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Electronic Journal of Business Ethics and Organization Studies EJBO aims to provide an avenue for the presentation and discussion of topics related to ethical issues in business and organizations worldwide. The journal publishes articles of empirical research as well as theoretical and philosophical discussion. Innovative papers and practical applications to enhance the field of business ethics are welcome. The journal aims to provide an international web-based communication medium for all those working in the field of business ethics whether from academic institutions, industry or consulting.

The important aim of the journal is to provide an international medium which is available free of charge for readers. The journal is supported by Business and Ethics Network BON, which is an officially registered non-profit organization in Finland. EJBO is published by the School of Business and Economics at the Univer-

sity of Jyväskylä in Finland.

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- the specific suitable conferences or
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As a guide, articles should be between 3000 and 8000 words in length. A title of not more than eight words should be provided. A brief autobiographical note should be supplied including full name, affiliation, e-mail address and full international contact details as well as a short description of previous achievements.

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References should be shown within the text by giving the author's last name followed by a comma and year of publication all in round brackets, e.g. (Jones, 2004). At the end of the article should be a reference list in alphabetical order as follows

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Recognised but not Acknowledged: Searching for the Bad Leader in Theory and Text

Anu Pynnönen
Tuomo Takala

Abstract

The aim of this article is to qualitatively explain different elements of bad leadership, especially elements relating to the leader her/himself. The study reported here consists of a literature review and an empirical analysis. The literature review covers the most important trends and theories, presenting scientific articles during the last 15 years. The aim of the literature review is to synthesize the core elements of the bad leader. The empirical analysis consists of three different analysis methods to one volume of *Talouselämä* (The Economic Life), a leading Finnish business magazine. Methodologically the study proceeds from content analysis via interpretative discourse analysis to critical discourse analysis. The combination and phased application of the three approaches to discourse analysis produces a novel way of exposing the layered structure of the studied phenomenon. The most important result is that bad leadership and bad leaders are recognized but not genuinely acknowledged. Bad leaders are a secondary and silenced phenomenon, used mainly as a point of comparison and for highlighting good leaders. Marginalization and silence are methods of exercising power and building the accepted impression of leaders and leadership in the society.

Keywords

leadership, bad leader, discourse

analysis, representation, deconstruction

Introduction

Understanding possibly destructive leader behavior is essential in the globalized and complex business life. Unethical behavior can have deteriorating effects on businesses, clients and even societies. Structural changes and economic restrictions create a fertile ground for misbehavior. Within this turbulence organizations seem to have developed a culture where ends justify the means: leaders can use any methods suitable to utilize human resources. In Finland every fifth employee was a victim of workplace bullying or mental abuse in 2005. (Illies & Reiter-Palmon, 2008; Bassman & London, 1993; Sheehan, 1999; Parviainen, 2008.)

Bad leaders have consequences beyond their effect on followers¹. The secondary effects of bad leadership can reflect themselves on the culture and the whole organization. The costs of abusive behavior can be high. It is therefore important to put emphasis on the relations and behavior in the essential environment of human life: the working environment. The very possibility of such consequences should be a warning signal for organizations to be aware of such leadership. (Keashly, Trott & MacLean, 1994; Tepper, 2000; Vega & Comer, 2005.)

The word "leader" has positive emotional and normative connotations. By becoming a leader a person forms a unique and moral kind of relationship to others. One essential element of this relationship is power, which has potential for ethical difficulties to develop. Even though our assumption of leaders is positive, bad leaders have always existed: personal ambition and greed have paved their way for illegalities and wrongdoings. Bad people seem to get to powerful positions but even monsters can teach us something about leading people. Science should remind us that leadership in itself is not a moral concept but that

¹ The terms "follower" and "subordinate" are used as synonyms.

leaders are ordinary people: trustworthy and deceitful, brave and cowardly, greedy and generous. Only by recognizing and controlling our faults and failures can we achieve something better. (Ciulla, 2011; Kellerman, 2004.)

The aim of the study

The aim of this article is to search for and qualitatively explain the phenomenon of bad leadership. The study consists of two parts, the first of which is a literary review. The literary review aims at synthesizing relevant research on different approaches to bad leadership and at forming a list of core elements relating to the bad leader himself. The second part of the study is a three-step empirical analysis, based on one volume of *Talouselämä* (The Economic Life) which is the leading magazine for business leaders in Finland.

Basic assumptions and research questions

Leadership can be divided into three basic elements: the leader, the followers and the contextual factors.

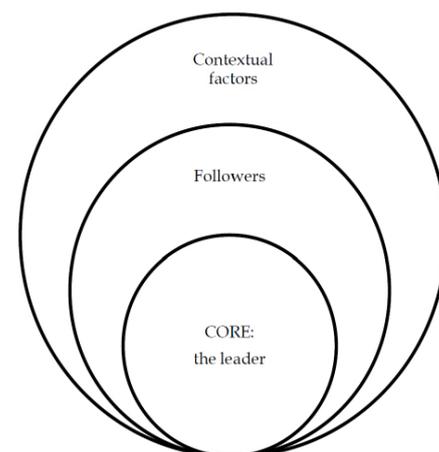


Figure 1: Layers of leadership

The basic assumption of this research is the leader as *primus motor* of leadership behavior. This assumption reminds the toxic triangle theory (Padilla, Hogan & Kaiser, 2007), with the exception that the leader is clearly considered as the centre of the process.

The research aimed at answering five research questions:

1. What explanations are given to bad leadership in theoretical literature?

2. What kind of synthesis can be formed of the factors relating to the bad leader himself?
3. Which of the factors are expressed in the media texts?
4. How is the bad leader represented in a leadership discourse?
5. From the recognition and acknowledgment point of view, what kind conclusions can be made on the basis of this representation?

The first two questions are approached and answered through the literature review while answers to the last three questions are to be found through different empirical discourse analysis methods. In addition, we try to sketch a new form of qualitative research method called the three - phase discourse analysis.

Searching in theory: literature review

There is no clear or unambiguous definition for bad leadership. The different definitions usually share the negativity of consequences and some form of wrongdoing or abuse. Bad leadership can be categorized according to different factors, e.g. whether the abuse is physical or mental and whether it is intentional or not. Different kind of typologies can be formed on the basis of these elements. One way of categorizing is to divide the schools of research into three main groups: 1) tyranny, despotism and abusive supervision, 2) different kinds of destructive leadership styles and 3) research related to personalized charisma and pseudotransformational leadership. Other research themes contain victimization, supervisor undermining, supervisor aggression and negative mentoring experiences. Leadership failures can also be regarded as consequences of incompetence, a form of which can be a dominating personality feature. (Schilling, 2009; Tepper, 2007; Hogan & Hogan, 2001.)

For the purposes of this study, the theoretical framework of the research is based on the above three major approaches to bad leadership: the approach of position and power, the approach of lacking constructive behavior and the approach of the dark side. Figure 2 shows the theories within these approaches. The fourth approach is a combination of the three, the negative

leadership framework. In addition to these four angles, ethical leadership is considered as a magnifying glass for all leadership behavior in general. The theories and their origins are presented in the following review.

Position and power: tyrants and despots

Tyrannical leadership (Ashforth, 1994; 1997) and despotic leadership (Schilling, 2009) are forms of bad leadership that are based on the power difference between the leader and the follower. Tyrannical leadership means the oppressive, unpredictable and vindictive use of power and authority. The behavior of tyrants is arbitrary and aims at serving their own interests. Tyrants belittle their subordinates and criticize them in public, lack empathy and consideration for others, apply force to resolve conflicts, and use arbitrary punishments. "Petty tyranny" as a term describes this type of leadership well. (Ashforth, 1994; 1997.)

Tyrants may have a good organizational cause for their behavior. However, they usually achieve their results at the expense and not with the help of their subordinates. They use building distrust, propaganda and scapegoats as methods of leadership. This type of leadership typically appears in a supervisor-subordinate-relationship and is therefore difficult to detect. (Tepper, 2007; Einarsen, Aasland & Skogstad, 2007.)

Despotic leadership is a near synonym for tyrannical leadership. Despotic leadership has been studied from the ethical point of view, bringing the altruistic vs. egoistic motives of the leader into focus. Despotic leaders do not care for others or act in socially constructive ways. They lack the inner need to do the right thing and probably have low moral standards. They are exploitative and also lack both the ability and the will for self-reflection. Despotic leadership is often related to organizational structure: a hierarchical top-down organization supports despotic leadership. (De Hoogh & Den Hartog, 2008.)

Position and power: abusive supervisors and bullies

Abusive supervision is behavior perceived and experienced by the subordinate. This form of bad leadership is also typical of



Figure 2: Approaches to theoretical literature on bad leadership

the supervisor-subordinate relationship and it is characterized by the differences in power, status and resources. Abusive supervision presents itself in the form of continuous hostile behavior, which can be either verbal or nonverbal. The main elements of abusive supervision include subjectivity (perception and evaluation by the subordinate), consistency (the behavior is continuous) and intentionality (even though not always negative). The concrete forms of abusive supervision may be bullying, aggressive outbursts, belittling and name-calling. The possibility of abusive supervision can be enhanced and accelerated by the characteristics of the subordinate: appearing as a victim may lead to becoming one. (Tepper, 2000, 2007; Burton & Hoobler, 2006; Keashly et al., 1994; Starratt & Grandy, 2010.)

The leader-related reasons for abusive supervision can be psychopathological, sociocultural or a combination of the two. Abuse can be seen as a negative organizational chain or as a domino effect, as transference of the supervisor's own experience, which again is produced by the supervisor's own supervisor. Narcissistic tendencies of the leader and neglecting morality support this type of behavior. Sociocultural explanations include background factors of the leader, e.g. childhood and family models. Stress is another explanation and it can be caused by shortage of resources, by the lack of top executive support or the culture of the work society. (Bassman & London, 1993; Tepper, 2007; Wayne, Hoobler, Marinova & Johnson, 2008.)

Workplace bullying can be defined as a form of abusive supervision. The bullies are often leaders and supervisors, enabled by their status and power. In general, bullying means being the target of repetitive or continuous negative acts (oppression, threats, harassment, social exclusion) performed by others. These acts aim at humiliating, intimidating or punishing the victim. They can also take more subtle forms, e.g. giving meaningless tasks, withholding information or deliberately giving confusing and contradicting orders. Usually the victim feels incapable of defending himself. (Zapf, 1999; Zapf & Einarsen, 2001; Vega & Comer, 2005; Harvey, Buckley, Heames, Zinko, Brouer & Ferris, 2007.)

The reasons for bullying are related to the bully, the victim and the organization. The bullying leader may have a personality problem (destructive narcissism) or a hostile and envious attitude. The victim's personality (passivity, being different), competence, social skills and victimization may have an influence on the bullying. On the organizational level leadership, structures, culture, stress factors and organization of work produce elements that enable bullying. Fear is a motivating factor: in order to control one's fear one starts to bully others. The utmost category of bullies are organizational psychopaths, who are toxic leaders serving their own narcissistic needs by manipulating others to become bullies. (Zapf, 1999; Salin, 2003; Harvey et al., 2007; Boddy, 2010.)

Destructive leaders

Destructive leadership as a concept is based on the lack of constructive activities and behavior. Destructive leadership can be negative in two dimensions, from the individual's point of view and from the organization's point of view. Destructivity is, however, primarily considered as systematic and repeated behavior, which damages or sabotages the aims and goals, tasks and resources of the organization. Destructive leaders violate the interests of their organizations by pursuing their own benefits and interests. These violations may not be intentional but due to e.g. incompetence of the leader. Explanations for destructive leader behavior include alienation, lack of family support, negative role models and general stress factors. Destructive nar-

cissism, fear, power motives and lack of self-control are personality features of destructive leaders. Forms of behavior consist of aggressive behavior but also repeated mistakes and failures. (Schilling, 2009; Einarsen et al., 2007; Harvey et al., 2007.)

Destructive leadership can be the result of three factors: the leader, the subordinates and the environment (context). This toxic triangle includes a charismatic leader with personalized power, a narcissistic character and a negative view of life. It also includes followers who are either conspirators or compliers. In addition, the environment has to provide a fertile ground, which it does if there are threats and uncertainty, control systems are missing and the cultural values are pro-destructive. (Padilla, Hogan & Kaiser, 2007).

The research on destructive leadership has developed four different destructive leadership styles: 1) tyrannical leadership², 2) laissez-faire, 3) popular-disloyal leadership and 4) derailed leadership. Two of these, namely tyrannical and derailed leadership, are negative towards other people, while the remaining two, laissez-faire and popular-disloyal, have negative consequences from the organization's point of view. Derailed leadership is behavior detrimental to both the subordinate's interests and to the targets of the organization. The negative behavior towards subordinates can contain bullying, humiliation, manipulation, deceit or harassment. The derailed leader fails to combine his personal skills and the demands of work. Derailed leaders may have had a successful career in a task-oriented environment but when the work becomes more human-oriented, the leader's skills and the demands of leadership do not meet. Lack of communication and communicative skills, as well as of human relation skills, affect the leader's work especially in changing conditions. Derailed leaders are often ambitious lonely riders who unfortunately are unwilling or unable to learn and change their leadership style. (Einarsen et al., 2007; Parviainen, 2008; Van Velsor & Leslie, 1995.)

Laissez-faire is a form of ineffective leadership, characterized by the lack of leadership and responsibility. The leader fails to fill his role and position as a leader and neglects both the interest of the organization and the subordinates. The void left by the leader creates role ambiguity and conflicts. Even though laissez-faire does not involve direct abuse or destructive behavior, the lack and weakness of leadership characteristic to laissez-faire give space for other forms of negative behavior, e.g. workplace bullying. (Einarsen et al., 2007; Aronson, 2001; Salin, 2003; Skogstad, Einarsen, Aasland & Hetland, 2007.)

Popular-disloyal leadership is positive towards the subordinates but negative towards the organization. The leader focuses on the well-being of the subordinates and neglects the aims and targets of work. The leader may also be an active actor in sabotage against the organization, not with the intention of damaging it but for the sake of the leader's preferred own vision. (Einarsen et al., 2007.)

The possible dark side: charisma and personality

The leader's personality or defects in it (personality disorders) can be the cause of bad leadership. Personal characteristics make all the difference in being on the dark side, while ethics and motives define the line between the good and the bad. Leaders who are motivated by their inner opportunistic motives and values have a greater tendency to be destructive and use their power for personal benefit. The inability to reflect one's behavior and the unwillingness for self-evaluation, an overgrown ego and emotional inabilities create the circumstances for negative outcomes. (Illies & Reiter-Palmon, 2008; Aaltio-Marjosola &

² Discussed above

Takala, 2000; Schilling, 2009; Bass & Steidlmeier, 1999.)

Charisma in itself is a neutral concept but personalized charisma is clearly a negative one. Personalized charisma means abusive, self-centered behavior which serves the leader's own interests and low self-esteem. The leader feels the need to dominate and control, which leads to destructive behavior. He has a strong object belief about other people, enabling him to use others as instruments for achieving his own goals. Unethical charismatic leaders have moral norms that support these self-interests, and they use power authoritatively and manipulatively. Narcissism and fear of losing power, both originating from lacking or undeveloped self-esteem, enhance the probability of a charismatic leader to personalize the charisma. Narcissists overestimate their own characteristics and achievements, and are focused on their own well-being and need-fulfillment. The source of the inability to appreciate others as individuals can be the product of negative life history and themes. Low self-control enables the need of power to submerge in destructive decision-making. Personalized charismatic leaders can also be defined as unethical charismatic leaders, whose use of power is characterized by domination, status and prestige. (O'Connor, Mumford, Clifton, Gessner & Connelly, 1995; Howell & Avolio, 1992.)

Charismatic leaders, who often appear at a crossroads or crisis situation, have strong and infallible visions. The context of change or threat creates the need for strong leadership which the charismatic leader satisfies. The power of charisma is created by the emotionally-laden relationship of the leader and the follower. The strong vision can, however, be based on solely the needs of the leader and will therefore become destructive for the organization and the people involved. In addition to being abusive, controlling and manipulative towards the followers, the management practices of a charismatic leader can contain other risks. The behavior of the leader may result in weak or poor results in the management of networks, the occurrence of insider-outsider groups and lack of responsibility. These types of behavior can result in decision-making failures, dysfunctional organizations and wasted resources. (Aaltio-Marjosola & Takala, 2000; Conger, 1990; Clements & Washbush, 1999; Rosenthal & Pittinsky, 2006.)

Charismatic leaders are skillful in communicating their visions and gathering idealizing followers. One of the main explanations for personalized charismatic and pseudotransformational leaders is the audience: uncritical, compliant and unquestioning followers offer their admiration to the leader who needs it for egoistic reasons. The blind admiration insulates the leader effectively from the environment and supports the fulfillment of the leader's own interests. If the leader has an overgrown ego, he will use his communicative skills to manipulate and create illusions of his own achievements and blame solely external factors in case of failure. In addition, the leadership style itself may be harmful: authoritarian, controlling or superficial, arrogant and even aggressive. (Offermann, 2004; Conger, 1990.)

Pseudotransformational leadership is a concept related to personalized charisma. As a term it refers to unauthentic and unethical transformational leadership. Pseudotransformational leaders are narcissistic, authoritarian and manipulative. They are after power, status and success and press agendas which are based on their own interests. They design pompous visions but avoid all responsibility. As skillful communicators and manipulators their advance their mission by motivating their followers through false promises and betrayal. The inspirational motivation (based on egoistic values) they create through communication, rhetoric and visions makes people follow the

pseudotransformational leaders. They build on the ignorance of their followers, making the contesting of the leader's decisions and solutions difficult. The authority of the leader is more important than reason. In their relationship to their followers, pseudotransformational leaders are interested in building a dependency, reminding the one between a child and a parent. The leader expects blind compliance, behaves incoherently and inconsistently, and supports his position by keeping their distance. Systems of favoritism and the enhancement of competition among followers are methods of individual appreciation. Pretence and acting are characteristics of a pseudotransformational leader: an authentic front covers the self-interested core. The actions of these leaders may not cross the line of illegality and they may consider themselves as honest. Even though the façade looks fine, this type of behavior is still unethical and as such, represents a type of bad leadership. (Aronson, 2001; Toor & Ofori, 2009; Barling, Christie & Turner, 2008; Bass & Steidlmeier, 1999.)

Personality disorders are a source of poisonous organizational behavior. For example abusive supervision can be a symptom of a personality disorder, an element of which is the inability to control aggressive impulses. Narcissism in its negative form is one of the most destructive personality disorders effecting leadership. It is psychologically characterized by pomposity, arrogance, envy, self-absorption, feelings of entitlement, weak self-esteem, oversensitivity and hostility. In addition, destructive narcissism includes amorality, irrationality, inflexibility and even schizophrenic behavior. Motivated by his egoistic need for power and admiration, the leader neglects the needs of others. The lack of empathy is one focal element in narcissism: interpersonal relationships are typically abusive, exploitative and instrumental. The narcissist is incapable of reflecting and evaluating his own actions and behavior. His egocentric motivation initiates decisions and actions which may seem irrational to others. The basis of narcissism lies within the leader's weak self-esteem which needs to be compensated for through other people. Narcissists are incapable of the responsible use of authority or treating other people as individuals. Especially prone ground for narcissistic leaders are workplaces and other contexts which offer possibilities for social status and prestige. (Rosenthal & Pittinsky, 2006; Samier & Atkins, 2010; Goldman, 2006; Bassman & London, 1993.)

