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In this issue:

Manuscript Submission and Information for Authors

PAGE 3

Peter McGhee & Patricia Grant

Using Spiritual Intelligence to Transform Organisational Cultures

PAGES 4-14

Fenghua Wang, Monica Lam & Sanjay Varshney

Driving Mechanism of Corporate Social Responsibility in United States and Mainland China

PAGES 15-27

Jennifer Ah-Kion & Uma Bhowon

Leadership and Ethical Decision Making among Mauritian Managers

PAGES 28-39

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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

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Reviewing process

Each paper is reviewed by the Editor in Chief and, if it is judged suitable for publication, it is then sent to at least one referee for blind review. Based on the recommendations, the Editor in Chief decides whether the paper should be accepted as is, revised or rejected.

The process described above is a general one. The editor may, in some circumstances, vary this process.

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The special issue contains papers selected from

- the specific suitable conferences or
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The final selection is made by the Editor in Chief, with assistance from the EJBO's Editorial team or from Conference Editorial team. In the case of conference papers, articles have already been reviewed for the conference and are not subjected to additional review, unless substantial changes are requested by the Editor.

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The manuscript should be submitted in double line spacing with wide margins as an email attachment to the editor. The text should not involve any particular formulations. All authors should be shown and author's details must be printed on a first sheet and the author should not be identified anywhere else in the article. The manuscript will be considered to be a definitive version of the article. The author must ensure that it is grammatically correct, complete and without spelling or typographical errors.

As a guide, articles should be between 5000 and 12000 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. Authors must supply an abstract which should be limited to 200 words in total. In addition, maximum six keywords which encapsulate the principal topics of the paper should be included.

Notes or Endnotes should be not be used. Figures, charts and diagrams should be kept to a minimum. They must be black and white with minimum shading and numbered consecutively using arabic numerals. They must be refereed explicitly in the text using numbers.

References to other publications should be complete and in Harvard style. They should contain full bibliographical details and journal titles should not be abbreviated.

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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Using Spiritual Intelligence to Transform Organisational Cultures

Peter McGhee
Patricia Grant

Abstract

Recently spirituality has become a viable topic of discussion for management scholars seeking a means to enhance work cultures and improve organisational effectiveness. However, the path from spirituality to transforming organisational culture is not immediately obvious. Fortunately, several authors have developed frameworks that provide connections. In particular, the notion of spiritual intelligence (SI hereafter) is helpful. This paper begins by describing spirituality and SI in the context of organisational transformation. It then details research involving working professionals that sought to answer the question: "How (and why) might SI transform organisational culture to be more ethical?" It concludes with discussion and implications of developing and practicing SI in organisational contexts.

Key Words: Spirituality, Spiritual Intelligence, Organisational Culture

Introduction

Recently spirituality has become a viable topic of discussion for management scholars seeking a means to enhance work cultures and improve organisational ethicality (Berry, 2013; Fawcett, Brau, Rhoads, & Whitlark, 2008). However, the path from spirituality to transforming organisational culture is not immediately obvious, especially given the multiple understandings of spirituality and the many varied organisational contexts for spiritual action (Cowan, 2005). Fortunately, several authors have developed frameworks that provide connections between spirituality and organisations. In particular, Emmons (1999, 2000) notion of spiritual intelligence (SI hereafter) is helpful here. This paper begins by describing spirituality and SI in the context of organisational transformation. It then details research involving working professionals that sought to answer the question: "How (and why) might SI transform organisational culture to be more ethical?" It concludes with discussion and implications of developing and practicing SI in organisational contexts.

Background

What is spirituality?

Spirituality is mystery. Consequently, it resists classification (Gibbons, 2000). As a construct, spirituality is broader than and different from religion (Nelson, 2009), although for many people it has religious aspects (Hill et al., 2000). The literature in this field suggests spirituality comprises at least four broad elements (Sheep, 2006). Spirituality is about connectedness with others (Howard & Welbourn, 2004) including one's Ultimate Concern (Ferguson, 2010). Spirituality also incorporates a meaning-making aspect which enables individuals to make sense of their world while providing direction, often in relationship to something greater than the self (Frankl, 2000; Lips-Wiersma, 2001). Transcendence is also an idea throughout the literature. It involves rising above psychological and physical conditions to achieve one's spiritual ends (Reich, Oser, & Scarlett, 1999; Torrance, 1994). Finally, spiritual-

ity is concerned with one's inner life as it develops towards a more mature spirituality and an improved eudaimonic (i.e., flourishing) state (Cottingham, 2005; Van Dierendonck & Mohan, 2006).

Another frequent idea within the literature is that all human beings are (or have the capacity to be) spiritual (Emmons, 1999; Moberg, 2002; Wigglesworth, 2013). A consequence of this is that the whole person, including their spirituality, reports for work (Sheep, 2006). Work is an essential aspect of being human and can enhance the value of our lives. It is not surprising then that these two distinct areas are related. Certainly, this association has existed for a long time (Benefiel, Fry & Geigle, 2014) although our current understandings of SAW are sourced in the work of Max Weber (1905/1976), whose Protestant Work Ethic and its underlying religious beliefs and values encouraged the development of Western capitalism (Bell & Taylor, 2004), and in early organisation theory authors such as Mary Parker Follet & Abraham Maslow who advocated that enlightened management takes "religion seriously, profoundly, deeply and earnestly" (Maslow, 1998, p. 83). Since the 1980's several demographic and socio-cultural shifts have further exacerbated this interest in spirituality both in general and at work (Giacalone & Jurkiewicz, 2003; Marques, Dhiman & King, 2007; Nadesan, 1999).

Before progressing, it is pertinent to recognise the difference between individual and organisational spirituality. At the individual level, research has focussed on intrapersonal spiritual experiences (Kolodinsky, Giacalone, & Jurkiewicz, 2008; Sheep, 2006). Such a view presumes one's spirituality influences behaviour as well as how one interprets and responds to the workplace. At this level, authors often detail the ways organisational practices may promote the spiritual experiences of employees (Pfeffer, 2003). At a collective level, spirituality is analysed in a similar manner to "organisational culture" or "organisational strategy". Logic dictates, however, that any spiritual culture stems from individuals within that culture. The organisation's mission, vision, policies and procedure simply reflect this. Consequently, both

individual and collective spirituality is sourced within a person's internal substance (Konz & Ryan, 2000; Marques, Dhiman & King, 2005). It is conceivable for a person to be spiritual in their workplace without their organisation being so but it is implausible that an organisation's culture would be spiritual without spiritual individuals functioning within it. Therefore, whenever the terms "spirituality" or "spiritual intelligence" occur in this paper they refer to individual persons exercising their spirituality (individual level) and the influence of that spirituality in an organisation (collective level) unless otherwise stated.

What is spiritual intelligence?

The broad discussion above serves the purpose of defining and situating spirituality within a work context. It does not, however, provide much guidance as to how spirituality might be applied in practice and/or how it might be utilised for organisational ends. Cowan (2005), noting this lack of tangibility, advocates "using frameworks of spiritual intelligence [to] provide more substantive leverage points for developing legitimate connections to organisational effectiveness and leadership development" (p. 8).

There are a number of prominent frameworks which might be useful (see e.g. King & DeCicco, 2009; Vaughn, 2002; Wigglesworth, 2013; Wolman, 2001; Zohar & Marshall, 2000). However, many conflate the phenomenological (i.e. the interior experience of spirituality) with the practical (i.e. the application of spirituality) (Mayer, 2000) and are difficult to apply to organisational life (Cowan, 2005). This research sought a framework that avoided such blurring and that allowed practical application to business. Consequently, it employed Emmons' (1999, 2000) conception of SI.

Emmons observes that adaptive problem solving and goal attainment, using a set of specific competencies, are central to many definitions of intelligence (see e.g. Gardner, 1993; Sternberg, 1997). Using this idea as a basis, he argues spirituality, along with its more esoteric meanings, also constitutes a set of specific capabilities and skills and thus, may be conceptualised in adaptive, cognitive-motivational terms and which "may underlie a variety of problem solving skills relevant to everyday life situations" (p. 8). Spirituality taps into a body of expert knowledge that pertains to the sacred. This provides a rich source of information for individuals that can be utilised to cope with and/or solve problems. If spirituality is the search for meaning then SI is a set tools that utilises such expertise to achieve a more meaningful life (Steingard & Dufresne, 2013). Similar to other forms of intelligence (see e.g. Gardner, 1993), SI is stronger or weaker in different people, and can be developed proficiently through study and practice (Emmons, 1999, 2000). This emphasis on learning, adaptability and problem solving open up avenues for application into organisations (Cowan, 2005).

Emmons' (1999, 2000) SI includes five core abilities (see Table 1 above). The first two of these "deal with the capacity of the person to engage in heightened or extraordinary forms of consciousness" (p. 10). Transcendence involves going beyond the normal bounds of our physical environment to relate to our Ultimate Concern (Elkins, Hedstrom, Hughes, Leaf & Saunders, 1988; Frankl, 2000; Torrance, 1994). It can also involve increased conscious awareness, peak experiences and being in a state of "flow" (Csikszentmihalyi, 1990; Solomon, 2002). Mysticism is the sense of deep connectedness with the transcendent experienced as oneness, love and perfect [moral] action (Grof, 1998; Shakun, 1999). According to Emmons, individuals with elevated SI are better at entering into these states of consciousness.

1.	The capacity to transcend the physical and the material
2.	The ability to experience heightened states of consciousness
3.	The ability to sanctify everyday experience
4.	The ability to utilise spiritual resources to solve problems
5.	The capacity to be virtuous

Table 1. Emmons (1999, 2000) Core Components of Spiritual Intelligence

The third ability, sanctification, involves setting something apart for a sacred purpose (Emmons, 1999, 2000). Seeing the sacred in the ordinary is an aspect of all the world's major spiritualities (Ferguson, 2010) and can have important organizational consequences. For example, Paloutzian, Emmons, & Keortge (2003) found that when employees saw their work as sacred, it took on a new meaning. Similarly, for participants in Neal's (2000) study, "work was a constant communion with something greater than themselves" (p. 1320) which meant making a difference through one's labour. Classifying sanctification in intelligence terms means viewing it as an expertise that individuals bring to real-life situations that enables them to prioritise spiritual goals over secular ones (Emmons, 1999, 2000; Emmons, Cheung & Tehrani, 1998). Research has found individuals who orientate their lives around spiritual ends often experience higher levels of well-being (Bolghan-Abadi, Ghofrani & Abde-Khodaei, 2014; Fave, Bardar, Vella-Brodrick & Wissing, 2013; Paloutzian et al., 2003).

The fourth ability involves utilising spiritual resources to solve problems and cope with adversity. Pargament et al. (1988) contend that spirituality helps individuals make sense of, cope with, and solve "challenging life events by offering guidance, support and hope" (p. 91). Along with Koenig & Perez (2000), Pargament has developed a framework addressing the many ways in which spirituality achieves this. For example, spirituality helps reframe appraised meanings of stressors (Park, 2005). It also enables individuals to reprioritise goals, which is a sign of intelligence, while helping them gain mastery over difficult circumstances. As Park notes, strategies such as prayer or fasting encourage reappraisal of stressful situations in ways that enhance feelings of control. Naturally, the degree to which a person exercises this ability reflects the strength of their spirituality (Pargament et al., 2000).

The final component of SI is "the capacity to be virtuous on a consistent basis: to show forgiveness, to express gratitude, to exhibit humanity, to be compassionate, and to display sacrificial love" (Emmons, 2000, p. 12). Virtues are acquired habitual traits that motivate us to behave in certain ways that aim at the good. They permeate our being and influence us to act. Their teleological nature ensures individuals develop virtuously as they strive for ultimate ends (i.e., that which is good). Together, these ensure such persons lead flourishing lives (Flynn, 2008; Foot, 2001; Hursthouse, 1999; Hutchinson, 1995). Although the inclusion of this last element in a theory of intelligence is controversial (Mayer, 2000), there is evidence suggesting the exercise of virtue in daily living is more often than not the intelligent thing to do (Koehn, 2000; Roberts & Wood, 2007; Zagzebski, 1996). While the virtues listed above are not exhaustive, they are broadly reflective of the spirituality literature (Emmons, 1999, 2000; Ferguson, 2010). There is also strong link between spirituality and virtues in the management literature (see e.g. Cavanagh & Bandsuch, 2002; Dyck & Wong, 2010; Gotsis & Kortezi, 2008; Schmidt-Wilk, Heaton & Steingard, 2000).

Importantly, SI satisfies Howard Gardner's three primary criteria for being considered an intelligence. It is "a set of char-

acteristic mental abilities that are distinct from preferred behaviours, the facilitation of adaptation and problem solving, and development over a lifespan" (cited in Steingard & Dufresne, 2013, p. 460). Each core ability explains the pertinent terrain of SI while yet remaining tentative. As Cowan (2005) notes, "frameworks such as these offer compelling starting points for consideration and investigation, but they do not yet offer clear prescriptions" (p. 11). There has been scant research to date on SI and organisations with questions such as "how might this manifest itself in a workplace?", "what benefits might it bring to an organisation?" and "how do we measure these?" yet to be answered. This paper addresses some of these demands.

Spirituality & organisational transformation

Giacalone & Jurkiewicz (2003) have noted the plethora of writing exploring the relationship between spirituality and organisational culture and performance. However, they observe, that at times this has been controversial and confusing. Karakas (2010), writing in response to this claim, provides a useful rubric that classifies the literature into three broad themes. The first of these, the human resources perspective, contends spirituality improves employee wellness and work life quality (see e.g. Kutcher, Bragger, Rodriguez-Srednicki & Masco, 2010; Marschke, Preziosi & Harrington, 2011; Milliman, Czaplewski & Ferguson, 2003). The second of Karakas' (2010) themes, sense of meaning and purpose, has spirituality providing greater meaning in and through work (see e.g. Markow & Klenke, 2005; Mitroff & Denton, 1999; Pandey, Gupta & Arora, 2009). The final aspect, sense of community and connectedness, involves spirituality contributing to an improved workplace community and enhanced belonging within the organization (see e.g. Crawford, Hubbard, Lonis-Shumate & O'Neill, 2009; Duchon & Plowman, 2005; Kolodinsky et al., 2008).

Karakas (2010) asserts combining these three criteria results in "spirited workplaces engaged with passion, alive with meaning and connected with compassion" (p. 98). While there is support for Karakas' claim, much of the literature is still conceptual (Pawar, 2009; Sass, 2000). That which does explore concrete relations between spirituality and organisational outcomes tends to be instrumental and quantitative in nature since enterprises want empirical proof that spirituality improves the bottom line (Fornaciari & Dean, 2009; Giacalone & Jurkiewicz, 2003). Moreover, while much has been written about the role of spirituality in managing adversity and solving problems (Hood, Hill & Spilka, 2009; Pargament, Ano & Wachholtz, 2005; Park, 2005), little has been composed exploring how individuals qualitatively live out, (i.e. actually use) their spirituality in challenging and difficult work contexts and the ethical benefits of such action. What qualitative research does exist is not based typically on an established conceptual framework such as Emmons' (1999, 2000) nor does it normally target adverse organisational situations (see e.g., Fernando & Jackson, 2006; Neal, 2000; Sass, 2000; Zhuravleva & More, 2010). Grounding this research in Emmons' (1999, 2000) SI framework enlarges the concept of spirituality to encompass meanings not typically associated with it. "Spiritual intelligence enhances the plausibility of a scientific spirituality by locating it within an existing acceptable psychological framework, one that has proven to be extremely useful in understanding the common ground between personality and behavior. It allows spirituality to become anchored to rational approaches...that emphasize goal attainment and problem solving (p. 174)".

