

Idealism and relativism in ethics: The results of empirical research in seven CEE countries & one North European country*

József Poór, Ruth Alas, Sinikka Vanhala, Péter Kollár, Agnes Slavic, Nemanja Berber, Anna Slocinska, Kinga Kerekes, Monica Zaharie, Sonja Ferencikova, Anton Barasic**

The aim of this paper is to determine the ethical position of respondents in Hungary, Slovakia, Romania, Serbia, Poland, Estonia, Finland and Croatia, and to this end the authors studied the relationship between ethical positions and certain variables (gender, nationality and citizenship). The paper also investigates the relationship of an ethical position to cultural dimensions with the underlying hypothesis that, due to differing national culture and history, ethical positions will differ in these countries. The results obtained may contribute to a better understanding of moral standards in the Central and East European (CEE) business context.

Das Ziel dieser Arbeit ist die Bestimmung der ethischen Position der Befragten in Ungarn, der Slowakei, Rumänien, Serbien, Polen, Estland, Finnland und Kroatien. Für diesen Zweck untersuchten die Autoren den Zusammenhang zwischen ethischen Positionen und bestimmte Variablen (Geschlecht, Nationalität und Staatsbürgerschaft). Der Beitrag erforscht ebenso die Beziehung zwischen einer ethischen Position und kulturellen Dimensionen. Hierfür liegt die Hypothese zugrunde, dass sich aufgrund der divergierenden nationalen Kulturen und Historie, die ethischen Positionen in diesen Ländern unterscheiden. Das Ergebnis kann zu einem besseren Verständnis der moralischen Standards in wirtschaftlichen Kontexten in den mittel- und osteuropäischen Ländern beitragen.

Keywords: business ethics, idealism, relativism, comparative research, Finland, Hungary, Slovakia, Romania, Serbia, Poland, Estonia, Croatia (JEL: A13, O57)

* Manuscript received: 25.11.13, accepted: 26.11.14 (1 revisions)

** József Poór, Dr., Szent István University, Hungary. Main research interests: international management, international HRM, flexible remuneration, employment and professional service firm management. E-mail: poorjf@t-online.hu

Ruth Alas, Prof., Estonian Business School, Estonia. Main research interests: change management, employee attitudes, learning abilities, leadership, values, ethics. E-mail: ruth.alas@ebs.ee

Sinikka Vanhala, Dr., Aalto University School of Business, Finland. Main research interests: HRM, employee wellbeing, women in management, comparative HR, management research. E-Mail: sinikka.vanhala@aalto.fi

Péter Kollár, Szent István University, Hungary. Main research interests: leadership, transformational leadership practice, HRM, organization behavior/development, psychometrics. E-mail: kollar.peter@gtk.szie.hu

Agnes Slavic, Dr., University of Novi Sad, Serbia. Main research interests: HRM, international HRM, HRM in CEE, employee satisfaction, training, organizational behavior. E-mail: slavica@ef.uns.ac.rs

1. Introduction

Ethics is the study of morals, of systems of morality and principles of conduct. The study of ethics is concerned with the ‘rights’ and ‘wrongs’, the ‘*shoulds*’ and ‘*should-nots*’ of human decisions and actions (Lane et al. 1997). Pojman (2002) concludes that ethics is necessary for: (1) keeping society from falling apart, (2) ameliorating human suffering, (3) promoting human flourishing, (4) resolving conflicts of interest in just and orderly ways and (5) assigning praise and blame, reward and punishment and guilt.

Business ethics is a form of applied ethics which examines ethical principles and moral or ethical problems arising in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and of entire organisations. (Show 2005)

Belak/Rozman (2012) cite Morris et al. (2002) who developed a framework of ethical structures deriving from core values. Informal ethical structures are crucial for the emergence and actualisation of formal ethical structures. Typical forms of informal ethical structures are found in a variety of stories, legends and myths about the ethical behaviour of individuals, communicated within a business. Formal ethical structures which lay down the norms of ethical behaviour include a company’s mission statement, a code of conduct, policy manuals on ethical issues, anonymous hotlines, ethical standards, managers responsible for ethical issues, training programmes on ethics and sanctions in the case of transgression.

According to Ferrell/Fraedrich’s (1997), ethical issues are problems, situations or opportunities which require a person or organisation to choose among several actions which must be evaluated as being either right or wrong. An ethical perspective requires one to extend consideration beyond one’s own self-interest to consider the interest of a wider community of people, including employees, customers, suppliers and the general public – or even foreign governments (Lane et al. 1997). This ethical view is required even more in international management processes. Jackson (2011) cites Hofstede (1980) who warned against the unquestioning transfer of management knowledge from Western culture to other cul-

** Nemanja Berber, University of Novi Sad, Serbia. Main research interests: HRM, international HRM, compensation and benefits, organizational behavior. E-mail: berber@ef.uns.ac.rs

Anna Slocinska, Czestochowa University of Technology, Poland. Research interests: Psychology in Management, Sharing Knowledge Behavior, Psychology of Work, Work-Life Balance. E-mail: slocinska@wp.pl

Kinga Kerekes, Dr., Babeş-Bolyai University, Romania. Main research interests: HRM in MNCs and SMEs, employment policies and practices, rural development. E-mail: kinga.kerekes@econ.ubbcluj.ro

Monica Zaharie, Dr., Babeş-Bolyai University, Romania. Main research interests: HRM, psychology of work, labor management, employment, quality management. E-mail: monica.zaharie@econ.ubbcluj.ro

Sonja Ferencikova, School of Management, Slovakia. Main research interests: international management, international HRM, FDI, CEE. E-mail: sferencikova@vsm.sk

Anton Barasic, Chronos Info Consulting, Croatia. Research interests: organizational development, leadership, management, HR strategy, knowledge management, entrepreneurship learning. E-mail: afbarasic@chronos.hr

tures. Crane and Metten (2010: 24) believe that business ethics is an “American invention” and “became visible in Europe from the beginning of the 1980s”.

Gini (2004) considers that ethics is about the assessment and evaluation of values, since all of life is value-laden. Personal moral philosophies are based on the traditional ethical theories of deontology, teleology and ethical scepticism. In this context, moral philosophies can be defined in terms of whether individuals approve of high or low idealism and relativism.

“Idealism focuses on the specific needs of individuals, as idealists believe that the inherent goodness or badness of an action must allow one to determine its ethical course. Relativism concentrates on the consequences of the deeds of individuals since relativists judge an act as right only if it produces a greater balance of positive results for all people than do other available alternatives” (Rawwas et al. 2013: 527). These two ethical ideologies have been analyzed many times throughout history in relation to consumer ethics (Culiberg/Bajde 2013; Wachter et al. 2012), to organisational practices and behaviour (Forsyth/O’Boyle 2011; Hastings/Finegan 2011; Rawwas et al. 2013), to cultural differences (Forsyth/O’Boyle/McDaniel 2008; Lane et al. 2009), to generation Y’s work-place implication (VanMeteret al. 2013), to decision-making and managers’ behaviour (Vitell/Patwardhan 2008; Ramasamy/Yeung 2012) and to journalistic ethics (Plaisance et al. 2012), etc.