Destructive narcissism is not the only personality disorder which may cause bad leadership although it is present as an element in various forms of the phenomenon. The leader might have a neurotic style that stigmatizes not only the behavior of the individual, but also the whole organization. These neurotic styles are rather permanent and dominating ways of behaving, and they may become dysfunctional. The neurotic styles can be classified into five types, namely suspicious, depressive, dramatic, compulsive and detached. The more centralized the organization and the more power the leader has, the more influence his neurotic style may have on the culture, strategy and structure of the organization. A less dominant type of disorder is related to the incompetence of leaders. These are lacking personality features which are hard to detect but affect the behavior of the individual. This typology includes the types of excitable, cautious, reserved, skeptical, leisurely, mischievous, bold, colorful, imaginative, diligent and dutiful leaders. The common denominators of these incompetence types are the inability to handle pressure and stress, the crumbling effect they have on trust and a certain degree of self-centeredness which may lead to action primarily motivated and guided by the leader's own needs. (Kets de Vries, 1986; Hogan & Hogan, 2001.)

The negative leadership framework

Schilling (2009) has developed a framework which combines several of the bad leadership types described in theoretical literature. The empirically tested framework consists of eight behavioral categories, covering both destructive and ineffective leadership. The first two categories are according to Schilling the most common ones and could therefore be considered as prototypes of negative leadership. The eight categories include

1. insincere leadership
2. despotic leadership
3. exploitative leadership
4. restrictive leadership
5. failed leadership
6. avoiding leadership, active
7. avoiding leadership, passive
8. laissez-faire leadership

Insincere leadership consists of deceitful and dishonest behavior, distortion of information or withholding it. Subordinates are being treated unfairly and unequally, while behind their backs the leader concentrates on achieving his own goals and benefits. Despotic leadership manifests itself as authoritarian and inconsiderate behavior. The despotic leader is aggressive, difficult to approach and requires obedience and compliance. The third category is exploitative leadership, the focus of which is forcing the subordinate to accomplish tasks by threatening and external motivating. The restrictive leader, in turn, does not allow the subordinates space or possibilities but sets targets and restrictions, without empowering others. The ideas or demands of others are not discussed. These four first categories fill the characteristics of abusive supervision. (Schilling, 2009.)

The last four categories are forms of inefficient leadership. A failed leader focuses on daily operative work and neglects leading. Avoiding leadership actively takes the form of complying and creating alliances with the subordinates, being overly positive in feedback and rewards, and following the wishes of the subordinates. Avoiding leadership passively presents itself in avoiding responsibility and decision-making, behaving inconsistently and lacking authenticity. A laissez-faire leader does not communicate or set goals. Neither does he give feedback or motivate others but merely shows indifference to the responsibilities of leadership. (Schilling, 2009.)

The explanations of negative leadership are related to the leader's personality, interaction and communication, and to the environment. Personality-related explanations include personality features and certain defects within the personality, e.g. cynicism, stubbornness and egoism. Also the lack of knowhow and competence, too much operational work and lack of (internal) entrepreneurship attitude may influence negative leadership on the personal level. Interaction-related reasons for negative leadership are conflicts between the leader and the subordinate. Environment-related factors include the leader's own supervisor, number of subordinates as well as structures, resources, processes and cultural attributes. Personality-related and organizational factors may negatively reinforce each other, thus creating a tendency for negative leadership. (Schilling, 2009.)

Ethics as a magnifying glass for bad leadership

Ethics can be defined as a discipline studying behavior, actions and their consequences, the distinctions and discourses of good and bad, right and wrong. We assume that leaders must follow and exemplify high moral standards and ethics every day in their talk, acts, decisions and behavior: ethics and moral are the basis for good leadership. Ethical leadership means demon-

strating normatively appropriate behavior in personal acts and interpersonal relationships. Ethical leadership behavior can be defined as organizational action in which norms of character, integrity and decency are followed. The morality of action can be evaluated on the basis of three elements: the ends, the means and the consequences. (Aronson, 2001; Toor & Ofori, 2009; Chandler, 2009; Bass & Steidlmeier, 1999; Treviño & Brown, 2007.)

One important arena of unethical behavior is the interaction between the leader and the follower. Moral or ethical norms define behavior in human relationships. They are authoritative and thus normative: individuals feel their duty to comply with the norms or if deviated from, to justify or rationalize the deviation. Normative moral standards can be expressed as articulated duties or ideals, social rules, personal values or general principles. In leadership, ethics can be approached through three interrelated dimensions: 1) the ethics of leaders themselves (intentions and personal ethics, moral character of the leader), 2) the ethics of leadership methods and processes, and 3) the ethics of leadership acts (consequences of these acts). The practical ethic discourse concentrates on analyzing two main elements, the moral agent and the type of moral action. Moral action is evaluated on the basis of three basic factors: the aim, the means and the consequences. Also the underlying values and criteria can be evaluated from the ethical point of view. (Bassmann & London, 1993; Bird & Waters, 1987; Bird & Waters, 1989; Ciulla, 2011; Bass & Steidlmeier, 1999.)

Destructive leadership behavior can be defined as harming the organizational members or aiming at short term results on the expense of long term consequences. Destructive leadership can also be called unethical leadership. Lack of ethical behavior appears in different types of bad leadership. Unethical directive leadership leads to authoritative-despotic leadership behavior and laissez-faire, where the leader is interested only in achieving his personal aims. The need for self-enhancement is related to the need for power, status, authority and achievement. The individual value structure of the leader influences the tendency to act destructively: if the leader is motivated by ethical values, he is unlikely to act according to his own interests or to a need for power or social status. In addition, the values of the organization affect the ethical activities and behavior within the working community. (Illies & Reiter-Palmon, 2008; Aronson, 2001.)

One way of understanding ethics is volition and the possibility to choose: bad leaders may be considered to consciously choose an unethical way to act due to their egoistic interests. The power of the leader in a way insulates him from morality and gives justification to act on the basis of his own needs. The very position as a leader may give the impression that since the leader is in many ways privileged, he is not restricted by moral norms either. Ethical leadership requires the ability and will for self-reflection, the lack of which can be considered as a leader's incompetence. (Price, 2000; Ciulla, 2011.)

In addition to the values of the leader, organizational values and goals affect ethical behavior. If the organization aims at short-term profits, leaders will act accordingly. The example set by the top manager is the clue in building a culture, where ethical considerations are balanced with strategic and economic aims. In ethics, deeds speak louder than words or texts: written policies are only realized in practice, in acts and decisions. Leaders must walk the talk. (Andrews, 1989; Treviño, Hartman & Brown, 2000.)

Synthesis of the elements of bad leadership

The basic assumption of this study was to divide elements of bad leadership into three groups: features of the leader, elements relating to the followers (subordinates) and factors of the leadership context. On the basis of the scientific articles forming the theoretical framework, each of these elements is synthesized³ in the following chapter. My first research question - what explanations are given to bad leadership in theoretical literature - has its answer in this synthesis.

The leader

The tyrannical and despotic leaders as well as abusive supervisors have in common the position and power difference. In abusive supervision the power is created by hierarchical position while in despotic and tyrannical leadership the power originates from arbitrariness. Leader-related reasons for these types of bad leadership include egoistic motives and narcissism, which cause indifference towards other people. The same narcissistic features are an essential element also in destructive leadership, in which also the ideology of hate and a negative life attitude have a central role.

Both abusive supervision and destructive leadership emphasize the leader's negative life history which is interpreted to influence his behavior. The abusive supervisor is considered a possible victim transferring aggression and having a learnt way of behaving badly. Destructive leadership, on the other hand, brings up alienation, lack of family support, stress and negative role models as reasons for the negative life attitude, which is typical for destructive leaders.

The connecting factor of popular-disloyal leadership and *laissez faire* is the unfulfilled leader role. The popular-disloyal leader is driven by his need to please his subordinates and to pursue his own goals at the expense of the organization. *Laissez-faire* leaders fail to take responsibility or participate. They are indifferent to everything, a feature common with failed leadership of the negative leadership typology. Another type from the same typology, derailed leadership, is focused on the ability of the leader to adapt and learn. Difficulties in personal relationships in connection with lack of will and ability to communicate derail the leader who is ambitious but used to working alone.

Leaders who are workplace bullies use their power difference to tackle their fear and envy. A bully is a narcissist without empathy and driven by his need for greatness and admiration. Arrogance and inability to appreciate others are caused by insecurity of oneself. The lack of self-control leads to bullying while under feelings of stress and frustration.

The personalized charisma and pseudotransformational leadership are both possible types of unethical leadership. Leaders with personalized charisma are power-hungry, abusive, self-interested narcissists with a deficient self-esteem. They have an authoritative leadership style and the need to control others. Their negative life stories and themes reflect themselves in the leadership while a strong personal vision, belief in the justification of that vision and good communicative skills make the personalized charismatic leader a dangerous one. The pseudotransformational leader appears to be good but acting and pretence are methods of hiding the real motives, which include domination, control, striving for success and avoiding responsibility. These motives are created by the leader's egoistic values.

Personality disorders have a profound effect on the actions of the leader. Narcissistic leaders are arrogant, pompous, envious and self-centered. The narcissism is caused by a low self-esteem

and sense of inferiority, which are compensated for by striving for superiority and by satisfying the need for power and admiration. The lack of empathy and hostility, which are typical features of the narcissist, affect his relationships to other people.

The negative leadership typology contains four destructive leadership styles, which each have their own leader-related elements. Insincere leadership has in its core deceitfulness, unfairness and pursuit of personal goals. Despotic leadership presents an authoritative, ruthless and merciless leader who is difficult to approach. The exploitative leader threatens, intimidates and uses his position at the expense of others. Restrictive leadership is realized as authoritative and restrictive behavior.

Ethics can be considered as a magnifying glass for assessing the good and the bad, the right and the wrong, in general and in certain circumstances. Ethical leadership means evaluating the aims, means and consequences of leadership behavior. All the above types of bad leadership are unethical in at least one of these evaluative dimensions, most towards other individuals and people in general while others are more harmful towards organizational goals. The unethical leader is characterized by the need for power, self-absorption and weakness of moral character. Destructive narcissism, arrogance and pompousness support egoistic motives, accompanied by lack of interpersonal skills and of taking responsibility. In its worst form unethical behavior is intentional harming of others.

Followers and subordinates

The different types of bad leadership present the enabling or supporting role of subordinates to a varying degree. Tyrannical and despotic leadership do not mention subordinates as enablers or explanations of bad leadership. From the features of tyranny and despotism it is, however, possible to detect that followers have to comply and they cannot question or undermine the leader's authority. The same applies to followers of destructive leaders, who, in addition to compliers, can also be conspirators, active followers sharing the leader's bad values, ambition and opinions.

In abusive supervision, the subordinates are targets. The whole type of bad leadership is based on their perceptions and experiences. The characteristics of subordinates are used as an explanation for bad leadership: being or appearing weak, an outsider or otherwise different can affect becoming the target. These same subordinate-related explanations appear in workplace bullying. Both these types of bad leadership focus on features which affect victimization. In the case of workplace bullying, the subordinate can be either too incompetent or too competent for the leader to tolerate.

Personalized charismatic leaders need followers, who are loyal and who idealize the leader. They identify themselves with the leader's personal characteristics and being dependent on the leader, obediently follow his whims. Followers of pseudotransformational leaders may be ignorant and therefore blinded by the leader's vision. They may be tempted to obey and implement because of inner competition for pet positions. This is a type of relationship policy typically used by pseudo-transformational leaders and it is a way to personal benefits.

Personality disorders of the leader do not require subordinate-related elements. For this type of leaders to maintain their position, the subordinates have to, however, in some way accept the situation. In unethical leadership the self-concept and awareness of subordinates are mentioned as possible co-factors of bad leadership: the subordinates' locus of control, values, beliefs and social identities can either support or prevent the occurrence of unethical behavior.

³ References to the articles are not repeated here but presented in the corresponding chapters above. Anyone using this synthesis should refer to the original sources explained in the previous chapters.

Context: environment, situation, issue and other explanations

The context of leadership is often used as an explanation for bad behavior and bad decisions. However, popular-disloyal or laissez-faire do not define contextual factors as explanations. Rationally the lack of control systems and acceptance of top management must be an explanatory factor also for these types of bad leadership. Even previous organizational success can be a factor which reinforces the temptation to act unethically while striving for further success.

In despotic and tyrannical leadership as well as in abusive supervision the authoritarian organization and hierarchy are structural elements supporting bad leadership. The atmosphere and culture of the organization may contain (even business related) practices that enable these leadership types to prevail. Destructive leadership, on the other hand, flourishes in environments of uncertainty and threats. It is enhanced by the lack of control systems and cultural values that support destructivity.

The emergence and prevalence of unethical leadership requires lack of organizational control. Workplace bullying is a phenomenon related to weaknesses in the organization of work and control systems. If bullying is not punished and reward systems are built on mutual competition, the contextual factors offer a possibility for bullies. Low moral norms enable bullying which can start for example in a reorganizational change phase.

Change seems to be the core contextual denominator for derailed leadership. Derailed leadership takes place within the very context of change, when the leader cannot adjust to the new situation or learn new skills. The emergence of personalized charisma is also related to changes when the context and environment become uncertain and strong visionary leaders are needed.

The core: leader-related factor

Concentrating on the leader as the central element in negative leadership outcomes may lead to a situation where important contextual factors, affecting the leadership process, are neglected. This kind of analysis may hinder the "big picture" of bad leadership. (Thoroughgood, Hunter & Sawyer, 2011.) Acknowledging this criticism I, however, consider the leader as "primus motor" of leadership and want to summarize the leader-related explanations of different types of bad leadership. The aim of this study is to find the bad leader behind different kinds of explanatory factors. The second research question - what kind of synthesis can be formed of the explanatory factors relating to the bad leader himself - is answered next.

On the basis of theoretical information presented above, bad leadership consists of the following (partly overlapping) elements:

- narcissism
- egoistic motives: own benefit and interests
- ideology of hate, envy and fear
- weak / lacking self-esteem
- overgrown need for power and status
- lack of self-control, incl. control of emotions
- lack of will and/or ability to evaluate oneself
- unauthenticity / pseudo
- arrogance and overestimation of own capabilities
- low moral
- insincerity
- lack of empathy and ability to appreciate others

The above factors are on the basis of theoretical literature the elements that have to be avoided or eliminated in order to prevent bad leadership. The recognition of these elements in theory

is, however, a simpler task than acknowledging them in reality, in the actions and behaviors of real-life leaders. The search for bad leaders is therefore continued through the empirical part of this research, described in the following sections.

Following the empirical trail: discourse analysis**Sample**

The empirical part of this research consists of three types of discourse analysis, each answering one of the last three research questions. The material studied and analyzed is one volume (2010) of *Talouselämä*, a leading Finnish business magazine. The volume consists of 42 issues (two issues missing from the complete volume). One of the issues is a special written by business students (issue 28). *Talouselämä* is the only weekly business magazine in Finland and the largest one in the Nordic countries. The typical reader of *Talouselämä* is a well-educated decision-maker and leader. The distribution of *Talouselämä* is about 79,000 issues and estimate of leaders in the 178,000 readers is 84 %. (www.talouselama.fi)

Media texts are trails of communication processes and by following them, we can study the underlying communicative and signification processes. Media texts take a stand, accentuate some things and points of view at the expense of others. The business media produces meanings to issues and phenomena related to leadership. The media uses power and makes choices (conscious or unconscious), which affect the readers' ideas about the society and leadership. (Väliaverronen, 1999; Siltaoja & Vehkaperä, 2011.)

The readership of *Talouselämä* suggests that signification processes in this magazine have a larger meaning for the Finnish working life. Thus the way leadership and leaders are presented in this magazine affect the opinions and ideas of the powerful decision-makers. The magazine supposedly reflects and represents the readership's prevailing view of leadership and leaders. This view is constructed and reconstructed through the texts of the magazine.

The volume was scanned for texts related to leadership. The key words used for sampling were "leader" or its synonyms (e.g. boss) or "leadership" in headings and texts. In addition, texts with a probability (on the basis of the subject) of containing comments on leaders and leadership were included in the sample. The final sample consisted of 60 texts.

Content analysis

Content analysis is a method used for organizing the studied material into a coherent and clear form, without losing the information within. Methods of content analysis include thematic and type classifications. The aim of the simplification is to increase the informational value of the material by concentrating it into a conclusion-enabling form. The content analysis can be material-based, theory-based or theory-bound. In theory-bound content analysis, the theoretical framework forms the basis for the analysis of the material. (Puusa, 2011.)

The thematic classification of the sample material included dividing the texts into three themes, which are the three elements of bad leadership: the leader, the follower and the context. It was, however, clear from the beginning that the elements are interrelated (as is the case in many of the theories) and that all these three elements appear in the same texts.

In addition to thematic classification, the texts were typified according to genre. The sample consisted of different genres (articles, portraits, news, columns, causeries and letter to the editor). Genre affects the way that we use and interpret language

as well as the way we expect language to be used. Each genre has different goals, tasks and norms. The viewpoint and approach of the author affects the way that leadership is presented and described. Genres are also hierarchical instruments, setting an order to and between media texts. (Pietikäinen & Mäntynen, 2009; Väliaverronen, 1999.)

After the classifications, the first phase of the actual analysis consisted of a theory-bound content analysis of the sample texts. The analysis is described in the following sections, accompanied by text samples from *Talouselämä* translated into English.

Leader-related themes

According to scientific literature, narcissism may be an essential characteristic of a bad leader. Within the texts narcissism is mentioned only a few times:

A female leader doesn't make a fuss about herself ... A narcissistic leader aims at power with all means possible, puts the blame for his failures on others and can't stand criticism. (Issue 11)

Old moral codes have loosened. There is a prevailing bubble that a narcissist would make it. Narcissistic features have become normal and therefore their negative effects on the work society are not immediately noticed. (Issue 25)

Egoistic motives, focusing on own interests and goals, are another typical feature of the bad leader. Yet these features are hardly discussed in the texts.

Females listen to their subordinates, don't steal ideas and treat the subordinates as individuals. (Issue 11)

Because leaders have human characteristics, the answer is clear. ... The supervisor favors his own recruits. ... it is harder to admit that you failed than that your predecessor did. (Issue 25)

An ideology of hate, envy and fear are possible elements of bad leadership. Fear is mentioned only once, envy and hate are missing completely.

Ollila's fear of becoming a laughing-stock is incomprehensibly strong. (Issue 35)

Weak or lacking self-esteem is presented as a part of being Finnish or as an antonym to good leadership:

The good weak self-esteem: The good side of Finns is based on the weak self-esteem. We are not high and mighty, and it is easy for us to adapt... (Issue 40)

Leaders who know themselves well are able to face feedback and have no need to foreground themselves. (Issue 9)

Using features of bad leadership to highlight good leaders is apparent also when discussing the need for power and status.

Don't get blinded by power. You don't have to control or decide everything yourself. (Issue 3)

Not everybody wants power at all costs. Many don't want power at any cost. Soon only psychopaths want to be leaders. (Issue 2)

According to the texts, lack of self control is a rare battle already won.

Realizing one's own speed is an important perception. I have to control it. I hang on to the chair frame and listen if the other person is slower... (Issue 25)

The ability or will to reflect or evaluate one's behavior is mentioned several times. This is not, however, done in public.

Originally the book was intended to describe failures of leaders but it didn't work out. The collection of material for the book proved impossible. "Leaders make mistakes but do not admit them in public". (Issue 26)

... he has to be able to critically evaluate his own work and to tolerate criticism as well as diversity. (Issue 41)

Ungenuineness or pseudo are recognized as features of bad leadership. Pretence, copying leadership styles and smooth talking are issues discussed.

Leadership is related with strong charisma. That means above all the ability to be oneself ... There are also ingratiating male leaders in the world. Watching yourself is fine when you want to improve your results. But changing your appearance too much easily takes your credibility. (Issue 11)

Don't mimic others. Find your own leadership style and practices to suit it. (Issue 3)

Arrogance and overestimating one's own skills are mentioned in the text a few times, moral and ethics in turn only once.

A common mistake of the leader is not to give fast enough up the things that made him successful. (Issue 3)

Many men have fallen into the myth of leading great things and underestimate taking care of details. (Issue 11)

People who want power at all costs, should be kept apart from power, because their moral is unavoidably low.... The need for power and prosperity usually leads to immorality. (Issue 3)

Insincerity is typically mentioned only in news stories. News form a special genre also because in them the person is clearly identified.