With this in mind, this paper explores how professionals, in a variety of organisations, used their spiritual intelligence to

cope with and solve challenging ethical dilemmas. The benefits of this is a gradual "transformation of organisations' dominant schema" (Gull & Doh, 2004, p. 129) as individuals realise their spirituality in their organisations.

Research design

Method

This study was part of wider research which utilised critical realism overall as its philosophical foundation. Critical realism shifts the focus away from evident outcomes towards a causal account for these outcomes (Danermark, Ekstrom, Jakobsen & Karlsson, 1997). The goal of critical realism is to identify factors that help produce outcomes – it is about explaining the "why" and the "how" as opposed to the "what". For a critical realist, the social world is as real as the physical one, although this can never be proven completely (Easton, 2010). As such, critical realism is well suited for studying social constructs such as spirituality and/or intelligence, both of which have causal power in the real world (Archer, Collier, & Porpora, 2004; Emmons, 1999, 2000; Fleetwood & Ackroyd, 2004). Critical realism is particularly useful if the emphasis of the research is to provide "a convincing causal account in terms of theory" (Kearins, Luke & Corner, 2004, p. 43).

If SI results in significant outcomes, then investigating its transformational power in organisations requires the examination of certain types of cases that best demonstrate this phenomenon in that context (Danermark et al., 1997). As part of a wider study, professionals were surveyed using Howden's (1992) Spirituality Assessment Scale¹. Individuals who scored high on this 28-item scale (i.e., above 113), indicating a strong degree of spirituality, were selected for this study. Consequently, the sample consisted of 20 professionals from a variety of demographic and organisational contexts. Using a high spirituality score ensured these individuals were strong cases and were thus, more likely to use spirituality in their daily work lives (Spohn, 1997; Weaver & Agle, 2002). Professionals were selected for this study for several reasons. First, there is a strong association between spirituality and human flourishing, which itself is an idea inherent to the professions (Coady & Block, 1996; Oakley & Cocking, 2001). Second, professionals often exercise more influence than non-professionals; they have "special knowledge and training" and other people are often "rendered especially vulnerable or dependent in their relationship to the practice of the professional" (Blackburn & McGhee, 2004, p. 91). Finally, while business itself is not necessarily a profession, it is often replete with professionals (Lawrence, 1999).

Data analysis

Twenty interviews, of approximately 90 minutes each, were conducted over a two month period. Interviews are commonly used in critical realist studies (Fleetwood & Ackroyd, 2004), as they are in workplace spirituality research (Benefiel, 2007). They provide a useful means of investigating underlying causes since they focus on meaningful social action which provides rich descriptive data of the interviewee and their context (Ackroyd, 2004). The aim of this study involved understanding how professionals used their SI to cope with adversity and solve problems and thus influence their organisational cultures for the better. Consequently, participants were asked describe incidents within the last 2 years where an ethical dilemma oc-

¹ While Howden's (1992) scale is order, it is not specific to any religion and it comprises four themes found commonly in the spirituality literature. Hence, it has good construct validity and reliability.

curred, to discuss their response to that dilemma and explain any outcomes. They were then asked several questions about these incidents in relationship to their spirituality. Ethical dilemmas were selected because of their potential for harm (or adversity) to the individual, the organisation and/or society and their often conflicting obligations that require significant problem solving ability. As a result of this process, 54 incidents of varying types were identified and discussed (see Table 2 below). Finally, participants were asked a series of questions about how and why spirituality might affect their organisations in general.

BROAD DESCRIPTOR	TYPES OF INCIDENT
Conflicts of Interest	E.g., conflicting values between persons or between persons and the organisation, and between basic principles and the need to achieve an outcome
Dishonesty	E.g., fraud, theft, lack of transparency, not honouring commitments, and misrepresentation of the facts
Exploitation	E.g., discrimination, unfair working conditions, health and safety issues, unsafe or poor quality products, taking unfair advantage of one's position, bullying, bribery, indirect harm to others, and harm to the environment
Privacy	E.g., breaching confidentiality, privacy, and lack of informed consent

Table 2. Types of Ethical Dilemmas Described in This Research

Data from these interviews were organised in files using NVivo 10 and this particular study a deductive thematic analysis was performed. A deductive approach means coding and theme development are directed by existing concepts or ideas (Boyatzis, 1998). In this instance, Emmons's (1999, 2000) SI framework provided the *raison d'être* for this present study. The thematic analysis was an adapted version of Braun & Clarke's (2006) process elaborated in Table 3 below. Theme development was a continual process of rereading and refinement (Braun & Clarke, 2006; Creswell, 2007).

1.	Familiarised with the data: Transcribed three interviews to get the feel for the data; listened to, read and re-read transcripts for accuracy and content.
2.	Coded: Generated codes that identified important features of the data that might be relevant to answering the research question.
3.	Searched for themes: Examined these codes and collated data to match existing concepts within Emmons (1999, 2000) framework.
4.	Reviewed themes: Checked these worked in relation to interviews; refined specifics of each theme and what story the whole analysis told.
5.	Wrote up: Wove together the narrative and data extracts, and contextualised the analysis in relation to existing literature.

Table 3. Deductive Thematic Analysis of Interview Data Adapted from Braun & Clarke (2006).

Findings

The first of Emmons' SI components involves transcending the physical and material. Such transcendence is a "way of being and experiencing that comes about through an awareness of the transcendent dimension and that is characterised by certain identifiable values in regard to self, others, nature, life and whatever one considers to be the Ultimate" (Elkins et al., 1988, p. 11). Participants described this capacity using the language of going beyond the norm and/or being part of something bigger than the self.

For example, Arien, a nurse, described it thus when talking about a conflict of interest between her own values and that of the organisation:

You might be physically doing a task or engaging with a problem but it's the energy from spirituality that is bigger; it goes out from more than just where you are. It's a feeling thing, oh I'm trying to put it into words, an experiential thing to me... I guess just being bigger than that instant.

Ulmo, an engineer, uses similar language in conflict of values he had to deal with:

Remain calm. Don't get caught up with the noise, the negative energy. Because if you get caught up in that noise you can waste a lot of time... So trying to go with a definition of spirituality, it is staying with your own [spiritual] thoughts, not letting thoughts come into your head which are negative. Spirituality obviously informs that visualisation, it is a sense of being grounded in something [larger than the self].

Finally, lawyer Romendacil describing an incident of dishonesty, stated an equivalent idea:

As far as my spirituality is concerned whatever happens there's a much greater scheme of things and God is in control and he's assisting me and he's looking after me. So it's not a fatalistic response it's just a hope I guess that you know I can get through all this. I can, even if I suffer through it... I still have a hope that whatever happens in the great scheme of things, is going to work out for the good.

The second of Emmons' components involves experiencing heightened states of consciousness. This ability manifests as feelings of connectedness with others and one's Ultimate Other. As Fernando & Jackson (2006) note, the interconnected nature of the self with others (and creation) points towards a transcendent reality. A similar idea was postulated by Martin Buber (1970) with his notion of I and Thou. Participants described this ability as being consciously aware of others (including their Ultimate Other).

As a clinical psychologist, Maglor brought this ability to several incidents he described. In summing up his view of how spirituality helped deal with these challenging situations, he stated:

When I practise spirituality, I feel a sense of connectedness, yeah to God, and I guess the whole spirit, the Wairoa, but also to others. This enables me to love my neighbour, to try and treat them as I want to be treated, and you know, to love all of God's creation.

From a teaching incident involving exploitation, Elwing connected to others and God through her actions:

It's about feeling connected to God and I think that by projecting good things into these kids' lives and projecting positivity and helping them to get to their potential then I am doing that...and that is what God's wants us to do, to make the world a better place not worse. It's about the greater good and connecting more with God through the world by doing Godly actions.

Finally, engineer Zamin articulated a similar connection in one of the incidents she discussed:

Well spirituality has to do with life and karma and to some extent religion, but [this is] not always the case, and the connectedness of life in the world and the sense that there's more to a person than just a body and a mind, that there's the soul connected to something else... Well it's funny because I don't sort of wake up in the morning and think I'm a spiritual person, I'm going to live a spiritual day today. Rather, at certain moments throughout the day or week I feel connected to something bigger than myself and that helps me survive.

The third SI component involves seeing the sacred in our everyday living. According to Frankl (2000), individuals find meaning by experiencing their Ultimate Concern through what they do and/or by standing up in the face of potential adversity. For Duffy (2010), this means spiritual people understand their work has existential significance. Taking these, and similar ideas together, suggests spiritually sanctified work takes on new meaning and differing outcomes (see e.g., Lips-Wiersma & Morris, 2009; Word, 2012). This ability was evident in many of the participant responses.

For instance, Neo-Natal Nurse Lúthien dealing with a conflict of values, was able to sanctify the situation in a way that resulted in a positive outcome for her and the organisation:

I think nursing for me is more than just a job. It is a chance to kind of live out my beliefs and my spirituality. And I believe my babies really deserve the best and that's me living out my [spiritual] life.

As an engineer, Salmar sanctifies his work and the ethical challenges that go with it, in order to achieve his long-term spiritual goals:

My long term vision is to work in third world countries and help build infrastructure. So one of the reason's I came to [deleted] was because they do a lot of infrastructure in big engineering projects...I don't know exactly where I'm gonna end up; I just know that this door was opened for me at exactly the right time and I'm in the right place to develop... and I just feel like God's honing my skills [and] abilities in these types of situations so that I can go and do some work overseas. So there's definitely a bigger picture for me.

Finally, Architect Rumil articulated comparable ideas in summing up how he dealt with the incidents he described:

I mean it's [spirituality] the whole point, when it comes down to it it's the whole point of being really. Obviously I'm providing for a family and all the rest of it but the satisfaction I get out of working, out of dealing with stuff like we discussed... The reason I'm doing this is because I'm acting out, I have power in terms of those [spiritual] values that we're talking about – I can make a difference.

The fourth component has individuals using spiritual resources to solve problems. Spirituality has been shown to influence organisational decision-making through both normative principles and values (see e.g., Fernando & Jackson, 2006; Jackson, 1999; Jurkiewicz & Giacalone, 2004; Parboteeah, Hoegl & Cullen, 2008; Phipps, 2012). Moreover, as Lips-Wiersma (2001) argues, spirituality performs a sense-making role. This ongoing rational process is about understanding the work context in a way that “forms cognitive maps of one's environment,

including standards and rules for perceiving, interpreting, believing and acting” (p. 500).

As a Director of a large consultancy, Galdor dealt with a conflict between his company's need to maximise profit and serving the wider public good. Note the connection he makes between spirituality and decision-making, how imbued spiritual “principles” guided his conduct, and the reference to spirituality being an ability (i.e., intelligence):

It's [spirituality] probably a higher wisdom or principle that really that's what you should do...I think its core to who I am. Yeah it's kind of like a guiding force or something like that. I [also] think that to some extent it's an ability. And actually people don't share that ability equally. Like some people can't paint and some people can't play music – some people unfortunately can't get spiritual issues.

Charge nurse Silmarien was involved in an issue of exploitation. As part of her response to questions about this, she described using spiritual resources, highlighted their connection with her thinking, and her ability to make the right choice:

There's the Ten Commandments and some of those have been embedded into laws. I know that those laws are there in the back of my mind and they probably help with my moral thoughts...I see that linkage with spirituality and my thinking, I think that's helping me to make the right choices with making plans and putting things in place to try and see if we can move this forward.

As a final example, teacher Deor talked about an inherent spiritual capacity that guided his conscious thinking regarding an incident involving exploitation:

So many places you look in the world it's unconscious choices and they're causing suffering, you know, so trying to be [spiritually] mindful, and trying to get into the habit of being [spiritually] mindful or being conscious in everything you do...So I'm always trying to be conscious of that; what's the purpose of this? And so I think that it [spirituality] really does inform my decisions here.

The final component of SI is the capacity to be virtuous. The virtues combine right reason, emotion and will to aim at eudaimonic ends (Annas, 2006). In this framework, they are an outworking of connecting with others, striving for one's Ultimate Concern and using spiritual resources (Gotsis & Kortezi, 2008; Spohn, 1997). In other words, virtues are, at least partially, about individuals being true to their spirituality and putting it into real-life practice. Emmons (1999, 2000) identifies several key virtues common to spirituality. Many of these were reflected in participant responses to the incidents they described.

Nessa encapsulates what being virtuous involves when dealing with peers and students in complex ethical situations. In particular, note the link between spirituality and wisdom (one of Emmons' virtues) and how this, in turn, leads to compassion (another of Emmons' virtues):

I think the fact that you stop, think and consider rather than react. I think that's really important. It's about making sure that you're wise about what you state you will do and being aware not to over promise or put yourself in a situation that would then be unethical on behalf of either the parent or the child. [As a consequence,] I feel like I approach situations and people

and perhaps in my teaching students, with compassion or grace about situations. And in a sense that's probably a spiritual model.

For engineer Cirdan, it became important to demonstrate forgiveness in a situation where he felt exploited:

I really wanted her [the client] to approve the application. To say, yes this was a good project, and yes I agree with that. But, because she withheld that, I felt like my integrity had been impugned...On a spiritual level, how I dealt with that, the loss of good feeling was what interests me most about this. I was able to find a way to overcome the loss and forgive her...I applied my spirituality to the whole thing by trying as best I could to give her what she asked for.

Finally, in an incident where Melian dealt with a potential conflict of values that was not ultimately resolved, she stated both the need to be thankful and to forgive:

I've learned to be thankful because I can't change it. So my spirituality now basically influences me in that I've let go. I've forgiven anything that they have screwed up on and I've just let go of it because you can't hold onto the past otherwise it holds you down...There was still an abusive power that wasn't dealt with, my spiritual belief says God will be dealing with it anyway! Yep, basically I put it in a larger context and handed it over to God in some sense.

The above components, and evidential support, suggest SI is a linear process that happens in advancing steps or phases. However, nothing could be further from the truth. SI is in fact, an "integrative framework for understanding the salutary effects of spirituality on psychological, physical and interpersonal outcomes" (Emmons, 2000, p. 175). If anything, the application of this holistic construct occurs simultaneously in any given context. While the description above is linear and temporal, the reality is that all of these components were in play repeatedly and concurrently when participants engaged with these incidents in their organisational contexts.

As Emmons' notes, viewing spirituality this way ensures that individuals bring to any given situation an active, dynamic property. Spirituality is not just something, it does something; it "provides an interpretive context for addressing important concerns in daily life, and enables researchers to address the doing side of spirituality as well as the being side" (p. 176). What might be the benefits to an organisation of professionals exercising such an intelligence? The next section addresses this question.

Discussion & implications

While spirituality has been shown to correlate positively with a number of organisational constructs (Karakas, 2010), much of this literature is conceptual and quantitative (Fornaciari & Dean, 2001; Giacalone & Jurkiewicz, 2003). While it suggests significant benefits, these are difficult to qualitatively prove. What might be the actual advantages of professionals enacting their spiritual intelligence in the workplace? This research identified two broad gains.

Enhanced practice

Sanctifying one's work ensured participants' often went beyond merely instrumental goals. Their spirituality provided a reason

for working, and helped them comprehend the necessity of their actions and the positive difference they could make in the world (Paloutzian et al., 2003). *Prima facie*, such meaningfulness seems connected intimately with moral living (Bruner, 1990; Lips-Wiersma & Morris, 2009). For example, behaviour that serves a common good and/or strives for community enhances meaning (Milliman et al., 2003; Neck & Milliman, 1994). Actions that serve others and/or the divine (Delbecq, 1999; Neal, 2000) also provide a greater sense of purpose. As these professionals lived out their spirituality, they understood how their actions affected those around them based on an existential awareness of the importance of their conduct (Duffy, 2010; Lips-Wiersma & Morris, 2009). Failing to view labour in this manner can encourage feelings of meaninglessness and emptiness. Such emotions may lead to increased absenteeism, less organisational commitment and increased likelihood of unethical behaviour (Karakas, 2010; Rozuel & Kakabadse, 2010).