Idealism and relativism, as ethical ideologies, were found as more or less significant predictors of peoples’ behaviour. This is particularly important since the purpose of this current exploratory study was to determine the ethical position of interviewees in Hungary, Slovakia, Romania, Serbia, Poland, Estonia, Finland and Croatia, and to explore the relationship between these positions and certain demographic variables (gender, years of work experience, nationality and citizenship). In addition, the relationships between ethical positions and Hofstede’s cultural dimensions, competitiveness index, corruption perception index (CPI) and GDP were investigated. The underlying hypothesis of the study was that *due to differences in national culture and history ethical positions will differ in these countries*. By means of the methodology used, we obtained a bi-variate correlation and produced a cluster analysis and a principal component analysis. The results may contribute to a better understanding of ethical or moral standards in the Central and East European business context.

2. Literature review - theoretical background: Idealism and relativism in business ethics

According to Lane et al. (2009), cultural relativism means that there is no single, right way and people should not impose their own values and standards on others. Perry (1970) gives a more considered insight into relativism, which managers may find useful - namely, that it is the product of a process of intellectual

and ethical development. The first category is *dualism*, in which a bipolar structure of the world is assumed. This is followed by *relativism*, which means that the importance of the context is accepted, since this helps an individual to see that knowledge and values are relative. The third, and final level is *commitment to relativism*, in which a person understands the relativistic nature of the world, but at the same time commits himself to a given set of values and beliefs.

Forsyth (1980; 2008) conceptualised a two-dimensional view of moral philosophy to identify the ethical judgments of individuals, i.e., idealism or relativism. Idealism and relativism have a significant role to play in the development of the ethical position theory (EPT), as ethical ideology can explain differences in the moral judgement of individuals (Forsyth 1980; 1992). Forsyth/Berger (1982) assert that ideology may predict intrapersonal changes in an individual (such as guilt, self-devaluation and anxiety) following immoral behaviour by him.

Idealism is a personal belief in moral absolutes, such that all ethical judgments are based on ethical principles and that the right actions will lead to expected results. Individuals with strong idealistic principles tend to avoid engaging in activities which conflict with their beliefs, whilst those who adopt a less idealistic stance, pragmatically assume that good is often mixed with bad and so adhere to the strict application of a moral code. Idealism was found to be an important factor in predicting ethical behaviour (Newstead et al. 1996) and a negative determinant of unethical action (Rawwas et al. 2013). In their study of middle management in Marketing in Trinidad and Tobago, the authors Rawwas/Arjoon/Sidani (2013) highlighted Forsyth's notion that idealists have a firm belief that morality will guide a person's actions, judge unethical practices harshly and show a strong ethical propensity to caring. Also, high idealists were less likely than low idealists to engage in either form of deviance (Hastings/Finegan 2011). In respect of generation Y, idealists are less tolerant of ethical violations and show stronger teamwork and leadership characteristics (VanMeter et al. 2013).

Conversely, when resolving ethical problems, highly relativist individuals refuse either to formularise or to rely on universal ethical principles. When forming judgments about others, they prefer to evaluate the event in question with a sceptical perspective rather than on the basis of clear ethical principles. Less relativistic individuals, however, accept the importance of universal moral rules. Rawwas/Arjoon/Sidani (2013) emphasised that relativism was even found as a positive determinant of unethical behaviour. According to the research carried out by Culiberg/Bajde (2013) in Slovenia, idealism was found to be a significant predictor of moral recognition, whilst relativism was not found to be so in relation to the consumer side of consumption tax evasion (CTE), a subcategory of the shadow economy. In respect of injustice, the authors found that people who were low in idealism and high in relativism were more likely than any other group to engage in organisational deviance when procedural justice was low (Hastings/Finegan 2011). VanMeter et al. (2013) found that relativists are more

tolerant of ethical violations, but they did not find any significant relation with teamwork.

Rather than classifying individuals as either relativistic or idealistic, Forsyth (1980) recommends a four-fold classification based on both dimensions. Individuals who are highly relativistic and highly idealistic are called *situationists*; they feel that people should strive to produce the best consequences possible, but that moral rules cannot be applied to all situations. *Absolutists*, same as situationists, are also idealistic; they approve of actions which yield many positive, desirable consequences. However, unlike situationists, absolutists are not relativistic. They feel that some ethical absolutes are so important that they must be included in any code of ethics. *Subjectivists* reject moral rules (high relativism) and are also less idealistic about the possibility of achieving humanitarian goals. *Exceptionists* are low in both relativism and idealism; they believe that moral rules should guide our behaviour, but that actions which yield some negative consequences should not necessarily be condemned. Hence, they are willing to make exceptions to their moral principles.

This classification applies in different fields. Tansey et al. (1994), for example, found in their research that Forsyth's taxonomy is a useful tool for selecting new salespeople or segmenting current employees. In selecting new salespeople, for example, a firm might hire applicants who match its (current or planned) ethical image or customer style. With its existing sales-force, on the other hand, a firm might use the Ethical Position Questionnaire (EPQ) to measure changes in the ethical orientation of salespeople who participated in an ethics-awareness programme or to track career-stage-related changes in ethical orientation.

Globalisation, clearly, raises issues of international business ethics. Not only the managers of multinational companies and the leaders of international governing bodies, but all those involved in international business must recognise differences in the moral standards and ethical positions of people from different cultures. Crane/Matten (2010: 25) assert that there is "international variety to business ethics".

Forsyth/O'Boyle/McDaniel (2008) summarised the findings pertaining to cross-cultural variations in ethics meta-analytically and related these differences to cultural values. They found that the population of nations which Inglehart (1997), in his analysis of the World Values Survey, identified as having adopted secular-rational values rather than more traditional cultural values, displayed higher levels of relativism. The residents of less relativistic countries such as South Africa, Canada, the US, and Israel, by contrast, tended to express more orthodox, traditional values, such as the importance of family values, patriotism, deference to authority and to reject liberal, social practices such as divorce and abortion. Forsyth et al. (2008) also found that the inhabitants of countries which were more production-focused and entrepreneurial, such as the US, Hong Kong,

and China, showed lower levels of idealism, and they concluded that the individuals in these countries were more prone to adopt a morality of expediency rather than of care. In his recent research, such as a project from China, the author surveyed 256 senior managers from Mainland China and found that they are, in fact, less relativist and more idealist (actually they are absolutists) than the global average - which implies that these “managers believe that positive consequences should result from ethical decisions based on universal moral rules” (Ramasamy/Yeung 2012: 129).

The findings of Forsyth/O’Boyle (2011) showed that companies in more relativistic countries were less likely to have adopted a code of conduct or ethics, to have communicated ethics-related standards to their employees, to have established procedures for dealing with lapses in moral conduct and to have included a policy relating to bribery and other forms of corruption in their ethical guidelines. These countries included Spain, the UK, Hong Kong, and Ireland. By contrast, businesses headquartered in countries where residents were less relativistic operated with better-developed codes of ethics. These countries included Australia, Austria, Belgium, Canada, New Zealand, and the US. The authors, however, emphasise that the level of moral idealism expressed by the residents of a country did not predict the degree of codification of the companies based in that country. Nor did idealism predict the one aspect of ethics which focused more specifically on the consequences of one’s actions for others: the codification of standards to follow when conducting business in countries with an uncertain record of observing the rights and well-being of workers (e.g. Burma, North Korea and Zimbabwe). Even though history, culture and values within Europe are similar and differ from those in other parts of the world, in terms of national culture Europe is a heterogeneous region.

