

Contents lists available at SciVerse ScienceDirect

Journal of Business Research



Perceptions about ethics institutionalization and quality of work life: Thai versus American marketing managers

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ARTICLE INFO

Article history:

Received 1 March 2010

Received in revised form 1 July 2011

Accepted 1 August 2011

Available online 16 September 2011

Keywords:

Ethics institutionalization

Quality of work life

Cross-cultural studies

Thailand

United States

ABSTRACT

Previous research suggests that ethics institutionalization positively influences quality of work life (QWL). This study hypothesizes that the effect of ethics institutionalization on QWL is stronger for Thai than U.S. managers, because the Thai culture is collectivistic, whereas the U.S. culture is individualistic. Survey data were collected from Thailand from a sample of marketing managers of Thai companies listed on the Stock Exchange of Thailand (SET). The U.S. data involved a sample of U.S. members of the American Marketing Association. The results provide partial support for the hypotheses.

Published by Elsevier Inc.

1. Introduction

In recent years, organizations have increased efforts to institutionalize ethics, partly because such efforts positively affect employee behavior. In addition, Singhapakdi and Vitell (2007; and Vitell and Singhapakdi, 2008) suggest that legislation such as the United States (U.S.) Federal Sentencing Guidelines of 1987, which reduces penalties for organizations that comply with minimum requirements, encourages ethics institutionalization.

Similarly, Thailand enacted legislative changes in recent years aimed at reducing corruption. Wongtada, Virakul, and Singhapakdi (2006) write that “there has been a reduction in corruption [in Thailand] partly due to the establishment of the new constitution and overall public attitudes” (p. 622). Wongtada et al. (2006) also stress that the preceding economic downturn “resulted in increased public disapproval of corruption” (p. 622), which they find to be more prevalent in Thailand than in some neighboring “competitor countries” like Malaysia and Singapore. They write that “acceptance of widespread corruption by rising middle-class Thais has declined, because such practices have frightened off foreign investment...this group views...corruption as a roadblock to economic advancement” (p. 622). Though they note

legislative changes, Wongtada et al. (2006) do not mention whether ethics principles are becoming institutionalized in business settings, which might benefit the country's economy.

Recent years have also brought greater scholarly interest in efforts to raise the quality of life at work. One might expect that ethics institutionalization would positively affect different aspects of quality of life at work. As Singhapakdi and Vitell (2007, p. 287) argue, “organizations that institutionalize ethics appear to value integrity and trust and, as a result, often treat their employees more fairly in terms of compensation, performance evaluation, promotion and conflict resolution.”

Though evidence shows increased interest in both ethics institutionalization and quality of work life (QWL) in both the United States and Thailand, the relationship between ethics institutionalization and QWL in Thailand may differ from that in the U.S. Thailand's culture is characterized as collectivistic, whereas the U.S. culture is individualistic, which could certainly be a factor in strengthening or weakening the effect of ethics institutionalization on QWL. Perhaps the ethics institutionalization effect is stronger in a collectivistic culture because of more effective group dynamics. This study examines the effects of ethics institutionalization on different aspects of employees' QWL in the U.S. and in Thailand. In addition, the work compares the relative effects of ethics institutionalization on different aspects of QWL in the two countries. No previous study has compared these variables between countries that differ so significantly in terms of culture and economic development.

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If the effect of ethics institutionalization on QWL is stronger in collectivistic cultures such as Thailand, the managerial implications are profound: it would be more important to institutionalize ethics programs in such countries, because the effort would have a stronger impact on QWL. Not to say that efforts of ethics institutionalization in individualistic countries are not important, but if the results support the expectation, efforts at institutionalizing ethics in places like Thailand should be considered a very important goal. With that possibility in mind, a review of the relevant literature follows, leading to the study's hypotheses.

2. Literature review and hypotheses

This section reviews the literature related to the distinction between Thai and U.S. business organizations in regard to ethics institutionalization and QWL.

2.1. Ethics institutionalization

Singhapakdi and Vitell (2007) define institutionalization of ethics as “the degree to which an organization explicitly and implicitly incorporates ethics into its decision-making processes” (p. 284). Following Brenner's (1992) explicit/implicit categorization, Singhapakdi and Vitell (2007) explain that “[i]mplicitly incorporating ethics means that ethical behavior is implied, or not directly expressed, and is understood to be crucial; explicitly incorporating ethics means that ethical behavior is formally expressed without vagueness” (p. 285). Implicit forms of ethics institutionalization include ethical leadership and open communication. Explicit forms include codes of ethics and ethics training.

Because it refers to rules, uncertainty avoidance is one cultural factor that should affect ethics institutionalization. As Hofstede (1980, p. 185) writes, “organizations reduce internal uncertainty...by the setting of rules and regulations”. One might expect more codes of ethics in countries that have higher uncertainty avoidance, and Thailand is higher on this dimension than the U.S. (64 vs. 46). On the other hand, using Hall's (1976) high/low context dichotomy, one would expect more explicit ethics institutionalization in a low-context country like the United States, where communication is more explicit, than in a more high-context country such as Thailand.