Another aspect of this enhanced practice had these professionals' using their SI to reframe challenging work situations in ways that reflected spiritual values and goals. Typically, human beings have limited ability to make optimal choices in complex environments. Since we have imperfect calculative capacity and inadequate access to information about the context in which the decision is to be made, we strive for a level of satisfaction that is good enough (Beach, 1997). For ethical dilemmas this may involve taking the lesser of two evils (Rest, Narvaez, Bebeau & Thoma, 1999), if indeed one is able to make moral choices at all (Darley, 1996; Jackall, 1988). In this research, however, participants went beyond the bounds of normal rational decision-making. As an inherent aspect of being, SI operated through participant thinking, feeling and acting. This ensured more holistic thought processes, a deeper appreciation of stakeholders, and ultimately, better ethical decision-making. Decision alternatives were not seen as burdens but rather, as options to be considered through spiritual lenses. Such reframing meant less egocentrism and more of an emphasis on the shared good (Shakun, 2001). Interestingly, failing to enact SI may be "experienced as separateness, fear, and non-connected action" (p. 33). Individuals evidence this through rational self-interest and the need for control. Again, this encourages unethical conduct since it limits value choices, makes means more important than ends and tends to exclude externalities from decision-making (Moore, 2008).

The consequence of these enhanced practices is improved ethicality in an organisation's culture. Many organisations externalise the costs of being moral. When they are concerned with morality, their focus is usually on symptoms not core issues (R. A Giacalone, 2004). Connecting one's spirituality with one's work produces certain values that go beyond superficial morality. The more these are enacted, the more spiritual, and ultimately ethical, an organisation's culture may become (Jurkiewicz & Giacalone, 2004). Spiritually intelligent individuals generally make improved choices and find new ways to surmount workplace challenges. This shifts the focus to long-term goals and a broader stakeholder approach. Such individuals help organisations go beyond business as usual and inspire a greater and more adaptive role in society.

Several data extracts taken from participant interviews are provided in support of this implication:

When I look at the culture of the ward when I started and the culture of the ward now, it's a very different place. But it's a very different place because of things I have been able to stop, like using handover as the time where you beat people up because

something wasn't filled in and whatever, and in little ways. And it just starts off a domino effect and people all want to do it. It's not perfect but you know it [spirituality] does make a difference – Arien, Nurse

I think when you have a lot of spiritual people in a place, then they have more strong [pause] their beliefs as to what is right and what is wrong is much more black and white, and they fight for them more strongly. So what I'm saying is, the more spiritual people you have in an organisation, the more strongly the ethics – Melian, Teacher

I take a more a team oriented perspective. You know, from rather than just, "Well how am I gonna get ahead? What am I gonna do to get that next position?" This leads to more, "Well what's best for our clients? "And for society?" It's not just looking out for your own interests but for the interests of others...I guess to me it means that as an employee I'm not only looking out for my interests as an employee but I am saying, "What would the employer want from me?" Therefore, going that extra mile to me makes the organisation a better place – Sador, Privacy Officer

Enhanced influence

Enabling a spiritual connection to work and enacting associated virtues may create, at best, a different perception of ethicality within the organisation (Jurkiewicz & Giacalone, 2004) and, at worst, limit moral disengagement (Bandura, 2002). These actions, in theory at least, could improve the moral conduct of others. Enacting values such as being compassionate, showing forgiveness, demonstrating gratitude and so on (Emmons, 1999, 2000) encourages the development of deeper relationships with others. A consequence of this may be the freedom to speak into another person's life either by word or by deed. Consequently, many of the professionals in this research were spiritual role models setting standards, providing examples and influencing others (Bandura, 2003)

Generally speaking, role modelling involves "transmitting values, attitudes, and behaviours in all types of settings including work" (Weaver, Trevino & Agle, 2005, p. 314). According to Weaver et al., "in the modelling process people identify with another person and internalise the role model's values, behaviors, or attitudes" (p. 314). Essentially, the individual constructs a cognitive representation of their role model in action and aligns their behaviour with that picture in the various situations they encounter. There is evidence that role models can make a considerable difference in the ethical behaviour of others (Trevino, Brown & Hartman, 2003; Trevino, Weaver, Gibson & Toffler, 1999). For instance, Weaver et al. (2005) observed that role models exhibited everyday interpersonal behaviours that built relationships with others. They noted these individuals practise constant ethical action and had high ethical expectations of the self and that such persons articulated ethical standards to those around them on a consistent basis. There are obvious resemblances to the professionals in this research. These individuals built relationships, showed selflessness, care and compassion, and fairness in these organisational incidents. They held themselves to higher norms in their desire to be spiritual. Most importantly, they articulated high standards, which they sourced in their spirituality. They set good moral examples by often putting spirituality above "personal or company interests" and tended to take "a long-term, bigger picture multiple stakeholders approach" (p. 316).

Also of interest was the fact that for many professionals, role modelling was a "side by side" phenomenon. Reflective of Weaver et al.'s (2005) findings that role modelling occurs in the day-to-day interface between organisational members, participants identified daily interaction with staff, colleagues or peers as the primary place they enacted their spiritual intelligence. Weaver et al. suggest people are attracted to role models "through [their] quiet behaviors" (p. 325). These behaviours do not involve controlling others but rather reflect those that are "humble and hardworking, willing to pitch in alongside others, even sacrificing their own interests for the interests of others" (p. 325). These stand out in organisational settings because they run counter to more commonly selfish and self-congratulatory behaviour.

Discussing influences on identity salience, Weaver (2006) contends organisational contexts can cause individuals to suspend their moral identity and assume a role defined by that context. Compartmentalisation and the related process of moral disengagement can occur when one's moral identity is weak (Ashforth & Anand, 2003). A strong organisationally defined identity also encourages depersonalisation as individuals lose sight of their own selves while assuming the identity advocated by the collective.

The key to influencing moral salience in an organisation is the "presence of people who share a particular identity" (Weaver, 2006, p. 353). In other words, the more the organisation consists of spiritually intelligent individuals combined with a culture that is open to the discussion and application of this, the more likely it is to be ethical. Salience is a relative matter. According to Weaver (2006), "identity salience is affected by the depth and frequency of one's involvement with others" (p. 353). Consequently, increased time with spiritual peers may result in a salient identity that adopts similar values and behaviours as part of their identity. Certainly, this is the testimony of participants in this research. Ultimately, such an adoption may counter organisational forces that encourage unethical behaviour.

Again, several data extracts taken from participant interviews are provided in support of implication:

As midwives we're all story-tellers, it's part of what we do. So when you share your stories and find out how other people reacted, that changes the way we deal with situations in the future. And, I know certainly, some of the stories that I've shared have changed the way that midwives behave... And I think some of these stories definitely have a spiritual component to them because when you're talking about life that is the very essence of spirituality isn't it? – Isilme, Midwife

I think about the case we talked about before, with my colleague... I was feeling pressure from her to question or even limit the intervention of this cultural worker. But because of my spiritual beliefs around wanting to be inclusive and compassionate, I said no hang on I know what they're doing, I know where they're going, I've discussed it with them. I think her behaviour was shaped by me taking a [spiritual] stand about being inclusive and acknowledging that this person's perspective [the cultural worker] is valued - Maglor, Psychologist

Sometimes my boss, he'll think about doing things that are unethical with maybe the costing for a project – and we'll actually talk through the whole thing and I'll have quite a lot of input into the final way that the decision's made. And I'll bring up some of the right and wrong issues; you know, "This seems right; this seems wrong", and you know, a lot of the times what I

say is agreed to. So, that's in some sense my spirituality influencing him to dull down his potential excesses – Salmar, Engineer

Given the obvious benefits of enacting SI in the workplace, organisations would be unwise not to encourage employees to be more proactive in this area. This is vital since, as Sheep (2006) notes, any attitudinal and behavioural changes brought about in the workplace are more likely to be a reflection of member's lived spiritual preferences as opposed to managerial design.

Three broad strategies are suggested. First, organisations that provide opportunity and resources for individuals to enact their SI openly are more likely to encourage actions that transform culture for the better (Karakas, 2010; Krishnakumar & Neck, 2002; Parboteeah & Cullen, 2003). These could include such things as the provision of rooms for prayer or meditation, testimonial meetings, a moment of inner silence during meetings or spiritual support groups (Stoner, 2013). Second, as part of this process, allowing more independent and self-governing structures (Casey, 2002; Pfeffer, 2003), rewarding spiritual praxis, as opposed to incentivising self-interest (McKee, 2003; Stoner, 2013), and matching organisational long-term goals with spiritual ends (e.g. human flourishing, social responsibility or the common good) (Gotsis & Kortezi, 2008) will also contribute to this transformation. Third, given the nature of SI, ongoing training can further encourage the development of spiritual skills and capabilities (Emmons, 1999, 2000). As discussed earlier, these include such things as learning to see work within a higher meaning, using spiritual resources like prayer and meditation to solve work problems and developing spiritual sense-making tools to enhance decision-making. Incorporating these as part of any training and development programme is important. For example, many organisations train their employees in the use of mindfulness to reduce stress and improve overall effectiveness (Weick & Putnam, 2006). Being spiritually mindful helps individuals understand their work context better and provides insight into their thinking processes (Baer, 2003;

Brown & Ryan, 2003).

Including spirituality as part of any character education programme would involve going “beyond the teaching of socioemotional skills to include the basic spiritual competencies and abilities described earlier” (Emmons, 1999, p. 177). For example, Trott (2013) uses an exercise whereby employees first individually, then in a dyad, and finally in groups, are required to collate answers to the following question, “If you had the opportunity to create a spiritually healthy organisation what would you emphasize the most?” (p. 675). This exercise avoids proselytising and theological debate while co-creating shared spiritual values. Once these are determined then a series of extended open interviews (i.e., spiritual conversations with a purpose) are conducted whereby employees discuss, both with the interviewer and their compatriots, about how these values might be put into practice in their work lives. This generates what Trott (2013) labels a “transcendent Hawthorne effect” (p. 682) whereby employees' awareness is raised “through continued conversations and a spiritual vocabulary, with an emphasis on key values, becoming commonplace” (p. 682). This ensures strong connections between lived spirituality and the organisation.

Conclusion

There is a general consensus between academics, practitioners and managers in the literature for the need to embrace increased spirituality in organisations (Mitroff & Denton, 1999). SI is one way of meeting this need. Its broad appeal too many faiths combined with its practical focus allows it to be developed and utilised in multiple organisational contexts (Cowan, 2005). Indeed, there are good reasons for doing this. Developing and enacting the SI of the participants in this research led to enhanced ethical practice and influence. Such behaviour, spread via a critical mass of authentically spiritual people, is likely to transform organisational cultures for the better (Dehler & Welsh, 1994; Fawcett et al., 2008; Gull & Doh, 2004; Pfeffer, 2003).

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Driving Mechanism of Corporate Social Responsibility in United States and Mainland China

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Abstract

This paper empirically explored the driving factors of corporate social responsibility (CSR) using survey data from USA and China. Based on the results from a Web survey of more than 400 executives from a diversified sample of companies, the influential CSR drivers between USA and China were compared and contrasted. Factor analysis identifies the ranking of CSR drivers for China as (1) ethics/values, (2) performance, (3) international issues/consumers/reputation, (4) barriers, and (5) government/laws in descending importance. The ranking for USA is (1) ethics/values, (2) barriers, (3) performance, (4) government/laws, and (5) consumers/reputation. Furthermore, it was found that China being in a coordinate market economy considers a broader group of stakeholders for CSR than USA being in a liberal market economy. The variables of financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. The variable of religion is not significantly influential in CSR for both China and USA. The above findings can guide executives and managers in developing effective strategies in addressing CSR issues in Western and Eastern companies.

Key Words: Corporate Social Responsibility, Factor Analysis, United States, China

Introduction

Corporate social responsibility (CSR) is one of the most important issues in the 21st century because of financial crises, climate changes, environmental impacts, and ecological imbalance. It has generated much attention in both academics and practitioners. Earlier research discussed whether companies should undertake CSR or what kinds of CSR. In recent years, more and more scholars gradually focus on the relationship between CSR and financial performance or enterprise value. Some scholars found there is a positive relationship between CSR and financial performance, while other scholars found no relationship or a negative relationship. Although there is no determined conclusion regarding the effect of CSR on financial performance, more and more companies including small to medium enterprises (SME) start to undertake CSR. What is the purpose of undertaking CSR when there may be conflict between the economic goal and ethical goal in profit-making organizations? Is CSR a voluntary act, or yielding to pressure, or fulfilling purposes? We are interested in answering the above questions especially in USA and China. This study aims to compare and contrast the key driving factors and their underlying variables for CSR in USA and China.

In general, CSR is a form of organizational behavior, which reflects the contribution of companies to sustainable development and environmental protection. There remains no consensus regarding the definition of CSR even it is highly recognized by scholars and practitioners. The International Organization for Standardization defines social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and environment, which is through transparent and ethical behavior including contributing to sustainable development, meeting

the expectations of stakeholders, obeying applicable law, and being consistent with international norms of behavior (ISO, 2010). Schwartz and Carroll (2003) viewed CSR as the purely or overlapping actions in economics, ethics, and legal to achieve corporate goals. In this paper, we adopt ISO's definition of social responsibility. According to the ISO definition, social responsibility can be classified into the five areas of responsibility for employee, business, environment, governance, and public interest. In terms of culture coverage, we are interested in exploring the CSR practices in USA and China.

Literature review

There are complex factors affecting companies in their fulfillment of CSR, which can be driven by self-interest or strategic motivation. However, purely moral motivation is seldom a strong driving force for CSR (Chunfang, 2009). McKinley (2008) found that the behavior of CSR is driven by legal constraints, government regulation, risk management, industry standards, reputation management, ethical consumerism, non-governmental-organization (NGO) action, pressure of employee and investors, and environmental and social factors. The Economic Commission for Latin American and the Caribbean (ECLAC, 2008) launched an investigation in five countries in 2008, and found that system pressure, company's image, employee satisfaction, competitive advantage, and community commitment are the main drivers for CSR. CSR responsiveness has significant relationship with the following institutional variables – rule of law, labor regulations, benevolence, and egalitarianism (Susan & Mona, 2014). Generally, the behavior of CSR is determined by a leading force. In a perfect monopoly market, economic motivation is the dominant factor that drives companies to fulfill CSR (Fanghui & Ziyuan, 2005).

Empirical studies found that companies have different kinds of motivation in pursuing CSR in different countries or ownerships (Yibo, 2007; Zhilong, 2005).

The Society for Human Resources Management conducted an investigation in different countries in 2006, and found that the primary motivation of CSR is to contribute to society, and the second motivation is to use CSR as a public relation strategy (Yibo, 2007). Zhilong (2005) found that companies with different ownerships have different motivation to fulfill CSR. Foreign-capital enterprises focus on public policies. State-owned enterprises aim to set up positive public image. Private enterprises focus on obtain supports from local government. Different ownership structures of companies and institutional backgrounds seem to affect the behaviors of CSR.