In one of the first cross-cultural explorations of ethical ideology among physicians, authors from six countries made a study which involved a total of 1,109 physicians from Canada, China, India, Ireland, Japan, and Thailand. The Ethics Position Questionnaire was used for the exercise. The authors undertook a comprehensive Bayesian Confirmatory Factor Analysis and demonstrated the robustness of the ethical dimensions of idealism and relativism as fundamental across cultures, with noteworthy cross-cultural variations (MacNab et al. 2011).

Hofstede (1980) developed a universal framework for understanding cultural differences based on a worldwide survey. He originally identified four dimensions. *Power distance (PDI)* shows the extent to which inequalities among people are seen as normal. *Uncertainty avoidance (UAI)* refers to a preference for structured situations versus unstructured situations. *Individualism-collectivism (IND)* considers whether individuals are used to acting as individuals or as a part of cohesive groups. The *masculinity-femininity (MAS)* dimension distinguishes between hard values, such as assertiveness and competition and soft or feminine values of personal relations, quality of life and caring about others. (Jackson

2011) These elements of national culture in the countries studied according to Hofstede's theory appear in Table 1.

The data show that, among the eight countries studied, there are very significant differences in terms of all four of Hofstede's dimensions. Slovakia and Romania show a high Power Distance Index, whilst in Finland and Estonia people do not accept inequalities among people. Serbs and Romanians are collectivistic nations, whilst in Hungary and Croatia individual interests come before collective interests. In Estonia and Finland feminine values dominate, whilst in Slovakia and Hungary hard, masculine values are more important. People in Slovakia, Croatia, Finland and Estonia accept uncertainty, whilst in Poland, Serbia and Hungary they prefer structured situations.

Table 1: The elements of national culture of the countries examined according to Hofstede

Country	PDI	IND	MAS	UAI
CRO	72	80	40	33
EST	40	60	30	60
FIN	33	63	26	59
HU	46	80	88	82
POL	68	60	64	93
ROM	90	30	42	90
SVK	104	52	110	51
SRB	86	25	43	92

Source: <http://geert-hofstede.com>

Comments: CRO: Croatia; EST: Estonia; FIN: Finland; HU: Hungary; POL: Poland; ROM: Romania; SVK: Slovakia; SRB: Serbia

PDI: Power Distance; IND: Individualism-Collectivism; MAS: Masculinity-Feminism and UAI: Uncertainty Avoidance

Rawwas/Arjoon/Sidani (2013) asserted that, according to Hofstede, relativists are characterised by risk-taking, earnings, competition, advancement, challenge, and individual decision-making and are more likely to violate societal norms for personal gain and to excuse self-benefiting unethical practice than were idealistic individuals (Barnett et al. 1996). Cultural relativists state that "there are no ultimate universal ethical principles and that all value judgments are relative to particular cultural contexts. Cultural relativists refer not only to cultural differences in moral standards, but also to the way in which people reason about morality" (McDonald 2010: 453). On the other hand, according to idealists, especially ethical absolutists, despite differences in socio-cultural and political factors, ethical beliefs based on moral standards varied little from culture to culture.

The commonality of ethical beliefs hints at the possibility of common moral standards and supports the notion of absolutism (McDonald 2010).

3. Sample and method

3.1 Respondents

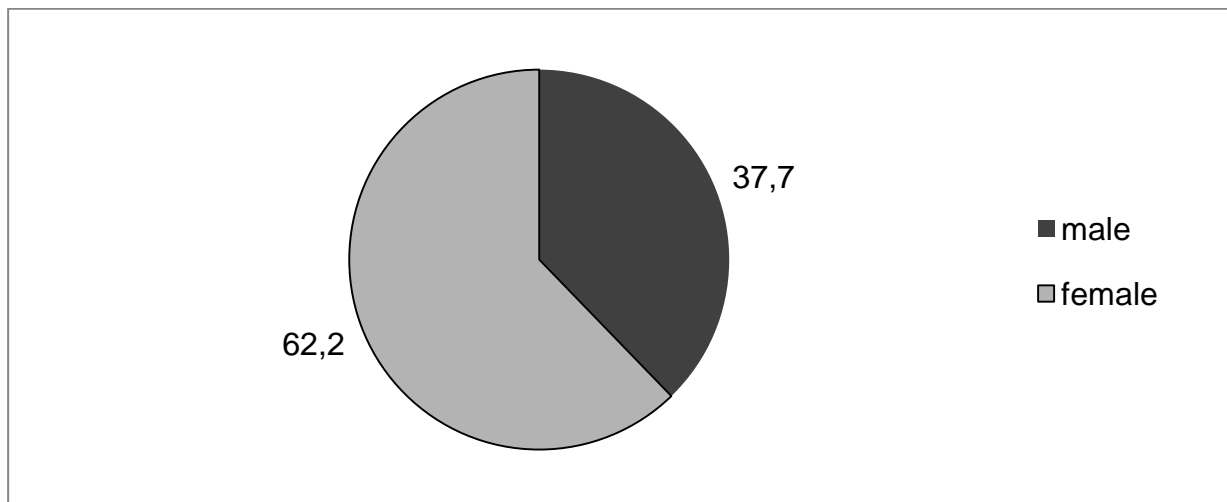
To investigate respondents' moral philosophy we used the Ethical Position Questionnaire (EPQ), developed by D.R. Forsythe. It contains 20 statements and requires individuals to indicate their acceptance of these statements - which vary in terms of relativism and idealism. The relativism scale includes assertions such as "Different types of morality cannot be compared in terms of 'rightness'" and "What is ethical varies according to the situation." The idealism scale, on the other hand, measures an individual's perspective on positive and negative consequences with such assertions as "Individuals should ensure that their actions are free of any intent to harm others – even to the slightest degree" and "If an action could harm an innocent third party, it should not be taken" (Forsyth 1980).

In the current questionnaire each statement was rated on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). To show the Idealism and Relativism scales we counted the averages of items 1-10 (Idealism) and items 11-20 (Relativism). Higher scores represent higher levels of idealism or relativism.

The research was conducted in eight European countries: Hungary, Slovakia, Romania, Serbia, Croatia, Poland, Estonia and Finland. Our sample comprises a total of 2,549 respondents from these countries, recruited among financial circles and groups of business students, as well as the general public.

The gender and age distribution of our sample are shown in Figure 1 and 2.

