

Business Ethics Attitudes in Modern Russia and China: A Cross-Cultural Analysis¹

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This research details an exploratory three year survey of the ethical attitudes of business students from around the world. Our findings show that non-American students know few details about the US-related ethical (ex. Enron) controversies. Furthermore, their knowledge has shown little affect in the attitudes of the students. We also summarize preliminary results of the survey research in China and in Russia.

Introduction

Recent studies in the United States shows a link between unethical views during college and unethical behavior in the workforce [Nonis and Swift, 2001a; Sanders, 2002; Nonis and Swift, 2001b]. While these findings are preliminary, they point to the importance of this line of research. Jaffe and Tsimmerman [2005] explained that the ethical attitudes of current business students indicate the future moral climate of business. The attitudes students have now translate into behaviors they will have in the business world. Today's college students will be the next generation of business employees, owners, managers, and regulators. Reiss and Mitra [1998, p. 1581] explained, "In order to study the attitudes and behaviors of future organizational leaders one can look to current university business students." If correct, the future of business ethics depends on the attitudes of the current students.

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Earlier research focused exclusively on America and Western Europe. The world has changed. The large state-run economies have crumbled. Capitalism has bloomed across the globe. Our current project details an exploratory survey of the ethical attitudes of Chinese and Russian business students. In support of this project, we will first discuss existing literature on the business ethics topic. We will then give a description of our current research involving two business students' surveys and our preliminary findings. The paper concludes with analysis of the major hypotheses proposed and general results of our study.

Survey of the Recent Literature

There is a large body of research on ethics in China. However, great majority of that research involves current business managers, who experienced the state-controlled economy. Further, most of the studies compare Chinese business managers with their adult counterparts in other regions. Pang et al [2003] compared the ethical views of nurses from China, Japan and USA. Patel, Harrison, and McKinnon (2002) compared the ethical views of auditors from China, India, and Australia.

Many authors have explained both the benefits and pitfalls of Chinese dependence on close relationships (*guanxi*) to conduct business [Vanhonacker, 2004; Chan, Cheng, and Szeto, 2002; Chan and Lau, 2000].

Gul, Ng and Tong [2003] found that ethical attitudes affect behavior among Chinese auditors. Islam and Gowing [2003] found similar results when surveying industry leaders and academicians in China. Harvey [1999] found that while the Chinese lack an understanding of Western business ethics principles, they follow a similar behavior based on their cultural teachings.

There are few studies using current business students in China. Whitcomb, Erdener and Li [1998] found that Chinese students have a different ethical reasoning than their American counterparts, even if they reach the same conclusion. Bu and McKeen [2000] found Chinese students have a greater dedication to work than Canadian students.

However, none of these studies attempted to measure the effects of the Enron controversy on Chinese business students. Further, none of these studies related their findings to student knowledge of ethical theory or knowledge of the Enron controversy. The current research sought to find the effect of being educated under a state-run economy and whether the ethical attitudes would change for a new generation.

The few studies on Russian business ethics have used samples of current business managers rather than students. In a recent study using a variety of business scenarios, Russian business managers demonstrated very low ethical values in comparison with Turkey, Slovenia, and the United States [Hisrich, Bucar, and Oztark, 2003]. Also working with Russian business managers, Deshpande, Joseph, and Maximov [2000] found that there were strong differences in the ethical views of male and female managers in Russia, with female managers having a much stronger ethical orientation. Similar findings were made by several recent surveys of Russian managers and business workers [Stewart, Sprinthall, and Kem, 2002; Zarkada-Fraser and Fraser, 2001].

There has been very little research on Russian students' attitudes towards western business concepts [Enderle, 1997]. Ahmed, Chung, and Eichenseher [2003] found a negative relationship between years of education and ethical attitudes. Jaffe and Tsimmerman [2005] surveyed students and found that they have a more negative view of ethics than current business managers. Mogilchak [2006] studied Russian students and their work ethic.

This project is part of a line of research on ethics and cultural differences between American students [Ludlum and Moskalionov, 2004], Russian business students [Ludlum and Moskalionov, 2003; 2005; and 2008], and Chinese MBA students [Ludlum, 2007].

Preliminary Results of China and Russia Surveys

METHOD FOR THE CHINA SURVEY

The respondents were from Tianjin, an industrial city in the northwest of China. They attended a private southwestern American university's Master in Business Administration (MBA) program. The program lasted 12 months, and the students completed the courses as a set. The students completed the survey during the same course in three different cycles. As a result, there should have been no overlap of students between groups. The first group was surveyed in November, 2003 (n=40). The second group was surveyed in August, 2004 (n=39). The third group was surveyed in November, 2005 (n=50).

