
Attitudes towards business ethics: a cross-cultural comparison of students in Iran and Malaysia

Mehran Nejati*

School of Management,
Universiti Sains Malaysia (USM),
Penang, Malaysia
E-mail: Mehran.nejati@gmail.com
*Corresponding author

Azlan Amran

Graduate School of Business,
Universiti Sains Malaysia (USM),
Penang, Malaysia
E-mail: azlan_amran@usm.my

Amirul Shah Md. Shahbudin

School of Management,
Universiti Sains Malaysia (USM),
Penang, Malaysia
E-mail: amirulshah@usm.my

Abstract: Study about the business ethical attitude would help to understand the specific behavioural practices of a country, resulting in minimising the cost of doing business in that country through avoiding misunderstanding and conflicts. With the rapid globalisation of companies around the world, such studies on business ethical attitude would definitely help to understand the cultural differences across nations. This knowledge will help in reducing misunderstandings, aiding negotiations, and building trust and respect. Therefore, this study seeks to continue the investigation of cross-cultural differences in attitudes towards business ethics by comparing samples from Iran and Malaysia ($n_1 = 120$, $n_2 = 100$).

Keywords: cross-cultural studies; business ethics; attitude; students; Iran; Malaysia.

Reference to this paper should be made as follows: Nejati, M., Amran, A. and Md. Shahbudin, A.S. (2011) 'Attitudes towards business ethics: a cross-cultural comparison of students in Iran and Malaysia', *Int. J. Business Governance and Ethics*, Vol. 6, No. 1, pp.68–82.

Biographical notes: Mehran Nejati is a PhD student in School of Management, Universiti Sains Malaysia (USM). His main areas of interest include corporate social responsibility, sustainability and ethics. He has published several papers in International peer-reviewed journals as well as International conference proceedings. He is currently a recipient of vice-chancellor award in USM.

Azlan Amran is a Senior Lecturer at Graduate School of Business, Universiti Sains Malaysia (USM). His research interest is in corporate social responsibility, sustainability and corporate governance. He has been a member of journal editorial board for several international journals and has published papers in International peer-reviewed journals.

Amirul Shah Md. Shahbudin is a Senior Lecturer in School of Management, Universiti Sains Malaysia (USM). He is currently the chairman for the accounting section of the school.

1 Introduction

With an interest in the effects of national culture over ethical behaviours and values, a comparison of two or more national cultures offers a great insight. While research has indicated that there may be some commonly shared ethical values across cultures, there are also many differences across national cultures regarding ethical beliefs and practices (Buller et al., 2000).

Almost every aspect of business operations and activities including its ethical aspects is influenced by culture. There is increasing evidence that indicates that national cultures may differ influencing the view of looking at business ethics (Buller et al., 2000). Therefore, the attitude towards business ethics may be different between two nations. Considering the fact that attitudes towards business ethics may vary extensively even within one culture, an effort to come up with a consensus across cultures might be impossible. It may be that a consensus on ethics across cultures is not even recommended (Donaldson and Dunfee, 1999). Instead, a better approach would be to study the differences across cultures. This study contributes to the issue of understanding ethical attitudes across cultures and expands the body of knowledge by bringing into consideration two rather unexplored nations, namely Iran and Malaysia.

With the rapid globalisation of companies around the world, such studies on the business ethical attitude would definitely help to understand the cost of doing business in one country and avoid investment in countries with less ethical culture. As indicated by the research, the cost of operating business in corrupted country is higher than that of 'clean one' (Phau and Kea, 2006). PricewaterhouseCoopers made an estimation that the cost of corruption in 35 emerging and developing countries may amount to as much as US\$ 500 billion in 1997–1998 alone (Phau and Kea, 2006). Such environments need to be properly understood to avoid losses when doing business with them.

Previous studies had recognised culture as an important determinant to influence business ethical attitudes across countries (Moore and Radloff, 1996; Preble and Reichel, 1988; Sims and Gegez, 2004; Sims, 2006). There have been many previous studies conducted to investigate the culture and ethics relationship and there have been approaches in many different perspectives such as using Hofstede's cultural topology and Integrated Social Contract Theory. Previous surveys have been gathered using the Attitudes Towards Business Ethics Questionnaire (ATBEQ) for samples from South Africa, Turkey, the USA, Western Australia, Israel and Jamaica.

The current study continues the investigation of cross-cultural differences in business ethics and compares new samples from Iran and Malaysia. This continued effort in assessing the ethical values of two countries will help researchers to understand the

ethical attitudes of these two countries. It also helps to enrich the current database compiled by previous researchers in understanding ethical attitudes across the globe (see Moore and Radloff, 1996; Preble and Reichel, 1988; Sims and Gegez, 2004; Sims, 2006). This study used Hofstede's (1997) work on national cultures as a theoretical basis to provide explanation of two different cultures in the hypothesis development.

