CHAPTER II

REVIEW OF LITERATURE AND METHODOLOGY

In this chapter, first a brief review of the research works undertaken by earlier researchers is made. Then the research gap is identified. The objectives of the present study, research methodology adopted and limitations of the study are stated.

REVIEW OF LITERATURE

There is a growing body of literature -

- Concerning empirical investigations of the ethical beliefs and behaviour of managers and students (Brenner and Molander, 1977; Carroll, 1978; Krugman and Ferrell, 1981).
- On impact of teaching of ethics to present and future managers (Barach and Nicol, 1980; Purcell, 1977).
- On the codes and ethical value systems in organizations (Pater and Gilts, 2003; Wotrubta, Chonko and Loe, 2001).
- On the pressures of the business environment and improving the ethical aspects of business behaviour (Boling, 1978; Purcell, 1975).

IMPORTANCE OF ETHICS

A survey was conducted in the US (2003) to assess the successfulness of its MBA programme. Questionnaires were sent to the corporate community of Fortune 500 companies as well as business schools. It revealed that out of 12 core areas of management curriculum like Accounting, Finance, Marketing, Management, and Economics and so on, ethics is the one area which is strongly supported by the corporate community (Presidents of fortune 500 companies) as well as business schools. From a survey conducted to assess the importance of various organizational goals, it was observed that the managers place the emphasis on the high morals of the organization. They rated the importance of high morals at 6.04 on a 7 point scale.

Ethical behaviour leads to trust between individuals in organizations. This was the major finding of the study by Deniz Boru and Guler Islamoglu (2005). The study focuses on the importance of ethical behaviours of individual managers in building trust, which is very essential to make the organizational climate more conducive, healthy and productive.
WHAT IS BUSINESS ETHICS?

In a now classic study of the ethics of business managers, Raymond Baumhart (1961) asked more than 100 business people, “What does ethical mean to you?” Typical of their replies were the following:

Before coming to the interview, to make sure that I knew what we would talk about, I looked up ethics in my dictionary. I read it and could not understand it. I don’t know what the concept means...

Ethical is what my feelings tell me is right. But this is not a fixed standard, and that makes problems.

Ethical means accepted standards in terms of your personal and social welfare: what you believe is right. But what confuses me...is the possibility that I have been misguided, or that somebody else has been poorly educated. May be each of us thinks he knows what is ethical, but we differ. How can you tell who is right then?

Of the business people Baumhart interviewed, 50 percent defined ethical as “what my feeling tell me is right,” 25 percent defined it in religious terms as what is “in accord with my religious beliefs,” and 18 percent defined it as what “conforms to the golden rule.”

IDENTIFICATION OF UNETHICAL ISSUES

Vitell and Festervand’s (1987) survey revealed that gift giving and kickbacks caused the greatest ethical challenges and unfair pricing, bribes, gratuities, gifts and cheating were also problematic.

James Rest Hunter and Richard Alan (1998) solicited volunteers from a large organization. Each was asked to identify business issues in a case study that had ethical issues included along with numerous distracters. Two hundred and ten usable responses were received. The average number of ethical issues identified was 5.12 out of 7, with a standard deviation of 1.60.
• Using t-test no significant difference in total scores was identified for gender or education level.
• Managers did score significantly higher than non-managers.
• An ANOVA showed no significance between gender and identification of caring or justice issues.
• A significant and positive but low correlation exists between age and total score.
• In this study, 71% of the participants identified five or more of the ethical issues and 29% identified four or less.

What do the different surveys say about the misdeeds? (Management Today's survey, 2000). Here is a sample that respondents admitted to:

• Cut corners on quality control (16 percent);
• Covered up incidents (14 percent);
• Abused or lied about sick days (11 percent);
• Lied to or deceived customers (9 percent);
• Put inappropriate pressure on others (7 percent);
• Falsified numbers or reports (6 percent);
• Lied to or deceived superiors on serious matters (5 percent);
• Withheld important information (5 percent);
• Misused or stole company property (4 percent);
• Took credit for someone's work or idea (4 percent); and
• Engaged in copyright or software infringement (3 percent).

Cheating, for instance, is common occurrence in education. A range of studies shows that anywhere from 75 percent to 98 percent of students admit to having cheated in high school.

Indian executives seem to be getting their hands dirty in all kinds of murky activities, with 50% of Indian companies experiencing corporate fraud. (KPMG Survey, 2002)
- Manipulation of expense accounts is the number one fraud as far as rupee losses of Indian corporate are concerned. Around 37% of the respondents in KPMG's Fraud Survey 2002 felt that fudging in expense accounts is the commonest executive fraud.
- Secret commissions and kickbacks are close to second in the list of corporate black deeds, with 30% of survey respondents reporting it.
- Forged documents come in next.
- Misappropriation/diversion of funds also figures in a big way in India Inc.'s corporate frauds list.

A survey of college students by U.S. News and World Report (2003) showed some ethically alarming results:

- 90 percent believe cheaters never pay the price;
- 90 percent say when they see someone cheating, they don't turn the person in;
- 84 percent believe they need to cheat to get ahead in the world today; and
- 63 percent say it is fair for parents to help with their kids' homework.

It's not surprising that organizations have difficulty upholding high ethical standards when their future employees-these students-so readily accept unethical behaviour.

According to ET survey (2003) the retail sector is the most prone to frauds, with 83% respondents of this sector saying they have experienced corporate fraud. Surprisingly, the very employee-friendly IT industry came in second on the corporate frauds stake, with 67% experiencing it. Consumer products come next followed by construction and engineering.

However, when it comes to corporate espionage, or leakage of sensitive information to business rivals, the ICE (information, communication and entertainment) sector takes a walk on the wild side ahead of others, with 84% respondents saying they have been victims of corporate espionage. "These sectors have a competitive edge which lies in their intangible assets such as database, knowledge pool and proprietary information, all of which are susceptible to espionage activities", says Mr. Sanwalka. Financial service comes next with 81% respondents saying they are espionage-hit.
The survey adds that although 75% of the respondents believe their organizations could become corporate espionage victims, more than half of them do not have adequate counter-espionage measures and protocols in place. The survey also points out that the consumer and industrial markets sector faces the highest number of occurrences of ethical violations at the workplace. The most common sources of ethical violation are conflict of interest, supplier relationships and misuse of company assets.

The ET survey drew up a profile of a typical fraudster. Your typical fraudster will most likely be a male, between 26-40 years old, earns an income between Rs. 2-4 lakh per annum and would be employed in the company for less than two years. However, the study notes that the percentage of female fraudsters has shown a steady rise and has been around 10% over the last three years.