Individualism/collectivism may also influence ethical behavior and ethics institutionalization. Scholtens and Dam (2007) test correlations between Hofstede's research on workplace values (1980) and a number of measures related to ethics codes (e.g., does the company have an ethics code? Does the company have policies on bribery?). Scholtens and Dam's (2007) strongest finding “is for the positive association between individuality [sic] and ethical conduct” (2007, p. 281). They conclude that “individualism puts an agent's own responsibility on the foreground and, therefore...firms will pay more attention to their ethical policies” (2007, p. 280). In the Hofstede (1980, p. 222) data, the U.S. is significantly more individualistic than Thailand (91 vs. 20). This result is confirmed in the more recent GLOBE study (House, Hanges, Javidan, Dorfman, & Gupta, 2004), in which the U.S. scores much lower (4.25 vs. 5.71) on practices of in-group collectivism (p. 469).

Marta and Singhapakdi (2005) find that U.S. organizations have higher corporate ethical values than Thai organizations. Hunt, Wood, and Chonko (1989) conceptualize and operationalize that corporate ethical values are positively related to both explicit and implicit forms of ethics institutionalization. This finding, as well as the above discussion, therefore leads to the hypothesis that:

H1. Thai organizations have a lower degree of explicit ethics institutionalization than U.S. organizations.

As noted earlier, according to Singhapakdi and Vitell (2007) implicit ethics institutionalization “means that ethical behavior is implied, or not

directly expressed, and is understood to be crucial” (p. 285). An organization would not likely reflect a culture of ethics (implicit ethics institutionalization) without explicit forms of ethics institutionalization (codes of ethics, ethics training, ethics committees, ethics enforcement, etc.). In fact, Singhapakdi, Sirgy, Lee, and Vitell (2010) demonstrate that explicit ethics institutionalization is an antecedent of implicit ethics institutionalization. As such, because Thai organizations are expected to have lower explicit ethics institutionalization, they should also report lower degrees of implicit ethics institutionalization. This expectation is also consistent with the findings of Marta and Singhapakdi (2005) on corporate ethical values, which were significantly higher in U.S. firms. Accordingly:

H2. Thai organizations have a lower degree of implicit ethics institutionalization than U.S. organizations.

2.2. Quality of Work Life (QWL)

QWL is defined as “employee satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace” (Sirgy, Efraty, Siegel, & Lee, 2001, p. 242). Studies demonstrate that employees with high QWL tend to report high levels of identification with their organizations, job satisfaction, job performance and lower levels of turnover and personal alienation (e.g., Carter, Pounder, Lawrence, & Wozniak, 1990; Efraty & Sirgy, 1990; Efraty, Sirgy, & Claiborne, 1991; Lewellyn & Wibker, 1990). One conceptualization of QWL, based on need-hierarchy theory (Maslow, 1970), regards QWL as employee satisfaction of seven sets of human developmental needs: (1) health and safety needs, (2) economic and family needs, (3) social needs, (4) esteem needs, (5) actualization needs, (6) knowledge needs, and (7) esthetic needs (Sirgy et al., 2001). Based on their research, these seven dimensions collapse into two major categories: lower-order and higher-order needs, a la Maslow. Lower-order QWL is comprised of health/safety needs and economic/family needs; higher-order QWL includes social, esteem, self-actualization, knowledge, and esthetic needs. While some scholars question the relevance of some of the seven needs in collectivist cultures (e.g., Gambrel & Cianci, 2003; Nevis, 1983), the authors (representing both cultures) believe the distinction between lower-order QWL and higher-order QWL applies across cultures. Therefore, this study compares Thai and U.S. marketing managers on both categories of QWL.

2.3. Lower-order QWL

The authors expect differences between Thais and Americans on the degree to which they are satisfied with how well their lower-order needs are being met by their employers. This expectation is based largely on differences in economic development. The lower economic development level in Thailand (\$8700 GDP per capita, at PPP, in 2010 versus \$47,200 for the U.S., according to the Central Intelligence Agency (2011)) indicates that firms in Thailand may not meet lower-level needs as well as those in the U.S. Less-developed legal systems in poorer countries also often impose fewer safety regulations on businesses. Therefore, this study predicts that:

H3a. Lower-order needs of marketing managers in Thai organizations are less satisfied than those of marketing managers in U.S. organizations.

2.4. Higher-order QWL

Higher-order QWL refers to organizational programs designed to meet employees' social, esteem, self-actualization, knowledge and esthetic needs (e.g., Maslow, 1970; Sirgy et al., 2001). The ideas are related to the implicit organization communication literature, which focuses on developing shared meaning and values within organizations,

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