Some scholars study the driving factors of CSR from the perspective of internal and external environment. External system environment as well as the pressure from social, political, legal, natural, and market environment can affect the behavior of CSR (Taisong, 2013; Hond & Bakker, 2007; Mzembe & Meaton, 2014; Hongling, 2006). While the internal factors constitute the fundamental drivers, external driving force can be transformed into enthusiasm for fulfilling CSR (Qinghua, 2011). Wayne & Chad (2015) found that Integrated Value Creation is a methodology for turning the proliferation of societal aspirations and stakeholder expectations into a credible corporate response without undermining the viability of the business. In summary, CSR is affected by both internal motivation and external pressure.

From the above literature review, we can summarize the views of driving factors of CSR as follows: (1) CSR is driven by laws and systems, as well as the pressure from civil societies and environments (Hond & Bakker, 2007; Taisong, 2013; Mzembe & Meaton, 2014); (2) CSR is driven by the goal of increasing profits, enhancing competition ability, motivating employees, and improving company's image (Brekke & Nyborg, 2005; Aya Pastrana & Sriramesh, 2014); (3) CSR is driven not only by internal factors but also by external factors (McKinley, 2008; Chunfang, 2009; Qinghua, 2011); and (4) the differences of driving forces for CSR are due to system and cultural environments (Zhilong, 2005). This research attempts to fill the following knowledge gaps in the current CSR literature. First, the literature suggests many different variables for CSR. Are those variables related in some way that can be elevated into a higher level of extracted concept for description and explanation? This study combines the variables suggested in the literature with new variables for the concept extraction process. Second, through the concept extraction process, the relative importance of variables and concepts can be identified, which can provide further information to verify the research results of the current literature. Third, this study is interested in exploring CSR of organizations in both USA and China reflecting the practices in the western and eastern world. We describe some representative findings in the literature to the research question of the CSR differences between USA and China as well as the derived hypotheses in the remainder of this section.

Hypothesis One. Witt and Stahl (2016) used the exploratory content analysis to investigate the foundations of responsible leadership in Asian and Western culture. They interviewed top-level executives in United States and Hong Kong representing Western culture, as well as Germany, Japan, and Korean representing Asian culture. Though Hong Kong primarily has people of Asian descent, its economy setup is of Western free market. Western culture is generally considered as liberal market economy (LME) that emphasizes company performance measured by market value and investment returns on a short-term basis. Firms in LME handle employees through open labor market relationships that are subject to free hiring,

firing, and uncoordinated collective bargaining. On the other hand, Asian culture is generally considered as coordinated market economy (CME) that is characterized by relatively strong non-market relationships. CME tends to adopt the stakeholder capitalism national model, which has a broader group of constituents including employees, suppliers, customers, and different financial institutions in their decisions and actions. Through verbal and content analysis of their interview results, Witt and Stahl confirmed that CME firms consider more stakeholders than LME during their decision making process. In this paper, we are interested in testing the above difference between LME and CME using a quantitative factor analysis and a large sample from USA and China. We hypothesize that China being a representative of CME has more stakeholder variables in influential CSR drivers than USA being a representative of LME in this empirical study. This paper contributes to the understanding of the importance of stakeholders in CSR drivers between USA and China through a formal quantitative empirical study, which is lacking in the literature.

Hypothesis Two. Kolk et al. (2015) investigated how consumers in China perceive CSR, and whether the perception is different from the Western world. Though their study has data only from China rather than from both USA and China, their result has one relevant finding for this study. It was found that consumers in China view the required CSR (economic and legal responsibility) as more important than the expected CSR (ethical and philanthropic responsibility). In another study, Zhang et al. (2014) found that face, a cultural term in Chinese society, has important influence in interpersonal relationship. Companies' care for social needs can gain favorable social reputation leading to positive consumer perception and expectations of CSR (Wang & Juslin, 2009; Liao & Wang, 2009; Wong & Ahuvia, 1998). The more social responsibilities a company fulfills, the more face, and the higher the company reputation in the marketplace. Based on the above research results, we hypothesize that variables about financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. While there are research results regarding CSR in China in the literature, they are not direct comparison between the two in empirical terms. This study attempts to investigate the above important variables driving CSR in a comparative study between USA and China.

Hypothesis Three. Another CSR variable which is of interest in this paper, which we cannot find research results in the literature, is religious influence. Ghazzawi et al. (2016) carried out a survey regarding faith and job satisfaction. Though the focus of their study is on the influence of Buddhism, Christianity, Hinduism, Islam, and Judaism on job satisfaction, it has some implication on business ethics which can impact CSR. Their results show that Buddhism and Hinduism have a positive effect on job satisfaction while Christianity, Islam, and Judaism do not. This result is contradictory to the common belief that Christianity-related religions have a positive influence on work-related issues because those religions believe in working for God and others out of altruistic love (Ryken, 1986). As the effect of religion on CSR between the Eastern world and Western world is underexplored, we would like to investigate that in this paper. Based on the common belief regarding the work concept of Christianity and the general acceptance of Christianity in USA, we hypothesize that the religion variable impacting CSR drivers is more prominent in USA than in China.

Research model

Based on our hypotheses and the suggestions from the literature, this study identified the following eighteen variables influencing CSR: company image/reputation, competitive advantage, financial performance, risk management, employee satisfaction, leaders' values, stakeholders relationship, sustainable development/environmental protection, ethical/moral commitment, organizational culture, increasing cost, laws and institutions, governments and supervisors, international purchasers, reputation in the labor market/capital market, competitors, consumers and media, and international norms of social responsibility. Please refer to Table 1 (p. 18) for references for the selected variables in this study. The following five variables were introduced into the research model, which have not been studied much in the literature: religious influence, lack of support from business leaders, lack of policy guidance/support from governments, lack of CSR culture, and lack of human resource. The above twenty-three variables are the observable items in the research model in Figure 1 for the concept extraction of CSR. We anticipate that there are variables that promote the CSR (driver), reduce the CSR (barrier), or affect the CSR in either direction (pressure). The point of interest is to compare and contrast how variables can be consolidated into different factors in USA and China, and how important each variable is in each factor.

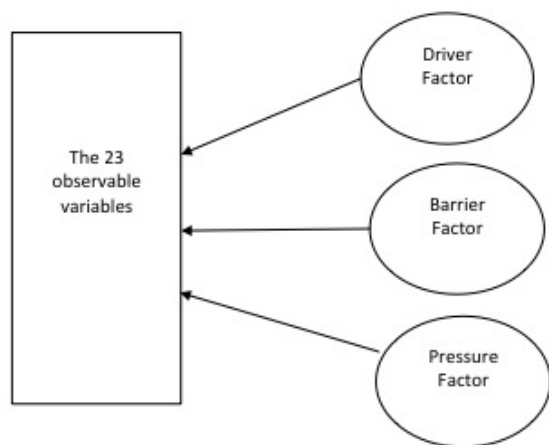


Figure 1. Factors for Corporate Social Responsibility Characteristic

Empirical survey

This research adopted an in-depth interview and survey for investigating CSR. The twenty-three variables in research model were included in the questionnaire. Respondents evaluated the importance of each variable for implementing CSR in their organizations using the Likert scale of 1-5 with 5 being the most important. As the first step, seven experts in the area of CSR, including four professors and three senior managers, were interviewed to discuss the importance of the variables. The interviews provided feedback regarding the coverage, relevancy, accuracy, and understandability of the variables of CSR. In addition, the experts assessed whether the questionnaire design is sufficient to achieve the purpose of the investigation. The results of the interviews preliminarily confirmed the validity and relevancy of the twenty-three variables. Next, a pretest was administered to fifteen senior managers. Based on the results of the pretest, the wording of some variables was modified to enhance their understandability. The final questionnaire consists of the basic information of respondents, basic information of companies, and the importance evaluation of variables determining CSR.

Sample and data

This study selected the middle to senior managers of companies, as well as MBA and Executive MBA students in Mainland China and United States as the sample population. The MBA students are from ten different universities in Mainland China and United States. As MBA and EMBA students generally come from middle to senior management in organizations, they are considered as appropriate sample population for this study. Qualtrics was used to execute the Web survey. To accommodate the language preference of prospective respondents, the questionnaire was in both Chinese and English. An invitation email was sent to the survey population, followed by two email reminders. To motivate survey participation, there was a charity donation of US\$10.00 per completed survey to an organization of the respondent's choice. The survey was held over a period of 40 days, from June to July 2015. The sample population has a total of 2763 people, including 600 people in Mainland China and 2163 people in United States. After two email reminders, a total of 237 surveys from United States, and a total of 228 surveys from Mainland China were returned. The initial response rate is 16.8%. After eliminating incomplete surveys, there were 223 surveys from United States and 180 surveys from Mainland China leading to a total of 403 usable surveys for the final analysis. The usable response rate is 14.5%. The descriptive statistics about the respondents and their companies are shown in Table 2 (p. 19) and Table 3 (p. 20) respectively. The characteristics distribution of the respondents and companies do not cause concerns for the data analysis in this research.

Reliability and validity test

SPSS was used to process the data. The results from reliability statistics, KMO and Barlett's Test are presented in Table 4 (China, p. 20) and Table 5 (USA, p. 20). Cronbach's Alpha coefficient was determined to be 0.908 for China, and 0.868 for USA, which are higher than the generally accepted standard of 0.7. The variables in the survey are considered as highly reliable. To determine whether the variables are suitable for factor analysis, we checked the value of KMO of sampling adequacy. Since the value of KMO 0.823 (China) and 0.806 (USA) are between 0 and 1, the variables are highly suitable for factor analysis. Bartlett's Test also confirms that the data set is highly significant for factor analysis. Validity test includes content validity, discriminant validity, and convergent validity. During the development process of the survey, we incorporated the feedback of experts in the academia and industry to ensure the preliminary validity of the measurement items. Moreover, according to Tables 7 (p. 22) and 9 (p. 24), there is largely no cross loading on the factors (except the variable Risk Management in USA), which shows that the questionnaire has good discriminant validity. Every loading of the items on the associated factors is more than the generally accepted standard of 0.5, which shows that the items have good convergent validity. Therefore, we conclude that the measurement items in the questionnaire have good validity.

Factor analysis results

This study chose the principal component analysis as the analysis method. We performed the analysis for the sample in USA, and separately for the sample in China. We adopted the strict conditions to filter variables in order to get a factor structure with high significance. The variables which passed through filtering must meet all the following conditions: (1) the minimum loading value of each variable on the factor is at least 0.5; (2) the connotation of each variable is very consistent with other variables under the same principal component; and (3) there

Variables	References
Company image or reputation	McKinley & Andrew (2008); ECLAC (2008); Zhilong, T. & Yuanqiong, H. (2005); Aya Pastrana N. & Sriramesh, K. (2014).
Competitive advantage	ECLAC (2008); Brekke, K., A. & Nyborg, N. (2005).
Financial performance	Fanghui, J. & Ziyuan, X. (2005); Wayne, V. & Chad, K. (2015); Brekke, K., A. & Nyborg, N. (2005); Aya Pastrana N. & Sriramesh, K. (2014); Chunfang, Y. (2009).
Risk management	McKinley & Andrew (2008).
Employee satisfaction	McKinley & Andrew (2008); ECLAC (2008); Aya Pastrana N. & Sriramesh, K. (2014).
Leaders' values	Ankur Roy & Vishal (2013); Chunfang, Y. (2009).
Stakeholders relationships	Yibo, R. (2007); Zhilong, T. & Yuanqiong, H. (2005); Wayne, V. & Chad, K. (2015).
Sustainable development and environmental protection	McKinley & Andrew (2008); Aya Pastrana N. & Sriramesh, K. (2014); Hongling, G. (2006).
Ethical or moral commitment	McKinley & Andrew (2008); ECLAC (2008); Susan, L., Y. & Mona, V., M. (2014); Chunfang, Y. (2009).
Organizational culture	Susan, L., Y. & Mona, V., M. (2014); Zhilong, T. & Yuanqiong, H. (2005); Aya Pastrana N. & Sriramesh, K. (2014).
Pressure from laws and institutions	McKinley & Andrew (2008); ECLAC (2008); Susan, L., Y. & Mona, V., M. (2014); Mzembe, A., N. & Meaton, J. (2014); Zhilong, T. & Yuanqiong, H. (2005); Taisong, S., Q. (2013).
Pressure from governments and supervisors	McKinley & Andrew (2008); Zhilong, T. & Yuanqiong, H. (2005); Chunfang, Y. (2009).
Pressure from international purchasers	Ankur Roy & Vishal (2013).
The reputation in the labor market and capital market	McKinley & Andrew (2008); Susan, L., Y. & Mona, V., M. (2014); Mzembe, A., N. & Meaton, J. (2014); Hongling, G. (2006).
Pressure from competitors	Aya Pastrana N. & Sriramesh, K. (2014); ECLAC (2008).
Social pressure from consumers, media, etc.	McKinley & Andrew (2008); Taisong, S., Q. (2013); Wayne, V. & Chad, K. (2015); Mzembe, A., N. & Meaton, J. (2014); Chunfang, Y. (2009).
Religious influence	McKinley & Andrew (2008).
Pressure from international norms of social responsibility	McKinley & Andrew (2008); Mzembe, A., N. & Meaton, J. (2014).
Increasing cost	Haifei, W. & Xiaoxue, C. (2012); Arevalo J., A. & Aravind, D. (2013).
Lack of the support of business leaders	Ankur Roy & Vishal (2013).
Lack of policies guidance and support from governments	Den Hond, F. & De Bakker, F. G. A. (2007); Zhilong, T. & Yuanqiong, H. (2005); Haifei, W. & Xiaoxue, C. (2012).
Lack of corporate social responsibility culture	Haifei, W. & Xiaoxue, C. (2012); Aya Pastrana, N. & Sriramesh, K. (2014).
Lack of human resources	Arevalo J., A. & Aravind, D. (2013); Hong, T. (2006).

Table 1. Variable References

is a low cross loading or no cross loading among the variables. The principal component analysis was carried out using the maximum variance method based on eigenvalues being higher than 1. As a result, the total variance explained and the rotation sums of squared loadings are shown in Table 6 (China) and Table 8 (USA). Table 6 (p. 21) shows the cumulative variance contribution rate of 70.63 percent of all the information content of the first five factors for China. Table 8 (p. 23) shows the cumulative variance contribution rate of 60.91 percent of all the information content of the first five factors for USA. The factors with higher variance contribution rates have higher influence on CSR, which means a stronger driving force for it. Table 7 (p. 22) presents the rotated component matrix for China. Table 9 (p. 24) presents the rotated component matrix for USA. The rotation method is Varimax with Kaiser Normalization. We used 10% variance contribution from an individual factor as the cutoff criterion to include a factor for the final analysis. The next section compares and contrasts the influential factors for CSR drivers in USA and China.

CSR driver differences between USA and China

Table 10 (p. 24) lists the top five factors for CSR drivers in USA and China. A comparison of all the variables that are loaded into the top five factors shows the following: (1) China has 21 variables; (2) USA has 18 variables; (3) China and USA share the same 18 variables; and (4) the three variables that China has

but USA does not have are shareholder relationship, pressure from international purchasers, and pressure from international norms of social responsibility. These three variables are important for CSR in China but not in USA. The top factor is the most influential CSR driver, which USA and China agree on leaders' values, sustainable environmental protection, ethical or moral commitment, and organizational culture. The only disagreement is on whom being the important stakeholder: USA selects employee satisfaction while China selects stakeholder relationship. For simplicity, we label the first factor as "ethics/values." Surprisingly, financial performance is not loaded into the top factor in both USA and China, which may indicate a shift of ideology as the concept of CSR is evolving. In the second factor, China emphasizes on performance while USA emphasizes on barriers. In the third factor, China has international issues, consumers, and reputation; USA has performance issues. In the fourth factor, China has barriers; USA has government and laws. In the fifth factor, China has government and laws; USA has reputation and consumers. Overall, the ranking for USA is (1) ethics/values, (2) barriers, (3) performance, (4) government/laws, and (5) consumers/reputation. The ranking of CSR drivers for China is (1) ethics/values, (2) performance, (3) international issues/consumers/reputation, (4) barriers, and (5) government/laws. The hypotheses in this paper are evaluated as follows.