The survey was offered during class time and all students participated. The survey instrument was written in English, which was also the language of all the courses, the instructors, the textbooks, exams, assignments, and lectures.

The 129 respondents were evenly split between males and females. About one-third were married, and 75% were full time employees while taking the MBA program. They were

overwhelmingly young, with 80% in their 20s. Surprisingly, tobacco use was a demographic difference among respondents. China has 350 million smokers, more than any other nation [Fairclough, 2007]. Unlike Americans, the Chinese smokers are almost all male [Fairclough, 2007]. Within our samples, none of the women reported tobacco use.

DISCUSSION

The issues this research attempts to clarify are whether Chinese business students understand US-related ethical controversy related to Enron. We also wanted to see if that knowledge affected their views toward ethical business behavior. We attempted to find the answers.

HYPOTHESIS ONE: A majority of Chinese business students will understand the Enron controversy.

We originally estimated that 75% of the MBA students would demonstrate knowledge of the Enron controversy. This estimate is high, but these are graduate students, already possessing a business degree, and most working full time. They should be well aware of current events in business. We began with three superficial questions to explore the depth of their knowledge. First, students were asked to select the former CEO of Enron. The choices were: Kenneth Lay, William Sanders, Kenneth Norton, William Bennett, and Paul O'Neil. Only one in five students could correctly identify Kenneth Lay, a result equal to random chance.

Next, we asked students to complete this sentence: "Enron got in trouble for?" The choices were: false financial reports, hiring illegal immigrants, polluting rivers, refusing to pay taxes, unsafe working conditions. The overwhelming majority (93%) knew that Enron had submitted false financial information. This result was very positive. However, 7% of the MBA students still do not understand the basic controversy over Enron.

Finally, we asked to choose Enron's primary industry. The choices were: Oil and electricity; medical supplies; real estate development; sporting goods; clothing-apparel; and agriculture. The results were not as promising as we had hoped. Only half the students (58.9%) knew that Enron was involved in oil and electricity.

Overall, the findings are very distressing. We did not even get close to our estimate of 75% passing. Fewer than one in ten (9%) of the MBA students could correctly answer all three basic questions about Enron. Obviously, the students' understanding of Enron is shallow. However, the problem in the results could relate to the Kenneth Lay question. Both of the other questions had a majority correct.

Table 1. Chinese Student Answers

Question and Correct Answers	Number	Percentage
Who is the former Chief Executive Officer of Enron? (Lay)	25	19.38%
Enron got in trouble for: (False Financial Reports)	120	93.20%
Enron was primarily involved in what industry? (Energy)	76	58.91%
Answered all three questions correctly:	12	9.30%

HYPOTHESIS TWO: Chinese students' demonstrated knowledge should equal their perceived level of knowledge.

We wanted to see if students were confident in their knowledge of Enron. We asked students to describe their personal understanding of the Enron problem. See Table 2 for complete results. Fewer than 7% of students considered themselves familiar with Enron. This was very close to the percentage of students who got all three questions correct (9.3%). In other words, students are not deluded into thinking they are knowledgeable when they are not.

Twice as many students (18.5%) indicated they either knew very little, or had never heard of Enron. This is alarming. Many people in society paid passing attention to this controversy. However, for graduate business students to be unaware of this highly publicized controversy was a concern.

Table 2. Chinese Student Self-reported Knowledge

How knowledgeable are you about the events of the U.S. company called "Enron"?	Number	Percentage
I am very familiar with it	9	6.98%
I know a little about it, but not many details	95	73.64%
I don't know anything about it, but I have heard of Enron	19	14.73%
I've never heard of Enron	5	3.88%

HYPOTHESIS THREE: The majority of Chinese respondents would consider the events of Enron to be an aberration.

We asked students if the only difference between the executives at Enron and those at most other big companies was that those at Enron got caught. A slight majority (52%) agreed or strongly agreed. Less than a third (28.69%) disagreed or strongly disagreed. Nearly two in ten had no opinion. The findings support, but do not prove that Chinese students thought Enron's behavior to be typical of American businesses. This was a surprise. This finding may also explain why the respondents had so little knowledge about the Enron controversy. If they viewed Enron as typical behavior, it would not be remembered.

We also were curious whether Chinese students would work for an unethical business. We asked students if they would want to work for a company that had been accused of unethical business practices. Just over 10% responded affirmatively. About a quarter of the students were unsure. A strong majority (65%) indicated they did not want to work for a company accused of unethical behavior. The students have made a strong statement for the importance of ethical behavior.

METHOD FOR THE RUSSIAN SURVEY

A convenience sample of business majors were taken from classes at Ulyanovsk State University in the fall semester of 2006. The University has an enrollment of over 10,000 students and over 1000 faculty. The University offers over fifty degree programs for undergraduates and graduates.