In January, 2006, KPMG Forensic sent a fraud survey questionnaire to over 1,000 organizations across India, which included some of the largest private sector companies, government agencies and other organizations. The survey results indicated that unlike the previous survey (2002) findings where the fraud risk was perceived to be the highest in the retail sector, now the fraud risk threat is perceived to be highest for the financial sector followed by the information, communication and entertainment sector.

ETHICAL DECISION MAKING

Different researchers have studied ethical reasoning methods of students and managers.

(i) STUDENTS

The studies related to moral development and decision making

a) Moral development

A research by Reall and Micheal John (1993) investigates the moral development of upper – division business students during the anticipation stage with
their moral reasoning during the involvement stage and their moral conduct during the behaviour stage. The analysis found the following.

- The research sample scored significantly lower than college students in general on the defining issues test.
- No significant differences between the moral development, moral reasoning, or moral conduct by gender.
- Demographic variables did not strongly influence moral conduct during the process of the commons game, whereas moral reasoning during competition was affected by point rewards and the moral reasoning employed during previous rounds.

b) Reasoning

Snodgrass, James Edward (1994)) study attempted to determine whether there are significant differences in principle, moral reasoning ability between undergraduate business majors and non-business majors and whether there are significant differences between lower and upper division students. The sample (n=669 students), representing of majors, was examined in four groups - Lower division business majors, Major division business majors, Lower division non-business majors and Major division non-business majors. A short form of Rest’s Defining Issues Test (DIT) assessed the principled moral reasoning ability of undergraduates, reported as ‘P’ scores. SYSTAT analyses the data reporting descriptive statistics. ANOVA compared respondent’s scores against published norms and between groups.

c) Ethical preferences

T. K. Das, (1985 and 1992) conducted studies to examine the ethical preferences among business students using fourteen ethical principles given under:

1. The Utilitarian Ethic: The greatest good for the greatest number determine whether the harm in an action is out weighted by the good. If the action maximizes benefit, it is the optimum course to take among alternatives that provide less benefit.

2. The Categorical Imperative: Act only according to that maxim by which it should become a universal law. In other words, one should not adopt principles of action unless they can, without inconsistency, be adopted by everyone else
3. **The Conventionalist Ethics**: Individuals should act to further their self-interests so long as they do not violate the law. It is allowed, under this principle, to bluff (lie) and to take advantage of all legal opportunities and widespread practices and customs.

4. **The Professional Ethics**: You should do only that which can be explained before a committee of your peers.

5. **The Disclosure Rule**: If the full glare of examination by associates, friends, family, newspapers, television, etc. were to focus on your decision, would you remain comfortable with it? If you think you would, it probably is the right decision.

6. **The Golden Rule**: Do unto others as you would have them do unto you. It includes not knowingly doing harm to others.

7. **The Hedonistic Ethics**: Virtue is embodied in what each individual finds meaningful. There are no universal or absolute moral principles. If it feels good, do it.

8. **The Intuition Ethics**: People are endowed with a kind of moral sense with which they can apprehend right and wrong. The solution to moral problems lies simply in what you feel or understand to be right in a given situation. You have a "gut feeling" and "fly by the seat of your pants."

9. **The Market Ethics**: Selfish actions in the marketplace are virtuous because they contribute to efficient operation of the economy. Decision makers may indulge selfish actions and be motivated by personal gain in their business dealings. They should ask whether their actions in the market further financial self-interest. If so, the actions are ethical.

10. **The Means — Ends Ethics**: Worthwhile ends justify efficient means — i.e. when ends are of overriding importance or virtue, unscrupulous means may be employed to reach them.

11. **The Might-Equals-Right Ethics**: justice is defined as the interest of the stronger. What is ethical is what an individual has the strength and power to accomplish. Seize what advantage you are strong enough to take without respect to ordinary social conventions and laws.

12. **The Organization Ethics**: The wills and needs of individuals should be subordinated to the greater good of the organization (be it church, state, business, military, or university). An individual should ask whether actions are consistent with organizational goals and what is good for the organization.

13. **The Proportionality Principle**: I am responsible for whatever I "will" as a means or an end. If both the means and the end and good in and of themselves, I may ethically permit or risk the foreseen but unwilled side effects if, and only if, I have proportionate reason for doing so.
14. The Revelation Ethics: Through prayer or other appeal to transcendent beings and forces, answers are given to individual minds. The decision makers pray, meditate, or otherwise commune with a superior force or being. They are then apprised of which actions are just and unjust.

The findings suggested that there is no single principle that is recommended to be always used. As one gets into each principle, one encounters a number of problems with definitions, with measurements and with generalizability. The more one gets into each principle, the more one realizes how difficult it would be for a person to use each principle consistently as a guide to decision making.

In an attempt to understand the ethical orientations and concerns of Harvard Business School students as part of an initiative to strengthen the Business Ethics curriculum, Parks (1993), interviewed 42 students at the School during the beginning of the 1989-90 academic year and 34 of these again in April – May of the following year. Her main finding was:

- While the students had a strong sense of interpersonal accountability, they reflected only a limited consciousness of systemic harm and injustice.

She explains this as the result of insulation from diversity and failure, and therefore of not being induced to reflect critically upon important issues about themselves and society. This absence of critical reflection tends to cause individuals to subscribe to whatever conventional ethos prevails as long as they are successful within it. The students exhibited a limited understanding of economic system and the connections and relationships between different parts of socio-political-economic systems. They demonstrated a split between commerce and social responsibility in their value constructs. Parks identified a ‘yearning for balance’ (between values marking career success and values signifying quality of personal life) as a dimension on which the respondents differed from the conventional ethos and hence identified this dimension as a possible starting point for an ethical dialogue.

Stark (1993) found that personal and business ethics are viewed differently. The study by Bartlett and Ghoshal, (1994) observed that leaders of the firm need to achieve financial targets, but also go about “identifying, communicating and shaping organizational values”.

50
Mamburg and Einars' (1998) research consists of an empirical examination of the ethical behaviour of Norwegian University graduates in private firms. The study is based on a mail survey of 1010 Norwegian University graduates (engineering graduates, graduates in business administration and economics) in Norwegian private firms. 449 questionnaires were completed. Besides using the defining issues test in the questionnaire (Rest, 1986) for measuring moral reasoning, indexes for measuring ethical attitudes, philosophical knowledge and decision behaviour was constructed. Main findings are:

- There exist differences in attitudes between profession groups.
- There are apparently no development in attitudes and reasoning according to age or experience.
- Significant effects of differences in education, organization variables and demographics are reported.