First, we hypothesize that China being a representative of coordinate market economy (CME) has more stakeholder vari-

Characteristic	Category	China		USA	
		N=180	%	N=223	%
Gender	Male	109	60.56	141	63.23
	Female	71	39.44	82	36.77
Age	Less than 35	119	66.12	98	43.94
	36 to 40	38	21.11	43	19.28
	41 to 45	19	10.56	27	12.11
	46 or over	4	2.23	55	24.66
Education	Doctoral Degree	6	3.33	5	2.29
	Master's Degree	92	51.11	175	80.28
	Bachelor's Degree	77	42.78	38	17.43
	Associate Degree	5	2.78	0	0.00
Major	Economics	20	11.11	6	2.69
	Management	112	62.22	140	62.78
	Engineering	24	13.33	11	4.93
	Science	5	2.78	7	3.14
	Laws	5	2.78	1	0.45
	Other	14	7.79	58	26.02
Job Title	Chairman or CEO	11	6.11	6	2.69
	Vice President	15	8.33	8	3.59
	Director	2	1.11	20	8.97
	Manager or Supervisor	63	35	75	33.63
	Administrator	53	29.44	15	6.73
	Other	36	20	99	44.40
Knowledge of CSR	Very Little	0	0.00	25	11.16
	Little	19	10.56	47	20.98
	Medium	97	53.89	92	41.07
	Much	58	32.22	49	21.88
	Very much	6	3.33	11	4.91
Religious belief	Yes	31	17.22	106	47.32
	No	149	82.78	85	37.95
	Not sure	0	0.00	33	14.73

Table 2. Respondent Characteristics in China and USA

Characteristic	Category	China		USA	
		N=180	%	N=223	%
Number of employees	Less than 300	49	32.03	61	27.35
	300-1000	35	22.88	32	14.35
	1000 or over	69	45.1	130	58.3
Industrial sector	Agriculture, Forestry, Fishing and Hunting	4	2.63	3	1.36
	Mining, Oil and Gas Extraction	16	10.53	4	1.82
	Utilities	7	4.61	10	4.55
	Construction	6	3.95	3	1.36
	Manufacturing	42	27.63	28	12.73
	Wholesale and Retail Trade	8	5.26	11	4.99
	Transportation and Warehousing	4	2.63	5	2.27
	Information	4	2.63	12	5.45
	Finance and Insurance	24	15.79	24	10.91
	Health Care and Social Assistance	1	0.66	25	11.36
	Public Administration	3	1.97	13	5.91
	Real Estate and Rental and Leasing	1	0.66	8	3.64
	Professional, and Technical Services	5	3.29	19	8.64
	Educational Services	7	4.61	20	9.09
	Other	20	13.16	35	15.91
Company ownership	State-owned Enterprises	62	41.06	37	16.74
	Private Enterprises	35	23.18	109	49.32
	Foreign-capital Enterprises	24	15.89	5	2.26
	Mixed-ownership Enterprises	12	7.95	22	9.95
	Other	18	11.92	48	21.72

Table 3. Company Characteristics in China and USA

Cronbach's Alpha (N of Items = 23)			.908
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.823
Bartlett's Test of Sphericity	Approx. Chi-Square		1573.353
	df		253
	Sig.		.000

Table 4. Reliability Statistics, KMO, and Bartlett's Test - China

Cronbach's Alpha (N of Items = 23)			.868
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.806
Bartlett's Test of Sphericity	Approx. Chi-Square		1573.353
	df		253
	Sig.		.000

Table 5. Reliability Statistics, KMO, and Bartlett's Test - USA

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.189	35.605	35.605	8.189	35.605	35.605	3.851	16.744	16.744
2	3.047	13.248	48.853	3.047	13.248	48.853	3.766	16.375	33.119
3	2.103	9.145	57.998	2.103	9.145	57.998	3.129	13.604	46.723
4	1.612	7.009	65.007	1.612	7.009	65.007	2.828	12.297	59.019
5	1.295	5.632	70.639	1.295	5.632	70.639	2.673	11.620	70.639
6	1.083	4.707	75.346						
7	.813	3.535	78.881						
8	.663	2.881	81.762						
9	.587	2.554	84.317						
10	.471	2.049	86.366						
11	.440	1.912	88.278						
12	.415	1.805	90.083						
13	.382	1.659	91.742						
14	.334	1.453	93.195						
15	.281	1.222	94.417						
16	.237	1.029	95.446						
17	.221	.959	96.406						
18	.197	.858	97.264						
19	.154	.668	97.932						
20	.144	.628	98.560						
21	.127	.552	99.112						
22	.120	.520	99.632						
23	.085	.368	100.000						

Extraction Method: Principal Component Analysis

Table 6. Total Variance Explained - China

	Component					
	1	2	3	4	5	6
Company image or reputation	.227	.475	.264	.007	.489	-.400
Competitive advantage	.393	.671	.226	.004	.128	-.055
Financial performance	.179	.835	.008	.001	.088	.253
Risk management	.249	.762	.172	-.025	.234	.089
Employee satisfaction	.505	.517	.264	.166	.127	-.112
Pressure from competitors	.118	.654	.466	.137	-.077	.346
Leader's values	.748	.082	.359	.171	.214	-.231
Stakeholders relationships	.512	.366	.495	.041	.334	-.054
Sustainable development and environmental protection	.867	.195	.136	.159	.076	.037
Ethical or moral commitment	.800	.245	.019	-.022	.049	.351
Organizational culture	.722	.434	.014	-.014	-.086	.314
Pressure from laws and institutions	.107	.206	.197	.177	.845	.070
Pressure from governments and supervisors	.073	.088	.208	.231	.846	-.038
Pressure from international purchasers	.184	-.052	.715	.066	.384	.263
The reputation in the labor market and capital market	.270	.290	.759	.103	-.032	.166
Social pressure from consumers, media, etc.	-.037	.256	.727	.127	.313	-.201
Religious influence	.250	.204	.541	-.048	.214	.471
Pressure from international norms of social responsibility	.110	.231	.169	.136	.002	.782
Increasing cost	-.052	.026	.038	.708	.265	-.389
Lack of the support of business leaders	.072	-.073	-.022	.681	.381	.220
Lack of policies guidance and support from governments	.022	-.173	.324	.741	.029	-.128
Lack of corporate social responsibility culture	.099	.120	.010	.791	.141	.201
Lack of human resources	.272	.351	-.024	.634	-.257	.179
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 8 iterations.						

Table 7. Rotated Component Matrix^a - China

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.179	26.865	26.865	6.179	26.865	26.865	3.848	16.730	16.730
2	3.849	16.736	43.601	3.849	16.736	43.601	3.258	14.163	30.893
3	2.095	9.108	52.709	2.095	9.108	52.709	2.308	10.036	40.929
4	1.486	6.463	59.171	1.486	6.463	59.171	2.299	9.995	50.925
5	1.443	6.276	65.447	1.443	6.276	65.447	2.298	9.990	60.915
6	1.088	4.732	70.179	1.088	4.732	70.179	2.131	9.264	70.179
7	.844	3.671	73.850						
8	.707	3.073	76.922						
9	.632	2.750	79.672						
10	.588	2.558	82.230						
11	.566	2.460	84.690						
12	.474	2.060	86.750						
13	.441	1.916	88.667						
14	.391	1.699	90.366						
15	.382	1.659	92.025						
16	.348	1.515	93.540						
17	.301	1.309	94.849						
18	.269	1.171	96.020						
19	.259	1.124	97.144						
20	.233	1.013	98.157						
21	.187	.814	98.970						
22	.142	.616	99.586						
23	.095	.414	100.000						

Table 8. Total Variance Explained - USA

	Component					
	1	2	3	4	5	6
Company image or reputation	.433	-.244	.362	.253	.190	.228
Competitive advantage	.460	-.138	.191	.189	.481	-.223
Financial performance	.216	.022	.837	-.067	.261	.135
Risk management	.154	.103	.890	.160	.049	.088
Employee satisfaction	.337	.036	.553	.562	.003	-.015
Pressure from competitors	.762	-.043	.245	-.142	-.002	.111
Leader's values	.841	.018	.200	.021	.060	.050
Stakeholders relationships	.566	-.089	.126	.271	.004	.297
Sustainable development and environmental protection	.878	.004	.008	.050	.122	.068
Ethical or moral commitment	.864	-.007	.003	.005	.127	.027
Organizational culture	-.028	.158	.076	.876	.249	.081
Pressure from laws and institutions	.033	.136	.041	.900	.232	.119
Pressure from governments and supervisors	.077	.173	.223	.126	.271	.740
Pressure from international purchasers	.075	.086	.256	.156	.703	.304
The reputation in the labor market and capital market	.084	.311	.283	.056	.656	.260
Social pressure from consumers, media, etc.	.129	.013	-.085	.282	.794	.073
Religious influence	.122	.179	.037	.014	-.043	.741
Pressure from international norms of social responsibility	.161	.178	.023	.086	.366	.692
Increasing cost	-.169	.621	.099	.099	.196	.155
Lack of the support of business leaders	-.111	.830	-.022	-.062	.071	.128
Lack of policies guidance and support from governments	-.057	.723	-.030	.165	.009	.305
Lack of corporate social responsibility culture	.013	.832	.055	.056	.035	.033
Lack of human resources	.123	.789	.017	.071	-.029	-.004

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

Table 9. Rotated Component Matrix^a - USA

	China	USA
Factor 1	<ul style="list-style-type: none"> • Leaders' values • Stakeholder relationship • Sustainable development and environmental protection • Ethical or moral commitment • Organizational culture 	<ul style="list-style-type: none"> • Leaders' values • Employee satisfaction • Sustainable development and environmental protection • Ethical or moral commitment • Organizational culture
Factor 2	<ul style="list-style-type: none"> • Competitive advantage • Financial performance • Risk management • Employee satisfaction • Pressure from competitors 	<ul style="list-style-type: none"> • Increasing cost • Lack of support of business leaders • Lack of policy guidance and support from governments • Lack of corporate social responsibility culture • Lack of human resources
Factor 3	<ul style="list-style-type: none"> • Pressure from international purchasers • Reputation in the labor market and capital market • Social pressure from consumers and media • Pressure from international norms of social responsibility 	<ul style="list-style-type: none"> • Competitive advantage • Financial performance • Risk management
Factor 4	<ul style="list-style-type: none"> • Pressure from international purchasers • Reputation in the labor market and capital market • Social pressure from consumers and media • Pressure from international norms of social responsibility 	<ul style="list-style-type: none"> • Risk management • Pressure from laws and institutions • Pressure from government and supervisors
Factor 5	<ul style="list-style-type: none"> • Pressure from laws and institutions • Pressure from governments and supervisors 	<ul style="list-style-type: none"> • Reputation in the labor market and capital market • Pressure from competitors • Social pressure from consumers and media

Table 10. Variables with Loading > 0.5 for the First Five Components – China and USA

ables in CSR drivers than USA being a representative of liberal market economy (LME). As we review the variables in the first factor, the striking difference is stakeholder relationship in China vs. employee satisfaction in USA. Checking the variables further down the factors, we found that employee satisfaction, being in the first factor of USA, appears in the second factor in China. On the other hand, stakeholder relationship, being in the first factor of China, is absent from all factors in USA. Moreover, the variable pressure from international purchasers was loaded into the third factor in China but is absent from all factors in USA. In summary, whereas China has the three variables stakeholder relationship, employee satisfaction, and pressure from international purchasers in CSR drivers, USA has only employee satisfaction. The above findings support the first hypothesis that China being in a coordinate market environment considers a broader scope of stakeholders for CSR than USA being in a liberal market economy. This finding provides important information to managers and executives as they address CSR issues in USA and China.

Second, we hypothesize that variables about financial performance, image, reputation, consumer, and media have more influence in CSR drivers for China than for USA. For the variable of financial performance, China has it in the second factor whereas USA has it in the third factor. For the variable of reputation in the labor market and capital market, China has it in the third factor whereas USA has it in the fifth factor. For the variable of social pressure from consumers and media, China has it in the third factor whereas USA has it in the fifth factor. The second hypothesis is supported by the above findings in this study. We should point out that both China and USA have the soft issues such as leaders' values, sustainable development and environmental protection, ethical or moral commitment, and organizational culture as the common variables in the most important factor. It is the second, third, fourth, and fifth factor that USA and China diverge.

Third, we hypothesize that religious influence is more prominent in USA than in China. The variable of religious influence is not loaded into the first five factors in both USA and China. It is actually loaded into the sixth factor in both USA and China. The third hypothesis is not supported in this study. The sixth factor in USA has the loaded variables of religious influence, pressure from international purchasers, and pressure from international norms of social responsibility. What common characteristics do these three variables have? One possibility is that they are considered as external influence rather than intrinsic value driving CSR in USA. Is it possible that religion is perceived as an external value to be conformed to rather than an inherent nature of people? In China, the religious influence is a sole variable in the sixth factor, which may be considered as an independent influence, not being understood well enough to be associated with other variables.

A major difference between USA and China, which is not captured in the three hypotheses, is the importance of the barrier factor consisting of increasing cost, lack of support of business leaders, lack of policy guidance and support from governments, lack of corporate social responsibility culture, and lack of human resources. While USA has the barrier factor in the second place, China has it in the fourth place. It seems that USA focuses more on the difficulty and problems of CSR than China. This phenomenon can be due to the practical approach of CSR in USA, which faces the obstacles and addresses the problems early on, in order to identify the solutions. In China, the approach seems to be taking care of as many stakeholders as possible, utilizing CSR to improve financial performance, and

then addressing problems as they occur. See table 10.

Discussion and conclusion

This empirical study compared and contrasted the survey data for CSR drivers from USA and China through the factor analysis. There are similarities but also significant differences between USA and China. The similarities are: (1) how the variables are grouped into factors of drivers, barriers, and pressures as suggested by the research model; (2) the most influential CSR factor being the ethics/values for both USA and China; and (3) religious influence is not significant in driving CSR in both USA and China. The differences are: (1) while USA has employee satisfaction as the most important stakeholder in the top factor, China inclusively considers many stakeholders; (2) financial performance, image, reputation, consumers, media are more important for CSR in China than in USA; and (3) while USA focuses more on barriers, China emphasizes more on the benefits from CSR.

In terms of implications for managing CSR, Eastern societies pay attention to a broad spectrum of stakeholders including customers, employees, purchasers, partners, stockholders, government, and other people who may be affected by CSR. Considering and taking care of more CSR stakeholders will result in requiring more resources and managing higher complexity. For some companies in Eastern societies, the perceived need of taking all stakeholders into consideration may be so overwhelming that they can become stagnant or try to avoid CSR issues. One strategy is to help Eastern companies set priorities and develop staged progress to achieve many goals. As for Western companies, their focusing on CSR barriers has its advantages and disadvantages. While it can lead to early detection of potential problems and identification of solutions, the perceived problems may overshadow the significant tangible and intangible benefits in the future. It then is important to help Western companies to strike for a balanced view as they tackle CSR issues. For multi-nation companies, understanding the different perspectives and approaches in fulfilling CSR can avoid conflict and formulate common goals.

