

Ethics for Buddhists and Christian managers: A First Step

Michel Plaisent, Zieneb Ouni, Nirundon Tapachai and Prosper Bernard
Business School of University of Québec in Montréal
plaisent.michel@uqam.ca

Abstract

Nowadays ethics is becoming more and more popular in major as well as smaller enterprises in order to restore the public, owner and customer's confidence. Different religion may see the context of business ethics differently. This communication of work in progress reports of a study aimed at comparing Buddhists and Christians managers in regard of the behaviour they would adopt in the context of 6 special situations. 3 out of 6 submitted cases were seen differently according to religion.

Key words: ethics, religion, managers, Buddhist, Catholics, governance

INTRODUCTION

In the last few years, many scandals have been uncovered and many professionals have been monitored for illegal or unacceptable behaviour in the business world (thefts, fraud, lies, etc.). Cherrington & Cherrington (1992) discovered sixty articles referring to unacceptable or illegal acts in the Wall Street Journal in a single week. Many academics have reflected on the causes of these phenomena. Many reasons have been presented in the literature (Paquet, 2005) to explain the proliferation of financial scandals and fraudulent behaviours.

Human nature

According to Duska (2004), the problem comes from human nature itself. People are more and more rational, egoistical, individualistic, opportunist, cupid, and greedy, and their only motivation is their personal interest, at any cost.

Capitalism

Low et al. (2008) blame the capitalistic society for proliferation of financial scandals. For the capitalistic mind, the research of profits at any cost is a major goal. For Naciri (2006), a lack of transparency is the main problem.

A lack of ethics

McFarland (2004) et Low et al., (2008) think that the absence of an ethical spirit in business is the common factor between the scandals and that behind every scandal we can find a breach in ethical principles. Smyth & Davis (2004) confirm that scandals are the indication of a deterioration of ethical standards. MacDonald (2006) also reflects that fraudulent behaviours originate in the absence of a behaviour model, of responsible people who promote business ethics.

To offset the growing mistrust towards the efficiency of classical mechanisms in enterprise management, we notice an important increase in the adoption of professional practices and business ethics (Low et al., 2008). A growing number of enterprises are aware of the positive influence of an ethical management on their financial performance, for example (Sen, 1993). In each stage of their decisions, managers would have to ask ethical questions (Carroll, 1990) and would face a dilemma between good and bad, fairness and unfairness, and justice and injustice.

As well, McFarland (2004) proposes to improve business ethics in a more general way, where the need is striking, i.e. an organizational structure based on business ethics as a non-classical mechanism for enterprise governance, which would include professionals, managers, shareholders, employees, etc. Allen (2005) maintains that, in the emerging technologies where markets are imperfect (e.g. Thailand), social values like a good reputation, confidence, and competition are preferable and replace the classical enterprise management mechanisms, as ethics would be different.

BUSINESS ETHICS

A certain confusion exists between the concepts of management ethics, moral code, and law, and a clarification is required (Pasquéro, 2007).

Business ethics is concerned with the good and the bad in issues of management (Pasquéro, 2007). For Carroll (1991), it means the responsibility to do what is fair and equitable in business. For Margolis & al., (2006), being ethical or socially responsible mean the same thing, while Pasquéro (2007) maintains that ethics is centered on the individual while RSE (???) is centered on the enterprise. A person's behaviour can be qualified as good or bad, while an enterprise is socially responsible or not socially responsible.

Morality is defined as the “application of rules of behaviour considered desirable by our community. It refers to duty” (Pasquéro, 2007). The law represents “the codification of what society considers good or bad” (Carroll, 1991) while we talk about “deontology” to refer to rules governing an enterprise.

The good and bad in business

According to Cherrington & Cherrington (1992), the challenge in business ethics is to define what is moral and what is immoral in business. They use theft as an example. To dispossess his employer of his wealth is without a doubt a theft. But, in a situation where an employee uses the business telephone or office supplies for his personal use, the theft is less obvious.