2 Culture and business ethics

Among all determinants identified as interdependent variables influencing business ethics, probably the variable that has been explored most by researchers is culture (Al-Khatib et al., 1995; Ahmed et al., 2003; Beekun et al., 2003; Cherry et al., 2003; Christie et al., 2003; Lim, 2003; Moore and Radloff, 1996). Variables such as cultural values vary significantly across national boundaries and are dependent to economic background and ethnicity.

Ethics is defined as "a systematic approach to moral judgements based on reason, analysis, synthesis, and reflection" (Christie et al., 2003). As such, business ethics is considered as the application of ethical principles to issues that arise in the conduct of business. Business ethics is the study of what constitutes right or wrong, good or bad human conduct in a business environment.

Culture, on the other hand, has been identified as one of the important determinants of business ethical decision-making. Since certain values, ethical behaviours or moral principles vary from one country to another, understanding the relationship between culture and business ethics will enable organisations and their managers to operate effectively and efficiently in the global market and decrease their investment risks caused by investment in corrupted countries (Phau and Kea, 2006).

3 Studies of ethical attitudes among students

The role of ethics and social responsibility as components of business decisions affecting organisational effectiveness is essential (Singhapakdi et al., 1996). One of the most applied instruments to measure attitudes towards business ethics is ATBEQ (Preble and Reichel, 1988).

Using the ATBEQ, Preble and Reichel (1988) studied the ethical attitudes of business students in the USA and business students in Israel. Of the 30 ethical issues studied, their findings indicated that there were significant attitude differences between American and Israeli students for 19 of the items. For example, the Israeli students felt more strongly that "the only moral of business is making money", "moral values are irrelevant to the business world", and that "the business world has its own rules". The American students agreed more strongly that "taking office supplies home does not hurt anyone" and that "true morality is first and foremost self-interested".

Building on Preble and Reichel's (1988) work, Small (1992) questioned Western Australian students about their attitudes towards business ethics (also using the ATBEQ). Small found that the attitude of Western Australian students was significantly different from the Israel students for 19 of the 30 items. Differences included Western Australian students reporting more agreement than the Israeli students to it being acceptable to cheat automobile insurance companies and less agreement that "the business world today is not

different from what it used to be in the past. There is nothing new under the sun". Small found that the attitudes of the Western Australian students were closer to those of the American students with only 10 of the 30 items significantly different. These differences include stronger agreement by the Western Australian students that "moral values are irrelevant to the business world" and less agreement that "a person who is doing well in business does not have to worry about moral problems".

In furthering both Small's (1992) and Preble and Reichel's (1988) work using the ATBEQ to study cross-cultural differences in student attitudes towards business ethics, Moore and Radloff (1996) added a South African student group. The South African student views were closest to the Western Australian students, with 8 of the 30 items significantly different. For example, the South African students agreed more strongly than the Western Australian students that "business decisions involve a realistic economic attitude and not a moral philosophy". The South African students differed significantly from the American students on 13 of the 30 items. One significant difference was where the South African students more strongly agreed that "self-sacrifice is immoral". The business ethics attitudes of the South African students were most different from the Israeli students attitudes with significant differences found for 17 of the 30 items measured. These differences included lower levels of agreement by the South African students for "a good business person is a successful business person" and "business ethics is a concept for public relations only".

By studying the moral judgements of Chinese and American Managers, Ford et al. (1997) found that the moral judgements of Chinese managers are significantly more dependent on group norms than were the American managers. They concluded that the difference in the collectivism of the cultures is expected to impact the ethical decision-making of the managers.

Jackson and Artola (1997) compared the ethical beliefs of managers from France, Germany, the USA and Israel. Their findings suggest that reported ethical beliefs vary by country. For example, according to managers from France and Israel, "accepting gifts/favours in exchange for preferential treatment" is more unethical than the reported belief of managers from Germany and USA. The research summarised earlier has repeatedly suggested that there are many cross-cultural differences when it comes to ethical business attitudes, decisions and practices. "Moral commitment seems to be rooted in the cultural background of the individual" (Vasquez-Parraga and Kara, 1995, p.66).

In another study, Sims and Gegez (2004) compared samples from the USA, Israel, Western Australia and South Africa to a new sample from Turkey. The results support the hypotheses that there would be significant differences in reported attitudes towards business ethics for respondents from Turkey and the USA and Western Australia. The paper's findings also indicate that Turkey and Israel are considered moderately feminine cultures and the USA, Australia and South Africa are considered moderately masculine cultures.