Figure 1: Gender distribution (%)

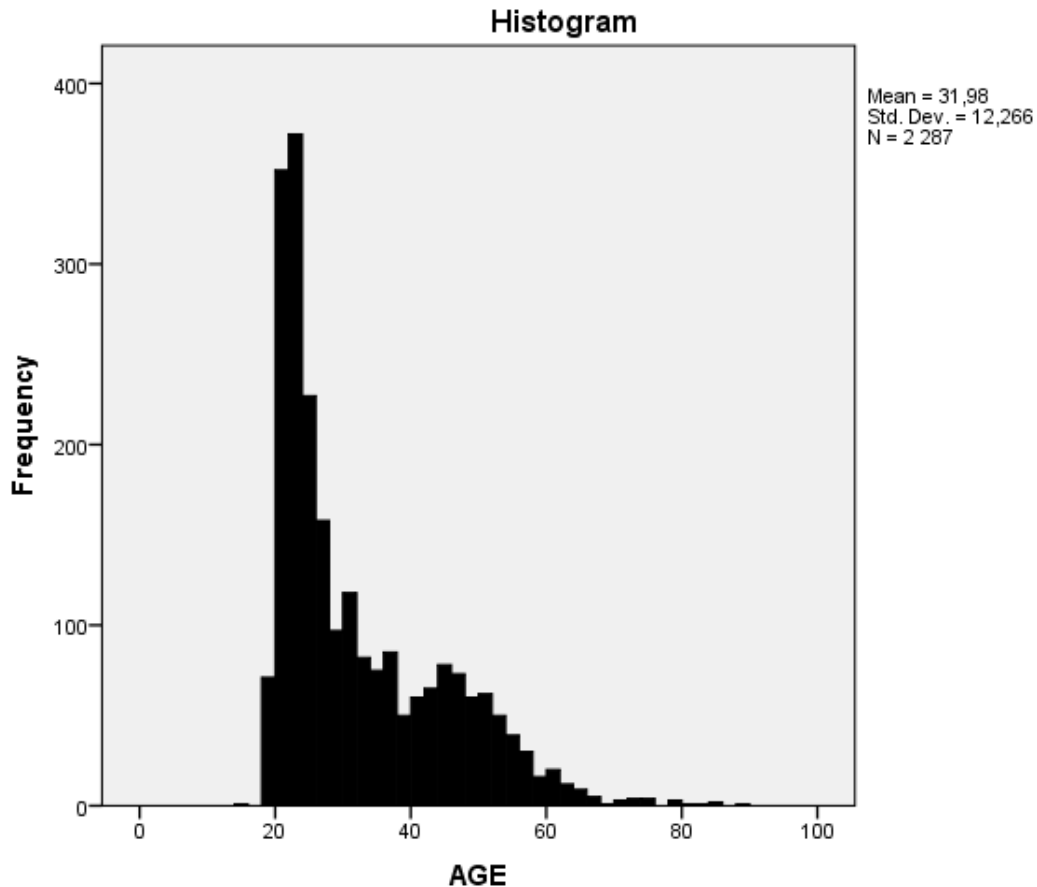


Source: Authors' own research

The great majority (67%) of the respondents are female. Almost half (45%) were aged under 26, roughly a quarter (26%) were between 26 and 35 and 29% were over 35 years of age.

The structure of our sample in terms of nationality and citizenship is shown in Table 2.

Figure 2: Respondents' age structure



Source: Authors' own research

3.2 Countries

In an attempt to provide a better understanding of the ethical position of people from different countries, the authors offer a few explanatory comments related to the countries in question. Before the political changes at the end of the 1980s, business practices in most Central and Eastern European (CEE) countries were under a very strict state control. Business and management issues were closely supervised by the Communist Party and the government (Kornai 1994). Certainly, there were significant differences between the countries of the region in this respect, but Western-like business and management practices, including business ethics, could only be found in traces in countries under socialist regime. The East European transition has created a rather special situation in the development of different business activities. After the collapse of the socialist regime, each country followed its own way to build democracy and a market economy.

There was a certain degree of similarity, but separate ways began to appear in these countries. However, these countries had inherited a common system of values from their common socialist past (Morley et al. 2009). This commonality is well illustrated by a new research (E&Y 2013), according to which unethical business practices are much more common (74%) in East European countries than in their Western counterparts (39%). Finland is involved in this comparison as control variable (Reeb et al. 2012).

Table 2: Respondents' nationality (NAT) and citizenship (CIT)

		CIT								Total
		HUN	SVK	SRB	ROM	FIN	EST	POL	CRO	
NAT	HUN	268	221	66	96	0	0	0	0	651
	SVK	0	296	1	0	0	0	0	0	297
	SRB	0	0	119	0	0	0	0	0	119
	ROM	0	0	0	25	0	0	0	0	25
	FIN	0	0	0	0	200	0	0	0	200
	EST	0	0	0	0	0	326	0	0	326
	POL	0	0	0	0	0	0	819	0	819
	CRO	0	0	0	0	0	0	0	112	112
Total		268	517	186	121	200	326	819	112	2549

Source: Authors' own research.

Comments: CRO: Croatia; EST: Estonia; FIN: Finland; HU: Hungary; POL: Poland; ROM: Romania; SVK: Slovakia; SRB: Serbia

We summarised our country analysis in the following table (Table 3), which includes data on: GDP, GDP/capita, population, unemployment, sector (2012) supplemented with a brief analysis of previous data.

The eight countries examined vary a great deal in their socio-economic characteristics. There are large countries, such as Poland and Romania with 39 and 21 million inhabitants respectively, very small countries such as Estonia (1.3 million) and small countries such as Croatia, Slovakia and Finland with some 5 million each. In 2012, the highest GDP growth was registered in Estonia, Poland and Slovakia, while the highest GDP per capita was measured in Finland, Poland and Estonia. Unemployment is a major problem in Serbia, Croatia, Slovakia, Hungary and Estonia, as the rate is over 10% in these countries. According to the Global Competitiveness Report, Finland ranks 3rd, Estonia 32nd, and Poland 42nd, whilst most others lie between 60 and 79, Serbia is in the lowest (101) of the 148 countries examined in the GCR.

Table 3: Socio-economic characteristics of countries studied (2012)

No	Countries	GDP growth (%)	GDP/capita (euro/person)	Population (million)	Unemployment (%)	Global Competitiveness Report rank
1	Croatia	-1.9%	10.200	4,3	15.9%	75.
2	Estonia	3.9%	13.041	1,3	10.0%	32.
3	Finland	-1.0%	35.528	5,4	7.7%	3.
4	Hungary	-1.7%	9.868	9,9	10.9%	63.
5	Poland	2.0%	16 800	38,5	10.1%	42.
6	Romania	0.6%	6.500	20,1	7.0%	76.
7	Slovakia	1.8%	12.811	5,4	14.0%	78.
8	Serbia	-1.5%	4.453	7,2	21.0%	101.

Source: Eurostat, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database; National Bank of Slovakia, http://www.nbs.sk/_img/Documents/_Publikacie/OstatnePublik/ukazovatele.pdf;

http://www.indexmundi.com/croatia/demographics_profile.html and

<http://www.tradingeconomics.com/croatia/unemployment-rate>;

Schwab, K. (ed.) (2013): Global Competitiveness Report 2013-2014: Full Data Edition, Geneva: World Economic Forum, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf downloaded at 02.05.2014.

