"National culture: an antecedent for perceived importance of ethics (PIE) in management among US versus Germanic European nationals"

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SECTION 3. General issues in management

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National culture: an antecedent for perceived importance of ethics (PIE) in management among U.S. versus Germanic European nationals

Abstract

Research in business ethics supports a positive relationship between individuals' perceived importance of ethics (PIE) and ethical decision-making. A number of antecedents are discussed in the literature suggesting reasons for why some individuals have higher levels of PIE than others. Since previous research suggests that national culture impacts ethical decision-making, our study investigates national culture as an explanatory variable to predict levels of perceived ethics. In a laboratory experiment we find that U.S. nationals have significantly higher levels of PIE evaluating two unethical vignettes as compared to a matched group of Germanic European nationals. As international management must adjust to different cultures' moral attitudes, values, and behaviors and respect possible differences in ethicality due to nationality, implications for management and business operating in the U.S. and Germanic Europe are offered.

Keywords: perceived importance of ethics, U.S., Germanic Europe, cross-cultural, experimental study.
JEL Classification: D01, M14, O57.

Introduction

Continuing breaches of business ethics suggest immoral behavior in the workplace persists into the 21th century (Kouchaki et al., 2013; Rengger, 2012; Saaty and Vargas, 2012; Stylianou et al., 2012). Recent workplace scandals have rocked markets in the U.S. and Europe (e.g. Madoff Investment Securities, Lehman Brothers, Royal (Dutch) Ahold, FlowTex and BAWAG). Regrettably, these breaches often occur in the light of firms' international efforts to implement durable codes of ethics (Davidson and Stevens, 2013; Kaptein, 2013; Stohl et al., 2009) and are not reserved to any one nation. In response, much academic research asserts that ethical decision-making in a cross-national context can be better understood by focusing on an antecedent of ethical decision-making; namely moral intensity. In fact, a large body of multi-national research purports that the intensity of a moral situation directly impacts the ethicality of a business decision. The higher the moral intensity and more salient the ethical situation, the greater will be the related ethical decision-making (i.e., awareness, judgment and intention (Jaffe and Pasternak, 2006; Jones, 1991; Leitsch, 2004; McMahon and Harvey, 2006; Ng et al., 2009; Rest, 1986; Tsalikis et al., 2008)). Accordingly, awareness that moral dilemmas vary in their level of significance should help firms manage unethical behavior by their members.

Our research recognizes that the moral intensity of a situation will impact ethical decision-making only if it is perceived to be salient by the decision-maker.

This happens, however, only if an individual's personal moral compass allows him or her to do so. Some previous ethics research has, in fact, suggested individuals evaluate the moral intensity of an ethical dilemma through their own ethical lens. This lens shapes their perceptions regarding the moral issue's personal relevance or importance (Robin et al., 1996; Singhapakdi, 1999; Singhapakdi et al., 2008). The basic tenet of such thinking is that decision-makers must first *perceive* ethics and social responsibility to be an important element of a moral dilemma if their decision-making process is to include any ethical components (Hunt and Vitell, 1986). Accordingly, a highly charged unethical dilemma may not be perceived as immoral if an individual is not pre-disposed to recognize the ethicality of the decision at hand.

PIE research generally finds that individuals who perceive a moral dilemma to be important (i.e., high PIE), make greater ethical decisions (Cronan et al., 2005; Guffey and McCartney, 2008; Robin et al., 1996; Singhapakdi, 1999; Singhapakdi et al., 2008; Valentine and Hollingworth, 2012). In this regard, an ethical (moral) decision is one where a person's actions, when freely performed, may harm or benefit others (Rest, 1986). Since Haines, Street and Haines (2008) note an ethical issue is one that is congruent with morality, the terms ethical and moral are used congruently in the remainder of this research. In contrast to an ethical decision, an unethical act is morally unacceptable to the larger group (Velasquez and Rostankowski, 1985). Even though individuals high in PIE are expected to show a higher level of sensitivity towards ethical issues,

the question remains, what predisposes someone to have a greater ability to perceive ethics over another in the first place? Better yet, since unethical behavior seems to have no international boundaries, do perceptions of ethicality vary systematically by national culture? Our research indicates the answer to the second question is yes; individuals can and do vary systematically in their ability to perceive ethical and unethical situations. In fact, our study finds that individuals from the United States (U.S.) significantly out perceive individuals from Germanic Europe (i.e., Austria, Germany, German-speaking Switzerland, and the Netherlands) in their ability to recognize the ethical importance of two fictional immoral decision scenarios.

