged due to the criticism of Hofstede's (1980, 2001) framework.

A psychologist *Schwartz (1994)* claimed that the main distinction between societal values is the motivational goals they express. He came up with ten universal human values that reflect needs, social motives, and social institutional demands (Nardon & Steers, 2009): power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security. Schwartz (1994) argued that individual and cultural levels of analysis are conceptually independent. Individual-level dimensions reflect the psychological dynamics that individuals experience when

acting on their values in the everyday life, while cultural-level dimensions reflect the solutions that societies find to regulate human actions. Schwartz (1994) developed seven country-level value types with three bipolar dimensions: (1) conservatism and autonomy (extent to which individuals are integrated in groups), (2) hierarchy vs. egalitarianism (extent to which equality is valued and expected), (3) mastery vs. harmony (extent to which people seek to change the natural and social world to advance personal or group interests). Based on his model, Schwartz designed and implemented the Survey of Values. He used samples of students in 54 countries and of elementary school teachers in 56 countries (Schwartz & Bardi, 2001). As Kim and Gray (2009) have noted, while Schwartz's cultural value dimensions are distinct from Hofstede's, there exist significant conceptual similarities and empirical associations between the two sets of dimensions (Hofstede, 2001; Steenkamp, 2001). For example, conceptually, Schwartz's (1994) autonomy/embeddedness dimension and Hofstede's (1980, 2001) individualism/collectivism continuum overlap as "both autonomy and individualism are associated with the notion of optimistic, responsible enjoyment, while embeddedness and collectivism reflect the broader concept of fulfilling one's duty with the existing social order" (Ahn, 2005, p. 55). This conceptual similarity is further supported by strong empirical associations (Schwartz, 1994).

Hofstede claims Schwartz used "a rather esoteric method for finding his dimensions" and that it leads to inter-correlated dimensions (Hofstede & Fink, 2007). Besides, the Schwartz (1994) model has not been applied as extensively as the Hofstede (1980, 2001) framework in international business/organizational studies (Kim & Gray, 2009; also Bond, 2001). This lack of empirical testing may be due to the non-orthogonal nature of the value dimensions, which makes it difficult to use multivariate statistical techniques (Steenkamp, 2001).

According to Taras et al. (2010), the *House et al. (2004)* so-called *GLOBE* study is one of the most recent, ambitious, and comprehensive attempts to measure the cultures of the world. The primary focus of the study was to understand the influence of cultural differences on leadership processes (House et al., 2004). Hofstede (2010) has also noted that the GLOBE study, conceived by House in 1991, "is one of the major cross-cultural research projects of the past decades" (p. 1339). Likewise, in his preface of the GLOBE book, House (House et al., 2004) admitted that his project was inspired by Hofstede's (1980, 2001) study. GLOBE adopted the Hofstede (1980, 2001) dimensions paradigm of national cultures. They expanded Hofstede's (1980, 2001) five dimensions into nine: (1) future orientation (extent to which people engage in future-oriented behaviors such as planning, investing, and delayed gratification), (2)

gender egalitarianism (degree to which gender differences are minimized), (3) assertiveness (degree to which people are assertive, confrontational, and aggressive in relationships with others), (4) institutional collectivism (extent to which society encourages collective distribution of resources and collective action), (5) in-group collectivism (extent to which individuals express pride, loyalty, and cohesiveness in their organizations and families), (6) power distance (degree to which people expect power to be distributed equally), (7) uncertainty avoidance (extent to which people rely on norms, rules, and procedures to reduce the unpredictability of future events), (8) performance orientation (degree to which high performance is encouraged and rewarded), and (9) humane orientation (extent to which people reward fairness, altruism, and generosity). GLOBE maintained the labels "power distance" and "uncertainty avoidance," and renamed "long term orientation" into "future orientation." However, they did not accept the anthropological logic of Hofstede's (1980, 2001) other two dimensions, and sought psychological face validity and political correctness by splitting individualism-collectivism into institutional collectivism and in-group collectivism, and replacing masculinity-femininity by four supposed components: assertiveness, performance orientation, gender egalitarianism, and humane orientation. They tried to express the essence of these nine dimensions in 39 questions, all referring to the respondents' (national) society or work organization. Respondents were managers in local companies. They were presented with these questions twice: once asking them to describe their society or organization "as it is"; the second time, to judge it and to describe it "as it should be". Thus, GLOBE collected 18 scores per country.

Tung & Verbeke (2010) noted that the latest debates have been related to the strengths and limitations associated with the Hofstede vis-à-vis GLOBE cultural dimensions (p. 1261).

While the respondents in the Hofstede (1980) study were matched groups of employees in seven occupational categories, two managerial and five non-managerial, the respondents in the GLOBE study (House et al., 2004) were managers (Hofstede, 2006). Hofstede (2006) doubted such an approach, when leadership is being measured from survey answers by leaders, "if you want to find out about the quality of a product, do you ask the producer or the consumers?" (p. 884). Sadler & Hofstede (1972) found dramatic differences between supervisors' and subordinates' statements about the former's leadership.

Although GLOBE's network and respondent population were very international and in this respect House et al. (2004) managed to avoid the danger of ethnocentrism,

the project design and analysis "still reflected U.S. hegemony" – the book's 25 editors and authors held management or psychology degrees from the U.S. universities (Hofstede, 2006, p. 884). In comparison, Hofstede's (1980) IBM project locally recruited company researchers with local degrees conducted the pilot interviews and contributed to the questionnaires and the interpretation of the results, while Hofstede himself was born in Netherlands and got his degrees there, reading authors in different languages, and his 1980 book referring to anthropological, historical, political science, psychological and sociological sources (Hofstede, 2006).

Hofstede (2006) has also pointed out that GLOBE asked its culture questions into two formats: "in this society" and "in this organization." One half of the respondents received the first format, the other half the second. In the end, the same items were used in both contexts, and in the analysis the GLOBE researchers labeled the answers to the first format "societal" and those to the second "organizational" culture. According to Hofstede (2006), in most cases societal and organizational culture dimension scores were closely correlated, and in the GLOBE book (House et al., 2004) they are not treated separately (p. 884). Gerhart (2008) also noted that GLOBE's cross-country analysis missed most of the variance between the participating organizations. GLOBE researchers did not compare the responses from different organizations within the same country at all; across countries, they only did some comparisons among the three industries in their research population. That is why their societal and organizational country scores turned out to be strongly correlated, and they were merged in the end (Hofstede, 2010). In comparison, Hofstede's (1980) IBM study focused solely on societal cultures (differences between IBM respondents from different countries). Based on the results of a separate Hofstede et al. (1990) study, comparing the cultures of 20 units from very different organizations, unrelated to IBM, Hofstede and his colleagues (Hofstede et al., 1990) were able to conclude that "national cultures and organizational cultures are phenomena of different orders" (p. 313).

Smith (2006) indicated the dilemma of whether or not to control for differences in national wealth. Hofstede (2006) also noted that many measures of national culture are correlated with national wealth/poverty: they are affected by economic factors. Wealth supports individualism and other dimensions. Although GLOBE researchers were aware of the role of wealth (House et al., 2004, p. 117-120), it did not influence their interpretations of culture (Hofstede, 2006, p. 885; Taras et al., 2010, p. 1336). 12 out of 18 of GLOBE dimensions are significantly correlated with national wealth (Hofstede, 2006, p. 885). Meanwhile, Hofstede (2006), who argued that differences in

values that can be accounted for by economic factors do not need to be explained by cultural factors, in all his validations of the culture dimensions against external data, controlled for wealth by analyzing data from poor and wealthy countries separately (885).

According to Hofstede (2006, 2010), it is not clear what GLOBE really measured considering the striking finding that for seven out of the nine GLOBE dimensions the country-level correlations between "as is" and "as should be" answers were significantly negative. The negative correlations on the seven other dimensions also puzzled the GLOBE researchers (Hofstede, 2010) who called the result "both counterintuitive and counter to conventional wisdom" (Javidan et al., 2006, p. 901). They found it "unclear why the relationship should be negative rather than positive" (House et al., 2004, p. 729). In the end, the GLOBE researchers concluded that the relationship between values and practices must be much more complex than Hofstede's so-called "Onion Diagram"[7] suggests (House et al., 2004, p. 730; Javidan et al., 2006, p. 902). However, Hofstede (2006) believes that the "counterintuitive" result is due to design flaws in the questionnaires used in the GLOBE study. According to Hofstede (2006), respondents in the GLOBE study were unable to describe practices independent of their values. Hofstede (2010) believes that a major source of confusion in comparing GLOBE's results to his is that GLOBE used terms from his earlier publications while giving them a different meaning, without being aware of this — or at least without making it explicit, especially related to the terms "values" and "practices", and the concept "organizational culture" (p. 1340). On the other hand, Maseland & Van Hoorn (2009) argue that the negative correlation between practices and values in the GLOBE study results can be traced back to one of the main principles of modern economics: the law of diminishing marginal utility. According to Maseland & Van Hoorn (2009), the results reported by GLOBE indicate that values surveys are likely to capture both values and marginal preferences, but in unknown proportions, therefore, when conducting values surveys, one never knows for sure what one is measuring. To improve the situation with the survey approach to value measurement, Maseland & Van Hoorn (2009) suggest designing questions that are less likely to be dominated by marginal preferences, that is, survey questions should induce respondents to talk about their general inclinations rather than about changes to their present situation (p. 530). The questions should be formulated in such a way that

[7] In his "Onion Diagram", Hofstede (2001) visualizes a relationship between values and practices. In Hofstede's perspective, values drive practices. According to this diagram, values are the most deeply rooted aspects of a

respondents would ignore the present context in their answers as much as possible. Also, questions should focus on desired states (the things weights are about) rather than desired changes (the subject of marginal preferences) (Maseland & Van Hoorn, 2009, p. 530).

Across countries, GLOBE's 18 country scores showed many strong inter-correlations; not only did most "as is" and "as should be" scores for the same dimension correlate significantly negatively, but most dimensions also correlated strongly with other dimensions. In a second-order factor analysis of the 18 country scores x 56 countries matrix, Hofstede (2010) found five meta-factors that resembled the five-dimensional structure of his own model; four of them correlated with one of his dimensions, while the fifth with rare GLOBE items corresponding to his fifth dimension, masculinity /femininity (Hofstede, 2006; Hofstede & Fink, 2007). It is just that "the GLOBE editors don't seem to like it much" (Hofstede & Fink, 2007, p. 18).

Smith (2006) noted the problematic nature of what GLOBE measured, pointing out that GLOBE's measures based on reports about others "in my society" were not the same as the self-reports on which Hofstede's dimensions were based. In terms of the number of dimensions, Smith (2006) warned that it should not exceed the capacity to yield hypotheses that can be validly and differentially tested among the range of nation-level samples that are typically available. Smith (2006) has also wondered about GLOBE's way of aggregating data from individuals to the nation level.

McCrae et al. (2008) also found problems in interpreting the GLOBE items related to "as is" items. (1) First they compared GLOBE's "as is" country scores with aggregated assessed personality scores. On the basis of the dimension labels they had postulated a number of significant relationships between the two sets of scores, but none of these was confirmed. The only significant correlation they found was between GLOBE's uncertainty avoidance and assessed openness to experience, but it was in the opposite direction of what was predicted. (2) Afterwards they compared GLOBE's "as is" country scores with their database of descriptions of the typical citizen of their country. Although four of the postulated significant relationships were confirmed even after controlling for per capita national wealth, McCrae et al. (2008) concluded that the assertiveness and humane orientation scales are mainly stereotypes of low vs. high agreeableness, and that the future orientation and GLOBE's uncertainty avoidance "as is" scales contain stereotypes of high conscientiousness; but that none of these stereotypes conformed to actually aggregated assessed personality measurements.

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culture, forming the basis for cultural practices. If this ''onion assumption'' is correct, one would expect a positive correlation between cultural values and practices (Maseland & Van Hoorn, 2009).

While trying to answer the question he asked himself about what GLOBE really measured, Hofstede (2010) noted that GLOBE's "as should be" items measured "values as the desirable", but often related to issues of low relevance to the respondents (p. 1344). Hofstede (2010) pointed out that their meaning can only be determined from each question's nomological network, and it will in most cases differ from what it appears at face value (p. 344; also Hofstede, 2006, p. 885). GLOBE's "as is" questions produced statements about issues the respondents knew very little about (Hofstede, 2006, 2010). The questions produced mainly stereotypes and for four of the GLOBE dimensions McCrae et al.'s (2008) Big Five study showed this to be the case, but the stereotypes were unfounded. The meaning of "as is" questions can be determined only from their nomological network, and even more often than in the case of the "as should be" questions it will be different from their face meaning: it could be even be its opposite (Hofstede, 2010, p. 1344). This observation can be related to another remark on the differences between Hofstede (1980) and GLOBE (House et al., 2004) study: the development of the GLOBE questionnaire was theory-driven, based on the existing literature, including Hofstede's 1980 book, and on statistical pre-tests, while Hofstede's (1980) IBM attitude survey questionnaires had been designed through open-ended pilot interviews with personnel in nine countries (that is, they were "action-driven") (Hofstede, 2006, p. 884). That way the Hofstede surveys were action-driven and dealt with issues that IBM employees from different categories and/or their management thought relevant in their job situation (Hofstede, 2006).

Over the past 30 years the nomological network of the five dimensions Hofstede found in the IBM and Chinese Value Survey databases has continued to expand. Their links with external phenomena stretch to a variety of disciplines, and new applications keep appearing (Hofstede, 2010, p. 1345; 2006, p. 895; De Mooij, 2004, 2010). Beyond statistical validations Hofstede's dimensions are used worldwide in university courses and cross-cultural training programs attended by people who have experienced working across cultures and can tell right away whether something makes sense to them or not (Hofstede, 2010, p. 1345). According to Harzing's *Publish or Perish* citation index, as of June 2010, there were over 54,000 citations to Hofstede's work – that shows Hofstede's personal impact on scholarly research (Tung & Verbeke, 2010, p. 1259; Nardon & Steers, 2009, p. 4). Leung & Ang (2009) also noted that Hofstede's dimensions have been employed in numerous studies to examine diverse organizational issues. All this cannot be said about GLOBE's study: very few validations of the GLOBE dimensions against external variables, and even fewer cases

where they explain external phenomena better than earlier studies do, that is, very few applications (Hofstede, 2010, p. 1345).

3.1.4 Why the Hofstede model anyway?

Despite the criticisms of the Hofstede dimensions of national culture, most of his dimensions still appear to be relevant and valid in today's organizations (Hofstede, 2007; Newman & Nollen, 1996). In their review of six major cultural value frameworks (by Hall, 1990; Hofstede, 1980; House et al., 2004; Kluckhohn & Strodtbeck, 1973; Schwartz, 1994; and Trompenaars, 1993), Nardon & Steers (2009) collapsed the many cultural value dimensions found in them into five core cultural themes/dimensions (Table 2 (i.e., (1) distribution of power and authority/hierarchy vs. equality, (2) emphasis on groups or individuals/individualism vs. collectivism, (3) relationship with environment/mastery vs. harmony, (4) use of time/monochronism vs. polychronism, (5) personal and social control/universalism vs. particularism). Although a perfect correspondence with Hofstede's five dimensions was not evident, several of the themes were identical or highly similar (e.g., individualism-collectivism was identical, hierarchy-equality was similar to power distance, and monochronism vs. polychronism was similar to long term vs. short term orientation). There were also elements of mastery vs. harmony in Hofstede's masculinity vs. femininity dimension and of universalism-particularism in uncertainty avoidance (Nardon & Steers, 2009). According to the authors of the study, the five themes seem to replicate the Hofstede five dimensions (Nardon & Steers, 2009, p. 9).

Taras et al. (2010, p. 431) strongly believe that in conjunction with their meta-analytic findings, "the continued examination of individualism-collectivism, power distance, uncertainty avoidance, and masculinity-femininity is certainly warranted if relevant to one's theoretical question of interest and if use of national dimensions of culture is suitable for one's research program." In their meta-analysis of Hofstede's framework (1980, 2001), applying quantitative perspective, Taras et al. (2010) expressed their belief that the Hofstede framework (1980, 2001) will continue to add value to the cross-cultural organizational behavior and psychology literature. Taras et al. (2010, p. 431) concluded that conceptually, Hofstede's (1980, 2001) cultural value dimensions remain theoretically relevant to the study of cultural differences. The researchers also pointed out that cultural values can predict certain organizational and employee outcomes similar to, or even stronger than, other individual differences such as personality traits, and that "research using Hofstede's framework clearly shows no sign of abating" (Taras et al., 2010, p. 436).

Table 2. Common themes and core cultural dimensions across models of national culture

Common themes/core cultural dimensions	*Culture models*					
	Kluckholm & Strodtbeck	Hofstede	Hall	Trompenaars	Schwartz	GLOBE
Distribution of power and authority/Hierarchy vs. equality		1	1	1	1	2
Emphasis on groups or individuals/Individualism vs. collectivism	1	1		1	1	2
Relationship with environment/Mastery vs. harmony	2	1		1	1	3
Use of time/Monochronism vs. polychronism	1	1	1	1		1
Personal and social control/Universalism vs. particularism	1	1		1		1
Other themes			1	2		

Source: Nardon, L., & Steers, R. M. (2009). The culture theory jungle: Divergence and convergence in models of national culture. In: Bhagat, R. S., & Steers, R. M. (eds.). Cambridge Handbook of Culture, Organizations, and Work. P. 3-22. Cambridge: Cambridge University Press.

Hofstede himself also believes that there is not much difference whether it is GLOBE, Schwartz's or other dimensions as all of them present alternative uses of the paradigm that he started in 1980 with his *Culture's Consequences* describing cultures through a set of dimensions. Both Hofstede (Hofstede & Fink, 2007) and other researchers (e.g., Leung & Ang, 2009, p. 24; Kim & Gray, 2009) have pointed out that although other researchers use other instruments and find other dimensions, the results of all the studies overlap.

Taras et al. (2010) quantitatively reviewed a large number of empirical studies that have incorporated Hofstede's cultural value dimensions over the last three decades, the first time in almost 30 years since the publication of the original book by Hofstede (1980) and his updated book (2001), and noted that "virtually all later models of culture include Hofstede's dimensions and have conformed to his approach" (Taras et al., 2010, p. 406; also Taras et al., 2009: Taras & Steel, 2009; Nardon & Steers, 2009). Sondergaard (1994) in his examination of 61 replications of Hofstede's (1980) study found only a few non-confirmations, which in general confirms Hofstede's findings. Even Trompenaars (1993), who has a competing framework, acknowledged Hofstede's contribution to the field. Without a doubt, Hofstede's original book *Culture's Consequences: International Differences in Work-Related Values* (Hofstede, 1980) and the subsequent update *Culture's Consequences: Comparing Values,*

Behaviors, Institutions, and Organizations Across Nations (Hofstede, 2001) have inspired thousands of empirical studies of Hofstede's cultural value dimensions (Taras et al., 2010, p. 405). Kirkman et al. (2006) qualitatively reviewed almost 20 empirical studies that used Hofstede's dimensions and were published in 40 journals and book series between 1980 and 2002. Additionally, other recent qualitative reviews of the cross-cultural organizational behavior and psychology fields covering the last decade have revealed that the empirical research inspired by Hofstede is increasing exponentially (Gelfand et al., 2007; Tsui et al., 2007). Therefore, Hofstede's (1980, 2001) cultural model is chosen as one of the foundations on which this study is built.

3.2 Original Vitell et al. (1993) propositions and suggested extensions[8]

3.2.1 Hypotheses related to individualism/collectivism dimension

Building on the Hofstede (1980, 2001) conceptualization of the individualism/collectivism construct, Vitell et al. (1993) proposed that managers from home countries low on the individualism dimension would be more susceptible to group and intra-organizational influence than managers from home countries that score high on this Hofstede (1980, 2001) cultural dimension. Managers from collectivistic countries give greater consideration to the norms of various industry, professional, business, and other groups to which they belong since they cannot easily distance themselves from these groups. Hofstede claims that while on the one hand these groups protect the interests of their members, on the other hand, they expect permanent loyalty from their members, expressed by adherence to group norms. Individuals from more individualistic cultures are more concerned with their own self-interests; therefore, group norms tend to influence them less.

Based, on the one hand, on the original Vitell et al. (1993) propositions related to *home* country culture influence (divergence perspective) and, on the other hand, integrative social contracts, socialization, and acculturation theories (convergence perspective), as well as the results of the *intra*-cultural empirical studies indicating that *host* country cultural environment also has an effect on expatriate perceptions of ethical issues (Bailey & Spicer, 2004, 2007; Lee, 1981; McDonald & Kan, 1997), this

[8] See Figures 5, 6, 7, and 8.

thesis proposes the following general (***in bold italics***) and directional (*in italics*) hypotheses for testing.[9]

H1: Managers from different countries will differ in their deontological evaluation, that is, in their consideration of informal professional, industry, and organizational norms of ethics, when deciding whether behavior would be right or wrong.

H1a: Managers from countries scoring high on individualism dimension (for example, the U.S.[10]) will be less likely to take into their consideration informal professional, industry, and organizational norms when faced with an ethical issue and deciding whether behavior would be right or wrong than managers in home countries that are high on collectivism (for example, Japan).

Based on the original Vitell et al. (1993) proposition, as well as on integrative social contracts, socialization, and acculturation theories, and the results of the *intra*-cultural studies that support the claim that *host* country cultural environment has an effect on expatriates' decision making related to ethical issues, a related general and directional hypothesis is suggested:

H2: Managers from different countries will differ in their deontological evaluation, that is, in their consideration of informal professional, industry, and organizational norms of ethics, when faced with an ethical issue and deciding whether certain behavior would be right or wrong as a function of where they work (at home or abroad).

H1b: Expatriate managers from home countries scoring high on individualism (for example, the U.S.) after working in an MNC subsidiary located in a host country scoring high on collectivism (for example, Japan) will give greater consideration to informal professional, industry, and organizational norms when faced with an ethical

[9] The hypotheses in bold italics and italics are numbered separately. The hypotheses in italics are numbered such that the ones having letter "a" next to their number have to do with *home* country effect, while the ones with letter "b" are related to *home and host* country effect. All the hypotheses grouped according to country of work (home and host country) can be found in Appendix 2.

[10] Based on Hofstede's cultural dimension scores, where the U.S. scores are as follows: IND (91), MAS (62), PDI (40), UAI (46), France scores are: IND (71), MAS (43), PDI (68), UAI (86), Norway scores are: IND (69), MAS (8), PDI (31), UAI (50), Japan scores are: IND (46), MAS (95), PDI (54), UAI (92) (Hofstede & Hofstede, 2005).

issue and deciding whether certain behavior would be right or wrong than their colleagues in the home country (for example, the U.S.).

H3: Managers from different countries will differ in their deontological evaluation, that is, in how likely they are to take into consideration formal professional, industry, and organizational codes of ethics, when faced with an ethical issue and deciding whether behavior would be right or wrong.

H2a: Managers in countries scoring high on individualism dimension (for example, the U.S.) will be less likely to take into their consideration formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether behavior would be right or wrong than managers in countries scoring high on collectivism dimension (for example, Japan).

H4: Managers from different countries will differ in their deontological evaluation, that is in their consideration of formal professional, industry, and organizational norms, when faced with an ethical issue and deciding whether certain behavior would be right or wrong as a function of where they work (at home or abroad).

H2b: Expatriate managers from home countries scoring high on individualism dimension (for example, the U.S.) after working in a MNC subsidiary located in a host country scoring high on collectivism dimension (for example, Japan) will be more likely to consider formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether certain behavior would be right or wrong than their colleagues in the home country (for example, the U.S.).

Vitell et al. (1993) quote the study conducted in the U.S. by Hegarty & Sims (1979), which revealed that personal desire for wealth is positively related to unethical behavior, while organizational profit goals had no significant influence on respondent behavior related to ethical issues. Based on these results, Vitell et al. (1993) claim that American managers are more willing to behave unethically for personal gain than for the gain of their company. Ouchi (1981) noted that in typical Japanese organizational structures, employees demonstrate more commitment to their organization/company than their U.S. counterparts.

Based on the Vitell et al. (1993) propositions (later partially tested by Blodgett et al. 2001) and the findings of the expatriate studies described earlier, the following hypotheses seem appropriate and logical:

H5: Managers from different countries will differ in their teleological evaluation, that is, in their consideration of different stakeholders.

H3a: Managers in countries that score high on individualism dimension (for example, the U.S.) will be more likely to consider themselves as more important stakeholders than managers in countries that score low on individualism dimension (for example, Japan).

H4a: Managers in countries scoring high on collectivism dimension (for example, Japan) will be more likely to consider the owners/stockholders and other employees as more important than managers in countries that score low on collectivism dimension (for example, USA).

H6: Managers from different countries will differ in their teleological evaluation, that is, in their consideration of different stakeholders as more important depending on where they work (at home or abroad).

H3b: Expatriate managers from home countries scoring high on individualism dimension (for example, the U.S.) after working in a MNC subsidiary located in a host country scoring high on collectivism dimension (for example, Japan) will be less likely to consider themselves as more important stakeholders than their national counterparts.

H4b: Expatriate managers from home countries scoring high on collectivism dimension (for example, Japan) after working in a MNC subsidiary located in a host country scoring high on individualism dimension (for example, the U.S.) will be less likely to consider the owners/stockholders and other employees as more important stakeholders than their national counterparts.

3.2.2 Hypotheses related to power distance dimension

Managers in countries scoring high on power distance cultural dimension are more likely to accept the inequality in power and authority existing in most

organizations. Because of this, they are more likely to demonstrate undue reverence toward individuals in prominent positions compared to managers in countries with a small power distance (Vitell et al., 1993). The concept of power distance also appears in the model by Ferrell & Gresham (1985) who use both differential association and role-set theories to describe similar behavioral patterns. Vitell et al. (1993) suggest the supportive findings of the empirical studies done by Zey-Ferrell et al. (1979), Zey-Ferrell & Ferrell (1982) may mean that in countries with a small or medium power distance, individuals look more to both their peers and informal norms than to their superiors and formal norms for guidance in appropriate behavior. Meanwhile, in countries scoring high on power distance, superiors are expected to act autocratically without consulting subordinates. Based on these observations and studies, the following managerial situations are proposed:

H7: Managers from different countries will differ in their teleological evaluation - consideration of different stakeholder groups' opinions on ethical issues when faced with an ethical issue.

H5a: Managers in countries low on power distance (for example, the U.S.) will be more likely to take into their consideration the opinions of their fellow employees when deciding whether a certain behavior is ethically right or wrong than managers in countries high on power distance (for example, France).

H6a: Managers in countries scoring high on power distance (for example, France) will be more likely to take into their consideration the opinions of their superiors when deciding whether a certain behavior is ethically right or wrong than managers in countries scoring low on power distance (for example, the U.S.).

H8: Managers from different countries will differ in their teleological evaluation - consideration of different stakeholder groups' opinions on ethical issues when faced with ethical issues, depending on where they work (at home or abroad).

H5b: Expatriate managers from home countries low on power distance (for example, the U.S.) after working in a MNC subsidiary located in a host country high on power distance (for example, France) will be less likely to take into their consideration the opinions of their fellow employees when deciding whether a certain behavior is ethically right or wrong than their national counterparts.

H6b: Expatriate managers from home countries high on power distance (for example, France) after working in a MNC subsidiary located in a host country low on power distance (for example, the U.S.) will be less likely to take into their consideration the opinions of their superiors when deciding whether a certain behavior is ethically right or wrong than their national counterparts.

H9: Managers from different countries will differ in their deontological evaluation - consideration of which one of the two — informal norms of ethics vs. formal codes of ethics — are more important to them when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong.

H7a: Managers in countries low on power distance dimension (for example, the U.S.) will be more likely to consider informal professional, industry and organizational norms as more important than formal codes of ethics when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong.

H8a: Managers in countries high on power distance dimension (for example, France) will be more likely to take into their consideration formal professional, industry and organizational codes of ethics than informal norms when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong.

H10: Managers from different countries will differ in their deontological evaluation—consideration of which one of the two — informal norms of ethics vs. formal codes of ethics — are more important to them when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong, as a function of where they work (at home or abroad).

H7b: Expatriate managers from home countries low on power distance dimension (for example, the U.S.) after working in a MNC subsidiary located in a host country high on power distance dimension (for example, France) will be more likely to take into their consideration informal professional, industry and organizational norms as more important than formal codes of ethics when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong than their national counterparts.

H8b: Expatriate managers from home countries scoring high on power distance dimension (for example, France) after working in a MNC subsidiary located in a host country scoring low on power distance dimension (for example, the U.S.) will be more likely to take into their consideration formal professional, industry and organizational codes of ethics than informal norms when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong than their national counterparts.

3.2.3 Hypotheses related to uncertainty avoidance dimension

Vitell et al. (1993) suggest business practitioners from cultures scoring high on uncertainty avoidance (for example, Japan) would be more intolerant of any deviations from group or organizational norms than managers from countries scoring low on uncertainty avoidance (for example, the U.S.). Based on these characteristics, managers in a country such as Japan will be more intolerant of any deviations from group or organizational norms than the U.S. managers. Since tolerance for deviance is unacceptable, membership in most organizational groups in a country such as Japan may be assumed to be composed of non-deviants as compared to a country such as the U.S where deviance is more tolerated (Vitell et al., 1993, p. 757). Such reasoning finds support in the Ouchi (1981) theory regarding organizational cultures in Japanese and the U.S. companies, as well as the Ferrell & Skinner (1988) study results on the U.S. firms. Hood & Logsdon (2002) have also noted that it is logical that cultures high in uncertainty avoidance would support more specific ethical guidelines in a highly structured ethics code so as to reduce uncertainty.

However, when host country culture and home culture are taken into consideration, the following hypotheses can be formed:

To recall **H3** presented previously: ***Managers from different countries will differ in their deontological evaluation — on how likely they are to take into consideration formal professional, industry, and organizational codes of ethics — when deciding whether behavior would be right or wrong.***

H9a: Managers in countries high on uncertainty avoidance (for example, Japan) will be more likely to consider formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would

be inherently right or wrong than managers in countries low on uncertainty avoidance (for example, the U.S.).

Likewise, recalling **H4:** ***Managers from different countries will differ in their deontological evaluation — consideration of formal professional, industry, and organizational norms of ethics — when faced with an ethical issue and deciding whether behavior would be inherently right or wrong as a function of where they work (at home or abroad).***

H9b: Expatriate managers from home countries high on uncertainty avoidance (for example, Japan) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (for example, the U.S.) will be less likely to consider formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether behavior would be inherently right or wrong than their national counterparts.

H11: Managers from different countries will perceive ethical issues differently.

H10a: Managers in countries high on uncertainty avoidance (for example, Japan) will be less likely to perceive ethical issues than business managers in countries low on uncertainty avoidance (for example, the U.S.).

H12: Managers from different countries will differ in their perception of ethical issues as a function of where they work (at home or abroad).

H10b: Expatriate managers from home countries high on uncertainty avoidance (for example, Japan) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (for example, the U.S.) will be more likely to perceive ethical issues than their national counterparts.

Hunt & Vitell (1986) visualize ethical judgments as "the belief that a particular alternative is the most ethical alternative" (p. 763). According to them, the ethical judgments of an individual are a function of his/her ethical evaluations based on various moral philosophies (Hunt & Vitell, 1986). Singhapakdi et al. (1994) suggest the same logic related to perception of an ethical issue/problem can be applied to

ethical judgments; managers who initially perceive ethical dilemmas less often will also make ethical judgments less often:

H13: Managers from different countries will make judgments on ethical issues differently.

H11a: *Managers in countries high on uncertainty avoidance (for example, Japan) will be less sensitive in their judgments on the ethical issues presented in the scenarios than managers in countries low on uncertainty avoidance (for example, the U.S.).*

H14: Managers from different countries will differ in their judgment on ethical issues as a function of where they work (at home or abroad).

H11b: *Expatriate managers from home countries high on uncertainty avoidance (for example, Japan) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (for example, the U.S.) will be more sensitive in their judgments on the ethical issues presented in the scenarios than their nationals.*

Vitell et al. suggest the concept of uncertainty avoidance is also related to the belief that an individual can predict the actions of members of a social unit to which he/she belongs (1993, p. 757). Researchers claim cultures scoring high on uncertainty avoidance tend to predict the actions of individuals who are members of a certain social unit more accurately. Based on the Vitell et al. (1993) prediction and the findings of expatriate studies, the following hypotheses can be asserted:

To recall **H5:** ***Managers from different countries will differ in their teleological evaluation -consideration of different stakeholders.***

H12a: Managers in countries high on uncertainty avoidance (for example, Japan) will be more likely to consider the owners/stockholders and other employees as more important stakeholders than themselves than managers in countries low on uncertainty avoidance (for example, the U.S.).

H13a: Managers in countries low on uncertainty avoidance (for example, the U.S.) will be more likely to consider themselves as more important stakeholders than managers in countries high on uncertainty avoidance (for example, Japan).

To recall **H6:** ***Managers from different countries will differ in their teleological evaluation — consideration of different stakeholders as more important — depending on where they work (at home or abroad).***

H12b: Expatriate managers from home countries high on uncertainty avoidance (for example, Japan) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (for example, the U.S.) will be less likely to consider the owners/stockholders and other employees as more important stakeholders than their national counterparts.

H13b: Expatriate managers from home countries low on uncertainty avoidance (for example, the U.S.) after working in a MNC subsidiary located in a host country high on uncertainty avoidance (for example, Japan) will be less likely to consider themselves as more important stakeholders than their national counterparts.

3.2.4 Hypotheses related to masculinity/femininity dimension

According to Vitell et al. (1993), this dimension suggests some cultures are more tolerant of unethical behavior than others. Cultures scoring high on masculinity dimension encourage individuals, especially males, to be ambitious and competitive, striving for material well-being. Researchers claim these factors may contribute significantly to unethical acts of an individual: practices such as high pressure selling seen as good business in masculine cultures may be seen as unethical in cultures scoring high on femininity dimension (Vitell et al., 1993, p. 758). Researchers also claim that individuals making a decision related to ethical problems in masculine cultures may never perceive a given ethical problem because the problem is not recognized by their culture as having ethical content (Vitell et al., 1993). However, the overall evidence presented in this study leads to suggesting the following hypotheses regarding nationals and expatriate managers:

To recall **H11:** ***Managers from different countries will perceive ethical issues differently.***

H14a: Managers (both male and female) in countries high on masculinity (for example, the U.S.) will be less likely to perceive ethical issues than managers (both male and female) in countries high on femininity (for example, Norway).

To recall **H12:** ***Managers from different countries will differ in their perception of ethical issues as a function of where they work (at home or abroad).***

H14b: Expatriate managers (both male and female) from home countries high on masculinity (for example, the U.S.) after working in a MNC subsidiary located in a host country low on masculinity (for example, Norway) will be more likely to perceive ethical problems than their nationals (both male and female).

The following proposals are initiated by Singhapakdi et al. (1994), since fewer perceptions of ethical problems lead to lower level of sensitivity in making judgments on ethical issues presented in ethical scenarios:

And recalling **H13:** ***Managers from different countries will make judgments on ethical issues differently.***

H15a: *Managers (both male and female) in countries high on masculinity (for example, the U.S.) will be less sensitive in their judgments on the ethical issues presented in the scenarios than managers (both male and female) in countries high on femininity (for example, Norway).*

Recalling **H14:** ***Managers from different countries will differ in their judgment on ethical issues as a function of where they work (at home or abroad).***

H15b: *Expatriate managers (both male and female) from home countries high on masculinity (for example, the U.S.) after working in a MNC subsidiary located in a host country low on masculinity (for example, Norway) will be more sensitive in their judgments on the ethical issues presented in the scenarios than their nationals (both male and female).*

Recalling **H3:** ***Managers from different countries will differ in their deontological evaluation — on how likely they are to take into consideration formal professional,***

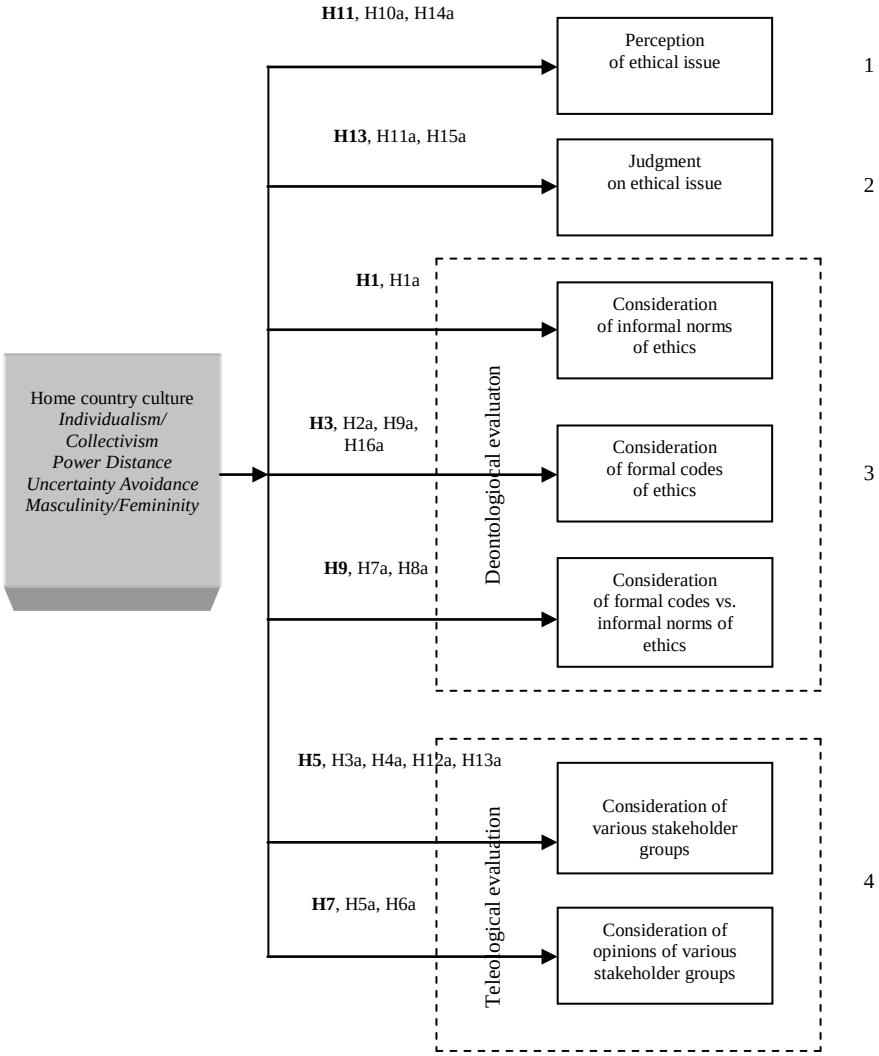
industry, and organizational codes of ethics — when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong.

