

**Curtin Business School
Graduate School of Business**

**The Influence of Culture and Ethical Ideology on
Ethical Decision Making Process of Malaysian Managers**

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Doctor of Business Administration
of
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Declaration

To the best of my knowledge and belief, this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

.....

Norizah Mohd Mustamil

1 August 2010

Dedication

TO MY LOVING FAMILY

Husband: Ikzan Alwany

Children: Adam Alwa'ie, Nur Ezany, and Zara Amany

With Love and Respect

My parents: Hj. Mohd Mustamil and Mdm. Asiah Ahmad

My parents in law: Hj. Razak Hussin and Hjh. Zainab Hashim

“Thanks for your constant prayers”

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In the Name of Allah, the Most Gracious, the Most Merciful...

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Abstract

The ethical decision making (EDM) process of individuals has proven to be very challenging due to the multitude of complex and varied factors that contribute to this behaviour. Nevertheless, many theoretical frameworks have been proposed to describe such behaviour. Despite the increasing number of EDM models and practices, reports of unethical incidents and illegal behaviour, especially in organizations, continue to appear. This problem is in part related to the failure of EDM models that do not adequately explain the antecedent factors of ethical behaviour by individuals in organizations. As a result, there is a gap between theory and practice. Hence, the main objective of this study is to address these shortcomings by exploring and empirically examining the antecedents in the EDM process and by developing a behavioural model that encompasses a fully functional model of individual ethical behaviour. Furthermore, most of the major frameworks have been formulated from a Western perspective. The current research was conducted in the Malaysian context, using a model that accounts for cultural differences. The most generally accepted concept is that culture is a key determinant of an individual's ethical ideology, which affects an individual's inclination to behave ethically. In other words, culture acts as a guideline in determining whether certain practices are appropriate and acceptable. However, individuals in organizations also have an obligation to comply the culture in their work setting. Therefore, the culture of ethical practices in an organization is expected to play an important role in the process of EDM. In addition, literature has established the moderating effect of gender, age and level of education in such behaviour. Therefore, the current research also further investigated the relationship among the components of the EDM process, which has thus far not been given proper attention.

A two-phase sequential mixed-method approach, consisting of qualitative and quantitative approaches, was carried out in this research. In the qualitative part, a field study of semi-structured interviews was conducted with the objective of testing the applicability of the initial model besides exploring the dimensionality of the construct. The data was analyzed using content analysis through Nvivo software. Based on the analysis, the dimensionality of the constructs was identified and two more relevant antecedent factors were detected, namely parental values and religiosity. Thus, these

two factors were added to the comprehensive research model. A survey was conducted among managers from Malaysia large organizations to collect quantitative data. The data was analyzed using a Partial Least Square (PLS) based Structural Equations Modelling (SEM) tool. In addition, multi-group analysis of PLS was also employed.

The major findings of this research have confirmed the influence of ethical ideology as the major determinant of the EDM process. Furthermore, results have demonstrated the role of culture as the antecedent of an individual's ethical ideology. Interestingly, the influence of parental values and religiosity, which was derived from the field study, was also confirmed. Findings also verified the moderating effect of the organizational ethical culture in enhancing a moral awareness of an individual's EDM process. With regards to the relationship among the components of the EDM process, findings revealed sequential and interrelationship links between the components. On the other hand, the moderating effect of gender, age and level of education in the EDM process was not detected. Overall results confirm the multidimensional construct and the complexity of such a process. This research provides a significant contribution to the existing knowledge in the EDM area. Most importantly, an understanding of the antecedents and the processes of EDM provides guidelines for organizations in developing better ethical programs and policies in order to promote and encourage ethical behaviour. Perhaps a major contribution of this research is the implication for managers to enhance the process of EDM in organizations.

Chapter 1: Introduction

1.1 Overview of the Research Topic

The concept of business ethics became a major consideration in 1960s when organizations became more aware of the benefit of ethical practices to society (DeGeorge 2005). Today, ethics is still the main agenda in organizational practices (VonderEmbse, Desai and Desai 2004; Chonko, Wotruba and Loe 2003; Pater and Gils 2003; Malhotra and Miller 1998; Sudhir and Murthy 2001). Most importantly, ethical practice is considered as a crucial component of competitive advantage in order to compete in the present business environment (Porter and Kramer 2006; Singhapakdi et al. 2001). In the context of academic research, the area of business ethics emerged in early 1970s and has grown remarkably since then (Harris 1990). Generally, the main research is focussed on the exploration of the individual's ethical decision making (EDM). To date, many theoretical frameworks (Jones 1991; Dubinsky and Loken 1989; Hunt and Vitell 1986; Trevino 1986; Ferrel and Gresham 1985) and empirical studies (O'Fallon and Butterfield 2005; Ford and Richardson 1994; Randall and Gibson 1990) have been presented within numerous scholarly journals which focus on this subject, with the aim of contributing to the theoretical development in this area.

Despite increased attention from practitioners and scholars, unethical practices and behaviour including fraud, corruption, and bribery are continuously reported, and are increasing daily (Andreoli and Lefkowitz 2009; Trevino and Victor 1992), especially cases involving individuals in organizations. Jones (1991) asserted that this problem is in part related to the failure of the existing frameworks which do not adequately address the relevant issue of ethics in the organizational context. Although many studies have been conducted, the investigation of the antecedent factors of EDM process by individuals in organizations is still relatively unexplored (Jones 1991).

Consequently, there is a huge gap between theory and practice in understanding how individuals deal with ethical dilemmas in organizations. Hence, the current research proposes to address this shortcoming by exploring and empirically examining the antecedents that influence the individual EDM process. As result, a behavioural model that encompasses a fully functional model of individual ethical behaviour can be established.

1.2 Research Background

There is an argument that business and ethics are two isolated components, perceived to be contradictory and that sits uneasily together. The most well known argument is proposed by economist, Milton Friedman, that the social responsibility of business is to increase its profits. According to him, “...there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profit so long as it stays within the rules of the game...” (Friedman 1970, p.13). Friedman’s idea demonstrates the rejection of ethics in business because he believed that an organization has no qualification and right to do anything other than to maximize profit. Additionally, a philosopher of management, Peter Drucker, also denied the concept of ethics in business by highlighting that the ordinary rule of ethics is not applied to business. According to him, “the first ‘social responsibility’ of business is then to make enough profit to cover the costs of the future. If this ‘social responsibility’ is not met, no other ‘social responsibility’ can be met...” (Drucker 1984, p.62)

In reality however, the belief that business ethics is an oxymoron is arguable. Evidence has shown that failure to put ethics in action not only costs billions of dollars but also jeopardises the survival of organizations (Beu, Buckley and Harvey 2003; Jones 1997; Mahar 1992). Enron as the seventh largest company in the Fortune 500, by its sudden bankruptcy and collapse (Premeaux 2009) is an example of the inadvisability of a lack of ethics. In addition, WorldCom, also known as the largest U.S. Company, has created business history with the biggest bankruptcy ever (Eastman 2002). These cases among many others such as Arthur Andersen, Tyco International, Barings Bank, and Skandia (Andreoli and Lefkowitz 2009; O’Shaughnessy 2002), made it clear that the main issue lay in the profound lack of

ethics in decision making (Premeaux 2009; Pater and Gills 2003). In addition, recent studies have found that the greater emphasis of ethical practices is associated with an organization's financial performance (Hammann, Habisch and Pechlamer 2009; Shen and Chang 2009; Donker, Poff and Zahir 2008; Verschoor 1998), and demonstrates a better image and reputation for organizations (Stephenson 2009).

These facts clearly demonstrate the importance of EDM practices by individuals, especially managers in organizations. As one who plans, leads, organizes and controls the conduct of the organization, the manager's decisions play a vital role that can reflect the success or failure of the organization in implementing ethical practices (Oumlil and Balloun 2009; Marta, Singhapakdi and Kraft 2008; Sinclair 1993). Gupta and Sulaiman (1996) emphasize that point well, "ethics has to be considered an inextricable part of managerial decision process and it is essential for managers to maintain an operational and continuing concern for ethical integrity" (p.736). In addition, Carroll (1978) stated that managers' ethical behaviour demonstrates that ethical policy in organization is "clearly and systematically established... for if it is not, it will be set haphazardly and as the need arises lower in the organization" (p.9). Employees pay attention to the managerial ethical standard set by the leader of an organization because he or she is the salient authority in the organization and holds the employee accountable for ethical standards (Trevino, Weaver and Reynolds 2006; Baumhart 1961). Previous studies have also confirmed that the manager's ethical decision is associated with the ethical practices in the organization (Schminke, Ambrose and Neubaum 2005; Brown, Trevino and Harrison 2005).

In the knowledge that managers can set the moral tone in the organization (Hemingway and Maclagan 2004; Akaah and Riordan 1989; Carroll 1978), the question of what are the factors influencing them in the process of EDM becomes much more relevant. The knowledge of such factors helps an organization to gain full understanding of managerial behavioural conduct in dealing with ethical issues. Thus, a better policy and program can be designed to enhance the process of EDM. As a result, ethical practices among managers in the organization's context can be encouraged.

Referring to existing literature, many models have proposed the multidimensional factors that influence the individual EDM process. However, despite these propositions, these frameworks have encountered a major limitation in providing an understanding of this area (Jones 1991). Bartlett (2003) advocates that most of the models are either trapped in an under-socialized or over-socialized view. The under-socialized view explains a model that only examines an individual's behaviour in organizations and ignores the social context of individuals. On the other hand, the over-socialized view only explores the practices of organizations and denies the role of individuals in the organization.

In explaining Bartlett's criticism, it is important to emphasize that conducting research on individual EDM in an organization requires extra attention. Compared to individuals outside the organizations whose ethical decision is more general, individual's ethical decisions within an organization are much more complicated. The interaction between role and work setting environment (Loe, Ferrell, Mansfield 2000) is the important aspect that needs to be considered. Thus, the development of a behavioural model describing this group needs to consider all the relevant factors not only from the individual perspective, but also from the environment of the work setting created by the organizations.

Another limitation related to the above point is the lack of any model that describes the process of an individual's EDM in the organizational context. Most of the literature related to this area has been conducted in the marketing field (Fritzsche 1991; Akaah and Riordan 1989; Levy and Dubinsky 1983; Murphy and Laczniak 1981). More specifically, the focus has been given to investigate ethical behaviour of customers and marketing practitioners (Vitell, Singhapakdi and Thomas 2001). This scenario is related to the function of marketing that is most often charged with unethical practices (Rawwas and Singhapakdi 1998; Rawwas 1996; Singhapakdi and Vitell 1992; Fritzsche 1991; Chonko and Hunt 1985; Baumhart 1961). As a result, a gap between theory and practice has emerged, especially in understanding the process of EDM by managers in organizations.

1.3 Focus of the Research

As mentioned earlier, despite the importance of the EDM in today's organizational practices, there are limitations and gaps in the existing literature. Therefore, this research is conducted to increase the knowledge base. More specifically, the research aims to explore and investigate the antecedent factors that influence an individual's EDM process in the organizational context. As a result, a fully functional behavioural model can be established that explains how the process of EDM by individuals in organizations is being practiced.

According to the literature, multidimensional constructs have been determined as the antecedent factors influencing an individual's EDM (Beu, Buckley and Harvey 2003). Based on the review conducted by O' Fallon and Butterfield (2005) and Ford and Richardson (1994), these factors can be divided into two major groups: individual and organizational factors. Individual factors refer to those that are derived from the characteristics of the individual, such as personal values, experience, and employment. On the other hand, organizational factors are determinant factors based on the environment of the work setting such as business type, business competitiveness, and training.

Despite these abundant causes, two factors have been theorised as the major determinant in an individual EDM process, namely *culture* (Axinn, Blair and Thach 2004; Singhapakdi et al. 2000; Lu, Rose and Blodgett 1999; Singhapakdi et al. 1999 ; Yeung and Tung 1996; Ralston, Giacalone and Terpstra 1994; Hunt and Vitell 1986; Ferrell and Gresham 1985; England 1975) and *ethical ideology* (Sivadas et al. 2003; Karande, Rao and Singhapakdi 2002; Bass, Barnett and Brown 1998; Barnett, Bass and Brown 1994; Vitell, Nwachukwu and Barnes 1993; Forsyth 1980, 1992). These two factors provide an indication of how individuals perceive certain decisions as ethical or unethical. In other words, culture and ethical ideology can answer why individuals reach different conclusions on the same ethical issue.

Again, it is important to realize that the EDM process is "... by its nature, a social phenomenon" (Beu, Buckley and Harvey 2003, p. 89). This fact reflects the existing relationship among the various factors in such process. Therefore, although an

individual in an organization deals with ethical dilemmas based on their individual characteristics (culture and ethical ideology), the consideration of the relationship with other possible factors in the organization needs to be taken into account (Bartlett 2003; Jones 1991). The relationship between all these factors will provide a clear picture of how an individual makes a decision when dealing with ethical issues. Most importantly, it will avoid the issue of under-socialized view and over-socialized view in the proposed model, as addressed by Bartlett (2003). Based on the previous study, one organizational factor that plays a significant role in the individual's EDM is **organizational ethical culture** (Key 2002; Vardi 2001; Trevino, Butterfield and McCabe 1998; Trevino 1986). Trevino (1986) proposed that organizational ethical culture provides a guideline for the individual in an organization to set a moral standard of certain behaviour.

The most generally accepted concept in describing the relationship of these constructs is that **culture** is a key determinant of an individual's **ethical ideology** or beliefs (Singhapakdi et al. 1999; Lu, Rose and Blodgett 1998), affecting their attitude to behaving ethically (England 1975), especially in the process of EDM. However, individuals in organizations have an obligation to follow the ethical system in their work setting (Maanen 1978). **Organizational ethical culture**, therefore, also plays an important role in ethical ideology in terms of negotiating the ethical behavioural standards in organizations (Douglas, Davidson and Schwartz 2001; Maanen 1978). In addition, **level of education** (Rest 1994; Janssen 1989; Kohlberg 1980a, 1980b), **age** (Kohlberg 1984; Rest 1984, 1986) and **gender** (Kohlberg 1969, 1984; Gilligan 1982) are also accepted as moderating variables in such process. Based on this notion, the focus of this research relies on the investigation of these factors.

Nevertheless, knowing that EDM is a complex process, this research also explores the relationship of the components in the EDM process. According to Rest (1980, 1984, 1986, 1994), there are four components to describe the process; **moral awareness**, **moral judgment**, **moral intention**, and **moral behaviour**. These four components can be described as the sequential process (Rest 1980, 1984, 1986, 1994). In addition, the interrelationship among the components is also explored. Thus, by examining such a link, this research provides an understanding of how managers, in dealing with ethical issues, have practiced the EDM process

The current research was conducted on a sample of managers from large Malaysian organizations. To date, it is apparent that all the major theories and models of EDM have been developed in Western countries. Hence, its applicability in non-western cultures, including Malaysia, remains an open question (Singhapakdi et al. 2000; Zabid and Alsagoff 1993). This situation creates ambiguity and uncertainty about the significance of the existing theories in the context of non-western research. Due to this shortcoming and the crucial issue of EDM in today's organizations, it clearly shows there is a need to build a model that can take into consideration of cultural differences. Most importantly it contributes to an understanding of how managers deal with the EDM process in the organizational context.

1.4 Ethical Practices in Malaysia

In general, Malaysian organizations have attracted ongoing criticism for reportedly high levels of corruption and inappropriate business practices, while the West is generally perceived to be relatively corruption-free. Transparency International, a body which compiles an annual index of corruption perceptions around the world, ranked Malaysia at 43 on a scale of 1 to 179 (least corrupt to most corrupt) in its 2007 index (http://www.transparency.org/policy_research/surveys_indices/cpi/2007). In 2009, Malaysia's rank dropped to 56th, far behind Singapore, which was ranked in the top 5, while Australia improved their position from 11th in 2007 to 8th position in 2009 (http://www.transparency.org/policy_research/surveys_indices/cpi/2009). In this index, almost 85% of the countries that ranked in the top 20 are Western countries.

However, the apparent differences between Western and Malaysian business ethics have led to arguments about the basis for this ranking. One of the main issues is the influence of culture, which makes this ranking a relevant inquiry. Thus, certain practices, such as gift-giving and taking in the public realm, is a normal tradition in many non-Western cultures, including Malaysia. This is known as 'guanxi' or relationship-building. Luo (2000) refers to the guanxi practice as "interpersonal linkage with the implication of continued exchange of favours" (p.2). Societies applying guanxi practices perceive that the business relationship involves a personal relationship between the involved parties, more than just a business deal. Thus, to show politeness and to establish a good relationship, they will give souvenirs,

including money and entertainment. From a cultural perspective, this practice is considered to be ethical (Lovett, Simmons and Kali 1999) but it is often misunderstood by the West, which often struggles with it and mistakes it for bribery (Chan, Cheng and Szeto 2002).

Despite these differences and misconceptions about certain cultural practices, the Malaysian Government realizes the need to overcome this issue. Malaysian organizations are being encouraged by the government to promote ethical practices in their organizations (Pelan Integriti Nasional 2004). These organizations have been called upon to develop a program to enhance the capability of individuals in making ethical decisions. In addition, policies and programmes promoting ethical practices have been emphasized in order to improve and upgrade an ethical standard in Malaysian organizations. On 23rd April 2004, the 'National Integrity Plan' was launched with the objective of providing guidelines for organizations including the public, private and non-government (NGO) sectors, to enhance ethical practices in the country (Integrity Institute of Malaysia 2006). The plan can be considered as a blueprint for Malaysia to be a nation of integrity. Following this plan, the Malaysian Institute of Integrity was set up to co-ordinate and monitors the implementation of NIP (Integrity Institute of Malaysia 2006).

In addition, the Malaysian Government has established the Parliamentary Select Committee on Integrity to promote a culture of ethics in Malaysia. Furthermore, the role of several institutions, including the Police and the Anti-Corruption Agency (ACA), Central Bank, Securities Commission of Commission (SCM), and Companies Commission was strengthened. The 'Malaysian Business Ethics Excellence Awards' was given to organizations that have established formal and effective business ethics, to acknowledge their accomplishment. Generally, all these efforts were introduced to encourage Malaysian organizations to uphold high morals, ideals and ethical standards in their organizational conduct (Integrity Institute of Malaysia 2006). With regards to this matter, knowledge of factors that drive ethical conduct among individuals in Malaysian organizations becomes crucial; such factors are the main consideration in this research.

1.5 Research Questions and Objectives

As discussed earlier, theoretical and empirical studies have established the antecedent influence of culture and ethical ideology. In addition, the moderating effect of organizational ethical culture, gender, age and level of education on an individual's EDM process is also identified. However, the issue of how these factors influence the EDM process has not been thoroughly explained and tested. Hence, the main objective of this study is to explore the extent of the influence of these antecedents on the process of EDM among individuals in organizations. Thus, the three dominant research questions of this study are as follows:

- RQ1: How do culture, ethical ideology and organizational ethical culture within an organization relate to the individual EDM process?
- RQ2: How is the EDM process being practised by individuals in organizations?
- RQ3: How do gender, age, and level of education moderate the process of EDM?

Based on the research questions above, the following research objectives are developed:

1. To investigate the influence of culture and ethical ideology as antecedent factors of the EDM process.
2. To examine the relationship among the components of EDM process.
3. To investigate how organizational ethical culture moderates the relationships between ethical ideology and EDM process.
4. To identify the differences of individual's EDM process based on the moderating effect of gender, age and level of education.

1.6 Significance of the Research

The significance of the current study lies in its theoretical and practical contributions. From a theoretical perspective, this research provides insights into the practice of EDM by managers from large organizations. In addition, this research evaluates the validity of existing theory as proposed in the ethical literature. In an attempt to

investigate the individual's EDM process, the current research developed a proposed model that was derived from Rest's (1980, 1984, 1986, 1994) 'Four Component Model'. The focus is to examine the factors that influence the process of how individuals in organizations deal with ethical dilemmas. Some existing studies use a similar notion, but they fail to determine the 'real' factors faced by individuals in organizations. In order to overcome this issue, the current model carefully addresses the EDM constructs based on prior theories and research in ethics literature. As a result, the antecedent factors, namely culture and ethical ideology, and the moderating effect of organizational ethical culture, gender, age and level of education, were proposed as the factors that affect an individual's EDM process. In general, the influence of these factors has been barely explored. Besides the investigation of these factors, this research conducts an examination of the components of the EDM process in order for an individual to perform morally. In particular, the relationship and interrelationships between moral awareness, moral judgment, moral intensity and moral behaviour by individuals in organizations will be identified. Since most existing studies have only adopted particular components to describe individual EDM, this investigation of the relationship between the components will clarify the complexities of the EDM process.

From a practical perspective, this research provides an insight into the EDM process of managers in the organizational context. It demonstrates a clear picture of the factors that influence individuals in organizations when making decisions involving ethical content. In addition, it is expected that a better understanding of both the antecedent and the processes of EDM will provide guidelines to assist Malaysian organizations to successfully promote and encourage ethical behaviour by their managers. This study benefits organizations in terms of developing better ethical program policies. Since this study is undertaken in Malaysia, a significant contribution will be made to an understanding of the EDM practices based on the Malaysian context. However, even though the research was focused specifically on the Malaysian context, a general understanding of the individual EDM process in the organizational context still can be concluded.

1.7 Organization of the Research

This thesis is organized and presented in eight chapters. Figure 1.1 illustrates the organization of this dissertation according to the chapters.

<i>Structure</i>	<i>Description</i>	<i>Output</i>
Chapter 1	Introduction of the thesis <ul style="list-style-type: none"> Establish the research problem 	Determines the research questions and objectives
Chapter 2	Literature review <ul style="list-style-type: none"> Provides the theoretical background Discusses the existing gap 	Proposes an initial research model
Chapter 3	Methodology <ul style="list-style-type: none"> Details the methodology 	Justifies a mixed method to conduct a research
Chapter 4	Field study <ul style="list-style-type: none"> Presents the details of the field study Provides the content analysis using Nvivo software 	Proposes the comprehensive research model
Chapter 5	Hypothesis and questionnaires development <ul style="list-style-type: none"> Details the hypothesis of the comprehensive research model Details the questionnaire development 	Provides the hypotheses of the research model
Chapter 6	National Survey <ul style="list-style-type: none"> Details the national survey method Analyses data using Partial Least Square (PLS) 	Analyses the findings to confirm the hypotheses
Chapter 7	Discussion <ul style="list-style-type: none"> Discusses the findings based on the research analysis 	Provides the interpretation of the research findings
Chapter 8	Conclusion <ul style="list-style-type: none"> Overview of the research 	Provides the contribution of the research

Figure 1.1: Structure of Thesis

In the current chapter, *chapter one*, there is a discussion about the research background that provides the importance of the research and the problem in the existing literature. The result of the discussion is to determine the focus of the research that leads to the questions and objectives of the research. In addition the theoretical and practical contribution of the research is also provided. In *chapter two*, a review of relevant literature focusing on the EDM process is undertaken and the antecedent factors of culture, ethical ideology, organizational ethical culture, gender, age and level of education are discussed. Along with the discussion, attention is also given to the existing gap in research. By synthesizing previous theories and empirical research, this chapter proposes the initial model for this research that explains the relationship of antecedent factors and EDM components.

In order to test the model, *chapter three* proposes a mixed methodology that combines the quantitative and qualitative approaches to be undertaken. The rationality and justification of the method employed is proposed in this chapter. Then, a detailed description of the research process in collecting the data for this research is presented.

In *chapter four*, description of the qualitative method that was conducted in this research is explained. The field study, conducted through a semi-structured interview was carried out on 14 managers, comprising middle and top-level managers from large Malaysian organizations. A content analysis using Nvivo software was used to analyse the findings of the study. As a result, a variety of factors were determined as the antecedent factors of individual EDM. Based on the interpretation and comparison between the findings and the initial model, a comprehensive model for this research is presented. Two more additional antecedent factors, namely parental values and religiosity, were added to the comprehensive research model. Based on this model, the development of the hypotheses is presented in *chapter five*. This chapter also provides the details of the development of the questionnaire for the research survey.

Chapter six describes the quantitative approach for the research method through a national survey. The survey was conducted by 'mail' and 'drop-off survey' method on 1200 managers from large organizations. Partial Least Square (PLS) based on structural equation modelling (SEM) was used to analyze the 236 usable data which

was gathered. Confirmation of the research hypotheses is provided based on the results of the analysis.

The implication of the research findings is discussed in *chapter seven*. More specifically, this chapter provides an explanation of the research findings based on theoretical and practical perspectives. In the final chapter, *chapter eight*, the summary of the research overview and the significant contribution of this research are presented. For the purpose of extending understanding in this area of research, recommendations for future research are also given.

1.8 Conclusion

This chapter aims to provide the background of the related issues and topics in order to clarify and highlight the importance of the research. Based on the existing literature, the chapter addresses the major gap in the area of EDM process by individual in the organizational context. An overview of Malaysian ethical practices in the context of the current research is then described. This is followed by the description of the research focus, which also provides the research theme of the research. Then, research questions, objectives, and the significance of the research are presented. Finally, the last section of this chapter describes the overview of the structure in this dissertation in order to provide a clear picture of what has been done and what has been found in the current research.

Chapter 2: Literature Review¹

2.1 Introduction

Organizations find it difficult to determine exactly the meaning of an ethical decision. Thus, 'gray' areas become common in organizations when there is a blurred boundary between 'black' and 'white' areas in determining the morality of certain decisions (Bruhn 2009). Therefore, rather than focusing on evaluating whether a certain decision is 'ethical' or 'unethical', the current research focuses on how the process of making ethical decision is performed by individuals when dealing with ethical dilemmas in the organizational context. Such understanding will help organizations improve ethical behaviour practices by increasing the awareness, and reforming both the judgment and intention on the ethical issues in the organizational context. Due to this argument, the investigation of the antecedent factors in the ethical decision making (EDM) process becomes much more relevant. It provides a clear picture on what exactly influences an individual, and thus helps organizations to enhance the EDM process among individuals in organizations.

As stated before, Beu, Buckley and Harvey (2003) suggest that the process of EDM is influenced by multidimensional constructs. Reviews by O'Fallon and Butterfield (2005) and Ford and Richardson (1994) have confirmed this assertion. Thus, by

¹ Part of this chapter has been published in the following publication:

Mustamil, N. and Quaddus, M. 2008, 'Ethical Decision Making: A Critical Assessment and an Integrated Model', in Adam, F. and Humphreys, P. (eds.), *Encyclopaedia of Decision Making and Decision Support Technologies, Volume 1*, Information Science Reference, New York, USA. pp. 313-319.

synthesizing previous theories and empirical studies, the theme underpinning this research (as described in section 1.2, page 2) is that culture is a key determinant of an individual's ethical ideology that affects their attitude to behaving ethically. Individuals in organizations however, have an obligation to follow the ethical system in their work setting. Therefore, organizational ethical culture plays an essential role in influencing an individual's ethical ideology in the process of EDM. In addition to that, previous studies have established the moderating effect of gender, age, and level of education in variables in such process.

Based on this notion, this chapter reviews the relevant theories and previous studies related to this theme in order to establish the theoretical background of this research. This chapter starts with a discussion of the term 'ethics' followed by the theory underpinning the EDM process. Based on the objectives of this research, a literature review of the antecedent factors is conducted along with a critical analysis to determine the gaps in the existing literature. With the aim of filling the gap, previous theories and studies are synthesized to develop a model of the EDM process applied by individuals in an organization. The model (as illustrated in figure 2.2 in the last section) explains the relationship among the constructs and the complexity of the components in the EDM process.

2.2 Ethics

2.2.1 Definition of Ethics

Ethics is about "how people ought to act to be moral" (Buchholz and Rosenthal 2005, p.314) by setting a "standards of good or bad, or right or wrong" (Schermerhorn 2002, p. 146), or "permissible" in one's conduct (Buchanan 1998), "... in terms of rights, obligations, benefits to society, fairness, or specific virtues" (Velasques et al. 1987). Despite this clarification, still no clear definite rationale can be deduced to determine whether certain action is 'ethical' or 'unethical'. One possible explanation of this matter is related to the philosophical thinking about the subject itself (Watley 2002). Therefore, the meaning of ethics is validated based on the philosophical view. In explaining this, two schools of thought, namely the deontological and teleological

views come into consideration. Briefly, both theories are fundamentally based on the righteousness of behaviour and the consequences of the behaviour.

Deontologists (Kant 1980) propose that a decision is moral only to the extent that it is consistent with universal moral philosophies. The notion that “doing unto others as you would have them do unto you” is the golden rule in the deontological view. As a result, accepted moral values such as fairness, truthfulness, and harmony are determined as benchmark in ethical analysis. For deontologist, means of an action is the benchmark to determine the morality. This principle is directly opposed to teleology, which determines morality through the ends of an action. Teleologists (Mill 1963) argue that ethical standards of a decision are ethical if the decision could produce better consequences rather than universal values. For them, an action is considered moral as long it provides the greatest good for the greatest number of people. As a result, the conflict arising between these two perspectives has led to some key debate surrounding the meaning of ethics (Watley 2002).

This argument also reflects the contrariety in defining the term of ‘ethical decision’. To date, no consensus has been reached to define the meaning of ethical decision (Jones 1991; Ferrell and Gresham 1985). Previous researchers proposed that ‘ethical decision’ can be referred to as the decision that involves a consideration of others, which is both ‘legally and morally’ acceptable to the majority of the community (Mustamil and Quaddus 2008; Jones 1991). Payne and Joyner (2006) however, argue that an ethical decision is more than legality; it implies the moral rightness or wrongness of the decision maker. In the case of slavery for example, although it can be considered as accepted and appropriate in terms of legality, it is obviously unacceptable and inappropriate in terms of human rights.

2.2.2 Ethics and Morality

Morality can be referred to as the basic guidelines about what is right and wrong (Velasquez 1998), by providing “the standards of behaviour by which individuals are judged, especially in their relationship with others” (Stedham, Yamamura and Beekun 2007, p.165).

Although morality is a widely used concept in explaining the concept of ethics, there is an argument about the relationship between these two concepts. According to previous researchers, morality and ethics are two different elements in the same area (Fang 2008; Fischer 2004). Beauchamp and Bowie (2001) for example, state that morality refers to the principle or rules of moral conduct as defined by society. On the other hand, ethics reflect the nature and justification of right and wrong. In general however, it is common for the terms of morality and ethics to be used interchangeably. According to Grace and Cohen (1998), ethics and morality is a synonymous concept. Both terms are difficult to separate as no difference in meaning between ‘ethical’ and ‘moral’ can be derived. Taylor (1975) also indicates the similarity of these two terms in her definition of ethics that is “the nature and ground of morality where the term morality is taken to mean moral judgments, standard, and rules of conduct” (p.1). In addition, many other studies also used both terms interchangeably (Nguyen and Biderman 2008; Stedham, Yamamura and Beekun 2007; Trevino, Weaver and Reynolds 2006; Shaw and Barry 2001; Jones 1991). Based on this clarification, the current research applied the uniformity of both concepts.

2.2.3 Research on Ethics

Research in the area of business ethics was started in the early 1970s (DeGeorge 2005). Remarkable attention has been given in this area since then, and becomes the main conversation among today’s ethical scholars. The field of ethics in research can be divided into three distinct strands of investigations (Miner and Petocz 2005; Watley 2002). Firstly, *normative ethics*, is an inquiry of how people ought to act. Normative study examines how the ‘principles of ethics’, for example Kantian theory (Kant) and Utilitarian (Mill), guide a moral choice by defining what is right or wrong, and good or bad. Secondly, *descriptive ethics*, is an inquiry of an individual’s attitude and beliefs toward morality. A descriptive study describes and explains a cause for an individual behaving ethically. One of the most common examples of this study is Kohlberg’s research, which investigates the developmental process of an individual’s moral judgment to establish the Cognitive Moral Development (CMD) theory. Finally, *meta-ethics* is an inquiry of the nature of ethical theories. A meta-ethics study provides the answer to what is exactly meant by the ‘moral’ questions. For example, questions about the meaning of moral judgment and factors that influence the act.

To determine the component of ethics research in the current study, the main subject and research objectives are conceived. As described earlier, the main subject of this current research relies on the individual's EDM process with the objective to empirically examine the antecedent factors that influence such process. Reflecting this aim, the descriptive ethics is applied in this research. However, it is also important to get an understanding of what moral constituent means in this area. In addition, the justification of moral behaviour as discussed in the current research also needs to be addressed. Therefore, normative ethics and meta-ethics are also applied in this research.

2.3 Ethical Decision Making (EDM) Process

2.3.1 Theoretical Background

Despite the lack of agreement in determining the definition of 'ethics' and 'ethical decision', a common conclusion has been reached to describe the process of ethical decision making (EDM) (Watley 2002). Watley (2002) in his research, did a comparison between the existing philosophies of ethics; including character ethics (Aristotle, 1985), teleology (Mill 1987/1963), deontology (Ross 1930), bystander intervention (Latane and Darley, 1970), altruistic behaviour (Schwartz 1977), ethical decision making (Jones 1991; Rest 1986, 1994), managerial decision making (Bartol and Martin 1998), and consumer behaviour (Solomon 1999) and found the similarities among these views. According to Watley (2002), although each encompasses different views of what 'ethics' should be, these views share a similar idea in explaining the individual's EDM process. In general, the process starts with awareness, followed by judgment and intent, and finally behaviour. Adapted from Watley's (2002) comparison work, table 2.1 presents these views.

Table 2.1: The EDM Process by Various Authors

	Awareness	Judgment	Intent	Behaviour
Aristotle(1985) Character ethics	must know he is doing virtuous action	decide on them	must be volitional	must do them
Mill (1987/1863) Teleology	engaged in a pursuit	test right and wrong by outcomes	motivate self to act	act to produce the positive result
Ross (1930) Deontology	sufficient attention	make a moral judgment	be impelled to act	take a moral risk
Latane and Darley (1990) Bystander intervention	notice the situation	define the situation as an emergency	decide to respond	decide what to do and decide how to help
Schwartz (1977) Altruistic	state of need, actions could be taken, own ability to provide relief, apprehension of responsibility	activation of personal norms	cost assessment, responsibility to respond	action or inaction response
Rest (1986) Ethical decision making	interpret the situation	judge what is right	give priority to what is moral	follow through
Rest (1994) Ethical decision making	moral sensitivity	moral judgment	moral motivation	moral character
Jones (1991) Ethical decision making	recognize moral issue	make moral judgment	establish moral intent	engage in moral behaviour
Bartol and Martin (1998) Managerial decision making	identify the problem	generating alternatives, evaluating an alternative	choosing an alternative	implementing and monitoring
Solomon (1999) Consumer behaviour	problem recognition, information search	evaluation of alternatives	product choice	outcomes

(Source: Watley 2002, page215-216.)

Although there are various theories that have been proposed to describe the process of EDM, Rest's theory has been accepted as the most empirically grounded approach (Cottone and Clause 2000; O'Fallon and Butterfield 2005; Rocco and Ronald 2000). According to Rest (1980, 1984, 1986, 1994), the EDM process starts with an individual's recognition that a given situation has involved ethical content and leads the individual to judge the moral standard of certain behaviour, engage with moral intention and transform to actual behaviour. Rest's theoretical framework is a worthy starting point to develop a model of the ethical behaviour of individuals (Jones 1991). It has been widely used especially to analyze and describe individual ethical behaviour (Trevino, Weaver and Reynolds 2006; Beams, Brown and Killough 2003; Shapeero, Koh and Killough 2003; Shafer, Morris and Ketchand 2001). Based on these points, Rest's framework is preferred in the current research.

2.3.2 Rest's Four Components Model

Rest (1980, 1984, 1986, 1994) proposed the 'Four Component Model' to describe the process of EDM by an individual. Rest's (1984, 1986) theory basically is the response to the most noticeable work in ethics areas, Kohlberg's (1969, 1980a, 1980b, 1984) theory of Cognitive Moral Development (CMD). According to Kohlberg, individual moral behaviour depends on the level of his or her moral judgment. He suggested there are six levels representing the levels of individual moral development, and the higher the levels are, the more mature the person is in making a moral judgment. Rest (1986) however, argues that "moral judgment is not the only process in the psychology of morality" (p. 20), rather it is more complicated. Rest perceived that moral development is a continuous process, in which individuals may show their development in more than one level at once. Interestingly, Rest was a student of Kohlberg. In his book of 'Moral Development: Advances in Research and Theory', Rest (1986) mentioned that Kohlberg himself personally agreed that ethical behaviour is more complicated.

According to Rest (1980, 1984, 1986, 1994), in dealing with moral issues an individual will engage in the process that consists of four logical sequential components, namely moral awareness, moral judgment, moral intention and moral

behaviour. Rest (1980, 1984, 1986, 1994) describes the relationship of the components to one another as independent and dependent. The components however, are not linear rather “they are major units of analysis in tracing out how a particular course of action was produced in the context of a particular situation” (Rest 1986, p. 20). Drawing heavily from Kohlberg’s theory (Kohlberg 1969) and Schwartz’s (1977) findings, the Rest’s theory has been developed specifically for the applied psychology of ethics. This framework, however, has been frequently cited and widely used in research related to individual EDM in various areas, such as business management, health, education, and sports management. Further, it has been accepted as the most empirically grounded approach (Rocco and Ronald 2000), and is the most appropriate theory that can be generalized to an organizational setting to describe individual ethical behaviour in an organization.

Table 2.2: Four Components of Rest’s Framework

Four Components	Elements of the components
Moral Awareness	<i>The person must have been able to make some sort of interpretation of the particular situation in terms of what action were possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effect on their welfare.</i>
Moral Judgment	<i>The person must have been able to make a judgment about which course of action was morally right (or fair or just or morally good), thus labelling one possible line of action as what a person ought (morally ought) to do in that situation.</i>
Moral Intention	<i>The person must give priority to moral values above other personal values such that a decision is made to intend to do what is morally right.</i>
Moral Behaviour	<i>The person must have sufficient perseverance, ego strength, and implementation skills to be able to follow through on his/her intention to behave morally, to withstand fatigue and flagging will, to overcome obstacles.</i>

Source: Rest, 1986, pp.3-4.

Table 2.2 presents the theoretical definition for each component as proposed by Rest (1986, pp. 3-4). The first component, moral awareness, refers to the ability of an individual to interpret the situation and recognize himself or herself as a moral agent and interpret the scenario based on how one’s action affects the interest and welfare

of others (O'Fallon and Butterfield 2005; Moores and Chang 2006; Rocco and Ronald 2000). Previous research has operationally defined moral awareness as the recognition of ethical content and interpretation of the situation as being ethical or unethical (Butterfield, Trevino and Weaver 2000; Sparks and Hunt 1998; Jones 1991; Hunt and Vitell 1986). Rest (1986) emphasized that moral awareness plays a crucial role in initiating ethical decisions and failure to do so leads to individuals making decisions solely for their self-interest.

The second component, moral judgment, demonstrates the ability of individuals to judge certain actions based on some moral idea (Moores and Chang 2006; O'Fallon and Butterfield 2005). This component is a formulation of moral course and moral idea (Rest 1980, 1984, 1986, 1994), that describes the rightness and wrongness of action (Hunt and Vitell 1986) in a specific situation. Originally, this component was derived from the theory of CMD (Kohlberg 1969, 1984). In this theory, Kohlberg suggested that the individual's moral judgment can be explained based on the different stages of moral development, as shown in table 2.3.

Mainly, there are three levels, namely pre-conventional, conventional, and post-conventional each consisting of two stages respectively. At *stage one* (punishment-avoidance and obedience), an individual determines the right action based on the authority standards and thus they will obey the authority to avoid punishment. At *stage two* (exchange favour), an individual is no longer influenced by any single authority but starts pursuing his own interest and occasionally exchanges favours with others. At *stage 3* (good boy/good girl), they act well towards others to show mutual interpersonal expectations, relationship and conformity. At *stage four* (law and order) an individual obeys laws to maintain the social system in a society. At *stage five* (social contract), an individual defines their moral action based on the logical application of society's moral standard rather than checklist rules. At *stage 6* (universal ethical principle), individuals are more concerned about the universal moral values that make for a good society.

Table 2.3: Kohlberg's Theory of Cognitive Moral Development

Level	Stage	Descriptions
I Pre-conventional	1 Punishment-avoidance and obedience	Individuals in this stage are more prone to judge certain decisions in order to avoid punishment or procurement of pleasure.
	2 Exchange of favours	
II Conventional	3 Good boy/good girl	Individuals in this stage recognize the need for social order and they tend to respect authority,
	4 Law and order	
III Post-conventional	5 Social Contract	Individuals have developed the ability to apply moral standards based on universal justice, consistency and human rights.
	6 Universal ethical Principle	

Generally, Kohlberg's theory demonstrates that the higher the stage of an individual's moral development, the more consistent and reliable is his moral judgment, especially in performing ethical behaviour. However, Rest (1986) believes that when faced with ethical dilemmas, an individual faces a more complicated process. Rather than simply stating that ethical behaviour is solely based on an individual's moral judgment, Rest (1986) emphasized an individual's moral intention as the outcome of his or her moral judgment before they can decide to engage or not engage with the ethical behaviour. Thus, moral intention is suggested as the third components in the individual EDM process.

The third component, moral intention, refers to the ability of individuals to prioritize the moral idea in dealing with ethical issue (Moore and Chang 2006). In particular, moral intention expresses the likelihood of an individual's propensity to engage in ethical behaviour (Jones 1991; Dubinsky and Loken 1989; Hunt and Vitell 1986). The influence of moral intention can be explained by the Theory of Planned Behaviour (Ajzen 1991). This theory introduces the concept of intention as the strongest predictor of an individual's behaviour, and explains a person's readiness to perform moral behaviour. According to this theory, an attitude towards specific behaviour, subjective norms and perceived behavioural control predicts an individual's intention to perform a certain behaviour, which predicts the individual's actual behaviour. The relationships among these constructs are depicted in figure 2.1.

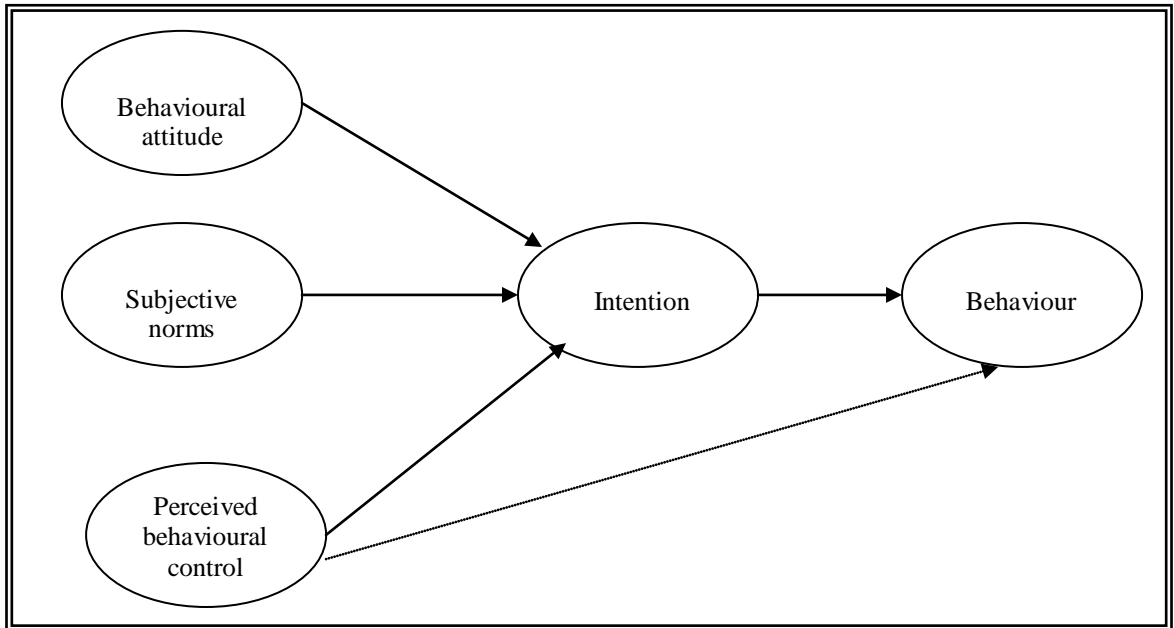


Figure 2.1: Theory of Planned Behaviour

The last component, moral behaviour, encompasses an individual’s ability to transform an intention to actual behaviour (Moore and Chang 2006; O’Fallon and Butterfield 2005). As stated by Rest (1986), moral behaviour reflects that an individual must have “sufficient perseverance, ego strength and implementation skills to be able to follow through his or her intention to behave morally” (p.3). Moral behaviour is a function of an individual’s awareness, judgment and intention that measures the extent of his overall ability in dealing with ethical issues.

Rest (1980, 1984, 1986, 1994) emphasizes that when dealing with ethical dilemmas, the process in making a decision whether he or she will engage with ethical or unethical behaviour is represented by these four components. These components can be explained as four logical sequential processes and any deficiency in any one component can lead to moral failure. However, Rest also emphasizes that because the EDM process is a complex and diverse cognitive process, the interrelationship among these four components, which he describes as feed-forward and feedback loops, can also be expected.

Although Rest’s theory has received great attention in ethics research, these studies have suffered from several limitations. The first limitation is in regard to the relationship between the four components. As mentioned above, Rest proposed that

the relationship of the EDM components can be illustrated as a sequential and interrelationship process. Moores and Chang (2006) support this notion and assert that the four components are confirmed as a sequential process. In addition, previous studies have confirmed the complicated relationship between these four components (Moores and Chang 2006; Valentine and Fleischman 2003; Abdolmohammadi and Sultan 2002; Ryan 2001; Wagner and Sanders 2001; Green and Weber 1997). Although study by Moores and Chang (2006) presents all the four components, their study failed to address the interrelationship between the components. In other studies, focus is given only to test the relationship of certain components to other components, rather than to present the whole components. In general, attention was focused on the relationship between moral judgment and moral behaviour (O'Fallon and Butterfield 2005; Butterfield, Trevino and Weaver 2000; Weber 1992). As a result, the interrelationship of the four components is relatively unexplored.

The next limitation is related to the first component, moral awareness. This first component can be considered as a critical step in unfolding the EDM process because recognition and interpretation of ethical issues by individuals determine his engagement in ethical behaviour (O'Fallon and Butterfield 2005; Butterfield, Trevino and Weaver 2000; Rest 1986). In literature however, there is a lack of research conducted on moral awareness (O'Fallon and Butterfield 2005). On the other hand, the second component, moral judgment, has received remarkable attention from previous researchers (O'Fallon and Butterfield 2005; Butterfield, Trevino and Weaver 2000; Weber 1992; Trevino 1986). One possible explanation is due to the fact that moral awareness is the first step in the EDM process and thus might be viewed as the independent variable (O'Fallon and Butterfield 2005). In addition, the established measurement of moral judgment as proposed by Kohlberg (1969, 1984) makes the research related to moral judgment much more accessible.

A further limitation is related to the influence of factors surrounding the process of EDM. According to Rest (1986), the EDM process is not the stand-alone process. Thus, in conducting a study related to the individual EDM process, it is essential for the researcher to also examine the factors that determine such process. As mentioned consistently in this current research, a variety of factors have been determined in the previous research as determinant factors of the EDM process. Despite the attention,

most studies have failed to distinguish ‘which antecedent influences which component’. Although they claim that the study is about the examination of an individual’s EDM, there is no clear clarification about how each factor influences the components of the EDM process. As a result, the relationship between the antecedents and the components of the EDM process is still unanswered.

Based on the above limitations, clear gaps in the previous literature exist in explaining the factors surrounding the individual’s process of EDM. Therefore, in order to explore the antecedent factors of such process, this research extends Rest’s theory. In addition, the major models that describe individual ethical behaviour based on the research context are reviewed in order to provide a justification of the relevant factors in the EDM process. Therefore, the next section will present the discussion of the major model in this area.

2.3.3 Major Models of Ethical Decision Making

Although many models have been developed in the ethics literature, there are five major models have been referred consistently in describing individual ethical behaviour. Table 2.4 presents the list of these models.

Hunt and Vitell’s model of ‘General Theory of Marketing Ethics’ (1986) proposes that an individual’s ethical judgment is a function of the individual’s deontological evaluation and teleological evaluation. The model was developed in the descriptive mode of ethics area that suggested cultural environment, industry environment, organizational environment and personal experience as the influencing factors on individual behaviour; judgement-intentions-behaviour. Ferrel and Gresham (1985) suggested a ‘Contingency Model for Ethical Decision Making in a Marketing Organization’. According to this model, there are three major components to explain the influence of individual ethical behaviour that are individual factors, significant others in the organizational setting, and opportunity for action. The model specifies that the behavioural outcome of ethical dilemmas is related to the interaction among these components.

Table 2.4: Major Models of Ethical Decision Making

Models	Antecedents Factors	EDM Components
Hunt and Vitell (1986) 'General Theory of Marketing Ethics'	Cultural Environment Industry Environment Organizational Environment Personal Experiences Deontological Norm Teleological Norm	Ethical Judgments Intentions Behaviour
Ferrel and Gresham (1985) 'A Contingency Model of Ethical Decision Making in Marketing Organization'	Ethical Issue of Dilemmas Individual Factors - <i>Knowledge</i> - <i>Values</i> - <i>Attitudes</i> - <i>Intentions</i> Significant Others - <i>Differential Association</i> - <i>Role Set Configuration</i> Opportunity - <i>Professional Codes</i> - <i>Corporate Policy</i> - <i>Rewards/Punishment</i>	Behaviour
Trevino (1986) 'Person-Situation Interactionist Model'	Individual Moderators Situation Moderators - <i>Immediate Job Context</i> - <i>Organizational Culture</i> - <i>Characteristics of Work</i>	Moral Judgment
Dubinsky and Loken (1989) 'Model for Analysing Ethical Decision Making in Marketing'	Behavioural Beliefs Outcome Evaluations Normative Beliefs Motivation to Comply	Ethical Intention Ethical Behaviour
Jones (1991) 'An Issue Contigent Model of Ethical Decision Making in Organizations'	Moral Intensity - <i>Magnitude of Consequences</i> - <i>Social Consensus</i> - <i>Probability of Effect</i> - <i>Temporal Immediacy</i> - <i>Proximity</i> - <i>Concentration of Effect</i>	Moral Awareness Moral Judgment Moral Intention Moral Behaviour

Trevino's 'Person-Situation Interactionist Model' (1986) focuses on the influence of organizational factors on the individual's moral behaviour. Based on Kohlberg's stage of cognitive moral development, the model proposes the moderating effect of

individual and situational factors on moral judgment. Individual factors include ego strength, field dependence, and locus of control, whereas situational factors include elements of immediate job context, organizational culture, and characteristic of the work. Dubinsky and Loken's (1989) model of 'Analysing Ethical Decision Making in Marketing' proposes that ethical attitude is based on the individual's personal beliefs and outcome evaluations, while normative beliefs and motivation to comply affect subjective norms towards ethical behaviour. The model is developed based on the theory of reasoned action (Fishesbein and Ajzen 1975). Jones (1991) proposes an 'Issue-contingent Model of Ethical Decision-Making'. According to Jones (1991), individual ethical action depends on the content of the moral issues faced. If the issue is considered to have a highly ethical content, they tend to engage with ethical decisions. Jones (1991) suggests six characteristics to measure the moral intensity of the issue; magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect.

Beside these major models, there are many other frameworks that have been proposed in describing individual ethical behaviour (Tarvydas 1998; Betan 1997; Strong and Mayer 1992; Knouse and Giacalone 1992; Fritzsche 1991). In general however, these models were apparently developed without attention to philosophical or theoretical bases (Jones 1991). Cottone and Claus (2000) added that many models fail to establish the 'foundational premises' in order to establish the theoretical ground for the framework. Therefore, the 'coherence or utility' of the model "can be questionable due to the absence of clear empirical support of the model" (Cottone and Clause 2000, p.281).

In addition, the limitation of major models related to the area of model development is still a concern. Generally, most of the major models were proposed in marketing ethics. This creates an ambiguity about the applicability of the model especially in the organizational context. Thus, the aim to fulfil the gap in this area becomes the main consideration in this research.

2.4 Antecedent Factors of the EDM Process

As mentioned consistently, development of a theoretical framework in the area of EDM has proven to be very challenging due to the multitude of complex and varied factors that contribute to ethical behaviour. Despite the challenges, this area has been receiving increasing attention from scholars of ethics exploring the determinant factors of an individual's EDM. In general, these factors can be divided into two major groups, individual and organizational factors (O'Fallon and Butterfield 2005; Ford and Richardson 1994). Thus, by synthesizing the previous theories, the empirical study, and the major models of EDM, two main factors are seen to be the major determinants in individuals EDM process; **culture** and **ethical ideology**, together with the moderating factors of **organizational ethical culture, gender, age, and level of education**.

As stated in an earlier chapter (section 1.3, page 5), the research theme that relies on these factors is that an individual in an organization has developed his/her own belief about ethical standards based on their cultural norms and common practices. This belief or ideology then influences the individual in dealing with ethical dilemmas in the organization. Nevertheless, individuals have to follow the culture that has been practiced in the organization they work for, and thus organizational ethical culture plays an important role in moderating an individual's beliefs in dealing with ethical issues in organizations. In addition to these factors, the EDM process of an individual also differs according to their gender, age and level of education. Thus, in the following section, a review of relevant literature is proposed to provide a theoretical background of each construct. Along with the discussion, the research gap in the existing literature is determined.

2.5 Culture

2.5.1 Defining Culture

To date, many definitions have been provided about the meaning of culture. One of the most accepted definitions of culture was derived from Kroeber and Kuckhohn (1952). After reviewing some 160 different definitions of culture, they defined that:

“Culture consists of pattern, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human group, including their embodiment of artifacts; the essential core of culture consists of traditional (i.e. historically derived and elected) ideas and attached values” (p.81).

In addition, Hofstede has defined culture as a “software of mind” (1991, p.40) or “collective programming of the mind...which is largely invisible and unconscious” (1980, p.1). Culture can be viewed both in terms of what one does and/or how one thinks; based on beliefs, traditions, customs, norms and even religion (Hofstede 1980, 1991). Individuals learn and observe a culture’s value from the society shared in certain groups, and this becomes the foundation of the individual’s behaviour.

In order to explain the elements and characteristics of culture, a variety of dimensions have been addressed by the previous studies (House et al. 2004; Triandis 1995; Trompenaars 1993; Hofstede 1980, 1991). Among these studies, Hofstede’s cultural study is accepted as the major reference in relation to a study that examines the context of culture (Vitell, Nwachukwu and Barnes 1993). Hofstede (1991) in his study of 117,000 respondents from 67 countries, proposes a five-dimensional framework to explain cultural practices; power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity, and long term dynamism. According to Hofstede (1991), these five dimensions demonstrate systematic differences, which represent the desirable characteristics of a particular people. Despite this attention, Hofstede’s framework received criticism, especially as the data was collected only from one company, IBM, and thus created a respondent bias in his study (Javidan et al. 2006; McSweeney 2002; Miller 2002).

In response to this criticism, House et al. (2004) took the initiative to conduct a study which is called ‘Global Leadership and Organizational Behaviour Effectiveness’ (GLOBE) in order to determine the recent dimensions of culture. This study has been accepted as having methodologically sound measure (Husted 2000) and considered to be one of the most comprehensive studies of national culture (Alas 2006). Thus, in this research, GLOBE study is employed because of its relevance, currency, and sophistication.

2.5.2 GLOBE Study

The GLOBE project by House et al. (2004) was conducted on 17,300 managers in 951 organizations by 170 investigators from 62 cultures. The main objective of GLOBE's study was to examine the relationship of culture on the concept of leadership. GLOBE's study defined culture as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences among members of a collective that are transmitted across generations" (House et al. 2004, p.15).

This project identified nine dimensions to distinguish differences in culture. These include performance orientation, future orientation, assertiveness, power distance, humane orientation, institutional collectivism, in-group collectivism, uncertainty avoidance, and gender egalitarianism.

Table 2.5 presents the definition of these dimensions. In the context of the current research, two cultural dimensions were adapted from the GLOBE project: in-group collectivism and power distance. These two dimensions were selected as being relevant for Malaysia to explain the influence of culture on the EDM process (Sims 2009; Smith and Hume 2005; Triandis 1995).

In the context of Malaysian cultural practices, the society considers itself as having members who are part of an extended family or organization. They view themselves as highly interdependent with the organization (House et al. 2004). Thus, their decisions are predicated on the benefits likely to be accrued for all group members. Reflect this element, it demonstrates a high practice of the in-group collectivism culture. According to House et al. (2004), individuals in in-group collectivism organizations are willing to make personal sacrifices to fulfil their obligation to organizations. They believed that organizations have a responsibility for their welfare. On the other hand, for a society that has a low score in collectivism culture, which is commonly referred to as individualism culture (Hofstede 1980, 1991), they believe that they are independent of the organization. Individualists perceive it as crucial to bring their unique talent and aptitude to organizations, as these characteristics become the primary interest of the organization.

Table 2.5: GLOBE’s Nine Dimension of Culture

Dimension	Definition
<i>Performance Orientation</i>	The degree to which an organization or society encourages and rewards groups member for performance improvement and excellent.
<i>Future Orientation</i>	The degree to which individuals in organizations or societies engage in future-oriented behaviours such as planning, investing in the future, and delaying individual or collective gratification.
<i>Assertiveness</i>	Is the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.
<i>Power Distance</i>	Is defined as the degree to which members of an organization or society expect and agree that power should be unequally shared
<i>Humane Orientation</i>	The degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others.
<i>Institutional Collectivism</i>	The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective actions.
<i>In- group collectivism</i>	The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.
<i>Uncertainty Avoidance</i>	The extent to which member of an organization or society strives to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices.
<i>Gender Egalitarianism</i>	Is the degree to which an organization or a society minimizes gender role differences while promoting gender equality. .

(Source: House et al. 2004)

The second selected dimension is power distance culture, which refers to the acceptance of power inequality in organizations (House et al. 2004; Hofstede 1980, 1991). Referring to the Malaysian cultural practices based on this dimension, GLOBE found that Malaysia ranked high on power distance culture. This finding is consistent with the Hofstede’s study (1991) that also found highest practices of both

dimensions in Malaysian cultural practices. Thus, inequality of power in organizations can be presumed because they behave in accordance with their position in an organization. They are expected to show loyalty, obey their superiors blindly, use formal standards for ethical conduct, and support the status quo. On the other hand, societies with a low power distance culture perceived “power as a source of corruption, coercion, and dominance” (House et al. 2004, p. 356).

2.5.3 Significance of Culture on the EDM Process

The influence of culture in EDM has been theorised with the argument that individuals behave ethically based on their society's culture (Hunt and Vitell 1986; Kohlberg 1984; England 1975; Bartels 1967). Culture influences the individual's beliefs (Hunt and Vitell, 1986, 1992; Ferrell and Gresham 1985), and ethical sensitivity (Arnold et al. 2007), and places boundaries by defining what are appropriate and inappropriate actions (Ralston, Giacalone and Terpstra 1994). Beauchamp and Bowie (2001) state this point well, “Whatever a culture thinks is right or wrong really is right or wrong for the member of that culture” (p.8).