The question explored and the insights revealed in our study offer both theoretical and practical contributions. First, our study contributes to the literature that, to date, has provided little understanding of how cultural values influence ethnic groups' ethical perception (Ho, 2010; Thorne and Saunders, 2002). Second, this research increases awareness of ethicality in other cultures for practitioners and academics who operate in different cultural contexts, in particular in the U.S. and in Germanic Europe. The findings of our research may encourage them to make an effort to recognize and understand cross-cultural differences in ethicality. This is important as benefits evolve from practitioners who have knowledge about cultural similarities and differences in ethical issues and are willing to facilitate ongoing dialogue and learning (Brunton and Eweje, 2010). Finally, given increased pressure on organizations in the U.S. as well as in Europe to prove their legitimacy integrating moral dimensions of their actions into organizational and decision-making processes (Palazzo, 2000), our study may encourage further considerations about the cross-cultural implementation of corporate ethics programs (Vitell and Patwardhan, 2008; Weaver, 2006).

This paper next reviews relevant ethics literature and draws a hypothesis suggesting individuals differ in their ability to perceive ethical/unethical situations. A cross-cultural experiment is presented which tests this prediction and an analysis of results is offered along with a discussion and conclusions of our research.

1. Literature review

1.1. Perceived importance of ethics (PIE). The term PIE was first articulated by Robin et al. (1996) in their seminal work on the perceived personal relevance or importance of an ethical issue. They contended two individuals likely perceive the same ethical dilemma differently because their perceptions

of such are personal and temporal in nature. In particular, a person's PIE accommodates his/her individual values, beliefs, needs, perceptions, special characteristics of the situation and personal pressures existing in an ongoing basis or at a particular place and time (Robin et al., 1996). Consequently, unique ethical belief systems result in given ethical issues eliciting different levels of moral reasoning across individuals (Guffey and McCartney, 2008). Underlying explanations for PIE come from theories of consumer and social involvement in marketing. Here, the level of one's involvement in an ethical situation influences his/her search for and receptivity to information as well as his/her commitment to the ethical decision process (Bloch and Richins, 1983; Celsi and Olson, 1988; Cohen et al., 1992; Haines et al., 2008; Richins and Bloch, 2006; Robin et al., 1996). The question as to why some individuals are less involved in an ethical decision lies in a person's quest for simplicity and efficiency in his/her life. Individuals continually focus attention and evaluate those situations, which are important to them, and downplay those in which they have no personal involvement (Robin et al., 1996). In this sense, Singhapakdi et al. (1996a) argue that PIE is likely to be a key determinant of whether or not an ethical problem is even perceived in a given situation. Consequently, an individual must first perceive ethics to be vital to, for example, organizational effectiveness before his/her behavior will become more ethical (Singhapakdi et al., 2001). Accordingly, the extent to which, for example, business managers believe some behavior is critical for the success and survival of the business strongly impacts the business managers' propensity to engage in ethical behavior (Shafer et al., 2007).

Empirically, Robin et al. (1996) found individuals high in PIE were less likely to hypothetically engage in unethical behavior depicted in their immoral experimental scenarios. Singhapakdi (1999) similarly found U.S. marketing professionals' PIE influenced their ethical intention in a positive manner. He and his co-authors also later found a similar positive relationship between PIE and ethical awareness and intention with Thai managers (Singhapakdi et al., 2008). Similarly, Burnaz et al. (2009) revealed that American businesspeople perceived ethics to be more important for business success than Turkish businesspeople and are also more likely to perceive the unethical marketing behaviors as more serious than their counterparts in Turkey and Thailand. Cronan et al.'s (2005) findings showed that when PIE increased, unethical behavior was properly judged to be unethical and intention to behave ethically was indicated. Conversely, individuals lower in PIE were more likely to incorrectly judge unethical behavior as

moral and express intention to behave unethically. Guffey and McCartney (2008), with a sample of accounting students, found the PIE construct to be significantly positively related to ethical judgment and behavioral intention. Somewhat similarly, Haines et al. (2008) revealed in a scenario-based approach applying a questionnaire that PIE is a moral predictor of moral judgment but not of moral intent (Haines et al., 2008). Lastly, Valentine and Hollingworth (2012) found Midwest business professionals high in PIE to have greater ethical awareness and judgment in decision-making as compared to subjects lower in PIE.