The following analysis gives a brief insight into the main idealism and relativism-related topics of our paper in respect of the countries we are studying:

- **Croatia:** Croatian business ethics is perceived as very poor. The significant majority of employees are satisfied with the minimum level of ethical behaviour (Koprek/Rogošič 2009). Managers violate regulations massively, especially when dealing with domestic partners and in terms of meeting contract obligations (Županov 1998). Typical forms of unethical behaviour are information manipulation, environmental issues, legal issues, using individual or group power and business decisions out of line with ethical principles (Dabić 2009; Koprek/Rogošič 2009). To re-establish the Croatian economy, an improvement in its ethical environment is needed (Fox 2000; Krkač 2007; Dulcic 2012).
- **Estonia:** Estonian business ethics and organisational culture in general were a mixture deriving from the country's geopolitical status as well as from its history. Estonian work ethics are a mixture of German-Lutheran traditions and the American self-made outlook. Estonians are mostly dedicated, creative workers who will follow instruction and rarely criticise working arrangements in front of their superiors - but may also have their own ideas about making the process easier and more effective. Regarding

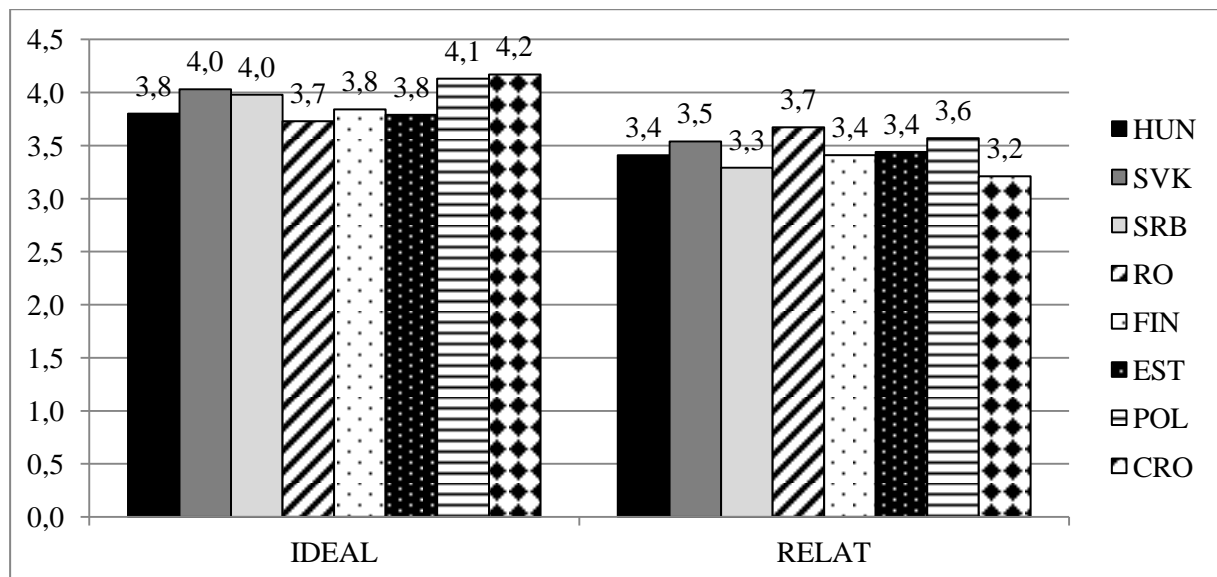
ethical behaviour in organisations, there has been a shift towards the recognition of social responsibility (Alas/Tafel 2008). Ethical values are more important for older or female employees with a university education and certain professional interests (Alas 2009).

- **Finland:** Finland is traditionally seen as a corruption-free – or low-corruption - and transparent country. Any corruption which exists is mainly structural, such as an “Old Boys’ Club” based on mutual trust. Finnish managers are ethical in their values emphasising honesty as the prime value (Kujala 2010). Whilst strongly recognising the importance of ethics, the role of formalised ethics codes and reports has remained a minor issue as Finnish companies tend to promote their ethical values internally. A similar lack of formal rules and regulations, and trust in openness, and public scrutiny, are highly visible in corruption prevention.
- **Hungary:** With the change of regime in 1989, the structure of Hungarian society - and also of ownership - has gradually changed, and today Hungary is a fully developed market economy. New values became important and customer orientation is now crucial in the business world. As globalisation spreads, foreign language proficiency has become a necessity for success. The overwhelming majority of the Hungarian population belong to the Judaeo-Christian cultural tradition, although the proportion who actually practise religion is no more than moderate (43%) according to the research by the European Values Study (EVS) of 2000 (Halman 2001).
- **Poland:** Poland is the only EU country to have experienced positive GDP growth since the global financial crisis. However, many challenges remain, one of which is corruption (Nowak-Lewandowska 2000; Wasilczuk 2000). Studies concerning the owners of businesses in Poland reported that being ethical is positively related to facing challenges in developing one’s business (Valentine et al. 2006) and that being ethical will lead to economic success. In management practice, ethical issues are recognised mostly in the context of corporate social responsibility, in codes of ethics and in the context of building the brand of the organization (Rosińska-Bukowska/Bukowski 2011).
- **Romania:** Favouritism in decisions by government officials, corruption and poor work ethics in the national labour force represent the most problematic areas for doing business in Romania (Schwab 2013). Regarding the values and ethical behaviour of individuals, Şandor and Popescu (2008) pointed out that religious beliefs are shared by almost two-thirds of Romanians and – even though ethics is supposedly greatly influenced by religion – they also found a small but significant correlation between professed religious belief and acceptance of some forms of unethical behaviour, such as poor work-ethics.

- **Serbia:** According to Upchurch and Marinković (2011), poor business ethics and bad corporate governance in Serbia may be a consequence of labour exploitation for comparative advantage, and the abandonment of one-party authority over the control of industrial production. Erić (2011) explored the role of business ethics in the economic development of Serbia. According to the results, the majority of respondents were ready to engage in morally “problematic” behaviour, but, in general, the ethical climate was considered by managers to be better than in 2005.
- **Slovakia:** Ethical questions are certainly a problem in Slovakia – primarily at government-level, but also at corporate-level. According to the Global Competitiveness Report (Schwab 2013), favouritism in decision-making by government officials, excessive bureaucracy and corruption are the most important macro-level problems. Other problems related to ethics are the poor work ethic in labour force and crime – essentially theft. The ethical behaviour of companies is also very low.

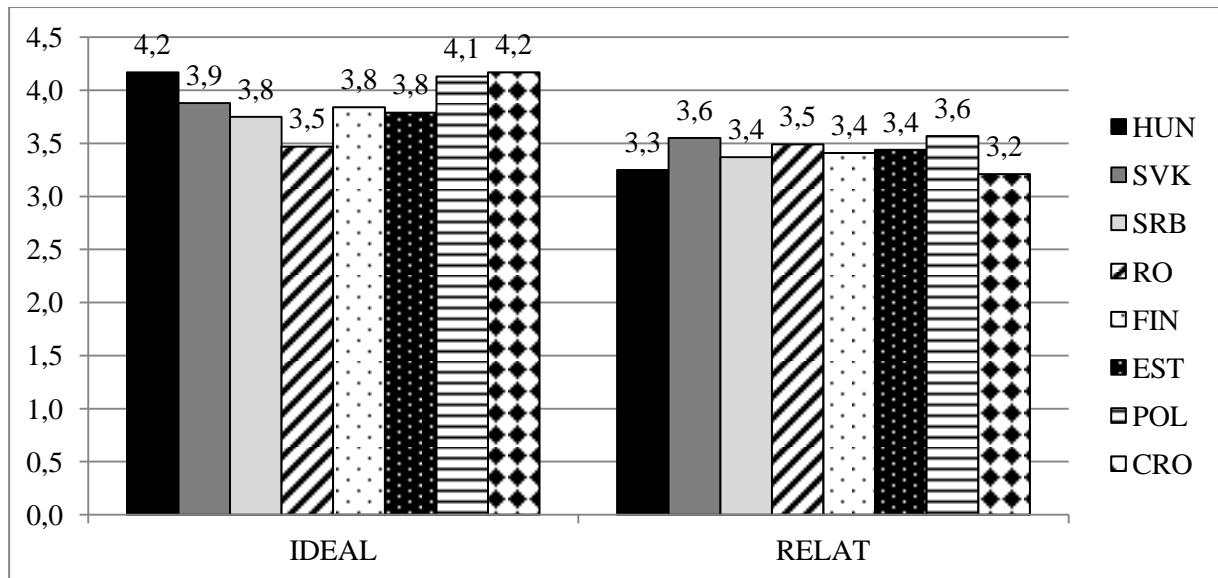
Our paper examined the relationships between ethical positions, nationality, citizenship and Hofstede’s cultural dimensions, based on the hypothesis that, due to differences in national cultures and history, ethical positions in the surveyed countries will vary and that ethical positions will be closer in countries with more similar cultural characteristics.