First a Ferrari, then to court. Who remembers the Rytsölä brothers? ... In summer 2008 the district court of Helsinki found Jaakko Rytsölä guilty of grave dishonesty.. (Issue 31)

Lack of empathy and of respect for others is another recognized feature of bad leaders. For example the special issue discussed this feature.

THE BULLY. This type has his own favorites. With small things he manages to discriminate others and give the impression that their opinions don't matter. (Issue 28)

In addition to the above theory-bound analysis, other potential features of bad leadership are presented in the texts. Unfortunately one of these features is gender.

An excellent leader has on her way to a top position passed through a very dense sieve. For women this means learning the rules of men. (Issue 11)

Sanoma is one of the few Finnish listed companies where women have been considered good enough for leadership positions. (Issue 3)

Bad leadership is also described as a possible result of lack of competence, capabilities or charisma.

It is not enough to want to develop yourself as a leader. One has to have the ability and the courage to develop ... The leader can't be too colorless because a grey financial mouse is not able to lead ... the leader has to have sensitivity and social intelligence. (Issue 41)

If you have to compete against Apple's Steve Jobs, maybe the right choice would have been Finland's nearest equivalent to Jobs, the technology-enthusiast Vanjoki with inspiring presentation skills? But no. The position was taken by a colorless lawyer and financial officer. (Issue 35)

Subordinate-related explanations

According to research described in the scientific articles, follower actions, personalities and values can affect the occurrence of bad leadership. These follower-related reasons are presented also in the analyzed texts.

All subordinates aren't good either. People don't always understand that you have to work while at work or that supervisor instruction isn't bullying. (Issue 28)

Now that the line between work and leisure is more blurred, emotions are brought to the workplace. Then people are extremely sensitive to the boss for not giving praise. Gossip and badmouthing are allowed. What kind of a supervisor can handle such work communities. No one. (Issue 25)

Whether you are incompetent, lazy or simply not suitable for the job, dismissing you is practically impossible. ... An alcoholic, a chronic late arrival or a rude customer servant can be dismissed by using written warnings but what if the employee is inefficient or spoils the atmosphere with his negativity? (Issue 28)

Context-related explanations

In the analyzed texts, bad leadership is frequently explained and justified by demands of efficiency, economics and productivity.

The 1.5 year financial crisis has put the human resources managers to a tough spot. How is one to lead and manage personnel at times like this? Often you have to push noble aims to the background and take up hard tools. (Issue 3)

The last recession left the companies in a nasty mess. When the management has for a couple of years concentrated on saving the profits, strategic future-oriented development has been neglected. (Issue 36).

If failures do happen, the leaders aren't usually named or personified. In these texts the name of the company is mentioned but not the people running it. Often this happens in connection with economic and production-related explanations.

The construction company Lemminkäinen ... can get anything going right now. The infrastructure construction business had a good season domestically but it is not enough to compensate for the weak profits of the start of the year, caused by the hard winter. (Issue 35)

The structure and size of the organization are also explanations used in the texts.

The CEO admits that it is hard to get the 27,000 people at Stora Enso to listen, to understand, to challenge and to act. A superman fast enough to make all that hasn't even been born. (Issue 18)

During the 1990's recession the organizations were planed so thin that supervisors are crushed by the pressures of everyday work. (Issue 27)

Other context-related explanations include upbringing, schooling and competence that are seen as reasons for leadership behavior. Also cultural factors are described as reasons.

The average supervisor who got his training in the 1980's or 1990's didn't get very much knowhow for leading people. You can't get more out of people by extending their working hours. (Issue 40)

Finnish schools don't teach you how to argue. It is a bloody important skill because it increases the possibilities of reaching a good consensus. ... The school system doesn't prepare you for living with uncertainty and utilizing all career possibilities in life. It does not motivate you to enter your own inconvenience zones. (Issue 27)

Media and publicity get their share of explaining bad leadership.

Olli-Pekka Kallasvuo was sucked by the whirlpool of the Nokia stream. The CEO fought a short fight but the fast spin of publicity pushed him under quickly. The chair Jorma Ollila had no choice. In his dismissal decision Ollila did what he had to do. (Issue 35)

An element typical for this material is the Finnish culture with its institutions.

Finnish leadership can be considered a kind of marathon. The leader runs ahead of others who try to keep up with him. (Issue 22)

One of the critical factors for the future of leadership is to find a gain the authentic ways of people to work as members of their communities ... we don't need powerpoint bunnies blabbering in American English or other foreign miracles. It is enough to visit the Seven Brothers of Aleksis Kivi at Impivaara⁴. ... Maybe we need it even more than the well-advertised Winter War⁵

⁴ Aleksis Kivi is the national author of Finland. His most important book is called the Seven Brothers. Impivaara is a place where the brothers found a will and spirit to work together to reach their goals, building a house and home in the wilderness.

⁵ Finland participated in the Second World War against the Soviet Union. The war consisted of two separate periods, the first part of which is called the Winter War. This part of the war was won by the Finns and

spirit of recent economic speeches. (Issue 32)

Conclusion to the content analysis

Content analysis was used in this study to organize and simplify the textual material. The aim of the content analysis was to answer the third research question: which of the factors of bad leadership appear in the texts. On the basis of the analysis it is clear that all layers of bad leadership – the leader, subordinates and context – are found in the material. The layers and elements interact in the material as they did in the theoretical literature. Features relating to the bad leader himself are, however, mentioned only rarely. Since the aim of this research is to find the core, the bad leader, and very little seems to be said about him directly, the analysis is continued in the following sections by using interpretive discourse analysis.

The second phase of empirical search: interpretive discourse analysis

By using language we don't just describe the world but signify, arrange, rearrange and change social reality. The targets of speech and text are signified or constructed. Language is a socially shared system of meanings in which things get their importance and signification in relation to each other. (Jokinen, Juhila & Suoninen, 1993.)

Although there is no general definition of discourse, it can be described as a textual entity and part of socio-cultural practices, an element in building social reality. Interpretive discourse analysis is a method focusing on how and what kind of social reality is actualized in the discourse: the way something is said produces the target of the speech. Interpretive discourse analysis sets out to find general discourses that produce and maintain collective meanings and interpretations. Leadership is considered a complex and socially produced phenomenon, and language has an important role in constructing it. The aim of discourse analysis can for example be to understand, how the phenomenon of good leadership is produced and what kind of stereotypes are connected with it. Language produces action and signification processes of leadership are therefore not meaningless. (Siltaoja & Vehkaperä, 2011; Alvesson & Kärreman, 2000.)

Discourses are produced, reproduced and changed in different social practices. Texts always exist and appear within a context, a specific time and place that affect the interpretation. In discourse analysis of media texts, the context can be the societal or socio-cultural situation, covering the cultural, historical and social environment and practices surrounding the use of language. Intertextuality is a term referring to the relation of the text to previous, prevailing and future language usage. Intertextuality can also refer to polyphony of voices within the texts, often appearing in the form of quotations and references. Giving somebody a voice or denying it is one way of considering power and agency of language use. (Jokinen, Juhila & Suoninen, 1993; Pietikäinen & Mäntynen, 2009.)

The interpretive discourse analysis: how is the bad leader represented

In this study, the volume of Talouselämä is defined as one discourse of leadership and bad leadership. The aim of the following sections is to answer the fourth research question: how is the bad leader represented in the discourse.

On the basis of the texts, the general impression is that bad leaders don't really exist. Bad leaders, failures or lacking of leadership are hardly discussed and if so, the text rather implies than describes bad leadership. The bad leader is not personified but camouflaged in the contextual factors. The "lack of bad leaders"

is therefore a source of many heroic stories.

is not a unique feature of this material:

... interviewed business leaders and wrote a book "What I would do differently – wisdom after the events". ... Originally the book was supposed to tell about failures and mistakes of leaders but it didn't work out. The collection of material proved impossible. "Leaders make mistakes but do not admit them in public." (Issue 26)

On the few occasions that features of bad leaders are mentioned in the discourse, the bad leader is described as narcissistic, unauthentic, power-greedy, immoral and even psychopathic. These features are, however, represented using expressions⁶ that diminish their meaning. Laughing at narcissism and naming a sentenced person as the writer about morality crumble the foundation of the seriousness that bad leadership should be considered with.

"I have to say that I have met less *narcissistic* female leaders that male ones. But this can be due to female leaders being a minority as a whole", Sinikka Vanhala says and *laughs*. (Issue 11)

Doctor of law Kari Uoti, who was sentenced to prison, is a busy blogger ..."People who don't want power, because they have other important things in their lives, are just the ones who should be given power, who should make decisions about common things, because their value structure is healthy. People who want power at any cost should be kept away from power, because their *moral* is unavoidably low compared with the former lot."... Wanting power and prosperity usually leads to immoralities."(Issue 3)

Basically the bad leader and features relating to bad leadership are used to highlight the good, even excellent leader. The features are so extreme that the bad leader becomes nearly abstract, seizes to exist. He represents Otherness, the unspoken and voiceless, yet somehow present.

He is not stained, cynical, skeptical, sarcastic, rude, arrogant, unpleasant, strict or hated. Instead, he is correct, genuinely polite,..., civilized, inherently positive, fluent, fair, very human and warm, extremely intelligent, respected for his professional skills, well-meaning and balanced. He is a man with a very firm heart. (Issue 19)

One element of the discourse is to compare men and women as leaders, especially in articles and portrait stories. This unavoidably brings up the question of gender. The choice of words leads to the conclusion that a good leader is usually male, which leads to an interpretation that femininity is being considered a bad leadership feature.

Help, a woman at the wheel!(heading)... Myths related to female managers are dangerous but some of them are true. Talouselämä reveals which ones are. (Issue 11)

Paananen thinks that upbringing creates bigger social pressures *for men* to succeed *whereas a girl* is brought up to say no to temptations. This may present itself in the adulthood in the reluctance of women to take unreasonable risks. (Issue 11)

An excellent leader has on her way to a top position passed through a very dense sieve. *For women* this means *learning the rules of men*. (Issue 11)

⁶ Highlights added by the authors.

One of the representations of a bad leader is a bad soldier. The metaphors and intertextual references are typical for Finnish leadership texts and literature. Especially the book “the Unknown Soldier”⁷ has archetypes of leaders: Koskela and Lammio. Koskela is a respected, humane leader while Lammio represents a bad, despotic supervisor. The military service and especially ROTC are elements of leadership and features supporting leadership. Usually also these leaders are often men.⁸

Historically it is typical for Finns to admire the Koskela-type leadership of the Unknown Soldier, a down-to-earth way of staying with the men in the frontline. (Issue 36)

It doesn't help if the ROTC trains young people to be *koskelas* – leaders motivating and listening to their subordinates – if they then have to take their influences from *lammios*, inflexible authoritarians... Most of Finnish business leaders have been to the ROTC and so it should be, said Björn Wahroos who also has a ROTC training. Reserve officers run Finland. ... Research by business magazine *Presso* in 2005 showed that seven out of ten CEO's in listed companies are reserve officers. (Issue 28)

Bad leaders and bad leadership is implicitly revealed in the discourse in the form of instructions relating to the behavior, values, personality or activities of the leader. The instructions can be negative, normative or in passive form. One of the genres is thematic articles where these instructions have a central role. It is however possible to interpret that there is somewhere a hidden reader in need of such instructions: the bad leader.

Don't get blinded by power. You don't have to control or decide everything yourself. Don't mimic others. Find your own leadership style and practices to suit it. (Issue 3)

The leader can't grumble or question the meaningfulness of operations. The leader has to support the system even if he didn't believe in it. The leader has to be loyal and solidary upwards, downwards, left and right. One has to be always available. (Issue 2)

The effect of genre is rather small in this discourse. All genres of the discourse take part in the thin description of bad leadership that this discourse contains. The strongest descriptions of good leaders are presented in portraits and thematic articles while the mildest and less commentary descriptions appear in editorials. They all have in common the very same feature of implicitness: the bad leaders aren't actively or explicitly discussed.

Conclusion to interpretive discourse analysis

The aim of the interpretive discourse analysis was to describe how the way that bad leaders are represented in the texts. This was the fourth research question. In addition, the interpretive analysis reveals some signification processes related to good and bad leaders.

On the basis of the analysis we can conclude that the bad leader is hidden and has the position of the Other, the opposite of the good leader who is explicit and visible. The discourse of the good leader is clearly dominating while the features of the bad leader are so extreme that he becomes abstract. The bad

7 A novel by Väinö Linna in 1954, describing the second part of Finland's participation in WW II against the Soviet Union.
8 A voluntary military service and after that the ROTC have been accessible for women in Finland only after 1995.

leader is a tool for highlighting the good one and when companies fail, the leader in person disappears behind context-related explanations. Even though the bad leader is not explicit in the discourse, the various instructions given imply that he exists. The bad leader is a marginalized phenomenon and represents otherness. Therefore it is necessary to find the bad leader and give him a voice. This will be realized in the following section by a critical discourse analysis and deconstruction of the dominating Good Leader Discourse.

Critical discourse analysis: deconstruction of the Good Leader

In critical approaches to discourse analysis, the representations produced by language usage are considered as supporting and serving the interests of their users. The main focus is on power: power relations within the society have an important influence on the choice of the dominating significations of reality. These significations or cultural ideologies are commonly accepted ideas that are taken for granted but they support prevailing power relations. The ideas formed on the basis of discourse have an essential role in the forming of this taken-for-grantedness: even the news cannot be considered objective transfer of information. The dominating discourse defines how something is perceived and discussed and also the meanings connected to it. The discourse builds representations of its topics, by revealing and hiding, highlighting and shadowing people and phenomena. In addition to the concrete and visible dimension the discourse has an abstract and ideological dimension: the discourse produces identities and social relationships. Through critical discourse analysis it is possible to question for example different stereotypes relating to leadership and leader behavior. (Siltaoja & Vehkaperä, 2011; Alvesson & Kärreman, 2000; Pietikäinen & Mäntynen, 2009.)

The dominating discourse of the Good Leader

The good leader is superhuman, described by such overpositive terms that hardly can appear in the same person. Even though language is not considered as a reflection of reality, the discourse constructs and reproduces a picturesque impression of the leader as a superior human being.

What kind of a man is this Lauri Lyly? In short: he seems to be an extremely nice man. People who know him have no bad things to say. Easy to approach, pleasant, determined, the colleagues say. Positive, vital, happy ... extremely patient. “He won't get angry about practically anything ... speaks softly, roundly, with a rather silent voice. (Issue 15)

The descriptions of top leaders in international studies are rather similar. These leaders are modest people, down-to-earth but they have a will of iron as professionals. They are efficient, considerate, developing and improving. It is not enough to have the will to develop as a leader. One has to have the ability and the courage to develop. The leader has to lead, he can't any longer be the best expert. (Issue 41)

The good leader is hard-working, shows a good example and doesn't save his own efforts.

Lyly isn't the best example for balancing work and leisure. He comes often first in at seven o'clock to turn the lights on... The work day doesn't end before five, often nine in the evening, until the lights are turned off. (Issue 15)⁹

9 In Finland the office hours are usually between 8 am – 4 pm or 9 am – 5 pm.

She has got hold of things very fast. "Easy to approach. Very hard-working. Enthusiastic", the subordinates say. After asking only half a sentence of criticism: "Maybe Piitu is a bit too enthusiastic. She doesn't consider herself at all, sending emails at midnight" (Issue 3)

The good leader is a military man, a good fighter. He is the forward in front of his team or troops. He is number one, the power user and aggressive when needed. The leadership's shared conventions – soldier, sports and ice-hockey – are used to strengthen the image.

From the Finnish word "johtaja" (leader) one can easily conclude that the leader leads and is not second. Finnish leadership can be considered a sort of a marathon: the leader runs ahead of the others who try to keep up with him. (Issue 22)

In the military organization the superior officer has to be obeyed. This is something envied by every supervisor. (Issue 24)

It is better to defend yourself than to step aside. Fight for your position, defend your way of operating and justify your vision. (Issue 26)

The good leader is exceptional in his performance, whether related to education, sports, social or other types of performance. The good leader is faster and more efficient, knows better, and is able to control himself as well as others. The good leader is competitive, disciplined and not afraid to enter any zones of inconvenience.

What papers does Kivinen read¹⁰? The Financial Times. His favorite, however, is the Economist. The social contacts? He has plenty. He has over 2300 telephone numbers in his two mobiles. In the Facebook he has a couple of hundreds of friends... Lauri Kivinen is a citizen of the world. ... Orienteering in the wild is of course the best sport for a leader because it requires fast decision-making in a constantly changing environment. In the last years Kivinen has run one street marathon per year ... The CEO's language skills have been given a lot of praise: perfect German and four other foreign languages. (Issue 19)

The sea is already frozen. Arja Talma swims around in the whole in the ice. It is getting freezing on the pier. "I normally take 60-80 strokes", says Talma in the water. (Issue 42)

The good leader has charismatic, even divine features. On the other hand, a certain kind of humbleness and modesty are features of the good leader.

When Kivinen speaks with his velvety voice, the listeners fall into a trance, which is a kind of defenseless hibernation. "He smears his listeners with the oil of vagueness"(Issue 19)

The work of a CEO is a profession based on experience and requiring specialist skills. The abilities of the CEO are based on proof and evidence. The reputation of the CEO and the brick layer are build basically the same way: the results speak for themselves. (Issue 35)

"The best and most successful business leaders that I have come

to know are completely ordinary people" (Issue 9)

In addition, the good leader is often a man. He is competent, demanding, experienced, participating, authentic, loyal and trustworthy. He knows himself well, has good communicative skills and is prepared to take risks. The leadership position is compared to a service providing profession.

"The women who have made to the very top have adopted the male models and leadership culture"... "Women emphasize cooperation and teams in everything. Endlessly soft methods aren't good, they may at their worst be manipulation."(Issue 43)

If the supervisor is authentic and can honestly communicate his goals, he will get the appreciation of his subordinates. "You listen to a person whom you appreciate", says Kuusela. (Issue 43)

Paananen thinks that upbringing creates bigger social pressures for men to succeed whereas a girl is brought up to say no to temptations. This may present itself in the adulthood in the reluctance of women to take unreasonable risks. (Issue 11)

Deconstruction of the Good Leader

The above described good leader is a representation, produced by media texts, of leadership and leaders in the Finnish society. Due to intertextuality and voices of both interviewees and journalists, it is impossible to say whose voice it is that we are hearing. Regardless of this, however, the discourse signifies our understanding of leaders and leadership. In the context of its readership – Finnish business leaders – the representation gains importance in maintaining and reconstructing the idea and conception of the leader as inherently good. The good leader gets to speak, the bad leader is silenced.

Certain discourses can marginalize important "voices" or problems behind them. It is therefore important to make a difference between "knowing" and the "truth" constructed by media. Especially interesting are the taken-for-granted discourses with a hegemonic position. Deconstruction is a method used e.g. in critical feminist research when studying the dominance of masculinity. The basic idea of deconstruction is that the text "tells as much about the topic as it doesn't tell". The silencing in the discourse can be seen as ideological and deconstruction makes the Other visible. Deconstruction can be carried out by picking the descriptive words of the text and finding their antonyms, the constructing another discourse. (Breit, 2010; Ahl, 2008; Jokinen & Juhila, 1993.)

Although deconstruction has been criticized as imaginative speculation, I will use the method in the final stage of the discourse analysis. At the beginning of the study my presupposition was that bad leaders will not be discussed in the media text material, which has proven to be correct. The implicit existence of the bad leader behind the dominating Good Leader is too tempting not to be revealed further. The following table is a shortened version of the original antonym list of the study. It gives, however, a view of what the deconstruction is about. Some of the nuances of the language are naturally lost in translation and the structural differences of Finnish and English have some affect on the expressions.

¹⁰ The average Finnish leader does probably not read English newspapers very fluently.