As the literature has limited comparison between USA and China in terms of CSR drivers, the findings in this study filled in the knowledge gap, which can provide guidance to executives and managers to develop strategies to address CSR issues in Western and Eastern societies. There are limitations in this study. First, though China and USA are two major representative economies in the Eastern and Western societies respectively, there are still variations in different societies in terms of culture and business practices. The generalization of the findings in this study into other countries needs to be applied with caution. Second, for future investigation, respondents' characteristics such as gender, education, and age may be incorporated into the research model. Third, similar surveys can be carried out in a longitudinal study every few years, to identify the trends of influential factors in different cultures. Fourth, cause and effect research models can be developed to further understand the CSR phenomenon in different cultures.

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Leadership and Ethical Decision Making among Mauritian Managers

Jennifer Ah-Kion
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Abstract

It is proposed that transformational leadership is likely to be associated with higher ethical decision making, while transactional leadership should be related to lower ethical decision making. However, little empirical research provides support for these claims. Using a structured interview schedule, data from 247 managers was collected from three established higher education institutions in Mauritius. Findings indicate that surprisingly, transformational leadership had a negative impact on ethical judgment and intention of subordinates in relation to ethical issues including bribery, nepotism, padding up of expenses' account and political favouritism, suggesting the possibility of pseudo-transformational leadership or the influence of cultural factors. Likewise, passive and laissez-faire leadership were also negatively related to subordinates' ethical judgment and intention with respect to the same scenarios. Implications for the study to researchers and managers as well as future research directions are discussed.

Key Words: Leadership, ethical decision making, ethical judgement, intention

Introduction

The study of organizational leadership over the past three decades has been largely dominated by new leadership models including charismatic and transformational leadership styles (Avolio & Bass, 1991; Bass, 1985; Conger & Kanungo, 1987; Kouzes & Posner, 2003). Several meta-analytic studies and qualitative reviews (e.g., Judge & Piccolo, 2004; Lowe, Kroeck & Sivasubramaniam, 1996) have successfully demonstrated the powerful effects of transformational leadership styles on critical behavioural and organizational outcomes such as motivation, commitment, performance and job satisfaction (Kirkpatrick & Locke, 1996; Lowe et al., 1996), leadership effectiveness (Groves, 2005), and organizational citizenship behaviours (Podsakoff et al., 1993; Schwepker & Good, 2013). Yet, research has been deficient in exploring attitudes and intentions towards ethical issues in relation to transformational and transactional leadership styles, in particular among managers (Bass, 1990; Brown & Trevino, 2006; Groves & LaRocca, 2011). As highlighted by Bass (1990), there is a "marked paucity of empirical research on managers' attitudes toward corruption and the ethics of their behavior" (p. 146). This dearth of research attention is of considerable concern given the recent spate of well-known scandals involving iconic corporations such as Enron, Arthur Andersen, WorldCom, AIG and Satyam that have threatened the moral fiber of the business sector and society as a result of a general disregard for ethics and integrity by organizational leaders. Clearly, more than ever, the role of leadership is critical in the ethical decision making process which has become more intricate with the unabated complexity of ethical dilemmas (Atakan, Burnaz & Topcu, 2008; Fang, 2006). Furthermore, with the challenge of expanding globalization and cut throat competition leading to ethical conflicts, organizational leaders are confronted with the responsibility of setting ethical standards that govern the behaviours of their subordinates within organizations (Northouse, 2007). Since the opening of this century, Mauritius, a multi-cultural

island state located in the middle of the Indian Ocean, has witnessed its share of stars on the business walk of shame as evidenced by a series of highly publicized fraud scandals involving large corporations and their senior executives

The purpose of this study is to examine the full range of leadership model (Avolio, Bass & Jung, 1999; Bass, 1998) and determine the hypothesized relationships between transformational leadership, transactional leadership respectively, and two aspects of the ethical decision making process, namely ethical judgment and ethical intention of managers. Specifically, the study attempts to shed more light on how perceived leadership styles of organizational leaders impact subordinates' ethical judgment and intention when faced with ethical dilemmas at work.

Literature review

While there are numerous leadership theories this study examines the constructs of one of the most influential models known as the full range of leadership model based on the work of Burns (1978) and Bass (1985) and colleagues (Avolio & Bass, 1991; Bass & Avolio, 2000). It aims at distinguishing between transformational and transactional leadership styles and delineating their relationship to ethical decision making. Whereas transactional leadership focuses on the exchange relationship between leaders and followers based on self-interest, performance-contingency rewards, and corrective measures within a context of economic stability (Bryant, 2003), transformational leadership motivates and inspires followers by emphasizing a collective vision of the future that surpasses the 'status quo' (Gellis, 2001), producing a profound and extraordinary effect on followers who transcend their own self-interests for the good of the organization (Bass, 1985, 1996; Bass & Avolio, 2000; den Hartog, van Muijen & Koopman, 1997). In fact, transformational leadership has emerged as a novel trend rather than a remedy approach (Bass 1990; Bryman, 1992) in response to a rapidly changing and increasingly unstable, competitive business environment in which

leaders face totally new sets of reality of organizational volatility. The most recent model (Avolio & Bass, 2002) comprises of nine subscales measured by a survey instrument known as Multifactor Leadership Questionnaire (MLQ).

Transformational leadership is measured by five subscales. Charisma/idealized influence involves the fashioning of values which inspire and give a sense of purpose in followers (Sarro & Santora, 2001) in order to encourage follower to use their leaders as role models (Muenjohn & Armstrong, 2008; Northouse, 2007). Idealized attributes refer to perceptions of the leader as being confident and focusing on vision, ideals and ethics, while idealized behaviours involve actions related to values and beliefs such as instilling respect and loyalty toward the leader centered on a sense of mission. Inspirational motivation is essentially concerned with leaders heightening motivation, and followers' commitment to the organization's vision (Bass, 1990) by communicating high expectations to followers (Northouse, 2007). Intellectual stimulation is demonstrated by the leader encouraging creativity and acceptance of challenges in followers through rational means of developing new problem solving skills to tackle old problems (Bass, 1985; Deluga, 1988). Leaders who exhibit individualized consideration treat followers as significant individuals to the organization by demonstrating consideration for their needs, coaching and mentoring them in the development of appropriate workplace behaviours (Bass, 1985), and acting as advisors in an attempt to assist them in attaining self-actualization (Northouse, 2007).

Transactional leadership has 4 subscales. Contingent reward is related to achievement of results whereby the leader promotes compliance of followers and motivates them to meet expected performance levels by appealing to their wants through the use of rewards. The 'active' management-by-exception dimension pertains to the leader observing and monitoring performance of followers in cases of deviations from rules and standards such as failures, mistakes and complaints (Harland, Harrison, Jones & Reiter-Palmon, 2005) and correcting them through the use of negative reinforcement and criticism before the behaviour leads to serious consequences (Howell & Avolio, 1992; Judge & Piccolo, 2004). The 'passive' management-by-exception dimension, on the other hand, is concerned essentially with the leader failing to intervene until problems have become serious, rules violated and performance standards unmet (Bass, 1985; Harland et al., 2005; Northouse, 2007). Basically, the rationale of this leadership style is "if it ain't broke, don't fix it" (Bass, 1985). The last dimension is laissez-faire leadership defined as the absolute absence of leadership and indicated by the leader's incapacity to get involved. Northouse (2007) ascertained that laissez-faire leadership is characterized by typical behaviours including avoiding confrontation and keeping personal interactions to a strict minimum. Laissez-faire leadership has been described as a non-transactional leadership type in which the leader avoids making decisions, foregoes responsibility and fails to use authority (Antonakis, Avolio & Sivasubramaniam, 2003).

Even though there is substantial empirical evidence for transformational and transactional leadership (e.g., Avolio, 1999; Bass & Avolio, 2000), some research has found different structures of the model across samples and cultures (e.g., Avolio & Bass, 1997; Avolio et al., 1999; Carless, 1998; Hater & Bass, 1988). While one category of studies have combined the five factors of transformational leadership into one dimension, and contingent reward and management-by-exception (active) into the transactional leadership dimension, and the laissez-faire included management-by-exception (passive) and laissez-faire

(e.g., Boerner, Eisenbeiss & Griessen, 2007; Firestone, 2010; den Hartog et al., 1997; Xirasagar, 2008), a second category has treated the factors of leadership separately, showing the effect of each style alone (e.g., Lowe & Kroeck, 1996; Muenjohn, 2009), and a third category has adopted an approach combining together the five factors of transformational leadership, the three factors of transactional leadership, and laissez-faire remained one factor (e.g., Eagly, Johannesen-Schmidt & Van Engen, 2003; Furtner, Baldegger & Rauthmann, 2013; Vidgoda-Gadot, 2007). Others (e.g., Bycio, Hackett & Allen, 1995) found a two-factor model Active-Passive model whereby all transformational scales combined with contingent reward into one factor.

Leadership styles and ethical decision making

Theoretical leadership literature documents transformational style as a construct that focuses on the moral development of followers (e.g., Burns, 1978) and makes a positive impact on the ethical performance of the organization (Carlson & Perrew, 1995). It has been proposed that transformational leadership is positively related to the moral reasoning levels that are indicative of an individual's moral development in line with Kohlberg's claims (Turner, Barling, Epitropaki, Butcher & Milner, 2002). The organizational literature has also dealt with this relationship (e.g., Dukerich, Nichols, Elm & Vollrath, 1990; Graham, 1995; Kuhnert & Lewis, 1987; Lichtenstein, Smith & Torbert, 1995; Petrick & Quinn, 1997) by creating typologies that relate transformational leadership to cognitive moral development and spirituality. Similarly, Bass (1985) emphasized that transformational leaders are instrumental in elevating their followers' moral character. The most widely associated dimension of transformational leadership with ethics is the charismatic/idealized influence of leaders (Avolio et al., 1999; Bass & Steidlmeier, 1999; Brown, Trevino & Harrison, 2005) known for their demonstration of high moral standards and morally appropriate behavior (Avolio, 1999; Bass & Avolio, 1994; Bass & Reggio, 2006). Howell & Avolio (1992) proposed an ethical component in charisma by suggesting that whereas ethical leaders use their charisma in a socially constructive way to serve others, unethical leaders use it for self-serving ends. Thus, it seems that even if a charismatic style habitually supports ethical leadership, it also has the potential to lead to unethical behaviour. Furthermore, Odom and Green (2003) argued that the transformational leader through the factors of idealized influence and inspirational motivation seeks to be a positive role model and mentor in order to ensure the moral development of the follower in a manner consistent with the highest ethical standards.

However, a review of the empirical research literature on the relationship of transformational leadership and ethical decision making yields only a few studies. One study which comes close to addressing this issue is by Tracey and Hinkin (1994), finding evidence that transformational leaders within a major hotel-management firm possessed high ethical standards. Another study relating transformational leadership to ethical issues is an empirical investigation of one hundred pairs of marketing managers and subordinates from four multinational organizations in India conducted by Banerji and Krishan (2000) who examined the relationship between transformational leadership and the leader's preference for unethical behaviours represented by various scenarios. Findings indicated that inspirational leadership was negatively related to bribery and favouritism, and intellectual stimulation negatively related to bribery. On the other hand, charisma and individualized consideration were not relat-

ed to ethical behaviours. These findings suggest that managers do not perceive ethical issues generically, but respond to them in accordance to the nature of the issue (Fritzsche & Becker, 1983; Weber, 1990). Parry and Proctor-Thomson (2002) while drawing attention to the scarcity of empirical work regarding the relationship between the different leadership styles and integrity and ethics found that perceived leader integrity is most positively correlated with transformational leadership, however, no support was found for a relationship between the charismatic dimension and unethical leadership behavior. In contrast, management-by-exception (both active and passive) are negatively correlated with perceived leader integrity, and laissez-faire leadership is associated with the lowest perceptions of integrity. In a review of previous empirical studies on the antecedents and outcomes of organizational misbehavior, Vardi and Weitz (2004) also found no study that investigated the effects of leadership and organizational misbehaviour. Based on the findings of four surveys, they reported the significant and positive impact of transformational leadership on the incidence and prevalence of integrity violations. Likewise, Brown and Trevino (2006) also acknowledged the lack of empirical research in the area of leadership and ethics and found empirical support from a field study for the positive impact of transformational leadership on organizational integrity and its influence on integrity violations in the workplace. Similarly, in a major research investigating the relationship between the effects of leadership styles on ethics and integrity among the Dutch police force, while findings from Lasthuizen (2008) demonstrated a positive effect of inspirational leadership on favouritism by supervisors, surprisingly, they also showed a negative effect of inspirational leadership on bribing. Results also showed negative direct effects for passive leadership on waste and abuse as well as favouritism by supervisors. In a recent study, Groves and LaRocca (2011) found transformational leadership to be strongly associated with follower attitudes towards socially responsible actions.

Research on the relationship between transformational leadership and ethical behaviour also indicates that transformational leadership creates an organizational climate that is more conducive to ethical behaviour than transactional leadership (Ciulla, 1998). Gini (1998) also concurred that the transformational style of leadership is more likely to result in an ethical resolution to ethical dilemmas. While there is no doubt that transactional leadership can be highly effective in goal achievement based on contingent rewards, its primary focus is on the bottom-line. Consequently, transactional leadership may be more predisposed to amoral management because of its focus on productivity and profit maximization. In a study involving three samples of managers and subordinates from two countries including UK and Canada, Turner et al., (2002) identified a positive relationship between leader cognitive moral reasoning and transformational leadership but not transactional leadership, supporting the plausibility of differences in the impact of leadership styles on moral judgment. These findings are in line with the writings of Kanungo and Mendonca (1996) demonstrating that the influence style associated with transactional leadership is "highly offensive and therefore cannot be considered to be an ethical social influence process" (p. 73). Moreover, Hood (2003) found transformational leaders to exhibit significantly higher levels of morality-based values than both transactional and passive or laissez-faire leaders. On the other hand, other researchers have critically argued that relating transactional leadership to unethical leadership and transformational leadership to ethical leadership is problematic. Conversely, it is argued that transformational and charismatic leaders can be unethical

if they use power wrongly (House & Aditya, 1997) and are motivated by selfishness rather than altruism (Barling et al., 2008; Bass, 1985; Bass, 1998; Howell, 1998; Howell & Avolio, 1992). Authors such as (e.g., Conger, 1990; House & Howell, 1992; Howell & Avolio 1992) have noted the dark side of charisma', while Thomas (2002) has suggested the 'narcissistic' aspect of transformational leadership or the 'shadow side of charisma' (Conger & Kanungo, 1998), especially when the leader has a strong vision and demonstrates absolutist behavior (Giampetro-Meyer, Brown, Browne & Kubasek, 1998). Implicitly, this lack of consideration leads towards self-serving gains, producing unethical behavior in followers (Yukl, 2002). Consequently, researchers have distinguished between socialized (ethical) and personalized (unethical) charismatic leaders (Howell & Avolio 1992), and also between authentic and pseudo-transformational leaders (Bass & Steidlmeier, 1999), suggesting that transformational leadership is not imperatively similar to ethical leadership. However, Price (2003) contends that even when leaders are authentically transformational, they can still "fail ethically" especially when their mistaken behavior outweighs the moral costs of deviating from general moral requirements (p. 74-75). This assumption is supported by Giampetro-Meyer et al., (1998). As mentioned earlier, this was empirically confirmed by Lasthuizen's (2008) findings that inspirational leadership and result-oriented leadership styles proved to be ineffective in the area of ethics and integrity and had no influence on moral acceptability judgment across scenarios involving integrity violations in cases when leaders are inspirational but not ethical, pointing to the existence of a pseudo-transformational leadership, or the assumption that authentic transformational leaders can fail ethically. Similarly, Barling et al., (2008) found that pseudo-transformational leadership is characterised by a combination of transformational behaviours such as low idealized influence and high inspirational motivation. A study by Fitch (2009) reported that public school superintendents in the US who identified themselves as transformational did not respond ethically to the dilemmas most of the time in comparison with those identified as transactional.

