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Special Issue: **International Business**

MiCTA Service Corporation: Growing a Technology-Assistance Firm for Non-Profit Organizations
An Interview with John Rathje, CEO

Homogeneity of Economic Performance of the Euro-Land: A Statistical Analysis

The Use of Entry Methods in Identifying Multinational Companies' AdaptStand Behavior in Foreign Markets

A Study of Differences in Business Ethical Values in Mainland China, the U.S. and Jamaica

Corporate Social Responsiveness Orientation: Are There Differences Between U.S. and French Managers?

Leading Environmental Change: The Case of the Global Mining Industry

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Two major trends will dominate the world trading order: the push toward globalization and the simultaneous pull of regionalization. The unprecedented technological developments during the past decade of the twentieth century, the dramatic increase of the number of countries that embrace free trade, and decreased restrictions on transportation and travel ushered in an area of global markets. Furthermore, with innovations in telecommunication technology including the Internet, publishing syndicates, motion picture industries, television networks, and news wire services, people throughout the world are in ever-closer contact with each other. Therefore, an increasing number of enterprises are acting on a global basis and doing business within foreign cultures in some manner.

Increased globalization is an important topic for business and the economy. However, globalization is also controversial. Increased globalization is the promise of expanded economic opportunity and increased prosperity. On the other hand, some individuals may fear that globalization causes inflation, unemployment, monopolies and materialism.

Globalization refers to the process of increasing social and cultural inter-connectedness, political interdependence and economic, financial, and market integrations [1,2,3]. During the past two decades, globalization has caused dramatic changes to business around the world. Limited studies have been conducted to investigate how globalization actually affects corporations and how corporations respond to such effects. Thus, this issue of the Review of Business deals with the ways international business supplements the operations of a national company, it examines the economic disparities that exist among advanced economies, it studies the factors that influence product adaptation decisions of major multinational corporations, it reveals ethical and social responsibility differences among various countries and it describes the strides the global mining industry has made in dealing with environmental challenges.

A lot of companies have utilized an incremental approach to international business—as is the case with MiCTA. MiCTA clients are not-for-profit organizations. It provides them

with pertinent information and purchasing assistance relating to the purchase of technological products. An interview with its CEO, John Rathje, reveals how the company competes in its industry and its involvement in international projects.

While the World Trade Organization deals with lowering trade barriers among major world markets, regionalization allows groups of countries to integrate further their economic and trade cooperation. Regionalization includes free trade groups such as NAFTA. The most successful of these groups is the European Union. Frequently one wonders whether all the economies perform the same from such integration. Yu and Zhang study the economies of the fifteen European countries utilizing the Euro as their currency.

The international business environment spans a spectrum of two extremes, a globalized versus a multi-country environment. On the one hand globalization is characterized by standardization of products, processes and resource utilization on a transnational scale, while on the other hand a multi-country environment requires the adaptation of products, processes and resources to the socio-cultural, political and economic conditions of each country with which a company is doing business. Demetris Vrontis and Ioanna Papasolomou study major U.K. multinational corporations to see what factors affect their decision to standardize or adapt their marketing mix in international markets.

Among the most important factors affecting international business is ethics. Ethical considerations affect every aspect of management at the national level. The issue of ethics becomes more complicated in the international arena. Practices that are considered unethical and unacceptable in one country may be tolerated or encouraged in another country. Companies might decide to avoid doing business within certain countries because of questionable business or governmental practices. Fok, Hartman, and Kwong study differences in business ethics between Mainland China, the United States and Jamaica and the way they have changed over the last ten years. Ibrahim and Parsa focus their study on differences of corporate social responsibility orientation

among U.S. and French managers. Their study measures corporate social responsibility orientation along four dimensions: ethical, legal, economic and discretionary.

Another major issue that affects international business is environmentalism. International corporations have come under great criticism because their operations create tremendous environmental deprivation. The global mining industry in particular has created serious environmental problems. Scott Young examines how this global industry takes the lead in correcting its environmental activities.

All manuscripts went through the normal double-blind review process and each was revised at least twice before final acceptance. This volume would not have been published if we had not had the support and collaboration of numerous helpers. First of all, as the guest editors of this special issue, we would like to express our sincere appreciation to Larry W. Boone, Editor of the Review of Business, for encouraging us to undertake this venture and providing outstanding support throughout the development process. In addition, we would like to express our profound appreciation to the reviewers for their time, diligence, professionalism and insightful comments.

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MiCTA Service Corporation: Growing a Technology-Assistance Firm for Non-Profit Organizations An Interview with John Rathje, CEO

Interviewed by Gerald R. Ledlow and Mark A. Cwiek, Central Michigan University



MiCTA, a national organization based in Mount Pleasant, Michigan, provides its members, all non-profit organizations, with information and purchasing assistance concerning technology products and vendors. It acts as a clearinghouse of information concerning voice, data and video issues and problems and works to develop and sustain quality, cost saving technology programs.

There are currently more than 15,000 members of MiCTA representing local, state and federal governments; education and health care institutions; libraries; and other non-profit groups. Each of the 50 states has at least one organization that is a member of MiCTA.

MiCTA gathers information on new products and services, appraises them and evaluates vendors. Through conferences, training and professional development, it provides this information to its member administrators. It offers technical briefings, legal findings and industry trends and direction. MiCTA will analyze a member institution's telecommunications bills to determine the program that best fits its specific needs, based on the member's usage pattern.

MiCTA participates in governmental and regulatory proceedings affecting technology issues and influences the development of voice, data and video-services to members at reduced costs and improved quality. It also enables its members to purchase technology equipment at significantly lower prices by aggregating the purchases of services and products. Members can save up to 50 percent over individual purchase price. By negotiating for contracts yielding most favored pricing for its members, MiCTA reduces the cost of technology and improves the quality of service, which enables member institutions the option of forgoing their own costly research and purchasing processes.

John Rathje is President and CEO of MiCTA Service Corporation (MSC). Before joining MSC, he was the Director of Advanced Technology at Central Michigan University

(CMU). He was responsible for overseeing asset management, Client/Server systems administration, application development including Intranet and Internet development, security administration and multimedia development.

Prior to his position at CMU, Mr. Rathje was the co-founder and president of Diversified Computer Group, Inc., a firm that specialized in computer-related technology and services. In this capacity, he managed numerous application development and technology implementation projects for corporate customers.

John Rathje received his BS (1988) in Physics and MS (1997) in Computer Science from Central Michigan University. He began working with MiCTA on a volunteer basis before taking a full time position as President of Operations in 2000. In early 2004, the board of directors promoted him to his current position.

Q: MiCTA – That is an unusual name, and it represents an unusual line of business, does it not?

A: This is a question that I have answered enthusiastically many times before. MiCTA is unique in several ways. We started as a small association of Michigan Colleges and Universities and dealt purely with telecommunication needs. Over time, our mission changed to help organizations in all of the non-profit sectors—across the nation and beyond. Our two main areas of emphasis are helping our members become more proficient with available technologies and then building cost savings programs for them to use. Our organization has developed programs in the areas of voice, data, video, educational technology, wireless, computing, network equipment and other related services.

Q: How did MiCTA get started?

A: In the early 1980's, many colleges considered starting their own telecommunications departments. Up until that time, colleges were primarily using service providers. However, with the breakup of the Bell system, many organizations saw an opportunity to

supply phone service on campus. The problem was that many lacked the know-how and expertise to install phone switches and systems. A few people in the higher education market had prior experience, and they were willing to share their insights with others. For the first few years, MiCTA was a loose gathering of telecommunications directors who met a few times a year to share strategies. After time, these directors recognized an opportunity to work together to influence the price they paid to the major long distance carriers. By aggregating their demand for these services, they were able to show the long distance carriers that they could bring significant business to a carrier, thus reducing the carrier's need to manage multiple contracts and respond to diverse needs. After MiCTA offered its first formal request for long distance services, member costs were greatly reduced, in some cases by more than 50 percent. The focus on educating members and building programs continues today.

Q: Who are the members of the MiCTA Association and why do they join your group?

A: Membership in MiCTA is open to any non-profit or governmental organization, nationwide. Today, we have primary and secondary educational groups, health care, municipalities, states, charities, church groups and others who are eligible for our services. Since our origin came from the higher education market, we have a very strong following in the community college and university setting. In the mid-1990s, we began working closely with the Midwestern Higher Education Compact (MHEC). They had a charge to develop telecommunications programs and determined to model their program with ours. The guidance and input resulting from this cooperation led us to the other regional educational compacts: the Southern Regional Education Board (SREB), the New England Board for Higher Education (NEBHE) and the Western Interstate Commission for Higher Education (WICHE). After some very productive discussions, the four compacts and MiCTA founded the American TelEdCommunications Alliance (ATAAlliance). The ATAAlliance is a growing and very dynamic organization. Through the combined

efforts of our organizations, we have streamlined input to our process, which enables us to deliver solutions more effectively and to build more dynamic, diverse and valuable programs.

The government has also been a major influence on our direction. Through various mandates and government funded programs, we have shifted some attention to ensure that kindergarten through high school (K-12) and library organizations realize maximum cost reductions through participation in the eRate program. The eRate program is a federally run program, used to offset the cost of telecommunications services and products for K-12 schools, libraries and rural health organizations.

Compliance concerns attributed to the Health Insurance Portability and Accountability Act (HIPAA) have also had an impact on our reach to help health care organizations. All totaled, we have more than 19,000 organizations included in our membership list, either through direct membership or through association affiliations. We will continue to grow in members, and as we do, our commitment to help each member save money and better understand technology also deepens.

Q: Do organizations join MiCTA primarily to participate in your cost effective buying rates?

A: Many join for cost savings. Even very large organizations can realize savings through our agreements. We also hear from our members that the peer information sharing, technical briefings and educational training sessions are also an invaluable part of their membership. As we grow, we intend to provide additional services for our members. The services that we provide are primarily free, although we do host conferences that require an attendance fee.

For an annual membership fee of \$75, organizations receive values that can exceed tens and hundreds of dollars in reduced costs. These savings are achieved through aggregating the volume of services and/or products that our programs provide. With this aggregation of volume, MiCTA negotiates service and/or

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products at the lowest possible rates for our members. This negotiation is conducted after an extensive Request for Proposal process that many of our members participate in, along with our experts, to find the best vendors that meet what our members need.

As our membership makes us aware of services or products that have a common and wide impact, we will do what we can to assist members to be served by vendors of those services and products. We have helped members with legal and regulatory concerns and have done extensive testing on new technology solutions. We feel fortunate to help in so many ways.

Q: Who are the major service providers that MiCTA works with?

A: Our goal is to identify the best products and services provided by the best solution providers, offered at the lowest cost and delivering the greatest value. Each program provider goes through a due diligence process that is initiated by a formal, national request for proposal (RFP).

Our membership identifies key areas for us to research and build programs. As we see opportunity to help on a wide scale, we solicit input from our membership to help identify functional requirements for a formal bid. Once the bid is delivered and vendors respond, we again ask our members to help, this time to evaluate the proposals. Those proposals that are found to be the best value (the winners) are recommended for 'endorsed' status within our organization. Often, a second product or service is also found to be valuable. In those cases, we have created a second classification called 'approved'. The approved status indicates that a vendor has met all essential requirements of the bid and is considered a very good value. In some circumstances, these 'approved' bids may be the better choice for members based on their particular needs. One of the benefits of our group is that through the 'endorsed' and 'approved' ratings, we offer our membership a choice of products and services.

Our endorsed vendors include Qwest, Sprint, Avaya, Innovative Communications, Merit Networks, Applied Global Technologies and Desire2Learn. These program providers have demonstrated great value and deliver outstanding service at most favorable pricing. While not every member will use the endorsed provider, we find that the majority of our members engaged the endorsed provider first. Our other contract award winners are also

an impressive lot – MCI, WebCT, Blackboard and Office Depot/Tech Depot, to name a few.

Our agreements with these vendors are dynamic. This means that as changes in the industry occur, such as development of new services and adjustments to pricing, the agreements can continuously evolve to the benefit of the member. We insist on favorable pricing and use the volume of our membership as the key instrument in leveraging these prices. With involvement from the founding members of the ATAlliance, we have a very strong case and great opportunity to impact on a vendor's potential business.

As an additional benefit to membership, we work on behalf of our members to resolve any issues that may arise between the program provider and the member. We certainly don't want to get in the middle of specific concerns, but if the member is not able to make headway, we will do what we can to impact a positive outcome. Aggregation has benefits to all members—large or small—in ways beyond just superior pricing.

To further help our members, we enlist the expertise of the membership to participate in various committees and advisory groups. These groups act as peer review teams, and even go so far as to test equipment and technologies, and to report their findings back to the general membership. Not every member organization has the budget or the time to spend researching and reviewing technology advances. This type of assistance is invaluable and something we are very proud to provide.

Q: Has MiCTA been involved with any international projects?

A: Yes we have, but we are far from reaching our potential in other countries. In the way of program development, we were the first organization to establish a video session internationally using the public switched network. We couldn't have done that without the support of various groups, including British Telecom and Image Comm. For a number of years, we interacted with folks in the U.K. through delivery of technical briefings, on-line collaboration and testing.