H16a: Managers (both male and female) in countries high on masculinity (for example, the U.S.) will be less likely to consider formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than managers (both male and female) in countries high on femininity (for example, Norway).

Keeping in mind **H4** introduced earlier: ***Managers from different countries will differ in their deontological evaluation — consideration of formal professional, industry, and organizational codes — when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong as a function of where they work (at home or abroad).***

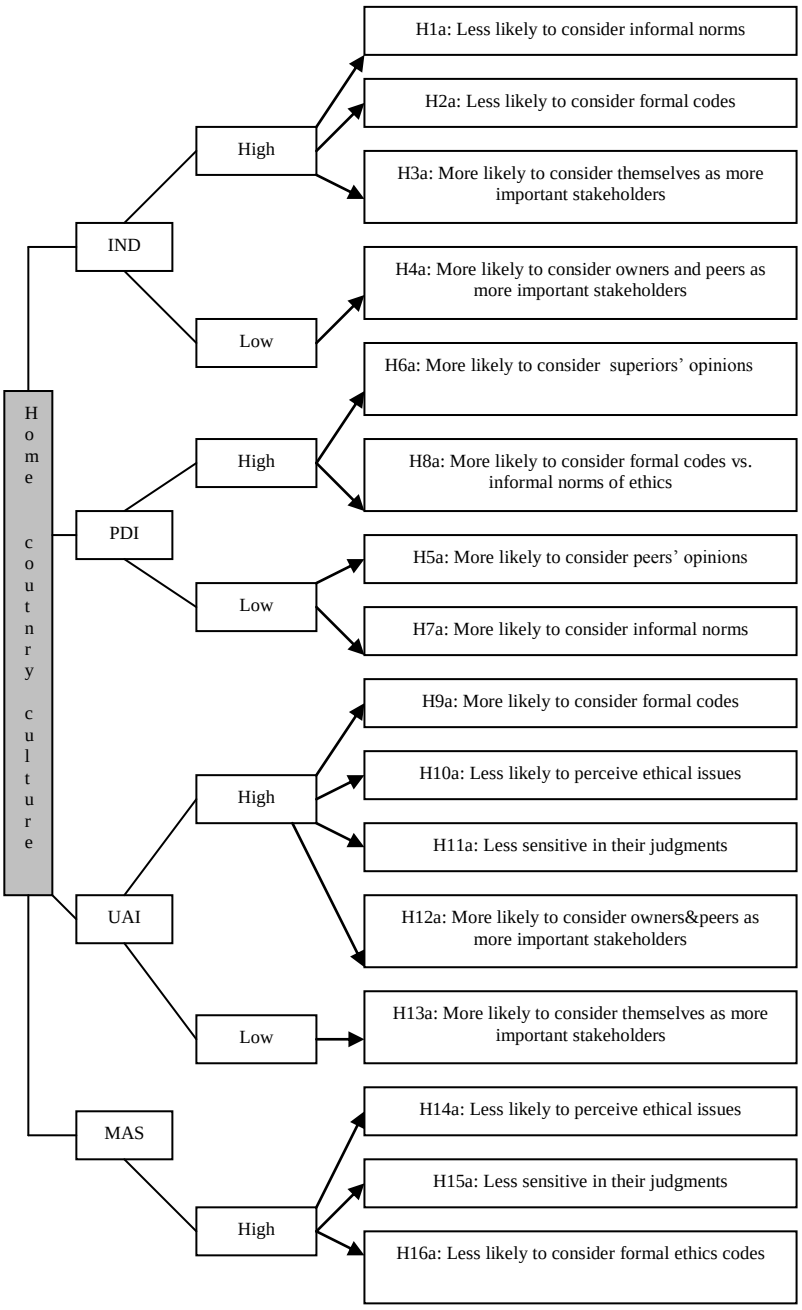
H16b: Expatriate managers (both male and female) from home countries high on masculinity (for example, the U.S.) after working in a MNC subsidiary located in a host country low on masculinity (for example, Norway) will be more likely to consider formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than their national counterparts (both male and female).

Figure 5. The effect of home country culture on various stages of managerial individual decision making related to ethical issues in a MNC



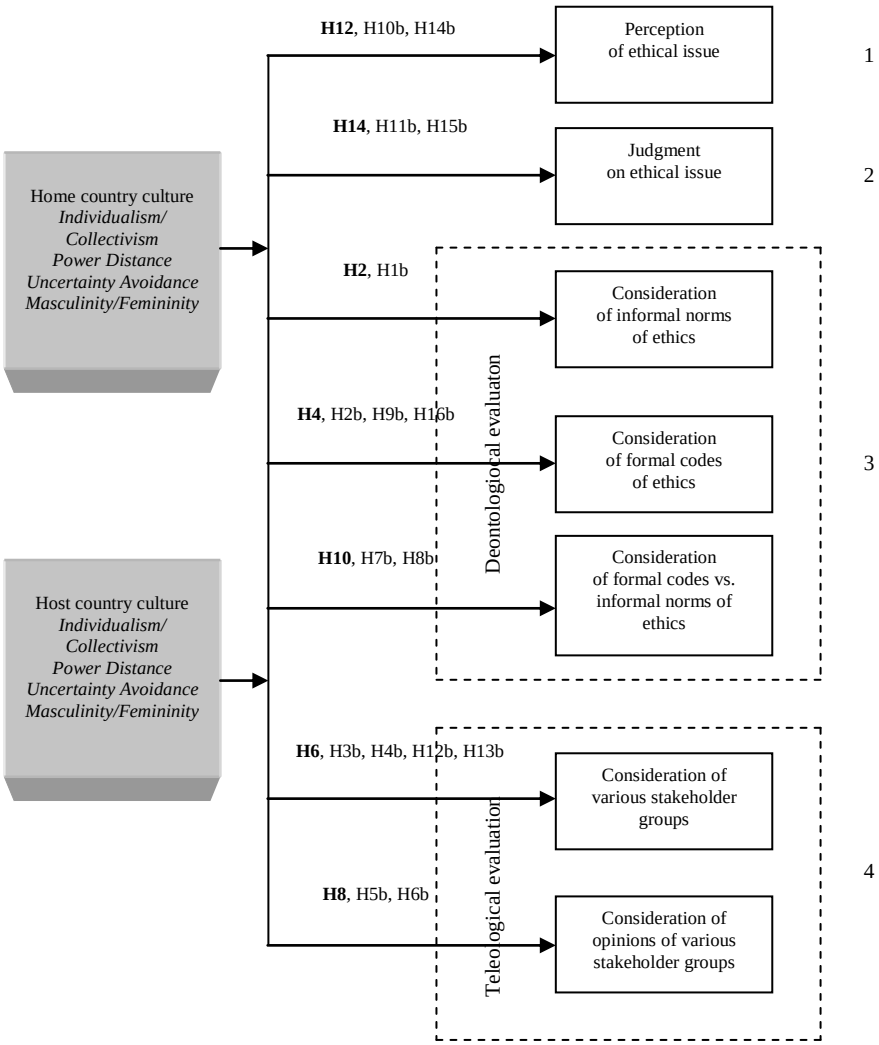
Source: The author.

Figure 6. The effect of home country culture on various stages of managerial individual decision making related to ethical issues in a MNC



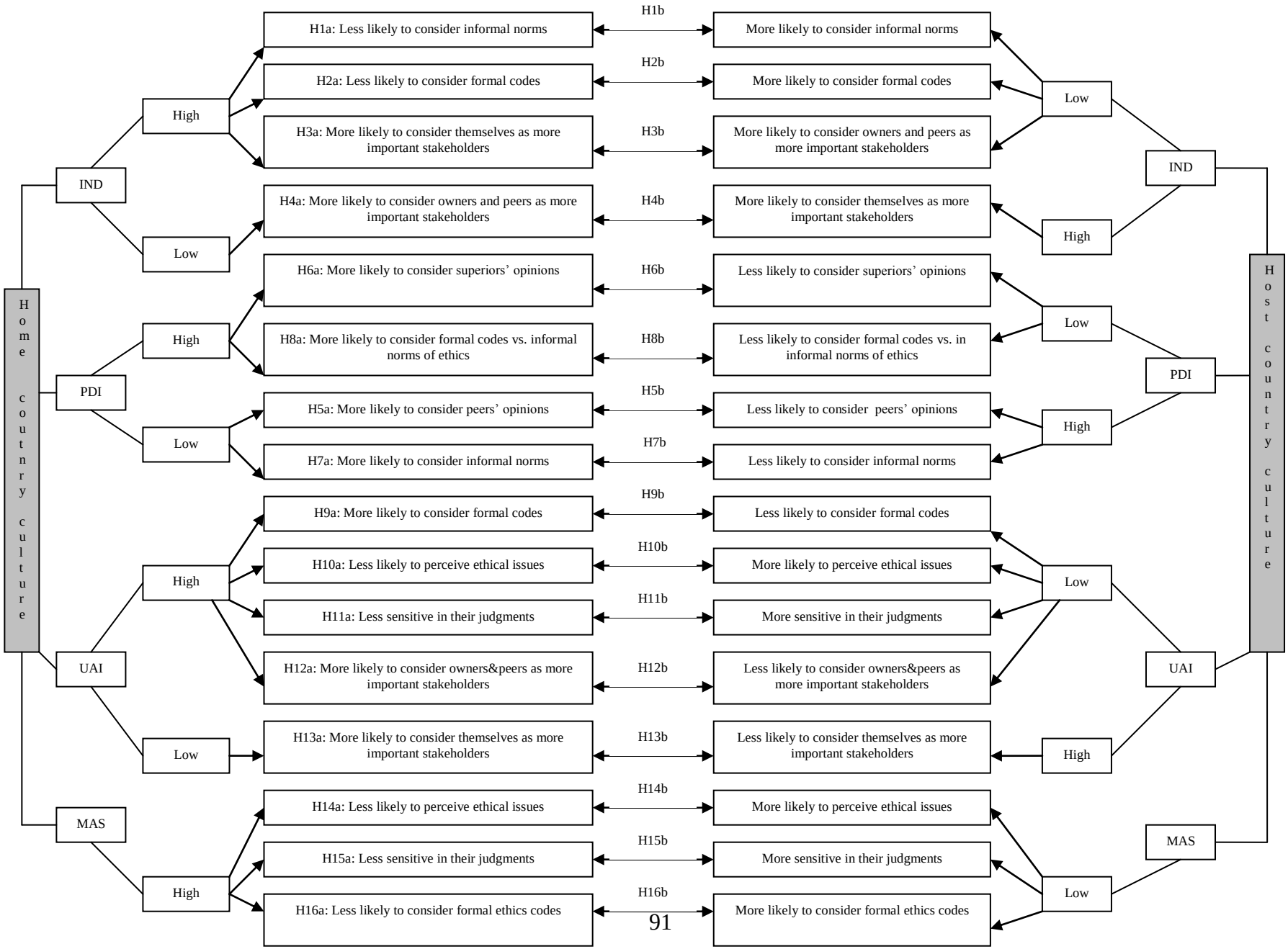
Source: The author.

Figure 7. The effect of home and host country cultures on various stages of managerial individual decision making related to ethical issues in a MNC



Source: The author.

Figure 8. The effect of home and host country cultures on various stages of managerial individual decision making related to ethical issues in a MNC (Source: The author)



In this chapter, having in mind the main purpose of the study to show the impact of home and host country culture on managers' individual decision making related to ethical issues in a MNC setting, the Hunt & Vitell (1986, 1993, 2005, 2006) model was chosen for the proposed extension after comparing its strengths and weaknesses with the alternative models in the field. Similarly, after reviewing the most often mentioned culture models in the literature, their strengths and weaknesses, the Hofstede (1980, 2001) model was selected as a foundation on which the 16 hypotheses and their variations were derived.

The following — methodology — chapter describes the sampling frame, data gathering method, and the operationalization of the variables.

4 Methodology

As it has been mentioned previously, this chapter describes the sampling frame, data gathering method, and the operationalization of the key variables. In terms of the manner of sampling, a contribution to the literature is made by presenting and using quota sampling, coupled with on-line survey connected with web sites such as *LinkedIn*. Regarding the operationalization of variables represented in the hypotheses, measures used in previous studies are selected to maximize validity and reliability.

4.1. Sample and data gathering method

For the past thirty years researchers have operationalized Hofstede's (1980, 2001) cultural value dimensions in one of the two main ways: either with primary data (i.e., data that are collected from the actual study participants, usually with survey-based self-reports) or assigning cultural values to participants according to country scores from Hofstede's (1980) original database, that is, using secondary data (Taras et al., 2010). According to Taras et al. (2010), assigning country-level scores to individuals is a form of stereotyping since it relies on characteristics of the larger group to define those of the smaller group or individual. When researchers directly assess cultural values using primary data, the data more accurately represent the actual cultural values of the respondents (Taras et al., 2010). The values measured by primary data have greater predictive power than those measured by secondary data, and studies that measure the effect of culture using original culture scores report stronger correlations (Taras et al., 2010).

A sample of interest for this study were managers who held marketing positions in multinational corporations in home and host countries. This study used primary data, that is, the data that were collected from the actual study participants with survey-based self-reports. Surveying only marketing managers provided limitation to one professional culture, therefore controlling to detect the influence of the professional environment was possible. To control for the influence of industry environment, multinational corporations functioning in one industry were targeted. The idea that expatriates must often adjust to foreign stakeholders in host countries was taken into consideration while choosing a suitable industry for this study. In particular, it was considered that expatriates must adjust to the management culture, the cultures of the customers/suppliers, expectations of the owners, and the relationship between the company and the local community. In these relationships, ethical issues may be involved. As an industrial/engineering company (where

transactions take place between organizations) dominant in its market may not have to be sensitive to local cultures/ethical norms, a more suitable choice for this type of research was a consumer goods company (where transactions take place between organizations and individual consumers) which is required to be more sensitive to the host country culture. Choosing multinational corporations functioning in the food and beverages industry was preferable to those that operate in such industries as, for example, automobile production or oil extraction and refinement. Food items are more prone to be affected by cultural differences than, for example, the building of cars or extraction of oil: (1) food is affected by different tastes, traditions, and uses; (2) food travels through a distribution system with many local actors, unique and culturally influenced relationships; (3) food is politically sensitive and subject to selective tariffs, subsidies, self-sufficiency, health and safety regulations; (4) food is essential to a nation's soul, history, traditions, etc.; (5) different foods may have strong religious norms (the Hindu classification system of *jati* used to evaluate the relative spiritual purity of all foods, where purity is determined by the ingredients, how they are prepared, who prepares them, and how they are served, for example, *pakkā* food ("cooked", that is, fried or fat-basted, preferably in ghee – relatively unrestricted food due to its high degree of purity, appropriate for serving at temples and at community feasts, because it is pure enough for anyone to consume, often include fried breads and many sweets), *kaccha* food ("undercooked", that is, boiled in water, baked or roasted – more susceptible to pollution than *pakkā* food and must therefore be treated carefully during serving and consumption, includes rice), and *jhuta* food ("innately polluted", like alcohol and meat that are by their very nature considered to be impure); fish on Fridays among the Catholics; pork and Islam; kosher foods in the Jewish tradition) and political expectations attached to them (vegan food, locally grown food). Therefore, there is a need to be sensitive to cultural values. A violation of these rules may be seen as ethical transgressions. Meanwhile, the specifications and the engineering of a car can be agreed upon by engineers across cultures. There could be labor issues, and issues with its uses across cultures but not so much with the product specifications. The distribution channel is shorter so the relationships are fewer and more engineering-focused.

Having said that, as a starting point for choosing relevant countries for this study, a list of 81 largest food and beverages multinational corporations, ranked by their total sales, and used in the studies by Filippaios & Rama (2008), Filippaios et al. (2009), was consulted for choosing suitable MNCs for this study. The list of MNCs operating in food and beverages industry comes from the AGRODATA database

(IAMM, 1990; Padilla et al., 1983; Rastoin & Tozanli, 1998), the main sources of which are Moody's Industrial Manual, the Fortune 500 directory, the "Dossier 5000" published by *Le Nouvel Economiste* and the annual reports of the firms (Filippaios et al., 2009). This represents the most comprehensive information available on the activities and location of the affiliates of the world's largest food and beverages MNCs (Filippaios et al., 2009). Food and beverages MNCs included in the database have worldwide agro-food sales amounting to a minimum of USD1 billion per year and at least one food-processing plant outside the home country (Rastoin et al., 1998). This database includes world renowned firms such as Coca Cola Co., Danone, General Mills, Heinz, Nestlé, PepsiCo, and Unilever. It includes MNCs originating from multiple home countries (the U.S., Switzerland, the U.K./Netherlands, Canada, France, Japan, Argentina, the U.K., Italy, Netherlands, Belgium, South Africa, Germany, and Denmark) and most of the firms are active in a number of different food and beverage sectors, such as meat processing, dairy products, confectionery, spirits, etc. In addition, a significant number of major companies included in this database such as Mars, Cargill, McCain Foods, Suntory and others are private companies, i.e. companies not listed, which contributes another unique characteristics to the database as most of the information for these firms is not publicly accessible (Filippaios et al., 2009) (Table 3).

Table 3. Largest food and beverage MNCs, ranked by their total 2000 sales

Rank	*MNC name*	*Home country*	*Sector of main business activity*	*Total sales $US millions*
1	Philip Morris (Altria)	The U.S.	Multi-products	63,276
2	Nestle	Switzerland	Multi-products	48,000
3	Cargill Inc.	The U.S.	Grain milling	48,000
4	Unilever	The U.K./ Netherlands	Multi-products	44,254
5	Procter&Gamble	The U.S.	Multi-products	39,951
6	ConAgra	The U.S.	Multi-products	25,386
7	Novartis	Switzerland	Functional foods, baby food	21,200
8	Coca-Cola Co.	The U.S.	Soft drinks	20,458
9	PepsiCo Inc.	The U.S.	Soft drinks, snack food	20,438
10	Archer Daniels Midland	The U.S.	Edible fats and oils	18,612
11	Sara Lee Corporation	The U.S.	Multi-products	17,511
12	IBP Inc.	The U.S.	Meat processing	16,950
13	The Seagram Co. Inc.	Canada	Wine & spirits	15,686
14	Mars Inc.	The U.S.	Confectionary, chocolates	15,300
15	Groupe Danone	France	Multi-products	13,201
16	Anheuser Busch Inc.	The U.S.	Beer	12,262
17	Suntory	Japan	Wine and spirits	12,018
18	Snow Brand Milk Products	Japan	Dairy products	11,976
19	Bunge&Born	Argentina	Grain milling	11,000
20	LVMH	France	Wine and spirits	10,701
21	Eridania Bhe´gin Say (Tereos)	France	Sugar, bio-ethanol	10,200

22	H.J.Heinz Co.	The U.S.	Multi-products	9,408
23	Kirin Brewery Co.	Japan	Beer	8,862
24	Maruha Corp	Japan	Fishing, fish processing	8,754
25	Tomkins Plc	The U.K.	Grain milling, baking	8,517
26	Nippon Meat Packers	Japan	Meat processing	8,175
27	Asahi Breweriers	Japan	Beer	7,722
28	Ajinomoto	Japan	Multi-products	7,714
29	Tyson Foods	The U.S.	Poultry	7,410
30	Kellogg Company	The U.S.	Breakfast cereals	6,955
31	Cadbury Schweppes	The U.K.	Soft drinks, confectionary	6,936
32	Yamazaki Baking	Japan	Baking products, biscuits	6,822
33	Parmalat Finanziaria SpA	Italy	Dairy products	6,790
34	General Mills Inc.	The U.S.	Multi-products	6,700
35	Associated British Foods Plc	The U.K.	Multi-products	6,680
36	Heineken NV	Netherlands	Beer	6,481
37	Campbell Soup	The U.S.	Multi-products	6,466
38	Meiji Dairies	Japan	Dairy products	6,408
39	Land O'Lakes Inc.	The U.S.	Dairy products	5,756
40	Tate&Lyle Plc	The U.K.	Sugar, sweeteners	5,428
41	Nichirei Corp.	Japan	Fishing, fish processing	5,296
42	Interbrew	Belgium	Beer	5,227
43	Quaker Oats Co.	The U.S.	Multi-products	5,041
44	Morinaga Milk Industry	Japan	Dairy products	4,776
45	Sapporo Breweries	Japan	Beer	4,942
46	Dole Foods Co. Inc.	The U.S.	Fruits & vegetables processing	4,763
47	South African Breweries	South Africa	Beer	4,715
48	Whibread & Co. Plc	The U.K.	beer	4,475
49	Nippon Suisan Kaisha	Japan	Fishing, fish processing	4,392
50	Ito Ham Foods Inc.	Japan	Meat processing	4,375
51	Scottish & Newcastle Breweries	The U.K.	Beer	4,270
52	Hershey Foods Inc.	The U.S.	Confectionary, chocolates	4,221
53	Sudzucker	Germany	Sugar, sweeteners	4,173
54	Dean Foods	The U.S.	Dairy products	4,103
55	McCain Foods	Canada	Fruits & vegetables processing	4,100
56	Pernod Ricard	France	Wine & spirits	4,049
57	Friesland Dairies	Netherlands	Dairy products	4,068
58	Ferrero SpA	Italy	Confectionary, chocolates	4,000
59	Orkla	Netherlands	Multi-products	3,943
60	Nisshin Flour Milling	Japan	Grain milling	3,747
61	Hormel Foods	The U.S.	Meat processing	3,675
62	Wessanen	Netherlands	Dairy products	3,635
63	Campina Melkunie	Netherlands	Dairy products	3,598
64	Bongrain	France	Dairy products	3,580
65	Q.P. Corporation	Japan	Highly processed food	3,574
66	Danisco A/S	Denmark	Sugar, sweeteners, nutroceutics	3,470
67	Meiji Seika Kaisha	Japan	Confectionary	3,379
68	Carlsberg A/S	Denmark	Beer	3,206
69	Allied Domecq Plc	The U.K.	Wine & spirits	3,119
70	Kikkoman	Japan	Highly processed food	3,038
71	Toyo Suisan Kaisha	Japan	Highly processed food	2,881
72	Ralston Purina	The U.S.	Baking products, biscuits	2,763
73	Nissin Food Products	Japan	Highly processed food	2,721
74	Maple Leaf Foods Inc.	Canada	Animal feed	2,628
75	Sodiaal	France	Dairy products	2,549
76	Ezaki Glico	Japan	Confectionary	2,426
77	International Multifoods	The U.S.	Multi-products	2,385

78	Chiquita Brands International	The U.S.	Fruits & vegetables processing	2,253
79	Nichiro Gyogyo Kaisha	Japan	Fishing, fish processing	2,252
80	Barilla SpA	Italy	Baking, pasta products, biscuits	2,173
81	Northern Foods	The U.K.	Dairy products	2,030

Source: Filippaios, F., & Rama, R. (2008). Globalization or regionalization? The strategies of the world's largest food and beverage MNEs. European Management Journal. 26 (1) p. 59-72.

Due to the limited time resources, only one *home* country was chosen from the list of the largest MNCs operating in food and beverages industry. In order to increase the number of responses, MNCs of American origin were chosen as they constituted the largest group of the largest MNCs in food and beverages industry (25 companies out of 81 on the list). Before the final decision (Table 5) made in terms of home country selection, websites of the 25 American MNCs had been visited to check in which host countries they had their subsidiaries located at the time, having in mind possible selection of host countries limited by the hypotheses (Table 4).

Table 4. Country sample choices depending on the hypotheses and the list of largest MNCs in food and beverages industry

Hypotheses	*Required sample group*	*Some possible choices*[11]	*Final choice*
H1a, H2a, H3a, H4a	Managers from country high on individualism	The U.S. (91), The U.K. (89), Netherlands (80), Italy (76), Belgium (75), Denmark (74), France (71), Switzerland (68), Germany (67), South Africa (65), etc.	Americans in the U.S.
	Managers from country low on individualism/high on collectivism	Argentina (46), Japan (46), etc.	Japanese in Japan
H1b, H2b, H3b	Expatriates from countries high on individualism in country high on collectivism	Americans in Argentina, Americans in Japan, Dutch in Argentina, Dutch in Japan, Italians in Argentina, etc.	Americans in Japan
	Managers from country high on individualism	The U.S. (91), The U.K. (89), Netherlands (80), Italy (76), Belgium (75), Denmark (74), France (71), Switzerland (68), Germany (67), South Africa (65), etc.	Americans in the U.S.
H4b	Expatriates from country high on collectivism in country high on individualism	Argentines in the U.S., Japanese in the U.S., Argentines in the U.K., Japanese in the U.K., Argentines in Netherlands, Japanese in Netherlands, etc.	Japanese in the U.S.
	Managers from country high on collectivism	Argentina (46), Japan (46), etc.	Japanese in Japan
H5a, H6a, H7a, H8a	Managers from country low on power distance	Denmark (18), Switzerland (34), the U.K. (35), Germany (35), Netherlands (38), South Africa (49), the U.S. (40), Argentina (49), Italy (50)	Americans in the U.S.
	Managers from country high on	France (68), Belgium (65), Japan	French in France

[11] See Appendix 3 for a full list of countries with their scores on the related cultural dimensions.

	power distance	(54), etc.	
H5b, H7b	Expatriates from country low on power distance in country high on power distance	The Danish in France, Belgium or Japan, the Swiss in France, Belgium or Japan, Americans in France, Belgium or Japan, etc.	Americans in France
	Managers from country low on power distance	Denmark (18), Switzerland (34), the U.K. (35), Germany (35), Netherlands (38), South Africa (49), the U.S. (40), Argentina (49), Italy (50), etc.	Americans in the U.S.
H6b, H8b	Expatriates from country high on power distance in country low on power distance	French in Denmark, Switzerland, the U.K., Germany, the U.S., Netherlands, Argentina, etc., Japanese in the U.S., Denmark, Switzerland, etc.	French in the U.S.
	Managers from countries high on power distance	France (68), Belgium (65), Japan (54), etc.	French in France
H9a, H10a, H11a,	Managers from country high on uncertainty avoidance	Belgium (94), Japan (92), France (86), Argentina (86), Italy (75), Germany (65), Switzerland (58), Netherlands (53), etc.	Japanese in Japan
H12a, H13a	Managers from country low on uncertainty avoidance	Denmark (23), the U.K. (35), the U.S. (46), South Africa (49), etc.	Americans in the U.S.
H9b, H10b, H11b, H12b	Expatriates from country high on uncertainty avoidance in country low on uncertainty avoidance	Belgians in Denmark, the U.K., the U.S., South Africa, Japanese in Denmark, the U.K., the U.S., South Africa, etc.	Japanese in the U.S.
	Managers from country high on uncertainty avoidance	Belgium (94), Japan (92), France (86), Argentina (86), Italy (75), Germany (65), Switzerland (58), Netherlands (53), etc.	Japanese in Japan
H13b	Expatriates from country low on uncertainty avoidance in country high on uncertainty avoidance	The Danish in Belgium, Japan, France, Argentina, etc., Americans in Japan, France, Argentina, etc.	Americans in Japan
	Managers in country low on uncertainty avoidance	Denmark (23), the U.K. (35), the U.S. (46), South Africa (49), etc.	Americans in the U.S.
H14a, H15a,	Managers from countries high on masculinity	Japan (95), Switzerland (70), Italy (70), the U.K. (66), Germany (66), South Africa (65), the U.S. (62), Argentina (56), Belgium (54), etc.	Americans in the U.S.
H16a	Managers from countries low on masculinity/high in femininity	Norway (8), Netherlands (14), Denmark (16), France (43), etc.	Norwegians in Norway
H14b, H15b,	Expatriates from countries high on masculinity in countries low on masculinity	Japanese in Norway, Netherlands, Denmark, etc., Americans in Norway, Netherlands, Denmark, France, etc.	Americans in Norway
H16b	Managers from countries high on masculinity	Japan (95), Switzerland (70), Italy (70), the U.K. (66), Germany (66), South Africa (65), the U.S. (62), Argentina (56), Belgium (54), etc.	Americans in the U.S.

Source: The author.

Table 5. The U.S. multinationals in food and beverages industry targeted for this study

Company name	*Area of specialization*
Altria Group (Philip Morris, Kraft Foods, etc.)	Multi-products
Cargill Inc.	Grain milling
Procter&Gamble	Multi-products
ConAgra	Multi-products
Coca-Cola Co.	Soft drinks

PepsiCo Inc.	Soft drinks, snack foods
Archer Daniels Midland	Edible fats and oils
Sara Lee Corporation	Multi-products
Mars Inc.	Confectionary, chocolates
Anheuser Busch Inc.	Beer
H. J. Heinz Co.	Multi-products
Tyson Foods	Poultry
Kellogg's Company	Breakfast cereal
Cadbury Schweppes	Soft drinks, confectionary
General Mills Inc.	Multi-products
Campbell Soup	Multi-products
Land O'Lakes Inc.	Dairy products
Quaker Oats Co.	Multi-products
Dole Foods Co. Inc.	Fruits and vegetables processing
Hershey Foods Inc.	Confectionary, chocolates
Dean Foods	Dairy products
Hormel Foods	Meat processing
Ralston Purina	Baking products, biscuits
International Multifoods	Multi-products
Chiquita Brands International	Fruits and vegetables processing

Source: The author.

It appeared that all 25 largest American MNCs in food and beverages industry had their subsidiaries in the following host countries that matched the needs of this study having in mind the requirements posed by the hypotheses in terms of home and host country choice: Norway, France, and Japan. Although the countries can be classified into "Western" (the U.S., Norway, and France) and "Eastern" (Japan), the classification does not have any implications, neither in terms of the study nor in terms of the reliance on the Hofstede (1980, 2001) model. All the countries are similarly well-developed economically and politically, the only aspect they differ on is their cultural values. As seen in Table 6, there is a significant variance between these countries on Hofstede's (1980, 2001) cultural dimensions, and that is necessary for the study goal. Therefore, in the end, four countries (Norway, France, Japan, and the U.S.) were chosen for this cross-cultural research using a systematic sampling procedure. Systematic sampling, a procedure "in which cultures are selected in a systematic, theory guided fashion" (Vijver & Leung, 1997, p. 27), is recommended for the selection of cultures in cross-cultural comparative studies where cultural variation is deliberately sought for meaningful comparisons. Cultures are chosen in such a way that they represent different values and cultural dimensions. Since Hofstede's cultural dimensions were compared in terms of how they influence perceptions of and judgments on ethical issues, as well as deontological and teleological evaluations related to ethical issues, it was relevant to use systematic sampling in the selection of cultures which exhibited significant differences in Hofstede's cultural dimensions (Table 6).

Based on the hypotheses, the following 9 cultural groups were formed: (1) Americans in the U.S. (home country) working for American MNCs in F&B (food and beverages) industry, (2) Japanese in Japan (home country) working for American MNCs in F&B, (3) French in France (home country) working for American MNCs in F&B, (4) Norwegians in Norway (home country) working for American MNCs in F&B, (5) Americans in Japan (host country) working for American MNCs in F&B, (6) Japanese in the U.S. (host country) working for American MNCs in F&B, (7) Americans in France (host country) working for American MNCs in F&B, (8) French in the U.S. (host country) working for American MNCs in F&B, and (9) Americans in Norway (host country) working for American MNCs in F&B. In such a way, for example, Americans are found in the U.S. (home country), Japan (host country), Norway (host country) and France (host country), while Japanese are only in the U.S. (host country) and Japan (home country) – they are not in Norway (host country) and France (host country) as it is not required by the hypotheses. Besides, if the decision was made to include these groups in the study as well, there would have not been enough respondents representing each of these groups (e.g., there are not that many (if any) Japanese marketing managers working for American MNCs in Norway or France). Similarly, only Norwegians from Norway (home country) are included in the study – they are not in France (host country), the U.S. (host country), nor Japan (host country). Likewise, the French are only in the U.S. (host country) and France (home country).

Table 6. Selected countries for the study based on their cultural dimension scores

	IND	MAS	PDI	UAI
France	71	43	68	86
Norway	69	8	31	50
USA	91	62	40	46
Japan	46	95	54	92

IND = Individualism, MAS = Masculinity, PDI = Power Distance, UAI = Uncertainty Avoidance
Source: The author.

Samples were drawn from Norway, France, Japan, and the United States, using matched samples technique, a method advocated by cross-cultural research methodologists, where "the samples of cultural groups to be compared are made as similar as possible in their demographic characteristics (Vijver & Leung, 1997, p. 30). Hofstede (1997) also stresses the need for replicating his studies on matched samples, for otherwise it may be difficult to conclude whether differences in the results are due to cultural differences or other demographic differences. Obviously, it is not possible to arrive at absolutely perfectly matched samples on all demographic factors, but care was taken to choose cultural groups as similar as possible.

As American food and beverage multinationals did not agree officially to participate in the survey, the sample was collected using *LinkedIn* (professional networking website) contacts and American Marketing Association (AMA) member mailing list. Afterwards, a snowball technique in which American, Japanese, French, and Norwegian marketing managers and expatriate marketing managers working in these countries for American multinational corporations in food and beverage industry (Table 5) were asked via various networking channels (e.g., international and local chambers of commerce, embassies, other professional and industry associations) to fill in the questionnaire on line. At the same time they were also asked to recommend their colleagues, marketing managers and expatriate managers, to fill out the survey — such a technique in similar international studies was also used by Spicer et al. (2004), Bailey & Spicer (2007) and Albaum et al. (2007) — or forward the survey link to them. Because of such a sample collection method, it was not possible to calculate the response rate. It would have been possible to calculate the response rate at least approximately if the American multinationals that were contacted had not refused to indicate how many marketing managers worked in their company's HQ and its subsidiaries abroad.

As suggested by Vitell et al. (1993), because of the nature of the hypotheses, survey procedures were more appropriate than experimentation for testing them. It was decided that a suitable survey instrument for testing the hypotheses would be a mix of the existing scales and scenarios, items from the instruments used in the previous studies testing the Hunt & Vitell (1986, 1993, 2005, 2006) theory.

A self-administered on-line questionnaire was used for gathering data in this study (see Appendix 4 for the questionnaire). The respondents were asked to complete the questionnaire, following the directions given for each section. They were assured of anonymity and asked to respond candidly. A cover letter, explaining the purpose of the study and containing a link to the on-line survey, was posted on discussion boards of various food and beverage marketing professional groups on *LinkedIn*. The cover letter with the link to the on-line survey was also e-mailed to various professional and industry organizations, inviting the target groups to participate in the study. Due to the slow pace of incoming completed responses, the data gathering process took over a year (Spring 2009 – Summer 2010). In the end, 487 completed and usable questionnaires were gathered.

4.2 Characteristics of the sample

Out of the 487 respondents, there was approximately an equal number of respondents for each of the 9 target sub-groups (57 Americans in the U.S., 53 Americans in Japan, 51 Americans in Norway, 53 Americans in France, 54 Japanese in the U.S., 51 Japanese in Japan, 53 Norwegians in Norway, 52 French in the U.S., and 63 French in France). In such a way, there were 224 marketing managers working and living in their home country, while there were 263 marketing managers working and living abroad at the time of the survey.

As the total sample, the majority of the respondents (57%) were males. 46% of the respondents had Master's degree, while 39% possessed Bachelor's degree. Almost 36% were between 40-49 years-old, while 35% were between 30-39 years-old. The majority of the respondents (36%) had 11-20 years of general work experience. 31% of the respondents were holding a job title that of Marketing Vice-president or Manager. The majority of the respondents (41%) were married to/cohabited with a person from their home country, while the second largest group (35%) was composed of singles. A more detailed descriptive statistics of the sample overall and its sub-groups are sorted by selected personal characteristics and presented in Appendix 5.

4.3 Variables, their operationalization, validity and reliability of measures

The questionnaire used in the study incorporated a number of measures from previous work in business and marketing ethics field. Existing items were used as much as possible, with modifications when deemed necessary (see Appendix 4 for the questionnaire used in the study). Some of the measures were developed specifically for this study after close consultation with scholars in business and marketing ethics field on its clarity and domain appropriateness, to ensure its content validity. The questionnaire was pre-tested with 27 international Master and Ph.D. students majoring in Business Administration, Marketing, and International Management at several universities across Norway. Based on their comments on the form and content of the questionnaire, it was modified accordingly. It should be noted that not all of the variables that had been operationalized and included in the questionnaire were used in the current analysis due to the limited scope of this study, having an intention to expand the analysis in the future.

4.3.1 Perception of ethical issues

In their general theory of marketing ethics, Hunt & Vitell (1986) recognize the use of scenarios as suitable for research in marketing ethics. Scenarios are commonly used in marketing ethics studies (for example, Chonko & Hunt, 1985; Laczniak et al., 1981; Singhapakdi & Vitell, 1990). In this study, a dependent variable "perception of ethical issues" was operationalized by means of four marketing ethics scenarios developed by Dornoff & Tankersley (1975) and Reidenbach, Robin, & Dawson (1991) (Table 7).

The Dornoff & Tankersley (1975) and Reidenbach et al. (1991) scenarios represent various areas of marketing such as sales management, retailing, and advertising (scenario 1: misleading the appraiser, scenario 2: overeager salesperson, scenario 3: withholding information, and scenario 4: failure to honor a warranty). The Dornoff & Tankersley (1975) scenarios were previously used in studies by Singhapakdi et al. (1994), Singhapakdi et al. (1996), Singhapakdi & Vitell (1993), Singhapakdi, Vitell, Rao, & Kurtz (1999), Singhapakdi, Higgs-Kleyn, & Rao (1999), Nonis & Swift (2001), Marta et al. (2004), Singhapakdi et al. (2001), Karande et al. (2000), Marta et al. (2003), Marta et al. (2008), Kurpis et al. (2008), Singhapakdi et al. (2008), Valentine & Barnett (2007), Burnaz et al. (2009), Leung et al. (2009), etc. The Reindenbach et al. (1991) scenarios were used by Singhapakdi et al. (1996), Singhapakdi, Vitell, Rao, & Kurtz (1999), Singhapakdi, Higgs-Kleyn, & Rao (1999), Singhapakdi et al. (2001), Karande et al. (2000), Marta et al. (2008), Singhapakdi et al. (2008), Burnaz et al. (2009), Leung et al. (2009), etc.

Although the scenarios were developed in 1975 (the Dornoff & Tankersley) and in 1991 (the Reidenbach et al.), many studies have been using them rather than developing new ones. Weber (1992) suggested "researchers should avoid the 'let's reinvent the wheel' mentality and use well-constructed, validated scenarios from previous research if possible" (Weber, 1992, p. 142, 153-154). In fact, in his study Weber (1992) observed that 62 percent of the studies utilized scenarios from previous work in the field. He positively evaluated such a trend and pointed out that if the trend continues, cumulative analysis of results should contribute to business ethics knowledge (Weber, 1992). The use of the same scenarios in more than one study may result in the validation of a set of scenarios and allow for cross-study comparisons. In addition, replication studies may also validate or serve to question earlier research findings (Weber, 1992).