There is no consensus in the literature as to what is good and what is bad. Each author interprets « good and bad » according to his own perception and the theory he bases it on. For Friedman (1970), a responsible manager is one who creates wealth for his employer while respecting the society moral rules and legal rules. As for Carroll (1991), he identifies three types of management; moral, immoral, and amoral. “Moral” management refers to administrators who respect ethical and moral principles in their decision making (equity, justice, and respect of the law). “Immoral” management is one which shows an “active opposition” to the ethical principles. Amoral managers are insensitive to ethical issues and ignore the negative consequences of their decisions.

For Macdonald (2006), an ethical behaviour the five values attached to happiness: family, health, wealth, truth and absolute power. If the well-being or the health of an employee's family is harmed by an action from the enterprise, this action is non-ethical. Finally for Goodpaser (1991), a responsible management for ethical issues takes the well-being of not only the shareholders, but all the stakeholders into consideration.

Motivation for a business code of ethics

Enterprises are increasingly interested in business ethics. They adopt more and more codes of ethics and managers talking to the media mention more and more that their enterprises are following some business code of ethics. A study by Verschoor (1998) indicates that a quarter of the 500 largest American firms commit themselves to ethical behaviour towards their stakeholders.

Thus, “watchdog agencies” are created to “grade” enterprises according not only to their financial behaviour but also to the respect of their codes of ethics. Journals are also published which specialize in business ethics (e.g. Business Ethics Quarterly, Journal of Business Ethics, etc.)

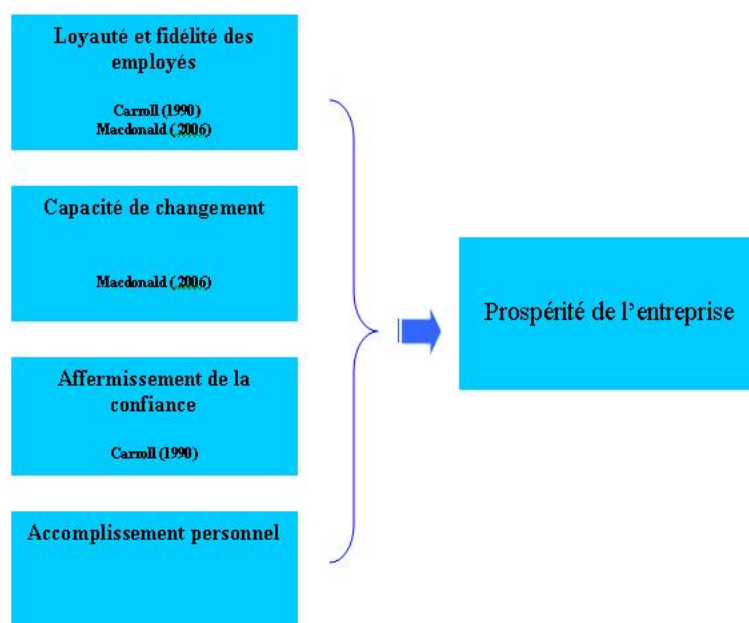
Many factors promoted the emergence of a general awareness of the importance of an ethical organization. First, organizations are looking for legitimacy within society (Carroll, 1990, and Pasquero, 2007). Second, by adopting a code of ethics, enterprises aim at meeting the increasing pressure of environmental issues (Carroll, 1990 and Grosjean, 1999). Margolis, Walsh & Krehmeyer (2006) think that this renewed interest for business ethics is motivated by an increasing demand for the RSE (???). Thus, this tendency towards a business ethics can be explained by the actual circumstances and the enterprise has to fulfill its obligations towards all the stakeholders.