Figure 3: Ethical position according to nationality



Source: Authors’ own research

Figure 4: Ethical position according to citizenship



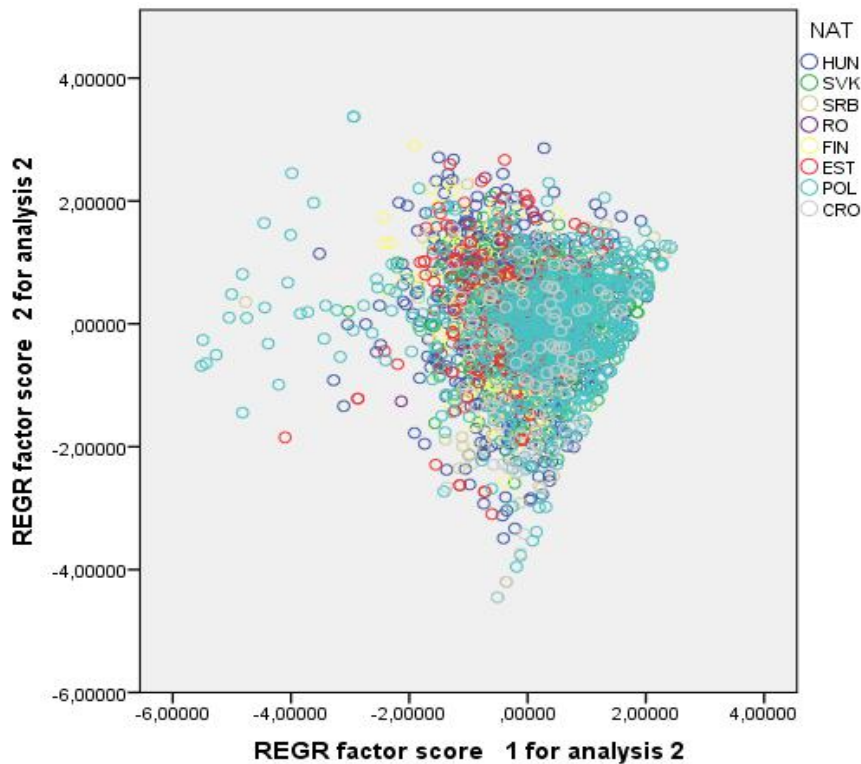
Source: Authors' own research

3.3 Results

The averages calculated for the whole sample show that idealistic values (3.96), attitudes and behaviours are more characteristic than relativistic values (3.74).

The first variable examined is nationality and Figure 5 shows the relationship between the ethical position and the nationality of the respondents.

Figure 5: Ethical position of nationalities



Source: Authors' own research

It is important to note that, whilst Estonians and Finns, as neighbours, have very similar ethical positions. Hungarians, Romanians, Serbs and Slovaks, also neighbours and with a certain common history, do not have similar positions.

Average ethical positions by citizenship differ slightly in the values calculated for nationalities, the reason being that the sample also included people belonging to ethnic minorities.

The answers indicate that there is a significant difference between the ethical position of ethnic Hungarians living in Hungary, Slovakia, Serbia and Romania. Hungarian citizens, as such, show higher idealism and lower relativism values than people with simply Hungarian nationality. It seems that the ethical position of ethnic Hungarians living in the neighbouring countries (Slovakia, Serbia or Romania) has been significantly influenced by the more relativistic environment of these countries. In Estonia, Finland and Poland we did not study the ethical position of ethnic minorities, and so it is not possible to report similarities or differences.

Considering Hofstede's cultural dimensions, our data analysis produced some interesting results, although it should be emphasised that we found a significant correlation only in the 'Uncertainty Avoidance' (UA) cultural dimension. We assumed that the nations with high UA values would be the most idealistic, as they prefer structured situations and, therefore, avoid engaging in activities which conflict with their beliefs, thus indicating signs of high idealism. This assumption proved to be true for Poles and Serbs. At the same time, the value for relativism was the lowest for Serbs, but Poland ranks high for relativistic values. Hence our presumption concerning the UAI and idealistic dimensions is at least partly true. However, for the other nations it is hard to find a relationship between their cultural dimensions and ethical positions.

To explore the relationship between the nationality and idealism/relativism scales in more depth we used the principal component analysis, determining four principal components and saving the factor scores. To categorise the respondents we chose two principal components with the highest Eigenvalues. The variables of the first factor relate to the idealism and the second to the relativism scale, and the following figure shows the respondents in relation to the first and the second principal components. There are numerous similarities between respondents and we cannot determine the border between the ethical and cultural markers.

Due to the high number of respondents, we used the K-mean cluster method to classify the respondents in terms of clusters, and, in accordance with the established practice, we determined 4 hypothetical clusters. Table 4 shows the final cluster centres.

Table 4: Centres of final clusters

	Clusters			
	1 Subjectivists (SUB)	2 Situationists (SIT)	3 Absolutists (ABS)	4 Exceptionists (EXC)
Idealists	3.4	4.4	4.2	2.2
Relativists	3.5	3.9	2.8	2.5

Source: Authors' own research

We then attempted to interpret emerging clusters. In the first the respondents took a medium position in both idealism and relativism (Subjectivists), whilst in the second the level of idealism was high and that of relativism low (Situationists). In the third cluster, the respondents displayed a high level of idealism and a low level of relativism (Absolutists), whilst in the fourth cluster, both idealism and relativism were low (Exceptionists).

We then examined the relationship between clusters and nationality and citizenship. To measure this, we used crosstab analysis and the chi square test. Table 5 shows the results of this analysis relating to the relationship between clusters and nationality. The requirements of the chi square test were not fulfilled.

Table 5: Clusters according to nationality (Bold means typical ethical position)

		NATIONALITY								Total
		HUN	SVK	SRB	RO	FIN	EST	POL	CRO	
Cluster	SUB	290	83	38	13	80	135	146	23	808
	SIT	166	140	33	8	61	100	457	37	1002
	ABS	177	71	47	3	54	86	177	52	667
	EXC	18	3	1	1	5	5	39	0	72
Total		651	297	119	25	200	326	819	112	2549

Source: Authors' own research

Table 6 illustrates the relationship between clusters and citizenship. The chi square test revealed a significant relationship between the two variables.

