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Effect of Cross Culture on Ethical Behavior of Y Generation-MBA Students - Is it Changing? A Three Nation Study (Emerging and Developed)

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ABSTRACT

This study explores the impact of individualism and collectivism on ethical decision making process among generation Y people. It compares the decision making process by generation Y students from India, US and Thailand. It also tries to explore on change in their decision making process due to globalization and recession. It was carried out in A and B class cities of India and US and Thailand, respectively. Students doing MBA participated in this study. Study was based on their responses to a question raised to them. Two type's behaviors were observed among generation Y. Individualist behavior predominates the US future manager compared to collectivistic behavior among Asian future manager. However, there is shift in their thinking process. The percentage 24 to 30 shift has been observed in US among students towards collectivistic behavior. This is higher in population of more than ten million in US. The ethical norms are changing in US. More individualistic approach were observed in India and Thailand. Smaller city like Raipur has more collectivistic approach compared to city like Mumbai or Bangkok. Larger cities in Asia have observed more inclination towards ethical practices among students of MBA which could be due to globalization, economic recession etc. This finding opens up new issue to all HR personnel for grooming the new managers who will be joining after completion of their MBA course.

Key words: Generation Y, collectivism, individualism, ethics, cross culture

INTRODUCTION

One of the recent challenges of International management research has been to help managers to understand behavior across different culture. Understanding of behavior helps in managing people better and improving their performance. Some culture has more tolerance level compared to others. For example, software piracy is more common in Asia compared to USA (Donaldson, 1996) or job security is more important ethical concern in Japan than in Canada (Husted and Allen, 2008). A careful analysis of the relationship between different cultural dimensions and ethical decision making by individuals in organizations might elucidate our understanding. Unfortunately we know little about how culture affects the perception and practices. Understanding the impact of culture on ethical perceptions, judgment and behavior will be useful to culture-spanning managers who work with individuals in multi cultural team or deal with negotiator from different culture. Ethical perception may be more predictable in western or Eastern culture based on past data. However, with globalization and better internet connectivity, generation Y people may change their thinking process. Generation Y (Gen Y) consumers are now one of the most influential buying segments. Generation me (sometimes called Gen Y or

Millennials) demonstrates higher self-esteem, narcissism, anxiety and depression lower need for social approval more external locus of control and women with more agentic traits. Managers should expect to see more employees with unrealistically high expectations, a high need for praise, difficulty with criticism, an increase in creativity demands, job-hopping, ethics scandals, casual dress and shifting workplace norms for women (Twenge and Campbell, 2008). MBA student's behavior that is the future managers should be analyzed so as to bring better corporate governance as unethical thinking may rain the organization. This has been observed in Satyam or Enron cases in India and US.

Culture and ethical decision: Individual values are shaped by the value of his or her culture group. Ethical decision making process is affected by individualism and collectivism because they deal with beliefs about the priority of individual versus group interest (Oyserman *et al.*, 2002). The Individualism and collectivism dimension actually constitute syndromes of attributes that may differentiate culture. A culture syndrome is a pattern characterized by shared belief, attitude, norms, role and values.

The recent study has begun to divide individualism and collectivism in to four related attributes namely on concept of self, good relationship, relative importance of belief and norms and emphasis on relationship (Husted and Allen, 2008). Individualism and collectivism affect ethical decision making which concerns the way people resolve conflict in human interest and optimize mutual benefits. Thus, it affects the way people perceive, judge and behave with respect to conflicts management. Current research suggests that individualism and collectivism are inherent elements of culture arising depending upon the situation (Oyserman, 2006). There could be three elements which may affect the moral judgment. It could be perception of a moral problem, processing of moral reasoning and subsequent behavior. However, individualistic and collectivistic culture may differ in their approach. Individualism and collectivism influence the decision maker's inclusion of a business practice within the moral domain (Husted and Allen, 2008). Ethical dilemmas are evaluated by individuals using criteria provided by the person (personality attributes) and situation (culture, characteristic). It may, the differentiate the individualism and collectivism culture and ethical decision making process.