Referring to the previous empirical studies, it is also increasingly understood that cultural background determines how individuals respond and perceive the ethical standard in dealing with ethical dilemmas (Arnold et al. 2007; Axinn, Blair and Thach 2004; Singhapakdi et al. 2000; Lu, Rose and Blodgett 1999; Singhapakdi et al. 1999; Ralston, Giacalone and Terpstra 1994; Singhapakdi, Vitell and Frankie 1999; Yeung and Tung 1996; Dolecheck and Dolecheck 1987).

Christie et al. (2003) for example, conducted a study to examine the effects of culture on ethical attitude differences among business managers from India, Korea and the U.S. towards certain questionable practices. Variations in the responses from each country were reported. Dolecheck and Dolecheck (1987) surveyed business and governmental personnel in Hong Kong (n=234) and the U.S. (n=160) to explore the influence of different cultures on the perception of certain ethical practices. These two groups represent two different cultures, and as expected from the high individualist US culture, respondents indicated that laws were considered to be minimal requirements, and this contradicts with Hong Kong respondents who

represented Eastern value. These findings showed that Easterners and Westerners perceive ethical practices in different ways based on their respective culture. In addition, Ralston, Giacalone and Terpstra (1994) in a study on US (n=161) and Hong Kong (n=141) managers concluded that value differences in the responses reflect their ethical beliefs. They found that in the Western culture, people hold on to the belief that “ethical behaviour is an absolute that applied universally, while in the East, ‘face’ and ethical behaviour depend on the situation” (p.997). Generally, these findings demonstrate that referring to cultural diversity, there has no single standard of ethical behaviour across cultures (Laczniak and Naor 1985). Nevertheless, culture places boundaries on individual behaviour by defining what is appropriate and inappropriate, including dealing with EDM process.

Despite the assertion of cultural influence in individual beliefs in ethical behaviour, analysis of how culture influences this construct is still relatively unexplored. Researchers have failed to integrate the influence of cultural values into the EDM paradigm, especially the effect on ethical ideology, and there still has been very little work done testing this relationship (Axinn, Blair and Thach 2004; Robertson and Crittenden 2003; Armstrong 1996). Most studies only use culture as an explanatory variable to determine an individual’s perception of ethical dilemmas. The current study, in contrast, analysed the relationship between culture and ethical ideology in dealing with the EDM process. Moreover, the effects of culture as an antecedent factor on the EDM process will be examined.

2.6 Ethical Ideology

2.6.1 Theoretical Background of Ethical Ideology

Ethical ideology can be defined as a set of beliefs, attitudes, and values that guide an individual in dealing with issues involving ethical context (Hunt and Vitell 1986; Trevino 1986; Ferrell and Gresham 1985). According to Schwartz and Bilsky (1987), an individual uses the ideology of ethics as “concepts or beliefs about desirable end states or behaviours that transcends a specific situation, guide selection or evaluation of behaviour and events, and are ordered by relative importance” (p.551). It will affect the personal values and beliefs of individuals in judging the

possible effect of certain situations and also provide the criterion for individuals to select a certain action.

To describe an individual's ethical ideology, normative theory suggests two broad categories: teleological and deontological perspectives. Those who take the teleological stand believe that the justification of an ethical or unethical action is based on the consequences that result from the action. Cost benefit evaluation is used to weight certain actions in order to determine whether the action is acceptable or unacceptable. In other words, actions can be considered ethical if the benefit from the action is greater than the cost of the action. Although certain actions might harm others, it can still be ethical if the "positive outcome 'outweighs' the negative" (Barnett, Bass and Brown 1996, p.1163). On the other hand, deontologists reject consideration of the consequences of action. They believe that ethical action should be based on universal truth or moral absolute (Hunt and Vitell 1986). Although these views can be used to explain the differences in an individual's moral reasoning, it is difficult to deploy in solving ethical dilemmas (Kleiser et al. 2003; Barnett, Bass and Brown 1994; Mayo and Mark 1991; Reidenbach and Robin 1988) due to the variety of values, moral beliefs and attitudes in individuals.

Corresponding to this argument, Forsyth (1980) propose two dimensions in explaining individual ethical ideology; idealism and relativism. These two dimensions demonstrate an individual's different perspective when making ethical decisions. Theoretically, Forsyth's theory of ethical ideology has been accepted as a potential explanation to describe how individuals will respond to ethical issues and reach different conclusions on morality (Sivadas et al. 2003; Barnett and Vaicys 2000; Singhapakdi et al. 2000; Bass, Barnett and Brown 1999; Barnett, Bass and Brown 1994; Vitell, Nwachukwu and Barnes 1993). Furthermore, Forsyth's typology has become the most widely used method in ethical behaviour research to determine the individuals' underlying reason on ethical issues (Steenhaut and Kenhove 2006; Tansey et al. 1994).

2.6.2 Forsyth's Theory

Forsyth (1980, 1992) asserts that the underpinning ideas in explaining various individual's beliefs, values and attitude are *idealism* and *relativism*. Idealism refers to the extent to which individuals "feel that harming others is always avoidable, and they would rather not choose between the lesser of two evils" (Forsyth 1992, p.462). They embrace universal moral laws as guidance and are very concerned about the welfare of others. Therefore, they will ensure their action will lead to positive consequences for other people. In other words, they perceive that an act is right if it produces the greatest good for the number of people affected by the action. On the other hand, relativism refers to the degree to which individuals rejects universal moral rules in making ethical decisions. Relativists believe that the ethics of a particular action depends upon the situational and self-beneficial factors. According to Forsyth (1980, 1992), relativists are less sensitive to the welfare of others and assume that harm will sometimes be necessary to result in positive consequences. These elements imply that highly relativist individuals are more lenient in judging ethically ambiguous actions.

Despite the notion that these two dimensions reflect the differences in individuals' beliefs towards ethical issues, either universally accepted moral conduct or consequences of an action, neither one philosophy is more advanced than the other (Monga 2005; Shaub, Finn and Munter 1993; Forsyth 1992; Forsyth and Berger 1982). Rather these two ideologies are conceptually independent and individuals may be high or low on either one or both characteristics (Forsyth 1992). In explaining this assertion, Forsyth proposed that the combination of low and high idealism and relativism generates four dimensions of individual ethical ideology, as presented in table 2.6.

Referring to the table, both situationists and subjectivists are high on the relativism perspective. They reject moral rules as they believe that moral standards should be based on situation and personal feeling. Absolutists and exceptionists are both low in relativism, which indicates that they accept moral rules. According to Forsyth (1980, 1992), situationists can be considered as utilitarians, as they believe an act should generate the greatest benefit for the greatest number of people. Subjectivists

are classified as egoistic as they perceive that individuals should act to promote their own self-interest rather than focusing on the welfare of others. Meanwhile, subjectivists refer to the categorical imperatives that emphasize universal moral rule. Lastly, exceptionists are categorised as utilitarians as they believe moral principle is a guide for making choices but are open to exceptions because the consequences of an action are also taken into account.

Table 2.6: A Taxonomy of Individual Ethical Ideology

	High relativism	Low relativism
High idealism	<p><i>'Situationist'</i></p> <p>Rejects moral rules: asks if the action yields the best possible outcome in the given situation</p>	<p><i>'Absolutist'</i></p> <p>Feels action are moral provided; They yield positive consequences through conformity to moral rules</p>
Low idealism	<p><i>'Subjectivist'</i></p> <p>Rejects moral rules; bases moral judgment on personal feeling about the action and the setting</p>	<p><i>'Exceptionist'</i></p> <p>Feels conformity to moral rules is desirable, but exceptions to these rules are often permissible</p>

(Sources: Forsyth, 1992, p.462)

Referring to the table, both situationists and subjectivists are high on the relativism perspective. They reject moral rules as they believe that moral standards should be based on situation and personal feeling. Absolutists and exceptionists are both low in relativism, which indicates that they accept moral rules. According to Forsyth (1980, 1992), situationists can be considered as utilitarians, as they believe an act should generate the greatest benefit for the greatest number of people. Subjectivists are classified as egoistic as they perceive that individuals should act to promote their own self-interest rather than focusing on the welfare of others. Meanwhile, subjectivists refer to the categorical imperatives that emphasize universal moral rule. Lastly, exceptionists are categorised as utilitarians as they believe moral principle is a guide for making choices but are open to exceptions because the consequences of an action are also taken into account.

In the context of the current research, the examination of the ethical ideology relies on the two dimensions; idealism and relativism rather than the four taxonomy. This

focus is consistent with the previous research in ethics studies that examines the influence of ethical ideology in individual ethical behaviour (Swaidan, Rawwas and Vitell 2008; Steenhaut and Kenhove 2006; Singhapakdi et al. 1999; Barnett, Bass and Brown 1996; Rawwas, Patzer and Klassen 1995). However, to add legitimacy to the explanation of the findings, the four components part is addressed in the discussion part in chapter 7.

2.6.3 Significance of Ethical Ideology on the EDM Process

Ethical ideology suggests that individuals adopt certain standards towards ethical behaviour and these standard influences the way individuals deal with issues involving ethical dilemmas (Hunt and Vitell 1986; Ferrel and Gresham 1985). In other words, ethical ideology is a crucial construct and a key dimension that explains the differences among various individuals' EDM process (Sivadas et al. 2003; Barnett and Vaicys 2000; Singhapakdi et al. 2000; Bass, Barnett and Brown 1998, 1999; Vitell, Nwachukwu and Barnes 1993). Therefore, an understanding of ethical ideology provides knowledge of what prompts an individual's ethical attitude and behaviour when dealing with moral choices.

As mentioned earlier, neither idealism nor relativism is advanced in explaining an individual's ethical behaviour as both views are not opposite, but rather interdependent (Shaub, Finn and Munter 1993; Forsyth 1980, 1992; Forsyth and Berger 1982). Despite this notion however, studies in general have found that idealism is more associated with EDM rather than relativism (Steenhaut and Kenhove 2006; Swaidan, Rawwas and Vitell 2003; Singhapakdi et al. 1999; Barnett, Bass and Brown 1996; Rawwas, Patzer and Klassen 1995). Bass, Barnett, and Brown (1998) for example, revealed that individuals with high idealism are more likely to reject questionable practices compared to those who score high on relativism. This finding is also supported by Vitell, Rallapalli and Singhapakdi (1993) in their study that found highly idealistic individuals tend to exhibit higher moral behaviour. As they believe that questionable actions adversely affected the welfare of others, idealists tend to judge questionable actions more strictly and harshly (Kim 2003). On the other hand, relativists perceive "ethical issues in general to be less important than non-relativists" (Sparks and Hunt 1998, p.105).

Consequently, relativists were more likely to have lower ethical judgment of unethical situations (Steenhaut and Kenhove 2006). A negative relationship between relativism and EDM is also reported in the studies by Sparks and Hunt (1998) and Yetmar and Eastman (2000).

This pattern, however, was found to be inconsistent in other research. Several researchers have found that ethical ideology is less relevant in individual ethical behaviour (Eastman, Eastman and Tolson 2001; Singhapakdi and Vitell 1993). Karande, Rao and Singhapakdi (2002) for instance, found that highly idealistic individuals also perceive that harmful action sometimes is necessary. In addition, Bass, Barnett and Brown (1998) found a negative relationship between idealism and an individual's ethical behaviour. Furthermore a study by Sivadas et al. (2003) on sales managers found a weak association between idealism and the dimension of moral judgment. Overall results in their study (Sivadas et al. 2003) indicate that the ideology of idealism plays no role in individual ethical behaviour, whereas relativist managers were found more positive in their evaluation of controversial practices. This inconsistency calls for further empirical study to assess ethical ideology in ethical behaviour.

In addition, the focus of previous studies was mainly on the effect of ethical ideology on moral judgment. As a result, the influence to other components is relatively unexplored. One possible explanation might be related to the purpose of Forsyth's (1980) 'Ethics Position Questionnaire' (EPQ), which was developed to examine the differences in individuals' ethical judgment. However, previous studies also found that ethical ideology has a significant influence on an individual's moral awareness (Sparks and Hunt 1998; Yetmar and Eastman 2000). Based on these findings and prior research, the effects of ethical ideology are explored further in the current research, particularly in terms of the influence of ethical ideology on the first two components of the EDM process; moral awareness and moral judgment.

2.7 Organizational Ethical Culture

2.7.1 Definition of Organizational Ethical Culture

Organizational culture refers to the expressed shared assumptions, values, and beliefs that hold members together in organizations (Arnold et al. 2007; Smircich 1983; Wilkins and Ouchi 1983). Fritzsche (1991) stated that organizational culture “serves as the glue binding the organizations together in common identity and action” (p.844). Through culture, organizations can encourage an environment in which a certain action is accepted or not accepted. Therefore, when ethics were brought into the culture of organizations, the ethical environment within the organizations can be established (Douglas, Davidson and Schwartz 2001). This is due to the fact that ethical culture contains all relevant information about ethical conduct, through formal and informal organizational structure and systems, and becomes a guideline for individuals solving ethical dilemmas in organizations (Chia and Chin 2006; Miao 2006; VanSandt 2003; Trevino and Nelson 1999; Trevino 1990).

The concept of organizational ethical culture indicates a level of management willingness to prioritize and implement the ethical principles in organizations (Chonko, Woturba and Loe 2003). It can be a signal to others in organizations. In recent years, the adoption of ethical culture in organization has grown rapidly (Adam and Rachman-Moore 2004; Pater and Gills 2003; Somers 2001). For example, many organizations have shown interest in implementing ethical environment through codes of ethics (Schwartz 2004; Somers 2001; Marnburg 2000).

2.7.2 Moderating Effect of Organizational Ethical Culture on the EDM Process

The influence of organizational ethical culture on individual ethical behaviour was asserted by Trevino (1986) in her proposed model, ‘A Person-Situation Integrationist Model’. Drawing on Kohlberg’s moral development theory, Trevino (1986) proposed that an individual’s moral judgment is moderated by ethical culture in the organization; the more positively the organizational ethical culture is viewed

the less misbehaviour is reported. In her empirical study with her colleagues, Trevino, Sutton and Woodman (1985) have tested the model and confirmed the positive effects of the organizational ethical culture. In contrast, if organizations fail to encourage ethical practices, unethical practices become a norm for individuals in organizations. In addition, other previous studies also demonstrate that those who perceive their organization has positive ethical practices were found to be more closely associated with the EDM process (Adams, Tashchian and Stone 2001; Vardi 2001; Stohs and Brannick 1999; Bartels et al. 1998; Trevino, Butterfield and McCabe 1998).

In justifying the organizational ethical culture on individual behaviour, Maanen (1978) proposed the theory of 'socialization process'. According to this theory, when an individual enters an organization, he or she has to realign his or her system of beliefs within the organizational setting. Individuals are most likely to conform to the system that provides the most applicable and relevant information of behavioural conduct, including ethical decision-making behaviour. As a result, this process leads to certain behavioural results in an organization, most likely based on the standard behaviours. Therefore, any inconsistency in their ethical beliefs are adjusted and modified according to the organizational ethical practices. This notion was supported in a study by Douglas, Davidson and Schwartz (2001). This study found that individuals in organizations adjust their internal values based on their moral philosophy in order to share the common values among other individuals in the organization.

Based on the Trevino's (1986) model and how it relates to the theory of the socialization process (Maanen 1978), an important role of organizational ethical culture in moderating an individual's ethical ideology in an organization, especially in dealing with the EDM process can be established. Knowing that individuals in organizations have their own ethical ideology that effects how they deal with ethical dilemmas, it is expected that a person in an organization will modify his ideology according to the environment created in the organization. Referring to existing literature however, previous studies have failed to specify exactly how organizational ethical culture moderates other components in the EDM process, and its description of the degree of practices is relatively unexplored. Moreover, a study

to examine this construct is still lacking (O'Fallon and Butterfield 2005). Thus, in the current research, the moderating effect of organizational ethical culture on ethical ideology in the context of the EDM process is explored.

2.8 Gender

2.8.1 Theoretical Background of Gender

Gender refers to the “grouping of humans into two categories; male or female” (Eagly 1987, p.5). Theory of Cognitive Moral Development (Kohlberg 1969, 1984) proposed that the difference between men and women is due to the progress of an individual’s moral reasoning. Based on the six stages to describe the individual’s ability to deal with ethical issues, it is perceived that when performing moral reasoning, women start at stage three while men start at stage four. In stage three, reasoning is based on the need to persist with mutual relationship and meet others' expectation. Stage four on the other hand, represents a higher standard of moral sense, which is based on compliance of laws in order to maintain the social system. Thus, the implication is that men have higher ethical standards than their women counterparts.

This argument however, creates a controversy in describing the distinction of ethical behaviour in the opposite sex (Lam and Shi 2008; Lund 2000, 2008; Borkowski and Ugras 1992). Gilligan (1982) is among the psychological scholars who disagreed with Kohlberg’s theory. According to Gilligan (1982), Kohlberg contains “a strong interpersonal bias” (p.70) in explaining the different stages of female moral reasoning. Gilligan (1982) proposed the theory of socialization to argue that the differences between men and women are basically underpinned by their moral orientation. Men’s moral orientations are based on the ‘male voice’, which is primarily concerned with the morality of justice, rules, and rights.

On the other hand, the moral orientation of women is explained by the ‘female voice’, in which women’s moral orientation relies on morality of relationship, caring and compassionate cares. The difference between men and women is also described by the theory of social role (Eagly 1987), which suggests that men and women behave differently based on their role and the expectations of society. In addition,

Ruegger and King (1992) asserted that the family environment also contributes to the differences, where men are treated more aggressively than women, and “...behave in a manner that would not be acceptable for female” (p.185). On one hand, women are taught to be caring, loving and aware about other people (Ruegger and King 1992). As a result, men tend to focus on an impersonal approach, whereas women are more prone to the interpersonal approach (Stedham, Yamamura and Beekun 2007).

2.8.2 Moderating Effect of Gender on the EDM Process

Existing literature shows a great number of studies have been conducted to examine the influence of gender in ethical behaviour (O’Fallon and Butterfield 2005; Ruegger and King 1992; Betz, O’Connell and Shepard 1989). Generally, it is accepted that women subjects are more sensitive and less tolerant of unethical actions than their male counterparts (Stedham, Yamamura and Beekun 2007; Emerson, Conroy and Stanley 2007; Fleischman and Valentine 2003; Larkin 2000; Ameen, Guffey and McMillan 1996). For example, Lund (2008) in a study that examines the impact of gender on ethical judgment, found that men and women marketing professionals differ in their ethics judgment, where women had a significantly higher ethics judgment. In addition, Betz, O’Connell and Shepard (1989) reported that men are more intent to engage in actions regarded as unethical. Likewise, Ruegger and King (1992) also found that women are likely to be more ethical than men.

This finding however, is not conclusive (Lam and Shi 2008; Stedham, Yamamura and Beekun 2007). Valentine and Rittenburg (2007) for example found weak support for the existence of differences in EDM between men and women. In other studies, no significant differences between genders are reported with regards to EDM (Roozen, Pelsmacker and Bostyn 2001; Shafer, Morris and Ketchand 2001; Smith and Oakley 1997; Karcher 1996; Trevino 1992; Harris 1990; Barnett and Karson 1989). In a study by Dawson (1997) for example, it is demonstrated that no significant differences between men and women were detected. Likewise, Valentine and Rittenburg (2007) in her study of Spanish and American business professionals found no significant differences between men and women with respect to their

ethical judgment. Further, Schminke and Ambrose (1997) showed that men and women managers do not differ in their ethical evaluation. In addition, Peterson, Rhoads and Vaught (2001) findings contradict the majority of studies; that men are more engaged in moral behaviour compared to their women counterparts. Harris and Sutton (1995) also reported that women appeared to have less tolerant ethical values. Clearly, the inconsistency of the existing literature warrants further investigation.

2.9 Age

2.9.1 Theoretical Background of Age

According to Erikson (1987), the influence of age in moral development can be explained by an individual's life cycles stages, as shown in table 2.7.

Table 2.7: Life Cycles of Human

	Stage	Psychological Crises	Psychological Strengths	Radius of Significant Relations
I.	Infancy	Trust vs. Mistrust	HOPE	Maternal Person
II.	Early Childhood	Autonomy vs. Shame, Doubt	WILL	Parental Persons
III.	Play Life	Initiative vs. Guilt	PURPOSE	Basic Family
IV.	School Age	Industry vs. Inferiority	COMPETENCE	Neighbourhood, school
V.	Adolescence	Identity and Repudiation vs. Identity Diffusion	FIDELITY	Peer groups and Out groups: Model of Leadership
VI.	Young Adulthood	Intimacy and Solidarity vs. Isolation	LOVE	Partners in Friendship, Sex, Competition, Cooperation
VII.	Adulthood	Generativity vs. Self-Absorption	CARE	Divided labour and Shared Household
VIII	Old Age	Integrity vs. Despair	WISDOM	"Mankind" "My kind"

(Source: Erikson 1987)

The cycle describes how individuals develop their moral reasoning based on the environment of a society. In each stage, an individual faces psychosocial crises, which provided him/her with a significant solution. The solution is dependent on the psychological strengths; the higher the psychological strengths of a person, the higher standards of their moral development.

The influence of age is also justified by the Kohlberg's cognitive moral development (1969, 1984). The theory proposed that an individual's beliefs and judgment of right and wrong may change according to his age transition. Kohlberg divided moral development into three levels (as described in table 2.3, page 22) based on the age effect; pre-conventional level (5-13 years old), conventional level (13 and late adolescence), and post-conventional (adult). As one becomes older, one will reach higher moral development compared to younger individuals. This is because younger individuals might be less certain about their ethical beliefs and thus more likely to rely on others in deciding what constitutes ethical behaviour (Peterson, Rhoads and Vaught 2001).

On the other hand, older individuals are able to recognize universal justice and have developed the ability to align their moral standards with the beliefs in their society, group or political institution (Kohlberg 1969, 1984; Peterson Rhoads and Vaught 2001). From a psychological perspective, the effect of age on individual behaviour can be explained as a sequence of biological, cognitive and socio-emotional changes that humans undergo as they grow older (Erikson 1987). In addition, Kim and Choi (2003) described the influence of age as a cohort effect, which refers to "behavioural or attitudinal outcomes caused by different experiences that member of different cohorts or generations face throughout life" (p.80).

2.9.2 Moderating Effect of Age on the EDM Process

Age has been incorporated in various ethical studies (Emerson, Conroy and Stanley 2007; Kim and Chun 2003; Perryer and Jordan 2002; Shafer, Morris and Ketchand 2001; Singhapakdi et al. 2001; Larkin 2000). In general, previous studies have suggested that older individuals are more ethical than younger ones. Peterson, Rhoads, and Vaught (2001) have verified this notion and found that as people

mature, they move into higher levels of moral reasoning. In other research by Karcher (1996), age was also found to be a significant factor in an individual's ethical decision. In particular, it was reported that older respondents tend to be more ethical in decision making than younger respondents. Additionally, Dawson (1997) in her study reported that as age progresses, ethical levels become higher for individuals.

Despite the significant effect of age in ethical behaviour, a few studies have found a contradictory result (Shafer, Morris and Ketchand 2001; Singhapakdi et al. 2001; Larkin 2000). Ruegger and King (1992) for example, found no significant relationship between age and ethical behaviour. Fritzsche (1988) in a study of marketing managers found no effect of age in this group when dealing with ethical dilemmas. Lund (2000) reported that an individual's ethical judgment is not significantly different across age. In addition, a negative association between age and ethical behaviour was also found. Sankaran and Bui (2003) revealed that the older an individual, the less ethical he or she becomes. Similarly, Latif (2000) reported that older respondents scored significantly lower on moral reasoning than younger respondents. Thus, the insignificant and mixed findings of age on ethical behaviour require further investigation.

2.10 Level of Education

2.10.1 *Theoretical Background of Level of Education*

The influence of educational levels in ethical behaviour has been asserted by previous theories. Rest (1994) for example, emphasizes that "education is a far more powerful predictor of moral judgment development..." (Rest 1994, p.15). This assertion indicates there is a positive relationship between educational levels and an individual's ability to make moral decisions. In other words, the higher the level of a person's education level, the higher is his or her ability to make moral decisions. Similarly, Kohlberg (1980a, 1980b) also explained that education could effectively enhance an individual's moral development to the next level of moral development. Further, Janssen's theory learning and teaching (1989) also explains the affect of educational level on an individual's behaviour. According to Janssen (1989), a

learning process through educational background provides knowledge of how an individual interacts with the environment. Janssen (1989) demonstrates a combination of a 3 x 3 matrix, which explains this interaction between the “forces” (person, task and environment) and their “causes” (meaning, capacity, and effort), as shown in table 2.8. The nine factors (intention, value, relevance, ability efficacy, difficulty, exertion, discipline, and demand) reflect the experience of an individual’s learning process.

Table 2.8: Janssen’s Psychological Dimensions of Behaviour

	Meaning	Capacity	Effort
Person	Intention	Ability	Exertion
Task	Value	Efficiency	Discipline
Environment	Relevance	Difficulty	Demand

(Source : Janssen 1989)

2.10.2 Moderating Effect of Level of Education on the EDM Process

The association between educational level and ethical behaviour has been supported by previous studies (Kracher, Chatterjee and Lundquist 2002; Razzaque and Hwee 2002; Veit and Murphy 1996; Kelley, Ferrell and Skinner 1990). Swaidan, Vitell and Rawwas (2003) for example, have found that higher educated respondents reject ‘illegal, active and passive questionable activities’ more than lesser educated respondents. Additionally, Lund (2000) found that educational level has a significance influence on behavioural conduct of professional marketing. Further, research findings by Jones and Gautschi (1988) have demonstrated that more educated individuals held higher ethical standards than less educated individuals.

However, the significant and positive influence of educational level on ethical behaviour is somewhat inconsistent. Mixed results have been documented in a series of studies (Lund 2000; Harris 1990). For example, Shafer, Morris and Ketchand (2001) in their study found that education had no influence on EDM. Similarly,

Serwinek's (1992) study showed that no significant effect of educational level was reported related to individual's ethical standards. Kelley, Ferrell and Skinner (1990) also reported that individuals with a higher educational level generally have the least ethics as they have more opportunity to behave unethically. Therefore, inconsistent findings in the literature require further clarification of the educational level effect on individual EDM.

2.11 Initial Research Model of Individual's EDM Process

This research is conducted with the aim of exploring the antecedent factors on the process of EDM by individuals in organizations (as explained in section 1.5, page 9). Thus, by synthesizing previous theories (Rest 1980, 1984, 1986, 1994; Schwartz and Bilsky 1987; Forsyth 1980,1992; House et al. 2004; Maanen 1978; England 1975; Kohlberg 1969, 1980a, 1980b, 1984; Gilligan 1982; Bartels 1967), major models (Ferrell and Gresham 1985; Hunt and Vitell 1986; Trevino 1986; Jones 1991) and empirical studies (as discussed in section 2.3 to 2.10), this current research proposes to explore into the effect of culture (power distance culture and in-group collectivism culture), ethical ideology (idealism and relativism), organizational ethical culture, gender, age, and level of education in the process of EDM, namely moral awareness, moral judgment, moral intention and moral behaviour. To provide a clear picture, figure 2.2 is presented to propose the initial research model for the current research.

As shown in the model, the influence of culture and ethical ideology are positioned as antecedent factors in the EDM process. More specifically, the model asserts that in-group collectivism culture and power distance culture influence individual moral awareness and moral judgment in dealing with the EDM process (Arnold et al. 2007; Axinn, Blair and Thach 2004; Singhapakdi, Vitell and Frankie 1999; Dolecheck and Dolecheck 1987; Ralston, Giacalone and Terpstra 1994; Yeung and Tung 1996). In addition, culture is also expected to have a significant influence on individual ethical ideology as the influence of culture is a key determinant of an individual's attitude to behaving ethically (Hunt and Vitell 1986; England 1975).

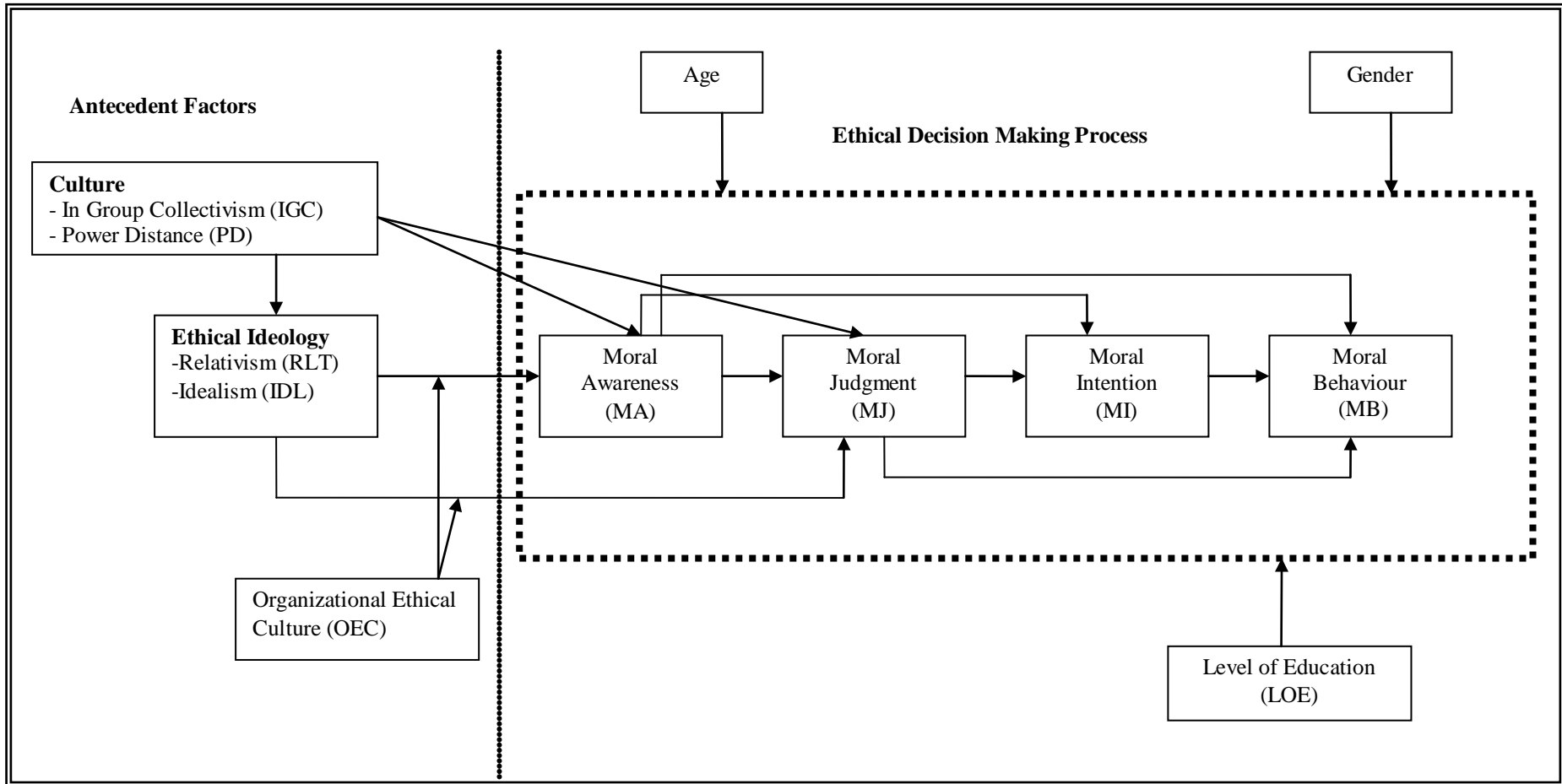


Figure 2.2: The Initial Research Model

With regard to the effect of ethical ideology in the EDM process, the model proposes that idealism and relativism have a significant influence on moral awareness and moral judgment (Steenhaut and Kenhove 2006; Swaidan, Vitell and Rawwas 2003; Singhapakdi et al. 1999).

However, it is important to understand that individuals in organizations have an obligation to follow the ethical system in their work setting, as discussed by the theory of socialization process (Douglas, Davidson and Schwartz 2001; Maanen, 1978) that individual “learn to adopt the mindset of the organizations by internalizing its value, norms, and standards” (Lund 2000, p.333). Therefore, organizational ethical culture is expected to have a moderating effect in the relationship between ethical ideology and the EDM process.

In addition, the individual’s ethics are also associated with gender (Roozen, Pelsmacker and Bostyn, 2001; Shafer, Morris and Ketchand 2001; Smith and Oakley 1997), age (Emerson, Conroy and Stanley 2007; Kim and Chun 2003; Shafer, Morris and Ketchand 2001), and level of education (Kracher, Chatterjee and Lundquist 2002; Razzaque and Hwee 2002; Kelley, Ferrell and Skinner 1990). Thus, significant difference can be expected in the individual EDM process according to gender, age and level of education.

Although prior studies have compared the influence of these factors on the individual’s ethical behaviour, no study has examined its influences on the EDM process with the presence of all four components. Thus, the current study will examine how the factors of culture, ethical ideology and organizational ethical culture altogether affect the first two components; awareness and judgment. In addition, the effect of gender, age and level of education in the whole components of EDM process is explored. Further, the model also proposes the relationship and interrelationship between the four components of the EDM process; moral awareness, moral judgment, moral intention, and moral behaviour as proposed by Rest (1986). Previous studies have found existing relationship and interrelationship between these components (Moore and Chang 2006; Valentine and Fleischman 2003; Abdolmohammadi and Sultan 2002; Ryan 2001; Wagner and Sanders 2001; Green and Weber 1997).

In a study by Barnett, Bass and Brown (1994) for example, researchers found strong links between the individual's intentions as the outcome of his moral judgment. Those who judge unethical action as unethical indicate an intention not to behave unethically. However, most studies only focus on certain components. Thus, in the current study, the investigation of the relationship and interrelationship for the entire components of the EDM process is conducted. Compared to previous models whereby some of the models and studies only examine the influence of antecedents' factors on particular components, this current study has extended the analysis. The antecedents' factors and the entire components of the EDM process are examined simultaneously in order to investigate how individuals in organizations deal with the process of EDM. By placing these antecedents' factors in its proper context, researchers and organizations can gain better understanding of how these factors influence the individual's EDM process. Furthermore, this model is insightful in such theory building framework besides enhancing the capability of Rest's (1980, 1984, 1986, 1994) framework to describe an individual's EDM process.

2.12 Conclusion

This chapter has provided a comprehensive review of relevant literature to provide the theoretical background of the current research. The main theories underpinning the current research are discussed comprehensively to provide the justification of selected constructs. In summary, this chapter has covered the Rest's theory in explaining four sequential processes of individual EDM; moral awareness-judgment-intention-behaviour. This was followed by a discussion on the antecedents' factors; culture (in-group collectivism and power distance), ethical ideology (idealism and relativism), organizational ethical culture, gender, age and level of education. Critical analysis in each section addressed the gaps in existing literature. In the final part, the initial research that describes the relationship of all these factors is presented. In conclusion, the model presents a fully functional behavioural model that explains what the factors are and how individuals practice their EDM process in the organizational context.

Chapter 3: Research Methodology²

3.1 Introduction

In general, research in the area of ethical behaviour employs either a qualitative or quantitative method (Randall and Gibson 1990). In this current research however, the combination of both methods, which is referred to as the mixed method, is applied. The approach was undertaken to enrich an understanding of the issues through affirmation of conclusion, and to extend the knowledge by implementing new ways of conducting the research (Bazeley 2004). Therefore, this chapter explains the details of this method. It starts with the discussion of the research paradigm, which addresses the rationale and the justification of the mixed method in the current research. Then, the definition and research design of the mixed method is discussed. In the following section, the research process is described which consists of two phases of data collection, qualitative and quantitative approaches. Finally, the details of the three steps of data collection are presented that involves; a field study, a pilot study and manipulation check, and a national survey.

² Part from this chapter has been publicly presented by the researcher as the following:

Mustamil, N. 2008, 'Methodological Issue in the Ethical Decision Making Research: The Need for Mixed Method Research Approach', in *International Conference on Social Sciences and Humanities 2008 (ICoSSH)*, University of Science, Penang, Malaysia, 18-20 June.

3.2 Research Paradigm

According to Burrell and Morgan (1979), a paradigm provides a conceptual framework “to view the world in a particular way” (p.24). Within the research process, a paradigm reflects how the research is designed, how data is collected and how the findings are presented. According to Guba and Lincoln (1994), “[research] paradigms define for the [researcher] what it is they are about and what falls within and outside the limits of legitimate [research]...” (p.108). It can be viewed as a set of basic beliefs, which allows researchers to recognise their role in the research process (Guba and Lincoln 1994).

Generally, the paradigm of research can be divided into two views: positivist and interpretivist (Onwuegbuzie and Leech 2005). The positivist paradigm relies on the paradigm of realism where researchers assume that reality is independent from the knower (Johnson and Onwuegbuzie 2004; Smith 1983). The positivist researcher usually maintains some distance from the participant and what is being researched, and sees reality as ‘being’ rather than ‘becoming’. The positivist researcher perceived that “the data and its analysis are value-free and data do not change because they are being observed” (Krauss 2005, p.760). Furthermore, a research inquiry should be objective in order to understand the phenomenon (Johnson and Onwuegbuzie 2004). This paradigm is associated with the quantitative research method where hypotheses formulation is essential (Johnson and Onwuegbuzie 2004; Creswell 2003).

The second view of a paradigm in conducting research is the interpretivist paradigm that relies on the qualitative method. In contrast with the positivist paradigm, the interpretivist researcher rejects the separation of researcher and participant because they believe the researcher should interact and affect the issues being researched (Creswell 2003). The interpretivist researcher proposes that the researcher should “allow the questions to emerge and change as one becomes familiar with the study content” (Krauss 2005, p. 760), and see all things as ‘becoming’. Therefore, the best way to research a phenomenon is to view it in its context (Krauss 2005) in order to obtain an understanding of the phenomena (Smith 1983). In terms of research design, qualitative research is normally adapted by interpretivists.

In order to determine the paradigm and method for the current research, the objective and the research context is reviewed. As described earlier, an individual's ethical decision making (EDM) is a very subjective issue because individuals have their own perspective; one person's unethical decision might not be unethical for others. Further, there are a multitude of complex factors that contribute to such decision (Beu, Buckley and Harvey 2003). Thus, conducting a study in understanding an individuals' EDM behaviour becomes very challenging. It is important for researchers to carefully capture the crucial concepts and complex interactions in this area without ignoring hidden beliefs and values to provide clear explanations as to why such decisions were selected.

Another issue that also needs to be considered is related to existing literature in this area. Almost all the previous studies and major models in this area have been conducted in a western country (Singhapakdi et al. 2000). Furthermore, research in this area has received less attention in non-western countries, including Malaysia. Therefore, considering the cultural differences, the construct and dimensionality represented in the existing literatures might not be appropriate in non-western applications (Singhapakdi at al. 2000).

Based on the above rationale, the methodology plays a crucial role in conducting research in the area of EDM. Attention needs to be given to adapting a suitable paradigm to ensure the appropriateness of the selected method in collecting intricate data. Otherwise, it might be difficult to evaluate and interpret the findings. As a result, this might jeopardise the practical implications of the research. As mentioned above, referring to the paradigm that has been employed in the ethics research, most of the studies were engaged in the mono-method approach, either positivist (quantitative) or interpretivist (qualitative) paradigm. Still, it is obvious these studies are dominated by a positivist (quantitative) view. However, this process might create an incompatibility between theory and practice. It is important to keep in mind that the nature of the ethics area is a sensitive, social world. Thus, it is important for researchers to really capture exactly what is happening in the field. Rather than just reviewing previous studies, elaborating the theoretical background and developing a complex questionnaire, researchers need to get their "hands dirty" in order to

evaluate the research questions. Otherwise, researchers may easily proceed on a different path in investigating the issue (Kelle 2006).

Another issue is the effectiveness of the measurement process in a quantitative study where a close-ended questionnaire has been well used. Each construct in the study is measured by a Likert scale. Generally, the close-ended questionnaire provides advantages for the researcher in collecting large amounts of data. Such responses can be recorded easily for statistical analysis. Using the heavy close-ended questionnaire, however, increases the likelihood of researcher bias (Randall and Gibson 1990). It will limit subjects' freedom in answering the questionnaire and trap them into responding based on 'given' answers, possibly ignoring the real actions that may be taken by respondents. Most ethics studies have used interviews in their qualitative studies. This approach gives a freedom to respondents to respond based on the given questions, and enables them to talk in their 'own language'. As a result, the richness of data in ethical behaviour can be truly captured as respondents are given the freedom to answer.

However, using only a qualitative approach raises the issue of transferability of the data. Knowing that there are only a limited number of people who are involved in the interview, the generalization of the findings cannot be proposed. Furthermore, qualitative approaches can generate a social desirability bias. This bias causes individuals to over report actions as being ethical conduct and under report unethical behaviour (Chung and Monroe 2003; Randall and Fernandes 1991; Crowne and Marlowe 1960, 1964).

On the basis of the above limitations, this research justifies the need to implement an alternative paradigm. Researchers need to design creative ways to explore an individual's ethical decision in order to overcome difficulties, limitations and bias posed by any method (O'Fallon and Butterfield 2005; Bartlett 2003). Most importantly, the right paradigm that provides the right method can increase the possibility to obtain a "more complete picture of human behaviour and experience" (Mores 2003, p.189), especially within the richness of data in such area. Based on these premises, the combination of positivist and interpretivist paradigms is adapted, and a mixed method comprising both quantitative and qualitative approaches is undertaken. This approach offers a comprehensive paradigm and method that fully

utilizes the various functions of the methodological components of the research, especially in capturing the richness of the data. In addition, the mixed methods actually have become a 'kind of fashion' (Kelle 2006) in a study of social research although it received very little attention in the research of ethical behaviour (Srnrka, Gegez and Arzova 2007).

3.3 Research Method

The mixed method approach is based on pragmatism and has been proposed as a third paradigm view (Tashakkori and Teddlie 1998). This paradigm is underpinned by deconstructive philosophy, which recommends a combination of qualitative and quantitative approaches within different phases of the research process (Tashakkori and Teddlie 1998).

Greene, Caracelli and Graham (1989) defined the mixed method as "studies that include at least one quantitative method (designed to collect numbers) and one qualitative method (to collect words), where neither type of method is inherently linked to any particular inquiry paradigm" (p.254). According to Tashakkori and Teddlie (2003), "mixed method research studies use qualitative and quantitative data collection and analysis techniques in either a parallel or sequential phase" (p.11).

Creswell (2003) asserted that applying the mixed method in the research will utilize the capability of data collection and enhance the validity of research measurements. This is due to the fact that each method, either qualitative or quantitative has its own limitations. More specifically, mono- method study will "inevitably yield biased and limited results" (Greene, Caracelli and Graham 1989, p. 255). Therefore, the combination of qualitative and quantitative methods would compensate for their mutual and overlapping weaknesses (Greene, Caracelli and Graham 1989). Furthermore, it provides cohesive and coherent outcomes as each method has its own strength to provide relevant data (Hohental 2006). The quantitative method, for example, provides a strong foundation for a theoretical background, and qualitative methods provide real insights into real issues for real people. In other words, both methods are capable of strengthening research results and contributing to knowledge on EDM. Thus, any deficiency of theory in describing EDM can be identified.

According to Creswell (2003), there are four major types of the mixed method research design; the triangulation design, the embedded design, the explanatory design, and the exploratory design. The triangulation design proposes that the researcher should collect and compare the data from both qualitative and quantitative methods to “validate or expand quantitative results with qualitative data” (p.62). The embedded design is a design that included “the collection of both qualitative and quantitative data, but one of the data types plays a supplemental role within the overall design” (p.68). The explanatory design proposes, “the collection and analysis of quantitative data...followed by the subsequent collection and analysis of qualitative data” (p.72). The exploratory design consists of an opposite sequence which “starts with qualitative data, to explore a phenomenon, and then builds to the second, quantitative phase” (p.77).

In determining the appropriate mixed method for the current research, it is essential to again reflect upon the objectives of the current research. As discussed in section 1.5 in page 9, the main aim of this research is to explore the antecedent factors of EDM and the relationship among the EDM components by individuals in organizations. Based on previous theoretical theory and framework, the initial model, as shown in figure 2.2 in page 49 is proposed. The model must be tested in terms of its applicability and validity in order to provide sufficient comprehensiveness to explain such behaviour. Thus, a field study through semi-structured interviews is employed. Finally, a survey is carried out to test the comprehensive model to ensure its generalizability and improve its explanatory power (the details of the process are in the next section). Based on the description of the process, and the objectives of the research, the triangulation design is employed. This design allows the data from both qualitative and quantitative methods to be compared and merged during the analysis to increase the feasibility of the research. Furthermore, triangulation has been acknowledged as the most common approach to mixing methods (Creswell 2003).

3.4 Research Process

Figure 3.1 illustrates the overview of the research process in conducting this research. The process starts with a review of previous theories and studies to identify the issues, key landmarks and gaps in the area of EDM. This stage explores the potential key variables in this area in order to develop a conceptual preliminary research model. The sources used are from journals, books, seminar proceedings, and others. By synthesizing all the sources, the initial model was presented for this research, as illustrated in figure 2.2 in the chapter 2 (page 49). In order to test the research model, two phases of data collection process involving quantitative and qualitative approaches were carried out.

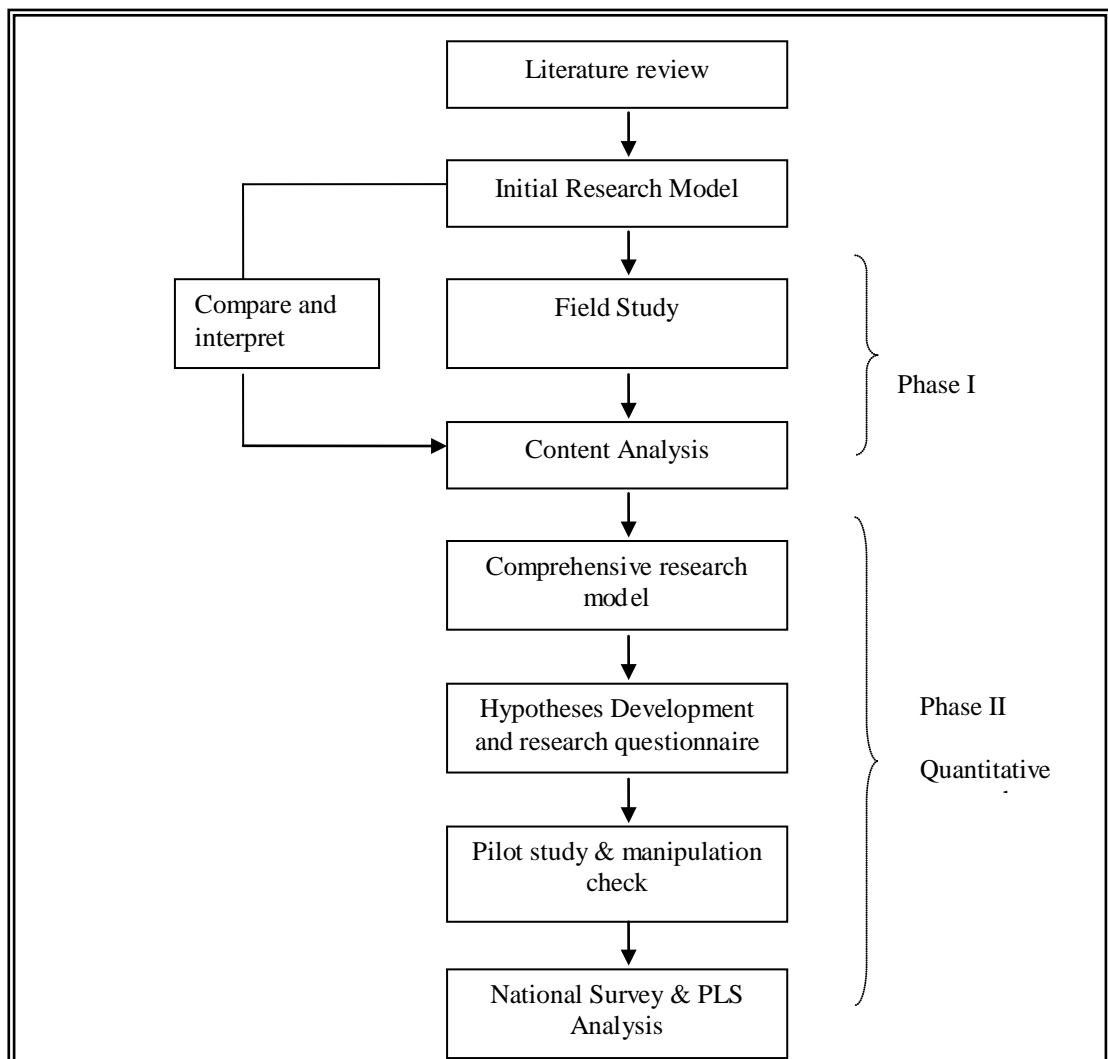


Figure 3.1: Mixed Method Research Approach

In the first phase, the qualitative approach, a field study was conducted by interviewing managers in large organizations in Malaysia. The interviews were transcribed and analysed using content analysis. Then, a comparison was made between the findings and the initial model. At this juncture, justifications based on previous theories and studies were analysed for each selected construct and dimension. As a result, a comprehensive model for this research was proposed. Based on the comprehensive model, the second phase, the quantitative approach, is carried out by developing the hypotheses to justify the relationship among the constructs. Next, items for each construct were identified and a questionnaire was designed. The pilot test and manipulation check was conducted to ensure the accuracy and reliability of the research instrument. The questionnaires were distributed in a national survey to managers in large Malaysian organizations. Data from the survey is analysed using a Structural Equation Model based on Partial Least Square (PLS) (Chin 1998a). Overall, the two phases involve three methods of data collection; a field study, a pilot study and manipulation check, and a national survey. Thus, a detailed description of this method is described in the following section.

3.5 Qualitative Field Study

3.5.1 Sample Selection

In order to choose the sample, a convenient sampling method is used in this exploratory stage. This technique is more efficient for collecting information and has been used most often during the exploratory phase of a research project (Cavana, Delahaye and Sekaran et al. 2001). For this study, it is important to ensure that participants have experienced the phenomena and can articulate their experience (Mores 1991). As this study is focused on the decision making in the organization, middle managers and above were considered prime respondents as they are more involved in decision making in organizations, including ethical issues (Brennan et al. 1961; Foote 2001).

3.5.2 Data Collection

A qualitative approach by using in-depth interviews was used at this stage. In doing so, the respondents were asked to participate in semi-structured interviews that contained a set of questions to explore the antecedent factors and the process. The questions have been developed based on the framework of the initial model. Three topics were covered in the interviews; (i) the antecedent factors, (ii) the moderating factors, and (iii) the practice of the EDM process.

3.5.3 Data Analysis

After the interviews, transcriptions were developed and analyzed using content analysis (Wilkinson 2000). The program, QSR NUD*IST Vivo (NVivo) (Richard 2005), was utilized to conduct the analysis. Two phases of analysis were performed: inductive and deductive analysis. This provides the quantitative elements for the research. All factors and variables from the analysis and literature review were justified. The findings were then compared to the initial model to develop a comprehensive research model.

3.6 Empirical Pilot Study and Manipulation Check

3.6.1 Developing the Questionnaire

Based on the comprehensive research model, a questionnaire was designed to test the relationship among the constructs. Besides the dimensions that have been derived from the field study, other significant dimensions that were justified from existing literature were added to measure the relevant constructs. To address concerns that major references in EDM are derived from the western perspective, a few procedures as proposed by Cronbach (1971) to test the content validity were adopted. Selected items based on previous theories and studies were referred to a few researchers and some practitioners. They were asked to review and comment on the selected dimensions. This procedure was conducted continuously until a consensus was reached on the viability of the selected dimensions. The Likert Scale was used to measure all the dimensions.

3.6.2 *Developing the Scenarios and Manipulation Check*

Scenarios have been widely used in ethics research in order to re-enact the decision-making situation (Fleischman and Valentine 2003) and elicit a higher quality of data (Alexander and Becker 1978). In this research three scenarios containing highly ethical issues as proposed by Bass, Barnett and Brown (1998) and Douglas, Davidson and Schwartz (2001) were developed to measure the ethical decision making process. Several manipulation checks were conducted to test the validity of the scenarios. A more in-depth description of the scenario development and the manipulation check is given in Chapter 5.

3.6.3 *Sample Selection*

For the pilot study and manipulation check, the questionnaires were distributed to three groups of respondents; researchers, potential respondents, and outsiders (those who were not involved in the field of research and were not potential respondents). The reason for selecting researchers was to get some response in terms of the research perspective, especially with regards to the format of the questionnaire. Having a potential respondent provides valuable input in terms of the applicability of the terms, and the outsider sample shows whether the questionnaire is easily understood.

3.6.4 *Data Analysis*

Data analysis in the pilot study and the manipulation check was done using simple descriptive statistics. It permits the evaluation of the questionnaire for the main survey. Based on the feedback from the respondents, some changes were made to improve the questionnaire.

3.7 National Survey

3.7.1 *Sample Selection*

In this stage, managers from various management levels were considered as a sample as they had experienced the phenomena and would be able to articulate their experience (Mores 1991). Managers were selected from large Malaysian organizations as this type of organization is found to have a higher level of

awareness in terms of ethical implementations (Schminke 2001). Referring to the Malaysian context however, no specific definition has been provided to determine the meaning of a large organization. Although the literature has shown that large organizations are commonly defined as organizations with more than 1000 employees, this is not always the case in Malaysia. Some literature referred to large organizations in Malaysia as organizations with more than 300 employees; others defined it as organizations with more than 500 employees (Gupta and Sulaiman 1996). In addition, other studies also failed to provide clear definition of large organizations although they claimed that their study involved this type of organization (Zabid and Alsagoff 1993). Due to this matter, in this current research, the definition of small medium companies, which was provided by the Small Medium Enterprise Corporation Malaysia (SME Corp Malaysia)³, a governmental agency in Malaysia, became the reference point in defining large organizations. Therefore, by using the benchmark to define a medium organization as proposed by this government agency, the definition of a large organization in Malaysia was formed. More specifically, a large Malaysian organization is one operating with a minimum of 150 employees.

3.7.2 Data Collection

A sufficient sample is very important so that generalization trends can be derived by studying this sample (Cavana, Delahaye, Sekaran 2001). In conducting a survey, it is more reliable to select a random sampling, in order to increase the equal chance of each sample being selected as a subject. In addition, it has the least bias and offers the most generalizability (Cavana, Delahaye, Sekaran 2001). In this study, data was collected from managers of large organizations in Malaysia. The database of organizations was gathered from the Kuala Lumpur Stock Exchange (KLSE) list and several main directories of Malaysian companies published by the Malaysian Government and private organizations. Examples of these directories include the Federation of Malaysian Manufacturer's (FMM) (FMM-MATRADE Industry

³ Formerly known as Small Medium Industries Development Corporation (SMIDEC)

Directory - Food and Beverage 2005/06 and FMM-MATRADE Industry Directory - Electrical and Electronics 2007/08).

3.7.3 Data Analysis

In this research, the analysis is divided into three parts. The analysis of the influence of the antecedent factors the process of EDM is the first part. The examination of the moderating effect in the process is the second part, while the multi-group analysis examining the moderating effect based on demographic factors is the final part. The analysis was conducted using the Structural Equation Modelling (SEM) based on Partial Least Square (PLS) (Chin 1998a). PLS was chosen for this study because it is better suited to causal modelling when the sample size is small and when the models are complex (Hulland 1999). Two procedures are involved in the PLS analysis; assessment of the measurement model and assessment of the structural model. The details of the analysis are explained in chapter six.

3.8 Summary of the Research Process

Figure 3.2 illustrates the research process that has been undertaken.

Starting with the review of the relevant literature, the process is aimed at determining the theoretical background of EDM. Furthermore, the gaps in existing literature are identified. Based on the review, the initial research model was proposed, as is shown in figure 2.2 in page 49. Knowing that the theoretical backgrounds for this model were derived from the western perspective, a field study through semi-structured interviews was conducted to test the applicability of the model in the research context. Data from the field study was analysed using content analysis.

Based on the findings, interpretations and comparisons were made with the initial model. As a result, a comprehensive research model was proposed. The process is explained in chapter four. Based on the comprehensive model, hypotheses were established to test the relationship among the constructs. Next, a questionnaire and scenario development was conducted by referring to the previous theories and empirical studies. Then, a pilot test and manipulation checks were conducted to verify the validity of the construct. All these processes are detailed in chapter five.

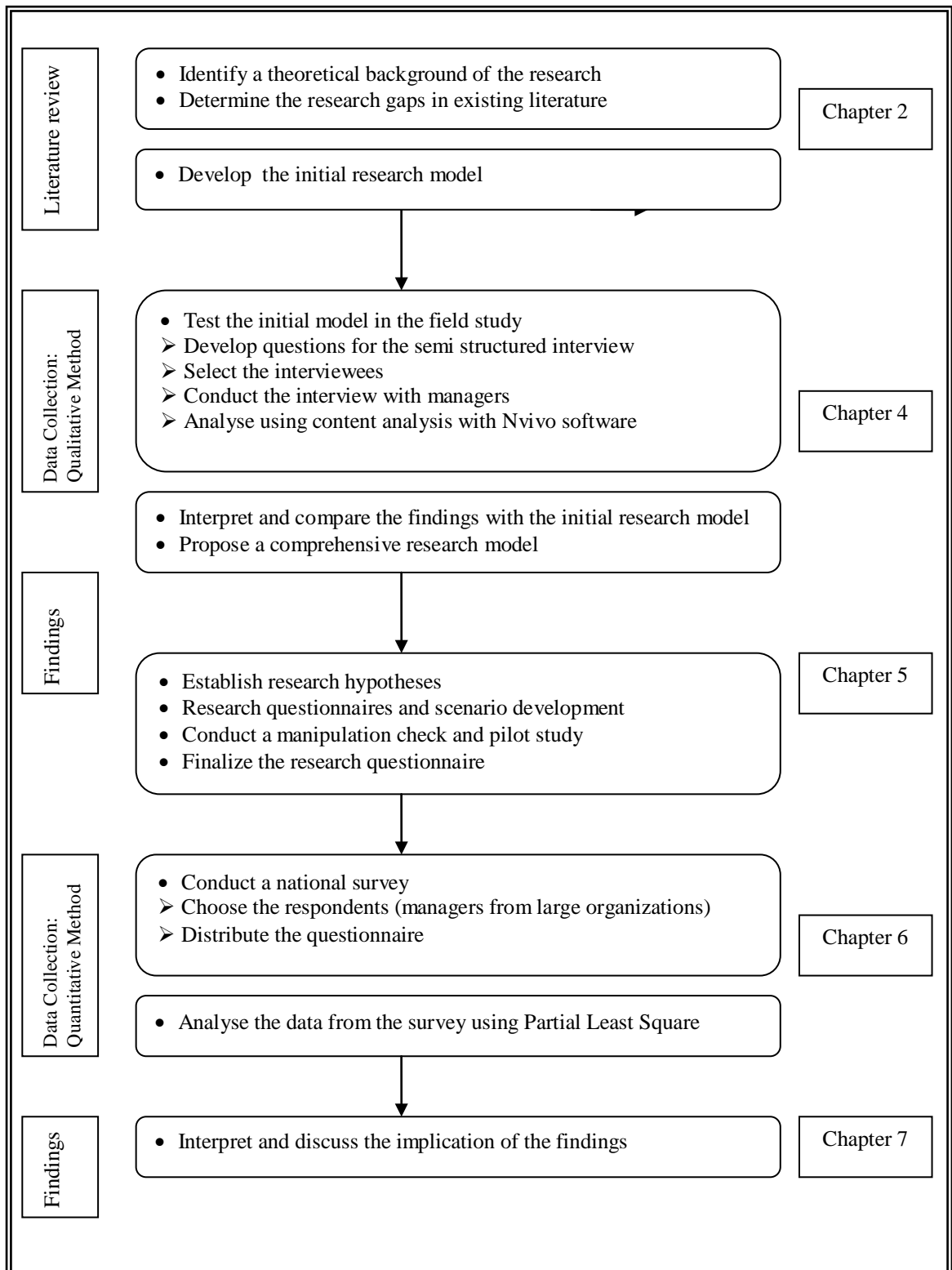


Figure 3.2: Summary of the Research Process

Finally, a national survey of the managers from large organizations was carried out and the data collected was analysed using the PLS analysis. Chapter six describes the details of the survey. The findings are interpreted to discuss the implications of research in terms of theoretical and practical contribution. The discussion is presented in chapter seven.