A more recent study compared attitudes towards business ethics among respondents from Australia, Singapore and Hong Kong (Phau and Kea, 2006). The results of this paper also show the attitudes towards business ethics to be significantly different among the three countries. It is also found that respondents who practise their religion tend to consider themselves more ethically compared with those who do not. Additional findings on gender also reveal significant differences between male and female

respondents in Singapore and Australia. Males are generally considered more ethical than females across the three studied countries.

Finally, in another study, Sims (2006) compared samples from Israel, South Africa, Turkey, the USA and Western Australia with a new sample from Jamaica and the West Indies. Her research findings show that in spite of some shared views towards business ethics across these countries, attitudes towards business ethics differ significantly between Jamaica and three of the other studied countries (Israel, South Africa and the USA).

Although attitudes towards business ethics had been investigated in both Iran and Malaysia separately, no significant research has investigated the differences of the two countries. By exploring the attitudes of a total of 76 students of fourth-year business classes in a major urban university in Malaysia, Alam (1995) found that according to respondents, the main task of a manager is to secure profits for the organisation before anything else. Besides, in a recent study in the Iranian context, Nejati et al. (2010) investigated the effect of gender on students' ethical behaviour using a sample of 203 university students from a public university in Iran. Their findings show that Iranian female students have a significantly less lenient attitude towards ethics than male students, which is in line with other studies in the context of college students (Burnett et al., 2003; Singhapakdi and Marta, 2005; Stevenson and Bodkin, 1996).

4 Hofstede's theory of international cultures

This section discusses Hofstede's theory to provide a theoretical foundation in developing the hypothesis. It is important to note that this study does not intent to replicate Hofstede's study but rather to utilise his theory with regard to international cultures in determining the expected attitude of two different countries. We noted that there are limitations in this theory as being criticised by few researchers (McSweeney, 2002; Yeganeh and Su, 2006). Nonetheless, this theory suits well to this study as it provides explanation of why cultures might differ between two countries based on four different dimensions. This theory has also been utilised in many past researches of similar kind. The most recent work was carried out by Sims (2006), which used Hofstede's theory to explain why students' business attitude of few countries may differ due to differences in culture. By replicating previous studies, this study utilises Hofstede's theory with regard to international cultures in determining the expected attitude of two different countries with two different cultures namely Malaysia and Iran towards business ethics.

In Hofstede's theory, national culture has been described using four dimensions (Hofstede, 1997). These dimensions are power distance, collectivist vs. individualist, femininity vs. masculinity and uncertain avoidance. Recent developments have seen the latest dimension, known as long-term orientation, incorporated. This dimension was initially called Confucian dynamism and was incorporated to distinguish the difference in thinking between the East and West (Hofstede and Hofstede, 2005).

Power distance describes

"the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally." (Hofstede, 1997, p.28)

High scores are an indication of high power distance cultures and low scores are an indication of low power distance cultures. In large power distance cultures, obedience to authority is expected and in low power distance cultures, individuals feel that people should be treated equally.

Collectivism describes cultures with strong ties between individuals. People are members of cohesive groups that offer protection and demand loyalty. In collectivist cultures, harmony should be maintained and confrontations avoided. Individualism describes cultures with loose ties between individuals. People are expected to look out for himself or herself and immediate family only. In individualistic cultures, people feel free to speak their minds and are often considered honest for doing so (Hofstede, 1997). Lower scores are an indication of a collective culture and high scores are an indication of an individualistic culture.

Femininity refers to cultures that have an overlap between the gender roles. In feminine cultures, men and women are equally expected to be tender, modest, and concerned with the quality of life. Yet, in masculine cultures, the gender roles are clearly defined. Men are expected to be assertive, tough, and focused on material success whereas women are expected to be tender, modest, and concerned with quality of life issues. Higher scores are an indication of a more masculine culture and lower scores are an indication of a feminine culture (Hofstede, 1997).

The cultural dimension of uncertainty avoidance is “the extent to which the members of a culture feel threatened by uncertain or unknown situations” (Hofstede, 1997, p.113). Lower scores are an indication of weak levels of uncertainty avoidance and higher scores are an indication of strong levels of uncertainty avoidance. In weak uncertainty avoidance cultures, deviant and innovative ideas and behaviour are tolerated. In strong uncertainty avoidance cultures, there is an “emotional need for rules” (p.125).