Through our business acquaintance with Info-Core, we also became an active participant in the Black Forest Group. The Black Forest Group is an IT advocate for International Fortune 100 companies. Our involvement was one of identifying possible ways to aggregate volume to assist with an integrated security solution.

Many of the Black Forest members were reviewing ways to establish commerce with multiple providers in a secure environment. Our involvement was one that identified ways to leverage our membership and vendor partners to build an affordable model. Due to recent economic conditions, we have not been as engaged in this effort.

Our video integration provider, Innovative Communications, has done a great deal of work in China, Taiwan and Japan. As education and commerce become more global, we believe our reach will also become even more worldwide. In fact, it makes a lot of sense that our program providers will partner to deliver a comprehensive solution that entails infrastructure, various interactive technologies and educational platforms.

Recently, we established an eLearning solution with a Canadian firm, Desire2Learn. Their international reach and our model work hand in hand to expand to other countries. I suspect the next few years will be very exciting as we open opportunities around the world.

Q: What are the chief challenges for MiCTA in the future?

A: Our greatest challenge continues to be providing outstanding service to our members. They already expect to see great pricing through our negotiated programs, but we need to deliver added value above and beyond program pricing. Due to the explosive growth of our membership, it is a challenge to ensure that we know who our members are, the needs they have and their time frame for implementing solutions.

The changes in technology continue to amaze me. Even though I've been involved with technology my entire career, the rate of change is something you are never completely comfortable with. Too often providers will propose a new 'solution' that isn't proven or doesn't have the return-on-investment needed to make good business sense. Yet, as in every area of business, there is a perceived pressure to be ahead of the competition and our membership is highly competitive. Colleges compete for the best students, faculty, staff and grant opportunities; governments compete for businesses and tourism; health care looks to provide quality care and keep patients within their system. Our goal is to provide a level of awareness, understanding and comfort concerning new technology advances and, where it makes sense, build programs that are affordable but are based on solid, member-driven standards of performance.

The challenges are the same as they were 20 years ago, but you can look around and see that the number of proposed solutions have increased significantly. We have the challenge to stay on top of the curve.

Q: What do you see are the three greatest opportunities for MiCTA in the future?

A: Opportunity exists in understanding our member needs. We are hearing more and more displeasure with the lack of access to decent bandwidth. Additionally, members want to be able to interact with systems, applications and other people through a single device. That breaks down to finding ways to deliver affordable bandwidth through traditional and non-traditional means. Even though the Telecom Act was designed to develop competition in the telecommunications arena, it has fallen short of its goals. We suspect other solutions, using fixed and mobile wireless, will become popular and effective. We are listening to our membership so that we can identify ways to connect their growing needs with impending technical solution sets.

Traditional and non-traditional education is also in a state of change. On-line learning, along with non-invasive and invasive medical applications will drive the need even deeper for anywhere, anytime, high speed access to information. As these infrastructures are built, information gathering and data mining will become the hot areas of our environment. In fact, many are already working on data mining technologies of the future.

Opportunities will always exist. Our challenge is to ensure that we anticipate our members' needs quickly, and move efficiently to review, test and build solutions that fit the common needs of our membership.

Q: If you could do it all over again, what would you do differently?

A: I would ensure that we are solidly prepared for growth. When MiCTA first started, it didn't know how large an organization it would become. Through good solutions and word of mouth, the organization grew rapidly. Rapid growth is great when you are prepared. However, our focus is that of outstanding service, and ramping up for great service takes time, especially when you start as a completely volunteer organization. It was only a few years ago that we developed full time staff to handle the needs of the group. I'd simply have started that process sooner; but the good news is, we are now there and the future looks bright.

Homogeneity of Economic Performance of the Euro-Land: A Statistical Analysis

Tyler Tieliu Yu, Mercer University
Miranda Mei Zhang, Mercer University

Abstract

The emergence of Europe as an increasingly united community will be one of the significant developments in the 21st century. Europeans have come a long way from the 1957 Treaty of Rome, which dealt primarily with the trade of iron and steel, to the 1992 Treaty of Maastricht (ratified in 1993), which set the tone for the European Union. Although they still have to cope with several harmonization and standardization issues, the European Union is well underway within the Economic European Community. This paper examines the economic performance of the member countries of what is sometimes referred to as *euro-land*. We will employ the following four variables—GDP, pre-euro-dollar exchange rate, euro-land inflation, and unemployment rate—as indicators of current unity of the member countries, and forecast the future of the euro based on these four determinants.

Introduction

Although the United States has received significant support from its European allies in the war against terrorism, the differences between the two entities remain. On the surface, the differences are between their attitudes and approaches toward issues such as the death penalty, missile defense systems, global environment and more recently and significantly, policies toward Iraq, to name a few. The dominating factor underlying these differences has become clear: the European Union wants itself to be an equal partner, not a surrogate or a subordinate to the United States. As stated by French President Jacques Chirac during President Bush's meeting with his 18 NATO counterparts on June 13, 2001 in Brussels, Belgium, "The progress made toward a European defense is irreversible, since it is part of a deep-seated and more general trend toward European integration. The emergence of a European Union fully taking its place on the international scene is now a historical fact of life."

The European Union, with its recent expansion to include 25 member countries, will undoubtedly reshape the international political and strategic paradigm of the 21st century. However, "This (development) has been the central contradiction in U.S. foreign policy for the past 50 years,"

observed Philip Gordon, a European expert at the Brookings Institute in Washington. "Democrats and Republicans alike have wanted to see a more united and stronger Europe, but as it comes about in practice, every administration since 1950 has gotten increasingly nervous about it [19]. Most people in the U.S. also have a difficult time understanding the concept and significance of the development of the European Union. As explained by Robert B. Zoellick, the U.S. Trade Representative, most Americans don't grasp the impact of "shared sovereignty."

One of the critical questions about the European economic integration, especially its common currency, the euro, is the impact of differences among member countries—in terms of economic development and future growth—on the ultimate success of the unity. As stated in their convergence criteria, the fate of the euro's success will at least partially depend upon the member countries' ability to keep their economic development and growth at par with the general norm of the unity [4]. The homogeneity of the member countries' economic performance is crucial because one country's monetary policy, for example, will have impact on other countries' economic performance, since there is only one currency in circulation. That being the case, the more homogeneous the member countries' economic performance is, *ceteris paribus*, the easier it will be for the European Union to stabilize the currency.

It is, therefore, important that we understand the political and economic development of the European Union. If the Europeans can successfully maintain a stable common currency, which has completed the initial economic goals set for the unity, then it would not be a surprise that the political unity will not be far from reality.

The purpose of this paper is to examine the economic performance of the member countries in the euro-land. We will employ the following four variables—GDP, pre-euro-dollar exchange rate, euro-land inflation and unemployment rate—as indicators of current unity of the member countries and forecast the future of the euro based on these four determinants.

We first review the literature pertinent to the development and implementation of the euro. Then, using empirical data, a set of hypothesis tests are conducted to determine the differences among the member countries in terms of economic performance. Finally, some conclusions are drawn based on the analysis.

Review of the Literature

Since the euro's inauguration electronically in 1999, the new currency has drawn much attention in the world, including the realm of academic research. Numerous articles and research papers have been published regarding various aspects of the new currency. One line of research looks at the social, cultural, economic and political aspects of the introduction of the euro [5,15,18]. These studies argue that the introduction of the euro should be connected not only in symbolic but also in concrete terms with a resurgence of development, mobility and social inclusion. Also demonstrated in these studies is the crucial significance of anchoring a currency within the context of a social whole. Finally, the major obstacles and concerns associated with the transfer to the euro are addressed.

Research studies have been conducted to review the performance of economic and monetary union (EMU) among the 11 members of the European Union (EU) during its first year of existence [20]. The examination of the properties of the euro was also conducted [13]. Along the same line, another study was conducted to analyze the portfolio properties of the euro, composed as it is of the currencies of 11 member countries [1]. The European Central Bank (ECB) took over the responsibility of monetary policy and introduced the euro as a new currency to replace the currencies of each of the 11 member nations. During 1999, the number of U.S. dollars per EU euro has declined from \$1.18 to \$1.01; inflation increased from about 2% to 3%; the unemployment rate dropped some, but still remained very high at 9.6% (beginning 1999 at 10.6%). The payment system, TARGET (Transeuropean Automated Real-time Gross settlement Express Transfer), that had integrated the money markets in all EU countries, began operation on January 4, 1999 and operated without a glitch. Most economists agree that the first year of EMU was a success. The future, however, will be linked to the ability to reduce the unemployment rate and to increase overall growth. Using a U.S. investor's perspective, the euro investment is a low risk-low return alternative.

An article in Goldman Sachs' *European Weekly Analyst* depicts a relatively clear picture of the current status of the euro development in the euro-land. Although the review paints a

bleak picture for the euro land, it does give the currency a fighting chance for price stability and increased growth prospects through a sound and cohesive economic policy. The weakness includes the need to improve long-term growth prospects in relation to its main competing countries, the rise in inflation and potential GDP due to a weak euro and the increasing political cost of endorsing a sliding currency that shows no outward sign of reversing. This might have been the factor that knocked the euro off its rocker. Since its inception, it has fallen 25% in value compared to the dollar. The loss of confidence is noted in the article, which also indicates that the accountability of politicians for such a partnering is reaching a boiling point [8].

...one country's monetary policy...will have impact on other countries' economic performance, since there is only one currency in circulation.

A group of studies has been conducted to examine the country specifics of the euro-land, ranging from cases of membership countries to non-membership countries. An article entitled "The Case for Britain Joining the Euro" addresses the issue of benefit and cost of the UK's decision on staying outside of the euro zone. According to the author, the gains far exceed the savings of transaction costs [11]. Ireland presents a different picture of its membership in the ECU. The first year of the euro has been a good experience for the country, which has been matched by Ireland's outstanding economic performance [17]. Switzerland is neither part of the European Union nor a member of the euro club. Rich examined the exchange rate of the Swiss franc against the euro and found that the rate of the two currencies has remained fairly stable [16]. Despite the stability, the Swiss monetary authority will not peg its country's currency to the euro and will continue to implement an autonomous monetary policy. It is believed that monetary autonomy conveys various benefits to the Swiss economy.

Finally, due to the relatively new status of the recent expansion, there is a dearth of peer-reviewed research on the issue related to the performance harmonization of the EU. Mattli and Plumper [14] examined the demand side politics of EU enlargement and analyzed the relationship between democracy and the application for EU membership.

...The more homogeneous the member countries' economic performance is...the easier it will be for the European Union to stabilize the currency.

The authors argue that leaders in more democratic societies tend to have a greater incentive to pursue institutional reforms that have, as a result, aligned their countries with EU rules and institutions. Gorzelak and Jalowiecki [9] examined the historical development of the European continent, with their focus on the impact of former boundaries that divided the Central-Eastern European countries. The hypothesis of the study is that since the current differences in economic development among the European countries are deeply rooted in the historical evolution of the European countries and states, it will be very difficult to harmonize the differences in the levels of regional developments.

Empirical Data Analysis

Unemployment, Inflation, GDP, and Dollar Exchange Rate

There is a wide spread in the unemployment rate among the euro countries. For example, in 1996, the unemployment rates in Spain and France were 20.8% and 12.4%, respectively. In the same year, the unemployment rate in Luxembourg was only 3.3% [3]. The high spread in the unemployment rate is at least partially due to the immobility of labor in these member countries. Unlike other currency zones such as the United States, where one language is spoken and one common culture is present, the mobility of workers in the euro countries is restricted due to language and cultural barriers. Workers in the members' countries that suffer from high unemployment seldom move out from the adversely affected region toward countries with high demand for workers. The language barrier, inflexible housing market and labor markets that remain tightly regulated are to blame for the inflexibility and immobility of workers in the euro region.

The second economic indicator that measures the economic health of the member countries is the inflation rate. The historical data reveal considerably huge deviations of the inflation rate among member countries. Germany and Austria, for example, have had relatively very low inflation rates, averaging at 3.2% and 4.0%, respectively for the past 30 years, while other countries such as Greece have an average inflation of 14.7% for the same period [6]. It is difficult for a common currency to function well if the inflation rate differs significantly in member countries. One of the reasons for the difficulty is that the monetary authority of the euro-land would have contradicting effects when applying macroeconomic policies [12].

There is a wide variation in the growth rates of the GDP in the member countries. Germany, for example, has the lowest

growth rate of 3%, while Ireland has the highest growth rate of 13%. Theoretically speaking, the single currency will help all the member countries in the long run in terms of economic development. In the short run, however, it could be difficult for the EU to stabilize the economic growth of the euro-land.

The last economic indicator analyzed in this study is the pre-euro dollar exchange rates of the member countries. One of the main goals of the euro is to boost international trade for the entire region and to have a single currency that would be able to trade evenly with the dollar. The wide variances of the exchange rates of the member countries would mean that there could be significant fluctuations of the exchange rate between the U.S. dollar and the euro. Empirically, almost all member countries' currencies lost values against the dollar in 1998.