In this study, we explore the impact of individualism and collectivism on ethical decision making process by involving customer in a situational case. We argue that there is link between moral judgment and behavior which is related to individualism and collectivism. We know little about how culture affects the perception and practices. Culture plays an important role in defining ethics standards because dissimilar cultures socialize their people differently (Pires and Sranton, 2002).

LITERATURE REVIEW

Several important dimensions of culture can influence the effectiveness of common ethics initiatives (Weaver, 2001). Moral action occurs only when subject utilizes his or her level of moral reasoning. There can be discrepancy in level of development and action. According to Singh *et al.* (2007) moral philosophies, moral intensity and ethical decision making vary between two cross-culture society of America and China. This could be due to individualism and collectivism culture. Behavior variation could be due to specific set of values or value system. Such systems may shape structures and influence the decision (Marrewijk, 2005). This could also lead to different

Table 1: Various research studies

Author	Conclusions
Rest (1986)	Relationship and behavior is mediated by moral intension
Jones (1991)	Relationship and moral intension depend up on intensity of moral issue
Trevino (1992)	Moral judgment as key factors in decision
Wimbush (1999)	Supports Trevino conclusion
Gergen (1999)	Cultural factor can affect the behavior and earlier model suffer from individualistic bias
Robertson and Fedil (1999)	Explores ways of cultural dimension of individualism, collectivism related to moral reasoning
Man and Lam (2003)	Individualism and collectivism are two independent dimension
Oyserman (2006)	Individualism and collectivism are not inherent element of culture but rather are attributes that may arise depending upon the situation
Husted and Allen (2008)	Moral judgment and behavior is related to individualism and collectivism

interpretations of common phenomena. It is because of rationality which plays a role in good ethical decision making but importance of intuitions and emotions can not be ignored. Therefore, question of the compatibility of ethical values across cultural border has gained importance with rapid economic development (Srnrka, 2004) suggested that various cultural dimensions impact the process of decision making. It could be the reason that in the recent decade, an increasing amount of attention has been devoted to ethics in business problem of choosing an ethical option it even exacerbated when the decision maker is confronted with differing cultural values and ethical expectations (Srnrka, 2004). Therefore, cultural norms and value influence individual decision making. A careful analysis of relationship between different cultural dimension and ethical decision making by individuals in organization might elucidate better understanding. Ethical culture and ethical climate-based factors influenced organizational commitment (Trevino *et al.*, 1998). Company's ethical values and culture should prompt greater satisfaction (Valentine, 2009). Companies should develop ethical culture in order to support ethical behavior. The literature review includes several model of ethical decision making by individuals. This is given in Table 1.

Thus, individualism and collectivism actually constitute attributes that differentiate culture syndrome. In this paper, we explore the impact of individualism and collectivism on three aspect of ethical decision making the perception of moral problems, reasoning and behavior. We argued that there exist a link between moral judgment and behaviors. Around the world, there appear to be at least three main codes of moral conduct: The ethics of autonomy, the ethics of community and the ethics of divinity. The purpose of moral regulation is to increase the autonomy and choice of the individual. Much of the Western morality is phrased in terms of harm to autonomous individuals and involves the delineation of rights and justice. In contrast, for the ethics of community, the self is conceived as a role played with respect to a larger interdependent group (Husted and Allen, 2008). The moral domain varies significantly according to culture. The individualism-collectivism dimension affects the inclusion of business practices within the moral domain.

THEORETICAL CONSTRUCT

Cultural syndrome is a pattern characterized by shared belief attitudes, norms, roles and values. In an individualist culture, the person tends to perceive him or she as an independent self who only take care of own interest which is not the case with collectivist culture. He tends to perceive the self in an interdependent relationship with others. It may be possible for individualistic person to have left brain dominance leading to being more logical and less emotional. Therefore,