1.2. Why do individuals vary in PIE? We recognize that a number of antecedents help explain individuals' differences in ethical sensitivity. Ferrell and Gresham (1985) in earlier work submitted that societal and cultural environments influence individual ethical perception, which impacts an individual's decision-making. Generally, different cultural backgrounds lead to distinctive ways of perceiving the world (House et al., 2004) and business scholars concur that a phenomenon of "global moral order" exists across nations such that ethical orientations are strongly related to cultural backgrounds (Buller et al., 1991; Dobson, 1990; French and Weis, 2000; Hoffman et al., 1994; Husted et al., 1996). Thus, national culture is widely recognized in the literature as having an impact on various stages of ethical decision-making (Davis et al., 1998; Forsyth et al., 2008; Ho, 2010; Hunt and Vitell, 1986; Li and Persons, 2011; Marta and Singhapakdi, 2005; Vitell and Paolillo, 2004) and cultural differences have been found to impact individuals' ethical reasoning skills (McDonald, 2000; Thorne and Saunders, 2002). As country of residence is considered to be a significant determinant of the perception of ethics and social responsibility in moral decisions (Vitell and Paolillo, 2004), we believe that national culture serves as an additional, significant antecedent to the individuals' predisposition to PIE.

1.3. U.S. versus (Germanic) European cultures and development of hypothesis. House et al. (2004) defined national culture as the common experience of individuals resulting in shared motives, values, beliefs, identities and interpretations of significant events. Such models of societal culture are focused at the group-level and recognize that individuals' perspectives within each group are shaped by the values of his/her cultural cluster (Husted and Allen, 2008). From a broad, sociological perspective the focus of ethical decision-making is different between the U.S. and nation members of Europe (Guillen et al., 2002). Traditionally, the U.S. adopts a more utilitarian (individualistic) perspective of ethics

whereas much of Europe (including Germanic Europe) assumes one based more on consensus (Szabo et al., 2002). In the U.S., personal ethics are based on liberal individualism with morality determined by the individual. Individuals, however, from Germanic Europe conversely check the opinion of significant others (e.g., friends, spouses, co-workers, etc.) before making ethical decisions rather than relying on their own personal moral compass (Palazzo, 2002; Steinmann and Löhr, 1992; van Luijk, 1990). Hofstede's (Hofstede, 1980) often-cited model of national culture supports a differentiation between the U.S. (91) and Germanic European (Austria, 55; Switzerland, 69; the Netherlands, 80; Germany, 67) cultures on the dimension of individualism. While the Germanic European countries still rank as individualistic nations on Hofstede's scale, the level of individualism in the U.S. is much more extreme (van Luijk, 1990). Thus as mentioned above, individuals from the U.S. are seen as having more responsibility for their own decisions including their perspectives on ethics. To the contrary, in Europe, van Luijk (1990) suggests it is not evident that managers facing moral dilemmas will navigate first and foremost to their personal moral compass. Similarly, Martin et al. (2009) who examined differences in perceptions of ethical leadership between individuals from the U.S. and Germany found that the U.S. ethical leadership is rather based on actions of individuals as opposed to characteristics of a social system, while, quite conversely, Germans' ethical leadership perceptions were largely embedded within an organizational system. Thus, while Europeans use a more collective, organizational approach to weighing ethical decisions, individuals from the U.S. turn to a more individualistic, internal compass.

Recent research submits that cultures differ to the extent to which they provide situations or institutions, which cue individualism (Husted and Allen, 2008; Oyserman, 2006). This implies that Germanic Europeans may be more inclined to cover-up for a superior or colleague's questionably unethical activities. Decision-makers from the U.S., however, might be more likely, in a given ethical dilemma, to perceive individual ethical dimensions and "do the right thing" rather than worry about how that ethical action might impact welfare of the larger group. U.S. individuals' high degree of sensitivity towards ethical orientation values as compared to European nationals can be confirmed by the results of some other empirical studies. Davis et al. (1998) found U.S. nationals to deem a male boss who promotes only women with whom he has been socially involved to be more immoral than matched Austrian nationals. Tavakoli et al. (2003)