ANOVA Test

An important part of the analysis involves the use of an ANOVA test. This test can be used to determine whether the economic performance measured by the selected variables are different among the member countries of the euro-land. The test shows whether the differences are statistically significant or not. Like other hypothesis-testing procedures, these tests compare sample results with those that are expected when the null hypothesis is true [2]. The hypotheses for the ANOVA test are:

Ho: $U_1=U_2=U_3=U_4=U_5=U_6=U_7=U_8=U_9=U_{10}=U_{11}=U_{12}$
 Ha: the U's are not all equal

Where: Ho is the null hypothesis
 Ha is the alternative hypothesis
 U's are the treatment means

The null hypothesis states that the means for the economic variables (GDP, pre-euro-dollar exchange rate, euro-land inflation and unemployment rate) of the 12 member countries are equal. The research hypothesis charges that at least one of the four categories is significantly different from others.

The ANOVA models (one for each variable) were constructed using time-series data (1970-2000) for the four variables. The data on the variables were collected from various editions of the International Financial Statistics Yearbook [10]. The F-Test at a 1% level of significance led to the rejections of the null hypotheses and to the conclusion that the difference among the four major economic indicators is statistically significant. The result of the ANOVA test is summarized and reported in Exhibit 1.

EXHIBIT 1. ANOVA RESULTS ($\alpha=0.01$)

Variables	Time Period	p-value	F-ratio	F-Table Value	Decision on Ho	Difference among euro countries
Unemployment	1975-1999	3.03E-42	34.37	1.83	Reject	Significant
Inflation	1971-2001	2.26E-26	16.65	1.81	Reject	Significant
GDP	1970-1998	2.17E-43	29.75	1.81	Reject	Significant
Exchange Rate	1970-1998	9.9E-143	208.33	1.81	Reject	Significant

As shown in Exhibit 1, the p-values obtained from the ANOVA analysis on the four major economic indicators, namely GDP, unemployment rate, inflation and dollar exchange rate, are all less than the level of significance ($\alpha=0.01$). The empirical result of ANOVA tests reveals that there are significant differences among the 12 member countries in the euro-land in terms of economic performance.

...the mobility of workers in the euro countries is restricted due to language and cultural barriers.

The empirical results of the study are consistent with the reality. The countries that make up the euro-land have individual economic characteristics that differ from each other. For example, Luxembourg, Austria and Germany are countries with little fluctuations in their economies as indicated by the low variation in the economic indicators. On the other hand, the economies in other member countries, such as Portugal and Italy, fluctuate significantly. For example, in 1984 the inflation rate in Portugal was at 29.10%, while in 1999 Portugal's inflation rate declined to 2.31%.

Conclusion

Based on the selected factors used in this study, i.e., unemployment, inflation, GDP and exchange rate, the empirical findings suggest that the member countries of the euro-land have significant differences in terms of the status of their economic development. The policy implication of this finding is that the monetary authorities of the euro-land member countries should keep in mind the fact that the economic development among the member countries is not homogeneous. This means that the transmittal effects of a policy catered to a particular economic problem of a member country may indeed impose significant negative secondary side effects on other member countries.

Although the empirical results of the ANOVA tests imply that there may be some difficulties in maintaining the stability of the currency (The euro has had a tough beginning. At one point, it had lost 25% of its initial value.), it can still be argued that the euro will succeed and bring economic benefits to the euro-land. This will be achieved under the following conditions:

1. The biggest obstacle that the EMU will have to overcome is the lack of confidence in the currency. The public sectors of the member countries should show their full, unconditional confidence and ability to support the currency. The ECB should establish its firm attitude towards intervention, if necessary, by building up its own stock of the currency and by developing a reasonable plan to apply and implement monetary policies to stabilize the currency. The monetary authorities of the member countries should do the same.

It is difficult for a common currency to function well if the inflation rate differs significantly in member countries.

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- The euro-land governments should have better coordination and cooperation among themselves, as well as with the ECB, to foster economic growth and to implement fiscal and monetary policies to reduce unemployment and control inflation. After all, the success of "shared sovereignty" depends on "shared efforts" to achieve and maintain it. If the member countries' governments cannot grasp the idea of "team work" and continue to act solo from time to time by placing the priority of their own national monetary interests above that of the euro's, it is only natural that the rest of the world is not going to take the idea of unity in single currency very seriously.

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entry methods

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The Use of Entry Methods in Identifying Multinational Companies' Adaptation Behavior in Foreign Markets

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Abstract

This research investigates some of the largest UK multinational companies, to examine their levels of adaptation and standardization of international marketing tactics. It examines whether these companies are adapting or standardizing their marketing mix elements in international markets. This research determined that both adaptation and standardization are used at the same time. The level of integration is dependent upon considerations of the relationship between the reasons and elements identified, and an understanding of how these are affected by a number of factors (one of them being *Entry Methods*, the factor under consideration).

Introduction

Within the field of international marketing, there has been a longstanding debate over the amount or extent of standardization or adaptation. Vrontis and Vignali [13:26] state that the question came under discussion as early as 1961, with Elinder [5] initially considering the idea with regard to world wide advertising. This debate then expanded to consider promotion and today encompasses the whole of the marketing mix.

The fundamental basis of the *adaptation school of thought* is that the marketer is subject to a new set of macroenvironmental factors, as well as different constraints such as language, climate, race, topography, occupations, education and taste; in addition, there are frequent conflicts resulting from different laws, cultures and societies [4]. On the other hand, supporters of *standardization* believe that consumers' needs, wants and requirements do not vary across various markets and countries. They believe that the world is becoming increasingly more similar in both environmental and customer requirements [7].

However, it is suggested that the absolute use of either approach is too extreme to be practical. The truth lies in neither of these two polarized positions, because both processes coexist. This research aims to investigate the practical complex relationship of the two extreme approaches (adaptation and standardization), and suggests methods and ways to determine the right level of

integration. More specifically, this research will investigate the level of integration in relation to the *different entry methods*, with a particular focus on *Exporting* (direct and indirect).

Literature Review

Within the field and literature of international marketing, when a company decides to begin marketing products abroad, it has to make a fundamental strategic decision whether to use a standardized marketing mix (product, price, place, promotion, people, physical evidence, process management) and a single marketing strategy in all countries, or whether to adjust the marketing mix and strategies to fit the unique dimensions of each local market.

Buzzel [1] and Buzzel *et al* [2] state that in the past, dissimilarities among nations have led a multinational company to view and design its marketing planning separately for each country, treating each one strictly as a local problem. However, it is believed that in recent years the situation is changing, and the experiences of a growing number of multinational companies suggest that there are real potential gains for a company willing to consider standardizing the marketing mix elements and strategies. This has been one of the critical points in history concerning the huge debate on standardization and adaptation.

Supporters of global standardization believe that we live in a globalized world in which nation-states are no longer significant actors or meaningful economic units; in which consumer tastes and cultures are homogenized and satisfied through the provision of standardized global products created by global corporations. Levitt [7] asserts that well-managed companies have moved from emphasis on customizing items to offering globally standardized products that are advanced, functional, reliable and low priced. Multinational companies that concentrated on idiosyncratic consumer preferences have become befuddled and unable to take in the forest because of the trees. Only global companies will achieve long-term success by concentrating on what everyone wants, rather than worrying about the details of what everyone thinks they might like.

The conceptualization discussed above is opposed by supporters of the international adaptation approach, which react directly to the sweeping and somewhat polemic character of their argumentation. They believe that the assumptions underlining global standardization philosophy are contradicted by the facts. Those observations, taken as a whole, seem to suggest that standardization is difficult and impractical at best [6]. They argue that globalization seems to be as much an overstatement as it is an ideology and an analytical concept [10].

Supporters of international adaptation argue that tailoring your marketing mix elements is essential and vital in meeting the demands, needs and wants of your target market. Marketing mix elements cannot be standardized, as the international marketer is subject to a new set of macroenvironmental factors, to different constraints and to quite frequent conflicts. Lipman [8] argues that for many, the global-marketing theory itself is bankrupt and bunk. Not only are external differences very much still with us, but marketing a single product one way everywhere can scare off customers, alienate employees and blind a company to its customers' needs.

It is argued that standardization and adaptation is not an all-or-nothing proposition but a matter of degree. On the other hand, the huge costs involved in the adaptation approach, and the benefits of standardization, fail to allow adaptation to be used extensively, as theoretically suggested. Success is not dependent upon adaptation or standardization; it results from merging the two and finding the right level of standardization and adaptation across the marketing mix elements and marketing strategies for each country [12].

Vrontis [12] argues that deciding on international marketing tactics/7P's is dependent upon a number of determinants. These determinants are grouped into what can be termed: reasons and factors.

- **Reasons** are seen as those behavioral aspects 'pulling' multinational companies' tactical behavior towards one or the other side of the continuum.
- **Factors** are those determinants affecting the behavior and the importance of the reasons pulling it.

This is illustrated in Exhibit 1.

Scope and Methodology

It is evident that the international practitioners should have to search for the right balance between standardization and adaptation, and therefore determine the extent of

globalization in a business and adapt the organization's response accordingly. An analysis of the debate and problems outlined above led to the formulation of the primary hypothesis (PH):

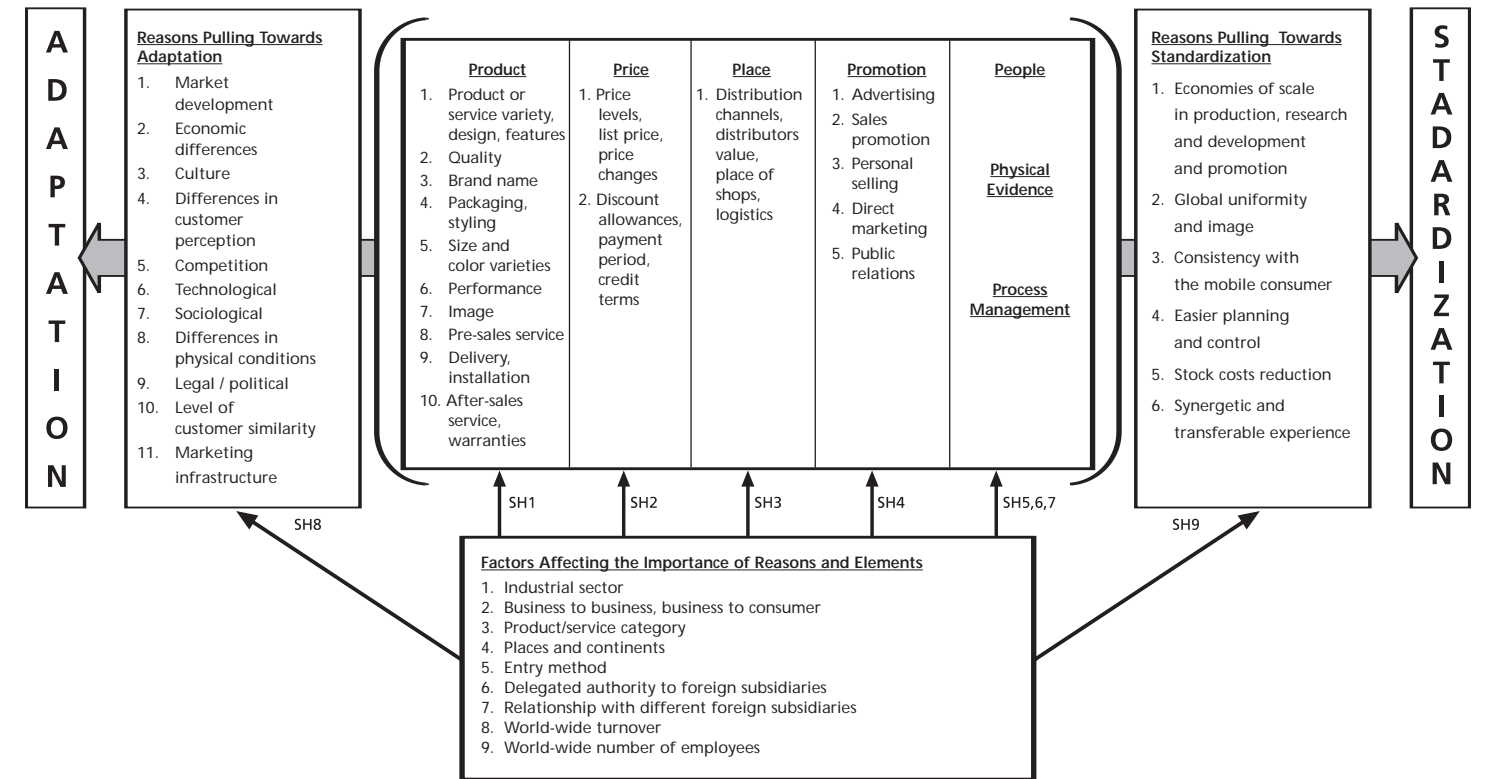
Multinational companies are not exclusively adopting international adaptation or global standardization across their marketing mix elements.