Long vs. short-term describes a society’s ‘time horizon’ and the importance attached to the time horizon. This dimension was something that could not be deduced from the original IBM studies. Values that long-term-oriented societies possess include persistence, ordering relationship by status, thrift and having a sense of shame. Values that characterised the short-term-oriented societies are normative statements, personal steadiness and stability, protecting ones face, respect for tradition, and reciprocation of greetings, favours and gifts. China, Japan and the Asian countries score high (placed at long-term orientation) while Western nations score rather low (placed at short-term orientation).

Table 1 summarises Hofstede’s ranking of the four countries on four dimensions of culture (Hofstede, 1983). It is apparent that, in general, Iranians are higher on power distance, individualism and uncertainty avoidance, and lower on masculinity than Malaysians. On the basis of individualism, power distance and uncertainty avoidance, Malaysian managers would be expected to have lower perceived importance of ethics and social responsibility than managers from Iran. Whereas based on masculinity, it would be expected that Malaysian managers will have greater perceived importance of ethics and social responsibility in achieving organisational effectiveness than those from Iran.

Therefore, based on the cultural differences outlined earlier, we would expect Iranian and Malaysian respondents to have different attitudes towards business ethics. As such, it is hypothesised that there is a significant difference in ethical attitudes between Iranian and Malaysian respondents.

Table 1 Scores (and ranks) for the two countries on Hofstede's dimensions

<i>Country</i>	<i>Power distance</i>	<i>Individualism</i>	<i>Masculinity</i>	<i>Uncertainty avoidance</i>
Iran	58 (24–25)	41 (27)	43 (17–18)	59 (20–21)
Malaysia	104 (50)	26 (17)	50 (26–27)	36 (8)

*There are no scores available for both countries in long-term orientation dimension.

Source: Hofstede (1983)

5 Methodology

5.1 Subjects

Using a convenience sampling technique, questionnaires were returned by 120 graduate and undergraduate students of management departments, all employed full-time within Iran, and 100 post-graduate students of management departments, all employed full-time within Malaysia. It is important to note that these students were required to have at least one year of working experience before they were selected as respondents. The use of students in this study is documented to be relevant and useful as cited in the previous study (Ahmed et al., 2003), since they are more likely to be a manager in their fields in the future. Although the sample from Iran includes both undergraduate and graduate students when compared with graduate students as samples from Malaysia, this difference is minimised by limiting the sample to students, who have at least one year of working experience. This also helps researchers to investigate attitudes towards business ethics among students who have experienced working life and are more familiar with the issue.

5.2 Measures

A 30-item ATBEQ scale (Neumann and Reichel, 1987 as cited in Sims, 2006) was used to gather student attitudes towards business ethics. This is originally developed by Neumann and Reichel. The ATBEQ is scored on a five-point scale ranging from 1 strongly disagree to 5 strongly agree. ATBEQ has been widely used in past cross-national business ethics studies (Phau and Kea, 2006). In this study, subjects were asked to give their opinions regarding attitudes towards business ethics. The subjects are required to answer all 30 questions and they were asked to score the level of agreement to each of the questions.

5.3 Procedure

The ATBEQ was distributed among the students during the class as well as during the meeting in the library. Most of the questionnaires were collected during the class after getting permission from the respective lecturers. A cover letter was included explaining the intent of the study. Respondents were also informed that their participation is voluntary and will be used only for academic purposes. All the questionnaires were collected by the research assistant and the authors themselves.

5.4 Analysis

This study was based on primary data collected through the questionnaires answered by the students. The *T* test is used to see the difference in each of the items in the questionnaire. The questions are listed in the Appendix to the paper. Hypotheses were tested at the standard 0.05 probability level. The method of analysis used in this study is consistent with many previous studies that employed ATBEQ as the research instruments (Phau and Kea, 2006; Sims, 2006).

6 Results

The results are shown in Table 2. As the results of the test show, at the significance level of 95%, on average, Iranian respondents reported significantly greater levels of agreement for items 5, 6, 7, 8, 16 and 30, and significantly lower levels of agreement for items 1, 3, 10, 11, 13, 14, 15, 20, 21, 26, 28 and 29 (see Table 2).