Descriptive expressions of the good leader	Antonyms / opposites
able, potent	unable, impotent
authentic, genuine	unauthentic, unguanine
balanced	unbalanced
brave	coward, afraid
charismatic	ordinary, uncharismatic
competent	incompetent
consistent	inconsistent
determined	undetermined, vague
easy to approach	difficult to approach
efficient	inefficient
energetic	tired, wary
enthusiastic	discouraged
exemplary	can't be used as an example
experienced	inexperienced
fair	unfair
flexible	inflexible, rigid
has a sense of humour	doesn't have a sense of humour
honest	dishonest
humble	proud
in the frontline	protected, safe
just	unjust
loyal	disloyal
modest	arrogant
pleasant	unpleasant
polite	impolite
positive	negative
reliable	unreliable
sensitive	insensitive, harsh
socially intelligent	socially unintelligent, socially clumsy
stout	loose
strong	weak
takes risks	avoids risks
trustworthy	untrustworthy
warm	cold
well-meaning	malevolent

Table 1: Characteristics of a good leader and their opposites.

The bad leader produced by the deconstruction

The deconstruction reveals several bad leaders, four of whom are presented next. The descriptions are constructed by arbitrarily picking antonyms and opposites from the list and building them into sentences.

The first bad leader is malevolent and negative by nature. He is arrogant, untrustworthy, cold and disloyal. He is easily irritated and can't stand pressure. He is quarrelsome, unbalanced and proud. He wants to boast, show off his intelligence and be in the limelight. He doesn't communicate and considers himself above others. He has a loud and rough way of speaking. He can't take criticism or admit that he doesn't know something.

The second bad leader doesn't make decisions or lead. He is a loner who withdraws to the background and is away. He

is timid and doesn't use power. As a leader he is inefficient, inconsistent and ineffective. As a person he is dull and colorless, depressed and discouraged. He is not interested in the business or the products. He is weak-willed and indecisive, can't give feedback and avoids risks. He surrenders without defending himself, shows weakness and loiters. He can't make demands or get results.

The third bad leader is dishonest and unfair. He can't stand difference and is aggressive. He doesn't justify his decisions and is inauthentic and full of pretence. He doesn't consider the needs of others, listen to them or let them talk. He is even too quick in his moves, doesn't think and wants fast results and decisions. He is without principles, immoral and his image is stained. He can be considered spineless. He doesn't really want to do anything inconvenient. He doesn't evaluate himself or his own work, nor does he learn from his mistakes. He can't be taken as an example.

The fourth bad leader is incompetent and lacks knowhow. He is incorrect, uncivilized and socially clumsy. He has no presentation or professional skills. He is a lazy amateur and people don't respect him. He is stupid, ordinary and inexperienced. He can't read people or situations, neither is he able to combine points of view. He is unrealistic and doesn't even know himself. He can't see ahead, develop or improve his performance.

The first and third of these constructed bad leaders contain features of tyrannical leadership (Ashforth, 1997), abusive supervision (Tepper, 2007), destructive leadership (Einarsen et al., 2007) and restrictive leadership (Schilling, 2009). The same constructions also have narcissistic features (Rosenthal & Pittinsky, 2006) and neurotic styles (Kets de Vries, 1986).

The second bad leader reveals elements of failed leadership (Schilling, 2009), laissez-faire (Einarsen et al., 2007) and passive avoiding leadership (Schilling, 2009). The third leader represents a workplace bully (Zapf, 1999) and an unethical leader (Treviño et al., 2000). The essential element of the fourth bad leader is a general lack of competences and leadership skills.

Without doubt these constructed bad leaders are imaginary and present extreme types of behavior. They however show that the bad leaders – as described in the scientific articles – are implicitly present in the leadership discourse. The bad leader is a silenced and marginalized phenomenon but the deconstruction gives him a voice.

Conclusion to the critical discourse analysis

The critical approach was used in this research to continue analysis after the interpretive approach and to find the hidden elements behind the dominating Good Leader discourse. The analysis aimed at answering the fifth and last research question: from the recognition and acknowledgment point of view, what kind of critical interpretations can be made on the basis of the representation of the bad leader?

The bad leaders produced by the deconstruction match the types of bad leaders presented in scientific articles. It is important to realize that they only become visible and audible through the deconstruction. Even though the features and types of bad leadership are recognized in the discourse, they are not acknowledged or admitted. A bad leader is not a part of the reality that the discourse wants to produce, maintain or reproduce. The Good Leader discourse reinforces and reproduces superhuman, military, masculine and in many ways unachievable ideals. The dominance of the Good Leader discourse leads inevitably to the silencing of bad leadership, which should be an issue and an important topic in developing leadership.

Conclusions and limitations of the study

This study has two major aims: 1) to produce a synthesis of scientific articles on bad leadership and 2) on the basis of this synthesis, to describe and explain the representation of bad leaders in one leadership discourse. The focus of the study is in recognizing and acknowledging the bad leader. In addition, we wanted to sketch a new three phase- model of discourse analysis. The research consists of two parts: a literary analysis (forming the basis for the empirical part) and a three-step discourse analysis.

The presupposition of the study is the role of the leader as *primus motor* and core of leadership. The other elements or layers of leadership are the subordinates and the context. The study describes the primary elements of the bad leader as narcissism, egoistic motives, ideology of hate, fear, envy, weak self-esteem, overgrown need for power, inability of self-control and self-evaluation, arrogance, inauthenticity, low morale and lack of empathy. Subordinate-related and context-related factors of bad leadership are also studied.

The discourse analyses reveal the dominating discourse of the Good Leader created in the media. Bad leaders are nearly missing from the studied leadership discourse and discussed mainly for highlighting the excellence of leaders. Implicitly the discourse, however, describes the bad leaders as well. The implicit is made explicit in the study through deconstruction as a method of critical discourse analysis. The bad leaders hidden and silenced in the discourse match the types of bad leadership described in the literature review.

This study combines three different approaches to discourse analysis in a creative and unprejudiced way. The three-phase analysis reminds an unfolding or peeling process required to reveal the inner hidden core of the media text discourse. The progressing method of analysis was a result produced by the discourse itself: peeling off the surface level revealed an inside that had to be interpreted and even disintegrated in order to be understood. The methods of analysis reinforced each other, accumulating in the finding of the bad leader. The combination,

even if criticizable by proponents of the different approaches to discourse analysis for its candidness, was successful in this study.

The leader is the heart of leadership. Every leader is and should be responsible for his behavior. Explanations and reasons related to the subordinates or the context are of course valid but still, acting on the basis of them is up to the leader. We need not only to recognize bad leaders but also acknowledge their existence. Careers are being extended and the role of work is getting even more important for people. Everybody has the right to a good supervisor and a sound leader. We also need to understand the power of text: discourses created and maintained in public have a great influence in our understanding of reality.

There are naturally *limitations* to this study. The theoretical framework built through the literature review does not include all approaches to bad leadership. Another limitation is that the framework is built on the basis of scientific articles only. The result of the synthesis is however extensive enough for the purposes of this study. In addition, the classification of the theoretical approaches into four categories is artificial since they overlap. The classification is only intended to serve the purpose of organizing a large and complex field of science in this particular research. It is an extended version of Schilling's (2009) typology, which gives it basic credibility.

Concentrating on the leader as the heart of bad leadership is against the principles of many researchers in the field and may thus be considered odd. The presupposition of this study was, however, that without a leader, no leadership activity or behavior would take place. By resolving the primary problems relating to a bad leader it becomes possible to have an improving effect on leadership.

The final limitation is related to the empirical material and analysis. The generalization of the results on the basis of one volume of one magazine would be a mistake. A media text is only one of the forums where leadership discourse is produced, maintained and reproduced. The methods of analysis and especially the deconstruction phase can also be criticized for their reliability.

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How Chinese Auditors' Relativistic Ethical Orientations Influence Their Love of Money

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Abstract

Love of Money (LMOS) theory is well developed and widely used in studying people's beliefs about money (Luna-Arocas & Tang 2004). This study examines the views of 612 Chinese auditors and establishes that the ideological positions adopted influence how they regard money and that these positions are related to underlying cultural norms. Forsyth's (1980) EPQ is used to establish a viable model, which establishes that relativism strongly influences Chinese auditors' attitudes towards money and has important implications in terms of the impact on the accounting profession in that rapidly growing nation.

Significant terms

Love of money, ethical ideology, Chinese auditors, cultural norms

Introduction

Chinese Premier Deng Xiao Ping is often credited with saying "Zhifu guāngróng", which translates, "To be rich is glorious." (Iritani, 2004) Many commentators believe that this statement, part of the drive to open the economy to the rest of the world, provided individual Chinese with the incentive to unleash a repressed yearning to enter the marketplace and demonstrate an instinctive ability and drive to make money. (e.g., Bloomberg Business week, 2006) The sage Confucius provided an early insight into what motivates many of China's denizens when he wrote: "The Superior man knows what is right. The inferior man knows what will sell." (Wilkinson, 1996) As a moralist of the first order, Confucius encouraged the establishment of a set of traditional cultural norms, which he believed citizens ought to aspire to achieve and live by and he deprecated the role of the merchant, who he ranked last in the list of desirable forms of employment (Wilkinson, 1996). Confucius, writing two and a half thousand years ago was obviously aware of the questionable practices that pervaded the marketplace even in those times. But are these practices part of a desire to achieve loftier ambitions, that of becoming rich and accumulating wealth? The People's Republic of China seems an ideal location to undertake a study that examines attitudes towards money, especially as it emerges from an economically restrictive period of Maoist socialism to one that embraces a form of managed capitalism. Firstly, China's history is long and complex and steeped in Confucian tradition that is itself complicated although well studied from a psychological perspective. (e.g., Hofstede and Bond, 1988 and Bond, 1991, 1996) The tradition espouses moral perspectives that are worthy and have encouraged the establishment of a strong societal fabric that has adorned China's development over past millennia. Secondly, China's recent economic growth has fueled concern about high levels of corruption within business and government (BMI China Commercial Banking Report, 2010), an issue that threatens ongoing development and against which China's corporate govern-

ance framework is patently unprepared. Confucius' derogatory remarks about the merchant class seem somewhat justified by the events of recent times.

This does not imply that the Central Government is unaware or unconcerned about this negative byproduct of economic growth and one of its strategies for dealing with the problem has been to establish an independent accounting profession (i.e., China Institute of Certified Public Accountants), bestowing upon it the role to undertake financial audits of local and international firms, using well established guidelines supported by recently published regulations and standards founded on recognized western assurance models. The demand for accountants in China is great, but the path to gaining professional status within the CICPA is not easy and expectations are high. According to its latest website (<http://www.cicpa.org.cn>), the CICPA has over 180,000 individual members including over 95,000 practicing members and 83,000 non-practicing members.

This research assumes that Chinese CICPA members desire to be seen to strive to love truth rather than wealth, in conformity with the Confucian analect that states: *The Superior man is anxious lest he not get truth, he is not anxious lest poverty come upon him* (Analects, Book 15, C-31). To this end, this paper describes the study of a relatively small, but representative sample of CICPAs employed as auditors in local Chinese accounting firms and aims to address the questions raised above.

Literature review

Chinese cultural values

A global compositional model for predicting value orientations at the national level emerged from the Hofstede (1980) study, which used a comprehensive IBM data base of perceptions to classify countries into identifiable cultural groupings, based on the extent to which citizens identified with four apparently universal constructs. A subsequent review of Mainland Chinese operatives by Chong et al. (1983) placed China in the same category as Taiwan (i.e., less developed Asian group). The four Hofstede con-

structs are listed in Table 1 and were identified following a factor analysis of standardized data. The major construct included both positive and negative correlates which Hofstede titled Individualism/Collectivism and Power distance respectively. Individualism/collectivism represents a worldview associated with the degree to which people integrate into groups and is a popular way of separating values within national settings. The citizens of western developed countries tend to identify more with individualist positions compared to people from the east (viz., Asian countries), who are more disposed to exhibit collectivist traits. Power distance describes a worldview which recognized that power was unequally distributed within society. The existence of inequalities between peoples is acknowledged and endorsed through respect for the leadership.

The construct Masculinity/femininity refers to a worldview, which identifies people as tending to express value orientations that extol either competitiveness, ambition and assertiveness (i.e., masculine traits) or values that identify more with caring, nurture and modesty (i.e., femininity). Finally, Hofstede and Bond (1988, 7) likened the fourth construct, Uncertainty avoidance to ‘man’s search for the truth’ and is meant to translate into a degree of association with absolute truth as dictated by a significant other. Hofstede maintained that although the constructs were based on an instrument applying western expressions and ideas, they could be applied in non-western settings. In order to address the criticism that his research lacked cultural equivalence, Hofstede collaborated with a number of Asian contributors (The Chinese Cultural Connection, 1987), which resulted in a Chinese Values Survey (CVS) instrument. The CVS instrument was modeled on that developed by Ng et al. (1982) and respondents from 22 countries were asked to express their views (using a nine-point scale) about the importance of forty values. The factor elements identified in this study overlapped the initial Hofstede constructs.

CVS Constructs	Hofstede Constructs	Correlation
Integration	Power distance Individualism/ Collectivism	Negative Positive
Human heartedness	Masculinity/ Femininity	Positive
Moral discipline	Power distance Individualism/ Collectivism	Positive Negative
Confucian work dynamism		No significant intercorrelations
	Uncertainty avoidance	No significant intercorrelations

Table 1: Significant intercorrelations between Hofstede/CVS dimensions

As illustrated in Table 1 above, the CVS constructs of Integration, Human heartedness and Moral discipline were found to be close equivalents to three of the original Hofstede values constructs (further establishing a set of universal norms). Respondents did not rate values relating to Uncertainty avoidance highly and no significant correlates were established between the two surveys. The CVS study did, however identify Confucian work dynamism as a new construct, which Asian countries included in the CVS expressed high scores.

Table 2 lists traditional values that Hofstede and Bond (1988) believe refer to two distinct divergent aspects of the Confucian worldview. They believe the values with positive factor scores

were seen to place an emphasis on the future, whereas the opposing set of values related to concerns about maintaining the status quo and respect for past events and established relationships. For example, having a sense of shame allows one to reflect on how one may do better in the future, while reciprocation relates to one’s concern about maintaining existing relationships.

+ factor scores	- factor scores
Persistence (perseverance)	Personal steadiness (reliability)
Ordering relationships	Protecting your face
Thrift	Respect for tradition
Having a sense of shame	Reciprocation (of greetings, gifts etc)

Table 2: Values associated with Confucian dynamism

Ideological predispositions

Schlenker and Forsyth (1977) suggest that individuals vary in their outlook, adopting strategies to deal with ethical issues that encompass two independent orientations, namely idealism and relativism. Idealism involves the maintenance of universal moral rules, with an emphasis on the welfare of others, while relativism focuses more on the circumstances, which can accommodate a self interest component. Using these moral premises, Forsyth (1980) developed a 20-item Ethics Position Questionnaire (EPQ) to assess individual ethical orientations along relativist and idealist dimensions. The first set of ten questions presents idealist positions providing respondents with an opportunity to moderate their perspectives along a nine-point Likert scale. Idealism in its extreme form presents the moral principle that any behavior that disadvantages one or more parties is unacceptable. Untenable in most everyday situations, a respondent is expected to indicate a less intense position allowing them to apply some form of speculative formulation or heuristic when recording a position along the continuum. It is apparent from the wording of the questions, that the individual is able to consider the importance of various deontological alternatives, including the rule of law, justice and moral imperatives.

Relativistic orientations are measured using an additional ten questions and include meta-ethical statements suggesting that many fundamental moral disagreements cannot be rationally resolved, and on this basis moral judgments embodied in laws and traditions lack moral authority or normative force. (Swoler, 2003) Forsyth (1980) contends that within the framework of the test instrument relativism measures the degree to which individuals reject universal moral norms in making ethical judgments. A number of research studies have applied the EPQ to explore various interest groups, including mainly business students and career professionals. Most non-Chinese studies use variously constructed dimensions for idealism and relativism to assess whether relationships with ethical judgment making can be identified (e.g., Shaub et al., 1993; Barnett et al , 1994, 1996, 1998; Douglas and Schwartz, 1999; Singhapakdi et al, 2000; Chui and Stembridge, 2001; Davis et al., 2001 and Douglas et al., 2001). The findings are generally unanimous in their observation that respondents taking an idealistic position rate unethical activities more conservatively than their relativistic counterparts. Idealists identify more with a need to adhere to principles (generally codified in some form), which support decisions that avoid harm and maximise the welfare of society. Relativists on the other hand question the validity of societal rules and regulations and maintain a situational perspective.

Past researchers have tended to identify Chinese subjects as demonstrating relativistic tendencies (Dolecheck and Dolecheck, 1987; Hampden-Turner and Trompenaars, 1993; Ralston et al, 1995; Jackson et al., 2000), or less idealistic than their

western counterparts (Whitcomb et al., 1998), citing self-interest and profit seeking as motivating factors. Studies examining the ethical orientations of Chinese business personnel utilising the EPQ are less in evidence.

Attitudes towards money

Crawford (1994) reports that the word 'money' is associated with the Roman goddess *Moneta*, an archetype for wealth and prosperity, potential objects of worship. It is the internal representation of the benefits that are associated with possessing much money that leads to covetousness and a 'love of money' in the traditional sense, a clearly moral issue. Mammon or the personification of wealth is seen as immoral and is strongly prohibited in the Bible (e.g., Luke 16:13 and Timothy 6:10). The moral issue that arises from the pursuit of money concerns its (mis)use as an end in itself rather than a means to an end.

In the sections that follow, a case is made to associate attitudes towards money with one's ethical orientation, which can be seen as dependent on cultural and environmental issues discussed above. For example, it can be argued that a person's idealistic tendencies, which include a respect for the welfare and rights of others are more likely to allow them to consider money as the vehicle for making effective use of available factors of production for the greater good. The fact that he or she also benefits materially is seen as worthy of approbation (i.e., ethical).

The situation changes however when money is sought chiefly for the benefits it can achieve for the owner (i.e., the personification of wealth). Others may benefit from business decisions, but this is secondary to the chief purpose (e.g., equivalent to firms maximizing profits for the benefit of a select group of stakeholders). Taken further, selfish ambition allows one to apply ethical positions that consider situational morality, opportunism and relativistic beliefs as alternatives to what is right and fair.

Considerable research has been completed in recent decades, which attempts to identify the attitudes of people towards money. At least three sets of constructs have been derived and used widely in various environments and cultures. The Money Beliefs and Behavior Scale (MBBS), was developed by Furnham (1984) and identified six distinct factors defined as obsession, power, retention, security, inadequacy, and effort/ability. An alternative scale, titled the Money Attitude Scale (MAS), was developed by Yamauchi and Templer (1982) as part of their research into the effect of money attitudes on consumer behaviour. They used the MAS to determine five attitudinal factors, namely power-prestige, retention-time, distrust, quality, and anxiety. They found that money acts as a motivating factor for consumers and enhanced self-esteem. Tang (1992) proposed a 50-item ethical scale based on a number of money attitude theories (Maslow 1954, Werimont & Fitzpatrick 1972, Furnham 1984 and Yamauchi & Templer 1982). The resulting Money Ethic Scale (MES) has 30 items, which factored into six constructs each demonstrating a motivational context: affective (good and evil), cognitive (achievement, respect, power), and behavioural (budget). In 1995 Tang and his associates (Tang et al, 2003) went on to develop a number of versions of the MES before finally presenting a case for a Love of Money Scale (LOMS) consisting of 17 items from the 30 items included in the original MES. (Tang and Chui, 2003)

These items factor into four dimensions (refer Appendix A), namely Motivator, Success, Importance and Rich. The Motivator aspect of the LOMS represents a behavioural component driving people to attain money and wealth as a means of satisfying personal desires and ambitions. Importance and Success on the other hand are cognitive components allowing individu-

als to make reasoned judgments about the value of money in the decision making processes of life. These three concepts of money may be presented as the means to achieving such desirable psychosocial ends as happiness, satisfaction with life and work, security, prestige, independence, social acceptability and self-esteem. (Hanley and Wilhelm, 1992) The final component, Rich, is described by Tang and Chui (2003) as an affective aspect of wealth attainment that becomes a 'temptation to fall into evil' (p, 21), an end in itself that does not require any self-justification.