It is believed that the examination of this hypothesis will indicate and identify the behavior of multinational companies (MNC), and will suggest further ways for improving companies' operations. Exhibit 1 explains the complex relationship affecting tactical behavior. It is paramount and fundamental in setting nine secondary hypotheses (SH). **The secondary hypotheses are only testing the 5th factor (Entry Methods), as seen at the bottom of Exhibit 1.** They are divided into two parts. One part tests the relationship between tactical and behavior/7P's (Product, Price, Place, Promotion, People, Physical evidence and Process management: see center of Exhibit 1), and entry methods (SH₁₋₇). The other part of the secondary hypotheses tests the relationship between reasons (left and right hand side of Exhibit 1) and entry methods (SH_{8,9}).

- SH₁: The entry method strategies used by various MNC affect their decisions in relation to product.
- SH₂: The entry method strategies used by various MNC affect their decisions in relation to price.
- SH₃: The entry method strategies used by various MNC affect their decisions in relation to place.
- SH₄: The entry method strategies used by various MNC affect their decisions in relation to promotion.
- SH₅: The entry method strategies used by various MNC affect their decisions in relation to people.
- SH₆: The entry method strategies used by various MNC affect their decisions in relation to physical evidence.
- SH₇: The entry method strategies used by various MNC affect their decisions in relation to process management.
- SH₈: The level of importance of reasons pulling towards adaptation is dependent on entry methods strategies used.
- SH₉: The level of importance of reasons pulling towards standardization is dependent on entry methods strategies used.

Standardization and adaptation is not an all-or-nothing proposition but a matter of degree.

EXHIBIT 1: DEVELOPING THE ADAPTSTAND MODEL (SECONDARY HYPOTHESIS FORMULATION)



Source: Adopted from Vrontis, D. (2003)

This research sets out to help multinational companies and marketing practitioners to identify and assess the degree of standardization and adaptation across their marketing mix elements, in relation to the entry method used. The rationale is that the identification and implementation of the optimal level would be highly beneficial for multinational companies, as it would help them achieve both customer satisfaction (marketing orientation) and organizational success (profitability and development).

In the context of this study, the research approach relies on both deductive and inductive reasoning methods. Using the deductive method, secondary data was collected by an extensive review of the theory and literature including journals, articles, newspapers, books and on- and off-line databases. Primary research, described in more detail below, was collected by a questionnaire survey. This provided an insight into the behavior of different MNCs, and allowed an in-depth comparison of their responses, taking into account their organizational characteristics (type of entry method used), offerings and target markets.

The sampling unit was comprised of UK multinational companies; that is, companies that traded in more than one overseas market. Questionnaires were posted to the marketing director of the biggest 500 UK MNCs across five industrial sectors (i.e., manufacturing; services; transportation and communication; construction and retail; and wholesale). The sampling procedure used falls at non-probability sampling and specifically within the category of purposive/judgment sample [3].

The questionnaire encompassed both open and close-ended questions. The closed questions provided a number of alternative answers from which the respondent was instructed to choose; the open questions allowed respondents to give answers in their own way.

The questionnaire survey, and its analysis, is both quantitative and qualitative in nature. Quantitative analysis has been performed in S.P.S.S. (Statistical Package for Social Sciences). However, it also encompasses qualitative aspects deriving from open-ended questions that established the

reasons why multinational companies behave the way they do. Quantitative methods deal with identifying what, why and where something is happening, while qualitative methods provide further information and understanding on the why and how. This proved to be particularly important in answering this research's hypotheses.

Research Analysis and Results

Saunders *et al* [11] suggested that a response rate of approximately 30% is considered reasonable for self-administered postal questionnaires. This is backed up by Nachmias and Nachmias [9], who state that a reasonable response rate for postal questionnaires is between 20-40%. Of these 500 companies, the number of usable respondents was 124. This indicates a response rate of 24.8%, which was sufficient for statistical analysis to continue.

The research identified that companies going international are mainly exporting (directly and indirectly). Forty-seven% of the respondents are using indirect exporting and 33% direct exporting. This illustrates that the manufacturing firm is not taking direct care of exporting activities (handling documentation, physical delivery and pricing policies). Instead, another domestic company, such as an export house or trading company, performs these activities, often without the manufacturing firm's involvement in the foreign sales of its products. It is also "less risk and profitable" (company number 300) to use. Research also found that 30% of the companies are using direct investment, 21% licensing, 18% strategic alliance and 15% franchising.

Primary Hypothesis (PH)

Dealing with the primary hypothesis, it is identified that respondents do not solely adapt or standardize their marketing mix behavior in overseas markets. The analysis was undertaken from the 7-point scale, where 1 is complete standardization and 7 complete adaptation.

It is identified that multinational companies are using a variable level of adaptation and standardization across their tactical international marketing approaches. Information given below goes a step further and identifies the mean and the average mean of the seven marketing mix elements.

As reported by multinational companies, the product element of the marketing mix is the most standardized element ($\mu=3.1$). This is especially true for product quality ($\mu=2.37$), brand name ($\mu=2.42$), image ($\mu=2.54$), and performance ($\mu=2.65$), and to a lesser extent for size and color varieties, packaging and styling. A trend towards standardization is also seen in pre-sales and after sales services, warranties, design, features, delivery and

installation with reported means between 3.78 to 3.81. Price is the most adapted element of the marketing mix ($\mu=5.25$). As exemplified, mainly price levels, list prices and price changes ($\mu=5.48$), and to a lesser extent discount allowances, payment period and credit terms ($\mu=5.02$) are tailored accordingly to fit market needs and requirements.

A trend towards adaptation is seen with the place or distribution element of the marketing mix ($\mu=4.39$). In terms of promotion, multinational companies have reported a mean of 4.64, which makes it the second most adapted element of the marketing mix. This adaptation trend is greater in sales promotions, public relations and personal selling, and is less evident in direct marketing and advertising.

People, physical evidence and process management are more neutral in terms of international behavior, where multinational companies are not adapting or standardizing their marketing practices, but rather use a more integrated approach with respective means of 3.90, 3.88, and 3.85.

This section verified the primary hypothesis: that UK multinational companies are not exclusively adopting international adaptation or global standardization across their world-wide marketing tactics, but strike to find a balance. Verification of this hypothesis allowed this research to continue with a number of secondary hypotheses.

Secondary Hypotheses 1-7 (SH₁₋₇)

This section examines and analyzes the level of adaptation and standardization pursued by UK multinational enterprises when competing within the highly competitive and complex international marketing environment. This analysis is based on the Entry Method Strategy used (direct exporting, indirect exporting, licensing, franchising, strategic alliance and direct investment). Specifically, this section is concerned with testing the first seven secondary hypotheses (SH₁₋₇).

In relation to *product* (a good or service), this research identified that franchising ($\mu=2.12$) and licensing ($\mu=2.57$) are the two most standardized entry strategies used by multinational enterprises when entering international markets. On the other hand, indirect exporting ($\mu=3.67$) and direct investment ($\mu=3.49$) are subject to more adjustment. This might be because companies that use franchising and licensing are required to standardize product depending on parent companies' requirements, while those entering otherwise have relatively more flexibility to adjust to local needs.

ANOVA tests identified that there is a significant difference in product or service variety, design and features ($p=0.07$), performance ($p=0.00$), image ($p=0.01$), pre-sales service ($p=0.02$), delivery and installation ($p=0.09$), and after-sales service and warranties ($p=0.10$). In all cases, the difference is statistically significant when comparing direct exporting with direct investment. It is argued that standardization is more feasible when exporting directly, and adaptation is more feasible when direct investment and overseas production is taking place. "When owning facilities and produce in international markets we have the capability and flexibility to tailor products according to different needs" (company number 222).

The first secondary hypothesis is therefore verified and it is argued that multinational companies' decisions on product is affected by entry methods (SH₁).

In relationship to *price*, the aim of this research was to identify any possible statistical differences between sub-factors for price. For the purpose of this research, a comparison between price and market entry methods was necessary. The analysis has illustrated that companies that mainly use indirect exporting, direct exporting, and direct investment as their entry method, have reported a more adapted behavior than other sub-factors. However, this or any other differences are not statistically significant. The second secondary hypothesis is therefore rejected and it is argued that multinational companies' decisions on price are not affected by entry methods (SH₂).

Dealing with place/distribution, empirical evidence suggests that UK multinational companies are considering both adaptation and standardization. Respondents' comments in this study also support this: "horses for courses" and "different markets, different tactics" or "standardization is key to success" and "we transfer our core capabilities and policies". On the one hand, "international distribution approach has proved to be different from territory to territory" (company number 215). The study identified that reasons such as "the different levels of development" (company number 15), "local market conditions" (company number 70) and "different scales and different cultures in different markets" (company number 912) have driven UK multinational companies to a different distribution tactical approach. On the other hand, some companies reported that a more standardized behavior enabled them to "achieve global branding" (company number 375), a "common set up world-wide" (company number 586) and to sustain a "key competitive advantage" (company number 146).

In comparing the companies' behavior with the different entry methods, the research found that there is a statistical significant difference across direct investment and indirect exporting ($p=0.01$). Direct investment follows a more adapting behavior ($\mu=5.16$), since local plant and production investment may allow more flexibility to companies. "If you are investing locally, you are more likely to see more cost effective ways to distribute and supply products tailored to clients' needs" (company number 405). Indirect exporting, on the other hand, shares a more standardized behavior ($\mu=3.09$) as multinational companies use a relatively similar way to distribute products to independent intermediaries who export products for a fee or commission.

The third secondary hypothesis is therefore verified and it is argued that multinational companies' decisions on place are affected by entry methods (SH₃).

...Adaptation is paramount to get maximum cost benefit from customer contact and comply with different cultures...

When examining promotion, it was argued that "if promotion is not adapted for export markets, then it will be of limited value" (company no. 192). Multinational companies argued that adaptation exists "to suit the different consumer attitude" (company no. 215), "to match local culture and media requirements" (manager of public affairs, company no. 70), and "to keep in line with differences in message, media requirements and legal aspects of promotions in different countries" (company no. 500).

In examining MNCs' behavior across entry methods, the study identified that direct investment is the most adapting sub-factor ($\mu=5.17$). Indirect exporting ($\mu=4.55$), franchising ($\mu=4.20$), licensing ($\mu=4.20$), direct exporting ($\mu=4.15$) and strategic alliance ($\mu=4.55$) follow this.

Results of ANOVA tests identified that for the five sub-factors of promotion, there is a significance difference for advertising ($p=0.07$), sales promotion ($p=0.03$), personal selling ($p=0.06$) and direct marketing ($p=0.03$). Post hoc Bonferroni tests exemplify that these differences are statistically significant when comparing direct investment and direct exporting. It is argued that this is because

Global uniformity and image is the most important reason pulling multinational companies towards global standardization.

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personal investment and involvement in overseas markets may necessitate or identify the need for national promotional execution.

The fourth secondary hypothesis is therefore verified and it is argued that multinational companies' decisions on promotion are affected by entry methods (SH₄).

In relation with the services mix (*People, Physical Evidence, Process Management*), respondents argued that "the UK mentality did not always suit other countries' markets" (company no. 215). "Dealing with different nationalities meant that the level should be searched" (company no. 234). "We need to understand the idiosyncrasies of individual markets and adapt our behavior accordingly" (company no. 192). Companies gave a lot of consideration to the following factors: "individuals needs" (company no. 88), "different stages of market development" (company no. 299) and "technical nature of product/customers" (company no. 146). At the same time, the "benefits of globalization and standardization are highly considered" (company no. 99). By researching and implementing the correct level of integration "we can transfer the existing working model" (company no. 110) and "develop a good personal relationship" (company no. 235). It is therefore illustrated that companies standardize when they can. However, this is not always possible or desirable.

In comparing this behavior with different entry methods, it was identified that differences between sub-factors (i.e., direct exporting, indirect exporting, etc.) is marginal and not statistically significant. The service mix is therefore not dependent upon entry methods and the reported average level of behavior is consistent between sub-factors. It is argued that UK multinational companies, regardless of organizational characteristics and practices, use an integrated tactical approach. Their behavior is arrived after a consideration of both micro and macro environmental forces and benefits of globalization. There are some instances where mean difference indicates a small variance in behavior; however, ANOVA tests confirmed that sub-factors are not significantly different.

The fifth, sixth and seventh secondary hypotheses are therefore rejected. It is thus argued that multinational companies' decisions on the service mix are not affected by investigated factors (SH₅₋₇).

Secondary Hypotheses 8-9 (SH_{8,9})

This study has shown that UK multinational companies are both adapting and standardizing their international tactical performance. This section examines the reasons why

multinational companies adapt and standardize in international markets. Chi-square tests are then used to identify any statistical differences, which may exist for different reasons, by a comparison of the factor under investigation (entry methods).