Siemensma (1999) interviewed the students at the Indian Institute of Management, Calcutta and Calcutta University and found the following:

- Most students saw the pursuit of corporate profit as incompatible with total honesty.
- In general, the students were of the opinion that the pressure to succeed would lower the priority accorded to personal and family values as they started their careers. None of the students were worried that compromising on values in the early years of their career would lead to the long term erosion of these values.
- Further, they saw their future success in personal terms. They did not anticipate contributing to the larger good of society through their work and the resolution of future business problems was depicted in terms of personal power relationships. Environmental concerns, although perceived as of major significance, were considered outside the realm of an individual's personal influence. Social justice concerns, when recognized, were seen as beyond their sway and field of study.

A survey article by Collins (1996 and 2000) regarding student's ethical sensitivities from earlier studies revealed the following:

- Conflicting students' sensitivity to ethical issues, proclivity to ethical activity, perception of the social responsibilities of organizations and belief in the typical business school ideology.
• Some studies revealed that students were more ethically sensitive to personal rather than vicarious situations; rated practicality as more important than ethicality; were dominated by ‘head’ (rather than ‘heart’) traits; believed that managers are more concerned with economics than ethics and emphasise financial goals more than social and employee oriented goals.

• There are conflicting findings on whether students of business have different ethical beliefs from other students.

• Collins concludes that context matters; in particular, the magnitude of consequences and perceived social consensus that something is right or wrong.

• Of the 47 studies identified by Collins that investigated the relationship of gender and ethical sensitivity, 32 found that women are more ethically sensitive than men and 15 found no difference between men and women.

• Collins also reported that the research findings on the impact of business ethics courses and coverage of ethics issues in other courses on students' ethical sensitivities are mixed.

Rishikesha T.Krishnan and C.Manohar Reddy (2002) conducted a questionnaire-survey based on an instrument developed by the authors consisting of some basic demographic information, 37 items on ‘Perceptions and Attitudes about Business, Society and Ethics’ and 17 items on ‘Religious and Spiritual Beliefs’. The items on the Perceptions and Attitudes about Business, Society and Ethics section related to issues such as the goal of an organization, social responsibility of business, conflicts between individual values and corporate objectives, performance orientation, corruption, and individual morality.

A total of 321 Post Graduate Programme (PGP – equivalent to an MBA) students were surveyed, divided across the first year (175 students) and second year (146 students). The authors also surveyed 51 students of a private management institution affiliated to Bangalore University for the purpose of comparison. In an attempt to determine whether there are some typical ethical profiles among the sample of IIMB students, a cluster analysis was performed out of a total of 288 students who had answered all the items, generating three clusters consisting of 145, 84 and 59 students respectively. Differences between groups were established by comparing means at the 5% significance level.
The major findings are:

- **Goal**

  Over 92% of the respondents agree that the primary goal of an organization is earning profits and maximizing shareholder value. More than 86% of the respondents agree with the broad idea that businesses have a responsibility towards society.

- **Personal vs Business ethics**

  (i) More than 62% of the respondents disagree with the notion that personal conscience and values ought not to come in the way of business decisions, which are in the interest of the organization. About 71% reinforce this by saying that if the employer were to force them to do something against their conscience, they would leave the organization.

  (ii) Almost 65% disagree that one can't have the same stringent standards in business dealings as in personal life and almost 55% disagree with the notion that the ethics of business and family and personal life are different. At the same time, more than 56% believe that to achieve success in business dealings one may occasionally have to indulge in a certain degree of dishonesty and half-truths.

  (iii) More than 86% of the respondents agree that there are absolute and minimum standards of ethics that everyone should maintain. But there is not the same degree of agreement on what these standards are.

- **Acceptable practices**

  (i) And almost 58% believe that if a person manages to do well in his/her career and life by networking and politicking even without doing his/her work properly, it is okay.

  (ii) There is a high level of agreement (about 83%) with the notion that it is acceptable to break apart a competitor's product to study its inner working. This is consistent with the view that it is not unethical to buy a product and then analyze it as long as it is publicly purchased, bought for fair value, intellectual property rights are not violated and the product is not copied exactly and passed off as one's own.
(iii) About 63% do not think it is all right to exaggerate the performance of a product in order to achieve higher sales. But the group is almost evenly divided on the appropriateness of sexually suggestive messages in advertisements to attract the attention of potential customers. Over 63% have nothing against the advertisement of cigarettes and alcohol.

(iv) Almost 90% are of the view that good ethics is no substitute for performance and that the observance of a strong ethical code cannot be an excuse for non-performance by the organization. Further, almost 72% of the respondents believe that organizations need not show any leniency to employees on humanitarian considerations and should deal with them based solely on their performance. At the same time, more than 73% believe that unethical practices are not justifiable in the name of performance.

(v) More than 69% believe that while team work is important, one need not always sacrifice one's own personal interest for the sake of the team. A little over two-thirds endorse the statement that it is a dog-eat-dog world and that each person has to take care of his/her own interests before being concerned about others' interests.

(vi) There is a higher degree of agreement on corruption in government – more than 72% believe that the government and the public sector are more corrupt than the private sector, 68% believe that if a bribe is a must to get what is legitimate, as happens in some government offices, they have no choice but to pay up.

d) Influence of training

Study of Wittner, Dennis Raul (1993) developed a measure of 'ethical sensitivity' and empirically tested the measure in a decision making exercise. The subjects were students in public administration; business management and engineering. An education programme (personalized information) was introduced and empirically tested for its effect on ethical sensitivity. Ethical sensitivity was then examined along with other individual variables (Cognitive moral development and locus of control) to determine relationships to decision outcomes.

- Results indicated that increased levels of personalized information did generally increase on individual's level of ethical sensitivity, and ethical sensitivity was found to be related to decision outcome.
A study by Sekhar (1995) of MBA students exposed to and not exposed to classes on ethics found the following

- MBA students not exposed to classes on ethics have very high deontological scores, i.e., they hold that certain things are right and certain other things are wrong by themselves, irrespective of their consequences.
- The same group scored low on a teleological score, i.e., a tendency to believe that an action is right or wrong as judged by low opinion of the ethicality of others.

According to Weaver, Trevino and Colhram (1999), formal corporate ethics programmes are very useful in creating a positive ethical climate in the organization.