According to Table 6, a large number of Hungarian citizens belong to absolutists (high idealism and low relativism) sector. A significant number of Slovakian citizens are subjectivists and situationists (medium idealism and relativism and high idealism and medium relativism respectively). A significant number of Serbian respondents are situationists (high idealism and medium relativism). Most Romanians are subjectivists (medium idealism and relativism). Finnish and Estonian respondents tend to be subjectivists (medium idealism and relativism), whilst a significant number of Polish respondents are situationists (high

idealism and medium relativism). Croatians are prevalingly absolutists (high idealism and low relativism).

Table 6: Cluster number of case according to citizenship (Bold mean typical ethical position)

		CITIZENSHIP								Total
		HUN	SVK	SRB	RO	FIN	EST	POL	CRO	
Cluster	SUB	51	202	92	78	80	135	146	23	807
	SIT	85	204	39	23	61	100	457	37	1006
	ABS	129	101	51	14	54	86	177	52	664
	EXC	3	10	4	6	5	5	39	0	72
Total		268	517	186	121	200	326	819	112	2549

Source: Authors' own research

4. Conclusions

By way of a summary of our intercultural research into the ethical positions of businessmen and business students in our target countries, we can conclude that idealistic values, attitudes and behaviours are more characteristic than their relativistic counterparts.

Our investigation of ethical positions in these countries and nations has led us to conclude that cultural and historical backgrounds influence the ethical position, just as the ethical views of the dominant nations influence minorities' attitudes to universal rules and standards. The data obtained confirm partly our initial hypothesis: differences in national cultures and history inevitably mean that ethical positions also differ.

For our cluster analysis, we formed four separate groups and then examined the relationship of clusters to nationality and citizenship. We found that in Slovakia, Romania, Serbia, Poland, Estonia and Finland subjectivist and situationist values dominate. Ethical values are also similar in Hungary and Croatia where absolutist values are represented.

The reasons underlying these differences in the ethical position of each country and the cultural aspects of the dominant ethical viewpoints would need further research. Nevertheless, the authors hope that the results obtained may contribute to a better understanding of moral standards and viewpoints in the Central and East European region and will help foreign researchers and businessmen recognise and interpret these in the countries concerned.

Our research is consistent with the International Business theory research agenda. Firstly, our findings strongly support the assumption that "individual moral developments are necessary to ensure that individuals will do the right thing when faced with difficult ethical choices" (Wilson 2005: 482). Secondly, it

helps multinational companies (MNCs) to develop effective problem-solving models for CEE countries to reach agreement among conflicting interests and values (Weiss 2014). Thirdly, it highlights similarities in two aspects (idealism and relativism) of moral behaviour in countries in the CEE region, which are otherwise considered very different (Crane/Matten 2010).

Hofstede introduced two new dimensions in to the cultural model. Dimension pragmatism “describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future” The time-honoured traditions and norms are elemental for normative societies. They go slow with changes. On the other hand the pragmatic societies have ability to adapt traditions easily to changes The other dimension is indulgence that show how people control their desires and impulses (<http://geert-hofstede.com/national-culture.html>). We can find several links between ethical positions and the previous cultural dimensions. We can make up some assumption:

1. People who are idealistic, they are less pragmatic
2. People who are relativistic, they are more pragmatic
3. People who are idealistic, they are more restraint
4. People who are relativistic, they are more indulgence

Our plans for the future to prove our hypothesis with statistical methods

One limitation of our study which should be mentioned relates to the samples, since they are not fully representative of the whole population of the country concerned Consequently, the results must be interpreted with a degree of caution.

Finally, we would underline the fact that our study does not judge moral attitudes. We agree with the founder of the Ethical Position Theory (Forsyth 1992; 2008) that there are no good or bad views.

References

- Alas, R. (2009): The impact of work-related values on the readiness to change in Estonian organizations, in: *Journal of Business Ethics*, 86, 2, 113-124.
- Alas, R./Tafel, K. (2008): Conceptualizing the dynamics of social responsibility: Evidence from a case study of Estonia, in: *Journal of Business Ethics*, 81, 2, 371-385.
- Alas, R./Gao, J./Carneiro, J. (2010): Connections between ethics and cultural dimensions, in: *Engineering Economics*, 21, 3, 255-262.
- Alas, R./Poór, J./Szabó, I./Vanhala, S. (2012): Ethics in Finno-Ugrian Countries. Ethical Idealism and Relativism, in: *Organizacja I Kierowanie – Organization and Management*, 4, 153, 71-86.
- Balticexport (2014): <http://balticexport.com/?article=biznesa-un-saskarsmes-kultura-igaunija&lang=en> (visited 27.5.2014).

- Barnett, T./Bass, K./Brown, G. (1996): Religiosity, ethical ideology, and intentions to report a peer's wrongdoing, in: *Journal of Business Ethics*, 15, 11, 1161-1175.
- Belak J./Rozman. P. (2012): Business ethics from Aristotle, Kant and Mill's perspective, in: *Kybernetes*, 41, 10, 1607-1624.
- Crane, A./Matten, D. (2010): *Business Ethics* (3rd ed.). Oxford: University Press.
- Culiberg, B./Bajde, D. (2013): Do you need a receipt? Exploring consumer participation in consumption tax evasion as an ethical dilemma, in: *Journal of Business Ethics*, online first.
- Dabić, M. (2009): Croatian employees' behavior and attitudes with respect to ethical norms for business practices, in: *Tržište*, 21, 1, 55-68.
- Dulcic, Z. (2012): Strategic managers' social responsibility-The Croatian case, in: *Annals of DAAAM for 2012 & Proceedings of the 23rd International DAAAM Symposium*, 23, 1.
- Erić, I. (2011): The business moral as a function of economic development of Serbia, in: *Ekonomski vidici*, 16, 2, 429-437.
- E&Y (2013): Growing Beyond a place for integrity, 12th Global Fraud Survey, E&Y Fraud Investigation & Dispute Services. [http://www.ey.com/Publication/vwLUAssets/Global-Fraud-Survey-a-place-for-integrity-12th-Global-Fraud-Survey/\\$FILE/EY-12th-GLOBAL-FRAUD-SURVEY.pdf](http://www.ey.com/Publication/vwLUAssets/Global-Fraud-Survey-a-place-for-integrity-12th-Global-Fraud-Survey/$FILE/EY-12th-GLOBAL-FRAUD-SURVEY.pdf) (visited 4.4.2013).
- Ferrell, O.C./Fraedrich, J. (1997): *Business Ethics, Ethical Decision-Making and Cases* (3rd ed.). Boston: Houghton Mifflin Company.
- Finnwatch (2014): <http://www.finnwatch.org/fi/> (visited 6.5.2014).
- Forsyth, D. (1980): A taxonomy of ethical ideologies, in: *Journal of Personality and Social Psychology*, 39, 1, 175-184.
- Forsyth, D. (1992): Judging the morality of business practices: The influence of personal moral philosophies, in: *Journal of Business Ethics*, 11, 5-6, 461-470.
- Forsyth, D.R./O'Boyle, E. Jr. (2011): Rules, standards, and ethics: Relativism predicts cross-national differences in the codification of moral standards. *International Business Review*. (20), 35-361
- Forsyth, D.R./O'Boyle, E. Jr./McDaniel, M.A (2008): East meets west: A meta-analytic investigation of cultural variations in idealism and relativism, in: *Journal of Business Ethics*, 83, 4, 813-833.
- Forsyth, D.R./Berger R.E. (1982): The effect of ethical ideology on moral behavior, in: *The Journal of Social Psychology*, 117, 1, 53-53.
- Fox, J. (2000): Approaching managerial ethical standards in Croatia's hotel industry, in: *International journal of contemporary hospitality management*, 12, 1, 70-74.
- Gini, A. (2004): *Ethics, the Heart of Leadership: Moral Leadership and Business Ethics* (2nd ed.). Westport: Greenwood Publishing Group, Inc.
- Grbac, B./Loncaric, D. (2009): Ethics, social responsibility and business performance in a transition economy, in: *EuroMed Journal of Business*, 4, 2, 143-158.
- Halman, L. (2001): *The EVS: A Third Wave. EVS Work*. Tilburg: Tilburg University.