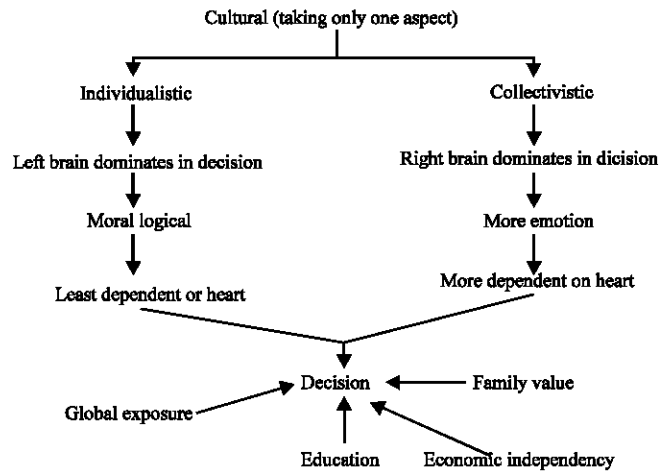


Fig. 1: Construction of theoretical model

it is possible that he could be more ethical in decision making process. This process may be influenced due to global exposure, education, economic independency and family values based on his culture.

Understanding the impact of culture on ethical perceptions, judgment and behavior will be useful to managers working in multicultural team. Economic independence makes one stronger in decision making as he may tend to become more logical. Therefore, the following theoretical construct can be suggested as given in Fig. 1.

At the same time, there is a feeling that west is tilting towards east and east is tilting towards west. If it is so, will it lead to younger generation of west tilting towards collectivistic approach or younger generation of east is becoming more individualistic. It may not be due to strong cultural upbringing. Is it because of economic independent of younger generation? Younger students are more dependent on parent support compared to western part of the world. Global exposure due to media could also affect the decision making process. It may enhance the knowledge of the manager. Knowledge gain due to global exposure and skill development due to education could influence the decision making process. It could also affect and have “Shadow effect” on decision which could possibly be influenced by collectivism or individualism. Tilt in changing behavior could be due to these two additional factors a study conducted on service quality by Man and Lam (2003) reported cross cultural consistency of tangibles dimension. Decision could vary dependably upon cultural context (Nam, 2008). There has to be desire for moral judgment. If person is able to engage in ethical behavior it may strengthen his character (Sloan and Gavin, 2010).

MATERIAL AND METHODS

This study was conducted among the five universities situated in with less than 1 million populations (Chattisgarh Swami Vivekanand Technical University Raipur and St. Angelo State University Texas USA) and in cities with the population more than 10 million cities (Mumbai University, California State University, STIC Bangkok). The objective was to find out if there are differences among Y generation students-future managers on ethical behaviour when faced with critical problems. Gen. Y makes up to 22.5% of the work force (Jones, 1991) Ethical decision may be affected by individualism and collectivism orientation of the culture

(Oyserman *et al.*, 2002). This decision could change based on degree of relationship vs. task accomplishment (Husted and Allen, 2008). MBA/BBA students represents generation Y segment. MBA/BBA students were selected for this study as they are the future managers and responsible citizen. Sixty students for Raipur, sixty from Mumbai and 41 from St. Angelo 30 from California State University, (SUSM) and 20 from Stic Thailand participated in this study. Management graduate are the future managers. Understanding their culture and thinking process will help the society in future. A correction can be made so that Enron, Lehman, Satyam cases are not repeated. Managers own certain responsibility towards society and organization. They were selected for these reasons for this study.

During the lecture on role of culture on ethical behavior a question was asked and their response to hitting a pedestrian was noted. The question asked was. "He was driving at 35 miles per hour instead of 20 miles per h. He hit a pedestrian during drive. Says that if his friends say that he was driving at 20 miles may save him and give less punishment". Their response to this question was recorded on the board and analyzed. It was simple exploratory study.

Survey instrument: Simple questionnaire technique was used. Students were asked to reply as per the question in the class. It was a simple question on their response to violation of traffic rule. Therefore, data was recorded in the class as the students were supposed to answer to a simple question.

This study make an attempt to find out the behavior pattern between Indian, US and Thailand students on ethical issue and also tries to find out if there is shift among y generation youngsters doing MBA/BBA among three nations. A careful analysis between cultural dimension and ethical dimension might elucidate our under standing of managerial decision in right manner.