Table 2 Summary of findings on *T*-test results for comparison on ATBEQ for Iran and Malaysia

Item	Iran (<i>n</i> = 120)		Malaysia (<i>n</i> = 100)		<i>F</i>	Sig.
	Mean	SD	Mean	SD		
1	2.49	1.07	3.12	1.32	15.215	0.000
2	2.18	1.10	2.01	0.82	1.539	0.216
3	2.80	1.18	3.12	0.95	4.675	0.032
4	3.33	1.20	3.03	1.07	3.858	0.051
5	3.98	0.85	3.57	0.82	13.323	0.000
6	3.53	0.99	2.91	1.05	20.438	0.000
7	2.73	1.38	2.21	0.87	10.495	0.001
8	3.54	1.19	3.01	0.73	15.224	0.000
9	2.47	1.05	2.48	0.82	0.011	0.918
10	2.08	0.87	2.46	1.02	9.124	0.003
11	2.59	0.98	3.11	1.05	14.213	0.000
12	3.38	1.05	3.46	0.89	0.411	0.522
13	2.10	1.16	3.54	1.02	94.240	0.000
14	1.33	0.76	2.44	1.23	66.404	0.000
15	1.48	0.94	2.29	0.98	38.969	0.000
16	3.34	1.44	2.61	1.12	17.261	0.000
17	3.34	1.23	3.41	1.03	0.196	0.658
18	3.83	0.99	3.95	0.78	0.912	0.341
19	3.31	1.07	3.35	0.93	0.094	0.760
20	2.23	1.07	3.37	1.03	64.892	0.000
21	1.46	0.62	2.25	0.91	57.977	0.000
22	2.92	1.28	2.90	0.84	0.013	0.911

Table 2 Summary of findings on *T*-test results for comparison on ATBEQ for Iran and Malaysia (continued)

Item	Iran (<i>n</i> = 120)		Malaysia (<i>n</i> = 100)		<i>F</i>	Sig.
	Mean	SD	Mean	SD		
23	4.24	0.76	4.08	0.87	2.205	0.139
24	4.02	0.76	3.88	0.95	1.419	0.235
25	3.31	1.35	3.60	1.06	3.069	0.081
26	2.06	0.75	3.33	1.06	107.605	0.000
27	3.59	1.20	3.66	0.89	0.223	0.638
28	1.68	0.61	2.65	1.00	77.856	0.000
29	3.31	1.13	3.61	0.95	4.408	0.037
30	3.71	0.94	3.37	1.13	5.733	0.017

Given that there were significant differences in reported attitudes towards business ethics for 18 of the 30 ATBEQ items, the hypothesis is accepted. On the basis of this result, it is concluded that reported attitudes towards business ethics between respondents from Iran and Malaysia differ.

7 Discussion

The above-mentioned analysis shows that Iranian and Malaysian respondents have significantly different attitudes towards business ethics. On the basis of the explanation in Hofstede's theory of international culture, the hypothesis of attitude between Iranians and Malaysians towards business ethics is expected to be different. On the basis of the result presented earlier in Table 2, it is proven that the hypothesis is accepted. The following discussion further elaborates the findings.

While Iranian respondents, on average, believe business decisions involve a realistic economic attitude and not a moral philosophy, Malaysian respondents have the opposite idea on average (item 6). On the other hand, while the average Malaysian respondents believe competitiveness and profitability are independent values, the average Iranian respondents disagree with this (item 11). Interestingly, Malaysians look only at the profit dimension of any business before starting it, while Iranian respondents mostly disagree that a non-profitable business is irrelevant and a waste of time (item 20). This implies that Iranians may have greater ethical values towards business.

With regard to sick days, Iranian respondents, on average, consider these as vacation days that they deserve (item 16). This is closely related to Iranians working behaviour, which tends to use this excuse for not attending work anytime they do not feel like going to work. In this study, Malaysians, with an average of 2.61, disagreed with this item. Previous studies on other nations also show that the beliefs of the average respondents from the USA, Jamaica, Turkey, Israel, South Africa and Western Australia are similar to Malaysians (Moore and Radloff, 1996; Preble and Reichel, 1988; Sims, 2006; Sims and Gegez, 2004; Small, 1992). Such findings imply that Malaysians are particular with regard to honesty about working days. This indicates that Malaysians are

more productive than Iranian employees and concern more about organisational effectiveness.

In low power distance cultures, inequities among individuals should be reduced and in high power distance cultures, obedience to those in power or on a higher level is expected. It may be that in lower power distance countries attempts are made by individuals to level the playing field to help achieve equity. Items 13–16 all ask if it is acceptable for the individual (as a consumer or employee) to cheat or steal from the corporation. The corporation is often considered greater or has more power and wealth than a single individual. It is expected, therefore, that individuals within low power distance cultures may be more likely to take advantage of opportunities that allow individuals to increase their own wealth or power at the expense of those more powerful (corporations). The results indicate that respondents from the higher power distance country of Malaysia are significantly more likely to approve some of the power levelling techniques (Items 13–15) than are respondents from the lower power distance country of Iran. Such findings may imply that Malaysians have lower ethical business values when compared with Iranians. This finding is not consistent with Hofstede contention that high power distance leads to high obedience as result shows that it is acceptable to do cheating or stealing. This is consistent with Sims (2006), which could not support that cultural dimension of power distances adequately explains the differences in attitudes towards business ethics among subjects studied in five different countries.