Overall examination of the existing empirical research supported by the invaluable insights provided by studies such as (e.g., Lasthuizen, 2008; Parry & Proctor-Thomson, 2002; Turner et al., 2002; Odom & Green, 2003) suggests that it is logical to predict that different aspects of the full range leadership model will be related to different ethical dilemmas in different ways (Banerji & Krishnan, 2000). The following hypotheses are, therefore, posited in this study:

H1a: There is a significant positive relationship between transformational leadership and ethical judgment of subordinates.

H1b: There is a significant positive relationship between transformational leadership and ethical intention of subordinates.

H2a: There is a significant negative relationship between transactional leadership and ethical judgment of subordinates.

H2b: There is a significant negative relationship between transactional leadership and ethical intention of subordinates.

Methodology

Participants

A convenience sample of 247 managers enrolled in part-time business-related fields of study was drawn from three universities in Mauritius with the largest student populations. The

sample constituted 125 males (50.6%) and 122 females (49.4%) with an average age of 29.9 years. Just under half of the sample (42.9%) was employed in the private sector, while an almost equal number of the respondents were working in the public (28.7%) and parastatal sector (28.3%) with an average work experience of 4.5 years. The majority of the respondents, 94.7% were degree holders, (39.7%) represented middle level management.

Measures Used

Ethical judgment and intention

Two dependent variables, ethical judgment and ethical intention were measured by means of six scenarios. The use of scenarios or vignettes in business ethics research is well established in the literature (Erdener, 1996; Knotts, Lopez, & Mesak, 2000), allowing researchers to present concrete decision making situations that approximate real-life situations and standardize the social stimulus across respondents (Alexander & Becker, 1978). The scenario method has also been shown to elicit higher quality data from questionnaires (Hoffman, 1998) and recognized as suitable for ethics research (Hunt & Vitell, 1986). In this study, a series of vignettes portraying different situations of ethical dilemmas were identified from prior ethics literature and research (e.g., Barnett, Bass & Brown, 1996; Beu, Buckley & Harvey, 2003; Sharma & Bhal, 2004). After consultations and discussions with a panel constituting academic members with a psychology background, six scenarios were selected and adapted on the basis of their perceived salience within the local context. Consistent with literature and these studies (e.g., Singh, Vitell, Al-Khatib & Clark, 2007; Singhapakdi, Vitell & Franke, 1999), a single item with a 5-point rating scale of agreement was used to measure ethical judgment and intention respectively by asking respondents to indicate the extent to which they would regard the action described in the scenario as acceptable and the likelihood that they would perform the same action.

The scale for the questions for ethical judgment was worded such that a higher (lower) score indicates that the respondent rates the questionable action in each vignette as more acceptable (more unacceptable) and therefore has lower (higher) ethical judgment. Likewise, the scale for the questions for behavioural intentions suggests that a higher (lower) score indicates that the respondent's intention to engage into the questionable action in each vignette is very high (very low) and therefore has lower (higher) ethical intentions. Consistent with other studies (e.g., James & McManus, 2011; Marta et al., 2008; Singhapakdi, Vitell & Kraft, 1996; Valentine & Godkin, 2009), the scores was reversed before the analyses, so that a higher (lower) score indicates that the respondent rates the questionable action in each vignette as more unacceptable (more acceptable) and therefore, can be interpreted as higher (lower) ethical judgment and higher (lower) ethical intention. An example of vignette used in the study is given in Figure 1 (p. 31).

Multifactor leadership questionnaire

This study used the Multifactor Leadership Questionnaire-5X short form (MLQ-5X) developed by Bass and Avolio (1995) to measure followers' perceptions in regard to transformational and transactional leadership styles of their superiors. Transformational leadership consists of 20 items categorized in 5 subscales (Intellectual stimulation, Inspirational motivation, Behavioural Idealized influence, Attributed Idealized Influence, Individualized consideration). Transactional leadership consists of 12 items grouped in 4 subscales (Contingent reward,

a. A marketing executive in your company is showing very good results. He is the only one to meet the given monthly sales targets. His work involves entertaining clients. His manager comes to know that he has been padding/increasing ('gonfler') his entertainment allowance bills by claiming more than he is spending. However, he does not fire him because of his good performance. How would you rate the marketing executive's action?				
Strongly unacceptable	Unacceptable	Neutral	Acceptable	Strongly Acceptable
b. If you were the marketing executive, what is the probability that you would pad your entertainment allowance bills?				
Very high	High	Neither high nor low	Low	Very low

Figure 1. Example of Vignette Used

Active Management-by-exception, Passive Management-by-exception, Laissez faire leadership). Each subscale contains 4 items. Sample items of the scale are my superior "Provides me with assistance in exchange for my effort", "Goes beyond self-interest for the good of the group", "Fails to interfere until problems become serious", and "Is absent when I need." Respondents were requested to rate how frequently each statement fits the leadership style of their superior based on their perceptions.

The scale measures 36 items related to leadership styles rated by a Likert-type scale ranging from 0 'not at all' to 4 'frequently, if not always'. Consistent with the approach adopted by Brown and Trevino (2002), the response format of the scale was modified to the format of 1 to 5, that is, 1 'not at all', 2 'once in a while', 3 'sometimes, 4, fairly often, and 5 'frequently, if not always'.

An exploratory factor analysis of the 36 items revealed three extracted factors. The three-factor solution with eigen values of 1.00 explains 48.7 per cent of the total variance of the data. The KMO was high at 0.925, and the Barlett's sphericity test was significant. The first factor loaded significantly on twenty-two items, explaining 27.18 percent of variance. Eighteen items were from the 4 dimensions of transformational leadership with four items each from idealized influence - behaviour, inspirational motivation, and intellectual stimulation; three items each from the idealized influence - attributed charisma, and individual consideration subscales. The remaining 4 items were from the transactional leadership style's contingent reward subscale. In this study, the four components of transformational leadership and the one component of contingent reward merged together. This factor was similar to that of Avolio et al., (1999), Bass (1985), Bycio et al., 1995; and Xirasagar (2008). Factor 1 was named transformational leadership. The second factor loaded significantly on seven items, accounting for 13.70 percent of total variance. Four items from the laissez faire subscale and three items from management by exception - passive subscale were retained after dropping one item that has a value of 0.278 in the column labelled 'Corrected Total- Item Correlation' which was below the threshold of 0.30. This factor is consistent with that of (e.g., Den Hartog et al., 1997 and Xisaragar, 2008). It was named 'Passive/Laissez-Faire leadership'. All four items from the 'Management by Exception - Active' loaded significantly on the third factor accounting for 7.82 percent of the total variance. It was therefore named 'Active Transactional leadership' in accordance with (e.g., Xisaragar, 2008).

Mean values obtained for the factors obtained in this study are generally consistent with means reported in previous studies (e.g., Banerji & Krishnan, 2000). Cronbach co-efficient alpha was 0.95 for Transformational leadership, 0.86 for 'Passive/Laissez-Faire leadership' and 0.62 for 'Active Transactional leadership'. The reliability values were consistent with those reported in

Item No.	Items *	Factor		
		1	2	3
1		.529		
2		.461		
8		.473		
9		.496		
10		.710		
11		.670		
13		.522		
14		.540		
15		.643		
16		.719		
18		.664		
21		.707		
23		.591		
25		.477		.472
26		.674		
29		.564		
30		.694		
31		.803		
32		.752		
34		.626		
35		.771		
36		.738		
3			.661	
5			.743	
7			.742	
12			.798	
20			.754	
28			.697	
33			.599	
4				.707
22				.516
24				.686
27				.539
Mean		3.186	2.287	3.268
Standard Deviation		0.845	0.959	0.765
Eigen Value		12.165	3.123	1.757
Percentage Variance Explained		27.180	13.701	7.820
Cronbach's Alpha		0.95	0.86	0.62

*Items were not included in the table due to copyright restrictions
Factor 1: Transformational Leadership; Factor 2: Passive/Laissez-Faire Leadership;
Factor 3: Active Transactional Leadership
Extraction method: Principal Component Analysis
Rotation method: Varimax with Kaiser Normalisation
Rotation converged in 5 iterations.

Table 1. Factor Structure and Scale characteristics – Multifactor Leadership Questionnaire (MLQ)

EDM Stages	Ethical judgment						Ethical Intention					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Transformational Leadership	-0.076	-0.064	-0.027	-0.093	.038	.013	-.129*	-.153*	-.081	-.023	.075	-.007
Active Transactional Leadership	-.025	.016	.003	.075	.068	.043	-.060	-.072	-.065	.058	.094	.050
Passive/Laissez-Faire Leadership	-.094	-.201**	-.030	-0.075	-.098	-.060	-.134*	-.031	-.097	-.125*	-.103	-.025
Mean	3.6235	4.1382	3.247	3.8866	3.6559	3.2915	3.6316	3.8381	3.6721	3.9312	3.1174	3.247
Standard Deviation	1.00806	0.87901	0.9668	0.98118	1.0962	0.96063	1.15377	1.07356	1.06389	1.03167	1.17147	1.17897

Correlation is significant at the level 0.05 (2-tailed) ** Correlation is significant at the level 0.01 (2-tailed), EDM: Ethical Decision Making
 Scenario 1: Bribery, Scenario 2: Nepotism, Scenario 3: Padding up expenses' account, Scenario 4: Political favoritism, Scenario 5: Accounting tricks (Ethical Judgment), Peer reporting of Accounting Tricks (Ethical Intention), Scenario 6: Software Piracy

Table 2. Mean, Standard Deviation and Correlations

	Scenario 1			Scenario 2			Scenario 3			Scenario 4			Scenario 5			Scenario 6		
	SE	β	Sig t	SE	β	Sig t	SE	β	Sig t	SE	β	Sig t	SE	β	Sig t	SE	β	Sig t
Dependent Variable: Ethical judgment																		
<i>Independent Variables</i>																		
Transformational Leadership	.086	-.158	.029	.073	-.210	.003	.083	-.054	.461	.084	-.169	.020	.088	.012	.866	.083	-.021	.773
Passive/Laissez-Faire Leadership	.076	-.170	.019	.065	-.303	.000	.074	-.056	.446	.074	-.056	.032	.077	-.103	.156	.073	-.070	.335
Constant	.393		.000	.335		.000	.382		.000	.383		.000	.401		.000	.379		.000
Model Summary	R ² (F)=.028 (3.52*)			R ² (F)=.075(9.78**)			R ² (F)=.003 (.381)			R ² (F)=.027 (3.43*)			R ² (F)=.010 (1.19)			R ² (F)=.004 (.486)		
Dependent Variable: Ethical Intention																		
<i>Independent Variables</i>																		
Transformational Leadership	.096	-.253	.000	.091	-.219	.003	.091	-.167	.021	.088	-.108	.135	.101	.033	.654	.102	-.025	.728
Passive/Laissez-Faire Leadership	.085	-.256	.000	.080	-.136	.000	.080	-.177	.014	.080	-.136	.000	.089	-.087	.231	.090	-.037	.611
Constant	.441		.000	.417		.000	.414		.000	.403		.000	.461		.000	.466		.000
Model Summary	R ² (F)=.067 (8.78**)			R ² (F)=.038 (4.77*)			R ² (F)=.031 (3.87*)			R ² (F)=.025 (3.08*)			R ² (F)=.011 (1.409)			R ² (F)=.001 (1.36)		

*p < .05 ** p < .001

Table 3. Regression Results for Ethical Judgment and Ethical Intention

other studies (e.g., between 0.63 and 0.92 in Bass, 1985; Avolio & Bass, 1999). Estimates of internal consistency were, thus, above 0.70 for the transformational leadership and passive/laissez-faire leadership measures but slightly lower for the active transactional leadership subscale. Inter-correlations between the subscales ranged between .056 and .482. Consistent with previous studies (Avolio et al., 1999; Bass & Avolio, 1990, 1993), transformational leadership correlated negatively with passive/laissez-faire leadership (-.482) but positively with active transactional leadership (.411) and passive/laissez-faire leadership correlated negatively with active transactional leadership (-.056). There was no evidence of a multicollinearity problem as indicated by the VIF value being less than 5 and the tolerance value less than 0.1.

Analysis

Descriptive analysis

Table 2 displays the descriptive statistics and correlations of the study's variables. Ethical judgment mean scores for the six

scenarios indicate that responses on scenario 3 (padding up of expenses' account) yielded the lowest mean score (M = 3.25, p < .05), indicating that respondents perceived this action as more ethically acceptable, while responses on scenario 2 (nepotism) yield the highest mean score (M = 4.14, p < .05), indicating that more respondents perceived this action as less ethically acceptable. When it came to ethical intention, responses revealed lowest mean score (M = 3.12, p < .05) on scenario 5 (peer reporting on accounting tricks), indicating that respondents had lowest ethical intention to report their peers, and highest mean score (M = 3.93, p < .05), that is, highest ethical intention on scenario 4 (political favouritism).

Correlation results surprisingly indicate that transformational leadership was negatively associated only with ethical intention in scenario 1 (bribery) and 2 (nepotism), suggesting that managers who perceived their superiors as transformational leaders were significantly more likely to engage in such questionable actions. Consistent with research, passive/laissez-faire leadership was negatively associated with ethical judgment in scenario 2 (nepotism), and also with ethical intention in scenar-

io 1 (bribery) and scenario 4 (political favouritism). However, the correlation analysis showed no significant relationship between active transactional leadership and ethical judgment and intention in any of the six scenarios. Also notable is the significantly strong positive correlation between active transactional leadership and transformational leadership ($r = .411, p < 0.001$). Even if it is still possible to obtain a least-squares estimate of the regression coefficients, interpretation of the coefficients may be problematic (Singhapakdi & Vitell, 1990). Therefore, in line with the approach adopted by Singhapakdi and Vitell (1990), active transactional leadership was not included in the testing of hypotheses due to its failure to significantly correlate with ethical judgment and intention in any of the six scenarios, and also to avoid a potential multicollinearity problem between active transactional leadership and transformational leadership.

Hypothesis testing

Table 3 illustrates an overall model of multiple regression of Mauritian managers, indicating the impact of transformational and transactional leadership on ethical judgment and intention for all six scenarios. Several assumptions must be met in order to interpret and generalize the results of hierarchical multiple linear regression accurately. An initial assumption is that all predictors must be measured on a continuous scale such as interval or ratio or categorical scale (e.g., gender). In this study, all variables except for two categorical variables (gender and locus of control) were measured using a 5-point scale which has been generally treated as interval. The most important assumptions include ratio of cases to independent variables (sample size), normality, linearity, homoscedasticity, multicollinearity, singularity and independent errors. The ratio of cases to variables was 20:1 which is considered to be appropriate for hierarchical regression analysis. All the scatterplots revealed no failure of normality, no obvious evidence for curved shape in the relationship between criterion and outcome variables showing linearity, and also no obvious signs of the existence of heteroscedasticity as variances are equal. One initial way of identifying multicollinearity is to check if any of the predictor variables correlates above .90. This is clearly indicated by collinearity diagnostics in the form of Variance Inflation Factor (VIF) and Tolerance Value. VIF indicates whether a predictor has a strong linear relationship with other predictors. It is accepted that anything higher than the maximum acceptable VIF value of 5 would indicate a problem with multicollinearity. As for the Tolerance Value, it is the reciprocal of VIF ($1/\text{VIF}$). Values below 0.1 indicate a problem of multicollinearity.