Tang and Chui used the LOMS in their study of 211 Hong Kong employees and established a good fit using Confirmatory Factor Analysis and this has been validated in later studies. It was tested by using 5,341 employees in 26 geopolitical entities across five continents with different languages, cultures, and religions (Luna-Arocas & Tang 2004 p. 332). Results suggest that the LMOS is a reliable and valid scale for measuring people's attitudes towards money. Du and Tang (2005) tested the invariant factorial structure of the LMOS on a Chinese sample using confirmatory factor analysis. Results from 319 Chinese graduate students confirmed the measurement invariance of the LOMS.

The LOMS has been used with Asian respondents to examine the effect of attitudes towards money on such issues as satisfaction with pay and ethical judgment (Tang and Chui (2003) – Hong Kong employees). In that study, money was found to be a "mediator in the process of the income-behavior relationship" (p. 25), suggesting that people with lower incomes are more inclined to demonstrate unethical behaviour. In addition, those with high Rich scores are likely to be part of a younger generation of materialists. A recent study reported by Durvasula and Lysonski (2010) used the related MAS to study the money attitudes of 127 young Chinese and found that materialism is affected by the power-prestige and anxiety dimensions, but unaffected by the distrust dimension of money. At the same time achievement vanity is affected by the power-prestige dimension of money attitudes. Other recent studies involving the attitudes of Asian and particularly mainland Chinese subjects appear limited and none were found that involve an examination of attitudes and beliefs associated with LOMS.

Methodology and research questions

In their Love of Money paper relating to Hong Kong employees, Tang and Chui (2003) provide an insightful discussion of money and how it has influenced the way people view it as both a means to an end and an end in itself. Money, as a utility serves useful commercial purposes, lubricating the wheels that drive the world economy and providing a universal language by which business activity is facilitated. In this context, money can hardly be labeled in a negative fashion. However, as Tang and Chui explain, when money and the things money can buy become a focus of worship, it provides an opportunity for evil. Their paper uses the LOMS as the 'root' by which it is possible to identify aspects of evil intention.

They attempt to discover whether 'love of money is the root of all evil' within the constraints of a research paradigm that involves an examination of the direct and indirect effects (via pay satisfaction and organisational commitment) of the proxy (LOMS) on the other proxy for evil (i.e., attitudes towards various forms of unethical behaviour). Their findings confirm the hypothesis that the love of money supports the pursuit of evil, in the context that Hong Kong employees who rate highly with respect to one or more of the four LOMS constructs (Motiva-

tor, Success, Importance and Rich) are more likely to view various forms of economic abuse of power, position and resources as acceptable. At the same time, levels of income are found to be negatively associated with LOMS while having no effect on attitudes towards unethical activities (viz., abuse of power, position and resources). Hence, as Tang and Chui claim, "The love of money is the root of evil, money is not". (2003, p. 13)

What the authors do not directly address in their paper is the question as how moral constructs are likely to affect the way people view the elements associated with the LOMS? Georg Simmel (1858-1918) claimed in his seminal work *The Philosophy of Money* that money plays a major sociological role on the social and cultural interactions of a community. As a community becomes obsessively driven by money it shapes many spheres of a consumer's life. Money develops into a psychological force that serves as a means to some end – that end could be materialism or vanity (Ritzer 2008). Do individuals in a community apply a moral cognitive process to the task of deciding how relevant money is with respect to their goals and ambitions or does an emotive impulse (call it worship or love) cause them to blindly pursue the 'root' to the 'evil' as defined by Tang and Chui? Are there any moral antecedents to the process and does one's cultural perspectives influence the journey?

This research aims to examine these questions using validated instruments (i.e., CVS questionnaire, EPQ and LOMS) as part of an exploration of the relationships between antecedents to the attitudes that individuals demonstrate towards money within the context of a cross-sectional field study. The design constructs portrayed in Figure 1 have been arranged to examine how a sample of Chinese CPAs employed as auditors within local firms connect with the elements associated with the Love of Money and whether a particular set of variables can explain or predict these associations. The data were collected as part of a larger doctoral research study into the ethicality of Chinese auditors (Fan, 2006) and which, for the reasons discussed above are believed to provide rational cognitive explanations as to why the auditors hold specific attitudes towards money. In this context, this current study is exploratory and incremental in structure, addressing the following research questions:

RQ1 How do Chinese auditors identify with the cultural norms specified in the Chinese Values Survey (CVS)?

RQ2 What are the ethical orientations of Chinese auditors as determined by the Ethical Position Questionnaire (EPQ)?

RQ3 Is there a relationship between Chinese cultural values and the ethical orientations of Chinese CPAs?

RQ4 What attitudes do Chinese auditors display towards money as assessed by the Love of Money Survey (LOMS)?

RQ5 Can cultural values and ethical orientations together help explain why Chinese auditors hold specific attitudes towards money?

As explained in the introduction to this paper, Chinese auditors were specifically identified as a group worthy of investigation mainly because they are required, as trained professionals to act independently and objectively in an assurance process where they, like their western counterparts, are employed to protect the interests of a growing local and international group of business stakeholders. Are they likely to exhibit characteristics that make them vulnerable to error or misjudgment as they pursue personal interests (e.g., desire for wealth) or will their training and experience as professional accountants cause them to identify with ethical positions, which discourage attitudes towards money that serve these interests? The economic and social dynamics associated with China's changing face certainly adds impetus to a study of this nature.

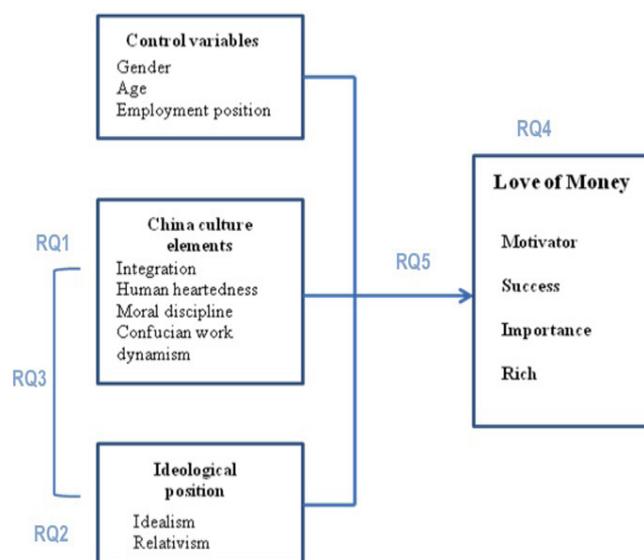


Figure 1: Antecedents associated with Love of Money

Data collection and analysis

The survey instruments included a self-administered questionnaire that included demographic information, Chinese Values Survey (28 items), Ethics Position Questionnaire and Love of Money Survey (refer Appendix A) questionnaires. A Chinese expert (who speaks fluent English and Mandarin) was engaged to translate the scales from English to Chinese. Another Chinese expert then translated the scales back to English from Chinese to ensure equivalence in both languages.

The sample of Chinese auditors was drawn from local accounting firms in major centres, namely Shenzhen, Hangzhou, Beijing, and Kunming. The data collection was supported by branches of CICPA located in each city. A covering letter and questionnaire were emailed to the Secretaries-General of these professional bodies. Copies of the instrument were printed and distributed to auditors registered with the CICPA during training sessions and conferences. Completed papers were subsequently collected and posted back to the researcher. An effort was made to obtain usable questionnaires from a representative sample of China regions. Agents acting on behalf of the researchers indicated that auditors were expected to take the instrument seriously and made every effort to collect them during group meetings, limiting the effect of a non-response bias. Social desirability bias was limited as respondents were assured of the anonymity of responses. Twelve hundred questionnaires were issued and 612 usable responses were included in this study. Basic demographic data for this sample is provided in Table 3 (p.24).

The predominance of relatively younger professionals occupying junior roles in local accounting firms probably reflects the recent development of the profession and availability of accounting graduates from universities benefiting from China's recent economic growth. Males and females are equally represented in the sample.

Culture data

The CVS instrument, which has been validated in *The Culture Connection* (1987) and applied in comparative studies completed by Ralston et al (1992) and Chang and Ding (1995), was used in this study to identify the extent to which Chinese

auditors hold to relevant characteristics and which fall into four distinct groupings (refer Tables 1 and 2). In addition, action is taken to divide the construct Confucian Work Dynamism into two components representing future and past oriented values perspectives. For this purpose 28 of the original 40 items were included as best representing relevant Chinese values. The items represent value terms that respondents were required to rate using a nine-point scale (1 representing 'Of no importance' through to 9 representing 'Of supreme importance'). The mean scores for each item are provided in Table 4, organized within the prescribed dimensional format determined by The Culture Connection. (1987)

	Total (n= 612)
Age	%
20-30 years	43
31-40 years	38
41-50 years	11
Over 50 years	8
Gender	
Male	51
Female	49
Position	
Auditor	46
Senior auditor	10
Project manager	22
Dept Manager	10
Partner	8
Senior partner	4

Table 3: Sample demographics for China CICPAs (percentages)

The raw scores in themselves do not provide any clear insight into how modern Chinese view various groups of values. Some individual values are clearly considered less important than most others (i.e., trustworthiness, filial piety, protecting face and prudence) and the culture groupings are somewhat similar in terms of the spread of ratings. A comparison of scores was made with the results identified in a study completed by Woodbine (2004), which reported the results of a survey involving 400 financial sector employees living in the Shenzhen Special Economic Zone. The same CVS instrument was used, and although there was some similarity in the scoring pattern, few of the individual items were statistically aligned.

CVS I (Integration)		CVS II (Confucian Work Dynamism)	
Value	Mean	Value	Mean
Tolerance of others	8.24	<i>Future</i>	
Harmony with others	6.54	Ordering relationships	6.81
Solidarity with others	6.90	Thrift	6.33
Non-competitiveness	7.53	Persistence	6.89
Trustworthiness	5.01	Having a sense of shame	6.48
Contentedness	7.63	<i>Past</i>	
Being conservative	8.20	Reciprocation*	7.82
A close friend*	6.73	Reliability*	7.83
Filial piety*	4.65	Protecting your 'face'*	4.76
Chastity in women*	7.00	Respect for tradition*	5.93
Patriotism*	6.11		
CVS III (Human-heartedness)		CVS IV (Moral discipline)	
Value	Mean	Value	Mean
Kindness	7.21	Moderation	7.01
Patience	7.47	Keeping oneself pure	7.83
Courtesy	7.34	Having few desires	7.56
Sense of righteousness*	7.42	Adaptability*	7.37
		Prudence*	4.96

* Negative factor correlates

Table 4: Four dimensions of Culture identified by CVS

The five culture dimensions are useful in the analysis of group data if applied in the appropriate manner. (The Culture Connection, 1987) In this instance, constructs that loaded negatively within the factor model were reversed and all 28 item values were standardized in order to reduce the impact of any response bias. Individual index constructs were derived from the mean value of the standardized scores.

Ethical orientations

Raw statistical data relating to the Ethical Position Questionnaire (EPQ) are provided in Table 5 within regions and are somewhat similar. Mean scores are calculated based on the nine-point response scale over each set of ten questions and all are significantly greater than the mid-point for each continuum. According to the typological model developed by Forsyth (1980), the auditors as a whole could be classified as Situationists, which implies that they score high on both constructs and would likely appreciate the need to consider both deontological and teleological issues when examining moral dilemmas, creating a tension that causes them to reject one process (Forsyth (1980) suggests Idealism) for the other, depending on the circumstances and the intensity of other motivating factors.

	Beijing (n = 59)	Shenzhen (n = 183)	Hangzhou (n = 201)	Kunming (n = 169)	Total (n = 612)
EPQ constructs*					
Idealism	6.65	6.80	6.61	6.70	6.70
Relativism	5.44	5.87	5.76	5.60	5.72

* Averages based on original ten item scores (1-9 as recommended by Forsyth et al.)

Table 5: Mean scores for ethical orientations within regions

The validity of the EPQ scales (including the two dimensions Idealism and Relativism) were tested using Confirmatory Factor Analysis and the results suggest that there is a good fit between the default measurement model and the China data for the EPQ ($X^2 = 54.77$, $df = 56$, $GFI = 0.974$, $RFI = 0.953$ and $RMSEA = 0.000$).

Relationship between orientations and Chinese culture dimensions

As explained in the literature review, three of the constructs identified by The Culture Connection (1987) have their equivalents within a global context (refer Table 1) and include Integration, Human heartedness and Moral discipline. The culture construct Confucian work dynamism however is seen to exist independently and contains its own set of values relevant to individuals living in Asia. The sets of values are likely to be established in the minds of individuals as they grow and learn and will consciously or unconsciously interact with and influence moral development, including the heuristics used to identify solutions to the many business dilemmas they ultimately face. These values would be reflected in the cognitive process applied when they (auditors in this study) expose their ethical orientations within a survey. The data provided by the sample of 612 Chinese CPAs establishes a significant relationship between the relevant variables and can be observed in the bivariate correlations produced in Table 6 (p.25). The correlations are all highly significant and range from 0.36 to 0.49 for Idealism and 0.11 to 0.24 for Relativism. The negative relationship observed with Work dynamism past is a function of the way the value scores were reversed when calculating the culture index. What is apparent from these observations is that cultural norms play a large role in determining ethical orientations, particularly with

respect to Idealism and to a lesser extent, Relativism.

Attitudes towards money

The LOMS developed by Tang et al., (2003) was used in this study and descriptives for each of the four underlying dimensions (Motivator, Success, Importance and Rich respectively) are summarized in Table 6 (range of possible scores 1-7). Mean scores for the Motivator and Success constructs are only marginally greater than the mid-point however the auditors expressed strong attachment to the Importance (cognitive) and Rich (affective) constructs. The validity of the 17-item instrument as a measure of the Love of Money was tested using Confirmatory Factor Analysis, which established the existence of four constructs, although not all items factored into the model. The CFA produced a default model of good fit ($X^2 = 16.34$, $df = 13$, $GFI = 0.993$, $RMSEA = 0.021$). The extent to which different demographic groups of auditors related to the LOMS items are summarized in Table 7 (p.26).

It is interesting to note that all demographic groups identify strongly with the Importance and Rich constructs of the LOMS. Auditors clearly respond to the notion that money plays an important role in business as an objective and meaningful measure of wealth and medium of exchange. However, they are also unanimous in their agreement that more money means a better life from a materialist perspective. The statistics reveal that females and the oldest age group (over 50 years) demonstrate significantly more moderate views about all or most aspects of money compared to their younger male counterparts.

The final research question (RQ5) necessitated the creation of a set of regression tests involving the variables available for analysis in order to identify parsimonious outcomes that best refer to each of the Love of Money constructs (refer Figure 1). In this study, the grand mean score for each set of questions making up a LOMS construct are used as dependent variables against which predictor variables are regressed. As the research is exploratory in nature, a Backward Linear Regression approach was adopted in that it deals better with suppressor effects and reduces the risk of a Type II error (Field, 2005). All necessary assumptions were considered, including multicollinearity (e.g., correlations associated with culture constructs are not believed to be overly high). Results of the multivariate analysis are summarised in Table 8 (p.26).

Five stable regression models are produced each with a meaningful goodness of fit and associated residuals for all models appear uncorrelated (Durban-Watson approaching 2). Research Question 5 has been addressed and identified predictor variables, which can be explained, suggesting that auditors' relativistic positions appear to play a major role in determining attitudes towards money. Other interesting associations will be addressed in the next section.

Discussion and conclusion

This study has been arranged to gather psychometric data from a sample of Chinese auditors and its thesis is concerned with gaining group perspectives on what values they consider important (CVS instrument), their ethical positions (EPQ) and their attitudes towards money (LOMS). Further, the research questions raised rely on an important assumption that cultural values as well as ethical predispositions have a bearing on money attitudes. These have been examined and the results reported in the last section.

Chinese auditors identify in a positive way with most of the cultural norms, including those considered peculiar to the Asian region, i.e., Confucian work dynamism. Table 4 addresses RQ1 and it is interesting to note that auditors appear less concerned with some of the older traditional values, including filial piety, considered a priority amongst earlier generations. (Bond, 1991) Ethical orientations and RQ2 are addressed in Table 5. The auditors display above average scores in relation to both constructs, particularly Idealism and would fit the Situationist typology according to Forsyth (1980). The question of correlation between variables (RQ3) is clearly illustrated in Table 6 and the strong association with Idealism is to be expected, as the cultural norms encapsulate numerous virtues that one can connect with issues of integrity, principle, rights and duties – societal expectations. Issues associated with relativism, however, demonstrate lower correlations with cultural norms, suggesting that Chinese auditors hold some reservations about the acceptability of some concepts associated with this construct (e.g., involving situational ethics). Of concern is the finding that past studies have connected relativism with an individual's predilection to condone unethical business practices.

Variable	M	SD	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Age	33.4		-0.31	0.49**	0.19**	0.11**	-0.10*	0.00	0.08*	0.19**	-0.10*	-0.14**	-0.10*	-0.02	-0.07
2. Sex	1.49			-0.07	-0.10*	-0.04	0.05	-0.04	-0.03	0.03	-0.09*	-0.15**	-0.12**	-0.12**	-0.14**
3. Position	2.35				0.11**	0.05	-0.00	0.00	0.09*	0.08*	0.03	-0.08	-0.02	0.00	-0.01
4. Integration	6.28	0.65				0.51**	-0.28**	0.45**	0.37**	0.36**	0.11**	-0.07	0.01	0.09*	0.02
5. Work dynamism future	6.62	1.27					-0.62**	0.52**	0.63**	0.49**	0.22**	0.09*	0.09*	0.09*	0.03
6. Work dynamism past	3.41	1.10						0.42**	0.61**	-0.48**	-0.24**	0.10*	0.15**	-0.13**	-0.08
7. Human heartedness	6.14	0.69							0.49**	0.40**	0.12**	-0.02	0.01	0.05	0.01
8. Moral discipline	5.91	0.83								0.46**	0.22**	0.04	0.07	0.08*	-0.01
9. Idealism	6.70	1.40									0.15**	0.01	0.03	0.13**	0.09*
10. Relativism	5.72	1.63										0.26**	0.30**	0.25**	0.19**
11. Motivator	4.16	1.43											0.67**	0.48**	0.51**
12. Success	4.16	1.45												0.48**	0.48**
13. Importance	5.48	1.06													0.64**
14. Rich	5.34	1.19													

Note: Gender: Male = 1, Female = 2

Position Includes 4 categories ranked from junior to senior (refer Table 3)

* $p < 0.05$

** $p < 0.01$

Table 6: Mean, standard deviation and bivariate correlations of major variables

	Gender (mean, standard deviation)				Age groupings (mean, standard deviation)							
	Male		Female		20-30 yrs		31-40 yrs		41-50 yrs		Over 50 yrs	
Motivator	4.38	1.44	3.95	1.38	4.24	1.44	4.25	1.42	4.17	1.21	3.21	1.45
Success	4.33	1.46	3.97	1.41	4.24	1.43	4.16	1.45	4.31	1.40	3.42	1.46
Importance	5.61	1.07	5.34	1.04	5.50	1.04	5.46	1.09	5.47	1.08	5.42	1.06
Rich	5.51	1.13	5.18	1.23	5.34	1.23	5.45	1.16	5.33	1.16	4.82	1.05
Total LOMS	4.96	1.04	4.61	1.02	4.83	1.04	4.83	1.04	4.82	0.99	4.21	0.98

Note: Females scored significantly lower than males on all LOMS constructs compared to males ($p < 0.01$)

Auditors over 50 years of age score significantly lower LOMS scores compared to other groups except for Importance scale ($p < 0.01$ and 0.05)

Table 7: Love of Money attitudes across the demographic profile for Chinese auditors

Regression Model	Beta Std Coef	t-values	Sig.	R ²	ANOVA (0.000)	Durban-Watson Index
Motivator						
Relativism	0.236	5.862	0.000	0.114	15.231	1.84
Gender	-0.136	-3.499	0.001			
Integration	-0.128	-2.789	0.005			
Age	-0.107	-2.695	0.007			
CWD – Forward	0.107	2.315	0.021			
Success						
Relativism	0.273	6.817	0.000	0.125	16.849	1.83
CWD – Past	-0.125	-2.858	0.004			
Gender	-0.106	-2.739	0.006			
Age	-0.089	-2.287	0.023			
Importance						
Relativism	0.224	5.602	0.000	0.081	17.311	2.03
Gender	-0.101	-2.556	0.011			
Idealism	0.101	2.540	0.011			
Rich						
Relativism	0.177	4.292	0.000	0.069	8.783	1.93
Gender	-0.129	-3.223	0.001			
Idealism	0.127	2.771	0.006			
Moral discipline	-0.103	-2.275	0.023			
Total LOMS						
Relativism	0.279	6.989	0.000	0.132	22.817	1.82
Gender	-0.139	-3.604	0.000			
Age	-0.093	-2.397	0.017			
CWD - Past	-0.08	-2.016	0.044			

Table 8: Summary of Regression Analyses – factors affecting Love of Money

In Table 7, Love of Money constructs vary according to age and gender with women scoring significantly lower than their male counterparts. Those associated with Importance and Rich are scored significantly higher than the other two constructs for the sample as a whole. As a cognitive element, Importance is prone to be viewed as ethically neutral (refer to the first five questions in Appendix A) and relates to the necessary association of money with business and commercial exchange. Rich is clearly emotive (refer to the last four questions in Appendix A) and appeals to the use of money as the means to attaining happiness, a construct that Chinese auditors as a whole appear prepared to support.