When dealing with the reasons that influence companies to adapt (SH₈), it is evident that UK multinational companies tailor their marketing tactics in overseas markets. The marketing director of company number 88 said that "global customers are different. They are also becoming more sophisticated and demanding in certain markets. We therefore have to adapt quickly to these differences and changing circumstances". It is argued that adaptation should take place in order to meet differences associated with people and with the micro and macro environment. "People are completely different" (company number 188). "We found it extremely difficult to get other countries to standardize, even on uniform style control of branding" (company number 63). "Different markets make different demands" (company number 307). Therefore, "adaptation is paramount to get maximum cost benefit from customer contact and comply with different cultures, level of competition, environmental variances, laws, market share and scale of operations" (company number 92).

This research identified that culture, market development, competition, laws and economic differences are the most important reasons that drive multinational companies to adapt. It is quite interesting that 92% of respondents stated that culture is an important reason for them. Market development (87%), competition (84%) and economic differences (78%) were also rated highly important by companies. Laws (82%) and differences in customer perceptions (71%) are equally important. Finally, political environment (53%), level of customer similarity (49%), marketing infrastructure (44%) and differences in physical conditions (39%) were rated less important. However, these should not be ignored in any tactical decision making process.

The question now is whether the percentage level of importance for reasons pulling/enhancing adaptation is consistent or statistically different across the different entry methods investigated. The following section discusses this data.

Pearson chi-square value ($\chi^2=10.70$) and the significance value ($p=0.01$) analyzed illustrate that competition is statistically different across entry methods. This can be said with 99% confidence, considering the average percentage of 83.87. This research identified that 95.64% of the companies using direct investment as their main entry method consider

competition is a very important reason for adaptation. This is different for exporting, where only 71.70% of companies that use exporting as their main entry method see competition as an important reason. Generally speaking, competition is more important in direct investment, strategic alliance, licensing and franchising and less important in exporting where direct involvement is less.

A significant difference ($p=0.03$) is also evident for marketing infrastructure. The average percentage level of importance (44.35), reported for this reason, is statistically different among industrial sectors. It is also found that marketing infrastructure is highly important for licensing, franchising and direct investment and less important for the remaining entry methods used.

The eighth secondary hypothesis is therefore verified and it is argued that the level of importance of reasons pulling towards adaptation is dependent by entry methods (SH₈).

When dealing with the reasons that influence companies to standardize (SH₉), it was identified that global uniformity and image is the most important reason pulling multinational companies towards global standardization. 81% of companies researched are considering it when crossing national borders. 75% of the companies questioned stated that economies of scale in production, research, development and promotion is an important factor pulling them towards standardization. Synergetic and transferable experience is the third most important reason for global standardization with 74% of companies considering it. Finally, consistency with the mobile consumer (52%), easier planning and control (48%), and stock costs reduction (43%) have acquired a smaller percentage of importance.

In relation to entry methods, there is a statistical difference for global uniformity and image ($p=0.00$). This may have resulted from the lower level of importance reported by companies dealing with exporting in comparison with the remaining entry methods. The same is true of consistency with the mobile consumer. It can be argued with 95% confidence that the average of 51.61% is significantly different among entry methods. This could be evident when comparing exporting with licensing and franchising, strategic alliance and direct investment. It may be concluded that both reasons for standardization are less important for exporting, as products are exported but not necessarily sold by the same company. On the other hand, companies that deal with the remaining entry methods are more interested in achieving global uniformity and image and consistency with the mobile consumer, as it may directly increase their profitability.

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The ninth secondary hypothesis is therefore verified and it is argued that the level of importance of reasons pulling towards standardization is dependent by entry methods (SH₉).

Conclusion

The recurrent theme in international marketing, concerning whether companies should aim for a standardized or country-tailored marketing approach, is very much debated in the academic literature and is a concern for every multinational company and marketing practitioner. This research identified that standardization and adaptation is not an all-or-nothing proposition but a matter of degree. It has identified that the huge costs involved in the international adaptation approach, together with the multinational companies' desires to reap the benefits of standardization, do not allow international adaptation to be used in an absolute manner. Similarly, organizational differences, heterogeneity among different countries' macro and microenvironment, as well as companies' desires to satisfy consumers' diverse needs do not allow standardization to be practiced extensively.

Marketing practitioners should not make a one-time choice. UK multinational companies must integrate marketing tactics. Multinational companies should simultaneously focus their attention on aspects of the business that require global standardization and aspects that demand local responsiveness. When appropriate processes ought to be standardized, however, operations in local markets necessitate the maintenance of the appropriate local flexibility.

Limitations and Directions for Future Research

Even though this paper examines the level of integration in relation to adaptation and standardization, for entry methods, it does not provide information for the other eight factors examined in this research (see bottom of Exhibit 1). Further, it is acknowledged that this research examines only UK multinationals and therefore cannot be generalized. Similar research in other counties may provide different results. Consequently, similar research can take place for other countries. The results could then be compared to the present research findings to identify any differences or similarities in behavior. Finally, this research focuses on the tactical level and seeks to identify the AdaptStand level of integration. Future research can examine the behavior of multinational companies on a strategic level. Then the two can be compared, and conclusions can be reached for a more general understanding.

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differences in business ethical values

A Study of Differences in Business Ethical Values in Mainland China, the U.S. and Jamaica.

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Abstract

It has been 25 years since China began the transition from a socialist based, command economy to a free market economy. The success of this conversion has required a modification in the mindset, the rules of the game, and in the ethical and social norms that guide and inform business decisions. Shortly before that time, Jamaica achieved independence from colonial control by Great Britain. The research presented in this paper continues the examination of the transition of the values and ethics that underlie business decisions in the U.S., China and Jamaica by revisiting a survey process begun 10 years ago. Five business scenarios calling for decision choices were given to Jamaican, Chinese and U.S. professionals. The differences and similarities between the choices of the three groups are compared in the current study and the results are compared to those derived in a previous study conducted 10 years ago. The current differences and similarities are discussed, as well as the changes in differences and similarities found a decade ago.

Introduction

Significant changes are occurring in many parts of what has been considered the "Third World." In this study we examine possible perceptual/ethical changes over a 10-year period in two very emerging countries, Jamaica and China, and consider how they compare to the U.S., a "developed" country. The contrasts are notable. In recent years in China, the rapid growth of the Chinese economy, the participation of China in the World Trade Organization and the significant involvement of Chinese firms in the global investment community indicates emergence into major power status. In Jamaica, after independence, there has been a continuing struggle to build the economy and the infrastructure and to emerge from colonial status. In China, there has been the need to reconcile a Confucian and communist heritage with the demands of 21st century business. In Jamaica, capitalist influences are primary but lack of development leads to frustration of those aims. Under such circumstances, the increasing relevance of studies of the norms and values that are the basis for business decisions may become apparent as a basis for understanding decisions which are made in very different cultures. This study seeks to continue a longitudinal study of ethical decision-making that was begun 10 years ago, to gain a clearer understanding of the progress of the transition of two very different cultures to the free market.

We describe a methodology and results of a scenario-based survey conducted among Jamaican, Chinese and American

participants. Both quantitative and qualitative results are put forth and discussed. The discussion includes considerations of historical and cultural influences that impact Jamaican and Chinese values including, in Jamaica, openness to change and the influence of capitalism and, in China, Confucianism, Maoism, market influences and differences in institutional environments.

We note that the empirical research in business ethics has traditionally focused on the U.S. and single country studies conducted in Australia [21], Britain [7,17], India [6], Italy [9] and Russia [13]. It should be noted that, at that time and even today, the major studies from this group are conducted by researchers from Western traditional cultures and conducted in Western countries. The work of the research institute at Hong Kong Baptist University and the China European International Business School efforts appear to be extending these single country studies to China. In this research, we compare across three different cultures: Jamaica (which has not received previous study), China and the U.S.

The Changes Impacting China and Jamaica

China

The Chinese opening to the West and the dissolution of the former Soviet Union have fueled interest in the process of economic transition. Interest in the changes in types and methods of management decision-making was also aroused. Notable in this body of literature are the works of Byrd [5] and Lee [14]. The role of soft-technology transfer, which includes free market management skills, has been studied empirically by Levitt [15,16] and by Shi [20]. The transition toward free market operations offers strategic windows of opportunity as one set of rules of the game replaces another [12,20]. Reform in economic systems redefines corporate sources of legitimacy and substantively alters the business, government and society relationship [1,22]. The overall sense is of a stable culture, but one founded upon Confucian and Maoist, rather than capitalist, social/ethical systems confronting a need to take its place in the 21st century marketplace. What will be the impact upon ethical decision making, given these pressures?

Jamaica

In understanding the situation in Jamaica, of importance is Hofstede's [10] finding that Jamaica is notably low in uncertainty avoidance. Ronen [19], compiling the results of several of Hofstede's studies, points out that Jamaica is the second lowest country in uncertainty avoidance, with Singapore ranked in the lowest position. Given the

openness to change implied by low uncertainty avoidance, it may be that Jamaicans will be more open to pressures to industrialize than cultures such as China. This point has recently been underscored by Bissessar [3,4], who has studied social services reforms and “pay for performance” appraisal reforms in several Caribbean nations, including Jamaica. Bissessar points out that the reforms studied failed in Trinidad, Tobago and Guyana, the other countries studied, but succeeded in Jamaica. As Bissessar notes, the countries have in common their colonial past and “third world” status, but differences in Jamaica permitted it to succeed where the other countries failed. One factor in Jamaica’s success, he notes, was its embrace of the changes and its willingness to change whatever related systems had to change for the reforms to be effective.

In Jamaica, adoption of “capitalist” ethical systems should be far less challenging than is the case with China, in that Jamaica’s heritage is capitalist and it has enjoyed a close relationship with the U.S. However, Jamaica is emerging from a colonial heritage, as noted, and is confronted with bringing together the diverse heritages of the many peoples who have contributed to its culture, notably Arawak Indians/Tainos, English, Africans, Jamaican, Indians and Jews [11]. Note, however, that these groups do not share similar ethical backgrounds or capitalist heritages, and, given Jamaica’s struggles to emerge from its colonial past and to build an appropriate infrastructure for business, its openness and capitalist, Western, orientation may be less controlling than it may initially appear.

Methodology

Method and Design

The current study replicates the method and design used in previous studies in this series, continuing the vein of management and business ethics literature that uses vignettes to present various kinds of real life ethical dilemmas [8,18]. In an effort to facilitate wider generalization and comparison with previous studies, the vignette set developed by Fritzsche and Becker [8] was used. Instrument and hypotheses replicate those used in similar studies beginning in 1993. Similar subject groups were selected to aid the comparison.

Instrument

The instrument was derived from the Becker and Fritzsche instrument and presents five vignettes. For each vignette, two responses were solicited. First, subjects were asked to indicate on a 0 to 10 point Likert Scale what their own

decision would be to the scenario issue. Second, they were asked to indicate the reasoning behind their decision. Options were presented in multiple-choice format, including an open-ended option.

Hypotheses

Two hypotheses were tested for each vignette.

Hypothesis 1: Chinese, Jamaican and U.S. subjects will select the same behavioral choice when faced with the same ethical dilemma.

Hypothesis 2: Chinese, Jamaican and U.S. subjects will select the same rationales to justify their behavioral choices.

Subjects in the Current Study

- Subjects in the Chinese sample were approximately 49 managers from primarily government organizations (93.9%). The managers were roughly 90% male, and the age range was from the late 20’s to early 40’s, with an average age of 35.2.
- Subjects in the Jamaican sample were approximately 39 managers from a wide variety of manufacturing and service organizations. The managers were roughly 50% males, and the age range was from mid 20’s to early 50’s, with an average of 35.1.
- Subjects in the U.S. sample were approximately 81 managers from a wide variety of primarily service organizations (83%, with 21% of them in health care). The managers were roughly 53% male. The age range was from the late 20’s to early 70’s, with an average age of 34.6.

All respondents were attending graduate level management training.

- The U.S. sample was from two universities, with one in a large Southern city and one from the West Coast.
- The Jamaican sample was from a U.S.-based university.
- The Chinese sample was from two different provinces in China.

Results

The findings from all three samples are summarized in Exhibits 1 through 7. The average scores and standard deviation of the likelihood of taking the action in each vignette are summarized by country in Exhibit 1. A “0” means “definitely would not” take the action and a “10”

means “definitely would.” For each vignette, ANOVA (Analysis of Variance) was used to see if the average scores from the Chinese, the Jamaican and the U.S. samples were significantly different from each other. The ANOVA results are summarized in Exhibit 2.