3.9 Conclusion

This chapter describes the research methodology used in this research. In the early section, the research paradigm and the issues related to the existing methods (quantitative and qualitative) are discussed. Then the rationale and justification of choosing the alternate view, that is the mixed method, that combines the qualitative and quantitative approaches, is discussed. The next section describes the data collection process that is (1) a field study, (2) a pilot study and manipulation check, and (3) a national survey. The details of how each method was conducted are described in the chapters 4 and 6. To provide a clear picture the final section of this chapter presents the summary of the research process with the major procedures and chapter related to each process.

Chapter 4: Field Study Analysis and Comprehensive Research Model

4.1 Introduction

This chapter presents the analysis of the data from the field study that has been undertaken through semi-structured interviews with 14 managers from large Malaysian organizations. This qualitative approach is performed to fine tune the initial model proposed earlier (figure 2.2, page 49). Since this research is conducted in Malaysia and most of the theories were adopted based on a western perspective, the field study is necessary to ensure the model is valid and relevant in the research context. In addition, the field study aims to explore the dimensionality of the constructs as proposed in the model. This chapter starts with the overview of the process that has been undertaken in this method. Then, findings of the content analysis involving inductive and deductive stages are provided. Based on this analysis, a field study model is developed, and comparison is made with the initial model. Consequently, a comprehensive research model describing an individual's ethical decision making (EDM) process is established and proposed in the final part of this chapter.

4.2 Overview of the Field Study

4.2.1 Interview Questionnaire Development

Overall, eight questions were designed to cover three main topics in this field study. Table 4.1 presents the topics with the relevant questions respectively. The first topic explores the influence of the antecedent factors in the EDM process, namely, 'culture' and 'ethical ideology'. For this purpose, questions 1 to 5 are developed. Question 1 asks the respondents to describe their understanding of the concept of ethics. Through this question, the dimensionality of the ethical ideology and the influence of the construct in the EDM process are explored. Question 2 relates to the

cultural practices including ‘in-group collectivism culture’ and ‘power distance culture’. Similarly, the question also aims to obtain the dimensionality of the construct. In order to examine the influence of culture on ethical ideology and EDM process, questions 3 and 4 were designed. Respondents were asked to describe the relationship among the constructs in their EDM process. In order to enhance the explanatory power of the model, question 5 is proposed. In this question, respondents were asked to provide any other relevant factors that also influence the process of EDM.

Table 4.1: Issues and Related Questions in the Field Study

Topic	Questions number	Descriptions of the Questions
1. To explore the influence of antecedent factors	1	Concepts of ethics; <ul style="list-style-type: none"> • Definition of EDM • The influence of ethical ideology (idealism /relativism)
	2	Concept of culture; <ul style="list-style-type: none"> • Dimensions of in-group collectivism culture • Dimensions of power distance culture
	3	The influence of culture on ethical ideology.
	4	The influence of culture on the EDM process (moral awareness and moral judgment).
	5	The influence of other relevant factors.
2. To explore the moderating effect	6	Concept of organizational ethical culture (OEC); <ul style="list-style-type: none"> • Dimension of OEC • The practice of OEC • The moderating effect of OEC in EDM process
	7	The moderating effects of gender, age and level of education.
3. To explore the practice of EDM process	8	To describe the component of EDM process when dealing with ethical issues in the organizational context; <ul style="list-style-type: none"> • Moral Awareness • Moral Judgment • Moral Intention • Moral Behaviour Explain the relationship among the components in the process of EDM.

In the second topic, the effect of moderating variables is explored. Thus, two questions were designed, questions 6 and 7. More specifically question 6 investigates the effect of ‘organizational ethical culture’ and the dimensionality of this construct. Whereas, question 7 aims to examine the moderating effects of ‘gender’, ‘age’, and ‘level of education’.

In the last topic, the focus is on an exploration of the practice of the EDM process in the organizational context. Therefore, question 8 is posed to participants to describe the process of decision-making in the organization in dealing with ethical issues. Based on their feedback, the components of this process are obtained and the relationship of the components is clarified. A complete set of questions for the field study can be found in appendix 1. It is noted that these questions were subjected to Curtin's ethical requirements.

Before the final interviews were conducted, a pilot study was performed to test the understandability and applicability of the questions and get an idea about the length of the interview. In addition, any other issues related to the questions can be discovered. Three participants, that are two potential participants and one researcher, took part in the pilot study. Based on the feedback of this pilot study, all the questions were relevant. No other issues were raised and the average length of each interview was about one hour.

Interestingly, the pilot study provided a valuable experience for the researcher before conducting the real interviews, especially when asking the participants the questions. Rather than following the sequence of the questions (as planned in table 4.1), the researcher found that it was better to ask the question based on the participants' answer. This is due to the fact that some respondents provide the answers that also include possible feedback for other questions. Therefore, it is important to monitor the participant's answer and the appropriate question is asked whenever suitable. Based on the feedback in this pilot study, the interview questions were finalised with some minor corrections. Then the final interviews were conducted with 14 managers from large Malaysian organizations.

4.2.2 Sample Selection and Data Collection

In this part of this research, a convenience sampling technique was selected to choose the sample for the field study. This technique provides the means to approach the participants more conveniently (Cavana, Delahaye and Sekaran 2001). Through personal contacts, the names of 20 potential participants were gathered comprising middle managers and above from large Malaysian organizations.

Managers were selected as they are more sensitive to ethical issues and are willing to talk about their values (Foote 2001).

These managers were approached through mail and telephone, inviting them to participate in the field study. The response was rather encouraging as 14 of them agreed to be interviewed. Once permission was granted, the confirmation letter about the date of interview and a brief idea about the interview were sent to them. On the day of the interview, the participant information sheet (appendix 2) and consent form (appendix 3) were shown to them. The consent form explained that their participation is fully voluntary and will be kept confidential. This document needed to be signed before the interview took place. The interviews were recorded with the permission of the participants. Notes were taken throughout the interview. The interviews lasted on average an hour each. After the interview, the data were transcribed verbatim immediately. Although the interviews were conducted mainly in English, as the working language in large Malaysian organizations is mostly English, there were some 'Malay' words used by the participants in the interview. Therefore, during the data transcription, particular attention was given to maintaining the participants' original meaning. For detailed checking on this matter, participants were contacted for validation.

4.2.3 Data Analysis

In analysing and examining the data of this interview, content analysis was employed to determine the relationship between the concepts, the interview data and the theoretical framework (Siltaoja 2006). This analysis has been applied in previous research (Xu and Quaddus 2005) to examine the richness of the qualitative data to transform into quantitative data for statistical analysis.

The content analysis involves the examination of data in a systematic and replicable fashion (Wilkinson 2000). According to Siltaoja (2006), the method of content analysis "can be used in various ways". Therefore, in this study, two-steps of the process, namely inductive and deductive analysis (Berg 1989) were carried out to endorse the themes from the raw data as required to fulfil the objective of the exploratory study. Cavana, Delahaye and Sekaran (2001) describes the procedures of conducting a content analysis in great detail. As suggested by them, the QSR

NUD*IST Vivo (NVivo) program is utilized to manage and examine the data. NVivo is a tool for “recording and linking many ways, and for searching and exploring the pattern of data and ideas” (Richard 1999, p.4). Using Nvivo, the rigid division between ‘data’ and ‘interpretation’ can be removed (Richard 1999). Thus, in this study the tool is used along with the content analysis. Figure 4.1 presents the data analysis process.

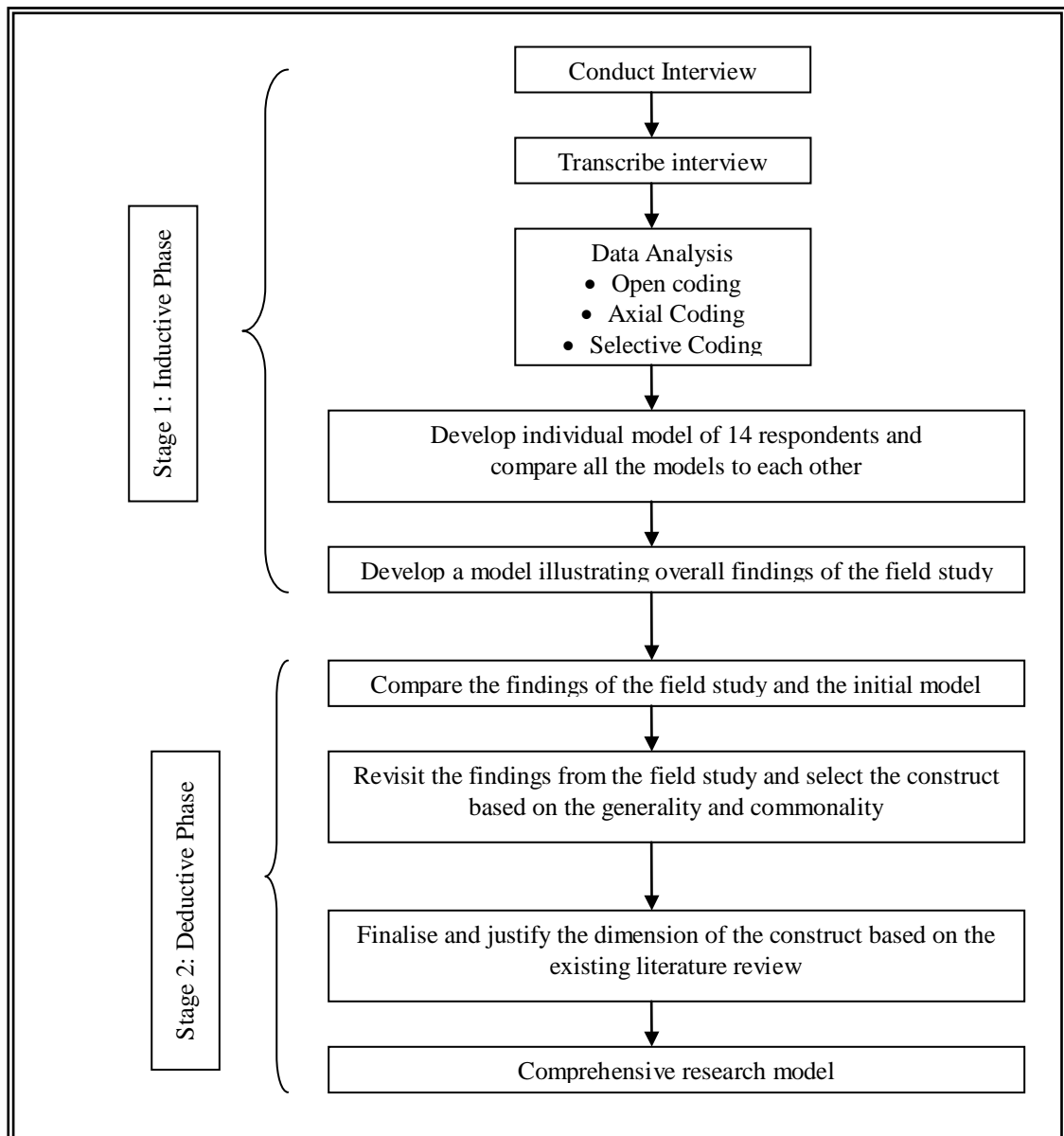


Figure 4.1: Data Analysis Process of the Field Study

In the first stage of analysis (inductive), three main steps are involved; open coding, axial coding and selective coding (Cavana, Delahaye and Sekaran 2001; Neuman 1997; Morgan 1997; Strauss and Corbin 1990). Open coding provides themes and subthemes of the raw data, which is then converted into categories.

Next, axial coding is performed to review, examine and develop the initial themes based on the open coding. Then, these themes and subthemes were compared and justified in the selective coding. The findings were frequently reviewed in order to enhance reliability. Based on the findings, an individual model was developed for each participant to provide a clear picture of the individual findings. Overall, 14 models were developed. These models can be found in appendix 4, as shown in figure 4i to figure 4xiv. After this process, each participant's model was compared with each others. This step is conducted to determine the most significant construct and dimensionality based on the findings of the field study. Upon this comparison, a model that illustrated the overall findings of the field study was developed (as shown in figure 4.2, page 84). This process finalized the first phase of the data analysis.

This first phase of content analysis was followed by further more specific data, which is a deductive analysis. This phase is a critical phase where the model of the field study (figure 4.2) and the initial model (figure 2.2, page 49) are reviewed. There are three steps involved in this phase. Firstly, both models, the field study model and the initial model, are compared to assess the significant construct and dimensionality. Secondly, findings from the field study were revisited in order to determine the most significant construct that represents the antecedent factors and the links among the components in the process. Thirdly, justification between the literature review and the field study on the finalised construct is carried out. As a result from these three steps, a comprehensive model for this research is proposed (as shown in figure 4.3, page 95). The findings of this process are explained in the following section.

4.2.4 Participants' Description

Table 4.2 presents the profile of the participant in this study. Various levels of managers are involved. Of the 14 managers, half of them serve in the public sector (P1, P5, P7, P8, P10, P12 and P14) and the rest are in the private sector (P2, P3, P4, P6, P9, P11, and P13). Referring to the industry type, almost all the major industries in Malaysia are represented in this study. There is a need to point out that this research provides a cross-sectional industry view due to the fact that EDM is considered as a general issue in all types of industry. Therefore, having a variety of

industries in this research leads to a generalization of the research findings for all Malaysian industry.

Table 4.2: Participants Description

Participant	Position	Profile	Industry
P1	Director	Public	Service provider
P2	Chairman	Private	Business services
P3	Senior General Manager	Private	Mining and Quarrying
P4	General Manager	Private	Investment Holding
P5	Group Finance Director	Public	Agriculture
P6	Chief Financial Officer	Private	Finance
P7	Operation Manager	Public	Transport, Storage and Communication
P8	Senior Manager	Public	Service Provider
P9	Senior Manager	Private	Manufacturing
P10	Managing Director	Public	Agriculture, Forestry, Livestock
P11	Managing Director	Private	Business services
P12	Director	Public	Education
P13	Manager	Private	Professional services
P14	Chief Financial Officer	Public	Financial services

4.3 Findings of the Field Study (1st Stage: Inductive Analysis)

This section presents the findings of the field study based on the first stage of content analysis. The findings are presented in four subsections; Firstly, findings related to the influence of antecedent factors (culture and ethical ideology); Secondly, findings related to the influence of moderating factors (gender, age, level of education and organizational ethical culture); Thirdly, findings related to the practice of EDM process (moral awareness, moral judgment, moral intention, and moral behaviour); Finally, findings related to other relevant factors that influence the process of EDM. In addition, each subsection presents the findings related to the dimensionality of the relevant constructs.

4.3.1 Findings of Antecedents Factors

The Influence of Culture

Based on the content analysis, all the participants (N=14) agree that culture influences individuals' ethical ideology in the process of EDM in an organization. According to this participants' culture provides a basic indicator to determine the moral standard for certain behaviours. It influences their beliefs in considering

whether certain practices are acceptable or unacceptable. Participant 1 for example, explained that:

“A person in an organization comes with different values and believes in dealing with any kind of situation including ethical issues. These values are basically coming from their cultural background, the practices in their culture...” (P1)

Furthermore, participant 5 also justified that culture provides direction and a benchmark on how businesses discern certain practices.

“Sometime, in doing business, you just follow whatever people do. If you don’t, it sounds silly. It is culturally acceptable. Culture influences the way we perceive whether certain actions are right or wrong. It influences the sense of behavioural pattern. For example, in our company we have an American partner. They have a strong practice that they do not accept any gift, it’s already in their culture. So, even when we give them a gift, they will return back to us. This is their culture, culture not to accept and our culture is to give. So, I agree that culture affects decision making.” (P5)

Based on the above quotation and the content analysis, table 4.3 is presented to illustrate the link between culture and the EDM process. The link matches the proposed model as described earlier in the initial model. Table 4.3 shows that all respondents (N=14) perceived that in-group collectivism culture plays an important role in determining their ethical ideology. However, the analysis is not purposely conducted to identify the influence of culture on ethical ideology, rather it focuses more on whether the culture influences individual’s values, beliefs and attitude in dealing with ethical issues.

Table 4.3: Relationship between Culture and the EDM Process

EDM Component Link	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
IGC → EI	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
IGC → MA	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
IGC → MJ	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
PD → EI	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
PD → MA	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
PD → MJ	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14

**Note (IGC= In-Group Collectivism Culture, PD= Power Distance Culture, EI= Ethical Ideology, MA= Moral Awareness, MJ= Moral Judgment)*

Based on the table 4.3, the findings clearly show that culture is a key determinant in the EDM process. In particular, the effect of culture is through individual values, especially their beliefs. Thus, a link between culture and ethical ideology can be expected. In addition, the path of culture to the EDM process (moral awareness and moral judgment) is also obtained. In terms of power distance culture, all respondents also agree that the cultural practices especially in showing loyalty and obeying top management determine how EDM process is practiced in organizations. With regards to the dimensions of the culture, the content analysis of the data demonstrates six dimensions to describe in-group collectivism culture and power distance culture, respectively. Table 4.4 presents the findings of these dimensions.

Table 4.4: Dimensionality of In-Group Collectivism and Power Distance Culture

IGC culture dimension	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<i>Loyalty</i>			√	√	√	√	√	√	√	√			√	√	10
<i>Pride in group members accomplishment</i>	√		√	√	√		√	√		√			√	√	9
<i>Team oriented</i>	√	√	√			√	√	√			√	√	√	√	10
<i>Harmony</i>				√	√	√		√		√		√		√	7
<i>Communication</i>	√								√		√	√		√	5
<i>Friendly approach</i>						√		√		√					3
PD culture dimension	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Freq
<i>Inequality</i>	√	√	√	√			√		√	√	√		√	√	10
<i>Obeying leaders</i>			√	√	√	√		√	√	√		√	√	√	10
<i>Position important</i>	√	√	√	√	√	√	√	√	√	√		√	√	√	13
<i>Respectfulness</i>	√		√	√	√	√		√	√	√	√	√	√	√	12
<i>Open door policy</i>		√							√	√	√			√	5
<i>Individual achievement</i>						√						√			2

*IGC ; In-Group Collectivism, PD; Power Distance

In terms of in-group collectivism culture, three dimensions, namely ‘loyalty’ (N=10), ‘pride in group members accomplishment’ (N=9) and ‘team oriented’ (N=10) were mentioned by more than half of the respondents. Participant 7 for example, emphasized that ‘teamwork’ is very important because “*each person in the organization has their own responsibility*” and “*working together will ensure that any task can be done*”. In addition, participants also stated ‘harmony’ (N=7), ‘communication’ (N=5) and ‘friendly approach’ (N=3) dimensions to describe the in-group collectivism culture.

Referring to the construct of the power distance culture, the ‘position important’ dimension was mentioned by 13 participants. As described by participant 13, “*whatever system that they used ... the bottom line is that ... the senior person has to make a decision*”. In order to describe the dimension of obeying leaders, participant 4 explained that when “*you get instructions from the top to get the things done*” you have to obey “*because when you get instructions from the top, you cannot say anything*”. In addition, other dimensions including ‘inequality’ (N=10), ‘respectfulness’ (N=12), ‘open door policy’ (N=5) and ‘individual achievement’ (N=2) are also found in the analysis.

The Influence of Ethical Ideology

In the analysis of ethical ideology, it needs to be stressed again that it is not the intent to determine an individual’s position on their ethical ideology rather to explore the influence of the construct in the EDM process. Interestingly, all the respondents agreed that the construct plays a crucial part in the process. The ideology determines an individual’s values, attitudes and beliefs in making ethical decision. Participant 2 for example, describes how ethical ideology influences a person to engage or not to engage in making ethical decisions.

“People are driven by their internal values... Making ethical decisions should be in the first place. Making unethical decision is an option, I don’t start from the position of negative, I start with positive decision. In dealing with ethical issue, I think you should focus on the greater good to human kind...” (P2)

Participant 5 also shared the same perspective.

“In dealing with ethical issues, people are always steered by their consideration. For example, greed... People are always driven by greed, ambition, by power and all that. And people who are concerned about ethics must be the one who holds back the value in making ethical decision. They use their belief of ethics in their decision...” (P5)

Based on the above quotation, the relationship between ethical ideology and the EDM components can be proposed, as shown in table 4.5.

Table 4.5: Relationship between Ethical Ideology and the EDM Process

Links of constructs	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<i>EI</i> → <i>MA</i>	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14
<i>EI</i> → <i>MJ</i>	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14

Note; *EI*=Ethical Ideology, *MA*= Moral Awareness, *MJ*= Moral Judgment

Regarding the dimensionality of ethical ideology, the content analysis obtained four major dimensions that were mentioned consistently by the participants. Table 4.6 presents all these dimensions, which include ‘moral standard’ (N=12), ‘other’s welfare’ (N=13), ‘harmless’ (N=7), and ‘universal value’ (N=9).

Table 4.6: Dimensionality of Ethical Ideology

Dimensions	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<i>Moral standard</i>	√	√		√	√		√	√	√	√	√	√	√	√	12
<i>Other’s welfare</i>	√	√	√	√	√	√	√	√	√	√		√	√	√	13
<i>Harmless</i>	√	√				√			√	√		√	√		7
<i>Universal value</i>				√	√	√			√	√	√	√	√	√	9

In describing the dimension of ‘universal value’ for example, participants agreed that certain ethical behaviour should be determined as a universal practice such as integrity, honesty and fairness. As described by participant 6, “*I think ethics is dependent on the standard that you want to impose. Obviously, there are always universal values... being fair, integrity and so on*”. In addition, participant 10 also stated that although ethics might be different in terms of religious or cultural perspective, it can be easily practiced because “*it has to be global*” (P10).

4.3.2 Findings of Moderating Factors

This section presents the findings of the content analysis related to the moderating effect of organizational ethical culture, gender, age and level of education. With regard to the dimension analysis, only the dimensions of organizational ethical culture are presented. Other moderating variables, namely gender, age and level of education are not applicable as the format of these constructs is nominal.

The Influence of Organizational Ethical Culture

Based on the content analysis, all participants (N=14) perceive that organizational ethical culture has a moderating effect encouraging the individual’s EDM in the

organization. According to participants, an organizational ethical culture provides a strong ethical environment that is favourable for producing behaviour of an ethical manner. As described by participant 6 and 8 for example,

“It is important to ensure that the environment in the organization is conducive enough in order to create an ethical practice. The element of stick and carrot needs to be emphasized, meaning that those who did wrong will get punishment. So, even before you talk about asking people to behave ethically, should they or should they not behave ethically per se, you must make sure the environment is conducive enough for them to behave ethically. The correct environment creates a correct behaviour” (P6)

“It is very important to create an environment that encourages ethical practices. In my department for example, I create an environment that is transparent, we know what other people do and so on in terms of job. We just create the culture, so people can be driven by what companies want” (P8)

In addition, the influence of an organizational ethical culture as a moderating effect in the organizations is also emphasized by the participants. They agreed that although they might have their own beliefs or values in dealing with ethical issues, they still need to consider whether it is suitable for the needs in the environment. Thus, a modification and alteration might be needed. Participant 8 for example emphasizes that:

“Although I have my own perception about ethical issues, I still need to consider what organizations ask me to do. Therefore, it always creates a conflict between what I believe and what organizations ask me to believe. But I think, at the end of the day, you need to obey your organization because this is the place you are devoted to” (P8)

Based on this description, the moderating role of organizational ethical culture in the relationship between an individual’s ethical ideology and the EDM process can be expected. Therefore, table 4.7 shows the link.

Table 4.7: Relationship between Organizational Ethical Culture and the EDM Process

OEC link	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<i>OEC*EI*EDM PROCESS⁴</i>	√	√	√	√	√	√	√	√	√	√	√	√	√	√	14

Note; OEC= Organizational Ethical Culture, EI=Ethical Ideology

In terms of the dimensionality of organizational ethical culture, eight terms were derived from the analysis. Table 4.8 presents the outcome of the analysis. As shown in the table, 12 participants mentioned the dimensions of ‘leadership’, ‘ethics policy and code’, and ‘employee welfare’ to describe ethical culture. In clarifying the dimensions of leadership, for example, participant 3 stated that “*I believe things start from the top, leadership is the easiest way to drive something*”.

Table 4.8: Dimensionality of Organizational Ethical Culture

Dimensions	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<i>Open door policy</i>	√				√	√		√	√	√					6
<i>Leadership</i>	√	√	√	√	√	√	√	√	√		√		√	√	12
<i>Ethics policy and code</i>	√	√	√	√	√	√		√	√		√	√	√	√	12
<i>Organizational value</i>	√	√		√	√	√			√	√	√	√	√	√	11
<i>Penalty and punishment</i>			√	√		√	√		√		√	√	√		8
<i>Reward and recognition</i>	√	√			√	√	√						√		6
<i>Employee welfare</i>	√	√	√		√	√	√	√	√	√	√		√	√	12

In addition, participant 2 also mentioned his superior who is ethically and integrity driven is the example for others in the organization. Similarly, participant 6 also believes that “*when the leadership doesn’t provide the right environment, you can’t move*” because “*no matter what you want to do... great mentors will help*”. Besides these dimensions, participants (N=11) also refer to ‘organizational value’ to describe organizational ethical culture. Participants believe that organizational value demonstrates the commitment for management to put ethics into practice. In addition, ‘penalty and punishment’ (N=8), ‘open door policy’ (N=6) , and ‘reward

⁴ Describes the interaction effect of organizational ethical culture (OEC) as the moderating variable in the relationship between ethical ideology (EI) and the EDM process.

and recognition' (N=6) were also referred to as dimensions of organizational ethical culture by participants.

The Influence of Gender

With regards to the influence of gender in the process of EDM, only four (P5, P7, P9, P10) out of 14 participants agreed that the construct has a moderating effect. The majority perceived that gender has no significant effect on individual ethical decision-making. Participant 12 for instance, has the opinion that ethics and gender do not have any causal effect or relationship.

“I don't think age is significant. Both sides; male or female is same. Ethics and gender; they are not sex related. There are not self dependent. Neither one of them ...” (P12)

Similarly, participant 13 agreed that both males and females have the same tendency to make unethical decisions as both of them are subject to the same temptations:

“There is no difference on the gender...It doesn't mean that if you are female, you are going to be better than males all the time, or worse than the male. A female or male is just a human being, they are subject to the same temptation and they have same strengths and weaknesses to withstand or succumb to the temptation” (P13)

Although the majority of the participants rejected the influence of gender, participant 9 and three other participants (P5, P7, P10) address the differences. According to them, the nature of the female attitude leads them to be more ethical than the males. In addition, the multiple roles of women cause them to be more ethical. As explained by participant 9;

“Gender influences the way we perceive ethics. As for now, I think ladies are generally much more honest, much more ethical in their practices. Basically, I think the reason why is because women hold a strong concept of relationship, bonding and they are more obedient to the religious obligation, and they value their own credibility and their own reputation better than men. Moreover, I think as a mother, you should be one who sets a good example to your children” (P9)

The Influence of Age

In terms of the moderating effect of age, three (P5, P7, P10) of the 14 participants perceived that age is significant to EDM. Their arguments were based on the affect of age on an individual's maturity, which leads them to ethical conduct. As the person becomes older, he or she becomes more mature and wiser. As explained by participant 7;

“Maturity comes with age, when I was young, it was different, the ego and the passion come in. You will do whatever you want to do even if it contradicts with others.... So, eventually, I learnt a lesson, but it took time, and we have to go through all these experience. I would say age if correctly, you should be wiser. I agree with age comes maturity, you should be wiser than before” (P7)

Despite these agreements, 11 other participants rejected the argument that ethical practices increase with age. The following quotations by participant 2, 6 and 11 are addressed to support this finding.

“Age does not necessarily influence ethical decision making, It is not really an assurance that the individual can become more ethical or more law abiding, it is still the values you adopt, and your resolution to abide these values...”(P2)

“Maturity doesn't depend on age. For example, when you take a leadership role at the age of 30, it requires you to mature early, you cannot be trapped within the 30 years old mindset, you need to leapfrog anyway. So, I don't believe age is a factor, whereby it will enable people to make ethical decision...” (P6)

“It's all about the person, the only thing to do with age; it is supposed to give you more experience. However, some people when they say...10 years experience, they actually have one year experience repeated 10 times...that's why you find older people talk nonsense and do unethical things” (P11)

The Influence of Level of Education

Among the respondents, six (P1, P7, P8, P9, P10, P12) out of 14 participants agreed that level of education has a moderating effect on the EDM process. Participant 8, for example, emphasized the importance of the level of education in influencing the EDM process. According to him,

“Education is very important. I do understand if you are saying that the non-educated do not appreciate ethics. But for those educated ones, I do believe that they should know what is ethics, in terms of logical thinking, if you take school leavers, sure they don’t understand ethics but the highly educated should know more about ethics, because they learn about it” (P8)

However, for the other eight participants, education is only a platform to provide them with knowledge of ethics. Nevertheless, education itself does not promise compliance to ethical practices. Participant 4 explains this idea;

“In terms of education, the school has taught us to be good at an early age, don’t take drugs for example, make good decisions, and you are not supposed to get involved in this kind of action, but in reality, it doesn’t help... Then, in your MBA program, you have to do business ethics but whether you practice or not, still depend on the situation. For me, it doesn’t mean you have PhD or whatsoever... At the end of the day, education has nothing to do with unethical actions...” (P4)

Based on the content analysis related to the moderating effect of gender, age and level of education, table 4.9 shows the link of the construct to the EDM process.

Table 4.9: Relationship between Gender, Age, and Level of Education and the EDM Process

Moderating Link	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Gender *EDM process					√		√		√	√					4
Age *EDM process					√		√			√					3
LOE *EDM process	√						√	√	√	√		√			6

*LOE=Level of Education

4.3.3 Findings of the EDM Components

With the intention of exploring the EDM practices, participants were asked to describe the process of making decisions when dealing with ethical issues in the organizational context. Based on their description, a content analysis was conducted to determine the components of the process and the relationship between the components. Overall, findings revealed that the process of ethical decision making involves all the four components, namely ‘moral awareness’, ‘moral judgment’, ‘moral intention’ and ‘moral behaviour’.

In terms of the relationship among these components, all respondents agree that it is much more complicated. According to them, theoretically, when dealing with ethical issues, they must be aware of the moral issue, judge the issue to be based on some moral ideas, intend to do the right thing morally, and finally behave morally. However, participants emphasized that, in reality, the relationship between these components is not always a sequential process. The inconsistency of the relationship highlighted by the respondents is due to multiple reasons and factors that are influential in the process. Thus, the relationship of these components sometimes involves forward and backward relationships. For example, participant 1 stated that;

“the process ... start with intention, always start with the right intention . And this intention actually will go back into the value system ... what our beliefs and values are affect the way we think... and awareness. So,...it affects our thinking process”(P1)

Similarly, participant 3 also suggests that moral judgment plays a crucial role in the process of making ethical decision compared to the first component.

“I don’t think it’s difficult for one to know (judge) whether something is right or wrong...most of the time you know of what you are doing, what is right or wrong... So, I don’t think it is difficult to decide...just make sure there is no conflict of interest, whenever we make decisions...” (P3)

In general, findings related to the analysis of the EDM relationship show the complexity of the EDM process. Table 4.10 presents the findings related to the relationship of these four components.

Table 4.10: Relationship Among the EDM Components

EDM component link	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
MA → MJ		√	√	√	√	√		√	√	√		√		√	10
MJ → MI	√		√		√			√	√	√	√	√	√	√	10
MI → MB	√	√	√		√			√	√	√		√	√		9
MA → MI		√				√	√	√	√			√	√		7
MA → MB	√					√	√				√	√			5
MJ → MB				√			√			√					3
MJ → MA		√							√					√	3
MI → MA	√			√				√					√	√	5
MI → MJ	√				√						√		√		4

There are 9 paths describing the relationship. The relationships do not just include the sequential relationship of the components of the EDM process but also forward and backward interrelationship among the components.

4.3.4 Findings of Other Relevant Factors

As mentioned earlier, the main objective of conducting this field study is to test the initial model as proposed earlier. In addition, the applicability of the model in the research context is assessed. Furthermore, any other issues and topics that are also related to this research can be discovered in order to enhance the explanatory power of the research model. Question 5 is designed to meet these objectives. Based on the content analysis, interesting facts were discovered with regards to the antecedent factors of the EDM process. As shown in table 4.11, eleven (11) other factors that were significant and important in the EDM process have been derived from the analysis.

The factors of ‘parental values’ (N=13) and ‘religiosity’ (N=13) have been mentioned consistently, followed by the factor of ‘socialization’ (N=10). In addition, there are 9 other factors determined from the analysis; ‘emotional intelligence’ (N=2), ‘business environment’ (N=3), ‘type of organization’ (N=1), ‘government policy’ (N=5), ‘professional standard’ (N=4), ‘peer pressure’ (N=1), ‘economic system’ (N=1), and ‘work pressure’ (N=1). Overall, the variety of factors in this findings indicates that there are multidimensional constructs that influence the process of EDM, as suggested earlier in section 1.5, page 9.

Table 4.11: Findings Related to Other Antecedents Factors

Other antecedents factors	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Parental values	√	√	√	√	√	√	√		√	√	√	√	√	√	13
Religiosity	√	√	√	√	√	√	√		√	√	√	√	√	√	13
Emotional intelligence	√						√								2
Business environment			√			√			√						3
Socialization	√	√		√		√	√		√	√	√		√	√	10
Type of organization				√											1
Government policy						√			√	√	√	√			5
Professional standard								√	√		√	√			4
Peer pressure									√						1
Economic system										√					1
Work pressure													√		1

4.4 The Field Study Model

Based on the content analysis of the field study data, the individual's model is developed to illustrate the findings of each participant involved in this study. Overall, there are fourteen (14) models that represent all participants. The models can be found in appendix 4 (as illustrated in figure 4i to figure 4xiv). Based on these models; the next step is to make a comparison between all the fourteen models. The procedure was to develop a field study model that combines the entire constructs and dimensions in order to provide the quantitative elements for the research. As result from this comparison, figure 4.2 is proposed. This model indicates that qualitative data provides a unique contribution on the subject of factors and variables that influence the process of EDM.

As can be seen in the model, a variety of factors can be deduced in explaining the influencing factors of an individual EDM process. More specifically, beside the factors that have been proposed earlier in the initial model, as shown in figure 2.2 in page 49 (culture, ethical ideology, organizational ethical culture, gender, age, and level of education), there are eleven other factors have been found in the analysis; parental values, religiosity, socialization, professional standard, peer pressure, work pressure, emotional intelligence, business environment, government policy, economic system, and type of organization. The findings also proposed a complex relationship and interrelationships between the components of the EDM process; moral awareness, moral judgment, moral intention, and moral behaviour.

Overall, the model provides a full picture of ethical behaviour in organizations. In addition, it established the dimensionality of the constructs in the model that are valid and reliable. The outcome of the field study model indicates the complete analysis of the first stage. Therefore, in the next phase, analysis is carried out that involves the deductive phase as described in section 4.2.3.

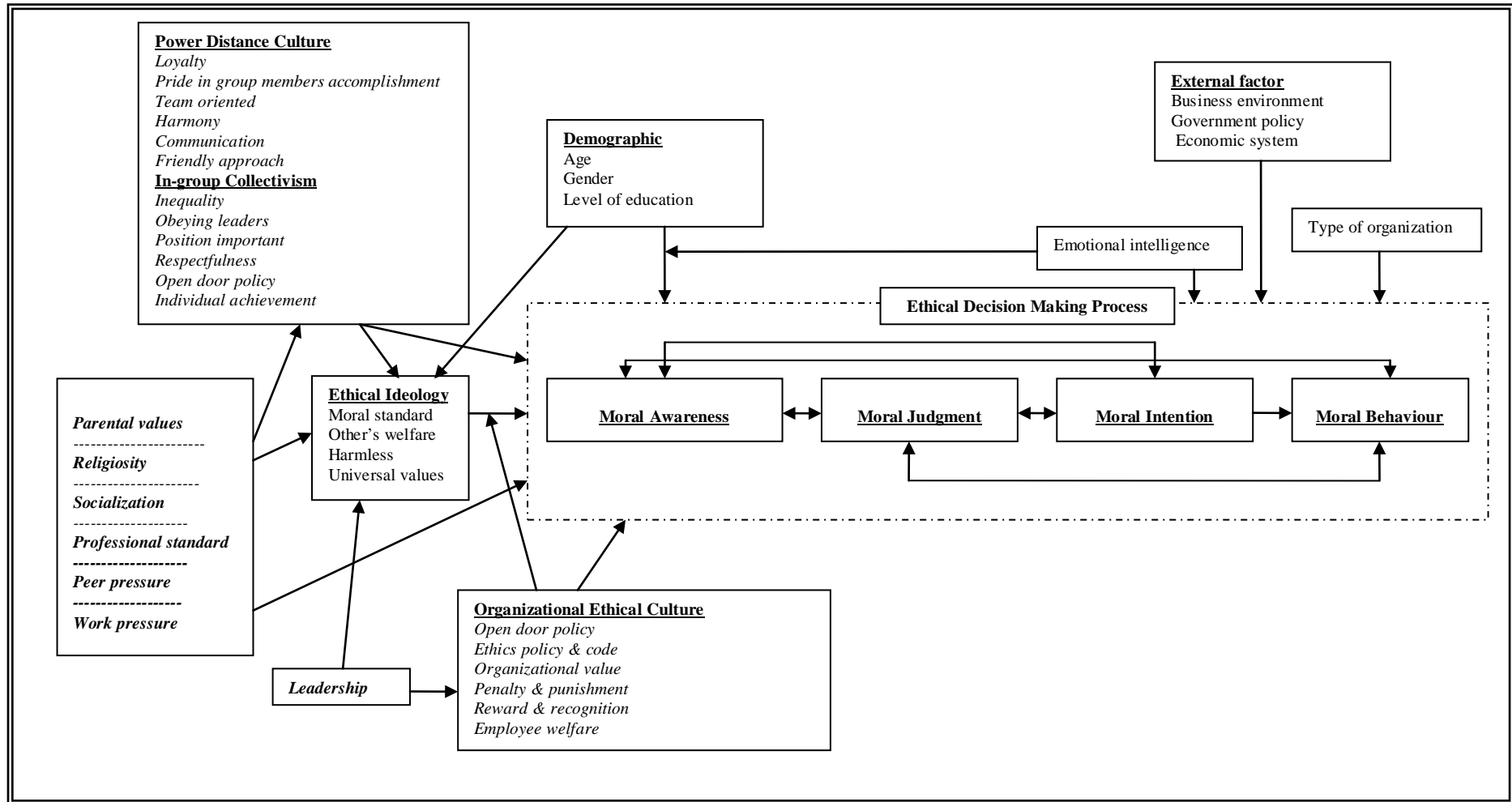


Figure 4.2: The Ethical Decision Making Model based on the Field Study

4.5 Comparison between Findings of the Field Study and Initial Model (2nd Stage: Deductive Analysis)

This is a critical phase where the models from the quantitative and qualitative analysis are reviewed. There are three steps in this phase. In the first step, a comparison between the initial model and the field study model was carried out. Again, a review of the literature in the area of EDM was undertaken. From the comparison, it was found that the effect of antecedent factors (culture, ethical ideology) and moderating factors (organizational ethical culture, gender, age and level of education) could be verified. In addition, the relationship between the components of the EDM process is also established. Overall, the comparison provides the applicability of the initial model in the research context. Then, further analysis is undertaken in the next step.

In the second step, findings from the field study were revisited in order to select the most significant construct that represents the antecedent factors and the links among the components in the process. Many factors and possible links have appeared in the field of study. Therefore, all the constructs and dimensions, including the relationship between all the factors were evaluated in terms of generality and commonality in the field study and literature review. The dimensions that represent the appropriate construct were examined precisely. This process required very careful and conscientious work. Based on the examination, interesting findings related to the factors of the EDM process were determined.

Despite the variety of factors that were mentioned by the respondents in order to describe the antecedent factors of the EDM process, two factors, namely parental values and religiosity were mentioned consistently. As shown in table 4.12, almost 93% (N=13) of the participants perceived that these two factors are of utmost importance in influencing their ethical ideology in dealing with the EDM process. Therefore, further analysis on parental values and religiosity was performed (discussed in the next subsection).

Table 4.12: Findings Related to Parental Values and Religiosity

Construct	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Parental values	√	√	√	√	√	√	√		√	√	√	√	√	√	13
Religiosity	√	√	√	√	√	√	√		√	√	√	√	√	√	13

In the third step, all the selected constructs and dimensions derived from the second steps are justified with the existing literature. An integrated table was developed to show the justification of each construct and dimension. This process was carried out to ensure the competency and adequacy of the selected construct based on the existing theory and empirical studies. Finally, a comprehensive model that combines the appropriate findings from the field study (as shown in figure 4.2) and the initial model (as shown in figure 2.2 in page 49) were developed. Figure 4.3 in page 95 illustrates this comprehensive model.

4.5.1 Findings of Parental Values

As mentioned earlier, despite finding a variety of factors during the content analysis, two factors, namely religiosity and parental values have been mentioned consistently. Overall, participants emphasized that these factors influence the way they perceive and understand ethical matters. Participant 7 and participant 11 for example, in describing the influence of parental values stated;

“Our parents always teach us good things. I don’t think they teach us wrong things, never. Parents will ensure we will do the right thing in our action and decision. That is what I’ve been taught by my parent. And it influences my decision about ethical issue” (P7)

“Family background is very important, it provides value for your behaviour...I come from a very humble background...I’m very proud of my father because he educated me to be what I am today. My father has certain principles which I hold until today, he taught me humanity, to always be humble...” (P11)

In addition, participants also emphasized that parental values provides them with a guideline to set moral standards for certain behaviour, as mentioned by participant 9.

“People can do unethical things. For me, I can easily fall into accepting bribe. But I go back to the basic principle from my parents. They taught me honesty is the best policy, my father is a very clean man, I never heard him mention about bribery during his working years. Therefore, in my mind, I never believe or think like this” (P9)

In addition, participant 9 believed that the failure of ethical practices in today’s situation is related to the failure of parents to expose their children to ethics from when they were young:

“sometimes, when you take a look at the current problem, you can say it is an individual’s fault. But.. sometimes I think, it is caused by the parents.. parents should know their responsibility to teach ethics to their kids” (P9)

4.5.2 Findings of Religiosity

In emphasizing the role of religiosity, participants 10, 11 and 14 emphasized how religion influenced the way they dealt with the process of EDM.

“Religion never teaches to do wrong, It provides clear guidance on how to do things, how it should be conducted. Even decision making, should follow a guideline, People should realize there is ‘halal’ (permissible) and ‘haram’ (prohibited) guidelines. Do the thing that is ‘halal’ and don’t do the wrong thing that is ‘haram’. It’s already there to be followed. ” (P10).

“Religion provides a clear direction, whether the issue is ethical or unethical. It’s very clear. Thus, if you say you have a hard time trying to determine whether it’s ethical or not, I think there must be something wrong somewhere. In the first place, you already know whether the action is right or wrong. Religion provides the basic understanding of this.” (P11)

“It cannot be argued that ethics is very subjective, but it goes back to basics. As a Muslim, I think it is easier. Islam provides us with a guideline in terms of what is right and wrong in doing certain things. It gives you a reason for what is the meaning of right and wrong. Why we can’t do this and why we have to do that. It provides a clear direction including what you believe in making decision” (P14)

The Influence of Parental Values and Religiosity

Referring to the above quotations, it clearly demonstrates that parental values and religiosity are the most significant and relevant antecedent factors in the process of EDM that influence individual's ethical ideology (as shown in table 4.13). Therefore, the consideration of these two factors in the development of the comprehensive research model is needed.

Table 4.13: Relationship between Parental Values and Religiosity on the EDM Process

Dimensions	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Parental Values															
<i>PGV</i> → <i>EI</i>	√	√	√	√	√	√	√		√	√	√	√	√	√	13
<i>RLG</i> → <i>EI</i>	√	√	√	√	√	√	√		√	√	√	√	√	√	13

Hence, further analysis regarding the dimensionality of the construct is to be carried out. Again, the inductive approach is employed. Table 4.14 provides the findings of the analysis.

Table 4.14: Dimensionality of Parental Values and Religiosity

Dimensions	Participants														Freq
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Parental Values															
<i>Moral supplier</i>	√	√				√			√		√		√	√	7
<i>Role model</i>			√	√		√			√	√	√				6
<i>Moral exemplars</i>				√	√		√		√		√		√		6
<i>Parental guidance</i>	√	√	√		√	√	√		√	√	√	√		√	11
Religiosity															
<i>Religious belief</i>	√	√		√	√		√		√	√		√	√	√	10
<i>Religious faithful</i>				√			√		√		√	√			5
<i>Religious guidance</i>	√	√	√	√	√	√			√	√	√	√		√	11
<i>Religious importance</i>				√			√		√			√	√	√	6

Overall, the four dimensions which include 'moral supplier' (N=7), 'role model' (N=6), 'moral exemplars' (N=6), and 'parental guidance' (N=11) are referred to describe the influence of parental values. In terms of dimensionality of religiosity, four terms are stated consistently including 'religious belief' (N=10), 'religious faithful' (N=5), 'religious guidance' (N=11), and 'religious importance' (N=6). All these dimensions were added in an individual's model as presented in appendix 4 (figure 4i - 4xiv).

4.6 Justification of the Findings in the Literature Review

This section provides the justification of the selected constructs and dimensions based on the existing literature review. It is emphasized that the selected factors and dimensions were derived based on the commonality and consistency of the field study. Therefore, this justification establishes the competency and adequacy of each construct and dimension in the existing literature. Table 4.15 presents the factors and the dimensions that have been finalised and the major sources in the relevant literature.

Table 4.15: Justification of the Findings of the Field Study with the Literature

Construct	Dimensions	Sources
Parental values	Moral supplier	Hoffman 1975 Pratt et al. 2003
	Role model	Hofman 1975 Haan, Langer and Kohlberg 1976
	Moral exemplars	Herbert 1986
	Parental guidance	Schaffer and Collis 1986 Herbert 1986
Religiosity	Religious belief	McDaniel and Burnett 1990 Barnett, Bass and Brown 1996 Nabil, Howard and Angelidis 2008
	Religious faithful	Allport and Ross 1967 Vitell et al. 2007
	Religious guidance	Field Study
	Religious importance	Wilkes et al. 1986 Singhapakdi et al. 1999 McDaniel and Burnett 1990 Barnett, Bass and Brown et al. 1996
In-group collectivism culture	Loyalty	House et al. 2004 Triandis 1995 Trompenaars and Turners 1998
	Pride in group members accomplishment	House et al. 2004
	Team oriented	Hofstede 1980, 1991 Blodgett et al. 2001
	Harmony	Hofstede 1980, 1991 Triandis 1995
Power distance culture	Inequality	Hofstede 1980, 1991
	Obeying leaders	Hofstede 1980, 1991
	Position important	House et al. 2004 Ferrell and Skinner 1988
	Respectfulness	Hofstede 1980, 1991
Organizational ethical culture	Open door policy	Field study
	Leadership	Trevino et al. 1998 Keys 1999
	Ethics policies and code	Keys 1999 Trevino et al. 1995, 1998
	Organization value	Bottorff 2006
	Employee welfare	Victor and Cullen 1987 VanSandt et al.2006

Construct	Dimensions	Sources
	Penalty and punishment	Trevino et al. 1998 Keys 1999
	Reward and recognition	Trevino et al. 1995 1998 Key 1999
Ethical Ideology (idealism and relativism)	Moral standard	Forsyth 1980, 1992 Singhapakdi, Vitell and Franke 1996
	Others' welfare	Forsyth 1980, 1992 Barnett, Bass and Brown 1994
	Harmless	Forsyth 1980, 1992 Barnett, Bass and Brown 1994
	Universal value	Forsyth 1980, 1992 Barnett, Bass and Brown 1994
Gender	Men/Women	Eagly 1987 Kohlberg 1969, 1984 Gilligan 1982
Age	Younger/Older	Emerson, Conroy and Stanley 2007 Kim and Chun 2003 Shafer, Morris and Ketchand 2001
Level of Education	Lower/Higher	Rest 1994 Kracher, Chatterjee and Lundquist 2002 Razzaque and Hwee 2002

As shown in the table, each selected dimension is justified based on the major reference in the existing literature.

As discussed earlier, the construct of parental values and religiosity were added as the antecedent factors in the EDM process. Referring to the literature of the ethical decision making area, however, the factor of parental values has not been discussed very frequently. To the best of the researcher's knowledge, almost no particular study has been done to examine the influence of parental values on the process of ethical decision-making. The absence of this discussion might be related to the theory of moral development as discussed by Piaget (1932/1977) and Kohlberg (1969). They proposed that the influence of parental values has minimal influence and a non-specific role in the individual's moral development (as described by Walker, Hennig and Krettenauer 2000). As the person grows older, they become more mature and parents will have less influence on the individual's behaviour. This proposition seems to reflect the perceptions of ethical scholars about the influence of parental values on an individual's ethical decision making. As a result, the study of the relationship between these two variables is relatively unexplored. Furthermore, the sample selected in the study of ethical decision making generally involves professional practitioners, such as managers, accountants, or university students.

In addition, many studies have found other external factors that also contribute to an individual's ethical decision making, such as peer influence, social environment and social exposure. Despite the absence of parental values factors in the EDM area, studies related to this factor have been established very extensively in the psychological area. Hoffman (1975) for example, proposed that the influence of parental values could be shown by three major roles: disciplinarian, supplier of affection, and an exemplary model. Hoffman (1975) found that parents who display the value of altruism would develop altruism as salient in their children's life and provide guidelines for such behaviour. In addition, Herbert (1986) also explained that the basic qualities which make an individual a sociable human being including "notion of right and wrong, a code of behaviour, a set of attitudes and values, and the ability to see the other person's point of view" are "nurtured in the first instance by parents." (Herbert 1986, p.318). Due to that, the dimensions of parental values; 'moral supplier', 'role model', 'model exemplars' and 'parental guidance' are mainly supported by the studies in this area (Pratt et al. 2003; Herbert 1986; Schaffer and Collis 1986; Haan, Langer and Kohlberg 1976; Hoffman 1975).

In term of the religiosity factor, 'Social Structural Symbolic Interactionist' theory explains that religion provides a role expectation of individuals in their social interaction (Weaver, Bradley and Agle 2002). DeGeorge (1986) argues that religion is a primary reason for an individual being ethical and a point of reference for evaluating conduct. Previous studies have supported this notion (Christie et al. 2003; Lam and Shi 2008; Siu, Dickinson and Lee 2000; Singhapakadi et al. 1999). Referring to the dimensions of religiosity as found in the field study, the references that justified the items are derived as followed; 'religious belief' (Nabil, Howard and Angelidis 2008; Barnett, Brass and Brown 1996; McDaniel and Burnett 1990), 'religious faithful' (Vitell, Singh and Paolillo 2007; Allport and Ross 1967), and 'religious importance' (Singhapakdi et al. 1999; Barnett, Brass and Brown 1996; McDaniel and Burnett 1990; Wilkes, Burnett and Howell 1986). For the dimension of 'religious guidance' however, the findings of the field study is referred as existing literatures failed to address this specific dimension.

Based on the above explanation, the findings of parental values and religiosity were finalised and the addition of both constructs in the comprehensive research model is

justified. Generally, the findings show that parental values and religiosity make a very significant contribution in influencing the process of EDM. Content analysis revealed that these two factors guide the values belief and the principles of an individual's ethical ideology in dealing with the EDM process. It must be considered that since the literature used in developing the initial model is derived from western perspective. Therefore, the failure to address these factors might be due to cultural differences. Thus, based on the findings of the field study, factors such as parental values and religiosity were finalised and justified in the existing literature review.

Referring to other constructs, the influence of culture and ethical ideology as proposed by previous literatures has been verified in the field study. In terms of the organizational ethical culture, findings in the field study verified the role of the construct as a moderating effect of an individual's ethical ideology in dealing with the process of EDM. In addition, six dimensions; 'leadership', 'organization value', 'open door policy', 'penalty and punishment', 'reward and recognition', and 'policies and code' were derived from the field study. All dimensions are justified in the literature (Keys 1999; Trevino et al. 1998; Hunt and Vitell 1989) except for the dimension of 'open door policy' which was originally derived from the field study. In terms of the construct of ethical ideology, although the analysis does not intend to determine the ideology of an individual, four major dimensions can be proposed based on the field study, namely 'moral standard', 'other welfare', 'harmless', and 'universal values'. These are justified by previous studies by Forsyth (1980,1992) and Bass, Barnet and Brown (1998).

Regarding the constructs of gender, age, and level of education, the influence of the construct as proposed in the initial model is verified in the field study. This provides additional findings for the previous literature (Emerson, Conroy and Stanley 2007; Kim and Chun 2003; Razzaque and Hwee 2002; Kracher, Chatterjee and Lundquist 2002; Shafer, Morris and Ketchand 2001; Rest 1980, 1984, 1986, 1994; Eagly 1987; Kohlberg 1969, 1980a, 1980b, 1984; Gilligan 1982).

4.7 Comprehensive Research Model

As explained earlier, a comparison was made between the initial model and the findings of the field study. Then, justifications of the selected constructs and dimensions were made. As a result, this section proposes a comprehensive model for the current research. Figure 4.3 illustrates this comprehensive model. The model is a combination of the quantitative and qualitative approach. As shown in the model, two more factors that are most influential were added to this model; *parental values* and *religiosity* compared to the initial model. Based on the analysis from the field study, these two factors were found to have made a very significant contribution in influencing the process of EDM. With regards to other factors, namely culture and ethical ideology, the influence of these two constructs in the EDM process was verified. In terms of the moderating variables, the effects of organizational ethical culture, gender, age, and level of education, as proposed in the initial model (figure 2.2, page 49), were also confirmed. Regardless of all these factors, a comprehensive research model also establishes the relationship among these constructs. In addition, the relationships and interrelationships between EDM components, namely moral awareness, moral judgment, moral intention, and moral behaviour are validated. Based on this comprehensive model, the next step is to describe the relationship among the constructs and test them.

Overall, the theme underpinning this comprehensive research model remains unchanged. Culture and ethical ideology, besides the moderating effect of organizational ethical culture, gender, age and level of education, are still key determinants of an individual's ethical ideology in the process of EDM. Nevertheless, in the context of this research, parental values and religiosity are found to also determine how to deal with the process of EDM in the organizational context.

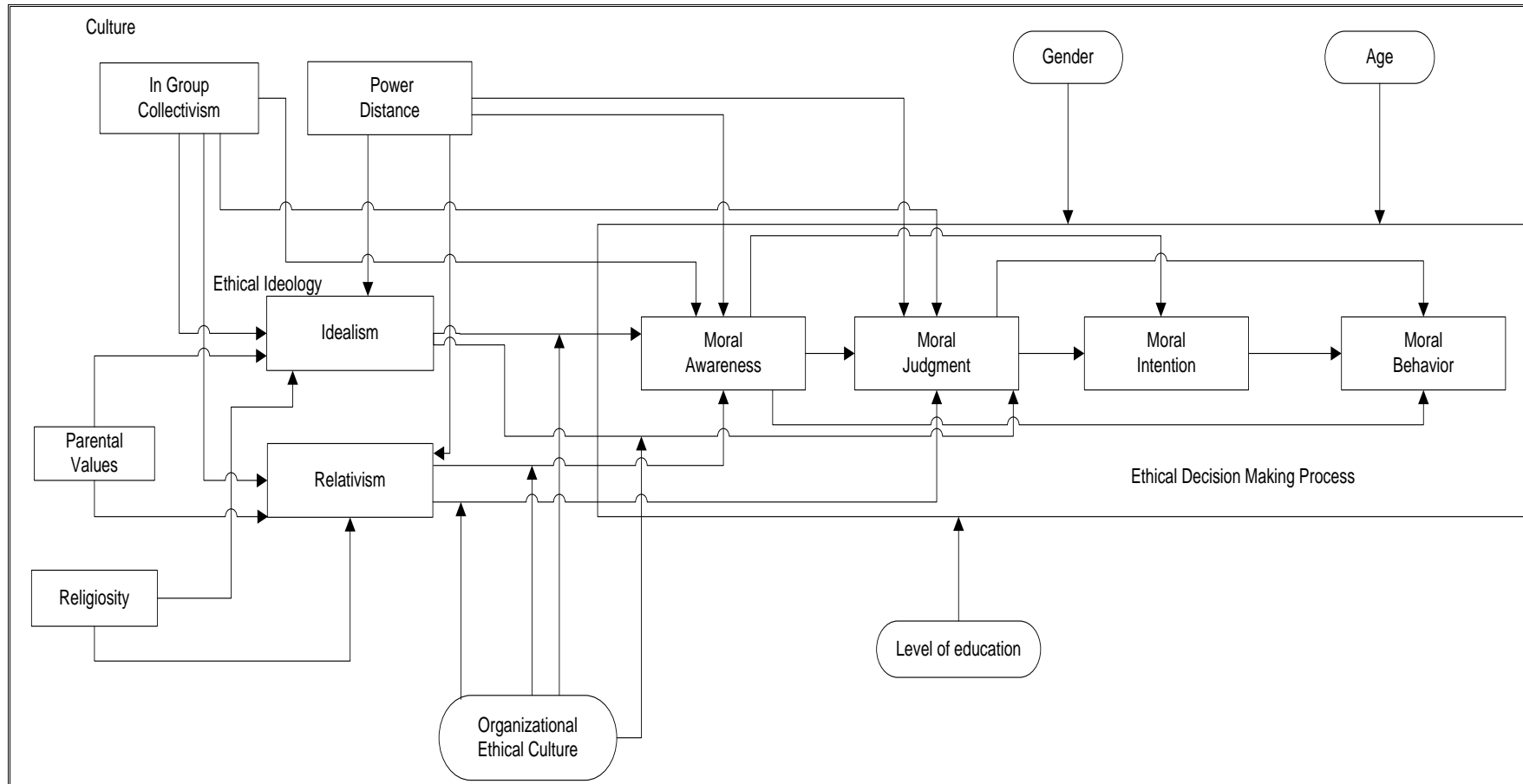


Figure 4.3: The Comprehensive Research Model

4.8 Conclusion

This chapter presents the findings of the field study based on the content analysis. This qualitative approach was undertaken through semi-structured interviews with 14 managers from large Malaysian organizations. The main objective of this study is to test the applicability of the initial model proposed earlier, and to explore the dimensionality of related constructs. In addition, other relevant and significant issues in the area of the EDM process are determined. Overall, content analysis involving the inductive and deductive phase revealed an interesting outcome with regard to the antecedent factors of the EDM process. Based on the analysis, the influence of culture and ethical ideology as proposed in the initial model is confirmed. In addition, the relationship and interrelationship among the four components of the EDM process, namely moral awareness, moral judgment, moral intention and moral behaviour are also consistent with the proposed model. Despite the confirmation, analysis of the field study revealed that multidimensional constructs were addressed by the participants. Nevertheless, two other relevant factors, namely parental values and religiosity were discovered as factors of the utmost importance to the individual's EDM process in Malaysian context. As a result, these two factors were added and justified. The final part of this chapter proposes the comprehensive model that combines the initial model and findings of qualitative field study. This model demonstrates a fully behavioural framework in explaining the EDM process by individuals in organizations. More specifically, it shows how each construct related to other constructs. Therefore, in explaining the links, research hypotheses are developed which becomes the main focus in the next chapter.