suggested that U.S. managers had a significantly greater propensity to "blow-the-whistle" and to report unethical behavior as compared to managers from Croatia. Also, Ahmed et al. (2003) found the U.S. business students condemned employees of a fictional auto repair shop who lied to customers about work performed as compared to matched students from Russia who were far more lenient in their moral appraisals. Finally, the first national culture test of PIE conducted by Vitell and Paolillo (2004) compared subjects' measures of PIE from the U.S. versus Spain versus Turkey versus the United Kingdom (UK) and revealed that the U.S. had the highest levels of PIE with Spain and Turkey having relatively similar levels and the UK the lowest. Against this background and employing the aforementioned individual versus collectivist theories we offer the following hypothesis as on explanation for the cultural difference in PIE between U.S. nationals versus Germanic European nationals:

The U.S. nationals will have greater measures of perceived importance of an immoral decision (PIE) as compared to perceptions of Germanic European nationals.

2. Research method

2.1. Sample. Subjects of this experimental study included the U.S. students enrolled in accounting courses at a mid-sized university in the Midwest (U.S., *n* = 45) and Europeans at a similar size university in Austria (Germanic European, *n* = 57). Lysonski and Gaidis (1991) indicate accounting students are good proxies for business managers. U.S. subjects were U.S. born and raised, all primarily in the Central United States. The European population represented students drawn primarily from Austria, however, a number of students also came from Germany. Students in both countries were enrolled in upper-level accounting courses and participated in this study voluntarily without compensation.

2.2. Process of study and data collection. Institutional Review Board approval was obtained for this study where appropriate. Informed consent was obtained from each subject. Subjects were assured results would remain confidential to attenuate social desirability response bias (Randall and Fernandes, 1991). Subjects were also informed they were free to leave the experimental setting at any time during the study. No subjects left the experiment. Each work-station contained a packet of experimental materials. After a brief introduction, subjects were told to read the ethical scenario in their packet and then evaluate a series of statements in a questionnaire that was distributed to them only after reading the ethical scenario. The entire

procedure took between 10 and 15 minutes. The laboratory experiment employed a 1 x 2 factorial design. There was one between-subject variable: national culture (the U.S., Germanic European).

The experimental task was first conducted in the U.S. and then repeated a few months later in Austria with identical steps taken in each nation. A modified version of Brislin's (1983) approach was used to develop the German-language instrument for use in Austria. The experimental materials were translated into German by one of the bilingual research-team members. Close attention was paid by all authors to ensure that facets of the fictional scenarios were equivalent in both cultures. For instance the fictional characters in the scenarios are culturally adjusted. Paul and Jessica Tate (U.S.) became Paul and Sandra Meier (Germanic Europe). Nate and Katie Johnson (U.S.) likewise became Stefan and Andrea Müller (Germanic Europe). Finally, a bilingual colleague of one of the team members not involved in the project translated the German instrument into English and concurred with its convergence to the English original.

2.3. Instruments. A preponderance of academic research in business ethics has employed vignettes to establish a moral dilemma for evaluation by experimental subjects (Leitsch, 2004; Leitsch, 2006; McMahon and Harvey, 2006; Ng et al., 2009; Tsalikis et al., 2008; Valentine and Hollingworth, 2012). Hence, our laboratory experiment used two different ethical scenarios involving hypothetical business dilemmas, which conclude in the main character of the vignette making an unethical decision. Two different ethical scenarios were used to reduce subject response bias. The first vignette, adapted from previous research (Flory et al., 1992; Leitsch, 2004; Leitsch, 2006; Singhapakdi et al., 1996b) involves the main decision-making character as a manager of a fictional company named Stern Electronics, asked to approve a risky credit sale to an old friend. The second scenario, written by the authors for this research, involves a student intern decision-maker asked to show a morally questionable Facebook profile of a friend to a supervisor for hiring purposes. The idea for this scenario came from a real-life experience by one of the author's students during a public accounting internship. Scenarios are approximately the same word length. For practical reasons, we use the term "actor" instead of the specific names of the decision-makers in the scenarios. Gender of the ethical decision-maker (actor) in the two scenarios is also randomized to avoid gender bias. In both cases the fictional "actor" makes an immoral choice (i.e., makes the risky credit sale or shows his/her friend's harmful Facebook profile). Each subject read one of the two scenarios and was then asked to evaluate their perceptions

regarding the ethical dilemma by answering a questionnaire. The questionnaire also gathered demographic information on the participants and other miscellaneous information. The English version of the two scenarios in their basic form is presented in the appendix. Relevant parts of the questionnaire are included in the next section. A complete copy of the survey instrument is available from the corresponding author upon request.