(ii) STUDENTS vs MANAGERS

Freedman, Allen M. (1991), in their research, using scenarios created by Clark in 1996 and updated for this research, compared the personal business ethics scores (PBES) and the social responsibility score (SRS) of students in the Hotel and Restaurant management department of New York city Technical College and Alumni of that department to ascertain if age/experience and gender are factors in moral development. The students are all under twenty six years of age and have no management experience. The alumni have over five years of hospitality management experience. ANOVA at P $< $ .05 were used to test results. The results are:

- Student's scores are significantly lower than manager's scores, and that male students scores are significantly lower than female student's scores. No significant differences were found when male manager's scores were compared to female manager's scores.

(iii) MANAGERS

Studies on Indian managers, American managers and UK and Indian managers are presented here.

Indian Managers

Arun Monappa's study (1977) was undertaken in India when there were very few studies done on this context. His study used the questionnaire form Rev. Fr. Baumhart's study. Indicated below are the trends that emerged from this survey.
A majority of business managers believe in good ethics; various circumstances like unnatural competition, company policy, and a plethora of rules and regulations often prevent the managers from putting this belief into practice.

The problems that caused managers the greatest concern were those which involved ‘buying business' using gifts, bribes, personal favours etc. Personnel problems also caused anxiety, but mostly due to a conflict of the head and heart when emotions came in the way of responsible decision-making.

Most managers do take time in making a decision to consider the ethical implications.

Managers constantly reiterated the importance of company policy in influencing ethical action. A man's personal code of conduct was given only second place.

The influence of superiors, through whom company policy is most often transmitted, was considered important in influencing ethical action.

Dishonest methods used by competitors and the unethical climate of the industry were often cited as deterrents to the honest transaction of business.

Corruption and greed among government officials, redtapism, nepotism and suffocating regulations were considered obstacles to ethical business behaviour.

The attitudes and reactions of older business managers to situations demonstrated a greater ethical awareness than that of younger managers.

The size of the company, by and large, had no discernible influence on ethical decision making.

Managers were dissatisfied with the idea that the profits should be only the guideline for a businessman in the decision making process.

Formal education and training did not seem to have stimulated the desire to act honestly.

The ethical attitudes of those who belonged to a religion which was more organized, were no better than those in whose religion there is no much scope for guidance.

Certain areas (construction, engineering, research and development, banking, investment and insurance) seemed more prone to encouraging unethical practices than others.

A majority of managers welcomed the idea of a code of conduct and felt it would help to improve the ethical climate in industry.

Managers felt that the management of each company (i.e. self-regulation) would be the authority best suited to enforce the code.
Panchalan, (2000) in his paper made an attempt to analyze the level/extent of agreement and adherence of the employees to the different ethics. In all 27 employee-ethics were identified for the purpose of the study. These are:

Exhibit II.1 Employee Ethics

<table>
<thead>
<tr>
<th>Dimension</th>
<th>No of Items</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work related ethics</td>
<td>4</td>
<td>Duty consciousness, Work excellence, Punctuality, and Frugality</td>
</tr>
<tr>
<td>Superior related ethics</td>
<td>5</td>
<td>Obedience to superior, Co-operation with superior, Expert advice to superior, Accepting responsibility, and Bringing credit to the superior</td>
</tr>
<tr>
<td>Subordinate related ethics</td>
<td>5</td>
<td>Confidence in subordinates, Opportunity to the subordinates for growth, Protection of subordinates legitimate interests, Supportive guidance to subordinates and Non-discrimination among subordinates</td>
</tr>
<tr>
<td>Peer related ethics</td>
<td>4</td>
<td>Sense of co-operation among peers, Generosity among peers, Respect for other peers and Competitive spirit among peers</td>
</tr>
<tr>
<td>Organization related ethics</td>
<td>4</td>
<td>Commitment to the organization, Fostering institutional image, Conflict resolution through negotiation and Accepting organizational changes</td>
</tr>
<tr>
<td>Trade union and community related ethics</td>
<td>5</td>
<td>Meaningful participation in trade union, Binding oneself to union decision, Not being a party to multiple membership, Social involvement and Spirit of nationalism</td>
</tr>
</tbody>
</table>

The main objectives of this paper are to study the extent of agreement and adherence of employees in different employee ethics and highlight the causes for agreement or disagreement of employees to different ethics. 100 respondents were selected at random sampling for the study out of 706 employees in the Perambalur Sugar Mills Ltd, located at Perambalur District, Tamil Nadu. The findings are as given under.

- The employees have positive attitudes towards the ethics but there are mixed responses toward different employee ethics.
• About 90 percent of respondents are in 'high agreement' with ethics and 10 percent of
respondents are in 'agreement' with ethics. No respondent comes in the category of
'disagreement' or 'high disagreement' to ethics.

• 24 of the 100 respondents come with very high level of adherence to ethics, 68
respondents come with high level adherence to ethics, and 8 respondents come in the
low level adherence to ethics.

Bhal and Sharma, (2000) carried out a study of ten organizations located in
and around Delhi, of which five each were from public and private sector
organizations. Only big organizations having turnover of above Rs 100 crore and
employing more than 500 people were included in the sample. The sample
organizations were taken from diverse areas of activity and were all profit making.
The questionnaire used in the study was scenario-based. Ethical decision-making was
assessed through five situations wherein the respondents could either make a ‘values’
(strongly disagree and disagree) response or a ‘compromise’ (strongly agree and
agree) response. The unethical responses were termed as Compromise and the ethical
ones were termed as Values. The five situations included in the questionnaire were:

- New and improved marketing strategy
- Gifts and bribes
- Padding up the expense bills
- Nepotism
- Insider trading

At the end of each vignette, a decision was taken and the respondents were
asked to give their responses on a five-point scale as to what extent they agree or
disagree with the decision. On the continuum, higher score meant compromise and
lower scores meant values dimension of ethical decision-making.

• It was interesting to note that even if the difference between public and private
sector respondents was not significant, in four out of five vignettes, the public
sector respondents scored higher, i.e., towards compromise dimension of the
ethical decision-making.

• It was also observed that all the four vignettes where respondents from the public
sector organizations scored higher on compromise dimension related with
individual benefits.
American managers

Fritzsche and Becker (1983) mailed questionnaires to a systematic random sample of 593 practicing marketing managers and obtained a total of 124 usable questionnaires yielding a response rate of 21 percent, to study ethical decision-making by managers. Five categories of ethical problems were included in the study: (1) coercion and control, (2) conflict of interest, (3) physical environment, (4) paternalism, and (5) personal integrity. Vignettes were developed and pre-tested on a group of marketing managers drawn from the local chapter of the American Marketing Association. A 0 to 10 point Likert scale anchored with “definitely would not” (0) and “definitely would” (10) phrases was used. These responses were classified by type of ethical theory—Utilitarian (rule and act), justice and rights.