EXHIBIT 1. DESCRIPTIVE STATISTICS OF LIKELIHOOD TO TAKE ACTION

		N	Mean	Std. Deviation
Vignette 1	U.S.A.	81	4.84	3.11
	China	49	5.69	3.34
	Jamaica	39	5.44	3.44
Vignette 2	U.S.A.	81	3.49	3.23
	China	49	3.43	2.71
	Jamaica	39	3.18	2.57
Vignette 3	U.S.A.	81	1.83	2.16
	China	49	1.71	2.65
	Jamaica	39	3.26	3.35
Vignette 4	U.S.A.	81	2.67	2.91
	China	49	1.57	2.59
	Jamaica	39	1.92	2.95
Vignette 5	U.S.A.	81	7.89	2.76
	China	49	7.92	2.98
	Jamaica	39	8.23	2.60

Hypothesis 1 suggested that there would be no difference in the selection of behavioral choice when faced with an ethical dilemma among the subjects from China, Jamaica and the U.S. As shown in Exhibit 2, Vignette 3 is the only one that has significant ANOVA results among the 5 vignettes. Vignette 3 describes a situation where a new technology can give the company a competitive edge but will produce excess air pollutants. With significance in the ANOVA, this finding implies that the average scores for some of countries are statistically different in Vignette 3. All three sample means were on the low side but the Jamaican sample (3.26) is significantly higher than the Chinese sample (1.71) and the U.S. sample (1.83) (see Exhibit 1). In other words, all respondents were inclined not to use the new technology that exceeded pollution limits, but those in the Chinese and the American samples were much less likely to do so than the Jamaicans. As for the other four vignettes, the data does not support significant difference among the three nations.

The findings in this study are consistent with the Whitcomb, Erdener, and Li study [22] in four out of the five vignettes.

EXHIBIT 2. SUMMARY OF ANOVA RESULTS

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
V11	Between Groups	24.544	2	12.272	1.108	.317
	Within Groups	1708.911	166	10.356		
	Total	1733.455	168			
V21	Between Groups	2.940	2	1.324	.153	.858
	Within Groups	1437.901	166	8.663		
	Total	1440.839	168			
V31	Between Groups	65.374	2	32.687	4.781	.010
	Within Groups	1135.016	166	6.837		
	Total	1200.391	168			
V41	Between Groups	35.900	2	19.950	2.483	.086
	Within Groups	1328.780	166	8.006		
	Total	1368.675	168			
V51	Between Groups	3.300	2	1.654	.212	.800
	Within Groups	1202.697	166	7.287		
	Total	1205.995	168			

The only inconsistency is in Vignette 1. In this study, there was no significant difference in two countries, but it was found that the Chinese gave a significantly higher action score than the Americans.

Hypothesis 2 suggested that Chinese, Jamaican, and American respondents would select the same rationales to justify their behavioral choices in each case. A chi-square test of independence was used to test this hypothesis. The results are summarized in Exhibits 3 to 7. Among the five vignettes, Vignette 1, 3 and 5 reported p-value less than 0.05. This finding implies that certain of the rationales used to justify their behavioral choices are different in the three countries.

The first vignette concerns a bicycle company. It must make a payment to a foreign country businessman if it wants to gain access to his country’s market. After making this payment, the resulting new business will yield \$5 million in annual profit for the company. From Exhibit 3, the biggest discrepancy between the three countries is found in Rationales C, E, and F. 23.5% of the American respondents and 17.9% of the Jamaican respondents believed that a bribe would be unethical (Rationale C), while only 8.2% of the Chinese respondents shared this belief. Additionally, 28.4% of the American respondents, 23.1% of the Jamaican respondents versus 10.2% of the Chinese respondents justified their decision by claiming that it is an acceptable practice in other counties (Rationale E). However, 46.9% of the Chinese respondents and 30.8% of the Jamaican

...[The] countries are using utilitarian approaches and are selecting the issues they will support based upon country/economic necessities rather than upon ethical concerns alone.

respondents rationalized their decision by stating that making such a payment is not unethical and is just the price paid to do business (Rationale F), when only 13.6% of the American respondents agreed.

EXHIBIT 3. VIGNETTE #1

Reasons for Decisions (Frequency Distributions)				
Choice	Reason	U.S.	China	Jamaica
A	Against company policy	4.9%	8.2%	2.6%
B	Illegal	9.9	6.1	5.1
C	Bribe; unethical	23.5	8.2	17.9
D	No one is hurt	4.9	2.0	7.7
E	Is an acceptable practice in other counties	28.4	10.2	23.1
F	Is not unethical, just the price paid to do business	13.6	46.9	30.8
G	Other	14.8	18.4	12.8

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	25.649	12	.012

EXHIBIT 4. VIGNETTE #2

Choice	Reason	U.S.	China	Jamaica
A	Unethical for Smith to provide, and unethical for employer to ask	30.9%	30.6%	20.5%
B	Unethical for employer to mislead Smith when he was hired	11.1	10.2	25.6
C	Protect Smith's reputation	2.5	4.1	7.7
D	Provide some but not all information	14.8	10.2	12.8
E	Decision based on whether security agreement is in force.	28.4	42.9	23.1
F	To keep job; loyalty to new employer	4.9	0	7.7
G	Other	7.4	2	2.6

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	16.884	12	.154

Vignette 3 concerns an adoption of a new technology that will give the company a competitive edge and yet will produce exceptionally high levels of air pollutants.

EXHIBIT 5. VIGNETTE #3

Choice	Reason	U.S.	China	Jamaica
A	It would be illegal	37.0%	46.9%	15.4%
B	Concern for the environment/life	30.9	18.4	48.7
C	Risk of getting caught with resulting negative consequences too great	18.5	20.4	10.3
D	Not their fault; equipment would be installed if available	3.7	4.1	2.6
E	The pollution would not really hurt the environment	1.2	8.2	5.1
F	Large potential with low risk	4.9	2.0	12.8
G	Other	3.7	0	5.1

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	24.805	12	.016

EXHIBIT 6. VIGNETTE #4

Choice	Reason	U.S.	China	Jamaica
A	Too dangerous to world safety	58.0%	61.2%	79.5%
B	May create image detrimental for company	9.9	6.1	7.7
C	Concerned with legal ramifications	6.2	20.4	5.1
D	Don't see responsibility as theirs to make choice	4.9	2.0	0
E	Those who want the information can get it now from other sources	12.3	8.2	5.1
F	Other	8.6	2.0	2.6

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	17.055	12	.073

...[The] bases for cross-cultural understanding are improving, albeit slowly and incrementally.

EXHIBIT 7. VIGNETTE #5

Choice	Reason	U.S.	China	Jamaica
A	Ward has no additional responsibility; loyalty will keep him quiet	3.7%	12.2%	0%
B	Risk of injury or death too low to halt sale	4.9	2.0	2.6
C	The company has a responsibility to the public; criminal and dishonest to remain silent	38.3	69.4	30.8
D	Risk to firm's image, profitability and long run potential too great to remain silent	14.8	10.2	15.4
E	Chances of causing injury or death too great to remain silent	38.3	4.1	41.0
F	Other	0	2.0	10.3

Chi-Square Tests			
	Value	df	Significance Level
Chi-Square	41.657	12	.000

Rationales A and B are the two top choices among all three nations, and yet the levels of agreement are significantly different. 37% of the American respondents and 46.9% of the Chinese respondents believed that it would be illegal to adopt the new technology (Rationale A), while only 15.4% of the Jamaicans shared the same view. However, 30.9% of the American respondents and 48.7% of the Jamaican respondents indicated a concern for the environment (Rationale B) in their decision making process, while only 18.4% of the Chinese respondents have this concern.

Vignette 5 concerns the issue that an auto parts contractor will face bankruptcy if its buyer finds out that a part sold by the contractor is defective. From Exhibit 7, the major difference in the reason for the selection is in Rationales C and E. The Chinese respondents predominantly (69.4%) chose Rationale C: The company has a responsibility to the public; it is criminal and dishonest to remain silent, while only 38.3% of the American respondents and 30.8% of the Jamaican respondents shared this belief. On the other hand, 38.3% of the American respondents and 41% of the Jamaican respondents versus 4.1% of the Chinese respondents reported Rationale E: Chances of causing injury or death are too great to remain silent.

The results for Hypothesis 2 are slightly different from the Whitcomb [22] study. While Vignettes 1, 3 and 5 have shown significant results in this study, Whitcomb et al. had significance in all five vignettes.

Conclusions, Summary and Afterthoughts

Two hypotheses were tested in the current study of cross-cultural, ethical decision-making. The results of this current study were then tested against the results of the same survey administered 10 years ago as reported in the Whitcomb et al paper [22]. The findings for the first hypothesis indicate that the decisions made by the respondents of the three nations – China, Jamaica and U.S. – were not significantly different in four out of five scenarios and are consistent with the findings of the earlier study. Note, however, that the differences we report suggest that Jamaica, perhaps in its concern for rebuilding its economy, is willing to tolerate more violations of pollution standards than are the other countries. The flexibility implied in openness to change may be a factor, as well.

The second hypothesis deals with the rationales underlying the decisions. Results of the current study indicate significant cross-cultural differences in the decision-making rationale for three out of five scenarios. It is interesting to note the inconsistencies in alignments. At times, Jamaican rationales appear similar to those in the U.S., while at other points, China and the U.S. seem better aligned. What may be suggested is that the countries are using utilitarian approaches and are selecting the issues they will support based upon country/economic necessities rather than upon ethical concerns alone.

An encouraging note is that the previous study found significance for all five scenarios, rather than the three in this study. This finding suggests that, perhaps, the cultural gap is narrowing and that critical thought patterns are becoming increasingly similar. Further study would be required to connect this narrowing of the cultural gap to the economic transition and the changes in institutional environments.

The potential implications for firms seeking to do business in China, Jamaica and the U.S. are encouraging in that these findings suggest that the bases for cross-cultural understanding are improving, albeit slowly and incrementally. The implications for future research in this vein are rich in possibility, calling for continuing studies including examinations of regional differences within and among the three countries, exploration of alternative scenarios and the development of alternative hypotheses.

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corporate social responsiveness

Corporate Social Responsiveness Orientation: Are There Differences Between U.S. and French Managers?

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Abstract

Differences between American and French managers with regard to their corporate social responsibility (CSR) are examined. A multivariate analysis of variance (MANOVA) of the results of a survey of 334 managers indicates that the two groups' attitudes toward the four components of CSR are significantly different. Specifically, American managers tend to be more legally and ethically driven than their French counterparts. However, the French exhibited greater concern about the economic and philanthropic components of CSR. Some explanations as well as limited generalizations and implications are developed.

Introduction

The social responsibility of organizations has been one of the principal issues confronting business for more than two decades. It has been defined as "a process in which managers take responsibility for identifying and accommodating the interests of those affected by the organization's actions" [27:147]. In response to numerous demands that corporations play a more energetic role in the overall welfare of society, many businesses have in recent years given considerable attention to the social impact of their economic activities. This has prompted some organizations to introduce codes of ethical conduct and to actively accommodate the interests of various groups in society by engaging in certain purely social endeavors. These activities have been criticized by those who contend that the only social responsibility of business is to increase profits for its owners by legal means. The cost burden of various social activities lowers stockholder returns or raises customer prices or both [46].

These actions and debates among both practitioners and researchers have provoked an especially rich and diverse literature investigating the role of business in society. There have been several streams of research and theory in this area. One line of research has attempted to develop various conceptual models for analyzing the relationship between business and society [11,14,32]. Other studies have focused on the relationship between a firm's social responsibility and its financial performance [34,35,41]. Another stream of studies has examined the effect of board members' demographic and non-demographic characteristics on their individual corporate social responsiveness orientation [20,24]. Finally, a more recent line of research has investigated the effect of national culture on corporate social responsibility (CSR) [28,36]. However, there is surprisingly little empirical work in this area. This is despite the abundance of research demonstrating that national

culture has a significant impact on managerial values, attitudes, styles and perceptions of the environment. In a study of French and United States managerial attitudes, Bedeian reported, "It is a well-established fact that different cultures possess different organizational norms and behavior standards and that they recognize these as legitimate forms of influence" [8:287]. Other empirical studies have reported that national culture plays a major role in the way managers perceive their degree of control over their environment [30] and the way they interpret and respond to strategic issues [37,39]. Other studies have shown that national culture corresponds with certain managerial attitudes [24]. In their study of American and Australian business students, Dowling and Nagel found national differences between the two groups in their work-related attitudes [13]. Finally, there is evidence that national culture has an impact upon the ethical beliefs and conduct of managers [7,21].

In the meantime, in recent years we have witnessed a phenomenal growth in international business and a dramatic increase of corporations with global operations. There is a growing realization that remarkable wealth creation can be accomplished through the free movement of goods, services, labor and information. The increasing interdependence of socially, economically, culturally and politically diverse countries have led a number of scholars to emphasize the importance for these businesses to establish their "social legitimacy." As Ahmed, Chung, and Eichenseher put it, "Shared expectations as to what is and is not acceptable in business transactions grows in importance as business transactions increasingly span national and cultural boundaries" [2:92]. Some corporations with international operations gradually are coming to grips with the atmosphere and culture in which they operate. Kell and Ruggie attribute the corporate interest in "good citizenship" to the necessity for these companies to be able to integrate "the increasing number of diverse cultures to their officers and employees" [23:236].

Despite these research efforts, the relentless drive toward globalization, and the continued preoccupation on the part of both researchers and practitioners with the role of business in society, most of the empirical studies on CSR originate from, and focus almost exclusively on, the U.S. [29]. Yet, given the international scope of corporate activities today and the growing international mobility of managers, to date little is known regarding the extent of cross-national similarities with respect to this topic. Therefore, it is essential for businesses to know whether these responsibilities are perceived in the same manner across borders.

