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Business Ethics Perceptions of Russian Working Adults: Do Age, Gender, Education, Work Experience, Management Experience, and Government Work Experience Make a Difference?

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The GSU Annual Research Day

April 7, 2017

**Business Ethics Perceptions of Russian Working Adults:
Do Age, Gender, Education, Work Experience,
Management Experience, and Government Work
Experience Make a Difference?**

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John is a sales person for the Sweet Soap and Body Lotion Company. With commissions, John's salary is \$76,000 per year. John usually supplements this amount to the extent of about \$8,000 per year by cleverly charging certain unauthorized personal expenses against the company expense account. John feels that this is a common practice in the company; and since "everybody is doing it," John should do it too, and it would be foolish of John not to. What is your opinion of John's action?

- Strongly approve
- Disapprove
- Approve
- Strongly disapprove
- Undecided



Russian culture and ethical behavior

- The current state of ethical behavior is averred to be molded by a chaotic past history, an underdeveloped system of business law, a unique culture and totalitarian political regimes (Dawisha and Parrot, 1994; Green, 1995; Puffer and McCarthy, 1995, 1996; Nguyen, Ermasova & Ermasov, 2016; Gorenburg, 2013).
- Russian firms had to adapt to the new institutional environment, and many of them chose to use corruption as a means to secure their economic rents during dramatic economic transition (Duhamel, 2004).



Russian culture, bribery and corruption

- Beekun, Jim Westerman and Jamal Barghouti (2005. p.245):
“In Russia, deceiving someone in a business transaction to achieve a desirable goal is not considered unethical, whereas deceiving a friend or colleague is considered unethical.”
- The importance of informal influence and personal connections for successfully conducting business in Russia has been pointed out by a number of scholars (Berliner, 1988; Lawrence and Vlachoutsicos, 1990; Puffer, 1994; Todino, 1994; Anderson and Tverdova, 2003; Chang and Chu, 2006; Diamond, 2000; Rothstein and Eek, 2009).

Bribe Payers Index 2013

Rank	Country/territory	Score	Number of observations	Standard deviation	90% confidence interval	
					Lower bound	Upper bound
1	Netherlands	8.8	273	2.0	8.6	9.0
1	Switzerland	8.8	244	2.2	8.5	9.0
3	Belgium	8.7	221	2.0	8.5	9.0
4	Germany	8.6	576	2.2	8.5	8.8
4	Japan	8.6	319	2.4	8.4	8.9
6	Australia	8.5	168	2.2	8.2	8.8
6	Canada	8.5	209	2.3	8.2	8.8
8	Singapore	8.3	256	2.3	8.1	8.6
8	United Kingdom	8.3	414	2.5	8.1	8.5
10	United States	8.1	651	2.7	7.9	8.3
11	France	8.0	435	2.6	7.8	8.2
11	Spain	8.0	326	2.6	7.7	8.2
13	South Korea	7.9	152	2.8	7.5	8.2
14	Brazil	7.7	163	3.0	7.3	8.1
15	Hong Kong	7.6	208	2.9	7.3	7.9
15	Italy	7.6	397	2.8	7.4	7.8
15	Malaysia	7.6	148	2.9	7.2	8.0
15	South Africa	7.6	191	2.8	7.2	7.9
19	Taiwan	7.5	193	3.0	7.2	7.9
19	India	7.5	168	3.0	7.1	7.9
19	Turkey	7.5	139	2.7	7.2	7.9
22	Saudi Arabia	7.4	138	3.0	7.0	7.8
23	Argentina	7.3	115	3.0	6.8	7.7
23	United Arab Emirates	7.3	156	2.9	6.9	7.7
25	Indonesia	7.1	153	3.4	6.6	7.5
26	Mexico	7.0	121	3.2	6.6	7.5
27	China	6.5	608	3.5	6.3	6.7
28	Russia	6.1	172	3.6	5.7	6.6
Average		7.8				

Source: Transparency International (2013)

Corruption Perception Index

Country Rank	Country / Territory	CPI 2013 Score
1	Denmark	91
1	New Zealand	91
3	Finland	89
5	Singapore	86
8	Netherlands	83
9	Canada	81
12	Germany	78
13	United Kingdom	76
14	Japan	74
19	United States	73
36	Taiwan	61

Country Rank	Country / Territory	CPI 2013 Score
72	South Africa	42
80	China	40
116	Vietnam	31
127	Russia	28
144	Nigeria	25
157	Zimbabwe	21
160	Venezuela	20
171	Iraq	16
175	Afghanistan	8
175	Korea (North)	8
175	Somalia	8

Source: Transparency International (2013)



The Corruption Perception Index of Russia from 2012 to 2015

<i>Year</i>	<i>Rank</i>	<i>CPI Score</i>
2015	119/168	29
2014	136/175	27
2013	127/177	28



Corruption in Russia

U.S. Department of State (2016) states that Russian Investigative Committee spokesperson Vladimir Markin claimed the Committee opened more than **25,000 cases** involving corruption in 2014.

According to Business New Europe (2013), Russian prosecutors prosecuted 889 state officials, including 244 city mayors and 1,159 law enforcement officials on corruption charges in 2012.

A 2007 CIA report estimated President Putin's wealth at \$40 billion

(Source: https://www.nytimes.com/2016/05/16/opinion/why-putin-tolerates-corruption.html?_r=0).