RESULTS AND DISCUSSION

Despite several reviews of generational differences across cohorts, relatively few empirical examinations have been undertaken (Meriac *et al.*, 2010). Behavioral ethics is an emerging field that takes an empirical, social scientific approach to the study of business ethics (De-Cremer *et al.*, 2010). Individual's ethical reasoning may vary according to cultural back ground. If transnational corporations wish to inculcate core values throughout their organization understanding the same becomes important. Therefore, ethical sensitivity initiates the ethical reasoning process through the identification of an ethical dilemma. Ethical sensitivity reflects an awareness that the resolution may affects others. Individual's prescriptive reasoning process will lead to resolution on ethical dilemma. Culture will influence the ethical reasoning process. It way affect ethical sensitivity prescriptive reasoning, deliberative reasoning and ethical character classified based on Rest (1986) model of ethical decision making process.

The presents study on ethical behavior of Gen. Y who is doing MBA the future managers revealed that there is a distinct pattern on ethical behavior. US students are more of individualistic culture with better ethical reasoning process compared to Indian students. It could be due to collectivistic culture in India.

However, from Table 2, it is observed that there is shift (24%) in US towards collectivism at the same time. In city with population less than 80, 000 it is an interesting observation. When this data is compared to Raipur a city of population less than 10 million it indicated 18% for No help to friend behavior was observed on rule violation. Shift towards collectivism in US and individualist behavior in small town like Raipur is an interesting observation.

Table 2: Response of MBA students

Response	Population < 10 million			Population > 10 million		Population > 10 million		
	BBA	MBA	Total (USA)	MBA, (India)	MBA, India	Total (India)	California State University San Marcos (USA) (MBA)	St. Theresa Bangkok Thailand) (MBA)
Will help friend	6	4	10 (24%)	49 (82%)	46 (77%)	106 (88%)	9 (30%)	15 (75%)
No help to friend	16	15	31 (76%)	11 (18%)	14 (23%)	14 (12%)	21 (70%)	5 (25%)
Total	22	19	41	60	60	120	30	20

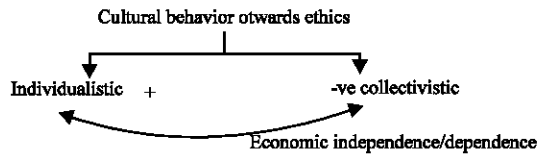


Fig. 2: Possible explanation on different behavior

The shift in city like Mumbai and Bangkok with population of more than 10 million is much more (23 and 25%) for no help. Is it due to globalization or economic independence as it leads to better emotional security Economic dependency may lead to collectivism and more family bonding. It also gives a mental support in facing the situation. It may also lead to right brain dominance in certain situations. 24% shift in US towards collectivism is significant. At the same time 23 and 25%, respectively shift in Mumbai and Bangkok towards individualism requires attention. In B class town like Raipur it is 18%. These are the interesting observations which may help in understanding of managerial process on ethical decision making process. It could be due to more globalization. There appear to be very significant differences in the form of moral reasoning used in Mexico and the United States (Husted and Allen, 2008).

They are all Gen. Y people. In these classes of people heart may dominate the logical decision process and can over rule the ethical process. However, collectivist societies have stronger institutional norms and structure that reinforce individual’s consideration of multiple stake holders. Indian study by the author was endorsed in Thailand too. US study in California reflected trends towards collectivism more compared to small town of Angelo State. This phenomenon could be due more exposure to campaign on family values and their ethnic heritage as majority of them who reported collectivism approach were from Asian or African origin. Business practices within the moral domain by the individual depend partly upon individualism and collectivism (Husted and Allen, 2008), same authors mention that the link between moral judgment and behavior is related to individualism and collectivism. Individualism-collectivism dimension is most closely related to the nature of an ethical problem because it deals specifically with the way in which individuals relate to groups in different societies.