2.4. Variables and measures. In the hypothesis, the independent variable national culture is either the U.S. or Germanic European (i.e., dichotomous variable). The independent variable is the perceived importance of ethics (PIE). In the literature, PIE has been operationalized with two different instruments; PRESOR SCALES and PIE SCALES. Singhapakdi et al. (1996b) first developed the PRESOR SCALE to capture managers' perception regarding the role of ethics and social responsibility in moral decisions. The scale includes general statements about the importance of ethics and social responsibility to an organization's overall effecttiveness. The PIE SCALES developed by Robin et al. (1996) who are credited with the seminal work that differentiates a person's PIE from the moral intensity of the ethical situation itself, measure four items that focus solely and directly on perceived salience of the issue. To measure PIE, we used Robin et al.'s (1996) four item instrument which was also employed in previous research (e.g.

Cronan et al., 2005; Guffey and McCartney, 2008; Valentine and Hollingworth, 2012).

Specifically, we used four queries adapted from Robin et al.'s (1996) original measurement instrument of PIE with 7-point-Likert scales (i.e., PIE 1 to PIE 4). As discussed earlier, subjects were asked to indicate the extent of their agreement to a particular statement or the importance or significance of a particular issue regarding the ethical dilemma. Questions three and four were reverse coded to reduce response bias. On the basis of the four measures or questions, respectively, (i.e., PIE 1 to PIE 4) a variable was created called "Total PIE" (TOTPIE). TOTPIE equaled the summation of responses, per individual, to each of the separate questions measuring PIE (i.e., TOTPIE equaled PIE 1 + PIE 2 + PIE 3 + PIE 4). The raw Cronbach's alpha for the summated score is .620 providing confidence that these questions are reliable as a set (Cronbach, 1971). TOTPIE ranged from 4 to 28 because subjects who perceived the highest level of ethics in all four scenarios would have a summated TOTPIE score of 28, i.e., seven times four questions, while a subject sensing the lowest ethics in all four scenarios would have a summated TOTPIE score of 4, i.e., one times four questions.

Table 1 summarizes the measurements, questions and statements applied to measure the respective dependent and independent variables as well as the specific scale and value range.

Table 1. Variables and measures for the test of hypothesis

Dependent variable	Question or statement in the questionnaire	Scale	Value range
National culture	Inherent in the sample	Dichotomous	(1) U.S. (2) Germanic European
PIE 1	"I believe *actor's* behavior in the above scenario is"	7-point Likert	(1) Extremely important (7) Extremely unimportant
PIE 2	"To me, the issue discussed in the above scenario is of"	7-point Likert	(1) Considerable concern (7) Considerably of no concern
PIE 3	"I believe *actor's* behavior in the above scenario is"	7-point Likert	(7) Extremely significant (1) Highly insignificant (*reverse coded*)
PIE 4	"To me, the issue discussed in the above scenario is"	7-point Likert	(7) Of fundamental issue (1) Fundamentally of no issue (*reverse coded*)
TOTPIE	PIE 1 + PIE 2 + PIE 3 + PIE 4	Metric	$4 \leq TOTPIE \leq 28$

3. Results

3.1. Demographic randomization. A one-way analysis of variance (ANOVA) was used to test for between cell differences in gender. A test for gender was also run even though previous gender findings in business ethics research have been inconclusive or contradictory (Cronan et al., 2005; Singhapakdi, 1999; Weeks et al., 1999). We find no significant main effect ($F = 0.00$, $p < 0.96$) for gender indicating no systematic difference in this variable between nations.

3.2 Test of hypothesis. Our hypothesis concerns the impact of national culture (U.S. versus Germanic European) on personal perception of the importance of ethics (PIE) as measured by the summation of answers to four statements measuring ethical perception. The hypothesis predicts U.S. nationals will have a significantly greater perception of ethics in two unethical scenarios than Germanic European nationals. Our results indicate a significant main effect for TOTPIE ($F = 344.04$, $p < 0.00$). Our hypothesis is strongly supported by the findings of our research.