The average bribe

Former Russian Economy Minister Alexey

Ulyukayev was arrested while receiving a \$2 million USD bribe in 2016 (RAPSI, 2016).

The Russian Ministry of the Interior reports that the average bribe, when paid in ruble, has doubled from 2014 (109,000 rubles) to 2015 (208,000 rubles), however, has stayed the same in dollars (\$3,485) (State Department's Office, USA, 2016).

Source: <https://www.bloomberg.com/news/articles/2016-11-15/russia-charges-minister-in-highest-level-graft-case-under-putin>



Anti-corruption Laws in Russia

- National Anti-Corruption Plan, 2012
- The order of the Russian President of May 29, 2015 N 159-rp officials are obligated inform about gifts received during an execution of official duties.



Purpose of Study

- examines the ethical perspectives of Russian working adults based on age, gender, education, and government and work experience through the Personal Business Ethics Scores (PBES).



Instruments

- **Clark and Clark's (1966) Personal Business Ethics Scores (PBES)**
measures a person's level of commitment to personal integrity in business decisions.
- 11 short ethical vignettes describing business decisions.
- Rate the ethical decision on a five point scale ranging from 1 *strongly approve* to 5 *strongly disapprove*.
- Lower scores mean that the respondent approves of the unethical decision described in the vignette.

SCORES	DESCRIPTIONS
50-55	Very high range
44-49	High range
38-43	Moderately high range
32-37	Moderately low range
26-31	Low range
11-25	Very low range



Sampling and Data Collection

- Target respondents: working adults in Russia
- English version went through serious back translation process
- Web link sent to emails and hard-copy handed out directly by the authors and their contacts.
- 573 fully completed surveys.

Demographics Statistics

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
<i>Age</i>	17-25	343	59.9	59.9	59.9
	26-35	140	24.4	24.4	84.3
	36-45	69	12.0	12.0	96.3
	46-55	11	1.9	1.9	98.3
	56 and above	10	1.7	1.7	100.0
	Total	573	100.0	100.0	
<i>Gender</i>	Male	158	27.6	27.6	27.6
	Female	415	72.4	72.4	100.0
	Total	573	100.0	100.0	
<i>Education</i>	High school diploma	115	20.1	20.1	20.1
	Two years of college	71	12.4	12.4	32.5
	Bachelor Degrees	331	57.8	57.8	90.2
	Master Degrees	10	1.7	1.7	92.0
	Doctorate Degrees	32	5.6	5.6	97.6
	Other	14	2.4	2.4	100.0
	Total	573	100.0	100.0	

Demographics Statistics

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
<i>Work Experience</i>	Less than 1 year	134	23.4	23.4	23.4
	1-5 years	160	27.9	27.9	51.3
	6-15 years	89	15.5	15.5	66.8
	16-30 years	17	3.0	3.0	69.8
	Above 30	5	.9	.9	70.7
	Unemployed	168	29.3	29.3	100.0
	Total	573	100.0	100.0	
<i>Management Experience</i>	Yes	175	30.5	30.5	30.5
	No	398	69.5	69.5	100.0
	Total	573	100.0	100.0	
<i>Government Experience</i>	No or less than 1 year	398	69.5	69.5	69.5
	More than one year	175	30.5	30.5	100.0
	Total	573	100.0	100.0	



Findings

- Statistically significant difference found in the variables of age, gender, management experience:
 - 26 and older adults scored higher.
 - Female adults scored higher.
 - Adults without management experience scored higher.
 - Adults with higher level of educations scored higher
 - Adults who have more work experience scored higher
- Government experience does not make a difference



Importance of the Study

- Unexpected but yet interesting: Russian respondents with no management experience appeared to be more ethical than those with management experience.
- It can be explained that Russian people who have management experience might see or have to deal with ethical dilemma more often in their daily business decision making thus become more tolerant of unethical behavior or business practices.



Political corruption problems

- <http://www.cnn.com/2017/03/26/world/russia-corruption-protests/>
- <https://www.thestar.com/news/world/2017/03/26/leading-putin-opponent-arrested-as-anti-corruption-protests-sweep-russia.html>
- <http://www.euronews.com/2017/03/27/russia-police-detain-hundreds-during-anti-corruption-protests>



Future Research Vectors

- Expand the sample to other groups of working adults in the same areas and different provinces in Russia.
- Investigate the relationship between ethical maturity and the demographic variables among neighbor countries, as well as other countries in the world.
- Conduct longitudinal studies to examine how changes in demographic variables can affect the ethical maturity.

Comments on Survey

- Most managers even don't realize that their actions are not ethical. Most managers will actively follow the instructions of top managers because on this depends their salary, career, success. The employees either accept the rules of the game, or change the company.
- Codes of business ethics are usually developed because it is now fashionable, and then in reality this Code are not used.
- Most of the proposed situations combines casual attitude towards the business ethics of professional activity. Unfortunately, currently business ethics goes to second plan, if there is a chance for personal enrichment (personal profit).
- Unfortunately, using business ethics in modern conditions often leads to loss of revenue. The existence of an honest business and healthy competition in the modern Russian conditions, unfortunately, is problematic.
- There are two sides of medal of business ethics : 1. If you want to be open and honest, not dodgy and unethical in conditions of the Russian market - be hungry!
2. If you want to have a profitable business , you want to give to others to work under your start - be able to remain on the " float " in all storms and troubles , you will use all methods – ethical and unethical, or almost any methods. Such is the harsh reality of Russian business .

Questions & Answers

Thank you !