In the previous studies the Dornoff & Tankersley (1975) and Reidenbach et al. (1991) scenarios were pre-tested and adapted as general scenarios for measuring

ethical perceptions, judgment, and ethical intentions. Consistent with the studies done by Singhapakdi & Vitell (1990) and Singhapakdi et al. (1999), in this study the construct "perception of ethical issues" was measured by directly asking the respondents whether the situation described in each scenario involved an ethical issue. In particular, each respondent was asked to express his/her extent of agreement or disagreement with the statement "The scenario X presents an ethical issue." A 7-point Likert type scale was used for measurement (anchored at each end with 1= "strongly disagree" and 7= "strongly agree"). Since the preliminary analyses showed that the results tended to be the same either when the scenario scores were used individually or were summed across the scenarios, for the further analyses scenario item scores were averaged across the four scenarios to achieve a more generalized measure of "ethical perceptions".

Table 7. Marketing ethics scenarios by Dornoff & Tankersley (1975) and Reidenbach et al. (1991)

Please read the following hypothetical situations (scenarios) and indicate the extent of your agreement or disagreement by putting an "x" in the box of your choice:

SCENARIO A*: An automobile salesman is told by a customer that a serious engine problem exists with a trade-in. However, because of his desire to make the sale, he does not inform the used car appraiser at the dealership, and the problem is not identified.
ACTION: The salesman closes the deal that includes the trade-in.

The SCENARIO A presents an ethical issue.
strongly disagree □□□□□□□ strongly agree

SCENARIO B**: A young man, recently hired as a salesman for a local retail store, has been working very hard to favorably impress his boss with his selling ability. At times, this young man, anxious for an order, has been a little over-eager. To get the order, he exaggerates the value of the item or withholds relevant information concerning the product he is trying to sell. No fraud or deceit is intended by his actions, he is simply over-eager.
ACTION: The owner of the retail store is aware of this salesman's actions, but has done nothing to stop such practice.

The SCENARIO B presents an ethical issue.
strongly disagree □□□□□□□ strongly agree

SCENARIO C**: Sets of a well-known brand of "good" china dinnerware are advertised on sale at a considerable discount by a local retailer. Several patterns of a typical 45-piece service for eight are listed. The customer may also buy any "odd" pieces which are available in stock (for instance, a butter dish, a gravy bowl, etc.). The ad does not indicate, however, that these patterns have been discontinued by the manufacturer.
ACTION: The retailer offers this information only if the customer directly asks if the merchandise is discontinued.

The SCENARIO C presents an ethical issue.
strongly disagree □□□□□□□ strongly agree

SCENARIO D**: A person bought a new car from a franchised automobile dealership in the local area. Eight months later the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months he continually had a similar problem with the transmission slipping. Each time the dealer made only minor adjustments on the car. Again,

during the 13th month after the car had been bought, the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.
ACTION: Since the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts of labor.

The SCENARIO D presents an ethical issue.
strongly disagree □□□□□□□ strongly agree

**Source: Reidenbach, R. E., Robin, D. P., & Dawson, L. (1991). An application and extension of a multidimentional ethical scale to selected marketing practices and marketing groups. Journal of the Academy of Marketing Science. 19 (2) p. 83-92.*

***Source: Dornoff, R. J., & Tankersley, C. B. (1975-1976). Do retailers practice social responsibility? Journal of Retailing. 51 (4) p. 33-42.*

4.3.2 Judgment

Another dependent variable in this study is "judgment." It was measured by asking each respondent to express his/her agreement/disagreement with the action described in each of the scenarios presented earlier. A 7-point scales ranging from "strongly disagree" (score 1) to "strongly agree" (score 7) were used as well (Table 8).

Table 8. Operationalization of "judgment"

Express the extent of your disagreement or agreement with the ACTION described above. strongly disagree □□□□□□□ strongly agree

Source: The author.

Relative to societal norms, disagreeing with these actions meant that an individual's judgments related to ethical issues were "more ethical" (Jones, 1991; Singhapakdi et al., 1994). Such an interpretation is also consistent with the results of the pre-test done by Singhapakdi et al. (1999), as well as with the findings of the surveys by Dornoff & Tankersley (1975) and Singhapakdi et al. (1994) that indicate that most people disagree with the actions depicted in each of the four scenarios adopted in this study. In the Dornoff & Tankersley (1975) study, the majority of people (71% or more) "disagreed" with the actions depicted as part of the scenarios. Consistently, based on the Singhapakdi et al. (1994) survey results, the majority of American and Thai marketers also disagreed (choices being "strongly disagree," "disagree," or "somewhat disagree") with these actions (both samples combined, 91.0% for scenario 1, 84.5% for scenario 2, 89.3% for scenario 3, and 58.3% for scenario 4). Accordingly, it can be assumed that these actions were generally considered "unethical" by both societies. That is, relative to societal norms, disagreeing with these actions means that one's ethical judgment is "more ethical," and vice versa. This interpretation is consistent with that of Jones (1991, p. 367) who defined ethical decision as "a decision that is both legal and morally acceptable to the larger community". To achieve a more generalized measure of "judgment", scenario

item scores were averaged across the four scenarios used in the further study as the preliminary analyses showed that the results tended to be the same either when the scenario scores were used individually or were summated.

4.3.3 Importance of stakeholders

In terms of operationalizing an aspect of teleological evaluation stage – consideration of the "importance of various stakeholders" – the scale by Vitell & Singhapakdi (1991) was adapted (Table 9). Originally, Vitell & Singhapakdi (1991) asked their respondents to indicate the relative importance among four different groups of stakeholders: self (that is, personal interests), company, clients, and peers. The "importance of stakeholders" statements, labeled from IMPORT1 to IMPORTL12, are presented in the following table. By their nature, these statements were logically categorized into four dimensions: (1) self-importance, (2) organizational importance, (3) client importance, and (4) peer importance. Accordingly, four separate variables (one for each dimension) were developed by combining the scores of items within each of these dimensions.

Table 9. Items measuring the "importance of stakeholders" as used in Vitell & Singhapakdi (1991) study

IMPORT1: I would often place my own personal interests above my company's interests.
IMPORT2: I would often place my own personal interests above my clients' interests.
IMPORT3: I would often place my own personal interests above my fellow employees' interests.
IMPORT4: I would often place my company's interests above my clients' interests.
IMPORT5: I would often place my company's interests above my fellow employees' interests.
IMPORT6: I would often place my clients' interests above my fellow employees' interests.
IMPORT7: I would often place my company's interests above my own personal interests.
IMPORT8: I would often place my clients' interests above my own personal interests.
IMPORT9: I would often place my fellow employees' interests above my own personal interests.
IMPORT10: I would often place my clients' interests above my company's interests.
IMPORT11: I would often place my fellow employees' interests above my company's interests.
IMPORT12: I would often place my fellow employees' interests above my clients' interests.

Operationalization of Importance of Stakeholders

Construct	Formulation
SELFIMP	=IMPORT1 + IMPORT2 + IMPORT3 + [IMPORT7]* + [IMPORT8] + [IMPORT9]
ORGIMP	=IMPORT4 + IMPORT5 + [IMPORT10] + [IMPORT11]
CLINIMP	=[IMPORT2] + [IMPORT4] + IMPORT8 + IMPORT10
PEERIMP	=[IMPORT5] + [IMPORT6] + IMPORT11 + IMPORT12

*[ ] Signifies that the corresponding items are reverse scored items

SELFIMP =importance of self ORGIMP = importance of organization CLINIMP = importance of clients PEERIMP = importance of peers

Source: Vitell, S. J., & Singhapakdi, A. (1991). Factors influencing the perceived importance of stakeholder groups. Business & Professional Ethics Journal. 10 (3) p. 53-72.

For the study at hand, the scale had been adjusted according to the hypotheses (Table 10). Instead of presenting the original scale items representing the importance of four stakeholder groups, respondents of this study were asked to indicate the relative importance among three different groups of stakeholders: self (that is, personal interests), company owners' interests, and other employees' interests. Accordingly, three separate variables (one for each dimension) were developed by combining the scores of items within each of these dimensions. A 7-point scales ranging from "extremely likely" (score 1) to "extremely unlikely" (score 7) were used. Some items were reverse scored according to the formulas provided in Table 10 below.

Table 10. The adjusted "importance of stakeholders" scale used in the present study

Items used in this study: IMPORT1: I would often place MY OWN personal interests above my COMPANY OWNERS' interests. IMPORT2: I would often place MY OWN personal interests above OTHER EMPLOYEES' interests. IMPORT3: I would often place my COMPANY OWNERS' interests above MY OWN personal interests. IMPORT4: I would often place OTHER EMPLOYEES' interests above MY OWN personal interests. The scores were calculated as follows: SELFIMP = IMPORT1 + IMPORT2 + [IMPORT3]* + [IMPORT4] COMPIMP = [IMPORT1] + IMPORT3 PEERIMP = [IMPORT2] + IMPORT4 *[ ] Signifies that the corresponding items are reverse scored items

Source: The author.

The reliability coefficients of the previous research and present study are presented in Table 11 below.

Table 11. The reliability coefficients for the "importance of stakeholders" scale items in previous studies and the present study

Studies	*Cronbach's Alpha*			
	SELFIMP	COMPIMP	CLINIMP	PEER IMP
Vitell and Singhapakdi (1991)	.896 (study 1) .859 (study 2)	.602 (study 1) .680 (study 2)	.663 (study 1) .732 (study 2)	.517 (study 1) .723 (study 2)
Present study	**.949**	**.988**	**N/A**	**.985**

Source: The author.

4.3.4 Company informal norms and formal codes

To find out the possible influence of informal organizational norms and formal codes on respondents' deontological decision making stage related to ethical issues in

multinational corporations, respondents were asked to indicate which one of the two, that is, informal/unwritten professional, industry, and organizational norms of ethics or formal/written professional, industry, and organizational codes of conduct they would consider as more important when faced with an ethical dilemma and deciding whether a certain behavior would be inherently right or wrong (Table 12).

Table 12. Items measuring the influence of informal organizational norms and formal codes on respondents' deontological decision making

Which ONE of the two would you consider as more important when faced with an ethical dilemma and deciding whether a certain behavior would be inherently right or wrong? Please mark ONE box. □ INFORMAL (unwritten) professional, industry, and organizational norms of ethics? □ FORMAL (written) professional, industry, and organizational codes of conduct?

Source: The author.

The respondents were also asked to indicate how likely (a 7-point scales ranging from "extremely likely" (score 1) to "extremely unlikely" (score 7)) they are to take into consideration informal and formal professional, industry, and organizational codes and norms of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong (Table 13).

Table 13. Items measuring the likelihood of taking into consideration professional, industry, and organizational informal norms and formal codes of ethics

When faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong, how likely are you to take into consideration…?	
…INFORMAL professional, industry, and organizational norms of ethics?	extremely likely □□□□□□□ extremely unlikely
…FORMAL professional, industry, and organizational codes of conduct?	extremely likely □□□□□□□ extremely unlikely

Source: The author.

4.3.5 Home and host country culture

Surveying marketing managers of four different nationalities (Japanese, French, Norwegian, and American) working for the U.S. multinational corporations in food and beverages industry located in four different countries scoring differently on certain cultural dimensions (Japan, France, Norway, and the U.S.) allowed to measure the effect of home and host country cultures on different stages of marketing managers' individual decision making related to ethical issues in a MNC setting.

Having in mind that usually people associate themselves with the country they were raised in and not so much with the country they were born in but lived in it for only a short period of time, the respondents were also asked in which country they were raised, as well as what their nationality and citizenship was.

For the purpose of operationalization of culture along the four dimensions of the Hofstede (1980, 2001) model, the Dorfman & Howell (1988) CULTURE scales were used (Table 14). Dorfman & Howell (1988) developed and validated a questionnaire that measures culture along the four dimensions of Hofstede's (1980, 2001) model, adapting the culture scales from Hofstede's (1980, 2001) macro-level constructs to capture the essence of the cultural dimensions at the micro level. The complete list of the Dorfman & Howell (1988) CULTURE scales was published in Clugston et al. (2000).

In the present study, respondents were asked to indicate the extent of their agreement or disagreement with the presented statements by putting an "x" in the box of their choice. Responses for the four dimensions of the CULTURE scales ranged from "strongly disagree" (coded 1) to "strongly agree" (coded 7). CULTURE's responses were coded so that a high score denoted collectivism, masculinity, large power distance, and strong uncertainty avoidance. Low scores denoted individualism, femininity, small power distance, and weak uncertainty avoidance.

Table 14. Dorfman & Howell (1988) CULTURE scales

Collectivism
1. Group welfare is more important than individual rewards.
2. Group success is more important than individual success.
3. Being accepted by members of your work group is very important.
4. Employees should only pursue their goals after considering the welfare of the group.
5. Managers should encourage group loyalty even if individual goals suffer.
6. Individuals may be expected to give up their goals in order to benefit group success.
Power distance
1. Managers should make most decisions without consulting subordinates.
2. It is frequently necessary for a manager to use authority and power when dealing with subordinates.
3. Managers should seldom ask for the opinions of employees.
4. Managers should avoid off-the-job social contacts with employees.
5. Employees should *not* disagree with management decisions.
6. Managers should *not* delegate important tasks to employees.
Uncertainty avoidance
1. It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do.
2. Managers expect employees to closely follow instructions and procedures.
3. Rules and regulations are important because they inform employees what the organization expects of them.
4. Standard operating procedures are helpful to employees on the job.
5. Instructions for operations are important for employees on the job.
Masculinity
1. Meetings are usually run more effectively when they are chaired by a man.
2. It is more important for men to have a professional career than it is for women to have a professional career.
3. Men usually solve problems with logical analysis; women usually solve problems with intuition.
4. Solving organizational problems usually requires an active forcible approach which is typical of men.
5. It is preferable to have a man in a high level position rather than a woman.

Source: Clugston, M., Howell, J. P., & Dorfman, P. W. (2000). Does cultural socialization predict multiple bases and foci of commitment? Journal of Management. 26 (1) p. 5-30.

The reliability coefficients for these measures used in the present study were as follows: collectivism/individualism (.945), masculinity/femininity (.988), power

distance (.976), and uncertainty avoidance (.977). According to Dorfman & Howell (1988), in their original study coefficient alpha reliability coefficients revealed acceptable levels for the masculinity/femininity and uncertainty avoidance scales. However, because the reliabilities for the remaining scales were only marginally acceptable, the researchers suggested the need for further research to improve the reliabilities for the scales (Dorfman & Howell, 1988, p. 138). In further studies, Clugston et al. (2000) used the scales successfully to explore the relationship between culture and organizational commitment in the U.S. They concluded that the Dorfman & Howell CULTURE scales are adequate measures of culture at the micro level. The reliability coefficients for these measures in Clugston et al. (2000) were as follows: power distance (.70), uncertainty avoidance (.81), collectivism/individualism (.77), and masculinity/femininity (.86). The reliability coefficients for these measures in the study by Swaidan et al. (2008) were as follows: collectivism/individualism (.77), masculinity/femininity (.87), power distance (.79), and uncertainty avoidance (.86).

A confirmatory factor analysis provided support for inferring that these measures reflected the cultural constructs as expected (Clugson et al., 2000, p. 18). Clugston et al. (2000) noted that, "another encouraging outcome of this study is the confirmatory factor analysis support of the four cultural dimensions" of the scale (p. 22).

The factor analysis and reliability test scores from previous and present study suggest that the scale is internally consistent (Table 15).

Table 15. The reliability coefficients for the CULTURE scale items in previous studies and the present study

Studies	*Cronbach's Alpha*			
	COLL	MAS	PDI	UIA
Dorfman & Howell (1988)	.63, .72*	.80, .71*	.63, .63*	.73, .73*
Clugston, Howell, & Dorfman (2000)	.77	.86	.70	.81
Swaidan, Rawwas, & Vitell (2008)	.77	.87	.79	.86
Present study	**.945**	**.988**	**.976**	**.977**

COLL = Collectivism, MAS = Masculinity, PDI = Power Distance, UIA = Uncertainty Avoidance
**Coefficient alpha reliabilities are shown for Mexican and Chinese samples separately.*
Source: The author.

4.3.6 Ethical cues

Respondents were also asked how likely (from "extremely likely" (score 1) to "extremely unlikely" (score 7)) they were to take into consideration their fellow employees' opinion on an ethical issue vs. taking their superiors' opinion on that ethical issue into consideration to find out which stakeholders respondents were more

likely to take their ethical cues from as part of their teleological evaluation stage (Table 16).

Table 16. Items measuring the likelihood of taking into consideration fellow employees' opinions on ethical issues vs. taking superiors' opinions on ethical issues

e) When faced with an ethical issue, how likely is it that you would take into consideration your FELLOW EMPLOYEES' interests?
f) When faced with an ethical issue how likely is it that you would take into consideration your SUPERIORS' opinion on that issue?

Source: The author.

4.3.7 Machiavellianism

Hunt & Vitell (1993) also suggest studying the effect of individual's belief system on decision making involving ethical dilemmas. The Machiavellian construct was assessed using the MACH IV scale (Christie & Geis, 1970), which has 20 items designed to measure individual differences in Machiavellianism, a personality style that involves acting in expedient ways by lying and manipulating others to secure one's own ends.

While constructing and testing the MACH scale, Christie & Geis (1970) classified the scale items (originally 71 in total) as falling into one of the three substantive areas (dimensions). Some items were classified a priori as being concerned with the nature of an individual's interpersonal tactics, e.g., "The best way to handle people is to tell them what they want to hear" or a reversal, "One should take action only when sure it is morally right." In a second classification were items which appeared to deal with views of human nature, e.g., "Most men forget more easily the death of their father than the loss of their property" or a reversal, "Most people are basically good and kind." The remaining statements dealt with what might be called abstract or generalized morality, for example, "People suffering from incurable diseases should have the choice of being put painlessly to death," and a reversal, "The world would be in much better shape than it is if people acted upon basic ethical principles." The fewest items appeared in the last category because the construction of items tended to follow Machiavelli's writings rather closely and Machiavelli was less concerned with abstractions and ethical judgments than with pragmatic advice.

Christie & Geis (1970) run part-whole correlations between individual items (71 originally) and the subscales to which they had been arbitrarily assigned. Since no major differences emerged from the comparison of the part-whole subscale correlations with the item and total scale correlations, the researchers did not do a factor analysis to determine whether these dimensions were in fact factorially independent.

Given a large pool of items which discriminated between high and low scorers on the total scale, the next problem was to decide which items to use for further research. The final scale was intended for making group comparisons and for selecting subjects for research rather than for individual diagnosis. Since it was to be administered to large groups of respondents, frequently in conjunction with other materials, a relatively short version was desirable. The decision was to use 20 items on the assumption that these would give gross but sufficient discrimination in future samples without requiring an undue amount of time filling out scales by each respondent. Ten items were selected in which agreement was keyed to endorsement of Machiavellian statements and ten keyed in the opposite direction. This counterbalancing was designed to minimize the effects of indiscriminate agreement or disagreement with items. Finally 20-items were selected for the Likert format scales and the scales were named MACH IV. The items worded in the opposite direction were reverse-scored for consistency (Christie & Geis, 1970).

The mean item-whole correlation of these items was .38. Breaking these down by content area, the mean item-whole correlation for the nine items classified as dealing with Tactics was .41, for the nine on Views of Human Nature, .35, and for the two on Abstract Morality, .38. The mean part-whole correlation of those items worded in agreement with Machiavelli was .38; that of the reversals was .37.

MACH IV scales have been used in numerous studies (for example, Christie & Geis (1970) reviewed 38 studies utilizing the MACH scale, plus Al-Khatib et al., 1995; Al-Khatib et al., 1997; Al-Khatib et al., 2002; Erffmeyer et al., 1999; Hunt & Chonko, 1984; McHoskey, 1999; Muncy & Vitell, 1992; Rawwas, 2001; Rawwas et al., 1994; Vitell et al., 1991).

For the study at hand, the Cronbach coefficient alpha was .932. A Cronbach's coefficient alpha .76 was obtained for the scales in the Hunt & Chonko (1984) study. This compared favorably with the .79 split-half reliability coefficient reported by Christie & Geis (1970: 16). In their pre-test and main study, Singhapakdi & Vitell (1990) conducted a reliability assessment of Machiavellianism scales, where for the pre-test it was .713, and for the main study it was .74. In the Vitell & Singhapakdi (1991) empirical study, the Cronbach’s coefficient alpha for the MACH scales computed from the data collected was .745 (Table 17).

For the present study, respondents were asked to indicate their level of agreement with each of the 20 statements on the scales on a 7-point Likert scale that ranged from 1 — “strongly disagree” to 7 — “strongly agree.” Some of the statements were worded in the opposite direction, therefore, the scores had to be reversed. The

higher score indicated a more Machiavellian personality. Machiavellianism was not expected to vary across different cultures.

Table 17. The reliability coefficients for the MACH IV scale in previous studies and the present study

Studies	*Cronbach's Coefficient Alpha*	*Split-Half Reliability Coefficient*
Christie & Geis (1970)	N/A	.79
Hunt & Chonko (1984)	.76	N/A
Singhapakdi & Vitell (1990)	.713 (pre-test) .74 (main study)	N/A
Vitell & Singhapakdi (1991)	.745	N/A
Present study	**.932**	**N/A**

Source: The author.

4.3.8 Other variables

In terms of operationalization of a control variable "general work experience", respondents were asked the following question: "How many years of general work experience do you have? Please indicate the number in the space provided." The survey participants were also asked to indicate their gender ("What is your gender?"), and were given a choice of the following responses: "female" or "male." Respondents were asked the following question about their age: "How old are you? Please indicate your age in the space provided." Regarding the "level of formal education", respondents were asked to answer the following question: "What is the highest level of your formal education?" by choosing one of the provided answers: "some college", "Bachelor's degree", "Master's degree (MBA or similar)", "Doctor's degree (PhD or similar)", or "Post-graduate degree (post-PhD or similar)".

This chapter described the sampling frame, data gathering method, and operationalization of the variables. In terms of the manner of sampling, a contribution to the literature was made by presenting and using quota sampling, coupled with on-line survey connected with web sites such as *LinkedIn.* Regarding the operationalization of variables represented in the hypotheses, measures used in previous studies were selected to maximize validity and reliability. The Dorfman & Howell (1988) scales were chosen to gauge the cultural measures. Since the Hunt & Vitell (1986, 1993, 2005, 2006) model was being tested, measures of "stakeholder importance" to test teleological evaluation were based on previous analyses of the Hunt & Vitell (1986, 1993, 2005, 2006) model by Vitell & Singhapakdi (1991). The vignettes, serving as a treatment variable of sorts, were drawn from Dornoff & Tankersley (1975) and Reindenbach et al. (1991). The Christie & Geis (1970) MACH

scale was used to measure the non-demographic control variable –an approach used by Hunt & Vitell (1993) in testing parts of their model.

The next chapter presents the empirical research results and their analysis by relating the study findings to the previous studies reviewed in the literature section. ANOVA is used initially to establish that there are indeed differences on the four Hofstede's (1980, 2001) cultural dimensions for each country group. Hierarchical regression is used to judge the relationship between and among the sub-groups of home and host country managers and the criterion variables (i.e., perception of ethical issues, judgment on ethical issues, deontological and teleological assessment) representing various ethical evaluations. Statistically significant support for almost all the proposed relationships is found, suggesting that indeed home and host country effects influence marketing managers at various points of their decision making related to ethical issues in a MNC setting.

5 Analysis and results

In this part of the study, ANOVA is used initially to establish that there are indeed differences on the four Hofstede's (1980, 2001) cultural dimensions for each country group. Hierarchical regression is used to judge the relationship between and among the sub-groups of home and host country managers and the criterion variables (i.e., perception of ethical issues, judgment on ethical issues, deontological and teleological assessment) representing various ethical evaluations. Statistically significant support for almost all the proposed relationships is found, suggesting that indeed home and host country effects influence marketing managers at various points of their decision making related to ethical issues in a MNC setting. The results of this empirical study, divided into two categories — *home* country effect vs. *home and host* country effect — are compared to the findings of the previous studies reviewed in the literature section.

5.1 Testing assumptions related to cultural dimensions

As the basis of the hypotheses was an assumption that the respondents from the selected home and host countries differed on how they scored on the four cultural dimensions (Appendix 3 and Table 18), first of all, before the hypotheses were tested, analyses of variances (one-way ANOVAs) were run to check whether there were differences on the four cultural dimensions depending to which country group marketing managers belonged to. The results are presented in Table 19.

The findings related to group comparisons based on home country scores only on different cultural dimensions support the Hofstede (1980, 2001) research (although the scoring scales were different, that is, the Hofstede scores ranged from 1 (for the lowest) to 120 (to the highest), while the present study compared the means – the higher the number, the higher the respondents were on a specific cultural dimension). In terms of comparing scores on individualism/collectivism dimension between the two studies, it should be kept in mind that the Hofstede (1980, 2001) scores show how high the respondents scored on individualism dimension, while the present study was designed in such a way that it shows how high the respondents scored on collectivism dimension (see the comparisons in Table 20). In such a way, in the Hofstede (1980, 2001) study the U.S. scored high on individualism dimension, while in the present study it scored low on collectivism (and therefore, high on individualism), Japan scored low on individualism in the Hofstede (1980, 2001) study and high on collectivism (and therefore, low on individualism) in the present study. France scored

high on power distance in both the Hofstede (1980, 2001) and the present study, while the U.S. scored low on power distance in both studies. Japan scored high in uncertainty avoidance, while the U.S. scored low on uncertainty avoidance in both the Hofstede (1980, 2001) and the present study. The U.S. scored high on masculinity, while Norway scored low on the same cultural dimension in both studies.

Table 18. Cultural dimensions, their degrees, and characteristics

Cultural dimension	*Degree*	*Characteristics*
COLL	High	-more susceptible to group/intra-organizational influence -give greater consideration to various group norms to which they belong as they cannot distance themselves from these groups
	Low	-more concerned with their own self-interest, therefore group norms tend to influence less
PDI	High	-more likely to accept the inequality in power/authority existing in most organizations, therefore more likely to demonstrate undue reverence toward individuals in prominent positions -look more to their superiors and formal codes for guidance in appropriate behavior
	Low	-look more to both their peers and informal norms for guidance in appropriate behavior
UAI	High	-more intolerant of any deviations from group or organizational norms -tend to predict the actions of individuals who are members of a certain organizational unit more accurately
	Low	-more tolerant of deviations from group or organizational norms
MAS	High	-encourage individuals, esp. males, to be ambitious and competitive, striving for material well-being -may be less sensitive in their perception of a given ethical problem because the problem is not recognized by their culture as having ethical content
	Low	-more caring about others -tend to be more sensitive in their perception of a given ethical problem

Source: The author.

Table 19. Mean cultural dimension scores by sample sub-groups

					Means					*F ratio*	*Sign.*
Cultural dimension	FF	FUSA	JJ	JUSA	NN	AF	AJ	AN	AUSA		
COLL	2.63	2.54	5.53	4.01	2.91	2.08	2.49	2.38	2.00	139.145	.000
PDI	5.57	4.63	4.45	3.55	1.91	3.79	3.03	2.41	2.44	209.739	.000
UAI	6.24	5.58	6.55	5.65	4.22	4.10	4.20	3.27	3.19	145.653	.000
MAS	3.01	3.51	6.59	5.80	1.06	4.62	5.32	3.40	5.60	313.844	.000

COLL = Collectivism *FF = French in France* *AF = Americans in France*
PDI = Power Distance *FUSA = French in the U.S.* *AJ = Americans in Japan*
UAI = Uncertainty Avoidance *JJ = Japanese in Japan* *AN = Americans in Norway*
MAS = Masculinity *JUSA = Japanese in the U.S.* *AUSA = Americans in the U.S.*
NN = Norwegians in Norway

Source: The author.

Table 20. Comparison of Hofstede's and present study's findings on how respondents from home countries scored on cultural dimensions

Home country	Cultural dimension	Hofstede's scores	Cultural dimension	The findings of this study (means)
The U.S.	IND (high)	91	COLL (low)	2.00
Japan	IND (low)	46	COLL (high)	5.53
France	PDI (high)	68	PDI (high)	5.57

The U.S.	PDI (low)	40	PDI (low)	2.44
Japan	UAI (high)	92	UAI (high)	6.55
The U.S.	UAI (low)	46	UAI (low)	3.19
The U.S.	MAS (high)	62	MAS (high)	5.60
Norway	MAS (low)	8	MAS (low)	1.06

Source: The author.

Afterwards, planned comparisons were run based on the related hypotheses. See Table 21 for specific assumptions related to how individuals from certain home and host countries scored on average on each of the cultural dimensions.

Table 21. Assumptions related to particular cultural dimension as a basis for the hypotheses

Cultural Dimension	Assumptions and related hypotheses
COLL	H1a, H2a, H3a: Americans in the U.S. will score lower on COLL dimension than Japanese in Japan (contrast #1) H1b, H2b, H3b: Americans in Japan will score higher on COLL dimension than Americans in the U.S. (contrast #2) H4a: Japanese in Japan will score higher on COLL dimension than Americans in the U.S. (contrast #3) H4b: Japanese in the U.S. will score lower on COLL dimension than Japanese in Japan (contrast #4)
PDI	H5a, H7a: Americans in the U.S. will score lower on PDI dimension than French in France (contrast #5) H5b, H7b: Americans in France will score higher on PDI dimension than Americans in the U.S. (contrast #6) H6a, H8a: French in France will score higher on PDI dimension than Americans in the U.S. (contrast #7) H6b, H8b: French in the U.S. will score lower on PDI dimension than French in France (contrast #8)
UAI	H9a, H10a, H11a, H12a: Japanese in Japan will score higher on UAI dimension than Americans in the U.S. (contrast #9) H9b, H10b, H11b, H12b: Japanese in the U.S. will score lower on UAI dimension than Japanese in Japan (contrast #10) H13a: Americans in the U.S. will score lower on UAI dimension than Japanese in Japan (contrast #11) H13b: Americans in Japan will score higher on UAI dimension than Americans in the U.S. (contrast #12)
MAS	H14a, H15a, H16a: Americans in the U.S. will score higher on MAS dimension than Norwegians in Norway (contrast #13) H14b, H15b, H16b: Americans in Norway will score lower on MAS dimension than Americans in the U.S. (contrast #14)

Source: The author.

Since there were nine sample sub-group means (G_1, G_2, G_3, G_4, G_5, G_6, G_7, G_8, G_9), where G_1 = French in France, G_2 = French in the U.S., G_3 = Japanese in Japan, G_4 = Japanese in the U.S., G_5 = Norwegians in Norway, G_6 = Americans in France, G_7 = Americans in Japan, G_8 = Americans in Norway, G_9 = Americans in the U.S., to test for:

1) a difference in COLL (collectivism) scores between G_9 (Americans in the U.S.) and G_3 (Japanese in Japan) (assumptions underlying H1a, H2a, H3a), the contrast #1 (C_1) was set as follows (Hair et al., 2006: 425):
   $C_1 = (0)G_1 + (0)G_2 + (1)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (-1)G_9$
2) a difference in COLL (collectivism) scores between G_7 (Americans in Japan) and G_9 (Americans in the U.S.) (assumptions underlying H1b, H2b, H3b), the contrast #2 (C_2) was set as follows:
   $C_2 = (0)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (-1)G_7 + (0)G_8 + (1)G_9$
3) a difference in COLL (collectivism) scores between G_3 (Japanese in Japan) and G_9 (Americans in the U.S.) (assumptions underlying H4a), the contrast #3 (C_3) was set as follows:
   $C_3 = (0)G_1 + (0)G_2 + (-1)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (1)G_9$
4) a difference in COLL (collectivism) scores between G_4 (Japanese in the U.S.) and G_3 (Japanese in Japan) (assumptions underlying H4b), the contrast #4 (C_4) was set as follows:
   $C_4 = (0)G_1 + (0)G_2 + (1)G_3 + (-1)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (0)G_9$

In terms of collectivism dimension (COLL) average scores, as expected, the planned comparisons tests results showed that (C_1) Americans in the U.S. (mean 2.00) scored significantly lower in collectivism dimension (COLL) than Japanese in Japan (mean 5.53) (t =24.586, p =.000); (C_2) Americans in Japan (mean 2.49) were significantly higher in COLL than Americans in the U.S. (mean 2.00) (t = -4.210, p= .000); (C_3) Japanese in Japan (mean 5.53) were significantly higher in COLL than Americans in the U.S. (mean 2.00) (t = -24.586, p =.000); (C_4) Japanese in the U.S. (mean 4.01) scored statistically significantly lower in COLL than Japanese in Japan (mean 5.53) (t =8.474, p =.000) (Table 22).

5) a difference in PDI (power distance) scores between G_9 (Americans in the U.S.) and G_1 (French in France) (assumptions underlying H5a, H7a), the contrast #5 (C_5) was set as follows:
   $C_5 = (1)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (-1)G_9$
6) a difference in PDI (power distance) scores between G_6 (Americans in France) and G_9 (Americans in the U.S.) (assumptions underlying H5b, H7b), the contrast #6 (C_6) was set as follows:
   $C_6 = (0)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (-1)G_6 + (0)G_7 + (0)G_8 + (1)G_9$

7) a difference in PDI (power distance) scores between G_1 (French in France) and G_9 (Americans in the U.S.) (assumptions underlying H6a, H8a), the contrast #7 (C_7) was set as follows:
   $C_7 = (-1)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (1)G_9$
8) a difference in PDI (power distance) scores between G_2 (French in the U.S.) and G_1 (French in France) (assumptions underlying H6b, H8b), the contrast #8 (C_8) was set as follows:
   $C_8 = (1)G_1 + (-1)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (0)G_9$

Regarding power distance dimension (PDI) average scores between the nationals, judging from the planned comparisons, as expected, (C_5) Americans in the U.S. (mean 2.44) scored statistically significantly lower in power distance (PDI) dimension than French in France (mean 5.57), (t =24.599, p =.000); (C_6) Americans in France (mean 3.79) were significantly higher in PDI than Americans in the U.S. (mean 2.44) (t =-9.229, p =.000); (C_7) French in France (mean 5.57) scored statistically significantly higher in PDI than Americans in the U.S. (mean 2.50), (t =-24.599, p =.000); and (C_8) French in the U.S. (mean 4.63) were statistically significantly lower in PDI than French in France (mean 5.57), (t =6.287, p =.000) (Table 22).

9) a difference in UAI (uncertainty avoidance) scores between G_3 (Japanese in Japan) and G_9 (Americans in the U.S.) (assumptions underlying H9a, H10a, H11a, H12a), the contrast #9 (C_9) was set as follows:
   $C_9 = (0)G_1 + (0)G_2 + (-1)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (1)G_9$
10) a difference in UAI (uncertainty avoidance) scores between G_4 (Japanese in the U.S.) and G_3 (Japanese in Japan) (assumptions underlying H9b, H10b, H11b, H12b), the contrast #10 (C_{10}) was set as follows:
   $C_{10} = (0)G_1 + (0)G_2 + (1)G_3 + (-1)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (0)G_9$
11) a difference in UAI (uncertainty avoidance) scores between G_9 (Americans in the U.S.) and G_3 (Japanese in Japan) (assumptions underlying H13a), the contrast #11 (C_{11}) was set as follows:
   $C_{11} = (0)G_1 + (0)G_2 + (1)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (-1)G_9$
12) a difference in UAI (uncertainty avoidance) scores between G_7 (Americans in Japan) and G_9 (Americans in the U.S.) (assumptions underlying H13b), the contrast #12 (C_{12}) was set as follows:
   $C_{12} = (0)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (-1)G_7 + (0)G_8 + (1)G_9$

As expected and shown by the planned comparisons test, the following groups were statistically significantly different in how they scored in uncertainty avoidance dimension (UAI): (C_9) Japanese in Japan (mean 6.55) were significantly higher in UAI than Americans in the U.S. (mean 3.19) (t=-49.667, p=.000); (C_{10}) Japanese in the U.S. (mean 5.65) were significantly lower in UAI than Japanese in Japan (mean 6.55) (t =7.820, p=.000); (C_{11}) Americans in the U.S. (mean 4.16) scored statistically significantly lower in UAI than Japanese in Japan (mean 6.55) (t=49.667, p=.000); while (C_{12}) Americans in Japan (mean 4.20) scored statistically significantly higher in UAI than Americans in the U.S. (mean 3.19) (t=-6.884, p=.000) (Table 22).

13) a difference in MAS (masculinity) scores between G_9 (Americans in the U.S.) and G_5 (Norwegians in Norway) (assumptions underlying H14a, H15a, H16a), the contrast #13 (C_{13}) was set as follows:
$C_{13} = (0)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (1)G_5 + (0)G_6 + (0)G_7 + (0)G_8 + (-1)G_9$
14) a difference in MAS (masculinity) scores between G_8 (Americans in Norway) and G_9 (Americans in the U.S.) (assumptions underlying H14b, H15b, H16b), the contrast #14 (C_{14}) was set as follows:
$C_{14} = (0)G_1 + (0)G_2 + (0)G_3 + (0)G_4 + (0)G_5 + (0)G_6 + (0)G_7 + (-1)G_8 + (1)G_9$

As expected and demonstrated by the planned comparison tests, (C_{13}) Americans in the U.S. (mean 6.60) scored statistically significantly higher in masculinity dimension (MAS) than Norwegians in Norway (mean 1.06) (t=-50.060, p=.000), while (C_{14}) Americans in Norway (mean 3.40) scored statistically significantly lower in MAS than Americans in the U.S. (mean 5.60) (t=9.230, p=.000) (Table 22).

Table 22. Planned comparison test results

			Mean	*t*	*Sig.*
COLL	C_1	G_9 (Americans in the U.S.)	2.00		
		G_3 (Japanese in Japan)	5.53	24.586	.000
	C_2	G_7 (Americans in Japan)	2.49		
		G_9 (Americans in the U.S.)	2.00	-4.210	.000
	C_3	G_3 (Japanese in Japan)	5.53		
		G_9 (Americans in the U.S.)	2.00	-24.586	.000
	C_4	G_4 (Japanese in the U.S.)	4.01		
		G_3 (Japanese in Japan)	5.53	8.474	.000
PDI	C_5	G_9 (Americans in the U.S.)	2.44		
		G_1 (French in France)	5.57	24.599	.000
	C_6	G_6 (Americans in France)	3.79		
		G_9 (Americans in the U.S.)	2.44	-9.229	.000
	C_7	G_1 (French in France)	5.57		

		G_9 (Americans in the U.S.)	2.50	-24.599	.000
	C_8	G_2 (French in the U.S.)	4.63		
		G_1 (French in France)	5.57	6.287	.000
UAI	C_9	G_3 (Japanese in Japan)	6.55		
		G_9 (Americans in the U.S.)	3.19	-49.667	.000
	C_{10}	G_4 (Japanese in the U.S.)	5.65		
		G_3 (Japanese in Japan)	6.55	7.820	.000
	C_{11}	G_9 (Americans in the U.S.)	4.16		
		G_3 (Japanese in Japan)	6.55	49.667	.000
	C_{12}	G_7 (Americans in Japan)	4.20		
		G_9 (Americans in the U.S.)	3.19	-6.884	.000
MAS	C_{13}	G_9 (Americans in the U.S.)	6.60		
		G_5 (Norwegians in Norway)	1.06	-50.060	.000
	C_{14}	G_8 (Americans in Norway)	3.40		
		G_9 (Americans in the U.S.)	5.60	9.230	.000

Source: The author.