Third, the search for increased payoff and reduced costs prompts the enterprises to be concerned with ethics in their decisions. According to Grosjean (1999), “big enterprises realize that good behaviour brings dividends”. In addition, neglecting ethical issues is becoming very expensive for the enterprise (penalties, consumers might boycott non-ethical enterprises products, etc.). Margolis, Walsh & Krehmeyer (2006) also explain the boost of ethics in enterprises by the fact that they are conscious that ethics within the enterprise pays and that an ethical management is essential to the growth of profitability.

Advantages of an ethical organization

The establishment of an ethical organization presents many advantages: first, the reinforcement of fealty and loyalty of the employees and the customers (Carroll, 1990, and Macdonald, 2006); second, the restoration and the strengthening of the confidence in market mechanisms (Carroll, 1990); third, the ability to change within the enterprise (Macdonald, 2006); and finally, the improvement of the staff (employees, executive) motivation and personal engagement.

Taken together, the advantages of the establishment of an ethical organization bring a bigger prosperity (See figure 1).



Besides, Verschoor (1998) proved the existence of a positive relationship between the ethical performance as an aspect of the enterprise governance and the financial performance. Indeed, after reviewing the annual reports of the 500 biggest American enterprises, it becomes obvious that they ended up at the top in terms of financial performance by recognizing, in their annual report, the interests of their stakeholders or by adhering to their code of ethics. Gunthorpe (1997) maintains that the market penalizes enterprises for their immoral management. Using a factual study, he showed that enterprises show abnormal negative returns after a media declaration that they were engaged in non-ethical practices.

And numerous studies showed that positive connection between the financial and social performance of the enterprise (Joshua et al., 2003). Using average comparison tests and a regression analysis, Simpson & Kohers (2002), showed the positive relationship between the financial and the social performance of enterprise.

Research objectives

Research in business ethics presents many challenges especially at the methodology level (Carroll, 2000). Included in these challenges are the non-availability of data, the absence of a unique definition of business ethics and the difficulty in identifying non-ethical behaviours in business (Cherrington and Cherrington, 1992).

La Porta et al. (1998) showed that legal systems (the protection level of investors) explain the structure of enterprise ownership, specifically the level of concentration of shareholding. Would it be too optimistic or utopian to think that social values, notably ethical ones, which rule a country, can explain the governance system of this country? A comparison between ethical values and ethical behaviours (investigate codes of ethics) of enterprises of different countries (market economy, emerging market ...) and their system of governance can answer this question.

METHODOLOGY

In order to have a first insight into the ethics of Buddhist managers, a questionnaire was administered to executive MBA students in Thailand and in Canada. The students were exposed to 6 ethics “minicases”, taken from a book on project management (Gray & Larson, 2008). In each case the “ethical” behaviour would command a given behaviour.

The cases are summarized below:

- 1) Should Jack mention a non promotion decision to an employee who is needed to finish some work?
- 2) Should you mention to good employees that you know they use company property for personal use?
- 3) Should you report an actual delay to a customer, if you think you can recover soon?
- 4) Should you sign an invoice with over-charging activities?
- 5) Should you share information about a slack in project duration to a hardworking team who tries to finish in time according to the old schedule?
- 6) You have information about a pill performance; should you buy market shares?

The subjects had to choose between do and not do. The data were collected in summer 2008 and coded into SPSS v. 15 for analysis. Our sample consists of 39 Buddhists (62%) versus and 24 Christians (32%).

RESULTS

Case: announcing a non-promotion before the employee finishes a certain task

The following table shows a strong difference between Buddhists and Christians. Both Christians and Buddhists will in majority take the chance of announcing the bad news, despite the potential negative consequences.

	Religion		Total
	Buddhist	Christian	
No	14	3	17
% within religion	35.9%	12.5%	27.0%
% of Total	22.2%	4.8%	27.0%
Yes	25	21	46
% within religion	64.1%	87.5%	73.0%
% of Total	39.7%	33.3%	73.0%
Total	39	24	63
% within religion	100.0%	100.0%	100.0%
% of Total	61.9%	38.1%	100.0%

Table 1: announcing or not a bad new before end of work

We observe that among those who would announce the bad news, 64% are Buddhists versus 87% Christians. The difference is significant according to the Chi² (4.128, sig=.042).

