

Values and Ethical Principles of Portuguese, Armenian, and American MBA Students: A Comparative Analysis*

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ABSTRACT

In this paper we empirically compare the ethical standards of MBA students in three countries: Portugal, Armenia and USA. Data collected from businessmen in the earlier study are presented for some additional comparisons. It must be emphasized that this work is a study of ethical standards and not actual behavior of individuals.

INTRODUCTION

Ethical and moral standards are defined as deep-seated, enduring values learned over a lifetime and carried forward from generation to generation. As pointed out by Clark (1965, 1966) the historical roots of the American ethical and value systems go back to the pioneering spirit of the American west and before it the pioneering spirit of the early colonists. The colonists brought with them the Protestant ethic, which in many ways became the American ethic. The more recent immigrants, eastern and southern Europeans, the Hispanics, the Catholics and Jews were to bring somewhat different sets of values and moral standards, and they too melted into the dominant culture adding their bit of color and considerable flavor.

The business ethic from a Protestant point of view can perhaps best be seen in the writings of Max Weber (1904, as presented in Clark 1966). The highest value is the pursuit of profit within the limits of the law, and within the limits of personal honesty and integrity.

* These data were collected while the first author was a visiting professor at the Universidade Católica Portuguesa in Lisbon in 1992; and at the American University of Armenia in Erevan in 1994. Appreciation is expressed to Naira S. Haroutunian, research assistant, at the American University for much of the clerical work and data collection in Armenia. Special thanks to our previous co-author, Barbara E. Kahn at the Wharton School for her contributions and to Ronald E. Goodstein and Jai Sengupta for their criticisms of an earlier draft.

In our study we expected that American business persons and American students in training to become business people would demonstrate more characteristics of this sort than would such an individual from another cultural setting, in this case Portuguese or Armenian students. We expected from the Portuguese more emphasis on Catholic values. Unlike the individualistic nature of the Protestant ethic, we expected emphasis on the social nature of man - equality, the basic rights of others, justice and fairness. For example a fair and just price, and not only to labor, but to the producer, the middleman and the consumer alike (Clark 1965). This sort of "interpersonal consciousness" is a view to be found in the stereotypical Catholic and Jew alike. We felt Portuguese MBA students would reflect this catholic view much more than would American MBA students.

The third group in the study were Armenian MBA students in at the American University of Armenia in Yerevan, Armenia. Here we see a newly emerging interest in the free market. For centuries Armenians had been under Ottoman Empire rule and then for 75 years under Soviet regimes. We expected survival to be a dominant theme in the Armenian value system. Values, personal ethics and integrity, we felt, would be heavily imbued with protection of the self, the family, the Orthodox religion, and the "race" - the need to survive. Under Soviet rule, much too often, societal needs and social responsibility was relegated to the government: "let the government do it." Hence we expected that Armenian students would score lower than Portuguese students on measures of social responsibility. We made no prediction on the variable of personal integrity and pursuit of profit. On one hand individual gain and pursuit of profit are not exactly Soviet values, while on the other hand, survival often meant an entrepreneurial skill and ability to bend or work around the rules of the governing authorities.

Hence three groups of MBA students were compared. All three were in American style MBA programs, about the same age and social status.

METHODOLOGY

Thirty years ago, a scale was developed at UCLA by Father John Clark, a Jesuit scholar completing his doctorate in management, that purported to measure these sorts of variables. The scales appeared to be valid and reliable and easily understood by subjects. (See Clark and the more recent studies using the scale in the references.)

Clark developed a set of vignettes or incidents - abbreviated cases - as his instrument. Example of the five-point (strongly approve to strongly disapprove) vignette is:

#4. James Sherman sells used cars for Harrison Auto Company. Although he feels that the cars he sells are reasonably priced for the market, in his sales talk he is forced to match the extravagant claims and tactics of his competitors. The company engages in such practices as setting back speedometers, superficially hiding major defects, and putting pressure on prospects to close a deal on their first visit. Sherman knows that the company could not survive without such practices, yet he personally feels repugnance toward them. Nevertheless he follows these practices.