The part of the planned comparison test results that involved only *home* country support the Hofstede (1980, 2001) study findings. For example, Americans in the U.S. were found to score lower on collectivism dimension than Japanese in Japan, while Americans in the U.S. were found to score higher on masculinity dimension than Norwegians in Norway, just like in the Hofstede (1980, 2001) study, in such a way, supporting divergence of cultural values. However, the other part of the planned comparison test findings that involved both *home and host* countries, shows that in case of expatriate managers cultural values might not be as stable as Hofstede has claimed – the expatriate managers seemed to adopt cultural values somewhere between those of their home and the host country. For example, although Japanese in Japan (i.e., in their home country) scored higher on uncertainty avoidance dimension than Americans in the U.S. (i.e., in their home country), Japanese in the U.S. (i.e., in their host country) scored lower on uncertainty avoidance dimension than Japanese in Japan (i.e., in their home country), in such a way placing Japanese in the U.S. in terms of their uncertainty avoidance dimension somewhere in between Japanese in Japan and Americans in the U.S., and providing support to the idea of convergence of cultural values.

5.2 Testing hypotheses related to *home* country culture effect on various stages of decision making related to ethical issues

Hierarchical regression analysis was used in this study to determine the independent effects of *home* country culture on various stages of individual decision making related to ethical issues in a MNC. Hierarchical regression analysis allowed for a unique partitioning of the variance accounted for by the predictor variables of interest, once other variables believed to have a relationship with the dependent

variable had been entered (Cohen & Cohen, 1983). The impact of respondents' gender, age, formal education, and Machiavellianism was determined on various individual decision making stages before entering the cultural variables into the equation. Prior theoretical and empirical work on individual decision making related to ethical issues suggests that the demographic variables of gender, age, education, general work experience, and such personality characteristics as Machiavellianism can have an effect on individual decision making related to ethical issues, too (Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005).

As it has been mentioned before, in the review of the descriptive models of individual decision making related to ethical issues and the related empirical studies that tested various parts of the models, empirical studies examining gender influence on decision making process related to ethical issues have produced rather mixed findings: there are often no differences between males and females, but when differences are found, females are more ethical than males (O'Fallon & Butterfield, 2005). Although the majority of earlier empirical studies suggested age is positively correlated with decision making involving ethical issues (Ford & Richardson, 1994; Loe et al., 2000), O'Fallon & Butterfield (2005) doubt this claim by pointing out that the research results on age are varied and inconsistent. Research findings on the effect of education and employment/work experience are also mixed: some studies found that more education, employment/work experience positively affect the process, others found little or no effect on the process of decision making related to ethical issues (O'Fallon & Butterfield, 2005). The empirical studies testing the effect of an individual factor Machiavellianism on decision making process have produced rather consistent results, suggesting that Machiavellianism is negatively related to decision making process involving ethical issues, i.e., high Machs tend to be less ethical than low Machs in their decision making (O'Fallon & Butterfield, 2005; Ford & Richardson, 1994; Loe et al., 2000). As it has been mentioned earlier, numerous studies have investigated the impact of Machiavellianism on individual ethical perceptions (Granitz, 2003; Al-Khatib et al., 1997; Chan et al., 1998; McHoskey et al., 1999; Muncy & Vitell, 1992; Rawwas, 2001; Rawwas & Singhapakdi, 1996). The findings of these studies suggest that the higher the individual's Machiavellianism tendencies, the less likely that individual will negatively perceive unethical or questionable actions.

As variable "age" was highly correlated with variable "general work experience" (r= .955), "general work experience" was excluded from the analysis to avoid multicollinearity.

Judging from the findings of previous empirical studies, Machiavellianism seems to have the most consistent effect on various components of individual decision making related to ethical issues. Gender, age, and formal education have been found to have relatively less consistent impact. Consequently, the variable Machiavellianism was entered in the first step, followed by gender, age, and formal education in the second step because they are viewed as nuisance variables which need to be controlled (Figure 9). All three demographic variables were entered in the same step because theory does not indicate that any one of them is antecedent to another. Before the regressions were run, the non-metric independent variables, such as Machiavellianism, gender, formal education, and country the respondents were raised and worked in were dummy-coded. Dummy-coding of the latter independent variable was done based on the related hypotheses (see the discussion below regarding the reference group).

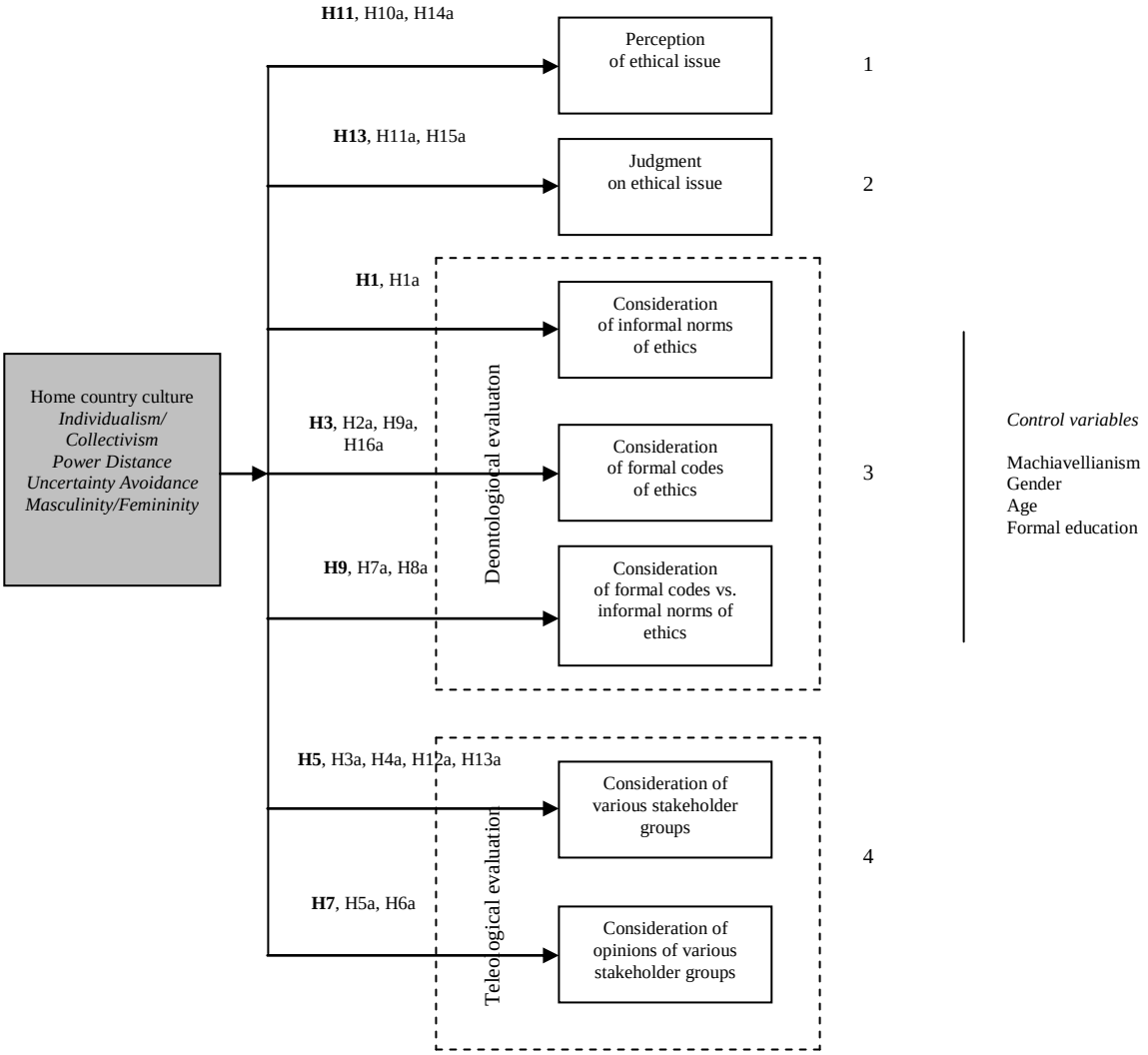
With these antecedents of individual decision making related to ethical issues controlled for, home country variable was entered in the last step of the equation (Appendix 6). Using this procedure, it was possible to determine whether *home* country accounts for a significant amount of variance in predicting various stages of individual decision making related to ethical issues after controlling for important antecedents.

Appendix 6 reports the results from all the stages of the multiple regression that show that *home* country variable accounts for a statistically significant amount of variance in the model over and above that explained by the antecedents. These results support the assertion of the study at hand and those previous empirical research findings that found *home* country culture significantly influencing different aspects of decision making related to ethical issues (Cherry et al., 2003; Hegarty & Sims, 1978, 1979; White & Rhodeback, 1992; Becker & Fritzsche, 1987a, 1987b; Robertson & Schlegelmilch, 1993; Okleshen & Hoyt, 1996; Armstrong, 1996; Christie et al., 2003; Allmon et al., 1997; Clarke & Aram, 1997; Davis et al., 1998; Cherry et al., 2003; Jackson, 2001). As the studies examined different nations, the results related to the effect of this variable are not directly comparable (O'Fallon & Butterfield).

In terms of the effect of control variables, in the majority of the cases, the results of this study support the previous research findings: the effects of age and level of formal education on decision making related to ethical issues are varied and inconsistent (O'Fallon & Butterfield, 2005). There was no statistically significant gender effect found in this study, in such a way supporting the previous empirical studies that found no statistically significant gender differences (e.g., Derry, 1989; Browning & Zabriskie, 1983; Callan, 1992; Dubinsky & Levy, 1985; Hegarty & Sims,

1978; Brady & Wheeler, 1996). However, the findings related to the effect of Machiavellianism contradict the majority of the previous research findings that found a significant effect of this personality trait on decision making process involving ethical issues (e.g., Hegarty & Sims, 1978; 1979; Singhapakdi & Vitell, 1990; Jones & Kavanagh, 1996; Bass et al., 1999; Granitz, 2003). In the present study, Machiavellianism did not have a statistically significant effect on the selected stages of individual marketing managers' decision making related to the specific ethical issues, thus supporting the minority of the studies that found no significant effects of this variable on decision making related to ethical issues (e.g., Schepers, 2003).

Figure 9. Model showing control variables



Source: The author.

The following section describes in more detail the main findings from the hierarchical regression analyses as they relate to *home* country culture effect and

differences between proportions tests (in the cases where the dependent variable was binary) to demonstrate whether and how different stages of decision making related to ethical issues differed depending on which home country the respondents came from.

5.2.1 Perception of ethical issues: H11, H10a, H14a

As seen in Table 23, there is a statistically significant effect of home country on the respondents' perception of ethical issues described in the four scenarios (ΔR^2 = .765 for Step 3 (p=.000)). Therefore, H11 that claims that marketing managers from different home countries will perceive ethical issues differently is supported.

Table 23. Excerpt from the hierarchical regression analysis results

Criterion variable **Perception of ethical issue: H11, H10a, H14a**	*Predictor block in*	*B*	*SE B*	*β*
H10a:	**Americans in the U.S. vs. Japanese in Japan**	**-2.594**	**.155**	**-.657*** **
	Americans in the U.S. vs. French in France	-.128	.154	-.035
H14a:	**Americans in the U.S. vs. Norwegians in Norway**	**1.670**	**.155**	**.428*** **

*Note: R^2 = .002 for Step 1, ΔR^2 = .010 for Step 2 (p =.828), ΔR^2 = .765 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Based on H10a and H14a, Americans in the U.S. were compared to Norwegians in Norway (H14a) and Japanese in Japan (H10a), therefore, Americans in the U.S. were dummy-coded as the reference category (that is, the omitted group that received all zeros). In such a way, the regression coefficients presented in Table 23 for the dummy variables represent differences on the dependent variable for each group of respondents from the reference category, that is, Americans in the U.S.

To recall H10a, managers in countries high in uncertainty avoidance, where members of society feel threatened by uncertainty or unknown situations (in case of the present study, that is Japanese in Japan), were expected to be less likely to perceive ethical issues described in the given scenarios than managers in countries low in uncertainty avoidance (Americans in the U.S.). Hofstede (1985) defined uncertainty avoidance as "the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity, which leads them to support beliefs promising certainty and to maintain institutions protecting conformity" (p. 347-348). High uncertainty avoidance individuals believe that loyalty to employers is a virtue, while individuals low in uncertainty avoidance are not as adamant in this belief. Therefore, individuals with high uncertainty avoidance tend to place their company's interests above their

own interests in contrast to low uncertainty avoidance individuals. This could lead individuals who are high in uncertainty avoidance to engage in questionable practices in the belief that it is best for the company (Vitell et al., 2003).

According to H14a, it was expected that managers in countries high in masculinity Americans in the U.S.), where society shows more encouragement for financial gain (greed), competition, lack of personal integrity (the most frequently cited reasons for unethical behaviors (Vitell & Festervand, 1987)), would be less likely to perceive ethical issues described in the scenarios than managers in countries high in femininity (Norwegians in Norway).

The results presented in Table 23 above show that Norwegians in Norway are statistically significantly different from Americans in the U.S. in how likely they are to perceive ethical problems, that is, Norwegians in Norway are found to be more likely to perceive ethical issues described in the scenarios than Americans in the U.S. (the higher the score, the more likely the respondent is to perceive the ethical issues described in the scenarios), while Japanese in Japan are significantly different from Americans in the U.S. in how likely they are to perceive ethical issues, that is, they Japanese in Japan are less likely to perceive ethical issues than Americans in the U.S. In such a way, the group comparisons revealed that depending on where the person was raised, ethical issues described in the scenarios were perceived less or more likely, therefore, H10a and H14a are supported.

5.2.2 Judgment on ethical issues: H13, H11a, H15a

As seen in Table 24, there is an overall effect of home country on the respondents' judgments on ethical issues described in the four scenarios (ΔR^2 = .792 for Step 3 (p=.000)). Therefore, H13 that claims that different nationalities will demonstrate different degrees of sensitivity in their judgments on ethical issues presented in the scenarios is supported.

Table 24. Excerpt from the hierarchical regression analysis results

Criterion variable **Perception of ethical issue: H13, H11a, H15a**	*Predictor block in*	*B*	*SE B*	*β*
H11a:	**Americans in the U.S. vs. Japanese in Japan**	**2.892**	**.144**	**.733*** **
	Americans in the U.S. vs. French in France	.348	.142	.095*
H15a:	**Americans in the U.S. vs. Norwegians in Norway**	**-1.383**	**.143**	**-.355*** **

*Note: R^2 = .017 for Step 1, ΔR^2 = .016 for Step 2 (p =.615), ΔR^2 = .792 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Source: The author.

Based on H11a and H15a, Americans in the U.S. had to be compared to Norwegians in Norway (H15a) and Japanese in Japan (H11a), therefore, Americans in the U.S. were dummy-coded as the reference category (i.e., the omitted group that received all zeros). Therefore, the regression coefficients presented in Table 24 for the dummy variables represent differences in the dependent variable for each group of respondents from the reference category, that is, Americans in the U.S.

To recall, H15a claims that managers from countries high in masculinity (in this case, Americans in the U.S.) will be less sensitive in their judgments on ethical issues described in the particular scenarios than managers from countries low in masculinity (Norwegians in Norway), while H11a states that managers from countries high in uncertainty avoidance (Japanese in Japan) will be less sensitive in their judgments than managers from countries low in uncertainty avoidance (Americans in the U.S.) (the lower the score, the more sensitive the person is in his/her judgments on ethical issues presented in the scenarios). The group comparisons reveal whether the aforementioned groups are different in the suggested direction. The results show that differences for both contrasted pairs are statistically significant (p = .000) (Table 24), therefore, both H11a and H15a are supported.

5.2.3 Deontological evaluation/Consideration of informal norms of ethics: H1, H1a

The hierarchical regression results show (Table 25) there is a statistically significant effect of home country on how likely the respondents are to take into consideration informal norms of ethics (ΔR^2 = .575 for Step 3 (p=.000)). Therefore, H1 is supported.

Table 25. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of informal norms of ethics: H1, H1a				
H1a:	**Americans in the U.S. vs. Japanese in Japan**	**-3.247**	**.206**	**-.840*****
	Americans in the U.S. vs. French in France	-.437	.204	-.121*
	Americans in the U.S. vs. Norwegians in Norway	-1.631	.205	-.428***

*Note: R^2 = .006 for Step 1, ΔR^2 = .009 for Step 2 (p =.843), ΔR^2 = .575 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Based on the Hofstede (1980, 2001) conceptualization of the individualism/collectivism construct, it has also been hypothesized by Vitell et al. (1993) that managers from home countries low on the individualism dimension (e.g., Japanese in Japan) would be more susceptible to group and intra-organizational influence than managers from home countries that score high on this Hofstede cultural dimension (e.g., Americans in the U.S.). Managers from collectivistic countries give greater consideration to the norms of various industry, professional, business, and other groups to which they belong since they cannot easily distance themselves from these groups. Hofstede (1985) claims that while on the one hand these groups protect the interests of their members, on the other hand, they expect permanent loyalty from their members, expressed by adherence to group norms. Individuals from more individualistic cultures are more concerned with their own self-interests; therefore, group norms tend to influence them less.

H1a claimed that managers in countries high in individualism (Americans in the U.S.) would be less likely to take into their consideration informal professional, industry, and organizational norms when faced with an ethical issue and deciding whether behavior would be right or wrong than managers in countries high in collectivism (Japanese in Japan). The hypothesis was tested by means of group comparisons, where Americans in the U.S. were used as the reference group. The test results (Table 25) are statistically significant (p = .000), which means that Americans in the U.S. indeed are less likely to take into their consideration informal professional, industry, and organizational norms of ethics when faced with ethical issue and deciding whether a certain behavior would be inherently right or wrong than Japanese in Japan. To recall, the lower the score, the more likely respondents are to consider informal norms of ethics. Therefore, H1a is supported.

5.2.4 Deontological evaluation/Consideration of formal codes of ethics: H3, H2a, H9a, H16a

The hierarchical regression analysis results presented in Table 26 show that home country does have an effect on how likely marketing managers are to consider formal codes of ethics (H3) when making deontological evaluations (ΔR^2 = .836 for Step 3 (p=.000)). Therefore, H3 is supported.

Table 26. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*

Deontological evaluation/Consideration of formal codes of ethics: H3, H2a, H9a, H16a				
H2a, H9a:	**Americans in the U.S. vs. Japanese in Japan**	**-4.254**	**.132**	**-.927*** **
	Americans in the U.S. vs. French in France	-4.078	.131	-.953***
H16a:	**Americans in the U.S. vs. Norwegians in Norway**	**-4.026**	**.132**	**-.889*** **

*Note: R^2 = .004 for Step 1, ΔR^2 = .040 for Step 2 (p =.116), ΔR^2 = .836 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

According to H2a, managers in countries scoring high in individualism dimension (Americans in the U.S.) were expected to be less likely to take into their consideration formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether behavior would be right or wrong than managers in countries scoring high in collectivism dimension (i.e., Japanese in Japan). Individuals from individualistic cultures are more likely to be emotionally independent from the organizations to which they belong and to emphasize self-interests and individual achievement (Hofstede, 1984). Therefore, individualists are more likely to make decisions based on their own interests instead of organizational or group welfare, and are less likely to comply with deontological norms if these norms conflict with their personal beliefs or hinder their personal success (Vitell et al., 1993, 2003; Lu et al., 1999).

Recalling that the lower is the score, the more likely the respondents are to consider formal codes of ethics when making their deontological evaluation of ethical issues, as can be seen from the group comparison results presented in Table 26, Americans in the U.S. are statistically significantly (p = .000) less likely to take into consideration formal professional, industry, and organizational codes of ethics when deciding whether behavior would be right or wrong than Japanese in Japan. Thus, H2a is supported.

To recall H9a, managers in countries high in uncertainty avoidance (Japanese in Japan) were expected to be more likely to consider formal professional, industry and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than managers in countries low in uncertainty avoidance (Americans in the U.S.). Hofstede (1985) defined uncertainty avoidance (UAI) as "the degree to which members of a society feel uncomfortable with uncertainty and ambiguity, leading them to support beliefs promising certainty and to maintain institutions protecting conformity" (p. 347). Individuals with high

uncertainty avoidance are more concerned with security in life, prefer clear hierarchical structures in organizations, feel a greater need for written rules and procedures, and are intolerant of deviations from standard practices. In contrast, individuals with low uncertainty avoidance countries are less concerned with security, rely less on written rules and procedures, and are more tolerant of uncertainty. In this study, Japanese in Japan were found to be statistically significantly ($p = .000$) more likely to consider formal professional, industry, and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Americans in the U.S. Therefore, H9a is supported, too.

According to H16a, managers in countries high in masculinity (Americans in the U.S.) were expected to be less likely to consider formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than managers in countries high in femininity (Norwegians in Norway). Masculine individuals are less likely to be influenced by formal codes of ethics than are feminine individuals, particularly when personal and company interests conflict (Vitell et al., 1993, 2003). Low masculine (i.e., feminine) cultures, in contrast, tend to have a stronger sense of responsibility and thus are more likely to obey company rules (Lu et al., 1999). In this study, Americans in the U.S. were found to be statistically significantly ($p = .000$) less likely to consider formal professional, industry, and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Norwegians in Norway. Therefore, H16a is supported.

5.2.5 Deontological evaluation/Consideration of formal codes vs. informal norms: H9, H7a, H8a

Differences between proportions test was chosen as a suitable method of analysis as the dependent variable is binary in this case (that is, coded as 1 or 0 for informal or formal codes, depending on the hypotheses being tested).

To test H7a, that expected managers in countries low in power distance (Americans in the U.S.) to consider informal professional, industry and organizational norms as more important than formal codes of conduct when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong than managers in countries high in power distance (French in France), proportions of successes between two sets of respondents, that is, Americans in the U.S. vs. French in France, were compared. It was one-tail test. Importance to a group by the proportion of

people in that group who indicated informal norms as more important was measured. According to Vitell et al. (1993), individuals from countries with a smaller power distance tend to place greater weight on informal norms when determining rules of behavior. Thus, they may be less inclined to comply with industry-wide or organizational deontological norms. The results of the study presented in Table 27 indicate that H7a is supported (for formulas of these standard tests, see Donnelly (2004, p. 255-257), Smith & Albaum (2005, p. 611-615)).

Table 27. Results of testing H7a for differences between proportions*

Population	*Number of successes (informal norms) , x*	*Percent*	*Proportion, p=x/n*	*Sample size, n*	*Standard deviation*	*Mean*
Americans in the U.S.	36	63.2	0.63	57	.487	.63
French in France	0	0	0.00	63	.000	.00

**Z = 7.321, p < .05.*
Source: The author.

To test H8a, that expected that managers in countries high in power distance dimension (French in France) would be more likely to take into their consideration formal professional, industry and organizational codes of ethics than informal norms when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong than managers in countries low in power distance (Americans in the U.S.), importance to a group by the proportion of people in that group who indicated formal codes as more important was measured. High power distance is associated with conformity to group or organizational norms and a willingness to concur with the opinions of superiors. Accordingly, managers from high power distance countries are inclined to comply with industry-wide or organizational deontological norms (Lu et al., 1999). Individuals with higher levels of power distance are more apt to accept the inequality of power between superiors and subordinates, tend to follow formal codes of conduct, are reluctant to disagree with superiors, and believe that superiors are entitled to special privileges (Hofstede, 1983).

The results of this study presented in Table 28 show that H8a is supported.

Table 28. Results of testing H8a for differences between proportions*

Population	*Number of successes (formal norms) , x*	*Percent*	*Proportion, p=x/n*	*Sample size, n*	*Standard deviation*	*Mean*
French in France	63	100	0.63	63	.000	1.00
Americans in the U.S.	21	36.8	0.37	57	.487	.37

**Z = 7.321, p < .05.*
Source: The author.

Since H7a and H8a are supported, H9 is supported as well, that is, managers from different countries differ in their deontological evaluation—consideration of which one of the two —informal norms of ethics vs. formal codes of ethics —are more important to them when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong.

5.2.6 Teleological evaluation/Consideration of various stakeholders: H5, H3a, H4a, H12a, H13a

To test H5, that is, whether different nationalities differ in their consideration of different stakeholder groups, separate hierarchical regression analyses were run, with SELFIMP (self-importance), COMPIMP (company importance) and PEERIMP (peer importance) as dependent variables, and HOMEC (home country as a work place) as the independent variable.

In terms of considering different stakeholders as more or less important in their teleological evaluation process, the hierarchical regression results show that the groups differ significantly in their consideration of various stakeholder groups, depending on which country they were raised in and worked at the time (SELF: $\Delta R^2 = .680$ for Step 3 (p=.000); PEERS: $\Delta R^2 = .687$ for Step 3 (p=.000); COMPANY: $\Delta R^2 = .601$ for Step 3 (p=.000)). Therefore, H5 is supported (Tables 29, 30, and 31).

According to H3a, managers in countries scoring high in individualism dimension (Americans in the U.S.) were expected to be more likely to consider themselves as more important stakeholders than managers in countries scoring low in individualism dimension (Japanese in Japan). Again, individualism refers to the relationship between an individual and a group to which that person belongs. Individuals value personal independence and pleasure and individual expression and personal time, and they tend to believe that personal goals and interests are more important than group interests (Hofstede, 1984; Schwartz, 1992). Individualists also tend to have a high need for achievement and value individual right with a minimum of interference. In contrast, collectivism denotes an emphasis on group welfare. A collectivist views the individual as part of a group and thus places group interests first. Collectivists do not consider themselves primarily as individuals but rather as members of an extended family or organization (Hofstede & Bond, 1984). Based on it, it has been argued that individualists are more likely to perceive themselves as more important than other stakeholders, while collectivists are likely to be more sensitive to the interests of other stakeholder groups.

Also, H13a suggested that managers in countries low in uncertainty avoidance (Americans in the U.S.) would be more likely to consider themselves as more important stakeholders than managers in countries high in uncertainty avoidance (Japanese in Japan). Individuals with high uncertainty avoidance are more concerned with security in life, feel a greater need for consensus in contrast to individuals with low uncertainty avoidance. High uncertainty avoidance individuals believe that loyalty to employers is a virtue, whereas individuals with low uncertainty avoidance are not as adamant in this belief. This implies that individuals with high uncertainty avoidance would tend to place their company's interests above their own interests in contrast to low uncertainty avoidance individuals (Vitell et al., 1993, 2003; Blodgett et al., 2001).

Group comparison test results of this study show that Americans in the U.S. are statistically significantly (p = .000) more likely to consider themselves as more important stakeholders than Japanese in Japan (to recall, lower score means the respondents are more likely to consider themselves as more important stakeholders). Therefore, H3a and H13a are supported (Table 29).

Table 29. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders-Self: H5, H3a, H13a				
H3a, H13a:	**Americans in the U.S. vs. Japanese in Japan**	**18.206**	**.762**	**.986*** **
	Americans in the U.S. vs. French in France	6.146	.754	.357***
	Americans in the U.S. vs. Norwegians in Norway	6.757	.758	.371***

*Note: R^2 = .040 for Step 1, ΔR^2 = .034 for Step 2 (p =.159), ΔR^2 = .680 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Table 30. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders – Peers: H5, H4a, H12a				
H4a, H12a	**Americans in the U.S. vs. Japanese in Japan**	**-8.792**	**.383**	**-.941*** **
	Americans in the U.S. vs. French in France	-1.811	.379	-.208***
	Americans in the U.S. vs. Norwegians in Norway	-1.832	.381	-.199***

*Note: R^2 = .026 for Step 1, ΔR^2 = .045 for Step 2 (p =.067), ΔR^2 = .687 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Table 31. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders-Company: H5, H4a, H12a				
H4a, H12a:	**Americans in the U.S. vs. Japanese in Japan**	**-9.414**	**.476**	**-.939*****
	Americans in the U.S. vs. French in France	-4.335	.471	-.464***
	Americans in the U.S. vs. Norwegians in Norway	-4.925	.474	-.498***

*Note: R^2 = .052 for Step 1, ΔR^2 = .021 for Step 2 (p =.417), ΔR^2 = .601 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

In terms of testing H4a and H12a, which state that Japanese in Japan will be more likely to consider company owners and other employees/peers as more important stakeholders because they are high on collectivism (H4a) and high on uncertainty avoidance (H12a) than Americans in the U.S. (the lower the score, the more likely respondents are to consider other stakeholders as more important than themselves), the group comparison tests show that Japanese in Japan are statistically significantly (p =.000) more likely to consider company owners/stakeholders than Americans in the U.S. The group comparison also show that Japanese in Japan are statistically significantly (p =.000) more likely to consider other employees/peers as more important stakeholders than Americans in the U.S. Therefore, H4a and H12a are supported (Tables 30 and 31).

5.2.7 Teleological evaluation/Consideration of opinions of different stakeholder groups: H7, H5a, H6a

Hierarchical regression results (Tables 32 and 33) show that the country where respondents were raised and worked at the time had an effect on their consideration of opinions of different stakeholder groups like fellow employees' (ΔR^2 = .303 for Step 3 (p=.000) and their superiors' (ΔR^2 = .440 for Step 3 (p=.000)). H7 is supported.

Table 32. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder opinions-Fellow employees': H7, H5a				
H5a:	**Americans in the U.S. vs.**	**1.602**	**.239**	**.439*****

	French in France			
	Americans in the U.S. vs. Norwegians in Norway	.706	.241	.183**

*Note: R^2 = .061 for Step 1, ΔR^2 = .085 for Step 2 (p =.001), ΔR^2 = .303 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Table 33. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder opinions-Superiors': H7, H6a				
H6a:	**Americans in the U.S. vs. French in France**	**-2.545**	**.222**	**-.736*** **
	Americans in the U.S. vs. Norwegians in Norway	-2.086	.223	-.570***

*Note: R^2 = .023 for Step 1, ΔR^2 = .010 for Step 2 (p =.806), ΔR^2 = .440 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

The group comparison test results show (Table 32), as hypothesized in H5a (which proposed that managers in countries low in power distance (Americans in the U.S.) would be more likely to take into their consideration the opinions of their fellow employees when deciding whether a certain behavior is ethically right or wrong than managers in countries high in power distance (French in France)), that Americans in the U.S. are statistically significantly (p = .000) more likely to take into consideration their fellow employees' opinion on ethical issues (the lower the score, the more likely respondents are to take into consideration their fellow employees' opinion on ethical issues) than French in France. Therefore, H5a is supported. Meanwhile, according to H6a (which proposed that managers in countries high in power distance (French in France) would be more likely to take into their consideration the opinions of their superiors when deciding whether a certain behavior is ethically right or wrong than managers in countries low in power distance (Americans in the U.S.)), French in France are statistically significantly (p = .000) more likely to take into consideration their superiors' opinions on ethical issues (Table 33) (the lower the score, the more likely one is to take into consideration superiors' opinions on ethical issues when faced with ethical dilemma) than Americans in the U.S. Therefore, H6a is supported.

5.2.8 Comparison to the previous studies

Perception of ethical issues. The findings of the earlier cross-cultural studies show that individuals from different countries differ in the way they perceive ethical issues (e.g., Cherry et al., 2003; White & Rhodeback, 1992; Schlegelmilch &

Robertson, 1995; Armstrong, 1996; Dubinsky et al., 1991; Singhapakdi et al., 1994; Flaming et al., 2010; Tsalikis & LaTour, 1995; Tsalikis & Nwachukwu, 1991; White & Rhodeback, 1992; Allmon et al., 1997; Arnold et al., 2007; Moon & Franke, 2000). As it has been mentioned earlier, in terms of how *home* country culture affects different stages of individual decision making related to ethical issues (perception of ethical issue being one of the stages), it is not possible to directly compare this study findings to the results of the previous cross-cultural studies as they researched different countries, used different methodology, and/or samples. Therefore, the comparisons can be done only indirectly. For example, Cherry et al. (2003), who did a cross-cultural comparison of the U.S. and Taiwanese business practitioners based on Hunt and Vitell (1986, 1993) model, found that Taiwanese business practitioners (who are similar to Japanese with their relatively high scores on uncertainty avoidance dimension (Hofstede, 1980)) exhibited lower perceptions of an ethical issue described in the scenario used for the study based on bribery than Americans (who, in Hofstede's (1980) and this study, scored lower on the dimension than managers from the Asian countries). Similarly, in their study of American graduate business students in the U.S. and Taiwanese students enrolled in a one year part-time management training program in Taiwan, White & Rhodeback (1992) found that American students in the U.S. tended to indicate higher perceptions of ethical issues described in the vignettes used in the study than the Taiwanese respondents. Singhapakdi et al. (1994) also compared American and Thai marketers' perceptions and discovered that Thai marketers (who scored higher on uncertainty avoidance than Americans) were less likely to perceive ethical problems presented to them in four marketing ethics scenarios developed by Dornoff & Tankersley (1975). Tsalikis & LaTour (1995) who investigated how bribery and extortion described in the scenarios they used was perceived by American and Greek business students found out that the ethical perceptions on bribery of Greeks and Americans were significantly different, with Greeks perceiving the unethical acts described in the scenarios as less unethical. The findings support the claim that countries scoring high on uncertainty avoidance tend to perceive ethical issues less often (in Hofstede's (1980) study, Greece scored the highest, i.e., 112, while the U.S. scored relatively low on this dimension, i.e., 46). Also Tsalikis & Nwachukwu (1991) found that Nigerian business students (Nigeria scoring relatively high on uncertainty avoidance) perceived some of the scenarios as being less ethical than American business students (Americans scoring lower on uncertainty avoidance). White & Rhodeback (1992) also found that the U.S. and Taiwanese business students who evaluated eleven vignettes depicting potential ethical dilemmas significantly differed

in perceptions of ethicality. The U.S. (scoring relatively low on uncertainty avoidance) subjects provided higher ethicality ratings than the Taiwanese (scoring relatively high on uncertainty avoidance). In their empirical study of 8 Western European countries (Denmark, England, France, Ireland, Italy, the Netherlands, Spain, and Sweden), Arnold et al. (2007) observed that individuals from countries that were more masculine found the scenarios used in the study to be less unethical. Moon & Franke (2000) conducted a survey of practitioners at South Korean advertising agencies and compared their responses with results from previous surveys in the U.S. and found that individuals from feminine cultures (South Korea) were more sensitive in their perceptions of ethical problems described in the scenarios used in the study than practitioners in masculine cultures (the U.S.).

Judgments on ethical issues. Previous research findings also indicate that individuals from different countries differ in the way they make judgments on ethical issues (e.g., Singhapakdi et al., 1994; Vitell et al., 2003; Jackson et al., 2000; Jackson, 2001; Cherry, 2006). For example, Singhapakdi et al. (1994) studied American and Thai marketers' individual decision making related to ethical issues and discovered that Thai marketers (who scored higher on uncertainty avoidance than Americans) were less ethical in their judgments on ethical problems presented to them in four marketing ethics scenarios developed by Dornoff & Tankersley (1975). Cherry et al. (2003), who used the Hunt & Vitell (1986, 1993, 2005, 2006) theory in a cross-cultural comparison of the U.S. and Taiwanese business practitioners, noticed that Taiwanese business practitioners (scoring high on uncertainty avoidance) were less ethical in their judgments related to ethical issues than their U.S. counterparts (who score lower on uncertainty avoidance). A few years later, Cherry (2006) also discovered that the Taiwanese sample of businesspersons made a significantly more favorable judgments of the ethical issues described in the scenario than the U.S. sample of businesspeople. Vitell et al. (2003) examined marketing professionals from 4 countries: the U.S., the U.K., Spain, and Turkey and noticed that the U.S. respondents (higher on masculinity) made less ethical judgments on several scenarios used in the study than respondents from Turkey or Spain (both relatively low on masculinity). In their study of ethical judgments and intentions of Spanish and the U.S. executives, Rittenburg & Valentine (2002) found Spanish executives (lower on masculinity) to be more sensitive in their judgments on ethical issues that the U.S. executives (higher on masculinity).

Consideration of informal norms of ethics. The results also support the earlier cross-cultural study findings showing that individuals from different countries differ in how likely they are to take into consideration informal norms of ethics (e.g., Jackson et

al., 2000; Singhapakdi et al., 1999). Jackson et al. (2000) study that investigated differences in ethical judgments of managers in two 'Anglo' countries (the U.S. and Australia), three East Asian countries (Japan, Korea, and Hong Kong) and two 'transitional' former Soviet countries (Russia and Poland) showed that American and Australian managers (high on individualism) base their judgments not on reference to prior principles but on consequential considerations. Singhapakdi et al. (1999) compared individual decision making processes of South African and American marketers and discovered that the South African marketers (lower on individualism) were more likely to take into account informal professional, organizational and industry norms than their American counterparts (higher on individualism).

Consideration of formal codes of ethics. The results of the study at hand also support the earlier cross-cultural study findings showing that individuals from different countries differ in how likely they are to take into consideration formal codes of ethics (e.g., Jackson et al., 2000; Singhapakdi et al., 1999). The Singhapakdi et al. (1999) study results revealed that since the South African marketers scored lower on individualism than their American counterparts, the former were more likely to take into account "group norms" including formal professional, organizational and industry norms than the latter. To recall the previous discussion related to the Jackson et al. (2000) study of managers from the United States, Australia, Japan, Korea, Hong Kong, Russia, and Poland, it was found that American and Australian managers (both scoring high on individualism) based their judgments not on reference to prior principles (for example, as contained in the many codes of ethics published by American companies) but on consequential considerations.

Consideration of formal codes vs. informal norms. This study results also support the findings of the Lu et al. (1999) research conducted among the U.S. (low on power distance) and Taiwanese (high on power distance) life and health insurance salespeople. It was also discovered that managers scoring lower on power distance (e.g., the U.S.) were more likely to follow informal ethical codes of conduct than their counterparts scoring high on power distance (e.g., Taiwanese).