Case: talk to employees

The following table shows that this topic is seen almost the same by Buddhists than by Christians.

	Religion		Total
	Buddhist	Christians	
No	5	3	8
% within religion	12.8%	12.5%	12.7%
% of Total	7.9%	4.8%	12.7%
Yes	34	21	55
% within religion	87.2%	87.5%	87.3%
% of Total	54.0%	33.3%	87.3%
Total	39	24	63
% within religion	100.0%	100.0%	100.0%
% of Total	61.9%	38.1%	100.0%

Table 2: talk to employees

Indeed 87% of the respondents of each religion would talk to employees despite the potential negative consequences. There is a no significant difference in the manner peopled would behave according to their religions ($\chi^2=.0001$, $\text{sog}=.970$)

Case: mention the delay

Table 3 shows that respondents, independently of their religion, are divided in regards of the appropriate action they would take. Indeed in the case of Buddhists, the answer is 50-50 while for Christians it is a third two third division

	Religion		Total
	Buddhist	Christian	
No	19	8	27
% within religion	48.7%	34.8%	43.5%
% of Total	30.6%	12.9%	43.5%
Yes	20	15	35
% within religion	51.3%	65.2%	56.5%
% of Total	32.3%	24.2%	56.5%
Total	39	23	62
% within religion	100.0%	100.0%	100.0%
% of Total	62.9%	37.1%	100.0%

Table 3: mention the delay

There is no significant differences between positions taken by respondents of each religion according to the χ^2 (1.132, $\text{sig}=.285$)

Case: sign the invoice

The following table presents also an even distribution of respondents into the four possible categories. Christians as well as Buddhists are split 50-50 possible the two options.

	Religion		Total
	Buddhist	Christian	
No	21	10	31
% within religion	53.8%	43.5%	50.0%
% of Total	33.9%	16.1%	50.0%
Yes	18	13	31
% within religion	46.2%	56.5%	50.0%
% of Total	29.0%	21.0%	50.0%
total	39	23	62
% within religion	100.0%	100.0%	100.0%
% of Total	62.9%	37.1%	100.0%

Table 4: sign the invoice

A computation of the relation between these two variables confirms the absence of relation between religion and ethic behaviour (chi=.6222, sig=.430).

Case: share information

The following table shows that for this case Buddhist would behave much better than Christians as 69% of them would share the information compared to only 41% for the Christians.

	religion		Total
	Buddhist	Christian	
No	12	14	26
% within religion	30.8%	58.3%	41.3%
% of Total	19.0%	22.2%	41.3%
Yes	27	10	37
% within religion	69.2%	41.7%	58.7%
% of Total	42.9%	15.9%	58.7%
Total	39	24	63
% within religion	100.0%	100.0%	100.0%
% of Total	61.9%	38.1%	100.0%

Table 5: Share information

The observed difference is significant according to the Chi test with chi= 4.657, sig = .031.

Case: Buy shares

Buying shares could provide respondents with a great economical advantage. Here again Buddhists are much more numerous to refuse to engage in this unethical behaviour. Indeed 82% would not do it as opposed to 50% of Christians who would do it.

	religion		Total
	Buddhist	Christian	
No	7	12	19
% within religion	17.9%	50.0%	30.2%
% of Total	11.1%	19.0%	30.2%
Yes	32	12	44
% within religion	82.1%	50.0%	69.8%
% of Total	50.8%	19.0%	69.8%
Total	39	24	63
% within religion	100.0%	100.0%	100.0%
% of Total	61.9%	38.1%	100.0%

Tale 6: buy shares

The Chi test gives 7.246 (sig=.007) so a very significant difference exists between tenants of each religion. Let us mention that buying shares is not only unethical but illegal in the United States as well as Canada.