Chapter 5: Hypotheses and Questionnaire Development

5.1 Introduction

As presented in chapter four the field study has confirmed that there are multidimensional constructs that influence the process of ethical decision making (EDM) by individuals in organizations. Through content analysis, the factors of parental values and religiosity have been mentioned consistently by the participants. As a result, justification of these two factors in the existing literature is made. Thus, parental values and religiosity, besides other factors that have been proposed earlier, were added (as discussed in section 4.5, page 86). The additional factors provide the comprehensive model of the current research.

Referring to this model, this chapter presents the hypotheses in consideration with the findings of the field study and justified by the relevant literature. More specifically, the research hypotheses describe the relationship among the constructs as proposed in the model, which include '*parental values*', '*religiosity*', '*in-group collectivism culture*', '*power distance culture*', '*idealism*', '*relativism*', '*organizational ethical culture*', '*gender*', '*age*', and '*level of education*'. In addition, hypotheses to explain the relationship between the EDM components; '*moral awareness*', '*moral judgment*', '*moral intention*', and '*moral behaviour*' were also established. Following the proposition of the research hypotheses, the development of the survey instruments in order to test these hypotheses is also reported in the remainder of this chapter.

5.2 Hypotheses Development

5.2.1 Hypotheses Related to Parental Values

Although the theory of moral development, as discussed by Piaget (1932/1977) and Kohlberg (1969), proposed the minimal influence and a non-specific role of parents in the individual's moral development, there are still theories emphasizing that parents have a significant influence in such development. The social learning theory for example, predicts that parenting values act to display and reinforce correct behaviour, thereby influencing individual's moral development (Walker, Hennig and Krettenauer 2000). In addition, Hoffman (1975) emphasizes that parental values determines a guideline for certain behaviour. Further, Herbert (1986) asserted that parental values interaction plays a critical and complementary role in shaping an individual's life.

As explained earlier (section 4.6, page 90), the empirical studies in ethics literature related to the construct of parental values have received very little attention. Most studies that examine the influence of parental values on individual behaviour actually have been established very extensively in the psychological area, particularly on the topic of children's moral development (Schaffer and Collis 1986). Thus, since these studies (Jahoda 1982; Haan, Langer and Kohlberg 1976) have used children as their sample, the findings on the influence of parental values on behaviour need to be reviewed carefully. A study by Walker, Hennig and Krettenauer (2000), for example, monitored children from late childhood in order to examine the influence of parents in the context of moral reasoning development. This study implemented a 4-year longitudinal interval study and found that the influence of parents, described as the vertical relationship, plays a great role developing moral maturity among children. The influence then reduces as peer influence, described as a horizontal relationship, also affects children's moral maturity. However, parents still had a strong influence in providing a more cognitively stimulating environment by relying on more operational and representational behaviour than peers. In another study by Haan, Langer and

Kohlberg (1976), it was found that the relationship between parental role and the level of moral development is strong and significant. Furthermore, Pratt et al. (2003) has conducted a two-year longitudinal study on high school students to investigate the relationship between moral emphasis and strict parenting style. In this study, they found that the strictness of the parenting style was linked positively with the children's moral emphases, particularly on the social responsibility value. Despite using children in early or late childhood as respondents, these studies have supported and justified the influence of parental values on an individual's ethical behaviour.

Besides this argument there is one more important justification related to the effects of culture, which explains the influence of parental values. Since this study is conducted in Malaysia, and the literature that has been used in this study is derived from western society, the failure to address this factor may be due to the difference in the cultural effect. Malaysia is a country that has developed a collectivism culture, where the relationship between parent and children is very close (Hofstede 1980). The connection between an individual and their parent includes both a practical and psychological relationship. In comparison, western countries, which develop an individualistic culture, think of themselves as 'I' and distinct from other people, including their parents, and classify themselves according to individual characteristics. On the other hand, collectivist societies consider family as a very important aspect of their life, especially the relationship with the parent. They perceive that the relationship is predetermined by birth and this relationship can be oppressive. Thus, the influence of parental values on individuals from this culture is expected.

In addition, they always perceive that they have a responsibility to look after their parents. They believe their opinions have been established by the influence of their family members, especially their parents. Further, Yusof et al. (2002), in their study that investigated the relationship between the roles of parental values on individuals' desired values in Malaysia, also found a significant influence of the construct. Their

findings implied that an individual shared similar terminal and instrumental values (Rokeach 1973) to their own parents.

Thus, considering the cultural elements, the influence of the parental values in the EDM process is justified. However, since no study has been conducted on the relationship between parental values and ethical ideology, the findings from the field study will be considered in order to develop a related hypothesis. Based on the findings from the field study, a total of 13 out of 14 participants emphasized the importance of parental values in influencing their attitude, belief and values. This effect reflects the influence of parental values on the individual's ethical ideology. In the analysis of the findings, content analysis demonstrates that when referring to parental values, participants describe that their parents instil them with values such as fairness, trustworthiness, integrity and respect. Participant 11 for example, insisted that *"...my father taught me about humility and politeness...he educated me to be what I am today..."*. In addition, participant 12 stated that, *"...parents always taught their kids to be good to others, which then influences the individual when he or she grows up ...they will be good to others... I don't think parents teach their kids to harm others..."*.

Referring to this analysis, all these values mentioned by the respondents basically reflect the positive effect of parental values on idealism, and the negative effect of parental values on relativism. As explained in section 2.6.2 in page 36, idealism is described as the degree to which individuals accept the universal moral values in their ethical analysis. They perceive that the decisions they make should reflect concern for others' welfare, and prefer not to choose between "the lesser of two evils" because they believe that harming others is always avoidable (Barnett, Bass and Brown 1994; Vitell, Nwachukwu and Barnes 1993; Forsyth 1980, 1992). On the hand, relativism refers to the rejection of universal moral principles because they believe that ethics of a particular action depend upon the situational factors surrounding the act. They also perceived that harmful action is sometimes necessary (Barnett and Vaicys 2000; Singhapakdi et al. 2000; Barnett, Bass and Brown 1994;

Forsyth 1980, 1992). Based on this description, the rationale of the positive effect of parental values on idealism and negative effect of parental values on relativism is asserted. Accordingly, the following hypotheses are developed:

H1a: Parental values will positively influence idealism.

H1b: Parental values will negatively influence relativism.

5.2.2 Hypotheses Related to Religiosity

The influence of religiosity on an individual's behaviour can be explained by the theory of symbolic interactionism (Weaver, Bradley and Agle 2002). The theory proposed that religions provide role expectation that, "... when internalized through repeated social interaction, contribute to a person's self identity as an adherent of a specific religion..." (Weaver, Bradley and Agle 2002, page 80). Thus, it can be expected that religion can influence ethical behaviour by directing the foundation principle to determine the appropriateness of certain acts. DeGeorge (1986) argues that religion is a primary reason for an individual being ethical and a point of reference for evaluating conduct. Previous studies have supported this notion (Razzaque and Hwee 2002; Wagner and Sanders 2001; Tse and Au 1997; Wimalasiri, Pavri and Jalil 1996; Clark and Dawson 1996). Christie et al. (2003), for instance, find that religiosity has a significant effect on a person's ethical attitudes. Lam and Shi (2008) concluded that religious persons tend to react more concisely to unethical acts compared to those who have minimal or no religious beliefs. Siu, Dickinson and Lee (2000) emphasize this point well, "religious persons have value systems that differ from those of the less religious and the non religious" (p.243).

Findings from the field study provided strong support for the influence of religiosity on the EDM process through individual's ethical ideology. Thirteen out of 14 participants mentioned that their ethical beliefs were influenced by their commitment to religious values/teachings. Participants 2, 4, 5, 7 and 12, for example, emphasized that religion provides an approach to life based on always

making 'ethical decisions'. According to them, religious values tend to emphasise how each individual is responsible for all the decisions that they make and how they will be judged in the life 'hereafter'. Thus, each individual has a duty to ensure their decisions, when dealing with ethical dilemmas, comply with religious commandments. It needs to be emphasized that these findings actually demonstrate the effect of religiosity on EDM through an individual's ethical ideology. Referring to the existing literature however, although the influence of religiosity on ethical behaviour is reported, the question of how it affects ethical ideology is still relatively unexplored. To date, only two studies are reported to have tested the relationship between religiosity and ethical ideology (Barnett, Bass and Brown 1996; Singhapakdi et al. 1997).

Thus, in explaining the correlation between religiosity and ethical ideology in the EDM process, the element of the values of religiosity value comes into consideration. According to Wiebe and Fleck (1980), religiosity indicates a stronger sense of community, belonging, and holds more conservative views of moral standards. It is all about the value of respecting and considering the welfare and dignity of others (Wiebe and Fleck 1980). In the context of ethical ideology, this is related to the notion of idealism. Furthermore, Rest (1986) stated that religious people were more sensitive to 'universal justice'. Thus, a positive effect of religiosity in idealism is expected. On the other hand, it can be presumed that religiosity will have a negative influence on relativism as relativists do not accept a universal moral principle as they judge a moral standard based on the specific situation. Based on this argument, the study by Barnett, Bass and Brown (1996) , which is a prominent investigation of the direct effect of religiosity on ethical ideology, proposed a positive and negative effect of religiosity on idealism and relativism, respectively. Their study however, only found the strong support of religiosity on relativism, while no significant effect on idealism is reported. In other study by Singhapakdi et al. (1997), religiosity was found to have a positive association with idealism, and a negative correlation with relativism. Interestingly, Singhapakdi et al. (1997) also found that, compared to other constructs in their

study, only religiosity showed a predicted influence on both idealism and relativism. This finding offers a strong support for the outcomes of the field study. Therefore, based on previous literature and the field study findings, the hypotheses between religiosity and ethical ideology are developed, as follows;

H2a: Religiosity will positively influence idealism.

H2b: Religiosity will negatively influence relativism.

5.2.3 Hypotheses Related to Culture

According to England (1975), culture is a key determinant on an individual's value system for interpreting the ethical propriety of certain practices. In other words, culture significantly influences an individual's beliefs about what is appropriate and inappropriate in terms of ethical behaviour. Furthermore, prior studies have justified the cultural influence on the EDM process (Arnold et al. 2007; Axinn, Blair and Thach 2004; Singhapakdi et al. 2000; Singhapakdi, Vitell and Frankie 1999; Lu, Rose and Blodgett 1999; Ralston, Giacalone and Terpstra 1994; Yeung and Tung 1996; Singhapakdi et al. 1999; Dolecheck and Dolecheck 1987). In the current research, two cultural dimensions were selected to describe the cultural influence in the process of EDM, namely in-group collectivism and power distance culture. These two dimensions have been determined as the most significant dimensions in determining an individual's EDM process.

In-Group Collectivism Culture

Findings of the field study demonstrate that all the participants (N=14) perceived that culture provided a foundation to verify the moral standard of a certain behaviour. Based on what is acceptable and appropriate in their culture, participants drew attention to the fact that culture determines how business should be conducted. In explaining the influence of in-group collectivism culture, participant 2, for example, explained that the practice of team oriented lead to the belief that considering the welfare of others is important in making decisions. According to

participant 2, it is necessary to avoid any decision that might harm others. In addition, participant 6 emphasizes that “ *...when everybody in an organization has a strong relationship to each other and perceives everybody as family, people will automatically be more concerned for each other because as a family we have to take care of each other*”.

Referring to the existing literature, although no studies have investigated the direct effect of in-group collectivism on EDM, this dimension reflects the elements of a collectivism culture that is concerned about relationships and the welfare of others (Hofstede 1980, 1991; Abdullah 1992). In-group collectivists consider themselves as members of an extended family or organization (House et al. 2004). They will ensure that the decisions they make do not harm others.

Similar to the concept of collectivism culture proposed by Hofstede (1980, 1991), this culture demonstrates a loyalty among group members and the concern of moral standards established by their societies (House et al. 2004). In-group collectivists tend to follow moral rules for the benefit of organization members and tend to behave more ethically as they believe that harmful action is always avoidable (House et al. 2004). In relation to ethical ideology, these descriptions support the fact that in-group collectivists are more idealistic and less relativist. To confirm this relationship, Akaah (1990), has conducted a study and revealed that collectivists are found to be more ethical than individualists. Moreover, in a recent study by Swaidan, Rawwas and Vitell (2008), the positive relationship between collectivism and idealism was derived.

Based on the expectation of the positive effect of in-group collectivism to idealism, a positive correlation between this dimension to moral awareness and moral judgment in the EDM process can be derived. To verify this, Parboteeah, Bronson and Cullen (2005) has conducted a study and found that collectivism has a high ethical awareness to judge suspicious behaviour. Based on the findings of the field study and the existing literature, it is expected that in-group collectivism has a positive influence on idealism, moral awareness and moral judgment. On the other

hand, a negative influence on relativism is expected. Accordingly, the following hypotheses are developed:

H3a: In-group collectivism culture will positively influence idealism.

H3b: In-group collectivism culture will negatively influence relativism.

H3c: In-group collectivism culture will positively influence moral awareness.

H3d: In-group collectivism culture will positively influence moral judgment.

Power Distance

With regard to the influence of power distance culture, almost all the participants state that the importance of a person's position in the organization leads to a situation where individuals need to obey and follow any command from their superior, including ethical issues, in order to show their respect to their superior. According to previous literature, the power distance culture refers to the acceptance of inequality in power (House et al. 2004, Hofstede 1980, 1991). Superiors in this society behave in a more autocratic manner and do not demand consultation (Hofstede 1980, 1991). Thus, individuals in the organization tend to obey any order from their superior in order to avoid any disagreement (House et al. 2004; Hofstede 1980, 1991; Cohen, Pant and Sharp 1995). This practice also influences their decision making in dealing with ethical dilemmas. In a situation where the order comes from their superior, they tend to follow the order to satisfy and impress their superiors (Karande, Rao and Singhapakdi 2002). In addition, they believe that they are not capable of judging their superior's order due to limited information about their superior's circumstances. This rationalization indicates that they are more likely to be relativists, but less likely to be idealists.

The expectation that power distance has a negative effect on idealism reflects a negative influence of such dimension on the EDM process. Furthermore, empirical studies have found that managers from high power distance cultures viewed questionable business practice as less ethical (Christie et al. 2003). In addition, Ringov and Zollo (2007) also confirmed that power distance has a negative

influence on individual ethical behaviour. Based on these findings it was demonstrated that individuals practicing the power distance culture will have lower moral awareness and moral judgment in the process of EDM. Referring to the above explanation, the hypotheses describing the relationship between power distance culture, ethical ideology and the EDM process is developed.

H4a: Power distance culture will negatively influence idealism.

H4b: Power distance culture will positively influence relativism.

H4c: Power distance culture will negatively influence moral awareness.

H4d: Power distance culture will negatively influence moral judgment.

5.2.4 Hypotheses Related to Ethical Ideology

Theoretically, an individual's ethical ideology provides a guideline in shaping individual beliefs, attitude and values in dealing with ethical dilemmas (Schwartz and Bilsky 1987; Hunt and Vitell 1986; Trevino 1986; Ferrel and Gresham 1985). In other words, ethical ideology is the potential explanation to describe how individuals will respond to ethical issues and reach different conclusions in morality (Tansey et al. 1994; Forsyth 1980, 1992). As explained earlier in section 2.6.2 in page 36, Forsyth's (1980, 1992) proposed two principles; idealism and relativism, to describe the dimensionality of ethical ideology. Idealist belief relied on the principle of universal moral values, concern for others' welfare, and the perception that harming others is always avoidable. However, relativism rejects the idea of universal moral values, is less sensitive to the others' welfare, and believes that harming others is sometimes necessary.

Although the field study does not intend to determine the position of an individual's ethical ideology, all participants (N=14) emphasized that ideology provides a set of beliefs that contain values and attitudes that drive an individual's EDM process to deal with issues involving ethical content in organizations. According to these

participants, ethical ideology plays a crucial part in the process, especially to determine appropriateness of certain actions.

Idealism

As described earlier (section 2.6.3, page 38) general findings from the empirical studies suggest that idealism is more associated with ethical behaviour than relativism (Steenhaut and Kenhove 2006; Elias 2002; Yetmar and Eastman 2000; Singhapakdi et al. 1999; Davis, Johnson and Ohmer 1998; Sparks and Hunt 1998). Idealists view moral laws and believe that harming others is always avoidable. They will ensure that the outcome of their decision is for the greater welfare of others. Vitell, Rallapalli and Singhapakdi (1993) in their study found that idealistic marketers tended to exhibit higher ethical standards in dealing with questionable acts. Similarly, studies by Barnett, Bass and Brown (1994) also confirmed that idealist individuals tend to have a positive effect on ethical decisions. According to Barnett, Bass and Brown (1994), idealistic individuals perceived that cheating students adversely affected the rest of the class by giving the individual an unfair advantage. Furthermore, Singhapakdi et al. (1999) also found that a person with high idealistic beliefs is more likely to reject unethical action in ethical dilemmas. These findings basically demonstrate the positive relationship between idealism and moral awareness, and moral judgment in dealing with the process of EDM. Therefore, the hypotheses are developed as below;

H5a: Idealism will positively influence moral awareness.

H5b: Idealism will positively influence moral judgment.

Relativism

In contradiction to idealists who believe in universal moral laws, relativists reject this idea and perceive that the ethics of a particular action depend on situational factors surrounding the act (Forsyth 1980, 1992). For them, a person is not qualified to determine the moral standards of certain behaviour of others because he or she

does not have full access to the information related to the situation. They also perceive that harming others is unavoidable based on certain reasons (Forsyth 1980, 1992).

Due to that, it is expected that relativism is negatively associated with ethical decision. This notion has been supported by previous empirical studies. Singhapakdi et al. (1999) for example, in a study of Malaysian consumers found that those holding on to the relativism ideology were more likely to have a lower ethical perception compared to idealism followers. Similarly, Steenhaut and Kenhove (2006) found that individuals with high scores of relativistic values were more likely to have a lower level of ethical judgment than those with a low score of relativism. Furthermore, both studies by Sparks and Hunt (1998) and Yetmar and Eastman (2000) demonstrated that high relativists were more likely to have lower ethical awareness of unethical situations than those with a low score on relativism. Based on these findings, and prior theory, the negative effects of relativism on moral awareness and moral judgment are expected. Thus, the hypothesis that explains this relationship is developed:

H6a: Relativism will negatively influence moral awareness.

H6b: Relativism will negatively influence moral judgment.

5.2.5 Hypotheses Related to the Relationship of the EDM Components

According to Rest's (1980, 1984, 1986, 1994) 'Four Components' theory; when dealing with ethical issues, individuals should be aware of the ethical issue (moral awareness), then judge the issue based on her/his personal ethics (moral judgment), give priority to moral values from the judgment (moral intention) and finally transform into actual ethical behaviour (moral behaviour). This theory indicates the sequential process of moral awareness, judgment, intention and behaviour.

The indication of the sequential process has been confirmed by Moores and Chang (2006) in their study of student's behavioural conduct toward pirated software. Respondents were asked to indicate how they deal with the issue. Findings show

that individuals, who recognize the issue, judge it as immoral, intend not to engage in the action and transform it by not buying the pirated software. In addition, previous studies also provide additional evidence supporting the sequential process of these four components. However, these studies only focus on certain components. Singhapakdi, Rao and Vitell (1996) for example, found that individuals who recognize the ethical content of the given situation essentially form a more moral judgment. This result supports the link between awareness and judgment.

In terms of the relationship between moral judgment and moral intention, previous studies have consistently showed the existence of a positive relationship (Wagner and Sanders 2001; Robin et al. 1996; Rallapalli, Vitell and Barnes 1998; Dubinsky and Loken 1989; Ferrell, Gresham and Fraedrich 1989; Hunt and Vitell 1986). These studies demonstrate that those who judge unethical actions in a given scenario as immoral will form an intention not to behave accordingly. In addition, Barnett, Bass and Brown (1996) also found a strong link between individuals' intention as the outcome of their moral judgments.

The link between the intention and behaviour can be justified by the theory of reasoned action (Fishbein and Ajzen 1975) that suggests an individual's intention is predictive of moral behaviour. To verify this link, Wagner and Sanders (2001) have tested the positive path between intention and behaviour. They concluded that a person who indicates the intention not to behave unethically will be unlikely to engage in unethical acts. In addition, Nguyen and Biderman (2008) also confirmed that individuals who judge certain actions as unethical are individuals who are more likely to form an opinion that the act is unethical. Therefore, due to Rest's framework and the findings from the previous studies, the sequential process of EDM components is expected;

H7a: Moral awareness will positively influence moral judgment.

H7b: Moral judgment will positively influence moral intention.

H7c: Moral intention will positively influence moral behaviour.

Besides the sequential process of the EDM components, Rest (1986) also emphasized the interrelationship among the components of the EDM process. Interestingly, participants in the field study have agreed with this notion. According to them, when dealing with ethical dilemmas, the process of making ethical decisions is very complex due to many reasons and factors. Therefore, rather than following a sequential process, the process mostly involves a forward and backward relationship, including awareness to intention, awareness to behaviour, and judgment to behaviour. Referring to the literature review, studies of Singhapakdi, Vitell and Franke (1999) and Singhapakdi, Rao and Vitell (1999) have demonstrated the interrelationship between the EDM components. More specifically, these studies have confirmed the expected link between awareness to intention. In addition, a study by Valentine and Freishman (2003) also revealed that an individual's moral awareness creates the capability of identifying ethical issues that they are dealing with, which becomes a catalyst to moral behaviour. Fleischman and Valentine (2003) also found a significant relationship between awareness and behaviour. With regards to the interrelationship between judgment and behaviour, many studies have been conducted to prove this link. For example, Green and Weber (1997) found that individuals with high levels of moral judgment had significantly positive moral behaviour. Similarly, studies by Honeycutt et al. (2001) and Ryan (2001) also found that the individual's moral judgment is positively related to moral behaviour.

Therefore, by referring to the findings of the literature and the field study, the hypotheses that describe the interrelationship among the components have been developed;

H7d: Moral awareness will positively influence moral intention.

H7e: Moral awareness will positively influence moral behaviour.

H7d: Moral judgments will positively influence moral behaviour.

5.2.6 Hypotheses Related to Organizational Ethical Culture

Referring to the existing literature, the effect of organizational culture on an individual is justified by the theory of socialization process (Maanen 1978). According to this theory, individuals in an organization will adjust their personal values in response to the demand of the culture in the organization. This theory has been supported by a study of Douglas, Davidson and Schwartz (2001) that found individuals will modify their internal values in order to share the common values that are practices in the organization. Furthermore, other studies also demonstrate that the implementation of an ethical program is significantly correlated to ethical behaviour (Greenberg 2002; Peterson 2002; Adams, Taschian and Shore 2001; Weaver and Trevino 1999; McCabe, Trevino and Butterfield 1996). In a study of Trevino, Sutton and Woodman (1998) for example, it was reported that in more ethical organizations, ethical practices is encouraged, and unethical behaviour is discouraged.

As organizational ethical culture reflects a positive environment to promote EDM, it can be expected that; despite *a different perspective in an individual's ethical ideology, their awareness and judgment in the process of EDM can be enhanced*. More specifically, organizational ethical culture is expected to have a positive moderating effect on the relationship between ethical ideology (idealism and relativism), and the process of EDM (moral awareness and moral judgment).

Furthermore, based on the findings of the field study, all participants agreed that the construct of organizational ethical culture moderately influences an individual's ethical ideology in dealing with ethical dilemmas. According to them, the environment in an organization influences the way they handle situations involving ethical issues. Although they might have their own beliefs shaped by cultural norms, it is important for them to comply with the organizational norms. Participant 8 for example, stated that he always made sure that his action was "*consistent with the organization's objectives even when some of the actions might contradict with his belief*".

According to the above premises, the following hypotheses are proposed:

H8a: Organizational ethical culture will positively moderate the relationship between idealism and moral awareness.

H8b: Organizational ethical culture will positively moderate the relationship between idealism and moral judgment.

H8c: Organizational ethical culture will positively moderate the relationship between relativism and moral awareness.

H8d: Organizational ethical culture will positively moderate the relationship between relativism and moral judgment.

5.2.7 Hypotheses Related to Gender

Prior theories have justified the rationale of gender differences in an individual's process of EDM (Ruegger and King 1992; Eagly 1987; Kohlberg 1969, 1984; Gilligan 1982). In general, these theories assert that when dealing with ethical dilemmas, men and women react differently due to the differences of their moral orientation. In the empirical study literature, the effect of gender on EDM has found to have a mixed result (Valentine and Rittenburg 2007; Roozen, Pelsmacker and Bostyn 2001; Shafer, Morris and Ketchand 2001; Smith and Oakley 1997; Karcher 1996). In a study of Dawson (1997) for example, no significant differences of ethical behaviour between men and women are reported.

Similarly, the effect of gender on the EDM process based on the finding of the field study is arguable. Only 4 out of 14 participants agree that gender has a significant effect, stating that women can be viewed to be more attached to ethical decisions than men. However, a majority of them believe there is no difference between genders in dealing with ethical decisions. According to them, men and women tend to have similar process of EDM. Participant 8 for example, commented that men and women "*are subject to the same temptation*". Thus, no differences can be expected. Despite inconsistency in the findings of prior research and the field study, in general women subjects were found to be more sensitive and less tolerant of

unethical actions than men subjects (Stedham, Yamamura and Beekun 2007; Emerson, Conroy and Stanley 2007; Fleischman and Valentine 2003; Larkin 2000). For example, Ameen, Guffey and McMillan (1996) found that women tend to be more morally aware than their male counterparts. Mason and Mudrak (1996) verified that women score higher on their moral judgment than men. A significant difference in moral judgement between men and women was also reported in a study of Dawson (1997). In a study of Singhapakdi (1999), women are more likely to have higher moral intentions than men. Glover et al. (1997) reported that women make more ethical decisions about their moral behaviour than men. These findings indicate that men and women deal with the process of EDM in significantly different ways. Thus, it is expected that gender will have a moderating effect. Accordingly, following hypothesis is developed;

H9 : Gender has a significant moderating effect on the EDM process.

5.2.8 Hypotheses Related to Age

According to psychologist theories, as people mature and age, an individual's moral development will move into higher levels (Kohlberg 1969, 1984; Erikson 1987). Thus, older individuals tend to be more ethical in their decision making than younger individuals. This notion however, is not consistently supported. For example, prior researchers have found that age has no significance in the process of EDM (Shafer, Morris and Ketchand 2001, Singhapakdi et al. 2001 and Larkin 2000). This is also supported by the findings of the field study. Three participants (P5, P7, P10) agreed that age has an effect in terms of maturity and the level of an individual's capability in dealing with ethical issues. Participant 7 for example, says that " ...I agree with the statement, *With age comes maturity, you should be wiser than what you were before*". Similarly, participant 10 perceived that older people will tend to have a good thinking and give priority to good things compared to others. Conversely, the majority of the respondents agreed that age was not necessarily a factor in making ethical decisions, "*it is still about the value*" as said by participant 2.

Although the previous research and the findings in the field study are somehow contradictory with prior theories, studies have generally supported the effect of age on EDM process. For example, Kim and Chun (2003) in their study on public relations practitioners have found that that age has a significant effect, whereby older public relations practitioners showed a higher level of agreement with the ethical attitude. Similarly, Karcher (1996) found that older respondents tend to be more aware in the process of EDM than younger respondents. In other studies, Wimalasiri, Pavri and Jalil (1996) found that people tend to engage in moral judgment as they grow older. Swaidan, Vitell and Rawwas (2003) reported that older respondents rejected questionable activities more than younger respondents. In a recent study by Moores and Chang (2006), it was reported that the EDM process strengthened as age increases. Overall, these outcomes indicate that compared to older respondents, younger respondents were found to have limited ability in dealing with the EDM process. Based on these findings, a moderating effect of age can be expected. Thus, following hypotheses is developed:

H10: Age has a significant moderating effect on the EDM process.

5.2.9 Hypotheses Related to Level of Education

In explaining the influence of level of education in an individual's EDM process, prior theories proposed that education influenced the level of individual's ability, cognition, and knowledge in dealing with issues involving ethical content (Rest 1994; Kohlberg 1980a, 1980b; Janssen 1989). In addition, the association between educational level and ethical behaviour has been supported by previous studies (Kracher, Chatterjee and Lundquist 2002; Razzaque and Hwee 2002; Veit and Murphy 1996; Kelley, Ferrell and Skinner 1990). The finding, however, is found to be inconsistent in other studies (Cohen, Pant and Sharp 2001; Shafer, Morris and Ketchand 2001; Lund 2000). Kaynama, King and Smith (1996) for example reported that those with a higher educational level are less likely to engage in the EDM process.

Similarly, the effect of educational level on the EDM process in the field study is found to have mixed results. Six out of 14 participants emphasized the importance of education in creating advanced thinking capability. They believe that a higher level of education produces higher levels of thinking. Thus, a person will be wiser in terms of their moral reasoning than those with less educational background. As a result, educated people tend to have a more ethical attitude compared to the lesser educated. Interestingly, some respondents (P6, P12) also pointed out that a higher capability of thinking might also create a positive effect on unethical actions as a person is more capable of taking unethical actions.

Despite this argument, few participants have emphasized a positive effect of educational level on ethical behaviour. Participant 7 for example, stated that *“education provides knowledge related to ethics awareness... if you have higher education... it can be expected that you also have higher awareness of ethics”*. Moreover, participant 8 stated, *“subject related to ethics can only be found in college or university, if you asked those with primary or secondary school, I don’t think they know what’s meant by ethics”*.

Literature has verified these claims. In general, empirical studies demonstrated a positive moderating effect on the process of an individual’s EDM. Kelley, Ferrell and Skinner (1990) for instance, found that the higher a person’s education, the higher their tendency to make ethical decisions. Deshpande (1997) reported that individuals with higher educational backgrounds perceived that the practice of padding expense account is unethical. Tse and Au (1997) found that a higher educational level has a positive effect on moral judgment. Furthermore, Swaidan, Vitell and Rawwas (2003) found that more educated respondents rejected questionable actions. These findings demonstrate that an individual’s level of education has a significant influence in the EDM process. The hypothesis is developed as follows:

H11: Level of education has a significant moderating effect on the EDM process.

5.3 Summary of Hypotheses Development

Overall, there are 11 main hypotheses describing 29 relationships based on the comprehensive research model as proposed earlier. Table 5.1 (table 5.1a until 5.1c) presents all the hypotheses as developed above.

Table 5.1: Summary of Hypotheses Statements

Table 5.1a : Hypotheses Statement related to Antecedents Factors

Construct	Link	H	Hypotheses statement
Parental Values (PGV)	PGV→IDL PGV→RLT	H1a H1b	Parental values will positively influence idealism. Parental values will negatively influence relativism.
Religiosity (RLG)	RLG→IDL RLG→RLT	H2a H2b	Religiosity will positively influence idealism. Religiosity will negatively influence relativism.
In-Group Collectivism Culture (IGC)	IGC→IDL IGC →RLT IGC→ MA IGC→MJ	H3a H3b H3c H3d	In-group collectivism culture will positively influence idealism. In-group collectivism culture will negatively influence relativism. In-group collectivism culture will positively influence moral awareness. In-group collectivism culture will positively influence moral judgment.
Power Distance Culture (PD)	PD→IDL PD→RLT PD→MA PD→MJ	H4a H4b H4c H4d	Power distance culture will negatively influence idealism. Power distance culture will positively influence relativism. Power distance culture will negatively influence moral awareness. Power distance culture will negatively influence moral judgment.
Idealism (IDL)	IDL→MA IDL → MJ	H5a H5b	Idealism will positively influence moral awareness. Idealism will positively influence moral judgment.
Relativism (RLT)	RLT →MA RLT →MJ	H6a H6b	Relativism will negatively influence moral awareness. Relativism will negatively influence moral judgment.

Table 5.1b : Hypotheses Statement related to the Relationship among the EDM components

Construct	Link		Hypotheses statement
EDM Process	MA→MJ	H7a	Moral awareness will positively influence moral judgment.
	MJ→MI	H7b	Moral judgment will positively influence moral intention.
	MI→MB	H7c	Moral intention will positively influence moral behaviour.
	MA →MI	H7d	Moral awareness will positively influence moral intention.
	MA→MB	H7e	Moral awareness will positively influence moral behaviour.
	MJ→MB	H7f	Moral judgments will positively influence moral behaviour.

Table 5.1c : Hypotheses Statement related to the Relationship among the Moderating Variables

Construct	Link		Hypotheses statement
Organizational Ethical Culture (OEC)	OEC*IDL→MA	H8a	Organizational ethical culture will positively moderate the relationship between idealism and moral awareness.
	OEC*IDL→MJ	H8b	Organizational ethical culture will positively moderate the relationship between idealism and moral judgment.
	OEC*RLT→MA	H8c	Organizational ethical culture will positively moderate the relationship between relativism and moral awareness.
	OEC*RLT→MJ	H8d	Organizational ethical culture will positively moderate the relationship between relativism and moral judgment.
Gender	Gender*EDM	H9	Gender has a significant moderating effect on the EDM process.
Age	Age*EDM	H10	Age has a significant moderating effect on the EDM process.
Level of Education (LOE)	LOE*EDM	H11	Level of education has a significant moderating effect on the EDM process.

*Note: Symbol of * implies the interaction effect of the moderating variables.*

In addition, figure 5.1 is drawn to illustrate these hypotheses.

In order to test these hypotheses, a set of questions was developed. The next section provides the details of the development of the questionnaires.

5.4 Questionnaire Development

5.4.1 Overview of the Questionnaire

To conduct the survey for this research, a questionnaire was developed based on the previous theory and empirical study in the relevant literature. The questionnaire was formatted to test the research hypotheses according to the comprehensive model as proposed in figure 4.3 in page 95. Overall, the questionnaire contained seventy-three questions included three short scenarios. It is divided into three main sections according to the focus of this study. The first section gains information about the demographic background of the respondents. The second section focuses on measuring the influential factors in the EDM process as proposed in this research, namely ‘parental values’, ‘religiosity’, ‘in-group collectivism culture’, ‘power distance culture’, ‘organizational ethical culture’, ‘idealism’ and ‘relativism’. In the last section of the questionnaire, focus is given to measure the relationship among the components of the EDM process, namely, ‘moral awareness’, ‘moral judgment’, ‘moral intention’, and ‘moral behaviour’.

In developing this questionnaire, the issue of common method bias (CMB) was addressed. CMB refers to the “degree to which correlations are altered (inflated) due to a methods effect” (Meade, Watson and Kroustalis 2007). CMB occurs “when the same method is used to measure correlations between variables” (Schwarz, Schwarz and Rizzurto 2008). Several positional sources of common method biases related to ‘items characteristic effects’ have been addressed by prior research (Podsakoff et al. 2003). The examples of this bias include; 1) ‘negatively worded or reverse coded items’ and 2) ‘social desirability bias’ (Podsakoff et al. 2003; Meade, Watson and Kroustalis 2007). In order to handle a bias of negatively worded or reverse coded items, the uses of such statements within a positively worded statement are avoided. This procedure is undertaken as respondents might be unaware of the inconsistency of the statement questions compared to other statements. With regards to the social desirability bias (SDB), few procedures have been undertaken. SDB basically “refers to the need for social approval and acceptance and the belief that this can be attained by means of culturally acceptable and appropriate behaviour” (Crowne and Marlowe 1964, p.109). In general, SDB can be considered as the major bias in ethics research, whereby a

respondent over-reports ethical behaviour and under-reports unethical behaviour. Thus, in order to manage this bias, an introduction page was set up in the questionnaire to emphasize the purpose of the study and highlight the privacy and confidentiality of the respondents' answer. Respondents were notified that the questionnaire was given with no intention to determine whether their answer is considered right or wrong, rather it is only for research purposes. Considering that 'ethical decision' is a subjective issue, it is very important to highlight this matter to avoid any aggravation to the respondents while answering the questionnaires. In addition to that, the definition of decision-making and EDM process are provided to give a clearer picture of the research topic. Most importantly, the procedures were undertaken to control the common method bias and increase the reliability of the measurement.

5.4.2 Measurement Instrument Development

5.4.2.1 Questionnaire Section 1: Demographic

The objective of this section is to gain information about the respondents involved in this research in terms of their 'gender', 'ethnicity', 'age', 'religion', 'level of education', 'current position', 'length of the current position', 'length in the organization', 'Organization size' and 'industry'. Table 5.2 presents all the items and the related references.

Table 5.2: Demographic Items

Item	Variable	Measure	Reference
D1	Gender	Nominate gender	Singhapakdi et al. 2001; Moore and Chang 2004
D2	Ethnicity	Nominate ethnic group	Zabid et al. 1998
D3	Age	Nominate age group	Moore and Chang 2004
D4	Religion	Nominate religion	Balakrishnan 2006 Malik and Ismail 1996
D5	Level of education	Nominate level of education	Kelley et al. 1990
D6	Current position	Nominate the level of current position	Ramasamy and Ting 2004
D7	Length of the current Position	Nominate the length of current position	Zabid and Alsagoff 1993
D8	Length in the organization	How long you have worked for this organization?	Weeks et al.2004
D9	Organization size	Total number of employees	SME Corp Malaysia 2008
D10	Organization size	Nominate annual sales turnover	SME Corp Malaysia 2008
D11	Industry	Nominate the industry type	MITI 2008

The questions in this section are measured by a nominal scale. However, additional answers using open-ended questions were used for the position, level and the type of industry. In the question related to the organization size (D9 and D10), two measurements were used; total number of employees and annual sales turnover. In the context of this research, the item of 'total number of employees' is referred to as the benchmark to select large organizations for this research as proposed in early section (section 3.7.1, page 61). This is consistent with the previous research that used this item to determine the size of an organization (Spence 1999; Gupta and Sulaiman 1996)

5.4.2.2 Questionnaire Section 2: Antecedent and Moderating Factors

In the second section of the questionnaire, the focus is to measure the influence of the antecedent factors in the EDM process as proposed in the research model. More specifically, the questions measured the construct of 'parental values', 'religiosity', 'in-group collectivism culture', 'power distance culture', 'idealism' and 'relativism'. In addition, a moderating variable of 'organizational ethical culture' is also included in this section.

The influence of Parental Values

As described earlier, the construct of parental values was derived from the findings of the field study. This construct has received great attention from almost all the participants in the field study. Referring to the ethics literature, however, this construct was barely explored. One of the explanations might be due to Kohlberg's theory that the influence of parental values has less impact, as the person grows older. Thus, the absence of the construct in the initial model (figure 2.2, page 49) is justified. As described before (section 5.2.1, page 98), this construct actually has received fair attention in the psychological area. Many studies have been conducted to measure the influence of parental values. In this research, seven dimensions were used to measure the construct of parental values. Four of them are derived from the field study; 'moral supplier', 'role model', 'moral exemplars', and 'parental guidance'. These dimensions were justified according to relevant literature. In addition, three other dimensions, including 'parental disciplinarian', 'parental expectation', and 'parental supportiveness'

were obtained from the previous studies as shown in table 5.3. Respondents were asked to indicate the extent of their response to each statement based on a six-point Likert scale, with responses ranging from ‘strongly disagree’ to ‘strongly agree’.

Table 5.3: Measurement Items Related to Parental Values

Items	Dimensions	Statements	Sources
PGV1	Moral supplier	My parent’s actions are viewed as having an acceptable level of conduct.	Hoffman 1975 Pratt et al. 2003 Field study
PGV2	Role model	My parent’s behaviours reflect my expectations, values and assumptions about ethical behaviour.	Hofman 1975 Haan et al. 1976 Field study
PGV3	Moral exemplars	I observe my parent’s behaviour and translate this into my behaviour.	Herbert 1986 Field study
PGV4	Parental guidance	My parents have guided me about ethical values throughout my life.	Schaffer and Collis 1986 Herbert 1986 Field Study
PGV5	Parental disciplinarian	My parents discipline me with what is right and wrong.	Hoffman 1975
PGV6	Parental expectation	I would make decisions based on my parent’s standards.	Nsamenang and Lamb 1995 DeCarlo and Luther 2000
PGV7	Parental supportiveness	My parents help me with my decision if there is something I do not understand	Herbert 1986 Stewart et al. 2003

The Influence of Religiosity

Table 5.4 shows the seven dimensions derived from the field study and previous research to measure the influence of religiosity on the process of EDM. To recall, the construct of religiosity was basically extracted from the findings of the field study. This construct has been discussed in the ethics literature although it is rarely tested. Therefore, besides the reference in the area of ethics (Barnett, Bass and Brown 1996; Singhapakdi et al. 2000), additional literature in the psychological area (Nabil, Howard and Angedilis 2008; McDaniel and Burnett 1990; Wilkes, Burnett and Howell 1986; DeJong, Joseph and Warland 1973; Allport and Ross 1967) were also referred. Referring to the table 5.4, four dimensions, namely ‘religious belief’, ‘religious faithful’, ‘religious guidance’ and ‘religious importance’, emerged from the analysis of the field study. However, each dimension was justified by the existing literature review except for ‘religious importance’ which was mainly derived from the field study. A review of the relevant literature also determined three other dimensions that are

significant in measuring the construct of religiosity; ‘religious ritual’, ‘self perceived of religiousness’ and ‘religious confidence’.

There is a need to emphasize that the questions related to this construct do not intend to measure which religion is more advanced, rather to measure the practice of religion by individuals. Respondents were asked to agree or disagree with the statements based on a six-point Likert scale. Agreeing to most of the items indicate that the person is highly religious compared those who disagree to most statements.

Table 5.4: Measurement Items Related to Religiosity

Items	Dimensions	Measure	Sources references
RLG1	Religious belief	I believe in God.	McDaniel and Burnett 1990 Barnett et al. 1996 Nabil et al. 2008 Field Study
RLG2	Religious faithful	My whole approach of life is based on my religious belief.	Allport and Ross 1967 Vitell et al. 2007 Field Study
RLG3	Religious guidance	My religious belief answers many questions about the meaning of life.	Field Study
RLG4	Religious importance	Spiritual values are more important than material things.	Wilkes et al. 1986 Singhapakdi et al. 1999 McDaniel and Burnett 1990 Barnett et al. 1996 Field Study
RLG5	Religious ritual	It is important for me to perform my religious ritual as an expression of my faith.	DeJong et al. 1973 Allport and Ross 1967 Fetley et al. 1991
RLG6	Self-perceived of religiousness	I do feel I am a very religious person.	Wilkes et al. 1986 Singhapakdi et al. 2000 Barnett et al. 1996
RLG7	Religious confidence	If Malaysians were more religious, Malaysia would be a better country.	Wilkes et al. 1986 Singhapakdi et al. 2000

The Influence of Culture

For the construct of culture, the two dimensions, in-group collectivism culture and power distance culture, were measured by seven items respectively. The measurements were developed to reflect the extent to which managers perceived the cultural practice of these two dimensions based on the organizational conduct. The items were derived from both studies of House et al. (2004) and Hofstede (1980, 1991) besides other cultural studies (Su 2006; Blodgett et al. 2001; Schwartz 1999; Trompenaars and Turners 1998; Abdullah 1992; Triandis 1995; Ferrell and Skinner 1988; Victor and

Cullen 1987). In addition, the findings of the field study were also considered. Table 5.5 presents the details of the items selected and the reference to justify the measurements.

Table 5.5: Measurement Items Related to Culture

Items	Dimensions	Statements	Sources
IGC1	Compensation	In this organization, compensation is based on what is equitable for the group.	House et al. 2004
IGC2	Harmony	I always avoid direct confrontation even when there are disagreements with a superior to maintain the organization's harmony.	Hofstede 1980, 1991 Triandis 1995 Field study
IGC3	Loyalty	I find that sometimes, I have to make personal sacrifices to fulfil the organization's expectations.	House et al. 2004 Triandis 1995 Trompenaars and Turners 1998 Field study
IGC4	Pride in group members accomplishment	In this organization, group members feel proud of other accomplishments made by group members	House et al. 2004 Field study
IGC5	Personal relationship	The employer and employee relationship is basically moral and has to be seen like a family link.	House et al. 2004 Hofstede 1980, 1991 Trompenaars and Turner 1998
IGC6	Saving face	Personal pride is very important	Su 2006 Hofstede 1980, 1991 Abdullah 1992
IGC7	Team oriented	A group makes better decisions than individuals.	Hofstede 1980,1991 Blodgett et al. 2001 Field study
PD1	Centralization	My superiors should make most decisions without consulting me.	Hofstede 1980, 1991 Blodgett et al. 2001
PD2	Inequality	In this organization, people are expected to comply with orders from superiors over and above other considerations.	Hofstede 1980, 1991 Field study
PD3	Obeying Leaders	Those at the top have the power to decide and their decision is always right	Hofstede 1980, 1991 Field study
PD4	Position important	In this organization, a person's influence is based personally on the authority of one's position	House et al. 2004 Ferrell and Skinner 1988 Field study
PD5	Respectfulness	Respect for superiors is a basic virtue and always right in this organization.	Hofstede 1980, 1991 Field study
PD6	Formal rule	In this organization, everyone has to strictly follow the rules and procedures.	Victor and Cullen 1987 VanSandt et al. 2003
PD7	Hierarchical system	Role, task and status are defined through a hierarchical system	House et al. 2004 Schwartz 1999

Referring to the in-group collectivism culture, four dimensions; 'harmony', 'loyalty', 'pride in group member accomplishment', and 'team oriented' were extracted from the field study. These dimensions were also justified in the existing literature review. In addition, three more significant items; 'compensation', 'personal relationship', and

'saving face' were used to measure the practice of in-group collectivism culture. To determine the practices of power distance culture, four dimension; 'inequality', 'obeying leaders', 'position important', and 'respectfulness' have been determined based on the findings of the field study. In addition, three other dimensions were established from the literature review including 'centralization', 'formal rule', and 'hierarchical system'. As with the previous construct, the practice of culture was measured using a six-point Likert scale from 1 (strongly disagree) to 6 (strongly agree).

The Influence of Ethical Ideology

Although four dimensions; 'moral standard', 'other welfare', 'harmless' and 'universal value' were determined from the analysis of the field study data, these dimensions were not used to explain the measurement of ethical ideology. The main reason is due to the fact that the objective of the field study is not to measure the position of an individual's ethical ideology rather than to explore the influence of ethical ideology. Therefore, to measure ethical ideology, namely idealism and relativism, this research uses an established measurement, which is Forsyth's (1980) 'Ethics Position Questionnaire' (EPQ). The EPQ instrument has been used extensively in prior studies (Swaidan, Rawwas and Vitell 2003; Douglas, Davidson and Shwartz 2001; Rawwas 1996). The EPQ instruments as proposed by Forsyth consist of 20 series of statements to measure the ideology of idealism and relativism, respectively.

In this research, it was reduced to 14 statements that are seven statements for each ideology. The criteria used to choose the appropriate statements were based on the most notable statement from previous research (Rawwas and Singhapakdi 1998). Furthermore, some of the statements in the EPQ instrument were found to be redundant (Singhapakdi et al. 2000). In order to reflect the research context, some modifications to the original instrument were made. To ensure it is understandable, a pre-test of these statements was conducted. The original and the modified series of statements were given to 5 potential respondents and they were required to make a comparison between these two sets. Analysis has shown that all the modified statements were capable of representing the original statement in order to measure the ideologies of idealism and

relativism. Some minor modification was performed based on the feedback. Table 5.6 shows the series of statements that were used in this research to determine an individuals' ethical ideology.

Table 5.6: Series of Statement for Ethical Ideology

Item	Statements	Sources reference
IDL1	Action that could harm other people should never be considered.	Forsyth 1980, 1992 Singhapakdi et al. 1999 Axinn et al. 2004
IDL2	The existence of potential harm to other people should always be avoided.	Forsyth 1980, 1992 Singhapakdi et al. 1999 Axinn et al. 2004
IDL3	The dignity and welfare of other people is my major concern.	Forsyth 1980, 1992 Barnett et al. 1996
IDL4	Sacrificing other people's welfare is never necessary	Forsyth 1980, 1992 Barnett et al. 1996
IDL5	It is unacceptable for others to threaten other people's welfare.	Forsyth 1980, 1992 Barnett et al. 1996
IDL6	No action that could harm other people will be tolerated	Forsyth 1980, 1992 Singhapakdi et al. 1999 Axinn et al. 2004
IDL7	Any risk, regardless of how small the risk might be, should never be considered.	Forsyth 1980, 1992 Bass et al. 1999
RLT1	No standard of moral action can be formulated; it depends upon the situation surrounding the action.	Forsyth 1980, 1992 Ramsey et al. 2006
RLT2	My moral belief about what is right or wrong is only applicable for me, and it cannot be compared to others.	Forsyth 1980, 1992 Ramsey et al. 2006
RLT3	I have no right to judge other people's action because my moral principle applies only for me.	Forsyth 1980, 1992 Ramsey et al. 2006
RLT4	Moral standards are based on individual judgment; one ethical action might be seen as unethical by others.	Forsyth 1980, 1992 Ramsey et al. 2006
RLT5	A code of ethics in an organization cannot be standardized because what is right and wrong depend on individual perspective.	Forsyth 1980, 1992 Park 2005 Trevino 1998
RLT6	Individuals should be allowed to form their own ethical standards because ethical considerations vary from one person to another.	Forsyth 1980, 1992 Ramsey et al. 2006
RLT7	Moral beliefs cannot be compared in term of their "rightness".	Forsyth 1980, 1992

To measure the idealism perspective, a series of statements from IDL1 to IDL7 were given to respondents. The relativism perspective was measured by RLT1 to RLT7. Respondents were asked to indicate the extent of their response to each statement based on a six-point Likert scale, with responses ranging from 'strongly disagree' to 'strongly agree'. Based on the statement, an individual can be considered as an idealist if they

tend to agree more with statements IDL1 to IDL7. If they tend to show their agreement for statements RLT1 to RLT7, the individual can be considered as relativist.

The Influence of Organizational Ethical Culture

In order to measure the construct of organizational ethical culture (OEC), eight items were proposed. Interestingly, all these items have been finalised based on the findings of the field study. These items were compared to the existing literature to ensure its validity and accuracy. The main reference is derived from a study of Trevino's et al. study (1998), while other previous empirical studies (Bottorff 2006; Keys 1999; Hunt and Vitell 1989; Victor and Cullen 1987) were referred to consistently. It is very important to determine the construct of OEC appropriately to ensure each selected item is capable of representing the practice of OEC according to the Malaysian organizational context. Table 5.7 shows the eight items and the references for the OEC construct that have been used in this research.

Table 5.7: Measurement Items for Organizational Ethical Culture

Items	Dimensions	Statements	Sources
OEC1	Leadership	The top managers in this organization represent high ethical standards.	Trevino et al. 1998 Keys 1999 Hunt and Vitell 1989 Field study
OEC2	Organization value	Integrity is the main value in this organization.	Bottorff 2006 Field study
OEC3	Community based	People in this organization have a strong sense of responsibility to the outside community.	Victor and Cullen 1987 VanSandt et al. 2006
OEC4	Employee welfare	This organization is very concerned about what is best for everyone.	Victor and Cullen 1987 VanSandt et al. 2006 Field study
OEC5	Open door policy	In this organization, employees have access to manager.	Field study
OEC6	Penalty and punishment	Penalties for unethical behaviour are strictly enforced in this organization.	Trevino et al. 1998 Keys 1999 Hunt and Vitell 1989 Field study
OEC7	Reward and recognition	In this organization, employee are recognized and rewarded for their ethical behaviour	Trevino et al. 1998 Keys 1999 Field study
OEC8	Ethics Policy and code	This organization has set up a code of ethics or procedures about ethical behaviour.	Key 1999 Trevino et al. 1998 Field study

The OEC items are administered on a six-point scale with responses ranging from 'strongly disagree' to 'strongly agree'. Respondents were asked to evaluate the extent to which each item is true about the practices of OEC in their organizations. The instruments were designed to reflect the observations made by respondents on practices of OEC in the organization as an overall. Specifically, it measures the acceptance of the leadership and the driving value of organizations ('leadership', 'organization value', 'community based', 'employee welfare') and how ethics has been implemented in their organizations ('open door policy', 'penalty and punishment, 'reward and recognition' and 'ethics policy and code').

5.4.2.3 Questionnaire Section 3: The EDM Process

Developing scenarios and manipulation check

In the third section of the questionnaire, the focus is on to examine the four components of the EDM process based on Rest's theoretical framework; moral awareness, moral judgment, moral intention, and moral behaviour. In this section, three scenarios that involve ethical issues in the organizational context were used to measure these components. As discussed earlier, scenarios have been widely used in prior ethics research in order to measure individual ethical behaviour (Buchan 2005; Barnett and Valentine 2004; Premeaux 2004; Fleischman and Valentine 2003; Blodgett et al. 2001; Singhapakdi et al. 2000; Singhapakdi et al. 1999; Sparks and Hunt 1998; Singhapakdi and Vitell 1992; Weber 1992; Randal and Gibson 1990; Cavanagh and Fritzsche 1985; Dubinsky and Loken 1989; Alexander and Becker 1978). The ethical issue refers to situations that provide one or more alternative courses of action that might conflict with some ethical rule, code or norm (Hunt and Vitell 1992). To develop the scenario that involves ethical issues in these questions, eight steps have been undertaken. Figure 5.2 illustrates the whole process.

The first step is to identify the ethical issue for this research. According to previous research, it is important to select highly unethical issues as such issues are more appropriate in the study of ethical behaviour. Therefore, to meet this requirement, a small survey involving researchers and potential respondents was conducted.

Respondents were asked to nominate the most highly unethical issue in the organizational context. From the feedback, dozens of issues were raised including the issues of corruption, bribery, fraud, cronyism, and insider trading. However, two issues were mentioned consistently by the respondents; bribery and insider trading.

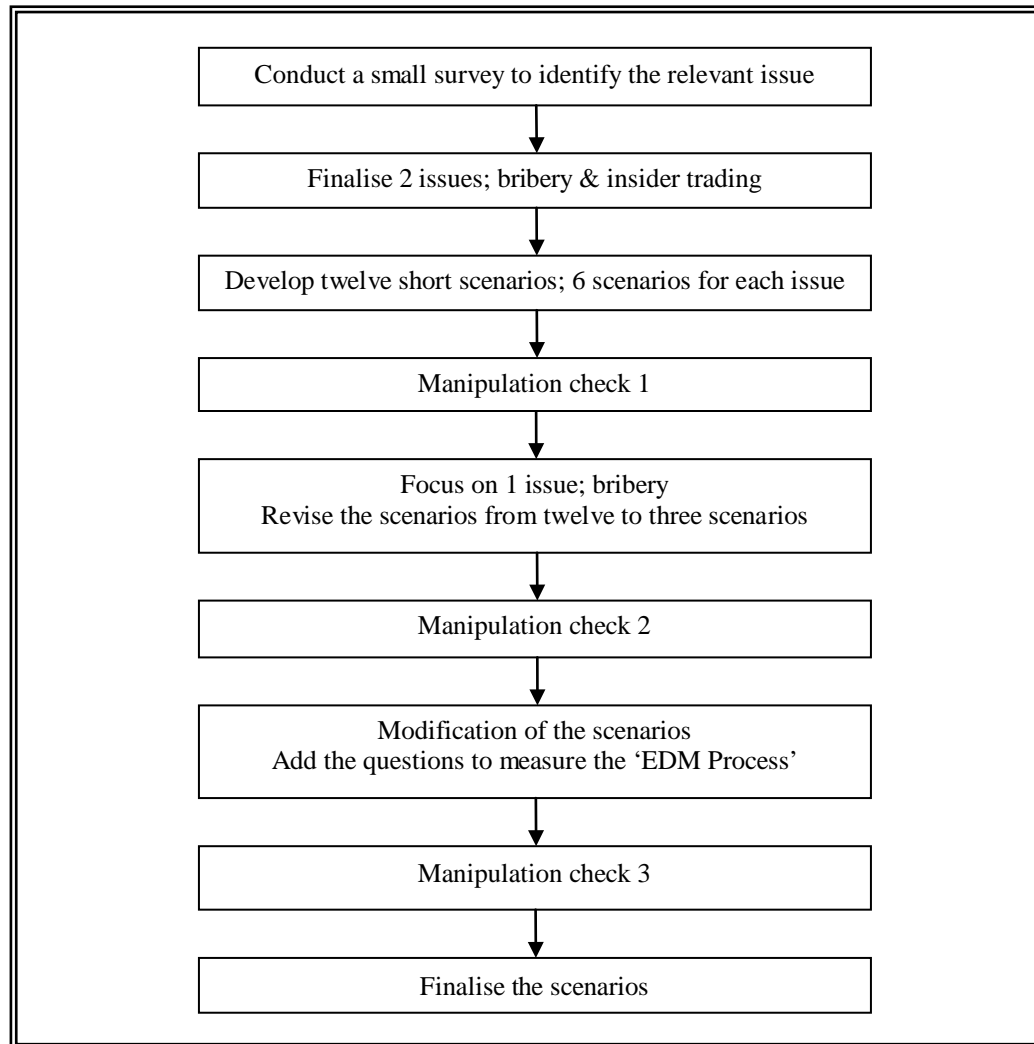


Figure 5.2: The Process of Developing the Scenarios

Based on these two issues, bribery and insider trading, the next step is to develop the scenarios for each of them. By referring to the existing literature review (Buchan 2005; Barnett and Valentine 2004; Premeaux 2004; Fleischman and Valentine 2003; Blodgett et al. 2001; Singhapakdi et al. 2000; Sparks and Hunt 1998; Singhapakdi et al. 1999; Singhapakdi and Vitell 1992), six short scenarios were developed for each issue. Each case was manipulated in three areas at two levels; high and low. In particular, the area

of value, frequency and risk in bribery issue and the area of return, access and risk in insider trading issue. As a result, the strength of these three scenarios was varied. Overall, twelve short scenarios were included, which can be found in the appendix 5.