...business students should be trained in understanding the responsibility of business to its larger social system

Corporate Social Responsiveness Orientation: Are There Differences Between U.S. and French Managers?

The present study was designed to investigate this issue. Specifically, it seeks to determine whether differences exist between American and French managers with regard to their attitudes toward CSR. Such a comparison seemed relevant given the similarity of these two Western countries in terms of economic development and a long tradition of democratic government. On the other hand, their views regarding the relationship between business and society tend to diverge. Compared to France, the U.S. places much greater emphasis on the importance of the free enterprise system as the driving force in social matters [26,40]. Therefore, the two nations which were chosen for this study provide a contrast between two developed economies—one in North America and the other in Western Europe.

Methodology

Sample

Data was collected as part of a larger cross-national study of CSR. Managers enrolled in executive M.B.A. or special M.B.A. programs from public and private universities were selected as target respondents. A total of 334 managers from the two countries voluntarily agreed to participate in this study. Questionnaires were completed by 186 U.S. managers and 148 French managers. The respondents were briefed on the importance of the study and told that the information was strictly confidential.

Measures

A self-administered instrument was used as the data collection technique. Each participant's corporate social responsibility orientation (CSRO) was measured with an instrument developed by Aupperle *et al.* [5]. It is based on the four-part construct proposed by Carroll [11]. In his seminal work on the obligations of business toward society, Carroll suggested that total corporate responsibility consists of four components: economic, legal, ethical and discretionary concerns. The first component requires the firm to maximize profits for the company's owners and shareholders by efficiently providing a supply of goods and services to meet market demands. Legal responsibility requires the firm to operate within the confines of the law and legal environment. To be ethical, decision makers should act with fairness, equity and impartiality. Finally, discretionary activities are guided by a firm's desire to make social or philanthropic contributions not required by economics, law or ethics. Carroll contends that these four components "address the entire spectrum of obligations business has to society" [10:40].

The instrument adopts a forced-choice format to minimize the social desirability of responses. Respondents are asked to allocate up to 10 points among four statements in each of several sets of statements. Each of the four statements in a set represents a different underlying dimension of Carroll's four components. The questionnaire used in this study contains 40 such statements. The mean of each individual's scores on each of the four dimensions was calculated to arrive at a respondent's orientation toward each of the four components.

The psychometric properties of the questionnaire have been thoroughly examined and it has been tested for its content validity and reliability. The instrument has proved robust and a factor analysis "supported the existence of four distinct, but related, components" [5:457]. The coefficients of internal consistency for each of the four components were calculated when the instrument was used by numerous subjects and in a wide variety of settings; they ranged from .81 to .95 [see, e.g., 4].

The questionnaire was originally written in English. It was then translated by a bilingual researcher into French, and backtranslated into English by another French person who did not have access to the original. Finally, that French-to-English translation was compared against the original English language version as proposed by Whiting [50]. Minor differences in the two versions were identified and resolved.

Results

Almost two-thirds (65.6%) of the respondents were men. Approximately one-fourth (25.7%) were under 30 years old, while the majority (56.9%) was in the 30-39 years old age group. All of the respondents had an undergraduate-level college education, while 10.8 percent had advanced academic degrees (e.g., Master's degrees in engineering, nursing, or the social sciences; Ph.D.'s in biology or chemistry; or medical degrees). They represented various industries and management positions. Almost one-half (47.9%) were in the service industry and three-quarters (75.1%) were in lower-level or mid-level management. The vast majority (80.2%) had less than 10 years of business experience. No significant differences were found when the American and French samples were compared with respect to these variables.

The statistical analysis was conducted as follows. First, we considered a MANOVA procedure to be the most appropriate analytic technique for exploring differences in CSRO scores among the two samples. This procedure

compensates for variable intercorrelation and provides an omnibus test of any multivariate effect. The MANOVA revealed significant differences between the two groups ($F_{4,327}=7.44, p<.0001$). That is, they exhibited significantly different orientations toward CSR.

EXHIBIT 1. MANOVA and ANOVA Results for Differences Between U.S. and French Managers

Dependent Variables	Group Means ^a		F	p
	U.S. (n = 186)	French (n = 148)		
Economic	3.69 (0.88)	3.97 (0.91)	8.09	0.0047
Legal	2.87 (0.79)	2.64 (0.72)	7.55	0.0063
Ethical	2.02 (0.75)	1.86 (0.71)	3.93	0.0482
Discretionary	1.23 (0.59)	1.51 (0.70)	14.40	0.0002
Multivariate Tests:				
	Wilks' Lambda	0.73		
	Pillai's Trace	0.27		
	Hotteling-Lawley Trace	0.31		

^a Figures in parentheses are standard deviations.

Next, to understand the underlying contributions of the variables to the significant multivariate effect, we computed means and univariate ANOVAs for the two groups. These results, depicted in Exhibit 1, show that differences between the two samples were significant on all four of the components of the CSR scale. Compared to their French counterparts, American managers exhibited a stronger orientation toward the legal ($F_{1,332}=7.55, p=.0063$) and ethical ($F_{1,332}=3.93, p=.0482$) components of corporate responsibility. On the other hand, the French managers were more concerned with the economic ($F_{1,332}=8.09, p=.0047$) and philanthropic ($F_{1,331}=14.40, p=.0002$) dimensions.

Specifically, the mean scores on the economic component were 3.69 for the Americans and 3.97 for the French sample. Mean scores on the legal dimension were 2.87 for the Americans and 2.64 for the French. On the ethical dimension, the scores were 2.02 and 1.86, respectively.

Corporate Social Responsiveness Orientation: Are There Differences Between U.S. and French Managers?

EXHIBIT 2. Respondents' Orientation Toward the Four Components of Corporate Social Responsibility

Orientation	American	French
Economic	Low	High
Legal	High	Low
Ethical	High	Low
Discretionary	Low	High

Finally, the Americans' mean score on the discretionary component was 1.23 while the French managers' mean score was 1.51. Exhibit 2 summarizes the differences between the two groups.

Discussion and Conclusion

The notion that business firms should be attentive to the needs of a diverse group of constituents having a claim on the organization has been vigorously debated for many years. However, recent revelations about outbreaks of ethical failings and questionable or abusive practices by corporations and executives, including the improper use of

...U.S. managers are more concerned with ethical and legal issues, while the French were more interested in maintaining a successful business posture.

insider information, hazardous consumer products and numerous other scandals (e.g., Enron, MCI, Crédit Lyonnais, and Parmalat), have prompted fresh concern over the societal impact of corporate activities. One outcome of these developments has been greater interest in CSR in the business community [12], in university education [33,42], in government [22] and in studies of executive decision making [31,47]. Yet much of the empirical literature on CSR has been limited by examining the orientation of individuals in

Although the French managers were not as concerned with ethical issues as their American counterparts, their scores regarding corporate philanthropy were significantly higher.

one country. Little attention has been devoted to making comparisons across nations. The present study is an attempt to partially fill this void by examining the impact of cultural differences on managers' corporate social responsibility orientation.

Comparing the responses of the two groups surveyed in this study, several interesting patterns emerge. Not only do perceptions of CSR differ across the two nations, but the differences were pronounced on all four components. Various explanations could be advanced for these results. With respect to the economic dimension, one interpretation is that the response differences are due to the difficult economic conditions France is undergoing at the present time. Since the reunification of Germany, France has had to face the major challenge of keeping pace with its neighbor to the East. Although in recent years the German economy has experienced the deepest recession since the second world war, during the past decade France has consistently suffered from one of the highest unemployment rates of any large developed country. It ranged from 9.6 percent in 2004 to 12.4 percent in 1995, and in 2004 it was estimated to be 21 percent for those under the age of 25 [43,44]. Under these conditions, it would be reasonable to expect French managers to be more concerned with the economic survival of the firm, and consequently less likely to permit legal and ethical issues to hinder their actions. Thus, it is possible that these views reflect the current competitive economic position of the respective countries of these managers. Although American businesses have been facing many challenges in recent years, the U.S. continues to be the world's dominant economic power. On the other hand, the French economy has been enduring numerous economic hardships.

Regarding the legal dimension, there is evidence of a greater tendency on the part of certain cultures, particularly the U.S., to scrupulously view written legal contracts as the foundation of the business relationship [1]. Indeed, virtually every aspect of American business activities is affected by numerous laws and extensive government regulation. They touch "almost every business decision ranging from the production of goods and services to their packaging, distribution, marketing and service" [10:174]. Furthermore, it has been argued that in such a highly transient and geographically dispersed society, social relations are bound to display a more impersonal, quasi-legal or contractual approach [see 17]. Indeed, both the popular business press [6,15] and the academic literature [38,49] have long maintained that organizations in the U.S. face an increasingly litigious environment.

Responding to an increasingly legalized business environment and to societal concerns over unethical business practices, American business schools' instructional programs have in recent years stressed the importance of legal constraints and ethical considerations in business decisions. The basic premise is that today's business students aspire to be tomorrow's business leaders. The goal of such training is to emphasize the obligation of business to act for the social good [9]. For example, Hathaway contends that business students should be trained in understanding the responsibility of business to its larger social system [18]. Only then can they "become better managers...and lead a corporation or two towards the kind of responsible behavior sorely needed in this troubled world" [18:61]. Indeed, some authors have argued that if business schools themselves are to act as socially responsible organizations, they have a moral obligation to foster an awareness of the broader implications of business decisions [16]. Unlike the business school curriculum in French universities, where these matters are not explicitly addressed, such issues are discussed in some depth in separate business law and business-and-society courses in American business programs. Also, they often arise in the ordinary course of teaching other business subjects such as accounting, marketing and human resources management. Finally, the accrediting body for U.S. business programs, the American Assembly for Collegiate Schools of Business, has explicitly required the inclusion of legal, regulatory and ethical perspectives in business curricula.

The efficacy of this training was examined by Arlow and Ulrich [3]. In a study of business students who were enrolled in a business-and-society course, they found significant differences in comparisons of scores obtained before and after the course. A more recent study concluded that "the uniquely strong perceived image between good business ethics and business profits projected by U.S. subjects likely reflect the advanced state of the development of business ethics courses in that country" [2:101]. Therefore, this study's findings with respect to the legal and ethical components are not surprising given the current trends in American society in general, and American business education in particular.

The present study's findings are in line with previous cross-national research results. For example, in their survey of multinational corporations in several nations, Langlois and Schlegelmich found that 75% of the firms in the U.S. sample had codes of ethics, compared with 41% of Western European companies [25]. In terms of ethical behavior, Becker and Fritzsche found that French managers were significantly more likely to pay a bribe than their American

counterparts. They concluded that U.S. managers are more concerned with ethical and legal issues, while the French were more interested in maintaining a successful business posture [7].

Perhaps the study's most intriguing finding concerns the two samples' scores on the philanthropic dimension. Although the French managers were not as concerned with ethical issues as their American counterparts, their scores regarding corporate philanthropy were significantly higher. It is possible that the French managers were employed by firms that were more economically successful and therefore could afford the luxury of being sensitive to philanthropic needs. This possibility can never be ruled out, but seems implausible. Future research efforts need to consider more clearly these possible relationships.

Hofstede's individualism-collectivism dichotomy might provide an explanation [19]. The former reflects a preference for a loosely knit social framework in which individuals are expected to take care of themselves. Such values are found in countries such as the United States [see 48]. They emphasize personal skill and achievement over social connectedness and commitment. In collectivist societies, on the other hand, a tightly knit social framework exists and individuals concern themselves with the interests of a larger group. Therefore, whereas contributions to the community's welfare might be perceived as purely voluntary in certain cultures, it may be that such activities are expected in collectivist societies. This is in line with previous studies which found that American managers are strong individualists who rank freedom over care for community members, while their French counterparts reverse the priorities [45].

Certainly, caveats must be offered regarding the conclusions generated by this research. The study relied exclusively on information provided by the managers in the survey instrument. Future extensions of this research should give thought to determining whether a manager's CSRO does translate into corporate action. An additional limitation concerns the generalizability of these results. A study such as this one focuses on many managers across several industries; however, it opens a line of inquiry on whether these results are valid within specific industries. Thus, a fruitful research avenue would be another study which is devoted to a particular industry. It would ensure a greater homogeneity among the managers who are surveyed.

It is important to note that this study is cross-sectional. Prudent interpretation of the results should be exercised, since the respondents were mostly lower-level managers,

not upper-level business executives. Since the vast majority is under 40 years old, it could be argued, for example, that their attitudes will change over time once they move to their firms' upper echelons. Therefore, future efforts should survey the latter group to determine to what extent their attitudes are similar to those of lower-level managers. Ideally, longitudinal research that focuses on the measurement of managers' CSRO over time is needed. Another possible limitation concerns the use of managers enrolled in executive M.B.A. programs. It is possible that these managers do not constitute representative samples of American and French managers, respectively. In this study, the respondents are more likely to be more educated and younger than managers in the larger population.