The critical question in this study (RQ5) is concerned with whether cultural norms and/or ethical orientations foretell an auditor's attitude towards money. Table 8 summarises the results of a set of regression tests, all of which clearly demonstrate the effect of Relativism as the major variable likely to predict money attitudes. The survey items relating to this construct are, as a whole connected with utilitarian aspirations, which aim to achieve the greatest good for the greatest number, however they also allow the subject to reflect on a number of other less noble philosophical concepts, including situation ethics, libertarianism, egoism and opportunism. And, these less desirable forms of relativism could be argued to be more easily associated with a need for money and wealth.

If, as the data reveals, Chinese auditors are Situationists (i.e., high on both Idealism and Relativism), then they are likely to be susceptible to entertaining relativistic orientations that link to a greater interest in a love of money. This connection then, as the "root of evil" (Tang and Chui, 2003) inclines them to being more accepting of questionable business practices. This does not bode well for Chinese business if this association is exploited by firms expecting auditors to overlook discrepancies or accept malpractices of various kinds. Concerns reported by organisations like BMI about levels of corruption in business

and government in China appear justified and it will not be sufficient to depend on the moral fortitude of its professional auditors practicing in local firms to ensure compliance with accounting standards. Auditors will need considerable support if they are to act constructively and present a significant deterrent to fraud and mismanagement. Stronger government sanctions and punitive measures are paths China appears happy to travel, although stronger self regulatory practices garnered within the profession (viz., CICPA) and from accounting firms (e.g., ethical management practices and peer review) are preferred in order to imbue practicing auditors with a measure of credibility and respect they deserve.

There are a number of limitations to this study. A major concern is the extent to which a quasi random sample of 612 auditors employed in local Chinese accounting firms, is representative of the total population. Further studies are justified, ones that incorporate auditors employed within international firms engaged in China who may exhibit different organisational practices and ethical climate types. International comparisons are also useful in order to determine the effect of cultural norms (although the apparent deleterious aspects of Relativism have been well reported elsewhere).

Two of the three instruments used in this survey were constructed within a western context, although they have been tested within an Asian setting albeit not in the same manner as presented in this study, where love of money as a dependent variable was the designated target for investigation. Finally, the love of money scale itself is but one of a number of measures for identifying money attitudes and may not necessarily represent the best indication of what motivates people in this area. For example, in the 2010 global poll referred to above, happiness index was formulated using six measures (i.e., marriage, perceived health, religion, quality of government, social relationships and employment). Money and wealth fail to rate a mention.

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Appendix A

The Love of Money Survey Instrument

Below are common views about money. Please circle the *one answer* that best describes your view of *each question*.

	Strongly disagree						Strongly agree
	1	2	3	4	5	6	7
1. Money is important							
2. Money is valuable							
3. Money is good							
4. Money is an important factor in the lives of all of us							
5. Money is attractive							
6. Money represents one's achievement							
7. Money is a symbol of my success							
8. Money reflects my accomplishments							
9. Money is how we compare each other							
10. I am motivated to work hard for money							
11. Money reinforces me to work harder							
12. I am highly motivated by money							
13. Money is a motivator							
14. Having a lot of money (being rich) is good							
15. It would be nice to be rich							
16. I want to be rich							
17. My life will be more enjoyable, if I am rich and have more money							

Note: Items 1-5 represent *Importance*; items 6-9 represent *Success*; items 11-13 represent *Motivator*; and items 14-17 represent *Rich* elements of LOMS

Do Corporative Social Programs Generate Social Capital? A Brazilian Case Study

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Abstract

This study focuses on the promotion of the social capital and the development of a civic community through social commitment networks, and consequently, maintaining local development. The methodological procedure adopted was the case study and, as main technique of data analysis, the content analysis was used. The programs of social responsibility of companies renowned as socially responsible from the region of *Serra Gaúcha* (south Brazil) were studied, analyzing their contribution to the generation or strengthening of the social capital of the reached communities. As the main result of the study we presented the proposal of a new board of indicators for social projects of private companies in developing countries contexts.

Keywords

Brazil; Case Study Comparison; Corporative Social Programs; Social Capital; Indicators.

1 Introduction

Enterprise social actions are the set of activities that include since small and eventual donations to structured and focused programs and projects, either in health, food, education, environment, or even in factors that contribute to improve life conditions for a group of people or community (Instituto de Pesquisa Econômica Aplicada [IPEA], 2005).

The corporate social responsibility is part of the social dimension of sustainable development (Sachs, 1993). Therefore, there are different approaches and contexts - especially considering the realities of developed countries versus developing countries - the sustainability as a whole remains as a common research concern. We highlight that the first discussions on sustainable development involving the different perspectives between developed and developing countries were presented at the Conference of Stockholm, in Sweden, in 1972 (Pereira, 2009).

The discussions that followed the Stockholm Conference were very important to understand the differences and needs that exist among the countries of the North (developed) and South (developing) and how each one can contribute to the development sustainable. It was found that the main problems in developing countries are the large population growth and the lack of technology for the efficient exploitation of natural resources; while developed countries have a stable population and a good social infrastructure, but, they have also an excessive consume of natural resources, because of their lifestyle.

Currently, it is been observed the increasing interest of Brazilian private companies in acting in social management (Ashley, 2002; Baiardi and Laniado, 2002; Schommer, 2000; Melo Neto and Froes, 1999, 2001; Carrion 2000; Macke, Genari and Faccin, 2012). There are very distinct reasons that lead these companies to develop social actions. As motivators of enterprise social actions, Schommer (2002) mentions: (i) getting competitive advantages, once customers value ethics and the company's participation in the community; (ii) religious or moral reasoning; (iii) promoting values of internal brotherhood and indentifying

and developing leadership among employees; (iv) answering to government's or other institutions' incentives and (v) orientation and strategic vision for surviving in a long term.

With media impulse, it is not surprising that people start thinking that the solution of the social crisis is a problem of managing resources, which would legitimate the role of a company to guide social actions, once companies know how to manage (Carrion, 2003).

The problem in the social management area is much more complex than a mere resource management matter. It is not limited to the management dimension, which is the effective contribution that companies would have to practice to face the social issues?

One of the aspects to be related with the corporative social responsibility is the idea that the companies are able to solve a vast majority of social problems, once they have management competence. Companies' social programs are being used as tools to construct an ideology that makes the company the only capable agent to solve the social crisis, reducing the social problem to a matter of managing resources (Carrion, 2003).

Reconsidering the former question on what would, in fact, be an effective contribution in social management area, it is possible to argue that companies - and any other agent - will be really contributing to treat social problems and local development once their actions are focused in strengthening social capital (Macke, Genari and Faccin, 2012).

The concept of social capital, when measuring the wealth production potential which comes from several collective associative ways, allows exploring the impacts of the civil society in economic performance (Macke, Vallejos and Sarate, 2010). It is possible to identify four main ways companies use social capital found in social networks to stimulate economic increase (Skidmore, 2001): (i) high levels of social trust and strong reciprocity rules reduce transaction's costs; (ii) social networks minimize risks, once they allow members to engage innovations and higher risk's levels; (iii) social networks easy the quick dissemination of information and this fact reduces asymmetries; (iv) social networks allow their members

to easily solve collective action problems.

We defend that it is possible that a corporative social responsibility program contributes to local development if it incorporates the civic principles of the community, therefore enhancing the social capital in the local context.

Thus, this present study aims to evaluate the implications of social actions from a sample of Brazilian companies, which are considered socially responsible, in expanding the social capital in their communities.

Social Capital Theory: Concepts and Dimensions

Communities that have a high level of social capital are called civic communities. Within a civic community, citizens seek their own interest correctly understood (Tocqueville, 2004); in other words, they seek an interest that is defined from the context of public needs, a self-interest that is clear and sensitive to the interests of others. The main characteristics of a civic community are: (i) citizenship implies duties and rights for all; (ii) the community is united mostly by horizontal relationships for reciprocity and cooperation, while vertical relationships of authority and dependence are few; (iii) their leaders are responsible for their co-citizens; (iv) there is a wide participation of citizens in the government; (v) the public spirit prevails among citizens and (vi) there are mostly trust relationships among members (Putnam, 1993, 2000).

Reciprocity rules and civic participation systems are keys to prosperity generating virtuous circles that stimulate civism. These virtuous circles Putnam (1993) refers to, are characterized by the social capital production. The author uses the definition of social capital according to Coleman (1990, p. 302): "social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: they all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure".

The social capital may appear under several ways – trust, norms, and social relationship chains – and all of them are resources which increase in use, instead of decreasing, and they are over if not used (Hirshman, 1984). The lack of trust is, however, difficult to be eliminated, for it happens when people do not have an adequate social experience and induces attitudes that encourage their own distrust. It is, therefore, impossible to know if it was justifiable in fact, for it is able to satisfy itself (Coleman, 1990).

The social capital stock brings consequences for action (Nahapiet and Ghoshal, 1998; Putnam, 1993). One of these consequences is that social capital increases action's efficiency; Putnam (1993) sustains high levels of trust, decreases opportunism and the need for monitoring costs throughout the process. Another consequence is related to encouraging cooperative behavior, by means of motivating people to develop other organization ways (Putnam, 1993). The concept of social capital is, therefore, fundamental for understanding the institutional, innovation and value creation dynamics (Nahapiet and Ghoshal, 1998; Macke, Sarate and Vallejos, 2009).

Overcoming dilemmas of collective action and contra-producing opportunism that derives from this action depends on the wider social context a certain game is played. Thus, voluntary cooperation is easier to happen in a community that has inherited a good social capital in reciprocity rules and civic participation systems (Putnam, 1993).

The social capital is linked to the relevancy of relationships as resources for social action, which is an aspect most authors agree

with, such as Bourdieu (2003a, 2003b, 1986), Coleman (1988) and Loury (1987 in Nahapiet and Ghoshal, 1998). As Putnam (1993) says, however, the social capital is not a one-dimensional concept, and this makes different authors to establish the focus of their discussion on different aspects of social capital.

This concept has been used to explain a series of social phenomenon. Many researchers have focused on the role of social capital in developing human capital (Coleman, 1988; Nahapiet and Ghoshal, 1998), in economic performance (Sabatini, 2008; Schuller, 2007), in knowledge networks (Webb, 2008; Yuan, Gay and Hembrooke, 2006), in entrepreneurship (Siqueira, 2007; Stam and Elfring, 2008), in cultural aspects (Swinney, 2008; Takhar, 2006; Xiao and Tsui, 2007) and in developing regions (Putnam, 1993) and countries (Fukuyama, 1995, 1999).

The central proposition of the social capital theory is that relationship networks constitute an important resource to conduct social affairs, and gives members a collectivity-owned capital, a kind of identity that comes from credit, in the very senses of the word (Bourdieu, 1986; Nahapiet and Ghoshal, 1998, p. 243).

Great part of this capital is related to knowledge and mutual recognition networks, which bring about feelings of gratitude, respect, and friendship. It is also possible to find, however, social capital under the way of some social status or social reputation (Bourdieu, 2003a, 2003b), usually when it is part of a certain network. Other resources may be evaluated within network connections, such as weak ties (Putnam, 1993; Nahapiet and Ghoshal, 1998) and the friends of friends (Boissevain, 1974 in Nahapiet and Ghoshal, 1998).

For the present study, we used Putnam's (1993) social capital concept – influenced by Coleman (1990) –, which has been widely tested and used in other researches, such as the studies by Nahapiet and Ghoshal (1998) and Onyx and Bullen (2000), authors that have written definitions for social capital from Putnam's (2000).

For Nahapiet and Ghoshal (1998, p. 243) the social capital is "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationship possessed by an individual or a social unit". In this sense, Nahapiet and Ghoshal's (1998) definition for social capital seems to be close to Bourdieu's (2003a, 2003b), when he mentions both network and the assets that may be mobilized in this network.

Bourdieu's (1986) definition of social capital, however, is different from Putnam's (2000). Bourdieu (2003a) uses, besides the "social capital" definition, the "capital" definition, which may appear in different ways, since symbolic capital leads to economic capital. For Bourdieu (2003a), however, capital is always related to the position of an actor in the social field, once this actor influences the action, and this action influences the actor's position in field. Bourdieu's (2003a) social capital concept is a means accumulated with the help from objective conditions throughout time, which allows actors to legitimate their positions in the respective fields (Bourdieu, 2003a).

On the other hand, Putnam (2002) considers social capital as an attribute of social fabric, which usually constitutes a public good, quite the opposite from the conventional capital, which is usually a private good. In this definition there is no sense to state that in a same given group one person would have more social capital than another, as Bourdieu's (2003a, 2003b) definition indicate.

In this study, we defend that social capital is in the relationships; meaning it is not an exclusive property of a person. Social capital development is, then, significantly affected by factors – like time, interdependency, interaction and isolation – that

shape social relationships evolution (Nahapiet and Ghoshal, 1998).

Just like other forms of capital (Bourdieu, 2003b), social capital is dependent on history – time is, therefore, essential for the social capital development, once every social capital element depends on the social structure's stability and continuity (Nahapiet and Ghoshal, 1998). At the same time, it takes time to build trust, relationship's stability and durability which are key elements to reach high levels of trust and cooperation rules (Putnam, 1993). Social relationship's duration and stability also influence a clear view of mutual obligations (Nahapiet and Ghoshal, 1998).

Within communities or “closed” groups it may be easier to develop social capital – specially the relational and cognitive dimensions. The so-called strong communities – communities or groups that exclude outsiders – have an identity and a broader sense that separate and distinguish members from non-members (Bourdieu, 2003b). Developing norms, identity and trust help isolation and develop single language codes (Nahapiet and Ghoshal, 1998).

In the study about social capital and its importance to create intellectual capital, Nahapiet and Ghoshal (1998) propose three dimensions of social capital: structural, relational and cognitive. Although authors have analytically understood social capital in dimensions, they point out most part of the studied characteristics as highly related, a fact that does not invalidate the classification, for it facilitates understanding the construct.

The distinction between structural and relational dimensions is based on the Granovetter' work (1992 in Nahapiet and Ghoshal, 1998). The structural question refers to the social system and to the relationships network as a whole. “The term describes the impersonal configuration of links between people or units (...) refers to the overall pattern of connections between actors” (Nahapiet and Ghoshal, 1998, p. 244).

In the structural face of social capital, we analyzed: the presence or absence of links among actors, the configuration or morphology of the network – describing linking patters by means of variables such as density, connectivity, and hierarchy – and the appropriable organization – that means, networks created for a purpose that may be used for another (Coleman, 1988; Nahapiet and Ghoshal, 1998).

From the relational point of view, it is described that personal relationship is developed in an interactions' history (Granovetter, 1992). This concept focuses aspects that influence behaviors, such as respect and friendship, which will determine sociability, acceptability, and prestige. Two actors may have similar positions in a network, although their personal and emotional attitudes are different, and their actions will differ in many aspects – it is, therefore a behavioral component that is revealed in trust and distrust (Fukuyama, 1996; Putnam, 2002), norms and sanctions (Coleman, 1990; Putnam, 2002), obligations and expectations (Coleman, 1990; Granovetter, 1992) and identity and identification (Merton, 1968 in Nahapiet and Ghoshal, 1998).

The third dimension of social capital, which Nahapiet and Ghoshal (1998) named cognitive, refers to the resources that come from shared views, interpretations and meaning systems, in special shared codes and shared narratives. According to the authors, this dimension is little explored in literature. Among these elements, some of them have a high correlation: (i) network connections, when symmetrical (structural dimension) and trust (relational dimension); and (ii) social identification (relational dimension) and shared codes and language (cognitive dimension) (Nahapiet and Ghoshal, 1998).

These dimensions of social capital served as basis to construct the instruments for data collection discussed in the following section.

The Study Method

The development of a human institution may not be evaluated in a short term. The rhythms of changes in institutions are slow. Thus, a study like this, intends to evaluate the enhancing of social capital and the civism degree of communities involved in social projects provided by private companies is a challenge from the methodological point of view. How to “measure” the social capital? And more, how to relate this social capital to the companies' social actions?

The adopted method was the case study. The definition of the case study, for Yin (1994,) is of an empirical research that investigates a contemporaneous phenomenon, especially when the boarder between phenomenon and context are not apparently clear, and it seems appropriate to study companies and their relationships with the stakeholders (especially, local community).

Then, the most expressive cases of social actions by companies from the South Brazil were investigated (more specifically in the *Serra Gaúcha* region). The criterion to select companies was their recognition in the society, determined by social responsibility awards. Subsequently, a program to act in the community was selected. In total, it means the analysis of seven.

The sources of evidence were: documental analysis, semi-structured interviews, and direct observation. Two instruments adapted from Milani (2010) were built: one of them directed to the company's representatives and the other to the people in the community where social actions were under way.

The constructed instruments were previously tested. The final version of the questionnaire applied to companies had 55 questions; the questionnaire applied to the communities had 53 questions. In short, it is possible to present here, for each dimension of the social capital, the most significant elements, from where questions were derived (figure 1).

Figure 1: Proposal of qualitative indexes of social capital for corporative social programs.

Social Capital Dimension	Elements
Relational	Actors' participation
	Decision making
	Motivation to participate and mobilize community
	Identification and qualification of social problems
	Intention to replay the program
	Taking care of beneficiaries
	Expected result for the community
Structural	Partner organizations
	Local initiatives
	Community's contributions for the program
	Changes held because of the community's suggestions
	Interest in having other partnerships
Cognitive	Necessary abilities to act in social field
	Difficulties found
	Company's values and how to put them into practice
	Meaning of the program for the company
	Actions' divulgation
	Methodology for evaluating the program's results
	Evaluation indexes for the program's results

In order to analyze data, we used the technique of content analysis, proposed by Bardin (1977). The analysis categories were previously defined from the Nahapiet and Ghoshal's (1998) study.