- Hastings, S.E./Finegan, J.E. (2011): The role of ethical ideology in reactions to injustice, in: *Journal of Business Ethics*, 100, 4, 689-703.
- Hofstede G. (1980): *Culture's consequences: International differences in work-related values*. Newbury Park (CA): Sage.
- Jackson T. (2011): *International Management Ethics – A Critical, Cross-Cultural Perspectives*. Cambridge: Cambridge University Press.
- Koprek, I./Rogošič, N. (2009): Business ethics in the Republic of Croatia-results of a study, in: *Disputatio philosophica*, 11, 1, 51-81.
- Kopycińska D. (2000): *Koncepcja społecznej odpowiedzialności firmy*. Warszawa: Etyka biznesu. PWN.
- Krkač, K. (2007): *Uvod u poslovnu etiku i korporacijsku društvenu odgovornost*, (Introduction into the business ethics and corporate social responsibility – translated by the author) ZŠEM, Zagreb.
- Kujala, J. (2010): Corporate responsibility perceptions in change: Finnish managers' views on stakeholder issues from 1994 to 2004, in: *Business Ethics: A European Review*, 19, 1, 14-34.
- Lane H.W./DiStefano J.J./Maznevski M.L. (1997): *International Management Behaviour* (3rd ed.). Malden: Blackwell Publishers Inc.
- Lane H.W./DiStefano J.J./Maznevski M.L./Dietz J. (2009): *International Management Behaviour – Leading with a Global Mindset* (6th ed.). Chichester: John Wiley & Sons Ltd.
- MacNab, Y.C. et al. (2011): Idealism and relativism across cultures. A cross-cultural examination of physicians' responses on the ethics position questionnaire (EPQ), in: *Journal of Cross-Cultural Psychology*, 42, 7, 1272-1278.
- McDonald, G. (2010): Ethical relativism vs absolutism: research implications, in: *European Business Review*, 22, 4, 446-464.
- Newstead, S./Franklyn Stokes, A./Armstead, P. (1996): Individual differences in student cheating, in: *Journal of Educational Psychology*, 87, 2, 229-241.
- Nowak-Lewandowska R. (2000): Etyczny wymiar korupcji w okresie przemian społeczno-gospodarczych w Polsce [Ethical dimension of corruption during the socio-economic transformation in Poland], in: Pogonowska, B. (ed.): *Teorie i aplikacje etyki gospodarczej* [Theories and Applications of economic ethics]. Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań.
- Nurmi, R./Üksvārav, R. (1994): *Estonia and Finland: Culture and Management, a Conceptual Presentation*, Series A-9. Turku: Turku School of Economics and Business Administration.
- P3C (2014): <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=62> (visited 02.05.2014).
- Perry, W.G. Jr, (1970): *Forms of Intellectual and Ethical Development in the College Years: A Scheme*. New York: Holt, Rinehart & Winston.
- Plaisance, P.L./Skewes, E.A./ Hanitzsch, T. (2012): Ethical orientations of journalists around the globe. Implications from a cross-national survey, in: *Communication Research*, 39, 5, 641-661.

- Pojman, L.P. (2002): *Ethics, Discovering Right and Wrong*. (4th ed.). Belmont: Wadsworth Group.
- Ramasamy, B./Yeung, M.C. (2012): Ethical ideologies among senior managers in China, in: *Asian Journal of Business Ethics*, 2, 2, 129-145.
- Rawwas, M.Y.A./Arjoon, S./Sidani, Y. (2013): An introduction of epistemology to business ethics: A study of marketing middle-managers, in: *Journal of Business Ethics*, 117, 3, 525-539.
- Rosińska-Bukowska, M./Bukowski, J. (2011): *Etyka biznesu w ujęciu międzynarodowym. Implikacje dla polskiego biznesu [Business ethics in international terms. Implications for Polish business]*; in: Letkiewicz, A. (ed.): *Etyka w zarządzaniu Policją [Ethics in Police Management]*; Wydawnictwo Wyższej Szkoły Policji w Szczytnie, Szczytno.
- Șandor, S.D./Popescu, M. (2008): Religiosity and values in Romania, in: *Transylvanian Review of Administrative Sciences*, 22, E, 171-180.
- Schwab, K. (2013): *Global Competitiveness Report 2013-2014: Full Data Edition*, World Economic Forum, Geneva, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf (visited 2.5.2014).
- Show, W.H. (2005): *Business Ethics*. Belmont: Thomson Wadsworth.
- Tansey R./Brown G./Hyman M.R./ Dawson, L.E. Jr. (1994): Personal moral philosophies and moral judgements of salespeople, in: *Journal of Personal Selling and Sales Management*, 14, 1, 59-75.
- Transparency International Corruption Perceptions Index 2010 results (2010): http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results (visited 2.9.2011).
- Upchurch, M./Marinkovic, D. (2011): Wild capitalism, privatisation and employment relations in Serbia, in: *Employee Relations*, 33, 4, 316-333.
- Valentine, S./Godkin, L./Cyron, E./Fleischman, G. (2006): Perceived ethical values and small business problems in Poland, in: *Business ethics: A European Review*, 15, 1, 76-85.
- VanMeter, R.A./Grisaffe, D.B./Chonko, L.B./Roberts, J.A. (2013): Generation Y's ethical ideology and its potential workplace implications, in: *Journal of Business Ethics*, 117, 1, 93-109.
- Vitell, S.J./Patwardhan, A. (2008): The role of moral intensity and moral philosophy ethical decision making: a cross-cultural comparison of China and the European Union, in: *Business Ethics: A European Review*, 17, 2, 196-209.
- Wachter, K./Vitell, S.J./Shelton, R.K./Park, K. (2012): Exploring consumer orientation toward returns: unethical dimensions, in: *Business Ethics: A European Review*, 21, 1, 115-128.
- Wasilczuk, J. (2000): Advantageous competence of owner/managers to grow the firm in Poland: empirical evidence, in: *Journal of Small Business Management*, 38, 2, 88-94.
- Weiss, J.W. (2014): *Business Ethics*. (6th ed.). San Francisco: Berrett-Koehler Publisher.
- Wilson, J.P. (2005): *International Human Resource Development*. London: Kogan Page.

World Economic Forum (2014): <http://www.weforum.org/reports/global-competitiveness-report-2013-2014> visited 2. 5.2014).

World Economic Forum (2014): http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf (visited 2. 5.2014).

Zsolnai, L. (2001): Ecology, Economy and Ethics. Budapest: Bv Helikon Publishing Co.

Županov, J. (1998): Business ethics in the Croatian economy, in: Management, 3, 2, 37-51.