In conclusion, this study offers an improved understanding of differences between French and American managers. The findings provide insights into an area of concern for researchers, practitioners, and educators. To the extent that these orientations remain stable as these managers advance to top executive positions, it is important to recognize that

...cultural differences do have an impact on the perception and awareness of the responsibilities of business.

the same environmental choices can be interpreted and responded to in dissimilar ways in different countries. To the business community, the results of this research indicate that cultural differences do have an impact on the perception and awareness of the responsibilities of business. They serve as a reminder to the business community, scholars and regulatory bodies that business practices which are appropriate in one cultural context may violate established beliefs and attitudes in another setting. Given the increasingly global nature of business, the findings of this research should have significance to any company considering joint ventures, acquisitions or other business activities in other countries. Finally, the results reported here may offer support to proponents of the inclusion of the concept of corporate social responsibility in business school curricula, for their normative suggestions.

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the global mining industry

Leading Environmental Change: The Case of the Global Mining Industry

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Abstract

This article reviews the efforts of the global mining industry to establish a framework for *sustainable development* (SD). The framework, established in a project conducted by the International Institute for Environment and Development (IIED): the Mining, Minerals and Sustainable Development (MMSD) Project, presents a model SD approach for environmentally-sensitive industries.

Introduction

The mining industry faces extreme environmental pressures across the globe. Gone are the days when a mining company could find a site, excavate minerals and walk away, leaving the local community to not only clean up the mess, but often to suffer health consequences far into the future. Environmental pressures have increased in all corners of the world. It is no longer possible to expect that looser environmental restrictions in a third world country are the answer to avoid special interest groups. "Watchdog" groups pay attention to mining activities in all countries of the world.

The term *Sustainable Development* first gained attention in 1987, with a report from the World Commission for the Environment and Development that defined it as development "that meets the needs of the present without compromising the ability of future generations to meet the needs of others [10]." Stuart L. Hart, in an influential article published in the *Harvard Business Review*, prescribed a three-stage approach to sustainable development [3]:

- Stage one: pollution prevention, the movement from pollution control to prevention
- Stage two: product stewardship, minimizing all environmental impacts over the life of a product
- Stage three: clean technology, updating production techniques to move into clean technology

Hart pointed out that challenges differed according to the stage of national industrial development. For example, developed economies have pollution issues like controlling greenhouse gases and dealing with contamination, while survival economies are plagued with basic sanitation issues and ecosystem destruction. A developed nation may see the destruction of the rainforest as a tragedy. A survival economy may view the forest as a way to sell trees and feed their families.

The 1992 United Nations conference on Environment and Development, held in Rio de Janeiro, established that sustainable development should be based upon three major

areas: economic, environmental and social [9]. The conference emphasized the environmental base of sustainable development, including the importance of preserving ecosystems.

In 2002, a 10-year revisiting of the UN's Rio Summit was held in Johannesburg, South Africa. Representatives at this summit drafted a report with agreements on mining. The report recommended actions addressing the environmental, economic and social impacts of mining, including the health and safety of workers [9]. It recommended the participation of stakeholders and the fostering of sustainable mining practices in developing countries.

The global mining industry finds survival economies less restrictive. The local populations view a mine as an economic boost. It means potential jobs, and avoidance of poverty. The populace is less concerned with potentially polluting activities, so long as they have a way to earn a living.

The SD movement makes it imperative that mining companies view the communities as places for long-term investment, *beyond* the eventual closing of the mine. When the mine exhausts the resources and is sealed, what happens to the people? In days past, the mining company simply moved to the next community. In the SD approach, the company makes certain there is a health care and educational system and the local population has a means for survival.

This holds true for all industries that involve natural resources: oil, chemical, etc. In 1998, nine of the world's largest mining companies initiated the Global Mining Initiative. They commissioned a comprehensive study of the sustainable development challenges facing the mining industry. The International Institute for Environment and Development (IIED) conducted the study, supported by more than 40 commercial and governmental sponsors. IIED had four objectives [4]:

1. "to assess the global mining and minerals sector in terms of the transition to sustainable development.
2. to identify how the services provided through the minerals supply chain can be delivered in ways that support sustainable development.
3. to propose key elements for improving the minerals system.
4. to build platforms of analysis and engagement for ongoing communication and networking among all stakeholders in the sector."

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Sustainable development...meets the needs of the present without compromising the ability of future generations to meet the needs of others.

IIED's project became known as the Mining, Minerals and Sustainable Development Project (MMSD) and the results were published in 2002 [4]. The MMSD publication, "Breaking New Ground," served as an industry blueprint for sustainable development. Whether this blueprint finds implementation and full support is the responsibility of the entire industry. The report is impressive in its conceptualization and fulfillment, since it represented the total involvement of the necessary stakeholders in reviewing environmental principles. It might be suggested reading for any global industry concerned with fulfilling its societal and environmental role, while at the same time maintaining profitability. The report was the combined work of four regions: Australia, North America, South America and Southern Africa. Workshops were conducted in these areas to prepare the report.

The Stakeholders

There are at least seven major stakeholders in the mining industry.

1. In the SD context, mining companies provide necessary minerals to consumers, while protecting the land from whence they come, as well as protecting the employees and the community. A mining company executive in today's society can ill afford to view this activity as a simple case of meeting demand and developing new markets. For the most part, the paternalistic mining company, located in a "company town", in which miners lived in company-owned houses and bought clothing and food from company-owned sources, has gone the way of the horse and buggy.
2. The second stakeholders are the processing companies, a link in the chain bringing minerals to markets. These companies transform the resources into a finished product and are responsible to environmental regulations.
3. The third stakeholders are the government body in whose domain the mine is located, and the government in which the financial headquarters for the firm is located. A British mining company, for example, would be subject to the U.S.A.'s EPA regulations and environmental impact studies should they choose to mine in the U.S.A.
4. International organizations are stakeholders that cross geographic boundaries, including the United Nations, the Organization for Economic Co-operation and Development and the European Union. These organizations strive to coordinate activities so that

global accords can be reached and firms apply the same standards abroad that they do domestically.

Non-government organizations (NGOs) include a variety of environmental groups. The NGOs are citizen advocates and will use legal means to protect consumers and communities.

5. Communities are stakeholders that were formerly left out of the equation. Deserted mining towns, unless they find a means to sustain themselves (ski resorts, amusement parks, etc.), become ghost towns. Once a mine is created in a community, the understanding is that it is a long-term commitment, and an infrastructure is built that would enable services and the local economy to be sustained. This may actually involve the recruitment of other firms in different industries, providing the community with a balanced portfolio economy. When the mine is closed, the sealing of the mine includes critical environmental procedures to avoid polluting the land and water of the local populace.
6. Labor is the stakeholder that provides the work for the mines, and unions are important in representing their interests. The health of the workforce is an important aspect of SD.
7. The multi-stakeholder approach in writing the MMSD report resulted in all parties having their points of view represented. The MMSD report noted: "The process cannot succeed if any one stakeholder attempts prematurely to claim the high ground in public or works in private to circumvent due process" [4].

Strategic Approaches

Schaltegger, Burritt and Petersen presented a matrix of potential strategies that corporations could apply when dealing with environmental threats and opportunities [6]. If the environmental threat was high, the two standard approaches were to take either a "defensive" strategy or an "innovative" strategy. By threat, the authors meant some state of conflict that corporations in "environmentally sensitive" industries might face. By opportunities, the authors meant that corporations could take advantage of an environmental situation to increase either their financial or public relations positions.

Clearly, the industry approach epitomized by the MMSD is the innovative one. Here, the entire industry anticipates that they must be proactive in approaching environmental problems and that the defensive posture is not viable due to political and public relations risk. Once, financial contributions to the political candidate of choice may have

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...Developed economies have pollution issues like controlling greenhouse gases and dealing with contamination, while survival economies are plagued with basic sanitation issues and ecosystem destruction.

been the solution to warding off environmental risk. Today, NGOs monitor and post the voting records of politicians and the contributors to their campaigns are a matter of public record. Rather than assume a defensive position, the mining industry has acknowledged the need for change.

When environmental threats are low, strategies would be either indifferent or offensive, depending upon the degree of opportunity. These strategies would be the domain of many service industries and do not at all apply to mining companies.

Statements versus Actions

In the United States, the *National Environmental Protection Act*, passed by Congress in 1969, established the legal framework that guides industry today. This legislation established the process of providing an environmental-impact assessment (EIA) prior to undertaking mining activity. The Environmental Protection Agency (EPA) was created at that time to oversee the implementation of environmental regulations. Mining activities that received regulatory attention included "land disturbance produced by exploration, development, and mining activities, especially in the case of open-pit mining, to the pollution of air by SO₂ emissions and the like" [2].

The effect of the environmental regulations was to reduce the competitiveness of the U.S. mining industry [2]. In the copper sector, for example, 17 smelters were active in 1970. By 1989, only eight remained. The widespread belief was that the regulatory environment would drive firms to less developed countries with lenient environmental standards. However, international funding agencies, the World Bank, for example, require more environmental control, and the presence and influence of global NGOs has dampened this drive.

Gana wrote: "Big multinationals with headquarters in developed countries would not like to be perceived as taking advantage of other countries and damaging their environment. The old stereotype of the multinational company stripping the assets of developing countries as fast as it can no longer pertains... The multinationals have been more concerned to understand and fulfill the expectations of developing countries, creating a new type of partnership. Furthermore, stakeholders and environmental groups in home countries have begun to exert pressure on multinationals to protect the environment; sometimes this pressure is even greater than that exerted by host governments" [2].

Papa New Guinea is an example of a developing country that has extensive mining activity. Among the negative

consequences this country has experienced are the health problems resulting from overexposure to mercury, pollution of fishing grounds, and the degradation of rivers and creeks [8]. Positive consequences include investments in infrastructure, investments in local health and education and improved attention to pollution controls.

The Rio Tinto Example

Rio Tinto, one of the world's largest mining companies, headquartered in the United Kingdom, has been in the forefront of activities to pursue sustainable mining. This is evident from their web site information [5]. Their mission statement includes the following statement: "Wherever Rio Tinto operates, health and safety is our first priority. We seek to contribute to sustainable development. We work as closely as possible with our host countries and communities, respecting laws and customs. We minimize adverse effects and strive to improve every aspect of our performance. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities" [5].

Rio Tinto's web site includes environmental, human rights and sustainable development statements of purpose. Their environmental statement reads, "Wherever possible we prevent, or otherwise minimize, mitigate and remediate, harmful effects of the Group's operations on the environment" [5].

Rio Tinto offers an impressive list of their activities to support their environmental policy. This list shows that Rio Tinto intends to make more than grandiose, sweeping statements. They intend to implement systems.

These include:

- "Identifying indicators that help us improve our understanding of our impact on the environment and setting targets against which our progress towards minimizing that impact can be measured.
- Setting and implementing minimum environmental standards at all of our managed operations.
- Developing Group-wide strategies for key environmental issues such as water.
- Implementing a climate change program as Rio Tinto continues to respond to evolving climate change issues by seeking to minimize the business risks and capture the opportunities" [5].

Comparison to the Ford Motor Company

Outside the mining industry, an example of a forward-

[It is] imperative that mining companies view the communities as places for long-term investment, beyond the eventual closing of the mine.

thinking company in an environmentally-sensitive industry is the Ford Motor Company. Ford also includes a wealth of environmental information on their web site, including their programs on clean manufacturing, air and climate and recycling [1]. The thought that these companies place concerning their role in society and on this planet reveals that they are managing as if tomorrow mattered.

Avoiding Environmental Crisis

The efforts by the mining industry are representative of steps that other industries must take if they intend to maintain operations in the future. A plan to institute an environmental framework should include:

1. Broad industry support. The MMSD was able to publish a thorough report about the involvement of concerned stakeholders. A key to success is the support of the executive leadership of the strongest companies within an industry.
2. Where a unified industry coalition is absent, it is beneficial for the individual company to lead its own study to develop a prescriptive plan concerning environmental issues.
3. After a framework report has been performed, the work has only begun. A statement of intentions and philosophies requires an implementation and follow-up plan.

The efforts of the mining industry demonstrate the industry's intentions in creating a sustainable future, and provide a model for other industries to plan for a clean future.

How is success in sustainable development measured? One NGO, the Sierra Club, offers a number of critical measures for mining performance. The Sierra Club, an active observer of industries that pollute or potentially harm the environment, lists eight characteristics of an environmentally-responsible mine [7]:

1. Fills a necessary energy need.
2. Restores land to long-term self-sustaining ecosystem.

3. Maintains or improves water quality and supply.
4. Maintains or improves air quality.
5. Restores land to a use that is compatible with the protection of environmental quality.
6. Avoids creation of community dependence on mining.
7. Protects health and safety of miners and citizens.
8. Creates no latent environmental hazards that may affect future.

Conclusion

In conclusion, the efforts of the mining industry demonstrate the industry's intentions in creating a sustainable future and provide a model for other industries to plan for a clean future. The MMSD report provided a framework for the industry future. It is up to the industry to fulfill its promise.

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