Discussion and conclusion

Research in business ethics often concludes that the intensity of an unethical dilemma is the key factor in whether or not an individual will employ moral reasoning when evaluating an ethical problem. Additional studies suggest a person's individualized perspective of ethics (PIE) plays a further role in formulating ethical decision-making. In the present investigation, we provide the first cross-cultural test between the U.S and Germanic European nationals of the PIE model developed by Robin et al. (1996) and, consequently, contribute to the literature that, to date, has provided little understanding of how cultural values influence ethnic groups' ethical perception (Ho, 2010; Thorne and Saunders, 2002). We also show that national culture plays an antecedent role in determining individuals' level of PIE. Specifically, the U.S. nationals experimentally show significantly greater levels of PIE as compared to a matched group of Germanic Europeans. The implications for business and further research are vast.

First, the U.S. firms operating in the Germanic European arena need to be cognizant that employees from Germanic Europe are unlikely to be as attune to cues of ethical/unethical situations in the workplace as their U.S. counterparts. Vice versa, Germanic European nationals doing business with U.S. nationals need to be very sensitive as not to provoke equivocal situations and not to behave in a way that might be experienced as immoral by the U.S. nationals. The awareness of cross-cultural differences in ethicality may not only prevent misunderstandings and conflicts in ethical decision-situations but also is likely to enhance mutual recognition and respect among business partners from different countries or even among people working in the same company and help them to manage effectively in different cultural contexts around the world.

Understanding respective cultural differences is especially important for upper management. Companies implementing global partnerships frequently send top managers to live and work in new growth arenas. Not only does this often require understanding of a new language but one must be attune to cultural differences as well. Mergers and acquisitions are frequently accompanied by cultural conflicts which likely stem from varied national perspectives of PIE. Managers on both sides of the cultural divide need to be aware that their words and actions are likely perceived with an ethical skill set different than their own.

Second, since PIE can be individually enhanced through rewards and punishments, Guffey and McCartney (2008) suggest control steps can be taken to heighten national cultures' ethical perceptions. Such controls might include ethics training programs and other positive means of reward for increased attentiveness to ethics. Initiatives that teach managers and employees to identify ethical aspects of a decision situation that were previously unrecognized may be beneficial and increase the likelihood that managers and employees themselves act ethically (Haines et al., 2008). Since there is evidence that more senior managers' ethical behavior influences managerial behavior lower down in the hierarchy (Wiley, 1998), it is important in particular that in Germanic European countries, which measured lower in PIE in our study, organizations' leaders take an active role and are vigilant regarding ethical practices and behaviors (Velthouse and Kandogan, 2007). By doing so, organizations can increase organizational-wide ethicality awareness (i.e., PIE), and reduce the likelihood of unethical behavior (Haines et al., 2008). Establishing and/or reinforcing strong corporate codes of ethics for companies operating in Germanic Europe is another plausible method of increasing and/or maintaining high levels of PIE. Further, an ongoing cross-cultural dialogue and learning as well as the active development of organizational practices at the international level such as the cross-cultural implementation of corporate ethics programs can be beneficial for both nationals (Brunton and Eweje, 2010). Finally, on another front, ethics training and education could already start earlier in the life-time of a manager. While many business schools in the U.S. have already integrated courses that address ethics and ethical decision-making as requirements rather than electives in their curricula (Velthouse and Kandogan, 2007), business schools in the German European arena still lag behind in this regard. Our findings which indicate differences between U.S. and Germanic European nationals in the perception of an ethical dilemma (i.e. that U.S. relative to Germanic Europeans appear to be higher in PIE) may encourage changes and extensions in Germanic European management education

This study, of course, is not without its limitations. First, questions of external validity exist for all laboratory studies. It must be recognized, however, that measuring components of ethical decision-making in a real world violation of ethics might prove quite difficult, if not unethical itself. Thus, internal validity is sought to test theories of human behavior in a controlled environment. Also, no extensive pre-testing or manipulation checks of experimental constructs was conducted in the study given time constraints of international data gathering. We believe, however, that

this limitation is overcome by our use of well-established experimental instruments to measure PIE, although the issue still bears notice as a limitation of our current study. Our study is also limited by its sample population, which embodies only one institution from the U.S. and one university from Austria. As mentioned previously, however, a good number of students from the Austrian university were German nationals providing a more representative sample for the German European cluster. A better German European sample might include subjects from additional German European nations, i.e., German-speaking Switzerland and the Netherlands. Additionally, a better sample population would also include U.S. subjects from a number of geographic locations throughout the country, to avoid sample bias attributable to cultural differences with the U.S. nation.