- It was found that majority follow utilitarian theory.

Mauro and James study, (1988) selected a multibillion-dollar, high telecommunications/computer corporation that enjoyed a reputation for high ethical standards. Intensive interviews were conducted with 21 participants who responded to an 18-question interview schedule. Findings are as given below.

- Participants perceived that defining both ethics and business ethics was difficult, yet they exhibited specific views on the subjects.
- A code of behaviour, although a derivative of personal values, is viewed as distinctly different from a personal value system.
- A manager’s value system can be reshaped but doing so is very difficult; and
- Participants possessed an awareness of corporate social responsibility.

Forrest, PJ (1990) conducted an empirical analysis of four factors, which were considered to be of influence in business judgments of ethical issues taking a managerial sample and a non-managerial sample. The four factors tested were:

1. Beliefs about the nature and purpose of business enterprise,
2. The role of company policy in ethical decisions,
3. The effect of a one-time-only situation vs. a recurring ethical problem, and
4. Respondent’s preferences for a deontological or a utilitarian decision philosophy in making ethical decisions.

59
Data was collected by an alternative form of the vignette method of data collection. A Scenario was developed which described a company’s use of a fear appeal in advertising a mythical brand of toothpaste. The respondents were given a set of six alternative statements proposed as reasons the company had decided to use this advertising approach, and asked to rank order the reasons according to their acceptability. Each alternative statement was composed of a different combination of the four factors under study. Choosing one of these statements over the others required the respondents to make trade offs among the factors. The data was then analyzed by conjoint analysis and discriminant analysis. The conjoint analysis was used to transform the respondents ranked preferences into the metric utility they had for each factor. This metric data was then used as input to discriminant analysis, which attempted to classify the respondents as managers or non-managers on the basis of the utility they assigned to each factor.

- The results of the discriminant analysis indicated that these four factors were not important to either group in judgments about business ethics.

Showalter, Edward Daniel (1997) observed that individual character which influences ethical behaviours of managers has pillars of character, trustworthiness, responsibility, respect, caring, fairness and citizenship. The study tested the uniqueness of these six constructs using items developed from established measures that were compiled as one instrument. The six measures were regressed against measures provided by an insurance agency industry sample (n=12) of organizational commitment and shared ethical values.

- The strongest relationship emerged between loyalty and organizational commitment.
  No support emerged for the behaviour-type dimension.

**UK and Indian Managers**

Ashutosh P Bhupalkar (1999) conducted survey on downsizing as an ethical issue. The research instrument Redundancy (India)/Downsizing (UK) was structured around a role-play in which the respondent had to decide first their response to management’s call for redundancies and secondly to decide who in their team, if anyone, to make redundant. The instrument had seven sections in sequence. Responses were classified into one of eight ethical categories, Ethical neutrality,
Ethical awareness, Ethical convention, Ethical puzzle, Ethical problem-solving, Ethical dilemma, Ethical cynicism and Ethical negotiation. A respondent could move through several categories.

The results suggest that Indian managers prefer the most utilitarian criterion when making their choice. The UK respondents are equally likely to opt for either the utilitarian criterion or the one of deservingness, i.e., disposing of the difficult members of the team.

These findings suggest the following:

- The broad ethical visions of the indigenous managerial values are confined to the traditional business sector.
- The corporate managers wish to be seen as systematic and rational in their approach rather than intuitive and subjective.

Seema Sanghi (2002), reports the findings of a study that examined the Indian managers on ethical issues related to redundancy and compared them with those of UK using eight stances towards ethical issues -Ethical Puzzle, Ethical convention, Ethical Awareness, Ethical Neutrality, Ethical Problem, Ethical Dilemma, Ethical Cynicism and Ethical Negotiation formulated by Fisher and Rice (1999). The research instrument 'Redundancy' has seven sequential sections in which respondents are given information and a range of options to choose from. The responses in each section can be scored to allocate the respondent's reaction to one of the either ethical stances. The scoring is based on whether the respondents react to the clues. Questionnaires were either mailed or personally given to senior managers of around 110 such Indian companies. Either one or two senior/middle level managers from these organizations with a minimum of 10-12 years of experience were randomly selected. They were all graduates in management or technocrats with specialization in various disciplines. In all, 138 responses were finally received.

- The findings of the research show that the Indian managers take the ethical puzzle stance less frequently when responding to ethical issues at work.
- Also, the Indian managers experience tension between their private ethical beliefs and those they are required to apply at work. They regard family and social connections as an important aspect of conventional ethical thinking.
MEASURES TO CREATE ETHICAL BEHAVIOUR

Why are organizations threatened by fraud? The survey (Tuteja, 1996) indicated that weak internal controls (24 percent) and lack of ethical values among the employees (20 percent) are to be blamed. This clearly indicated the shift in the attitude of the organization and its employees wherein they are jointly moving towards the creation of a more ethical workplace. Some of the areas that a good fraud risk management process should cover are:

- A sound ethics policy and code of conduct
- A well defined whistle blowing policy
- Periodic fraud risk assessments
- A good internal audit function
- Requirement for a pre-employment screening.

Following the “greed is good” era of the 1980s, business people became increasingly concerned with ethics. An estimated 95 percent of Fortune 500 corporations as well as many smaller companies have now adopted ethics statements or codes of conduct.

Chakraborty (2003), using the word ‘adherence’ instead of compliance, says that it has to be enforced by each individual in the management and working for corporations from within. This is what is meant by ‘consciousness ethics’. Consciousness ethics is an inside-out approach that encourages in the task of fostering a spontaneously felt inspiration for ethical behaviour.

(i) Work culture

Trunfio and Edward James (1990) study explores the meaning of a moral corporate culture and its effects upon the degree to which ethical behaviour is institutionalized. Thirty respondents from corporation in various industries (banking, manufacturing, insurance, merchandising, and service) were interviewed at length and completed an instrument designed for this study. The findings suggest that organizational members are better able to reach their moral potential if their work values are compatible with those found in a corporate culture.
Kaushal (2004) conducted a study to assess the level of ethical work culture in banks of Shimla city and comparing women employees to male counterparts in their ethical standards at work. A sample of 150 employees (males 83 and females 67) from five banks (SBI, State Bank of Patiala, Uco bank, PNB, H.P. State cooperative bank) is selected on random basis. Their opinions were solicited on a five point scale questionnaire having 24 items representing the six dimensions of work culture suggested by Patrick and Quinn (1994).