Then, in the next step, a manipulation check was carried out on 15 respondents to test the validity of the scenarios. This step provided valuable information about the scenarios. The major concerns of the respondents were in regards to the total number of scenarios. According to them, twelve scenarios were considered too many. In addition, they were also concerned that too little information in these scenarios could create ambiguity in answering the relevant questions. Due to this feedback, the next step was to revise these scenarios. Rather than having twelve scenarios, the numbers of scenarios were reduced to three, by focusing only on the ethical issue of bribery. Then, the length of the scenarios was extended to add more details. The background information in each scenario was manipulated to create a variety of strength to capture the impact of the manager's decision making. Then, a manipulation check was conducted for the second time on 20 participants who were not part of the research to arouse a greater range of feedback. Feedback shows that participants recognized the ethical content address by the scenario.

Four questions were then added to measure the components of the EDM process; moral awareness, moral judgment, moral intention and moral behaviour in each scenario (the development of questions related to these components is described in the next section). Before the scenario with the relevant questions were finalised, the manipulation check was conducted again on 22 participants to test the validity and applicability of the presented scenarios. Furthermore, it was important to ensure that the scenarios and the relevant questions were understood and accurate in the research context. The overall feedback demonstrates that these scenarios are appropriate and applicable to the research context. However, some modifications were made based on the feedback. For example, the original amount of the gift; in case 1 was 50%. However, comments from the participants showed that the amount was considered too much compared to reality. Therefore, it was changed to 10%. Another modification was related to the name of the person in the scenarios. In the original version, the name of the person in the scenarios

three was ‘Michael’. But some participants proposed using Malaysian names to reflect the Malaysian scenario. As result ‘Michael’ was changed to ‘Ramu’. After all the modifications were made to meet the objectives, the scenarios were finalised and included in the questionnaire.

Measurement Items of EDM Process

As described earlier, each scenario contained four questions that measured the components of the EDM process, namely moral awareness, moral judgment, moral intention and moral behaviour (Forsyth 1980, 1992). The questions for these components were developed based on the given definition of each construct as proposed by Rest (1980, 1984, 1986, 1994) and other previous studies. Table 5.8 presents the details of the statements that measure each construct and the references from prior studies.

Table 5.8: Measurement Items of EDM Components

Items	Construct	Measure	Reference
MA	Moral awareness	Indicates the extent of belief that the described scenario involves ethical issue.	Rest 1980, 1984, 1986, 1994 Sparks and Hunt 1998 Singhapakdi et al. 1996 Barnett and Valentine 2004
MJ	Moral judgment	Indicates the extent of belief whether the action by the subject in the scenario is acceptable behaviour.	Rest 1980, 1984, 1986, 1994 Reidenbach and Robin 1995 Sparks and Hunt 1998 Singhapakdi et al. 1996 Barnett and Valentine 2004
MI	Moral intention	Indicates the possibility of action taken by respondents if they are involve in the given situation.	Rest 1980, 1984, 1986, 1994 Barnett and Valentine 2004
MB	Moral behaviour	Nominate from the list of action undertaken for the scenario	Rest 1980, 1984, 1986, 1994 Marnburg 2000

To measure all these components, moral awareness, moral judgment and moral intention, this research adopts the third person technique (O’Leary and Stewart 2007). Moral awareness was measured by asking the respondents to indicate the extent of their belief as to whether the ethical dilemma in each scenario involves an ethical issue. A six-point Likert scale was used, ranging from 1-‘does not involve any ethical issue’ to 6-‘ involves an ethical issue to the highest extent’. Moral judgment was assessed by asking the respondents to indicate their degree of acceptance based on the possible action taken by the subject of the scenario. This question intends to measure the

respondents' judgments based on the moral idea. A six-point Likert scale ranging from 'it is morally acceptable' (coded 1), to 'it is not morally acceptable' (coded 6) was used. In order to measure moral intention, respondents were asked to indicate the possibility of action taken by the subject in the scenario. Using the six-point Likert scale, the possibility of action is formed according to the ethical situation in each scenario from 1 which represents the possibility of making an unethical decision to 6 representing a more appropriate action in handling the ethical issue. For the final component of moral behaviour, respondents were asked to indicate their real action if they were involved in the given scenarios. Five possible actions were developed based on 'what should they do' in the situation. It was structured from the 'lowest to highest degree based on the appropriateness of the action'. These actions were derived from the guidelines given by rules and regulatory bodies in Malaysia, including Malaysia Anti Corruption Commission (MACC), Securities Commission of Malaysia (SCM), and Transparency International Malaysia (TI-M). Based on these questions to measure the component of the EDM process, a higher score representing the agreement of managers could be interpreted as higher moral awareness, moral judgment, moral intention and moral behaviour.

5.4.3 Measurement Scale

In terms of the measurement scale, part one (demographic) is measured by a nominal scale although in two constructs (respondent's position level and type of industry), open-ended answers are offered. Therefore, for those who are unsure about their position level and type of industry, they can simply write it down, and their answer will be sorted out later by the researcher in the analysis part. In the second part of the questionnaire, the six-point Likert Scale was used for respondents to express their opinion of the extent of their agreement and disagreement on each statement. The reason underpinning the choice of this scale is to avoid a central tendency error. This refers to the tendency of respondents to answer using the middle response, that is 'neutral' or 'neither agree or disagree'. The pattern to choose 'neutrality' answer is common in conducting research in Asian countries, including Malaysia (Trompenaars and Turner 1998). Similarly, the six-point Likert Scale was used in part three of the

questionnaire that measures the three components of the EDM process; moral awareness, moral judgment, and moral intention. For moral behaviour however, the five-point Likert scale was used to represent the list of appropriate actions that can be undertaken in each scenario.

5.4.4 Empirical Pilot Study

To test the validity of the questionnaire, and any other problem, a pilot test was conducted. The distribution of the questionnaire was carried out on three groups of respondents; researchers, outsiders and potential respondents, as suggested by Frazer and Lawley (2000). These three groups of respondents were selected to ensure the formality, comprehensibility and applicability of the questionnaire. About 15 questionnaires were distributed to a group of researchers from multi-disciplines. Researchers were selected on the basis that “they understand the study’s purpose and they have similar training as the researcher” (Frazer and Lawley 2000, p.34). Thus, their feedback can reflect the accomplishment of the questionnaire to meet the research objective. For the group of outsiders, 15 questionnaires were distributed. This group were not involved in research and not related to the topic specifically. This group was targeted with the aim of getting feedback on whether they understood the questions generally. In addition, their feedback can be generalised in terms of the comprehensiveness of the questionnaire. As for the potential respondents, 35 questionnaires were distributed to ensure the questions were applicable and relevant to the research topic. Overall, 57 questionnaires were gathered from the pilot study.

This test however, does not intend to conduct a detailed analysis but rather to use a simple frequency. The main purpose is to test the validity and appropriateness of the questions. In addition to that, the test was intended to find the length of time in answering the questionnaire. Overall, the findings from the pilot study showed that all the questions in the questionnaire were understandable and appropriate in the research context.

Some modifications were made to the questionnaires based on the feedback. For example, questions related to the construct of parental values. More specifically, for the

item of 'parental supportiveness' (PGV7), the original statement is "My parents help me with my decision if there is something I do not understand". This statement was modified to "My parents/guardians have always helped me with decisions I've had difficulty with". In addition, based on the comments from the respondents in the pilot study, they were concerned about the construct of parental values. Respondents raised the issue about orphans. They highlighted that the questions can be offensive and create difficulty for those who grew up without parents. They also suggested that normally in this case, guardians would replace the responsibility of the parents. Considering this matter, the word 'guardian' was added to the questions. However, there is a need to emphasize that although this construct was added, the objective was not to change the focus of the construct, rather it was just to create the comfort zone for respondents who grew up without parents. The additional construct of guardian in this questionnaire was referred to some researchers and potential respondents. It was affirmed that the additional word of 'guardian' does not change the intention to measure the influence of parents in this research. The complete questionnaire can be found in the appendix 6.

5.5 Conclusion

This chapter presents the development of the hypotheses and the questionnaire for this research. Overall, 11 main hypotheses were developed to describe 29 relationships among the constructs as proposed in the comprehensive research model. More specifically, the hypotheses were developed to test 1) the influence of antecedents' factors in the EDM process, namely; parental values, religiosity, culture, and ethical ideology, 2) the moderating effect of organizational ethical culture, gender, age and level of education, and 3) the relationship among the four components of the EDM process, namely moral awareness, moral judgment, moral intention, and moral behaviour. To test these hypotheses, the development of the questionnaire based on the findings from the field study and the prior theories and study was presented. In total, seventy-three items were derived in this questionnaire. To test the validity of the questionnaire, a pilot study and manipulation check was carried out. Then, the final questionnaire was distributed in the national survey, which is discussed in the next chapter.

Chapter 6: National Survey and Data Analysis using Partial Least Square⁵

6.1 Introduction

Previous chapters have provided the hypothesis and the questionnaire to test the comprehensive research model as proposed earlier to explain individual ethical decision making (EDM) process in organizations. A national survey was conducted on managers from large Malaysian organizations. As a result, data of 236 respondents were collected. Using this, the chapter 6 presents the empirical results of the data analysis using the Partial Least Square (PLS) based on Structural Equation Modelling (SEM) technique

⁵ Part of this chapter has been presented at the following conferences:

Mustamil, N. & Quaddus, M. 2009, 'Cultural Influence in the Ethical Decision Making Process: The Perspective of Malaysian Managers', in *The Global Business and Finance Research Conference*, London, United Kingdom, 8-11 July.

Mustamil, N. & Quaddus, M. 2009, 'Antecedent Factors of Ethical Ideologies in Moral Judgment: Evidence from the Mixed Method Study', in *International Conference on Business, Economics, Management and Marketing*, Paris, France, 24-26 June.

Mustamil, N. 2009, 'Moderating Effect of Gender, Age and Level of Education in the Ethical Decision-Making Process: a Partial Least Square Approach', in *Curtin Business School Doctoral Students' Colloquium 2009*, Curtin University of Technology, Perth, Australia, 1-2 October.

*Part of this chapter has been published in the following publication:

Mustamil, N. & Quaddus, M. 2009, 'Cultural Influence in the Ethical Decision Making Process: The Perspective of Malaysian Managers', *The Business Review Cambridge*, vol.13, no.1, pp.171-176.

(Chin 1998a). As described earlier (section 3.7.3, page 63), there are three parts of analysis in the current research.

The first part examines the antecedent factors in the EDM process, including parental values, religiosity, in-group collectivism culture and power distance culture. The second part of analysis focuses on the moderating effect of organizational ethical culture. The final part examines the moderating effect of gender, age and level of education using the multi-group analysis.

This chapter starts with the overview of the national survey that has been undertaken to provide the details of this method. Then, a descriptive analysis of the survey respondents is presented. Following this, the results based on the three parts of analysis are presented. Prior to the result, the summary that provides the evaluation of the research hypotheses is demonstrated.

6.2 Overview of the National Survey

6.2.1 Sample Selection and Data Collection

In this research, the samples were gathered from managers of large Malaysian organizations using a random sampling technique. As discussed earlier, a large organization has been defined operationally in this research as an organization that has more than 150 employees based on a benchmark provided by SME Corp Malaysia discussed in section 3.7.1 in page 61. Based on the list of organizations gathered from Kuala Lumpur Stock Exchange (KLSE) list and several main directories of Malaysian companies published by the Malaysian Government and private organizations, including Federation of Malaysian Manufacturer's (FMM) (FMM-MATRADE Industry Directory - Food and Beverage 2005/06 and FMM-MATRADE Industry Directory - Electrical and Electronics 2007/08), 150 organizations were selected randomly. Then, telephone calls were made to these organizations to gather the name of the managers from various levels including first, middle and top position. As a result, 500 names of managers from 95 companies were finalized to be included in the mail survey.

Besides using the mail method to distribute the questionnaires, a drop-off survey is also employed in the current research. For conducting the drop-off survey, the organizations were chosen using a random sampling technique from a similar list to conduct a mail survey. Eighty companies were selected for this survey method. Then, a letter was sent and a call was made to each of these organizations to organize a meeting with top management, usually the Chief Executive Officer (CEO) or Chairman. The meeting was conducted in order to explain the objective of the study. Once approval was obtained from the top management, a set of questions was distributed to the managers in the organizations. Overall, 70 organizations agreed to take part and an average of 10 sets of questionnaires were distributed in these organizations. By applying this approach, the researcher was able to make personal contact with the respondents in order to explain the importance of the survey and to answer any questions or concerns the respondent might have. Even though this technique is time consuming, this technique is expected to increase the sample numbers that are willing to respond.

Despite such efforts, a response rate has long been acknowledged as a major problem of research surveys (Cui 2003). It is important to increase the awareness of respondents about the research by encouraging them to take part in the research. Considering this matters, a technique of Total Design Method (TDM) developed by Dillman (1978, 1991) was implemented in developing a design of a questionnaire. This procedure includes a process to prepare a good presentation of the questionnaire (Heberlein and Baumgartner 1978). Following this suggestion, the questionnaire of the current research was designed in a booklet format with an interesting cover to attract the respondents to the questionnaires. In addition, a personalised cover letter was given to explain the importance and benefits of taking part in the survey. Each respondent is also assured privacy and anonymity and was thanked for their willingness to take part in the survey. For the convenience of the respondents, a stamped and addressed response envelope was provided. A small souvenir, a key chain from Australia, is attached in each letter as an initiative to the recipients.

In order to conduct a follow up procedure, a week after the original mailing, a reminder postcard was sent to each respondent. If the questionnaire was not received four weeks after the original mailing, a replacement questionnaire and cover letter indicating the importance of their response was sent again to the respondents. If the questionnaire was still not received three weeks after that, a second replacement questionnaire and cover letter was sent to the respondents. For the drop-off survey method, a key person in the organizations who helped to distribute and collect the questionnaire was appointed by the organization. Every two weeks, the answered questionnaires were collected to give sufficient time for respondents to answer the questions. However, contact was made consistently with the key person. This procedure was conducted to create the awareness among non-respondents about the research.

6.2.2 Response Rate

According to Gefen, Straub and Boundreau (2000), requirement of the sample size for PLS study should be at least 10 times the number of items within the most complex, formative construct of the model. Based on this condition, the minimum sample size for this research is 140 samples (Cultural items x10).

Referring to the total responses of the survey, 590 questionnaires were received; 67 from conventional mail and 523 from a drop-off survey. The data were reviewed to seek out errors in the form of invalid data including a blank questionnaire or missing values, and those questionnaires that came from organizations that have less than 150 employees. This procedure was carried out to produce clean data for the research analysis (Jackson 2008; Alreach and Settle 1995). Upon reviewing, 33 questionnaires were found to be incomplete and thus deleted to avoid fallacious results in the analysis. As a result of this process, 557 usable questionnaires were finalized which indicates a 46.4% response rate.

Based on these usable questionnaires, a pre-analysis test using PLS analysis was conducted. The main objective in conducting the pre-analysis test was to get an overview of the applicability of the data in this research. Two steps of analysis including the assessment of the measurement and the structural models were conducted.

Upon pre-analysing the data using PLS analysis, the main problem was detected due to coefficient of determination (R^2) in the assessment of the structural model. Four constructs failed to meet the minimum 0.10 level of R^2 (Falk and Miller 1992). These four constructs are idealism (0.086), relativism (0.032), moral intention (0.037), and moral behaviour (0.084). In general, these results show that R^2 in the model is considered very low, which led to the deficiency of the explanatory power of the model (Swanson 1995). To overcome this issue, data screening was undertaken. This process is explained in the next section. In this procedure, 236 responses were found to be applicable and relevant to the research. These responses were finalized, which represents 19.67% response rate. Even though the data was reduced, the response rate still satisfies the requirement of the minimum sample for the PLS analysis.

6.2.3 Data Screening

Figure 6.1 illustrates the steps that have been undertaken in the process of data screening.

As shown in the figure 6.1, pre-test of analysis using PLS was conducted on 557 responses in order to test the applicability of the data. As mentioned above, a poor score of R^2 was detected prior to the pre-test analysis. Four constructs failed to meet the minimum 0.10 level of R^2 (idealism=0.086, relativism=0.032, moral intention=0.037, and moral behaviour=0.084).

Basically, R^2 represents the extent of the depend construct variance explained by the independent constructs. Although R^2 is not the main priority in evaluating the model as low R^2 still yields excellent 'goodness of fit' (Peterson 2000; Chin 1998b), low R^2 however, still is a concern. A low score of R^2 can lead to a deficiency of the model in explaining the correlation of explained variance (Swanson 1995), which jeopardizes the correctness of the model.

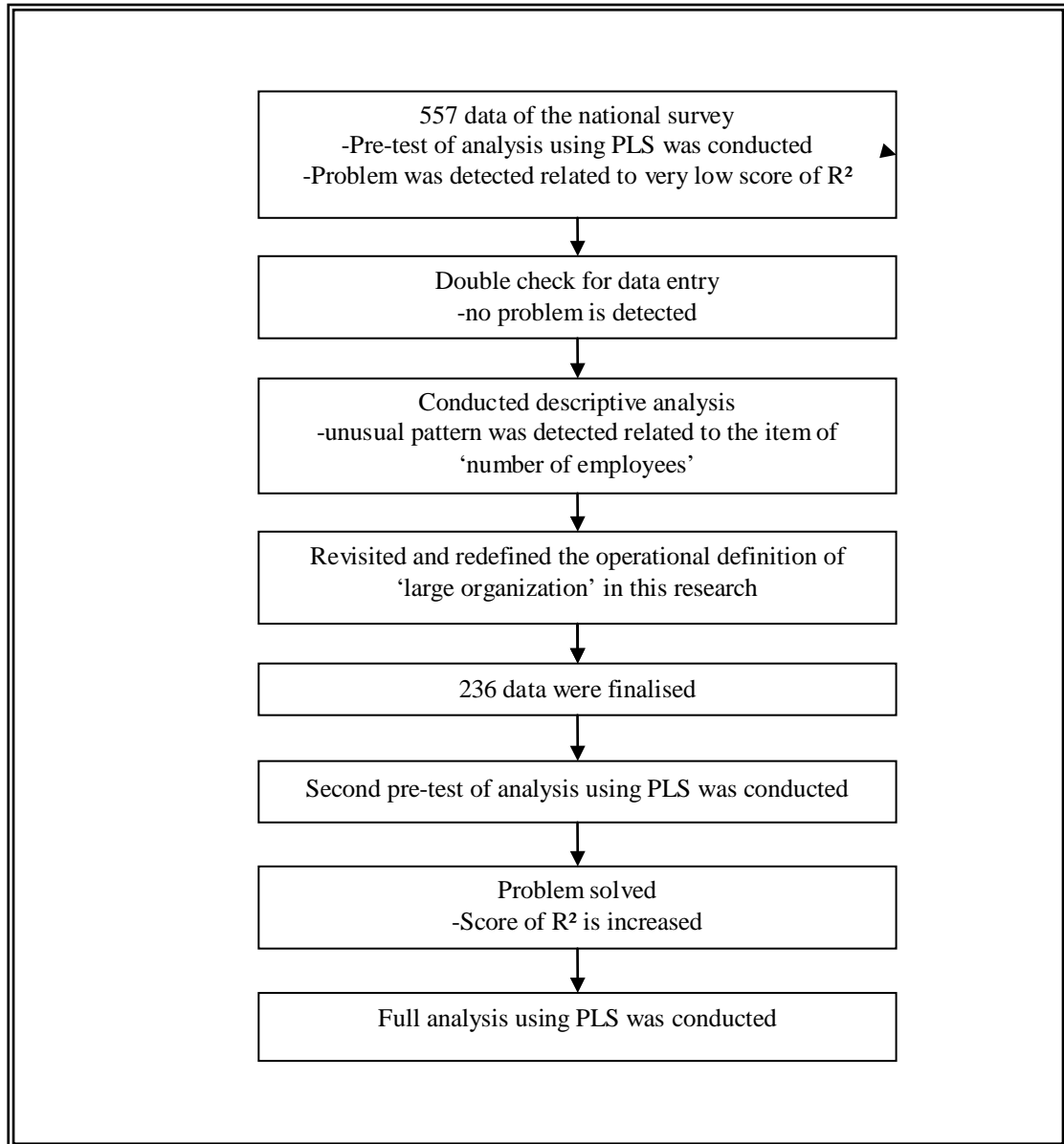


Figure 6.1: Data Screening Process

In order to overcome this issue, data screening was conducted by revisiting the data that contains 557 samples. The 557 data samples in the SPSS were double checked with a hard copy of the questionnaire. This step was to detect any errors in the process of type in data in the SPSS program. Upon completing this procedure, no errors were detected. A descriptive analysis of the respondents was then undertaken. Based on the review of this analysis, unusual patterns were detected for the item of 'total number of employees'. It was found that the majority of the respondents, that is 51% (N=284),

were from organizations that have about 150 to 500 employees, while the other 43% (N=240) respondents come from the organizations that have more than 1000 employees. Only 6% (N=33) respondents came from organizations with the total number of employees between 501 to 1000 employees (refer table 6.1). This pattern seems to create a huge gap between these three groups, especially between those respondents from organizations that have between 150 to 500 employees, and those respondents from organizations that have more than 1000 employees.

Table 6.1: Demographic of ‘Total Number of Employees’ of Data Survey

Number of Employees	Frequency	Percentage
150-500	284	51%
501-1000	33	6%
Over 1000	240	43%
Total	557	100%

As discussed earlier (section 3.7.1, page 61), the item ‘total number of employees’ is used as a benchmark to form a definition of ‘large organizations’ which became the main focus in this research. Accordingly, this research defined a large organization as one with more than 150 employees. However, this operational definition seems to provide a problematic result, which in this case is a very low score of R². This finding indicates that the operational definition of a large organization in the context of the current research needs to be reconsidered.

Thus, a review of literature was again conducted focusing on this issue. As mentioned above, one possible explanation of the issues is related to the representative data. The current research employed a definition of large organizations as those with 150 employees, whereas literature emphasizes a large organization to have more than 1000 employees (White, Pearson and Wilson 1999; Ettlie and Rubenstein 1987), therefore the data of the current research appears to combine two different entities that are small and large organizations that apply different ethical considerations.

As proposed by Spence (1999), these two types of organization (large versus small) are different in terms of structure and, most importantly, how ethical issues are handled in the organization. This explains how unusual patterns resulting from the combination of

data has lead to the ambiguous result of R^2 in the pre-test analysis, or more specifically, data from organizations that have more than 150 employees, and data from organizations with more than 1000 employees. As R^2 is used to determine the applicability of the sample, a residual pattern analysis is not conducted. In addition, this analysis is normally applied as a mechanistic way to identify a problem related to a sample. In this research, however, the identification of large organizations through a data screening approach is more objective.

Based on this review, a new benchmark choosing only respondents from organizations that have more than 1000 employees was set up. Although the questionnaires can be clearly detected based on the answer given by the respondents, still all the questionnaires were carefully sorted out.

Using the reference number in the questionnaire booklet, the organization of the respondents was ascertained and it was made sure that the respondents actually do come from large organizations with more than 1000 employees. However, only the researcher has access to this reference. In addition, information related to the individual demographic is not looked into to maintain the confidentiality of the respondents. Any data that cannot be detected were set aside (four samples cannot be detected).

As a result, only 236 data samples that represent managers from large organizations are appropriate for this research. Based on these 236 samples, a pre-test of analysis using a PLS was conducted again. Interestingly, results of the second pre-test analysis (structural model) provide an improvement in the score of problematic R^2 of the four constructs: idealism=0.406, relativism=0.405, moral intention=0.103 and moral behaviour=0.257. This result indicates the applicability of the data and the increment of the explanatory power of the model. Thus, a full analysis was conducted, which is explained in the later section. Overall, the process of data screening that has been conducted in this research provides a clear indication of the vital issue of the applicability of the data. Even though the process is convoluted, the final 236 data sample presents an appropriate and pertinent sample of managers from large organizations which are more appropriate to test the research model.

6.3 Descriptive Analysis of the Sample

Based on the 236 usable data in this research, a descriptive analysis using SPSS was conducted to understand the respondent's demographic background in this study. Table 6.2 to table 6.10 present descriptive information about the respondents in this research.

Gender

Table 6.2: Survey Respondents by Gender

Gender	Frequency	Percentage (%)
Male	144	61
Female	92	39

Based on table 6.2, the final data (236 samples) included 61% male (n= 144) and 39% females (n= 92). A male majority could be expected due to the fact that men still dominate managerial positions in the Malaysian management scenario.

Ethnic

Table 6.3: Survey Respondents by Ethnic

Ethnic	Frequency	Percentage (%)
Malay	204	86.4
Chinese	18	7.6
Indian	10	4.2
Others	4	1.7

The respondents were asked to indicate their ethnicity. As shown in table 6.3, the majority of managers are Malay (86.4 %), followed by Chinese (7.6%), Indian (4.2%) and others (1.7%).

Age

Table 6.4: Survey Respondents by Age

Age	Frequency	Percentage (%)
Under 40 years old	137	58
41 years old and above	99	42

Consistent with the objective of this research to examine the influence of age as a moderating variable; age was divided into younger group (below 40 years old) and older group (above 41 years old). Table 6.4 shows that 42% respondents are aged above 41 years old and 58% of the respondents are under 40 years old.

Level of Education

Table 6.5: Survey Respondents by Level of Education

Level of Education	Frequency	Percentage (%)
Level I (Certificate, Diploma)	42	18
Level II (First degree, Master degree and above)	194	82

Similar to the construct of age, two groups were formed to represent the educational level of respondents; level I represents the lower level and level II represents the higher level. Based on table 6.5, 82% of respondents have a higher level of educational background, compared to 18% respondents with a lower level. This result can be expected due to the fact that the respondents in this research involved managers. Generally, in Malaysian organizations, this position requires a higher educational background.

Religion

Table 6.6: Survey Respondents by Religion

Religion	Frequency	Percentage (%)
Muslim	207	87.7
Buddhist	12	5.1
Hindu	10	4.2
Christian	2	0.8
Others	5	2.1

Respondents were asked to nominate their religion. Table 6.6 shows that 87.7% of the respondents are Muslim, 5.1 % are Buddhist, and the minority were Christians, 0.8 %.

Level of Position

Table 6.7: Survey Respondents by Level of Position

Level of Position	Frequency	Percentage (%)
Top Level Management	32	13.6
Middle Level Management	94	39.8
First Level Management	110	46.6

As shown in table 6.7, in terms of management level, the majority of the managers involved in this research were first level managers (46.6 %), followed by middle level managers (39.8%) and top level managers (13.6%).

Length in the current position

Table 6.8: Survey Respondents by Length in the Current Position

Length in the current position	Frequency	Percentage (%)
Less 5 years	154	65.2
5 to 10 years	47	20.0
More than 10 years	35	14.8

Respondents were also asked about their working length working experience in the organizations. As shown in table 6.8, almost 34.8% of them have been in the position more than 5 years. The majority of the respondents have been working in their organization less than 5 years (65.2%).

Total sales turnover in financial year 2006-2007

Table 6.9: Survey Respondents by Annual Sales Turnover

Total sales turnover in financial year 2006-2007	Frequency	Percentage (%)
RM25 to RM75million	45	19.1
RM75 to RM100 million	27	11.4
Above RM100 million	164	69.5

Considering that the organizations involved in this study are large organizations, the majority of them (69.5%) gained more than RM100 million for their total sales turnover in financial year 2006-2007. As shown in table 6.9, 30.5% of the other organizations gained less than RM1000m.

Industry of the organization

Table 6.10: Survey Respondents by Industry of the Organization

Industry of the organization	Frequency	Percentage (%)
Agriculture, Forestry, Livestock and Fishing	18	7.6
Mining and Quarrying	5	2.1
Manufacturing	22	9.3
Construction	25	10.6
Information and Communication Technology (ICT)	9	3.8
Electricity, Gas, and Water	38	16.1
Transport, Storage and Communication	9	3.8
Wholesale and Retail Trade, Hotels and Restaurants	4	1.7
Finance, Insurance, Real Estate and Business Services	58	24.6
Government Services	41	17.4
Education	2	0.8
Others	5	2.1

As this research was conducted on the cross sectional industry, the questionnaires have been distributed to organizations in Malaysia's major industries. The reason that no particular industry was specified is because the topic of decision making involving ethical issues can be considered as a general issue in many organizations regardless of industry type. As a result, almost all the industries were represented in this research. As shown in table 6.10, the highest response was gathered from finance, insurance, real estate and business service (24.6%), followed by government service (17.4%) and electricity, gas and water industry (16.1%) and construction (10.6%). The lowest responses of the survey were gathered from the education industry (0.8%).

6.4 Data Examination

6.4.1 PLS Assessment

To conduct the analysis in the first part, PLS was chosen over covariance-based technique (e.g. LISREL) because it is better suited to predicting causality and variation, and best suited when the explored problems are complex, and the theoretical part of the research area is scarce (Joreskog and Wold 1982). Moreover, it has fewer restrictions on measurement scale, sample size, data distribution and normality (Chin 1998a).

As shown in table 6.11, PLS technique is applied in two stages; the assessment of the measurement model and the assessment of the structural model. In the first stage, which is the assessment of the measurement analysis, the main objective is to examine the validity and the reliability of the measurements of the constructs. Three parameters were examined in this step; item reliability, internal consistency, and discriminant validity. In the second stage, the assessment of the structural model is undertaken to test the proposed hypotheses by examining the amount of variance explained (R^2), path coefficient (β), and statistical significance of t-values.

Table 6.11: The Two Step PLS Analysis Approach

Stages	Data Examination	Analysis
1	Assessment of measurement model	i- Item reliability ii- Internal consistency iii- Discriminant validity
2	Assessment of structural model	i- Amount of variance explained (R^2) ii- Path coefficient (β) iii- Statistical significance of t-values

6.4.2 Analysis Details

In the current research, analysis of the data is conducted in three parts consistent with the research objectives. Table 6.12 shows all the three parts of analysis.

Table 6.12: Overview of the Analysis

Part	Objective of Analysis	Construct
1	i-To investigate the influence of antecedent factors	Parental values Religiosity In-group collectivism culture Power distance culture Idealism Relativism
	ii- To examine the relationship among the EDM constructs	Moral awareness Moral judgment Moral intention Moral behaviour
2	To explore the effect of the moderating variable	Organizational ethical culture
3	To explore the effect of the moderating variables based on multigroup PLS analysis	Gender Age Level of education

In the first part of analysis, it aims to investigate the influence of antecedent factors in the process of EDM. The constructs examined in this part include the constructs of parental values, religiosity, in group collectivism culture, power distance culture, idealism and relativism. In addition, the relationship of all components in the EDM process; moral awareness, moral judgment, moral intention and moral behaviour is also examined. Furthermore, this part also explores the interrelationship among these four components.

In the second part of the analysis, focus is given to testing the moderating effect of organizational ethical culture in the relationship between ethical ideologies (idealism and relativism) and the EDM process (moral awareness and moral judgment).

In the final part, the analysis is conducted to explore the moderating effect of gender, age, and level of education in the process of EDM.

6.5 Analysis Part 1: Antecedents Factors on the EDM Process

6.5.1 Assessment of the Measurement Model

The analysis of the measurement model is employed to establish the validity and reliability of the measurement (Chin 1998a). The analysis describes the relationship between the latent constructs and its manifest indicator (Barclay, Higgins and Thompson 1995) to affirm that each item measures what it is supposed to measure (Pallant 2005).

Referring to the items used in this research, a reflective indicator was used rather than a formative indicator because each item is a function of their construct. Overall, there are 42 items for all the six antecedents construct; parental values (PGV1-PGV7), religiosity (RLG1-RLG7), in-group collectivism culture (IGC1-IGC7), power distance culture (PD1-PD7), idealism (IDL1-IDL7), and relativism (RLT1-RLT7) and 12 items for the components of EDM process; moral awareness (MA1-MA3), moral judgment (MJ1-MJ3), moral intention (MI1-MI3), and moral behaviour (MB1-MB3). Since there is no requirement for a normality distributed data set for PLS analysis (Chin, Marcolin and Newsted 1996, 2003), a test for normality such as Skewness Kurtosis and the Kolmogorov-Smirnov test is not necessary (Jackson 2008).

To assess the adequacy of the measurement model, three tests were evaluated: (1) item reliability, (2) internal consistency, and (3) discriminant validity (Barclay, Higgins and Thompson 1995).

Item reliability

Item reliability examines how well each item related to their respective construct, which is sometimes referred to as simple correlations. In PLS, item reliability can be assessed by evaluating: (1) the loading score for the reflective items, or (2) weight score for the formative items. In the context of this research, the loading score is more appropriate because all the items used are reflective indicators.

The loadings score can be obtained from the bootstrapping result of PLS. Generally, the loading score is expected to be close to 1, where a rule of thumb is to accept item loading higher than 0.707 (Barclay, Higgins and Thompson 1995) which therefore, explains, at least 50 percent of the variance in a construct (Nunnally 1978).

However, some studies accept loading less than this cut-off level, considering the exploratory nature of the study. In the study conducted by Fornell and Larcker (1981) for example, items that are below the 0.707 were retained. Further, Chin (1998b) emphasizes that although the rule of thumb is 0.707, it should not be stringent at the initial stage of scale development as loadings of 0.5 or 0.6 can still be acceptable "if there are additional indicators in the block for comparison basis" (p.325).

Referring to this argument, this research adopted the minimum cut-off level of 0.6 for item loading used by Moores and Chang (2006). Accordingly, two items failed to meet this criterion; IGC1 (compensation) and MB3 (list of action undertaken for the scenario 3). PLS was run again deleting these two items. Based on this procedure, the result of all loadings are greater than 0.60, as shown in table 6.13. This result confirms that all items are sufficient to represent their respective construct

Table 6.13: Assessment of Item Reliability

Item	Construct	PLS Loading
Parental Values (PGV)	PGV1	0.805
	PGV2	0.848
	PGV3	0.754
	PGV4	0.819
	PGV5	0.764
	PGV6	0.766
	PGV7	0.670
Religiosity (RLG)	RLG1	0.740
	RLG2	0.886
	RLG3	0.868
	RLG4	0.713
	RLG5	0.875
	RLG6	0.829
	RLG7	0.738
In-Group Collectivism (IGC)	IGC2	0.800
	IGC3	0.780
	IGC4	0.784
	IGC5	0.744
	IGC6	0.736
	IGC7	0.651
	Power Distance (PD)	PD1
PD2		0.794
PD3		0.761
PD4		0.805
PD5		0.708
PD6		0.668
PD7		0.736
Idealism (IDL)	IDL1	0.807
	IDL2	0.784
	IDL3	0.740
	IDL4	0.744
	IDL5	0.727
	IDL6	0.739
	IDL7	0.640
Relativism (RLT)	RLT1	0.779
	RLT2	0.809
	RLT3	0.831
	RLT4	0.801
	RLT5	0.879
	RLT6	0.885
	RLT7	0.849
Moral Awareness (MA)	MA1	0.890
	MA2	0.891
	MA3	0.883
Moral Judgment (MJ)	MJ1	0.780
	MJ2	0.871
	MJ3	0.874
Moral Intention (MI)	MI1	0.768
	MI2	0.787
	MI3	0.811
Moral Behaviour (MB)	MB1	0.885
	MB2	0.878

Internal Consistency

Internal consistency is used to establish the convergent validity to assure there is correlation among the items for a construct. Even though it is similar to Cronbach's alpha, Chin (1998a) explains that there is no assumption that all indicators are equally weighted for internal consistency in PLS. In addition, it is not influenced by the number of indicators. Internal consistency can be calculated by using the following formula:

$$\text{Internal consistency} = \frac{(\sum \lambda_{yi})^2}{(\sum \lambda_{yi})^2 + \sum \text{Var}(\epsilon_i)} \quad \text{Equation 1}$$

Internal consistency of 0.70 or greater is considered adequate to establish a convergent validity of the measurement model (Barclay, Higgins and Thompson 1995). Referring to table 6.14, the internal consistency for all constructs meet this criterion, with the highest internal consistency being relativism (0.941), and the lowest being moral intention (0.832).

Another alternative method to confirm the convergent analysis of the measurement is by evaluating the average variance extracted (AVE). AVE represents the average variance extracted of a construct by its corresponding items. Following formula is used to calculate AVE:

$$\text{Average Variance Extracted (AVE)} = \frac{\sum \lambda_{yi}^2}{\sum \lambda_{yi}^2 + \sum \text{Var}(\epsilon_i)} \quad \text{Equation 2}$$

Even though it is less commonly used, Fornell and Larcker (1981) consider a construct to display convergent validity if AVE is at least 0.50. Table 6.14 shows that AVE for all constructs exceeds this cut off point, which means that convergent analysis for all constructs is satisfied.

Table 6.14: Internal Consistency and AVE for the Constructs

Construct	Internal consistency	AVE
Parental/Guidance Values (PGV)	0.914	0.604
Religiosity (RLG)	0.930	0.656
In-Group Collectivism (IGC)	0.885	0.564
Power Distance (PD)	0.897	0.557
Idealism (IDL)	0.895	0.550
Relativism (RLT)	0.941	0.696
Moral Awareness (MA)	0.918	0.789
Moral Judgment (MJ)	0.880	0.710
Moral Intention (MI)	0.832	0.622
Moral Behaviour (MB)	0.875	0.777

Discriminant validity

Using PLS, discriminant validity analysis is used to test statistically the degree of variance shared among items and constructs in the model. It provides the potentially overlapping construct where items might tap into different constructs. Discriminant validity is considered adequate when the average variance construct (AVE) for one's construct is greater than their shared variance (Fornel and Larcker 1981).

To establish discriminant validity, the square root of the AVE was compared to the inter-construct correlations. For each construct, the square root of AVE for that construct should be greater than the variance shared between a construct and other constructs in the model (Barclay, Higgins and Thompson 1995). Table 6.15 presents the square root of AVE (diagonal elements in parenthesis), and the correlations between constructs (off-diagonal elements). It shows that square root of AVE is greater than the off-diagonal elements across the row and down the column. These finding shows that all the results are satisfactory, which confirms the establishment of the discriminant validity at the construct level.

Table 6.15: Correlation of Latent Variables and the Square Root of AVE

	PGV	RLG	IGC	PD	IDL	RLT	MA	MJ	MI	MB
PGV	0.777*									
RLG	0.376	0.810								
IGC	0.512	0.443	0.751							
PD	0.392	0.451	0.740	0.746						
IDL	0.424	0.186	0.592	0.525	0.742					
RLT	0.323	0.170	0.476	0.613	0.403	0.834				
MA	0.095	0.011	0.207	0.173	0.323	-0.004	0.888			
MJ	0.221	0.097	0.278	0.226	0.412	0.022	0.709	0.843		
MI	0.213	0.265	0.292	0.284	0.164	0.203	0.196	0.318	0.789	
MB	0.290	0.243	0.459	0.491	0.457	0.389	0.430	0.411	0.334	0.881

*Bolded diagonal elements are the square root of AVE

In the last analysis for discriminant validity, cross loadings for each item are explored and compared across all constructs. This procedure is conducted to fulfil the assessment at the item level. In this test, the analysis was conducted by measuring the extent to which the indicators loadings of a construct differs from the loadings of these in other constructs. One should expect each block of indicators to load higher for its respective construct than indicators for other constructs (Chin 1998a; Barclay, Higgins and Thompson 1995).

This procedure was done manually as PLS- graph version 3.0 does not run the cross-loading check. The matrix of loading and cross loading is shown in table 6.16. The results indicate that all items demonstrate higher loadings in their respective constructs in comparison to their cross loadings in other constructs. Therefore, it confirms that the measurement model has strong discriminant validity at the items level.

Based on the outcome as shown in table 6.16, overall result of the measurement model has provided satisfactory empirical support for the reliability, convergent and discriminant validity. Having established that the measurement model is adequate and sufficient, the next phase of PLS analysis is conducted; the assessment of the structural model in this research. This analysis is presented in the next section.

Table 6.16: Loading and Cross Loading Matrix

Construct	PGV	RLG	IGC	PD	IDL	RLT	MA	MJ	MI	MB
PGV1	0.805	0.215	0.363	0.261	0.411	0.181	0.186	0.257	0.111	0.256
PGV2	0.848	0.297	0.344	0.260	0.394	0.188	0.170	0.237	0.127	0.248
PGV3	0.754	0.305	0.458	0.352	0.330	0.202	0.091	0.186	0.155	0.256
PGV4	0.819	0.345	0.389	0.334	0.317	0.256	0.071	0.201	0.195	0.196
PGV5	0.764	0.368	0.387	0.326	0.263	0.248	0.081	0.179	0.249	0.185
PGV6	0.766	0.281	0.475	0.314	0.280	0.329	0.040	0.155	0.259	0.286
PGV7	0.670	0.250	0.369	0.289	0.296	0.342	-0.116	-0.007	0.080	0.146
RLG1	0.278	0.740	0.241	0.286	0.038	0.075	-0.028	0.050	0.173	0.071
RLG2	0.302	0.886	0.362	0.396	0.051	0.167	-0.002	0.046	0.244	0.192
RLG3	0.302	0.868	0.325	0.398	0.080	0.135	0.017	0.105	0.212	0.166
RLG4	0.284	0.713	0.319	0.303	0.169	0.084	0.066	0.141	0.179	0.200
RLG5	0.362	0.875	0.352	0.345	0.174	0.138	0.012	0.106	0.232	0.132
RLG6	0.377	0.829	0.446	0.418	0.230	0.192	-0.020	0.053	0.260	0.266
RLG7	0.171	0.738	0.346	0.355	0.166	0.112	0.015	0.046	0.158	0.241
IGC2	0.357	0.321	0.800	0.649	0.477	0.501	0.080	0.081	0.138	0.282
IGC3	0.361	0.301	0.780	0.586	0.541	0.377	0.234	0.312	0.187	0.368
IGC4	0.421	0.326	0.784	0.559	0.424	0.397	0.147	0.180	0.241	0.377
IGC5	0.436	0.317	0.744	0.486	0.372	0.286	0.121	0.169	0.250	0.376
IGC6	0.378	0.306	0.736	0.549	0.456	0.294	0.187	0.238	0.298	0.354
IGC7	0.379	0.456	0.651	0.478	0.356	0.252	0.147	0.267	0.229	0.321
PD1	0.269	0.341	0.576	0.742	0.364	0.609	0.030	0.072	0.214	0.383
PD2	0.298	0.345	0.582	0.794	0.470	0.521	0.102	0.195	0.215	0.357
PD3	0.208	0.312	0.466	0.761	0.345	0.423	0.111	0.135	0.161	0.311
PD4	0.307	0.290	0.496	0.805	0.445	0.521	0.240	0.209	0.148	0.359
PD5	0.251	0.342	0.619	0.708	0.350	0.326	0.144	0.124	0.233	0.394
PD6	0.327	0.379	0.607	0.668	0.369	0.332	0.133	0.134	0.265	0.404
PD7	0.391	0.375	0.559	0.736	0.375	0.397	0.135	0.199	0.282	0.379
IDL1	0.398	0.121	0.412	0.304	0.807	0.211	0.245	0.342	0.115	0.284
IDL2	0.189	0.070	0.440	0.369	0.784	0.205	0.307	0.426	0.139	0.303
IDL3	0.333	0.208	0.549	0.436	0.740	0.277	0.275	0.366	0.136	0.355
IDL4	0.328	0.120	0.402	0.447	0.744	0.352	0.160	0.193	0.030	0.363
IDL5	0.301	0.146	0.351	0.382	0.727	0.279	0.237	0.312	0.099	0.300
IDL6	0.345	0.048	0.394	0.296	0.739	0.274	0.296	0.324	0.162	0.345
IDL7	0.327	0.270	0.512	0.521	0.640	0.559	0.117	0.115	0.158	0.449
RLT1	0.334	0.161	0.449	0.538	0.445	0.779	0.037	0.027	0.083	0.275
RLT2	0.247	0.118	0.345	0.507	0.327	0.809	0.041	0.065	0.283	0.379
RLT3	0.207	0.070	0.372	0.469	0.358	0.831	0.019	0.054	0.174	0.397
RLT4	0.207	0.088	0.320	0.435	0.325	0.801	0.072	0.105	0.149	0.310
RLT5	0.249	0.196	0.386	0.479	0.238	0.879	-0.059	-0.097	0.173	0.326
RLT6	0.250	0.175	0.458	0.580	0.308	0.885	-0.063	-0.033	0.167	0.303
RLT7	0.365	0.171	0.422	0.540	0.337	0.849	-0.055	0.015	0.162	0.292
MA1	0.087	-0.023	0.144	0.150	0.279	-0.009	0.890	0.643	0.100	0.334
MA2	0.116	0.078	0.237	0.179	0.339	0.039	0.891	0.638	0.202	0.418
MB3	0.049	-0.030	0.166	0.129	0.239	-0.043	0.883	0.608	0.217	0.390
MJ1	0.163	-0.014	0.174	0.118	0.345	0.028	0.592	0.780	0.185	0.283
MJ2	0.229	0.169	0.253	0.206	0.382	0.010	0.606	0.871	0.294	0.395
MJ3	0.164	0.077	0.271	0.241	0.315	0.019	0.598	0.874	0.316	0.355
MI1	0.112	0.178	0.178	0.208	0.069	0.055	0.178	0.230	0.768	0.260
MI2	0.155	0.231	0.202	0.160	0.164	0.139	0.163	0.298	0.787	0.209
MI3	0.232	0.216	0.305	0.298	0.150	0.274	0.127	0.226	0.811	0.317
MB1	0.198	0.211	0.372	0.381	0.361	0.254	0.396	0.399	0.265	0.885
MB2	0.315	0.217	0.438	0.486	0.446	0.434	0.361	0.326	0.325	0.878

6.5.2 Assessment of the Structural Model

Following the measurement model assessment, the structural model was performed to test the relationship between the constructs as predicted in the hypotheses based on the research model. To conduct this assessment, the amount of variance explained and the statistical significance is evaluated based on three pieces of information; amount of variance explained or R square (R^2), path coefficient (β) and statistical significance of t-value. A bootstrapping procedure that is the non-parametric approach (Chin 1998a) is used to gather all information.

Amount of variance explained or R square (R^2)

In the first evaluation, R^2 value is examined for each predicted variable to assess the explanatory power of the model. It represents the extent the independent constructs explain the dependent constructs. The interpretation of the R^2 is similar to traditional regression model (Jackson 2008). Based on the scores of R^2 , as shown in figure 6.2, the antecedents independent factors explain 40.6 % of the variance for idealism, and 40.5% variance for relativism. With regards to the components of the EDM process, moral judgment (MJ) shows the highest value of R^2 (54.8%), whereas the explained variance for moral awareness, moral intention and moral behaviour are 13.5%, 10.3% and 25.7% respectively. Overall findings show that all scores of R^2 value satisfy the requirement for the 0.10 cut off value (Falk and Miller 1992).

Path coefficient (β) and statistical significance of t-value

Having established the explanatory power of the model through the amount of variance explained from R^2 value, the next test was to evaluate the relationship of the construct as hypothesized in this research. More specifically, the statistical analysis is evaluated by assessing the path coefficient (β) and the t-value. The β and the t-values were derived from the bootstrapping procedures. As presented in figure 6.2, the β value is shown near to each link among the constructs while the t value is shown below the β value.

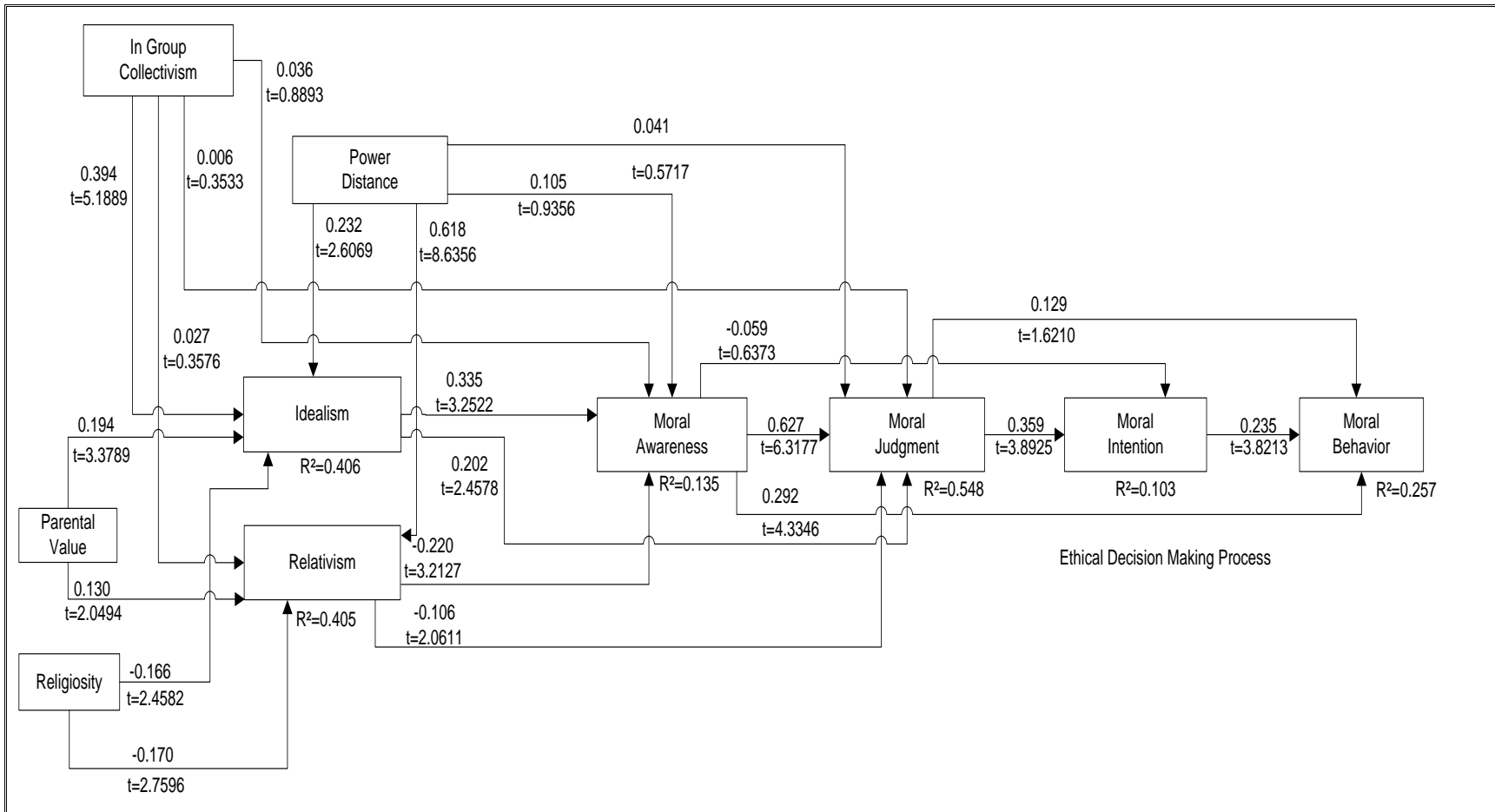


Figure 6.2: The Structural Model of PLS Analysis

To provide a clearer picture, table 6.17 is presented along with the result of the research hypotheses

As shown in the table, the influence of parental values is found to be significant and positive on idealism ($\beta=0.194$; $t=3.3789$), supporting H1a. However, H1b that expects the negative effect of parental values on relativism is not supported ($\beta=0.130$; $t=2.0494$). Findings also failed to support H2a that expected a positive effect of religiosity on idealism ($\beta = -0.166$; $t=2.4582$). On the other hand, H2b that expected a negative influence of religiosity on relativism is supported ($\beta= -0.170$; $t=2.7596$).

Table 6.17: Evaluation of the Research Hypotheses for the Antecedents Factors

Hypotheses	Link	Path coefficient (β)	T value	Result
1a	PGV \rightarrow IDL	0.194	3.3789***	Supported
1b	PGV \rightarrow RLT	0.130	2.0494*	Not supported
2a	RLG \rightarrow IDL	-0.166	2.4582**	Not supported
2b	RLG \rightarrow RLT	-0.170	2.7596**	Supported
3a	IGC \rightarrow IDL	0.394	5.1889***	Supported
3b	IGC \rightarrow RLT	0.027	0.3516	Not supported
3c	IGC \rightarrow MA	0.036	0.8893	Not supported
3d	IGC \rightarrow MJ	0.0006	0.3533	Not supported
4a	PD \rightarrow IDL	0.232	2.6069**	Not supported
4b	PD \rightarrow RLT	0.618	8.6356***	Supported
4c	PD \rightarrow MA	0.105	0.9356	Not supported
4d	PD \rightarrow MJ	0.041	0.5717	Not supported
5a	IDL \rightarrow MA	0.335	3.2522**	Supported
5b	IDL \rightarrow MJ	0.202	2.4578**	Supported
6a	RLT \rightarrow MA	-0.220	3.2127**	Supported
6b	RLT \rightarrow MJ	-0.106	2.0611*	Supported
7a	MA \rightarrow MJ	0.627	6.3177***	Supported
7b	MJ \rightarrow MI	0.359	3.8925***	Supported
7c	MI \rightarrow MB	0.235	3.8213***	Supported
7d	MA \rightarrow MI	-0.059	0.6373	Not supported
7e	MA \rightarrow MB	0.292	4.3346***	Supported
7f	MJ \rightarrow MB	0.129	1.6210	Not supported

Significant * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

With regard to the influence of in-group collectivism culture, only H3a that expects the positive effect on idealism is supported ($\beta = 0.394$; $t = 5.1889$) while the effect on relativism ($\beta = 0.027$, $t = 0.3516$), moral awareness ($\beta = 0.036$, $t = 0.8893$) and moral judgment ($\beta = 0.0006$, $t = 0.3533$) was not found to be significant. Therefore H3b, H3c and H3d are not supported.

For the second dimension of culture, that is power distance culture, results show strong support on H4b ($\beta = 0.618$; $t = 8.6356$) that confirms a positive effect on relativism. This contradicts the expectations; the result shows that power distance has a positive effect on idealism ($\beta = 0.232$; $t = 2.6069$). Thus, H4a is not supported. For the effect of the power distance culture on moral awareness ($\beta = 0.105$; $t = 0.9356$) and moral judgment ($\beta = 0.041$; $t = 0.5717$), no significant effect was found. Therefore, H4c and H4d are not supported.

In hypotheses H5a and H5b, the positive effect of idealism in the EDM components is examined. Results show that idealism has a positive effect on moral awareness ($\beta = 0.335$; $t = 3.2522$) and moral judgment ($\beta = 0.202$; $t = 2.4578$). This result provides support for H5a and H5b.

For the hypotheses that expected negative effect of relativism on moral awareness and moral judgment, results provide support for both H6a ($\beta = -0.220$; $t = 3.2127$) and H6b ($\beta = -0.106$; $t = 2.0611$).

With regard to the relationship among the components of the EDM process, H7a, H7b and H7c are proposed in sequential process of the components. Based on the findings, the significant value was found on the link of awareness to judgment ($\beta = 0.627$; $t = 6.3177$), judgment to intention ($\beta = 0.359$; $t = 3.8925$), and intention to behaviour ($\beta = 0.235$; $t = 3.8213$), supporting H7a, H7b and H7c.

However, for the interrelationship of the four components, only H7e that expected the link between awareness to behaviour is supported ($\beta = 0.292$; $t = 4.3346$). On the other hand, no significant effect of awareness to intention ($\beta = -0.059$; $t = 0.6373$), and judgment to behaviour ($\beta = 0.129$; $t = 1.6210$) were found. Therefore H7d and H7f are not supported.

6.6 Analysis Part 2: Moderating Effect on the EDM Process

In the second part of the analysis, an examination was conducted to test the moderating effect of organizational ethical culture (OEC) in the process of EDM. As explained earlier, OEC plays an important role in the process of EDM as it provides a key to how ethical behaviour is practiced by individuals in organizations (Trevino 1986; Trevino, Hartman and Brown 2000). Through the theory of socialization process (Maanen 1978), OEC is expected to have a positive moderating effect on an individual's ethical ideology in dealing with the process of EDM.

Based on this argument, hypotheses 8a and 8b were developed to expect a positive moderating effect of OEC on the relationship between idealism and the first two components of EDM, moral awareness and moral judgment. In addition, H8c and H8d were proposed to have positive moderating affects of OEC on the relationship between relativism and the first two components of EDM, moral awareness and moral judgment. Figure 6.3 illustrates these hypotheses.