The final scale consisted of 26 such vignettes. From this set Clark distilled two ethics sub-scales.

The Personal Ethics Sub-Scale (PES)

This scale consists of the first eleven vignettes evaluating the respondents' commitment to the ideal that ethical responsibilities are coexistent with the "rules of the game" of competition. Such a person has a firm commitment to personal integrity and honesty, even at the cost of personal gain. He or she is further determined to obey all the laws which govern the conduct of business, regardless of personal conviction as to the usefulness of the law. Nevertheless, when this has been done, s/he considers her ethical responsibilities fulfilled. Beyond these commitments he or she is free to conduct business as he pleases, without acting unethically.

The Social Responsibility Scale (SRS)

This scale, consisting of the first item and items 12-17, measures the degree to which an individual

considers himself ethically responsible for the social effects of business decisions: the effect of decisions on the welfare of others. According to Clark, the ethics involve responsibilities beyond the interest of the stockholder, and considers how business decisions affect employees, customers, suppliers, and the community in which these business persons operate.

The remaining nine items in the 26 item scale are a miscellaneous set that do not seem to fit on either scale but have been left in the instrument. We collected data on all 26 items.

Subjects

The American subjects consisted of 51 first year MBA students in introductory core courses at UCLA. Demographically they represented the typical University of California graduate student in business - median age under 35, 33% female, mostly but by no means entirely Protestant. The Portuguese subjects consisted of 32 MBA students at the Catholic University of Portugal in Lisbon. Again the age was primarily under 35, 80% male, and 97% Catholic. The Armenian respondents consisted of 54 MBA students - almost the entire first year class and a few second year students at the American University of Armenia in Yerevan. Most were under 35 years of age, 60% male, and mostly Armenian Orthodox. Greater details on the demographic characteristics of the samples can be found in Appendix A (omitted due to space limitations. Available at the conference or by contacting the author.) Both the Portuguese and the Armenian degree programs are almost identical with the programs found at major American universities.

In addition to these data, we also present in this paper some of the results from a sample of 76 business executives from our previous study (Kassarjian, Kassarjian, & Kahn, 1990). Those subjects were attending a one year executive program class at UCLA. They were considerably older, mostly Protestant, mostly male.

RESULTS

The PES Scale

Recall that this scale measures a firm commitment to personal integrity and honesty above personal gain and personal profit. Beyond that, one's ethical

responsibility is to remember that the business of business is profit. Henry Ford fits this category well: "The worst sin I can commit as a businessman is to fail to seek maximum long-term profitability by all decent and lawful means."

The mean scores for the PES scale are presented in Table 1, as is the average score for the 11 items (based on a 5 point scale). A higher score represents the more ethical or more idealistic position.

TABLE 1

Means on the Personal Ethics Sub-Scale

	<u>Mean PES Score</u>	<u>Mean of Item Means</u>
Americans	46.1	4.19
Portuguese	37.4	3.40
Armenians	37.7	3.42
Business Execs	46.4	4.22

We had expected that American MBA students would score higher on this scale than either Portuguese or Armenian students - the individualistic point of view rather than a group oriented view of responsibility beyond profit. This scale is close to the Protestant ideal as expressed by Weber, and in fact the American students did score significantly higher than either the Portuguese or the Armenians.

Further, we had expected that American students, supposedly one of the most idealistic segments of our society, would score higher than business persons and business executives who must live with ethical dilemmas in the real world of competition. Students and executives scored equally high on this scale - those differences are not significant (using either parametric or non-parametric statistics). It is interesting to compare these results with those of Clark a quarter century earlier on a group of very similar business executives. His group of businessmen had a mean score of 43.3, quite a bit lower than the 46.4 of today's executives. (Although statistical tests of significance were not possible since the raw data from 30 years ago were not available, the difference is undoubtedly significant.) Apparently modern executives feel a stronger responsibility to stockholders and the profit motive than executives did in the early 1960's.