Patrick and Quinn (1994) identified six stages of ethical work culture and three houses of work environment as follows: Darwinism, Machiavellianism, Popular Conformity, and Allegiance to Authority, Democratic Participation and Organizational Integrity. All these stages are further clubbed into three houses of work environment. The attributes of Darwinism and Machiavellianism jointly constitute house of manipulation, features of popular conformity and allegiance to authority together form house of compliance and other democratic participation and organizational integrity constitute house of integrity.

The collected data has been analyzed with the help of statistical techniques like mean and standard deviation. From results it is concluded as follows.

- SBI has most supportive and positive work culture followed by H.P. cooperative Bank.
- Women are not only more dedicated to work than men but also ethically sound.

Thyagi and Gupta, (2005) based on their study concluded:

- Congruence or fit between individual and organizational values tends to enhance the individual’s attachment and involvement with the organization.
- When there is a match between (i) the organizational culture, values, goals and (ii) the individual’s values, goals, personality attributes; people would be willing to exert high levels of effort on behalf of the organization.

(ii) Value systems

An individual’s value system would also affect the decision process. A study by Hunt, Wood, and Chonko (1989) found that corporations that have high ethical
values will have employees who are extremely committed to the organizational welfare. Williams and Murphy (1990) suggest that strength of moral character is an important moderator of the relationships between intentions and behaviour. The individuals with high moral character would have the strength of will to behave in a manner consistent with their ethical judgments.

The objective of Thomas and Walter JR's (1991) study was to evaluate the relationships among business ethics, religion and organizational performance. Included in the study were 11 public firms and 4 private firms. Six to 12 managers from each firm completed a questionnaire. The data were obtained for the five-year period from 1983 through 1987 for all six variables where available. A questionnaire was completed for each firm to evaluate its written code of ethics programme, which included the implementation and enforcement aspects of the programme. In the most cases nonparametric statistical techniques were used to analyze the data because of the small number of firms that were included in this exploratory study. Since data were obtained from 132 managers, some multiple R-squared values were obtained.

The findings reveal that religion found a base for the respondent's ethical beliefs and on ethical decision making in business and organizational performance.

Mohammed Galib Hussain, (1999) conducted a research study of 70 executives from 40 organizations covering multiple manufacturing and service companies in the year 1999. The respondents ranked 26 human values in order of perceived importance.

- Results show that there is a difference of perceptions in rating the human values by marketing and non-marketing managers.
- Reverence, Purity of mind, Truth, Gratitude, Love, Liberation, Loyalty, Code of life, Purity of motive and Self-actualization are the prime values in that order for marketing managers.
- Self-actualization, Gratitude, Reverence, Purity of mind, Truth, Non Violence (Ahimsa), Modesty, Purity of motive, Compassion and Status are 10 important values for non-marketing managers in that order.
(iii) Socialization

Soloman (1992) and Nasher (1997) persuasively argue for the central role of community in ethics. De George (1993) highlighted pressures on individuals to highlight personal norms, inconsistent cultural norms and conflicting interests. Sparks and Hunt (1998) concluded that the greater ethical sensitivity exhibited by marketing research practitioners can be attributed to their socialization into the market research profession, that is, by their learning the ethical norms of marketing research. He also found that there is a negative relationship between ethical sensitivity and formal training in ethics received by respondents.

(iv) Ethical codes

Studies such as Clark and Leonard (1998), Ford (1982) and Mathews (1998) found that codes do not influence ethical behaviour. On the other hand, Adams (2001) and Somers (2001) found some relationship between them.

A study by Thomas R Wotruba, Lawrence B Chonko, Terry W Loe (2001), indicates that organizations that have a value orientation, develop strong ethical codes. Suggestions for creating a good corporate values statement are:

1. Involve everyone in the company
2. Allow customizing of the values by individual departments or units
3. Expect and accept employee resistance
4. Keep the statement short
5. Avoid trivial statements
6. Leave out religious references
7. Challenge it
8. Live it

Organizations today recognize the importance of ethical codes for influencing the individual's ethical behaviour. Pater and Gils (2003) study examines the effectiveness of both ethical and professional codes in shaping individual ethical decision-making in the Dutch management consulting industry. In order to assess individual ethical decision-making, four scenarios were presented to the respondent. Each scenario sketched a hypothetical situation, which included an ethical problem
that the individual may face in reality. The ethical climate of the organization was measured by assessing the subjective norms of the respondent’s direct colleagues. The results of the study revealed:

- The presence of an ethical code has a direct negative effect on individual ethical decision-making. Indirectly, the enforcement of compliance with the professional codes is positively associated with the organization's ethical climate, which in turn influences the ethical decision-making.

(v) Manager - subordinate relationship

Ryncarz, Robert Alan hypothesized that (1997) certain behaviours of managers have an effect in the manager subordinate relationship. In this aspect, the manager's work behaviour questionnaire was developed to assess the independent variable, manager ethical behaviour. The outcome variables of job stress and job satisfaction were measured, respectively, by a modified version of the occupational roles questionnaire and the Minnesota satisfaction questionnaire. The author randomly selected subjects (23 managers and 44 subordinates) to participate in the study. He also represented qualitative interview data from three managers and five subordinates. Data analysis indicated:

- Subordinate perception of the manager's ethical behaviours explains a significant amount of variance in subordinate job stress and job satisfaction.
- No gender differences on the independent or dependent variables.
- After controlling for subordinate perceptions, the degree of match in manager-subordinate perception of the manager's ethical behaviours does not significantly further explain variance in the outcome variables.

Wimbush, (1999) opined that superiors muster a large amount of control over the subordinate’s behaviour and well being. Subordinates look upon their superiors as role models for acceptable behaviours.

In 1999, a survey of FISE 350 companies and non-quoted companies of equivalent size was carried out in the UK by Andersen in collaboration with London
Business School and with the assistance of an advisory panel. The study examined how these companies were tackling ethical issues and how effective their actions were proving to be. The use of business ethics programmes had increased significantly over the previous three years. Their components in order of popularity are as follows.