Future research should continue to explore the impact of national culture on ethical decision-making. Prospective studies could investigate differences within European nations to see if Eastern Europeans evaluate ethics differently than Western Europeans. Also, while this study chose to compare Germanic Europeans to subjects from the U.S., a comparative study of Europeans to all nations in House et al.'s (2004) *Anglo* classification would be interesting (i.e., England, Ireland, Australia, South Africa (white sample), Canada, New Zealand, and the U.S.). Additionally, as presented above, this research finds the U.S. to have greater PIE than Germanic Europeans. An interesting extension of this research would be to investigate if these two cultures have differences in specific components of moral intensity proposed by Jones (1991). Identifying which specific components of perceived ethics U.S. nationals rate more strongly on than (Germanic) Europeans could provide invaluable insight to companies in the U.S. and abroad. An understanding of how culture impacts perceptions of ethics and ethical decision-making is essential to responsible international commerce. The U.S. and (Germanic) Europe have a long and notable history of international trade and business associations. This research serves to enhance these associations and provide the groundwork for continues investigation into the parameters of culture that impact ethical decision-making.

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Appendix. Experimental instruments/scenarios (English version)

Stern Electronics scenario

Actor is the assistant controller at Stern Electronics, a medium-sized manufacturer of electrical equipment, owned locally and solely by its Chief Operating Officer (COO). *Actor* is in his late fifties and plans to retire soon. His daughter has been accepted into medical school, and financial concerns are weighing heavily on his mind. *Actor's* boss (Controller) is out of the office recuperating from health problems, and in his absence *Actor* is making all decisions for the department.

Actor receives a phone call from an old friend requesting a sizable amount of equipment on credit for a new business. *Actor* is sympathetic but cognizant of the risk of extending credit to a new company, especially under Stern's parent company's strict new credit policies. When *Actor* mentions this conversation to the Director of Finance, the Director is immediately interested. The Finance Director notes that the company needs an additional $ 250,000 in sales to meet the quarterly budget and thus ensure bonuses for management, including *Actor*. The Finance Director also notes that if the new company defaults on payment of the equipment, it's likely to be in the next quarter before the problem is uncovered by Stern's auditors. After some analysis, *Actor* determines there is only a 60% chance that extending credit to his friend will result in a default on payment. If it does happen, however, it's predicted that bad debt will amount to 70% of the total sales. After discretely asking around, *Actor* finds out that no other individuals in the firm have extended credit to risky customers to ensure short-term sales.

Action: *Actor* decides to make the sale to his friend's new business. Please evaluate this action.

Facebook scenario

Actor is an intern at Lawson, Fredericks & Anderson LLP, a medium-sized CPA firm. *Actor* is nearing the end of a four-month, positive internship experience and is enjoying a moment, after a hard day's work, with various senior staff and managers from his firm. *Actor* is aware that his ability to interact socially with his future co-workers is as important to them as his knowledge of accounting. At the conclusion of the internship, fulltime offers will be made to top performers who fit in well with the firm.

Soon, the lighthearted talk turns to a discussion of a recent evening after work, when a friend of *Actor's* from his school, also serving as an intern, got pretty wild with some members of the firm. *Actor* actually is aware of his friend's wild reputation, and knows that her official Facebook profile holds a number of incriminating and potentially damaging pictures of her. *Actor* knows this because he is an official Facebook 'friend' of this young women, which allows him access to her postings.

Unexpectedly, one of the senior managers tells *Actor* that if the questionable moral allegations made against this young woman are true, the firm is not going to hire her for a fulltime position. The senior manager then asks *Actor* if he could pull up the individual's Facebook profile so they could check out her pictures and postings. There is about a 60% chance the pictures from Facebook will have a negative impact on *Actor's* friend. If they do, she will not be offered a fulltime position with the firm, which is to start next month. *Actor* remembers conversations with friends who have told him they have been asked to show friends' Facebook profiles many times for firms they've worked for and they've never done it.

Action: *Actor* decides to show the Facebook profile to his senior manager. Please evaluate this action.