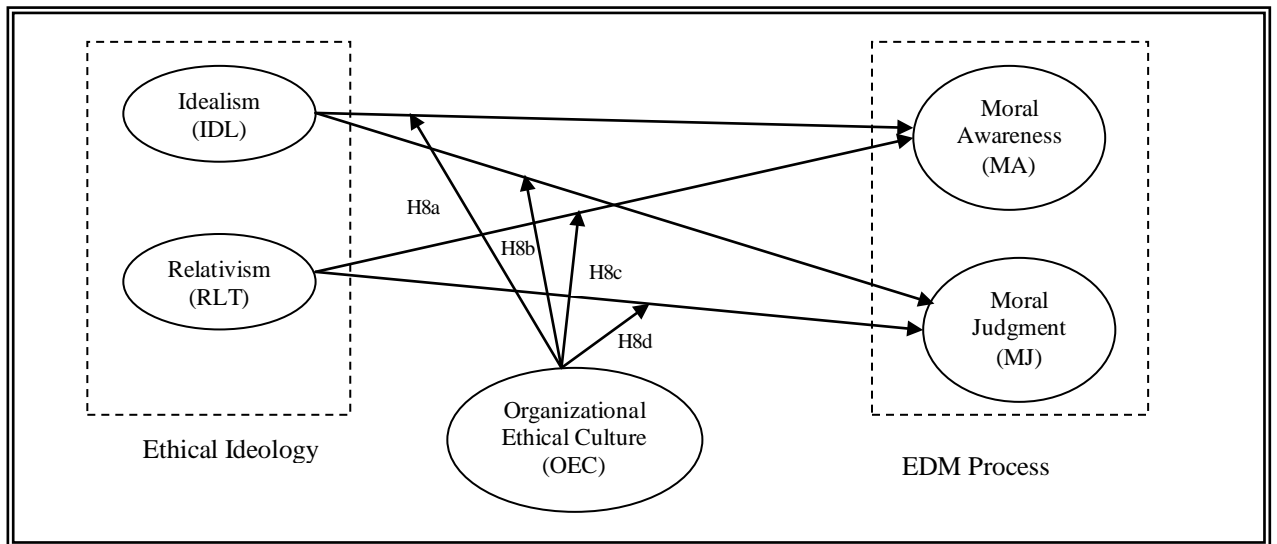


Figure 6.3: Theoretical Model for Moderating Variable of Organizational Ethical Culture (OEC)

6.6.1 Assessment of the Measurement Model

This procedure evaluates the measurement model of OEC construct. As shown in table 6.18, the loading for this OEC construct has met the criterion of 0.60 cut-off point (Moore and Chang 2006). Therefore, all items (OEC1-OEC8) were retained. In addition, the table also shows that internal consistency (0.937) and AVE (0.651) of the OEC construct are above cut-off point 0.70 (Barclay, Higgins and Thompson 1995), and 0.50 (Fornell and Larcker 1981), respectively. Overall, this finding has established the assessment of the measurement model of OEC constructs. It is noted that the measurement analysis of the EDM process was conducted earlier and all measurement properties were found to meet.

Table 6.18: Measurement Model for Organizational Ethical Culture

Items	PLS Loading	Internal consistency	AVE
OEC	-	0.937	0.651
OEC1	0.8246	-	-
OEC2	0.8234	-	-
OEC3	0.8569	-	-
OEC4	0.8611	-	-
OEC5	0.8161	-	-
OEC6	0.6590	-	-
OEC7	0.7978	-	-
OEC8	0.7998	-	-

6.6.2 Assessment of the Structural Model

As the findings of the measurement model have satisfied the reliability and the validity of the OEC construct, an assessment can be carried out on the structural model to evaluate the moderating effect of OEC in the process of EDM. In PLS, the effect of the moderating variable cannot be measured directly. Thus, the product-indicator approach was employed. Moderating effect is tested by multiplying the items of the predictor constructs and the moderating constructs. To provide a clearer picture, figure 6.4 illustrates the implementation of the conceptual interactive model in PLS

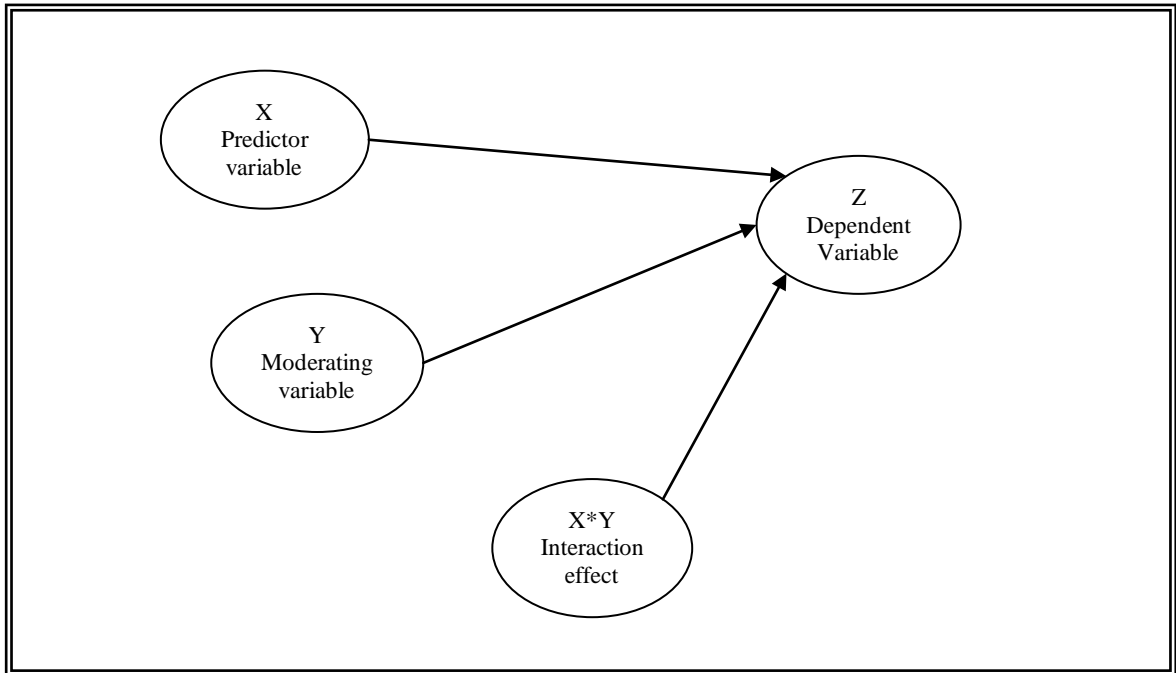


Figure 6.4: Interactive Model by PLS

To measure the interaction effect in PLS, the first step is to standardize the indicator score (X and Y). From this, the mean and standard deviation is calculated for each indicator. Then, from each indicator score, the corresponding mean is subtracted and the result is divided by the standard deviation. Standardizing indicators in PLS helps the computational errors to minimize and thus avoid any limitation of the PLS to estimate the underlying interaction construct (Chin, Marcolin and Newsted 2003).

Following this step, an explicit multiplication procedure is used to produce product indicators. This procedure is run by creating all possible products from the two sets of indications. Referring to the items of the indicator of predictors (IDL and RLT), there are 14 items in this interaction; seven items for IDL (IDL1-IDL7) and seven items for RLT (RLT1-RLT7). For the moderating variable, OEC, eight items were proposed (OEC1-OEC8). Thus, the multiplication would result in a large numbers of interactions item. In order to minimize the interaction items, a factor analysis on the items of OEC was conducted. This procedure was undertaken to identify the small number of factors that explain most of the variance observed in a much larger number of manifest items. Upon

this analysis, the SPSS has extracted OEC's items into two factors. The first factor, namely, OECa contained five items; OEC1 (leadership), OEC2 (organizational value), OEC3 (community based), OEC4 (employee welfare), and OEC5 (open door policy). This group of items reflect the informal structure of OEC in organizations (Trevino 1986, 1998). The second factor, namely, OECb, contains three items; OEC 6 (penalty and punishment), OEC7 (reward and recognition), and OEC8 (ethics policy and code). These items reflect the formal structure of OEC in organizations (Trevino 1986; 1998). Once the indicators are organized, the multiplication procedure is carried out by multiplying all the indicators of predictor variable (X) and moderating variable (Y) to produce the interaction effect (X*Y), as illustrated in figure 6.4. For example, for the interaction effect OEC on the relationship between idealism (IDL) and moral awareness (OEC*IDL*MA), every IDL indicator is multiplied by every OEC indicator. Consequently, this procedure consisted of the following indicators : IDL1x OEC1, IDL1xOEC2; IDL2xOEC1, IDL2xOEC2; IDL3xOEC1, IDL3xOEC2; IDL4xOEC1, IDL4xOEC2 ; IDL5xOEC1, IDL5xOEC2; IDL6xOEC1, IDL6xOEC2; IDL7xOEC1, IDL7xOEC2. All together, 14 product indicators for IDL*OEC were gathered.

For other interaction effects; OEC*IDL*MJ, OEC*RLT*MA, and OEC*RLT*MJ, the same procedure was followed.

Based on this multiplication procedure, six structural models were developed to show the outcome of this process, as shown in table 6.19. The model 1 is the “main effect model” that shows the coefficient and the t value without the moderating variables of OEC, while the other models (model 2 to model 6) demonstrate the interaction effect of OEC in the EDM process.

The R^2 of the main model (model 1) is compared to the R^2 of the interaction model (model 2 to model 6). An increment of R^2 indicates the significant moderating effect of OEC (Chin, Marcolin and Newsted 1996, 2003). Following this, the overall effect size (f^2) is calculated to assess the strength of the moderating effect.

Following formula is used to calculate f^2 :

$$f^2 = \frac{[R^2 \text{ (interaction model)} - R^2 \text{ (main effect model)}]}{1 - R^2 \text{ (main effect model)}} \quad \text{Equation 3}$$

According to Cohen (1998), the effect size of f^2 can be interpreted as small ($f^2 = 0.02$), moderate ($f^2 = 0.15$) or large ($f^2 = 0.35$). However, it needs to be emphasized that a small f^2 does not necessarily imply an unimportant effect (Cohen, Pant and Sharp 1998).

Referring to the table 6.19, model 1 (the main model) demonstrates that the R^2 of moral awareness and moral judgment is 0.135 and 0.548, respectively.

In model 2, the structural model proposed the moderating effect of OEC on the link between idealism (IDL) and moral awareness (MA). Based on the finding, the moderating effect of OEC was found to be significant ($\beta = 0.199$; $t = 2.1089$). The R^2 of moral awareness (MA) in this model had increased to 0.162 compared to the main model. This finding supports H8a. With the effect size, the table shows that f^2 is 0.03, which represents a small effect. Interestingly in model 2, it also shows that the relationship between judgment (MJ) and behaviour (MB) is significant ($\beta = 0.130$; $t = 1.7694$) compared to the findings in model 1. This finding demonstrates that when OEC influences an idealist in their moral awareness, their judgment is positively related to moral behaviour.

In model 3, the effect of OEC on the link between idealism (IDL) and moral judgment (MJ) is tested. It was found that no significant effect was determined ($\beta = 0.037$; $t = 0.4761$). Thus, H8b is not supported.

With regards to the moderating effect of OEC on the link between relativism (RLT) and moral awareness (MA), as shown in model 4, the effect was found to be significant ($\beta = 0.195$; $t = 3.2613$). The R^2 value of MA was also increased (0.162), compared to model 1. This outcome supports H8c. In term of the effect size, 0.03 of f^2 demonstrates the small effect of OEC influence.

Table 6.19: Table of Structural Analysis Result

H	Linkages	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
		β	t-value	β	t-value	β	t-value	β	t-value	β	t-value	β	t-value
1a	PGV → IDL	0.194	3.3789***	0.194	2.9870**	0.194	2.6541**	0.194	2.9847**	0.194	2.6523**	0.194	2.7315**
1b	PGV → RLT	0.130	2.0494*	0.130	2.2203*	0.130	2.5804**	0.130	2.2182*	0.130	2.5798**	0.130	2.1594*
2a	RLG → IDL	-0.166	2.4582**	-0.166	2.5439**	-0.166	2.4581**	-0.166	2.5439**	-0.166	2.4579**	-0.166	2.1263*
2b	RLG → RLT	-0.170	2.7596**	-0.170	2.4534***	-0.170	2.5867**	-0.170	2.4539**	-0.170	2.5854**	-0.170	2.4239**
3a	IGC → IDL	0.394	5.1889***	0.394	5.0071***	0.394	4.7579***	0.394	5.0076***	0.394	4.7597***	0.394	4.4108***
3b	IGC → RLT	0.027	0.3516	0.027	0.3447	0.027	0.3359	0.027	0.3446	0.027	0.3359	0.027	0.3478
3c	IGC → MA	0.036	0.3533	0.020	0.1521	0.036	0.3539	0.000	0.0000	0.036	0.3539	0.006	0.0558
3d	IGC → MJ	0.049	0.8893	0.049	0.8730	0.083	1.0022	0.049	0.8702	0.086	1.0874	0.088	1.3032
4a	PD → IDL	0.232	2.6069**	0.232	2.6140**	0.232	2.6482**	0.232	2.6137**	0.232	2.6478**	0.232	2.6443**
4b	PD → RLT	0.618	8.6356***	0.618	8.1359***	0.618	9.4021***	0.618	8.1303***	0.618	9.3960***	0.618	9.4850***
4c	PD → MA	0.105	0.9356	0.057	0.5316	0.105	0.9061	0.076	0.7479	0.105	0.9059	0.046	0.4788
4d	PD → MJ	0.041	0.5717	0.040	0.6628	0.037	0.4504	0.041	0.6777	0.048	0.5892	0.042	0.6495
5a	IDL → MA	0.335	3.2522**	0.379	3.9921***	0.336	3.4359***	0.302	3.2665**	0.335	3.4280**	0.351	3.6932***
5b	IDL → MJ	0.202	2.4578**	0.202	2.4264**	0.218	2.3583**	0.202	2.4267**	0.212	2.5472**	0.223	2.0815*
6a	RLT → MA	-0.220	3.2127**	-0.292	4.5795***	-0.220	3.4733***	-0.259	4.2217***	-0.220	3.4754***	-0.310	4.6644***
6b	RLT → MJ	-0.106	2.0611*	-0.105	2.2775*	-0.118	1.8352*	-0.106	2.2978*	-0.095	1.7660*	-0.108	1.6075
7a	MA → MJ	0.627	6.3177***	0.626	6.3259***	0.621	6.2299***	0.626	6.3263***	0.633	6.4819***	0.628	5.4695***
7b	MJ → MI	0.359	3.8925***	0.360	4.4210***	0.359	4.1725***	0.359	4.4014***	0.359	4.1618***	0.359	3.9705***
7c	MI → MB	0.235	3.8213***	0.235	4.0624***	0.236	4.3187***	0.235	4.0615***	0.236	4.3162***	0.235	3.9941***
7d	MA → MI	-0.059	0.6373	-0.059	0.6771	-0.059	0.6884	-0.058	0.6646	-0.059	0.6877	-0.058	0.6071
7e	MA → MB	0.292	4.3346***	0.292	3.6395***	0.292	3.9106***	0.292	3.6473***	0.292	3.9130***	0.292	3.8989***
7f	MJ → MB	0.129	1.6210	0.130	1.7694*	0.129	1.5415	0.129	1.7562*	0.129	0.236	0.129	1.6259
	OEC → MA			-0.013	0.1387			0.008	0.0892			-0.028	0.3413
	OEC → MJ					-0.065	1.0148			-0.052	0.9709	-0.058	0.8740
8a	OEC*IDL → MA			0.199	2.1089*							0.168	2.1897*
8b	OEC*IDL → MJ					0.037	0.4761					0.039	0.6010
9a	OEC*RLT → MA							0.195	3.2613***			0.142	2.7531**
9b	OEC*RLT → MJ									-0.039	0.9361	-0.049	0.9572
	R ² (MA)	0.135		0.162		0.135		0.162		0.135		0.176	
	f ²			0.03				0.03				0.05	
	R ² (MJ)	0.548		0.548		0.551		0.548		0.551		0.552	
	f ²					0.01				0.01		0.01	

Significant at the value of * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

For further analysis of the moderating effect of OEC in the link of relativism (RLT) and moral judgment (MJ), model 5 demonstrates that OEC has no significant effect ($\beta = -0.039$; $t = 0.9361$). With regards to the effect size, f^2 is 0.01, which demonstrate no effect size can be deduced. Accordingly, H8d is not supported.

Based on the results in all these models, model 6 is proposed to test the moderating effect of OEC in all links. As shown, the positive moderating effect of OEC for the link between IDL and MA ($\beta = 0.168$; $t = 2.1897$) is confirmed. Thus, additional support is provided for H8a. However, still no significant effect of OEC on the IDL and MJ link is detected ($\beta = 0.039$; $t = 0.6010$), which confirm that H8b is not supported. With regards to the influence of OEC on the link of RLT and MA, a positive moderate effect was found ($\beta = 0.142$; $t = 2.7531$), which provides an additional confirmation of H8c. However, no significant effect of OEC is detected to moderate the link of RLT to MJ ($\beta = -0.049$; $t = 0.9572$). Consequently, H8d is still not supported.

Following this, the score of f^2 is addressed. As shown in the model 6, the f^2 of OEC is 0.05 on moral awareness, which shows a increment effect compared to the single attendance of OEC in model 2 ($f^2 = 0.03$) and model 4 ($f^2 = 0.03$). Although it provides only a small effect, this result revealed that OEC plays an important role in moderating the individual's awareness no matter what their ideology.

These findings demonstrate that when the interaction effect of OEC is analysed in full as shown in model 6, the findings show the similar effect of OEC in the particular interaction as analysed in model 2 to model 4. These findings confirm the positive moderating effect of OEC on the link between ethical ideology and the EDM process. However, the effect is only limited on the link between both ethical ideologies (IDL and RLT) and moral awareness. No significant moderating effect of OEC was found in the relationship between the ethical ideologies (IDL and RLT) and moral judgment.

In summary, table 6.20 is presented to show the evaluation of the hypotheses based on this part of the analysis in model 6.

Table 6.20: Evaluation of the Research Hypotheses for the Moderating Factors

Hypotheses	Link	Path coefficient (β)	T value	Result
8a	OEC* IDL→MA	0.168	2.1897***	Supported
8b	OEC* IDL →MJ	0.039	0.6010	Not supported
8c	OEC* RLT→MA	0.142	2.7531**	Supported
8d	OEC* RLT→RLT	-0.049	0.9572	Not Supported

6.7 Analysis Part 3: Moderating Effect via PLS Multigroup Analysis

The third part of analysis in this research is to examine the influence of three moderating variables; gender, age and level of education in the process of EDM. In the structural model however, the analysis is extended by using multigroup analysis to test the significant moderating effect of these three constructs. The procedure is explained in later section. Before proceeding with the analysis, table 6.21 is presented to show the total respondents based on gender, age and level of education. As shown the table, in terms of gender, the majority of the managers are male (61%), whereas 39% of the managers are female. In terms of age, 137 respondents were aged under 40, and 99 of them were above 41 years old (42%). Of all respondents, 18% have a low educational background, and 82% have a higher level of educational background.

Table 6.21: Summary of Sample Demographic and Mean of EDM Process Items

Demographics	Total	Percentage
Gender		
Male	144	61%
Female	92	39%
Age		
Younger (Below 40 years old)	137	58%
Older (Above 41 years old)	99	42%
Level of Education		
Lower (Diploma and below)	42	18%
Higher (Degree and above)	194	82%

6.7.1 Assessment of the Measurement Model

Following the procedures of PLS analysis, the assessment of the measurement model was carried out to verify the reliability and the validity of the measurement through three tests; (1) item reliability, (2) internal consistency and (3) discriminant validity. In this part, the assessment of the measurement model is sorted into two groups; the whole sample (N=236) and a sample based on the subgroup of gender, age and level of education.

For the measurement analysis of the whole sample (N=236), the result is presented in table 6.22. Item reliability was evaluated by examining the loading of the items with their respective constructs. The cut-off point for the item loading in this part is 0.707 (Barclay, Higgin and Thompson 1995). Accordingly, only one item (MB3) failed to meet this criterion. Therefore, this item was dropped. Internal consistency of the constructs was found to exceed the 0.60 cut-off point suggested by Bagozzi and Yi (1988). Convergent analysis, which is demonstrated by the average variance extracted (AVE) exceeded the 0.50 cut-off point suggested by Fornell and Larcker (1981). These results indicate that the measurement model of all respondents is satisfied.

Table 6.22: Measurement Model Analysis (All respondents =236)

Constructs	Items	PLS Loading	Internal consistency	AVE
Moral Awareness	MA1	0.8903	0.918	0.789
	MA2	0.8894		
	MA3	0.8849		
Moral Judgment	MJ1	0.7813	0.880	0.710
	MJ2	0.8696		
	MJ3	0.8742		
Moral Intention	MI1	0.7677	0.832	0.622
	MI2	0.7867		
	MI3	0.8114		
Moral Behaviour	MB1	0.8847	0.875	0.777
	MB2	0.8784		

For the assessment of the measurement analysis in each subgroup, namely gender, age and level of education, table 6.23 and 6.24 are presented.

Table 6.23: PLS Loading based on Gender, Age, and Level of Education

Item	Gender		Age		Level of Education	
	Male (N=144)	Female (N=92)	Younger (N=137)	Older (N=99)	Lower (N=42)	High (N=194)
	Loading	Loading	Loading	Loading	Loading	Loading
MA1	0.9023	0.8795	0.8439	0.9522	0.9234	0.8736
MA2	0.9144	0.8975	0.8831	0.8938	0.8170	0.9132
MA3	0.9234	0.8312	0.8696	0.9118	0.8032	0.9044
MJ1	0.7855	0.7833	0.8029	0.7469	0.8694	0.7318
MJ2	0.9169	0.8488	0.8780	0.8566	0.8645	0.8705
MJ3	0.9285	0.7741	0.8713	0.8759	0.8750	0.8735
MI1	0.7625	0.7801	0.7776	0.7279	0.8285	0.7767
MI2	0.8144	0.7242	0.7389	0.8254	0.8232	0.7742
MI3	0.8275	0.7972	0.7944	0.8726	0.5680	0.8347
MB1	0.8971	0.8592	0.8606	0.9134	0.8061	0.8926
MB2	0.8609	0.9147	0.8954	0.8433	0.8307	0.8998

Table 6.24: Internal Consistency (IC) and Average Variance Extracted (AVE) based on Gender, Age, and Level of Education

Item	Gender				Age				Level of Education			
	Male (N=144)		Female (N=92)		Younger (N=137)		Older (N=99)		Lower (N=42)		High(N=194)	
Construct	IC	AVE	IC	AVE	IC	AVE	IC	AVE	IC	AVE	IC	AVE
MA	0.938	0.834	0.903	0.757	0.900	0.749	0.943	0.846	0.888	0.727	0.925	0.805
MJ	0.911	0.773	0.844	0.644	0.888	0.725	0.867	0.686	0.903	0.756	0.867	0.685
MI	0.844	0.643	0.811	0.590	0.814	0.594	0.851	0.658	0.790	0.562	0.838	0.635
MB	0.872	0.773	0.881	0.787	0.871	0.771	0.872	0.773	0.802	0.670	0.891	0.803

For the loading score of gender, age and level of education, all items in each construct exceed the thresholds of loading, that is 0.60 cut-off point (Bagozzi and Yi 1988), except for MB3 (Moral behaviour items in scenario 3), and thus MB3 is deleted. Referring to internal consistency and the AVE, all score based on gender, age and level of education are found to exceed the 0.50 cut-off point (Fornell and Larcker 1981). This result demonstrates that all the measures show very good reliability and validity. Having that loading, internal consistency and AVE for the measurement of the whole samples and subgroups based on gender, age and level of education passed the requirement threshold, the next stage is to analyse the moderating effect of these variables through the structural model.

6.7.2 Assessment of the Structural Model

In order to assess the structural model, a similar procedure is performed by dividing the data into two groups; full sample and the multigroup based on gender, age and level of education. Bootstrapping analysis was employed to derive the path coefficients and the t-values to determine the amount of variance explained and statistical significance. By evaluating this information, the moderating effect of gender, age and level of education can be deduced.

Figure 6.5 illustrates the result of the analysis of the structural model for the full sample of respondents. It provides the path coefficient and the t-values of each relationship among the constructs; moral awareness to moral judgement ($\beta=0.709$, $t=8.3095$), moral judgement to moral intention ($\beta =0.359$, $t=3.8807$), and moral intention to moral behaviour ($\beta=0.235$, $t=3.8242$).

Based on these findings, it confirms that the four components of the EDM process are a sequential process. As with the first part of this analysis, this finding provides additional support for the H7a (MA-MJ), H7b (MJ-MI) and H7c (MI-MB).

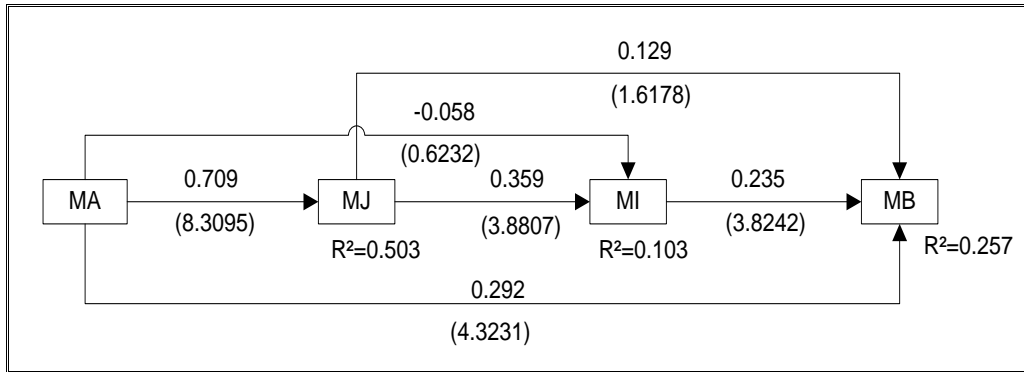


Figure 6.5: The Structural Model of All Samples (N=236)

With regards to the interrelationship among the components, it was found that only the path of awareness to behaviour is supported ($\beta=0.292$, $t=4.3231$). This also provides an additional support for H7e. On the other hand, no significant effect was found in relation to the paths between: (1) moral awareness and moral intention ($\beta=-0.058$, $t=0.6232$) and (2) moral judgement and moral behaviour ($\beta=0.129$, $t=1.6178$). Therefore, the failure to support H7d and H7f is found to be consistent with the findings in the first part.

Next, the assessment of the structural model based on the subgroup (gender, age, and level of education) was conducted, as shown in figure 6.6a to figure 6.6f. At the same time, the finding is compare to the structural model for the whole sample as shown in figure 6.5.

In term of the sequential relationship of the four components of the EDM process in male (figure 6.6a) and female (figure 6.6b) groups, the finding shows there is significant effect of awareness to judgment in male ($\beta =0.827$, $t=20.000$) and female ($\beta=0.585$, $t=3.4685$) groups. In addition, the findings also demonstrate the significant effect of judgment to intention, and intention to behaviour in male ($\beta=0.383$, $t=3.4839$; $\beta=0.248$, $t=2.8306$) and female ($\beta=0.302$, $t=1.6607$; $\beta=0.234$, $t=1.8883$) groups, respectively. This finding is similar to the structural model of all respondents (figure 6.5).

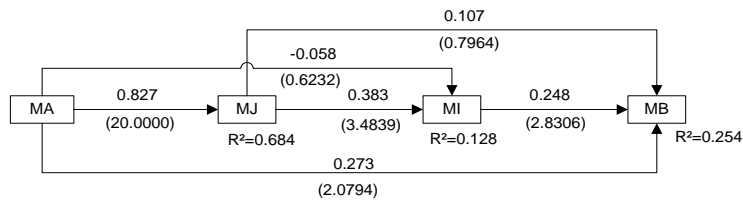


Figure 6.6a: Male Group (N=144)

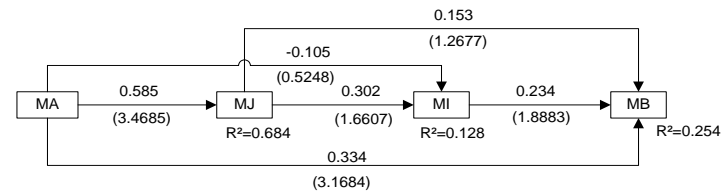


Figure 6.6b: Female Group (N=92)

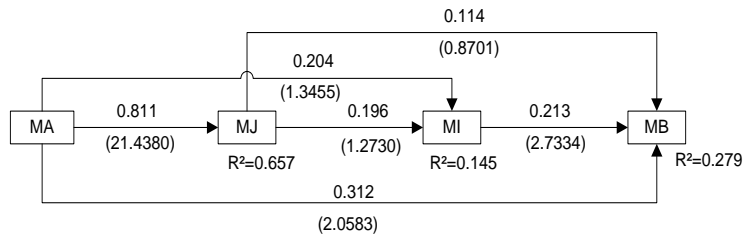


Figure 6.6c: Younger Group (N=137)

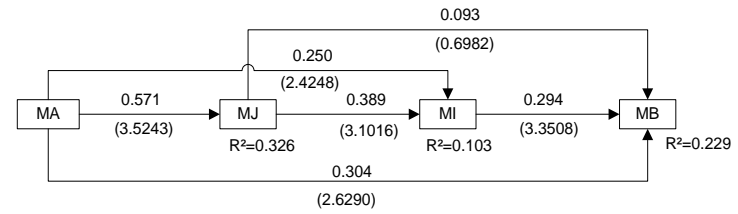


Figure 6.6d: Older Group (N=99)

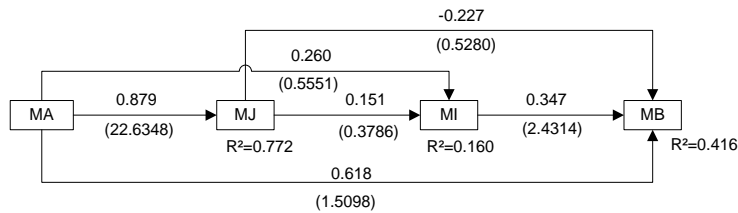


Figure 6.6e: Lower Education Group (N=42)

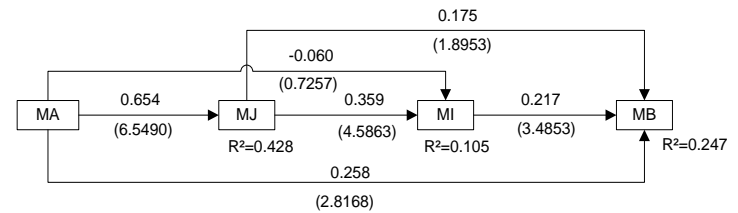


Figure 6.6f: Higher Education Group (N=194)

Figure 6.6: The Structural Model based on Gender, Age, and Level of Education

With regards to the structural models based on age, the EDM practices of older respondents (figure 6.6d) were also found to be similar to the structural model of all samples (figure 6.5). The sequential process of this group, namely awareness to judgment ($\beta=0.571$, $t=3.5243$), judgment to intention ($\beta=0.389$, $t=3.1016$), and intention to behaviour ($\beta=0.294$, $t=3.3508$) is significant. However, the structural model of younger respondents' (figure 6.6c) shows different results compared to the model of all respondents (figure 6.5). More specifically, the result demonstrates the insignificant relationship between moral judgment and moral intention of younger group ($\beta=0.196$; $t=1.2730$).

In term of the level of education, the inconsistencies were also found. Compared to the main model, a sequential link between moral judgment to moral intention was found to be not significant in the lower education group ($\beta=0.151$; $t=0.3786$), as shown in figure 6.6e. In addition, the insignificant link of moral awareness to moral behaviour was also found in this group ($\beta=0.618$; $t=1.5098$) compared to the structural model of all samples (figure 6.5). For the higher education group (figure 6.6f), the sequential process of EDM is significant; awareness to judgment ($\beta=0.654$; $t=6.5490$), judgment to intention ($\beta=0.359$; $t=4.5863$), and intention to behaviour ($\beta=0.217$, $t=3.4853$).

Referring to these findings, the overall result (figure 6.6a, 6.6b, 6.6c, 6.6d, 6.6e and 6.6f) shows that the four components of the EDM process is a sequential link; awareness-judgment-intention-behaviour. This outcome provides additional support for H7a, H7b, and H7c.

In terms of interrelationship among the components, mixed findings were detected. In the link between moral awareness and moral intention for example, although findings of male ($\beta=-0.058$, $t=0.6232$ in figure 6.6a), female ($\beta=-0.105$, $t=0.5248$ in figure 6.6b), younger ($\beta=0.204$, $t=1.3455$ in figure 6.6c), lower education ($\beta=0.260$, $t=0.5551$ in figure 6.6e), and higher education ($\beta=-0.060$, $t=0.7257$ in figure 6.6f) groups found an insignificant link, the link is significant in the older group ($\beta=0.250$, $t=2.4248$ in figure 6.6d). For a link between moral awareness and moral behaviour, the structural model confirm that the link is significant in male ($\beta=0.273$, $t=2.0794$ in figure 6.6a), female ($\beta=0.334$, $t=3.1684$ in figure 6.6b), younger ($\beta=0.312$, $t=2.0583$ in figure 6.6c), older ($\beta=0.304$, $t=2.6290$ in figure 6.6d), and higher education ($\beta=0.258$,

t=2.8168 in figure 6.6f) groups. However, no significant link was found in the lower education group ($\beta=0.618$, $t= 1.5098$ in figure 6.6e). With regards to the interrelationship between moral judgments and moral behaviour, only higher education group confirm that their judgment is significant to their behaviour ($\beta=0.175$, $t=1.8953$ in figure 6.6f) compared to other groups.

All these outcomes demonstrate the complexity of the relationship among the four components. Overall, based on the findings in each subgroup (figure 6.6a, 6.6b, 6.6c, 6.6d, 6.6e, and 6.6f), a partial support can be deduced for H7d, H7e, and H7f.

Then, the analysis is extended to test the moderating effect of gender, age and level of education. In this analysis, the Smith-Satterwait test was employed because the samples are not distributed normally and the variances of the group are not equal (Chin 2000; Moores and Chang 2006). According to this procedure, a t-test is calculated by the following equation:

$$t = \frac{Path_{sample_1} - Path_{sample_2}}{\sqrt{S.E.^2_{sample1} + S.E.^2_{sample2}}} \quad \text{Equation 4}$$

The path sample refers to the value of the path coefficient according to the subgroup, whereas S.E refers to the standard error of the subgroup. Information for both was gathered from the bootstrapping sample procedures. After the t-test was calculated, a p value was determined with $m+n-2$ degrees of freedom where m and n are the sample of the subgroup.

From this procedure, table 6.25 presents the results of the t-statistic and p-value to determine the significant effect of gender, age and level of education. To recall, three hypotheses, namely H9, H10 and H10, were developed to describe the effect of the moderating effect of gender, age and level of educations. In particular H9, H10 and H11 were proposed to describe the effect of gender, age and level of education, respectively.

Table 6.25: Results of Pooled Error Term t-Tests by Subgroup

Path	Gender					
	Male		Female		t-statistic	P (2-tailed)
	Path Coeff.	SE from bootstrap	Path Coeff.	SE from bootstrap		
MA→MJ	0.827	0.0413	0.585	0.1687	1.3934	0.1648
MJ→MI	0.383	0.1099	0.302	0.1819	0.3811	0.7035
MI→MB	0.248	0.0876	0.234	0.1239	0.0923	0.9265
MA→MI	-0.030	0.1158	-0.105	0.2001	0.3244	0.7459
MA→MB	0.273	0.1313	0.334	0.1054	-0.3623	0.7175
MJ→MB	0.107	0.1343	0.153	0.1207	-0.2548	0.7991
Path	Age					
	Younger		Older		t-statistic	P (2-tailed)
	Path Coeff.	SE from bootstrap	Path Coeff.	SE from bootstrap		
MA→MJ	0.811	0.0378	0.571	0.1620	1.4420	0.1504
MJ→MI	0.196	0.1540	0.389	0.1254	-0.9723	0.3321
MI→MB	0.213	0.0779	0.294	0.0877	-0.6895	0.4906
MA→MI	0.204	0.1516	-0.250	0.1031	2.4768**	0.0140
MA→MB	0.312	0.1516	0.304	0.1156	-0.0420	0.9665
MJ→MB	0.114	0.1310	0.093	0.1332	0.1124	0.9106
Path	Level of Education					
	Lower		Higher		t-statistic	P (2-tailed)
	Path Coeff.	SE from bootstrap	Path Coeff.	SE from bootstrap		
MA→MJ	0.879	0.0386	0.654	0.0999	2.1009*	0.0367
MJ→MI	0.011	0.3619	0.359	0.0783	-0.9398	0.3482
MI→MB	0.342	0.1380	0.217	0.0623	0.8256	0.4099
MA→MI	0.393	0.4190	-0.060	0.0827	1.0607	0.2899
MA→MB	0.565	0.4032	0.258	0.0916	0.7425	0.4585
MJ→MB	-0.168	0.4203	0.359	0.0923	-0.7971	0.8199

Degree of freedom: m+n-2; Significant *p<0.05, **p<0.01, ***p<0.001

As shown in the table, the findings demonstrate that no significant effect is detected in the EDM process of male and female. This outcome indicates that the EDM process between men and women is the same. Gender plays no role in dealing with EDM dilemmas, and thus H9 is not supported.

For the effect of age (H10), it shows that significant difference was found in the link between awareness and intention ($t=2.4768$). This result proposed that when making ethical decisions, older ($\beta = -0.250$) and younger (0.204) individuals differed in terms of their awareness to intention. Compared to younger individuals whose awareness positively affects their intention, the link in the older individual is found to be negative. This outcome proposed that, although older individuals are aware of ethical content when dealing with ethical issues, it does not confirm that their intention will be the same as their awareness. However, apart from the significant path between awareness and intention of older individuals, other paths show that age has no significant effect. Based on these overall results, it failed to support H10.

As with the effect of educational level (H11), significant difference was found only on path awareness to judgement ($t=2.1009$), which indicates that the process of dealing with awareness and judgment is somewhat different between the levels of lower ($\beta = 0.879$) and higher education ($\beta=0.654$). Despite this difference, no moderating effect was determined on other paths based on the level of education. Due to that, the overall outcome shows that hypothesis 11 cannot be supported.

6.8 Summary of the Hypotheses Evaluation

As proposed in the earlier section, the research hypotheses were developed to explain the relationship among the constructs in the comprehensive research model (figure 2.2, page 49). Overall, there are 11 main hypotheses that describe 29 relationships in the model. In order to test these hypotheses, a PLS analysis was employed to examine the data that was gathered from the survey.

As described in the previous section (section 6.5, 6.6, and 6.7), a three part analysis, consistent with the research objective is conducted. Therefore, to provide the whole result based on these details, table 6.26, 6.27, and 6.28 are presented to summarise the evaluation of the research hypotheses.

Discussion of the result will be provided in the next chapter.

Table 6.26: Hypotheses Evaluation of Analysis Part 1 (Antecedents Factors)

Construct	Link		Hypotheses statement	Outcome
Parental values (PGV)	PGV → IDL	H1a	Parental values will positively influence idealism.	Supported
	PGV → RLT	H1b	Parental values will negatively influence relativism.	Not supported
Religiosity (RLG)	RLG → IDL	H2a	Religiosity will positively influence idealism.	Not supported
	RLG → RLT	H2b	Religiosity will negatively influence relativism.	Supported
In-group collectivism culture (IGC)	IGC → IDL	H3a	In-group collectivism culture will positively influence idealism.	Supported
	IGC → RLT	H3b	In-group collectivism culture will negatively influence relativism.	Not supported
	IGC → MA	H3c	In-group collectivism culture will positively influence moral awareness.	Not supported
	IGC → MJ	H3d	In-group collectivism culture will positively influence moral judgment	Not supported
Power Distance Culture (PD)	PD → IDL	H4a	Power distance culture will negatively influence idealism.	Not supported
	PD → RLT	H4b	Power distance culture will positively influence relativism.	Supported
	PD → MA	H4c	Power distance culture will negatively influence moral awareness.	Not supported
	PD → MJ	H4d	Power distance culture will negatively influence moral judgment.	Not supported
Idealism (IDL)	IDL → MA	H5a	Idealism will positively influence the moral awareness.	Supported
	IDL → MJ	H5b	Idealism will positively influence the moral judgment.	Supported
Relativism (RLT)	RLT → MA	H6a	Relativism will negatively influence moral awareness.	Supported
	RLT → MJ	H6b	Relativism will negatively influence moral judgment.	Supported
EDM Process	MA → MJ	H7a	Moral awareness will positively influence moral judgment.	Supported
	MJ → MI	H7b	Moral judgment will positively influence moral intention.	Supported
	MI → MB	H7c	Moral intention will positively influence moral behaviour.	Supported
	MA → MI	H7d	Moral awareness will positively influence moral intention.	Not Supported
	MA → MB	H7e	Moral awareness will positively influence moral behaviour.	Supported
	MJ → MB	H7d	Moral judgments will positively influence moral behaviour.	Not Supported

Table 6.27: Hypotheses Evaluation of Analysis Part 2 (The Moderating Effect of Organizational Ethical Culture)

Construct	Link		Hypotheses statement	Outcome
Organizational Ethical Culture (OEC)	OEC*IDL → MA	H8a	OEC will positively moderate the relationship between idealism and moral awareness.	Supported
	OEC* IDL→ MJ	H8b	OEC will positively moderate the relationship between idealism and moral judgment.	Not Supported
	OEC *RLT → MA	H8c	OEC will positively moderate the relationship between relativism and moral awareness.	Supported
	OEC* RLT → MJ	H8a	OEC will positively moderate the relationship between relativism and moral judgment.	Not Supported

Table 6.28: Hypotheses Evaluation of Analysis Part 3 (The Multigroup Analysis)

Construct	Link		Hypotheses statement	Outcome
Gender	Gender *EDM	H9	Gender has a significant moderating effect on the EDM process.	Not Supported
Age	Age *EDM	H10	Age has a significant moderating effect on the EDM process.	Not Supported
Level of Education (LOE)	LOE * EDM	H11	Level of education has a significant moderating effect on the EDM process.	Not Supported

6.9 Conclusion

This chapter presents the findings based on the analysis of the research data that has been conducted by using PLS analysis. In the early section, the overview of the survey is presented to represent the research process that has been undertaken. The analysis started with the descriptive test to describe the demographics of the respondents. This study involved 236 respondents who are managers from Malaysian large organizations. Then, a full analysis using PLS is used and described in the later section. In order to meet the objective of the current research, the analysis of the data is divided into three parts. In the first part, an examination was conducted to investigate the influence of antecedent factors including parental values, religiosity, culture, ethical ideology in the process of EDM by individuals in these organizations. The second part of analysis examines the moderating effect of organizational ethical culture on the relationship between ethical ideology and the EDM process. In the final part, an analysis was conducted to explore the moderating effect of gender, age and

level of education. Using PLS, two major procedures of assessment analysis is conducted, namely the measurement model and the structural model. Nevertheless, the analysis is extended in part two and part three by using the interaction effect analysis and the multigroup analysis. Based on all the findings of the analysis, research hypotheses are evaluated. Overall, for 29 hypotheses proposed in the current research based on the comprehensive research model, 14 hypotheses were supported, whereas another 15 hypotheses were not supported. Thus, in the next chapter, the implication of these outcomes based on the theoretical development and practical significant is discussed.

Chapter 7: Discussion and Interpretation

7.1 Introduction

Based on the comprehensive research model (figure 4.3, page 95), chapter 5 has provided research hypotheses on the process of ethical decision making (EDM) by individuals in organizations. Overall, there are 29 hypotheses to describe the research model in the current research, as illustrated in figure 5.1 in page 118. In order to test these hypotheses, a survey was conducted among managers from large Malaysian organizations. As presented in chapter 6, the survey data was analysed using Partial Least Square (PLS) based on the Structural Equation Modelling (SEM) technique. Then, the evaluation of the research hypothesis is carried out, which provides the accuracy of the model in explaining an individual's behaviour in organizations. In particular, 14 hypotheses were supported. Following this evaluation, the current chapter provides the interpretation and discussion of the research findings. This chapter shows the principles, relationships and generalisations used to make conclusions based on the findings in explaining the individual process of EDM in an organizational context. Consistent with the arrangement of the analysis section, this chapter presents three major parts. The first part provides the interpretation and discussion of the findings related to the antecedent factors, namely parental values, religiosity, culture (in-collectivism culture and power distance culture), and ethical ideology (idealism and relativism) in the EDM process. In addition, discussion of the four components of the EDM process, namely moral awareness, moral judgment, moral intention and moral behaviour is also presented. The second part focuses on the moderating effect of organizational ethical culture in the EDM process. The final part explains the findings of the moderating effects of gender, age, and level of education based on the multi-group analysis.

7.2 Antecedent Factors of the EDM Process

7.2.1 Parental Values

Hypothesis 1 is divided into 2 sub-hypotheses to test the influence of parental values on the individual's ethical ideology: idealism (H1a) and relativism (H1b).

Hypothesis 1a, H1b

Referring to the ethics literature, the influence of parental values on an individual's ethical behaviour is relatively unexplored. This condition might relate to the argument of Piaget (1932/1977) and Kohlberg (1969) whose theories suggest that, as a person grows, a parent has a non-specific role in their moral development. Despite this notion, data from the field study has demonstrated that parental values play an essential role in an individual's beliefs, especially to determine a moral standard of certain behaviour. According to them, values, such fairness, integrity, and honesty, are among the basic principles that abide by their parental values. In general, these values reflect universal moral principles. Emerging from this analysis, H1a is proposed with the expectation that parental values will positively influence the ideology of idealism. Statistical analysis has demonstrated strong support for this hypothesis. This finding implies that the influence of parents' moral values can induce a person to be more idealistic. Most importantly, this result justified and confirmed the finding of the field study about the influence of parental values. Despite less attention of this construct in ethics literature, many studies have been conducted to examine parental influence on an individual's behaviour in psychological areas. Interestingly, findings of the current research are consistent with these studies (Pratt et al. 2003; Herbert 1986; Schaffer and Collis 1986; Haan, Langer and Kohlberg 1976; Hoffman 1975). This finding provides an indication that parental values have a significant influence on a manager's beliefs that determine the appropriateness of certain behaviour.

With regard to the effect of parental values on relativism, an ideology which rejects moral rules and defines moral standards based on a current situation, it is hypothesized that parental values will be negatively associated with this ideology. However, contradictory findings were found in this research. In particular, the results show a significant and positive effect of this link. This result indicates that parental values can

also lead a person to be more relativistic. Nevertheless, this finding can be considered uncommon compared to the general assumption that a parent will normally influence an individual with universal principles. Due to this, an isolation test was conducted to further analyse the relationship between parental values and relativism. Interestingly, the result of the test also demonstrates a significant and positive correlation of the link ($p < 0.005$; $\beta = 0.350$). A possible explanation for this matter is related to the psychological literature that explains the role of parents in an individual's life. Herbert (1986), a psychologist, proposed that basic qualities of life are "nurtured in the first instance by parents" (p.318). Parents become an exemplary model for each individual (Shaffer and Brody 1981) to provide the fundamental individual attitudes and beliefs about the notion of right and wrong and codes of behavioural conduct. These findings clearly provide additional evidence of the essential role of parental values on an individual's ethical ideology, either idealism or relativism.

Consistent with the psychological literature (Walker, Hennig & Krettenauer 2000; Herbert 1986), this finding suggests parents are the 'agents' of society, exerting the values of life, including ethical and moral values. One possible explanation for this finding is related to Malaysian culture in the following sense. As a society that emphasizes the interrelationship among family members, it can be expected that Malaysian parents tend to act in ways that maintain group cohesion and group norms (Triandis 1995). This creates a consistency of values among parents in Malaysian families. This practice, however, contradicts western society, which considers individuals as largely independent of the family (Georgas et al. 2001). Family members are not often associated with family structures because they believe each person is unique and different (Hofstede 1980). As a result, the values of western families are more diverse than those of Malaysian families.

In addition, Malaysia culture perceives parents to be "regarded as clear authority figures and are obeyed without questions" (Keshavarz & Baharudin 2009, p.70). Therefore, any values modelled by parents can be considered as the right values. Due to this, it is important for Malaysian parents to be aware that they serve as role models in providing a basic foundation for an individual's ethical beliefs. They have a responsibility to teach their children about moral and ethical elements, especially universal values, as these are all incorporated into ethical behaviour. Hence, they

should encourage the practice of such values among family members; for example, the values of respect, honesty, and consideration of other people's welfare.

In doing so, parents are encouraged to attend a parenting course that covers topic related to the individual's moral development. Through this participation, parents will gain knowledge on how to teach their children in a better way about the importance of ethical and moral values. Malaysian organizations can also be active in increasing awareness of parental roles among their employees; for example by running an ethics seminar organizations can send a message to this group about this topic. In addition, the Malaysian government could launch a campaign to increase parents' attention to the way that an individual's ethical values start at home. Parents should know they have a huge task in modelling right ethical values to their children because although many other factors can also affect an individual's ethical ideology, parental values clearly plays a major role.

7.2.2 Religiosity

As described earlier, the construct of religiosity also emerged from the findings of the field study. More specifically, the findings revealed that religiosity plays an important role in determining an individual's ethical ideology. Referring to the literature, religious influence is justified by the theory of symbolic interactionism (Weaver, Bradley and Agle 2002). Accordingly, two sub-hypotheses were developed to describe the effect of religiosity on idealism (H2a) and relativism (H2b).

Hypothesis 2a, H2b

It is expected that religiosity will positively influence idealism (H2a). Evidence from the empirical analysis, however, failed to support this proposition. Findings show that religiosity has a negative correlation with idealism. This finding indicates that the highly religious people are less likely to be idealists, and believe that moral standards might be based on particular action that determines the moral standard of certain issues. This conclusion is inconsistent with prior literature that demonstrates a positive effect of religiosity and moral rules, the elements of idealism (Oumlil and Balloun 2009; Singhapakdi et al. 1997; Rest 1986; Wiebe and Fleck 1980). In addition, this finding contradicts the expectation that highly religious individuals are more attached

to conservative moral ideas, which is perceived as a universal principle. Despite this conclusion, the effect of religiosity is found to be significant, which contradicts the findings of Barnett, Brass and Brown (1996) who found an insignificant relationship between religiosity and idealism.

With regard to the influence of religiosity on relativism, Wiebe and Fleck (1980) emphasize that principles in religiosity are about the value of respecting each other's welfare. Thus, it can be expected that religiosity will negatively influence relativism, as proposed in hypothesis 2b. Based on the findings of this research, the hypotheses were supported. These findings were consistent with previous studies that also reported the negative effect of religiosity on relativism (Barnett, Bass and Brown 1996; Wiebe and Fleck 1980). On the other hand, this contradicts with Oumlil and Balloun (2009) study that found an insignificant effect of religiosity on relativism.

The strong support of H2b and failure to support H2a demonstrates an interesting finding. These findings provide some evidence that high religiosity is characterised by low idealism and low relativism. As discussed in the section 2.6.2 in page 36, Forsyth (1980, 1992) classified this group of individuals as 'exceptionists'. Individuals with this ideology feel compliance to universal moral rules; however, exceptions to these rules are often permissible. This exception is normally permitted under certain extraordinary circumstances (Rawwas 1996).

Another possible explanation of this is that the concept of ethical ideology might not be applicable to a highly religious person. Despite the reason of determining the ethical standards based on the other's welfare (idealism ideology) or situation involved (relativism ideology), a highly religious person might formulate his own individual ethical codes based on religious obligations. Siu, Dickinson and Lee (2000) addressed this point well, "religious persons have value systems that differ from those of the less religious and the non religious" (p.243). To test this notion, further analysis of the religiosity influence on the EDM process was conducted without the presence of other antecedents. Interestingly, the isolation analysis demonstrated that the influence of religiosity was found to be significantly higher on moral awareness ($p < 0.005$), moral judgment ($p < 0.005$), and moral behaviour ($p < 0.005$). This confirms that religiosity has a direct effect on the EDM process, rather than an indirect effect

through ethical ideology. In addition, Cornwell et al. (2005) pointed out the difficulty in explaining the influence of religiosity on ethical ideology because ‘Ethics Position Questionnaire’ (EPQ), a measurement to determine individual ethical ideology, is obtained from a set of absolute social principles. Therefore, the instrument is more aligned with land laws compared to religious rules, which is more “flexible, preaches forgiveness and redemption” (Cornwell et al. 2005 p.542).

While being mindful of this argument, the direct effect of religiosity on the EDM process in the context of Malaysia is of great significance. Religion is central to and dominant in Malaysian culture. As a multi-religious nation, Islam is the most dominant religion (60.4%), followed by Buddhism (19.2%), Christianity (9.1%), Hinduism (6.3%), and others (5%) (Malaysian Statistics Bureau 2002). Related to findings of the current research, exploration into the religious common ground with ethical values seems to be of critical importance. Commonalities between religions about ethical and moral values should be addressed. Such understanding provides a strong foundation to determine an ethical standard based on religious perspective.

To meet this objective, all parties need to be involved. The Malaysian government and religious institutions, for example, should conduct programs such as religious dialogue, conferences and seminars. It needs to be emphasized, however, that these programs should not be designed to find out which religion is more advanced, but rather to discuss the similarities across religions in terms of ethical values. Malaysian organizations can also take part in meeting this objective. Normally, it is common practice in Malaysian organizations to conduct religious classes. In addition, most participants in the field study that has been conducted in this research also mentioned that religious classes are conducted at least once a week in their organizations. However, the focus of such programs is only on Muslim employees. Therefore, Malaysian organizations are encouraged to involve employees from other religions in such programs. An appropriate person could be appointed to lead the program, and through this effort, understanding of how religious values underpin ethical standards can be enhanced.

7.2.3 Culture

According to England (1975), culture is a key determinant in determining individual beliefs, values and attitude. This notion has been supported by previous literature (Arnold et al. 2007; Axinn, Blair and Thach 2004; Singhapakdi et al. 2000; Singhapakdi, Vitell and Frankie 1999; Lu, Rose and Blodgett 1999; Singhapakdi et al. 1999; Yeung and Tung 1996; Ralston, Giacalone and Terpstra 1994; Dolecheck and Dolecheck 1987; Hunt and Vitell 1986, 1992; Ferrel and Gresham, 1985). To assess the influence of culture, two dimensions were selected, namely 'in-group collectivism culture' and 'power distance culture'.

7.2.3.1 In-Group Collectivism Culture

Hypothesis 3a, H3b, H3c, H3d

To test the effect of in-group collectivism culture in the EDM process, four sub-hypotheses were proposed. The positive effect of in-group collectivism culture on idealism was confirmed (H3a). This outcome is consistent with the Swaidan, Rawwas and Vitell (2003) study that also found a positive link between collectivism and idealism. This finding demonstrates that managers in high in-group collectivism culture, when dealing with the process of EDM, are more likely to determine a moral standard based on universal moral values. They become more concerned about other's welfare and perceive that harming others is always avoidable (House et al. 2004).

With regard to the other hypotheses, the findings did not statistically support the significance of in-group collectivism culture on relativism (H3b), moral awareness (H3c) and moral judgment (H3d). This result is consistent with the previous studies that found no significant effect of collectivism culture on ethical behaviour (Rittenburg and Valentine 2002; Kracher, Chartterjee and Lundquist 2002; Singhapakdi et al. 1999), but contradicted with the study by Akaah (1990) that found collectivism culture influences individual ethical reasoning.

These findings lead to an interesting conclusion. They demonstrate that no direct effect of in-group collectivism on EDM processes can be deduced. Nevertheless, they influence the process indirectly through ethical idealism, and not relativism. This conclusion clearly demonstrates the importance of Malaysian organizations

encouraging the practice of in-group collectivism culture within organizations because this ideology can lead a person to engage in ethical behaviour. In particular, employees should be motivated to work together. Job specifications should be designed in groups in order to maximize the social aspects of jobs. This creates a feeling of high interdependence among individuals in organizations. As a result, the relationship among individuals in organizations can be strengthened. When this practice becomes a norm in an organization, individuals tend to make decisions that take into account the welfare of others. They are expected to be compensated in a manner that provides the greatest benefit to all members in the organization, rather than purely on an individual basis.

7.2.3.2 Power Distance Culture

Hypothesis 4a, H4b, H4c, H4d

To test the effect of power distance culture on the EDM process, four sub-hypotheses were developed. The findings of this research did not support the statistical significance of the influence of power distance culture on idealism (H4a), moral awareness (H4c) and moral judgment (H4d). These findings contradict previous studies (Christie et al. 2003; Blodgett et al. 2001; Singhapakdi et al. 1999; Cohen, Pant and Sharp 1995) that found a significant influence of culture on ethical behaviour.

Despite these outcomes, strong support was found on the effect of power distance on relativism (H4b). This finding provides additional evidence to a study by Swaidan, Rawwas and Vitell (2008) that an individual who is high in power distance culture is more likely to adopt the relativism beliefs. One possible justification of this outcome might be related to the practices of accepting inequality in organizations. Managers from high power distance culture expect and perceive that power is distributed unequally in organizations. It is important for them to follow and obey their superior's orders to maintain the harmony of the relationship. For them, preserving 'face', especially of their superior, is very crucial. In other words, they will never provide negative feedback to their superiors because they believe that they are responsible for preserving the face and dignity of their superiors (Abdullah 1992). Consequently, they will avoid any disagreement with their superiors and will follow their orders, even

though it might involve questionable actions. Thus, when dealing with ethical dilemmas, they tend to consider the situation that is involved, which in this case their superior ordered. As a result, this leads them to be a relativist, an ideology that has a negative effect on ethical behaviour

Considering this matter in the context of Malaysian organizations, it is recommended that that power distance culture should be practiced less. One approach to doing so is to re-structure organizational hierarchy. In Malaysian organizations, a 'centralized structure' is common practice to maintain a high level of authority in decision-making concerning an organization's activities. This practice reflects high power distance culture in Malaysian organizations. However, this practice also increases the barriers between employees and their superiors. It is quite bureaucratic, and provides little freedom for employees. In particular, employees cannot make decisions without prior approval. Thus, it is suggested that Malaysian organization reform this practice to encourage high employee involvement and parity in organizational development. Rather than only emphasizing autonomy and power, it is important to focus on human relationships. The best approach to meeting this aim is to implement a 'decentralized structure' (Hall 1963). Through this practice, employees are given more autonomy and allowed to have open conversations with higher management. Thus, existing barriers among employees in the organization can be reduced. As a first step, organization can organize open discussion about moral issues within the organization. This consultation helps an organization to administer initiatives that foster ethical practice. House et al. (2004) state this point well: "reduced power distance can contribute to the flexibility of the organization and enhance the competence building and learning" (p.534).

7.2.4 Ethical Ideology

In general, previous studies have established the positive effects of idealism and the negative effects of relativism on individual ethical behaviour. Therefore, two main hypotheses (H5 and H6) were developed to explain the influence of both ideologies.

7.2.4.1 Idealism

Hypothesis 5a, H5b

The sub-hypotheses of hypothesis 5 were proposed to assess the positive effect of idealism on 'moral awareness' (H5a) and 'moral judgment' (H5b). Based on the findings of the structural model, both hypotheses were supported. This result implied that highly idealist individuals are more aware of ethical content and make more appropriate judgements in their EDM process when dealing with ethical dilemmas. According to Forsyth (1980, 1992), an idealist individual relies on moral rules and emphasizes others' welfare in determining a moral standard of certain behaviour. As a result, an idealist believes that accepting bribery adversely affects all others in organizations, and not accepting bribery is beneficial for others. Therefore, an idealist is likely to be more aware of the issues and judge the bribery issue more harshly.