- Values/mission statements
- Codes of conduct
- Consideration of stakeholders' needs
- Periodic declarations/acknowledgements of compliance
- Reporting/advice channels (e.g. hotlines, compliance officer)
- Feedback mechanisms (e.g. surveys, focus groups)
- Employees/Departments with ethics responsibility
- Business ethics training
- Inclusion of ethical criteria in performance reviews of divisions/functions
- Inclusion of ethical criteria in employee appraisal/reward systems
- Assessment of business ethics activities by external bodies.

Together with researchers from Pennsylvania State University and the University of Delaware, Andersen (1999) conducted a survey, on the effects of ethics and compliance programmes in six large American companies; 10,778 employees were selected at random and 2,883 responded. The study was designed to measure employees' perceptions, attitudes and behaviours. Perceptions are important because they influence attitudes, which in turn influence behaviour. Many corporate ethics and compliance programmes rely heavily on a code of ethics and a telephone hotline or other formal reporting mechanisms to control employee behaviour.

This study suggests, however, that these two mechanisms are the least effective influences on behaviour. Consistency between policies and actions, the rewarding of ethical behaviour and executive leadership’s attention to ethics has the greatest impact on controlling employee unethical conduct. Furthermore, the mere existence of a formal mechanism by which ethical wrongdoing can be reported is not
enough to encourage such reporting if the behaviour of management and the corporate culture do not support and encourage its use. The survey concluded that the most important factors contributing to the success of an ethics and compliance programme are when the general perception of employees is as follows.

- **Leadership**: that executives and supervisors care about ethics and values as much as they do about the bottom line.
- **Consistency between words and actions**: that management "practices what it preaches". This is more important than formal mechanisms such as hotlines for people to report wrongdoing.
- **Fairness**: that it operates fairly. To most employees, the most important ethical issue is how the organization treats them and their co-workers.
- **Openness**: that people talk openly about ethics and values and that ethics and values are integrated into business decision-making.
- **Just rewards**: that ethical behaviour is rewarded. This has greater influence on the effectiveness of an ethics programme than the perception that unethical behaviour is punished.
- **Value-driven**: that an ethics and compliance programme is values-driven. This had the most positive effect on all seven areas where an ethics and compliance programme can have an effect and resulted in:
  - lower observed unethical conduct;
  - stronger employee commitment;
  - a stronger belief that it is acceptable to deliver bad news to management.

The findings of the UK and US surveys were used to devise a best-practice framework and model. The framework is based on seven pillars of an ethical programme: values, codes, feedback, responsibility, training, reward and external assessment (see Exhibit II.2.).
Exhibit II.2. Best Practice Framework for Ethical Organization

<table>
<thead>
<tr>
<th>Identify</th>
<th>Communicate</th>
<th>Build/maintain a responsible decision-making culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values/mission statements</td>
<td>Codes of conduct</td>
<td>Feedback gathering and analysis</td>
</tr>
<tr>
<td>Articulation of what the company stands for</td>
<td>Common framework to guide behaviour</td>
<td>Functional responsibility</td>
</tr>
<tr>
<td>Top management consultant</td>
<td>Code should emphasize principles over procedures</td>
<td>Education and training</td>
</tr>
<tr>
<td>Management consistency between values and actions</td>
<td>Developed and supported by both management and staff</td>
<td>Performance reviews/standards</td>
</tr>
<tr>
<td>Stakeholder views</td>
<td>In-house expertise</td>
<td>Setting decision making as well as financial performance measures</td>
</tr>
<tr>
<td>Surveys/focus groups/interviews</td>
<td>Leadership</td>
<td>KPIs</td>
</tr>
<tr>
<td>Diagnostics</td>
<td>Corporate Governance needs</td>
<td>Rewarding responsible behaviour/penalizing inappropriate behaviour</td>
</tr>
<tr>
<td>Accessible to employees/management</td>
<td>Ownership</td>
<td>Public confidence</td>
</tr>
<tr>
<td>Ownership</td>
<td>Stakeholder views</td>
<td>Best practice</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External assessment</th>
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</table>

Best practice
Objectivity and independence
Public confidence
Verification
RESEARCH GAP

There are studies in Indian context on concept of ethics and ethical issues (Arun Monappa, 1977, KPMG Survey, 2002 and 2006, etc.), ethical attitudes of students (T.K. Das, 1982 and 1985; Krishnan and Manohar, 2002, Siemensma, 1999; and Sekhar, 1995) and managers (Panchalan, 2000; Bhal and Sharma, 2000, Seema Sanghi, 2002; and Bhupatlar, 1999) by way of asking opinions and eliciting decisions in specific situations. There are a few studies on what organizations are doing to be ethical (Kaushal, 2004 and Tyagi and Gupta, 2005). Hussain (1999) conducted a study on values of Indian managers.

Evidently, there is no study in the Indian context that is comprehensive in its approach by identifying the views of managers on ethics, eliciting the value systems and factors involved in ethical decision making of managers and organizational initiatives. The present study finds relevance in view of such gap in research.

RESEARCH QUESTIONS

The following research questions are raised for investigation.

**Ethical attitudes of managers**

1. How do Indian managers define business ethics?
2. What are their values?
3. How are they concerned about stakeholders?
4. What unethical practices do they tolerate or accept?

**Ethical decision making**

1. What factors, in their view, influence ethical/unethical behaviours?
2. How do managers make ethical choices?
3. Do they find conflict in personal and business ethics? If yes, how do they resolve?
Making organizations ethical

1. Is ethics considered important, recognized and discussed in organizations?
2. What sort of ethical issues are observed in organizations?
3. What steps organizations have initiated to make organizations ethical?
4. Is ethical code useful? How can it be made effective?
5. Would a course on ethics given to managers improve their ethical sensitivity?

SIGNIFICANCE OF THE STUDY

By finding answers to the above questions, the present study is expected to contribute to the theoretical base on ethics in organizations on one hand and for improvement of practices on the other. Organizations are increasingly becoming global. From a simple “let’s export” mindset, companies are moving to the next stage – establishing marketing, manufacturing and distribution networks abroad. Operational excellence, quality systems, proactive human resource strategies, logistics – Indian companies have ultimately arrived. Good ethics and governance are not just “moral” or “compliance” issues. In the long term, they are essential behavioural traits for the organization that strengthen brand equity and help ensure stable growth.

NEED FOR THE STUDY AND EXPECTED CONTRIBUTION

It is said that the next global frontier for India Inc is ethics and governance. Since ethics is important for organizations and managers today, the study is not only relevant but also significant. In view of the ongoing debate on how ethics can be considered as an important characteristic of an organization, a study of attitudes of managers is considered relevant. Attitudes of managers are important for managers who represent the activating element of a business organization.