The SRS Scale

This scale purports to measure one's ethical responsibility for the social order, the sacrifice of personal gain for social goals. It is a responsibility beyond that to the stockholder with an ideal that considers how an action affects employees, the community, and the society. We had hypothesized that these sorts of social values are closer to Catholic ideals than the Protestant view, and hence the Portuguese would score higher than Americans. We felt that the Armenians would score lower than either the Americans or the Portuguese. We expected a value system in which social welfare and social responsibility is the business of the government and not the individual citizen in the society. The overall differences were not significant (either on a t-test or a chi square test.) Table 2 presents these results.

TABLE 2

Means on the Social Responsibility Sub-Scale

	<u>Mean SES Score</u>	<u>Mean of Item Means</u>
Americans	19.7	2.819
Portuguese	18.8	2.69
Armenians	20.3	2.90
Business Execs	19.5	2.79

The Portuguese sample did not score higher on social responsibility as we had hypothesized, in fact, if anything, their scores are a bit lower. We had expected that the need to survive and putting the individual and family first among Armenians would lead to lower scores among Armenians. Again, we were wrong. The data indicated, if anything, the opposite result. The Armenians scored higher on this scale, although the differences are not dramatic. Perhaps the need to survive is seen as being best served by socially responsible and interpersonally cooperative behavior within the society.

In general our subjects seem notably less willing to accept the values of the social-responsibility scale than those of the business-ethics scale. Overall, our respondents scored higher on the Personal

Ethics Scale than on the Social Responsibility Scale. The mean of the item means on the PES scale are above the neutral point of 3.0 while on the Social Responsibility Scale the mean of the item means is below 3.0. This implies that perhaps something in the order of half of the respondents displayed negative attitudes towards the values represented in the questionnaire. As Clark also pointed out for his data, these subjects - Armenian, Portuguese and Americans - show a greater reluctance to sacrifice personal gain for social goals than they do for the well-recognized principles of honesty and integrity. This does not imply irresponsibility on their part. Rather, it may simply point to the fact that they tend to agree with Henry Ford that failing to seek maximum long term profitability is to subvert economic reason. Our subjects seem to agree with this position, one which sees businessmen as best serving the community interests by devoting themselves to performing their economic function in the most efficient way possible.

On both scales there is a wide divergence in responses of individuals to the various items, that is, a large variance. With such a wide divergence, it becomes all the more difficult to call one behavior pattern as within the bounds of accepted ethical standards and some other action as unethical.

Item Analysis

Analysis of the individual items leads to some interesting differences between the groups. The data are presented in Appendix B (available from the author). For example, Armenians seem more willing to use "insider information" for personal gain than do the Americans or the Portuguese. Of course, it is true that such behavior is considered illegal in the US and most likely not in Armenia. Portuguese are more willing to pirate a competitors employees in order to learn trade secrets than are Armenians or Americans, while Americans are far more willing to improve profits by discharging older, more experienced employees who are more highly paid than are Armenians or Portuguese.

Other differences involve such issues as price fixing (Americans find such behavior as more unethical), bribery (Armenians and Portuguese find this to be less unethical than Americans) and following a superior's unethical orders (Americans appear to be less willing to do so).

In addition, as was done in previous studies, we asked our subjects how business ethics could be improved. Omitted due to space limitations, results are available from the author. Differences between the four groups were minor.

What seems to emerge in this study is not that groups differed from each other as hypothesized, but rather how amazingly similar these subjects from diverse cultural backgrounds seem to be. Perhaps, it can be explained by the fact the Protestant-leaning Americans, Catholic Portuguese and Orthodox Armenians are really not all that different in the core values of their societies. Since all three groups have emerged from Judeo-Christian Indo-European roots what we may be seeing is that ethical principles and standards are indeed long lasting values that reach back to the basic beliefs about appropriate behavior, be it business or social relationships. Perhaps if we had studied Moslems or other non-Judeo-Christian peoples or non-Indo-European societies our results would have been different.

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