Further, they always perceive that harming others is always avoidable. This finding clearly contradict with a result of Bass , Barnett and Brown (1998) study that failed to confirm the influence of idealism in individuals' ethical behaviour. However, it is consistent with the other studies that found a positive effect of idealism on individuals' ethical behaviour when dealing with a situation involving ethical content (Oumlil and Balloun 2009; Kim 2003; Elias 2002; Bass, Barnett and Brown 1999; Davis, Johnson and Ohmer 1998; Barnet, Bass and Brown 1996).

In the context of Malaysian organizations, the positive effect of idealism in the EDM process implies the need to encourage the practice of such an ideology among managers. In doing so, universal moral values, such as fairness, respect, caring and honesty, should become a foundation in creating an ethical culture in organizations. In addition, organizations should organize programs such as ethics training, discussions or workshops to talk frequently about such values with their managers. Through this program, awareness about idealistic views can be enhanced. As a result, managers will tend to be more idealistic in dealing with the process of EDM.

7.2.4.2 Relativism

Hypothesis 6a, H6b

With regards to the construct of relativism, hypothesis H6a and H6b were developed to explain the negative influence of the construct on an individual's moral awareness and moral judgment. Outcomes from the structural model have confirmed the expectation that provide support for H6a and H6b. This result basically confirms that relativists reject the idea of universal truth and perceive that moral standards should be based on situational factors surrounding the act (Barnett, Bass and Brown 1996). One possible explanation is that relativists perceive that they are not qualified to judge the morality of a certain action when dealing with ethical issues since the information about the issue is limited. As a result, relativists are more lenient in terms of their awareness and judgment when dealing with ethical dilemmas in an organization. These findings provide additional support for previous findings that suggest relativists are more likely to disengage with EDM (Steenhaut and Kenhove 2006; Sivadas et al. 2003; Elias 2002; Boyle 2000; Yetmar and Eastman 2000; Singahapakdi et al. 2000; Sparks and Hunt 1998).

Although Forsyth (1992) has stated that neither idealism nor relativism is advanced than the other, the findings of this research clearly demonstrate a negative effect of relativism on ethical behaviour. Due to this, the ideology of relativism should be discouraged in organizations. To meet this objective, Malaysian organizations should take the initiative to increase managers' awareness about the disadvantages of the ideology.

On one hand, universal moral values should be emphasized and applied within organizations. As described earlier, relativist managers reject this idea and believe a moral standard of certain action depends upon the situational and self-beneficial factors. To deal with this issue, a private session could be a mechanism for a manager to speak out about any conflicts between what they believe and what the organization wants them to believe. This session could open up more honest communication. If there is any inconsistency, further action can be arranged to support the process of values alignment by these managers

7.3 The Relationship of the Components of the EDM Process

According to Rest (1986), the relationship among the four components of the EDM process can be explained as four logical sequential processes. However, Rest also emphasized that, because the EDM process is a complex and diverse cognitive process, an interrelationship among these four components, which he described as feed forward and feedback loops, can also be expected. Accordingly, hypothesis 7, with its six sub-hypotheses, was established to test the sequential and interrelationship links among the components.

7.3.1 Sequential Process Among the Components

Hypothesis 7a, H7b, H7c

Results of the research analysis seem to corroborate Rest's (1986) argument in which the four components of the EDM process indeed constitute a sequential model (moral awareness-moral judgment-moral intention-moral behaviour). Thus, hypotheses 7a, H7b and H7c are supported. These results extend the findings of the Moores and Chang's (2006) study that a deficiency in any component will result in a lack of ethical decision-making. In addition, the findings also confirmed the important role of intention as proposed by the theory of planned behaviour (Ajzen 1991; Ajzen and Fishben, 1980), that an individual's intention is a function of their behaviour.

As discussed previously, studies that test the link of all the components are still lacking. Despite this gap, many studies have been conducted to test the link of specific components to specific components. Referring to the findings of the current research, it verifies findings of the prior studies (Shafer, Morris and Ketchand 2001; Wagner and Sanders 2001; Rallapalli, Vitell and Barnes 1998; Barnett, Bass and Brown 1996; robin et al. 1996; Singahapakdi, Rao and Vitell 1996; Ferrell, Gresham and Fraedrich 1989; Hunt and Vitell 1986). These confirmation implies that unethical actions may appear if an individual fails to recognize himself or herself as a moral agent whose decisions might affect others (moral awareness), fails to judge the action appropriately based on moral ideas (moral judgment), fails to give priority to moral concerns (moral intention), or fails to engage in ethical action (moral behaviour).

In addition, these findings also revealed the importance of each component in the process of an individual's EDM. Due to this, it is important for Malaysian organizations to provide support in order to strengthen the components. In doing so, an ethics training program designed to familiarise employees with ethical scenarios and provide potential solutions to them is likely to be the best approach. Organizations can use real-world ethical issues in the organizational context in this training. As a result, managers will be more aware of, and sensitive to, ethical dilemmas. In the training, managers should be exposed to the ethical philosophy underpinning individual moral judgment. They should be encouraged to practice an idealistic view when dealing with ethical dilemmas. This can lead them to prioritizing their intentions based on moral justification in order to engage with moral behaviour.

7.3.2 Interrelationship among the Components

Hypothesis 7d, H7e, H7f

With regards to the interrelationship between the four components, the results show a significant link between moral awareness and moral behaviour (H7e). This result suggests that, besides the influence on moral judgment, awareness has a direct effect on individual ethical behaviour, which indicates the complexity of the relationship between components. The finding of this study lends support to Rest's argument, which asserted the complexity of the components in the EDM process. However, it appears to contradict the findings of the Valentine and Fleischman (2003) study that found an insignificant link of awareness to behaviour.

Despite the support on H7e, findings failed to provide a support on H7d, hypotheses of the link between awareness and intention. This implies that when dealing with ethical dilemmas, individuals' awareness is unrelated with their intention. Although they might be aware of ethical content of such issues, it does not confirm their intention will be consistent to their awareness. This outcome is in contradiction to the studies of Singhapakdi (1999) and Singhapakdi, Vitell and Franke (1999) that found an individual's awareness positively correlated with moral intention.

In addition, findings of the current research also show a contradictory result for the expectation of a significant link of judgment to behaviour (H7f). It demonstrates that

an individual's judgment is not correlated with their behaviour. Although they might judge certain actions as ethical, it does not follow that an individual will engage with the action. This outcome contradicts prior studies that found a positive correlation between judgment and behaviour (Valentine and Fleischman 2003; Abdolmohammadi and Sultan 2002; Honeycutt et al. 2001; Ryan 2001; Green and Weber 1997). One possible explanation might be due to other reasons that influence an individual in the sequential process of judgment to behaviour. As a result, it creates inconsistency between the links. The findings are in line with Valentine and Fleischman (2003), who found no statistical evidence to confirm the link between judgment and behaviour.

Other reasons that can also explain these findings are due to the role of intention as a mediating factor between judgment and behaviour. Rather than proposing a direct effect of judgment on behaviour, this finding concludes an indirect effect of judgment on behaviour through intention. Referring to the above discussion related to the relationship among the EDM process, it confirms the sequential and interrelated link among the EDM components. Importantly, it supports Rest's argument about the complexity of the link. This was also mentioned by the participants from the field study. They emphasized that the process is not always consistent and more complicated due to many other factors that influence the decision making process.

One possible explanation is due to the nature of ethics as a gray area (Bruhn 2009). As a result, standards of specific forms of moral behaviour are determined by individual perspective. Therefore, Malaysian organizations are encouraged to develop an ethical procedures manual that outlines the solving process when dealing ethical dilemmas in order to reduce the complexity of the process. As distinct to a code of conduct, the manual would provide specific guidelines for handling ethical issues in an organizational context. This would provide an understanding for managers of the systematic analysis of the EDM process, particularly, the sequential link of awareness, judgment, and intention as the basis for moral behaviour. As a result, managers as an individual in an organization will become more alert and have a clearer vision about what they should do in dealing with ethical dilemmas.

7.4 Moderating Factors of the EDM Process

7.4.1 Organizational Ethical Culture

The theory of socialization process proposes that an individual will modify his internal beliefs and values in order to fit in with the values in the organization he works for. Based on this notion, a moderating effect of organizational ethical culture on the EDM process is expected. To test this notion, H8 was proposed to test the interaction effect of organizational ethical culture on the relationship between ethical ideology and the EDM process.

Hypothesis 8a, H8b, H8c, H8d

In details, hypotheses H8a and H8b describe the moderating role of organizational ethical culture on the relationship between i) idealism and moral awareness, and 2) idealism and moral judgment. In hypothesis H8c and H8d, the moderating effect of organizational ethical culture on the relationship between i) relativism and moral awareness and 2) relativism and moral judgment, is proposed.

Referring to the structural model, interesting findings were discovered. It was found that the organizational ethical culture has a moderate effect on both ideologies - idealism and relativism - in the EDM process. However, the effect is only limited to moral awareness and not moral judgment. Therefore, H8a and H8c are supported, and H8b and H8d are not supported. This finding demonstrates that the ethical culture in an organization has a moderate influence on modifying an individual's ethical ideology, regardless of what their ethical ideology is. More specifically, it strengthens the ability of managers to recognize ethical content.

This outcome is in line with the previous argument as explained by socialization theory (Maanen 1978). In addition, it also supports the study by Weaver and Trevino (1999) who found a significant effect of ethical programmes on individual moral awareness. On the other hand, it repudiates studies by Murphy, Smith and Daley (1992) and Somers (2001) that suggest individuals in highly ethical culture organizations are less aware of unethical activities in their organizations.

While this finding is encouraging, PLS analysis reveals that the link between ethical ideologies and moral judgment was found to be unaffected by organizational ethical culture (H8b and H8d). In other words, preferred ethical values in organizations plays no role in a manager's judgment because his or her own personal values are very influential in their judgment. These findings contradict the concept of 'eventual convergence' of individual's values with the values of the organizations when they enter the organization (Douglas, Davidson and Schwartz 2001). In addition, these findings are also opposed to the Maanen's (1978) theory. Despite the contradict result, this outcome is consistent with previous studies that have also failed to detect any effect of organizational ethical culture on moral judgment (Douglas, Davidson and Schwartz 2001; Udas, Fuerst and Paradice 1996).

This finding provides an indication that organizational ethical culture might have a direct effect on an individual's moral judgment rather than indirectly influencing the EDM process through ethical ideology. To test this notion, an isolation test of the direct effect of organizational ethical culture (OEC) on moral judgment (OEC→MJ) was conducted. Interestingly, when this relationship was tested in isolation of the ethical ideology construct within the model, the link of organizational ethical culture and moral judgment was found to be significant ($p < 0.05$). This finding suggests that organizational ethical culture can actually influence an individual's moral judgment directly when dealing with the EDM process.

The finding of the isolation test demonstrates that to encourage the practice of moral judgment, the ethical culture in organizations needs to be strengthened. Practically, for managers in organization, however, their judgment is not just influenced by the culture in organizations because there are multiple factors that influence their judgment when dealing with ethical dilemmas, especially their own ethical ideology (as found in this research). These findings indicate huge challenges for organizations to ensure the values of individuals and the values of organizations are consistent when dealing with the process of EDM in the organizational context.

Despite the magnitude of the challenge, Malaysian organizations are encouraged to take initiatives to strengthen the implementation of ethical practices that comprise formal and informal structures within organizations (Stevens 2008; Trevino 1992).

Referring to the measurement model related to the organizational ethical culture dimensionality (as shown in chapter 5), the item of 'organizational value' ($t=28.8183$) is the most significant factor influencing individuals in organizations. This implies that through values, organizations can fully promote ethical practices as the aspiration of an organization to achieving the highest of values. Therefore, it is important for Malaysian organizations to emphasize to their employee how, when dealing with ethical issues, they need to closely follow organizational values to avoid any conflict between what they believe and what the organization wants them to believe. In addition, findings have also demonstrated the importance of other items, namely 'open door policy', 'community based', and 'employee welfare' values, which can be highlighted by organizations in their ethical programmes. Beside these factors, organizations could also integrate ethics in their reward and punishment policies. More specifically, ethical behaviour should be rewarded and unethical behaviour should be punished. Organizations should transmit this message via a number of mechanisms, such as performance evaluation, promotion, and compensation systems.

7.4.2 Gender

Hypothesis 9

In terms of the gender effect (H9), contrary to expectations, findings of the multi-group PLS analysis failed to support the moderating effect of gender on the EDM process. Therefore, hypothesis 9 is rejected. More specifically, no significant difference was found between men and women in the process of EDM. This result neither takes the side of those studies suggesting that women hold higher moral standards (Valentine and Rittenburg 2007; Collin 2000; Cohen, Pant and Sharp 2001; Loe, Ferrel and Mansfield 2000; Franke, Crown and Spake 1997; Dawson 1997; Ford and Richardson 1994; Ruegger and King 1992; Singhapakdi et al. 1992; Akaah 1990; Akaah and Riordan 1989; Betz, O'Connell and Shepard 1989) nor the side of those studies suggesting that men are stricter than women when dealing with ethical issues (Marques and Pierra 2009; Fritzsche 1988). Furthermore, these findings contradict Kohlberg's (1969, 1984) and Gilligan's theory (1982) that proposed the distinction of ethical behaviour in the opposite gender.

In general, overall outcome suggests that gender has no role in individual ethical behaviour, which provides additional support for the previous research (Marques and Pereira 2009; Lam and Shi 2008; Radtke 2000; Serwinek 1992).

One possible explanation due to this finding is that men and women share the same view when dealing with ethical dilemmas in the organizational context, as asserted by McNichols and Zimmer (1985). This similarity might be related to the structural theory that explains how women become more like men because of their occupational situation (Singhapakdi and Vitell 1992, Dawson 1997; Betz, O'Connell and Shepard 1989). As their career unfolds, women managers tend to shape their work-related interest, decisions and practices in the same way as their male counterparts (Betz, O'Connell and Shepard 1989).

In the context of Malaysian organizations, these findings demonstrate that no gender-specific training is needed. Rather, the training should be fully designed to enhance the ethical attitudes among managers. In the training, managers should be exposed to moral philosophy (Miner and Petocz 2003) to provide various moral theories underpinning a justification of moral standards. Opportunity should be given for all managers to openly discuss a variety of ethical concerns that arise in work setting so they can talk about it, argue, and resolve these issues. Although the discussion does not intend to set any special moral standard on certain issues, different arguments and views on the matter can assist managers to be more discerning about the issues.

7.4.3 Age

Hypothesis 10

Kohlberg (1969, 1984) argued that individuals move through different stages of morality as they age and, when they become older, their level of morality becomes higher. In addition, Dawson (1997) also claimed that experience changes with age, suggesting that, as age progresses, a person becomes more experienced and their moral standards become higher. Consequently, the EDM process by older individuals will be higher compared to the younger individuals. Previous studies have supported this notion (Bass, Barnett and Brown 1998; Rawwas and Singhapakdi 1998; Ruegger and King 1992). Referring to the multi-group analysis, however, overall findings

failed to support the moderating effect of age in the EDM process. This is consistent with prior studies indicating no significant relationship between age and the EDM process (Ross and Robertson 2003; Douglas, Davidson and Schwartz 2001; Shafer, Morris and Ketchand 2001; Larkin 2000; Singhapakdi et al. 1999, 2001; Kohut and Corriher 1994; Stevens 1984).

This finding demonstrates the fact that young and old managers have similar processes when dealing with the ethical dilemmas. One reason of this conclusion might relate to their obligation to follow ethical conduct as required in organizations. Therefore, although the young managers might have limited experience in handling ethical issues, they rated EDM as important as the older managers did.

Despite this interpretation, however, a difference is detected in the relationship between moral awareness and moral intention. In particular, the linkage between awareness to intention for young managers is not significant, while the linkage for old managers is positively correlated. This finding provides a justification that the EDM process of old managers is stronger compared to young managers. Although the difference is limited, it still indicates the need for Malaysian organizations to encourage ethical practice among young managers, who might be new to organizations. They might be lacking in terms of experience in handling ethical dilemmas in organizations. Thus, to enhance the experience, organizations could conduct workshops for these young managers to sharpen their knowledge about ethical issues, and to familiarise them with all the applicable ethical rules and guidelines in the organization.

In addition, a mentoring program for both old and young managers could also be conducted in organizations. This approach could provide the young managers with more knowledge, enhance their maturity level, and increase their intention to behave ethically, despite their age.

7.4.4 Level of Education

Hypothesis 11

It is expected that level of education has a moderating effect in the EDM process. Therefore, a difference in such process between higher educational level managers and lower educational level managers is proposed. Referring to the findings, although a significant difference is detected, it is limited to the link of awareness and judgment.

More specifically, the link of awareness to judgment for lower educational level individuals was found to be stronger compared to those with higher education levels. Overall findings, however, failed to support a moderating effect of educational level on the other link in the EDM process. This outcome suggests that, when it comes to the process of EDM, no difference between individuals with higher or lower educational background can be derived. Therefore, H11 cannot be supported. This result contradicts previous theories (Janssen 1989; Rest 1994; Kohlberg 1980a, 1980b) and studies (Razzaque and Hwee 2002; Smith and Oakley 1997; Jones and Gautschi 1988; Browning and Zabriskie 1983) that demonstrate educated people have higher ethical standards compared to lesser educated people. Nevertheless, the finding provides additional support to the previous studies that found education and ethical behaviour are not related to an individual's ethical behaviour (Marques and Pereira 2009; Marta et al. 2004; Shafer, Morris and Ketchand 2001; Frederich 1993; Serwinek 1992; McNichols and Zimmer 1985; Dubinsky and Ingram 1984).

One possible explanation for this finding relates to the education system in Malaysia. Educational subjects that integrate ethical issues are normally taught at university level. More specifically, they are mostly taught in business programs rather than all courses. There is a need to highlight that managers in this research might come from various disciplines and educational backgrounds. Thus, it is expected that they would not have had the educational background that pertains to ethics as a subject, which therefore influences their perceptions of the effects of education on ethical behaviour. This clarification indicates the need to include ethics as a subject at all Malaysian educational program levels. The syllabus should be developed to provide knowledge about ethics and morality. Malaysians students should be exposed to the theory and practice of ethics to get a good grounding in basic ethics and moral standards. As a

result, they will be more aware of the importance of ethics. When they join an organization, making ethical decisions will be a priority because they will have a deeper understanding of what ethics means.

7.5 Conclusion

This chapter has provided a discussion of the findings based on the PLS analysis, as presented in chapter 6. Based on the research questions and objectives, interpretations of the hypotheses are carried out. Overall findings show that ‘parental values’ and ‘religiosity’ have a significant effect on ethical ideology. In terms of cultural influence, ‘in-group collectivism’ is found to have the strongest effect on idealism, whereas ‘power distance culture’ is confirmed to have the strongest effect on relativism. To explain why individuals reach different conclusions on the same ethical issue, findings have confirmed that ‘idealism’ and ‘relativism’ are the main reason. Idealism was found to have a positive effect on the EDM process, whereas the effect of relativism was found to be negative. The discussion also reveals the important role of ‘organizational ethical culture’ to moderate an individual’s ethical ideology, especially in enhancing the first component of the EDM process - moral awareness. With regards to the relationship among the four components of the process - ‘moral awareness’, ‘moral judgment’, ‘moral intention’ and ‘moral behaviour’ - findings confirmed these components are a sequential process. Nevertheless, the relationship between awareness and behaviour is also confirmed. Therefore, the interrelationship between these four components is verified. In the final part of the discussion, findings have shown that gender, age and level of education level have no moderating effect on the process of EDM. Despite this finding, overall outcomes have confirmed the notion that the EDM process is influenced by multidimensional factors. In addition, a premise of the complexity within the components of the EDM process can also be established.

Chapter 8: Conclusion and Future Directions

8.1 Introduction

This final chapter provides conclusion of the current research that has been conducted. The next section presents a summary of the research based on the research questions and objectives that emerged from the relevant literature. In addition, the research theme, methodology, analysis, results and interpretation of this research are discussed. This chapter also addresses how the research findings contribute to existing knowledge in terms of methodological, theoretical and practical parts. Furthermore, the implications of this research on Malaysian managers are also identified, followed by the limitations of the research. In the final section, directions for future research are outlined in order to suggest potential areas that could be valuable in the context of the current research.

8.2 Summary of Research

According to prior research, there are multidimensional constructs that have been determined as the antecedent factors of individual ethical decision making (EDM) process. Despite this assertion, two constructs have been determined as the most significant factors, namely **culture**, and **ethical ideology** with the moderating effect of **organizational ethical culture**. The most generally accepted concept is that culture plays an important role in determining an individual's ethical ideology, which affects how an individual establishes a certain moral standard behaviour. However, when an individual enters an organization, this ideology will be affected and modified by the culture of the organization that provides a guideline of how ethics should be practised in the organization. This theme clearly shows why and how antecedent factors influence an individual in dealing with the process of EDM in an organizational context. In addition, the existing literature has also determined the moderating effects

of **gender, age and level of education** in such process. According to Rest (1980, 1984, 1986, 1994), the EDM process can be explained by four components: **moral awareness, moral judgment, moral intention and moral behaviour**. Following these construct, a review of the relevant existing literature is performed (as discussed in chapter 2), and initial model (figure 2.2, page 49) that explained the relationship among the constructs within the EDM process is developed.

In the methodological part (as described in chapter 3), this research employed a mixed method approach, which combined qualitative and quantitative methods in a two-phase data collection process. In the first phase, the main objective was to test the applicability of the initial model. In addition, it also aimed to explore the dimensionality of the antecedent factors of the EDM process. Field study was conducted to complete semi-structured interviews with 14 managers from large Malaysian organizations (as described in chapter 4). A content analysis using NVivo software was performed to analyse the data. Overall, the findings have supported the initial model. Nevertheless, interesting outcomes emerged with regard to the antecedent factors in the EDM process. The majority of the participants (N=13) emphasized the influence of **parental values** and **religiosity**. Due to this, a justification based on the literature was made and these two factors were added to the comprehensive research model (figure 4.3, page 95). Consequently, hypotheses within the model were established (as presented in Chapter 5). Overall, 11 main hypotheses with 29 sub-hypotheses were proposed.

The second phase of the research method employed a quantitative approach to test these hypotheses. This phase involved the development of the questionnaire for the research survey (as described in chapter 6). Within this process, a few manipulation checks in developing the scenarios for the questionnaires were carried out. After the whole questionnaire was set up, a pilot study was conducted on 57 respondents. Based on the feedback, some modifications were made and the final questionnaires were distributed to managers from large Malaysian organizations. In total, 557 questionnaires were gathered. To ensure the applicability and relevancy of the data, a pre-test using PLS was carried out. The outcome of this procedure revealed some problem related to R² values. Thus, a procedure for the data screening was performed and a total of 236 respondents was finalised. The full analysis using PLS was then

conducted with more specific objectives in line with the research questions. Overall findings confirm the multidimensional constructs that surround the EDM process applied by individuals in organizations. Furthermore, the findings prove the sequential and complex process of making ethical decisions in the organizational context. Most importantly, this research has established a behavioural framework that encompasses a fully functional model of the EDM process applied by individuals in organizations.

8.3 Contributions of the Research

8.3.1 Methodological Contributions

The major contribution of this research hinges on the method that has been adopted in this research. As opposed to most studies in the ethics area, which commonly engage in a mono-method approach, this research applied a mixed method that combines qualitative and quantitative approaches in the data collection process. As described earlier, a field study followed by a national survey were conducted in the data collection process.

The main reason for this mixed method relates to the fact that EDM research is based on the Malaysian environment, a place that has received little attention. Referring to existing literature, almost all the theories and studies of EDM area were developed based on western perspectives (Singhapakdi et al. 2000; Zabid and Alsagoff 1993). Therefore, by implementing a mixed method, appropriate measurements and instruments in the context of this research can be derived. In addition to this, the dimensionality of the construct can also be explored.

It is understood that obtaining data in the area of ethics can be very challenging due to the multiple constructs and dimensions surrounding this area. Thus, using mixed method to test the initial model in the field study provided valuable information on the accuracy of the model. For example, two additional constructs, namely **parental values** and **religiosity**, were discovered as relevant factors in the EDM process. As a consequence, both factors were added to the comprehensive research model. Based on the PLS analysis, the influence of these two factors in the EDM process was confirmed. In existing ethics literature, almost all references failed to address these two constructs. Therefore, conducting a field study using a qualitative approach

served a valuable role in providing valuable information relating to the theoretical part of the study.

Based on the above discussion, it is suggested that mixed methodology should be considered in future research. This combination of methods helps to specify the functional relationship between constructs for a more adequate understanding. Furthermore, this method provides the necessary information for fully-fledged explanatory arguments in order to confirm or revise the existing theory, especially when the literature on the research topic is still lacking.

8.3.2 Theoretical Contributions

There are a few major theoretical contributions that have been established in this research. The first contribution is related to the antecedent factors that influence the process of EDM by individuals in organizations.

As discussed earlier, findings from the literature and the field study have provided a notion of the multidimensional constructs that influence the EDM process by individuals in organizations. Despite the variety of the antecedent factors, this research has justified the ethical ideology construct as the most important factor in the process. The ethical ideologies of idealism and relativism provide distinctive frameworks for individuals to determine the rightness or wrongness of the morality of a particular behaviour. As a result, individuals who differ in terms of the ideological dichotomy of idealism versus relativism make different ethical decisions. In particular, idealist managers judge unethical behaviour in a given scenario more harshly and relativist managers judge such behaviour more leniently. These findings demonstrate that differences in moral judgment were significantly influenced by variations in managers' ethical ideologies, whether idealist or relativist.

The findings of this research also extend the literature related to the antecedent factors of individuals' ethical ideologies. It is found that culture plays a crucial role in determining an individual's ethical ideology. In particular, findings have shown that the strongest factor determining the ideology of idealism is in-group collectivism culture, whereas the strongest factor determining the relativism ideology is the power distance culture. This established the notion that culture is a key determinant of an

individual's ethical ideology that affects values, attitudes and beliefs, and leads them to behave ethically (Singhapakdi et al. 1999; Lu, Rose and Blodgett 1998; England 1975).

Another important contribution of this research is the findings on the influence of parental values and religiosity. These two factors have emerged from the findings of the field study. Since parental values and religiosity are still relatively unexplored in the ethics literature, it provides the rationale behind the failure to address both constructs in the initial model. Interestingly, the statistical findings of this research have confirmed the effect of parental values and religiosity in the EDM process. The discoveries made about these two factors provide an important contribution in order to understand the antecedents' factors that influence an individual's EDM process in Malaysian context. Therefore, a consideration of these two factors needs to be undertaken, especially in conducting future research in Malaysian context. With the inclusion of parental values and religiosity in the comprehensive research model, a complete framework that describes the behavioural model based on the research context can be proposed. As discussed earlier (section 7.2.1, page 180), Malaysian cultural practices might be the main reason behind the influence of parental values and religiosity in the process of EDM.

With regard to the moderating effects of gender, age and level of education, no statistical significance can be detected. These findings indicate that the individual's process of EDM in the organizational context is not demographically related.

Besides the major findings in terms of the antecedents' factors of the EDM process, this research has also extended Rest's theory of a 'Four Component Model'. In particular, this research has provided confirmation of the sequential process and the interrelationship of EDM. In addition, this finding also demonstrates the complexity of components in the process of EDM.

Based on the above discussion, this research has contributed to the development of the complete behavioural model that combines the antecedent factors, moderating factors and the entire process of EDM. By possessing all these elements, the framework can be considered as the paramount model that provides a conceptual base for the EDM process by individuals in an organizational context. Most importantly, it reveals the

interaction of the constructs to provide an explanation of what exactly influences the individual in engaging in ethical behaviour. Overall, this research has confirmed the research theme as mentioned earlier, and the addition of parental values and religiosity provides a major contribution to the literature related to the antecedent factors of the EDM process.

Another important contribution of this research is related to the operational definition of Malaysian large organizations. As described in the previous section, the operational definition of large organizations in this research context is defined based on the benchmark of an SME definition provided by Small Medium Enterprise Corporation Malaysia (SME Corp. Malaysia), a governmental agency in Malaysia. However, based on the analysis of the PLS, using this definition gave very low scores of R^2 . To overcome this issue, a data screening process was conducted by selecting only organizations that have more than 1000 employees. This improved the scores of R^2 substantially. Hence, this study established the fact that EDM issue is more relevant for larger organizations. In addition, the existing literature has also argued that implementation of ethics is related to the size of organizations (Spence 1999; White, Pearson and Wilson 1999; Ettlie and Rubenstein 1987). Large organizations have more ability to implement strong ethical practices compared to small organizations, which might place less priority on this matter. This is because these organizations differ in terms of structure, priority, and financial capacity.

8.3.3 Practical Contributions

As discussed in chapter 7, this research has provided guidelines to develop better ethical program policies for a range of stakeholders, including government, private, family, and religious institutions. Nevertheless, the main contributions of this research in practical terms are applicable to Malaysian organizational practices. More specifically, the findings of this research clearly demonstrate the important task of creating an ethical environment within organizations. This can be achieved by using both formal and informal approaches, including training, dialogue sessions, seminars, and also by the reformation of organizational structure. All these efforts have the objective of creating a culture that encourages ethical conduct in organizations.

Despite this objective, it is important for organizations to realize, however, that a culture of ethical practice among individuals in organizations cannot be established overnight. The reason for this is because people in organizations come from different backgrounds. Therefore, their beliefs and values are determined by many other factors: culture, parental values, religiosity, gender, age and level of education. As shown in this research, these factors influence individuals to determine the morality of certain actions. Accordingly, the implementation of an ethical culture in organizations must be strengthened to reflect what ethical values are to be most prominent. At the same time, the awareness of all managers in organizations should be increased. Thus, organizations should take action to communicate the ethical values preferred in the organization. For example, a code of ethics and ethical policies and procedures should not only simply be of symbolic status, but be actively enacted within the organization. Consequently, an appropriate approach should be undertaken by organizations to provide a clear, concise and coherent vision about their commitment to enhance the EDM process by individuals in organizations.

This point leads to another practical contribution of this research in regards to the implementation of an ethical compliance system in organizations. As reported in this research, findings revealed that the effect of organizational factors is only limited to moral awareness. This conclusion means a moral judgment of an individual in an organization is still not dominated by the environment in the organization. Therefore, to overcome this, it is important for the organization to monitor a manager's awareness of the ethical values in organizations. For example, organizations can conduct ongoing discussions among individuals within the organization. Through this approach, any issues or concerns related to ethical issues can be identified. In addition, individuals should also be encouraged to report any misconduct. Organizations can appoint an ombudsman, a person who has sole responsibility for ethical issues by receiving and investigating any complaints about unethical conduct. This will encourage anyone to be more aware of unethical practices in organizations and to 'blow the whistle' without facing any reprisals.

Overall, this research has implied the crucial challenge faced by organizations to develop the right culture for the right behaviour within the organizations. When the environment to behave ethically is occurred, ethical expectations are clear and

appropriate approaches to ethical dilemmas are well known, the process of EDM can be enhanced. Most importantly, any conflict can be reduced because individuals in organizations realized that when dealing with ethical dilemmas, decision should not be made based on self beneficial interest but need to be made in the best interest of organizations.

8.4 Implications for Malaysian Managers

Perhaps the major implication of this research is that Malaysian managers must engage in hands-on efforts to articulate the practices of EDM within an organization. As emphasized in this research, a manager is a very important person who sets the 'moral tone' in an organization. His or her attitudes towards ethical issues reflect how ethics is being practised by the organization. Accordingly, the current research implies that Malaysian managers should be able to realign what they believe with what has been practised in organizations. In particular, their personal values, which were derived from their own cultural practices, must be consistent with the values of the organization. Any inconsistency should be adjusted and modified. In doing this, a discussion can be conducted with top management using upward and downward communication (Stevens 2008). Through the discussion, any conflicts that arise can be managed appropriately. This reality may be a big challenge for managers and modification of their personal ethical beliefs is a difficult process. However, Malaysian managers should realize that they have a huge responsibility to enhance the practices of EDM in organizations. They should acknowledge that employees pay attention to the managerial ethical standard set by them because managers are the salient authority in the organization and hold employees accountable for ethical standards (Trevino, Weaver and Reynolds 2006; Baumhart 1961).

Clearly, Malaysian managers must take the lead in promoting the practices of EDM in organizations. It is crucial for them to improve their personal qualities to present a model of the desired behaviour to others. These qualities can be explained by the concept of 'ethical role model' asserted by Weaver, Trevino and Agle (2005). According to this concept, as a role model of ethical conduct, the manager should "care about their people's values and maintain a relationship with others, and treat others fairly" (Weaver, Trevino and Agle 2005, p.327). Managers should therefore be

'extremely cautious' of their own behaviour because of their influence as a role model (Falkenberg and Herremans 1995). He or she must practice integrity and hold high ethical standards and good values and attitudes.

In addition, this research also implies that Malaysian managers should empower themselves with the knowledge of EDM practices in organizations. Enhancing a thorough understanding in such areas should be a top priority for managers. In doing this, managers are urged to actively take part in ethical programs such as ethical training courses.

Although organizations offer these kinds of programmes, managers should extend their options by attending training courses organized by public and private organizations. For example, the Institute Integrity of Malaysia (IIM) provides a range of courses and training for managers to increase their awareness of ethical issues in organizations. It is recommended managers become involved in these activities. With their participation, Malaysian managers can enhance their knowledge and understanding of ethical issues in the organization because they have "a critical role to perform in identifying ethical issues and problems for organizations" (Minkes, Small and Chatterjee 1999, p.330). Besides being more aware of information related to the ethical issues in their organizations, Malaysian managers should also be fully conversant with current rules and regulations as authorised by the Malaysian government. In addition, they need to be aware of any recent updates to professional codes related to their area of expertise.

Overall, this research implies that Malaysian managers have a vital role in the process of EDM within organizations. They have a great responsibility in setting up the objectives that value ethics. It is not just about putting rules or procedures into the organization, but cultivating the desire to put into practice the ethics within the organization. To meet this objective, as an individual in an organization, managers play a key role. More specifically, managers should understand this objective and have thorough knowledge of this matter in order to communicate to others in the organization. However, as a proactive role model for ethical practices, they should also practice what they preach. In other words, they must lead others by '*walking the talk*'.

8.5 Research Limitations

Despite the major findings, this research needs to be considered in view of its limitations. The first limitation relates to the construct of culture. Despite the nine dimensions that have been proposed by House et al. (2004) in the GLOBE Study, this research only focuses on two dimensions: in-group collectivism culture and power distance culture. Although it has been justified that these two dimensions are the most significant dimensions in explaining culture in the ethics literature, future research might also want to extend the other dimensions of culture. In addition, given the limitations of the time available to conduct this research, the study has not been able to accommodate the existence of sub-cultures within the Malaysian culture as an identification of cultural dimensions and sub-cultural groups.

Another limitation is related to the social desirability bias (Crowne and Marlowe 1960,1964). As mentioned earlier, the topic in this research involves the area of ethics. Thus, the sensitivity of this topic raises the issue of such bias, whereby respondents tended to create a 'holier than thou' response (Fry and Hock 1976). In other words, they tended to be more ethical when they realized that a research is about ethical behaviour. Previous research has found that social desirability bias can create uncertainty in the findings of ethics research. Although a few procedures have been undertaken in this research, future researchers might want to consider using items to measure social desirability bias. For example, the Marlowe-Crowne Social Desirability Scale (Crown and Marlowe 1960) can be used to examine the degree of responses that are related to this bias. However, extra attention needs to be given to use this tool because it might be able to provide a moderating effect, as was discovered in previous research (Mazen 1990). Thus, the use of any tool to measure the bias in ethics research needs to be chosen carefully.

Although all the developed scenarios in this research have gone through a process of manipulation check to ensure the verification of the cases, the consideration that only one case is involved, i.e. bribery still becomes a limitation in this research. Jones (1991) proposed that, when dealing with ethical dilemmas, individuals would react differently according to the level of the ethical issue. If the individual believes that they are dealing with a highly ethical issue, they tend to make decisions more

carefully. However, if the dilemma is considered to be not important, they are not really aware of the ethical ramifications. This concept is related to moral intensity, which refers to “the extent of issue-related moral imperative in a situation” (Jones, 1991, p.372). Although the case of bribery is considered to be very significant in representing the ethical dilemmas in organizations, the presence of a variety of unethical issues will provide an understanding of how individuals deal with the EDM process in an organizational context.

Another issue that also needs to be considered about this study is related to the process of data screening that has been conducted. As mentioned earlier, this research employed a data screening process due to the poor findings in the pre- analysis of survey data. As a result, 236 managers were selected as an appropriate sample in this research to represent managers from large Malaysian organizations. The major restriction about this matter is that the remaining 321 respondents were put aside and not analyzed. This could create uncertainty about the other responses. Despite this issue, the above procedure needed to be conducted as it was necessary to ensure the data is appropriate and relevant for the objectives of this study. Most importantly, it is capable of presenting the findings of this research, relating to the EDM process of managers in large organizations.

Based on these aforementioned limitations, some valuable key points for future research can be addressed, which are highlighted in the next section.

8.6 Future Directions

As consistently mentioned, there are multidimensional constructs that have been determined as the antecedent factors in an individual’s EDM process. Although the current research has proposed and confirmed a series of constructs that are relevant and significant in the EDM process, the examination of the relationship among the constructs is limited. In this research, the relationship was analysed based on the objectives of this research. Therefore, further work needs to take into account the possible correlation between the constructs. For example, based on previous studies, age was found to have a significant effect on idealism and relativism (Hartikainen and Torstila 2004; Marques and Peirera 2009). Therefore, the investigation of a link

between age and ethical ideology can be proposed. It is expected that older individuals are more likely to adopt idealistic beliefs compared to relativistic beliefs (Forsyth 1980). Given that these constructs might be related to each other, the investigation of the link will improve the ability of the model in explaining the relationship among the constructs in the EDM process. In addition, a few isolation tests conducted in an earlier section (section 7.2.1 and section 7.3.1) also indicate some possible links among the constructs. For example, an isolation test of religiosity has shown a direct effect of the construct on the EDM process. This link is also supported by previous studies that found a direct effect of religiosity on moral judgment (Tse and Au 1997; Wimalasiri, Pavri and Jalil 1996; Clark and Dawson 1996).

Although culture has become a primary consideration in this research, it is suggested that future research endeavours should investigate the influence of subcultures to extend the findings of the present study. For example, this study involves three main ethnicities of Malaysia: Malay, Chinese and Indian. Despite the fact that the cultural practices among these three groups have been generalized (House et al. 2004; Hofstede 1980, 1991; Singhapakdi et al. 1999; Zabid and Alsagoff 1993), previous research has found that each ethnic group has slightly different practices compared to the others. In a study by Zabid and Ibrahim (2002), for example, they found that Malaysian behaviour towards EDM is also determined by the influence of subcultures. In particular, Zabid and Ibrahim (2002) found that Malays have lower ethical values compared to Chinese and Indians toward given scenarios. In another study, Mokhlis (2006) suggests that subcultures influence an individual's perceptions and behaviour on certain issues. Thus, considering these findings, the cultural influences in the present study can be extended by examining the effect of subculture based on the ethnicity of the sample. For example, are there significant differences in the EDM process between Malay, Chinese and Indian managers? What are the similarities and differences in ethical orientation between these three ethnicities based on their culture? By answering these questions, additional evidence about cultural influences can be further explored.

Although this current research reported that the effect of the respondent's age, gender and educational level had no significant effect on the EDM process, mixed findings on the effect of age on the link of awareness to intention, and the effect of educational

level of awareness to judgment, warrant further investigation. The significant differences in these two linkages need to be examined further in order to understand why younger people display a lower level of intention and why higher educated managers demonstrate less judgment? It is possible that other relevant factors, such as professional codes or peer pressure, interact with age and educational level to influence the process of EDM, thereby affecting the relationship among the components. Perhaps future research in this context will shed more light on this.

Another area for future research is related to the methodological part. Even though the current research has employed a mixed methodology as an initiative to enhance the data collection process, research related to the ethics area can be further enhanced with a variety of other methods. One possible method that can be considered is conducting a group study. The implementation of a 'focus group' is organized by conducting an interview based upon systematic questioning with several individuals concurrently in a formal and informal setting (Fontana and Frey 2000). It is designed "to identify issues in an exploratory sense" (Vyakarnam et al. 1997) with very specific questions. It is normally conducted after analysis is completed. This method gives a voice to any undetermined findings. According to Denzin and Lincoln (2000), the focus group method "reduces the distance between the researcher and the researched" (p.641). For example, in this research, it shows that gender, age and level of education have no moderating effect on the EDM process. Thus, by conducting a focus group, the researcher can elicit managers' opinions to further examine the effect of these factors in the process of EDM by individuals in organizations. Referring to the ethics literature, there is previous research that has adapted this approach (e.g. Vyakarnam et al. 1997; Carrigan and Attalla 2001).

8.7 Conclusion

This final chapter starts with a summary of this research. Then the contribution of the research was addressed in methodological, theoretical and practical parts. In the methodological part, the mixed method approach that has been undertaken provided valuable information, especially in testing the initial model, and helped to develop a comprehensive research model for this research. In terms of theoretical contribution, this research has presented a fully functional framework of the individual's process of

EDM. More specifically, it explains which factors influence the process and how the process is practiced by managers when dealing with a situation involving ethical content. Furthermore, the framework has extended prior theories and research related to the area of the EDM process. In the practical part, the major contribution of this research relies on the crucial role of organizational ethical culture and needs to be given extra attention by organizations in order to encourage the practices of EDM. With regards to these contributions, the implications for Malaysian managers were discussed to highlight the important role of managers in organizations. As is common in research, as well as the contributions, the limitations have also been addressed. Nevertheless, these limitations are referred to as a foundation for future research, as suggested in the last section of this chapter. Overall, this research has provided insights into the EDM process by individuals in an organizational context. More specifically, it has demonstrated why and how EDM is being practiced by managers in Malaysian large organizations. Although this research is specific to Malaysian industry, it has provided a general conclusion for the behavioural model of individuals in organizations. Most importantly, a deeper understanding of this area can be deduced because at the end, the more that is understood about the managers' ethical behaviour, the better the action that can be developed to enhance the process of EDM by individuals in the organizational context.

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Appendix 1: Questions of the Field Study

ETHICAL DECISION MAKING PROCES STUDY QUALITATIVE QUESTIONS

The 1st focus in this research:

How do culture, ethical ideology and organizational ethical culture within an organization relate to the individual EDM process?

This leads to the following questions

1. In your opinion, what do you understand by the term 'ethics' in organization?
(*Concept of Ethical Ideology*)
 - a. How do you combine ethics within your decision making process in this organization? (*Definition*)
 - b. In general, do you think that people should always behave ethically?
(*Idealism*)
 - c. Can you give examples of people behaving unethically in organizations? Do you think it is acceptable due to certain pressing circumstances?
(*Relativism*)
2. What do you expect from your employees in terms of their obligations? Do you expect that your employees should fulfil their obligations towards others in the organization? (*In-group Collectivism Culture*)
3. How would you describe the way your workers interact with management? Are subordinates/employees expected to obey your work orders without questions? Do they challenge decisions and offer their own ideas? (*Power Distance Culture*)
4. What do you think has shaped your ethical beliefs?
 - a. Probe; Do you think your ethical belief is based on the values that you obtained from your upbringing in the society? (*Link between Culture – Ethical Ideology*).
5. In what ways does your cultural background influence the way you perceive an issue to be ethical or unethical? (*Culture to Moral Awareness*). Does this also contribute to the way you judge certain ethical issues? (*Culture to Moral Judgment*)
6. Do you think gender, age and level of education contribute to individual ethical decision making process? How? Can you give me some examples? (*Influence of Gender, Age and Level of Education,*)
7. If you had to describe organization that has a strong ethical culture, what are some terms or words you would use to describe it? (Example: penalties of unethical behaviour, code of ethics)? (*Concept of Organizational Ethical Culture*).
 - a. Do you have formal or informal system in this organization that encourages ethical decision making? Could you give an example?
(*Organizational Ethical Culture*)

- b. How far has it been implemented? How it can help you in dealing with ethical decision making? (*Strength of Practice*)
8. Have you had experience in which conflict has arisen between you and your organization with regard to ethical issues (example: 'gift', whistle blowing)? Can you give an example? How did you deal with this conflict? Has it changed over time? In what way? (*OEC-Relativism and Idealism*).

The 2nd focus in this research:

The Implementation of EDM process by managers

9. Were there any additional ethical issue that you faced recently? Why do you think this problem as an ethical issue? Can you describe to me the steps you followed in resolving this issue (example; Evaluation, Alternatives)? (*Ethical Decision Making Process*)

(Ethical scenario may have to be given)

Appendix 2: Participant Information Sheet

Participant Information Sheet

My name is Norizah Mohd Mustamil, I am currently conducting research for my Doctor of Business Administration (DBA) degree at Curtin University of Technology, Australia.

Purpose of Research

I am interested in finding out the factors that influence the ethical decision making process and how is the ethical decision making process practiced by Malaysian managers. The interview process will take approximately 60 minutes. The data from this interview will be used to conduct the national survey in later stage of the research.

Your Role

In this interview, I will ask a series of questions and your role is to provide answers to the questions as best as you can.

Consent to Participate

Your involvement in the research is entirely voluntary. You have the right to withdraw at any stage without it affecting yours rights or my responsibilities. When you have signed the consent form, I will assume that you have agreed to participate and allow me to use your data in this research.

Confidentiality

The information you provide will be kept separate from your personal details, and only I will have access to this. The interview transcript will not have your name or any other identifying information on it and, in adherence to university policy, the interview tapes and transcribed information will be kept in a locked cabinet for five years, before being destroyed.

Further information

This study has been approved by the Curtin University Human Research Ethics Committee. If needed, verification of approval can be obtained by either writing to the Curtin University Human Research Ethics Committee, c/- Office of Research and Development, Curtin University of Technology, GPO Box U1987, Perth, WA, 6845, or telephone: 61-8-9266 2784. If you would like further information about the study, please feel free to contact me on 61-8-9266 1175 or by e-mail: norizah.mohdmustamil@postgrad.curtin.edu.au. Alternatively, you can contact my supervisor, Professor Mohammed Quaddus, on 61-8-9266 2862 or mohammed.quaddus@gsb.curtin.edu.au.

Thank you very much for your involvement in this research, your participation is greatly appreciated

Appendix 3: Consent Form

CONSENT FORM

- I understand the purpose and procedures of the study.
- I have been provided with the participation information sheet.
- I understand that the procedure itself may not directly benefit me.
- I understand that my involvement is voluntary and that I can withdraw at any time without prejudice.
- I understand that no personal identifying information like my name and address will be used and that all information will be securely stored for five years before being destroyed.
- I have been given the opportunity to ask questions
- I agree to participate in the study outlined to me.

Name _____

Signature _____

Date _____

Appendix 4: Individual's Model of the Field Study Participants

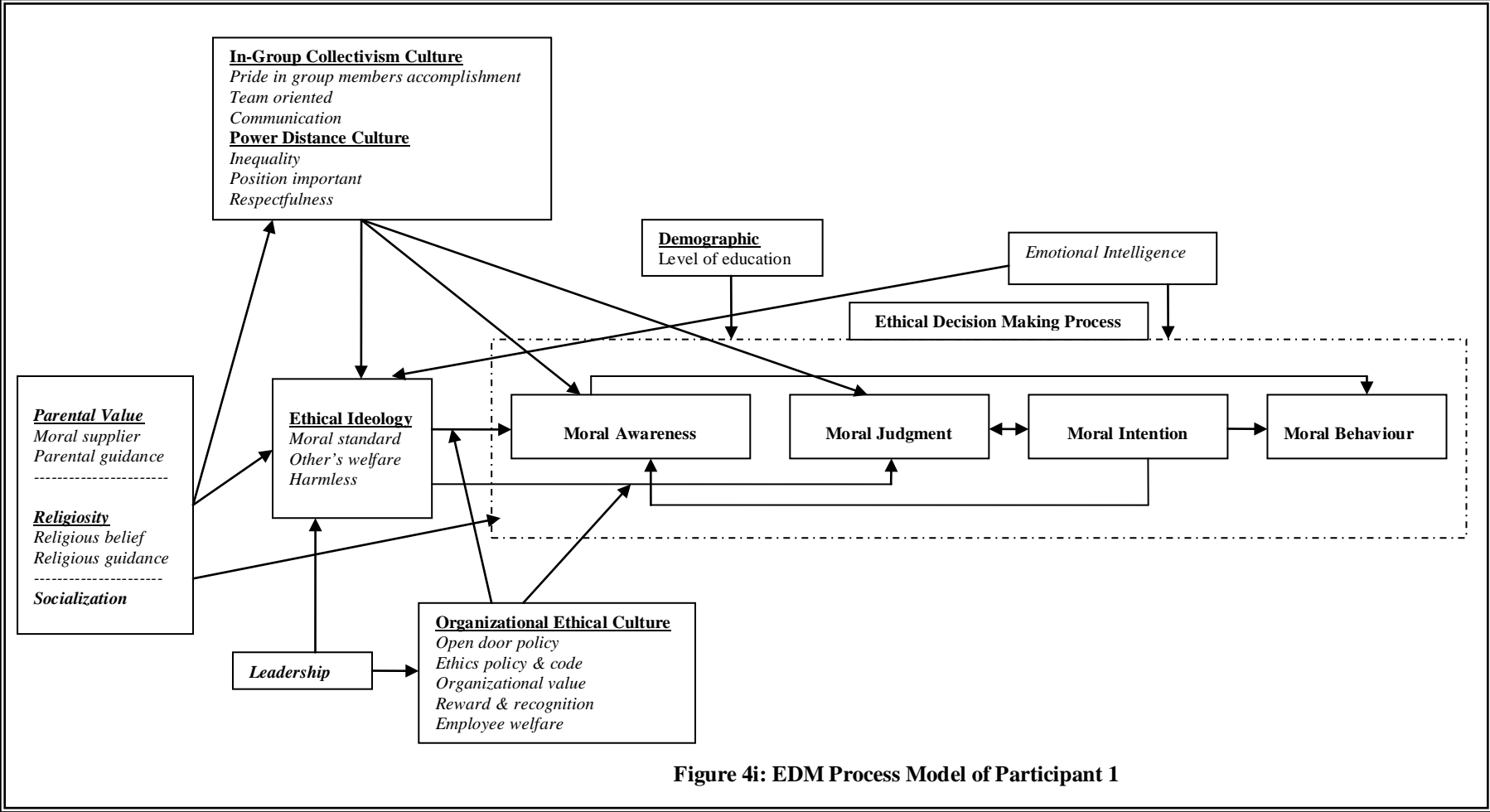


Figure 4i: EDM Process Model of Participant 1

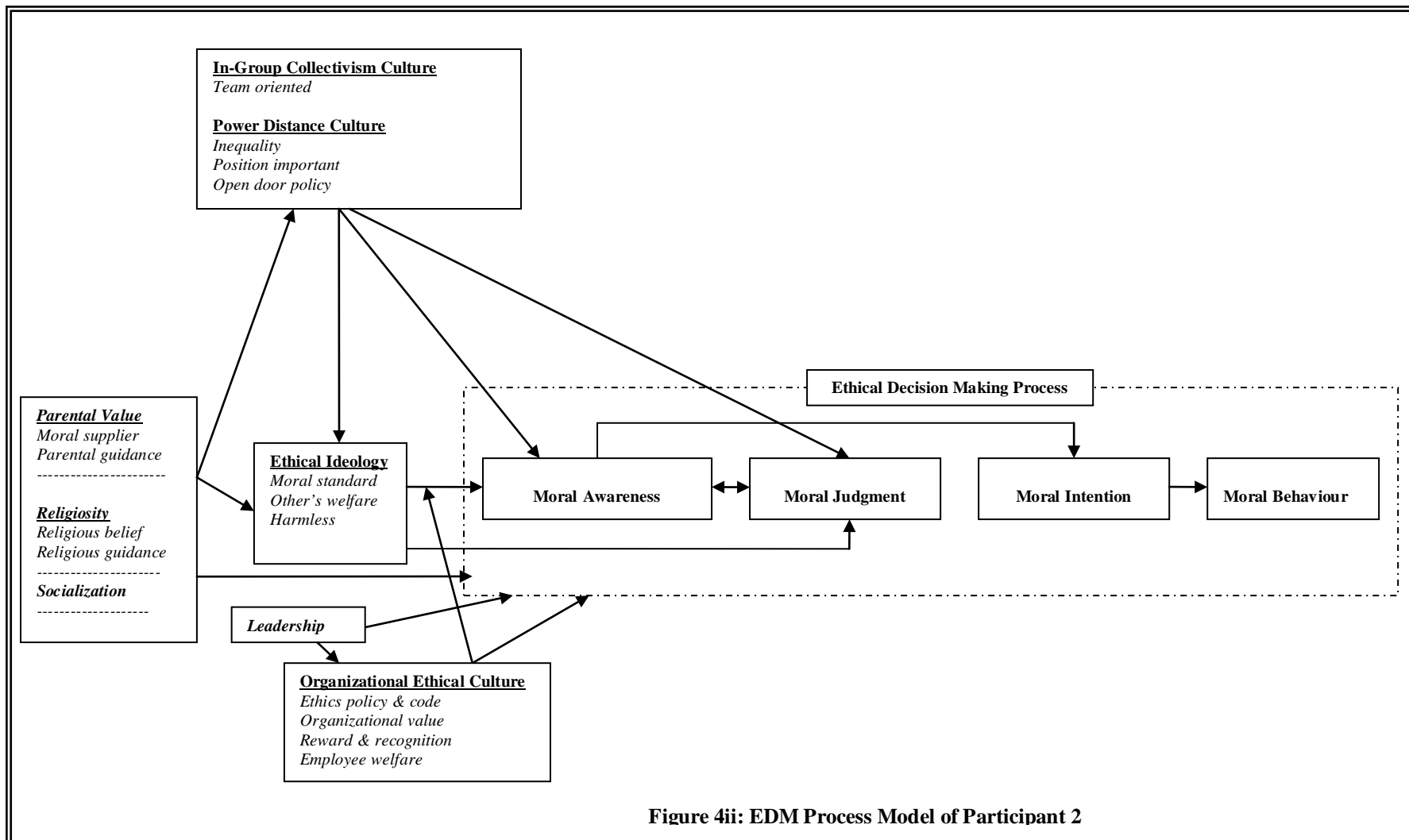
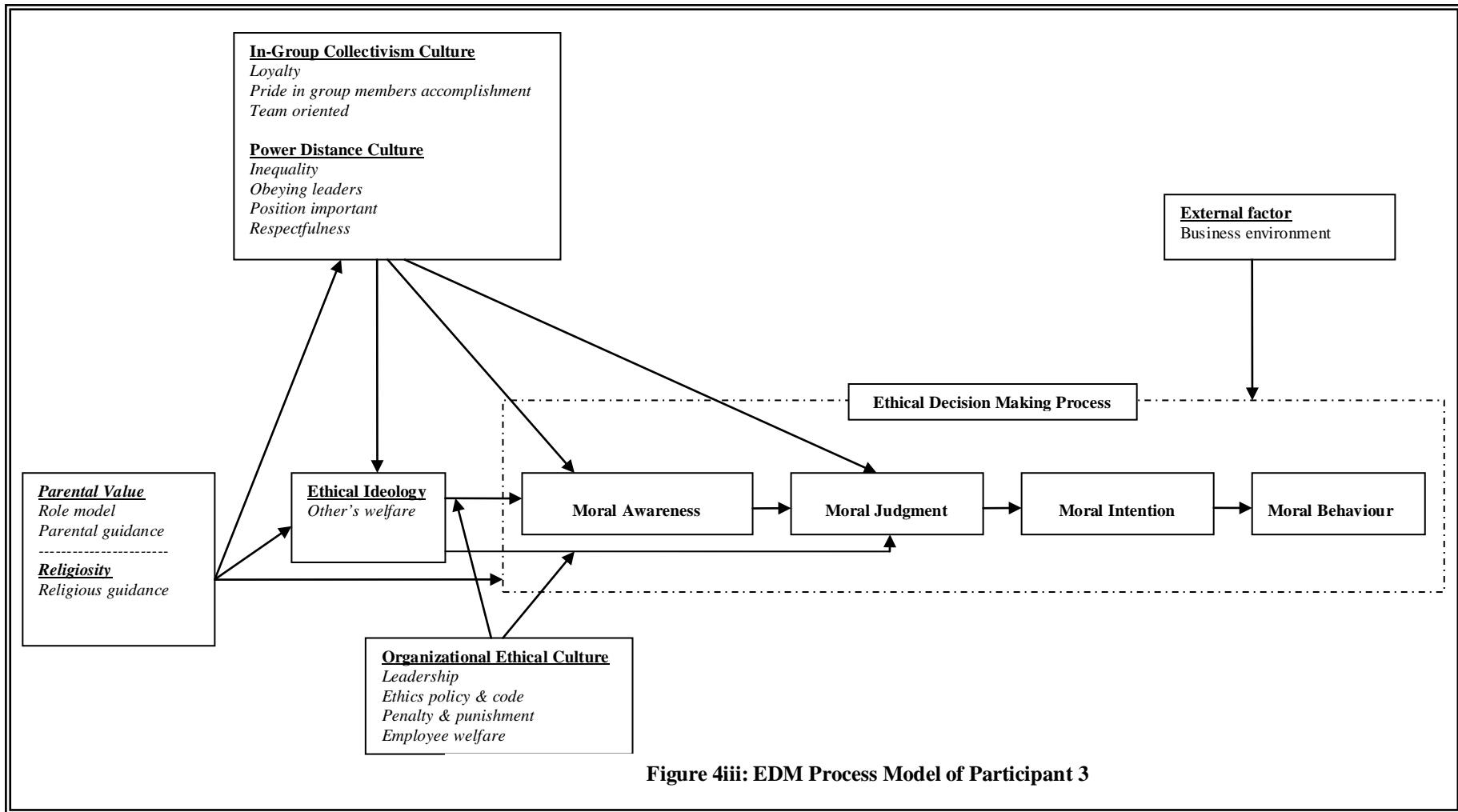