Consideration of various stakeholder groups. The results support the earlier cross-cultural study findings showing that individuals from different countries differ in their consideration of various stakeholder groups (e.g., Blodgett et al., 2001; Lu et al., 1999; Flaming et al., 2010; Jackson, 2000, 2001; Nyaw & Ng, 1994; Moon & Franke, 2000). In their study Blodgett et al. (2001) applied Hofstede's (1980) typology to examine the effect of culture on American (scoring high on individualism, low on uncertainty avoidance and power distance) and Taiwanese (low on individualism, high

on uncertainty avoidance and power distance) life and health insurance sales agents' ethical sensitivity toward various stakeholders. Regarding consideration of company interests, the study results revealed that on average Taiwanese respondents were more sensitive than the U.S. respondents to the interests of the company. In terms of considering the interests of colleagues/peers, the test results revealed that the U.S. respondents were more sensitive to the interests of the colleague. At first glance, this finding seems to imply that Americans may be less likely than their Taiwanese counterparts to place their personal interests above those of a colleague. However, the researchers came up with a possible explanation for this latter finding related to the individualism/collectivism dimension. That is, in the ordered relationships of a collective society, company interests supersede those of fellow employees. With the belief that what is best for the company is usually best of its employees, the Taiwanese respondents may have felt that the actions described in the scenario were ethical. Given another situation in which company interests are not also at stake, it is possible that Taiwanese may be more sensitive to the interests of a colleague or that Taiwanese and Americans may be equally sensitive to the interests of a colleague (Blodgett et al., 2001). The results of the Lu et al. (1999) study also confirm the utility of Hofstede's (1980, 2001) cultural dimensions and place ethical decision making within an overall theoretical framework. Sales agents from a high uncertainty avoidant and collectivist culture (i.e., Taiwan) placed more value on company and fellow employee interests (*vis-à-vis* self interests) than did managers from a low uncertainty avoidant and individualistic culture (i.e., the U.S.). Flaming et al. (2010) also discovered that the Philippine undergraduate business students (low on individualism) were more sensitive to unethical behavior related to the client described in the scenarios used than their American (high on individualism) counterparts. Jackson (2001) based his study on 2 dimensions –collectivism/individualism and uncertainty avoidance—and selected the countries accordingly: the U.S., Australia, Britain (high on individualism, low on uncertainty avoidance); France, Germany, Switzerland (moderate on individualism and high on uncertainty avoidance); Spain, China (moderate to high on collectivism, high on uncertainty avoidance); India and Hong Kong (moderate to high on collectivism, low on uncertainty avoidance). The researcher found that managers from the grouping of China and Spain (high on collectivism and uncertainty avoidance) placed a higher ethical importance to relations with external stakeholders than their counterparts from the other countries. Nyaw & Ng (1994) study examined the extent to which business students from Canada, Japan, Hong Kong, and Taiwan react differently to ethical dilemmas involving five stakeholder groups: employees, supervisors, customers,

suppliers, and business rivals. With regard to ethical dilemmas involving supervisors, the study results indicate that Japanese and Taiwanese (both low on individualism and high on uncertainty avoidance) are more likely to cover for their supervisor's unethical behavior than their counterparts. Moon & Franke (2000) also noticed that high collectivism, high power distance and high uncertainty avoidance contribute to strong company loyalty when making decision involving ethical issues – Korean advertising executives were found to be more sensitive to ethical dilemmas involving company interests than American advertising specialists.

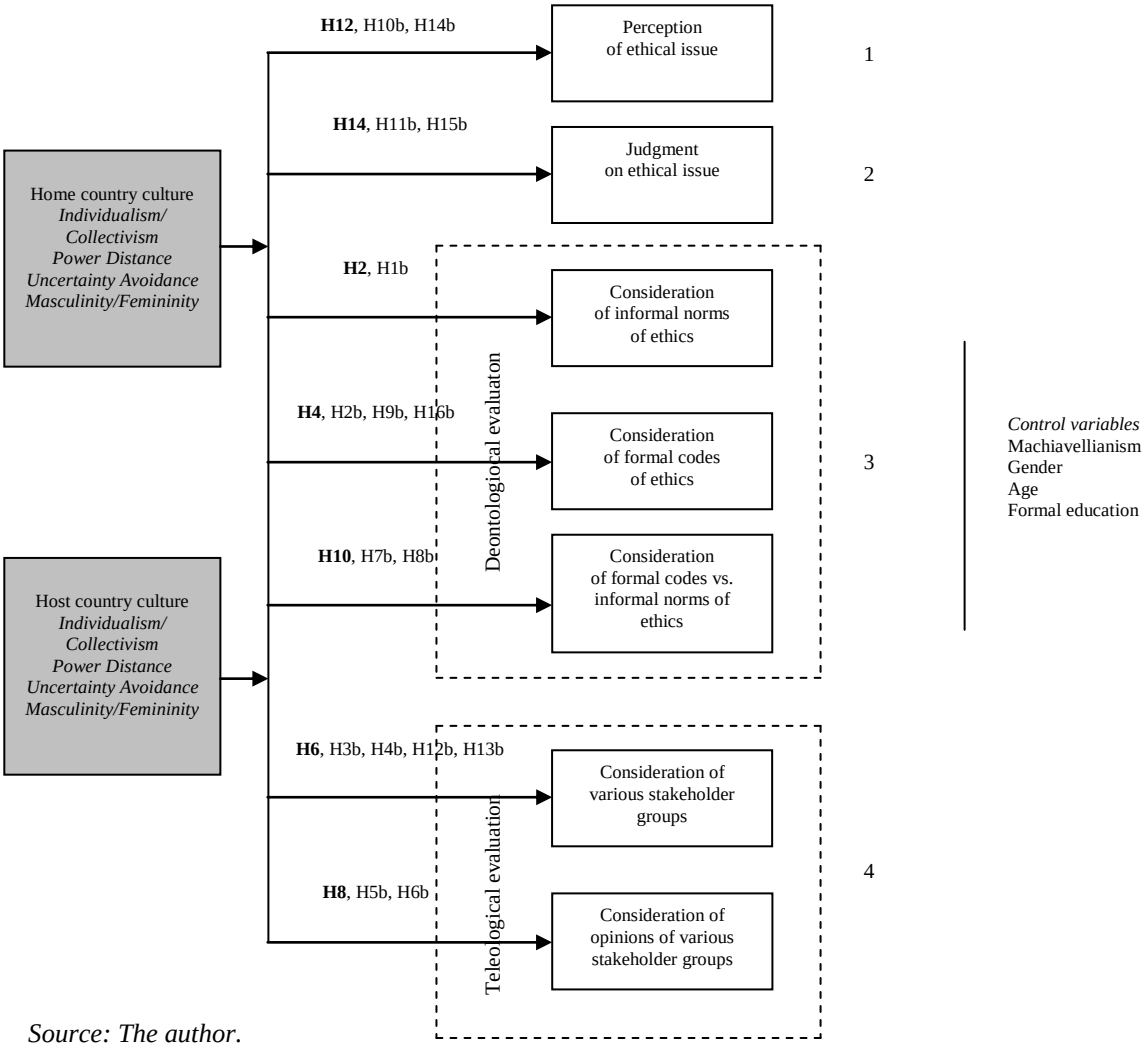
Consideration of various stakeholder groups' opinions. The study findings support the previous research results that found individuals from different countries differing in their consideration of various stakeholder groups' opinions on ethical issues when faced with an ethical dilemma (e.g., Cherry et al., 2003; Cherry, 2006). Cherry et al. (2003) and Cherry (2006) found that compared to their American counterparts (low on power distance), Taiwanese business practitioners (high on power distance) were clearly looking for normative guidance from their superiors while making decision related to ethical issues. As it has been noted by Vitell et al. (1993), managers in countries scoring high on power distance cultural dimension are more likely to accept the inequality in power and authority existing in most organizations. Because of this, they are more likely to demonstrate undue reverence toward individuals in prominent positions compared to managers in countries with small power distance.

5.3 Testing hypotheses related to *home and host* country cultures effect

As with testing home country effect on various stages of decision making related to ethical issues, hierarchical regression analyses were also used to determine the independent effects of *home and host* countries on different parts of individual decision making related to ethical issues in a MNC. Again, since variable "age" was highly correlated with variable "general work experience" (r= .955), "general work experience" was excluded from the analysis to avoid multicollinearity. As in the multiple regressions before, Machiavellianism was entered in the first step, followed by gender, age, and formal education in the second step (Figure 10). With these antecedents of individual decision making related to ethical issues controlled for, home and host country culture variables were entered in the third step of the equation (Appendix 7). As before, by using this procedure, it was possible to determine whether

home and host countries account for a significant amount of variance in predicting various stages of individual decision making related to ethical issues after controlling for important antecedents. Before the regressions were run, the non-metric independent variables, such as Machiavellianism, gender, formal education, and country the respondents were raised and worked were dummy-coded. Dummy-coding of the latter independent variable was done according to the related hypotheses.

Figure 10. Model showing control variables



Source: The author.

Appendix 7 reports the multiple regression results in detail that show that in the majority of the cases *home and host* country variable accounts for a significant amount of variance in the model over and above that explained by the antecedents. These results support the assertion that country where the respondents were raised and country where they worked at the time (home or abroad) statistically significantly influence different stages of their decision making related to ethical issues in a MNC.

However, this time, there were no statistically significant effects found related to the control variables' influence on the selected stages of decision making related to ethical issues. As in the previous case with home country effect only, in this case there were no significant gender differences found either, again supporting the previous empirical studies that found no significant gender effects on decision making involving ethical issues (e.g., Derry, 1989; Browning & Zabriskie, 1983; Callan, 1992; Dubinsky & Levy, 1985; Hegarty & Sims, 1978; Brady & Wheeler, 1996). There were no significant age effects found either, thus also supporting the previous studies that found no significant age effect on decision making related to ethical issues (e.g., Callan, 1992; Izraeli, 1988; Kidwell et al., 1987; Stevens, 1984; Tyson, 1992; Larkin, 2000; Shafer et al., 2001; Singhapakdi et al., 2001). No significant formal education nor employment effects were found either, thus supporting the previous studies that found no significant effects of these variables on decision making related to ethical issues (e.g., Dubinsky & Ingram, 1984; Kidwell et al., 1987; Serwinek, 1992; Goodman & Crawford, 1974; McNichols & Zimmerer, 1985; Green & Weber, 1997; Callan, 1992; Roozen et al., 2001). Contradictory to the majority of previous study findings on the effect of Machiavellianism on decision making related to ethical issues, this study found no significant effect of this variable, thus supporting the minority of the previous studies that found no significant effect of Machiavellianism on decision making process involving ethical issues (e.g., Schepers, 2003).

The following section presents the main findings from the hierarchical regression analyses, as well as the differences in proportions tests (in cases where the dependent variable was binary) to show *whether* and *how* different stages of decision making related to ethical issues differed depending on which country the respondents were raised in and in which country they worked at the time (at home or abroad).

5.3.1 Perception of ethical issues: H12, H10b, H14b

The hierarchical regression results show (Tables 34 and 35) that home and host country cultures have a statistically significant effect on how marketing managers perceive specific ethical issues (ΔR^2 = .621 for Step 3 (p=.000); ΔR^2 = .621 for Step 3 (p=.000)). Therefore, H12 is supported.

To test H10b, Japanese in the U.S. were compared to Japanese in Japan, therefore, Japanese in Japan were the reference category (i.e., the omitted group that received all zeros). In such a way, the regression coefficients presented in Table 34 for the dummy variables represent differences in the dependent variable for each group of respondents from the reference category, that is, Japanese in Japan. The group

comparisons show that Japanese in the U.S. are statistically significantly (p=.000) more likely to perceive ethical problems than Japanese in Japan (the higher the score, the more likely respondents are to perceive ethical issues) (Table 34). Therefore, H10b is supported.

Table 34. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Perception of ethical issue H12, H10b				
	Japanese in Japan vs. French in France	2.480	.154	.631***
	Japanese in Japan vs. French in the U.S.	2.146	.159	.502***
H10b:	**Japanese in Japan vs. Japanese in the U.S.**	**2.664**	**.158**	**.634*** **
	Japanese in Japan vs. Norwegians in Norway	4.272	.159	1.008***
	Japanese in Japan vs. Americans in France	2.956	.160	.698***
	Japanese in Japan vs. Americans in Japan	3.070	.160	.724***
	Japanese in Japan vs. Americans in Norway	3.056	.160	.709***
	Japanese in Japan vs. Americans in the U.S.	2.587	.156	.630***

*Note: R^2 = .008 for Step 1, ΔR^2 = .010 for Step 2 (p =.550), ΔR^2 = .621 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

To test H14b, Americans in Norway were compared to Americans in the U.S., therefore, Americans in the U.S. were the reference category. Thus, the regression coefficients presented in Table 35 for the dummy variables represent differences in the dependent variable for each group of respondents from the reference category, that is, Americans in the U.S. The test results show that Americans in Norway are statistically significantly (p =.000) more likely to perceive ethical issues described in the specific scenarios than Americans in the U.S. (Table 35) Thus, H14b is supported.

Table 35. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Perception of ethical issue H12, H14b				
	Americans in the U.S. vs. French in France	-.108	.151	-.027
	Americans in the U.S. vs. French in USA	-.441	.155	-.103**
	Americans in the U.S. vs. Japanese in Japan	-2.587	.156	-.600***
	Americans in the U.S. vs. Japanese in the U.S.	.077	.153	.018

	Americans in the U.S. vs. Norwegians in Norway	1.684	.155	.397***
	Americans in the U.S. vs. Americans in France	.368	.156	.087*
	Americans in the U.S. vs. Americans in Japan	.482	.156	.114**
H14b:	**Americans in the U.S. vs. Americans in Norway**	**.469**	**.156**	**.109****

*Note: R^2 = .008 for Step 1, ΔR^2 = .010 for Step 2 (p =.550), ΔR^2 = .621 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

5.3.2 Judgment on ethical issues: H14, H11b, H15b

As with testing the previously presented hypotheses regarding perception of ethical issues, to test H11b, Japanese in Japan were used as a reference group against which Japanese in the U.S. scores were compared. The group comparison results show that Japanese in the U.S. are statistically significantly (p=.000) more sensitive in their judgments on the specific ethical issues presented in the scenarios (the lower the score, the more ethical judgment is) than Japanese in Japan (Table 36), thus H11b is supported.

Table 36. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Judgment on ethical issues H14, H11b				
	Japanese in Japan vs. French in France	-2.530	.149	-.651***
	Japanese in Japan vs. French in the U.S.	-2.169	.154	-.513***
H11b:	**Japanese in Japan vs. Japanese in the U.S.**	**-2.645**	**.152**	**-.636*****
	Japanese in Japan vs. Norwegians in Norway	-4.282	.153	-1.022***
	Japanese in Japan vs. Americans in France	-2.957	.154	-.706***
	Japanese in Japan vs. Americans in Japan	-3.035	.154	-.724***
	Japanese in Japan vs. Americans in Norway	-3.059	.155	-.718***
	Japanese in Japan vs. Americans in the U.S.	-2.892	.150	-.712***

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.354), ΔR^2 = .639 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

To test H15b, Americans in the U.S. were used as a reference group against which Americans in Norway scores were compared. However, although the results show that Americans in Norway are more sensitive in their judgments on the particular

ethical issues presented in the scenarios than Americans in the U.S. (Table 37), the results are not statistically significant (p > .05). Therefore, H15b is not supported.

Table 37. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Judgment on ethical issue H14, H15b				
	Americans in the U.S. vs. French in France	.362	.146	.093*
	Americans in the U.S. vs. French in USA	.723	.149	.171***
	Americans in the U.S. vs. Japanese in Japan	2.892	.150	.679***
	Americans in the U.S. vs. Japanese in USA	.247	.148	.060
	Americans in the U.S. vs. Norwegians in Norway	-1.390	.149	-.332***
	Americans in the U.S. vs. Americans in France	-.065	.151	-.016
	Americans in the U.S. vs. Americans in Japan	-.143	.150	-.034
H15b:	**Americans in the U.S. vs. Americans in Norway**	**-.167**	**.151**	**-.039**

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.354), ΔR^2 = .639 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Although the regression results presented in Tables 36 and 37 show that home and host country cultures have a statistically significant effect on how sensitive marketing managers are in their judgments on the ethical issues presented in the specific scenarios (ΔR^2 = .639 for Step 3 (p=.000); ΔR^2 = .639 for Step 3 (p=.000)), since H15b is not supported while H11b is supported, H14 can only be partially supported.

5.3.3 Deontological evaluation/Consideration of informal norms: H2, H1b

Regarding testing H2, the hierarchical regression results (Table 38) show that home and host countries do affect how likely marketing managers are to consider informal norms in their deontological evaluation of ethical issues (ΔR^2 = .324 for Step 3 (p=.000)). Therefore, H2 is supported.

Table 38. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of informal norms of				

ethics: H2, H1b				
	Americans in the U.S. vs. French in France	-.419	.240	-.091
	Americans in the U.S. vs. French in USA	-1.671	.246	-.333***
	Americans in the U.S. vs. Japanese in Japan	-3.247	.247	-.641***
	Americans in the U.S. vs. Japanese in the U.S.	-1.957	.243	-.396***
	Americans in the U.S. vs. Norwegians in Norway	-1.614	.246	-.324***
	Americans in the U.S. vs. Americans in France	-1.653	.248	-.332***
H1b:	**Americans in the U.S. vs. Americans in Japan**	**-1.586**	**.247**	**-.318*** **
	Americans in the U.S. vs. Americans in Norway	-1.000	.248	-.197***

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.330), ΔR^2 = .324 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

In H1b, it is hypothesized that Americans in Japan will be more likely to take into consideration informal professional, industry, and organizational norms of ethics when deciding whether behavior would be inherently right or wrong than Americans in the U.S. (the lower the score, the more likely respondents are to take informal norms into consideration). The group comparison show (Table 38) there is a significant statistical difference (p=.000) among the two groups: Americans in Japan are more likely than Americans in the U.S. to take into consideration informal professional, industry, and organizational norms of ethics when deciding whether behavior would be right or wrong. Therefore, H1b is supported.

5.3.4 Deontological evaluation/Consideration of formal codes: H4, H2b, H9b, H16b

The hierarchical regression results show that the nationals differ significantly (Tables 39 and 40, when Japanese in Japan are used as a reference group: ΔR^2 = .566 for Step 3 (p=.000); when Americans in the U.S. are used as a reference group: ΔR^2 = .566 for Step 3 (p=.000)) in how likely they are to take formal codes of ethics into consideration when faced with an ethical issues and deciding whether a certain behavior would be inherently right, that is, home and host country effect is present. Therefore, H4 is supported.

Table 39. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological				

evaluation/Consideration of formal codes of ethics: H4, H9b				
	Japanese in Japan vs. French in France	.091	.212	.018
	Japanese in Japan vs. French in the U.S.	1.325	.219	.243***
H9b:	**Japanese in Japan vs. Japanese in the U.S.**	**1.109**	**.217**	**.207*** **
	Japanese in Japan vs. Norwegians in Norway	.195	.219	.036
	Japanese in Japan vs. Americans in France	2.076	.220	.384***
	Japanese in Japan vs. Americans in Japan	1.477	.219	.274***
	Japanese in Japan vs. Americans in Norway	1.970	.220	.359***
	Japanese in Japan vs. Americans in the U.S.	4.245	.214	.812***

*Note: R^2 = .008 for Step 1, ΔR^2 = .007 for Step 2 (p =.772), ΔR^2 = .566 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

The group comparison results when Japanese in Japan are used as a reference group also show that Japanese in the U.S. are statistically significantly (p=.000) less likely to consider formal codes of ethics than Japanese in Japan (higher score indicates less likelihood) (Table 39). Therefore, H9b is supported.

Table 40. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of formal codes of ethics: H4, H2b, H16b				
	Americans in the U.S. vs. French in France	-4.155	.208	-.829***
	Americans in the U.S. vs. French in the U.S.	-2.921	.213	-.536***
	Americans in the U.S. vs. Japanese in Japan	-4.245	.214	-.773***
	Americans in the U.S. vs. Japanese in the U.S.	-3.137	.211	-.586***
	Americans in the U.S. vs. Norwegians in Norway	-4.050	.213	-.750***
	Americans in the U.S. vs. Americans in France	-2.170	.215	-.402***
H2b:	**Americans in the U.S. vs. Americans in Japan**	**-2.768**	**.214**	**-.513*** **
H16b:	**Americans in the U.S. vs. Americans in Norway**	**-2.276**	**.215**	**-.414*** **

*Note: R^2 = .008 for Step 1, ΔR^2 = .007 for Step 2 (p =.772), ΔR^2 = .566 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

As hypothesized in H2b and seen from the group comparison when Americans in the U.S. is used as a reference group (Table 40), Americans in Japan are statistically significantly (p=.000) more likely to consider formal professional, industry, and organizational codes of ethics when deciding whether behavior would be right or wrong than Americans in the U.S. (lower score indicates more likelihood). Therefore, H2b is supported. Also, the comparison tests reveal that Americans in Norway are statistically significantly (p=.000) more likely to consider formal codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Americans in the U.S. (Table 40). Therefore, H16b is supported.

5.3.5 Deontological evaluation/Consideration of formal codes vs. informal norms of ethics: H10, H7b, H8b

Testing for differences between proportions was chosen as a suitable method of analysis in this case as the dependent variable is binary (1/0 for informal/formal codes, depending on the hypotheses being tested).

To test H7b, proportions of successes between two sets of respondents, that is, Americans in France and Americans in the U.S. were compared. It was one-tail test. Importance to a group by the proportion of people in that group who indicated informal norms as more important was measured. The results presented in Table 41 indicate that the H7b could not be supported (for formulas of these standard tests, see Donnelly (2004, p. 255-257), Smith & Albaum (2005, p. 611-615)). Although there are differences between the groups, they are not statistically significant.

Table 41. Results of testing H7b for differences between proportions*

Population	*Number of successes (informal norms) , x*	*Percent*	*Proportion, p=x/n*	*Sample size, n*	*Standard deviation*	*Mean*
Americans in France	26	49.1	.491	53	.505	.49
Americans in the U.S.	36	63.2	.632	57	.487	.63

**Z = 1.287, p >.05.*
Source: The author.

To test H8b, importance to a group by the proportion of people in that group who indicated formal codes as more important was measured. The results in Table 42 show that H8b is supported as the differences between the group proportions are statistically significant:

Table 42. Results of testing H8b for differences between proportions*

Population	*Number of successes (formal norms) , x*	*Percent*	*Proportion, p=x/n*	*Sample size, n*	*Standard deviation*	*Mean*
French in the U.S.	32	61.5	.615	52	.491	.62
French in France	63	100.0	1	63	.000	1.00

**Z = 5.169, p <.05.*
Source: The author.

Since H7b cannot be supported while H8b is supported, H10 is only partly supported.

5.3.6 Teleological evaluation/Consideration of different stakeholders: H6, H3b, H4b, H12b, H13b

Separate hierarchical regressions were run to test H6. The results (Tables 43, 44, and 45) show that home and host country do have a statistically significant effect on which stakeholder groups marketing managers take into consideration when making teleological evaluations of ethical issues: themselves (ΔR^2 = .496 for Step 3 (p=.000)) as more important stakeholders, company owners/stockholders (ΔR^2 = .376 for Step 3 (p=.000)) as more important stakeholders, and their other employees/peers as more important stakeholders (ΔR^2 = .550 for Step 3 (p=.000)). Therefore, H6 is supported.

Table 43. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups-Company: H6, H4b, H12b				
	Japanese in Japan vs. French in France	5.203	.555	.453***
	Japanese in Japan vs. French in the U.S.	6.466	.572	.518***
H4b, H12b:	**Japanese in Japan vs. Japanese in the U.S.**	**3.953**	**.567**	**.325*** **
	Japanese in Japan vs. Norwegians in Norway	4.545	.572	.367***
	Japanese in Japan vs. Americans in France	5.842	.574	.472***
	Japanese in Japan vs. Americans in Japan	6.149	.573	.497***
	Japanese in Japan vs. Americans in Norway	6.618	.576	.526***
	Japanese in Japan vs. Americans in the U.S.	9.403	.560	.785***

*Note: R^2 = .070 for Step 1, ΔR^2 = .009 for Step 2 (p =.595), ΔR^2 = .376 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Table 44. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups-Peers H6, H4b, H12b				
	Japanese in Japan vs. French in France	7.028	.416	.701***
	Japanese in Japan vs. French in the U.S.	7.596	.430	.697***
H4b, H12b:	**Japanese in Japan vs. Japanese in the U.S.**	**4.138**	**.426**	**.386*** **
	Japanese in Japan vs. Norwegians in Norway	7.040	.429	.652***
	Japanese in Japan vs. Americans in France	7.828	.431	.724***
	Japanese in Japan vs. Americans in Japan	6.868	.430	.636***
	Japanese in Japan vs. Americans in Norway	7.902	.432	.719***
	Japanese in Japan vs. Americans in the U.S.	8.817	.420	.842***

*Note: R^2 = .028 for Step 1, ΔR^2 = .019 for Step 2 (p =.153), ΔR^2 = .550 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

Separate group comparison tests showed that Japanese in the U.S. are statistically significantly (p=.000) less likely to consider company owners/stockholders as more important stakeholders than Japanese in Japan (the lower the score, the more likely respondents are to consider company owners/stockholders as more important stakeholders). The test also shows that Japanese in the U.S. are significantly (p=.000) less likely to consider other employees as more important stakeholders than Japanese in Japan (the lower the score, the more likely respondents are to consider other employees as more important stakeholders) (Tables 43 and 44). Thus, H4b and H12b are supported.

Group comparisons also show that Americans in Japan are statistically significantly (p=.000) less likely to consider themselves as more important stakeholders than Americans in the U.S. (the lower the score, the more likely respondents are to consider themselves as more important stakeholders) (Table 45). Thus, H3b and H13b are supported.

Table 45. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups–				

Self: H6, H3b, H13b				
	Americans in the U.S. vs. French in France	5.989	.852	.297***
	Americans in the U.S. vs. French in USA	4.158	.875	.190***
	Americans in the U.S. vs. Japanese in Japan	18.220	.879	.824***
	Americans in the U.S. vs. Japanese in USA	10.099	.865	.469***
	Americans in the U.S. vs. Norwegians in Norway	6.635	.873	.305***
	Americans in the U.S. vs. Americans in France	4.550	.882	.209***
H3b, H13b:	**Americans in the U.S. vs. Americans in Japan**	**5.204**	**.879**	**.239*** **
	Americans in the U.S. vs. Americans in Norway	3.701	.883	.167***

*Note: R^2 = .053 for Step 1, ΔR^2 = .014 for Step 2 (p =.291), ΔR^2 = .496 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

5.3.7 Teleological evaluation/Consideration of opinions of different stakeholder groups: H8, H5b, H6b

The hierarchical regression results (Tables 46 and 47) show that home and host countries have a statistically significant effect on which stakeholder groups' opinions marketing managers take into consideration. The groups differ significantly in how likely they are to take into consideration their fellow employees'/peers' opinions on ethical issues (ΔR^2 = .245 for Step 3 (p=.000)), as well as in how likely they are to consider superiors' opinion on ethical issues (ΔR^2 = .266 for Step 3 (p=.000)). Therefore, H8 is supported.

As hypothesized in H5b and seen from the group contrast results in Table 46, Americans in France (the higher the score, the less likely respondents are to consider their fellow employees' opinion on ethical issues) are statistically significantly (p=0.008) less likely to take into consideration their fellow employees' opinion on ethical issues than Americans in the U.S. Therefore, H5b is supported.

Table 46. Excerpt from the hierarchical regression analysis results

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholder opinions -Peers': H8, H5b				
	Americans in the U.S. vs. French in France	1.753	.251	.378***
	Americans in the U.S. vs. French in the U.S.	1.454	.258	.288***

	Americans in the U.S. vs. Japanese in Japan	-.913	.259	-.180***
	Americans in the U.S. vs. Japanese in the U.S.	-.130	.255	-.026
	Americans in the U.S. vs. Norwegians in Norway	.764	.257	.153**
H5b:	**Americans in the U.S. vs. Americans in France**	**.738**	**.260**	**.148****
	Americans in the U.S. vs. Americans in Japan	.241	.259	.048
	Americans in the U.S. vs. Americans in Norway	.798	.260	.157**

*Note: R^2 = .017 for Step 1, ΔR^2 = .023 for Step 2 (p =.084), ΔR^2 = .245 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

As seen from the group contrast test results (Table 47), French in the U.S. are statistically significantly (p=.000) less likely to take into consideration their superior's opinion on ethical issues than French in France when faced with ethical issues (the higher the score, the less likely respondents were to consider their superiors' opinions on ethical issues). Therefore, H6b is supported.

Table 47. Excerpt from the hierarchical regression analysis results

Criterion variable	Predictor block in	B	SE B	β
Teleological evaluation: Consideration of various stakeholder opinions - Superiors': H8, H6b				
H6b:	**French in France vs. French in the U.S.**	**1.728**	**.271**	**.318*****
	French in France vs. Japanese in Japan	-1.378E-5	.273	.000
	French in France vs. Japanese in the U.S.	.909	.269	.170**
	French in France vs. Norwegians in Norway	.423	.269	.079
	French in France vs. Americans in France	2.065	.269	.384***
	French in France vs. Americans in Japan	1.645	.269	.305***
	French in France vs. Americans in Norway	1.676	.272	.306***
	French in France vs. Americans in the U.S.	2.486	.267	.477***

*Note: R^2 = .027 for Step 1, ΔR^2 = .010 for Step 2 (p =.542), ΔR^2 = .266 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*
Source: The author.

5.3.8 Comparison to the previous studies

It is surprising that since the time when McDonald & Kan noted in 1997 that intra-cultural studies with ethics as the focus are rare, while pure intra-cultural

comparison studies of an ethical nature are *extremely* rare, not much has changed. There are still just a few pure intra-cultural comparison studies of an ethical nature. As each of them had chosen different dependent variables as their focus (e.g., ethical attitudes, management related cultural attitudes, ethical evaluations, and intended behavior) — not even mentioning different countries selected — it becomes even more difficult to compare their findings with the findings of the study at hand. It can only be concluded in general that the previous research findings also support the convergence theory.

Lee (1981) studied the possible differences in *ethical attitudes* between expatriate and local managers and concluded that although it was generally held that managers, brought up in different cultures, held different values and ethical beliefs, no differences in ethical standards in marketing practices were found between British and Chinese managers in Hong Kong. The finding that expatriates and local managers subscribe to the same moral standard was attributed to the successful acculturation process that had been undertaken by British expatriates and their willingness to "do as the Romans do." In their study Lee & Larwood (1983) investigated cultural socialization, predicting that American expatriates would come to adopt management related *cultural attitudes* between those of the parent (the U.S.) and the host country (Korea). The prediction that the *attitudes* of American expatriates fall between those of Koreans and Americans in their respective nations was supported in the majority of the cases. Spicer et al. (2004) as well as Bailey & Spicer (2007) research findings also support convergence hypothesis. Russian and American survey respondents expressed sharp similarity in their *ethical evaluations* and *intended behavior* toward organizational practices violating ethical "hyper-norms." American expatriates who were highly included in Russian communities expressed attitudes similar to those of Russian respondents when evaluating "local norm" practices. In both cases, Russians' in Russia and Americans' in Russia *ethical attitudes* converged despite differences in their national identities.

This chapter presented the empirical study findings and their analysis. First, ANOVA was used to establish that there were indeed differences on the four central cultural dimensions for each country group. Afterwards, hierarchical regression was used to judge the relationship between and among the sub-groups of home and host country managers and the criterion variables (i.e., perception of ethical issues, judgment on ethical issues, deontological and teleological assessment) representing various ethical evaluations. Statistically significant support for almost all the proposed

relationships was found, suggesting that indeed *home and host* country effects influence marketing managers at various stages of their decision making related to ethical issues in a MNC setting. The results of this empirical study, divided into two categories—*home* country effect vs. *home and host* country effect—were compared to the findings of the previous studies reviewed earlier in the literature section.

Next chapter reviews the main findings of the study. Theoretical, managerial, and moral implications of the study findings are discussed as well. Based on the findings, an overall contribution of this study is presented via a refined model of managers' individual decision making related to ethical issues in a MNC setting. Limitations of the study (sample shortcomings, the need for replication, the cultural bias inherent in the scales used and domains studied, etc.) are discussed. Suggestions for future research are also presented (other possible control variables, different measures of cultural norms, different country settings, etc.). A customized, prioritized agenda for future research that this researcher would like to pursue is addressed, too.

6 Conclusion and discussion

This chapter of the thesis presents a summary and the main findings of the study. Theoretical, managerial, and moral implications of the study findings are discussed as well. Based on the findings, an overall contribution of this study is presented via a refined model of managers' individual decision making related to ethical issues in a MNC (Figures 11 and 12). Limitations of the study (sample shortcomings, the need for replication, the cultural bias inherent in the scales used and domains studied, etc.) are discussed. Suggestions for future research are also presented (other control variables, different measures of cultural norms, different country settings, etc.). A customized, prioritized agenda for future research that this researcher would like to pursue is addressed, too.

6.1 Summary and main findings of the study

In this thesis a brief overview of the most popular descriptive models of individual decision making related to ethical issues in business, marketing, and international business was presented. Also, the related empirical studies were reviewed. The study had a goal to show the impact of home and host country cultures on managers' individual decision making related to ethical issues in a MNC setting. Therefore, an extension of the most comprehensive model — the Hunt & Vitell (1986, 1993, 2005, 2006) model— by inclusion of a "*host* country culture" as an additional variable in order for it to be applicable to a multinational corporation (MNC) setting was proposed. It was also tested *whether* the suggested for the model extension variable "*host* country culture" together with the already existing variable in the model, that is "*home* country culture", have an effect on such different stages of individual managerial decision making related to ethical issues in a MNC as (1) perception of ethical issues, (2) judgment on ethical issues, (3) deontological evaluation, and (4) teleological evaluation, as well as *how* these two variables affect the aforementioned individual managerial decision making stages related to ethical issues in a MNC.

As seen in Table 48, the majority of the hypotheses were supported, in such a way supporting one of the two main claims that home and host country cultures *do* affect the selected stages of individual managerial decision making process, that is, (1) perception of ethical issues, (2) judgment on ethical issues, (3) deontological evaluation, and (4) teleological evaluation.

The empirical study findings also support the majority of the second main group of claims that home and host country cultures *differently* affect the four stages of individual managerial decision making process related to ethical issues in a MNC. The decision making process involving ethical issues was found to be different in different *home* countries, for example, Americans in the U.S. are different from Norwegians in Norway in how they perceive and/or make judgments on the ethical issues described in the specific scenarios. The study findings also show that individual ethics changes as managers go abroad/adjust to *host* country cultures, for example, Americans in Norway become more like Norwegians in Norway (and therefore, different than Americans in the U.S.) in their decision making process related to ethical issues.

Table 48. Summary of the hypotheses test results

Decision-making process	*Home country effect*	*Home and host country effect*
Perception of ethical issues	H11 –supported H10a – supported H14a – supported	H12 –supported H10b – supported H14b – supported
Judgment on ethical issues	H13 – supported H11a – supported H15a – supported	*H14 –partly supported* H11b –supported *H15b –not supported*
Deontological evaluation: Consideration of informal norms	H1 – supported H1a – supported	H2 –supported H1b – supported
Deontological evaluation: Consideration of formal codes	H3 – supported H2a – supported H9a – supported H16a – supported	H4 –supported H2b –supported H9b –supported H16b –supported
Deontological evaluation: Consideration of formal codes vs. informal norms	H9 – supported H7a – supported H8a – supported	*H10 – partly supported* *H7b – not supported* H8b – supported
Teleological evaluation: Consideration of various stakeholders	H5 – supported H3a –supported H13a –supported H4a –supported H12a –supported	H6 – supported H3b –supported H13b – supported H4b –supported H12b – supported
Teleological evaluation: Consideration of different stakeholder groups' opinions	H7 – supported H5a –supported H6a – supported	H8 –supported H5b – supported H6b –supported

Source: The author.

(1) Perception of ethical issues

In terms of perception of ethical issues, the empirical test results show that managers who were raised in different *home* countries perceive ethical issues differently (H11). Japanese in Japan — managers who were raised in countries scoring high on uncertainty avoidance — were less likely to perceive ethical issues described in the scenarios than Americans in the U.S. — managers from countries low on uncertainty avoidance (H10a). Americans in the U.S. — managers raised in countries

high on masculinity — were less likely to perceive ethical issues than Norwegians in Norway — managers from countries high on femininity (H14a).[12]

The empirical test results also showed that managers of different nationalities differed in their perceptions of ethical issues as a function of where they worked (at *home or host* country) (H12): expatriate managers raised in home countries scoring high on uncertainty avoidance (Japanese) after working in a MNC subsidiary located in a country low on uncertainty avoidance (in the U.S.) were more likely to perceive ethical issues than their national counterparts (H10b), while expatriate managers from countries scoring high on masculinity (Americans) after working in a MNC subsidiary located in a country scoring low on masculinity (in Norway) were more likely to perceive ethical problems than their nationals (H14b).

(2) Judgment on ethical issues

The hypothesis that managers from different *home* countries make judgments on ethical issues differently was also supported (H13): managers raised in countries high on uncertainty avoidance (Japanese in Japan) were found to be less sensitive in their judgments on the particular ethical issues described in the scenarios than managers in countries low on uncertainty avoidance (Americans in the U.S.) (H11a), while managers raised in countries high on masculinity (Americans in the U.S.) were found to be less sensitive in their judgments on the ethical issues described in the scenarios than managers raised in countries high on femininity (Norwegians in Norway) (H15a).

H14 that claimed that managers of different nationalities would differ in their judgments on ethical issues as a function of where they work (at *home or host* country) was only partially supported. Test results showed that while expatriate managers from countries scoring high on uncertainty avoidance (Japanese) after working in a MNC subsidiary located in a country scoring low on uncertainty avoidance (in the U.S.) were more sensitive in their judgments on ethical issues described in the scenarios than their nationals (H11b was supported), expatriate managers raised in countries scoring high on masculinity (Americans) after working in a MNC subsidiary located in a country scoring low on masculinity (in Norway) were not more sensitive in their judgments on the ethical issues described in the scenarios than their nationals (H15b was not supported).

[12] For the characteristics of each of the cultural dimensions as they are related to the hypotheses, refer back to Section 3.2 and/or Table 18.

(3) Deontological evaluation/Consideration of informal norms and formal codes of ethics

The empirical tests also showed that managers raised in different *home* countries differed in their consideration of informal professional, industry, and organizational norms of ethics when deciding whether behavior would be right or wrong (H1). H1a, that claimed that managers raised in countries high on individualism dimension (Americans in the U.S.) would be less likely to take into their consideration informal professional, industry, and organizational norms when faced with an ethical issue and deciding whether behavior would be right or wrong than managers in countries high on collectivism (Japanese in Japan), was supported.

It was also found that managers from different countries differed in their consideration of informal professional, industry, and organizational norms of ethics when faced with an ethical issue and deciding whether certain behavior would be right or wrong as a function of where they work (at *home or host* country) (H2). H1b was also supported, that is, expatriate managers raised in home countries scoring high on individualism dimension (Americans) after working in a MNC subsidiary located in a host country scoring high on collectivism (in Japan) gave greater consideration to informal professional, industry, and organizational norms when faced with an ethical issue and deciding whether certain behavior would be right or wrong than their colleagues in their home country.