The South Brazilian Corporate Social Programs and the Local Context

In two researches about the evaluation of social capital levels in the south of Brazil – Monastério (2003) and Bandeira (2003) – the Serra Gaúcha region was mentioned as having one of the highest levels of social capital in the state. Widely, the reasons for this good performance in generating social capital were: (a) greater participation in voluntary associations; (b) more intense social life, evaluated in different practices, such as gathering friends, going out with colleagues, visiting relatives and friends, among others; (c) political participation, measured from the affiliation to political parties, enrollment to public jobs and participation in public manifestations and participative budgets (Bandeira, 2003). The Monastério's (2003) study included variables such as: (a) social and economic aspects, like the Gini index, average area of rural properties, area used by 50% of the smallest properties, among others; (b) city management quality; and (c) social capital index built from more than twenty variables identified in literature and adapted for the state reality.

For our study, seven companies from the *Serra Gaúcha* region were chosen. For each company we aimed to analyze the most expressive social program and its reflexion within the benefited communities. There is a brief description of the analyzed social programs, highlighting the relevant aspects to understand the results obtained.

Company A, we chose a technical course program (electromechanical operator) directed to young people aged between 16 and 17 years old, under social vulnerability conditions. All teenagers have guaranteed jobs in several areas of the company; during the program, they receive a scholarship and also all benefits offered to the other company's employees.

Company B works with a project for children and teenagers from a poor neighborhood in Caxias do Sul city. Activities are carried out by the employees and they happen twice a week: lunch is provided, they watch educative lectures, and their homework is observed.

Company C sponsors and supports several projects and non-profit organizations. They are mostly local actions, such as preserving the environment, fighting violence and drugs, and donating food, clothes, medicine, and building material.

Company D provides cultural professionalizing workshops (theater, dance, painting, sports) for children aged 4 to 18 years old, in socially vulnerable situation, during the time these children are not at school. Similarly, **company E** works with professionalizing workshops as well, but with children between 7 and 14 years old.

Company F has a set of actions so employees act in the community, specially about environmental consciousness. They hand out fliers and garbage bags to the inhabitants from poor neighborhoods and they carry on the action of a group of employees that dress up like cartoon characters and go to the city hospitals to play with kids.

Finally, the project from **company G** is part of a network that works by means of a social franchising system. Franchisers open their spaces for personal and professional education for poor teenagers, who afterwards are sent to work.

Corporate Social Programs and Social Capital Development

As a way to reach the desired objective, it is important to start with some relevant observations about how case studies in general, differ from each other. It is possible to point out four aspects: (i) differences in scale; (ii) stages in the project's cycle; (iii) reliability of data; and (iv) different approaches and guiding concepts (Roche, 2002). Next, there is an examination of these aspects for the cases in this present study.

As for the differences in scale, it is interesting to analyze them in comparison to the intensity of the relationship between the company and the public benefited by the program, as it is possible to see in the figure 2 (p.34). Even if, at first sight, this relationship may seem a tradeoff – tendency to have a smaller intensity in the relationship once the number of beneficiaries increase – this analysis serves to point out how companies distribute themselves in the different quadrants. It is worth mentioning that it is less important the individualized evaluation of a company than the set evaluation; it means it is more interesting to infer about the amount of analyzed social programs. In some cases, however, certain characteristics of a specific program will be highlighted, as a way to show improvements or tendencies in the social management area.

In this case, it is possible to see that the companies distribute themselves in respect to the high-intensity relationship among a small number of direct beneficiaries. It is possible to give special attention to the Company D's Program, that helps a great number of people – around 470 children per year – and is able to establish an average of intense relationship – they keep children during half of the day in the program, they watch them (psychologically, pedagogically), they interact with the schools in the community where they study, and they have activities for their parents. It is not completely intense because the program happens only part-time (the opposite time from school), differently from Program A and Program G, when teenagers – 52, in the case of company A and 40, in company G – stay all day in the program.

The second analysis' factor, stage in the project's cycle, seems not to influence this present study, once all the programs were already edited more than once. What may influence is the length of the program if compared to the structure degree this program has already reached – considering the fact of having defined methodology and indexes' system, working in networks with other actors, evaluating and showing the results with transparency in every stage of the program.

It is expected that the older the program is the more structured it becomes. In this case, it was possible to see that companies A, F and G correspond to this expectation. There are two other situations as well: the case of companies D and E – which are positive for they have young but quite well-structured programs – and companies B and C, which could try improving their programs' structure, once they happen for a longer period, if compared to the other cases studied.

The main criterion to define the structuring degree, was based on the amount and the quality of information about the program each company had. Thus, when asking about: what are the procedures to evaluate results, what indexes are evaluated, if there is any report about this monitoring system, how these results are shown, if there are clear roles for each actor involved in the process, it is possible to verify in what measure the company has an organized and structured social program.

Data reliability refers to the existence of systematized ways

Intensity of the relationship with beneficiaries

High	Program A Program G		
Medium		Program B Program E	Program D
Low			Company C* Company F*
	Few beneficiaries	Many beneficiaries	Number of annual beneficiaries **

Figure 2: Relationship between the number of beneficiaries by the programs and intensity of the relationship between the company and the beneficiaries. Observations: * these companies do not have an important program. For this reason and considering the characteristics of their actions, it is quite difficult to measure the effective number of beneficiaries; ** in the first quadrant, 200 direct beneficiaries were considered; in the second 400, and in the third more than 400 people directly benefited with the program in study.

Programs' structuring degree

High			Company A
Medium	Company D Company E	Company F Company G	Company B
Low			Company C
	Young	Mature	Program's age

Figure 3: Relationship between the program's age and the program's structuring degree.

Reliability on the information about the program

High	Company F	Company D Company E	Company A
Medium	Company G		
Low	Company C	Company B	
	Low	Medium	High
			Degree of actions of net partnerships

Figure 4: Relationship between the degree of acting in net partnerships and the reliability of information about the program.

Degree of beneficiaries' participation during the program's stages

High			
Medium	Company A Company D	Company E Company G	Company B
Low		Company C	Company F
	Low	Medium	High
			Degree of employees' participation in the programs

Figure 5: Relationship between the degree of employees' participation in the companies' social programs and the degree of beneficiaries' participation during the different program's stages.

to monitor and evaluate programs, plus other documents and ways to communicate results. For the cases in study, this relationship is quite dispersing. Only companies A and C have this expected behavior: the greater is the network action, the greater is the reliability of information about the program.

Companies D, E, F and G, for different reasons, have had degrees of reliability much higher than expected for their degree in network action. Company D has a high reliability degree, for getting resources from the *Fundo de Amparo à Cultura* (Culture Support Found) makes the company to dedicate a lot of attention to monitoring results – thus this company has documents and details. Cases of companies F and G are similar. Company F has greater information reliability for it has SA 8.000 standard. Company G has to follow franchising norms for the program. The only exception is company E. Company E, despite of not having the legal demands the other mentioned companies do, also evaluates in details the development of its program. Moreover, this company has been studied by many researchers and has taken advantage from the results of these evaluations. For this reason, it is possible to state for company E that it will be a lot easy to develop partnerships, considering the aspect of information generation and transparency.

The different approaches and concepts show different worries as for the aspects of planning, implementing, monitoring, and evaluating the programs. As observed, either in literature or in this study's empirical results, the matter of effective participation of the beneficiaries has been a determinant factor to generate social capital from the programs of private companies.

Besides the external public's participation benefited with the program, it is necessary to analyze the participation and the commitment of another public: the internal one. This analysis shows that companies have had a very homogeneous behavior for this variable.

Either for the external or the internal public, we analyzed the degree of participation of people involved in different stages of the program – planning, implementing, monitoring, and evaluating – as well as the phase before beginning of the program, which involves selecting the social problem to be dealt with. Thus, companies in general, need to work in more ways to engage employees and external public. In companies B and F, every employee is involved in social actions. It is clear that it does not happen in every stage (such as, specially, planning), even though, there is a small group of employees that is involved in every stage. In company C, the most active participation in the company's actions is from the group of employees that make up the committee that deals with demands that arise in the company. For the assistance and ephemeral nature of some actions, however, the external public's involvement is little.

On the other hand, other companies have a low degree of employees' involvement, and they also have to improve the worries with a greater involvement of the communities during the different stages of the program.

In short, it is possible to say that the analyzed programs need to increase their internal (employees) and external (community) publics' involvement. Some companies have tried to commit their employees for actions, but this commitment is still restricted to the program's implementation stage; in very few situations the employees take part of the planning and evaluating stages. Similarly, the communities are still seen as receptors, not as co-participants of actions. The idea of community empowerment is not present yet.

Another evidenced aspect refers to the isolated form companies have acted. Network structures are weak, establishing instrumental exchanges and partnerships mostly with the com-

pany's suppliers. The initiatives for partnerships with other actors, such as the public power, universities and non-governmental organizations, are little expressive. Besides, companies still see the matter of an associated partnership almost exclusively as a possibility to get financial resources.

Final Remarks

It is evident, nowadays, the need for interdisciplinary spaces to discuss the social issues, to diversify the action of different actors, to better distribute efforts to reach masses that are not contemplated by programs yet, specially those programs that are implemented by private companies. Moreover, these spaces may enlarge the social capital in every dimension, once they promote the exchange of experiences, strengthen relationships and improve the programs' structure by means of a network action, and not isolated.

In Brazil, the programs of corporate social responsibility have been gaining increasing importance, largely due to the failures of the governments in promoting social welfare. Currently, there are in the *Serra Gaúcha region*, south of Brazil, a superposition of programs that act almost exclusively for the infant public. This is not exclusive, however, for this region. Researches such as the IPEA's (2005) and the *Fundação Semear's* (2003) have already shown this is a national reality. For every reason pointed in the results' analysis, it is possible to see that great part of this effort may be lost, once families are not ready to deal with changes in their children's behavior.

Therefore, it is necessary to create acting networks in the social area so society is seen as a whole, and not as segments. Even if the action of a certain program is focused on a single public (for example, the children), the idea would be that, inside the network, another actor could develop a program for another public directly related to the benefited children, such as programs for parents or children's tutors, schools where these children study, or the community where the children live in, etc.

Another important aspect is related to the way of voluntary working groups from private companies act. When programs are essentially based on employees' voluntary work, companies have found difficulties for commitment and "renovation" of the group members, once there are always the same people participating. On the other hand, it is not possible to demand from voluntary workers the same dedication degree and commitment than it is for professionals who are paid to carry out a social work. Voluntary work generates extra work, and it is not rare to see people spending on average 12 hours involved with the company.

The company's demands may assume a contradictory character, for it demands the employee to be in continuous learning – mostly because of the ISO norms – and, even for matters of image, it desires the employee to participate in voluntary activities. And the worker is still blamed for not being part of his/her community's matters!

Companies could, however, study some alternatives for this situation. When acting in the social area, the company has many benefits, even those that – in some cases – are not declared, such as image improvement, trade strengthening and reputation improvement face suppliers, employees, and customers. Would it not be the case of allowing a kind of "reward" when these employees are volunteers in the company's programs? Activities could be developed – as far as possible – during the working period, or there could be flexibility in working hours, or some other kind of strategy.

In parallel, the company could foment other ways for these

employees to participate in the community, by organizing communitarian events, meetings, as a way to repay these employees' participation in the activities that take the name of the company.

It would be real "social management" when the society negotiates development with the State and the Market, and when it is possible to construct social control mechanisms about these two actors. Social management assumes actors that are protagonists of development.

Thus, as an answer to this question, it is expected to have proved that the complex social problems treatment may not be summarized in an efficient management of financial resources, and social transformation production is far beyond the implementation of social programs, so it demands a new posture of

companies' actions in the social management area, in special to generate social capital and local development. Establishing a link between economic and social issues in developing countries may be, one of the main contributions of this study.

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Corporate Governance and Productivity in Nigerian Manufacturing Industries

Jonathan Funminiyi Adegoke

Abstract

Given the role of manufacturing industries as the engine of economic growth and development on one hand and the current downturn in industrial production, this study was designed to explore the economic rejuvenating capacity of corporate governance. It also examined the individual and collective roles of management structure and corporate governance in enhanced industrial productivity in Nigeria. One hundred and nineteen manufacturing firms were selected by systematic random sampling from the 471 firms existing in Oyo state, the industrial hub of southwestern Nigeria. The actual participants were selected by purposive sampling from top management, middle level and junior staff cadres who must have spent at least five years in service of each of the firms. Data were collected through a self-constructed questionnaire adapted for the different cadres in the study sample and was treated with factorial validation and expert judgment. It yielded a test-retest reliability of 0.724 and an internal consistency validity (Cronbach's Alpha) of 0.89. The data collected were analyzed using Relative Significance Index (RSI) and simple percentages as well as Multiple Regression and Analysis of Variance (ANOVA). The result showed that an improved corporate governance policies and implementation are needed for the development of the manufacturing sector in Nigeria if this sector would be able to play its role as the engine of growth.

Keywords:

Manufacturing industries, corporate governance, productivity, management structure.

Introduction

Manufacturing is commonly known to deal with the production of goods for use or sale, using labour and machines, tools, chemical and biological processing, or formulation. It may also include a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale. Such finished goods may be used for manufacturing other, more complex products, such as aircraft, household appliances or automobiles, or sold to wholesalers, who in turn sell them to retailers, who then sell them to end users – the "consumers".

Kaldor's first law posited that the growth of the GDP is positively related to the growth of the manufacturing sector and succinctly put, Libanio and Moro (n.d.) stated that Kaldor's first law can better be understood as "manufacturing is the engine of economic growth". Also, Elhiraika (2008) demonstrated that economic transformation through increased share of manufacturing value added to aggregate output has the potential to accelerate growth and reduce growth volatility. Consequently, this sector deserves research attention particularly in developing economies like Nigeria. It should be noted that, manufacturing activity can only flourish in a good investment climate. Features of the investment climate such as physical infrastructure, financial markets, and governance conditions create the enabling environment for investment and determine the opportunities and incentives for firms to invest productively, create jobs and expand (Malik, Teal and Baptist, 2006).

In Nigeria today, many organizations are characterized by deficiencies in accounting standards, poor financial reporting, financial impropriety, poor compliance with code of best practices with its adverse effects on return on investment and productivity. Other corporate

problems of Nigerian companies include lack of transparency and accountability, ineffective control and monitoring which greatly reduces investors' confidence in the management. For example, in UAC's audit report for 1998, attempt by the directors to sell the company's properties to themselves was rejected by shareholders. Also in Guinness Annual General Meeting in 1999, an attempt by the chairman of the Board to bring about change of auditors without due process was rebuffed. The banking sector is not excluded from this mess (Shonubi, 2003). So also is the recently discovered financial scandal and corporate collapse in the Banking sector with its attendant adverse effect on the manufacturing sector in particular and the economy in general.

Although the Companies and Allied Matters Act (1990) expressly made enough provisions to take care of many of these investors' grievances, the shareholders remain inactive and unwittingly leave the governance of their firms to a few but shrewd people who manipulate corporate policies with its attendant impact on productivity. There have been a number of high profile corporate collapses that has arisen despite colourful annual report and accounts but which seemed to have an adverse effects on many people: shareholders who have seen their financial investment reduced to nothing, employees who have lost their jobs, suppliers of goods or services to the failed firms and the economic impact on the local and international communities in which the failed firms operated. (Ogbonna and Harris, 2002).

Other scholars have also concentrated on financial sector of the economy such as financial institutions (e.g. Mehran and Mollineaux, 2012; Bubbico, Giorgino and Monda, 2012; Rehman and Mangla, 2010) and other service industries leaving other sectors like the manufacturing sector groaning under inappropriateness or non-implementation of corporate governance (Egwuatu 2003, Khanka 2005, Doucouliagos and Hogue, 2005). This situation may explain why many manufacturing firms are not surviving in this part of the world, especially in Nigeria. Existing studies have only focused on corporate governance issues in the finan-

cial sector with little attention on how compliance or otherwise affect other sectors, particularly the manufacturing sector.

Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance (OECD, 1999). It is concerned with the processes, systems, practices and procedures as well as the formal and informal rules that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships that these rules and regulations determine or create, and the nature of those relationships. It implies that firms not only maximize shareholders wealth, but balance the interests of shareholders with those of other stakeholders, employees, customers, suppliers, and investors so as to achieve long-term sustainable value (Okeahalam and Akinboade, 2003). It also includes the structure, process, cultures and systems that engender the successful operation of the organizations.

Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance) (Fan, 2004). Through such structure, processes and mechanisms, the well-known agency problem, that is, the separation of ownership (by shareholders) and control (by managers) which gives rise to conflict of interest within a firm may be addressed such that the interest of the managers are more aligned with that of the shareholders.

The importance of high productivity in boosting economic growth and the standards of living of the people has been severally canvassed (e.g. Anyawu, 2000). According to Anyawu (2000), there is no universal definition of the term, productivity. However, it has been defined by economists as the ratio of output to input in a given period of time. In other words, it is the amount of output produced by each unit of input. Business managers, on the other hand, see productivity not only as a measure of efficiency, but also as a measure of effectiveness and performance of individual organisations. For them, productivity would incorporate quality of output, workmanship, adherence to standards, absence of complaints and customer satisfaction (Udo-Aka, 1983). Productivity can be computed for a firm, industrial group, the entire industrial sector or the economy as a whole. It measures the level of efficiency at which scarce resources are being utilised. Higher or increasing productivity will, therefore, mean either getting more output with the same level of input or the same level of output with less input (Anyawu, 2000).

Although Nanka-Bruce (2006) argued that there is no established relationship between corporate governance and capacity utilization, sustainable maximum capacity utilization should lead to better firm performance and growth. However, Lin and Chiang (2008) found positive and significant relationship between corporate governance and productivity in Taiwan's manufacturing firms. According to them, family-controlled companies have lower productivity than non-family-controlled and widely-held companies; that smaller boards are associated with better firm performance and independent directors and supervisors as they are more likely to monitor and provide expertise to firms and further increase a firm's productivity. It is in the view of the foregoing that this study was designed to examine the impact of corporate governance on organizational produc-

tivity in selected manufacturing firms in Oyo State, Southwest Nigeria. Specifically, the study strived to:

- (i) examine the corporate governance culture of selected manufacturing firms in Oyo State;
- (ii) investigate the effect of management structure level of productivity of the firms and;
- (iii) assess the effects of differences in corporate governance cultures on organizational productivity among the manufacturing firms.
- (iv) examine the corporate governance factors that influence level of productivity in the firms

In order to achieve the objectives stated above, this study addressed the following research questions in respect of each objective.

1. What are the corporate governance cultures of selected manufacturing firms in Oyo State?
2. How does management structure of manufacturing firms affect their level of productivity?
3. How does corporate governance affect the level of productivity of the organizations?
4. What are the corporate governance factors that influence level of productivity and to what extent?
5. To what extent do the influencing factors affect level of productivity?
6. What issues and to what extent do they constitute challenges to development of effective corporate governance in Nigeria?

Procedure

This study adopted a descriptive survey research design. It examined the corporate governance culture in selected manufacturing firms based on the data collected. It also investigated the relationship between corporate governance techniques in use and organizational productivity of the manufacturing firms under study. The study was conducted in selected manufacturing firms in Oyo state which is made up of thirty three (33) local governments in the Southwestern part of Nigeria. Oyo state was chosen being a principal industrial and economic centre; and one of the most highly populated amongst the states in Nigeria. The population for this study consisted of the entire four hundred and seventy one (471) manufacturing firms located across Oyo state (National Bureau of Statistics, 2010). Twenty five percent (25%) of the population were selected by systematic sampling technique resulting in one hundred and nineteen (119) firms. Purposive sampling technique was used to select one (1) top management staff, one (1) middle level staff and one (1) junior staff who must have spent at least five years in service to respond to the questionnaire from each selected firm totaling three hundred and fifty seven (357) respondents. Only 340 respondents (110 top management staff, 115 middle level staff and 115 junior staff) provided responses that were analyzed in this study. The responses of the junior staff members were only used in research question 6. The manufacturing firms involved in this study include small, medium and large scale, and multi-nationals whose features are presented in Table 1 (p.40).