In feminine cultures, less emphasis is placed on material success than in masculine cultures. Yet, the results show no consistent difference between these two groups of countries for those items that fit into this area (for the most part, Items 1, 6, 18 and 20 emphasise material success). The results indicate that the Malaysian respondents place more emphasis on most items related to material success than respondents from Iran, which is a less masculine country (significantly on Items 1, 6 and 20, and not significantly on Item 18).

Malaysia, which is low on uncertainty avoidance compared with Iran, indicates that they have lower level of agreement with the view that the poor reputation of businesses is undeserved (Item 8). Lower levels of agreement on this item are an indication that the respondent believes that the poor reputation of businesses is deserved and the public should not have confidence in the ethics of business people. In weak uncertainty avoidance cultures, deviant and innovative ideas and behaviour are tolerated, yet this does not seem to match the attitude of the Malaysian respondents when it comes to accepting deviant ethical behaviour of business people. Interestingly, Iran, which has higher uncertainty avoidance score than Malaysia, scores significantly higher on Item 8. Perhaps, Item 8 is not a good measure of rule breaking. It is evident that the cultural dimension of uncertainty avoidance does not adequately explain the differences in attitudes towards business ethics uncovered in this study. This finding is also consistent with results achieved by Sims (2006).

Last, the relatively high standard deviation for the items, which ranges from 0.61 to 1.44 for Iran and 0.73 to 1.32 for Malaysia, is expected to be caused by the non-cultural variables affecting ethical attitudes, bringing into attention the perspectives of McSweeney (2002) who believes that non-cultural aspects should also be considered.

8 Conclusion

This study tested respondents of two different countries using the ethical ATBEQ. The finding of this paper adds to previous endeavours in searching for an understanding of ethical attitudes across different nations (Moore and Radloff, 1996; Preble and Reichel, 1988; Sims and Gegez, 2004; Sims, 2006). Hofstede's theory of international cultures was used as the explanatory theory to understand the similarity and differences between the cultures. However, consistent with previous studies (Moore and Radloff, 1996; Preble and Reichel, 1988; Sims and Gegez, 2004; Sims, 2006), the results indicate that four dimensions (now five dimensions) of national culture, as proposed by Hofstede, do not adequately explain the results. Despite some limitations of the theory used, this study still contributes to the body of literature, confirming that ethical attitudes towards business ethics differ between Iran and Malaysia. It is also interesting to find that the findings are consistent with the hypothesis developed for this study. On the basis of the above-mentioned discussion, we found that Malaysians have lower perceived importance of ethics and social responsibility than Iranians. We also found that Malaysians perceived greater importance of ethics and social responsibility in achieving organisational effectiveness than Iranians. This indicates that Malaysians are more concerned about materialistic. This provides support of Hofstede's contention that high masculinity may lead to materialistic society.

In many cases, Malaysians are more focused in making profit when compared with Iranian. This can be seen as the result that indicates that Malaysians are concerned with profit before starting business and they are more materialistic when compared with Iranians. Malaysians are also particular about the working days as this could influence productivity and organisational effectiveness. From Iranian perspective, the result shows in some aspects that they have better business ethical values. This is shown by the fact that they are less particular about the profit and not really materialistic when compared with Malaysians.

The findings in this study show support to many aspects of the Hofstede theory though some were not consistent. This study proves that high power distance country may not lead to high obedience. This is consistent with the study conducted by Sims (2006), which carefully looks into five different countries namely Israel, South Africa, Turkey, USA and Western Australia. This finding is well connected with the above-mentioned explanation where in a country with materialistic society, high power distance may not lead to high obedience. What matters most is how to make more money. This is supported with the findings that show that Malaysian respondents are more willing to cheat and steal than Iranians.

Obviously, the implication of this study is the evidence of various different attitudes across two countries as well as other countries as indicated in previous literature. Even though the result may not be able to be generalised, nevertheless, it provides some indication of Malaysian and Iranian attitude towards business ethics. This shows that different countries have their own ways of doing business.

This research contributes not only to the both nation's business owners but also to others that are interested in doing business with these two countries. The recent continued growth and ties between Iran and Malaysia provide lots of opportunities to both business owners. Hence, understanding each country's culture is very important as it helps reduce misunderstanding, aid in negotiation and more importantly build trust and respect. By having this understanding, proper preparation can be planned and this

would foster business cooperation between both countries. The findings of this research will also expand the existing body of literature on studies of business ethics among students by taking into consideration two countries, which had not been investigated and compared previously.