Summary of findings

If we state the null hypothesis as the absence of difference between Christians and Buddhists, then the following table shows that half of these are accepted and half rejected.

Case	Chi2	Sig	contingency	Null hypothesis
Say the bad	4.128	.042	.248	Rejected
Talk to employees	0.001	.970	.005	Accepted
Mention the delay	1.143	.285	.135	Accepted
Sign the invoice	0.622	.430	.100	Accepted
Share information	4.657	.031	.262	Rejected
Buy shares	7.246	.007	.321	Rejected

Table 7: summary of findings

We cannot conclude much about the impact of religion on the ethical behaviour of respondents. The observed differences may be due to cultural as well as economical differences. But at least they show that there are significant differences in points of view.

CONCLUSION

This study has shown that there seems to be significant differences between behaviours according to religion, according to our data. But this study suffers from a lack of generalization because of the little size of the sample, and the fact that the sample is convenient. Nevertheless it provides a good pre-test for a larger study that would encompass the whole word complexity and reflect the distribution among managers. As such this study is useful but must be completed. A first step is done.

REFERENCES

- Allen, F. O. (2005).** "Corporate Governance in Emerging Economies" Oxford Review of Economic Policy
- Carroll A. B. (1990).** "Ethics in Management" from Robert Frederick, A Companion to Business Ethics.
- Carroll A. B. (1991).** "The pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders ", Business Horizons
- Cherrington, O. and Cherrington, D. (1992).** "A menu of Moral Issues: One Week in the life of the Wall Street Journal", Journal of business Ethics.
- Duska, R. (2004).** "Six Cures for Current Ethics Breakdowns", Journal of Financial Service Professionals.
- Friedman, M. (1970).** "The Social Responsibility of Business is to Increase its Profits", The York Times Magazine
- Gunthorpe, D. (1997).** "Business Ethics: A quantitative analysis of the impact of unethical behaviour by publicly traded corporations", Journal of Business Ethics.
- Goodpaster, K.E. (1991).** "Business Ethics and Stakeholder Analysis", Business Ethics Quarterly
- Gray, Cliff & Larson, Eric (2008).** Project Management: The Managerial Process. Irwin/McGraw-Hill, Fourth Edition.
- Grosjean, J. A. (1999).** "Question d'éthique" CGA Magazine.
- La Porta, R., Lopez-De-Silanes F., A. Shleifer et R.W. Vishny, (1998)** "Law and Finance ", Journal of Political Economy
- Low, M., Davey H. and Hooper, K. (2008).** "Accounting scandals, ethical dilemmas and educational challenges", Critical Perspectives on Accounting.
- Margolis, J. Walsh, J. et Krehmeyer, D. (2006).** "Building the Case for Ethics ", Business Roundtable Institute for Corporate Ethics.
- McFarland, J. (2004).** "CEOs: Stop whining and take the lead on ethics", Globe and Mail.
- Macdonald, R. (2006).** "Valeur et entreprises" Recueil de notes, ADM 993I Montréal : Guérin
- Naciri, A. (2006).** "Traité de gouvernance corporative. Théories et pratiques à travers le monde" ISBN : 2-7637-8289-2
- Pasquéro, J. (2007).** "Éthique des affaires, responsabilité sociale et gouvernance sociétale : démêler l'écheveau" Gestion, vol. 32, no 1.
- Paquet, G. (2005).** "Gouvernance: une invitation à la subversion". Liber.
- Sen, A. (1993).** "Does business ethics make economic sense?", Business Ethics Quarterly.
- Simpson, G. and Kohers, T. (2002).** "The link between corporate social and financial performance: Evidence from the banking industry ", Journal of Business Ethics.
- Smyth, M. and Davis, J. (2004).** " Perceptions of dishonesty among two year college students: academic versus business situations" Journal of Business Ethics.

Verschoor, C. (2003). "More evidence of better Financial Performance", Strategic Finance