Results for this study showed that there are no strong correlations of .90 or above among the predictors in this study. Also the VIF values for all predictors are less than 5, ranging between 1.085 and 3.116 and the range of Tolerance values is between .321 and .921. Thus, multicollinearity did not exist within the data.

Ethical judgment

Table 3 (p. 33) shows that this model accounts for 3% to 8% variance in ethical judgment in scenario 1 (bribery) and scenario 4 (political favouritism) ($p < .05$), and scenario 2 (nepotism) ($p < .001$). The model was significant for transformational leadership in scenario 1, 2, and 4 ($p < .05$), and for passive/laissez-faire leadership in scenario 1 and 4 ($p < .05$), and scenario 2 ($p < .01$).

H1a predicted that there is a significant positive relationship between transformational leadership and ethical judgment. The values of the standardized regression coefficient β depicted in

table 4.17 indicate that transformational leadership had a significant negative relationship with ethical judgment in scenario 1 (bribery) [$\beta = -.158, p < .05$], scenario 2 (nepotism) [$\beta = -.210, p < .05$], and scenario 4 (political favouritism) [$\beta = -.169, p < .05$], as opposed to the hypothesised relationship. H1 was therefore unsupported.

H2a predicted that there is a significant negative relationship between transactional leadership and ethical judgment. A look at the values of the standardized regression coefficient β depicted in table 4.18, indicates that passive/laissez-faire leadership had a significant negative relationship to ethical judgment in scenario 1 (bribery) [$\beta = -.170, p < .05$], scenario 2 (nepotism) [$\beta = -.303, p < .001$], and scenario 4 (political favouritism) [$\beta = -.156, p < .05$]. Thus, there was some support for H2a.

Ethical intention

Table 3 (p. 33) shows that this model accounts for 3% to 7% variance in ethical intention in scenario 1 (bribery) ($p < .001$), and scenario 2 (nepotism), scenario 3 (padding up of expenses' account) ($p < .005$), and scenario 4 (political favouritism) ($p < .05$). The model was significant for transformational leadership in scenario 1 ($p < .01$), scenario 2 and 3 ($p < .05$), and for passive/laissez-faire leadership in scenario 1 ($p < .001$) and scenario 3 and 4 ($p < .05$).

H1b predicted that there is a significant positive relationship between transformational leadership and ethical intention. The values of the standardized regression coefficient β depicted in Table 4.17 indicate that transformational leadership had a significant negative relationship with ethical intention in scenario 1 (bribery) [$\beta = -.253, p < .001$], scenario 2 (Nepotism) [$\beta = -.219, p < .05$], and scenario 3 (padding up of expenses' account) [$\beta = -.167, p < .05$], as opposed to the hypothesised relationship. H1b was therefore unsupported.

H2b predicted that there is a significant negative relationship between transactional leadership and ethical intention. A look at the values of the standardized regression coefficient β depicted in table 4.18, indicates that passive/laissez-faire leadership had a significant negative relationship to ethical intention in scenario 1 (bribery) [$\beta = -.256, p < .001$], scenario 3 (nepotism) [$\beta = -.177, p < .05$], and scenario 4 (political favouritism) [$\beta = -.177, p < .05$]. Thus, there was some support for H2b.

Discussion

Factor analysis results revealed three factors namely transformational leadership, active transactional leadership, and passive/laissez-faire leadership. Findings for transformational leadership based on a combination of the four transformational dimensions and the contingent reward dimension were consistent with those by Bass (1985), Bycio, Hackett & Allen (1995) and Xirasagar (2008). As reported by Bass (1997) and reiterated by Avolio et al., (1999), "one consistent problem raised by many authors using the MLQ survey was whether the components of transformational leadership should be considered independent of contingent reward leadership, and/or whether contingent reward should be viewed as a separate factor" (p. 443). Findings for both active transactional leadership and passive/laissez-faire leadership were somewhat consistent with results of (e.g., Alsayed et al., 2012; Avolio et al., 1999; Carless, 1998; Den Hartog et al., 1997; Tracey & Hinkin, 1998; Xirasagar, 2008). It appears that Mauritian managers did not distinguish between passive and laissez-faire leadership (Hinkin & Schriesheim, 2008).

Active transactional leadership was the strongest predictor

($M = 3.2682$, $SD = .76454$), followed closely by transformational leadership ($M = 3.1859$, $SD = .84547$) and passive/laissez-faire leadership ($M = 2.2869$, $SD = .959198$). This implied that more respondents perceived their superior using an active leadership style that focused primarily on monitoring the task execution and correcting problems with the ultimate purpose of maintaining the status-quo. Overall, our data provides evidence for the three-factor model that has received considerable empirical support.

However, as mentioned earlier, active transactional leadership style was excluded from the regression analysis due to its non-significant correlation with ethical judgment and intention in all four scenarios. The finding concerning this lack of significant association between active transactional leadership and ethical judgment and intention is in contradiction to results by (e.g., Parry & Proctor-Thomson, 2002; Atwater, Dionne, Camobreco, Avolio & Lau, 1998). Notwithstanding, it provided support to findings by Turner et al., (2002) that evidenced no relationship between transactional leadership and cognitive moral reasoning, and by Lasthuizen (2008) that also found result-oriented leadership (active transactional leadership) to have no impact on ethical acceptability judgment of integrity violations.

Two hypotheses (H1a and H1b) predicted that transformational relationship would have a positive effect on ethical judgment and intention. Findings demonstrate transformational leadership to have significant effects on ethical judgment in scenario 1 (bribery), scenario 2 (nepotism) and scenario 4 (political favouritism), and on ethical intention in scenario 1 (bribery), scenario 2 (nepotism) and scenario 3 (padding up of expenses' account). However, most remarkably and surprisingly, findings indicate a significant negative impact, that is, the more the leadership is transformational, the less likely the employees perceive actions related to these scenarios as ethically unacceptable. These findings are contradictory with results of (e.g., Banerji & Krishnan, 2000; Groves & LaRocca, 2011; Parry & Proctor-Thomson, 2002). However, they were in concert with results of Lasthuizen (2008) that also found inspirational leadership to have a negative effect on the incidence and prevalence of integrity violations with regards to corruption/bribing. Moreover Banerji and Krishnan (2000) found inspirational leadership and intellectual stimulation of supervisors to be negatively related to subordinates' bribery and favouritism. In fact, their study indicated that results for some unethical actions such as lying and personal gain showed a positive relationship with some of the components of transformational leadership.

The findings regarding the negative relationship between transformational leadership and ethical judgment and intention for bribery could be potentially explained by the consequences of not bribing which involves loss of revenue, and is detrimental to the vision and goals of the leader and the organization (Lund, 2000), hence, leading managers in this study to be more inclined to make unethical decisions. For many managers, bribery is viewed as the only way of doing business and ensuring financial viability given its justifiability on the basis of prevailing norms to the extent of being culturally condoned by authorities at the highest level. In fact, Napal (2006) found bribery to be a culturally accepted practice among managers in Mauritius. In this context, they may hold the perception that bribery is implicitly supported by direct supervisors or top management (Powpoka, 2002), even if the latter demonstrate a transformational leadership style.

Likewise, findings for nepotism and political favouritism indicate evidence of the strong predominance of cultural norms

over transformational leadership styles, significantly influencing ethical judgment and intention of Mauritian managers. The practice of soliciting external political influence or favouring a relative over a long-term employee for a job is known to be prevalent in smaller communities and is often condoned on the basis of prevailing norms although it is usually evaluated as a corrupt practice by larger and developed societies. In a study involving Mauritian managers, Napal (2005) found strong evidence of the relativistic and culturally driven dimensions of political favouritism and of its cultural acceptability as a predictor of ethical judgment. Hence, despite the transformational leadership style of the superior, Mauritian managers appear to have a strong reliance on cultural norms with respect to their judgment and intentions toward such unethical practices (Thorne & Bartholomew-Sanders, 2002).

Findings for the negative relationship regarding padding up of expenses' account could be attributed to the lack of systematic auditing expenses in smaller organizations in Mauritius leading to abuses of expenses, particularly when senior management turns a blind eye on such unethical action and covers up for the inflated expenses' bill on the basis of high performance.

Another possible explanation for the negative relationship between transformational leadership and the aforementioned unethical actions is that a transformational leader even when perceived as possessing vision and charisma in enthusing followers or subordinates may not necessarily be regarded as a person of ethical disposition directing followers towards ethical goals. The leaders' interactions and actions may not match their perceptions, leading subordinates to emulate the leader's unethical behaviour and move away from the trajectory of ethics (Banerji & Krishnan, 2000; Parry & Proctor-Thomson, 2002). In such cases, transformational leadership seems to have a negative or no influence on ethical judgment and intention (Lasthuizen, 2008). Indeed, this notion of vision and appeal in transformational leadership is the very factor that can contribute to its potential to be unethical (e.g., Bass & Steidlmeier, 1999; Conger, 1990; Howell & Avolio, 1992). As mentioned earlier, this alludes to the 'dark side of charisma' (Conger, 1990; Hogan et al., 1990; House & Howell, 1992; Kets de Vries & Miller, 1985; Yukl, 1989) or the 'shadow side of charisma' (Conger & Kanungo, 1998), which causes transformational leaders to become overly narcissistic and self-centered especially when their vision is overly strong, demonstrating absolutist behaviour (Giampetro et al., 1998), and leading to unethical behaviour of followers. Such leaders are labelled as 'pseudo-transformational' leaders (Bass & Steidlmeier, 1999). According to Howell and Avolio (1992), the differentiating factor between the ethical and the unethical charismatic leadership style is the intent behind the style. Given the patriarchal nature of the society in Mauritius, it is logical to assume that the vision is unilaterally set by top management in many organizations, which may, in turn, direct subordinates toward questionable goals.

The other argument supports the suggestion by Giampetro et al., (1998) and Price (2003) that even authentic transformational leaders can also fail ethically, particularly when they mistakenly justify their behaviour on the assumption that the good is achieved for the organization even when it clearly outweighs the moral costs of deviating from the normative ethical requirements.

Additionally, respondents did not distinguish between the different dimensions of transformational leadership in describing their superiors' leadership style. According to Bass and Avolio (1995, 2000, 2004), while 'charisma' includes a desire to identify with the leader and 'inspirational' leadership may

not, the same leaders frequently appear to score high on both. Therefore, leaders who are perceived as models in providing vision and purpose may or may not inspire motivation toward ethical conduct in their subordinates, depending on whether or not the leader is seen as demonstrating absolutist, self-centered behaviour and lacking in consideration. Hence, the results of this study do not offer theoretical or empirical support for the claim that “transformational leadership is viewed as the best approach for instilling ethical behaviour in organisations” (Carlson & Perrewe, 1995, p. 5), leading to the rejection of the hypotheses in regards to the relationship between transformational leadership and ethical judgment and intention.

Two hypotheses (H2a and H2b) predicted that transactional leadership style would have a negative effect on ethical judgment and intention. Findings demonstrate passive/laissez-faire leadership to be significantly and negatively related to ethical judgment in scenario 1 (bribery), scenario 2 (nepotism) and scenario 4 (political favouritism). When it came to intention, passive/laissez-faire leadership impacted significantly and negatively on scenario 1 (bribery), scenario 3 (padding of expenses) and scenario 4 (political favouritism). To date, the passive/laissez faire leadership dimension and its impact on ethical decision making has received very little empirical examination. However, these results provide evidence of a negative relationship between the passive/laissez-faire leadership style and ethical values and judgment as demonstrated by findings of Hood (2003) and Lasthuizen (2008). For instance, Hood (2003) found passive or laissez-faire leaders to exhibit significantly lower levels of morality-based values, while Lasthuizen (2008) reported the negative influence of passive leadership on waste and abuse. The results of this study, therefore, offer much needed empirical support for the impact of the passive/laissez-faire leadership style on ethical decision making. The passive/laissez-faire leadership is operationalized essentially as a non-response by managers to situations that merit attention (Hinkin & Schriesheim, 2008). It is typically used by managers who are appointed on the basis of their social, family, business and political affiliations (Iwata, 2004). Certainly, this is often the case across all sectors in Mauritius, albeit more prominent within the public and para-statal sector. Such managers may not be motivated to take responsibility to change the status quo for the sake of maintaining conformity and compliance to their mandates. In turn, this inaction may have prompted intentions among subordinates to engage not only in unethical practices such as bribery and padding up of expenses’ account that are perceived as opportunities for monetary gain with minimal risk of sanctions vis-a-vis a passive/laissez-faire leadership style, but also in nepotism and political favouritism which involve opportunities for career advancement. To the best of the author’s knowledge, this study is the first in Mauritius to investigate the relationship between transformational and transactional leadership and ethical judgment and intention. One of the major contributions of this research is providing insight and new evidence to the ethical decision making literature and its relationship to transformational and transactional leadership of organizational leaders in an emerging multi-cultural island economy that could also be used for future research in other developing countries or small state islands sharing similar characteristics to Mauritius. The unexpected results regarding the negative relationship between transformational leadership and ethical decision making

specifically confirms the fact that problems arise when leaders are seen as charismatic or inspirational but not ethical. They also suggest the potential influence of cultural factors on judgments and intentions of Mauritian managers to ethical violations including bribery, nepotism, padding up of expenses and political favouritism. Additionally, this study has been instrumental in providing more explicit empirical support for the negative relationship between passive/laissez-faire leadership and ethical decision making that has been previously lacking.

Limitations and directions for future research

The sampling frame for this study was drawn from a list of managers studying at three tertiary institutions in Mauritius. While they are practicing managers from different functional areas of the organization and sectors of the economy, it cannot be assumed that they are part of an exhaustive list of managers. However, attitudes and behaviours observed in this study may represent useful avenues for future research. Though efforts such as ensuring anonymity and explaining the importance of responding accurately and honestly prior to the distribution of the questionnaires were used to reduce the impact of the social desirability bias, respondents may still fall prey to providing socially desirable responses rather than being perceived to be politically wrong. However, the use of scenarios in ethics research has been well supported and is deemed suitable for the purposes of this study. It should be noted that unreliability of responses may also lead to inability to accurately measure actual moral behavior (Rest, Thoma & Edwards, 1997; Rest, Narvaez, Thoma & Bebeau, 1999) and behavioural intentions may, therefore, not be indicative of Mauritian managers’ actual ethical decisions.

The finding on the undesirable side effects of leadership in the area of ethical decision making highlights the critical need to test this leadership model using other samples of managers in Mauritian organizations. ‘Pseudo-transformational leadership’ (Bass & Steidlmeier, 1999) or the failure of ‘authentic’ transformational leadership (Giampetro et al., 1998; Price, 2003) therefore warrants further research in relation to unethical leadership, for example, using in-depth qualitative case study analysis to probe further into ways in which a number of managers can demonstrate transformational leadership and yet still be viewed by subordinates as unethical (Parry & Proctor-Thomson, 2002). Future research is also needed to determine the moderating or intervening variables that could potentially contribute to the negative relationship between transformational leadership and ethical judgment and intention. As suggested by Trevino et al., (2000), it might be hypothesised that inspirational or transformational leaders have double standards scoring low in the area of the moral person but high in that of the moral manager. Nash (1993) contends that most leaders have good intentions, but unethical behaviors often arise as a result of moral rationalization. Odom and Green (2003) suggest that in order to ensure that good intentions lead to ethical behavior, organizations must first have the kind of ethical leadership that is capable of identifying ethical issues when they arise, utilizing an ethical decision making process for resolving ethical issues and more importantly, having the courage to make the ethical decision. Finally, future research should also consider exploring the effects of cultural factors on ethical decisions with respect to different ethical issues.

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