Managers raised in different *home* countries were also found to differ on how likely they were to take into consideration formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether behavior would be right or wrong (H3). The empirical test results showed that managers raised in countries scoring high on individualism dimension (Americans in the U.S.) gave lesser consideration to formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether behavior would be right or wrong than managers raised in countries scoring high on collectivism dimension (Japanese in Japan) (H2a). Managers raised in countries high on uncertainty avoidance (Japanese in Japan) were found to be more likely to consider formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than managers raised in countries low on uncertainty avoidance (Americans in the U.S.) (H9a). Another cultural dimension — masculinity/femininity — was also found to be influential in consideration of formal codes when making decisions related to ethical

issues: managers raised in countries high on masculinity (Americans in the U.S.) are less likely to consider formal professional, industry, and organizational codes of ethics when dealing with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than managers in countries high on femininity (Norwegians in Norway) (H16a).

H4, which claimed that managers from different countries would differ in their consideration of formal professional, industry, and organizational norms when faced with an ethical issue and deciding whether certain behavior would be right or wrong as a function of where they work (at *home or host* country), was supported as well. Expatriate managers raised in home countries high on individualism dimension (Americans) after working in a MNC subsidiary located in a host country scoring high on collectivism dimension (in Japan) were found to give greater consideration to formal professional, industry and organizational codes of ethics when dealing with an ethical issue and deciding whether certain behavior would be right or wrong than their colleagues in the home country (H2b). The empirical test results also showed that expatriate managers raised in countries high on uncertainty avoidance (Japanese) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (in the U.S.) were less likely to consider formal professional, industry and organizational codes of ethics when confronted with an ethical issue and deciding whether behavior would be inherently right or wrong than their national counterparts (H9b). Expatriate managers from home countries high on masculinity (Americans) after working in a MNC subsidiary located in a host country low on masculinity (in Norway) were found to be more likely to consider formal professional, industry, and organizational codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong than their national counterparts (H16b).

Managers raised in different *home* countries were found to differ in their consideration of which one of the two — informal norms of ethics vs. formal codes of ethics — was more important to them when dealing with an ethical issue and deciding whether certain behavior would be inherently right or wrong (H9). Managers raised in countries low on power distance dimension (Americans in the U.S.) considered informal professional, industry, and organizational norms as more important than formal codes of ethics when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong (H7a), while managers raised in countries high on power distance dimension (French in France) were more likely to

take into their consideration formal professional, industry and organizational codes of ethics than informal norms (H8a).

H7b, which claimed that expatriate managers from *home* countries low on power distance dimension (Americans) after working in a MNC subsidiary located in a *host* country high on power distance dimension (in France) would be more likely to take into their consideration informal professional, industry and organizational norms as more important than formal codes of ethics when dealing with an ethical issue and deciding whether certain behavior would be inherently right or wrong than their national counterparts, was not supported due to the lack of statistically significant differences among the groups. H8b, that claimed that expatriate managers from home countries scoring high on power distance dimension (French) after working in a MNC subsidiary located in a host country scoring low on power distance dimension (in the U.S.) would be more likely to take into their consideration formal professional, industry and organizational codes of ethics than informal norms when faced with an ethical issue and deciding whether certain behavior would be inherently right or wrong than their national counterparts, was supported. Since H7b was not supported, while H8b was supported, H10 was only partly supported.

(4) Teleological evaluation/Consideration of various stakeholder groups and their opinions

In terms of *home* country culture effect on consideration of various stakeholder groups, H5 was supported: managers raised in different home countries differed in their consideration of different stakeholders. The empirical tests results showed that managers raised in countries that score high on individualism dimension (Americans in the U.S.) were more likely to consider themselves as more important stakeholders than managers raised in countries that score low on individualism dimension (Japanese in Japan) (H3a). Managers raised in countries scoring high on collectivism dimension (Japanese in Japan) considered the owners/stockholders and other employees as more important stakeholders than managers raised in countries that score low on collectivism dimension (Americans in the U.S.) (H4a). Managers in countries high on uncertainty avoidance (Japanese in Japan) were more likely to consider the owners/stockholders and other employees as more important stakeholders than managers in countries low on uncertainty avoidance (Americans in the U.S.) (H12a). Managers raised in countries low on uncertainty avoidance (Americans in the U.S.) were more likely to consider themselves as more important stakeholders than

managers raised in countries high on uncertainty avoidance (Japanese in Japan) (H13a).

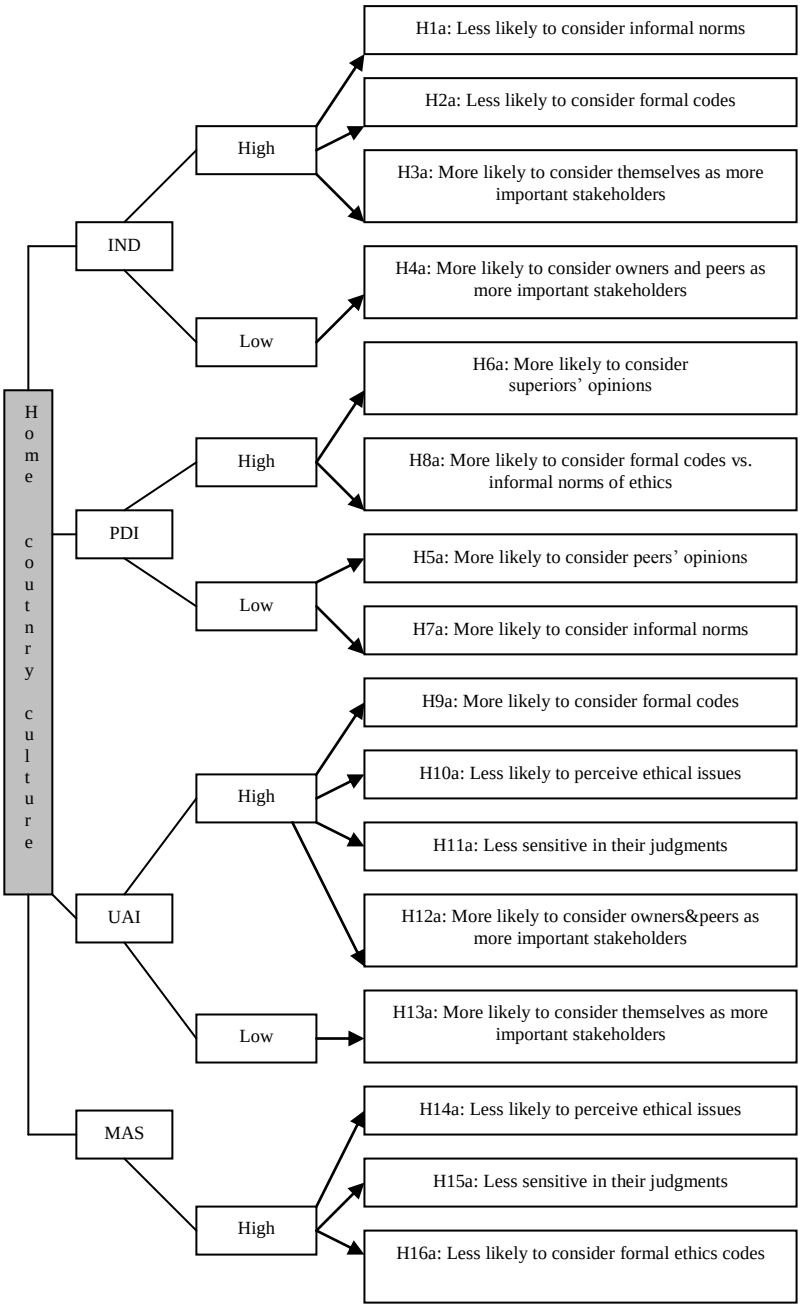
In terms of home and host country effect, H6, which claimed that managers from different countries would differ in their consideration of different stakeholders as more important depending on where they work (at home or host country), was supported. The empirical tests also revealed that expatriate managers from countries scoring high on individualism dimension (Americans) after working in a MNC subsidiary located in a host country scoring high on collectivism dimension (in Japan) were less likely to consider themselves as more important stakeholders than their national counterparts (H3b), while expatriate managers from countries scoring high on collectivism dimension (Japanese) after working in a MNC subsidiary located in a host country scoring high on individualism dimension (in the U.S.) were less likely to consider the owners/stockholders and other employees as more important stakeholders than their national counterparts (H4b). The analysis also revealed that expatriate managers from countries high on uncertainty avoidance (Japanese) after working in a MNC subsidiary located in a host country low on uncertainty avoidance (in the U.S.) were less likely to consider the owners/stockholders and other employees as more important stakeholders than their national counterparts (H12b), while expatriate managers from countries low on uncertainty avoidance (Americans) after working in a MNC subsidiary located in a host country high on uncertainty avoidance (in Japan) were less likely to consider themselves as more important stakeholders than their national counterparts (H13b).

The empirical tests also showed that home and host country cultures have an effect on individual consideration of different stakeholder groups' opinions. Managers raised in different home countries were found to differ in their consideration of different stakeholder groups' opinions on ethical issues when faced with ethical dilemmas (H7). Managers raised in countries low on power distance (Americans in the U.S.) were found to be more likely to take into their consideration the opinions of their fellow employees when deciding whether a certain behavior is ethically right or wrong than managers raised in countries high on power distance (French in France) (H5a), while managers raised in countries high on power distance (French in France) were found to be more likely to take into consideration the opinions of their superiors when deciding whether a certain behavior is ethically right or wrong than managers raised in countries low on power distance (Americans in the U.S.) (H6a).

Hypothesis H8 was also supported: managers from different countries were found to differ in their consideration of different stakeholder groups' opinions on

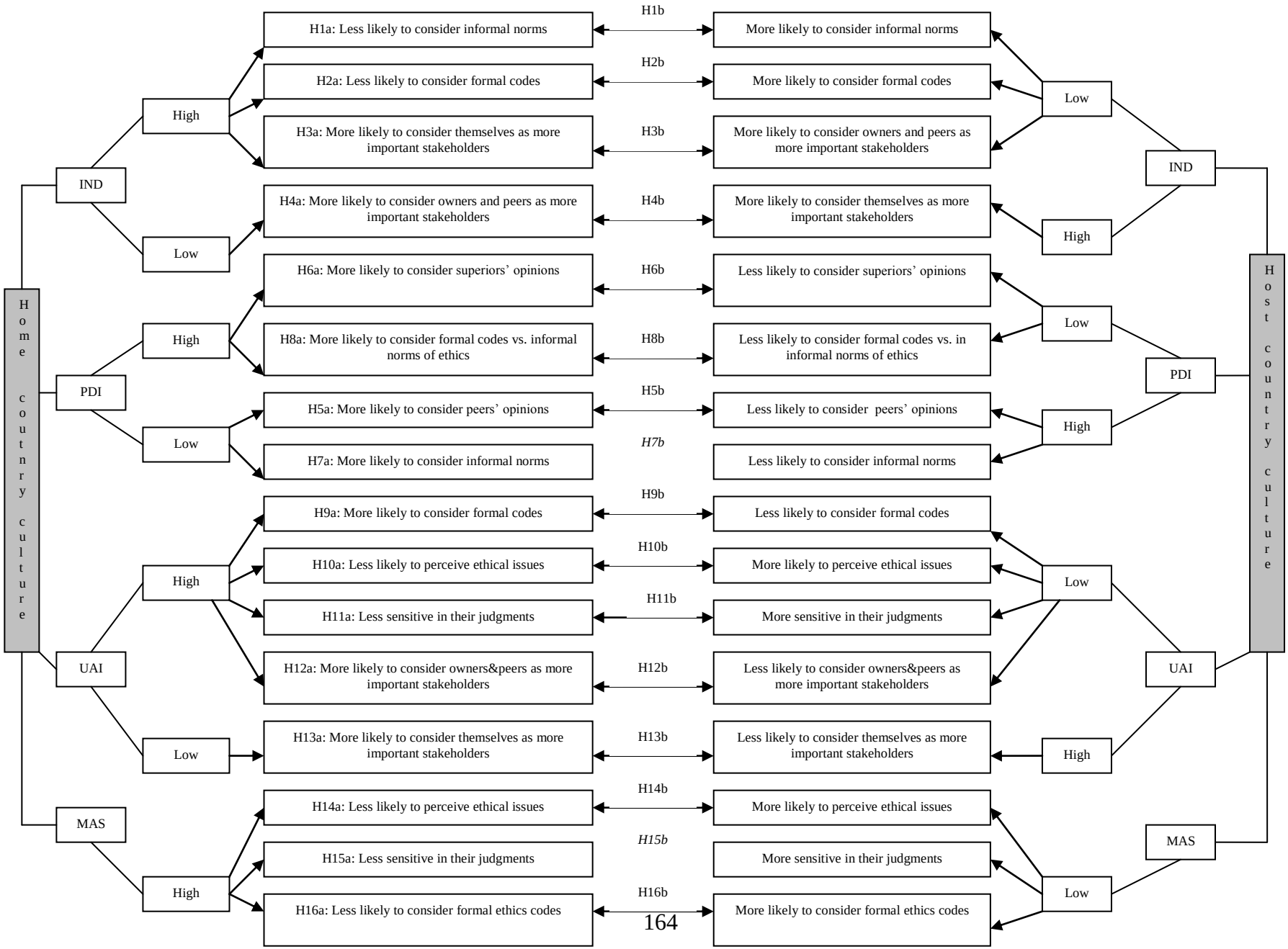
ethical issues when dealing with ethical issues, depending on where they worked (at home or host country). The tests showed that expatriate managers raised in countries low on power distance (Americans) after working in a MNC subsidiary located in a host country high on power distance (in France) were more likely to take into consideration the opinions of their fellow employees when deciding whether a certain behavior was ethically right or wrong than their national counterparts (H5b), while expatriate managers raised in countries high on power distance (French) after working in a MNC subsidiary located in a country low on power distance (in the U.S.) were more likely to take into their consideration the opinions of their superiors when deciding whether a certain behavior was ethically right or wrong than their national counterparts (H6b).

Figure 11. The effect of home country culture on various stages of managerial individual decision making related to ethical issues in a MNC



Source: The author.

Figure 12. The effect of home and host country cultures on various stages of managerial individual decision making related to ethical issues in a MNC (Source: The author)



6.2 Contributions to theory and practice

Theoretical implications. This empirical study provides additional support in the cross-cultural research area related to ethical issues (Armstrong, 1992, 1996; Blodgett et al., 2001; Christie et al., 2003; Cherry, Lee, & Chien, 2003; Lu, Rose, & Blodgett, 1999) (as well as support for the Hofstede's theory (1980, 2001)) — managers' decision making related to ethical issues does depend on which *home* country they come from/were raised in.

Another presumptive theoretical contribution of this study is the proposed extension of the Hunt & Vitell (1986, 1993, 2005, 2006) so-called "General Theory of Marketing Ethics" by inclusion of *host* country cultural influence as a factor and testing it, in such a way making the theory applicable to a multinational corporation setting.

At the same time, the empirical research provides additional highly-needed support for the verification of the applicability of acculturation theory in its relationship to ethical issues (Bailey & Spicer, 2007; Lee, 1981; Lee & Larwood, 1983; McDonald & Kan, 1997) — apart from few cases (which need to be explored further in future studies), expatriate managers' decision making related to ethical issues does change depending on which country they work in. Whether expatriate managers do it for expediency or it is a true value change — that is the issue to be determined in future research. It would be interesting to find out whether: (A) expatriate managers changed their decision making related to ethical issues in a MNC setting as a function of the "sticks and carrots" in the new culture they found themselves in (Kohlberg's pre-conventional moral reasoning stages 1 and 2 – the most primitive ethics – as most business ethics is incentive-based, i.e., external to the individual) because it is more expedient (in other words, when in Rome do as the Romans do because it pays – costs are lower and benefits are greater – it is easier to do business); or (B) real changes may have taken place, i.e., expatriate managers changed their conventions and adopted some of the local values (Kohlberg's conventional moral reasoning stages 3 and 4) (when in Rome do like the Romans do because if one follows local cultural norms, then one is doing what most people consider to be right and such behavior is approved locally); or (C) as a result of their cross-cultural experiences expatriate managers may have decided to follow a more principled approach to ethics (Kohlberg's post-conventional moral reasoning stages 5 and 6) (when in Rome they decided to think for themselves as their home culture and the Roman (host) culture seem to be inadequate and have sent them looking for a more principled approach to ethics, in other words, they might have chosen to ignore the

"sticks and carrots", and might have even chosen not to follow local conventions, but decided to act according to universal principles of ethics because it is right to do so) (Falkenberg, 2004). As it has already been mentioned, this study has found that the expatriate managers' decision making related to ethical issues in a MNC setting in a given situation has changed, but it is not clear how "deep" that change is (i.e., A, B, or C).

Managerial implications. It has been pointed out earlier, although the Hunt & Vitell (1986, 1993, 2005, 2006) model specifically concerns marketing ethics, the model can be easily extended and generalized to apply to all business situations (Vitell et al., 1993). Having it in mind, this study has implications not only for marketing managers, but for managers in general. First, the study demonstrates that differences along the Hofstede (1980, 2001) cultural dimensions do in fact influence individual managers' perceptions of and judgments on ethical issues, sensitivity toward various stakeholder groups and their opinions — i.e., teleological aspect of decision making — as well as consideration of formal codes and informal norms of ethics — i.e., deontological part of decision making related to ethical issues.

Also, as pointed out by Singhapakdi et al. (1999), "a knowledge of the impact of culture on marketing decisions improves a firm's ability to design effective competitive strategies, negotiate international sales and, particularly in the case of multinationals, coordinate internal activities" (p. 458-459). Considering the growing number of companies that are moving into multinational marketing, and that ethical issues tend to increase as companies adopt such strategies, increased understanding of the role of culture in decision making related to ethical issues is paramount (Singhapakdi et al., 1999).

The above findings have important implications for the management of multinational corporations. Having in mind the fact that individual managerial decision making related to ethical issues differs across cultures, management should consider the consequences of ethical incongruence when developing staffing plans for its organization (Becker & Fritzsche, 1987b). Placing foreign managers in a culture which is incongruent with their values is likely to lead to strife within the facility as well as possible problems with customers, suppliers and government bodies. It may also result in illegal behavior (Becker & Fritzsche, 1987b).

MNCs should select their managers for their overseas assignments based not only on their technical and managerial skills, sense of mission, etc., but on their degree of cultural sensitivity and empathy which can be determined through relevant personality and psychometric tests (Forster, 2000).

The findings should also alert multinational corporations to the fact that more attention must be given to orienting new managers to the differing values in the foreign countries and the policies appropriate for the facilities in those countries through cross-cultural training. Many researchers have underlined the importance of cultural empathy and sensitivity in training courses for expatriates (Bochner, 1982; Brislin, 1981; Brislin et al., 1986; Forster, 2000; Mendenhall & Oddou, 1986; Tung, 1981). What may be assumed as common knowledge when transferring/allocating employees within a country may require special attention when transfers are made across cultures. Special attention should be given to familiarizing new employees from other countries with the formal codes and informal norms of ethics of the facility (Becker & Fritzsche, 1987b). For example, although multinational companies operating in uncertainty avoiding cultures can expect a high degree of loyalty from their employees, these companies must still be clear in presenting their policies and procedures regarding ethical behavior. Uncertainty avoiding individuals may be particularly frustrated and uncomfortable when placed in ambiguous situations, which may lead to questionable behaviors. Companies should provide clear and specific policies to better ensure ethical behavior. At the same time, companies operating in low power distance cultures might want to clearly delineate the lines of authority and discretion at each level in the organization, so that management's expectations are not misinterpreted (Blodgett et al., 2001).

The study could help individual companies that are operating in multinational markets to identify some of the inherent differences in the behavior of their different employee types (national vs. expatriates) across different cultures. It might also help in identifying those management actions that will most likely result in ethical behavior on the part of national and expatriate employees, management actions that may differ from culture to culture, from the one employee type to the other. For example, management may consider emphasizing formal codes of ethics in some countries/among particular employee types and more informal ones in other countries/among particular employee types.

Knowledge of cultural variations among national and expatriate managers from different cultures in individual decision making related to ethical issues can make international business persons more effective when dealing with subordinates, colleagues, and negotiating partners in foreign countries. Knowledge of cultural influence can also assist managers, at home and in operations abroad, in predicting ethical, political, social or economic issues that may greatly influence the multinational company. Thus, strategic decisions can be made more effective with the

results becoming more successful. This study supports the belief that managers in general and marketers in particular concerned with global ethical decision making must study national cultures. Differing reasoning in terms of ethical issues cannot be understood without understanding the cultural framework in which decisions are being made (Swaidan et al., 2008).

Moral implications. As it has been pointed out by Schlegelmilch & Robertson (1995), who performed a large-scale survey among senior executives in the U.S., the U.K., Germany, and Austria, and found out that perceptions of ethical issues varied by country, the study findings should not be interpreted as supportive of a cultural relativism argument. The fact that there *are* country differences in approaches to ethical issues does not necessarily mean that there *should* be country differences in ethical principles, nor that it is impossible to formulate universal principles of ethics. A lot of MNCs and their employees still operate either using the "sticks and carrots" approach/Kohlberg's pre-conventional morality or by following local conventions/Kohlberg's conventional morality. Not many MNCs strictly adhere to the principled ethics standards/Kohlberg's post-conventional morality (Falkenberg, 2004). However, what "is" should not be the determinant of what "ought to be" (Schlegelmilch & Robertson, 1995). Or, as it has been observed by Falkenberg (2004), although "conventional reasoning may be useful as moral guidance in jurisdictions with adequate background institutions, however, when in Rome, it may not be right to do what the Romans do if the local institutions allow feeding Christians to the lions" (p. 18). Studies like this one may lead businesspeople away from a strong reliance on the values in their own culture – to a more humble position – in that they may start questioning whether *their* values are ethical and therefore promoting flourishing lives for their stakeholders. As of now, it would be naïve to expect multinational corporations and individuals working for them to adhere to the principled ethics standards/Kohlberg's post-conventional morality as most current business practices seem to be incentive-based and thus external to the individual. However, in the future, multinationals could change their incentives so that they do indeed promote benign outcomes – better default decisions, like a duty to offer health insurance, to be honest when selling a car (mandatory guarantees), etc. – even if it is/may be difficult to accomplish on an international level as multinationals operate across different jurisdictions, some of which have inadequate institutions and open possibilities for behaviors which do not promote flourishing lives.

6.3 Limitations

The results of this study should be viewed cautiously due to certain limitations.

First of all, it should be noted that only the most popular English business ethics literature sources were reviewed in the study at hand, hence it is possible that similarly extended models had been introduced/tested before.

As it has been pointed out earlier in the thesis, while recognizing that there are many factors that can influence decision making related to ethical issues, since the primary objective of this study was to test *whether* and *how* different cultural dimensions impact on decision making related to ethical issues across different societies, the hypotheses presented and tested concerned only the influence of those particular major factors, that is, home and host country cultures. For example, as the majority of this study findings have shown, when one changes culture on the left side of the Hunt & Vitell (1986, 1993, 2005, 2006) model, — in all the boxes – then the perception of an ethical problem changes, too. Some cultures see problems in areas where other cultures see no problems. The perceived duties change from one culture to the next in a deontological analysis, too. The deontological norms change, depending on the culture: for example, does a person have a duty to consult his/her employees when certain changes are made in a hierarchical/high power distance culture? Cultural conventions may dictate that the person does/does not do certain things. One more example: in one culture the person might have a duty to help his/her daughter find a husband, while in another culture the person might have a duty to let his/her children to find their own spouses. In different cultures different duties are accepted as norms differently, therefore, an individual's deontological analysis might differ from one culture to the next. Also – the teleological evaluations change – the costs and the benefits associated with a decision as well as the perceived consequences (probabilities of consequences, desirability of consequences, and importance of stakeholders). First, in a jurisdiction where the laws are different (different mezzo institutions), there could be different costs/benefits associated with a certain decision (different tax code, different environmental laws, labor rights/costs, different consumer protection laws, etc.). Second, there may be different cultural conventions (different micro institutions) costs and benefits: if it is expected that a person involves affected parties in a decision, great costs can accrue if he/she fails to do so. In the end, the ethical judgment may be different, too, as well as intentions, and behavior. Regarding action control, if a person is in a hierarchical culture, that is, culture scoring high on power distance, he/she may be overruled after an ethical analysis. The actual consequences of a given behavior can also depend on the conventions of a given

culture – for example, a person can pay a bribe in some counties without fear of any adverse consequences. Considering one of the personal characteristics suggested by the Hunt & Vitell (1993) model – cognitive moral development (CMD) stage – and the findings of the related empirical studies (even if a weak link has been found in previous empirical studies between CMD and behavior), it is worth exploring further whether culture as a factor would affect an individual's decision making related to ethical issues if the individual is at stage 3 or 4 (conventional level) of his/her cognitive moral development. What if the individual's cognitive moral development is at post-conventional autonomous or principled level (stages 5 or 6) – would culture have the same effect on the individual's decision making related to ethical issues as it may have at the lower levels of cognitive moral development? Having said that, it is worth noting that many of the hypothesized relationships in the Hunt & Vitell (1986, 1993, 2005, 2006) model remain in need of further empirical testing (Hunt & Vitell, 1990, p. 261).

Also, although the majority of the differences between the groups investigated were statistically significant, they were not large substantively (except for the Japanese managers group). That is, as pointed out by Peterson et al. (2010), while many of the observed differences have theoretical importance, their practical or managerial importance must be considered when interpreting them or acting on them.

The finding that the Japanese managers' responses relatively largely differed from the answers provided by marketing managers from the other national groups might be due to a cultural, in this case, Western, bias. As observed by McDonald, "a problem in ethical studies common to all research is objectivity and concern about what personal values the researcher might bring to the research" (2000, p. 92). The instruments used in this study were developed mostly by Western researchers, so there might be a possibility that they may reflect "their culturally-informed interpretation of what is culturally relevant and significant" (McDonald, 2000, p. 93). Hofstede also noted that management theories cannot be considered culture-free as theorists and researchers are subject to cultural "mental programming" of their assumptions (Hofstede, 1993). Their value systems, perceptions and interpretations they make about different issues is shaped by the cultural conditioning (McDonald, 2000). At the same time, McDonald points out that cultural bias is more problematic in pure experimental designs, qualitative research and with the use of interviewing as data gathering method, which is not the case in the study at hand.

Another limitation of the study is the possibility of social desirability and demand effects. The findings may have been influenced by inquiring about ethics, a

subject with potentially socially desirable responses. The issue is a legitimate concern for all survey research involving ethics. However, the study at hand produced significant variance to be explained. Such findings imply that many subjects did not respond in a "socially desirable" manner, though all of them had the opportunity to do so.

Only one test of the model was conducted. For the model to be validated, several studies of different scenarios and different sample groups need to be conducted as well. Appropriate scenarios should be designed for use with different groups of marketing practitioners, and various scenarios should be used with each practitioner group since each experiences a variety of situations involving ethical issues.

Newer scenarios, reflecting more current practices, larger problems, and incorporating issues specific to international business (e.g., not hiring women, not paying taxes in certain countries, issues related to resource ownership), could have been used in this study. Some situations described in the scenarios used in this study might have had legal implications only in some countries, while in others the implications might have been only ethical, which might have affected the degree of the respondents' perception of and judgment on the issues described in the scenarios.

As due to the time resource limitations only a certain number of cultural groups could be surveyed in this study, it is inadequate to generalize the results on the relationship between the different stages of managerial decision making related to ethical issues and Hofstede's four cultural dimensions.

Due to the participating managers' reluctance to reveal in which MNC they worked at the time as they were concerned about preserving their anonymity, it was not possible to control for the effect of organizational culture.

Another limitation is the fact that the number of marketers in the sample sub-groups is relatively low. Although these numbers are adequate, a larger number of respondents would have been desirable.

6.4 Suggestions for future research

There are various opportunities for future research in this subject area.

As it is related to the topic of home and host country culture effect on managers' individual decision making process related to ethical issues in a MNC, the influence of home and host country culture on the organizational culture which then influences the individual could be addressed in future research as well.

Researchers might also compare and contrast findings across several industries. The basic design could be extended to other substantive areas in marketing, for example, marketing research.

Replicating the findings with other scenarios, other versions of the scenarios, or newer scenarios would be desirable, too.

Additionally, research that would examine the same aspects of individual decision making related to perceptions of and judgments on ethical issues of marketers from other, similar cultures is needed.

To avoid the cultural bias in intra- and inter-cultural research, when possible in terms of financial and time resources, researchers should utilize the knowledge base of local academics and managers in developing research instruments, as well as in pre-testing, administration, and interpretation of the research findings (McDonald, 2000).

It would also be interesting to look into how other important factors might affect different stages of managerial decision making related to ethical issues. In fact, as it has been mentioned earlier, some of the factors related to expatriate managers' experience in particular or individual characteristics in general had been operationalized in the present survey, however, due to the limited scope of the research, the decision to leave them out for future analysis was made. Hopefully, inclusion of these factors in the future empirical research will allow to reveal why hypotheses H7b and H15b could not be supported and why hypotheses H10 and H14 could be supported only partly at this time.

Having said that, to account for the fact that some expatriates may have served in several countries before serving in a current country, previous work experience abroad could be taken into consideration, too, as it does seem to facilitate the expatriate adjustment/acculturation process (Black, 1988; Black et al., 1991; Church, 1982). The respondents could be asked to indicate whether they previously worked and lived abroad and, if their answer was positive, they could be asked to indicate how long they had lived and worked abroad.

As suggested and used by Black (1988), Black et al. (1991), as well as by Bailey & Spicer (2007) in their empirical research, time spent with host nationals could be an influential factor as well. As pointed by Van Vianen et al. (2004) and Bailey & Spicer (2007), this dimension had been shown to relate to deep-level understandings of differences between countries. Van Vianen et al. (2004) noted that more included expatriates have deeper knowledge of cultural differences and stronger personal affiliation and commitments to host country actors than less included expatriates. Bailey & Spicer (2007) suggested that the differences in inclusion

therefore make it more likely that highly included expatriates express ethical attitudes similar to those of host country counterparts. Conversely, expatriates who are less included in a local community are more likely to fall back on the moral reasoning of their cultural heritage when faced with ethical dilemmas abroad (Bailey & Spicer, 2007). Therefore, the survey participants could be asked to indicate how much free time they spent with the foreign country nationals. A 7-point Likert type scale could be used for measurement (from 1= "never" to 7= "always").

According to Black et al. (1991), the first non-work factor that is important to international adjustment is culture novelty, or what Mendenhall & Oddou (1985) referred to as culture toughness. Some countries' cultures are more difficult to adapt to than others. Church (1982) referred to this phenomenon as cultural distance and noted that "empirical studies have generally supported this view" that the more culturally distant or different a host culture is from a person's own, the more difficult it is for him or her to adjust (p. 547; also Mendenhall & Oddou, 1985). Torbiörn (1982) noted that cultural novelty has its largest impact on expatriates during the first two years of their assignments (also pointed out by Van Vianen et al., 2004). After that, the impact of cultural novelty diminishes somewhat, therefore, length of stay in a host country/tenure in a MNC's subsidiary could also be included in future research among the factors having effect on individual decision making related to ethical issues in a MNC. The respondents could be asked to indicate how long (in number of years) they lived and worked in the host country at the time.

Knowledge of the host country language can also influence expatriate managers' adjustment to the host country culture and the way they make decisions involving ethical issues. In the first case, the respondents could be asked to indicate whether they speak the language of the foreign country they live and work in. If their answer was positive, the respondents could also be asked to indicate the level of their foreign country language knowledge by marking an appropriate description of the foreign language knowledge level based on The Common European Framework of Reference (CEF) which was developed by the Council of Europe in order to set clear, attainable standards at different levels of language learning for European languages.

Marital status of respondents could also be taken into consideration. Respondents could be asked to indicate whether they are single, divorced, widowed, married to/cohabit with a person who was born in their home country, or whether they are married to/cohabit with a person who was born in the foreign country they live and work in at the time. Many times, having a spouse who was raised in the host country accelerates the expatriate adjustment/acculturation process.

According to Hunt & Vitell (1991), "unquestionably, an individual's personal religion influences ethical decision making. A priori, compared with nonreligious people, one might suspect that the highly religious people would have more clearly defined deontological norms and that such norms would play a stronger role in ethical judgments" (p. 780). Religiosity is one of the factors that have been found to have an effect on decision making process related to ethical issues (Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005). As pointed out by Schlegelmilch & Öberseder (2010) in their 1960-2008 marketing ethics literature review, such an emerging theme as marketing ethics and religion is worth investigating (p. 12). In terms of operationalizing "religiosity", as Peterson et al. (2010) did, the respondents could be asked to indicate their degree of religiosity by choosing one of the three statements provided that reflected it the best ("I am very religious", "I am somewhat religious", and "I am not so religious").

As suggested by Hunt & Vitell (1993), one of the personal characteristics, that is, individual's value system, in particular organizational commitment is another influential variable in their model (Cullen et al., 2003; Ho et al., 1997; Hunt et al., 1989). Scholarly works on organizational commitment are numerous (see Randall, 1987). Though reviews reveal more than 30 different forms of work commitment, they also show that each form can be relatively stable over time (Morrow, 1983). Similarly, though definitions of organizational commitment abound, a common theme in most of them is that committed individuals tend to identify with the objectives and goals of their organizations and want to remain with their organizations (Buchanan 1974; Hrebiniak & Alutto, 1972). Thus, organizational commitment has been described as a "psychological bond" to the organization that influences individuals to act in ways consistent with the interests of the organization (Mowday & McDade, 1979; Porter, Mowday, & Boulin, 1974). However, Hunt & Vitell (1991) suggest that it is possible that individuals exhibiting high organizational commitment will then place such great importance on the welfare of the organization that they may engage in questionable behavior if such behavior were thought to be beneficial to the organization. Commitment of marketing managers to their organization can be measured on 4-item scales developed by Hunt et al. (1985) that have a 7-point Likert format (from 1 ="strongly agree" to 7 = "strongly disagree"). The scale is drawn from previous definitions and research in this area (Alutto et al., 1973; Becker, 1960; Buchanan, 1974) and captures the strength of intentions to remain with and psychological bonds to the organization, given attractive incentives to change companies, such as higher pay, more creative freedom, more job status, and friendlier working environment.

Goolsby & Hunt (1992) see Kohlberg's (1969) cognitive moral development (CMD) theory as a precursor to Hunt & Vitell's (1986) deontological and teleological evaluations in that "ethical judgments" are formed by individuals applying "deontological norms" and evaluating the "desirability of consequences," "probabilities of consequences," and "importance of stakeholders" whom the consequences affect. Cognitive moral development suggests a key individual characteristic influencing the ability of people to process the multiple norms and consequences effectively to reach an appropriate ethical judgment (Goolsby & Hunt, 1992).

Keeping the previously presented speculation that depending on the stage of an individual's cognitive moral development, culture might or might not have an effect on various stages of his/her decision making related for ethical issues in a MNC, a prioritized agenda for future research which the author of this thesis would like to pursue in the future would be to test it empirically whether that is the case.

In the previous studies on cognitive moral development, to measure the level or "stage" of CMD, subjects were asked to respond to a set of standardized scenarios, each presenting a different ethical dilemma. Subjects then are queried about the proper course of action for the central character in the scenario and why they chose that action. Originally, Kohlberg used a complicated, in-depth personal interview procedure (Kohlberg, 1984, p. 393-425). In the late 1970s, the Defining Issues Test (DIT) (Rest, 1986a) was developed as a simpler, more reliable procedure. In Rest's procedure, subjects are asked to reveal which statements (called "defining issues") in a group of stage-prototypical statements were most important for determining their ethical judgment about each dilemma. Because of the DIT's uniform nature and objective determination of indices, cross-group comparisons are widely available from the literature's 500-plus studies in which the DIT has been used. Rest's DIT is considered to be the most reliable, valid measurement device for studying cognitive moral development (Goolsby & Hunt, 1992). Respondents read a short dilemma and rate the importance (on a 5-point scale from "great importance" to "no importance") of each of 12 issues in determining their preferred course of action. Each of the 12 statements represents prototypical statements endorsed by individuals at different stages of moral development. Individuals who endorse statements representing a certain stage of CMD are inferred to be at that level of CMD. After rating the prototypical statements, respondents rank the four stage-prototypical statements they believe were most important in determining each ethical judgment. Two indices from the DIT are used in analyses, P score and M score. The M index, for meaningless, is a

reliability check to detect non-thoughtful respondents. Individuals endorsing meaningless items contained in the DIT are considered to be non-thoughtful and are removed. The P score is an index representing the relative importance given to principled (stages 5 and 6) considerations in determining an ethical judgment, that is, the percent of the respondent's propensity to use level five or six reasoning. When a respondent includes a statement reflecting principled reasoning in the four most important statements, a weighted (on the basis of importance rank) score is assigned. The P score represents the percentage of total possible scores (0 to 95) assigned to stage 5 and 6 statements, with higher scores indicating a higher level of CMD. Two versions of the DIT are available, one containing six scenarios and the other a subset of three.

The last chapter of the thesis summarized the main findings of the study. It also discussed theoretical, managerial, and moral implications of the study findings. Based on the study findings, an overall contribution of this study was presented via a refined model of individual decision making related to ethical issues in a MNC. Limitations of the study (sample shortcomings, the need for replication, the cultural bias inherent in the scales used and domains studied, etc.) were discussed. Suggestions for future research were given (other control variables, different measures of cultural norms, different country settings, etc.). A customized, prioritized agenda for future research that this researcher would like to pursue was addressed, too.

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Appendix 1. Empirical studies testing some of the variables introduced in the models[13]

Empirical studies	***Variable(s) measured, sample, scale(s) used***									
Author(s), publication date, and source	***Deontological norms***	***Importance of stakeholders***	***Judgment***	***Organizational environment (informal norms and formal codes)***	***Personal characteristics (religion, value system, belief system, strength of moral character, CMD, ethical sensitivity)***	***Cultural environment***	***Professional environment (informal norms and formal codes)***	***Industry environment (informal norms and formal codes)***	***Perception of ethical problem***	***Perceived consequences***
Pressley & Blevins (1984), *Journal of Business Ethics*	Sample—students. Scale—ethics/morality: their relationship to business career advancement.									
Mayo & Marks (1990), *Journal of the Academy of Marketing Science*	Sample—marketing researchers. Scale—deontological norms.		Sample—marketing managers. Scale—ethical judgment (1 item).							
Donoho, Polonsky, Roberts, & Cohen	Sample—students taking business courses in		Sample—students taking business							

[13] Based on Vitell & Ho (1997), *Journal of Marketing* (1981-1993), *Journal of Marketing Research* (1981-1993), *Journal of the Academy of Marketing Science* (1981-1993), *Journal of Macromarketing* (1981-1993), *Journal of Business Ethics* (1982-1993), and *Business and Professional Ethics Journal* (1983-Summer 1993) and the author's own review of more recent empirical studies testing various parts of the Hunt & Vitell (1986, 1993) model. According to Vitell & Ho (1997), until 1993, no scales were discovered that are designed to measure the cultural environment, the professional environment, the industry environment, perceptions of ethical problems, perceived consequences, perceived alternatives, the probability of consequences, action control, or actual consequences.