This study is not without limitations. As it used convenience sampling, the results may not be a true representation for the two countries. Besides, the respondents used are university students who have at least one-year working experience. However, previous studies by Sims and Gegez (2004) and Sims (2006) also used the same type of respondents. This research might also be limited due to the issue of 'social desirability' where subjects may respond to what they think is socially desirable. However, the best effort has been made to minimise this by given respondents the assurance that the questionnaires will be treated anonymously. Future studies may use larger sample from more countries and include the effect of other variables (such as gender, level of studies and religion) to create a more detailed understanding.

Acknowledgement

The first author thanks Universiti Sains Malaysia (USM) to support this research through providing the Vice-Chancellor's Award.

References

- Ahmed, M., Chung, K. and Eichenseher, J. (2003) 'Business students' perception of ethics and moral judgment: a cross-cultural study', *Journal of Business Ethics*, Vol. 43, Nos. 1-2, pp.89-102.
- Alam, K.F. (1995) 'Attitudes towards business ethics of business students in Malaysia', *Journal of Business Ethics*, Vol. 14, No. 4, pp.309-313, DOI: 10.1007/BF00871901.
- Al-Khatib, J., Dobie, K. and Vitell, S. (1995) 'Consumer ethics in developing countries: an empirical investigation', *Journal of Euro-Marketing*, Vol. 4, No. 2, p.87.
- Beekun, R., Stedham, Y. and Yamamura, J. (2003) 'Business ethics in Brazil and the US: a comparative investigation', *Journal of Business Ethics*, Vol. 42, No. 3, pp.267-279.
- Buller, P.F., Kohls, J.J. and Anderson, K.S. (2000) 'When ethics collide: managing conflict across cultures', *Organizational Dynamics*, Vol. 28, No. 4, pp.52-66.
- Burnett, M., Keith, K. and Pettijohn, C. (2003) 'An empirical analysis of factors influencing student reactions to ethical advertising dilemmas: educational experience, work experience, ethical philosophy and demographics', *Marketing Education Review*, Vol. 13, No. 1, pp.33-46.
- Cherry, J., Lee, M. and Chien, C. (2003) 'A cross-cultural application of a theoretical model of business ethics: bridging the gap between theory and data', *Journal of Business Ethics*, Vol. 44, No. 4, pp.359-376.
- Christie, M., Kwon, I. and Raymond, P. (2003) 'A cross-cultural comparison of ethical attitudes of business managers: India, Korea and the United States', *Journal of Business Ethics*, Vol. 46, No. 3, pp.263-287.
- Donaldson, T. and Dunfee, T.W. (1999) 'When ethics travel: the promise and peril of global business ethics', *California Management Review*, Vol. 41, No. 4, pp.45-63.