Students were asked to complete the questionnaire during class time. All students participated. A total of 448 completed surveys resulted. No surveys were rejected because of incomplete answers. Since we have greater than 30 responses we can assume that the computed statistics should follow a normal distribution.

The survey participants were nearly all business majors (99%), which prevented any comparison of to non-business majors. The group was fairly distributed among 5 academic years. Less than 5% of the respondents were married, and about 20% used tobacco.

HYPOTHESIS FOUR: A majority of Russian business students will understand the Enron controversy.

We originally estimated that 75% of the Russian business students would demonstrate knowledge of the Enron controversy. This estimate is high, but these are business students, and most

are exposed to media each day. They should be well aware of current events in business. We began with three superficial questions to explore the depth of their knowledge. First, students were asked to select the former CEO of Enron. The choices were: Kenneth Lay, William Sanders, Kenneth Norton, William Bennett, and Paul O’Neil. Only 32% of students could correctly identify Kenneth Lay, a result equal to chance.

Next, we asked students to complete this sentence: “Enron got in trouble for?” The choices were: false financial reports, hiring illegal immigrants, polluting rivers, refusing to pay taxes, unsafe working conditions. A plurality (38%) knew that Enron had submitted false financial information. This result was not very positive. However, 62% of the business students did not understand the basic controversy over Enron.

Finally, we asked to choose Enron’s primary industry. The choices were: Oil and electricity; medical supplies; real estate development; sporting goods; clothing-apparel; and agriculture. The results were not as promising as we had hoped. Less than half the students (42%) knew that Enron was involved in oil and electricity.

Overall, the findings are very distressing. We did not even get close to our estimate of 75% passing. Fewer than 9% of the Russian business students could correctly answer all three basic questions about Enron. Obviously, the students’ understanding of Enron is shallow. None of the three questions achieved 45% correct.

Table 3. Russian Student Answers

Question and Correct Answers	Number	Percentage
Who is the former Chief Executive Officer of Enron? (Lay)	144	32.29
Enron got in trouble for: (False Financial Reports)	171	38.34
Enron was primarily involved in what industry? (Energy)	186	41.7
Answered all three questions correctly:	37	8.3

HYPOTHESIS FIVE: Russian students’ demonstrated knowledge should equal their perceived level of knowledge.

We wanted to see if students were confident in their knowledge of Enron. We asked students to describe their personal understanding of the Enron problem. See Table 4 for complete results. Fewer than 5% of students considered themselves familiar with Enron. This was very close to the

percentage of students who got all three questions correct (8.3%). In other words, students are not deluded into thinking they are knowledgeable when they are not.

The overwhelming majority of students (78%) indicated they had never heard of Enron. This is alarming. Many people in society paid passing attention to this controversy. However, for business students to be unaware of this highly publicized controversy was a concern.

Table 4. Russian Student Self-reported Knowledge

How knowledgeable are you about the events of the U.S. company called “Enron”?	Number	Percentage
I am very familiar with it	18	4.04
I know a little about it, but not many details	32	7.17
I don’t know anything about it, but I have heard of Enron	46	10.31
I’ve never heard of Enron	350	78.48

HYPOTHESIS SIX: The majority of Russian students would consider the events of Enron to be an aberration.

We asked students if the only difference between the executives at Enron and those at most other big companies was that those at Enron got caught. Less than a third (30%) agreed or strongly agreed. Less than one-fifth (18%) disagreed or strongly disagreed. Nearly 52% had no opinion. The findings support, but do not prove that Russian students thought Enron’s behavior to be typical of American businesses. This was a surprise. This finding may also explain why the respondents had so little knowledge about the Enron controversy. If they viewed Enron as typical behavior, it would not be remembered.

We also were curious whether Russian students would work for an unethical business. We asked students if they would want to work for a company that had been accused of unethical business practices. Just over 8% responded affirmatively. About a third of the students were unsure. A strong majority (61%) indicated they did not want to work for a company accused of unethical behavior. The students have made a strong statement for the importance of ethical behavior.

Conclusion

Our research demonstrated essential differences in the ethical perceptions of the business students in China and Russia from their American counterparts. Most of business students have poor understanding of the modern ethical business controversies such as famous Enron case in the United States. Further research is needed to clarify the source of such important differences: is it a lack of international business news communications or result of mass media impact; or it is result of essential cultural differences. Further, our paper has clearly demonstrated that both Chinese and Russian future business leaders are very concerned with general ethical problems in business, and most of them would not prefer to work for a firm which was publicly accused in unethical business practice.

Our future research will be concentrated on extension of the scope of our surveys: it is highly important to include the Latin American and European countries into our cross-cultural comparisons. Also, additional statistical analysis of our preliminary results would be of significant value for any research in applied business ethics.

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