(2001), *Asia Pacific Journal of Marketing*	Netherlands, Australia, Canada, and US. Scale—social values as a measure of deontological norms (the values violated in the sales scenario).		courses in Netherlands, Australia, Canada, and US. Scale—ethical judgment (1 item).							
Singhapakdi & Vitell (1991), *Journal of the Academy of Marketing Science*	Sample—professional marketers. Scale—deontological norms.									
Vitell, Rallapalli, & Singhapakdi (1993), *Journal of the Academy of Marketing Science*	Sample—professional marketers. Scale—marketing-related norms (price and distribution norms; information and contract norms; product and promotion norms; obligation and disclosure norms; general honesty and integrity norms).									

Vitell & Singhapakdi (1991), *Business & Professional Ethics Journal*		Sample—business school alumni and marketing professionals. Scale—measures 4 different groups of stakeholders: self, organizational, client, and peer.								
Hunt & Vasquez-Parraga (1993), *Journal of Marketing Research*			Sample—sales and marketing managers. Scale—ethical judgment (1 item).							
Dubinsky & Ingram (1984), *Journal of Business Ethics*				Sample—sales people. Scale—ethical conflict (role conflict, role ambiguity, job tenure, educational level, major source of income, intensity of competition) of salespeople (adapted from						

				Dubinsky, 1980).						
Hunt, Chonko, & Wilcox (1984), *Journal of Marketing Research*				Sample—marketing research professionals. Scale—top management action scale, ethical problem scale.						
Zahra & LaTour (1987), *Journal of Business Ethics*				Sample—students. Scale—corporate social responsibility (8 dimensions—CSR viewed as a multidimensional construct) and organizational effectiveness (3 dimensions).						
Ferrell & Skinner (1988), *Journal of Marketing Research*				Sample—marketing research professionals. Scale—organizational environment (adapted from John, 1984).						
Finn, Chonko, & Hunt (1988), *Journal of Business*				Sample—accounting professionals. Scale—top management						

Ethics				action on unethical behavior.						
Hunt, Wood, & Chonko (1989), *Journal of Marketing*				Sample—sales, product, marketing research managers and advertising agency executives. Scale—corporate ethical values.	Sample—sales, product, marketing research managers and advertising agency executives. Scale—organizational commitment as one of the personal characteristics' variables (4 items).					
Akaah & Riordan (1990), *Journal of the Academy of Marketing Science*				Sample—marketing research professionals. Scale—top management actions (adapted from Hunt, Chonko, and Wilcox, 1984), ethical problems scale, code of ethics.						
Vitell & Davis (1990a, b), *Journal of Business Ethics*				Sample—management information systems (MIS) professionals. Scale—top management						

				action scale (adapted from Hunt et al., 1984), ethical optimism scale.						
Akaah (1993), *Journal of the Academy of Marketing Science*				Sample—marketing research professionals. Scale—organizational culture: bureaucratic, innovative, supportive.						
Elm & Nichols (1993), *Journal of Business Ethics*				Sample—middle managers. Scale—ethical climate (adapted from Victor and Cullen, 1988): Utilitarian, egoistic, principled climate.						
Hunt & Chonko (1984), *Journal of Marketing*					Sample—marketing practitioners. Scale—satisfaction (with information, with variety and freedom, with ability to complete tasks, with pay					

					and security)					
Abbasi & Hollman (1987), *Journal of Business Ethics*					Sample—public managers. Scale—personal value questionnaire (adapted from England, 1967)					
Vitell, Lumpkin, & Rawwas (1991), *Journal of Business Ethics*					Sample—elderly consumers. Scale—preferred ethical ideologies (idealism, relativism, measured using the Ethics Position Questionnaire (EPQ)); Machiavellianism measured using the MACH IV scales (Christie and Geis, 1970). 4 ethical ideologies in total.					
Goolsby & Hunt (1992), *Journal of Marketing*					Sample—American Marketing Association members.					

					Scales—Social Responsibility Attitude Scale (Hunt, Kiecker, and Chonko, 1990); and Rest's Defining Issues Test to measure CMD.					
Lu, Rose, & Blodgett (1999), *Journal of Business Ethics*	Sample—Taiwanese and American life and health insurance salespersons. Scale—based on an international insurance industry code of ethics. Operationalized as the extent to which respondents agreed with an international code of ethics of life and health insurance associations (8 items).	Sample—Taiwanese and American life and health insurance salespersons. Scale—based on Hunt and Vitell (1993) (6 items)				Sample—Taiwanese and American life and health insurance salespersons. Scale—power distance with items from Hofstede's (1984) Power Distance Scale and Gordon's (1976) Greater Conformity Scale. Uncertainty avoidance—Hofstede (1984), Nortong (1975), Voich (1995), and Budner (1962).				

						Individualism—Hofstede (1984), Triandis et al. (1988), Voich (1995), Yamaguchi (1994). Masculinity—Hofstede (1984), Voice (1995). Confucian dynamism—items from Chinese Culture Connection (1987) study and Schwartz (1992).				
Blodgett, Lu, Rose, & Vitell (2001), *Journal of the Academy of Marketing Science*		Sample—Taiwanese and American life and health insurance salespersons. Scale—measuring ethical sensitivity towards 4 stakeholder (ESS as the dependent variable) groups:				Sample—Taiwanese and American life and health insurance salespersons Scale—multiple-item scales, based on Hofstede's cultural dimensions: power distance (Hofstede (1984), Gordon (1976)),				

		one's company, customers, competitors, colleagues. ESS measured by 3-item scales: $ESS_{company,}$ $ESS_{customer,}$ $ESS_{competitor,}$ $ESS_{colleague.}$ 4 scenarios were used.				uncertainty avoidance (Hofstede (1984), Norton (1975), Voich (1995), Budner (1962)), individualism / collectivism (Hofstede (1984), Triandis, Bontempo, Villareal, Asai, and Lucca (1988), Voich (1995), Yamaguchi (1994)), and masculinity (Hofstede (1984), Voich (1995)). 4 scenarios used.				
Menguc (1998), *Journal of Business Ethics* (replicated Hunt & Vasquez-Parraga, 1993)			Sample—Turkish (vs. American) sales and marketing managers. 8 treatment scenarios							

			were used. Scale—ethical judgment (1 item).							
Vitell, Singhapakdi, & Thomas (2001), *The Journal of Consumer Marketing*			3 studies used 2 samples—students in marketing classes for study 1 and 2, and adult consumers for study 3. Scale—ethical judgment (1 item).							
Burns & Kiecker (1995), *The Journal of the American Taxation Association*									Sample—tax accountants. 2 tax scenarios (4 versions) used.	
Armstrong & Sweeney (1994), *Journal of Business Ethics*						Sample—Australian and Hong Kong international managers. Scale—			Sample—Australian and Hong Kong international managers.	

						culture measured on simple nominal scale, based on the respondents' country of origin.			Scale—(adapted from Armstrong, 1991) a list of 10 ethical problems, respondents were asked to reply how often they occur in the country, industry, organization.	
Armstrong (1996), *Journal of Business Ethics*						Sample—MBA students in Australia, Singapore, and Malaysia. Scale—cultural dimensions: Individualism, Uncertainty Avoidance, Power Distance, Masculinity.			Sample—MBA students in Australia, Singapore, and Malaysia. Scale—ethical perceptions were operationalized by summing the importance ratings across the 10 ethical problems	

									for each respondent. The Ethical Score was used.	
Singhapakdi, Higgs-Kleyn, & Rao (1999), *International Marketing Review*				Sample—American and South African marketers. Scale—Forsyth's (1980) Ethics Position Questionnaire (strong adherence to formal and informal organizational norms seen as consistent with higher levels of idealism and lower levels of relativism). The corporate ethical values (CEV) scale used by Hunt et al. (1989). It reflects a composite of the individual ethical values of managers and both formal and informal policies on			Sample—American and South African marketers. Scale—Forsyth's (1980) Ethics Position Questionnaire (strong adherence to formal and informal professional norms seen as consistent with higher levels of idealism and lower levels of relativism).	Sample—American and South African marketers. Scale—Forsyth's (1980) Ethics Position Questionnaire (strong adherence to formal and informal industry norms seen as consistent with higher levels of idealism and lower levels of relativism).	Sample—American and South African marketers. Scale—4 marketing scenarios (by Dornoff and Tankersley, 1975; Reidenbach et al., 1991) used. Respondents asked whether the situation in each scenario involved an ethical issue.	

				ethics of the organization.						
Rallapalli, Vitell, & Barnes (1998), *Journal of Business Research*	Sample—U.S. marketing practitioners. Scale—marketers' norms scale (used by Vitell, Rallapalli, and Singhapakdi, 1993), consisting of 25 items and 5 dimensions.			Sample—U.S. marketing practitioners. Scale—respondents were asked about the existence and enforcement of a code of ethics within the organization.			Sample—U.S. marketing practitioners. Scale—a 2-item measure—existence of a professional code of ethics and strict enforceability of the professional code.		Sample—U.S. marketing practitioners. Scale—for the scenario respondents were asked to answer on a 7-point Likert-type-scale, whether the situation described had an ethical problem.	
Singhapakdi, Vitell, & Leelakulthanit (1994), *International Marketing Review*			Sample—American and Thai marketers. Scale—4 marketing scenarios by Dornoff and Tankersley (1975).						Sample—American and Thai marketers. Scale—4 marketing scenarios by Dornoff and Tankersley (1975).	
Sarwono & Armstrong (2001),					Sample—Javanese, Batak, and				Sample—Javanese, Batak, and	

Journal of Business Ethics					Indonesian-Chinese marketing managers (i.e., ethnic microcultural groups in Indonesia). Scale—Economic value orientation, Political value orientation, and Religious value orientation (used by Hegarty and Sims, 1978, 1979; and instrument developed by Allport et al., 1960)).				Indonesian-Chinese marketing managers (i.e., ethnic microcultural groups in Indonesia). Scale—4 business scenarios containing ethical dilemmas (1—from Hunt and Vitell, 1986; 3 others—from Dornoff and Tankersley (1975). The respondents were asked to express their perceived agreement/disagreement to 6 statements in each scenario.	

Cherry, Lee, & Chien (2003), *Journal of Business Ethics*									Sample—US marketing managers and Taiwan business practitioners. Scale—1 item measuring perception of ethical issue described in a scenario (asking the respondents whether the scenario presents an ethical issue).	
Nyaw & Ng (1994), *Journal of Business Ethics*		Sample—business students from Canada, Japan, Hong Kong, Taiwan. Scale—14 vignettes by Waters et al. (1986), modified by Miller								

		(1991). Each vignette deals with an ethical dilemma related to one of the 5 stakeholders under consideratio n.								

Source: The author.

Appendix 2. Hypotheses according to country of work (home or/and host)

	Americans	Japanese	Norwegians	French
USA	***Americans in the U.S.:*** **H1a:** will be less likely to take into consideration informal professional, industry, and organizational norms of ethics when deciding whether behavior would be right or wrong than Japanese in Japan. **H2a**: will be less likely to take into consideration formal professional, industry, and organizational norms of ethics when deciding whether behavior would be right or wrong than Japanese in Japan. **H3a:** will be more likely to consider themselves as more important stakeholders than owners/stockholders and other employees than Japanese in Japan. **H5a**: will be more likely to take into consideration their fellow employees' opinion on ethical issues than French in France. **H7a:** will be more likely to consider informal professional, industry and organizational norms as more important than formal codes of ethics when deciding whether behavior would be inherently right or wrong than French in France. **H13a:** will be more likely to consider themselves as more important stakeholders than the company owners/stockholders and other employees as compared to Japanese in Japan. **H14a:** will be less likely to perceive ethical problems than Norwegians in Norway. **H15a:** will be less sensitive in their judgments on ethical issues than Norwegians in Norway. **H16a**: will be less likely to be influenced by formal professional, industry, and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Norwegians in Norway.	***Japanese in the U.S.:*** **H4b:** will be less likely to consider company owners/stockholders and other employees as more important stakeholders than themselves than Japanese in Japan. **H9b:** will be less likely to consider formal professional, industry and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Japanese in Japan. **H10b:** will be more likely to perceive ethical problems than Japanese in Japan. **H11b**: will be more sensitive in their judgments on ethical issues than Japanese in Japan. **H12b**: will be less likely to consider the company owners/stockholders and other employees as more important stakeholders than themselves as compared to Japanese in Japan.	***Norwegians in the U.S.:*** **NA**	***French in the U.S.:*** **H6b:** will be less likely to take into consideration their superiors' opinion on ethical issues than French France. **H8b:** will be less likely to consider formal professional, industry and organizational codes of ethics as more important than informal norms when deciding whether a certain behavior would be inherently right or wrong than French in France.
Japan	***Americans in Japan:*** **H1b:** will be more likely to take into consideration informal professional, industry, and organizational norms when deciding whether behavior would be right or wrong than Americans in USA. **H2b:** will be more likely to take into account formal professional, industry, and organizational codes of ethics when deciding whether behavior would be right or wrong than Americans in USA. **H3b:** will be less likely to consider themselves as	***Japanese in Japan:*** **H4a**: will be more likely to consider company owners/stockholders and other employees as more important stakeholders than Americans in USA. **H9a:** will be more likely to consider formal professional, industry and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than	***Norwegians in Japan:*** **NA**	***French in Japan:*** **NA**

	more important stakeholders than owners/stockholders and other employees than Americans in USA. **H13b:** will be less likely to consider themselves as more important stakeholders than the company owners/stockholders and other employees than Americans in the USA.	Americans in the USA. **H10a**: will be less likely to perceive ethical problems than Americans in the USA. **H11a:** will be less sensitive in their judgments on ethical issues than Americans in the USA. **H12a:** will be more likely to consider the company owners/stockholders and other employees as more important stakeholders than themselves as compared to Americans in the USA.		
Norway	***Americans in Norway:*** **H14b:** will be more likely to perceive ethical problems than Americans in the USA. **H15b**: will be more sensitive in their judgments on ethical issues than Americans in the USA. **H16b:** will be more likely to be influenced by formal professional, industry, and organizational codes of ethics when deciding whether a certain behavior would be inherently right or wrong than Americans in the USA.	***Japanese in Norway:*** **NA**	***Norwegians in Norway:*** **NA**	***French in Norway:*** **NA**
France	***Americans in France:*** **H5b:** will be less likely to take into consideration their fellow employees' opinion on ethical issues than Americans in the USA. **H7b:** will be less likely to consider informal professional, industry and organizational norms of ethics than formal codes of ethics when deciding whether behavior would be inherently right or wrong than Americans in the USA.	***Japanese in France:*** **NA**	***Norwegians in France:*** **NA**	***French in France:*** **H6a:** will be more likely to take into consideration their superiors' opinion on ethical issue than Americans in the USA. **H8a:** will be more likely to consider formal professional, industry, and organizational codes of ethics than informal norms of ethics when deciding whether a certain behavior would be inherently right or wrong than Americans in the USA.

Source: The author.

Appendix 3. Hofstede's country scores on the related cultural dimensions

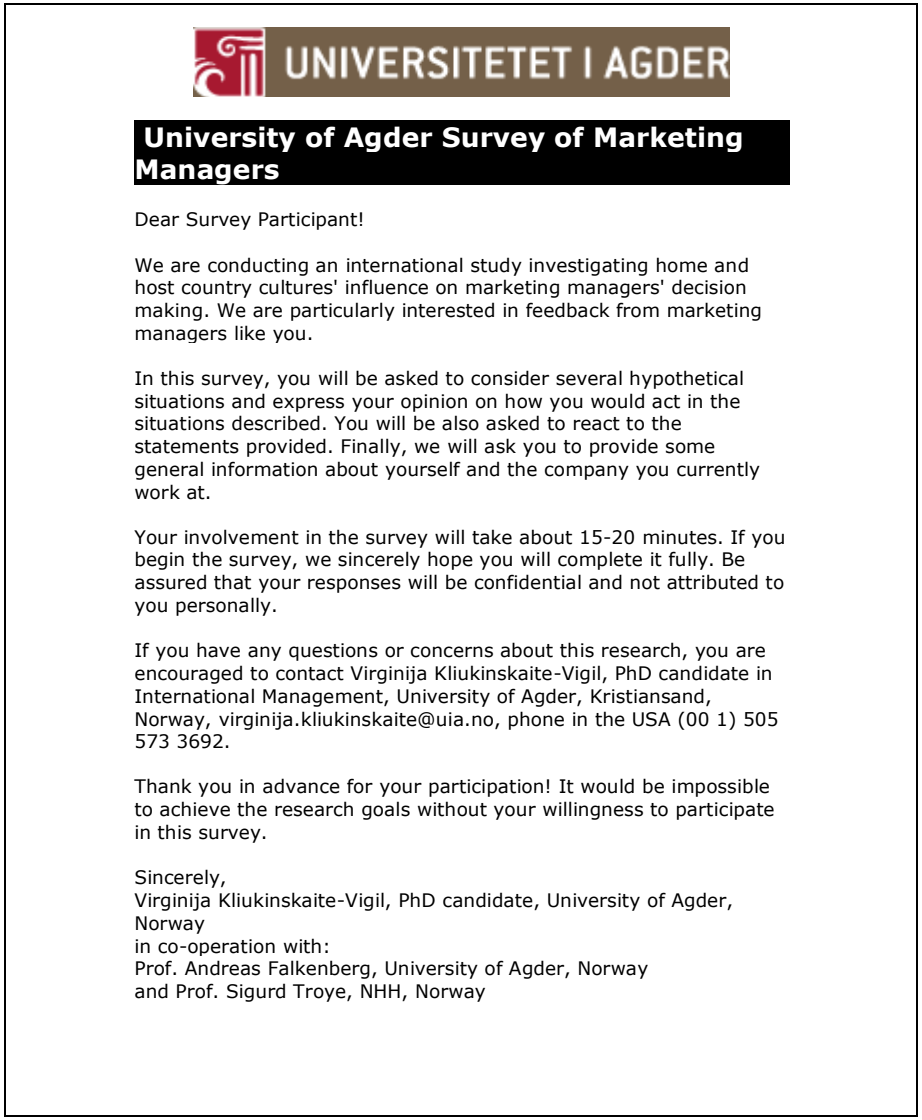
Country	*IND*	*Country*	*PDI*	*Country*	*MAS*	*Country*	*UAI*
United States	**91**	Malaysia	104	Japan	95	Greece	112
Australia	90	Guatemala	95	Hungary	88	Portugal	104
United Kingdom	89	Panama	95	Austria	79	Guatemala	101
Netherlands	80	Philippines	94	Venezuela	73	Uruguay	100
New Zealand	79	Mexico	81	Italy	70	Belgium	94
Italy	76	Venezuela	81	Switzerland	70	El Salvador	94
Belgium	75	China	80	Mexico	69	Poland	93
Denmark	74	Egypt	80	Ireland	68	**Japan**	**92**
France	71	Iraq	80	Jamaica	68	Peru	87
Sweden	71	Kuwait	80	China	66	Argentina	86
Ireland	70	Lebanon	80	Germany	66	Chile	86
Norway	69	Libya	80	United Kingdom	66	Costa Rica	86
Switzerland	68	Saudi Arabia	80	Colombia	64	France	86
Germany	67	United Arab Emirates	80	Philippines	64	Panama	86
South Africa	65	Ecuador	78	Poland	64	Spain	86
Finland	63	Indonesia	78	Ecuador	63	South Korea	85
Poland	60	Ghana	77	South Africa	63	Turkey	85
Czech Republic	58	India	77	**United States**	**62**	Hungary	82
Austria	55	Nigeria	77	Australia	61	Mexico	82
Hungary	55	Sierra Leone	77	New Zealand	58	Israel	81
Israel	54	Singapore	74	Czech Republic	57	Colombia	80
Spain	51	Brazil	69	Greece	57	Brazil	76
India	48	**France**	**68**	Hong Kong	57	Venezuela	76
Argentina	46	Hong Kong	68	Argentina	56	Italy	75
Japan	**46**	Poland	68	India	56	Czech Republic	74
Iran	41	Colombia	67	Belgium	54	Austria	70
Jamaica	39	El Salvador	66	Egypt	52	Pakistan	70
Brazil	38	Turkey	66	Iraq	52	Taiwan	69
Egypt	38	Belgium	65	Kuwait	52	Egypt	68
Iraq	38	Ethiopia	64	Lebanon	52	Iraq	68
Kuwait	38	Kenya	64	Libya	52	Kuwait	68
Lebanon	38	Peru	64	Saudi Arabia	52	Lebanon	68
Libya	38	Tanzania	64	United Arab Emirates	52	Libya	68

Saudi Arabia	38	Thailand	64	Malaysia	50	Saudi Arabia	68
United Arab Emirates	38	Zambia	64	Pakistan	50	United Arab Emirates	68
Turkey	37	Chile	63	Brazil	49	Ecuador	67
Uruguay	36	Portugal	63	Singapore	48	Germany	65
Greece	35	Uruguay	61	Israel	47	Thailand	64
Philippines	32	Greece	60	Ghana	46	Finland	59
Mexico	30	South Korea	60	Indonesia	46	Iran	59
Ethiopia	27	Iran	58	Nigeria	46	Switzerland	58
Kenya	27	Taiwan	58	Sierra Leone	46	Ghana	54
Portugal	27	Czech Republic	57	Taiwan	45	Nigeria	54
Tanzania	27	Spain	57	Turkey	45	Sierra Leone	54
Zambia	27	Pakistan	55	Panama	44	Netherlands	53
Malaysia	26	Japan	54	France	43	Ethiopia	52
Hong Kong	25	Italy	50	Iran	43	Kenya	52
Chile	23	Argentina	49	Peru	42	Tanzania	52
China	20	South Africa	49	Spain	42	Zambia	52
Ghana	20	Hungary	46	Ethiopia	41	Australia	51
Nigeria	20	Jamaica	45	Kenya	41	Norway	50
Sierra Leone	20	**United States**	**40**	Tanzania	41	New Zealand	49
Singapore	20	Netherlands	38	Zambia	41	South Africa	49
Thailand	20	Australia	36	El Salvador	40	Indonesia	48
El Salvador	19	Costa Rica	35	South Korea	39	**United States**	**46**
South Korea	18	Germany	35	Uruguay	38	Philippines	44
Taiwan	17	United Kingdom	35	Guatemala	37	China	40
Peru	16	Switzerland	34	Thailand	34	India	40
Costa Rica	15	Finland	33	Portugal	31	Malaysia	36
Indonesia	14	Norway	31	Chile	28	Ireland	35
Pakistan	14	Sweden	31	Finland	26	United Kingdom	35
Colombia	13	Ireland	28	Costa Rica	21	Hong Kong	29
Venezuela	12	New Zealand	22	Denmark	16	Sweden	29
Panama	11	Denmark	18	Netherlands	14	Denmark	23
Ecuador	8	Israel	13	**Norway**	**8**	Jamaica	13
Guatemala	6	Austria	11	Sweden	5	Singapore	8

1-20	21-40	41-60	61-80	81-100	101-120

Source: The author, based on Hofstede's (1980) study findings.

Appendix 4. Questionnaire used in the present study



UNIVERSITETET I AGDER

University of Agder Survey of Marketing Managers

Dear Survey Participant!

We are conducting an international study investigating home and host country cultures' influence on marketing managers' decision making. We are particularly interested in feedback from marketing managers like you.

In this survey, you will be asked to consider several hypothetical situations and express your opinion on how you would act in the situations described. You will be also asked to react to the statements provided. Finally, we will ask you to provide some general information about yourself and the company you currently work at.

Your involvement in the survey will take about 15-20 minutes. If you begin the survey, we sincerely hope you will complete it fully. Be assured that your responses will be confidential and not attributed to you personally.

If you have any questions or concerns about this research, you are encouraged to contact Virginija Kliukinskaite-Vigil, PhD candidate in International Management, University of Agder, Kristiansand, Norway, virginija.kliukinskaite@uia.no, phone in the USA (00 1) 505 573 3692.

Thank you in advance for your participation! It would be impossible to achieve the research goals without your willingness to participate in this survey.

Sincerely,
Virginija Kliukinskaite-Vigil, PhD candidate, University of Agder, Norway
in co-operation with:
Prof. Andreas Falkenberg, University of Agder, Norway
and Prof. Sigurd Troye, NHH, Norway

*** Please indicate the extent of your disagreement or agreement with the following statements by choosing the corresponding number 1 through 7:**

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
a) Group welfare is more important than individual rewards.		○	○	○	○	○	○
b) Managers should make most decisions without consulting subordinates.	○	○	○	○	○	○	○
c) It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do.	○	○	○	○	○	○	○
d) Meetings are usually run more effectively when they are chaired by a man.	○	○	○	○	○	○	○
e) Group success is more important than individual success.	○	○	○	○	○	○	○
f) It is frequently necessary for a manager to use authority and power when dealing with	○	○	○	○	○	○	○

subordinates.

g) Managers expect employees to closely follow instructions and procedures.							
h) It is more important for men to have a professional career than it is for women to have a professional career.							
i) Being accepted by members of your work group is very important.							
j) Managers should seldom ask for the opinions of employees.							
k) Rules and regulations are important because they inform employees what the organization expects of them.							

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
l) Men usually solve problems with logical analysis; women usually							

solve problems with intuition.							
m) Employees should only pursue their goals after considering the welfare of the group.							
n) Managers should avoid off-the-job social contacts with employees.							
o) Standard operating procedures are helpful to employees on the job.							
p) Solving organizational problems requires an active forcible approach which is typical of men.							
q) Managers should encourage group loyalty even if individual goals suffer.							
r) Employees should NOT disagree with management decisions.							

s) Instructions for operations are important for employees on the job.							
t) It is preferable to have a man in high level position rather than a woman.							
u) Individuals may be expected to give up their goals in order to benefit group success.							
v) Managers should NOT delegate important tasks to employees.							

Please read the following hypothetical situation and choose one answer that reflects your opinion the best:

SCENARIO A: An automobile salesman is told by a customer that a serious engine problem exists with a trade-in. However, because of his desire to make the sale, he does not inform the used car appraiser at the dealership, and the problem is not identified.

ACTION: The salesman closes the deal that includes the trade-in.

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
The SCENARIO A presents an ethical issue:							
Express your disagreement or agreement with the ACTION described above:							

Please read the following hypothetical situation and choose one answer that reflects your opinion the best:

SCENARIO B: A young man, recently hired as a salesman for a local retail store, has been working very hard to favorably impress his boss with his selling ability. At times, this young man, anxious for an order, has been a little over-eager. To get the order, he exaggerates the value of the item or withholds relevant information concerning the product he is trying to sell. No fraud or deceit is intended by his actions, he is simply over-eager.

ACTION: The owner of the retail store is aware of this salesman's actions, but has done nothing to stop such practice.

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
The SCENARIO B presents an ethical issue:							
Express your disagreement or agreement with the ACTION described above:							

Please read the following hypothetical situation and choose one answer that reflects your opinion the best:

SCENARIO C: Sets of a well-known brand of "good" china dinnerware are advertised on sale at a considerable discount by a local retailer. Several patterns of a typical 45-piece service for eight are listed. The customer may also buy any "odd" pieces which are available in stock (for instance, a butter dish, a gravy bowl, etc.). The ad does not indicate, however, that these patterns have been discontinued by the manufacturer.

ACTION: The retailer offers this information only if the customer directly asks if the merchandise is discontinued.

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
The SCENARIO C presents an ethical issue:							
Express your disagreement or agreement with the ACTION							

described above:

Please read the following hypothetical situation and choose one answer that reflects your opinion the best:

SCENARIO D: A person bought a new car from a franchised automobile dealership in the local area. Eight months after the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months he continually had a similar problem with the transmission slipping. Each time the dealer made only minor adjustments on the car. Again, during the 13th month after the car had been bought, the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.

ACTION: Since the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts and labor.

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
The SCENARIO D presents an ethical issue:	○	○	○	○	○	○	○
Express your disagreement or agreement with the ACTION described above:	○	○	○	○	○	○	○

*** Which ONE of the two would you consider as more important when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong?**

○ INFORMAL (unwritten) professional, industry, and organizational norms of ethics?

○ FORMAL (written) professional, industry, and organizational codes of conduct?

*** When faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong, how likely are you to take into consideration...**

	1 Extremely likely	2	3	4	5	6	7 Extremely unlikely
...INFORMAL (unwritten) professional, industry, and organizational norms of ethics?	◉	○	○	○	○	○	○
...FORMAL (written) professional, industry, and organizational codes of ethics?	○	○	○	○	○	○	○

*** Is there a formal, written code of ethics in your company?**

- ○ Yes
- ○ No
- ○ I don't know

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Is there a formal, written code of ethics in your company? - Yes

*** Does the company management strictly enforce the company codes of conduct? (that is, punishes unethical behavior and/or rewards ethical behavior)?**

- ○ 1 Not strictly enforces
- ○ 2
- ○ 3
- ○ 4

5

6

7 Very strictly enforces

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Is there a formal, written code of ethics in your company? - Yes

*** How likely are you to consider your company codes of ethics when faced with an ethical issue and deciding whether a certain behavior would be inherently right or wrong?**

1 Extremely likely

2

3

4

5

6

7 Extremely unlikely

*** Choose one answer that reflects your situation:**

	1 Extremely likely	2	3	4	5	6	7 Extremely unlikely
a) I would often place MY OWN personal interests above my COMPANY OWNERS' interests.							

b) I would often place MY OWN personal interests above OTHER EMPLOYEES' interests.							
c) I would often place my COMPANY OWNERS' interests above MY OWN personal interests.							
d) I would often place OTHER EMPLOYEES' interests above MY OWN personal interests.							
e) When faced with an ethical issue, how likely is it that you would take into consideration your FELLOW EMPLOYEES' opinion on that issue?							
f) When faced with an ethical issue how likely is it that you would take into							

consideration your SUPERIORS' opinion on that issue?

*** Please indicate the extent of your agreement or disagreement with the following statements by choosing one answer:**

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
a) I would be willing to change companies if the new job offered a 25% pay increase.							
b) I would be willing to change companies if the new job offered more creative freedom.							
c) I would be willing to change companies if the new job offered more status.							
d) I would be willing to change companies if the new job offered was with people who were more friendly.							

*** Please indicate the extent of your agreement or disagreement with the following statements:**

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree

a) Never tell anyone the real reason you did something unless it is useful to do so.							
b) The best way to handle people is to tell them what they want to hear.							
c) One should take action only when sure it is morally right.							
d) Most people are basically good and kind.							
e) It is safest to assume that all people have a vicious streak and it will come out when they are given a chance.							
f) Honesty is the best policy in all cases.							
g) There is no excuse for lying to someone else.							
h) Generally speaking, people will not work hard unless they are forced to do so.							
i) All in all, it is better to be humble and honest than important and dishonest.							
j) When you ask someone to do							

something for you, it is best to give the real reasons for wanting it rather than giving reasons which might carry more weight.

*** Please indicate the extent of your agreement or disagreement with the following statements:**

	1 Strongly disagree	2	3	4	5	6	7 Strongly agree
k) Most people who get ahead in the world lead clean, moral lives.							
l) Anyone who completely trusts anyone else is asking for trouble.							
m) The biggest difference between most criminals and other people is that criminals are stupid enough to get caught.							
n) Most people are brave.							
o) It is wise to flatter important people.							
p) It is possible to be good in all respects.							
q) Barnum (American showman) was							

very wrong when he said there is a sucker born every minute.

r) It is hard to get ahead without cutting corners here and there.

s) People suffering from incurable diseases should have the choice of being put painlessly to death.

t) Most people forget more easily the death of their father than the loss of their property.

*** What is your gender?**

Female

Male

*** How old are you? Please indicate your age in the space provided:**

*** What is the highest level of your formal education?**

Secondary/high school diploma

Some college

Bachelor's degree

Master's degree (MBA or similar)

Doctor's degree (PhD or similar)

Post-graduate studies (post-PhD or similar)

*** How many years of GENERAL WORK experience do you have? Please indicate the number in the space provided:**

*** How many years of TOTAL BUSINESS experience do you have? Please indicate the number in the space provided:**

*** What is your current position/job title at the company?**

Sales executive, sales manager, account manager

Marketing vice-president or manager

CEO, president, executive director, or owner

Director or promotions manager

Director or manager of marketing research

Product or brand manager

Other marketing position

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- What is your current position/job title at the company? - Other marketing position

*** Please indicate your position/title at the company:**

*** Which country were you BORN in?**

*** Which country were you RAISED in?**

*** What is your NATIONALITY?**

What is your CITIZENSHIP?

*** Which country do you live and work at the PRESENT moment?**

*** Do you PRESENTLY live and work ABROAD?**

Yes

No

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you PRESENTLY live and work ABROAD? - Yes

*** How long have you lived and worked in the CURRENT FOREIGN country?**

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you PRESENTLY live and work ABROAD? - Yes

*** Had you lived in ANOTHER FOREIGN country before you moved to the present one?**

Yes

No

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Had you lived in ANOTHER FOREIGN country before you moved to the present one? - Yes

*** How many years had you spent living and working in the PREVIOUS FOREIGN country?**

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you PRESENTLY live and work ABROAD? – Yes

*** Do you speak the language of the FOREIGN country you CURRENTLY live and work in?**

Yes

No

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you speak the language of the FOREIGN country you CURRENTLY live and work in? - Yes

*** Please indicate the level of your FOREIGN country language knowledge:**

a) BEGINNERS' LEVEL: I have basic knowledge of the language, familiar everyday expressions and simple phrases.

b) PRE-INTERMEDIATE LEVEL: I am familiar with frequently used expressions and conversation on routine matters.

c) INTERMEDIATE LEVEL: I can understand the main points of clear standard input on familiar matters regularly encountered at work, leasure, etc. I can produce simple connected text on topics which are familiar or of personal interest.

d) UPPER INTERMEDIATE LEVEL: I can understand the main ideas of complete text on both concrete and abstract topics,

including technical discussions in my field of specialization.

e) ADVANCED LEVEL: I can understand a wide range of demanding, longer texts, and recognize implicit meaning. I can express myself fluently without much obvious searching for expressions.

f) PROFICIENT USER: I can understand with ease virtually everything heard or read. I can express myself spontaneously, very fluently and precisely.

*** Do you currently work in a subsidiary?**

Yes

No

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you currently work in a subsidiary? - Yes

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- Do you PRESENTLY live and work ABROAD? – Yes

*** How much free time do you spend with the host/foreign country nationals?**

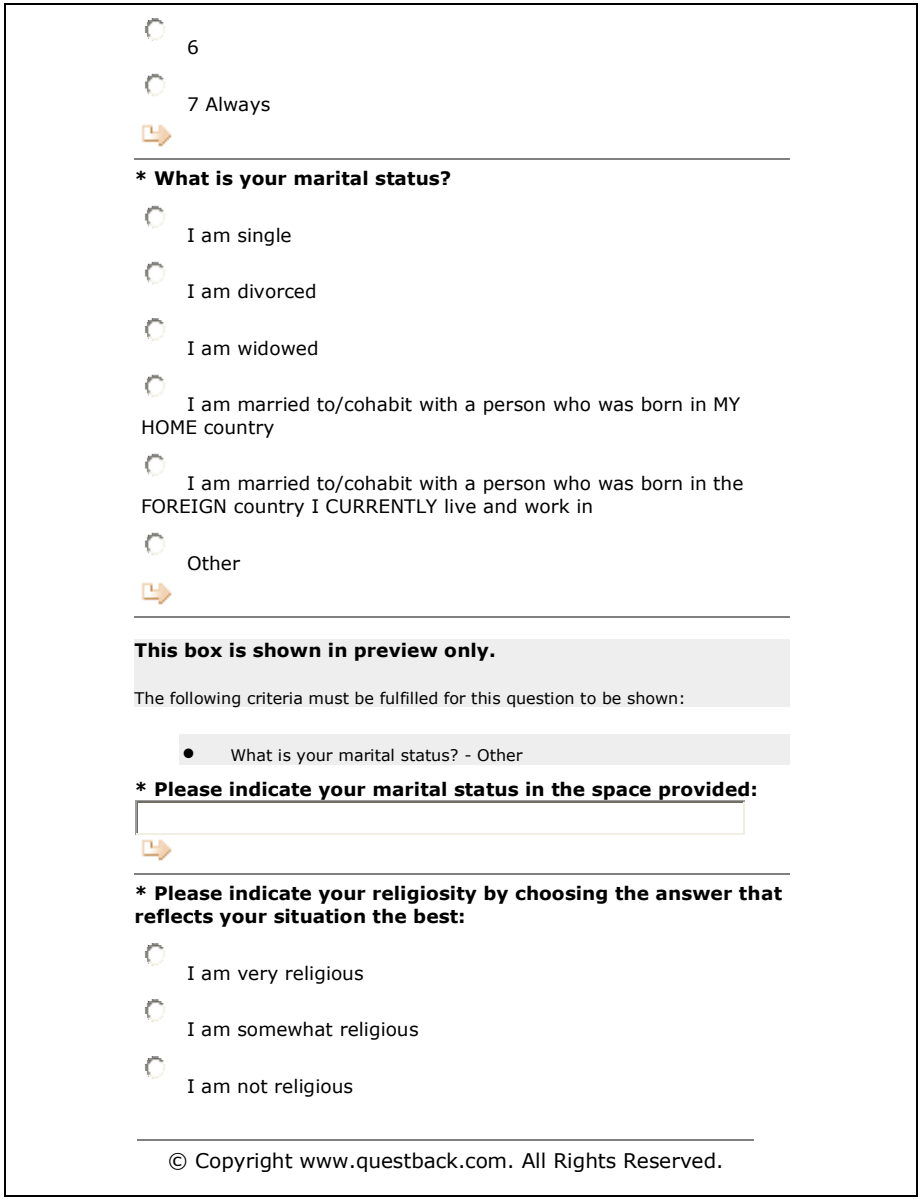
1 Never

2

3

4

5



6

7 Always

*** What is your marital status?**

I am single

I am divorced

I am widowed

I am married to/cohabit with a person who was born in MY HOME country

I am married to/cohabit with a person who was born in the FOREIGN country I CURRENTLY live and work in

Other

This box is shown in preview only.

The following criteria must be fulfilled for this question to be shown:

- What is your marital status? - Other

*** Please indicate your marital status in the space provided:**

*** Please indicate your religiosity by choosing the answer that reflects your situation the best:**

I am very religious

I am somewhat religious

I am not religious

Source: The author.