- Ford, J.B., LaTour, M.S., Vitell, S.J. and French, W.A. (1997) 'Moral judgment and market negotiations: a comparison of Chinese and American managers', *Journal of International Marketing*, Vol. 5, No. 2, pp.57–76.
- Hofstede, G. and Hofstede, G.J. (2005) *Cultures and Organizations: Software of the Mind*, 2nd ed., McGraw Hill, New York, NY.
- Hofstede, G. (1983) 'National cultures in four dimensions: a research-based theory of cultural differences among nations', *International Studies of Management & Organization*, Vol. XIII, Nos. 1–2, pp.46–74.
- Hofstede, G. (1997) *Cultures and Organizations: Software of the Mind*, McGraw-Hill, New York, NY.
- Jackson, T. and Artola, M.C. (1997) 'Ethical beliefs and management behaviour: a cross-cultural comparison', *Journal of Business Ethics*, Vol. 16, No. 11, pp.1163–1173.
- Lim, G. (2003) 'Differences in ethical judgement between Chinese and Singaporeans: individual reactions to self and organisational interest considerations', *Singapore Management Review*, Vol. 25, No. 2, p.1.
- McSweeney, B. (2002) 'Hofstede's model of national cultural differences and their consequences: a triumph of faith – a failure of analysis', *Human Relations*, Vol. 55, No. 1, pp.89–118.
- Moore, R. and Radloff, S. (1996) 'Attitudes towards business ethics held by South African students', *Journal of Business Ethics*, Vol. 15, No. 8, pp.863–869.
- Nejati, M., Jamali, R. and Nejati, M. (2010) 'Students' ethical behavior in Iran', *Journal of Academic Ethics*, Vol. 7, No. 4, pp.277–285, DOI: 10.1007/s10805-010-9101-4.
- Neumann, Y. and Reichel, A. (1987) *The Development of Attitudes Toward Business Ethics Questionnaire (ATBEQ): Concepts, Dimensions, and Relations to Work Values*, Department of Industrial Engineering and Management, Ben Gurion University of the Negev, Israel, Working Paper.
- Phau, I. and Kea, G. (2006) 'Attitudes of university students toward business ethics: a cross-national investigation of Australia, Singapore and Hong Kong', *Journal of Business Ethics*, Vol. 72, No. 1, pp.61–75.
- Preble, J.F. and Reichel, A. (1988) 'Attitudes towards business ethics of future managers in the US and Israel', *Journal of Business Ethics*, Vol. 7, pp.941–949.
- Sims, R.L. (2006) 'Comparing ethical attitudes across cultures', *Cross Cultural Management: An International Journal*, Vol. 13, No. 2, pp.101–113.
- Sims, R.L. and Gegez, A.E. (2004) 'Attitudes towards business ethics: a five nation comparative study', *Journal of Business Ethics*, Vol. 50, No. 3, pp.253–265.
- Singhapakdi, A. and Marta, J.K.M. (2005) 'Comparing marketing students with practitioners on some key variables of ethical decisions', *Marketing Education Review*, Vol. 15, No. 3, pp.13–25.
- Singhapakdi, A., Vitell, S.J., Rallapalli, K.C. and Kraft, K.L. (1996) 'The perceived role of ethics and social responsibility: a scale development', *Journal of Business Ethics*, Vol. 15, No. 11, pp.1131–1140.
- Small, M.W. (1992) 'Attitudes towards business ethics held by western Australian students: a comparative study', *Journal of Business Ethics*, Vol. 11, No. 10, pp.745–752.
- Stevenson, T.H. and Bodkin, C.D. (1996) 'University Students' perceptions regarding ethics and acceptability of sales practices: a scenario based study of gender effects', *Marketing Education Review*, Vol. 6, No. 3, pp.1–13.
- Vasquez-Parraga, A.Z. and Kara, A. (1995) 'Ethical decision making in Turkish sales management', *Journal of Euro-Marketing*, Vol. 4, No. 2, pp.61–86.
- Yeganeh, H. and Su, Z. (2006) 'Conceptual foundations of cultural management research', *International Journal of Cross Cultural Management*, Vol. 6, No. 3, pp.361–376.

Appendix: ATBEQ questionnaire

- 1 The only moral of the business is making money.
- 2 A person who is doing well in business does not have to worry about moral problems.
- 3 Every business person acts according to moral principles, whether he or she is aware of it or not.
- 4 Act according to the law, and you cannot go wrong morally.
- 5 Ethics in business is basically an adjustment between expectations and the way people behave.
- 6 Business decisions involve a realistic economic attitude and not a moral philosophy.
- 7 Moral values are irrelevant to the business world.
- 8 The lack of public confidence in the ethics of business people is not justified.
- 9 “Business Ethics” is a concept for public relations only.
- 10 The business world today is not different from what it used to be in the past. There is nothing new under the sun (idioms).
- 11 Competitiveness and profitability are independent values (existing on their own).
- 12 Conditions of free economy will serve best the needs of society. Limiting competition can only hurt society and actually violates basic natural laws.
- 13 As a consumer, when making a car insurance claim, I try to get as much as possible regardless of the damage.
- 14 While shopping at the supermarket, it is appropriate to switch price tags or packages.
- 15 As an employee, I take office supplies home; it does not hurt anyone.
- 16 I view sick days as vacation days that I deserve.
- 17 Employee wages should be determined according to the laws of supply and demand.
- 18 The main interest of shareholders is maximum return on their investment.
- 19 George, X., says of himself, “I work long, hard hours and do a good job, but it seems to me that other people are progressing faster. But I know my efforts will pay off in the end”, Yes, George works hard, but he is not being realistic.
- 20 For every decision in business the only question I ask is, “Will it be profitable?” If yes – I will act accordingly; if not it is irrelevant and a waste of time.
- 21 In my grocery store every week I raise the price of a certain product and mark it “on sale”; there is nothing wrong with doing this.
- 22 A business person cannot afford to get hung up on details.
- 23 If you want a specific goal, you have got to take the necessary means to achieve it.
- 24 The business world has its own rules.

- 25 A good business person is a successful business person.
- 26 I would rather have truth and personal responsibility than unconditional love and belongingness.
- 27 True morality is first and foremost self-interested.
- 28 Self-sacrifice is immoral.
- 29 You can judge a person according to his or her work and decisions.
- 30 You should not consume more than you produce.