Therefore, the shift observed among Gen. Y people in this study is significant. Is it because of economic dependency in US has increased due to recession leading to more family values and attachment. Similarly, in larger city like Mumbai, the shift is towards individualism. This could be due to economic independence of the MBA students, which is given in Fig. 2.

According to study of Smith and Hume (2005), individualism culture support the ethical response.

This is an interesting observation of the study. The ethical decision making process may be affected by economic dependency education, similar experience and ethical value. However, masculinity and feminist dimension were not looked while understanding and noticing the change in ethical behavior. Culture varies strongly in moral philosophies and value to evaluate ethical dilemmas (Smith and Hume, 2005). Ren and Gray (2009) argue that these culture differences have important implications.

According to the definition of Armstrong (2006), ethics is associated in three ways human conduct as professional values that given their behavior and the ethical standards of the organization. Ethics should be not only theories but guideline for behavior All human interaction are economic transaction and do experience ethic tension between self interest and Social responsibility. Overall, most business people know that there is a range of behaviors that are not acceptable in both the workplace and the market place (De-Cremer *et al.*, 2010). Despite this awareness, irresponsible and unethical behaviors and decisions still emerge. How can we explain this Early explanations focusing on the underlying causes of these ethical failures promoted the idea that most business scandals were the responsibility of a few bad apples (De-Cremer *et al.*, 2010). This assumption is intuitively compelling and attractive in its simplicity. Further, at a practical level it facilitates identification and punishment of those deemed to be responsible. This research suggests most all of us may commit unethical behaviors, given the right circumstances. This idea is one of the major assumptions used in the emerging field of behavioral ethics. Ethics is much more widely discussed in 2010 than it was in 1970 (Brenkert, 2010).

At the same time, ethical action may be function of one's personnel characteristics such as ego strength which may differ along culture. Similarly orientation to environment can guide individual action. Individuals with higher orientation to environment are likely to fulfill their intension to act ethically than individual with lower orientation to environment. Differences do exist across cohorts on dimensions of work ethic and some differences may be a result of respondents interpreting content in different ways. Managers of multigenerational employees should consider these differences in managing employees and conflict that may arise as a result.

CONCLUSIONS

One of the recent challenges of international management has been to help understand business ethics across different cultures. This study is based on three different cultures from India, US and Thailand and their response to ethical issue. The main purpose of this study is to highlights the influence of culture on ethical reasoning. It also identifies the dimension of individuals ethical reasoning that vary across culture. Economic dependency could influence the decision making ability and can tilt the balance in collectivistic or individualist ethical decision making process. The shift in ethical behavior may be due to global exposure. Challenges facing firms is how the new trend as observed in the study to be aligned with standardized global policies with appropriate consideration for culture. Different cultural background may lead to individual's ethical reasoning. This study suggests that there is likely variation across cultures on ethical issue.

Earlier studies on cross cultural on future managers have not addressed the topic of shift on ethical decision making process. Due to globalization, managers are likely to encountered situation where the norms of their home country conflict with other norms of other country. Research is needed to examine whether people view ethical managers as important. The results of this study

are consistent with a social cognitive approach to the diffusion of ethics, but are by no means conclusive. Organizations and managers who understand these deeper generational differences will be more successful in the long run as they manage their young employees, finding ways to accommodate differences in some cases and exert constructive counter pressure in others. The profits of the twenty first century will go to businesses that can harness the unique traits of Generation Me to their benefit and that of their company.

Managerial implication: Ethical culture and ethical climate-based factors influenced organizational commitment. Managerial fairness establishes organizational legitimacy, both of which are link to establishing ethical compliance. This research finding could help in understanding young managers and managing them based on their culture. Understanding of culture will enable the global manager to take appropriate measures on ethics and decision making process. Therefore, understanding the impact of culture on ethical perceptions, judgment and behavior will be useful to management. Researchers must begin by analyzing the relationship between different cultural dimensions and the ethical decision-making process of managers.

Limitation of research: This research is confined to only MBA students of five cities of three countries. Expanding to corporate sectors involving different countries could be the future search area. It only covered only one aspect of culture. Other aspect of cultural study will be a useful contribution.

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