Figure 4ii: EDM Process Model of Participant 2



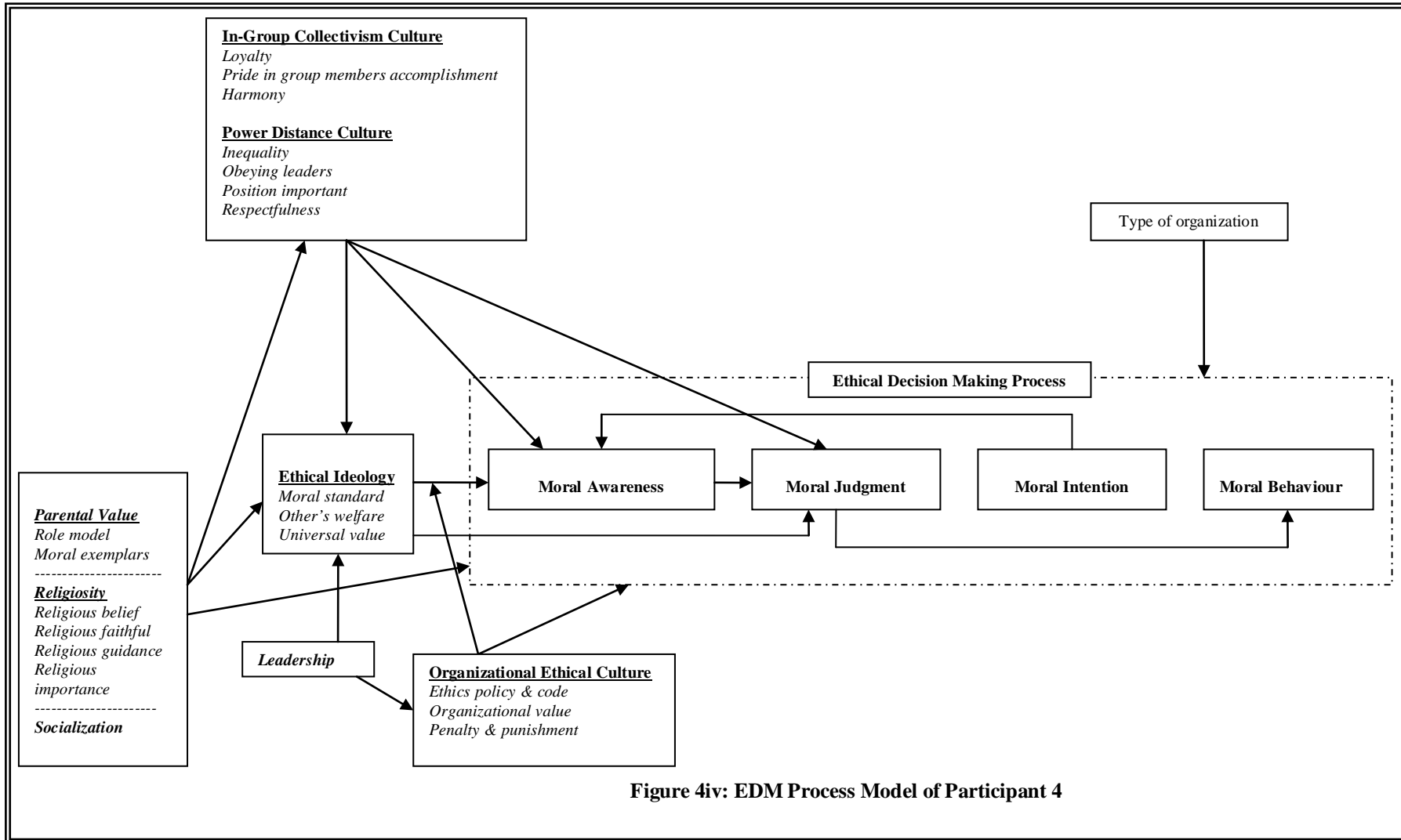
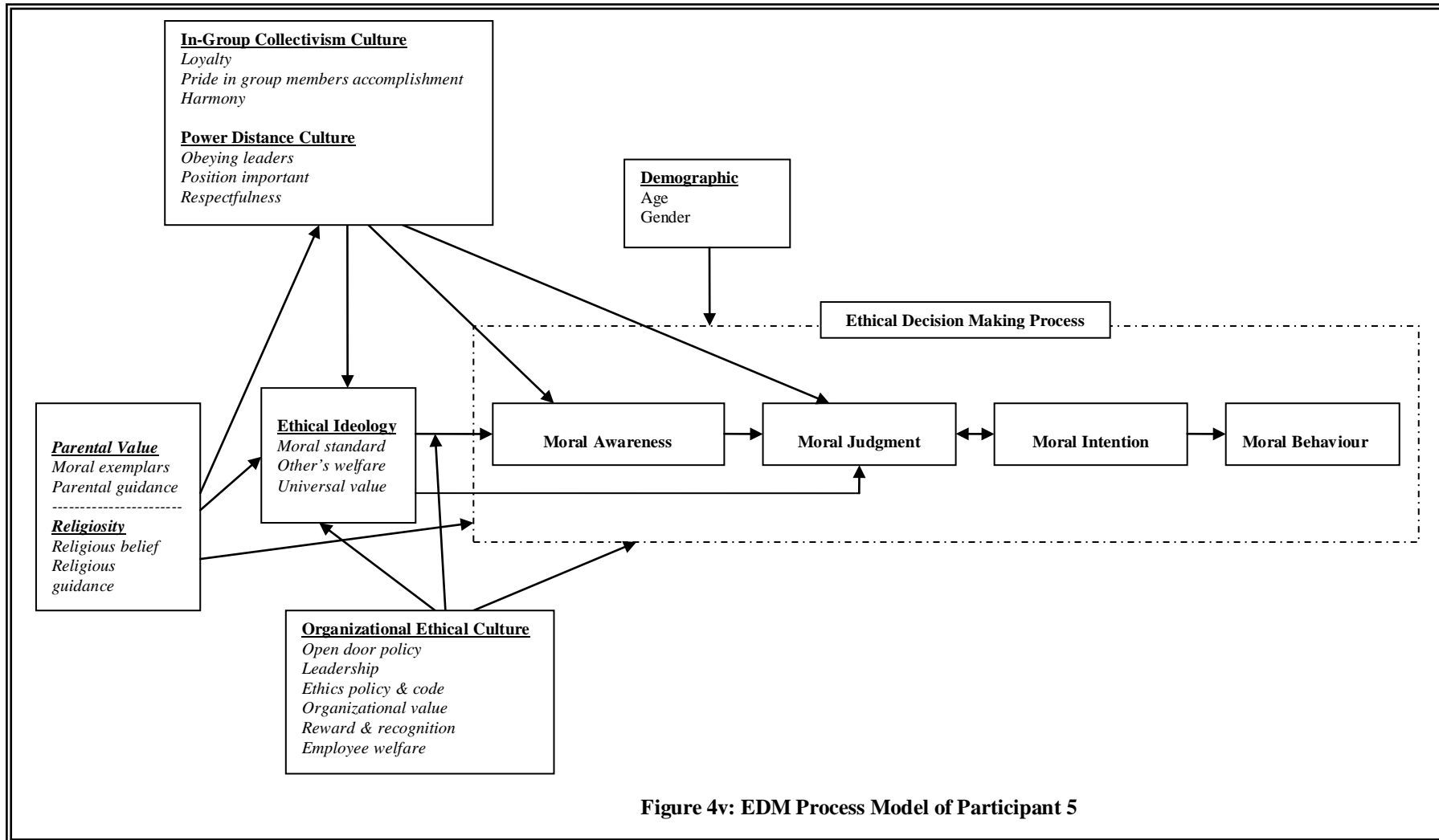
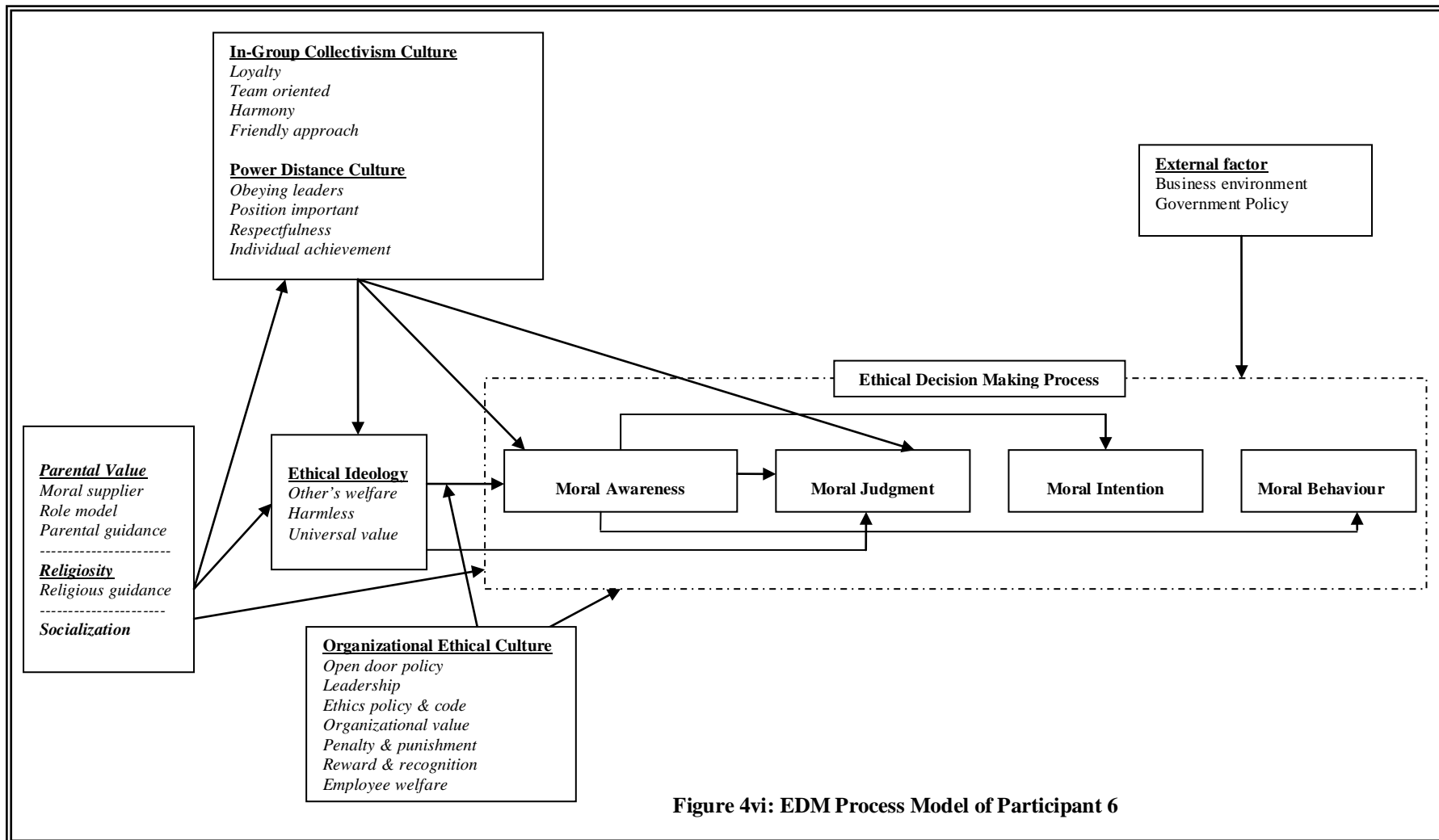
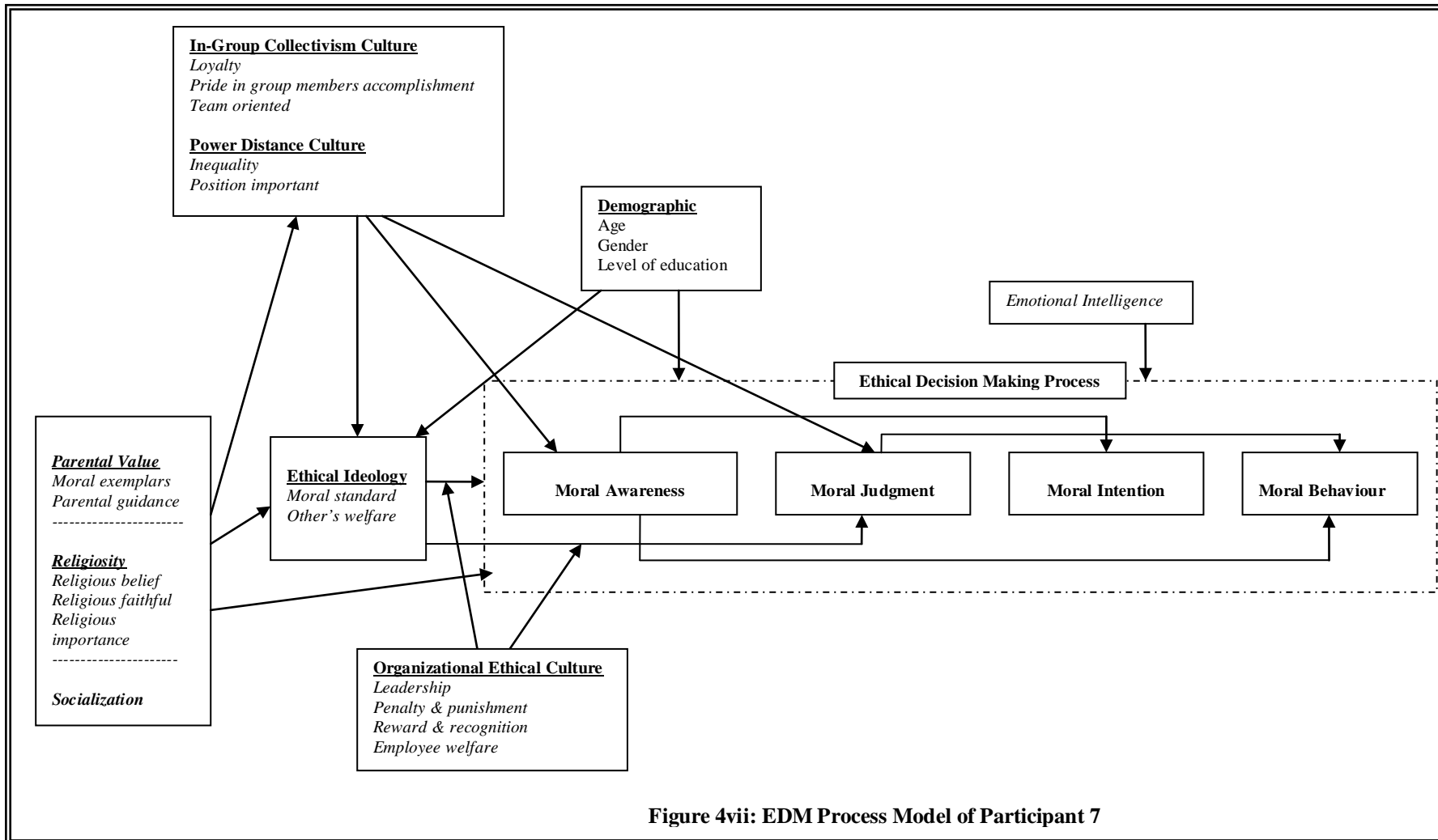
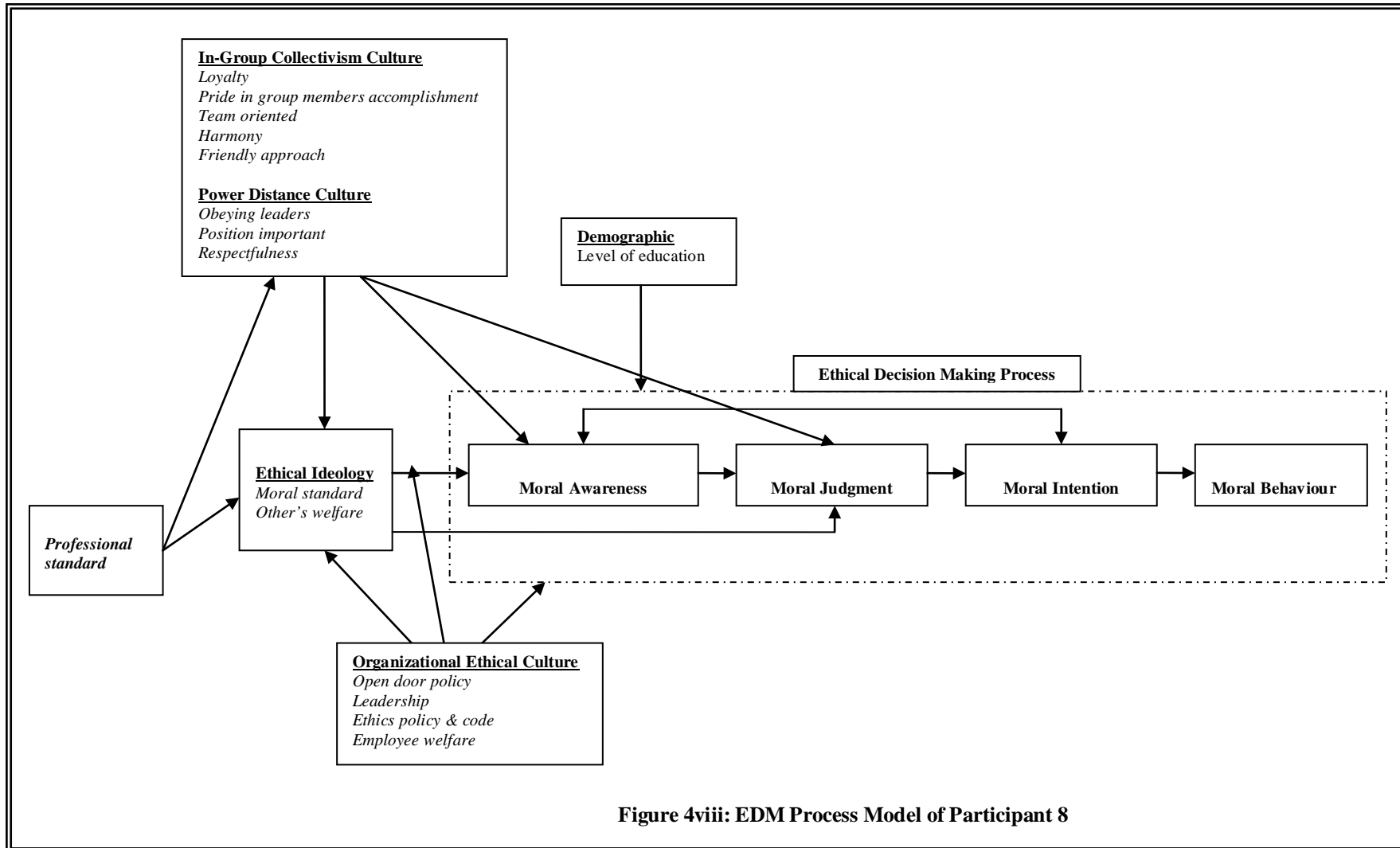


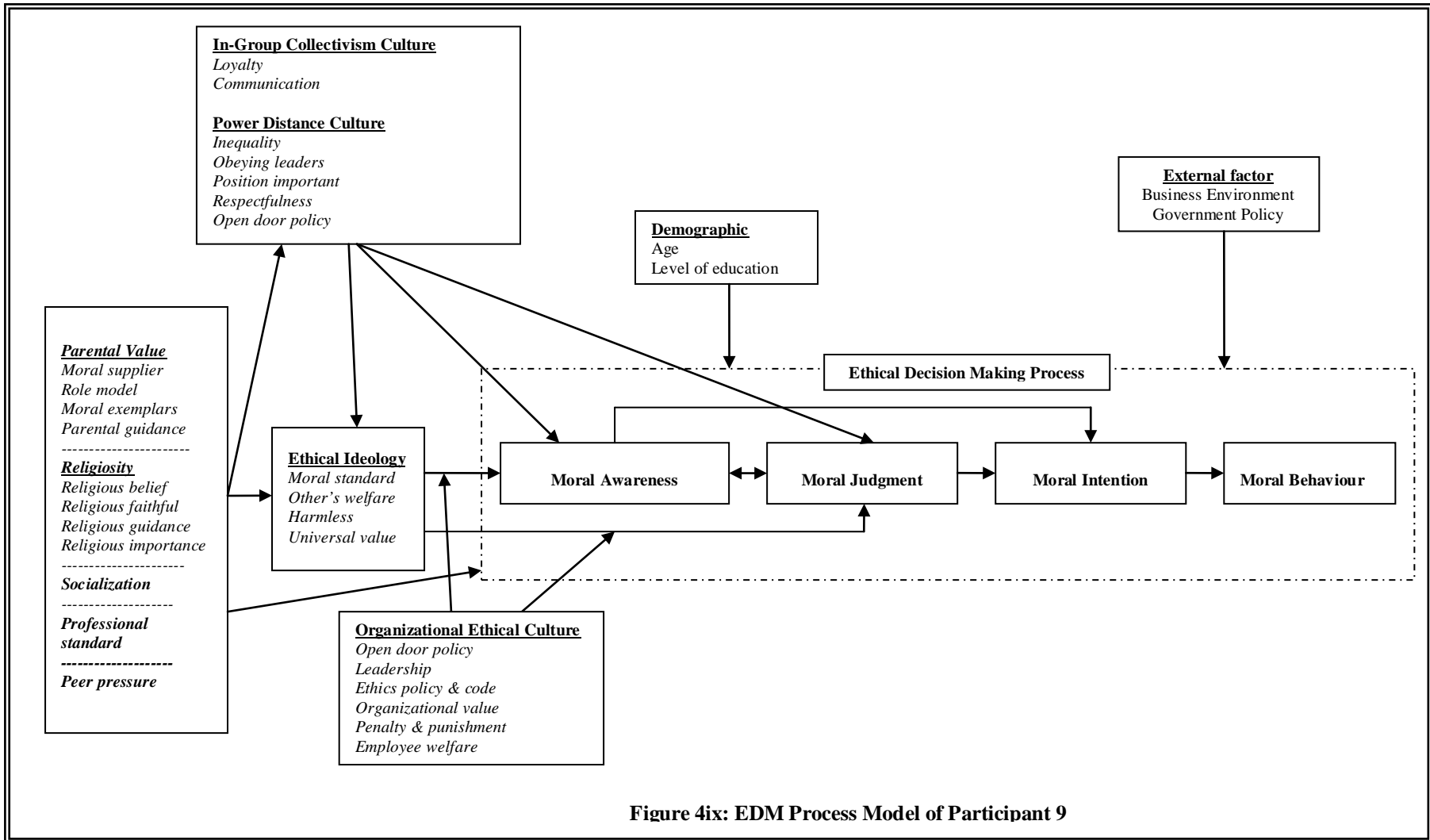
Figure 4iv: EDM Process Model of Participant 4

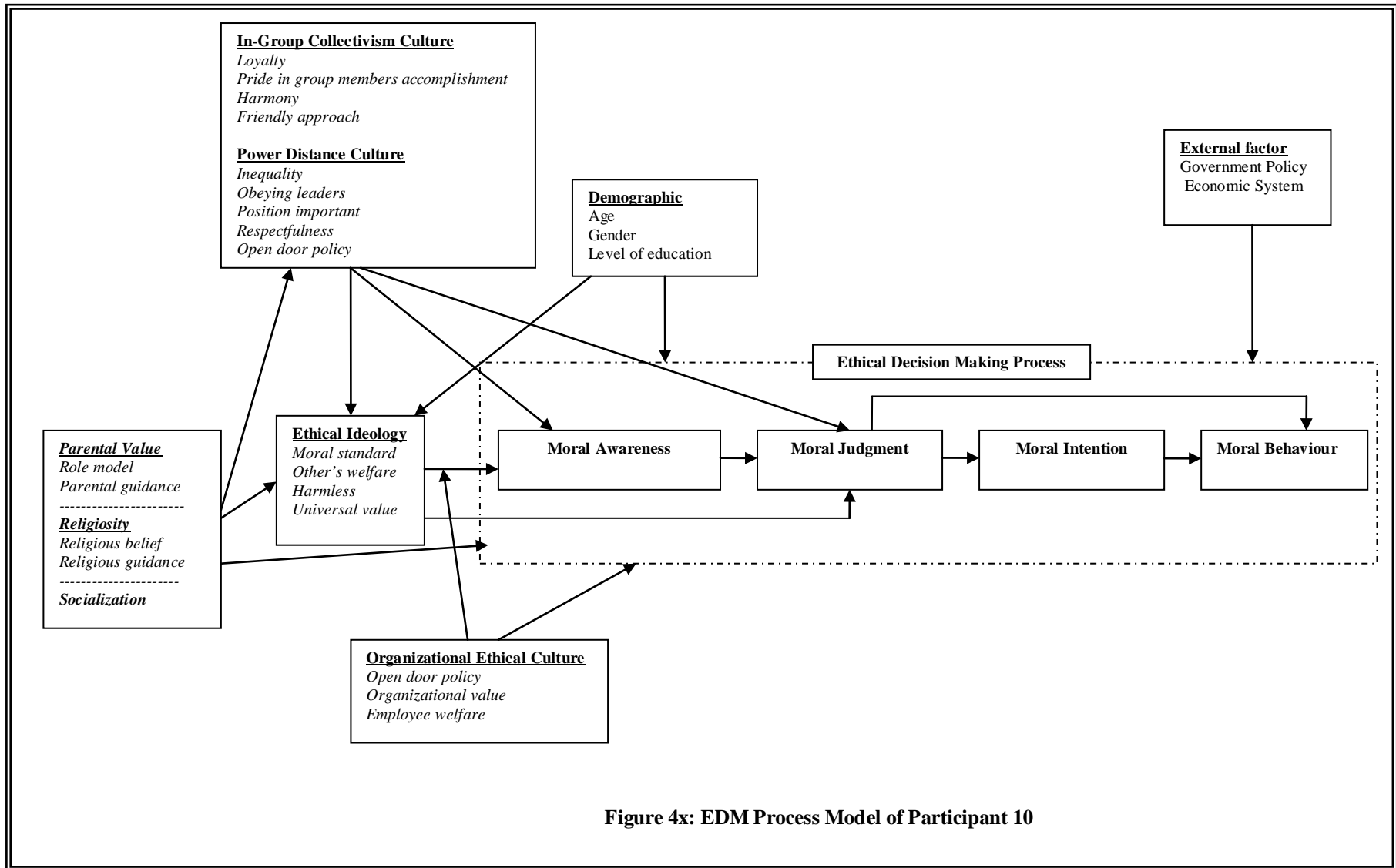












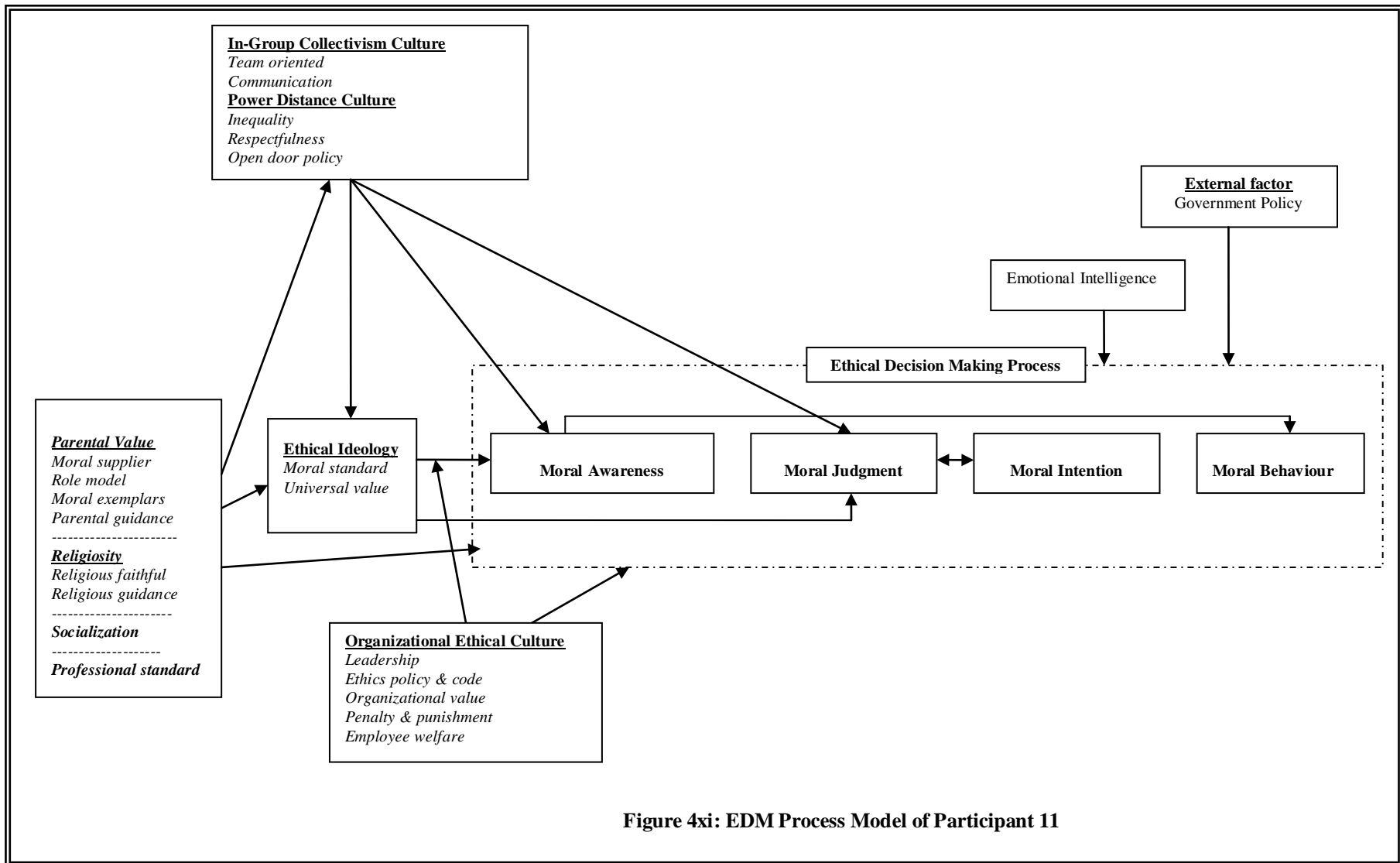


Figure 4xi: EDM Process Model of Participant 11

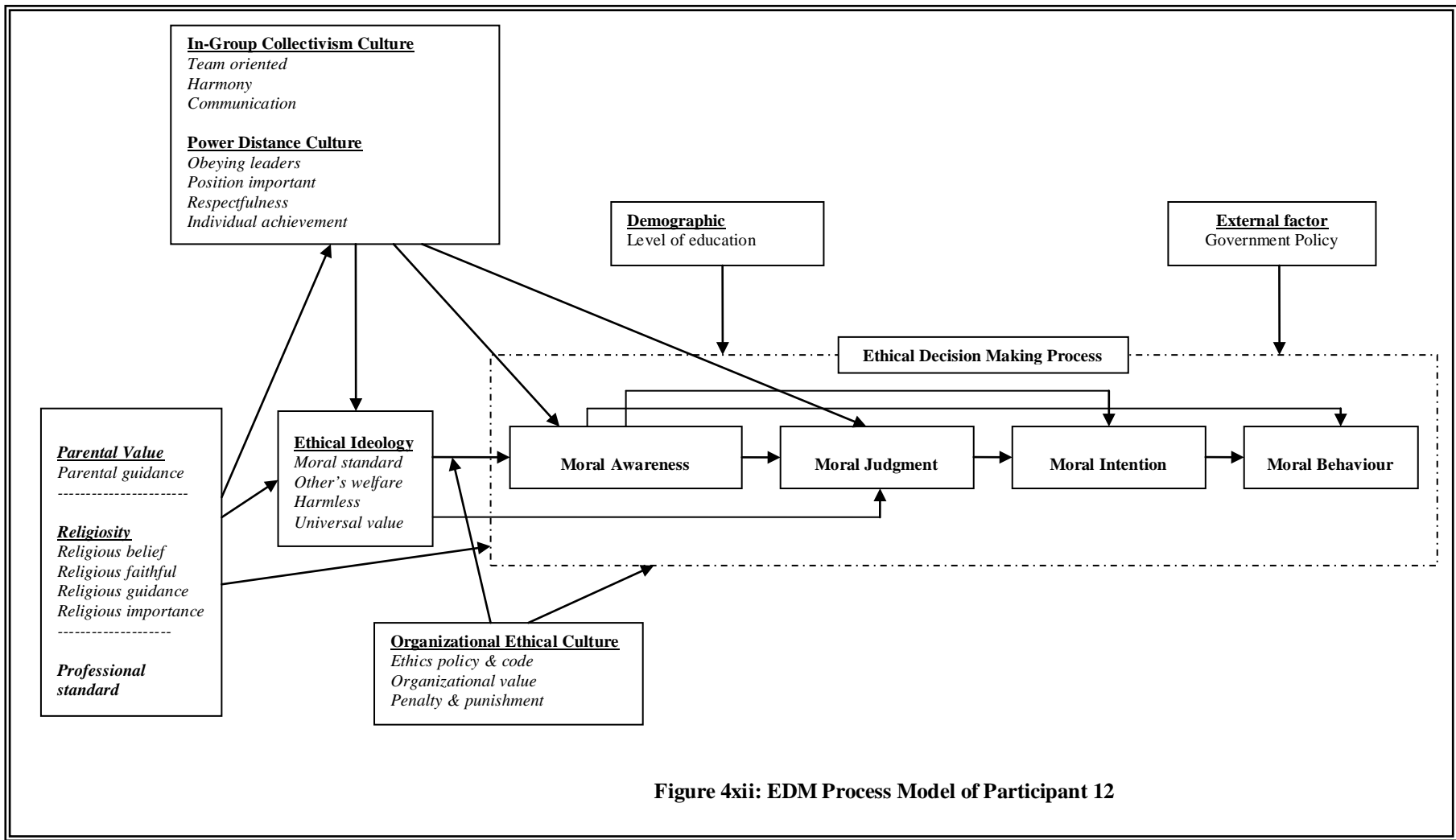


Figure 4xii: EDM Process Model of Participant 12

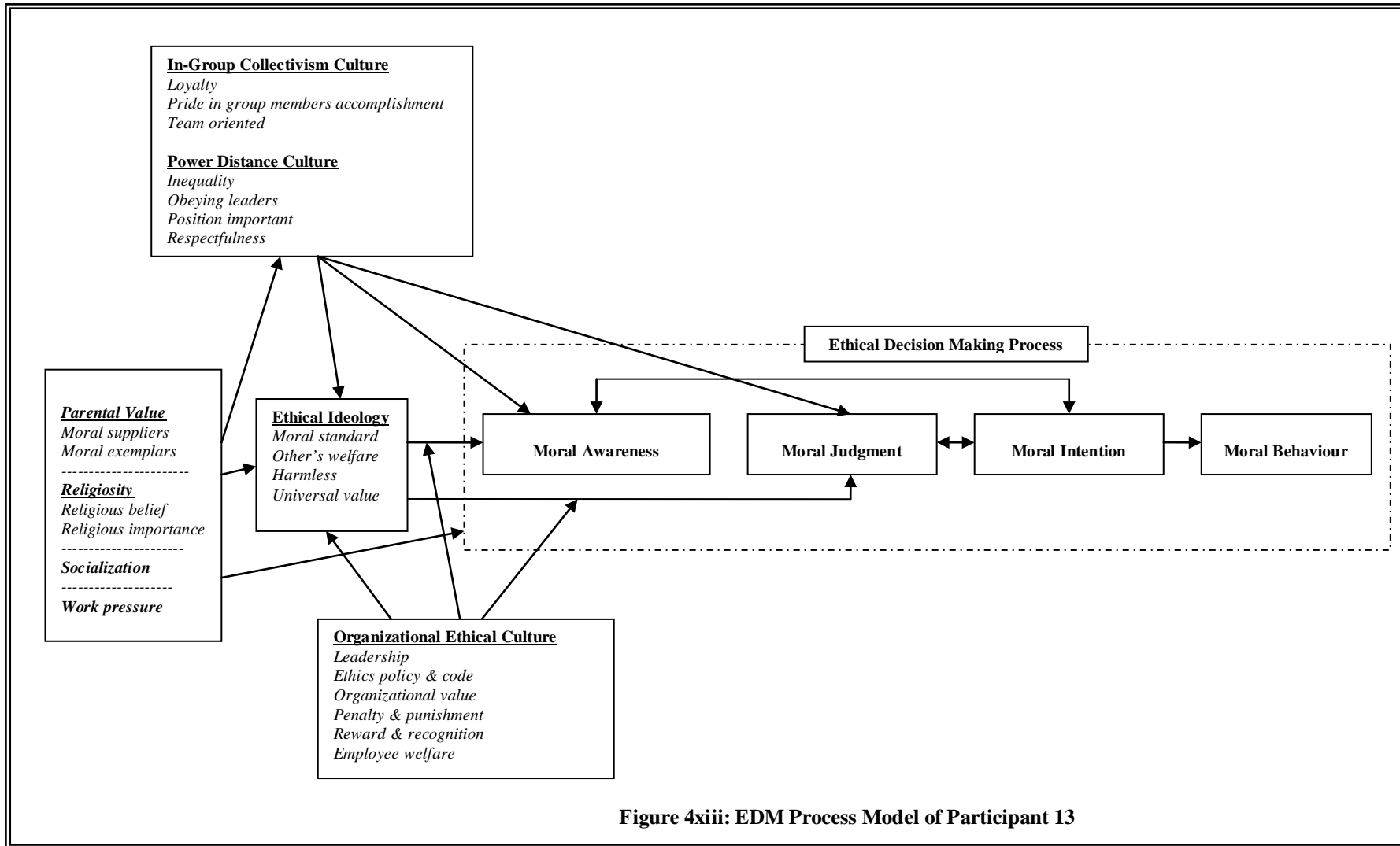
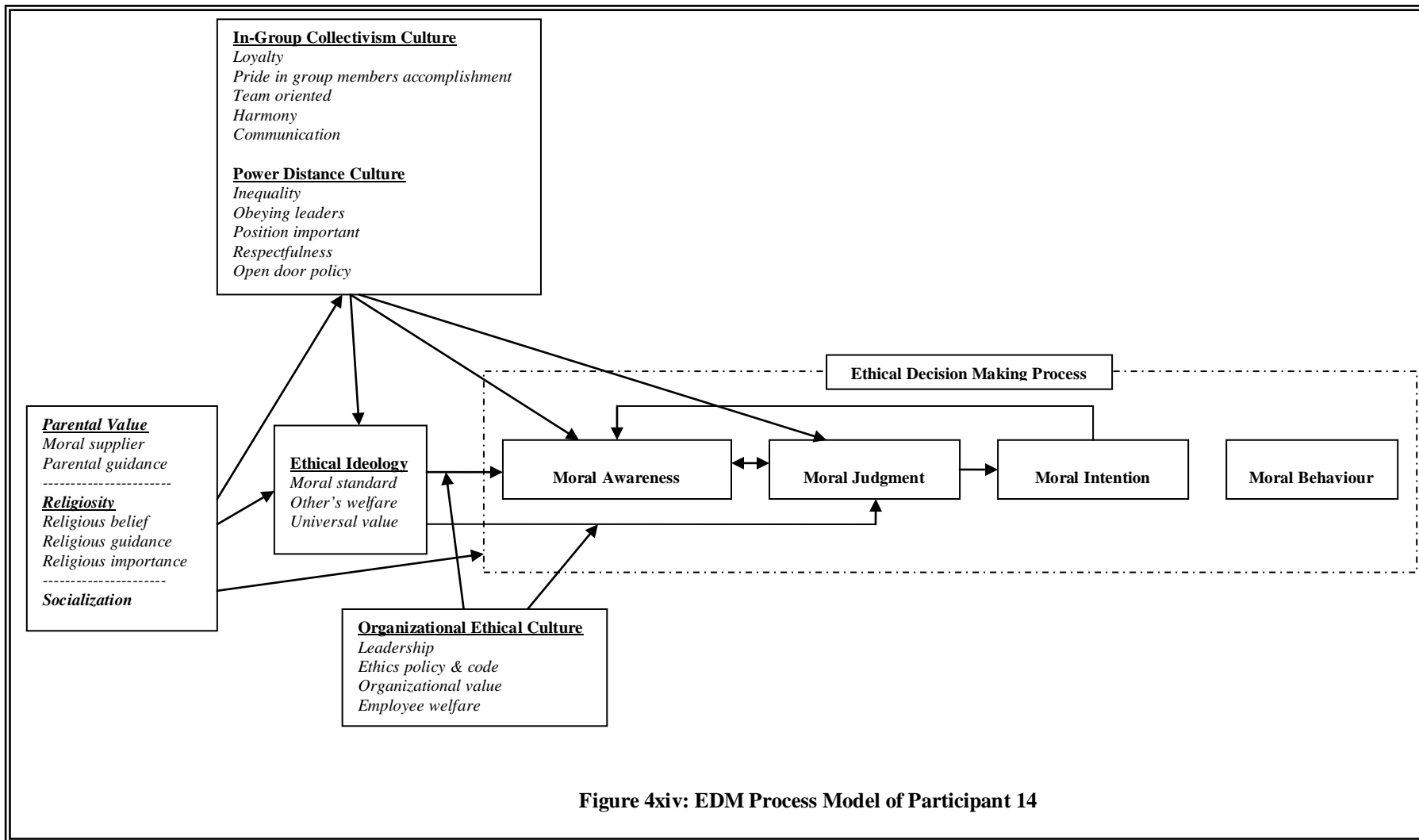


Figure 4xiii: EDM Process Model of Participant 13



Appendix 5: Scenarios for Manipulation Checks

ISSUE 1: BRIBERY

Positive Scenario	
High Value (H-VALUE)	David has to choose one supplier for a new purchase which represents a \$10 million deal for the contracting company. David has been offered 10% payment of the total transaction from supplier A if David appoints them. David was told by his colleagues that it is common practice in the organization to accept such favours as a 'consulting fee'. David decided to accept the gift and chooses supplier A for the job.
High Frequency (H-FREQ)	David consistently receives gifts from supplier A (hampers, airfare tickets for holidays, expensive items, etc.). The manager of company A told David that this was the supplier's way of showing their appreciation of doing business with David. Based on this explanation, David never rejected their gifts.
Low-Risk (L-RISK)	Company's supplier has offered David an "under-the-table" payment. The payment is a considerable amount – about half David's annual salary. If he is caught accepting such a payment, though, there is a chance of losing his annual bonus. However, David is aware of some occasions in the past where such payments have been made with no financial penalties imposed on anyone involved.
Negative Scenario	
Low-Value (L-VALUE)	David, the purchasing manager, is responsible to review three potential contracting suppliers for the purchase of ten million dollars worth of equipment. All these companies have invited David to a 'business lunch' separately. David has agreed to accept the invitations from all of them
Low Frequency (L-FREQ)	A supplier of Company B will send gifts that incorporate their company logo as a contribution to every program conducted by company B (family day, sports program and charity program, etc.). A manager in company B has accepted these gifts as a way of maintaining the business relationship
High Risk (H-RISK)	Company B's regulations prohibit employees from taking and accepting anything from anyone connected with a supplier company. However, accepting gifts and entertainment from suppliers has actually become the norm in the company. So, a purchase officer in the company has decided to accept gifts offered from suppliers. However, if the purchase officer/employee gets caught, the purchase officer/employee will be most likely out of a job.

ISSUE 2: INSIDER TRADING

Positive Scenario	
High Return (H-RETURN)	James is a financial executive in an IT Company. He is assisting his manager in preparing documents for future investments of the company. The forecast figures indicate a higher expected return, which will increase the stock price of the company. John calls a stockbroker and places an order for shares in the company.
H-Access (H-ACCESS)	A real estate company is about to file for bankruptcy due to the failure of high risk investments. A public relations manager of the company, who has not been involved in making this decision, has been informed of the tentative decision and so began preparing documents that are to be released soon. The following night, his friend visits him at home and asks about rumours that the company may be filing for bankruptcy. The public relations manager knows his friend had invested in the company stock, so he decides to confirm the rumours.
Low Risk (L-RISK)	James was asked by his relatives about material information of his company. The information is price sensitive, so has the potential to affect the stock price on the market. James has no information concerning what is 'usually' done in such situations. However, he is aware that some people in the company are 'tipping off' outsiders with confidential company information to gain personal profit. James decides to tip off his relatives with this information since the rules are rarely enforced.
Negative Scenario	
Low Return (L-RETURN)	James sits on a corporate planning committee and he becomes aware that his company is proposing to enter a joint venture with a listed company A for a future investment in Dubai. James does not trade on the undisclosed investment news, but instead passes the information on to his brother-in-law and advises him to purchase shares in the company. James is aware that his brother-in-law will be likely to advise his parents to also purchase some shares in the company.
Low-Access (L-ACCESS)	As a fund manager, Ali receives an invitation to a private meeting where the CEO of a leading retailer company discloses to a group of assets and funds managers the quarterly report (which is to be released shortly) providing very positive news. Ali leaves the meeting and buys shares in the retailer company.
High Risk (H-Risk)	Company A prohibits its employees from providing outsiders with confidential information, and prosecution is likely to result in a jail term. James, a senior manager at Company A, was asked by his relatives about price-sensitive information of Company A. If he provides the information, his relatives promise to share the profits of a stock trading, which it seems clear he can take an early retirement.

Appendix 6: Research Questionnaire

Ethical Decision Making Process in Organization

General Instructions

1. Please answer the questions to the best of your knowledge. Most of the questions require your view or opinion measured on a six-point scale. There are no right and wrong answers on the questionnaire. It is only about your own opinion on a number of topics.
2. Responses to all questions will be kept strictly confidential. Your responses are combined with all other respondents and are completely non-traceable. Individual responses cannot be identified in anyway.
3. The survey is made up of several short parts. Please complete them all, and when you are done just fold it, and put it in the attached enveloped.
4. Thank you so much for your help. I really appreciate it.

Definitions

For the purpose of this survey, we are using the following definition.

1. **Decision Making:** refers as a cognitive process of an individual within an organizational context leading to the selection of a course of action among several alternatives.
2. **Ethical Decision Making:** A decision made from the cognitive process consisting of the dimensions of moral ethical awareness, judgment, intention, and behaviour in dealing with ethical issues.

Section 1: Some Information About You And Your Organization

What follows provide some information background for statistical purposes only. Please answer the questions below by circling the most appropriate response.

1. Gender
 - Male...1
 - Female...2

2. Ethnic origin
 - Malay...1
 - Chinese...2
 - Indian...3
 - Others...4

3. Age group
 - Under 20...1
 - 21- 30...2
 - 31- 40...3
 - 41- 50...4
 - 51-60...5
 - Above 61...6

4. Religion
 - Muslim...1
 - Buddhist...2
 - Hindu...3
 - Christian...4
 - Others...5

5. What is your highest level of education
 - Certificate...1
 - Diploma...2
 - First Degree...3
 - Master's Degree...4
 - PhD...5
 - Other (please specify)_____6

6. What is your current position level in this organization?
 - Top Level Management (eg: Board of Directors, Senior Management)...1
 - Middle Level Management (eg: Regional manager/Divisional manager/ General manager)...2
 - First Level Management (eg: Supervisor/Crew leader/Coordinator/Officer)...3
 - Other (please specify)_____4

7. How long you have been in your current position?
 - Less than 1 year...1
 - 1 to 3 years...2
 - 3 to 5 years...3
 - 5to 10 years...4
 - More than 10 years...5

8. How long you have worked for this organization?
 - Less than 2 years...1
 - 2 to 5 years...2
 - 5 to 10 years...3
 - 10 to 15 years...4
 - More than 15 years...5

9. What is the total number of employees in your organization
 - Less than 20 employees...1
 - 21 to 50 employees...2
 - 51 to 150 employees...3
 - 151 to 500 employees...4

- 501 to 1000 employees....5
- Over 1000 employees....6

10. What was your organization’s total sales turnover in financial year 2006-2007?

- Less than RM1 million....1
- RM1 to RM10 million....2
- RM10 to RM25 million...3
- RM25 to RM75million....4
- RM75 to RM100 million...5
- Above RM100 million....6

11. What industry is your organization in?

- Agriculture, Forestry, Livestock and Fishing...1
- Mining and Quarrying...2
- Manufacturing...3
- Construction...4
- Information and Communication Technology (ICT)...5
- Electricity, Gas, Water...6
- Transport, Storage and Communication...7
- Wholesale and Retail Trade, Hotels and Restaurants...8
- Finance, Insurance, Real Estate and Business Services...9
- Government Services....10
- Education....11
- Other (please specify)_____....12

Section 1: Parental /Guardian Values

The statements below describe the influence of your parents’ value in your life. Please read each statement carefully, and then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (Strongly disagree) to 6 (Strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
		1	2	3	4	5	6
1.	My parent’s /guardian’s actions are viewed as having an acceptable level of conduct.	1	2	3	4	5	6
2.	My parent’s/guardian’s behaviours reflect my expectations, values and assumptions about ethical behaviour.	1	2	3	4	5	6
3.	I observe my parent’s/guardian’s behaviour and translate this into my behaviour.	1	2	3	4	5	6
4.	My parents/guardians have guided me about ethical values throughout my life.	1	2	3	4	5	6
5.	My parents/guardians discipline me with what is right and wrong.	1	2	3	4	5	6
6.	I would make decisions based on my parent’s/guardian’s standards.	1	2	3	4	5	6
7.	My parents/guardians have always helped me with decisions I’ve had difficulty with.	1	2	3	4	5	6

Section 2: Religiosity

The statements below describe your opinion about your self-perceived religiosity. Please read each statements carefully, then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (Strongly disagree) to 6 (Strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
8.	I believe in God.	1	2	3	4	5	6
9.	My whole approach to life is based on my religious belief.	1	2	3	4	5	6
10.	My religious belief answers many questions about the meaning of life.	1	2	3	4	5	6
11.	Spiritual values are more important than material things.	1	2	3	4	5	6
12.	It is important for me to perform my religious ritual as an expression of my faith.	1	2	3	4	5	6
13.	I do feel I am a very religious person.	1	2	3	4	5	6
14.	If Malaysians were more religious, Malaysia would be a better country.	1	2	3	4	5	6

Section 3: In-Group Collectivism Culture

The statements below describe the possible in-group collectivism culture practiced in your organization. Please read each statement carefully, and then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (Strongly disagree) to 6 (Strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
15.	In this organization, compensation is based on what is equitable for the group.	1	2	3	4	5	6
16.	I always avoid direct confrontation even when there are disagreements with a superior to maintain the organization's harmony.	1	2	3	4	5	6
17.	I find that sometimes, I have to make personal sacrifices to fulfill the organization's expectations.	1	2	3	4	5	6
18.	In this organization, group members feel proud of the accomplishments made by other group members.	1	2	3	4	5	6
19.	The employer and employee relationship is basically moral and has to be seen like a family.	1	2	3	4	5	6
20.	Personal pride is very important.	1	2	3	4	5	6
21.	In general a group makes better decisions than individuals.	1	2	3	4	5	6

Section 4: Power Distance Culture

The statements below describe the perceived power distance culture in your organization. Please read each statement carefully, and then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (Strongly disagree) to 6 (Strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
22.	In this organization, my superiors should make most decisions without consulting me.	1	2	3	4	5	6
23.	In this organization, people are expected to comply with orders from superiors over and above other considerations.	1	2	3	4	5	6
24.	In this organization, those at the top have the power to decide and their decision is always accepted.	1	2	3	4	5	6
25.	In this organization, a person's influence is based predominately on the authority of one's position.	1	2	3	4	5	6
26.	Respect for superiors is a basic virtue and always practiced in this organization.	1	2	3	4	5	6
27.	In this organization, everyone has to strictly follow rules and procedures.	1	2	3	4	5	6
28.	Role, task and status are defined through a hierarchical system in this organization.	1	2	3	4	5	6

Section 5: Organizational Ethical Culture

These statements below describe the possible ethical culture practices in your organization. Please read each statements carefully, then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (Strongly disagree) to 6 (Strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
29.	The leaders in this organization represent high ethical standards.	1	2	3	4	5	6
30.	Integrity is the main value in this organization.	1	2	3	4	5	6
31.	People in this organization have a strong sense of responsibility to the outside community.	1	2	3	4	5	6
32.	This organization is very concerned about what is best for everyone.	1	2	3	4	5	6
33.	In this organization, employees have access to manager.	1	2	3	4	5	6
34.	Penalties for unethical behaviour are strictly enforced in this organization.	1	2	3	4	5	6
35.	In this organization, employee are recognized and rewarded for their ethical behaviour.	1	2	3	4	5	6
36.	This organization has established procedures and code of conduct regarding ethical behaviour.	1	2	3	4	5	6

Section 6: Ethical Beliefs

The statements below are general statements describing your ethical beliefs. Please read each statement carefully, and then indicate the extent to which you agree or disagree by circling the number on a scale of 1 (strongly disagree) to 6 (strongly agree).

PLEASE ANSWER <u>ALL</u> STATEMENTS		Strongly Disagree				Strongly Agree	
37.	Action that could harm other people should never be considered.	1	2	3	4	5	6
38.	The existence of potential harm to other people should always be avoided.	1	2	3	4	5	6
39.	The dignity and welfare of other people is my major concern.	1	2	3	4	5	6
40.	Sacrificing other people's welfare is never necessary.	1	2	3	4	5	6
41.	It is unacceptable to threaten other people's welfare.	1	2	3	4	5	6
42.	No action that could harm other people should be tolerated.	1	2	3	4	5	6
43.	Risk, regardless of how small, should never be considered.	1	2	3	4	5	6
44.	No standard of moral action can be formulated; it depends upon the situation surrounding the action.	1	2	3	4	5	6
45.	My moral belief about what is right or wrong is only applicable to me, and it cannot be compared with others.	1	2	3	4	5	6
46.	I have no right to judge other people's action because my moral principle applies only to me.	1	2	3	4	5	6
47.	Moral standards are based on individual judgment; one ethical action might be seen as unethical by others.	1	2	3	4	5	6
48.	A code of ethics in an organization cannot be standardized because what is right and wrong depends on individual perspective.	1	2	3	4	5	6
49.	Individuals should be allowed to form their own ethical standards because ethical considerations vary from one person to another.	1	2	3	4	5	6
50.	Moral beliefs cannot be compared in term of their "rightness".	1	2	3	4	5	6

Section 7: Decision Making Process

This section contains three scenarios describing some issues in organizational environment. After reading the scenario, please read the following question carefully, and indicate which most accurately describes your attitudes toward the statements on the scale from 1 to 6.

Scenario 1

James has been promoted to take a position as branch manager in a large multinational firm. One of James' tasks is to do an annual review of all the applications from potential contractors for the organization's projects. James notices that there is one regular contractor, Company A that has been appointed to do the company's projects for the last three years. Reflecting on the agreement, James plans to open the tender for the next project - a \$10 million deal for the successful contractor. A few days before he plans to announce the tender, however, James receives a call from the manager of company A. In the phone conversation, James is offered a 5% payment of the total transaction if James appoints them. The manager tells James that this kind of arrangement has been in place with previous branch managers for the last three years. Besides, the manager stresses that it is a common practice in this business to accept such favors as a 'consulting fee'. The manager also promises that the payment

will be outside of the formal agreement on the scope of vendor's work. James has been with the company for a number of years, and has worked very hard to get to branch manager level. In considering the offer, James realizes that, if he accepts the offer, he would be able to take an early retirement, just as the former branch manager did.

1. Please indicate to what extent you believe that the described scenario involves ethical issue?

Does not involve any ethical issue	1	2	3	4	5	6	Involves ethical issues to the highest extent
------------------------------------	---	---	---	---	---	---	---

2. If James accepts the offer, to what extent you believe James's action is acceptable behaviour?

It is morally acceptable	1	2	3	4	5	6	It is not morally acceptable
--------------------------	---	---	---	---	---	---	------------------------------

3. Given the circumstances described above, what do you believe James will be more inclined to do?

Definitely will accept the offer	1	2	3	4	5	6	Definitely will not accept the offer
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4. In this question, please indicate which action describes how you would **REALLY** act when facing in the above scenario.

If you are in James's position, which are you most likely to do? (Please tick **ONE** only)

Action 1: Treat this matter confidentially, accept the offer and discuss further about the 'agreement'.

Action 2: Politely decline to accept the offer but continue to having the business relationship.

Action 3: Politely decline to accept the offer and terminate the interaction with the person.

Action 4: Inform the relevant senior manager in Headquarters (HQ) and terminate the business relationship

Action 5: Make a formal report to appropriate authority for legal action and terminate the business relationship.

Scenario 2

Ahmad has just started working as a sales executive in a major logistics company where his superior will review his sales performance every three months. Ahmad finds there is a key potential customer, Company B; if he can close this deal, he will cover four months of his sales target. So, he calls the head of the project for Company B to introduce himself. Fortunately, the representative's response is very friendly. After a while, the representative mentions that the deal can be arranged if Ahmad is willing to provide him with a 'payment', and invites Ahmad to visit him for 'further discussions'. Feeling unsure about the person's request, Ahmad asks his colleagues about his situation. They suggest that if he gives a payment to this person at Company B, Ahmad will definitely win the contract. Apparently, this is a common way of doing business. Despite this explanation, however, Ahmad knows that the offer of any payment to a client is prohibited by the company. He is aware of this rule, since he read and signed the code of conduct when he first started. Ahmad becomes increasingly unsure about what to do. On one hand, he knows this situation might jeopardize his job. On the other hand, by visiting the person for 'further discussions', he is sure to win the contract. Moreover, he really needs this sale as his performance appraisal is due next week.

1. Please indicate to what extent you believe that the described scenario involves ethical issue ?

Does not involve any ethical issue	1	2	3	4	5	6	Involves ethical issues to the highest extent
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2. If Ahmad offers the payment, to what extent you believe Ahmad’s action is acceptable behaviour?

It is morally acceptable	1	2	3	4	5	6	It is not morally acceptable
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3. Given the circumstances described above, what do you believe Ahmad will be more inclined to do?

Definitely give the payment	1	2	3	4	5	6	Definitely will not give the payment
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4. In this question, please indicate which action describes how you would **REALLY** act when facing the above scenario.

If you are in Ahmad’s position, which are you most likely to do? (Please tick **ONE** only)

- | | | |
|----------|--|--------------------------|
| Action 1 | Visit the person of Company B for ‘further discussions’ and offer the payment | <input type="checkbox"/> |
| Action 2 | Politely decline to offer the payment and continue the discussion with Customer B | <input type="checkbox"/> |
| Action 3 | Politely decline to give the offer the gives and terminate the interaction with the person | <input type="checkbox"/> |
| Action 4 | Inform a superior about the situation | <input type="checkbox"/> |
| Action 5 | Make a formal report for legal action to appropriate authority | <input type="checkbox"/> |

Scenario 3

As a manager in the purchasing department, Ramu is responsible for reviewing potential contracted suppliers for the company’s purchase of millions of dollar’s worth of equipment. One of the suppliers has offered Ramu a payment. The payment is a considerable amount – about half his annual salary. In return, he needs to ensure the supplier will win the contract for the next company’s purchase. Referring to the company policy, he realizes that it forbids employees from accepting gratuities of any sort from persons or organizations with whom the company does business. In other words, if he gets caught, he will most likely be out of a job. This written rule, however, seems like ‘window dressing’ only in the company. Ramu is aware of some occasions in the past where such payments have been made with no penalties imposed on anyone involved. In fact, Ramu knows that some people received such payments for their personal gain. So, Ramu feels sure that, if he accepts the payment, he will not be caught since the rules are rarely enforced.

1. Please indicate to what extent you believe that the described scenario involves ethical issues?

Does not involve any ethical issue	1	2	3	4	5	6	Involves ethical issues to the highest extent
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