The present study is expected to contribute to the theoretical base on ethics in organizations on one hand and for improvement of practices on the other. The study may stimulate the respondents and readers to think about ethics and introspect their ways of decision making. The study, by highlighting what the organizations are expecting and doing, as well as what they can do, would contribute to reorienting their practices for becoming ‘ethical’ in the competitive business world.
OBJECTIVES

The present study is undertaken with the following objectives:

1. To find the values preferred by managers and their understanding of ethical behaviours.
2. To know acceptable behaviours in present day business for the managers.
3. To know whether personal ethics and business ethics differ for managers.
4. To examine the criteria that influence ethical decision making.
5. To identify the factors causing higher and lower ethical standards in Indian business organizations.
6. To know initiatives taken by organizations to ensure ethical behaviours of employees.
7. To suggest measures to improve ethical behaviours of employees.

In addition to the above objectives, the study seeks to identify the influence of demographic and organizational factors on the views and decision making of managers.

HYPOTHESES

Seven hypotheses are proposed based on the earlier studies as described below.

The study of Mohamad Galib Hussain (1999) found that there are differences in perceptions in rating the human values by different functional managers. Therefore the first hypothesis is:

H-1 The rating of human values is not the same for all the different functional managers.

Arun Monappa's study (1977) and Rishikesha T Krishnan and C. Manohar Reddy's study (2002) found that a majority of business managers believe in good ethics but find difficulty in balancing personal ethics and business ethics. Hence the second hypothesis is:

H-2 Personal ethics and business ethics are not the same for the managers.
Ashutosh P. Bhupalkar (1999) found that Indian Managers prefer the most utilitarian criterion when making their choice. The third hypothesis, accordingly is:

**H-3** Managers prefer the most utilitarian criterion when making their choice.

KPMG (2002) survey has shown that employees indulge in minor unethical practices, as the harm is negligible to organizations. Based on these findings, it is proposed to find what minor violations are acceptable to managers in this study. Hence, the fourth hypothesis is:

**H-4** Managers accept unethical behaviours that are less harmful to the company.

An estimated 95 percent of Fortune 500 corporations as well as many smaller companies have now adopted ethics statements or codes of conduct (Tuteja, 1996). The fifth hypothesis, therefore, is:

**H-5** Organizations are adopting ethical code to ensure the ethical behaviour of employees.

The influence of demographic factors and organizational factors were identified in many studies. Smith and Oakley’s (1994) study examined influence of age and education on ethical values. Radaev (1994) examined the impact of educational level, a course in ethics and size of the organization on ethical values. Serwinek (1992) studied the impact of age and religion on ethical values. Kaushal (2004) studied the influence of gender on ethical values. The sixth and seventh hypotheses are:

**H-6** Ethical attitudes are influenced by demographic factors of managers (age, gender, religion and experience).

**H-7** Ethical attitudes are influenced by organizational factors (functional area, hierarchy level and size of the company).
SCOPE OF THE STUDY

The study covers two aspects: (a) ethical attitudes of managers in respect of their values, principles and considerations of ethical behaviours, goals of organization and place of ethics, and organizational practices to ensure ethical behaviours and (b) organizational practices to ensure ethical decision making and behaviour.

METHODOLOGY

It has employed survey method of research.

Data Sources and Collection

The secondary data are drawn from research reports, journals and internet. The case studies and practices of certain organizations (chapter-I and chapter-VI) are collected from secondary data sources. The primary data – the view points of managers – are collected with the help of a questionnaire. The questionnaire is developed based on earlier studies (Steve N Brenner and Earl A Molander, 1977, Rishikesha T Krishnan and C.Manohar Reddy, 2002 and Mohamad Galib Hussain, (1999) and it is modified according to the pilot study observations. Pilot study is conducted in a local organization which is large in size. The researcher is provided opportunity to interact with managers. The researcher has got opportunity to address the managers on the topic and discuss the research issues. About 52 managers have participated in the discussions and filled in the questionnaire. They have given suggestions to modify certain words and questions. Accordingly the final questionnaire is developed. The questionnaire comprises of six parts - managers values, personal ethics and business ethics, ethics and organizations, managers opinions on acceptability of certain practices, ethics in his organization and demographic details of the managers as shown in the Figure II.1. The questionnaire consists of 21 questions mostly of closed end type with a scale of 7-points or 5 – points to know the degree of agreement.
A sample of 220 managers was obtained from 20 companies. A letter requesting 105 companies located at Tirupati (where researcher is residing), and Kottayam (researcher's native place) and three industrial centers Chennai, Hyderabad, Bangalore was mailed seeking participation in the study. About 7 companies responded by mail and 13 gave permission when visited personally. About 500 questionnaires were distributed in about 20 companies.

The researcher personally canvassed the questionnaires and sought cooperation of managers. Some of the managers expressed inability to fill in while some others felt it was not a right topic for research as no one would be open in this aspect. Some others asked for time and promised to mail back the filled in responses but many did not keep their word. As such persuasion and reminding have become necessary.

75
Data analysis

Data are presented in simple percentages, mean and standard deviations. Factor analysis is used for reducing and grouping of data on values. Hypotheses are tested using chi-square, z-test for large samples and rank correlation. In testing hypothesis, 5 percent level of significance is taken. SPSS package is used for these statistical analyses.

LIMITATIONS

It appears that Indian companies are not yet open to outside researchers. Unless some known person influences, entry pass for research can not be obtained. Similarly, it seems that Indian managers are not much interested in expressing their views. The difficulties faced by the researcher are similar to other researchers in the university who are doing research in business organizations.

The limitations of social science research are also applicable to this study. The subject is one, which respondents viewed as an embarrassing one to discuss. They argued that when respondents prefer some unethical behaviours, either intentionally or circumstantially, they would not openly tell it. The tendency is to give socially acceptable answers to avoid either social ridicule or organizational scrutiny. To overcome this, most of the questions are designed as not individual specific but general. To maintain confidentiality, as desired by respondents, names of the respondents are not collected (as advised by respondents in pilot survey). Managers refused to write the names of their companies and requested for complete anonymity. They were assured that company-wise analysis will not appear in the thesis.

Keeping these limitations in mind, the findings can be generalized to a large extent, for two reasons.

1. The respondents are drawn from different companies in different locations and of different sizes in the industrial and information sectors.
2. Most of the findings of the study corroborated with the findings of the earlier studies.

76
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