Appendix 5. Characteristics of the sub-sample groups

Characteristics	Sub-sample group									
	Total sample	French in France	French in the U.S.	Japanese in Japan	Japanese in the U.S.	Norwegians in Norway	Americans in France	Americans in Japan	Americans in Norway	Americans in the U.S.
Sample size	487	63	52	51	54	53	53	53	51	57
Gender										
Female	42.9%	50.8%	44.2%	49.0%	40.7%	35.8%	47.2%	39.6%	37.3%	40.4%
Male	57.1	49.2	55.8	51.0	59.3	64.2	52.8	60.4	62.7	59.6
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Level of education										
Secondary school	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%
Some college	11.7	19.0	13.5	7.8	11.1	11.3	17.0	9.4	5.9	8.8
Bachelor's	38.8	38.1	32.7	37.3	42.6	43.4	35.8	37.7	41.2	40.4
Master's	46.4	36.5	51.9	51.0	44.4	45.2	43.4	49.1	49.0	49.1
Doctor's	2.9	6.3	1.9	3.9	1.9	0	1.9	3.8	3.9	1.8
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Age										
20-29 years-old	12.9%	22.2%	11.5%	15.7%	9.3%	9.4%	7.5%	15.1%	15.7%	8.8%
30-39 years-old	35.3	38.1	34.6	29.4	27.8	39.6	56.6	37.7	27.5	26.3
40-49 years-old	35.7	23.8	36.5	35.3	40.7	37.7	24.5	35.8	41.2	47.4
50-59 years-old	12.3	11.1	9.6	13.7	13.0	13.2	11.3	7.5	13.7	17.5
60-69 years-old	3.7	4.8	7.7	5.9	9.3	0.0	0.0	3.8	2.0	0.0
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Work experience										
0-10 years	25.5%	33.3%	17.3%	29.4%	18.5%	22.6%	28.3%	35.8%	31.4%	12.3%
11-20 years	35.5	33.3	36.5	33.3	31.5	35.8	43.4	35.8	43.1	28.1
21-30 years	29.4	20.6	36.5	17.6	37.0	34.0	24.5	22.6	17.6	52.6
31-40 years	9.4	12.7	7.7	19.6	13.0	7.5	3.8	5.7	7.8	7.0
41-50 years	0.2	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Marketing position										
Sales manager	16.4%	22.2%	11.5%	13.7%	13.0%	24.5%	20.8%	17.0%	19.6%	5.3%
Marketing	30.6	27.0	30.8	31.4	31.5	32.1	35.8	32.1	21.6	33.3

VP/manager										
CEO/owner	1.8	9.5	1.9	0.0	0.0	0.0	0.0	0.0	0.0	3.5
Promotions manager	16.4	6.3	23.1	15.7	24.1	15.1	20.8	11.3	17.6	15.8
Marketing research	12.7	11.1	17.3	11.8	13.0	7.5	11.3	13.2	15.7	14.0
Product/brand manager	21.1	23.8	15.4	27.5	18.5	20.8	11.3	26.4	25.5	21.1
Other marketing	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: The author.

Appendix 6. Results of hierarchical multiple regression with home country as the main independent variable

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Perception of ethical issue: H11, H10a, H14a				
Step 1				
	Constant	4.917	.962	
	Neutral vs. Low Mach	-.121	.971	-.031
	Neutral vs. High Mach	.069	.990	.017
Step 2				
	Constant	5.405	1.092	
	Neutral vs. Low Mach	-.065	.982	-.017
	Neutral vs. High Mach	.062	1.007	.016
	Gender	-.165	.239	-.049
	Age	-.011	.013	-.061
	Secondary vs. some college	-.076	.370	-.015
	Secondary vs. Bachelor's	.051	.254	.015
	Secondary vs. PhD	-.560	.660	-.059
Step 3				
	Constant	4.628	.549	
	Neutral vs. Low Mach	.664	.473	.171
	Neutral vs. High Mach	.741	.484	.188
	Gender	.069	.115	.021
	Age	-.005	.006	-.026
	Secondary vs. some college	-.269	.179	-.053
	Secondary vs. Bachelor's	-.077	.122	-.023
	Secondary vs. PhD	-.086	.319	-.009
H10a:	**Americans in the U.S. vs. Japanese in Japan**	**-2.594**	**.155**	**-.657*** **
	Americans in the U.S. vs. French in France	-.128	.154	-.035
H14a:	**Americans in the U.S. vs. Norwegians in Norway**	**1.670**	**.155**	**.428*** **

*Note: R^2 = .002 for Step 1, ΔR^2 = .010 for Step 2 (p =.828), ΔR^2 = .765 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Judgment on ethical issues: H13, H11a, H15a				
Step 1				
	Constant	3.000	.961	
	Neutral vs. Low Mach	.056	.970	.014
	Neutral vs. High Mach	-.010	.989	-.002
Step 2				
	Constant	2.503	1.087	
	Neutral vs. Low Mach	.050	.978	.013
	Neutral vs. High Mach	.064	1.003	.016
	Gender	.308	.238	.092
	Age	.007	.012	.037
	Secondary vs. some college	.240	.368	.047
	Secondary vs. Bachelor's	.065	.253	.019
	Secondary vs. PhD	.733	.657	.077
Step 3				
	Constant	2.987	.509	
	Neutral vs. Low Mach	-.641	.438	-.166
	Neutral vs. High Mach	-.576	.448	-.146
	Gender	.069	.107	.021
	Age	.002	.006	.011

	Secondary vs. some college	.419	.166	.082*
	Secondary vs. Bachelor's	.184	.113	.054
	Secondary vs. PhD	.237	.296	.025
H11a:	**Americans in the U.S. vs. Japanese in Japan**	**2.892**	**.144**	**.733*** **
	Americans in the U.S. vs. French in France	.348	.142	.095*
H15a:	**Americans in the U.S. vs. Norwegians in Norway**	**-1.383**	**.143**	**-.355*** **

*Note: R^2 = .017 for Step 1, ΔR^2 = .016 for Step 2 (p =.615), ΔR^2 = .792 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of informal norms of ethics: H1, H1a				
Step 1				
	Constant	5.333	.940	
	Neutral vs. Low Mach	-.998	.948	-.263
	Neutral vs. High Mach	-.843	.967	-.218
Step 2				
	Constant	5.530	1.066	
	Neutral vs. Low Mach	-.1.055	.959	-.278
	Neutral vs. High Mach	-.978	.984	-.253
	Gender	-.092	.234	-.028
	Age	-.003	.012	-.019
	Secondary vs. some college	.405	.361	.081
	Secondary vs. Bachelor's	-.011	.248	-.003
	Secondary vs. PhD	.416	.644	.045
Step 3				
	Constant	6.376	.729	
	Neutral vs. Low Mach	-.588	.627	-.155
	Neutral vs. High Mach	-.662	.642	-.171
	Gender	-.094	.153	-.029
	Age	-.002	.008	-.014
	Secondary vs. some college	.148	.238	.030
	Secondary vs. Bachelor's	-.078	.162	-.024
	Secondary vs. PhD	.285	.424	.031
H1a:	**Americans in the U.S. vs. Japanese in Japan**	**-3.247**	**.206**	**-.840*** **
	Americans in the U.S. vs. French in France	-.437	.204	-.121*
	Americans in the U.S. vs. Norwegians in Norway	-1.631	.205	-.428***

*Note: R^2 = .006 for Step 1, ΔR^2 = .009 for Step 2 (p =.843), ΔR^2 = .575 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of formal codes of ethics: H3, H2a, H9a, H16a				
Step 1				
	Constant	1.667	1.116	
	Neutral vs. Low Mach	.927	1.126	.206
	Neutral vs. High Mach	.784	1.149	.171
Step 2				
	Constant	.657	1.247	
	Neutral vs. Low Mach	.713	1.122	.159

	Neutral vs. High Mach	.635	1.151	.138
	Gender	-.183	.273	-.047
	Age	.037	.014	.178
	Secondary vs. some college	-.481	.423	-.081
	Secondary vs. Bachelor's	-.401	.290	-.102
	Secondary vs. PhD	-.703	.754	-.064
Step 3				
	Constant	5.643	.468	
	Neutral vs. Low Mach	-.181	.403	-.040
	Neutral vs. High Mach	-.184	.413	-.040
	Gender	-.010	.098	-.003
	Age	.006	.005	.029
	Secondary vs. some college	-.066	.153	-.011
	Secondary vs. Bachelor's	-.202	.104	-.051
	Secondary vs. PhD	-.026	.272	-.002
H2a, H9a:	**Americans in the U.S. vs. Japanese in Japan**	**-4.254**	**.132**	**-.927*** **
	Americans in the U.S. vs. French in France	-4.078	.131	-.953***
H16a:	**Americans in the U.S. vs. Norwegians in Norway**	**-4.026**	**.132**	**-.889*** **

*Note: R^2 = .004 for Step 1, ΔR^2 = .040 for Step 2 (p =.116), ΔR^2 = .836 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders-Self: H5, H3a, H13a				
Step 1				
	Constant	11.333	4.408	
	Neutral vs. Low Mach	3.025	4.447	.167
	Neutral vs. High Mach	-.647	4.536	-.035
Step 2				
	Constant	10.054	4.936	
	Neutral vs. Low Mach	2.767	4.439	.153
	Neutral vs. High Mach	.073	4.554	.004
	Gender	1.225	1.082	.079
	Age	.043	.057	.051
	Secondary vs. some college	-3.178	1.672	-.134
	Secondary vs. Bachelor's	-1.724	1.149	-.109
	Secondary vs. PhD	2.545	2.983	.057
Step 3				
	Constant	3.079	2.694	
	Neutral vs. Low Mach	1.337	2.319	.074
	Neutral vs. High Mach	-.933	2.373	-.051
	Gender	.675	.566	.043
	Age	.066	.030	.079*
	Secondary vs. some college	-2.623	.879	-.110**
	Secondary vs. Bachelor's	-1.563	.598	-.099*
	Secondary vs. PhD	1.417	1.566	.032
H3a, H13a:	**Americans in the U.S. vs. Japanese in Japan**	**18.206**	**.762**	**.986*** **
	Americans in the U.S. vs. French in France	6.146	.754	.357***
	Americans in the U.S. vs. Norwegians in Norway	6.757	.758	.371***

*Note: R^2 = .040 for Step 1, ΔR^2 = .034 for Step 2 (p =.159), ΔR^2 = .680 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders – Peers: H5, H4a, H12a				
Step 1				
	Constant	12.667	2.247	
	Neutral vs. Low Mach	-2.573	2.267	-.281
	Neutral vs. High Mach	-1.196	2.312	-.128
Step 2				
	Constant	13.403	2.502	
	Neutral vs. Low Mach	-2.399	2.251	-.262
	Neutral vs. High Mach	-1.622	2.309	-.174
	Gender	-.792	.548	-.100
	Age	-.025	.029	-.059
	Secondary vs. some college	1.715	.848	.143*
	Secondary vs. Bachelor's	1.093	.583	.137
	Secondary vs. PhD	-1.272	1.512	-.056
Step 3				
	Constant	15.149	1.354	
	Neutral vs. Low Mach	-1.138	1.166	-.124
	Neutral vs. High Mach	-.631	1.193	-.068
	Gender	-.515	.284	-.065
	Age	-.025	.015	-.058
	Secondary vs. some college	1.216	.442	.101**
	Secondary vs. Bachelor's	.904	.301	.113**
	Secondary vs. PhD	-.828	.787	-.037
H4a, H12a	**Americans in the U.S. vs. Japanese in Japan**	**-8.792**	**.383**	**-.941*** **
	Americans in the U.S. vs. French in France	-1.811	.379	-.208***
	Americans in the U.S. vs. Norwegians in Norway	-1.832	.381	-.199***

*Note: R^2 = .026 for Step 1, ΔR^2 = .045 for Step 2 (p =.067), ΔR^2 = .687 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholders-Company: H5, H4a, H12a				
Step 1				
	Constant	8.000	2.378	
	Neutral vs. Low Mach	-.453	2.399	-.046
	Neutral vs. High Mach	1.843	2.447	.184
Step 2				
	Constant	8.543	2.680	
	Neutral vs. Low Mach	-.368	2.411	-.037
	Neutral vs. High Mach	1.549	2.473	.155
	Gender	-.432	.587	-.051
	Age	-.018	.031	-.039
	Secondary vs. some college	1.463	.908	.113
	Secondary vs. Bachelor's	.631	.624	.074
	Secondary vs. PhD	-1.273	1.620	-.053
Step 3				
	Constant	13.772	1.684	
	Neutral vs. Low Mach	-.199	1.450	-.020
	Neutral vs. High Mach	1.564	1.483	.156
	Gender	-.160	.354	-.019

	Age	-.042	.019	-.092*
	Secondary vs. some college	1.407	.550	.109*
	Secondary vs. Bachelor's	.659	.374	.077
	Secondary vs. PhD	-.589	.979	-.024
H4a, H12a:	**Americans in the U.S. vs. Japanese in Japan**	**-9.414**	**.476**	**-.939*** **
	Americans in the U.S. vs. French in France	-4.335	.471	-.464***
	Americans in the U.S. vs. Norwegians in Norway	-4.925	.474	-.498***

*Note: R^2 = .052 for Step 1, ΔR^2 = .021 for Step 2 (p =.417), ΔR^2 = .601 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder opinions-Fellow employees': H7, H5a				
Step 1				
	Constant	5.333	.923	
	Neutral vs. Low Mach	-.1.886	.931	-.492
	Neutral vs. High Mach	-1.039	.950	-.266
Step 2				
	Constant	6.107	1.004	
	Neutral vs. Low Mach	-1.706	.903	-.445
	Neutral vs. High Mach	-.966	.926	-.247
	Gender	.269	.220	.081
	Age	-.034	.012	-.194**
	Secondary vs. some college	1.070	.340	.212**
	Secondary vs. Bachelor's	.520	.234	.155*
	Secondary vs. PhD	1.151	.607	.122
Step 3				
	Constant	4.335	.855	
	Neutral vs. Low Mach	-.807	.736	-.211
	Neutral vs. High Mach	-.239	.753	-.061
	Gender	.202	.180	.061
	Age	-.018	.010	-.101
	Secondary vs. some college	.631	.279	.125*
	Secondary vs. Bachelor's	.354	.190	.106
	Secondary vs. PhD	.748	.497	.079
	Americans in the U.S. vs. Japanese in Japan	-.933	.242	-.239***
H5a:	**Americans in the U.S. vs. French in France**	**1.602**	**.239**	**.439*** **
	Americans in the U.S. vs. Norwegians in Norway	.706	.241	.183**

*Note: R^2 = .061 for Step 1, ΔR^2 = .085 for Step 2 (p =.001), ΔR^2 = .303 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder opinions-Superiors': H7, H6a				
Step 1				
	Constant	1.667	.894	
	Neutral vs. Low Mach	.486	.902	.134
	Neutral vs. High Mach	1.020	.920	.275

Step 2				
	Constant	1.768	1.014	
	Neutral vs. Low Mach	.534	.912	.147
	Neutral vs. High Mach	.943	.935	.254
	Gender	-.204	.222	-.065
	Age	-.004	.012	-.023
	Secondary vs. some college	.104	.344	.022
	Secondary vs. Bachelor's	.270	.236	.085
	Secondary vs. PhD	.293	.613	.033
Step 3				
	Constant	4.708	.793	
	Neutral vs. Low Mach	-.018	.683	-.005
	Neutral vs. High Mach	.457	.699	.123
	Gender	-.063	.167	-.020
	Age	-.023	.009	-.137*
	Secondary vs. some college	.358	.259	.081
	Secondary vs. Bachelor's	.392	.176	.123*
	Secondary vs. PhD	.807	.461	.090
	Americans in the U.S. vs. Japanese in Japan	-2.516	.224	-.678***
H6a:	**Americans in the U.S. vs. French in France**	**-2.545**	**.222**	**-.736*** **
	Americans in the U.S. vs. Norwegians in Norway	-2.086	.223	-.570***

*Note: R^2 = .023 for Step 1, ΔR^2 = .010 for Step 2 (p =.806), ΔR^2 = .440 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Source: The author.

Appendix 7. Results of the multiple regressions with home and host countries as the main independent variable

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Perception of ethical issue H12, H10b				
Step 1				
	Constant	4.917	.761	
	Neutral vs. Low Mach	.087	.764	.029
	Neutral vs. High Mach	.354	.770	.119
Step 2				
	Constant	4.406	1.560	
	Neutral vs. Low Mach	.134	.767	.045
	Neutral vs. High Mach	.391	.774	.131
	Gender	-.031	.129	-.012
	Age	-.008	.007	-.053
	Secondary vs. some college	.575	1.339	.140
	Secondary vs. Bachelor's	.800	1.332	.295
	Secondary vs. Master's	.879	1.331	.332
	Secondary vs. PhD	.511	1.375	.065
Step 3				
	Constant	.635	.972	
	Neutral vs. Low Mach	.630	.474	.213
	Neutral vs. High Mach	.826	.478	.277
	Gender	.104	.079	.039
	Age	-.001	.004	.004
	Secondary vs. some college	.895	.825	.218
	Secondary vs. Bachelor's	1.104	.821	.408
	Secondary vs. Master's	1.266	.820	.479
	Secondary vs. PhD	1.082	.848	.137
	Japanese in Japan vs. French in France	2.480	.154	.631***
	Japanese in Japan vs. French in the U.S.	2.146	.159	.502***
H10b:	**Japanese in Japan vs. Japanese in the U.S.**	**2.664**	**.158**	**.634*** **
	Japanese in Japan vs. Norwegians in Norway	4.272	.159	1.008***
	Japanese in Japan vs. Americans in France	2.956	.160	.698***
	Japanese in Japan vs. Americans in Japan	3.070	.160	.724***
	Japanese in Japan vs. Americans in Norway	3.056	.160	.709***
	Japanese in Japan vs. Americans in the U.S.	2.587	.156	.630***

*Note: R^2 = .008 for Step 1, ΔR^2 = .010 for Step 2 (p =.550), ΔR^2 = .621 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Perception of ethical issue H12, H14b				
Step 1				
	Constant	4.917	.761	
	Neutral vs. Low Mach	.087	.764	.029
	Neutral vs. High Mach	.354	.770	.119
Step 2				
	Constant	4.406	1.560	
	Neutral vs. Low Mach	.134	.767	.045
	Neutral vs. High Mach	.391	.774	.131

	Gender	-.031	.129	-.012
	Age	-.008	.007	-.053
	Secondary vs. some college	.575	1.339	.140
	Secondary vs. Bachelor's	.800	1.332	.295
	Secondary vs. Master's	.879	1.331	.332
	Secondary vs. PhD	.511	1.375	.065
Step 3				
	Constant	3.222	.972	
	Neutral vs. Low Mach	.630	.474	.213
	Neutral vs. High Mach	.826	.478	.277
	Gender	.104	.079	.039
	Age	-.001	.004	-.004
	Secondary vs. some college	.895	.825	.218
	Secondary vs. Bachelor's	1.104	.821	.408
	Secondary vs. Master's	1.266	.820	.479
	Secondary vs. PhD	-1.082	.848	.137
	Americans in the U.S. vs. French in France	-.108	.151	-.027
	Americans in the U.S. vs. French in USA	-.441	.155	-.103**
	Americans in the U.S. vs. Japanese in Japan	-2.587	.156	-.600***
	Americans in the U.S. vs. Japanese in USA	.077	.153	.018
	Americans in the U.S. vs. Norwegians in Norway	1.684	.155	.397***
	Americans in the U.S. vs. Americans in France	.368	.156	.087*
	Americans in the U.S. vs. Americans in Japan	.482	.156	.114**
H14b:	**Americans in the U.S. vs. Americans in Norway**	**.469**	**.156**	**.109****

*Note: R^2 = .008 for Step 1, ΔR^2 = .010 for Step 2 (p =.550), ΔR^2 = .621 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Judgment on ethical issues H14, H11b				
Step 1				
	Constant	3.000	.754	
	Neutral vs. Low Mach	-.088	.757	-.030
	Neutral vs. High Mach	-.279	.763	-.095
Step 2				
	Constant	3.457	1.543	
	Neutral vs. Low Mach	-.113	.759	-.039
	Neutral vs. High Mach	-.274	.766	-.093
	Gender	.104	.128	.039
	Age	.006	.007	.043
	Secondary vs. some college	-.479	1.325	-.118
	Secondary vs. Bachelor's	-.719	1.317	-.268
	Secondary vs. Master's	-.848	1.316	-.324
	Secondary vs. PhD	-.399	1.360	-.051
Step 3				
	Constant	7.205	.937	
	Neutral vs. Low Mach	-.608	.457	-.207
	Neutral vs. High Mach	-.717	.461	-.243
	Gender	-.033	.077	-.012
	Age	6.609E-5	.004	.000
	Secondary vs. some college	-.778	.795	-.192
	Secondary vs. Bachelor's	-1.001	.791	-.374

	Secondary vs. Master's	-1.211	.791	-.463
	Secondary vs. PhD	-.961	.817	-.123
	Japanese in Japan vs. French in France	-2.530	.149	-.651***
	Japanese in Japan vs. French in the U.S.	-2.169	.154	-.513***
H11b:	**Japanese in Japan vs. Japanese in the U.S.**	**-2.645**	**.152**	**-.636*** **
	Japanese in Japan vs. Norwegians in Norway	-4.282	.153	-1.022***
	Japanese in Japan vs. Americans in France	-2.957	.154	-.706***
	Japanese in Japan vs. Americans in Japan	-3.035	.154	-.724***
	Japanese in Japan vs. Americans in Norway	-3.059	.155	-.718***
	Japanese in Japan vs. Americans in the U.S.	-2.892	.150	-.712***

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.354), ΔR^2 = .639 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Judgment on ethical issue H14, H15b				
Step 1				
	Constant	3.000	.754	
	Neutral vs. Low Mach	-.088	.757	-.030
	Neutral vs. High Mach	-.279	.763	-.095
Step 2				
	Constant	3.457	1.543	
	Neutral vs. Low Mach	-.113	.759	-.039
	Neutral vs. High Mach	-.274	.766	-.093
	Gender	.104	.128	.039
	Age	.006	.007	.043
	Secondary vs. some college	-.479	1.325	-.118
	Secondary vs. Bachelor's	-.719	1.317	-.268
	Secondary vs. Master's	-.848	1.316	-.324
	Secondary vs. PhD	-.399	1.360	-.051
Step 3				
	Constant	4.313	.937	
	Neutral vs. Low Mach	-.608	.457	-.207
	Neutral vs. High Mach	-.717	.461	-.243
	Gender	-.033	.077	-.012
	Age	6.609E-5	.004	.000
	Secondary vs. some college	-.778	.795	-.192
	Secondary vs. Bachelor's	-1.001	.791	-.374
	Secondary vs. Master's	-1.211	.791	-.463
	Secondary vs. PhD	-.961	.817	-.123
	Americans in the U.S. vs. French in France	.362	.146	.093*
	Americans in the U.S. vs. French in USA	.723	.149	.171***
	Americans in the U.S. vs. Japanese in Japan	2.892	.150	.679***
	Americans in the U.S. vs. Japanese in USA	.247	.148	.060
	Americans in the U.S. vs. Norwegians in Norway	-1.390	.149	-.332***
	Americans in the U.S. vs. Americans in France	-.065	.151	-.016

	Americans in the U.S. vs. Americans in Japan	-.143	.150	-.034
H15b:	**Americans in the U.S. vs. Americans in Norway**	**-.167**	**.151**	**-.039**

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.354), ΔR^2 = .639 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of formal codes of ethics: H4, H9b				
Step 1				
	Constant	1.667	.970	
	Neutral vs. Low Mach	1.056	.974	.280
	Neutral vs. High Mach	1.333	.981	.351
Step 2				
	Constant	1.393	1.991	
	Neutral vs. Low Mach	.972	.979	.258
	Neutral vs. High Mach	1.233	.988	.325
	Gender	-.103	.165	-.030
	Age	.014	.009	.075
	Secondary vs. some college	-.131	1.710	-.025
	Secondary vs. Bachelor's	-.205	1.700	-.060
	Secondary vs. Master's	-.147	1.698	-.043
	Secondary vs. PhD	-.162	1.755	-.016
Step 3				
	Constant	.838	1.335	
	Neutral vs. Low Mach	-.258	.651	-.068
	Neutral vs. High Mach	.027	.657	.007
	Gender	-.035	.109	-.010
	Age	.003	.006	.015
	Secondary vs. some college	.810	1.133	.155
	Secondary vs. Bachelor's	.629	1.128	.182
	Secondary vs. Master's	.605	1.127	.180
	Secondary vs. PhD	.921	1.165	.092
	Japanese in Japan vs. French in France	.091	.212	.018
	Japanese in Japan vs. French in the U.S.	1.325	.219	.243***
H9b:	**Japanese in Japan vs. Japanese in the U.S.**	**1.109**	**.217**	**.207*** **
	Japanese in Japan vs. Norwegians in Norway	.195	.219	.036
	Japanese in Japan vs. Americans in France	2.076	.220	.384***
	Japanese in Japan vs. Americans in Japan	1.477	.219	.274***
	Japanese in Japan vs. Americans in Norway	1.970	.220	.359***
	Japanese in Japan vs. Americans in the U.S.	4.245	.214	.812***

*Note: R^2 = .008 for Step 1, ΔR^2 = .007 for Step 2 (p =.772), ΔR^2 = .566 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of formal codes of ethics: H4, H2b, H16b				
Step 1				
	Constant	1.667	.970	
	Neutral vs. Low Mach	1.056	.974	.280
	Neutral vs. High Mach	1.333	.981	.351
Step 2				
	Constant	1.393	1.991	
	Neutral vs. Low Mach	.972	.979	.258
	Neutral vs. High Mach	1.233	.988	.325
	Gender	-.103	.165	-.030
	Age	.014	.009	.075
	Secondary vs. some college	-.131	1.710	-.025
	Secondary vs. Bachelor's	-.205	1.700	-.060
	Secondary vs. Master's	-.147	1.698	-.043
	Secondary vs. PhD	-.162	1.755	-.016
Step 3				
	Constant	5.083	1.335	
	Neutral vs. Low Mach	-.258	.651	-.068
	Neutral vs. High Mach	.027	.657	.007
	Gender	-.035	.109	-.010
	Age	.003	.006	.015
	Secondary vs. some college	.810	1.133	.155
	Secondary vs. Bachelor's	.629	1.128	.182
	Secondary vs. Master's	.605	1.127	.180
	Secondary vs. PhD	.921	1.165	.092
	Americans in the U.S. vs. French in France	-4.155	.208	-.829***
	Americans in the U.S. vs. French in the U.S.	-2.921	.213	-.536***
	Americans in the U.S. vs. Japanese in Japan	-4.245	.214	-.773***
	Americans in the U.S. vs. Japanese in the U.S.	-3.137	.211	-.586***
	Americans in the U.S. vs. Norwegians in Norway	-4.050	.213	-.750***
	Americans in the U.S. vs. Americans in France	-2.170	.215	-.402***
H2b:	**Americans in the U.S. vs. Americans in Japan**	**-2.768**	**.214**	**-.513*** **
H16b:	**Americans in the U.S. vs. Americans in Norway**	**-2.276**	**.215**	**-.414*** **

*Note: R^2 = .008 for Step 1, ΔR^2 = .007 for Step 2 (p =.772), ΔR^2 = .566 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Deontological evaluation/Consideration of informal norms of ethics: H2, H1b				
Step 1				
	Constant	5.333	.897	
	Neutral vs. Low Mach	-1.121	.900	-.322
	Neutral vs. High Mach	-1.233	.907	-.352
Step 2				
	Constant	6.478	1.834	

	Neutral vs. Low Mach	-1.157	.902	-.332
	Neutral vs. High Mach	-1.325	.910	-.378
	Gender	-.146	.152	-.047
	Age	.000	.008	-.001
	Secondary vs. some college	-.893	1.575	-.185
	Secondary vs. Bachelor's	-.989	1.566	-.311
	Secondary vs. Master's	-1.139	1.564	-.366
	Secondary vs. PhD	-.204	1.616	-.022
Step 3				
	Constant	7.465	1.543	
	Neutral vs. Low Mach	-.536	.752	-.154
	Neutral vs. High Mach	-.747	.759	-.213
	Gender	-.129	.126	-.041
	Age	.002	.007	.011
	Secondary vs. some college	-1.226	1.309	-.254
	Secondary vs. Bachelor's	-1.265	1.303	-.397
	Secondary vs. Master's	-1.367	1.302	-.439
	Secondary vs. PhD	-.576	1.346	-.062
	Americans in the U.S. vs. French in France	-.419	.240	-.091
	Americans in the U.S. vs. French in the U.S.	-1.671	.246	-.333***
	Americans in the U.S. vs. Japanese in Japan	-3.247	.247	-.641***
	Americans in the U.S. vs. Japanese in the U.S.	-1.957	.243	-.396***
	Americans in the U.S. vs. Norwegians in Norway	-1.614	.246	-.324***
	Americans in the U.S. vs. Americans in France	-1.653	.248	-.332***
H1b:	**Americans in the U.S. vs. Americans in Japan**	**-1.586**	**.247**	**-.318*** **
	Americans in the U.S. vs. Americans in Norway	-1.000	.248	-.197***

*Note: R^2 = .004 for Step 1, ΔR^2 = .014 for Step 2 (p =.330), ΔR^2 = .324 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups-Company: H6, H4b, H12b				
Step 1				
	Constant	8.00	2.152	
	Neutral vs. Low Mach	.008	2.161	.001
	Neutral vs. High Mach	2.308	2.177	.265
Step 2				
	Constant	8.629	4.412	
	Neutral vs. Low Mach	.147	2.169	.017
	Neutral vs. High Mach	2.320	2.190	.266
	Gender	-.135	.366	-.017
	Age	-.024	.020	-.056
	Secondary vs. some college	.688	3.788	.057
	Secondary vs. Bachelor's	.465	3.767	.059
	Secondary vs. Master's	.159	3.764	.021
	Secondary vs. PhD	-1.049	3.888	-.046
Step 3				
	Constant	3.274	3.489	
	Neutral vs. Low Mach	-.180	1.701	-.021

	Neutral vs. High Mach	1.837	1.717	.211
	Gender	-.005	.285	-.001
	Age	-.028	.016	-.065
	Secondary vs. some college	1.101	2.961	.092
	Secondary vs. Bachelor's	.911	2.947	.115
	Secondary vs. Master's	.563	2.945	.073
	Secondary vs. PhD	-.396	3.044	-.017
	Japanese in Japan vs. French in France	5.203	.555	.453***
	Japanese in Japan vs. French in the U.S.	6.466	.572	.518***
H4b, H12b:	**Japanese in Japan vs. Japanese in the U.S.**	**3.953**	**.567**	**.325*** **
	Japanese in Japan vs. Norwegians in Norway	4.545	.572	.367***
	Japanese in Japan vs. Americans in France	5.842	.574	.472***
	Japanese in Japan vs. Americans in Japan	6.149	.573	.497***
	Japanese in Japan vs. Americans in Norway	6.618	.576	.526***
	Japanese in Japan vs. Americans in the U.S.	9.403	.560	.785***

*Note: R^2 = .070 for Step 1, ΔR^2 = .009 for Step 2 (p =.595), ΔR^2 = .376 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups-Peers				
H6, H4b, H12b				
Step 1				
	Constant	12.667	1.921	
	Neutral vs. Low Mach	-2.025	1.929	-.268
	Neutral vs. High Mach	-.790	1.943	-.104
Step 2				
	Constant	14.336	3.919	
	Neutral vs. Low Mach	-1.901	1.927	-.252
	Neutral vs. High Mach	-.907	1.945	-.119
	Gender	-.405	.325	-.060
	Age	-.030	.017	-.080
	Secondary vs. some college	.266	3.366	.025
	Secondary vs. Bachelor's	-.102	3.346	-.015
	Secondary vs. Master's	-.591	3.344	-.088
	Secondary vs. PhD	-1.406	3.454	-.070
Step 3				
	Constant	5.457	2.620	
	Neutral vs. Low Mach	-1.210	1.277	-.160
	Neutral vs. High Mach	-.407	1.289	-.054
	Gender	-.253	.214	-.037
	Age	-.018	.012	-.049
	Secondary vs. some college	1.377	2.223	.132
	Secondary vs. Bachelor's	1.181	2.212	.171
	Secondary vs. Master's	.752	2.211	.111
	Secondary vs. PhD	.072	2.285	.004
	Japanese in Japan vs. French in France	7.028	.416	.701***
	Japanese in Japan vs. French in the U.S.	7.596	.430	.697***

H4b, H12b:	**Japanese in Japan vs. Japanese in the U.S.**	**4.138**	**.426**	**.386*** **
	Japanese in Japan vs. Norwegians in Norway	7.040	.429	.652***
	Japanese in Japan vs. Americans in France	7.828	.431	.724***
	Japanese in Japan vs. Americans in Japan	6.868	.430	.636***
	Japanese in Japan vs. Americans in Norway	7.902	.432	.719***
	Japanese in Japan vs. Americans in the U.S.	8.817	.420	.842***

*Note: R^2 = .028 for Step 1, ΔR^2 = .019 for Step 2 (p =.153), ΔR^2 = .550 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of stakeholder groups– Self: H6, H3b, H13b				
Step 1				
	Constant	11.333	3.814	
	Neutral vs. Low Mach	2.017	3.830	.133
	Neutral vs. High Mach	-.1.518	3.857	-.099
Step 2				
	Constant	9.035	7.796	
	Neutral vs. Low Mach	1.754	3.833	.115
	Neutral vs. High Mach	-1.413	3.870	-.092
	Gender	.539	.646	.039
	Age	.054	.035	.072
	Secondary vs. some college	-.954	6.694	-.045
	Secondary vs. Bachelor's	-.363	6.656	-.026
	Secondary vs. Master's	.432	6.651	.032
	Secondary vs. PhD	2.455	6.871	.061
Step 3				
	Constant	5.049	5.483	
	Neutral vs. Low Mach	1.390	2.673	.092
	Neutral vs. High Mach	-1.429	2.698	-.093
	Gender	.258	.448	.019
	Age	.046	.024	.061
	Secondary vs. some college	-2.478	4.653	-.118
	Secondary vs. Bachelor's	-2.092	4.630	-.151
	Secondary vs. Master's	-1.315	4.627	-.097
	Secondary vs. PhD	.324	4.783	.008
	Americans in the U.S. vs. French in France	5.989	.852	.297***
	Americans in the U.S. vs. French in the U.S.	4.158	.875	.190***
	Americans in the U.S. vs. Japanese in Japan	18.220	.879	.824***
	Americans in the U.S. vs. Japanese in the U.S.	10.099	.865	.469***
	Americans in the U.S. vs. Norwegians in Norway	6.635	.873	.305***
	Americans in the U.S. vs. Americans in France	4.550	.882	.209***
H3b, H13b:	**Americans in the U.S. vs. Americans in Japan**	**5.204**	**.879**	**.239*** **
	Americans in the U.S. vs.	3.701	.883	.167***

	Americans in Norway			

*Note: R^2 = .053 for Step 1, ΔR^2 = .014 for Step 2 (p =.291), ΔR^2 = .496 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation/Consideration of various stakeholder opinions -Peers': H8, H5b				
Step 1				
	Constant	5.333	.894	
	Neutral vs. Low Mach	-1.692	.898	-.484
	Neutral vs. High Mach	-1.333	.904	-.379
Step 2				
	Constant	6.673	1.820	
	Neutral vs. Low Mach	-1.684	.895	-.482
	Neutral vs. High Mach	-1.332	.903	-.379
	Gender	.041	.151	.013
	Age	-.011	.008	-.065
	Secondary vs. some college	-.598	1.563	-.124
	Secondary vs. Bachelor's	-.889	1.554	-.278
	Secondary vs. Master's	-1.053	1.553	-.337
	Secondary vs. PhD	-.007	1.604	-.001
Step 3				
	Constant	4.873	1.615	
	Neutral vs. Low Mach	-.792	.787	-.227
	Neutral vs. High Mach	-.526	.795	-.149
	Gender	.012	.132	.004
	Age	-.003	.007	-.017
	Secondary vs. some college	-.712	1.371	-.147
	Secondary vs. Bachelor's	-.825	1.364	-.258
	Secondary vs. Master's	-.940	1.363	-.301
	Secondary vs. PhD	-.097	1.409	-.010
	Americans in the U.S. vs. French in France	1.753	.251	.378***
	Americans in the U.S. vs. French in the U.S.	1.454	.258	.288***
	Americans in the U.S. vs. Japanese in Japan	-.913	.259	-.180***
	Americans in the U.S. vs. Japanese in the U.S.	-.130	.255	-.026
	Americans in the U.S. vs. Norwegians in Norway	.764	.257	.153**
H5b:	**Americans in the U.S. vs. Americans in France**	**.738**	**.260**	**.148****
	Americans in the U.S. vs. Americans in Japan	.241	.259	.048
	Americans in the U.S. vs. Americans in Norway	.798	.260	.157**

*Note: R^2 = .017 for Step 1, ΔR^2 = .023 for Step 2 (p =.084), ΔR^2 = .245 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Criterion variable	*Predictor block in*	*B*	*SE B*	*β*
Teleological evaluation: Consideration of various stakeholder opinions-Superiors': H8, H6b				

Step 1				
	Constant	1.667	.958	
	Neutral vs. Low Mach	.929	.962	.247
	Neutral vs. High Mach	1.526	.969	.402
Step 2				
	Constant	.893	1.963	
	Neutral vs. Low Mach	.946	.965	.251
	Neutral vs. High Mach	1.474	.974	.389
	Gender	-.146	.163	-.043
	Age	-.007	.009	-.035
	Secondary vs. some college	1.365	1.685	.262
	Secondary vs. Bachelor's	1.190	1.676	.346
	Secondary vs. Master's	.968	1.674	.288
	Secondary vs. PhD	1.164	1.730	.116
Step 3				
	Constant	.013	1.699	
	Neutral vs. Low Mach	-.085	.837	-.023
	Neutral vs. High Mach	.409	.845	.108
	Gender	-.098	.140	-.029
	Age	-.011	.008	-.061
	Secondary vs. some college	2.334	1.457	.447
	Secondary vs. Bachelor's	2.107	1.449	.612
	Secondary vs. Master's	1.814	1.448	.539
	Secondary vs. PhD	2.277	1.497	.227
H6b:	**French in France vs. French in the U.S.**	**1.728**	**.271**	**.318*****
	French in France vs. Japanese in Japan	-1.378E-5	.273	.000
	French in France vs. Japanese in the U.S.	.909	.269	.170**
	French in France vs. Norwegians in Norway	.423	.269	.079
	French in France vs. Americans in France	2.065	.269	.384***
	French in France vs. Americans in Japan	1.645	.269	.305***
	French in France vs. Americans in Norway	1.676	.272	.306***
	French in France vs. Americans in the U.S.	2.486	.267	.477***

*Note: R^2 = .027 for Step 1, ΔR^2 = .010 for Step 2 (p =.542), ΔR^2 = .266 for Step 3 (p=.000), *p<.05, **p<.01, ***p < .001.*

Source: The author.