Data were collected through primary source consisting of two types of questionnaires, one type for the management and the other type for other categories of staff members titled "Questionnaire on corporate governance". The questionnaires contain four sections. Section A sought general information like demographic and socio-personal information. Section B sought information on corporate governance practices and culture. The items were measured on 5-point Likert scale while section

Sub sectors	Population	Sample size	Sample %
Building Materials	42	11	26.19
Chemical and Pharmaceuticals	11	3	27.27
Domestic	8	2	25
Food and Beverages	104	26	25
Iron and Steel	46	12	26.08
Paper products, Prints and Publishing	45	11	24.44
Textile, Wearing apparels and Leather products	116	29	25
Wood Industries	99	25	25.25
Total	471	119	25.26

Source: National Bureau of Statistics

Table 1: Distribution of Sample by Sub-Sectors

C sought information on the level of organisational productivity of the firm and was measured on 5-point Likert scale. Section D sought information on the effect of corporate governance on productivity and was also measured on 5-point Likert scale. To validate the questionnaire, construct validation was carried out using factorial validation on one hand and expert judgement on the other. A test-retest reliability was conducted via a pilot study using thirty (30) questionnaires and this yielded a reliability co-efficient of 0.724 and an internal consistency validity (Cronbach's Alpha) of 0.89. The copies of the questionnaires were administered by the researcher with the help of two research assistants. The data collected were analysed using descriptive statistics such as Relative Significance Index (RSI) and simple percentages as well as inferential statistics such as Multiple Regression and Analysis of Variance (ANOVA) to achieve its objectives. All the items in the questionnaire were scored in such a way that a "strongly agree" response was allotted 5, Agree, 4; Undecided, 3; Disagree 2 and Strongly disagree, 1.

Results

Research Question 1: What are the corporate governance cultures of selected manufacturing firms in Oyo state? To answer this research question, the responses provided by senior and middle level staff members (n = 225) to items designed to explore ethical and corporate governance guidelines of selected manufacturing firms in Oyo state such as B1, B2, B3, B4, B5, B9, B10, B11, B12, B15, B16, B18, B19, B20, B21, B22 and B23 of the staff questionnaire was given a descriptive analysis and the result is presented in Table 2 (p.41).

Table 2 shows the descriptive analysis of established ethical and corporate governance guidelines commonly adopted in companies. It can be seen from the table that the most popular ethical/corporate governance guidelines adopted in the companies is "Your company always get feedback from customers" with an RSI value of 0.8409 closely followed by "There is code of corporate governance in your organization" and "The company has formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives" with RSI values of 0.8347 each and "There is compliance with the best practices in your organization" with an RSI value of 0.8302. The least popular of such ethical/corporate governance guidelines adopted in the companies is "The company's corporate governance

structure and practices have been subject to comments and observation by outside parties." with an RSI value of 0.7733 and is closely followed by "In your organization, the CEO is responsible for progress or lack of it" with an RSI value of 0.7787.

Research Question 2: How does management structure of manufacturing firms affect their level of productivity? To answer this research question the middle level staff (n = 115) responses to items dealing with management structure (Section B items 1 to 15 c) of the Management questionnaire was scored in such a way that a "strongly agree" response was allotted 5, Agree, 4; Undecided, 3; Disagree 2 and Strongly disagree, 1. The resulting scores were cumulated to constitute a measure of management structure. These scores were categorized into four and use in reference to approach adopted from BPR (Business Process and Re-engineering, 2000). Any score less than 34 were said to belong to "Self-Management" management structure, scores between 35 to 51 were said to make use of "Task" Management structure, score of 52 to 68 were referred to as "Directive" management structure and scores above 68 were said to constitute "Role" Management structure. The productivity levels as reported by the respondents were subjected to cross tabulation. The result is presented in Table 3 (p.41).

In Table 3, none of the companies under study adopted the self-management structure such that their level of productivity could not be compared. However, it appears the more complex their management structure the more productive the companies appear to be. For instance the only company that adopted the "Task" management structure appears to be highly productive in the remaining 2 categories of management structure the number of companies with increased productivity increased from the "Directive" management structure to the "Role" management structure and conversely the number of companies with low and very low levels of productivity decreases from the "Directive" management structure to the "Role" management structure. It can then be concluded that the management structure will have effect on the level of productivity

Research Question 3: How does corporate governance affect the level of productivity of the organizations? The productivity levels as reported by the middle level staff (n = 115) were subjected to cross tabulation with the corporate governance score categories. The result is presented in table 4 (p.42).

In Table 4, only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, some of the organizations found to adopt moderately effective corporate governance policies were reported to experience moderate and high level of productivity, there is an increasing number of organizations in the high level and very high level of productivity as we move from moderately effective to very effective corporate management policy adopters. Hence this suggest that corporate governance will impact positively on the productivity level of an organization.

Research Question 4: What are the corporate governance factors that influence level of productivity and to what extent? In order to answer this research question, a stepwise multiple regression was conducted to determine the significant predictors of productivity among the component factors of corporate governance, the management structure (MS), the Strategy and Planning techniques (SaP) and the Financial Control (FC). The preliminary models were tested for significance and the result is presented in Table 5 (p.42).

S/N	Ethical and corporate governance guidelines adopted in companies	SA		A		Un		D		SD		NR		RSI
		F	%	f	%	f	%	F	%	f	%	f	%	
B1	There is code of corporate governance in your organization	67	29.8	143	63.6	9	4	1	0.4	3	1.3	2	0.9	0.8347
B2	There is compliance with the best practices in your organization	71	31.6	135	60	10	4.4	2	0.9	5	2.2	2	0.9	0.8302
B3	The company's corporate governance structure and practices have been subject to comments and observation by outside parties.	63	28	119	52.9	21	9.3	3	1.3	10	4.4	9	4	0.7733
B4	The company has formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives	80	35.6	126	56	10	4.4	2	0.9	1	0.4	6	2.7	0.8347
B5	The company has a code of conduct or policy statement regarding dealing with suppliers, consultants and customers	67	29.8	134	59.6	9	4	7	3.1	3	1.3	5	2.2	0.8133
B9	Your company has safety policy for workers	68	30.2	124	55.1	19	8.4	4	1.8	5	2.2	5	2.2	0.8053
B10	The company provides services/benefits such as day care management, financial planning for dependent care family care, resource centre	61	27.1	134	59.6	14	6.2	8	3.6	6	2.7	2	0.9	0.8044
B11	The company has policy that maintains employees' morale and incentives for growth.	60	26.7	129	57.3	15	6.7	4	1.8	9	4	8	3.6	0.7804
B12	There is an ongoing programme for continuous productivity improvement in your organization	56	24.9	142	63.1	19	8.4	2	0.9	5	2.2	1	0.4	0.8124
B15	The company ensures quality customer service	71	31.6	130	57.8	13	5.8	2	0.9	2	0.9	7	3.1	0.8178
B16	Your company always get feedback from customers	80	35.6	131	58.2	5	2.2	2	0.9	3	1.3	4	1.8	0.8409
B18	The company's code of conduct requires that the board of directors/officers/senior management to submit written statement of compliance annually	61	27.1	120	53.3	28	12.4	6	2.7	5	2.2	5	2.2	0.7876
B19	The organization is making progress towards the stated mission and goals	70	31.1	135	60	10	4.4	2	0.9	4	1.8	4	1.8	0.8249
B20	In your organization, the CEO is responsible for progress or lack of it.	58	25.8	123	54.7	27	12	5	2.2	3	1.3	9	4	0.7787
B21	The actions of the CEO in your organization are consistent with the stated values and beliefs	63	28	119	52.9	28	12.4	2	0.9	6	2.7	7	3.1	0.7867
B22	Your personal relationship with the company is cooperative.	81	36	116	51.6	13	5.3	4	1.8	6	2.7	6	2.7	0.8196
B23	The CEO's compliance with the policies concerning employee's treatment is satisfactory	56	24.9	137	60.9	16	7.1	5	2.2	6	2.7	5	2.2	0.7929

SA-strongly agree, A-agree, U-undecided, D-disagree, SD-strongly disagree, NR-no response, RSI-relative significance index

Table 2: Descriptive Analysis of Ethical and Corporate Governance Guidelines Adopted in Companies

Management Structure	Level of Productivity					Total
	Very Low level	Low level	Medium level	High level	Very high level	
Self Management	0	0	0	0	0	0
Task	0	0	0	1	0	1
Directive	1	2	17	23	8	51
Role	0	0	10	32	21	63
	1	2	27	56	29	115

Table 3: Descriptive Analysis of the Relationship between Management Structure and Level of Productivity

	Ineffective Corporate Governance	Moderately Effective Corporate Governance	Very Effective Corporate Governance	Total
Very Low level of productivity	1	0	0	1
Low level of productivity	1	1	0	2
Moderate level of productivity	12	13	2	27
High level of productivity	19	35	2	56
Very High level of productivity	4	14	11	29
Total	37	63	15	115

Table 4: Descriptive Analysis of the Impact of Corporate Governance on the Productivity Level of the Organizations

ANOVA ^d		Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression		1172.124	1	1172.124	10.141	.002 ^a
	Residual		13060.798	113	115.582		
	Total		14232.922	114			
2	Regression		3286.670	2	1643.335	16.814	.000 ^b
	Residual		10946.252	112	97.734		
	Total		14232.922	114			
3	Regression		3287.530	3	1095.843	11.113	.000 ^c
	Residual		10945.392	111	98.607		
	Total		14232.922	114			

a. Predictors: (Constant), MS
 b. Predictors: (Constant), MS, SaP
 c. Predictors: (Constant), MS, SaP, FC
 d. Dependent Variable: LP

Table 5: Test of Significance of Models for Predicting the Level of Productivity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.287 ^a	.082	.074	10.75092	.082	10.141	1	113	.002
2	.481 ^b	.231	.217	9.88607	.149	21.636	1	112	.000
3	.481 ^c	.231	.210	9.93011	.000	.009	1	111	.926

a. Predictors: (Constant), MS
 b. Predictors: (Constant), MS, SaP
 c. Predictors: (Constant), MS, SaP, FC

Table 6: Stepwise Model Summary for Predicting the Level of Productivity from the Components of Corporate Governance.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
2	(Constant)	15.289	8.718		1.754	.082
	MS	.057	.144	.039	.395	.694
	SaP	.669	.144	.458	4.651	.000

a. Dependent Variable: LP

Table 7: Coefficients of the Stepwise Multiple Regression

Table 5 shows the significant predictors of productivity among the component factors of corporate governance, the management structure (MS), the Strategy and Planning techniques (SaP) and the Financial Control (FC). From the table it can be seen that the step wise Multiple regression generated three models 1, 2 and 3 the significance values generated in the three models (last column) were all less than 0.05. it can then be concluded that all the models generated are significant in predicting the level of productivity. The models were explored one after the other to determine which of them will be best in predicting level of productivity from the components of corporate governance. The model summary is shown in table 6.

In Table 6, a careful look at the column of the significance of F change (last column), will show that although the R-square value (which shows the proportion of the variance in the productivity level that can be accounted for by the components in the model) are the same in models 2 and 3 but very low in model 1. Therefore Model 1 can be eliminated from the prediction as the model will at best account for only 7.4% of the observed

variance in the level of productivity. However, in model 3, the p-value is greater than 0.05, hence adjusted R-square change is not significant and by so doing model 3 cannot significantly predict the level of productivity of the organizations. However in model 2, the significance level was less than 0.05 and the adjusted R-square value is the greatest 0.217 meaning that the model can account for 21.7% of the observed variance in the level of productivity. Hence the best model for predicting level of productivity is Model 2 and the best predictors are Management structure and Strategy and planning.

Research Question 5: To what extent do the influencing factors affect levels of productivity? To answer this research question, the coefficient table of the stepwise multiple regression analysis was explored and the result is presented in Table 7.

Table 7 shows the coefficients of the factors which influence the levels of production. It can be seen from the table that the B-values for Management structure is 0.057 while that of the strategy and planning is 0.669. it can therefore be concluded from the foregoing that the impact of strategy and planning

	SA	A	U	D	SD	RSI	Rank	
1	Culture of corruption	34.0	43.2	12.0	9.2	1.6	0.7976	1
2	Lack of institutional capacity to implement corporate governance codes.	34.2	5.8	15.6	7.6	31.8	0.5760	7
3	Limited opportunities for institutional investors	24.8	32.8	24.0	12.0	6.4	0.7152	5
4	Recent collapse of the Nigerian stock exchange market	34.4	28.0	21.6	14.0	2.0	0.7576	2
5	Lack of effective yardstick to evaluate board and management processes and performance	32.8	6.5	7.4	6.2	39.5	0.5282	10
6	Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients	29.2	23.6	30.4	14.0	2.8	0.7248	4
7	Relocation of Nigerian companies to more stable and vibrant neighbouring countries	34.3	5.3	10.8	6.4	38.3	0.5524	8
8	Lack of managerial training and capacity development among Nigerian executives	36.5	5.2	7.0	5.1	40.0	0.5490	9
9	Failure of directors as a monitoring device to minimizing agency problems	29.6	32.4	21.2	14.4	2.4	0.7448	3
10	Disregard of policies and procedures required to ensure efficient internal controls	22.0	26.0	30.4	18.4	3.2	0.6904	6

Table 8: Challenges to Development of Effective Corporate Governance in Nigeria

on productivity is greater than that of management structure. It therefore follows that no matter how good a management structure is, strategy and planning techniques adopted by the organization will produce far greater effect on level of productivity. This equation can therefore be employed to determine the level of productivity of the organization.

$$LP = 15.289 + 0.057MS + 0.669SaP$$

Where: LP is Level of Productivity; MS is Management Structure; SaP is Strategy and Planning; 5.289 is Constant; 0.057 is B value for MS; 0.669 is B value for SaP

Research Question 6: What issues and to what extent do they constitute challenges to development of effective corporate governance in Nigeria? To answer this research question the responses of all the research participants (n = 340) were given descriptive analysis as presented in Table 8.

Table 8 shows the responses of the research participants to challenges of developing effective corporate governance in diverse sectors of the Nigerian economy. It can be seen from the table that the respondents considered the greatest challenges to be the "culture of corruption" that has permeated the society with an RSI value of 0.7976. Other important challenges as identified by the respondents are "Recent collapse of the Nigerian stock exchange market", "Failure of directors as a monitoring device to minimizing agency problems" and "Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients" with RSI values of 0.7576, 0.7448 and 0.7248 respectively. However, they considered some challenges to be of least importance to

the effective development of corporate governance in Nigeria. These include "Lack of effective yardstick to evaluate board and management processes and performance" and "Lack of managerial training and capacity development among Nigerian executives" as these have the lowest RSI values of 0.5282 and 0.5490 respectively.

Discussion

Several issues have been raised concerning the operation, management and effectiveness of manufacturing firms in Nigeria, particularly with regard to their productivity. Corporate governance has been linked to the survival and productivity of the firms. Different firms in the study area were found to adopt selected corporate governance provisions to different extents, resulting in different firms developing its own corporate governance cultures and traditions. Therefore, research question 1 was posed to explore the ethical and corporate governance cultures of selected manufacturing firms in Oyo state. The result showed that the most popular ethical/corporate governance guidelines adopted in the companies is the fact that companies always get feedback from customers, that organizations have their own ethical and corporate governance codes and that the companies have formal values and supporting standards of behaviour that are consistent with its mission strategy, operating policies and performance objectives. They also claimed to possess compliance with the best practices in the organizations. It can be seen that these cultures are not central (core) codes

of ethical and corporate governance practices. In fact they confirmed that core practices like holding the CEO responsible for progress of the company or lack of it is not a popular corporate governance practice. These findings are in agreement with other researches carried out in this area. For instance Wilson (2006) stressed that prior to the introduction of the new code of corporate governance by the CBN there were existence of disparate codes of corporate governance and even the one that was so introduced was mainly for banks and even then could not be said to be sufficient in itself or in combination with other existing codes to address issues of corporate governance that will inevitably arise later. Okpara (2006) also stated that corporate governance culture in Nigeria is generally weak. He further argued in agreement with Oyejide and Soyebó (2001) that some board directors are able to get away with not being independent and consequently could not be held responsible for the success or other wise of their companies because the law mandates that they have political connections.

The managerial hegemony theory of corporate governance emphasizes the role of the management structure in productivity and effectiveness of the company. In fact, it advocates that boards of directors are just statutory additions which are dominated by the management; boards play only a passive role in strategy or directing the corporation (Okpara, 2006). Consequently, research question 2 was posed to find out if the companies' management structure would have any effect on their level of productivity. Four different management structure described by Business Process and Re-engineering (2000) for manufacturing industry were employed as the framework for categorizing the companies into management structures. The result shows that none of the companies under study adopted the self-management structure such that their level of productivity could not be compared. However, it appears that the more complex their management structure the more productive the companies appear to be. For instance the only company that adopted the "Task" management structure appears to be highly productive; in the remaining 2 categories of management structure the number of companies with increased productivity increased from the "Directive" management structure to the "Role" management structure and conversely the number of companies with low and very low levels of productivity decreases from the "Directive" management structure to the "Role" management structure. It follows that the companies with role management structure akin to the application of corporate governance were most productive. This may be in agreement with the Ultimate Business Dictionary (2003) as it defines corporate governance as the managerial control of an organization, which can reduce the risk of fraud, improve company performance, leadership, and demonstrate social responsibility. To confirm this a research hypothesis was tested to see if a significant difference will be produced in companies' productivity across the management structures under study. The results indicated that there is a significant difference in the levels of productivity of the company on the basis of their management structure in agreement with the findings of Wintrobe and Breton (1986) who gave the reason for this to include the fact that it is effective organization which makes possible, and ineffective organization which impedes, the rapid accumulation of capital inputs, the successful adaptation to newer technology, and the efficient use of labour.

Research question 3 was posed to investigate if there is any

direct impact of corporate governance on the productivity level of an organization. The results showed that corporate governance had a positive influence on the productivity level of an organization as only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, there is an increasing number of organizations in the high level and very high level of productivity as we move from moderately effective to very effective corporate management policy adopters. Hypothesis one was also tested to confirm this assertion. This is in agreement with findings of Earle (1998) and Crisuolo (2011). While Earle (1998) found an improved productivity when the structure of ownership of manufacturing industries in Russia changed to corporate governance culture, there was an increased productivity in the firms, Crisuolo (2011) found a similar result but found that the presence of financial institutions as large block-holder has an additional positive effect on the productivity of the manufacturing firms.

Research question 4 was posed to examine corporate governance factors that may influence level of productivity and to what extent. The result showed that although, only very few of the organizations under study adopted ineffective corporate governance and were reported as experiencing low and very low productivity. However, some of the organizations found to adopt moderately effective corporate governance policies were reported to experience moderate and high level of productivity. This result is in agreement with the findings of DukeII and Kankpang (2011) who found strong relationships between a number of corporate governance variables and firm performance measures (one of which is productivity) in Nigeria. Similar result was obtained from different parts of the world. For instance, Besedina (2012) also found that in Ukraine, firms with better corporate governance experienced increased productivity.

The result also showed that all the models generated to predict productivity from different components of corporate governance were significant in predicting the level of productivity. These models were explored one after the other to determine which of them will be best in predicting level of productivity from the components of corporate governance. The result showed that management structure and strategy and planning were the best predictors of corporate governance. This has also been alluded to, by Duke II and Kankpang (2011).

The last research question was raised to examine issues in the development of effective corporate governance in Nigeria and to what extent they constitute such challenges. The result of the analysis showed that the most important issues were "culture of corruption" that has permeated the society, "Recent collapse of the Nigerian stock exchange market", "Failure of directors as a monitoring device to minimizing agency problems" and the fact that "Auditors and audit committees are always ready to cover up corrupt practices for kick-backs and retention of engagement of big clients". This is also in agreement of findings by Oyejide and Soyebó (2001) in a study of corporate governance in Nigeria.

From the foregoing, it can be concluded that if the issues influencing the effective operationalization of corporate governance principles in Nigeria can be addressed, the productivity of manufacturing firms in the country will be on the rise thereby putting the national economy on a stronger footing than otherwise.

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